

## Inception Function Enhances the Effectiveness of Organizations

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### Abstract

The research examines the role of Inception function (i.e. Strategic human resource planning, Recruitment & Selection and Orientation) of human resource model in Pakistan Tobacco Company. It focuses on effectiveness of Inception function of PTC which helps in efficient utilization of available human resources. The hypothesis examines whether the role of inception function of PTC is highly effective in achieving organizational objectives. The study uses the information provided by the human resource department of the organization and takes the opinion of sample of 40 managers of the organization belonging to middle and lower middle level of different departments through questionnaires to examine the effectiveness of procedure more neutrally. The Chi Square test and Pearson's coefficient of mean-square contingency is used to analyze data. The results indicate that the inception function of PTC is highly effective thus enabling more qualified, skilled and efficient people to enter the organization for further development.

**Keywords:** Strategic human resource planning, recruitment, selection organization development, Pakistan Tobacco Company.

### 1. Introduction

In today's highly competitive world the intellectual and human capital asset of the companies is real achievement. The success and failure of the organization is largely determined by the caliber of its workforce and the efforts it exerts. Therefore, the policies and programs an enterprise adopts to meet its HR needs is vital. The first step in Human Resource Management is to hire right people obtain to carry out organizational tasks. Inception is the most important function of HRM which refers to the induction of human resource in the organization. It includes those activities in which qualified and competent employees are hired. So inception function is an organization wide function that encompasses the areas of strategic human resource planning, recruitment, selection and orientation.

The selected organization is Pakistan Tobacco Company Limited and its Inception functions are examined in context of Job satisfaction, Job evaluation and job description. PTC in Pakistan was established since 1947 immediately after the partition when it took over the business of the Imperial Tobacco Company of India operational in the subcontinent since 1926. The company is part of the world wide British American Tobacco group, having world-class people, processes and tools. It is the first Pakistan multinational that has been awarded with Class A status, as part of the international total business excellence program, MRPII Version 5 audited by the internationally renowned consultants Oliver Wight in June 2002. Recently, both PTC Jehlum and AKORA Khattak factories and leaf area got ISO9001 and 14001 certified proving once again the world-class standards of the company.

Same year in July 2002, they got SA 8000 certification by "BUREAU VERITAS" on social accountability. It involves in the process of production and selling of tobacco products. Major brands include Benson & Hedges, John Players, Gold Leaf, Wills King, Gold Flake, Capstan and Embassy. Today, PTC is the 7<sup>th</sup> largest revenue generator in the country, paying more taxes than the entire textile sector, which is the largest industrial sector in the country. In 2002 alone, PTC paid the government over Rs12.9 billion taxes. This amount is approximately over 4 million per working day.

### 2. Literature Review

A work force plan that is carefully designed and executed transforms the inception function from a "vacancy filling" role to one that continually ensures alignment between an organization's human capital and its strategic role. Inception function entails the activities which starts from human resource planning and ends up with orientation.

Human Resource Planning is the process of examining the organization's future human resource needs and compare them to the human resource available capabilities (supply) in order to plan for the future and address any potential labor problems (Harris, 1997, PP. 62-63). Such activity is important especially with globalization and the fierce competition on skilled labor. Ajayi, for example, mentioned that more than 30,000 African PhD holders work in Western Europe (Ajayi, 2001, P.6).

Demand on new labor may arise for a variety of reasons. The organization may need employees because of expansion, new technologies or production processes, or to replace retiring or resigning employees. The organization may be able to satisfy some of its demand from internal sources (from within the organization) but it may have to resort to

external sources to match its demand (Werther Jr. et al, 1996, pp. 157-174). Based on demand and supply analysis, organizations produce staffing tables and replacement charts (Werther Jr. et al, 1996, pp. 164-170). Staffing tables summarize future departmental needs and dates of these needs. Replacement charts summarize who from within the organization may replace whom. It helps in determining the training and development needs of those who may hold key jobs in the organization in the future. Proper HRM planning requires organizational flexibility and openness along with long-term orientation. After proper Strategic human resource planning the next foremost step is to initiate recruitment process for proper implementation of stated plans to hire required work force. Recruitment is an activity which involves the searching for and obtaining skilled qualified job candidates in such numbers that the organization can select the most appropriate person to fill its job needs. In addition to filling the job needs, the recruitment activity should be concerned with satisfying the needs of the job candidate. Consequently, recruitment not only attracts individuals to the organization but also increases the chance of retaining the individuals once they are hired (Hiltrop and Sparrow, 1994: 318). Nickles classifies sources of recruitment into two main sources, internal and external (Nickles et al, 1987). The organization may attract people from within to apply for specific jobs for which they are more suited. Organizations may also attract employees from the labor market whether from other companies, fresh graduates, or the unemployed. The Internet has also become one major source of looking for and reaching out for the right candidates all over the world. Skill-Link Egypt, for instance, processes around 6000 CV's each month and has currently 39000 CV's on line (In an interview with Skill Link Operations Manager, in December 2001).

