Write a 175- to 265-word response to the following:

Martocchio, J. J. Human Resource Management. [University of Phoenix]. Retrieved from https://phoenix.vitalsource.com/#/books/9780134739755/

Explain the effects a changing labor market has on selection, training, and promotion for human resources. How should human resources respond?

4.1 Describe the HR strategic planning process.
As discussed in Chapter 1, HR executives are now focusing their attention on how HR can help the organization achieve its business objectives through strategic planning, which is the process by which top management determines overall organizational purposes and objectives and how they are achieved. More specifically, strategic planning entails a series of judgments under uncertainty that companies direct toward achieving specific goals.1 Companies base strategy formulation on environmental scanning activities, which we discuss later. HR executives are increasingly highly involved in the strategic planning process. In the past they often waited until the strategic plan was formulated before becoming a part of the conversation.2

strategic planning
Process by which top management determines overall organizational purposes and objectives and how they are achieved.

Strategic planning is an ongoing process that is constantly changing to find a competitive advantage. At times an organization may see the need to diversify and increase the variety of the goods that are made or sold. At other times, downsizing may be required in response to the external environment. Or the strategic plan may see integration, the unified control of many successive or similar operations, as their driving force. Strategic planning attempts to position the organization in terms of the external environment. For example, the so-called Great Recession in 2007-2009 showed weakness in the marketplace for some firms, which led to lower company valuations, increased business failures, and selling off their noncore business units. Forward-thinking companies found opportunities that were not available when business was booming, such as expanding their company through acquisition.3 Companies always need to look for ways to stay competitive, gain market share, and be the first to innovate a new product or service. For instance, automobile manufacturers have set their sights on building and selling affordable all-electric cars of similar or better quality than Tesla Motors’ vehicles.

Strategic planning at all levels of the organization can be divided into four steps: (1) determination of the organizational mission; (2) assessment of the organization and its environment; (3) setting of specific objectives or direction; and (4) determination of strategies to accomplish those objectives (see Figure 4-1). The strategic planning process described here is basically a derivative of the strengths, weaknesses, opportunities, and threats (SWOT) framework that affects organizational performance, but it is less structured.

The 5-step strategic planning process.
FIGURE 4-1 Strategic Planning Process
Figure 4-1 Full Alternative Text
In strategic planning discussions, HR professionals’ primary focus must be on talent. We define human resource management (HRM) as the use of individuals to achieve organizational objectives. According to HRM expert Edward E. Lawler III, “Positioning the HR function and talent management to contribute to the overall effectiveness and financial performance of the organization is the best way the HR function can add value to corporations.”4 Focusing on recruiting, developing, and retaining talent provides the rationale for choosing various HR strategies and practices.

Mission Determination
The first step in the strategic planning process is to determine the corporate mission. The mission is a company’s continuing purpose or reason for being. The corporate mission is the sum of the organization’s ongoing purpose. Arriving at a mission statement should involve answering questions such as: What are we in management attempting to do for whom? Should we maximize profit so shareholders will receive higher dividends or so share price will increase? Or should we emphasize stability of earnings so employees will remain secure? In the case of not-for-profit companies, is the focus on extending its humanitarian reach from tragic events in the United States to tragic events in other countries? Certainly, HR can provide valuable assistance in answering these questions.

mission
Company’s continuing purpose or reason for being.

There are many other mission possibilities. Mission determination also requires deciding on the principles on which management decisions will be based. Will the corporation be socially responsible and environmentally friendly (sustainability)? Will the company be forthright in dealing with its various constituents such as its customers? The answers to these questions tend to become embedded in a corporate culture and help determine the organizational mission. Top management expects HR activities to be closely aligned to this mission and add value toward achieving these goals. The following is a part of General Mills’ corporate mission:

We serve the world by making food people love.5

General Mills also includes two additional objectives: environmental sustainability (Nourishing the Future) and community enhancement (Nourishing Communities). For instance, General Mills employees helped prepare and serve food, renovated buildings, and participated in activities to benefit impoverished children and teenagers in Brazil.

Environmental Assessment
Once the mission has been determined, the organization should assess its strengths and weaknesses in the internal environment and the threats and opportunities from the external environment (often referred as a SWOT analysis). Making strategic plans involves information flows from both the internal and the external environments. From inside comes information about organizational competencies, strengths, and weaknesses. Scanning the external environment allows organizational strategists to identify threats and opportunities, as well as constraints. In brief, the strategy would be to take advantage of the company’s strengths and minimize its weaknesses to grasp opportunities and avoid threats. For example, social networking company LinkedIn can capitalize on the following opportunities, which include the growing adoption of LinkedIn’s recruitment services among corporations, growing urbanization, changing attitudes toward employment, and increasing premium subscriptions.6

HR professionals can take advantage of LinkedIn technology and services by connecting to more candidates who subscribe to LinkedIn than would typically otherwise be the case for traditional recruitment methods such as career portals on corporate Web sites, campus hiring, recruitment agencies, and job boards. Also, HR professionals are in the best position to identify workforce strengths and weaknesses. Should the company be considering, for instance, a merger or acquisition, HR would be able to work with top management to determine whether the present workforce can be effectively integrated into the workforce of the merged company. For example, does the workforce of the merged company improve the overall value of the company, or is there only duplication of talent? Any reorganization affects people and HR professionals must be in the forefront of people-related matters.

There are always threats that counterbalance opportunities. For example, LinkedIn faces at least two significant future threats.7 Competitors such as Google and Facebook could challenge LinkedIn’s success by offering similar services to customers such as mixing social networking with recruitment services. In addition, although LinkedIn has established a presence in Latin America, South America, and Asia-Pacific regions, the growth in average revenue per customer will be much lower than in the United States because of lower purchasing power of countries in these international regions.

LinkedIn’s revenue challenges are relevant to the work of its HR professionals. Research and development (R&D) costs and sales and marketing costs are likely to rise. R&D costs increase when a company is enhancing current services or developing new ones. In addition, sales and marketing costs stand to increase when a company is expanding its reach to prospective customers. These activities are likely to translate into stepped up recruitment efforts for software engineers and sales professionals. As well, establishing competitive compensation and benefits programs stand to represent a significant challenge.

In the following Watch It video, learn about iRobot, which is best known for the iRobot Roomba® vacuum cleaning robot. This product helped to change how people view robots. iRobot continues to develop robotic products to change the way customers include robots in their daily life. This video will provide an appreciation of SWOT analysis.

Watch It 1
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled iRobot: Competitive Strategy of Home Robots and respond to questions.

Objective Setting
Objectives are the desired end results of any activity. Objectives should have four basic characteristics: (1) They should be expressed in writing; (2) they should be measurable; (3) they should be specific as to time; and (4) they should be challenging but attainable. Strategic objectives might be directed at factors such as profitability, customer satisfaction, financial returns, technological leadership, and operating efficiency. Objectives should be developed only after a cost–benefit analysis of each alternative is considered. Because HR professionals are in the people business, it is difficult to imagine any strategic objective that would not involve them in some manner, and the LinkedIn example illustrates this point.

Strategy Setting
Strategies can now be developed for accomplishing those objectives. Strategies should be developed to take advantage of the company’s strengths and minimize its weaknesses to grasp opportunities and avoid threats. HR professionals should be highly involved in these activities because the composition of the workforce will certainly influence the strategies chosen. For the sake of illustration, let’s consider two fundamental strategies: lowest cost and differentiation.

Lowest-cost strategy focuses on gaining competitive advantage by being the lowest-cost producer of a product or service within the marketplace, while selling the product or service at a price advantage relative to the industry average. Lowest-cost strategies require aggressive construction of efficient-scale facilities and vigorous pursuit of cost minimization in such areas as operations, marketing, and HR. For example, you won’t find many extras in clothes retailer Ross Stores. “We believe in “no frills”—no window displays, mannequins, fancy fixtures or decorations in our stores so we can pass more savings on to our customers.”8 Low overhead costs allow Ross to sell quality apparel and home items at 20 to 60 percent less than most department store prices, and the company is profitable.9

Companies adopt differentiation strategies to develop products or services that are unique from those of their competitors. Differentiation strategies lead to competitive advantage through building brand loyalty among devoted consumers. Brand-loyal consumers are less sensitive to price increases, which enables companies to invest in R&D initiatives to further differentiate themselves from competing companies. Differentiation strategy can take many forms, including design or brand image, technology, features, customer service, and price. Take retailer L.L. Bean for instance. The company allows customers to return merchandise at any time if not completely satisfied: “We make pieces that last, and if they don’t, we want to know about it. So, if it’s not working or fitting or standing up to its task, we’ll take it back. L.L. himself always said that he didn’t consider a sale complete ‘until goods are worn out and the customer still satisfied.”’10 Similarly, the Ritz-Carlton hotel established its Customer Loyalty Anticipation Satisfaction System, which is designed to fulfill, “even the unexpressed wishes and needs of our guests.”11 In addition, most Ritz-Carlton employees have the authority to spend up to $2,000 each day, per guest, to resolve any complaint.

In the following Watch It video, learn about the online retailer Zappos’ competitive strategy. In many retail sectors, the goal is product differentiation to create brand-loyal customers and generate pricing power. Companies achieve differentiation through formulating and implementing competitive strategies that define how organizations will compete in their businesses. Zappo’s strategy is to “be about the very best customer service.”

Watch It 2
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Zappos: Competitive Strategy and respond to questions.

FYI
HR expert Edward E. Lawler III stated: “HR professionals are well positioned to facilitate the implementation of business strategies by ensuring that employees are working consistently with the mandates of strategic planning.”12

Employee Roles Associated with Competitive Strategies
Common wisdom and experience tell us that HR professionals must decide which employee roles are instrumental to the attainment of competitive strategies. Knowledge of these required roles should enable HR professionals to implement HR practices that encourage enactment of these roles. For instance, HR professionals are responsible for designing and implementing practices that elicit strategy-consistent employee roles. As we’ve noted in the introduction, job analysis is a critical tool used by HR professionals to define employee jobs; thus, the role behavior that is expected of them.

For the lowest-cost strategy, the imperative is to reduce output costs per employee. The desired employee roles for attaining a lowest-cost strategy include repetitive and predictable behaviors, a relatively short-term focus, primarily autonomous or individual activity, high concern for quantity of output, and a primary concern for results.

The key employees’ roles for differentiation strategies include highly creative behavior, a relatively long-term focus, cooperative and interdependent behavior, and more risk taking. Compared with lowest-cost strategies, successful attainment of differentiation strategies depends on employee creativity, openness to novel work approaches, and willingness to take risks. In addition, differentiation strategies require longer time frames to provide sufficient opportunity to yield the benefits of these behaviors.

Strategy Implementation
Once the strategic planning process is complete, the strategy must be implemented. Some people argue that strategy implementation is the most difficult and important part of strategic management. No matter how creative and well formulated the strategic plan, the organization will not benefit if it is incorrectly implemented. Strategy implementation requires changes in the organization’s behavior, which can be brought about by changing one or more organizational dimensions, including management’s leadership style, organizational structure, information and control systems, production technology, and HR.13

LEADERSHIP
A leader can get others to do what he or she wants them to do. Managers must influence organization members to adopt the behaviors needed for strategy implementation. Top-level managers seeking to implement a new strategy may find it useful to build coalitions and persuade others to go along with the strategic plan and its implementation. HR must take the leadership role in dealing with HR matters. Basically, leadership is used to encourage employees to adopt supportive behaviors, and when necessary, to accept the required new values and attitudes.

ORGANIZATIONAL STRUCTURE
A company’s organizational structure is typically illustrated by its organizational chart. The form of structure needed is determined by the needs of the firm. It may be informal and highly changeable in small, uncomplicated businesses. By contrast, large, diverse, and complex organizations usually have a highly-formalized structure. But that should not mean the structure is so rigid that it does not change, perhaps even frequently. Newly formed high-tech companies are most likely to restructure or reorganize frequently, but even some of the largest Fortune 500 firms, such as General Motors and Chrysler, have experienced major reorganizations. Many variations of organizational structures are available for use today. HR should be in a good position to recommend the most effective structure needed by the organization.

INFORMATION AND CONTROL SYSTEMS
Among the information and control systems are reward systems; incentives; objectives-oriented systems; budgets for allocating resources; information systems; and the organization’s rules, policies, and implementations. Certainly, HR should be a asset in developing and working with these systems. A proper mix of information and control systems must be developed to support the implementation of the strategic plan.

TECHNOLOGY
The knowledge, tools, and equipment used to accomplish an organization’s assignments comprise its technology. The appropriate level of technology must be found for proper implementation of the strategic plan. Certainly, technology is revolutionizing how organizations operate today. This is the case for HR professionals.

HUMAN RESOURCES
The HR functions must be properly aligned to successfully implement the strategic plan. HR will be central to understanding the future of an asset that is increasingly important to the organization—the intellectual and productive capacity of its workforce. A proper balance of HR must be developed to support strategy implementation. Once strategic planning has taken place, HR planning may be developed to help implement the strategic plan.

FYI
According to the U.S. Bureau of Labor Statistics, in 2016:

74.7 percent of all jobs required on-the-job training.

47.8 percent required prior work experience.

