UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER`S THESIS

Ljubljana, September, 2016   MARIJA ZAJIĆ

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THE IMPORTANCE OF STRATEGIC SOURCING, RECRUITING AND SELECTION OF CANDIDATES TO BUILD EFFECTIVE SALES TEAMS

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AUTHORSHIP STATEMENT

The undersigned Marija Zajić, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master thesis entitled The importance of strategic sourcing, recruiting and selection of candidates to build effective sales team, prepared under supervision of prof. dr. Nada Zupan.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

Human resource management is a field of organizational science that deals with the study of all aspects of employment in the organization. As a scientific discipline, the human resource management (formerly also called personnel management) is evolving from the beginning of the last century, but term of this discipline is accepted in the eighties of the 20th century (Mathis, 2007). In the modern business world beside physical inputs that are very important, human resources are the most important input. Because of that for any organization it is important to invest more and more in employees and in their development. The investment in human resources can be very expensive, but also can bring a great success for organization. The 15% of success is due to technical skills and 85% due to the skills in human engineering. Human resources management consists of all the actions that organization takes to attract, develop, and retain quality employees (Bohlander, 2010).

Today, it is increasingly difficult to find good employees, with the right knowledge and skills that are necessary for the successful operation of the organization (Cartwrigh, 2002). Furthermore, companies are doing selection of potential candidates for vacancies in order to spend less precious hours. Sourcing, recruiting and selection as main activities of human resource management are subjects of this master thesis with emphasis on sales department.

The first step for successful human resource activities is a planning that starts from identification an organization`s human resources need (Walker, 1980). Once these needs are known, an organization will want to meet them. The next step is staffing, then-assuming, of course that demands for certain skills, knowledge, and abilities are greater than the current supply-is recruiting. Recruiting is the process of discovering potential candidates for actual or anticipated organizational vacancies. From another perspective it is a linking activity that brings together those with jobs to fill and those who are seeking jobs. An effective recruiting process requires a significant pool of candidates to choose from. Certain recruiting sources are more effective than others for filling certain types of jobs (DeCenzo, Fundamentals of Human Resource Management, 2005). The principal sources for recruiting employees include internal search, advertisements, employee recommendations, employment agencies, temporary rental services, schools, colleges, universities, professional organizations, the internet (or cyberspace recruiting), and casual or unsolicited applicants.

Recruitment source can be internal and external, and which will be applied depends on several factors (Arthur, 2012). Most organizations combine these two resources for recruiting. Internal recruitment is realized by internal advertising, staff recommendations and proposals of the human resources department. Internal sources are sources in the company, and they can be result of development, promotion, redistributing, re-training and departure of employees. External sources are sources outside the company, and primarily that are the people of other

businesses or the unemployed. Using external sources is usually by advertising, by contacting the recruitment agency, with schools, universities, professional associations and organizations (Sollish & Semanik, 2011). If a company uses internal sources for recruiting, then there is no need to advertise, it involves just moving already employed on the new jobs positions. When company uses external sources first step is selection, accepting and after training, going on planning working places.

Selection will be last explained in the master thesis, but it will be explained as the most important activities of HR. Actually, the selection process is one of the most important areas of human resource management at this time when the market of "talents" is more competitive, and the cost of bad recruitment increase more (Boudreau & Ramstad, 2002). All actions and activities in one organization depends on the selection of high-quality, competent and ambitious staff. Selection is the process of using standardized methods, rules and techniques to choose between several qualified candidates to those that best suit the requirements of a specific job.

With the trend of globalization, sourcing strategy is at the forefront of recruiting issues (Howe & Chew, 2010). Recruiting talent in different countries and in different languages presents a very difficult challenge for any talent acquisition team. In many cases, the sourcing team might be local to the actual hiring effort, and then send qualified candidates to a centralized corporate recruiting team (Steckerl, 2013). Modern sourcing efforts are an incredibly complex spectrum of the global talent supply chain. Effective sourcing strategies are not only leverage effective employment brands and marketing efforts, but take into consideration hyper local factors of economy, education, and specialization of labor markets.

When we talk about recruiting and selection we can look at this activities as tactic. It means the practice of finding candidates on internet or by phone (Recruiter, 2014). Also it can be strategy. In that point of view sourcing is seen as a number of different broad hiring initiatives or approaches to particular labor markets. On other hand we can look at sourcing as a separate function that usually continues.

The thesis focuses on recruiting and selection process in the sales department. Regarding to that, thesis also covers sales function and how good recruiting can improve sales. Sales function in one company represents the final stage of the process of reproduction. Production is not the goal of company (Calvin, 2001). Goal is to sell produced goods, to satisfy consumer needs, and make the production more useful. In the market conditions sales is the most important segment of business policy that one company can have. Today, more people believe that it is easier to produce than to sell goods.

It is important to emphasize that sales function is one of the most important function. Regarding to that we can freely say that recruitment and selection process are very important for building a strong sales force performance (Ingram, LaForge, Schwepker, & Williams, 2012). This process makes human resources as important resource and investing in human capital makes it as one of the most important activities of company. First of all invest in human capital is invest in the process of searching for qualified candidates for the right positions. This invest is with hopes that candidates can make long-run returns for the company (Sales Force Search, 2014). We can conclude that every single step in recruiting and selecting candidates should be taken carefully in order to get the right person on the right position.

The purpose of the master's thesis is to examine approach of exploration and understanding of function of human resources and disciplines such as sourcing, recruiting and selection by using domestic and foreign professional literature. Above all, I want to find out why today in business world it is of crucial importance to have good human resources department and how it can have an effect on the whole organization. Especially, I would like to find out what strategies, methods and tactics are used by human resources management in order to make a good sales team.

This master thesis aims to show the need and interest in the study of very complex areas such as the management of human resources. Also, the goal is to get through the modern approach to human resource management, and to emphasize the importance of sourcing and recruiting in organization. This work has a few types of objectives:

➢ The first one is personal and it is important for me to gain knowledge about area of personality in human resources management with emphasis on sourcing and recruiting process. This is because I want to, and I believe, that in the future I will have a career within human resource management and especially I am interested in recruiting for sales department.

➢ The scientific objective is scientific description and analysis of activities of human resources management with special emphasis on sourcing, recruiting and selection.

➢ The social objective is that the thesis will have a practical use, to give more information about methods that human resources use, especially to give more new knowledge by explaining process of sourcing, recruiting and selection step by step, in sales department.

3

During writing the thesis I will be seeking answers to several research questions. The main is: Why human resources have been historically very interesting for companies with the emphasis on increasing importance of strategic sourcing, recruiting, and selection, especially when building an effective sales team? In order to examine this main research question and perform a detailed analysis of sourcing, recruiting, and selection, I will use as a help the following research process. First I want to explore and present the theoretical aspects of human resources management. Then, effects of good HRM on organization, as well as the analysis of the advantages of using strategic sourcing, recruiting and selection will be described. I will continue with the assessment of the effectiveness of different tactics of sourcing, recruiting and selection in organization and especially in the sales department. Finally, I plan to devise conclusions on how to improve sourcing, recruiting and selection in order to organization to succeed with a good sales team, partly based on theoretical analysis and partly on the results of the survey in practice.

Master's thesis will completely contain theoretical and analytical review of domestic and foreign scientific and professional literature. I will also use scientific papers and articles from foreign experts in the topics discussed. Due to the nature of the topic I will use the descriptive approach for research that is suitable to the description of the structure, function and development of certain economic discipline.

Also, taking into account the topic and nature of subject I will use different methods in order to satisfy requirements: generality, reliability, objectivity and systematic. These methods are analytical and synthetic. Especially following methods will be used: method of analysis (analysis of every part of main subject); method of specialization (understanding of specific and individual in the general); deductive method (by deduction conclusions are derived from pre-formed conclusions); and synthesis (understanding of complex entities through their individual parts).

During writing the thesis I will use the theoretical knowledge acquired in undergraduate and postgraduate economics studies and knowledge that I gained from practical experience. I will mostly use and analyze secondary data and conduct interviews with HR specialist and sales department representative, to gather primary data on the process of sourcing, recruitment and selection of an effective sales team.

With the description method in the first chapter I will describe some of the basic definitions and meaning of HRM in order to be able to continue with research. In the second and third chapter I will identify a definition of sourcing, recruiting and selection. Also I will analyze the effects of them on the company and on the company's success in general. For first three chapters I will mostly use the descriptive method and the method of compilation, which will help me to summarize observations, insights and conclusions of many authors in the field of human resources. In the fourth chapter firstly I will explain what sales department is and its

functions with emphasis on job placements within this department. I will try to explain sourcing, recruiting and selection more practically and their effects, step by step on one specific field as sales is. With using information and data from practice, gathered during interview with HR specialist and sales representative, I will try to prove that these three activities can contribute to building one good successful sales team. Furthermore, for the fifth chapter, surveys from professional web pages and different journals will be used in order to make suggestions and proposals how this three activities, sourcing, recruiting and selection can be improved in sales department. In the end, for the conclusion I will put everything previously written together into a whole by using deductive method.

1 HUMAN RESOURCE MANAGEMENT

1.1 Definition of Human Resource Management

Every day we meet believe that HRM is one of the most important functions for the long-term worth of the company. In the same time we can also freely say that HRM is necessary for existence of one company. Noe, Hollenbeck, Gerhart and Wright (2002) mentioned that all organization resources are scarce like never before and because of that good allocation is primary. Taking to account previously said all functions have to operate as one entity and HRM can help organization to find out competitive challenges and make competitive advantages. Wood (1999) has written that successful management of human resources is one of the key factors of organization and its development. It can be a major source of productivity improvements. People are often referred to as "the main source "which the organization has.

Time when the caring for people was all needed for success is a history long time ago. The satisfaction of human needs, expectations and fulfillment of legal obligations in organizations has become more demanding and complex. At the same time, laws on domestic and conventions on the international level, impose restrictions on the management staff (e.g. avoiding sex discrimination) (Choo, Halim, & Keng-Howe, 2010). HRM policies must help to the achievement of the objectives of the organization. These questions and many others require understanding of human resource and the management of human resources.

Boxall and Purcell (2011) started definition of HRM with explanation term of human resource management. In literature we can find many similar terms to HRM such as "employee relations", "labor management", "people management". Firstly term of HRM has been used in 1980s. Now it is the most known term for all activities of organizing work and employing people. The concept of HRM that Boxall and Purcell have explained covers all practices and policies that usually use managers in order to organize work and employee people. Actually concept covers managing people and managing people how to do work.

Previously mentioned employment practices and policies have two sides. On the first side are fundamental structure, and all opportunities for problem solving and change management. While on another side we have policies and practices, including HRM activities as: "recruiting, selecting, deploying, motivating, appraising, training, developing and retaining employees" (Boxall & Purcell, 2011). Also it can include: informing, consulting, and negotiating with individual employees or with groups. In following chapters will be explained recruiting and selection as the most important activities for further successful employing.

Regarding all previously said HRM can be defined as activities for building individuals and also organizational performances. In order to increase individual performances, it is necessary to have an effect on: ability to perform (A), the motivation to perform (M) and the opportunity to perform (O). Blumberg and Pringle (1982) defined this as AMO framework. In this model A as ability is actually possibility to do some work. Employees have knowledge, skills and attitudes. M as motivation means that employees have willing and interest to do work. O (opportunity) means employees have necessary organization structure and environmental conditions as a factor of support for doing work.

$$P = f(A, M, O) \qquad\qquad (1)$$

"This equation is true in any model of HRM, whether we are talking about employees that have relatively basic skills (such as fast food services), or very high qualifications (such as brain surgery)" (Campbell, McCloy, Oppler, & Sarger, 1993).

"Human resource management needs to be understood as a management process that operates at more than one level. It includes attempts to manage individuals and attempts to build a functioning workforce" (Leana & Van Buren, 1999). So, we can freely say that HRM create human capital as well as social capital. Human capital, as we can see in previously explained AMO model, is what employee can do and what actually will do to contribute to the value of organization. On another hand is social capital as connection between individuals and groups that also create some value for the organization (Snell, 1999).

"The part of the management process that specializes in the management of people in work organizations. HRM emphasizes that employees are critical to achieving sustainable competitive advantage, that HR practices need to be integrated with the corporate strategy, and that HR specialists help organizational controllers to meet efficiency and equity objectives" (Bratton & Gold, 1999). Very often in literature we can find discussion that now days HRM is level of development of human resource function. This development of HR function is result of necessity for better adaptation to the complex environment. Because of that we can better

understand HRM if we look from two different aspects: 1) as philosophy of management and 2) as developed model of HR function (Svetlik & Zupan, 2009). Looking from the first aspect, employees have the main function in the gaining competitive advantage. From another side, as developed model, emphasis is on the strategic function of human resources.

Svetlik and Zupan (2009) have given a good definition of HRM that covers all characteristics and significances mentioned till now. "Human resource management is strategically focused activities of holders of HRM (especially managers and human resource professionals), consisting of the mutually matched activities of the acquiring and increasing human capabilities and also encouraging their use, so in accordance with the defined purpose (objective) of the organizations and taking into account the objectives and interests of employees to achieve the best possible results" (Svetlik & Zupan, 2009).
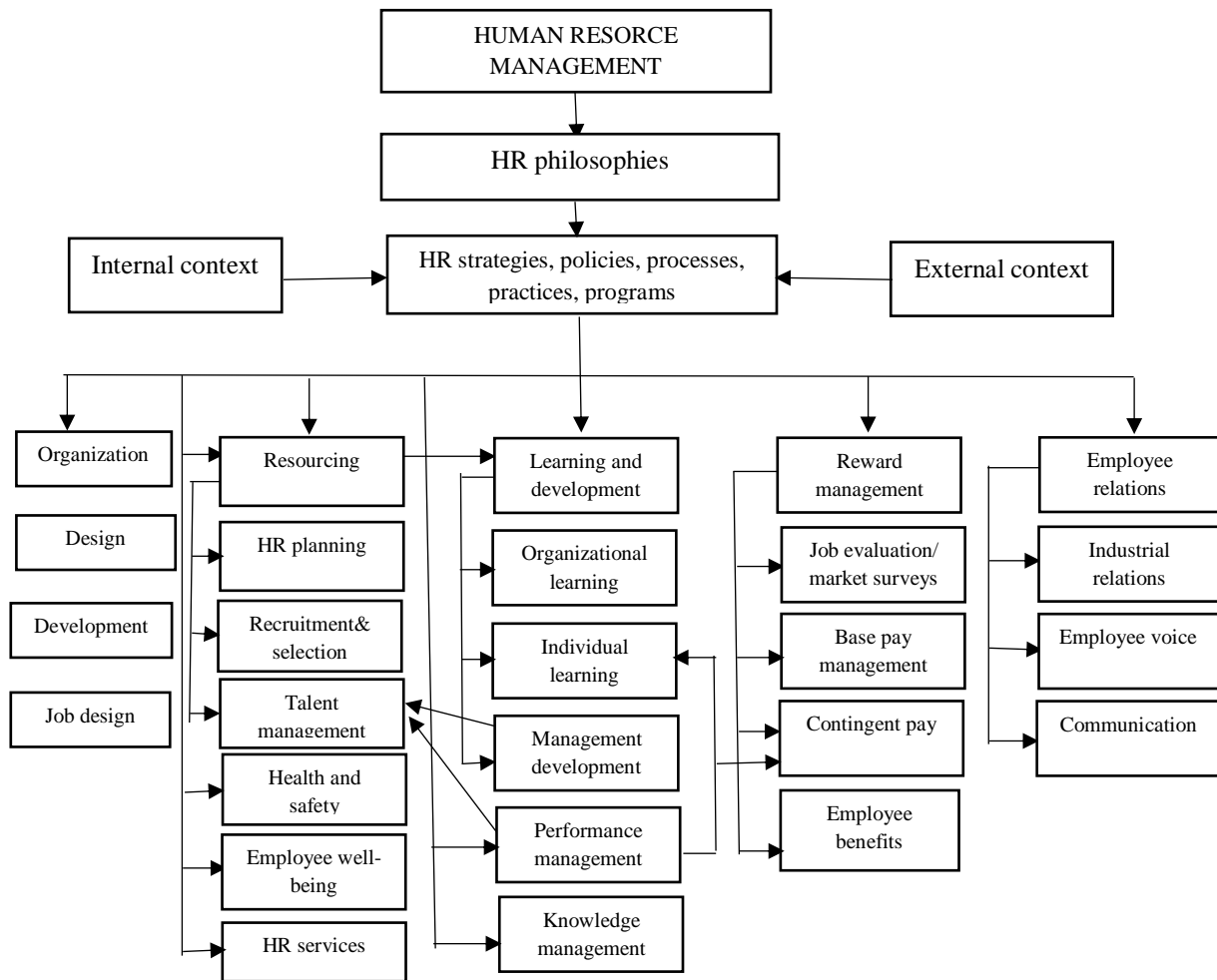
1.2 Human Resource Management in Organization

Definition of the functions of human resource management in the organization is not easy to determine if we take into account that it is often used in two different meanings. Actually, they are describing different functions of human resource management (Torrington, Hall, & Taylor, 2005). These two meanings, or functions, are:

1. Activities of management, personnel management, include an important business function consisting of a range of processes, or tasks, such as planning demand for human resources, job analysis, recruitment process, selection and socialization, training and development of employees, and others.
2. The second is a specific approach to human resource management and it means a part of the management function of the whole organization.