Hiltrop and Sparrow (1994: 331-332) emphasized the use of advertisement as a popular source of recruitment in Europe. In Belgium, a research project of VUM, a major newspaper publisher, found that 89 per cent of employers used newspaper advertisements, 29 per cent used magazine advertisement as a source of recruitment, 82 per cent of prospective employees heard of vacancies from newspapers, 40 per cent from magazines and local newspapers.

Well qualified lower and middle management is normally recruited through advertisements in semi-national newspaper. For recruiting at national level both print and electronic mass media be used. Moreover, advertisements must comply with the spirit of race discrimination and sex equality legislations or civil code.

Recruitment is directly affected by many management practices. If the organization does not have a good incentives system or if it has a reputation of being a bad employer considerably reduces its chances of attracting the right calibers. If the management does not have a clear and accurate HR planning or is more "reactive" than "proactive" suffer from not acquiring the right applicants as well as incur higher costs on selection. (Werther et al, 1996, pp. 188-190).

Two other important factors affecting the recruitment process are labor market conditions and labor laws (Dessler, 2000, P. 198). "Labor market conditions" does not only mean unemployment figures, but also means the quality of job applicants available. Labor laws, on the other hand, influence the organization's desire to attract and hire more employees or not.

After attracting the required pool of candidate next step that any organization takes is to select right person for the right job thus selection is done through a variety of methods. These methods vary slightly from one case to another but can be generally summarized in six main steps (Bedian, 1989, pp. 295-303) as: screening interviews, application blanks, interviews, employment tests, reference/ background checks, and physical examinations.

The best selection depends to a large extent on the quality of Job Analysis, Human Resource Planning and Recruitment. If any of these three processes have not done right, then selection cannot be done right either. Making the correct selection decision is important not only because it affects the overall organizational efficiency but because it has serious legal consequences as well (Dessler, 2000, P. 173).

Interviews are considered the most commonly used selection method (Miner et al, 1995, P.218). Through interviews, the organization tries to answer two main questions (Miner *et al*, P. 224). Can the applicant do the job and will the applicant do the job? There are different types of interviews such as structured, unstructured, behavioral, and situational interview (Bohlander et al, 2000 pp. 199-202). Each of these types of interviews has its objectives as well as rules,

procedures, and limitations. One of the key factors affecting the outcome of the interview is the interviewer himself/herself. There are many biases that may affect the interviewer such as the Halo Effect, Cultural and Personal Biases, using Leading Questions, and Interviewer Domination (For more details please refer to Werther et al, 1996, P.232). Furthermore, discrimination can occur if organizations do not pay attention to their evaluation criteria and interviewer questions during the interview process Therefore, interviewing requires a lot of training, preparation, and follow-up.

Upon conducting interviews with many HR key personnel of many companies operating in Egypt, it was found that they use interviewing as a main selection method. This includes British Petroleum, British Gas, Bahgat Group, the Six of October Agricultural Company, El-Raya Holding Company, El-Nile Badrawy Hospital, Egyptian American Bank

and Misr International Bank (Interviews conducted in December 2001 - January 2002). Some of these organizations, however, did not train their HR specialists and line managers on the correct interviewing practices while others had excellent interviewing practices.

Study at Ohio State University (1995) on impact of orientation on socialization revealed that Employees Who Attended Orientation: Were better socialized in the areas of goals, values and history, and displayed a higher commitment to their employer and formed better relationships with colleagues.

Research at Corning Glass Works revealed that new employees that went through a structured orientation program were 69% more likely to be with the company after three years than those who did not.

Another study at Texas Instruments found that employees who were carefully oriented to the organization and job reached full productivity two months sooner than those who weren't.

John Van Maanen (1976) conducted a study on Impact of "Care" in Orientation and found that a study group given more "care" resulted in: Training time reduced by 50%, Training costs cut by 66% & Waste reduced by 80%.

### 3. Methodology

Following methodology is adopted for this research to achieve the underlying objectives i.e. to explore applicability of effectiveness of Inception function that is critical to acquire compatible manpower

The role of inception function (strategic human resource planning, recruitment & Selection, Orientation) of human resource model is highly effective in achieving the organizational objectives.

The two variables used in hypothesis are *independent Variable* "Inception Function" and *dependent Variable* "Achievement of organizational objectives". Although many other factors contribute towards achieving stated organizational objectives, but for the purpose of this study only one independent variable i.e. Inception Function has been considered.