21.8 percent required a professional certification, license, or other pre-employment training.14
Human Resource Planning 4.2 Explain the human resource planning process. Human resource planning (workforce planning) is the systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specific period. Workforce planning has evolved from a knee-jerk planning undertaking to a fundamental strategic function. It includes business plan, HR data, and statistical analyses of those data. It is also incorporated into the business and financial planning process, so it provides a foundation for a plan that is aligned with the business strategy. As we discussed in Chapter 1, analyzing employment data and business outcomes has empowered HR professionals to quantify its influence, and more HR professionals have gotten on board. In 2016, 51 percent of companies correlated business outcomes with HR programs, which is up from 38 percent just one year earlier.15 human resource planning Systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period. The HR planning process is illustrated in Figure 4-2. Note that strategic planning precedes HR planning. HR planning has two components: requirements and availability. A requirements forecast involves determining the number, skill, and location of employees the organization will need at future dates to meet its goals. For example, discount retailer Dollar General launched a campaign to hire 10,000 workers in one month because it was planning to open more than 900 stores.16 Since 2008, the company increased its staff by more than 70 percent.17 Requirement forecasts also focus on seasonal hiring. For instance, UPS hired approximately 95,000 temporary workers for the holiday season when package delivery activity is at its peak.18 requirements forecast Determining the number, skill, and location of employees the organization will need at future dates to meet its goals. FIGURE 4-2 The Human Resource Planning Process Figure 4-2 Full Alternative Text The determination of whether the firm will be able to secure employees with the necessary skills, and from what sources, is called an availability forecast. We can look to the manufacturing sector of the economy as an illustration. It’s true that many manufacturing jobs in the United States were eliminated because so many companies moved their operations to other countries where the cost of doing business is often lower. This shift in operations effectively increased the supply of available workers relative to job openings (demand for workers), leaving scores of workers unemployed. Ironically, companies in the manufacturing sector are experiencing a shortage of qualified workers because the use of complex robotic and automated equipment has risen more quickly than the supply of individuals who possess the necessary skills to function in such environments.19 availability forecast Determination of whether the firm will be able to secure employees with the necessary skills, and from what sources. When employee requirements and availability have been analyzed, the firm can determine whether it will have a surplus or shortage of employees. Ways must be found to reduce the number of employees if a surplus is projected. If a worker shortage is forecast, the firm must obtain the proper quantity and quality of workers from outside the organization. In this case, external recruitment and selection are required. Because conditions in the external and internal environments can change quickly, the HR planning process must be continuous. Changing conditions could affect the entire organization, thereby requiring extensive modification to the forecasts. For instance, companies laid off millions of workers as business demand dropped precipitously. And, as the economy improved, plans were made to increase the size of the workforce. Forecasting Human Resource Requirements Before HR requirements can be projected, demand for the firm’s goods or services must be forecasted. This forecast is then converted into people requirements for the activities necessary to meet this demand. For a firm that manufactures personal computers, activities might be stated in terms of the number of units to be produced, number of sales calls to be made, number of vouchers to be processed, or a variety of other activities. For example, manufacturing 1,000 laptop computers each week might require 10,000 hours of work by assemblers during a 40-hour week. Dividing the 10,000 hours by the 40 hours in the workweek gives 250 assembly workers needed. Similar calculations are performed for the other jobs needed to produce and market the computers. HR Web Wisdom HR Planning Organization www.hrps.org This is the Web site for the Human Resource People and Strategy organization. Several techniques for forecasting HR requirements are currently used. Some of the techniques are qualitative in nature, and others are quantitative. Zero-Base Forecast The zero-base forecast uses the organization’s current level of employment as the starting point for determining future staffing needs. Essentially, the same procedure is used for HR planning as for zero-base budgeting, whereby each budget must be justified again each year. If an employee retires, is fired, or leaves the firm for any reason, the position is not automatically filled. Instead, an analysis is made to determine whether the firm can justify filling it. Equal concern is shown for creating new positions when they appear to be needed. The key to zero-base forecasting is a thorough analysis of HR needs. Frequently, the position is not filled and the work is spread out among remaining employees, as often is the case with firms that downsize. Plans may also involve outsourcing or other approaches as an alternative to hiring. zero-base forecast Forecasting method that uses the organization’s current level of employment as the starting point for determining future staffing needs. HR BLOOPERS Workforce Planning at Master Cleaners Master Cleaners provides residential cleaning services through more than 100 cleaning employees throughout their geographic area. As the HR manager hired just more than a year ago, Jack Potts has worked hard to establish many of their HR practices. As the company’s first HR manager, Jack believes his primary responsibility is to make sure administrative processes are in place. He has been attending senior leadership meetings regarding the organization’s strategy and knows there are some plans to expand into the commercial market. However, he hasn’t paid much attention to those discussions because there is just too much work to do to get HR processes established. Now he’s received a request from one of the cleaning managers about hiring 25 new commercial cleaners and he’s worried about finding these new hires. The problem is that because the commercial cleaners must work at night after the office buildings are closed for the day, his current recruiting strategy won’t necessarily work. Jack now must find experienced cleaners willing to work in the evening and that is a challenging task. Further, turnover is already high in the residential cleaning business. Exit interviews with employees who have quit suggest that they find the work tedious. Jack expresses his concerns about these staffing challenges to the cleaning manager. But the cleaning manager reminds him they have been talking about this expansion for a while and suggests that Jack should have been planning for this. If your professor has assigned this, go to www.pearson.com/mylab/management to complete the HR Bloopers exercise and test your application of these concepts when faced with real-world decisions. Bottom-Up Forecast In the bottom-up forecast, each successive level in the organization, starting with the lowest, forecasts its requirements, ultimately providing an aggregate forecast of employees needed. bottom-up forecast Forecasting method in which each successive level in the organization, starting with the lowest, forecasts its requirements, ultimately providing an aggregate forecast of employees needed. It is based on the reasoning that the manager in each unit is most knowledgeable about employment requirements. Beginning with the lowest-level work units in the organization, each unit manager makes an estimate of personnel needs for the period encompassed by the planning cycle. As the process moves upward in the company, each successively higher level of management in turn makes its own estimates of needs, incorporating the input from each of the immediately preceding levels. The result, ultimately, is an aggregate forecast of needs for the entire organization. This process is often highly interactive in that estimated requirements from the previous level are discussed, negotiated, and re-estimated with the next level of management as the forecast moves upward through the organization. The interactive aspect of managerial estimating is one of the advantages of this procedure because it forces managers to justify their anticipated staffing needs. Relationship between Volume of Sales and Number of Workers Required Historically, one of the most useful predictors of employment levels is sales volume. The relationship between demand and the number of employees needed is a positive one. As you can see in Figure 4-3, a firm’s sales volume is depicted on the horizontal axis and the number of employees required is shown on the vertical axis. In this illustration, as sales decrease, so does the number of employees. Using such a method, managers can approximate the number of employees required at different demand levels. Quantitative methods such as regression analysis can be helpful in determining the number of workers needed. FIGURE 4-3 Relationship of Sales Volume to Number of Employees Figure 4-3 Full Alternative Text Forecasting Human Resource Availability To forecast availability, the HR manager looks to both internal sources (current employees) and external sources (the labor market). The determination of whether the firm will be able to secure employees with the necessary skills, and from what sources, is an availability forecast. It helps to show whether the needed employees may be obtained from within the company, from outside the organization, or from a combination of the two sources. Another possibility is that the required skills are not immediately available from any feasible source. Consider the following example: A large manufacturing firm on the West Coast was preparing to begin operations in a new plant. Analysts had already determined there was a large long-term demand for the new product. Financing was available and equipment was in place, but production did not begin for two years! Management had made a critical mistake: it had studied the demand side of HR, but not the supply side. There were not enough qualified workers in the local labor market to operate the new plant. New workers had to receive extensive training before they could move into the newly created jobs. This illustration provides one more instance of the importance of HR involvement in strategic planning. Shortage or Surplus of Workers Forecasted When firms are faced with a shortage of workers, organizations should intensify their efforts to recruit the necessary people to meet the needs of the firm. Some possible actions will be discussed next. Information technology occupations are expected to grow rapidly from 2014 to 2024. The employment of information security analysts is expected to increase 18 percent during this period, which is faster than average for all occupations. According the U.S. Labor of Bureau of Statistics, multiple factors are contributing to increased demand for information security analysts: Information security analysts plan and carry out security measures to protect an organization’s computer networks and systems. Their responsibilities are continually expanding as the number of cyberattacks increases. Demand for information security analysts is expected to be very high, as these analysts will be needed to create innovative solutions to prevent hackers from stealing critical information or causing problems for computer networks.20 Job openings by major occupational group are expected to vary widely from 2012 to 2022. Two factors contribute to the expected values: growth in a profession given demand (such as in the case of information security analysts) and company replacement needs, likely as employees retire or choose to work elsewhere. Figure 4-4 shows these projections for several occupational groups. The greatest growth in job openings is predicted to be in office and administrative support followed by food preparation and related services. The lowest growth is expected in the legal profession as well as in farming, fishing, and forestry. FIGURE 4-4 Job openings by major occupational group, projected 2014–2024, in thousands of openings Source: Career Outlook (December 2015). Accessed February 17, 2017, at https://www.bls.gov/careeroutlook/2015/article/projections-occupation.htm. Figure 4-4 Full Alternative Text Innovative Recruiting A shortage of personnel often means that new approaches to recruiting must be used. The organization may have to recruit different kinds of candidates, search in different geographic areas than in the past, and explore new recruitment methods. For instance, Ikea launched an innovative, cost-effective recruitment campaign in Australia. The company advertised job opportunities to its customers with a “Careers Instructions” sheet packed inside product boxes. Customers were instructed to apply for a job. The campaign was highly successful for generating nearly 4,300 quality applicants that yielded 280 new hires.21 In using innovative recruiting, businesses must attempt to determine who their prospective employees are and what motivates them. For example, given the physical and emotional demands of the nursing profession, many organizations offer flexible work schedules, child care, and educational benefits. Other practices for other occupational groups may be required to attract employees to a firm, such as four-day workweeks (compressed workweeks), telecommuting, and part-time employment. Compensation Incentives Firms competing for workers in a high-demand situation may have to rely on pay incentives. Premium pay is one obvious method, however, this approach may trigger a bidding war that the organization cannot sustain for an extended period. To offset the bidding war, some organizations use signing bonuses to entice individuals to join the firm. In 2016, 76 percent of companies surveyed use signing bonuses.22 Even the military uses signing bonuses. For example, the U.S. Army Corps offers a signing bonus up to $40,000 for translators who speak certain Middle-Eastern languages and enlist as translator aides in the U.S. Army.23 As more people shop online, places such as Amazon.com, Inc. and Ikea have added additional warehousing facilities to handle rising demand. The limited supply of candidates for warehouse jobs has led to significant pay increases as these companies compete for talent. Sometimes, higher hourly pay alone is not sufficient to staff these facilities. Radial, an operations management company that manages the operations of retailer warehouses and fulfillment centers, awards additional compensation incentives, including attendance bonuses during the peak holiday season, gift cards, and monetary incentives for exceeding performance targets.24 The company pays individuals an extra dollar for every hour an employee meets or exceeds the performance target of picking items off the shelves. Alternatives to Layoffs Special training programs may be needed to prepare previously unemployable individuals for positions with a firm. Remedial skills and training are two types of programs that may enable companies to reassign employees to other positions within the company. For example, a small firm in Los Angeles expanded its market by hiring people with few, if any, qualifications. The firm was willing to spend the necessary time and money needed to provide even basic training. When a comparison of requirements and availability indicates that a worker surplus will result, most companies look to alternatives to layoffs but downsizing may ultimately be required. At times, layoffs can be a necessary cost-cutting measure. However, there are counterproductive problems associated with layoffs, such as increased turnover, especially among the best, most productive workers, and the creation of anxiety among remaining staff, resulting in lower morale, reduced worker engagement, and decreased productivity. Therefore, whenever financially feasible, firms need to look for alternatives to layoff and retain as many workers as possible. We consider four of these alternatives. First, some companies choose to implement a restricted hiring policy that reduces the workforce by not replacing employees who leave. There are basically three forms of freezes. A hard freeze means that no new workers are hired to replace a vacated position. A soft freeze means that the company is only hiring to fill critical positions. New workers are hired only when the overall performance of the organization may be affected. For instance, President Donald J. Trump ordered a soft hiring freeze in most federal government agencies in 2017, excluding the military. A goal of this freeze was to save millions of dollars for working individuals whose income taxes fund much of federal government employment.25 At the same time, he authorized that the head of any executive department or agency may fill vacant jobs that are deemed necessary to promote national security or public safety. Still, many concerns have been raised about the soft freeze. For example, Bill Valdez, President of the Senior Executives Association, expressed concerns, “that the freeze, coupled with negative views of federal workers in recent years in Congress and the press, will have a chilling effect on the ability of the federal government to attract and recruit talent it needs . . . ”26 A new term, smart freeze has entered HR vocabulary. HR and managers evaluate every position to determine the ones the company could not survive without and those that are difficult to fill and continue to hire them. Some critics of the federal government’s hiring freeze argued for the need to adopt a smart freeze approach. Renee M. Johnson, President of the Federal Managers Association, said, “The American taxpayer would be better served with improvements to the workforce, not blind cuts. All federal agencies should be allowed to match hiring actions that align with essential mission and funding.”27 Second, many companies are considering the use of voluntary severance packages to reduce workforce size and operating costs. Severance packages, also known as buyouts, refer to pay and benefits awarded to employees for a period after they leave the company. Oftentimes, buyouts include bonus payments that vary in amount based on salary and years of service. Recently, The Wall Street Journal offered an “enhanced voluntary severance benefit” to all news employees worldwide as an alternative to layoffs.28 Several newspaper companies have experienced precipitous drops in advertising revenue, subscription fees, and profits because many reputable news sources are available free of charge on the internet.29 As readership drops, advertisers choose to spend their money elsewhere to capitalize on larger audiences. Poor business performance is not the only trigger for buyouts. For instance, online shoe and apparel retailer Zappos transformed its organization from one with multiple layers of management and individual decision making to a self-managed arrangement where there were no formal titles or reporting relationships.30 Instead, the company gave decision making power to flexible teams. Zappos CEO Tony Hsieh recognized that this change would not be a good fit for all employees. He decided to offer a voluntary buyout to anyone who wanted to leave the company. Nearly 20 percent of the workforce accepted the buyout.31 Third, early retirement is another way to reduce the number of workers. Some employees will be delighted to retire, but others will be somewhat reluctant. However, the latter may be willing to accept early retirement if the total retirement package is made sufficiently attractive. A tactic that is popular in the construction market is swapping employees. Some companies loan out staff to partner companies during slow times, while promising to hire back the workers when conditions improve. While the workers were away, they learned new skills and those left behind learned the skills to replace them. Fourth, some companies permit an employee to go from full-time to 30 hours a week without losing health benefits.32 Some companies may offer job-sharing arrangements. This arrangement can enable organizations to retain top talent in lieu of layoffs while having minimal impact on the overall labor budget. For example, employee benefits can be fairly managed on a per-employee basis, as two 20-hour-a-week part timers may have comparably pro-rated, scaled back benefits. Other companies may reduce the workweek from five days to four thereby having a 20 percent reduction in wages. Some companies may offer an unpaid holiday option where instead of taking two weeks off, employees are being asked to take five, with three being unpaid. The classic case of a firm that believes a no-layoff policy is best for continuous well-being of the firm is Cleveland’s Lincoln Electric, a manufacturer of arc welding equipment. Lincoln Electric offers its Guaranteed Continuous Employment Plan, which provides covered employees with security against layoffs because of lack of work.33 The company has faithfully honored its commitment through the past 68 years (as of 2016, which was the latest available data) even through difficult economic climates.34 Since the 1930s, this $3 billion company has kept its promise to its U.S. employees to never lay them off for economic reasons. For decades, wages were 20 to 30 percent above industry averages. The firm believes that a stable workforce provides a long-term competitive advantage. In difficult times, hours are reduced, people are reassigned, and white-collar salaries are cut. If workers meet the firm’s performance standards, no one is laid off. FYI One survey of organizations revealed that only 21 percent had identified their workforce needs six to 10 years into the future. 35 Succession Planning: A Component of Strategic Planning Succession planning is the process of ensuring that qualified persons are available to assume key managerial positions once the positions are vacant. Nothing could be as important to the strategic well-being of a company as ensuring that a qualified person is in place to lead the company both now and in the future. This succession planning definition includes untimely deaths, resignations, terminations, or the orderly retirements of key managerial personnel. The goal is to help ensure a smooth transition and operational efficiency, but the transition is often difficult. The Institute for Corporate Productivity (i4cp) paper “Succession Planning Highlight Report” found that succession planning will be among the top five challenges executives face in the future.36 However, in another survey, more than half of United States and Canadian companies surveyed could not immediately name a successor to their organization’s chief executive officer. succession planning Process of ensuring that qualified persons are available to assume key managerial positions once the positions are vacant. General Electric (GE) provides an example of a company with an excellent succession plan. At GE, the goal is same-day succession. When senior vice president Larry Johnston quit to become the CEO at Albertsons, the position was filled the same day. Bill Conaty, former senior vice president of HR at General Electric said, “We had candidates with two or three backups for all key positions—including the C-suite and all business units. And the board already knew who was lined up thanks to six-month reviews.”37 This process is in sharp contrast to the difficulty that Hewlett-Packard has experienced in the selection of a new CEO. HP has its third CEO in slightly more than a year38 and its eighth CEO since 1999.39 None of the former CEOs at HP had implemented a succession plan that would have at least identified internal candidates who were qualified to take over should the need arise.40 This form of disruption can be a serious drain on both morale and the financial well-being of the firm. Should companies focus exclusively on internal or external candidates? Joseph L. Bower, author of The CEO Within, found that CEOs who were promoted from within the company are generally more successful than CEOs recruited from other companies. Still, the succession plan needs to consider both external and internal candidates. One approach for increasing the success of external hires is to have them serve in an executive role for a short period before promoting them to the CEO position.41 Because of the tremendous changes that will confront management this century, succession planning is taking on more importance than ever before. Deaths are not the only challenges that have created an increased focus on succession planning. For example, the premature firing of CEOs is no longer a rare event. CEOs are being terminated more quickly than in the past. In recent years, succession planning is going much deeper into the workforce. A firm might have a good succession plan for top-level positions but few plans for the levels where all the work is performed. There is a movement away from traditional succession planning, which was focused only on top executives of the company. Succession management is now involving middle managers, where they are developed to help ensure that key roles below the C-suite have ready replacements.42 Companies that do not engage in succession planning now will eventually be forced to do it in the future. Members of the baby boom generation—born between 1946 and 1964—are mostly in their 50s and 60s. In 2024, this cohort will be ages 60 to 78.43 Although more people are working longer than ever before, companies will lose employees in leadership positions at an alarming rate. How can companies address this problem? It is in a company’s best interests to ensure that there is a transfer of knowledge from older employees to younger employees. Establishing mentoring programs may help. Also, companies should not abruptly lay off older workers, but rather to ensure that there is a smooth transition of leadership as they retire.44 Oftentimes, this goal can be accomplished with phased in retirement programs that permit full-time employees to gradually reduce their work hours over a few years. Succession planning is often neglected in small businesses because it is generally thought of in terms of replacing CEOs and key executives within larger businesses. But, succession planning is just as, or more, important for small businesses. A problem, however, is that only 31 percent of small business owners say their businesses are extremely or very prepared for such an event.45 Without proper succession planning, the company could face economic and tax disasters. Often the small business owner’s argument against succession planning may be “we’re too small,” “we’re too new,” “we have good people in place,” or “I’m not going anywhere soon.”46 Many of today’s small businesses will not survive to the next generation of same family ownership. In fact, it is estimated that only 30 percent of businesses make it to the second generation, and just 10 percent survive to the third generation.47 Peter Handal, president, CEO, and chairman of Dale Carnegie Training, said, “The failure to establish a comprehensive succession plan is a leading cause of this phenomenon.”48