HRM and organization are connected through HR function and this connection is harmonized with organizational structure. In the words of Purcell "focus should be on appropriate HR architecture and the processes that contribute to organizational performance" (Purcell, 1999). Beside this, Armstrong (2000) stated that HR architecture is not only previously explained structure. It also covers HR systems and processes and employee behavior. All of them are functioning as one unit and that helps HRM to achieve all goals.

This can be better understood if we look at Figure 1. , where HRM is presented as one system that combines HR philosophies and principles in order to better manage people. HRM system also takes into account all internal and external context that has influence on: strategies, policies, processes, practices and programs (Armstrong, 2011).

Figure 1. Human Resource Management System

Nowadays in modern organization we can find three most important holders of human resource management (Svetlik & Zupan, 2009):

1. Line managers- that include managers of all levels to the top managers. If we move up to the top managers, decisions are more strategic and systematic. All of those decisions are coordinate with other decisions, whether they are organizational, business or technical. We can absolute freely look at the personal management as at human resource management.

2. Worker representatives- all of these representatives have a very strong role in trade unions. Unions depend on the organizations and on the regulations.

3. Human resource managers and professionals- they are actually professional holders of HR function in one organization. They are especially educated and trained to deal with

different size and kind of duties. Usually they work in organization, in HR department, but also they can work independently or as specialized agencies.

Who will be holder of HR function depends on next few factors (Svetlik & Zupan, 2009):

- size of organization,
- supply of HR services and their quality,
- strategic application of HRM,
- employment structure,
- tradition in organization,
- process of internationalization.

1.3 Activities of Human Resource Management

When we talk about importance and complexity of human resource function in organization, is very important to understand what activities of HRM are. The HRM function is composed of six main activities that are connected to each other, and in the same time, harmonizes with organization (Job Analysis and HR Activites, 2015). These activities will be explained in text below and they are:

1. human resource planning,
2. staffing,
3. learning and development,
4. rewarding people,
5. employee relations,
6. health, safety and employee well-being.

The first activity is HR planning. With this activity starts the function of HR in organization. This is because every organization has to know what is the needed number of people and what skills should that people possess (Armstrong, 2009). Bulla and Scott (1994) in their case example define HRM planning as "the process for ensuring that the HR requirements of an organization are identified and plans are made for satisfying those requirements".

Beside this we can find in literature a lot of definitions for HR planning. Also Armstrong (2009) defined HR planning as "an integral part of business planning. The strategic planning process defines projected changes in the types of activities carried out by the organization and the scale of those activities".

Probably the best definition of HR planning gave Mills (1983), that HR planning is "a decision-making process" composed of three major activities:

1. defining the exact number of people and what are their required skills,
2. motivating people to create the highest performance,
3. making connection between organization goals and employee activities.

The second activity of HR is staffing that includes sourcing, recruiting and selection. All of these three activities will be explained in next chapters. So, for now, will be given only short definitions for all of them. Sourcing is the first step of recruitment. That is a process of choosing a type of source for finding and hiring the right people. Armstrong (2009) in his handbook of HRM, besides sourcing explained also recruitment and selection. "Recruitment is the process of finding and engaging people the organization needs. Selection is an aspect of recruitment concerned with deciding which applicants of candidates should be appointed to jobs" (Armstrong, 2009).

The next activity is learning and development as a part of HR function that covers all activities in order to gain new knowledge and to expand existing knowledge, behaviors and skills capabilities. This required from organization to have "knowledgeable skilled and engaged workforce" (Armstrong, 2010). Although learning and development are connected, they are not the same thing. Honey and Mumford (1996) defined learning as a process that "happens when people can demonstrate that they know something that they did not know before". On other side development is possibility to grow by using previous experiences or by learning. Development and also learning can be increased by using different methods. Some of them can be formal, while some of them are informal. Nowadays the most used methods are computer and network technology and this is known as e-learning.

Rewarding people is main activity of reward management. Reward management defines and applies strategies and policies for rewarding people fairly and rightly according to their contribution to the organization. Rewarding management is based on long term philosophy how to reward employees for everything they do and for everything they achieve. Because of this, reward management has the whole rewarding system, policies and strategies for implementation of that system (Armstrong, 2010). There are few main concepts with which reward management usually deals:

- total reward (financial and nonfinancial rewards for all employees),
- total remuneration (all cash payments and benefits received from employees),
- basic pay (fixed salary that can be annual, weekly, hourly),
- contingent pay (additional reward added to base pay),

- employee benefits (pension, sick pay, insurance, company car, etc.),
- non-financial rewards (no-payment reward, recognition, achievement, training, development, opportunity, leadership).

Employee relations can be shortly explained as controlling and keeping good employment relations. Armstrong (2009) explained that employee relation covers: "work bargain, dealing with employment practices, terms and conditions of employment, issues arising from employment". So, we can freely conclude that employment relations are generally about pay or very closely about work bargaining. Furnham (2000) writes that this relation involves three groups of people in organization. First two are the most important and they are employees and employers. The last one is actually the all groups that are under control of states or EU institutions.

Taking into account all factors and complexity of nature of employee relations, we can clearly see that they have very important role in one organization (Armstrong, 2009). The factors that can affect employee relations are:

- practices and policies within organization,
- implementation system of rules and procedures,
- identifying system of work bargaining and negotiation,
- collective bargaining,
- the regulations,
- the directives issued by European Commission.

All of those previously listed factors usually have influence in the role of human resource function in employee relations. In managing employee relations HR has major place because human resource management is a main connection between management and staffs in form of unions and representatives. HR can give advices and help but managers anyway have to do their work by themselves.

Organizations are required to provide employees with healthy and safe working environment. In order to reach this requirement HR function creates policies and programs that before everything protect employees, and also all others who can be affected by organization. The main goal of this activity is to minimize the risk of possible job hazards and make the best possible working conditions. There are two reasons for this. First reason is that physical and mental health can undoubtedly affect the final organization results. And second, because all that laws regulate must be placed in workplace. All activities that are focused on health and safety are usually known as actions of maintenance (Armstrong, 2010).

Well-being is closely connected to health and safety programs. Well-being is a term that we use when in organization employees are satisfied with everything they do, with everything what organization does for them and in the same time satisfied with their relation with others. This is possible only in a good working conditions that should employers provide because well-being is also in their interest (Armstrong, 2010).

There are few duties to deal with in process of creating well-being. First and most important, as it is previously mentioned, are the great working conditions in order to create organization to be the "best place to work" (Armstrong, 2009). Then, employers are giving possibility to workers to have a balance between work and life. Employers also have a big responsibility for managing stress that also have effects on final results in organization. There are also two specific things to deal with in process of creating well-being. Those are bulling and sexual harassment and they are regulated with state policies. Organizations also should provide services such as services for individuals and services that cover many other facilities. By providing all previously explained factors, organizations also provide a requirement to achieve all goals and increase results.

2 HUMAN RESOURCE SOURCING AND RECRUITING

2.1 Main Objectives of Sourcing

In previous chapter is explained importance of human resource function for organization and its results. That is the reason for nowadays question how human resources should be in order to be more valued for one organization (Stewart, 1996). The importance of HR function from year to year is more recognized while in the same time the number of HR managers is growing. There is one more factor that contributes to importance of HR in one organization. That is globalization. The process of globalization has effect on organizational restructuring and human resource managers are forced to give better results with the scarce resources. Organizations are required to expand branches, open new offices, bring new policies and make talent, employee pool more global. Beside globalization, human resource function should follow development of technology. That actually means to increase efficiency and to reduce costs (Kanter, 2003). So, if we look at all previously mentioned, we can conclude that organization and also HRM constantly are searching for a new ways how to handle with above listed factors.

In dealing with changes such as globalization and technology, human resource management in organizations starts with a process of sourcing. There are two kinds of reasons for sourcing, strategic and operational (Delmotte & Luc, 2005). From strategic view the main goal is to increase flexibility and to expand international knowledge. There are much more goals

looking at operational side, such as reducing cost, "attracting external expertise", etc. In addition to these goals, finding and hiring right people is particularly emphasized.

Effectively finding and hiring qualified people is the greatest challenge of modern business. Many employers need a huge number of quality people (Bowen, Ledford, & Nathan, 1991). The focus of managers is therefore directed just towards attracting and retaining talented and quality workers. Companies that have a good reputation have a significant advantage in the selection of new employees. The most successful companies understand finding, hiring and retaining quality human resources as seriously as they understand their products and services. The process of finding starts with deciding how to fill vacancies considering required demands. When we find out what requirement need to be filled, we can start with searching for potential candidates to fill the vacancies. At the same time we are looking for possible sources for finding suitable candidates.

Process of sourcing should start with defining the number and type of people that organization needs. These data are most easily obtained from human resources plan. The goal of strategic human resource planning is to link HR strategy with organizational strategy. Also, the effort of finding human resources should reflect the organizational culture. In addition there may be requirements for replacing or filling vacancies, and these requirements should be checked in order to determine their validity. The requirements for each position are prepared in the form of job descriptions and specifications of personality. In this way the basic information need to create and advertise ad and determine the profile of the candidate (Schein, 2010). Profiles contain lists of the competencies, skills, education and experience required by the organization, provide the criteria by which the candidates will be evaluated. In the next two paragraphs are examples of desirable characteristic of candidates:

"We are looking for strong communication skills, a willingness to do whatever the job requires, team work and innovative and creative approach to business. We like to hire motivated people who are willing to take some risk. Also we are looking for people who are flexible and willing to do various tasks. Because we are global company and globalization is an increasingly important part of our business, we require our employees to be mobile and to feel confident in the changes (Public jobs, 2015)."

"In addition to the professional skills that are different from one place to another, we are looking for people with good interpersonal skills. We want people with sales backgrounds, who feel good when promote themselves, promote the corporation and its products. We need confident people who are able to communicate and to transfer their enthusiasm to the business and the products they sell (Public jobs, 2015)."

Some employers use the pyramid (Dessler, 2012) of beneficial effect finding to determine the number of candidates in process of sourcing that they will need in the recruitment process and in order to hire the required number of new employees.

Figure 2. Recruiting Yield Pyramid
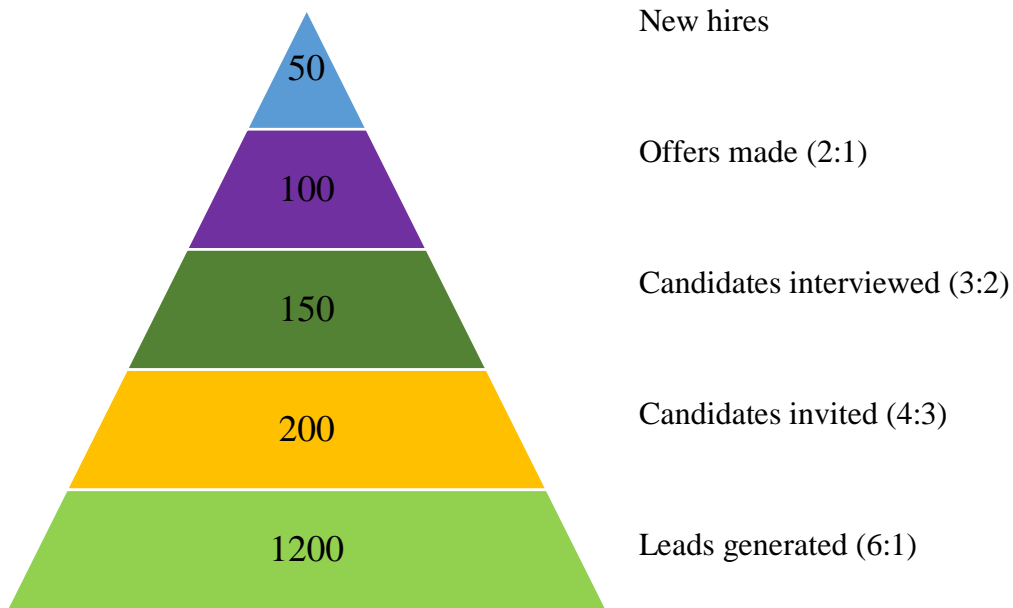
Source: G. Dessler, *Human Resource Management,* 2012, p. 152.

Pyramid shows an example from the practice in which HR managers know that the relationship between labour supply and actually employed is 2:1. They also know that the ratio of interviewed candidates and those to whom they will make an offer is 3:2, and the ratio of candidates invited to interview and those who will actually be interviewed is 4:3. Finally, HR managers know that the ratio of applicants and those who will be actually invited to the interview is 6:1. This means that the company needs to generate 1200 candidates in order to be able to invite 200 candidates to interview. About 150 candidates will be interviewed from 200 invited and 100 of them will receive an offer. From those 100, one-half will be employed, or 50 of them, considering the required number of new employees in a particular position.

When we talk about sourcing, it is very important to emphasize that sourcing and recruiting are not the same thing. The most common definition for term sourcing is that "sourcing is a talent management discipline which is focused on the identification, assessment and engagement of skilled worker candidates through proactive recruiting techniques" (Armstrong, 2009). People who are dealing with this activity are known as "sourcers", talent scouts or

recruiting researchers. How these professionals are looking for right candidates, which sources and methods are used in that process will be explained in text below.

2.2 Internal and External Sources

In process of planning and searching for new employees organizations have to decide which type of sources will use, internal or external. While planning a type of human resource sources, organizations tend to minimize cost. These days when labor as a source is more and more scarce, human resource management especially takes care of question how to keep scarce employees and in the same time uses a "labor market segmentation", considering requirements in process of seeking for a different kind of workers (Bratton & Gold, 1999). In Loveridges (1983) explanation of labor market classification there are two important factors that have influence on HRM decision which source will use. The first one is level of flexibility of skills that employees own. The second is possibility of organization to ensure fixed salaries.

Regarding to those factors, different organizations use different approaches in order to find right employees. Edward (1985) summarized markets where organizations are looking for workers, in two groups, internal and external market. The main characteristic of internal resources is higher level of flexibility and specific skills. On the other hand, external markets are characterized with more general skills. Both of those markets are divided into primary and secondary. Primary markets are more important for organization. Secondary usually covers "part time works, seasonal and temporary employees" (Bratton & Gold, 1999). Nowadays we can find in literature a concept of flexible firm. This term is used when organization has possibility to use different activities and practices for different organizations and different employees (Atkinson & Meager, 1985).