#### 3.1 Importance of Inception Function

Human beings are the heart of any successful organization. Being corporate bodies if they are able to induct best manpower according to their requirements then they are able to achieve 50% of their work and organization development. In this era of globalization, the key to success is human factor thus greater care must be taken to plan each and every step involved in induction process and then socializing newly inducted employees with the organization to maximize employees' job satisfaction can ultimately result in increase business efficiency and productivity.

The strength of association or dependence of two variables is checked through

CHI SQUARE TEST

HO: The role of inception function (strategic human resource planning, recruitment & Selection, Orientation) of human resource model is not highly effective in achieving the organizational objectives.

HI: The role of inception function (strategic human resource planning, recruitment & Selection, Orientation) of human resource model is highly effective in achieving the organizational objectives.

If the role of inception function (strategic human resource planning, recruitment & Selection, Orientation) of human resource model is not highly effective in achieving the organizational objectives then accept the null hypothesis that is (Ho). If the role of inception function (strategic human resource planning, recruitment & Selection, Orientation) of human resource model is highly effective in achieving the organizational objectives then accept the alternative hypothesis that is (HI) and reject null hypothesis.

Level of Significance  $\alpha = 0.05$

Test Statistics =  $\frac{\sum (O - e)^2}{e}$

where

**O = Observed Frequency**

**C = Expected Frequency**

**Under Ho it has a Chi Square distribution**

**with**

**$v = (r-1) (c-1) = 16$  degree of freedom (*df*)**

### 4. Data Analysis

For the analysis of data two methods are adopted. The first method is the descriptive analysis of the data consisting of frequency distribution and percentage. The Chi Square test is used in the second part of data analysis, where the level of dependency between two variables (Inception function and achievement of organizational objectives) will be examined and the Pearson's coefficient of mean-square

contingency is also applied to measure

$$\chi^2 > \chi^2_{0.05(16)}$$
$$35.15 > 26.30$$

Since the calculated value of  $\chi^2 = 35.151$  does lie in the critical region, therefore we reject the null hypothesis ( $H_0$ ) hence conclude that the role of inception function of PTC is highly effective in achieving the organizational objectives.

*Pearson's Coefficient of Mean-Square Contingency*

The Chi Square statistics shows only whether the sample data do or do not conform to the hypothesis, so in order to measure the strength of association or dependence of two variables the Pearson's coefficient of mean-square contingency is applied as follows

35.15

$$C = \frac{V}{N} = \frac{40}{58} = 68.3\%$$

As the value of C is larger 68.3% it shows the stronger association or dependence between two variables.

### 5. Analysis and Discussion

According to the results of questionnaire and interview it is examined that PTC's inception function is well defined and up to the mark to acquire competent manpower according to the demand and supply of available labor market.

Generally organization prefers to attract candidates internally as well as externally "*Nickles classifies sources of recruitment in two main sources, internal and external*" (Nickles et al, 1987). Internally on the basis of skill inventory and person's performance as their record is maintained by using prescribed forms, evaluation sheets and results of projects assign to them, thus whole process is done on merit as 100% of the respondents response positively in this regard. To attract candidates externally they launch their advertisements mostly through newspapers, since 70% of the respondents of sample agree in this regard as "*Hiltrop and Sparrow emphasized the use of advertisement as a popular source of recruitment in Europe*" (1994: 331-332). While other most important tools to attract candidates are employee referrals and head hunters. The reason to attract candidates through the news advertisements is that it is easily accessible to job markets which describes accurately true qualifications, skill requirements and charter of duties as 80% of the respondents give positive remarks in this manner which ultimately reflects that their ads shows that PTC has done complete homework according to the job description which is based on job analyses and evaluation before launching their ads for vacant positions, "*A critical component of De-jobbed organization was the people those who possessed the necessary skills, knowledge and abilities throughout the decisions identifying those SKAs with one common element that was the job analysis*" (William Bridges, fortune sep 19, 1994: P.64) as they declare during interview which is confirmed through the questionnaire as 100% of the respondents are satisfied that the job they possess meets true merits and qualifications.

In the interviews HR department mentions that organization uses battery of tests and interviews to judge skills, knowledge and expertise of candidates who applied for the vacant job to select the best suited persons for that job, which is confirmed through questionnaire as 70% respondents of the sample pass through all the tests mentioned in the interview. This indicates that selection procedure of PTC contains all necessary tests to judge the abilities of applicants that are required for for the job.