Job Analysis: Process and Methods 4.3 Describe the job analysis process and methods. Job analysis is the systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization. With job analysis, the tasks needed to perform the job are identified. Traditionally, it is an essential and pervasive HR technique and the starting point for other HR activities. In today’s rapidly changing work environment, the need for a sound job analysis system is critical. New jobs are being created, and old jobs are being redesigned or eliminated. A job analysis that was conducted only a few years ago may now be obsolete and must be redone. Some have even suggested that changes are occurring too fast to maintain an effective job analysis system. job analysis Systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization. A job consists of a group of tasks that must be performed for an organization to achieve its goals. A job may require the services of one person, such as that of the president, or the services of 75, as might be the case with machine operators in a large manufacturing firm. A position is the collection of tasks and responsibilities performed by one person; there is a position for every individual in an organization. job Group of tasks that must be performed for an organization to achieve its goals. position Collection of tasks and responsibilities performed by one person. In a work group consisting of a supervisor, two senior analysts, and four analysts, there are three jobs and seven positions. A small company might have 25 jobs for its 75 employees, whereas in a large company 2,000 jobs may exist for 50,000 employees. In some firms, as few as 10 jobs may make up 90 percent of the workforce. The purpose of job analysis is to obtain answers to six important questions: What physical and mental tasks does the worker accomplish? When is the job to be completed? Where is the job to be accomplished? How does the worker do the job? Why is the job done? What qualifications are needed to perform the job? Job analysis provides a summary of a job’s duties and responsibilities, its relationship to other jobs, the knowledge and skills required, and working conditions under which it is performed. Job facts are gathered, analyzed, and recorded, as the job exists, not as the job should exist. Determining how the job should exist is most often assigned to industrial engineers, methods analysts, or others. Job analysis is conducted after the job has been designed, the worker has been trained, and the job is being performed. Job analysis is performed on three occasions: (1) when the organization is founded and a job analysis program is initiated for the first time; (2) when new jobs are created; and (3) when jobs are changed significantly because of new technologies, methods, procedures, or systems. Jobs also change when there is increased emphasis on teamwork in organizations, empowerment of employees, or other managerial interventions such as quality management systems. Job analysis is most often performed because of changes jobs. From job analysis information, both job descriptions and job specifications can be prepared. The job description is a document that provides information regarding the essential tasks, duties, and responsibilities of the job. The minimum acceptable qualifications a person should possess to perform a job are contained in the job specification.49 Both types of documents will be discussed in greater detail later in this chapter. job description Document that provides information regarding the essential tasks, duties, and responsibilities of a job. job specification A document that outlines the minimum acceptable qualifications a person should possess to perform a job. Reasons for Conducting Job Analysis As Figure 4-5 shows, data derived from job analysis in the form of the job description/specification can have an impact on virtually every aspect of HR management. In practice, both the job description and job specification are combined into one document with the job specification presented after the job description. FIGURE 4-5 Job Analysis: A Basic Human Resource Management Tool Figure 4-5 Full Alternative Text Staffing All areas of staffing would be haphazard if the organization did not know the qualifications needed to perform the various jobs. A major use of job analysis data is found in HR planning (as discussed earlier in this chapter). Merely knowing that the firm will need l,000 new employees to produce goods or services to satisfy sales demand is insufficient. Each job requires different knowledge, skills, and ability levels. Obviously, effective HR planning must take these job requirements into consideration. Also, lacking up-to-date job descriptions and specifications, a firm would have to recruit and select employees for jobs without having clear guidelines, a practice that could have disastrous consequences. Training and Development Job description information often proves beneficial in identifying training and development needs. If it suggests that the job requires a knowledge, skill, or ability, and the person filling the position does not possess all the qualifications required, training or development are probably in order. Training should be directed at assisting workers in performing duties specified in their present job descriptions or at developing skills for broader responsibilities. Performance Appraisal Most workers want to know what they are supposed to accomplish and good job descriptions provide that. Then, employees should be evaluated in terms of how well they accomplish the duties specified in their job descriptions and any other specific goals that may have been established. A manager who evaluates an employee on factors not clearly predetermined is left open to allegations of discrimination. Compensation In the area of compensation, it is helpful to know the relative value of a job to the company before a dollar value is placed on it. Jobs that require greater knowledge, skills, and abilities should be worth more to the firm. For example, the relative value of a job calling for a master’s degree normally would be higher than that of a job that requires a high school diploma. This might not be the case if the market value of the job requiring only a high school diploma was higher, however. Such a situation occurred in a major West Coast city many years ago. It came to light that city sanitation engineers (garbage collectors) were paid more than better-educated public schoolteachers. Safety and Health Information derived from job analysis is also valuable in identifying safety and health considerations. For example, employers are required to inform workers when a job is hazardous. The job description/specification should reflect this condition. In addition, in certain hazardous jobs, workers may need specific information about the hazards to perform their jobs safely. Employee and Labor Relations Job analysis information is also important in employee and labor relations. When employees are considered for promotion, transfer, or demotion, the job description provides a standard for evaluation and comparison of talent. Information obtained through job analysis can often lead to more objective human resource decisions. Legal Considerations A properly prepared job analysis is particularly important for supporting the legality of employment practices. Before the equal employment opportunity movement in the early 1960s and 1970s, few firms had effective job analysis systems.50 But the need to validate basic job requirements hastened the growth in the use of job analysis to prepare job descriptions/specifications. The importance of job analysis is well documented in the Uniform Guidelines on Employee Selection Procedures. 51 Job analysis data are needed to defend decisions involving termination, promotion, transfers, and demotions. Job analysis provides the basis for tying the HR functions together and the foundation for developing a sound HR program. Although the law does not require that companies use job analysis, a successful defense against claims of alleged violations of the following laws may depend on the appropriate use of job analysis: Fair Labor Standards Act: Jobs are categorized as exempt or nonexempt, and job analysis is basic to this determination. Workers in nonexempt jobs must be paid time and a half when they work more than 40 hours per week. Overtime pay is not required for exempt employees. Equal Pay Act: If jobs are not substantially different, employees performing them must receive similar pay. When pay differences exist, job descriptions can be used to show whether jobs are substantially equal in terms of skill, effort, responsibility, and working conditions. Civil Rights Act: HR management has focused on job analysis because selection methods need to be clearly job related. Job descriptions may provide the basis for an equitable compensation system and an adequate defense against unfair discrimination charges in initial selection, promotion, and all other areas of HR administration. When job analysis is not performed, defending certain qualifications established for the job is usually difficult. In the Griggs v. Duke Power Company case, the company stated that supervisors must have a high school diploma. However, the company could show no business necessity for this standard. Placing a selection standard in the job specification without having determined its necessity through job analysis makes the firm vulnerable in discrimination suits. Occupational Safety and Health Act: Job descriptions are required to specify elements of the job that endanger health or are considered unsatisfactory or distasteful by much of the population. Showing the job description to the employee in advance is a good defense. Americans with Disabilities Act (ADA)/ADA Amendments Act: Employers are required to make reasonable accommodations for workers with disabilities who can perform the essential functions of a job and job analysis is needed to obtain this information. Key elements used to determine essential functions include physical skills, mental skills, job duties, and behavioral skills.52 The EEOC defines reasonable accommodation as any modification or adjustment to a job, an employment practice, or the work environment that makes it possible for an individual with a disability to enjoy an equal employment opportunity. The ADA Amendments Act expands the definition of “disability” and many more applicants and employees are eligible for reasonable accommodations. Certainly, stating that every task in a job is essential sends a red flag to the EEOC.53 Job Analysis Methods Considerable information is needed for the successful accomplishment of job analysis. The job analyst identifies the job’s actual duties and responsibilities and gathers the other types of data such as work activities; worker-oriented activities; machines, tools, equipment, and work aids used; and personal requirements. This information is used to help determine the job skills needed. In addition, the job analyst looks at job-related tangibles and intangibles, such as the knowledge needed, the materials processed, and the goods made or services performed. Essential functions of the job are determined in this process. Some job analysis systems identify job standards. Work measurement studies may be needed to determine how long it takes to perform a task. Regarding job content, the analyst studies the work schedule, financial and nonfinancial incentives, and physical working conditions. Education, training, and work experience pertinent to the job are identified. Because many jobs are often performed in conjunction with others, organizational and social contexts are also noted. Subjective skills required, such as strong interpersonal skills, should be identified if the job requires the jobholder to be personable. Job analysis has traditionally been conducted in several different ways because organizational needs and resources for conducting job analysis differ. Selection of a specific method should be based on the purposes for which the information is to be used (job evaluation, pay increases, development, and so on) and the approach that is most feasible for a organization. The historically most common methods of job analysis are discussed in the following sections. Questionnaires Questionnaires are typically quick and economical to use. The job analyst may administer a structured questionnaire to employees, who identify the tasks they perform. However, in some cases, employees may lack verbal skills, a condition that makes this method less useful. Also, some employees may tend to exaggerate the significance of their tasks, suggesting more responsibility than exists. Observation When using the observation method, the job analyst watches the worker perform job tasks and records his or her observations. This method is used primarily to gather information on jobs emphasizing manual skills, such as those of a machine operator. It can also help the analyst identify interrelationships between physical and mental tasks. Observation alone is usually an insufficient means of conducting job analysis, however, particularly when mental skills are dominant in a job. Observing a financial analyst at work would not reveal much about the requirements of the job. Interviews An understanding of the job may also be gained through interviewing both the employee and the supervisor. Usually, the analyst interviews the employee first, helping him or her describe the duties performed. Then, the analyst normally contacts the supervisor for additional information, to check the accuracy of the information obtained from the employee, and to clarify certain points. Employee Recording In some instances, job analysis information is gathered by having employees describe their daily work activities in a diary or log. With this method, the problem of employees exaggerating job importance may have to be overcome. Even so, valuable understanding of highly specialized jobs, such as recreational therapist, may be obtained in this way. Combination of Methods Usually an analyst does not use one job analysis method exclusively. A combination of methods is often more appropriate. In analyzing clerical and administrative jobs, the analyst might use questionnaires supported by interviews and limited observation. In studying production jobs, interviews supplemented by extensive work observations may provide the necessary data. Basically, the analyst should use the combination of techniques needed for accurate job descriptions/specifications. Over the years, attempts have been made to provide more systematic methods of conducting job analysis. Several of these approaches are discussed in Table 4-1. TABLE 4-1 Other Methods Available for Conducting Job Analysis Functional Job Analysis Functional job analysis (FJA) is a comprehensive job analysis approach that concentrates on the interactions among the work, the worker, and the organization. This approach is a modification of the job analysis schedule. It assesses specific job outputs and identifies job tasks in terms of task statements. Position Analysis Questionnaire The position analysis questionnaire (PAQ) is a structured job analysis questionnaire that uses a checklist approach to identify job elements. It focuses on general worker behaviors instead of tasks. Some 194 job descriptors relate to job-oriented elements. Advocates of the PAQ believe that its ability to identify job elements, behaviors required of job incumbents, and other job characteristics makes this procedure applicable to the analysis of virtually any type of job. Each job descriptor is evaluated on a specified scale such as extent of use, amount of time, importance of job, possibility of occurrence, and applicability. Each job being studied is scored relative to the 32 job dimensions. The score derived represents a profile of the job; this can be compared with standard profiles to group jobs into known job families, that is, job of a similar nature. In essence, the PAQ identifies significant job behaviors and classifies jobs. Using the PAQ, job descriptions can be based on the relative importance and emphasis placed on various job elements. The PAQ has been called one of the most useful job analysis methods. Management Position Description Questionnaire The management position description questionnaire (MPDQ) is a method of job analysis designed for management positions; it uses a checklist to analyze jobs. The MPDQ has been used to determine the training needs of individuals who are slated to move into managerial positions. It has also been used to evaluate and set compensation rates for managerial jobs and to assign the jobs to job families. Guidelines-Oriented Job Analysis The guidelines-oriented job analysis (GOJA) responds to the legislation affecting staffing and involves a step-by-step procedure to define the work of a job classification. It is also used for developing selection tools, such as application forms, and for documenting compliance with various legal requirements. The GOJA obtains the following types of information: (1) machines, tools, and equipment; (2) supervision; (3) contacts; (4) duties; (5) knowledge, skills, and abilities; (6) physical and other requirements; and (7) differentiating requirements. The person who conducts job analysis is interested in gathering data on what is involved in performing a job. The people who participate in job analysis should include, at a minimum, the employee and the employee’s immediate supervisor. Large organizations may have one or more job analysts, but in small organizations line supervisors may be responsible for the task. Organizations that lack the technical expertise may use outside consultants to perform job analysis. Regardless of the approach taken, before conducting job analysis, the analyst should learn as much as possible about the job by reviewing organizational charts and talking with individuals acquainted with the jobs to be studied. Before beginning, the supervisor should introduce the analyst to the employees and explain the purpose of the job analysis. Upon completion of the job analysis, two basic HR documents—job descriptions and job specifications—can be prepared. As previously mentioned, in practice, both the job description and job specification are combined into one document with the job specification presented after the job description.
Job Descriptions 4.4 Summarize the components of a job description. Information obtained through job analysis is crucial to the development of job descriptions. It is vitally important that job descriptions are both relevant and accurate.54 They should provide concise statements of what employees are expected to do on the job, how they do it, and the conditions under which the duties are performed. Concise job descriptions put an end to the possibility of hearing, “That’s not my job.” Among the items frequently included in a job description are these: Major duties performed Percentage of time devoted to each duty Performance standards to be achieved Working conditions and possible hazards Number of employees performing the job, and to whom they report The machines and equipment used on the job Having accurate job descriptions is the starting point for most HR tasks. Table 4-2 provides some suggestions for the proper language to be used in job descriptions. TABLE 4-2 Proper Language in the Job Description Source: www.sba.gov/content/writing-effective-job-descriptions Keep each statement in the job description crisp and clear: Structure your sentences in classic verb/object and explanatory phrases. Since the occupant of the job is your sentences’ implied subject, it may be eliminated. For example, a sentence pertaining to the description of a receptionist position might read, “Greets office visitors and personnel in a friendly and sincere manner.” Always use the present tense of verbs. If necessary, use explanatory phrases telling why, how, where, or how often to add meaning and clarity. For example, “Collects all employee time sheets on a biweekly basis for payroll purposes.” Omit any unnecessary articles such as “a,” “an,” “the,” or other words for an easy-to-understand description. Using the above example, the statement could have read, “Greets all visitors and the office personnel to the building in a friendly and a sincere manner.” Use unbiased terminology. For example, use the ‘he/she’ approach or construct sentences in such a way that gender pronouns are not required. Avoid using words which are subject to differing interpretations. Try not to use words such as “frequently,” “some,” “complex,” “occasional,” and “several.” The contents of the job description vary somewhat with the purpose for which it will be used. The next sections address the parts of a job description. Job Identification The job identification section includes the job title, the department, the reporting relationship, and a job number or code. A good title will closely approximate the nature of the work content and will distinguish that job from others. Unfortunately, job titles are often misleading. An executive assistant in one organization may be little more than a highly paid clerk, whereas a person with the same title in another firm may practically run the company. For instance, one former student’s first job after graduation was with a major tire and rubber company as an assistant district service manager. Because the primary duties of the job were to unload tires from trucks, check tread wear, and stack tires in boxcars, a more appropriate title would probably have been tire checker and stacker. Date of the Job Analysis The job analysis date is placed on the job description to aid in identifying job changes that would make the description obsolete. Some firms have found it useful to place an expiration date on the document. This practice ensures periodic review of job content and minimizes the number of obsolete job descriptions. Job Summary The job summary provides a concise overview of the job. It is generally a short paragraph that states job content. Duties Performed The body of the job description delineates the major duties to be performed. Usually, one sentence beginning with an action verb (such as receives, performs, establishes, or assembles) adequately explains each duty. Essential functions may be shown in a separate section to aid in complying with the Americans with Disabilities Act. An example of a job description/specification of a records clerk is shown in Figure 4-6. FIGURE 4-6 Job Description/ Specification Example Administrative Information Job Title: Records Clerk Department: Loan Operations eports To: Loan Operation Manager Job Number: 11 Date of Job Analysis January 3, 2018 Expiration Date January 2021 Job Summary Returns all consumer paid loan documents to customers. Supervises the daily activities of two clerks. Essential Functions Performed Receives monthly files for accounts that have been paid in full and require the return of contracts, mortgage documents, auto titles, and other documents. Answers telephone and e-mail inquiries from customers or loan officers concerning documents. Maintains file on temporary automobile titles until permanent title is received. Files permanent automobile titles, contracts, mortgage documents, and other documents in customer files daily. Supervises two file clerks who maintain correspondence and other general files. Performs file clerk duties as needed. Performs other duties, as required, on a temporary basis, to maintain section or departmental operations and services. Job Specifications Education High school diploma preferred, but not required Experience Six months or more in a financial institution and familiarity with various loan documents Skills Required Working knowledge of Microsoft Word and Excel Ability to enter data at a rate of 35 words per minute Job Specification Job specifications should always reflect the minimum, not the ideal qualifications for a job. Several problems may result if specifications are inflated. First, if specifications are set too high, they might systematically eliminate minorities or women from consideration for jobs. Therefore, the organization runs the risk of being charged with discrimination. Second, compensation costs will increase because ideal candidates should be compensated more than candidates with lesser skills. Third, job vacancies will be harder to fill because ideal candidates are more difficult to find than minimally qualified candidates. Finally, including an unnecessary requirement in the job specification may keep qualified applicants out of the selection pool.55 Determining the appropriate qualifications for a job is undoubtedly the most difficult part of job analysis. It requires a great deal of probing on the part of the job analyst as well as a broad understanding of the skills needed to perform varieties of work. Items typically included in the job specification are factors that are job related, such as educational requirements, experience, and job-related personality traits and physical abilities. As previously mentioned, in practice, job specifications are often included as a major section of job descriptions. After jobs have been analyzed and the descriptions written, the results should be reviewed with the supervisor and the worker to ensure that they are accurate, clear, and understandable. The courtesy of reviewing results with employees also helps to gain their acceptance. FYI The Standard Occupational Classification: Classifies all workers into one of 840 detailed occupations according to their occupational definition. Detailed occupations are combined to form 461 broad occupations, 97 minor groups, and 23 major groups.56 Standard Occupational Classification (SOC) The U.S. Bureau of Labor Statistics created and updates the Standard Occupational Classification (SOC) system, which is used by federal statistical agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data. Detailed occupations in the SOC with similar job duties, and in some cases skills, education, or training, are grouped together. The federal government updates job descriptions for all U.S. workers every 10 years. The SOC’s substantive structural changes are based on actual changes in the nature or organization of work activities being performed in the economy. The update also provides an opportunity for professional organizations and labor groups to seek recognition or a higher profile for their members’ occupations by gaining a separate listing or reclassification. Most current occupations will be unaffected, except perhaps for a change in the description’s wording. Some representative SOC descriptions for HR professionals may be seen in Table 4-3.57 HR Web Wisdom Standard Occupational Classification (SOC) www.bls.gov/soc/2010/soc\_alph.htm Provides an alphabetical list of SOC occupations. TABLE 4-3 Representative SOC Descriptions for HR Professionals Source: www.bls.gov/soc. 13-1071 Human Resources Specialists Perform activities in the human resource area. Includes employment specialists who screen, recruit, interview, and place workers. Excludes “Compensation, Benefits, and Job Analysis Specialists” (13-1141) and “Training and Development Specialists” (13-1151). Illustrative examples: Staffing Coordinator, Personnel Recruiter, Human Resources Generalist 11-3111 Compensation and Benefits Managers Plan, direct, or coordinate compensation and benefits activities of an organization. Job analysis and position description managers are included in “Human Resource Managers” (11-3121). Illustrative examples: Wage and Salary Administrator, Employee Benefits Director, Compensation Director 13-1141 Compensation, Benefits, and Job Analysis Specialists Conduct programs of compensation and benefits and job analysis for employer. May specialize in specific areas, such as position classification and pension programs. Illustrative examples: Employee Benefits Specialist, Retirement Plan Specialist, Job Analyst 11-3131 Training and Development Managers Plan, direct, or coordinate the training and development activities and staff of an organization. Illustrative examples: Labor Training Manager, Employee Development Director, E-Learning Manager 17-2111 Health and Safety Engineers, Except Mining Safety Engineers and Inspectors Promote worksite or product safety by applying knowledge of industrial processes, mechanics, chemistry, psychology, and industrial health and safety laws. Includes industrial product safety engineers. Illustrative examples: Product Safety Engineer, Fire Protection Engineer, Industrial Safety Engineer The Occupational Information Network (O\*NET) The Occupational Information Network (O\*NET) is a comprehensive database of worker attributes and job characteristics, which is administered by the U.S. Department of Labor’s Employment and Training Administration and developed in collaboration with a variety of private and public companies. O\*NET is comprehensive because it incorporates information about both jobs and workers. The O\*NET Content Model lists six categories of job and worker information. Job information contains the components that relate to the actual work activities of a job (i.e., information that HR professionals should include in the summary and duties sections of job descriptions). Worker information represents characteristics of employees that contribute to successful job performance. Figure 4-7 shows the six categories of the O\*NET Content Model. According to the creators of O\*NET, the Content Model was developed using research on job and organizational analysis. It embodies a view that reflects the character of occupations (via job-oriented descriptors) and people (via worker-oriented descriptors). The Content Model also allows occupational information to be applied across jobs, sectors, or industries and within occupations. HR Web Wisdom O\*NET OnLine www.onetonline.org/ O\*NET OnLine has detailed descriptions of the world of work for use by job seekers, workforce development and HR professionals, students, researchers, and more! FIGURE 4-7 O\*NET Content Model Figure 4-7 Full Alternative Text O\*NET is a flexible, easy-to-use database system that provides a common language for defining and describing occupations. Its flexible design also captures rapidly changing job requirements. It provides the essential foundation for facilitating career counseling, education, employment, and training activities by providing information about knowledge, skills, abilities, interests, general work activities, and work context.58 Portions of the information included in an O\*NET description for a Human Resources Specialist may be seen in Table 4-4. A particularly useful tool, available on the U.S. Department of Labor’s Career One Stop web site, enables you to prepare job descriptions using O\*NET data (https://www.careeronestop.org/BusinessCenter/JDW/GettingStarted.aspx). TABLE 4-4 Human Resources Specialist Source: http://online.onetcenter.org/ Tasks Prepare or maintain employment records related to events such as hiring, termination, leaves, transfers, or promotions, using human resources management system software. Interpret and explain human resources policies, procedures, laws, standards, or regulations. Hire employees and process hiring-related paperwork. Inform job applicants of details such as duties and responsibilities, compensation, benefits, schedules, working conditions, or promotion opportunities. Address employee relations issues, such as harassment allegations, work complaints, or other employee concerns. Maintain current knowledge of Equal Employment Opportunity (EEO) and affirmative action guidelines and laws, such as the Americans with Disabilities Act (ADA). Knowledge Personnel and Human Resources—Knowledge of principles and procedures for personnel recruitment, selection, training, compensation and benefits, labor relations and negotiation, and personnel information systems. English Language—Knowledge of the structure and content of the English language including the meaning and spelling of words, rules of composition, and grammar. Clerical—Knowledge of administrative and clerical procedures and systems such as word processing, managing files and records, stenography and transcription, designing forms, and other office procedures and terminology. Administration and Management—Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources. Skills Active Listening—Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times. Speaking—Talking to others to convey information effectively. Reading Comprehension—Understanding written sentences and paragraphs in work related documents. Oral Comprehension—The ability to listen to and understand information and ideas presented through spoken words and sentences. Oral Expression—The ability to communicate information and ideas in speaking so others will understand. Written Comprehension—The ability to read and understand information and ideas presented in writing.
Competencies and Competency Modeling
4.5 Explain what competencies and competency modeling are.