Which source will be used depends on organization and its management. Both methods have advantages and disadvantages. Internal sources have positive effects on motivation of employed. Good work is awarded and it is good motivation for other employees in organization. In the same time this can be disadvantage because sometimes employees who are advanced at new workplace, keep their old work habits and work methods. Shortly, they are not trying to adopt at new job position. On the other hand, we have external method that can bring new ideas and some kind of new energy in organization. Also this method is usually cheaper, but also can have negative effects on the already employed and their motivation (Holmes, 2015). All of those and much more advantages and disadvantages of internal and external sources (Truss, Mankin, & Kelliher, 2012) will be listed in Table 1.

Table 1. Advantages and disadvantages of internal and external sources

INTERNAL SOURCES	
Advantages	Disadvantages
- Better knowing of advantages and disadvantages of candidates - Candidates know organization very good - Positive affect or work ethic and motivation of employees - Possibility for employees development - Organization takes care of good employed workers - Organization uses previous investments in employees - Finding right candidates is faster	- Employees will progress to the position at which they cannot longer do the job well because there exist capacity limits - Internal conflicts can have negative influence on the morale of employees - It can cause stopping of new ideas and innovations - It can establish old way of action and also slow down changes
EXTERNAL SOURCES	
Advantages	Disadvantages
- Greater ability to find and select and the best candidates - With coming new people also come a new ideas into the organization - Increase the opportunities for changes - Reducing the internal tension, conflicts and misunderstandings - Increase the possibility for change in internal relations, in ways of thinking and in a ways of doing business	- Finding, contacting and ensuring a candidate requires more time and is more difficult - The longer time of adaptation and orientation - Increase dissatisfaction of employees in the organization because they believe that they are qualified to do work of vacant job - There is a risk that the inadequate and wrong candidates can be hired

Source: K. Truss, D. Mankin, & C. Kelliher, *Strategic Human Resource Management,* 2012, p. 80.

Successful companies almost always combine internal and external methods of sourcing human resources. Organizations that operate in variable and competitive environment should put the emphasis on external sources, but also on the development of the internal sources. In the case of companies that operate in the slowly changing environment, development of HR in the organization can be much better and more reliable way of finding human resources.

Some organizations insist that all internal candidates should apply for vacancies in exactly the same way as external candidates. If there are no candidates available within the organization, the main source should be external. Which method of sourcing will be used also depends on the nature of work and the importance of job vacancies.

2.3 Recruiting Process

Recruitment as activity of HR, was changing and developing during 1990s. Curnow (1989) explained recruitment in late 1980s as a step of finding top professionals. He called 1990s as the "era of recruiter". In that period in organization the variety of recruitment was used in practice. This happened because of the influence of state law. Low which considers two forms of discrimination, sex and race discrimination, has important role and huge influence on recruitment and selection. Also there was one more factor that affects changing of human resource activities. In that time the number of new graduates increased from day to day. On another side, employers were not ready for that number and they usually hired graduates for non-graduate job. Only few companies were ready for such changes. All other organizations needed a very good human resource management.

Changes of HRM in 1990s can be seen through improving quality, commitment, flexibility and attraction. Quality management as a set of new techniques, practices, ideas and competences had a huge influence on HRM and its way of working. Commitment depends on two factors, on personal character and on organizational characteristics. Taking this into account, HRM improved relation between values and rewards in words of respecting standards, while in the same time promoted a good working environment, high pay and employee promotion and development. The next change of HRM in 1990s was increasing flexibility. Companies were functioning in very changeable environment. This produced need for employees that can give an answer on changes and those who are ready to learn all the time. In the end we have an attraction that influences change of HRM. In process of finding good potential employees, HRM needed to present a company in a more attractive way (Iles & Salaman, 1995).

 In 1990s the main method of recruiting was advertising. Companies were creating ad that contained a lot of details of company in order to attract more potential applicants. The most common way for presenting company is job description. On another side, in order to find right candidates, companies create personal specification as requirements that candidates have to fulfill. HRM started to take care more of advertising costs and of time needed for successful recruiting and selection. Also, companies became more focused on labor mobility and respecting "legislation on sex discrimination, race discrimination and disability" (Bratton & Gold, 1999). Until today human resource management have changed together with all its activities. How recruitment looks today and what are main characteristics of recruitment process, will be a research question of this chapter.

17

One of the main activities of human resource management in one organization is all the time renewing HR. The continuous process of renewing human resources has a good effect on organization in long term the same as in a short time. If company has found high qualified candidates, than it can be ready to work on organizational tasks and goals immediately. That has instantly good effect on the organization. On another side, during time recruited new staffs will be developed "into a high performance workforce". In the long-term this can be strategic advantage for organization (Cowling & Mailer, 1998).

In order to achieve those short-term and long-term benefits, organizations tend to have right and the best employees in order to achieve good business results and to be successful. In process of acquiring necessary employees organizations have to know own needs of employee and what requirements should candidates fulfill. "Recruiting is the process of discovering potential candidates for actual or anticipated organizational vacancies. It is linking activity that brings together those with jobs to fill and those seeking jobs" (DeCenzo & Robbins, 2005).

"Recruitment can be defined as searching for and obtaining pool of potential candidates with the desired knowledge, skills and experience to allow an organization to select the most appropriate people to fill job vacancies against defined position descriptions and specifications " (Dowling & Welch, 2004, p. 110).

 "The process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization" (Business Dictionary, 2015).

Today when the main characteristic of labor market is scarcity, recruiting process is not simple, especially if company wants to hire the best people. Also, organizations have to care of domestic and international labor market. Carrying about domestic labor market, means to have a good knowledge about supply and demand of potential candidates. One of the most important factor that influences supply and demand that employer should know is how long employees need to travel do the work and which kind of transportation they will use. Labor supply and demand can be also influenced by other employers, their development and way of work, number of schools in that area that can send a significant number of qualified candidates, changing in developing area where organization is functioning, etc. Beside these factors, organization should care about factors from international market such as demography and its changes and about strengthening the role of women in business world. Nowadays it is possible to follow demographic changes in details by using statistical data. And the same for numbers of women, now we have trend that among young people who are looking for job, we have more and more women (Cowling & Mailer, 1998).

The important requirement for successful recruiting is a number of potential candidates. Gomez-Mejia, Balkin and Cardy (2005) defined a recruiting as "the process of generating a pool of qualified candidates for particular job". If human resource managers have a "significant pool of candidates", they could find the best candidate among others. The main question that organizations are dealing with is how to attract potential candidates. First step is a good job advertisement and its promotion in a good way that will have influence on significant number of people that are looking for a job. The more applications, the greater chance for successful recruiting. Employers or better to say HR recruiters should form job advertisement in that way that will give enough information about organization and enough information about requirements that candidates have to fulfill. By this companies will avoid applications of unqualified candidates (DeCenzo & Robbins, 2005). There are few important factors that have influence on candidates to apply or not to apply for vacancies and through recruitment policy organizations can control them. The most important are (Cowling & Mailer, 1998, p. 23):

- making image of company as good place to work,
- good advertising of job ad,
- giving picture about good working conditions,
- giving information about attractive salary,
- making vacancies look interesting and satisfying.

A process of finding best candidates has some limits for recruiters. Those limits are: organizational image, job attractiveness, internal organizational policies, government influence and recruiting cost. Sometimes candidates are not interested to apply for a job, even if they fulfill requirements. This usually happens because of the bad image of the organization. One organization can be unattractive because of unsafe working conditions, if that industry has bad products and pollute environment, if people who were already working for that company had bad experience regarding employees relations and rewards. Usually the problem of organizational image can be found at entry positions when graduates have negative picture of some organization (DeCenzo & Robbins, 2005).

Also, organizations have problem with job attractiveness. Some potential candidates see some job as a position without opportunity, or as low paid job. Sometimes candidates have opinion that job position is boring. This usually happens for the job positions in production. In some organizations problem can be their own internal policies. For example, if organization has to respect the policy which demands finding people within organization. This is good in term of costs, but in the same time negative because decreases the number of applicants and therefore opportunity to find best candidates (DeCenzo & Robbins, 2005).

As it was already said at the beginning of this chapter, recruiting can be very expensive and sometimes budget planned for recruiting can constrain a whole process of recruiting and also a

time of searching for potential candidates. So, the recruiting costs are also one of the limiting factors. On another side, we have organizations that have big budget, known as "cash rich" organizations. This kind of organizations has the greater possibility to recruit better candidates easily. Beside size of the budget, size of the organization can also be limiting factor. For example, in small organization the choice of methods for recruiting is limited (Beardwell, Holden, & Claydon, 2004).

Internal policies regarding process of recruiting can also be influenced by government. Government policies can change process of recruiting. Today employers have no possibility to look for a certain candidates with preferred characteristics such as "physical appearance, sex, or religion". The four main discriminations that organizations should strive to prevent are (Beardwell, Holden, & Claydon, 2004, p. 194):

1. sex and race discrimination,
2. disability discrimination,
3. age discrimination,
4. employment of people with criminal records.

There are two legislations regarding first listed discrimination, legislation based on sex and legislation based on race. "The Sex Discrimination Act 1975 makes it unlawful to discriminate against person directly or indirectly in the field of employment on the ground of their sex or marital status. The Race Relation Act 1976 makes it illegal to discriminate against person in the field of employment on the grounds of their race, color and nationality, including ethnic or national origin" (Jenkins, 2007, p. 221). Both acts have very positive effect on preventing both discriminations. In last decade decreasing trend of discrimination is noticeable. Changes are especially evident in case of race discrimination. If we look at the process of recruiting, organizations more promote racial equality. Employers are working on attracting more right candidates from different ethics groups (Beardwell, Holden, & Claydon, 2004).

In the beginning of 1996 was adopted legislation regarding to disability discrimination. "The Disability Discrimination Act to 1995 makes it unlawful to discriminate against disabled persons in connection with employment, the provision of goods, facilities and services or the disposal or management of premises; to make provision about the employment of disabled persons; and to establish a National Disability Council" (Disability Discramination Act , 1995, p. 1). This act was referred to the companies that have fifteen or more employees. Nowadays companies that are "eliminating barriers for disabled employees and customers" are rewarded for their good programs for better inclusion of disabled people.

The act that regulates age discrimination was harmonized in 2006 with EU equal Treatment Directive. The main point of this act is that organizations should recruit based on qualifications and skills of candidates, not based on age requirements. Also the governments

state that prevention of age discrimination can help companies in achieving business goals and benefits and in the same "create more flexible, multi-skilled workforce" (Beardwell, Holden, & Claydon, 2004).

Nowadays it is not common for companies to employ people who have criminal records. People with criminal records have less possibility to find job. Because of that strengthens the role of agencies that are helping those people to find a job. For organization that employs it is very important to know that potential candidate is with or without criminal record in order to avoid later problems and conflicts, but should not discriminate them. They should recruit them based on requirements of job position (Personnel Services, 2015).

All previously mentioned tell us that recruiting process is complex process composed of different steps. The most important steps are: recruitment planning, strategy development, searching, screening, evaluation and control (Chand, 2015). In order to better understand these steps, recruiting process will be explained in details in text below and through Figure 3.

Figure 3. Recruitment Process
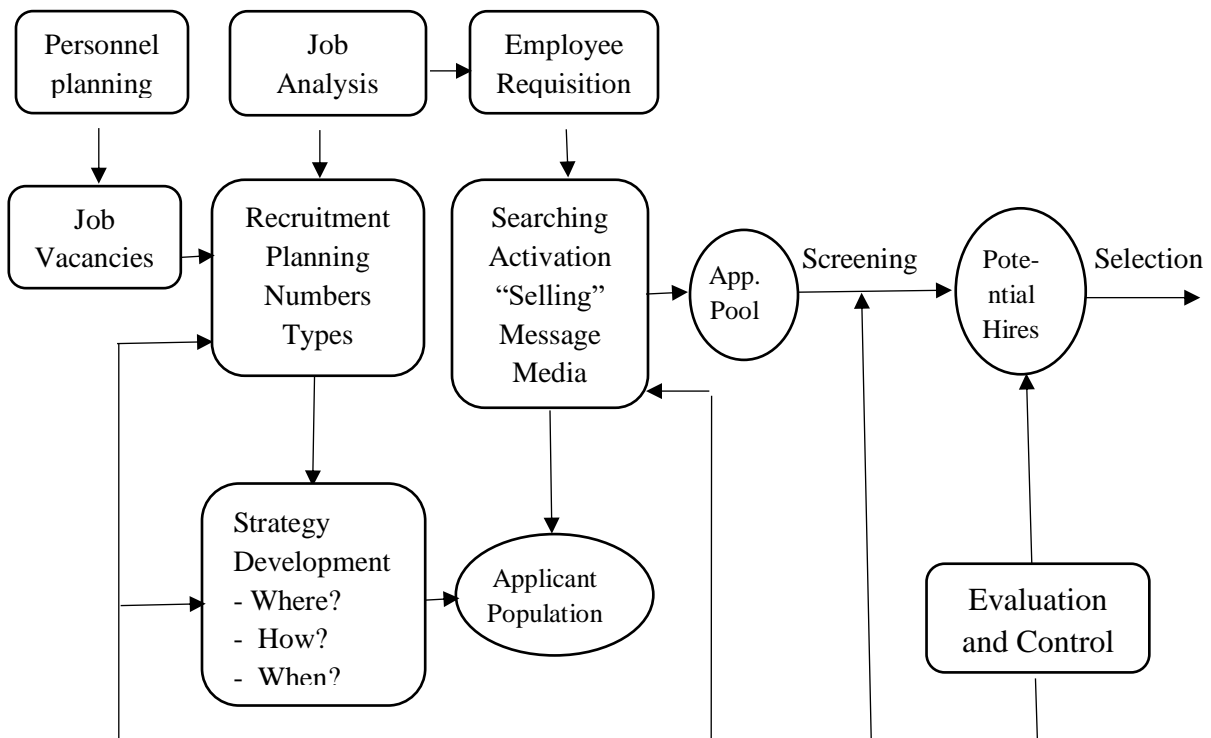
Source: S. Chand, *Recruitment Process: 5 Steps Involved in Recruitment Process,* 2015, p. 1.

At the figure above we can see that the first step in process of recruiting is planning. DeCenzo and Robbins (2005) have stated that always first step is defining the right labor market. Every organization needs to bring decision where will be recruiting done, at international labor market or at the domestic labor market. Decision can be under influence of some factors. On

first place is a nature of job position. For example, if organization is looking for some international position, "market is the whole world" (Cuthill, 2000). Also, company should take into account all costs that will have during recruiting. One of the key factors that have effects on choosing labor is "national and cultural development". Whether organization chooses host or international labor market, the main goal is the same, finding the best candidates.

Regarding to type of labor market, companies have three options for hiring. First is HCN (host-country national). This is the case when "a citizen of the host country is hired by an organization based in another country" (Volkmar, 2003). This type has great benefit for company that is opening a new business in a new country. By using this type, it is possible to find good candidates who already have experience with doing business in that country. The second option is expatriate. "Expatriate is an individual who lives and works in a country in which he or she is not a citizen" (Dowling & Welch, 2004). The last option is currently developing and it is on global level. The main point of this type of hiring is to recruit candidates with global perspective regarding their nationality and development at international level.

After deciding which market and types of hiring suits the best, organization can start with planning and that is actually first step in our figure. Human resource planning is "a process in which an organization attempts to estimate the demand for labor and evaluate the size, nature and sources of supply which will be required to meet the demand" (Armstrong, 2011). Human resource planning is very important for future recruiting. The first question for company in planning is how much candidates need to attract in order to find right one for certain vacancy. The best method that is most used to find out the answer of previous question is yield ratio. It is already explained through recruiting yield pyramid.

The next important task for organization is creating application pool. In order to have larger and good quality application pool, organization has to define job and person and to make good development strategy. Defining the job and the person is possible through job analysis. Job analysis is usually used for organizing all "information about tasks, duties and responsibilities of various jobs" (Gomez-Mejia, Balkin, & Cardy, 2005, p. 427). This process gives results in two forms, in form of job description and in form of job specification.

