

Recruiting Employees

After this chapter, you should be able to:

- Define recruiting.
- Explain decisions need to make for strategic recruiting.
- State the methods of internal recruiting and external recruiting.
- Understand the advantages and disadvantages of internal and external recruiting sources.
- Describe what should be included in an effective recruiting ad.

Introduction

The role of recruitment in organizational growth plays a critical part. It is important to list the skills that the new hire will need to fulfill his duties. Organizations get much better results in recruitment process if they advertise specific criteria that are relevant to the job. Include all necessary knowledge, skills and ability, and include a list of desired skills that are not necessary but that would enhance the candidate's chances. If organizations fail to do this, they might end up with a low-quality pool of candidates and wind up with limited choices to fill the opens.

Recruitment can be internal or external of an organization and is mostly handled by the organization itself but, at times, can be outsourced to a third part agency. Recruitment process of any organization is normally targeted towards attracting more talents towards their job applications. The process is oriented in such a way so as to encourage maximum number of people to apply for the job. The job description is advertised so as to get the cream of the crowd and the best talent available.

The recruitment process at any point of time is based on the present and the future requirements of an organization. Both the HR department and managers together analyse the human resource requirements available in a company from time to time and recruit the best candidate for the job. It is also possible at times that the recruitment might happen internally in the organization from other departments or from the available talent pool. Whatever be the type of recruitment, it always aims to solve the same purpose.

A well-planned recruitment process helps an organization filter out the candidates who do not pass their criterion and hence concentrate more on the eligible candidates. The eligible candidates would still pose a good number in spite of the eliminations. Also, a huge group will possess candidates with a variety of skill set and thus the need to recruit multiple skills gets

resolved in the same arena.

This chapter begins with the concept of recruiting, and then discusses the labor market. Moreover, this chapter shows the typical division of responsibilities between human resource department and managers, and organizational recruiting activity. The strategic recruitment processes deal with the recruitment sources, and the consideration of equal employment opportunity and diversity, regular or flexible staffing. The advantages and disadvantages of different recruiting methods are also stated in this chapter.

Recruiting

Successful employment planning is designed to identify an organization's human resource needs. Once these needs are known, an organization will strive to meet them. The next step in staffing, then—assuming, of course, that demand for certain skills, knowledge, and abilities is greater than the current supply—is recruiting. The company must acquire the people necessary to achieve the goals of the organization. **Recruiting** is the process of generating a pool of qualified applicants for organizational jobs.

Recruiting is a major human resource activity. Depending on the size of the company, HR departments estimate that they spend about 50 percent to 70 percent of their time on recruiting new employees each year. Recruiters essentially promote the organization to prospective applicants. Activities include participating in job fairs, visiting college campuses, and developing community or industry contacts.

Because of differences in companies' strategies, they may assign different degrees of importance to recruiting. In general as shown in Figure 3.1, all companies have to make decisions in three areas of recruiting: (1) personnel policies, which influence the characteristics of the positions to be filled; (2) recruitment sources used to solicit applicants, which affect the kinds of people who apply; and (3) the characteristics and behaviors of the recruiter. These, in turn, influence both the nature of the vacancies and the nature of the people applying for jobs in a way that shapes job choice decisions.

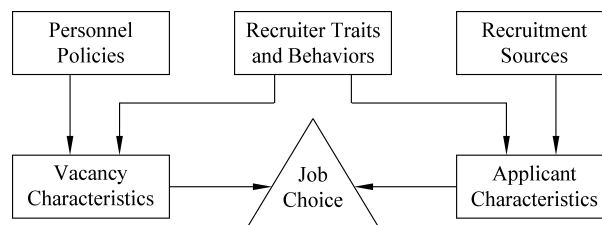


Figure 3.1 Three Aspects of Recruiting

Labor Markets

Labor markets are the external supply pool from which organizations attract their

employees. To understand where recruiting takes place, one can think of the sources of employees as a funnel, in which the broad scope of labor markets narrows progressively to the point of selection and job offers, as Figure 3.2 shows. Of course, if the selected candidates reject the offers, then HR staff members must move back up the funnel to the applicant pool for other candidates, and in extreme cases may need to reopen the recruiting process.

