

# **COST/BENEFIT ANALYSIS – A TOOL TO IMPROVE RECRUITMENT, SELECTION AND EMPLOYMENT IN ORGANIZATIONS**

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## *Abstract:*

*Human resource is a major source for organization to obtain competitive advantage and can be very important in obtaining long-term performance.*

*The limits of recruitment process are the cost, the choice made, time and legislation. Any organization looks for minimizing the human resources recruitment, selection and employment costs. This article presents the importance of cost in choosing the best practices of recruitment, selection, employment and integration of new employees in the organization, though, the cost is an important variable for analysis. In this article is presented the research made in large organizations from Dambovita County, Romania, and are also presented the costs and their consequences on medium and long-term over the organization activities. These activities are discrimination, sexual harassment, ethics, low performance and results, by choosing the “wrong” people, and implicitly diminishing the level of qualifications, knowledge and abilities, by growing the absenteeism, the direct and indirect costs of these processes and the direct consequences over the time management.*

*Key words: Cost/benefit analysis, Human resources recruitment, Selection, Employment, Efficiency, large organizations.*

## **1. Introduction**

Human factor is recognized as been one of the key factors by which is obtained the organizational success (Porter M.E., 1990). Only anticipating and retaining those right people, an organization can obtain success into a competitive, global, dynamic and continuous changing environment (Sims R.R., 2002).

Peter Drucker mentioned in 1992 about the nature of recruitment that « *any organization is competing for its essential resources: qualifications and people knowledge* ». The organizations need to hire the most qualified candidates that it can buy at the best price. The organizations could choose candidates in recruitment and selection processes well trained, but now is very difficult to find a good candidate

(Holbeche L., 2001); and the recruitment efficiency is crucial for organization success (Barber A., 1998). Recruitment is the process of searching the future candidates and their stimulation to apply for the vacancy (Pattanayak B., 2005).

The main objective of this article is presenting the importance of the recruitment, selection, employment and integration costs, to analyze and to measure them, because knowing them, the managers and the HR specialists could take better decisions through understanding the impact of these costs that may have over the hole organization and its failure/success.

Because today all aspects of organizations are measured; recruitment process is no exception (Buhler P., 2002). Without measuring,

there is no way to determine the effectiveness of the process, and cost of recruitment help measure the effectiveness of the process, which recruiting methods produce the most qualified applicants.

## 2. Recruitment and selection costs

Personnel recruitment and selection suppose to acquire personnel the organization needs to fulfill the vacancies (Armstrong, 2006). The right person will lower the training and development expenses and will grow the efficiency of the organization. If the process is internal, than the expenses are lower, and the planning of human resources is facilitated (Băcanu B., 1997). The recruitment process has unexpected results: insufficient applications or employees which get to the end of the probation. For some vacancies the recruitment takes a few days, and for others take even months. The actions necessary for preparing the recruitment process need expenses that exceed the organization's ability to pay, especially in times of reduced budgets. The advertising made by the organization stretches over a long period of time and is very expensive. This cost is twice the average of annual salary of an employee (Boyer H, 1994 from Lakhdar S. et al, 2001, p.235). A less expensive way of recruiting is to appeal to public authorities who provide cheaper sources of recruitment (Kocinski A., 1995, from Lakhdar S. et al., 2004, p.263). Waxin M.-F. and Barmeyer C. said in 2008 that one of the main objectives of the recruitment process are finding the right person at the best cost if possible and to attract candidates at a minimum cost; and for the selection process they said that these processes must minimize the risk of failure and its associated costs.

Before judging the recruitment and the selection process, must be analyzed the exact amount spent on this process,

but how many organizations do this thing? Measuring the cost of recruitment and selection covers the period from the initial decision to recruit till it retains the new employees, to obtain the optimal level of performance (Compton R.L., 2009). For example, if an organization used advertisement and college recruiting to fill a position, yield ratios would be calculated for each method:

- advertisement generates 200 applications and 10 qualified for an interview;

- college recruiting generates 50 applications and 10 qualified for an interview,

Then, the yield ratios would be 5% (10/200) for advertisement, and 20% (10/50) for college recruiting. Therefore, the college recruiting provided the best yield ratio (Buhler P., 2002).