Job description is very important for process of recruiting, especially in big organizations. It gives information about tasks, duties and responsibilities necessary for successful completing of tasks of the vacant position (Lauver & Brown, 2001). Job description usually depends on a level of job position. Defining job specification is a listing of needed knowledge, experience, skills and abilities for performing tasks of certain vacancy.

22

Also, job specification can contain some specific requirements (Armstrong, 2009). Usually companies use already known frameworks for job specification like seven-point plan and five-fold grading system. The seven-point plan gives seven main specifications of candidates. Rodger (1952) listed them as:

1. physical make-up: health, appearance, bearing and speech,
2. attainments: education, qualification, experience,
3. general intelligence: intellectual capacity,
4. special aptitudes: mechanical, manual dexterity, facility in use of word and figure,
5. interests: intellectual, practical, constructional, physically active, social, artistic,
6. disposition: acceptability, influence on others, steadiness, dependability, self-reliance,
7. circumstances: any special demands of the job, such as ability to work unsocial hours, travel abroad etc.

Fraser (1954) gave the list of specifications on some other way through grading system, known as five-fold grading system. This grading system is composed of five specifications: impact on others (physical make-up), acquired qualifications (attainments), innate abilities (aptitude for learning), motivation (individual goals), and adjustment (emotional stability). How one good example of job specification (Job Specification, 2015) should look, is shown below in Table 2.

After defining job position and requirements that candidates have to fulfill, organizations need to bring decision who are the people that they want, in which way they will be attracted, how they will be identified, how many persons need to be included in process of recruiting and when is the best time for recruiting (Beardwell, Holden, & Claydon, 2004). This step has direct effect on creating application pool, because it depends on chosen sources of recruiting, methods that will be used and all other activities that are defined through strategy.

Table 2. Job specification example

Experience

- ✓ A minimum 2 years of experience
- ✓ Experience selling ERP products is a plus point

Education Qualification

- ✓ Candidate must have a bachelor degree in Sales & Marketing
- ✓ The candidate must have a regular MBA degree from a reputed college
- ✓ Specialization in Sales & Marketing is desirable but not mandatory.

Skills & Knowledge Required

- ✓ Candidate must have a strong communication skills.
- ✓ Candidate must be very confident.
- ✓ Ability to give presentation in front of a large audience.
- ✓ Can perform under high pressure.
- ✓ Experience in cold calling & lead generation.
- ✓ Can make go to market strategy.
- ✓ Ability to work in an environment of constant change.
- ✓ Experience in global marketplace is must.
- ✓ Experience in working flexible environment.
- ✓ Should have a go getter attitude.
- ✓ Experience is making quotes, negotiation & deal closing.
- ✓ Can handle the whole sales cycle.

High Level Overview of Job Requirement

- ✓ Creating demand of the product in the market.
- ✓ Working as a key point between customer & organization.
- ✓ Demonstrating product to the clients.
- ✓ Handle complete sales life cycle.
- ✓ Ensuring high quality customer satisfaction.
- ✓ Ensuring 100% of targets achievement.
- ✓ Managing distribution channel of products.

Source: *Job specification - Today Cut,* 2015, p. 2.

The forth main step in recruiting process is screening. Usually in literature screening is defined as the starting point of selection. Also there is a list of reasons for selecting after screening and shortlisting. In the process of screening the most important factors for employers are: qualifications, knowledge, skills, abilities, experience. By this specification some candidates can be eliminated from future selection process. In practice we can find different screening methods and which one will be chosen depends of recruiting sources and recruiting methods (Edenborough, 2005).

The last one but not the less important task of recruiting process is evaluation and control. For recruiters is of big importance to know all costs that recruiting are covering. These costs can be: recruiters salaries, time cost, all administrative costs, cost that are result of unfilled job position, and cost of hiring wrong candidates. For employers it is very important to give honest answers on questions if recruiting method is suitable and effective for organization. (HRM Practice, 2015). After successful finishing previously explained steps of recruiting process, selection is the next step and it will be research question in third chapter.

2.4 Recruiting Methods

In practice, organizations use different methods for finding right employees from internal and external sources. Organization should carefully decide which method will use. The most common recruiting methods are (DeCenzo & Robbins, 2005):

1. Advertising,
2. professional recruiters,
3. internet recruiting,
4. career fairs,
5. networking,
6. open days,
7. employee referrals.

1. Advertising is the most common recruiting method. By using this method organization can reach a huge number of candidates, but also can attract the large number of those who are not looking for job. This method can be expensive, but if job ad is correctly defined and in correct form written, it can be also very effective and successful. Besides respecting the right form and right content, ad should be different than others and should provide all information important for candidates. The most important information for candidates is: job description, required skills, required experience, specific skills (Davis, 2015).

After creating properly job ad, organization need to choose media for advertising depend on job placement. If organization is searching for large number of candidates, then daily

newspaper that are statistically most read would be used. If organization is looking for employees on local or regional level, ad would be published in local or regional newspaper and television. On other side, we have organizations that use internal sources and publish ad through organizations intranet, corporate publications, etc. Also, if organization needs specialized employees, ad would be published in professional magazines (Đorđević & Pavić, 2011).

2. Professional recruiters is the method that organizations these days use more for all process of recruiting or only for some part of recruitment process. This method is sometimes cheaper and timely more effective. Professional recruiters, better known as agencies, in short time can offer to organization a list of potential candidates. That offer is based on organizational requests and on candidates that agencies have. This reduced time needed for finding right candidate. Beside this main activity, recruiting agencies usually do other works connected with HRM in organization, such as writing job description, helping in selection candidates, creating program of training and development of employees. Recruiting agencies for all of these their works charge fee that can be paid in three instalments and is based on some percentage of annual salary, usually it is 30% (Raju, 2015).

Nowadays organizations usually engage two types of previously explained agencies, for finding temporary employees, such as alternative staffing and leasing employees, and head hunter agencies. The first type of agency has become more and more interesting for organizations, because of advantages of this kind of employees, such as: good replacement for sick leaves and for absentee employees, good for season jobs, employer has to pay employees only while they are working without any benefits. This kind of employees are not only employees with lower qualifications, now this type of employing is more and more popular for high qualified staffs in field of engineering, science and management. The second type is *head hunter agency.* These agencies are specialized for finding top experts for top management job placements in organizations. In order to find excellent candidate, agencies should know all the details about profile of candidates and about job. Usually this agencies use multinational companies when they are entering in the foreign and unknown markets, and they need high qualified and professional employees (Advanced candidate sourcing, 2015).

3. Internet recruiting became very popular method of sourcing. Some organizations use only this method for finding right candidates. They publish vacancies at their own website and candidates can complete application form or submit CV and cover letter. Companies can also publish ad on very famous recruitment websites like www.monster.com. Advantages of this method are: low costs, possibility to recruit a large number of candidates and faster process of applications. But there is also negative side of this method. Because of simplicity of application, everybody can apply, thus choice of candidates can be low quality (Coulter & Robbins, 2007).

26

4. Career fairs these days are very often. This method is actually organized event where organization can show own vision, business goals and values and in the same time try to attract high quality candidates. This is very good way for branding company that includes active participating of all already employed, while in the same time organization makes contacts with potential candidates. Career fairs are especially interesting for recruiting graduates. It is very common for universities to organize this kind of fairs. In developed countries virtual fairs as recruitment fairs are very often organized (Đorđević & Pavić, 2011).

5. Networking is usually used as supplementation of advertising as recruiting method. Sometimes only networking cannot be very successful way of sourcing. Therefore, networking must be harmonized with organizational employee policy and with already published ad. Also, there is one more disadvantage of this method. Organization can find only people that exactly at the certain time are searching for a job. Good characteristic of this method is that it can help organizations to find right candidate in very short time (Raju, 2015).

6. Open days have a more and more organizations. That is very good opportunity for candidates to get better to know a company, companies culture, environment and in the same time find out everything they want to know about organization. On the other hand, this is good for organization because they can attract a large number of candidates that have already been interested for organisation. So, organizations can meet and test potential candidates even before interview. In order to be successful, open days should be well organized and very good promoted (Brewster & Mayrhofer, 2012).

7. Employee referrals as recruiting method usually can be found in combination with other methods. Recommendations as a method can be formed on request from employer to already employed people in organization to recommend candidates that are suitable for current vacancy. Thus, employees can recommend not only their friends, but even some of business associates and business partners. This method is very good for organization, it is very fast and cheap and the most important, easy to find some of the best candidates. This because already employed knows very well company needs, values and required qualifications. It is very common that companies reward those who recommend the right candidates (Boone & Kurtz, 2000).

2.5 Recruiting Strategies

When we talk about human resource management of 21st century, we should emphasize the importance of HRM to be strategic. There are many reasons that force strategic HRM such as: globalization, diversity, information technology, human capital. Companies started to compete more with new ideas and innovation and decreased completion based on products. Staffs in organization started to be the most important production factor. Regarding to this, HR has a very important role in finding good employees in order to achieve competitive

27

advantages (Lepak & Snell, 1998). Human resource department have to bring new, innovative strategies that relays on new information technology continuously (Davidson, 1998).

"Recruiting strategies are what determine the quality of employees hired for and organization". When the labor market is tight as it is today, organization must have aggressive recruiting strategy and needs to follow technology. Beside already developed traditional strategies, like job advertising and job fairs, companies use some new creative strategies, such as open houses, social network sites, multimedia advertising, publicize referral and a lot of others (Recruiter, 2015).

Today in a numerous literature we can find fact that human resource recruiting is very important for the organization. Also in previous chapters was many times mentioned the importance of HR and good recruiting strategy. However, there is no any special book about HR strategies, and there is no defined form of practice. Sullivan (2008) gives the list of twenty main strategy recruiting principles based on his experience. These principles are listed and shortly explained in the text below.

1. A well-defined strategy - is every good strategy that gives an answers on questions about organizations "wishes" and needs, (who, when, how).
2. Pipeline approach - this is the best and "the most effective recruiting approach" that covers on the best way planning, sourcing, onboarding, branding.
3. To be competitive - organization should always tend to be the best and "superior" among others because other organizations will always try to adopt good form of recruiting. So, being always the best, means being always one step in front of others.
4. Good employment branding - only organizations with long-term goals of recruiting can create good image, image of "excellent place to work".
5. Recruiting global - if organization has global recruiting possibilities, it can also have opportunity to hire top talented candidates.
6. Target employed "non-lookers"- this refers to those who are not actively looking for a job and they are top candidates. In praxis organization in the most cases is looking for candidates who are actively looking for a job.
7. Speed - it is very important for organization to make decision in short time, especially in process of hiring top candidates. This because of their high demand on labor market.
8. Sourcing is critical - "If you don`t utilize sources that attract a high percentage of top performers, it is unlikely that you will make quality hire". This means that sources that are used need to be effective, not expensive, and flexible to different kind of jobs.
9. Data-based decisions - decision should be based on collecting data, on available sources and on facts. The decision that is based on emotion or on examples from practice can be bad for long-term organization goals.

10. Creating a recruiting culture - these days practical example where every employee and every manger can be recruiter 24/7, has been shown as effective strategy.
11. A candidate-centric approach - the case where some candidates reject job offer is very common. This usually happens because of the bad treatment during hiring process. In order to prevent this during recruiting, focus should be on candidate skills, experience and their need.
12. Prioritize jobs and targets - in order to make recruiting effective, organization needs to identify primary business goals and focus on innovations and top performances.
13. Managers are the delivery systems - managers need to be included in recruiting process and have important role in the same.
14. Diversity - "An effective recruiting process must include enough variation and personalization to meet the unique needs of diverse individuals from around the world".
15. Selling applicants- organizations are tending to create good relation with candidates. By good relation with application it is possible to increase "trust and interest".
16. Technology - nowadays recruiting process relies on a modern technology. By using technology organizations have opportunity to develop process of recruiting and selection, and to hire employees on global level.
17. Integration - only recruiting process that is connected with all other human resource process is good and best for organization.
18. Talent shortages - this can sometimes happen and it depends on image of organization. Usually in practice organizations have surplus of candidates.
19. Remote work options - some companies have capabilities to hire candidates that can work from different and long-distance locations. Those companies have a great advantage comparing to others which hire only in the local area.
20. Rewards - every organization needs to give information about rewards, by giving this information, organizations create an image that takes care of measuring, recognizing and rewarding employees.

With development of modern technology organization also increases using of modern recruiting strategies that are more creative while in the same time they are respecting previously listed principles. Some companies are using a method of "Open Door" or "Open House" for a first step in process of recruiting. This strategy is very good because many of candidates will not take this first step, so it can make screening process shorter (Turner, 2011). Also, this is good way to see how candidates interact in groups. By this interaction recruiters can get to know better candidates, their character, interests, knowledge and all other skills.

One of the most important strategies for the organization is attracting candidates that are not looking for a job. The best way to reach them is showing them how much organization wants them. In practice we can find numerous examples of this strategy (MacMillan, 2008).Taking

into account that almost always best candidates already have job, job fairs cannot be a good place for looking for candidates. Sometimes companies are looking for people on some unexpected places. Besides that searching for candidates on some events such as forum or other type of organized events can be good strategy. There is also one more creative and effective strategy, regarding the way of searching for candidates and it "actively searches profiles and social networking sites". The most famous and the most used social media in this purposes is LinkedIn, than Facebook and Twitter. Using these methods helps recruiters to find only candidates that fulfill some criteria. We have many websites where candidates can create profiles and own CV. That resumes are available to recruiters and they can use this as a pre-interview step (Male, 2010).

There is a trend that recruiters use more and more videos for job advertising. Video should be interesting or fun, but also gives the same information as written ad. This non-traditional strategy can help organization in creating candidates pool and in the same time to differ company from others. Companies in process of recruiting should be focused on methods, time and places that are the most suitable for organization (Hoffman, 2009). Anyway, these days we can find many articles which suggest for effective recruiting strategy using online communication and online forums as a place where companies should search for candidates.

The next strategy is considering past candidates. Sometimes organization can "pass over" some quality candidates for some reason. But that does not mean that this candidate should not be considered in some future process of recruiting. This is good strategy because companies just need to give information to people that they have job vacancy. Usually in a practice, referrer is some of employees and they can be rewarded for a good work and finding right candidate (Hoffman, 2009).

Recruiting the right candidates can be challenge for the organization but also, if it is effective with a good strategy, can be beneficial. All of previously explained strategies can bring benefit to organization and help in achieving business goals. For the end, there are answers on few questions that will be highlighted as guide for creating right recruiting strategies. These questions are (Breaugh, 2009):

1. whom should we recruit,
2. how can we reach these specific people,
3. what should our recruitment message be?

2.6 Recruiting Services

In literature we can find different names for recruiting services. They are also known as "recruitment agencies" and "employment agencies". All of them are synonymous that refer to

the services that are helping companies in finding and recruiting right candidates. Recruiting services that are better known as recruiting agencies, have numerous advantages because of their specialization and "access to network". Also by using recruiting services companies save time of searching and screening potential candidates. One of the main advantages is that this kind of service is not using traditional sources and it can be specialized in some specific field (Business Dictionary, 2015). There is one more very important advantage, employment agencies have in their bases all candidates that already have a job and they are not looking for a new one. This means that they are good employees and that employer is satisfied with their work (Gomez-Mejia, Balkin, & Cardy, 2005).

During time the concept of recruiting agencies has been changed. Before all of them had offices while now it is a bit different. We can find many agencies on internet without physical offices that provide recruiting services on-line. On this way or by visiting offices, agencies provide recruiting of full-time employees, permanent part-time employees or contract employees. In a modern business world large number of companies uses contract employees as a main source of human resources. The number of temporary employees increases more and more in last decade (Richards, 1999).

For their work agencies receive remuneration that can be in different form, depending on contract between agency and company. In most cases agencies charge fee "based on the salary offered to new employee" (Gomez-Mejia, Balkin, & Cardy, 2005). From job seekers agencies receive compensation only for help about resume, or administrative works, or for some test, not for finding job. The job seeker should give to agency all the information about personal preferences and requirements about potential job position. The same applies to companies. They should give information about vacancies in details and about requirements that potential candidates have to fulfill (Business Dictionary, 2015).