The applicants when successfully cross this step, then the functional director or HR director carries out different interviews such as structured, situational, stress and comprehensive interviews "*Bohlander et al describe the same stated interview*" (Bohlander et al, 2000: 199-202) that is confirmed through questionnaire as 32.5% of the respondents agreed that they have gone through all mentioned interviews while 12.5% passed through stress interview required as per the job conditions some candidates have also passed through comprehensive interview, as according to the "*Miner et al the interviews are considered the most commonly used selection methods. Through interviews the organization try to answer two main questions. Can the applicant do the job and will the applicant do the job?*" (Miner et al, P. 224) that is why 80% of the respondents strongly agreed that their qualification and aptitude are best suited for the job they are selected for and 17.5% are agreed in this mode.

### 6. Conclusion

It is acquainted in the interview that PTC launches their organized and well informative orientation program for newly inducted employees in very conducive and inviting environment to make them socialize with the internal rules and regulations of the organization as they firmly believe in communicating all necessary information to the individuals and also get feedback from them to check the compatibility of their job performance, that is confirmed through questionnaire because 100% of the respondents agreed with it, but 20% are unable to express their opinion about the

length of the orientation program *"Successful new employee orientation is an enthusiastic welcome, full of variety and timely information"* says Jean Barbazette (Jean Barbazette, 2003) .

Safely it is stated that inception procedure of PTC is up to the mark to judge capabilities of candidates as 70% of the respondents are strongly agreed while 20% are agreed with it, which is ultimately helpful in successfully achieving the stated objectives of the organization that are confirmed in two ways firstly through questionnaire as 75% of the respondents are strongly agreed, secondly by applying statistical test (Chi Square) as level of dependency between two variable (Inception function and achievement of organizational goals) is 68.3% which shows that both variables are highly dependent on each other. Hence it is concluded that the organization is successfully achieving its targeted objectives through their inception function. The current study describes that the human beings are always considered to be the central point of PTC and whole performance of employees depend on the inception function (i.e. SHRP, Recruitment & Selection and Orientation) therefore organization excels on recruiting the right person for the right job and vice versa.

The results of this research show that the inception function of PTC is up to the mark with well defined policies and procedures for the long run benefit of the organization as well as for the employees, as they complete their hiring process according to the job description which is based on job analysis and job evaluation before launching their advertisements which is confirmed from questionnaire since most of the respondents are satisfied that their job meets true merits and qualifications they possess.

Being a profit oriented organization PTC uses all steps involved in inception function for both categories of employees belonging to Business support officers (BSO) and managerial staff according to the international BAT standards. So from the whole discussion it is concluded that PTC's inception function is transparent and respective and is best suited to PTC because of its nature of business and therefore is highly effective in achieving the stated goals of the organization.

#### **7. Recommendations**

From the results of questionnaire and interview it is proved that PTC has well defined Inception function but there is always a room to improve, for this purpose a few recommendations are made as follows.

- Generally PTC gives preference to the students of LUMS and IBA Karachi on the perception that they possess requisite knowledge, skills and expertise, it is recommended that they should give equal opportunity to all prospect candidates according to their credibility not for the name of universities. In this way they will be able to enlarge their selection candidate pool for selecting suitable candidates.
- The organization in their advertisements generally define the vacancy related to a particular department with generalized details of charter of duties, it is recommended that they must communicate potential candidates about a particular post with the specific charter of duties to help them making a correct decision whether they should apply for the post or not and it will also help the organization in reducing their recruitment & selection cost and time.

#### **8. Limitations of the Research**

Following are the limitations of the study.

- Time constraint; more time may result more information.
- There were limited financial, technical and other resources available.
- Persons from whom data was collected were not co-operative.
- Difficulty was realized in collecting the responses.
- Comparative study between two multinational organizations may yield better information.

#### **Acknowledgements:**

The authors acknowledge the Pakistan Tobacco Company Limited (Head Office) employees and management for giving their time and input for the study. The management of the institution APCOMS is also acknowledged for giving the researchers flexible work schedule and permission to conduct the research.

**Table1**

The Inception function is up to the mark	Contribution of Inception function towards achieving the organizational objectives					
	Strongly Agree	Agree	Don't Know	Disagree	Strongly Disagree	Total
Strongly Agree	29	1	0	0	0	30
Agree	0	9	0	0	0	9
Don't Know	0	1	0	0	0	1
Disagree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Total	29	11	0	0	0	40

**Observed Frequency**

**Table 2**

The Inception function is up to the mark	Contribution of Inception function towards achieving the organizational objectives					
	Strongly Agree	Agree	Don't Know	Disagree	Strongly Disagree	Total
Strongly Agree	21.75	8.25	0	0	0	30
Agree	6.525	2.475	0	0	0	9
Don't Know	0.725	0.275	0	0	0	1
Disagree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Total	29	11	0	0	0	40

**Expected Frequency**



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