Cost is an important factor in the recruitment process. Effective recruitment ensures that the organization will indeed attract the most qualified applicants (Buhler P., 2002). Only through attracting talented staff can the organization create a sustainable competitive advantage. Recruitment and selection cost increases with age and experience in specialty (Billsberry J., 2007). Recruitment efforts made by an organization are very expensive (Sims R.R., 2002). One of the key points of recruitment is the recruitment program, which to succeed must serve many goals and to avoid many situations of conflict. The main objective is to optimize research area for qualified candidates and reduce recruitment costs. If an organization has 10 ways to recruit and attract thousands of candidates, the organization only creates problems. In this case, the area is very high and very high cost in time and resources involved, and processing is not effective. Another purpose of recruitment is to select professionals who will be persuaded to remain with the organization for a long enough time.

The cost of recruitment is assumed to be directly proportional to firm productivity (Pissarides C.A., 2000).

### 2.1. Cost classification

The overall cost of human resources includes the acquisition costs and the development and learning costs (Flamholtz E.G., 1999):

-the acquisition costs: direct costs (recruitment, selection) and indirect costs (employment or promotion from within the organization);

-the development and the learning costs: direct costs (formal training, training on-the-job) and indirect costs (the time of trainers, the loss of productivity).

To be able to analyze them, these costs are distributed as (Bonte F., Bustos Y., 2004, Compton R.L. et al., 2009):

-**direct costs**- administrative expenses, security costs and expenses, with ads included, wages and fees to recruitment agencies, travel expenses, room rental, acquisition tests, medical examination costs, design costs jobs;

-**indirect costs** (adaptation)- costs of information time, of learning to become fit for the job and personal contribution: time and cost of integration of new employees, costs of preparing the job description, personnel specification, time and pay costs of interviewers, the cost of time spent on administrative issues: placement announcements, collecting records, screening applicants, arranging interviews, reference checks, test administration, preparation of

employment contracts, registration of new employees for their payment, the cost of low productivity of new employees until they reach the level at which they become effective.

Recruitment is an investment whose cost directly or indirectly requires a quality verification results.

Recruitment costs include (Cassidy C., Kreitner R., 2010):

-**tangible costs**: advertising (the time and consulting costs, writing, place and print the ads), screening candidates, interviewing, testing, training, orientation, new employee setup, travel expenses;

-**intangible costs**: less productivity for the new employee, cost of rework for increased errors by the new person, increased supervision to coach the new hire, cost to pay experienced person to take on additional work during vacancy period, lost productivity from stress of team during vacancy period, the cost of reduced performance by the person learning, the impact on employee morale.

Another classification of costs is made by Jean-Yves Le Louarn (2008), thus:

-**the cost on recruitment sources**: the cost of advertising (made in magazines, newspapers, and on Internet); the agency's cost (honorary paid to the agency); the cost of campus recruitment; the cost with the persons that recommend candidates; the cost of associations (subscription to professional associations). The indicators of recruitment costs are presented in Table 1.

**Table 1**

**Indicators of recruitment costs**

Indicator	Formula	Explanation
Cost on recruitment sources	$CRS=expenses$	Direct expenses of recruitment
Administrative cost of recruitment	$AdCR=hours*hourly\ wage$	
Total cost of recruitment	$TCR=CRS+ACR$	
Average cost of recruitment	$ACR=TCR/n$	n=number of recruitment
Cost of recruitment sources /r	$CRSn=expenses/r$	r=number of hired persons
Administrative cost of recruitment /r	$AdCR\ n=hours*hourly\ wage\ /r$	r= number of hired persons

Source J-Y Le Louarn, 2008, p.112

For example, if an organization hires 100 employees and implies the following costs (Buhler Ph., 2002):

- \$32,000 for advertisement;
- \$18,500 for employment agency fees;
- \$5,500 for employee referral incentives,

The average cost per hire (ACR) is then  $ACR=TCR/n$ ,  $\$56,000/100=\$5,600$ .

**-pre-selection costs** : the cost analysis of CVs, the time cost of acceptance/rejection of CVs, the cost of sending letters/messages of rejection. The indicators of pre-selection costs are presented in Table 2.