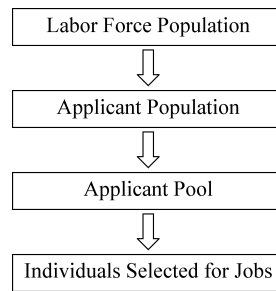


Figure 3.2 Labor Market Components

Labor Market Components

Several means of identifying labor markets exist. One useful approach is to take a broad view of the labor markets and then narrow them down to specific recruiting sources. The broadest labor market component and measure is the **labor force population**, which is made up of all individuals who are available for selection if all possible recruitment strategies are used. This large number of potential applicants may be reached using many different recruiting methods—for example, newspaper ads, Internet, colleges, worlds-of-mouth, etc. Each recruiting method will reach different segments of the labor force population.

The **applicant population** is a subset of the labor force population that is available for selection if a particular recruiting approach is used. For example, an organization might limit its recruiting for management trainees to MBA graduates from major universities in the area. This recruiting method would result in a different group of applicants from those who might apply if the employer were to advertise the openings for management trainees on a local radio station, post a listing on an Internet jobs board, or encourage current employee referrals and applications.

This population can be broad or narrow depending on the jobs needing to be filled and the approaches used by the employer. For example, if a firm is recruiting highly specialized engineers for multiple geographic locations, the recruiting methods may involve a broad range of approaches and sources, such as contacting professional associations, attending conventions, utilizing general and specialized websites, using recruiting consulting firms, and offering recruitment incentives to existing employees.

The **applicant pool** consists of all persons who are actually evaluated for selection. Many factors can affect the size of the applicant pool, including the reputation of the organization and industry as a place to work, the screening efforts of the organization, the job specifications, and the information available. It is useful to develop an applicant tracking system when

considering the applicant pool. Using such a system can make the recruiting process more effective. For example, when the size of the applicant pool increases recruiters can identify the most effective future employees for several jobs, and not just fill current jobs because of a larger supply.

Different Labor Markets and Recruiting

The supply of workers in various labor markets differs substantially and affects staffing. Organizations recruit in many labor markets, including geographic markets, industry and occupational markets, educational and technical markets, and global labor markets. Labor markets can be viewed in several ways to provide information that is useful for recruiting. These labor markets can include both internal and external sources.

Geographic Labor Markets

One common way to classify labor markets is based on geographic location. Markets can be local, area or regional, national, or international. Local and area labor markets vary significantly in terms of workforce availability and quality, and changes in a geographic labor market may force changes in recruiting efforts. If a new major employer locates in a regional labor market, then other existing area employers may see a decline in their numbers of applicants.

Attempting to recruit locally or in a limited geographic area for a job market that is really national will likely result in disappointing applicant rates. For instance, trying to recruit a senior merchandising manager for a catalog retailer only in the small town where the firm is located is not likely to be successful. Conversely, it may not be necessary to recruit nationally for workers to fill administrative support jobs.

Employers in the United States are tapping global labor markets when necessary and offshoring when doing so is advantageous. Firms in different industries are expanding in India, China, Indonesia, Romania, Poland, and other countries. This expansion has caused an increase in the number of host country nationals hired to fill positions in foreign offices.

The use of the Internet has resulted in recruiting in more varied geographic regions. But recruiting employees for global assignments may present problems that require different approaches from those used in the home country. The recruiting processes must account for variations in culture, laws, and language, as well as the individual preferences of potential workers. Dealing with foreign labor markets can also be challenging because recruiting can be regulated and require the approval of local personnel or labor authorities. Hiring foreign employees in the United States is subject to certain legal requirements, including visa requirements, and organizations must be concerned about hiring illegal immigrants.

Industry and Occupational Labor Markets

Labor markets can be classified by industry and occupation. For example, the biggest increases in U.S. jobs until the year 2016 are going to be in the positions of registered nurses, retail sales and customer service representatives, home health aides, and postsecondary

teachers. These jobs represent the health care, retail, and education industries. Surveys illustrate that filling these jobs will be more difficult during the next few years. Trucking and welding jobs are also expected to present significant recruiting difficulties.

Recruiting for smaller firms can also be challenging. For instance, a small Certified Public Accountant (CPA) firm had to work extensively to identify which CPA professionals would prefer working in a small firm rather than a large one. One key to this firm’s recruiting efforts was to clearly identify the unique characteristics of working in a smaller firm, which included greater assignment variety, more work flexibility, and better career possibilities. Those characteristics would appeal to some but not all who might apply.