The term competency has become an increasingly important topic in HR practice because of the changing nature of work. Competencies build on the use of knowledge, skills, and abilities, which we describe with job analysis, to describe work. Competencies refer to an individual’s capability to orchestrate and apply combinations of knowledge, skills, and abilities consistently over time to perform work successfully in the required work situations. Traditionally, as we have seen, work has been described by many dimensions including knowledge, skills, and abilities; and, this information is reported in job descriptions. Indeed, although this is largely still the case, HR professionals have embraced the ideas of competencies as the field has increasingly taken on strategic importance.

competencies
An individual’s capability to orchestrate and apply combinations of knowledge, skills, and abilities consistently over time to perform work successfully in the required work situations.

Oftentimes, HR professionals’ identification of competencies is derived from an analysis of the overall strategic statements of companies. For example, GE emphasizes three strategic goals for corporate growth: Globalization, Product Services, and Six Sigma (quality improvement). GE’s top management relies on four core competencies to drive business success, which they call the four “Es”: high Energy, the ability to Energize others, Edge (i.e., the ability to make tough calls), and Execute (i.e., the ability to turn vision into results).

Apart from the work of many private consulting firms, the U.S. Department of Labor’s Employment and Training Administration developed a framework for describing competencies and for building competency models. Competency modeling specifies and defines all the competencies necessary for success in a group of jobs that are set within an industry context. Figure 4-8 shows the basic framework for the Department of Labor’s competency model structure. According to the U.S. Department of Labor:

U S department of labor competency model.
FIGURE 4-8 U.S. Department of Labor Competency Model
Source: U.S. Department of Labor Employment and Training Administration, “Competency Model General Instructions,” CareerOneStop. Accessed February 10, 2017, at http://www.careeronestop.org/CompetencyModel/CareerPathway/CPWGenInstructions.aspx.

Figure 4-8 Full Alternative Text
competency modeling
Specifies and defines all the competencies necessary for success in a group of jobs that are set within an industry context.

Foundational Competencies
At the base of the model, Tiers 1 through 3 represent competencies that provide the foundation for success in school and in the world of work. Foundational competencies are essential to a large number of occupations and industries. Employers have identified a link between foundational competencies and job performance and have also discovered that foundational competencies are a prerequisite for workers to learn industry-specific skills.

Industry-Related Competencies
The competencies shown on Tiers 4 and 5 are referred to as Industry Competencies and are specific to an industry or industry sector. Industry-wide technical competencies cut across industry subsectors making it possible to create career lattices where a worker can move easily across industry subsectors. Rather than narrowly following a single occupational career ladder, this model supports the development of an agile workforce.