The most common forms of employment services these days are (DeCenzo & Robbins, 2005, p. 154):

1. public or state agencies,
2. private agencies,
3. "headhunter" agencies,
4. university career centers,

All of these forms of agencies have the same task, to be connection between potential candidates and employer. In the same time these agencies are also different. They can have different procedure of recruiting. Any of these procedures should start with job placement advertisement. One of the main differences is the type of company or better to say "type of clientele" that are using agencies services. The public employment services are the oldest type

of employment services. Then two years later private employment agencies were developed. And now, in modern business world, of the grow importance are headhunter agencies (DeCenzo & Robbins, 2005). These three forms of recruiting agencies, together with university career centers, will be subject in text below.

As we have already said, the oldest form of recruiting services is the public or state employment service. In the beginning of 20th century countries have seen employment services as a good way to decrease unemployment and in the same time to help people to find job (Public Employment Service, 2015). This type of agency is the largest because every country has public employment service. The public employment services usually tend to attract a huge number of individuals. Their main target in most cases are individuals who are unskilled or less qualified, and those who has no experience or some minimum level of experience. This does not happen always. It is also possible to find high skilled candidates and high skilled job placement through public services (DeCenzo & Robbins, 2005).

The public employment services are of the great importance for implementation labor and employment policies. Nowadays this importance grow more and public services have important role in "job matching, enhancing employability, addressing skill mismatches and linking support directly to employers and workers through operating various active labor market programs" (International Labour Organization, 2015). All of this activities can be classified in four main functions of the public employment agencies (Thuy, Hansen, & Price, 2001):

1. job broking,
2. labor market information,
3. administration of labor market adjustment programs,
4. administration of unemployment benefits.

The first function is very important especially now when labor market is very high competitive and when companies are using different types of sources for recruiting employees. Public agencies in the most cases in practice use Internet for job advertising. By this way public services provide transparency. Beside good side of using internet, direct contact between employees and public services is also necessary. Because of that main tasks of public services are: maintaining balance between internet services and personal help, offering process of screening to employers, measuring results of job broking in a different environment (Grubb & Benes, 2000).

Public employment services need to provide enough information about labor markets to employers and to seekers. Because of growing nature of labor market, also grows supply of labor market information. Thus also increases importance of this information for educational

institutions, recruiting specialist and training institutions. Usually developed countries use to invest in this function of public employment services. On another hand we have developing countries that do not have enough sources for that, because labor market information "requires specialist staff resource". Anyway, for both type of country, developed and developing, the importance of labor market information is huge (Thuy, Hansen, & Price, 2001).

Talking about labor market information we have already mentioned countries investments in the development of employment public services. The most growing investment in last decades is investment in administration of labor market adjustment programs. The main task of governments, OECD and EU is to maintain balance between passive and active policies of labor market. Passive policies secure income support for unemployed individual while active policies provide more opportunity for finding a job in order to increase employability (Heckman, Lalonde, & Smith, 1999). Countries usually combine the next three most popular labor adjustment programs (Thuy, Hansen, & Price, 2001):

1. Job search assistance programs- these programs provide many activities as guidance for finding job. Public employment services have a direct role in creating these programs in form of job fairs, job clubs, job workshops etc.
2. Training and education programs- by these programs people who are looking for a job start to be better prepared for jobs through courses, and have better opportunity to find them.
3. Direct job creation programs- these programs have positive effect on the employers and on job seekers. The main task of job creation programs is to "increase demands in the economy" and in the same time create better opportunity for employing.

The last function of public employment services administration is providing unemployment benefits. Unemployment benefits cover two kinds of benefits. The first is in form of insurance and the second is in form of income support. This function is all the time under monitoring and benefits can be given only to those who are registered as unemployed and they are continuously looking for a job. The jurisdiction regulates the form, sums, and status of person who can receive unemployment benefits. There is a lot of discussion considering relation between unemployment benefits and job broking (Walter, 2015).

The success of public employment services depends on the relation with other employment agencies. One of them are private recruiting agencies. The Figure 4 below shows previously mentioned that public and private agencies are connected through labor market intermediaries. This term is used for "entities or institutions that interpose themselves between workers and firms to facilitate, inform, or regulate how workers are matched to firms, how work is accomplished and how conflicts are resolved" (Autor, 2008). The main function of labor

intermediaries is matching labor supply and demand by activities of public or private employment services.

Public employment agencies have been already explained in text above, now our subject will be private agencies. By International Labor Office (2007), private employment services are defined as "any enterprise or person, independent of the public authorities, which provides one or more of the following labor market functions: (a) services for matching offers of and applications for employment; (b) services for employing workers with to make them available to a third party ("user enterprise"); and/or (c) other services relating to job-seeking, such as the provision of information, that do not aim to match specific employment offers and applications". Private agencies are type of agencies that are growing more. Nowadays this growth is bigger because labor market is more opened. Public and private type of agency is different. First of all we can see that difference if we look at their image. Private agencies usually tend to provide position for high qualified candidates. They also offer the package of services that includes: advertising job position, screening and protection to employer (DeCenzo & Robbins, 2005).

Figure 4. Labor Market Intermediaries
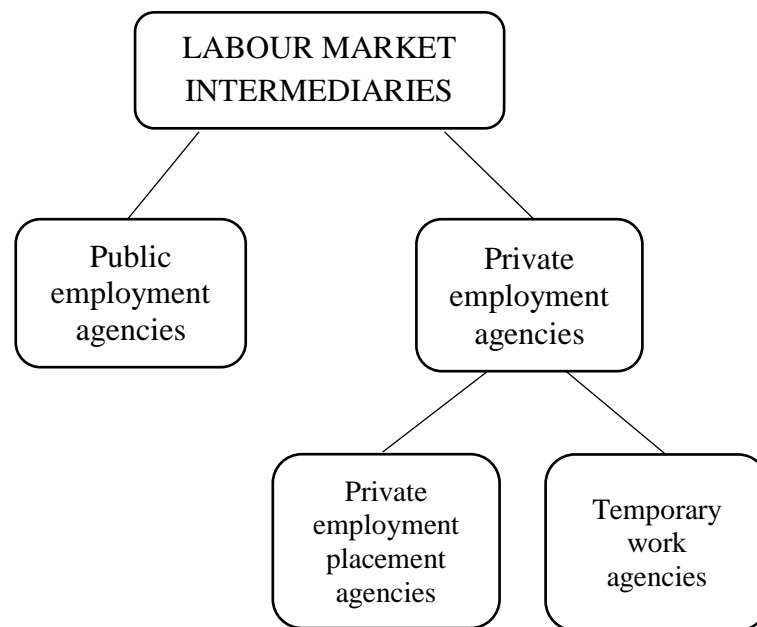
Source: W. Eischhorst, M. Braga, & E. Slezek, *The Role and Activities of Employment Agencies,* 2013, p. 17.

There are two types of private employment agencies. First are private employment placement agencies and second are temporary work agencies. Private employment placement agencies are doing interview with candidates who are looking for a job and trying to match their skills to available vacancies. The second type is temporary employment agencies which have

function to find temporary employees for temporary needs of company. In this case agency pays employees but they are contracted out to a company while company is paying a fee to agency. This type is used more and there are two reasons for that. First of all, temporary work agencies can "satisfy short-term staffing needs". The second reason is that temporary work agencies are more helpful in sectors with more seasonal employees. This is also very common type of employing in long-term because of flexibility advantage for employers and employees (Eichhorst, Braga, & Slezek , 2013).

Whether company decides to recruit by using private employment placement agencies or temporary employment agencies, next ten conditions have to be provided (Eichhorst, Braga, & Slezek , 2013, p. 40):

1. freedom of association,
2. collective bargaining,
3. minimum wages,
4. working time and other working conditions,
5. statutory social security benefits,
6. access to training,
7. occupational safety and health,
8. compensation in case of occupational accidents or diseases,
9. compensation in case of insolvency and protection of workers claims,
10. maternity protection and benefits and parental protection and benefits.

Private employment agencies are good example of high specialized organization which functions at labor market. In order to function in the right way, labor market has to be opened with freedom of pricing within market economy. Also, one more factor for successful function of private employment services is high labor mobility. Only work with these listed conditions can be successful. This tells us that private employment services, same as public employment services, have been developed with labor market and they are still under influence of labor market development (Martinez, 1976).

The third form of recruiting services is executive search, more famous as "headhunter" firms. This type of agencies is specific type of private employment services. They are more specialized for middle and top level executive placement that requires high skilled candidates. Beside these levels of executives, they are also specialized for hiring actuaries and IT specialists (DeCenzo & Robbins, 2005). In literature we can very often find definition of headhunter agencies as "third-party agent". An executive search firms have task to find the best candidate, recruit them and present to their clients. Whether companies decide for first or for second type of search, executive search have to bring the best candidate to a client and that

can be great benefit for company. For their services, executive search firms charge fee from companies (Rothwell, 2012).

Headhunting agencies have an increasing role in labor market. The biggest change of their role we can see in process of identification, selection and recruiting. First of all executive search firms have to be sure that job description is well defined and to understand all needs of clients and their expectations (Faulconbridge, Hall, & Beaverstock, 2014). On another side, headhunting agencies help potential candidates with their resume to improve interview skills.

There are few benefits of using services of executive search firms. On first place is saving time. Usually companies that are not using headhunting agencies spend a lot of time in advertising job position, on-line applying and selecting candidates. But the companies that are using services of headhunting agencies in most cases need less time for finding right and the best candidate. This happens because headhunters already have some contacts and they know exactly which candidates should be targeted. On another side, as we have previously mentioned, headhunters also have advantage if we look from side of job seekers. For example, they can negotiate for better salary, because they usually represent companies that offer high job positions. One more advantage of using headhunters is discretion that they provide for both sides (Marquit, 2015).

When we talk about headhunter agencies, one of the most important questions is a headhunter fee. In practice headhunting agencies usually charge two types of fees: retainer fee and per head fee. First type of fee is characteristic of large companies in order to prevent any possible conflict. Also, if company has agreed with executive search firm to be paid in this form, that also prevents headhunter agencies from doing work for some other company from the same field of business. Per head fee is directly connected with results of finding right candidates. This fee depends on salary of employee and usually is between 20% and 25% of the salary of the hired candidate (Marquit, 2015).

University career centers as recruiting service have growing role. Today many companies use career centre services as the main source for finding future interns and experts. University career and alumni centres have the main role in providing useful information about candidates. The first requirement that should be fulfilled is quality of educational institution, than educational program and success of candidates during their studying. After that potential candidates need to pass knowledge tests and to be interested for job in that company (Richardson, 2012). This kind of services can be very expensive, especially if company has scholarship obligation. Also, praxis shows that very often graduate students after few years leave organization.

2.7 Recruiting Metrics

Importance of human resource management in organization was mentioned many times before. Human resource managers always tend to give some benefit to organization and some strategic value (Schneider, 2006). That value needs to be measurable and in that purpose metrics are created for every activities of HRM. "What gets measured gets done. Without HR metrics, decisions are made on impressions and instinct, not facts" (Ulrich, Younger, Brockbank, & Ulrich, 2012, p. 3). Usually metrics are controlled by acquisition managers and very recent by recruiting managers or recruiting agencies. One of the most important set of metrics of human resource activities is a set of recruitment metrics that will be explained in text below.

Recruiting metrics is a set of measures that are used for quantitative evaluations of human resource management success. These measures are very useful as a guidance how to improve recruiting process. Also metrics can have important role in identification of potential candidates if making decision is based on assessment principles. The concept of recruiting metrics in last decade was changed a lot comparing with traditional. The traditional concept of recruiting metrics was more focused on effectiveness of the costs and on the productivity of the labor. Today HR managers are not any more satisfied with traditional metrics with main point on number of vacancies and how to fill them (Garvey, 2005).

Modern concept of recruiting metrics is more focused on human resource performances, quality and organizational relations. The main focus is on the quality and performance of employees. This metrics measures performances of employees through analysis of their work and their benefits to company during time. The most common form of metrics based on performances is grading and promoting of employees. For the metrics based on quality the most important is assessment of individual performances. All employees and potential employees have to fulfill some standard requirement. As some kind of help in measuring qualities of employee, human resource managers create a metrics in form of marks. They give marks during selection process and during monitoring a working process. Beside these two metrics, human resource managers are taking care of metrics based on type of recruiting source (Recruitment Metrics, 2015).

Whether company uses traditional or modern concept of measuring, the most common recruiting metrics are (Qualigence International, 2015, p. 3):

- cost per hire,
- time to hire,
- quality of hire,
- sourcing channels,

- recruiting efficiency and efficiency ratio,
- retention rate,
- candidate satisfaction and manager satisfaction.

Cost per hire is more traditional metric and usually does not cover measuring of hiring quality. That is the number that tells us what amount need to be spent per each new employee. Usually companies look at this cost as initial cost and not long-term cost. By monitoring cost per hire companies can plan a budget, control how effective was recruiting and find out what is the best recruiting source. Every company has a list of costs that are included in calculation of cost per hire and each of them has influence on the final amount of final spending. In practice companies use the very simple method for calculating them. First of all, the whole expenditures have to be determined, as well as the total sum of recruitment costs. By dividing this number with a number of total hired people in certain time, we get a number that tell us how much is spent for each recruit. The most important costs (Shamis, 2015) that have to be included are:

- advertising fees,
- job posting fees,
- recruiting agency fees,
- employee referrals,
- travel expenses,
- relocation fees,
- internal recruiter costs,
- administrative costs.

This number is very important because calculated cost per can help to company to better understand how much it usually needs for recruiting one candidate. Also can help in decision which recruiting strategy to use and how much to invest in future in recruitment. And finally, there is a great opportunity to get better organized and to bring new platforms of recruiting activities (Masud, 2012).

Time to hire or time to fill, is a second traditional metric that still have important place in set of recruiting metrics. It is very difficult to give answer on the question what is the time needed for finding right candidate for certain job position. Companies use to record the date of opening position and the date when position is filled. Then they take a difference between this dates as a time needed to hire (Shamis, 2015). Usually this difference in the large companies is 43 days and in smaller is 29 days. The larger companies have more recruiting steps and that is the reason for longer time pre hire. This number of days is important information for companies to see if they spend enough time or more than is needed for finding right

candidates. This information is especially important for growing organizations. They can decrease the cost of recruiting by improving the speed of finding candidates.

Quality of hire is metrics that is based on job performances. In literature we can find many definitions of quality "as a grouping of metrics that measure the degree to which candidates recruited and hired satisfy the defined requirements" (Sullivan, 2007, p. 6). So, there are two groups of quality metrics. One is focused on the measuring quality of applicants before hiring and the second is focused on quality of hire process. Every organization tends to hire the best and the highest qualified candidates. In that purpose, HR managers use different methods, tests and analysis for measuring quality of potential candidates before hiring.

The second metric is measuring of quality of hiring process. The idea of measuring quality has been found in quote that "You can`t improve what you don`t measure". That is the one of the main reasons why managers follow this metric as the most important recruiting metric. This metric is actually the best indicator of recruiters work in long-term. Looking and this metric, it is possible to see final result of recruiting and whether recruitment was successful or not (Qualigence International, 2015). Besides that following this metric is beneficial in many ways: for sourcing, for individual recruiters, for human resources, for managers and for corporation. Usually quality metrics cover five measures that are explained in text and they are: individual performance metrics, retention rates, manager satisfaction, employee satisfaction and cost of hire (Sullivan, 2007).

Sourcing channels are metric that company should care about. It is very important to know where right candidates are coming from. If companies want to do successful recruiting then they should have more sourcing channels and advertise a vacancies by using many different methods. They also have to know the number of candidates that are coming from each source, from which source is coming the largest number of high qualified candidates, and how the most successful candidates heard about job vacancy. These are the information that gives metric known as sourcing channels. Because of great importance, this information should be saved in database for a long time using (Recruitloop, 2015).