Total cost of recruitment (TCR)=\$56,000

**Table 2**

**Indicators of pre-selection costs**

Indicator	Formula	Explanation
Total cost of pre-selection	$TCP=hours*hourly\ wage$	Time necessary for analysis
Cost of pre-selection per CV	$CPcv=TCP/n$	n= number of CVs
Cost of pre-selection per recruited	$CPr=TCP/r$	r=number of hired persons

Source- J-Y Le Louarn, 2008, p.113

**-selection costs:** choosing the best candidates, detained after pre-selection, using the following techniques:

interviews, assessment centers, medical examinations, reference checks (table 3).

Table 3

Indicators of selection costs		
Indicator	Formula	Explanation
Interview cost	$IC=n*(\text{preparation time}+ \text{interview time}+ \text{Time of writing report}) * \text{hourly wage}$	n= number of interviews
Cost of administering tests	$CAT=(\text{unit price of the test}*\text{quantity bought})+(\text{administering time}*\text{hourly wage})+ (\text{time correction}*\text{hourly wage})$	
Cost of assesment centre	$CAC=CP+CO+CE+CA$	CP=cost for preparation, CO=cost for rganization, CE=cost of evaluation, CA= cost of administration
Cost of medical examination	$CME=\text{unit price}*\text{quantity}$	
Cost of checking references	$CCR=\text{hours}*\text{hourly wage}$	
Total cost of selection	$TCS=CE+CAT+CAC+CME+CCR$	
Total cost of selection per recruited	$TCSr=CS/r$	r=number of hired persons

Source- J-Y Le Louarn, 2008, p.113

**-formation costs:** include the identification and analysis of training needs, designing a training program tailored to the need, put it in practice, evaluating the implementation of the program.

Another classification of costs is made depending on time spending:

**-costs with time spend by the operational personnel:** superiors of the vacancies, secretaries which establish meetings, colleagues.

**-costs of time spend by the HR personnel** (recruitment specialists, administrative services, medical and social services, pay-roll specialists, promotion an evaluation specialists);

**-costs of time spend by other functional services** (budgets control, accountability, organization, planning).

## 2.2. The consequences of choosing the “wrong” candidate

To avoid these unexpected costs, must not improvise within the recruitment process, because the errors cost much more than money (Sutter P.-E., 2007). Recruitment cost analysis has become over time a complex, lengthy and costly process (Lakhdar S. et al., 2001). Recruitment errors have economic impact (only over the organization), social impact (that act an the organization and its image) and psychological impact (acting on candidates by losing confidence in themselves).

The economical impact of an inadequate employment on business is great (Table 4), that why the organization cannot afford an ineffective recruitment method. Once made a mistake in recruitment and employment, the organization will not repeated again, due to the high costs and such a mistake could threaten the entire company's performance.

**Table 4**

**Cost of choosing the wrong candidate**

<b>Recruitment costs</b>		<b>Cost</b>
1.	Advertising	
2.	Interview operators(spent hours* salary/hour)	
3.	Manager, director of HR department (spent hours*salary/hour)	
4.	Costs of traveling (cost of plane ticket, meals, leasing the spaces for interviews)	
5.	Interviews(spent time for interview* salary/hour)	
6.	Investigations over the last activities of the candidates (mini-interview over the phone or e-mail, given answer for rejected candidates)	
<b>Salary and cost advantages</b>		
1.	Monthly salary*nb. of employees /month	
2.	Estimate benefices	
3.	Bonuses	
<b>Other important costs</b>		
1.	Preparing and professional orientation(employees time* salary/hour)	
2.	Materials	
3.	Relocalization costs	
4.	Costs with new employees instalation(receiving, adaptation, integration, new computers, phones)	
5.	Litigation costs	
<b>Total cost of a wrong employment</b>		

*Source- adaptation after Davila L. and Kursmark L., 2000*

**2.3 The consequences of choosing the wrong candidate**

These consequences can be great and expensive:

- time and effort management- the impact of such of recruitment destroys the team efforts, low the competencies level, and the lost time it cannot be recovered (Fourny Ph., 2007); the attention accorded to the wrong candidate is bigger than that one for more candidates well-trained; time given to them would be better spent solving other issues; more training is needed for early detection of these people (Price A., 2000).
- productivity will suffer- better employees will not work in a team with poorly trained staff; position held by them is not available for another better candidate(Price A., 2000);