Occupation-Related Competencies
The competencies on Tiers 6, 7, 8, and 9 are referred to as Occupational Competencies. Occupational competency models are frequently developed to define performance in a workplace, to design competency-based curriculum, or to articulate the requirements for an occupational credential such as a license or certification.59

Figure 4-9 illustrates an example of a competency model for Solar Photovoltaic Installers who work in the renewable energy industry. The lower tiers, from personal effectiveness competencies through industry-sector technical competencies, apply to most jobs within the renewable energy industry. Hydroelectric production managers and wind engineers are examples of jobs within this industry. The top tiers, in this case, management competencies and occupation-specific competencies, apply to one or more, but not all, jobs within this industry. Figure 4-9 lists sample management competencies and occupation-specific competencies for the solar photovoltaic installer job. The U.S. Department of Labor’s Career One Stop Web site contains interactive tools for building competency models and career ladders (https://www.careeronestop.org/competencymodel/).

A 6-tier competency model for the renewable energy industry.
FIGURE 4-9 Renewable Energy Industry Competency Model
Source: U.S. Department of Labor Employment and Training Administration, “Renewable Energy,” CareerOneStop. Accessed February 10, 2017, at www.careeronestop.org/CompetencyModel/pyramid.aspx?RE=Y.
Job Design Concepts 4.6 Summarize job design concepts. We previously said that new jobs were being created at a rapid pace. If this is so, jobs should be designed. Job design is the process of determining the specific tasks to be performed, the methods used in performing these tasks, and how the job relates to other work in the organization. Several concepts related to job design will be discussed next. First, consider how Blackbird Guitars gets work done. Blackbird Guitars is a very small firm that requires employees to combine the tasks of multiple jobs. It is an excellent illustration of the importance of careful job design. job design Process of determining the specific tasks to be performed, the methods used in performing these tasks, and how the job relates to other work in an organization. Watch It 3 If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Blackbird Guitars: Managing HR Entrepreneurial Firms and respond to questions. Job Enrichment Strongly advocated by Frederick Herzberg, job enrichment consists of basic changes in the content and level of responsibility of a job to provide greater challenges to the worker. Job enrichment provides a vertical expansion of responsibilities. job enrichment Changes in the content and level of responsibility of a job to provide greater challenges to the worker. The worker can derive a feeling of achievement, recognition, responsibility, and personal growth in performing the job. Although job enrichment programs do not always achieve positive results, they have often brought about improvements in job performance and in the level of worker satisfaction in many organizations. Today, job enrichment is moving toward the team level, as more teams become autonomous, or self-managed. Job Enlargement There is a clear distinction between job enrichment and job enlargement. Job enlargement is defined as increasing the number of tasks a worker performs, with all the tasks at the same level of responsibility. job enlargement Increasing the number of tasks a worker performs, with all the tasks at the same level of responsibility. Job enlargement, sometimes called cross-training, involves providing greater variety to the worker. For example, instead of knowing how to operate only one machine, a person is taught to operate two or even three, but no higher level of responsibility is required. Workers with broad skills may become increasingly important as fewer workers are needed because of tight budgets. Some employers have found that providing job enlargement opportunities improves employee engagement and prevents stagnation.60 Job Rotation Job rotation (cross-training) moves employees from one job to another to broaden their experience. Higher-level tasks often require this breadth of knowledge. Rotational training programs help employees understand a variety of jobs and their interrelationships, thereby improving productivity. Job rotation is often used by organizations to relieve boredom, stimulate better performance, reduce absenteeism, and provide additional flexibility in job assignments. Also, if the task to be accomplished is boring or distasteful, job rotation means that one person will not be stuck with it for all times.61 Individuals who know how to accomplish more than one task are more valuable both to themselves and to the firm. Staffing then becomes more flexible and these multiskilled workers are then more insulated from layoffs.62 If job rotation is to be effective, management must be sure to provide sufficient training so that everyone in the rotation can perform the task in a similar manner.63 job rotation Moves workers from one job to another to broaden their experience. Reengineering Reengineering is “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed.”64 reengineering Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service, and speed. Reengineering essentially involves the firm rethinking and redesigning its business system to become more competitive. It emphasizes the radical redesign of work in which companies organizes around process instead of by functional departments. Incremental change is not what is desired; instead, deep-seated changes are wanted that will alter entire operations at one time. Essentially, the firm must rethink and redesign its business system from the ground up. Reengineering focuses on the overall aspects of job designs, organizational structures, and management systems. It stresses that work should be organized around outcomes as opposed to tasks or functions. Reengineering should never be confused with downsizing even though a workforce reduction often results from this strategy. Naturally, job design considerations are of paramount concern because as the process changes, so do essential elements of jobs. Through an initiative called Project Accelerate, Family Dollar reengineered its merchandising and supply chain processes to enable better performance by store teams. In doing so, it produced a new store layout that is easier and more convenient to shop.65 LG Electronics provides another example of how reengineering can work. LG management previously let each division deal with suppliers. That meant a procurement manager in Seoul did not know how much his counterpart at a flat-screen TV factory in Mexico paid for chips from the same company. Then Chief Executive Nam Yong decided to reengineer and rethink the company where managers seldom shared information. Today no one at LG can issue a purchase order without clearance from procurement engineering. By centralizing purchases, LG has cut more than $2 billion from its annual $30 billion purchases.66
Recruitment and the Recruitment Process
5.1 Define recruitment and describe the recruitment process.

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications to apply for jobs with an organization. The firm may then select those applicants with qualifications most closely related to job descriptions. Finding the appropriate way of encouraging qualified candidates to apply for employment is extremely important, however, because recruiting costs can be expensive. Thus, a properly functioning recruiting program can have a major impact on the bottom line of a company.

recruitment
Process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications to apply for jobs with an organization.

The recruitment process is critical because employees quickly become either assets or liabilities based on how they contribute to the value of the company.1 How many times have we heard CEOs state, “Our employees are our most important asset”? Instead they should be saying, “The right employees are our most important asset.” Hiring the best people available has never been more critical than it is today because of the economy and global competition. A company’s ability to recruit and manage talent has become the measure for the overall health and longevity of the organization.2 It is estimated that just the cost of replacing an employee alone when a bad decision is made is two to three times the employee’s annual salary.3 Therefore, it is crucial to have a finely tuned recruitment process if the selection process is to function properly.

When human resource planning indicates a need for employees, the firm may evaluate alternatives to hiring (see Figure 5-1). Frequently, recruitment begins when a manager initiates an employee requisition, a document that specifies job title, department, the date the employee is needed for work, and other details. With this information, managers can refer to the appropriate job description to determine the qualifications the recruited person needs.

employee requisition
Document that specifies job title, department, the date the employee is needed for work, and other details.

A diagram illustrates the recruitment process.
FIGURE 5-1 The Recruitment Process
Figure 5-1 Full Alternative Text
The next step in the recruitment process is to determine whether qualified employees are available within the firm (the internal source) or if it is necessary to look to external sources, such as colleges, universities, and other organizations. Because of the high cost of recruitment, organizations need to use the most productive recruitment sources and methods available.

Recruitment sources are where qualified candidates are located, such as colleges or competitors. Recruitment methods are the specific means used to attract potential employees to the firm, such as online recruiting.

recruitment sources
Where qualified candidates are located.

recruitment methods
Specific means used to attract potential employees to the firm.

Identifying productive sources of applicants and using suitable recruitment methods are essential to maximizing recruiting efficiency and effectiveness. When a firm identifies the sources of candidates, it uses appropriate methods for either internal or external recruitment to accomplish recruitment objectives. A candidate responds to the firm’s recruitment efforts by submitting professional and personal data on either an application for employment or a résumé, depending on the company’s policy.

Companies may discover that some recruitment sources and methods are superior to others for locating and attracting potential talent. Smart recruiters want to post their job where the best prospects are likely to be. For instance, one large, heavy-equipment manufacturer determined that medium-sized, state-supported colleges and universities located in rural areas were good sources of potential managers. Far fewer companies advertise job openings in newspapers. Instead, recruiters are now placing their recruiting money in areas that are most productive, such as with the use of social media. To maximize recruiting effectiveness, using recruitment sources and methods tailored to specific needs is vitally important (a topic discussed later in this chapter).

HR Web Wisdom
Social Network Recruiting

www.linkedin.com

LinkedIn is an online social network Web site.
Environment of Recruitment
5.2 Summarize the environment of recruitment.

Like other human resource functions, the recruitment process does not occur in a vacuum. Factors external to the firm can significantly affect its recruitment efforts.

Labor Market Conditions
Of importance to the success of recruitment is the demand for and supply of specific skills in the labor market. In general, a firm’s recruitment process is often simplified when the unemployment rate in an organization’s labor market is high. The number of unsolicited applicants is usually greater, and the increased size of the labor pool provides a better opportunity for attracting qualified applicants. However, if demand for a certain skill is high relative to supply, an extraordinary recruiting effort may be required. Further, the area where recruitment takes place often impacts the labor market conditions. Today, the labor market for many professional and technical positions is much broader and truly global particularly as new technologies take hold. For example, wind turbine technicians are in considerably high demand.4

Possessing a college degree used to be the passport to secure a good job.5 This largely remains to be the case when we consider unemployment rates and average weekly earnings by educational attainment. Figure 5-2 shows lower unemployment rates and higher average weekly earnings for progressively highly educational attainment. However, the type of degree awarded may mean the difference between getting a job that does not require a college degree and obtaining a professional well-paying position.6 Also, many of the jobs available today do not require a college degree. Rather, skills to perform crafts such as welders, pipe fitters, painters, and machinists are needed. In fact, today there is a critical shortage of such skills, particularly in the construction industry.7

A bar graph charts the median weekly earning and unemployment rate of different degree recipients. A correlation can be seen between a higher degree, more weekly income, and a lower unemployment rate.
FIGURE 5-2 Earnings and Unemployment Rates by Educational Attainment
Source: Bureau of Labor Statistics, Current Population Survey

Figure 5-2 Full Alternative Text
According to a recent McKinsey Global Institute report, 40 percent of full-time job openings in companies planning to hire remain unfilled for six months or longer because they cannot find qualified applicants.8 New technology may require that workers have a specialized degree even though one was unnecessary 10 years ago.9 There has been a “skill-based technology” change in the job market. According to CareerBuilder’s Brent Rasmussen, “Two in five employers (41 percent) reported that they continuously recruit throughout the year so that they have candidates in their pipeline in case a position opens up down the road. The skills gap that exists for high-growth, specialized occupations will become even more pronounced in the years to come, prompting the need to place a greater emphasis on reskilling workers through formal education and on-the-job training.”10 Computers have automated many of the repetitive physical and mental tasks. Workers are now being recruited who can perform tasks that cannot be automated and are nonrepetitive and more sophisticated.11

Active or Passive Job Seekers
The recruitment method that proves to be most successful will depend to an extent on whether the recruited individual is an active or passive job seeker. Active job seekers are individuals who are committed to finding another job whether presently employed or not. These individuals are usually easier to identify because their names have been placed in the job market. Their résumés are on job boards and friends, associates, or companies have been contacted directly to learn about job opportunities. Passive job seekers, on the other hand, are potential job candidates who are typically employed, satisfied with their employer, and content in their current role. But if the right opportunity came along, they might like to learn more. These individuals want to move slower and will ask a lot of questions before making a job change. They are more hesitant to risk leaving a good job for a new challenge and increased risk. Inevitably, opinions differ regarding whether one type of job seeker turned out to be a better employee than the other. A prevalent view favors active job seekers. B/E Aerospace routinely considered both active and passive job seekers. Over time, they concluded that active job seekers were better employees and stayed longer than passive job seekers. B/E Aerospace HR Director Jonathan Turner reasoned, “Active candidates are already looking and fundamentally prepared to switch companies, locations, or careers.”12 He went on to say that passive candidates are, “more difficult to find, engage with, and motivate to make major life changes, which leads to longer times to fill.”

active job seekers
Individuals committed to finding another job whether presently employed or not.

passive job seekers
Potential job candidates, who are typically employed, satisfied with their employer, and content in their current role but if the right opportunity came along, they might like to learn more.

This chapter identifies numerous recruitment methods. Some are more useful in identifying active job seekers and others are better used in recruiting passive job seekers. Naturally, some will be directed at both groups.

FYI
A recent study revealed that 90 percent of recent hires were actively searching for a new job. Of these, 44 percent relied on online job alerts.13

Legal Considerations
Legal matters also play a significant role in recruitment practices in the United States. This is not surprising because the candidate and the employer first make contact during the recruitment process. A poorly conceived recruiting process can do much to create problems in the selection process. Therefore, it is essential for organizations to emphasize nondiscriminatory practices at this stage.

The Office of Federal Contract Compliance Programs (OFCCP) has issued guidelines concerning the online recruiting policies of federal contractors and subcontractors. Companies must keep detailed records of each online job search. They must also identify what selection criteria were used and can explain why a person with protected status was not hired. Equal Employment Opportunity Commission (EEOC) guidelines suggest that companies with more than 100 employees keep staffing records for a minimum of two years. The threshold coverage is 50 employees if dealing with the OFCCP.

A dramatic increase in firms using the Internet for recruiting has added to management’s challenge to comply with the OFCCP. Under the rule, there are four criteria to determine whether an individual is an Internet applicant:

The job seeker has expressed interest through the Internet. Applicants have gone to the corporate career Web site and applied for a job that is listed.

The employer considers the job seeker for employment in an open position. If the applicant does not meet specific qualifications spelled out in the job-specification section of the job description, the résumé does not have to be considered.

The job seeker has indicated that he or she meets the position’s basic qualifications. If the position description calls for three years of work experience, and the individual has three years of experience in previous jobs, he or she would believe they meet the basic qualifications.

The applicant has not indicated he or she is no longer interested in the position.14

Employers must keep records of all expressions of interest through the Internet, including online résumés and internal databases. Employers are also expected to obtain the gender, race, and ethnicity of each applicant, when possible. This information enables a compilation of demographic data, such as age, race, and gender, based on that applicant pool. This data is used to determine whether a company’s hiring practices are discriminatory.
Internal Recruitment Methods
5.3 Explain internal recruitment methods.

Management should be able to identify current employees who are capable of filling positions as they become available. Helpful tools used for internal recruitment include human resource databases, job postings and job bidding, and employee referrals.

Human Resource Databases
Human resource databases permit organizations to determine whether current employees possess the qualifications for filling open positions. As a recruitment device, these databases have proven to be extremely valuable to organizations. Databases can be valuable in locating talent internally and supporting the concept of promotion from within.

Job Posting and Job Bidding
Job posting is a procedure for informing employees that job openings exist. Job bidding is a procedure that permits employees who believe that they possess the required qualifications to apply for a posted job.

job bidding
Procedure that permits employees who believe that they possess the required qualifications to apply for a posted position.

job posting
Procedure for informing employees that job openings exist.

Hiring managers usually want to give internal candidates priority to improve employees’ attitudes and stimulate their interest in the company. The job posting and bidding procedures can help minimize the commonly heard complaint that insiders never hear of a job opening until it is filled. Typically, vacant jobs are posted to internal candidates before external recruiting takes place. Several forums are available today to advise employees that a vacancy exists. In years past, jobs were literally posted on a bulletin board. Today, companies use the intranet, the Internet, or post the job on the company Web site or company Facebook page. Some companies send out e-mails and voice mail to selected managers and employees advising them that a vacancy exists.