Educational and Technical Labor Markets

Another way to look at labor markets is by considering the educational and technical qualifications that define the people being recruited. Employers may need individuals with specific licenses, certifications, or educational backgrounds. For instance, a shortage of business professors with Ph.D.s is forecasted to affect many colleges and universities in the next few years due to the retirement of many “baby boomers” from faculty positions. Other examples have been shortage of certified auto mechanics, heating and air-conditioning technicians, and network certified computer specialists.

Typical Division of HR Responsibilities

In most organizations, HR staff members handle the bulk of recruiting efforts. Figure 3.3 shows a typical division of recruiting responsibilities between the HR department and managers in all but the smallest organizations.

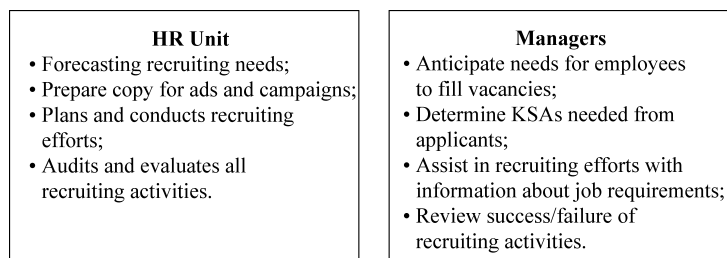


Figure 3.3 Typical Division of HR Responsibilities

Use of HR staff to recruit is common for all but hard-to-fill specialized openings and executive management jobs. For such jobs, employers frequently contact search firms specializing in specific areas such as information technology, physician recruitment, or industry sales representatives. Because these search firms typically charge fees of 20% to 30% of the annual staff of the person recruited, many employers use their own HR staff to do as much recruiting as possible.

Anticipate Needs for Recruiting

Filling a relative handful of positions might require recruiting dozens or hundreds of candidates. Managers therefore use a staffing or recruiting yield pyramid, as shown in Figure 3.4, to gauge the staffing issues it needs to address. In Figure 3.4, the company knows it needs 50 new entry-level accountants next year. From experience, the firm also knows the following:

- The ratio of offers made to actual new hires is 2 to 1.
- The ratio of candidates interviewed to offers made is 3 to 2.
- The ratio of candidates invited for interviews to candidates interviewed is about 4 to 3.
- Finally, the firm knows that of six leads that come in from all its recruiting sources, it typically invites only one applicant for an interview—a 6-to-1 ratio.

Therefore, the firm must generate about 1,200 leads to be able to invite in 200 viable candidates of which it interviews about 150, and so on.

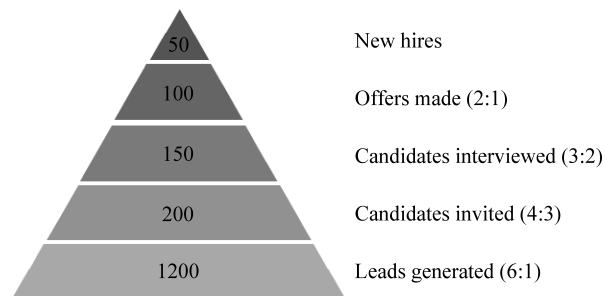


Figure 3.4 Recruiting Yield Pyramid

Strategic Recruiting Decisions

The recruitment is an extremely complex HR area. The recruitment process has to be closely managed on the daily operational basis, but the strategic recruitment processes determine the strategic recruitment goals. The successful recruitment process is not just about the excellent process map. It is about the well-defined recruitment goals and objectives. It is about the identified recruitment sources and channels to find the best talents on the job market at reasonable costs.

The strategic recruitment processes should set the recruitment sources to be used in the company, terms and conditions applied in the cooperation with the recruitment agencies, headhunters, and the consideration of equal employment opportunity and diversity, regular or flexible staffing. The strategic recruitment processes act as guidelines for the HR Recruiters in the operational part of the staffing procedure. The key strategic recruiting decisions are showed as Figure 3.5.