- creativity will be lower- mediocre candidates will have not innovative ideas, and if they are managers, they will block other people's ideas because they do not understand(Price A., 2000);
- the image organization and public relationships- hiring mediocre candidates will give a picture of weakness for the organization, colleagues and competitors, too, and the candidates with the same training will not be able to run for positions in the same organization(Price A., 2000).
- covering working time- mediocre employees will have a greater number of absences and delays in solving problems. It requires extra training and staff to fill the absences(Price A., 2000).
- additional costs- will be additional recruitment costs to replace them, the income will be lower, will increase the

number of errors and complaints (Price A., 2000);

-hidden costs- besides direct costs there are the "hidden costs" such as: losing the credibility of the managers, diminish the efficiency of the team-work and of an organization, it will have negative impact over the clients and the organization's image will suffer (Fourny Ph., 2007); it will increase the costs of discipline, recruitment and training. The selection of mediocre candidates will have a negative image over the human resources department and the entire image of the organization will suffer (Price A., 2000);

-social conflicts- hire of a wrong person can lose other good employees, will increase the rate of unemployment, and will lead the organization to failure (Fourny Ph., 2007).

A study made by Harvard University shows that 80% of the number of hires is due to the errors during the recruitment process. These mistakes are costly, one and a half of a probation yearly salary or up to 10 times the annual salary of a performer. In general, the costs of recruitment are about 20-30% of gross annual salary of a future employee (Bonte F. and Bustos Y., 2004). The costs of an incorrect selection decision are expected to be between 40% and 60% of the future employee's annual salary (CCH a Walters, 2009). Besides the obvious costs, must be taken into consideration the hidden costs such as low productivity, business opportunities loss, dissatisfied customers, the continuity of the project, low morale of the employees and market share loss. Recruitment costs depend on the need for recruitment and the budget process. The amount allocated to this process will affect the options and the efficiency of the recruitment methods. For example, the posters and the search of the firm will cost several thousand dollars and there is no guarantee of an

attraction of a substantial number of qualified candidates; on the other hand one of the most effective recruitment sources are employee referrals and involves low costs (Arthur D., 2006). The cost of recruitment and selection is easy to calculate if these processes are outsourced. If the organization opening a store or a branch in a new city, then you will need a large staff and will appeal to the outsourcing process (Dale M., 2007) to focus on other processes to obtain efficiency.

### **3. Discrimination and sexual harassment costs**

A research realized in USA shows that up to 95% of women who are subjected to sexual harassment recorded an alarming increase in stress levels, accompanied by anxiety, depression, headaches, sleep disturbances, increased or decreased weight, decreased performance seen at work. They will be absent more often from work, and many of them will resign or be dismissed as a result of the refusal to respond to acts of sexual harassment.

The company costs caused by sexual harassment behaviors are multiple:

- Costs arising from poor performance and work quality of people affected;
- Costs arising from increased absenteeism rate of people affected;
- Costs arising from staff turnover and the need to reorganize the recruitment process.

### **4. Employment costs**

These costs vary depending on the number of existing applications and employment rate, which consists of two broad categories of expenses: fixed and variable.

**Fixed costs** of recruitment are independent of the number of employees, made up, for the most part,

the costs of administrative structure in charge of recruitment.

**Variable costs** of recruitment vary depending on the number of applications (if expenses selection: tests, interviews, correspondence) and the number of candidates actually hired (if the costs of integration).

**Average cost** of recruitment,  $C_a$  - is given by the ratio of total fixed costs (CF) and variable (CV) and actual number of entries ( $N_i$ ) operated in the period under review, namely:

**Marginal cost** is the expense of a commitment to be made to achieve one or more additional employment.

$C_a = (FC + VC) / N_i$ . This calculation can be done easily, because it neglects the structural costs of employment, whichever is the only direct variable cost of the operations of employment.

In this way, it is evidently possible scale economies, because the average unit cost of a commitment will be decreasing with the increase in their workforces. Starting from a threshold, expressed in number of entries at a time, one organization will recoup the cost structure require the operation of a service to its employment. The Organization shall have an interest in this line to promote their organization and functioning of specialized structures for hiring staff, giving the collaboration with external agencies such profile. Calculations made specifically from western countries statistics show the importance level of costs incurred organization for recruitment.

Hiring is a real investment company, but its costs are hidden and indirect costs that have not yet subject to specific economic analysis.