HR BLOOPERS
Recruiting Skilled Machinists

Two months into her new position as Lead Recruiter at New World Manufacturing, Emily Lang is starting to feel frustrated. Emily was promoted to the Lead Recruiter position after three years as a recruiter for the company’s management training program. In that position, Emily impressed upper management with her ability to fill the trainee positions quickly and cost-effectively. Emily’s expertise in using social media helped her develop an impressive pipeline of talented candidates. Thus, she was promoted to a Lead Recruiter in the manufacturing division to help address their challenging staffing issues. The unemployment rate in the area is high and the company is having problems finding skilled machinists to staff their manufacturing positions. Emily immediately put her expertise to work to attempt to build a solid pipeline of candidates for the multitude of entry level positions in the factory. She started an online recruiting campaign including a LinkedIn and a Facebook page specifically for the division. She also started using the company Twitter account to spread the word about the open positions. Knowing that many of the applicants for these entry-level positions didn’t have résumés, she also created an easy to use online application on the company Web site. But her recruiting savvy doesn’t seem to be paying off. The manufacturing manager has informed her that there are still a dozen open positions and she doesn’t have any new applicants to share.

If your professor has assigned this, go to www.pearson.com/mylab/management to complete the HR Bloopers exercise and test your application of these concepts when faced with real-world decisions.

Many organizations, including Whirlpool, BMW, Kellogg, Hyatt, and Hewlett-Packard, manage internal candidates with Web-based applications. Employees create profiles that detail their skills and interests for their next ideal position and are notified when such a position exists. FedEx’s philosophy is that employees should be doing the kind of work they want to do. Its Web site helps candidates identify their ideal job. Using drop-down lists, it prompts them to enter data about desires, location, type of work, and so forth; it also asks them to describe their skills. When jobs open, managers have instant access to these electronic résumés in which the candidates have specified what they can and want to do.

Today, if a worker does not know about a vacancy, it is usually because he or she did not check the internal posting system regularly. Yet, even with an online system, a job posting and bidding system has some potential negative features. For one thing, an effective system requires the expenditure of time, effort, and money. Organizations need to be sure to treat internal candidates properly so they will not be discouraged or prompted to leave if they do not get the job. When bidders are unsuccessful, someone must explain to them why they were not selected. Management must choose the most qualified applicant or else the system will lack credibility. Still, complaints may occur, even in a well-designed and well-implemented system.

Employee Referrals
Employee referrals involve an employee of the company recommending a friend or associate as a possible member of the company; this continues to be the way that top performers are identified. In many organizations, the use of employee referrals produces the most and best-qualified applicants. Organizations such as Southwest Airlines, Microsoft, Disney, and Ritz-Carlton typically employ many of their new hires exclusively through employee referrals. It is just human nature that employees do not want to recommend a person unless they believe they are going to fit in and be productive. Thus, it is a powerful recruiting tool. Because of this, many companies have strengthened their employee referral program. These organizations have found that their employees can serve an important role in the recruitment process by actively soliciting applications from among their friends and associates.

employee referral
An employee of the company recommends a friend or associate as a possible member of the company; this continues to be the way that top performers are identified.

Some firms give incentives to their employees for successful referrals. A WorldatWork Bonus Program Practices survey found that 63 percent of companies offer referral bonuses and an additional 15 percent are considering one.15 Typically, the types of positions that a company would pay referral bonuses include professionals, technical, IT staff, and sales.16 Most often, bonuses range from $1,000 to $2,500 per successful referral, but, it is not unheard of to find substantially larger bonuses. For instance, Intel offers bonuses amounts as high as $4,000 for job candidate referrals that help the company meet its diversity objectives.17 Intel, like many technology companies, has come under criticism for not taking extra measures to recruit qualified women and minority candidates. In addition, it should be noted that employee referral practices have also proven valuable for other professions.

FYI
The percentage of companies that use employee referral bonuses pay them after the new employee completes:

At least 45 days: 23 percent

Between 1.5 and 3 months: 44 percent

Between 3 and 6 months: 28 percent

More than 6 months: 5 percent18

Typically, those who are referred by a present employee are more productive. Costs can be much lower than using advertising or agencies. Using referrals also reduces turnover among both new and existing employees because applicants come prescreened for culture fit. Small companies especially prefer to find candidates through referrals and networks of people they trust. Groupon, the online discounter, grew from 37 to 7,100 employees in 21 months. It acquires about 40 percent of new hires through employee referrals.19 A recent study found that referrals are twice as more likely to be interviewed than those who are not referred.20 Also, referrals are 40 percent more likely to be hired than those who are not referred.

Employee enlistment is a unique form of employee referral in which every employee becomes a company recruiter. This is different from merely asking employees to refer friends to the company. The firm supplies employees with simple business cards that do not contain names or positions. Instead, these cards have a message like, “We are always looking for great. For additional information, log on to our Web site.” Employees then distribute the cards wherever they go, at parties, sports events, family gatherings, picnics, or the park. The purpose is to let people know that the company does want people to apply. An interesting way of using e-mail in the recruitment process is to ask employees to put a footer in their e-mails reminding people that their company is hiring. It might say something like the following: “Note: We’re hiring amazing engineers, BD people, and a star Ops person. Refer a friend and get a fully paid trip to Hawaii for two.”21

Recruiters can often obtain referrals from new employees when they first join the firm. These new hires may provide leads regarding other candidates that have the skills and competences that the organization needs. Information from such candidates is often easy to obtain because the new hire is excited about joining the company and would like to have their friends and associates join them. Recruiters may simply ask, “Do you know anyone in your field who might like to work here?” A capable recruiter can then develop a list of good candidates with special skills who can be recruited.

A note of caution should be observed about the extensive use of employee referrals. The EEOC Compliance Manual explicitly warns that recruiting only at select colleges or relying on word-of-mouth recruiting, which includes employee referral programs, may generate applicant pools that do not reflect diversity in the labor market.
External Recruitment Sources
5.4 Identify external recruitment sources.

At times, a firm must look beyond its own borders to find employees, particularly when expanding its workforce. External recruitment is needed to (1) fill entry-level jobs; (2) acquire skills not possessed by current employees; and (3) obtain employees with different backgrounds to provide a diversity of ideas. As Figure 5-3 shows, even with internal promotions, firms still must fill entry-level jobs from the outside. Thus, after the president of a firm retires, a series of internal promotions follows. Ultimately, however, the firm must recruit externally for the entry-level position of salary analyst. If an outside candidate was selected for the president’s position, the chain reaction of promotions from within would not have occurred. If no current employee has the desired qualifications, candidates may be attracted from many outside sources.

A flowchart illustrates the effects of an internal promotions on external recruitment.
FIGURE 5-3 Internal Promotion and External Recruitment
Figure 5-3 Full Alternative Text
High Schools and Vocational Schools
High schools and vocational schools play an important role in preparing individuals for the workforce. Approximately 39 percent of the jobs in the U.S. labor force require a high school diploma or equivalent.22 Understandably, organizations concerned with recruiting clerical and other entry-level employees often depend on high schools and vocational schools. Many of these institutions have outstanding training programs for specific occupational skills, such as home appliance repair and small engine mechanics. Some companies work with schools to ensure a constant supply of trained individuals with specific job skills. In some areas, companies even loan employees to schools to assist in the training programs.

HR Web Wisdom
HR Internet Guides

www.hr-guide.com

This Web site contains links to other Internet-based resources for topics such as recruitment, selection, and equal employment opportunity.

Community Colleges
Many community colleges are sensitive to the specific employment needs in their local labor markets and graduate highly sought-after students with marketable skills. Typically, community colleges have two-year programs designed for both a terminal education and preparation for a four-year university degree program. Many community colleges also have excellent mid-management programs combined with training for specific trades. For example, San Juan College located in Farmington, New Mexico, has a well-respected veterinary technology program that is known nationwide. Career centers often provide a place for employers to contact students, thereby facilitating the recruitment process.

Colleges and Universities
Colleges and universities represent a major recruitment source for potential professional, technical, and management employees. Placement directors, faculty, and administrators can be helpful to organizations in their search for recruits. Establishing a relationship with faculty members is important because most professors are aware of their students’ academic performance and abilities. Because on-campus recruitment is mutually beneficial, both employers and universities should take steps to develop and maintain close relationships. It is important that the firm knows the school and the school knows the firm.

Competitors in the Labor Market
When recent experience is required, competitors and other firms in the same industry or geographic area may be the most important source of recruits. Another name for actively recruiting employees from competitors is called poaching. It has been estimated that poaching may account for 30 percent of the movement in labor.23 In fact, the most highly qualified applicants often come directly from competitors in the same labor market. Competitors and other firms serve as external sources of recruitment for high-quality talent. Even organizations that have policies of promotion from within actively recruit employees from competitors’ most productive workers. For example, tech companies are aggressively recruiting engineers, designers, computer scientists, and executives who could compete and adapt to the rapid changes that are occurring in the industry.24 This competition for specific skills has driven up pay for certain job skills. The competition for qualified applicants has been especially aggressive among workers involved in social media, mobile technology, and e-commerce even when the unemployment rate remained relatively high. With an improved economy, more organizations are susceptible to having employees lured away by competitors. In addition, managers are likely to be facing even more challenges than ever before because of business, demographic trends, and poor leadership development practices within firms.25 John Sullivan, author of 1000 Ways to Recruit Top Talent, states two problems when competitors “steal” employees; “One, you have to replace the talent, and in a time of tight labor markets, that’s a very hard—and very expensive—endeavor.” He goes on to say, “And two, the talent is taking ideas with them to a competitor.”26

Smaller firms look for employees trained by larger organizations that have greater developmental resources. For instance, one optical firm believes that its own operation is not large enough to provide extensive training and development programs. Therefore, a person recruited by this firm for a significant management role is likely to have held at least two previous positions with a competitor. In the following Watch It video, Hanno Holm, Chief Operating Office of Rudi’s Organic Bakery, discusses how his small, dynamic, and fast-growing company searches for the right employees and how the process differs from large companies.

Watch It 1
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Rudi’s Bakery: Human Resource Management and respond to questions.

Former Employees
At one time, when employees quit, their managers and peers tended to view them as being disloyal and ungrateful, and they were “punished” with no-return policies. A common attitude was that if you left your firm, you did not appreciate what the company had done for you. Those days are gone and often “goodbye” may not be forever. In fact, according to a recent survey, only 11 percent of human resources (HR) professionals said that they would not rehire departing workers if they wished to return.27 Today’s young workers are more likely to change jobs and later return to a former employer than their counterparts who entered the workforce 20 or 30 years ago, and smart employers try to get their best ex-employees to come back. The boomerang effect might happen because there was a strong bond with previous coworkers or the new job was not what the employee envisioned. Van Alstyne, HR manager for Staffing Plus, based in Haverford, Pennsylvania, said, “If employees depart on good terms, contact should be maintained through proactive networking efforts by the company. It keeps the door open for good employees to return.”28

The advantage of tracking former employees is that the firm knows their strengths and weaknesses and the ex-employees know the company. Tracking, recruiting, and hiring a former employee can be a tremendous benefit and can encourage others to stay with the firm. It sends the message that things are not always greener on the other side of the fence. The large number of people who will change jobs during their lifetime means businesses would be foolish to lose touch with them.

Unemployed
The unemployed often provide a valuable source of recruits. Qualified applicants join the unemployment rolls every day for various reasons. Companies may downsize their operations, go out of business, or merge with other firms, leaving qualified workers without jobs. Employees are also fired sometimes merely because of personality differences with their bosses. Frequently, employees become frustrated with their jobs and quit. Even individuals who have been out of work for extended periods should not be overlooked. According to the U.S. Bureau of Labor Statistics, the total number of job openings in 2016 was 5.5 million,29 with more than 7.5 million unemployed workers.30 In January 2017, the unemployment rate was 4.9 percent. However, if discouraged workers and marginally attached workers are counted, the total unemployment rate rose to about 6.2 percent.31 Who are discouraged and marginally attached workers? Discouraged workers have given up looking for jobs, and marginally attached workers wanted and were available for work, and had looked for a job sometime in the prior 12 months. It should be noted that the unemployment rate has dropped steadily from more than 10 percent since the Great Recession ended in 2009. While the unemployed represents a source of potential employees, the improved economy will leave companies with fewer choices.

Military Personnel
Hiring former service members makes sense to a lot of employers because many of these individuals have a proven work history, are flexible and highly motivated. General Electric (GE) recognizes the value of military veterans as employees; “Your service made you a leader and a disciplined, strategic thinker with a level of loyalty that is unmatched.”32 Many other companies have discovered the benefits of recruiting military talent. For instance, Starbucks launched an initiative in 2003 to hire 10,000 veterans and their spouses by 2018. By early 2017, the company made great strides toward meeting its goal by having already hired 8,000 new employees.33 AT&T pledged to hire 20,000 veterans by 2020.34 These statistics show that many companies successfully recruit veterans; however, they do not remain for very long. A 2016 U.S. Chamber of Commerce Foundation survey revealed that 44 percent of veteran hires left their first post-military jobs within a year.35 According to Brian Stann, a former captain in the Marines and head of Hire Heroes USA, a nonprofit that helps veterans find jobs and prepare for the corporate world, “One of the biggest mistakes employers can make is not understanding how to take advantage of veterans’ skills” despite wanting to hire them.”36 Some companies are working diligently to retain veteran hires. For example, J.P. Morgan Chase & Co. instituted Pathfinder, an experimental project that pairs newly recruited veterans with a more established veteran to help them set goals, understand the differences between civilian and military cultures, and offer support. Besides active company campaigns, service members nationwide looking for jobs can consider visiting the HirePatriots.com web site. “We help citizens and businesses to thank our current military, veterans, and their spouses by posting their job opportunities on our free military job posting and search Web site,” said Mark Baird, president of Patriotic Hearts.37

Self-Employed Workers
The self-employed worker may also be a good potential source. These individuals may be true entrepreneurs who are ingenious and creative. For many firms, these qualities are essential for continued competitiveness. Such individuals may constitute a source of applicants for any number of jobs requiring technical, professional, administrative, or entrepreneurial expertise within a firm.

Ex-Offenders
Some organizations have found it beneficial to hire ex-offenders. A recent analysis by the National Employment Law Project shows that more than one in four U.S. adults has an arrest or conviction that would appear in a routine criminal background check.38 Studies estimate that as many as 60 to 75 percent of ex-offenders are unemployed.39 Many are nonviolent substance abusers who were locked up because of federal and state drug laws. This statistic is not surprising because of an increase in the use of criminal background checks in the employment process, and most employers indicate that they would “probably” or “definitely” not be willing to hire an applicant with a criminal record.40

As of this writing, 25 states and several U.S. cities and counties have Ban the Box laws or policies that reduce unfair barriers to employment of people with criminal records.41 The box refers to the job application question that asks whether the person has a criminal history. Most of these laws ban including questions about an applicant’s criminal history. The ban the box laws require companies to do more than simply eliminate the question. Variations in the law are evident across the states, however, most include additional requirements such as placing limits on the scope or type of criminal record that can be considered. Angela Preston, vice president of compliance and general counsel at background screening firm EmployeeScreenIQ said, “No two versions of ban the box are the same, and they often conflict or overlap with existing anti-discrimination laws, the Fair Credit Reporting Act (FCRA), and others requiring or relating to background screening,”42 These differences are creating challenges for HR professionals, particularly for ones that have facilities in multiple states.