Recruiting efficiency and efficiency ratio is much more precise metric than cost per hire. This is because efficiency ratio considers also high paid positions and those that are more costly and candidates from different markets, levels, and sectors. In order to give better and more detailed information, some requirements need to be fulfilled. These requirements are (Qualigence International, 2015, p. 4):

- defining activities of recruiting and of the hiring manager,
- providing criteria used in recruiting process,
- reporting results often,

- providing training to recruiters.

Hiring new employee demands spending big amount of money. Because of that it is important to analyze retention rate and to follow trend. Usually ratio is analyzed every 3-6 months. Retention rate tells us about percentage of new employees in certain periods of time that are still working for the company. There are many measures of retention rate. Three most used are: key job voluntary, top performer voluntary, total new hire voluntary (Sullivan, 2007).

Candidate and managers satisfaction are metrics based on survey results of employee satisfaction. These surveys are collected in data and can be used and compared over time. Candidate satisfaction is usually considered as satisfaction with the treatment by recruiter and satisfaction with the whole recruitment process. Data about these two types of satisfaction give information about recruiting approach and success of recruiting process. Because of that data can be followed as a guide for improving recruiting. On other side is a satisfaction of mangers. This survey gives information if new employees are higher ranked comparing to others from previous year. Surveys are usually sent to each new recruit and are very useful for company especially in period of changing (Sullivan, 2007).

3 HUMAN RESOURCE SELECTION

3.1 The Concept and Importance of Selection Process

Taking into account how important people are for one organization, we can freely say that "organization is good as much as the people in it" (Lane & Pyne, 1998). According to that, for organization it is very important to choose right people from applicant pool that is created during process of recruitment. That people have to contribute to organization. Choosing the right people for organization is the goal of selection process. Besides choosing the right people, selection process should follow business plan and contribute to final organization development. So, the selection is probably the major activity of human resource management.

"Selection is screening process used to decide which individuals to hire. The ultimate objective is to hire people who will perform well, based on criteria the firm uses to evaluate employees" (Gomez-Mejia, Balkin, & Cardy, 2005, p. 428). Selection is two way process. On one side is organization that is looking for candidates which fulfill requirements. On another side are applicants with their criteria regarding to job expectations from and their wishes. The both sides will be ready for agreement if it promises success. Unfortunately, in practice it is very often situation where both sides make decision based on insufficient information and it can be very bad for organization. So, the most important for selection process is to be good

and effective in choosing the right candidates. If selection is not good as supposed to be, it has multiple bad effects on organization (Lane & Pyne, 1998):

1. increasing costs of recruitment- because of again vacancy advertising, time for a new screening and interviews and all other assessment methods,
2. damaging team morale- because of employee instability, decreasing respect for a management that shows bad results of using selection method,
3. improperly performing work- because of choosing wrong person for the job and that creates opportunity cost for the company.

Bad selection process especially has negative effect on the small organizations and because of that human resource management in small organizations has to take care about risk of bad selection process. In order to avoid poor selection process organization can use variety of techniques. But they should tend to use valid and reliable selection techniques. These two concepts, validity and reliability will be next two question explained below.

"Reliability refers to consistency of measurement, usually across time, but also across judges" (Gomez-Mejia, Balkin, & Cardy, 2005, p. 176). The main meaning of reliability is that candidates should provide consistent score across time. Talking about organization, if organization uses test in process of selection, that test should give always the same result. That characteristic confirms perfect reliability of measurement. But this situation of perfect reliability is very rare, because measurement always includes some error. If error is bigger, it is more difficult to define the level of skills. In order to bring down this error, two types are used: deficiency error and contamination error (Bayer, 2000). First type exists when the major field of measuring is not covered. The second type happens when measurement covers "unwanted influences".

Validity is the most important characteristic of effective selection. "It is extent to which scores on a test or interview correspond to actual job performance" (Gomez-Mejia, Balkin, & Cardy, 2005, p. 177). Validity shows if evaluation methods are used properly. It is very important because using not valid techniques can be legal problem. Four types of validity are most common (Lane & Pyne, 1998, p. 36):

1. Content-related validity
2. Criterion-related validity
3. Construct-related validity
4. Face validity

The content validity is actually "degree to which test content or questions about job tasks, as a sample, represents situations on the job" (DeCenzo & Robbins, 2005, p. 183). In case of content validity, all applicants are tested by the same questions so they can be compared in a right way. Between job position content and test should exist direct relation. Anyway, passing test does not mean that all candidates that passed are the right for certain job position.

Criterion validity is measuring relation between test and certain job position and it shows degree to which selection method can predict working behavior. There are two kinds of this validity: predictive validity and concurrent validity. Predictive validity occurs when the test without validity will be given to all applicants. Then the employee will be chosen regarding to test results. Concurrent validity is situation when current employees are tested. Their tests are used as experiment to show if there is correlation between tests and required performances. If test provide this relation then we can freely say that test is valid. Predictive validity has a lot of advantages comparing to predictive validity. The main advantage is that this kind of test uses actual current applicants, those who supposed to be hired (DeCenzo & Robbins, 2005).

The next type of validity is construct validity. That is test that provides level to which tests can measure some ability or trait that is connected with job success. The main characteristic is that test measures some abstract traits, for example measure of intelligence. For one measuring of this validity a lot of studies and a large number of people are needed. This type of validity is very difficult and very complex (Lane & Pyne, 1998).

The last type of validity is face validity. This type of validity exist in situation when test used in process of selection, are sending image of job position to a candidates image. In other words, through questions applicants should see the nature of the job. This test does not require skills and knowledge, it just gives more information (Lane & Pyne, 1998). For selection that has all characteristics of reliability and validity, we can freely say that is good selection process. Positive effects of good selection process are numerous and have a great economic value.

3.2 Human Resource Selection Process

Every good selection consists of eight steps. All eight steps require decision for continuing selection process. Also, each of these steps provides new information about candidates, their motivation, skills and abilities. The main eight steps before hiring decision are (DeCenzo & Robbins, 2005, p. 168):

1. initial screening interview,
2. completing the application form,

3. employment tests,
4. comprehensive interview,
5. background investigation,
6. conditional job offer,
7. medical and physical examination,
8. permanent job offer.

Initial screening as a first step of selection process contains two process: process of screening inquires and screening interviews. After successful process of recruiting organization has a pool of applicants. Some of them will be eliminated on the beginning of selection process by using required criteria of job description and job specification. Also screening interview is a good way to give candidates all details information about job position and in the same time human resource managers can judge the candidates, if they are serious or not. In process of initial screening it is also important to define salary or salary expectation (DeCenzo & Robbins, 2005).

After initial screening, potential applicants are completing application form. Application form can be short and contain only contacts of candidates, or it can contain information about skills, knowledge, avocations, etc. (DeCenzo & Robbins, 2005). Whether application form is short or longer, it gives all information about applicant that company wants to have. Also applicants give permission to the human resource managers to check accuracy of their resumes and listed references. Some of candidates fail because of untruthfulness of the given information. Some of them can fail because their skills and practical experience does not fulfill requirements of job position. On another hand successful application has a great value for further selection process, especially if applicants gave accurate information.

"Organization historically relies to a considerable extent of intelligence, aptitude, ability and interest test to provide major input to the selection process. Even handwriting analysis and honesty tests have been used in attempts to learn more about candidate" (Tyler, 2000). Today human resource managers use few tests that are very useful. The most common of them is a group of performance simulation tests. The main characteristic of performance simulation tests is that they ask candidates to do some specific task and behave in some specific way. In the end result is answer if that candidate meets job position requirements or not. Another kind of test is a work sampling. That is a "miniature replica of a job". By doing some task, candidates show if they have required skills, experience and knowledge. It is actually chance for candidates to show how they can do some job. This type of testing has a lot of advantages comparing to other types. First of all it needs less time for testing if candidates meet requirements. Also work sampling can minimize discrimination. The specific and very important role in process of employee testing have assessment centers. Assessment center is

more developed simulation testing. It includes set of exercises used in process of selection and development. Potential candidates go through these exercises and during that process they are evaluated by executives, supervisors and psychologists. Sometimes these exercises include also some traditional tests (Lievens, 2002).

The next step is comprehensive interview. All candidates that passed previously explained tests will be invited to an interview. Candidates can be interviewed by many individuals within organization: human resource managers, supervisors, colleagues or all of them. In practice, if the interviews are beneficial, the most of candidates will be hired based on their skills. (HR Briefing, 2003). There are many forms of interview and it depends on position and candidates. Regardless of the type of interview, first step is always checking the applicants CV, application form and tests scores. Based on that information, interviewer creates first image of candidate. Than after questions and exercises, interviewer can compare results with the first image of candidate.

One of the most useful modifications of the interview is behavioral or situation interview. This part of interview is good for testing not only what candidate says, but also how candidate behaves (Taylor & Small, 2002). Also in this part interviewer can see how stress has influenced the candidate. That gives an answer how potential candidate can work under pressure. In practice this modification of interview has be shown as a very effective. During interview also candidates are getting better to know about organization through brochures, films, tours, work sampling, etc. Tools that are used for that in practice are known as a realistic job preview. That is a "selection device that allows job candidates to learn negatives as well as positive information about the job and organization" (Buda, 2003, p. 157).

Background investigation is our next step in selection process. During this step all information and references about candidates are checked. Usually it also includes calling a previously employers to check whether candidates have worked for them and asking for working records of applicants. This because employer wants to find out about candidates as much as possible and by that prevents the costs of bad selection. There are two methods of investigation: internal and external investigation (DeCenzo & Robbins, 2005). In internal selection information is checked with the help of ex employer. External is more expensive and it means engaging references checking firm. Both methods are very useful and can have positive effect on selection success.

Usually when applicant passes all previously explained steps conditional job offer can be made. This offer comes from human resource representatives and it defines all job conditions. After passing medical or physical tests, this offer will be permanent job offer. Medical and physical tests are most used for jobs where employee has to work under some specific

conditions and when physical conditions are required. Every company should provide the minimum health standards and insurance programs for all other types of work.

After these steps, comes final decision and final job offer. Job offer is made by HRM representatives, while final decision should be made by department management. This offer depends on few factors such as: administration, salary forms, etc. It is very important to mention that the only role that hired candidate has is administrative, all others are tasks of employer (DeCenzo & Robbins, 2005).

The selection process that is explained in text above is general selection process. Some organizations do not follow this process and use more comprehensive approach. Whether selection process is general or more extensive hired candidates have to be assessed and have to fits good with organization. In order to find candidates who are the best for organization, human resource representatives use the different methods in selection process. Selection methods will be explained in next section of this chapter.

3.3 Selection Methods

During selection process companies can decide to use one or more selection methods, while all the time they are looking for the best selection method (Lane & Pyne, 1998). The most common selection methods that companies usually combined are:

- application form,
- CV (Curiculum Vitae),
- letter of recommendation,
- interview,
- tests,
- work sampling,
- assessment center.

Application form is form that candidates interested for the job position have to fill. Research shows that forms in practice use 97% of organizations. Application forms are used to make shortlist of candidates. Also, human resource representatives who are responsible for the selection, use forms as a basis for an interview. Many organizations have recently expanded forms with requests for more detailed information about candidates. Because of that, forms now have a more significant role in the process of recruitment and selection. Completed applications should show candidates interest to get a job. Application forms are helping to the interviewer during the interview and serve as a basic document in the file of the employee. Making application forms require a lot of time and new researching. Also they have to be

updated from time to time. It does not suit to the small organizations and organizations that employ a small number of candidates. Organizations use different forms of application forms. It is very important that the form is well-designed in terms of content and format. The application form which is poorly designed can miss its purpose. The most requested information in the application forms are: personal information (full name, date and place of birth, nationality, address, telephone number, marital status); information about education (school completed and courses); information about previous employment (names and addresses of previous employers, time of employment, job title, description of duties, reason for leaving, the name of the chef and the possibility of contact); interests and hobbies; other (health, special skills and knowledge, works and awards, professional associations and membership records) (DeCenzo & Robbins, 2005).

CV is actually kind of application form. Unlike the application form which required only basic information about the candidate, the form of CVs requires more detailed information about the professional and personal lives of candidates. These are pieces of information that relate to certain working and life flows of candidates. Based on data from CVs it is possible to assess working performance of potential candidates. CV form is used as a supplement to the application form for a job and it is similar as the application forms, usually contains: name and surname of the candidate, address and telephone number; the date and place of birth; information about marital status; educational background and specific knowledge and skills; information about previous employment and individual plans; information about purpose of employment, interests and etc. Many organizations use standardized biographical questionnaires containing between 100 and 300 questions. These questionnaires are particularly useful in initial selection process (Budisav, 2009).

Letter of recommendation- In developed economies recommendations have become almost mandatory in employment process. The recommendations may be required and received from previous employers, associates who know the candidates, professors and so on. By recommendations it is possible to collect information about candidates and their working and professional skills, attitude towards members of collective, work habits, the achieved results and etc. From previous employer may be required to write a letter to explain earlier results of the candidate and his/her behavior. In order to collect such information may be used a questionnaire that previous employer can fill in, or through well-designed phone conversation. By this way, all the information about previous working qualities of candidates can be checked. On this basis human resource representatives estimate a success of his/her future work. Certain studies have shown that the reliability of recommendations is quite low because they are often present on subjective assessments, and even abuse. To avoid that, it is necessary to ask for opinion through official channels, as an official document of the standardized form (Beardwell, Holden, & Claydon, 2004).

Interview as the method of selection is the most often used and can be defined as a controlled conversation with a specific purpose. It is a process of assessment in which the person who conducts the interview with the candidate, collects information and assesses to which level candidate can meet the needs of the organization and be successful in business. So, we can conclude that main objectives of the interview are: collection of information about candidate; providing candidate entire data about work and organization that would help in making decisions; determining the candidate's ability to successfully perform a job. The interview helps to assess the ability and motivation of candidates for a particular job as well as his preferences and impacts to the other. On the other side candidates are allowed to assess the job and the organization and then to make decision (DeCenzo & Robbins, 2005).

For HR managers interviews have a great importance because of many advantages comparing to other methods of selection. The interview is one of the best ways for exchanging information and gaining insight into the humans and the formal aspects of the recruitment process. Only by interview assessment of potential compatibility of two people who will work together, the potential employee and potential employer can be done. For effective interview a good job description is necessary, good specification of job tasks and information of the resume of the candidate. The basic elements of good interviewing are contacts, content and control. Through interview human resource representatives should help to the candidate to recognize their strengths and weaknesses in relation with work and to determine which strengths they can improve and which weaknesses can be eliminated. If interviewer and candidate work together during interview, they will get good quality information and make the right decision (Lane & Pyne, 1998).

There are a lot of interview types and most authors grouped interviews by the form, number of participants, the basic approach and strategy of interviewing (Budisav, 2009, p. 215). Based on interview form we have next types:
- unstructured interview - there is no pre-determined content and structure,
- structured interview - it is planned in advance, the content and structure is previously determined,
- semi-structured interview - issues and areas that will be discussed are partly planned.

Types of interview according to the number of participants:
- individual interview - direct conversation between interviewer and interviewee,
- sequential interview - series of individual interviews that are taking place one after the other,
- panel interview - interview between few interviewer with one candidate,
- group interview - interview one or more interviewers with a group of candidates at the same time.

Types of interviews according to the role in the selection process:
- preliminary interview - at the beginning of the selection in order to eliminate candidates who do not meet requirements,
- diagnostic interview - a detailed interview with the candidate in order to determine his skills and compatibility with the job requirements,
- entrance interview - interviewing candidates who have passed all previous phases.

Types of interviews based on interviewing strategy:
- the strategy of honesty and friendship - a person who performs an interview tries to create a pleasant atmosphere for greater "opening" of the candidate,
- strategy pleasant-unpleasant - two persons with the opposite behavior are interviewers,
- problem solving strategies - requiring candidates to describe how to behave or how to solve a particular problem,
- strategy behavior - requiring candidates to say how to behave in certain situations,
- strategy stress - the interviewer simulates a stressful situation and behaves aggressively towards candidate to induce reaction of candidates, monitoring their behavior.