Costs incurred by a poor coordination of the recruitment process refer to (Pănișoară G., Pănișoară I.-O., 2007):

a) direct costs of recruitment (employment ad costs and time used for recruitment);

b) costs relating to education (human and material resources involved and affected by the resource for the supervision of new employees);

c) direct costs related to productivity (in the early periods, according to some studies, the employee works at a yield between 25-75% of productivity required) and costs of mistakes made by new employees;

d) indirect costs reflected on other employees (overload, stress).

This state of affairs can be put into the paradox expressed by the French philosopher Michel de Montaigne: « *Sometimes choosing better means not choosing* ».

This image is useful to those managers who believe that the recruitment and selection can be done by anyone and in anytime. Leaving prematurely the organization by some employees who were not suitable enough for the job, will lead to human and material losses.

Employment process is very costly in money and in time, that is why we have to see that a few organizations give that importance, that it deserves it (Emery Y. and Gonin F, 2009). That why the organizations must pay attention before employment, and develop a retention strategy (even the job rotation).

## 5. Integration costs

Hiring an employee is an investment from the organization, which determines the expenses to be calculated and assessed in relation to the efficiency of the new employee.

**5.1. Entry costs** in an organization - costs incurred in the selection and hiring an employee may include expenditure on:

a) salaries and other expenses involved, CAS, unemployment, etc., to:

-Operational staff busy with these activities: superiors dealing with professional interviews and testing,



future colleagues of the employee who talks and new employee guidelines;

-HR staff involved in recruitment, selection and hiring, specialists in the selection, training, salary and promotion: psychologists, heads of services, medical and administrative staff;

b) other expenses, such as those made ads for employment agencies specializing in recruitment fees (if the process is outsourced), transport workers, office materials and supplies used for testing, examination and correspondence.

### 5.2. Adaptation costs

Once a person is hired it goes through three stages:

-Phase information-entry begins with the person and company that is the time of its newcomer devote up with data left by its predecessor, presenting people who will work and information about the company and the position held. The duration of this phase can be up to a month, during which people play a passive role. During this time is consumed raw and there are many errors running.

-Phase-job understanding of new employee starts working for what was committed. There's a certain time before it will trade practice without making mistakes and without seeking help.

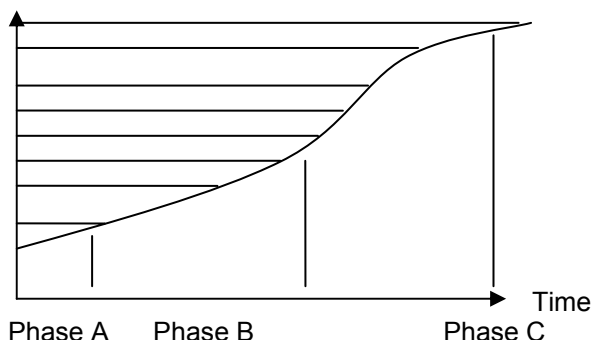
-phase of Proper input it takes place when the new employee has gained enough experience to reflect critically on its activities and has the initiative, than they see the first results.

**5.3. Integration costs** into an organization of a new employee appear in three phases, as follows:

-Information-phase is the phase in which the new employee to work documenting the specific job for which she was occupying, studying existing materials and get acquainted with the employees. This phase can last from several days to several months depending on the specific activities and are characterized by a low efficiency of employee activity (Lefter V., 1999). So, the integration process takes less time, with both its lower costs and increase employee performance (Figure 1).

-Phase of acquiring a job is the phase in which the new employee begins to perform specific job tasks, but without committing serious errors, in this phase gradually increased efficiency record employee activity.

-Phase of personal contribution to organizational performance is the phase in which the employee is the master of the profession, and corrects his professional errors and has a full contribution to the work of the organization until it reaches normal efficiency.



**Figure 1. Evolution of efficiency and non-efficiency of a new employee during the integration process**

Source- adaptation after Lefter V. , 1999; Chivu I. et al., 2001.

Normally non-efficiency costs to be borne by the new employee through lower wages or monthly, with a share of the number of days of each month, how long until it reaches the normal efficiency.

To characterize the proportions between integration costs and the selection and hiring one can calculate a new employee cost factor, as follows:

$$KNS = \text{integration costs} / (\text{costs} + \text{cost of hiring selection})$$

In practice, this cost coefficient that characterizes the new employee has different sizes, for example, executive functions KNS is between 2.5 to 8, while for the function, and management functions, can be between 2-4 KNS . In the light of human resource management must follow the adaptation

of such personnel policies that will lead to decreased size of that coefficient.