According to Multicultural Foodservice & Hospitality Alliance President Gerry Fernandez, “I’m aware of several chains that have programs to hire ex-offenders, though they do not want publicity. Who do you think works third shift, where they don’t come in contact with customers?”43 In another example, supermarket retail consultant and restaurateur Howard Solganik has launched a program that puts ex-offenders to work helping area farmers increase the supply of local, seasonal produce to consumers. Solganik said, “My experience in the restaurant business exposed me to ex-offenders. I saw that most were hard workers and were grateful for the jobs they were given.”44
External Recruitment Methods
5.5 Summarize external recruitment methods.

The use of online and mobile recruiting methods has revolutionized the way companies recruit employees and job seekers search and apply for jobs. Using technology for recruitment provides HR professionals with additional choices besides traditional methods, which we review shortly.

Online and Mobile Recruiting
Owen Williams, executive recruiting director at Macys Inc., provides an example of the power of mobile recruiting. During the three-block walk to his office, Owen regularly uses his mobile device and the mobile version of LinkedIn to post job listings and connect to potential candidates. Time is money for Owen because he personally fills more than 80 store manager and regional buyer positions a year. “It’s amazing what work I can get done in that walk,” he says.45

The world of recruiting via mobile technology is moving at lightning speed. When LinkedIn was new, recruiters saw mobile technology as a complement to the time-honored paper résumés and face-to-face interviews.46 As mobile apps have improved, many organizations are successfully using mobile devices in the recruiting process. Recruiters use mobile apps to post jobs, run text message–based recruiting campaigns, create online communities for potential new hires to learn about their companies, monitor social networks for news about industries they hire for, and keep in touch with staff and outside agencies. Their efforts have been paying off. One survey found that approximately 14.4 million U.S. workers have used social media to find employment, and 73 percent of companies surveyed have successfully hired job candidates using social media.47

The number of mobile apps for conducting job searches is on the rise. And, many of the newer apps are setting themselves apart from the pack. For instance, one innovative app follows the model of many dating sites where people are matched based on compatible interests and personality. For job searches, of course, the matches are based on work experience and other job-related qualifications. The following Watch It video describes a job search app that oftentimes is compared to dating sites such as Tinder where users swipe right if they “like” the potential match.

Watch It 2
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Swipe Right for Employment: New App is Tinder for Job Seekers and respond to questions.

INTERNET RECRUITER
The Internet recruiter, also called a cyber recruiter, is a person whose primary responsibility is to use the Internet in the recruitment process.

Internet recruiter
Person whose primary responsibility is to use the Internet in the recruitment process (also called cyber recruiter).

Most companies currently post jobs on their corporate career Web site. Individuals must be in place to monitor and coordinate these activities. The more companies recruit on the Internet, the greater the need for Internet recruiters. Currently, high-tech firms have the greatest needs.

VIRTUAL JOB FAIR
A virtual job fair is an online recruiting method engaged in by a single employer or group of employers to attract many applicants. They are designed to be a first step in the recruitment process. Many recruiters have found that traditional job fairs where applicants and recruiters go to a physical location are ineffective. In addition to the time and expense of attending them in person, recruiters often find them wasteful because many people who stop by their booth do not possess the right skills.

virtual job fair
Online recruiting method engaged in by a single employer or group of employers to attract a large number of applicants.

At virtual job fairs, recruiters prescreen résumés, contact candidates who are a potential fit, and store e-mail addresses. If applicants pass the initial screening, they typically must complete a questionnaire, take a behavioral test, and do a telephone interview before meeting a recruiter in person. Virtual fairs usually last about five hours, though recruiters can receive résumés online for as long as a week after the event. In their virtual “booth,” recruiters often provide links to their online career site, obtained résumés from candidates, and interact with applicants in a live chat room.

CORPORATE CAREER WEB SITES
Corporate career Web sites are job sites accessible from a company home page that list the company positions available and provide a way for applicants to apply for specific jobs. They have become a major resource for both job seekers and companies seeking new employees.

corporate career Web sites
Job sites accessible from a company home page that list available company positions and provide a way for applicants to apply for specific jobs.

A career Web site should be relevant and engaging, informing the reader about the company and the specific position being advertised. It should be used as a selling device that promotes the company to prospective job candidates. Writing effective recruitment ads on the Internet is different from the short, one-inch-column ads in the Sunday newspaper. The Internet provides enough space to fully describe the job, location, and company. It provides an opportunity to convert consumers into great employees. A good Web site should provide a feeling of the kind of corporate culture that exists within the company.

WEBLOGS (BLOGS FOR SHORT)
Weblogs, or blogs, have changed the ways in which individuals access information. Google or a blog search engine such as Technorati.com can be used. All a person must do is type in a key phrase like marketing jobs. The blogs themselves make it easy to find, with names like HRJobs.com and SalesJobs.com. Some employers and employment agencies have also discovered that blogging is a way to do detailed and stealthy background checks.

GENERAL-PURPOSE JOB BOARDS
Firms use general-purpose job boards by typing in key job criteria, skills, and experience, and indicating their geographic location. Job seekers can search for jobs by category, experience, education, location, or any combination of categories. Many believe that the general-purpose big job boards are best for job seekers in professions that experience high turnover like sales but often are less effective for highly qualified applicants or those looking for work in smaller industries. We review some of the more visible services here.

CareerBuilder offers a vast online network to help job seekers connect with employers. CareerBuilder.com powers the career sites for more than 1,000 Web sites, including 300 newspapers and various other online portals.48

Facebook started out exclusively as a social media website. More recently, Facebook recognized an opportunity to extend its services to more subscribers. The company learned that many small businesses are struggling to hire as well as many people are willing to consider a better, higher paying job.49

Glassdoor is a job posting site and more. Subscribers have access to millions of employees’ reviews of their companies, CEO approval ratings, salary reports, interview reviews, and employee benefits reviews, office photos, and more.50 The company distinguishes itself from other sites by relying exclusively on employees’ input.

LinkedIn connects individuals who want to build their professional networks and stay abreast of the latest trends in business. This service also permits job postings. The company reported that it has more than 450 million subscribers from approximately 200 countries.51 Its success may be attributed in part to publishing the site in a multitude of languages including traditional Chinese, German, and Malay.

Monster Worldwide, Inc. is the parent company of Monster. It is a premier global online employment solution for people seeking jobs and the employers who need people. Information helpful to job seekers such as résumé tips, interview tips, salary information, and networking information is available on the site.

Twitter is a well-known social media site. Increasingly, companies are taking to Twitter to post job openings.52 Examples include package delivery service UPS, Google, Ernst & Young, Disney Parks, and PepsiCo.53

NACELINK NETWORK
The NACElink Network, the result of an alliance among the National Association of Colleges and Employers, DirectEmployers Association, and Symplicity Corporation, is a national recruiting network and suite of Web-based recruiting and career services automation tools serving the needs of colleges, employers, and job candidates. Currently more than 900 colleges use the NACElink system. The system includes three components: job posting, résumé database, and interview scheduling. It is available to employers to post jobs and search for students and new graduates. DirectEmployers Association has also created an employment Web site for returning veterans that uses military codes to help veterans identify jobs in their fields.

NACElink Network
The result of an alliance among the National Association of Colleges and Employers, DirectEmployers Association, and Symplicity Corporation, it is a national recruiting network and suite of Web-based recruiting and career services automation tools serving the needs of colleges, employers, and job candidates.

.JOBS
.Jobs is a network of employment Web sites where any company can list job openings for free. There are 40,000 sites, with all Web addresses ending in “.jobs.” The initiative is being backed by nearly 600 hundred companies such as Whirlpool and Disney Parks. Finding jobs on the sites is simple. Possible searches might include Nurse.jobs and Sales.jobs. For someone looking for a job in the Washington, D.C. area, there’s districtofcolumbia.jobs. It works for many professions and is available in every state and any U.S. city with more than 5,000 people.

.jobs
Network of employment Web sites where any company can list job openings for free.

ALLIANCEQ
AllianceQ is a group of Fortune 500 companies, along with more than 3,000 small and medium-sized companies, that have collaborated to create a pool of job candidates. AllianceQ provides a way for candidates to be found by top employers.54 Those passed over by one company are invited to submit their résumés to the AllianceQ database. “It’s a no-brainer,” says Phil Hendrickson, a recruiting manager at member company Starbucks.55

AllianceQ
Group of Fortune 500 companies, along with more than 3,000 small and medium-sized companies, that have collaborated to create a pool of job candidates.

NICHE SITES
Niche sites are Web sites that cater to highly specialized job markets, such as a profession, industry, education, location, or any combination of these specialties. They continue to grow in popularity and are giving general-purpose job boards major competition.56 There seems to be a site for virtually everyone. A few catchy ones include:

niche sites
Web sites that cater to highly specialized job markets such as a profession, industry, education, location, or any combination of these specialties.

cfo.com (a comprehensive online resource center for senior finance executives)

dice.com (a leading provider of online recruiting services for technology professionals)

internships.com (employers who are exclusively looking for interns)

justtechjobs.com (focuses on the recruiting needs of the technology companies)

coolworks.com (find seasonal job or career in places such as Yellowstone, Yosemite, or other national parks)

college.monster.com (job listings and résumé service that targets college students and alumni)

Job.com (maintains sites specialized by geography)

HirePatriots.com (job listings for service members)

A niche site is also available for professors who desire to change jobs. Formerly, college and university professors went to the campus library and thumbed through the many pages of The Chronicle of Higher Education to hunt for a job. Now all they need to do is enter www.chronicle.com, The Chronicle of Higher Education Web site. All the jobs listed with the Chronicle are available to view for free. Each position announcement has a hot link to a university home page where additional information can be obtained. The universities pay the fees.

CONTINGENT WORKERS’ SITES
Contract workers are a part of the contingent workforce. Recruiting technology also serves the benefit of these workers. Sites are available to assist contingent workers. Specialized Web sites let workers advertise their skills, set their price, and pick an employer. Two such sites are:

Freelance.com (a company that offers to clients the services of talented freelancers)

Guru.com (an online marketplace for freelance talent)

But who are contingent workers? According to the U.S. Bureau of Labor Statistics, contingent workers57 are those who do not have an implicit or explicit contract for ongoing employment. Persons who do not expect to continue in their jobs for such personal reasons as retirement or returning to school are not considered contingent workers, if they would have the option of continuing in the job were it not for these reasons. These individuals account for 40.2 percent of the U.S. labor force, which is up from 30.6 percent in 2005.58 Figure 5-4 details questions that determine whether workers expect their employment to continue, that is, whether their work arrangement is considered to be contingent.

contingent workers
Described as the “disposable American workforce” by a former secretary of labor, they have a nontraditional relationship with the worksite employer, and work as part-timers, temporaries, or independent contractors.

A decision tree illustrates whether workers should expect their employment to continue or not.
FIGURE 5-4 Questions that Determine Whether Workers Expect Their Employment to Continue
Source: Polivka, A. E. (1996). Contingent and alternative work arrangements, defined. Monthly Labor Review, 119(10), p. 5.

Figure 5-4 Full Alternative Text
Contingent workers are the human equivalents of just-in-time inventory. These workers permit maximum flexibility for the employer and lower labor costs. Historically, contingent workers have been called the bookends of recessions. They are the first to go when a recession begins and the last to be recalled when the economy gets better. However, toward the end of the recent recession, many companies were reversing this trend and following the strategy of holding off on the hiring of regular full-time employees and choosing instead to use contingent workers. Companies are now using contingent workers as a continuing strategy in both good and bad times.59

After the recession ended in 2009, companies rethinking about the way work gets done. This brought a refocus on the use of contingent workers, who can be added or cut as demand requires. In fact, the pace of contingent job growth suggests a shift toward more use of temporary labor at the expense of permanent jobs.60 Garry Mathiason, vice chairman of Littler Mendelson in San Francisco, said, “In the future companies will likely make wider use of staffing methods like those practiced by the film industry. There, entire crews of contingent production workers are assembled for a movie then disbanded once it is finished.”61 A study by the Institute for Corporate Productivity (i4cp) found that high-performing organizations have increased their use of contingent workers from traditional administrative positions to technical support, operations, and high-skilled professional positions, including engineering, legal, and finance.62 If the use of contingent workers is indeed the trend, the manner that human resource is practiced will experience considerable change.

FYI
The U.S. General Accountability Office estimates that 40.2 of the U.S. labor force are contingent workers. Some of the more common categories of contingent workers are:

Temporary employees: 1.3 percent

On-call workers: 3.5 percent

Contract company workers: 3.0 percent

Independent contractors: 12.9 percent

Self-employed workers: 3.3 percent

Standard part-time workers: 5 percent63

Traditional Methods
Although online recruiting has greatly impacted how recruiting is accomplished, traditional methods are still used.

MEDIA ADVERTISING
Advertising communicates the firm’s employment needs to the public through media such as newspapers, trade journals, radio, television, and billboards found along highways. The firm’s previous experience with various media should suggest the most effective approach for specific types of jobs. Although few individuals base their decision to change jobs on advertising, ads create awareness, generate interest, and encourage a prospect to seek more information about the firm and the job opportunities that it provides. A traditional common form of advertising that provides broad coverage at a relatively low cost is the newspaper ad. Firms using the newspaper ad attempt to appeal to the self-interest of prospective employees, emphasizing the job’s unique qualities. Recently, the use of newspaper advertising has declined because other recruiting methods are more effective and less expensive.

Television media has sometimes been considered a way to broadcast information other than products and services. For instance, Super Bowl games often attract more than 100 million viewers and is a good way to promote products and services. In 2017, 84 Lumber Company, a building supply chain, purchased a 90-second advertising slot not only to advertise its products, but also to launch a national recruiting campaign. The company hoped that qualified individuals would apply for various jobs, including 400 management trainee positions to support the company’s planned growth.64

Certain media attract audiences that are more homogeneous in terms of employment skills, education, and orientation. Advertisements placed in publications such as the The Wall Street Journal relate primarily to managerial, professional, and technical positions. The readers of these publications are generally individuals qualified for many of the positions advertised. Focusing on a specific labor market minimizes the likelihood of receiving marginally qualified or even totally unqualified applicants. Like most professional publications, jobs that are advertised in the paper copy of the Journal are also available on the publication’s Web site. Journals specific to trades are also widely used. For example, Automotive News might have jobs related to the automobile industry and American Drycleaner likely will list jobs in the dry-cleaning business.