Tests as a method of selection are very recent a question of discussion. Opinions about using tests are divided. Supporters of testing emphasize testing accuracy and objectivity of data obtained in tests. On other side those who do not support testing do not like the objectivity of data that tests include. However, studies have shown that the use of tests in the selection of candidates for employment still increases. This increase is more related to managerial jobs more than on the administrative and physical tasks. (Beardwell, Holden, & Claydon, 2004). Testing is not to alter for interview, but it should help to find out what the candidate can do, and the interview will show how the candidate is willing to work. The advantage is that testing can be done with more candidates in the same time. There are over 1,000 types of tests and for different types of businesses companies can use different types of tests. Tests that can be used in the process of personnel selection are (Gomez-Mejia, Balkin, & Cardy, 2005):

Ability Tests that measure the potential candidates and opportunity to develop specific skills and knowledge in the future. Organizations use standardized tests and they need to have experts with a permit for the use of tests and processing results.
Intelligence tests are sometimes called tests of mental abilities and they are most commonly used in the selection process. It is the ability of the general judgment and the ability to connect concepts. Intelligence is a prerequisite for the all complex tasks within organization. We should bear in mind that practical intelligence may differ from the natural intelligence.
Tests of specific skills examine certain segments of the intellect that are important for specific tasks, and they include: tests of perceptual abilities, tests of spatial capability acquired, tests of numerical skills, tests of verbal ability and tests eloquence.

Tests of creativity determine how applicant is able to produce new ideas and to seek for more diverse and original solutions.

Tests of mechanical skills determine the ability to resolve technical and practical problems. Mechanical skills depend on experience. It should be taken into account during assessment the results of tests and giving score for the candidates.

Personality tests are used to verify the personality of candidates and interests for the job. In the selection process these tests are often used to determine candidate style of behavior and how he/she reacts in different situations. The structure of personality tests should be adapted to the job requirements.

Tests of interest and knowledge estimate area of interest, or a job for which the candidate is most interested. By this way we measure the motivation of candidates for the job. Knowledge tests are designed to determine the specific knowledge and the level of harmonization of these skills with job requirements. They are used when it is necessary to determine which candidate possesses certain specific skills that are necessary for successful performing certain tasks.

Adaptive testing uses modern technology and it has many advantages. Firstly, it can be applied when candidates are at a great distance. But this type of testing is very expensive and only large organizations use it for testing a large number of candidates.

Work sampling as we have already mentioned in previous section of this chapter is a "miniature replica of a job". This type of selection method is actually work simulation that requires from candidates to present their performances. By doing some task, candidates show if they have required skills, experience and knowledge. It is actually chance for candidates to show how they can do some job and what they can do in certain situation. This method of selection is the most naturalistic because candidates are evaluated by doing some real job. Usually companies as a task give a role-play or real life situation that candidates can act as on realistic situation. This type of testing has a lot of advantages comparing to other types. First off all it needs less time for testing if candidates meet requirements. And if more candidates are tested by the same situation it is very easy to compare them. Also, work sampling can minimize discrimination (Beardwell, Holden, & Claydon, 2004). In practice we can find many cases where work sampling is the most important component of assessment centers.

Assessment centers is a name used for a process that covers many groups of candidates who are doing a set of tests and exercises while in the same time their skills and performances are assessed. Testing usually takes from one to three days and up to six candidates can be tested at the same time. Each candidate takes test from four fields: organizing, planning, decision making and leadership (Gomez-Mejia, Balkin, & Cardy, 2005). This type of selection companies in most cases use for external recruiting and internal promotion. Assessment centers are very useful because organization can watch how candidates behave in different work-related settings. Although they are expensive, assessment centers can be beneficial when

the costs of bad hiring are very high. By combining this method with others companies can improve selection.

3.4 Specific Selection Methods

Nowadays modern organizations use to combine traditional selection method previously explained, with some specific selection methods such as (Ministry of Business Innovation and Employment, 2015):

- trial work,
- ability test of acquiring skills,
- drug test,
- honesty test,
- polygraph test,
- graphology,
- astrology.

Trial work is sometimes used as the only way of verifying candidates, their capabilities and qualifications to perform specific job. On that way trial work candidate proves suitability to the organization, its culture and climate. In order to collect enough information about the candidate, trial work has to be good designed and need developed system for monitoring and evaluating candidates. Both sides have to agree about trial work period, employer and potential employee. If during that period employee provides a good work and high performances, than there is no reason for not making permanent employee agreement (Ministry of Business Innovation and Employment, 2015).

Ability test of acquiring skills determines ability of the candidate to gain skills and knowledge required to perform at a certain job position. The application of these tests requires certain equipment, expert instructors tore, weather and so on, which increases the costs of selection of candidates. Because of that reason they are not very often used in practice.

Drug tests are increasingly used by big companies in the world, especially companies in the United States. Some institutions and human rights organizations believe that these procedures attack the personality and human dignity. Because of that candidates are asked before testing. After test candidates with positive results are eliminated from further process of selection. In some cases they have a chance to take one more test. These types of tests are very useful for organization. Based on results company can avoid a problematic candidates. In practice these tests have been shown as very effective (Gomez-Mejia, Balkin, & Cardy, 2005).

Honesty tests are intended to identify candidates who are prone to theft and to other forms of unfair and harmful behavior. The biggest disadvantage of these tests is that the results can`t be fully trusted. There are several types of these tests and usually in practice for this kind of testing companies use polygraph. *Polygraph testing* is firstly used in crime processing data. Lately it is more and more used in large international companies. This process of using polygraph is known as a "lie detector". The polygraph measures the interviewee pulse, breathing rate, and galvanic skin response while he or she is asked serious questions" (Gomez-Mejia, Balkin, & Cardy, 2005, p. 183). Than based on physiological reactions, polygraph can identify truth or falsity of statement that gave the person. Some of organizations are against the use of polygraph in selection purposes. As a reason, they emphasized the ethical point of view and that we test the examinee in the situation which is very stressful, full of emotions and nervousness, so the test results are not the representative of the degree of honesty or dishonesty. No matter if this way of test has disadvantages, it is still applied in some large companies.

Graphology or analysis and identification of the manuscript, is based on the belief of handwriting expert that handwriting gives a list of certain characteristics of person on which bases it is possible to estimate behavior of candidates. On another side, psychological research shows that graphology can`t be used for assessment of personality. However, many companies in Eastern Europe still use this method for the selection of candidates (Budisav, 2009).

Astrology is based on the fact that person's character and behavior is predetermined with a position of the stars at the time of birth of each person. Although scientific research on the actual relationship between astrology and personality gave negative results, there are still a large number of people who believe in astrological predictions and it is largely used in the selection of candidates (Budisav, 2009).

4 HOW TO BUILD EFFECTIVE SALES TEAM

4.1 Methodology of Research

In this fourth chapter I would like to come to detail explanation of HRM activities in process of building effective sales team. Also, through interviews with HR agency and sales department, I would like to find out which recruiting and selection methods are most used this days and which of them are most effective. Besides, one of the main purposes is creation of picture of typical sales department, from aspect of sales jobs positions. Additionally, I would like to learn more about main requirements that candidates have to fulfill in order to apply for position in sales department. Finally, all of this previously mentioned findings explain how HRM, together with sales department, can build one effective sales team.

Beside domestic and foreign scientific and professional literature used in previous three chapters, in this Chapter I will mostly use conducted interviews with HR specialist and sales department and analyze secondary data. In order to gather primary data on the process of sourcing, recruitment and selection of effective sales team, as the main source I have used questionnaires for descriptive research. I have conducted two interviews, one with HR agency and second with sales department.

Through interview with sales representative I had opportunity to get some organizational data. By analyzing this data I came to the answers what is the hierarchy of jobs in sales department, how often one organization recruits for purposes of sales department and how long usually process of finding right candidate can take. Also interview with HR agency gave me opportunity to see how one traditional job ad for sales position looks like. I have attached this data in interview questionnaire and used for better understanding of requirements that candidates have to fulfill.

Moreover, interview questionnaires help me to learn more about process of building sales team from aspect of HR agency and from aspect of sales department. From interview conducted with sales representative I came to the conclusion why good sales team is important for one organization and which activities should be done by sales department in order to organization gain a profit. Here I also came to the answer what one organization usually does if hires wrong candidate.

More information about sourcing, recruiting and selection I have gathered from interview with HR. Firstly, I found out that today organization combine both types of sources, internal and external. Then I have learnt more about methods of recruiting and selection, which of them are mostly used and do they use some of unconventional methods. In addition to this, I also came to the list of knowledge and competences that are necessary for candidate for applying for sales position. In the end of this interview I have better picture how looks cooperation between HR and sales department in process of bringing decision and finding really best candidates for sales department.

Additionally, in learning how to build effective sales team, also help me theoretical knowledge acquired in undergraduate and postgraduate studies in economics and knowledge that I have gained from practical experience.

4.2 Concept and Job Hierarchy of Sales Department

Market is one of the main indicators of success of one organization. As we already know, all organization activities start and finish on the market. If company creates all activities by

marketing philosophy, then reproduction process has the optimal continuity. Besides, company will produce and sell only products for which there is customer interest. Sale is a set of interrelated activities that the company is taking on the market in order to sale own or products and services of other organizations.

Every organization which main goal is selling products or services and through that process gaining a profit, needs to have a good sales department. A sales department is a team of people who are working together and which main goal is realizing sales of finished products and services. That realization should be at the price that will cover all costs and ensure profit. Success of sales team does not depend only on the sales function. It also depends on the other departments like marketing, research, finance. All of these departments have to work together as a team in order to ensure that sales function gains three main objectives (Interview questionnaire - sales department, 2015):

1. increasing sales volume,
2. making profits,
3. providing continuous growth.

In the process of increasing sales and in the same time making profit, below listed tasks need to be done by sales department (Interview questionnaire - sales department, 2015):

- IT for the purpose of reviewing the needs of consumers and planning a production capacity,
- proposing and creating sales policy,
- communication with consumers, negotiation, sending inquiries, offers and contracts of sale,
- the realization of signed contracts, packaging, shipping, transportation and delivery of goods,
- admission and consideration of complaints for delivered goods,
- sales promotion and organization of sales channels,
- training of sales teams,
- programming sales of new products,
- evidence and analysis of the sales.

Talking about structure of job positions in the sale department we have to mention that every organization have own structure and there are different tittles for different job positions. Generally, there are five levels of sales in job hierarchy, looking from the highest to the lowest, from the sales director to the sales trainee (Figure 5).

Figure 5. Sales Jobs Hierarchy
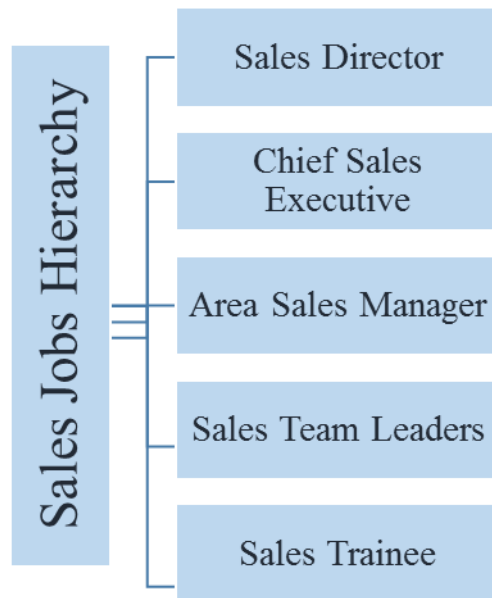
Source: *Interview questionnaire - sales department,* 2015.

Sales director is the first, top, level of sales jobs hierarchy. This position is also known as a top sales manager. The main tasks of this position are creating strategy and planning work for all sales departments. Also, sales director supports sales teams and together with them makes a plan how to achieve organizational success and profit. Sales director is only required to give reports to chief executive or to managing director.

Chief sales executive is the next level in sales department. For this position bachelor`s degree is required and numbers of work experience. Today it is common that master`s degree is also required for this position. This position is subordinate to the sales director position. The main duty of this position is to lead the sales if sales director is absent.

The next position is area sales manager. The name of this position says that this is manager which main task is to lead the sales of whole area. The main goals of this position are to reach targets and to find new opportunities for sales increasing. Also, area sales managers are included in the process of recruiting and training sales staff.

Sales team leaders manage and lead a sales team. They are creating marketing plans and give suggestions regarding to sales target. Also, sales team leaders give recommendation for hiring new staff if it is necessary. Because of that, this level of sales jobs hierarchy plays a very important role in the process of selection of new staff for sales department. They participate in the interviews with candidates and they help in making final decision.

Sales trainee is the lowest level of sales hierarchy. For this level of sales position companies usually hire new graduates and it is very common that companies give scholarships for those

who want to start their careers in sales. Sales trainees maintain customer relation and develop customer base. As the lowest level in sales department structure, they report to sales team leaders.

4.3 Process of Building Successful Sales Team

Finding, recruiting and training the right candidate can create a successful sales team and these days that is a big challenge for every organization. This comes from the importance of sales department for organization and business. In order to find effective candidates for the purposes of the sales department, companies use the both types of sources, internal and external. Many organizations use more outsourcing methods, but there are also a lot of advantages of internal recruiting. In both cases organizations have to define the exact qualities that sales representative has to possess. Besides, it is very important to recognize new talents and to develop already existing sales team. A lot of organizations search for a sales people that do not need, or need a minimum sales training.

In process of finding right candidates for sales team, company should care about recruiting methods. Today the most common method is job advertising. For this purposes organizations use online job websites that help in connecting job seekers with employers. Organization or HR agency creates job ad and defines the profile of success sales representatives with all their competences. In modern business world social media and professional networks have growing role in the process of recruiting. The most used of them is LinkedIn. In last few years also competitors have become a very good source of recruiting. This is the most often between competitors in same industry sector because competitor's employees already have required experiences.

For organization it is very important to precise define requirements that candidates have to fulfill regarding to knowledge and experience. This can help recruiters and managers to decrease time of recruiting and selection by interviewing only candidates that fit requirements. Usually organization pays attention more to attitude of candidate, sales skills and experience than to qualifications. The most important requirements that one candidate have to fulfill in order to apply and to be hired for sales position are (Interview questionnaire - HR agency, 2015):

- good at persuading,
- good negotiating skills,
- very good communication skills,
- very good selling skills,
- customer focus,
- to be confident,
- to show a value.

Talking about knowledge that companies are searching for, next few are the most common (Interview questionnaire - HR agency, 2015):

- candidates need to possess good knowledge of products or services with all their advantages and disadvantages,
- good knowledge of market and of customer's needs,
- IT proficiency,
- good account knowledge,
- candidate has to know territory in order to create good strategy.

Method that is most common used in the process of selection is checking references through techniques such as role-play scenario (Interview questionnaire - HR agency, 2015). Through these tests HR mangers and sales managers find out does candidate fit organization needs. One of the tools that can help organization to measure how candidate fits the organization is profile sales assessment. This measurement helps in evaluating potential and behavior of candidates. Profile sales assessment known as PSA measure, is most used in process of selection (Interview questionnaire - HR agency, 2015). Every organization has own model of PSA measure. As a result of the PSA measure, organization gets the list of candidates that have sales potential. From that shortlist, organization can select best of them and hire them. If organization engages HR agency, than agency creates shortlist and organization brings final decision.

Even if organization uses the most precise selection methods, sometimes can hire the wrong candidate and the time shows the gap between profile position and candidate skills. Because of that it is very important for organization to have ongoing training (Interview questionnaire - sales department, 2015). This kind of training is very good in identifying opportunities for improvement and in the same time it can motivate team to succeed. Besides, organization has to improve communication in sales team.