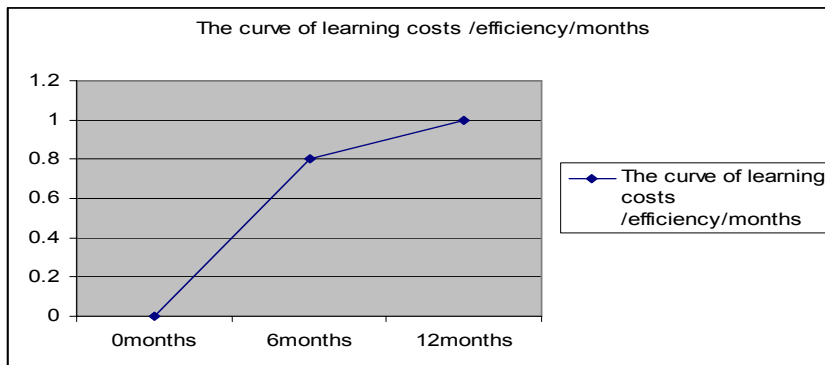
**5.4.Learning costs-** if the salary of an employee is of 4000 Euros(including social expenditure) it is estimated that the cost of learning is done starting from the loss of effectiveness and the wage costs for the organization (Martory B., 2004):

-2 months with 75% loss of effectiveness = 1,5 months

-4 months with 35% loss of effectiveness = 1,4 months

-6 months with 10% loss of effectiveness = 0,6 months.

Thus, 3,5 months\* monthly cost of company/s salary(wages + social expenditure): 3,5 months\* 4000Euros= 14000 Euros. The curve of learning costs is shown in Figure 2.



**Figure 2. The curve of learning costs**  
Source-adaptation after Martory B., 2004, p.87.

**6. Monitoring the recruitment, selection, employment and integration (RSEI) costs –Case study of large organizations from Dambovitia County, Romania**

Evaluation of candidates attracted by different methods of recruitment is considered good practice (Bach S., 2005). It is very important to asses qualitative and quantitative the candidates attracted. Unfortunately, few organizations are implementing this practice, despite the benefits obtained.

While most managers are concerned about the total cost of salaries and benefits, they do not understand the changes taking place in human resource practices may result in increased costs.

Some organizations compare these costs with other internal costs, but this comparison would be more effective if they would compare with other similar organizations. Information on human resource costs per employee is a common measure, which was

calculated over 50 years. Saratoga Institute, in an important project, has developed standards for measuring the costs that enable organizations to compare performances with other organizations. Human resource costs include the training costs per employee, benefit cost as a percentage of wages and compensation costs. This process has weaknesses, too, and the detection does not mean that there are costs directly related to organizational performance. While cost is useful for comparison (benchmarking method is to compare the use of best practices in organization), information on human resources costs are not yet available. From a practical point, cost monitoring of human resources is needed for other evaluations. For example, cost / benefit analysis and information on human resource costs are needed for comparison.

### 6.1. Survey and discussions

The research (from Oct. 2010-Feb. 2011) was made in the large organizations from Dambovită County. In this article I analyzed seven large organizations, and from the survey and the discussions I had with the HR managers and HR specialists it resulted the following results.

### 6.2. Objectives

The general objective of my research is to study if the large organizations from Dambovită County (Romania) use cost/benefit analysis in choosing the best practices of recruitment, selection, employment and integration to obtain efficiency, to achieve their goals and compete with "the best in class" organizations.

Specific objectives:

-to study if the large organizations use the cost/benefit analysis in choosing RSEI processes;

-to study if the managers are interested in using benchmarking study of these processes;

-to study if the organizations are choosing RSEI processes, depending on costs.

### 6.3. Hypothesis

There is a positive relationship between RSEI processes and cost/benefit analysis for choosing these processes. To assess performance of human resources is necessary to develop methods for analyzing human resources costs and compare them with standard costs (JJ Phillips, 1999).