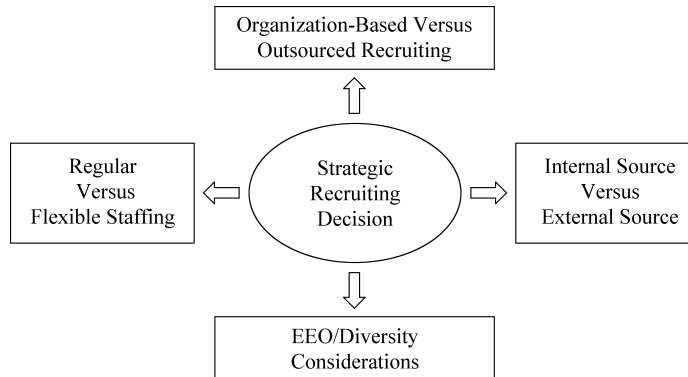


Figure 3.5 Strategic Recruiting Decision

Organization-Based Versus Outsourced Recruiting

A basic decision that needs to be made is whether the recruiting will be done by the employer or outsourced to a third party. This decision need not be an either/or situation entirely. In most organizations, HR staff members handle many of the recruiting efforts. However, because recruiting can be a time-consuming process and HR staff and managers in organizations have many other responsibilities, outsourcing is a way to decrease the number of staff needed for recruiting and free some of their time for other responsibilities.

Recruitment process outsourcing (RPO) can be done to improve the number and quality of candidates, as well as to reduce recruiting costs. Estimates are that RPO is expected to grow significantly in the near future. Both large and small employers in different industries outsource functions such as placement of advertisements, initial screening of resumes and initial telephone contacts with potential applicants.

A specific type of outsourcing is professional employer organizations (PEOs) and the employee leasing process. The employee leasing process is simple: An employer signs an agreement with the PEO, after which the employer's staff is hired by the leasing firm and leased back to the company for a fee. In turn, the leasing firm writes the paychecks, pays taxes, prepares and implements HR policies, keeps all the required HR records for the employer, and bears legal liability.

A PEO and an employment agency are different types of entities. A PEO has its own workforce, which it supplies by contract to employers with jobs. However, an employment agency provides a "work-finding" service for job seekers and supplies employers with applicants whom they may then hire.

Regular Versus Flexible Staffing

Employers increasingly supplement their permanent workforces by hiring contingent or temporary workers, often through temporary help employment agencies. Also known as part-time or just-in-time workers, the contingent workforce is big and growing. The contingent

workforce isn't limited to clerical or maintenance staff. It includes thousands of engineering, science, or management support occupations, such as temporary chief financial officers, human resource managers, and chief executive officers.

Several things contribute to the trend toward using more temporary employees. One is continuing weak economic confidence among employers. Another is the trend toward organizing around short-term projects. For example, Makino, which manufactures machine tools, now outsources the installation of large machines to contract firms, who in turn hire temps to do the installations. Flexibility is another concern, with more employers wanting to quickly reduce employment levels if the economic turnaround proves short-lived.

Employers can hire temp workers either through direct hires or through temporary staff agencies. Direct hiring involves simply hiring workers and placing them on the job. The employer usually pays these people directly, as it does all its employees, but classifies them separately, as casual, seasonal, or temporary employees, and often pays few if any benefits. The other approach is to have a temp agency supply the employees. Here the agency handles all the recruiting, screening, and payroll administration for the temps. Thus, Nike hired Kelly Services to manage Nike's temp needs.

Flexible staffing makes use of recruiting sources and works who are not traditional employees. Using flexible staffing arrangement allows an employer to avoid some of cost of full-time benefits such as vacation pay and pension plans, as well as to recruit in a somewhat different market. These arrangements use temporary workers, independent contractors, and employee leasing.

Equal Employment Opportunity (EEO) and Diversity Considerations

The workforce of today has become truly diverse. But this was not the case in the early 1960s; in fact, little of the workforce of those days remotely resembled that of today. Then, few mainstream opportunities were available to women, minorities, and those with disabilities. The Civil Rights Movement in the 1960s during which time blacks sought equality in employment and other areas of society led to a series of laws and executive orders, starting with Equal Employment Opportunity laws passed by the U.S. federal government. **EEO** refers to the set of laws and policies that requires all individuals' rights to equal opportunity in the workplace, regardless of race, color, sex, religion, national origin, age, or disability. Additional requirements, known as Affirmative Action, were established. **Affirmative action** creates the expectation and program requirements that companies make a positive effort to recruit, hire, train, and promote employees from groups who are underrepresented in the labor force.

Diversity refers to any actual or perceived difference among people: age, race, religion, functional specialty, profession, sexual orientation, gender identity, geographic origin, lifestyle, tenure with the organization or position, and any other perceived difference, including values and nontraditional work experiences. Further, as companies have become more global, the

work group itself has become more diverse. The challenge for managers is to recognize that people with characteristics that are common but are different from those in the mainstream, often think, act, learn, and communicate differently. Diversity is more than equal employment and affirmative action; the actual definition is constantly changing and expanding.