Finally, for the success of good sales team, after choosing the best candidates, is of crucial importance to continuously invest in development of sales team. This is possible only if organization is strongly focused on sales with a right person who knows how to lead and in the same time to be very good sales mentor. For sales representatives is very important all the time to learn new skills and techniques of sales, and to have good training and good mentor. For both sides, leader and sales representative, is important to be patient. This because process that starts with finding good sales representative and end with making fully effective sales representative usually takes from 8-12 months. At the end we can conclude that successful sales team is the team which continuously learns and develops all skills and competencies that one good sales representative possess.

5 DISCUSSION AND PROPOSALS FOR IMPROVING SOURCING, RECRUITMENT AND SELECTION IN A SALES DEPARTMENT

The main purpose of master thesis is to give detail explanation of HRM activities with emphasize on sales department. Specifically, I would like to find out how good strategies, methods and tactics of HRM can affect process of building successful sales team. In order to gain better theoretical and practical knowledge, while in the same time following stated purpose, I have tried to give answers on few questions. Research started with question why HRM is important for modern organizations. Then come three questions regarding activities of HRM such as sourcing, recruiting and selection with all their specifics. At the end, as the main question, stands out how to build successful sales team by using methods of previously mentioned activities. Based on my research composed of interview questionnaires given in appendix, and based on my experience, I can freely say that there are no significant differences between theoretical knowledge and empirical results.

Master thesis has started with explanation of importance of HRM for organization. As Wood (1999) wrote, successful management of human resources is one of the key factors of organization and its development. In praxis we have exactly the same opinion. Historically HRM have been very important for one organization. This is truth because every organization can successfully work only if it is working as one team. Process of creation of a good team is impossible without HRM activities. Under the main HRM activities we have: defining HR needs, finding and recruiting, training and development of employees and taking care of employee relations. Sourcing, recruiting and selection as main activities of HRM were main questions of master thesis. Through explaining them I have tried to come to the answer how to build successful sales team.

All HRM activities start with planning number and type of needed employees. Taking into account a scarce nature of human resources, these days it is very important to carefully decide which of sources will be used, internal or external. This is known as sourcing human resources. Truss, Mankin & Kelliher (2012) have explained that both type of sources have their advantages and disadvantages, and that different organizations choose different sources. However, through interview with HR agency and sales department, I have come to the conclusion that companies use more external sources. This type of sourcing gives bigger opportunity to find right candidate who can also bring new ideas in company.

The main, and very often the most expensive activity is recruiting. In the literature we can find a lot of definition for recruiting. All of them, same as praxis, confirm that recruiting as a part of HRM is continuously process of finding best candidates. Organizations tend to this goal because it has influence on later business success. In process of recruiting companies can use different strategies, methods and services. DeCenzo & Robbins (2005) gave the list of most common recruiting methods such as: advertising, internet recruiting, career fairs, networking, etc. Beside these methods, companies can also choose among HR services, for example public

or private agencies, headhunting agencies or university career centers. In process of building successful sales team, companies usually combine own HR department and private HR agencies and very often headhunting agencies for high level positions.

The most used method of recruiting is internet advertising. This method is combination of advertising and internet recruiting, according to DeCenzo&Robbins (2005). Both interviewed sides, HR agency and sales department, have agreed that internet advertising on websites such as www.monster.com, www.mojedelo.com, and www.infostud.com, is the most effective recruiting method. Also, social medias have growing role in recruiting, especially LinkedIn. In order to find really best candidates, companies need to have very good defined job ad. Good job ad contains all requirements that candidates have to fulfill and in the same time gives a right picture of company in order to attract right candidates. We can find many discussions on the subject what is good job ad or job specification. Anyway, praxis also prove that required education degree, good communication and negotiation skills, year of experiences for higher positions, are most common requirements that candidate has to fulfill to apply for sales position.

Last question regarding HR activities is selection. Selection is very important because in this phase companies have to decide which candidate they will hire. So, it is very important to carefully check competences and recommendations of short listed candidates. Because of that selection process usually has eight steps, according to DeCenzo&Robbins (2005). Talking into account importance and complexity of selection, praxis has shown that it can take up to six months. During selection process, HRM can decide which method of selection will be used. Usually companies combine few of them. In building sales team, selection starts with overviewing candidates CV, then comes interview, and in the end test or roll-play. Very often HR mangers check recommendations from previous employers. In some cases also can be used specific selection methods. Unconventional selection methods are not very common in region of Southeastern Europe. The only one that is very rarely used is graphology for top level positions. At the end of selection process manager of department, together with HR, makes a final decision of choosing candidate who fits the best to the requirements.

Despite limitations of research, such as the fact that mostly data are gathered from secondary sources and limited numbers of interviewers, this master thesis has two important contributions. First is that HR with all activities is very important for further business results. Because of that it is very important for company to carefully choose and invest in strategies, methods, and even HR agency in order to find really the best people. The second one is regarding importance of sales department for any company. Today every organization gains profit through selling products and services, and sales teams are those who realize that. So, HR representatives need to know nature and needs of sales teams. Finally, we can freely conclude finding best people, good business results and gaining profit is impossible without functioning two departments, HR and sales, as one entity.

During my research studies I have come to new ideas how process of building successful sales team can be improved. The first relates to attracting candidates through creating a good image of company, so candidates can see company as the "best place to work". This can attract large number of potential candidates to apply, and this means bigger opportunities for company to find the best one. Second recommendation, as continuation of previous, is choosing candidate who will fit to long term goals of company. At the end, I can totally agree with interviewed sales representative that is very good idea to have some kind of database on national level with all information about candidates: information about previous employers, achieved results, and some kind of marks for their done work. This can, and probably will, reduce required time for finding experienced candidates. In case of entry sales position, it will be good if companies cooperate more with university career centers, which are the best places to find good potential candidates and through long term trainings and development to create the best sales managers.

CONCLUSION

In last chapter of master thesis I will conclude my research and summarize my findings. As already mentioned in this master thesis, I wanted to learn more about HRM in modern business organization. Also, main goal is to get more detailed information about HRM main activities in process of building successful sales team. I have therefore analyzed human resources in organization and sourcing, recruiting and selection as strategic activities of HRM. At the end I have tried to find out how these strategies are implemented in praxis on example of the sales department.

Beginning of master thesis started with theoretical assumptions taken from scientific domestic and professional literature. In that first part I gave explanation of human resources through giving definition from several authors. By following the theory of historical development of HRM, I came to the answer why today, in period of globalization, is HRM very important for one organization. For better understanding why is important for organization to be harmonized with HR, I analyzed the main goals of HR and main activities that have to be done in order to achieve that goals. So, the largest part of master thesis takes explanation of sourcing, recruiting and selection.

First explained activity is sourcing. Because first thing that organization should do before beginning of recruitment is to decide which sources will use, internal or external. Before analyzing both types of sources, I wrote about several main facts of sourcing, such as definition, main characteristics, and differences between sourcing and recruiting. In process of deciding which sources will be used, it is very important to know all advantages and disadvantages of both sources. For better understanding and review of internal and external sources I gave a table adopted from Truss, Mankin & Kelliher (2012). Due to thin border between sourcing and recruiting, in the same chapter I also wrote about recruiting. In order to

get more elaborate understanding of recruiting, after defining recruitment process, I focused my attention on the most common recruiting methods, strategies and services. How made decision which method, strategy or service to use, can influence the organization was the last research question in this chapter. The last but probably the most important activity of HRM that I explained is selection process together with selection methods.

In the fourth chapter I have included sales department in this study. In this part it is highlighted the importance of sales department and importance of sales generally for one company. Also, I mentioned few main goals of sales department. To gain better insight of connection of sales and HR department, I conducted two interviews. First interview was with HR agency where I got more knowledge about applying sourcing, recruiting and selection in praxis on example of building sales team. The second interview was with representative from sales department. Thanks to this interview I got more knowledge about sales jobs positions and jobs hierarchy, and also what requirements one candidate should fulfill in order to apply for sales job position. In the end, I came to the answers why it is important to choose best candidate and what are consequences if company hires wrong candidate.

This master thesis brought me to few new findings. I saw why good HR is important and why is important for HRM to conduct sourcing, recruiting and selection on the best possible way. I also got better knowledge of sales department and sales jobs positions. Together, with good cooperation, HR and sales department can be of great long term benefit for organization. Moreover, this study brought me to new ideas how to improve a process of building successful sales team. In the end of my work I have shared my ideas as recommendations, in hope that it will be useful to someone as well as this study is useful for me.

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APPENDIXES

TABLE OF APPENDIXES

Appendix A: Interview questionnaire with HR Agency

1. Name of agency: **Manpower**
2. What are the main responsibilities of HRM?
   Main responsibilities of HRM are: defining the needs of human resources, finding and recruiting staff, training and development, and taking care of employee relations.
3. Why HR is important for organization?
   Because every organization can be successful only if works as a good team, and creating a good team is impossible without HR function.
4. What are main responsibilities of HR agencies?
   Main responsibilities of one HR agency are almost the same as the responsibilities of HRM in one organization: planning, staffing with the main role in process of recruiting.
5. How often are you searching for candidates for sales department?
   Searching for good sales representative is one of the most often task of our agency. We are constantly searching for candidates for sales department.
6. Which of sources firms often use for finding right candidate for sales team, internal or external? Why that?
   The external sources are more used. Because of bigger opportunity to find a people who already have sales experiences and who can bring some new ideas in organization.
7. Which method of recruiting is the most used in this purposes? Why? Which one is the most effective?
   The most used method is job advertising on website. Even sometimes can be very expensive it is also very effective because a lot of candidates are attracted so, we have ability to choose the best one.
8. How useful are social media as a method?
   Nowdays can be very useful, especially LinkedIn, because it is some kind of candidates base.
9. Can you give me an example of one job ad for sales position?

>> TRADITIONAL JOB DESCRIPTION: AREA SALES MANAGER

Objective: To enhance the company's profile in the region, building customer base and increasing revenue.

This is a high volume sales role, dealing with mainly warm accounts.

REQUIREMENTS:

- College or university degree
- Experience in high volume sales
- Strong demonstrable track record of growing regional sales
- Highly commercial, customer-oriented sales leader
- Proven ability to work under pressure and deliver target-orientated results

10. What are the common characteristics that one candidate need to fulfill in order to his/her application be considered?
To already have experience in sales, good communication and negotiation skills, IT knowledge and for the starting position high school degree is enough.

11. Which methods you use in selection process and which one is the most effective? Why?
The most common is interview and role-play, because by using these two methods references from CV can be checked the best.

12. What do you think about unconventional methods such as astrology, graphology, polygraph, etc.?
These methods are not such a common in our agency. The only one that are very rarely used is graphology and it is used only for top level manager positions.

13. How long usually take processes of recruiting and selection?
Depends on number of candidates that company are searching for and the level of position. Sometimes can take up to 6 months.

14. Who makes final decision, company that engaged you or agency?
Usually we are creating short list, than company, manager of department, make a decision but there is also situation where together agency and company choose candidate.

15. What happen if decision is wrong and company hired wrong candidate? Consequences for company and for agency?
This situation is bad for company and for agency. Company has to pay agency fee for recruiting services and in the same time have new costs for finding new candidate or for investing in training. On another hand this is very bad for agency reputation.

16. Your suggestions regarding to recruiting and selection in order to build successful sales team.
Companies need to give information about company and position as much as they can in order to attract really good candidates who wants that job. And of course, all the time to invest in developing and knowledge of sales team.

Appendix B: Interview questionnaire with Sales Department

1. Company, name and position.
    "Pančevo Bakery", Serbia. Slobodan Zajić, General Menager
2. How many years of experience you have in sales?
    30 years of experience in sales.
3. What are the main objectives of sales function?
    The main objectives of sales function is to make product available to consumers. Beside that there are three more objectives: increasing sales volume, making profits, providing continuous growth.
4. What are the main activities of sales function?
    Activities of sales function start with reviewing the needs of consumer and creating sales policy, than communication with customers, negotiation, singing a contracts, admission and consideration of complaints for delivery goods, sales promotion, training a sales team, evidence and analysis of the sales.
5. What is a structure of sales function in your company?
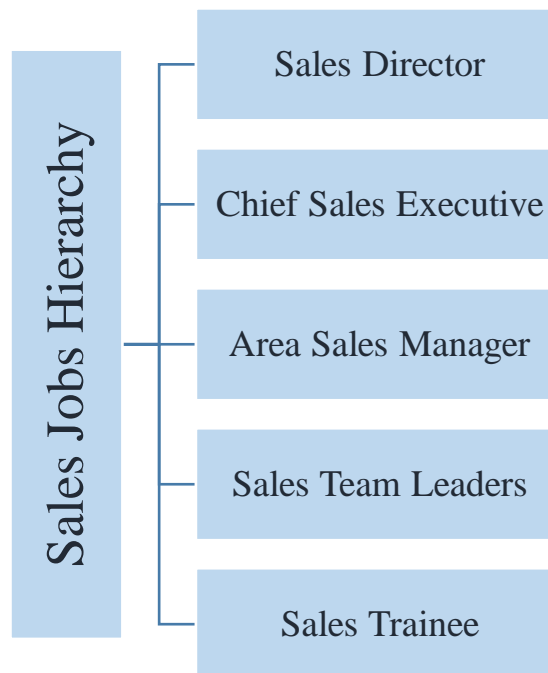
6. How many employees do you have in sales department?
    Currently we have 85 people in sales department.
7. How many new employees do you usually hire per year in sales department?
    Employee turnover in sales department is usually 15% per year.
8. Do you usually engage HR agencies in recruitment process or you have HRM in company?
    For recruiting we are combining these two methods. Our HR are doing the most activities, but very often we engage headhunting agencies for top level positions.

9. Which of these two ways are more effective? Why?

I think that method that we use, combining a both, is the most effective. This because HR department and HR agency can be supplement to each other and that is good for developing employees.

10. Do you use more internal or external sources in recruiting process? Why?

Outsourcing is more used methods because it give us bigger opportunity to find really good candidate.

11. Which methods of recruiting are used in your company? Why these specific methods?

Definitely that is internet advertising, for example Info Stud web page, etc. We are using this method because that sites are visiting people who are searching for job, so a many candidates can be attracted, and we have ability to make a good short list.

12. Do you participate in process of recruiting and in creating job advertisement? If yes, how? If not, why not?

Yes, as a general manager I am participating together with HR in creating job ad by giving instructions which skills, competences and knowledge have to be required for certain position.

13. Do you use social media for recruiting?

Yes, we are using LinkedIn and I think that is very good way for researching a base of potential candidates.

14. Do you hire through First Job Chance?

Yes, it is very common type of hiring in our company. It has benefits for both side, for new employee and for our company. New employee has opportunity to show everything that know and we have time to see all potential that he or she possess.

15. How important CV is in process of recruiting?

It is only important for creating first picture of candidate because praxis until now has shown that almost every second CV is copied from internet.

16. Do you take into account recommendations from previous employer and do you check them?

Yes and they are very important for making decision, but before that we are checking them by calling previous employers and by collecting information from the market if candidate already worked in our industry sector.

17. Which skills and knowledge candidate have to possess in order to be hired in sales department?

It depends on level of job position. First of all that is required education degree that is regulated with policy. Candidate has to possess very good communication and negotiation skills, to know how to present product and to recognize opportunity for increasing sales. Everything of these mentioned requires a years of experiences.

18. Which selection methods do you use? Which ones do you find most effective?

We use tests and interview. Both are effective because on test candidates can show knowledge related to sales. Than on interview we have opportunity to meet candidate and to check personally if he or she fulfill requirements.

19. How often you hire wrong candidate and what then?

Usually that happened for the positions where previous experiences are not required. In that case we invest in learning and training of that candidates that can take from 3- 6 months. If in that period candidate does not show potential to become a member of sales team than we are searching for new.

20. Your opinion and suggestions how can be improved process of recruiting and selection?

Talking about searching for experienced candidates I think that will be good to create database on national level with all information about candidate: information about previous employer, achieved results and that in the end of every year candidates get a mark that will be public and on web page of that national database. For recruiting candidates without experience strengthening cooperation with university career centers can contribute to these two processes.