### 6.4. Methodology

A self-administered questionnaire method was used for collecting the primary data. The analyzed organizations, structured upon nationality, are 2 from Turkey, 2 from Russia, 1 from Korea, and 2 from Romania. The respondents were between 30-40 years old (5 from 12) and between 40-55 years (7 from 12). There were questioned 5 HR managers (all males) and 7 HR specialists (all females). The questionnaires were distributed among the respondents out of which we got the response rate of 100%. They were filling the survey (15 items) and after the discussions, I developed a model, starting from the benchmarking model, which is analyzing the costs of RSEI processes. The questions in the questionnaire tried to find if the large organizations, which were analyzed, are monitoring the costs of RSEI processes, in order to obtain performance, by bringing the right man at the right place, at the right time and at the right cost.

Starting from:

- the fact that the intangible actives are hard to quantify,

- the benchmarking model of Bramham J.(2003), which it is said that every process can be analyzed,

- the model of Phillips J.J.(1999) where are monitored the recruitment expenses, and the recruitment process is analyzed, I accorded points for each

activity, building the model of monitoring the costs of RSEI processes, in which I analyzed the large organizations from Dambovita County. This model is based on the 4 main activities of RSEI with 5 criterions, and 26 sub-criterions developed and analyzed in this table. The above opinions were measured by using, on a five-point Likert-type scales,

anchored on "1 = the small value" through "5 = the bigger value", the agreement or disagreement with a series of statements that characterize the factors for RSEI model of the HR managers and specialists from large organizations from Dambovita County, Romania.

**Table 5**

**Model for monitoring the costs of RSEI in large organizations from Dambovita County**

Activities	The bigger and the smaller value				
	5	4	3	2	1
<b>1. Analysis asked by the leadership to obtain efficiency RSEI processes and their real costs</b>	b, g	c	a	d, e, f	
<b>2. Tools to measure recruitment cost:</b>					
<b>-direct costs analysis</b>					
-calculation of administrative costs	b, g	c	a	d, e, f	
-calculation of agencies costs	b, g	c		a	d, e, f
<b>-indirect costs analysis</b>					
-costs of creating advertising message	b, g		c	a	d, e, f
-costs of placing the advertising	b, g	c		d, e, a	f
-the cost of campus recruitment	c, g	b		d, f, a	e
-the cost with the persons that recommend candidates;					a, b, c,d, e, f, g
-the cost of associations (subscription to professional associations or diplomats).	g	b	c	a	d, e, f
<b>3.Tools to measure selection cost</b>					
<b>-direct costs analysis</b>					
-calculation of costs regarding acquiring tests	a, b, c, d, e, f, g				
-medical examination costs	a, b, c, d, e, f, g				
<b>-indirect costs analysis</b>					
- cost of interviewers	b, g	a, c		d	e, f
- collecting records		b, g	c	a	d, e, f
- screening applicants		b, g	c	a	d, e, f
- the cost analysis of CVs			b, g	a, c	d, e, f
- arranging interviews	b, g,	a	d, e,		

	c		f		
- reference checks	b, g, c	a	d, e, f		
- test administration			b, g, c	a	d, e, f
- cost of time acceptance/rejection of CVs				b, g, c	a, d, e, f
- the cost of sending letters/messages of rejection			b, g	c	a, d, e, f
<b>4.Tools to measure employment costs;</b>					
<b>- direct costs analysis</b>					
-salary costs	a, b, c, d e, f, g				
-benefit costs	a, b, c, d e, f, g				
<b>- indirect costs analysis</b>					
-preparation of employment contracts	a, b, c, d e, f, g				
-registration of new employees for their payment	a, b, c, d e, f, g				
<b>5. Tools to measure integration cost.</b>					
<b>- direct costs analysis</b>					
-the cost of low productivity of new employees ( until they reach the level where they become effective).				b, g	a, c, d e, f
-costs with formation and training	a, b, c, d e, f, g				
<b>-indirect costs analysis</b>					
-costs of learning		b, g			a, c, d, e, f
-cost time and cost of integration		b, g	c		a, d, e, f

Note: The analyzed organizations from Dambovită County are all from industrial field and are denoted as: Erdemir- a, Oțelinox- b, Mechel- c, UPET- d, ELSID- e, RADP- f, and ARCTIC- g.