A broad range of factors can be considered when recruiting for diversity. Many employers have expanded efforts to recruit workers from what, for some, are nontraditional labor pools. Nontraditional diverse recruits for certain jobs may include the following:

- **Persons with Different Ethnicity/Race**—According to the U.S. Bureau of Labor Statistics, the percentage of the U.S. labor force made up of whites will decline while growth is expected for other racial groups. These include Hispanics, blacks, and Asians. Unfortunately, at times, these individuals may be subject to stereotyping. They may encounter misunderstandings and expectations based on ethnic or cultural differences. Members of ethnic or racial groups are socialized within their particular culture. People's attitudes are influenced by the ancestral and cultural experiences of their childhood. Many are socialized as members of two cultural groups—the dominant culture and their racial or ethnic culture.

Socialization in one's culture of origin can lead to misunderstandings in the workplace. This is particularly true when the manager relies solely on the cultural norms of the majority group. According to norms within U.S. culture it is acceptable, even considered positive, to publicly praise an individual for a job well done. However, in cultures that place primary value on group harmony and collective achievement, this method of rewarding an employee may cause emotional discomfort. Some employees feel that, if praised publicly, they will lose face within their group.

- **Women**—Numerous factors have contributed to the growth and development of the U.S. labor force. However, nothing has been more prominent than the rise in the number of women in the labor force. More and more women are entering the labor force in high-paying, professional jobs and women dominate the health-care sector, which is one of the fastest-growing categories. Professional women are entering the workforce at the same rates as men. However, many opt out of the corporate life. Perhaps this is one of the reasons that women hold only 23 of the 500 CEO positions in *Fortune's* 2013 list of the largest U.S. companies. But this does not mean that they are opting out of business careers. Instead, they are making their own career paths that allow them to combine work and life on their own terms. As a result, organizations are losing talented employees in whom they have made substantial investments. Numerous companies are working diligently keep professional women in the workforce although more work needs to be done.
- **Workers over 40 Years of Age, Particularly Retirees**—Today, employees at the age of 50 and older represent almost a third of the U.S. workforce. In 2011, the first baby

boomers turned 65, and approximately 10,000 more will continue to do so every day for the next 20 years. In recent years, many boomers deferred retirement because of a faltering economy and concerns about the viability of the Social Security retirement program. As the economy improves, plans must be in place to handle a rapid departure of boomers from the workforce. Even so, many boomers will resist retirement, some because they feel healthy enough to continue work and others because their retirement income was hit hard by the economy. The U.S. Bureau of Labor Statistics estimates that about 11 million workers at the age of 65 and older will be working in 2022, up from about 6 million today.

Despite massive layoffs resulting from the recent recession, many companies try to keep the worker older than 55. This may be as a result, in part, of legal concerns based on the ADEA, which protects workers at the age of 40 and older against discrimination. However, a large part of this movement is the desire to keep the experienced workers on board. “Seniority matters,” says Marcie Pitt-Catsouphes, director of the Sloan Center on Aging & Work at Boston College.

- **Single Parents**—Recently, about 65% of single mothers with children at home were in the workforce, while about 80% of single fathers were similarly employed. Being a single parent isn’t easy. Recruiting them requires understanding the problems they face in balancing work and family life. In one survey, many described falling into bed exhausted at midnight without even minimal time for themselves ... They often needed personal sick time or excused days off to care for sick children. As one mother noted, “I don’t have enough sick days to get sick.”

Given such concerns, the first step in attracting (and keeping) single parents is to make the workplace user friendly. This includes supportive supervisors. Many firms have family friendly programs that aren’t extensive enough for single parents. For example, flextime programs provide employees some flexibility (such as 1-hour windows at the beginning or end of the day) around which to build their workdays. The problem is that for many single parents this may not be enough.

Flexible work schedules and child care benefits are thus just two big single-parent magnets. In addition, a supportive supervisor can make the single parent’s work-home balancing act more bearable.

- **Workers with Disabilities**—According to the U.S. Bureau of Labor Statistics, approximately 20 percent of the labor force possesses one or more disabilities. Common disabilities include limited hearing or sight, limited mobility, mental or emotional deficiencies, and various nerve disorders. Such disabilities limit the amount or kind of work a person can do or make its achievement unusually difficult. In jobs for which they are qualified, however, disabled workers do as well as unimpaired workers in terms of productivity, attendance, and average tenure. In fact, in certain