**Table 6**

**Points obtained after benchmarking the RSEI activities**

Activity	Total points	Points						
		a	b	c	d	e	f	g
1	1*5=5	3	5	4	2	2	2	5
2	7*5=35	14	29	24	10	9	9	31
3	11*5=55	32	43	39	24	23	23	44
4	4*5=20	20	20	20	20	20	20	20
5	4*5=20	7	15	9	7	7	7	15
<b>Total</b>	<b>135</b>	<b>76</b>	<b>112</b>	<b>96</b>	<b>63</b>	<b>61</b>	<b>61</b>	<b>115</b>

From the maximum total of 135 points (Table 6) could be obtained three groups of organizations, as follows:

-Group 1 - organizations with a score between 91-135 points are using competitive practices that apply to the calculation of cost and performance analysis RSEI;

-Group 2 - organizations achieving a score between 45-90 points are few, that apply the calculation of cost and analysis RSEI, but are not so innovative and they need improvement;

-Group 3 - organizations with a score under 44 points are non-performance and requires huge investment to get results.

In group 1 are ARCTIC, OTELINOX and MECHEL; in group 2 are ERDEMIR, UPET, ELSID and RADP and in group 3 there are no organization.

**6.5. Findings**

As it is shown in the table 6 we can conclude that:

Activity 1- two leaders of seven of the analyzed organizations consider important the cost and the analysis of RSEI.

Activity 2- 5 of 7 organizations say the message is not considered important in attracting candidates, nor is comprised of professionals under the principles of AIDA. Only two of the seven organizations are using campus recruitment, and all seven organizations

do not encourage the use of persons that recommend candidates.

Activity 3- most organization do not evaluate the analysis cost of CVs, the cost of test administration, the cost of time acceptance/ rejection of CVs, and the cost of sending letters/messages of rejection.

Activity 4- all the organization calculate the salary/benefit costs and preparation of employment contracts.

Activity 5- five from seven organizations do not calculate the cost of low productivity of new employees (until they reach the level at which they become effective), the cost of learning and the cost of integration.

As we may see the large organizations do not use the cost/benefit analysis in choosing RSEI processes; the managers are not so interested in using benchmarking study of these processes, and the organizations are not totally choosing RSEI processes depending on cost. From this analysis we clearly see that there is a link between the cost measure and the processes of an organization and implicitly the organization performance.

If an organization improves its processes, it will be able to improve its activities and its results. Therefore it has to use the benchmarking process.

### 6.6. The benefits of applying benchmarking are:

-Help organizations understand their strengths and weaknesses in terms of demand and market conditions change;

-Cause employees to have new standards, including their development and enhances their motivation;

-Allows organizations to achieve the performance levels which can be obtained by comparison with others;

-Allows to see which methods of RSEI are better through cost analysis;

-Is a less expensive method and extends over a shorter time in learning new ideas.

## 7. Conclusions

Any activity and its results have their costs (Oprea C., Cârstea Gh., 2002). The high cost is one of the major reasons why recruitment and retention are important to managers and employers (Cassidy C. and Kreitner R., 2010). Knowing the cost is representing a important information for managing an organization and for controlling its administration (Cucui I., Horga V. and Radu M., 2003).

In this environment in continuous changing, it is critical to view quality and cost-effectiveness as desirable goals; for that I have suggested several categories of cost analysis, I showed various alternatives, or combination of different recruitment, selection and employment methods, to determine which method is cost-effective.

### 7.1 The limits of the research

The importance of recruitment, selection, employment and integration processes in organizations depends on their influence over: costs (which are

varying on the vacancy), workforce stability, human resources qualifications, union presence, technological change, HR managers' experiences and openness to innovation, to analysis, to measuring, and consumer demands. But organizations may cross over these limits by monitoring the main activities, which bring long-term performance.

### 7.2 Future directions of research

The costs may be calculated in relation to activities conducted in an organization (in our case the costs of recruitment processes, selection, employment and integration of employees) and the concrete possibilities of measurement and their quantitative expression. Is said, that "If you don't measure it, you can't manage it"- Deming, 1986. By linking quality measures and cost strategies, models and indicators, I offer an alternative for organizations to minimize their efforts in order to attract, recruit, select, hire, and retain the best candidates. As future directions of research, it could be used and developed some tests to analyze the dependencies between the variables, such as non-parametric tests or simulations. These results are consistent with previous studies e.g. Bonte F. and Bustos Y. (2004), Bramham J. (2003), Philips J.J. (1999). So the managers have to let HR managers and specialists to have some sort of clear information about their and the best in-class RSEI processes (recruitment and selection new methods, monitoring the costs, new experience and knowledge). If a company pursues innovation methods while assessing market potential, the processes will bring profit.

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