Qualified prospects who read job ads in newspapers and professional and trade journals may not be so dissatisfied with their present jobs that they will pursue opportunities advertised. Therefore, in high-demand situations, a firm needs to consider all available media resources such as radio, billboards, and television. These methods are likely more expensive than newspapers or journals, but in specific situations, they may prove successful. For instance, a regional medical center used billboards effectively to attract registered nurses. One large manufacturing firm had considerable success in advertising for production trainees by means of spot advertisements on the radio. A large electronics firm used television to attract experienced engineers when it opened a new facility and needed more engineers immediately. Thus, in situations where hiring needs are urgent, television and radio may provide good results. Broadcast messages can let people know that an organization is seeking recruits. A primary limitation is the amount of information they can transmit.

PRIVATE EMPLOYMENT AGENCIES
Private employment agencies, often called “headhunters,” are best known for recruiting white-collar employees and offer an important service in bringing qualified applicants and open positions together.65 Firms and job hunters use private employment agencies for virtually every type position. Job seekers should carefully select the employment agency to use because there are both good and bad recruiters. Today, private employment agencies often specialize in filling a niche in the job market. Agencies should be selected based on knowledge of the industry and the specific position being sought.

Private employment agencies fees can range up to 35 percent of a person’s first year salary. The one-time fees that some agencies charge often turn off candidates, although many private employment agencies also deal with firms that pay the fees. Either way, the headhunter does not get paid until a person is placed. The recent recession has significantly impacted the use of private employment agencies, which has resulted in a general retrenchment of the industry.

PUBLIC EMPLOYMENT AGENCIES
Public employment agencies are operated by each state but receive overall policy direction from the U.S. Employment Service. Public employment agencies have become increasingly involved in matching people with technical, professional, and managerial positions. They typically use computerized job-matching systems to aid in the recruitment process, and they provide their services without charge to either the employer or the prospective employee.

EXECUTIVE SEARCH FIRMS
Executive search firms are used by some firms to locate experienced professionals and executives when other sources prove inadequate. The key benefit of executive search firms is the targeting of ideal candidates. In addition, the executive search firm can often find passive candidates, those not actively looking for a job.

An executive search firm’s representatives often visit the client’s offices and interview the company’s management. This enables them to gain a clear understanding of the company’s goals and the job qualifications required. After obtaining this information, they contact and interview potential candidates, check references, and refer the best-qualified person to the client for the selection decision. Search firms maintain databases of résumés for this process. Other sources used include networking contacts, files from previous searches, specialized directories, personal calls, previous clients, colleagues, and unsolicited résumés. The search firm’s task is to present candidates who are eminently qualified to do the job; it is the company’s decision whom to hire.

There are two types of executive search firms: contingency and retained. Contingency search firms receive fees only on successful placement of a candidate in a job opening. The search firm’s fee is generally a percentage of the individual’s compensation for the first year. The client pays expenses, as well as the fee. A contingency recruiter goes to work when there is an urgent need to fill a position, when an opening exists for a difficult position, or when a hiring executive wants to know about top-notch talent as those people surface, regardless of whether there is an opening.

Retained search firms are considered consultants to their client organizations, serving on an exclusive contractual basis, and typically recruit top business executives. With a retained search firm, the company typically gets a firmer commitment from their search firm, as well as more personalized attention, dedicated time, and customized searches.66

RECRUITERS
Recruiters most commonly focus on technical and vocational schools, community colleges, colleges, and universities. The key contact for recruiters on college and university campuses is often the student placement director. This administrator is in an excellent position to arrange interviews with students possessing the qualifications desired by the firm. Placement services help organizations use their recruiters efficiently. They identify qualified candidates, schedule interviews, and provide suitable rooms for interviews.

The company recruiter plays a vital role in attracting applicants. The interviewee often perceives the recruiter’s actions as a reflection of the character of the firm. If the recruiter is dull, the interviewee may think the company is dull; if the recruiter is apathetic, discourteous, or vulgar, the interviewee may well attribute these negative characteristics to the firm. Recruiters must always be aware of the image they present because it makes a lasting impression. Recruitment success comes down to good personal selling, appealing to the candidate’s priorities, and addressing his or her concerns. The recruiter should underscore the job’s opportunities and keep the lines of communication open.

A recent trend is the use of videoconferencing with equipment at both corporate headquarters and on college campuses. Recruiters can communicate with college career counselors and interview students through a videoconferencing system without leaving the office.

JOB FAIRS
A job fair is a recruiting method engaged in by a single employer or group of employers to attract many applicants to one location for interviews.

job fair
Recruiting method engaged in by a single employer or group of employers to attract many applicants to one location for interviews.

From an employer’s viewpoint, a primary advantage of job fairs is the opportunity to meet many candidates in a short time. Conversely, applicants may have convenient access to several employers. As a recruitment method, job fairs offer the potential for a much lower cost per hire than traditional approaches. Job fairs are often organized by universities to assist their students in obtaining jobs. Here, employers from many organizations meet at a single point on the campus. The job fair is available from disciplines from across the university. Students and employers can meet here to ask and answer questions.

At times job fairs are tailored to recruit specific types of individuals. At a job fair in Tucson, Arizona, the event was designed to bring together senior citizens and companies looking to hire them, as well as offer assistance to those seeking to improve their job skills as a first step toward employment. The job fair attracted two dozen companies seeking to fill positions for everything from teachers’ aides to bank tellers to tour bus drivers and call-center staff.67 Job fairs are also held to bring together military service members and companies with openings to fill. Recently the Veterans Career Fair and Expo was held in Washington, D.C. Employers representing companies across the private sector, as well as several government agencies, were on site to discuss career and job opportunities to thousands of veterans from the mid-Atlantic region.68

INTERNSHIPS
An internship is a special form of recruitment that involves placing a student in a temporary job with no obligation either by the company to hire the student permanently or by the student to accept a permanent position with the firm following graduation.

internship
Special form of recruitment that involves placing a student in a temporary job with no obligation either by the company to hire the student permanently or by the student to accept a permanent position with the firm following graduation.

An internship typically involves a temporary job for the summer months or a part-time job during the school year. It may also take the form of working full-time one semester and going to school full-time the next. Recently nontraditional virtual internships are being used by businesses for students who would be required to commute long distances with Skype, e-mail, and conference calls.69 Employers can try out future employees prior to making a job offer. If the trial period proves unsuccessful, there is no obligation on either side. Google has long been known for using the internship as a recruiting method. Google offers interns competitive pay and on-site perks that include free gourmet food, a gym, fitness classes, massage therapy, bike repair, dry cleaning, a hair stylist, oil changes, and car washes.70

During the internship, the student gets to view business practices firsthand. At the same time, the intern contributes to the firm by performing needed tasks. In addition to other benefits, internships provide opportunities for students to bridge the gap from business theory to practice. Through this relationship, a student can determine whether a company would be a desirable employer. Similarly, having a relatively lengthy time to observe the student’s job performance, the firm can make a better judgment regarding the person’s qualifications.

HR Web Wisdom
Internship Web Site

www.internships.com

The world’s largest internship marketplace.

In today’s job market, just having a degree is often not enough to get a job offer; internships are often the deciding factor in getting a good job or not. Students with internship and co-op experience are often able to find jobs easier, and they progress much further and faster in the business world than those without. Paid internships for college students have become even more valuable in recent years for both new graduates and companies. In a NACE 2015 Student Survey, more than half of the interns were paid, and 72 percent of students with a paid summer internship received at least one full-time job offer after graduation; the median starting salary for subsequent full-time jobs was about 55 percent higher than students with unpaid or no internship experience.71 Steve Canale, manager, global recruiting and staffing services, at General Electric Co., based in Fairfield, Connecticut, said, “If I had my budget slashed and only had $100 to spend, I’d spend it all on my internship program. They become my brand ambassadors.”72

PROFESSIONAL ASSOCIATIONS
Virtually every professional group publishes a journal and has a Web site that is widely used by its members. Many professional associations in business areas including finance, marketing, accounting, and human resources provide recruitment and placement services for their members. Jobs advertised are placed in the journal in hard copy and advertised on the professional group’s Web site. The Society for Human Resource Management (SHRM), for example, operates a job referral service for members seeking new positions and employers with positions to fill.

UNSOLICITED APPLICANTS
A company must have a positive image or employer brand to attract unsolicited applicants. If an organization has the reputation of being a good place to work, it may be able to attract qualified prospects even without extensive recruitment efforts. Acting on their own initiative, well-qualified workers may seek out a specific company to apply for a job. Unsolicited applicants who apply because they are favorably impressed with the firm’s reputation often prove to be valuable employees. In the Internet age, applicants can go to the firm’s corporate career Web site and walk in by making an application online.

OPEN HOUSES
Open houses pair potential hires and recruiters in a warm, casual environment that encourages on-the-spot job offers. Open houses are cheaper and faster than hiring through recruitment agencies, and they are also more popular than job fairs. There are pros and cons to holding a truly open house. If the event is open, it may draw a large turnout, but it also may attract many unqualified candidates. Some companies prefer to control the types of candidates they host, and so they conduct invitation-only sessions. In this scenario, someone screens résumés in response to ads, then invites only preselected candidates. Open house advertising may be through both conventional media and the Internet, where a firm might feature its open house on its home page.

EVENT RECRUITING
Event recruiting involves having recruiters go to events being attended by individuals the company is seeking. Cisco Systems pioneered event recruiting as a recruitment approach. In the case of programmers in the Silicon Valley, the choice spots have been marathons and bike races. Companies that participate in these events become involved in some way that promotes their name and cause. For example, they might sponsor or cosponsor an event, pass out refreshments, and give away prizes. Individuals get to know that the company is recruiting and the types of workers it is seeking. Event recruiting gives a company the opportunity to reflect its image.

event recruiting
Recruiters going to events being attended by individuals the company is seeking.

SIGN-ON BONUSES
Employers use sign-on bonuses to attract top talent, particularly in high-demand fields such as health care, sales, marketing, and accounting. Bonuses allow a firm to pay a premium to attract individuals without dramatically upsetting its salary scale. Even as Wall Street continued to lay off workers, some firms were offering sign-on bonuses for top management talent. NACE’s Job Outlook 2016 survey revealed that 51.8 percent of employers planned to offer signing bonuses to college graduates. Signing bonuses are most commonly found in the utilities, food and beverage manufacturing, finance, insurance and real estate, and pharmaceutical manufacturing industries.73

COMPETITIVE GAMES
Many companies in the software industry use public competitions to identify talented prospects.74 For instance, Google established Code Jam, which is an international programming competition. The competition began in 2003 as a means to identify top engineering talent for potential employment at Google. The competition consists of a set of algorithmic problems that must be solved in a fixed amount of time. Competitors may use any programming language and development environment to obtain their solutions.

Tailoring Recruitment Methods to Sources
Because each organization is unique, so are the needed types and qualifications of workers to fill positions. Thus, to be successful, a firm must tailor its recruitment sources and methods to its specific needs.

Suppose, for example, that a large firm has an immediate need for an experienced information technology manager and no one within the firm has these qualifications. Figure 5-5 shows a matrix that depicts sources and methods of recruitment for such a manager. Managers must first identify the source (where prospective employees are located) before choosing the methods (how to attract them). It is likely that other firms, possibly competitors, employ such individuals. After considering the recruitment source, the recruiter must then choose the method (or methods) of recruitment that offers the best prospects for attracting qualified candidates. Perhaps it would be appropriate to advertise the job in the classified section of The Wall Street Journal and use online recruiting. Alternatively, an executive search firm, such as Korn Ferry International, may serve as a viable option. In addition, the recruiter may attend meetings of professional information technology associations, such as the Association of Information Technology Professionals. One or more of these methods will likely yield a pool of qualified applicants.

A matrix of external recruitment sources for an I T manager.
FIGURE 5-5 Methods and Sources of Recruitment for an Information Technology Manager
Figure 5-5 Full Alternative Text
In another scenario, consider a firm’s need for 20 entry-level machine operators, whom the firm is willing to train. High schools and vocational schools would probably be good recruitment sources. Methods of recruitment might include newspaper ads, public employment agencies, recruiters, visiting vocational schools, and employee referrals.
Alternatives to Recruitment
5.6 Describe alternatives to recruitment.

Even when HR planning indicates a need for additional employees, a firm may decide against increasing the size of its workforce. Recruitment and selection costs are significant when you consider all the related expenses. Estimates vary. For instance, the cost of replacing a person making $50,000 per year can easily reach $75,000.75 Therefore, a firm should consider alternatives carefully before engaging in recruitment.

Promotion Policies
Promotion from within (PFW) is the policy of filling vacancies above entry-level positions with current employees. An organization’s promotion policy can have a significant impact on recruitment. A firm can stress a policy of promoting from within its own ranks or one in which positions are generally filled from outside the organization. Depending on specific circumstances, either approach may have merit, but usually a combination of the two approaches proves best.

promotion from within (PFW)
Policy of filling vacancies above entry-level positions with current employees.

When an organization emphasizes PFW, its workers have an incentive to strive for advancement. When employees see coworkers promoted, they become more aware of their own opportunities. General Motors and Cisco fill approximately 60 to 80 percent of their senior management positions internally.76 As another example, employees with Royal Caribbean Cruises can progress over time based on performance from an entry-level position such as assistant cabin steward to an officer position. Motivation provided by PFW often improves employee morale. PFW also communicates to the workers that the firm wants them to succeed.

Another advantage of internal recruitment is that the organization is usually aware of its employees’ capabilities. Internal candidates have knowledge of the firm, its policies, and its people.77 An employee’s present job performance, by itself, may not be a reliable criterion for promotion. Nevertheless, management will know many of the employee’s personal and job-related qualities. The employee has a track record, as opposed to being an unknown entity. Also, the company’s investment in the individual may yield a higher return.

It is unlikely, however, that a firm can, or would even desire to, adhere rigidly to a practice of PFW. A strictly applied PFW policy eventually leads to inbreeding, a lack of cross-fertilization, and a lack of creativity. Although seldom achieved, a good goal would be to fill 80 percent of openings above entry-level positions from within. Frequently, new blood provides new ideas and innovation that must take place for firms to remain competitive. In such cases, even organizations with PFW policies may opt to look outside the organization for new talent. In any event, a promotion policy that first considers insiders is great for employee morale and motivation, which is beneficial to the organization.

In the following Watch It video, learn about the online fashion retailer Hautelook, which is growing quickly and needs to recruit new employees at a rapid rate. Hautelook prefers most of all to promote internal job candidates, but also to employ applicants who are most familiar with the company: ideally, previous customers. The company’s methods for recruiting job applicants as well as finding the best potential employees from among its applicants are discussed.

Watch It 3
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Hautelook: Recruiting and respond to questions.

Overtime
Perhaps the most commonly used alternative to recruitment, especially in meeting short-term fluctuations in work volume, is overtime. Overtime may help both employer and employee. The employer benefits by avoiding recruitment, selection, and training costs. The employees gain from increased income during the overtime period.

There are potential problems with overtime, however. Some managers believe that when employees work for unusually long periods, the company pays more and receives less in return. Employees may become fatigued and lack the energy to perform at a normal rate. Two additional possible problems relate to the use of prolonged overtime. Consciously or not, employees may pace themselves to ensure overtime. They may also become accustomed to the added income resulting from overtime pay. Employees may even elevate their standard of living to the level permitted by this additional income. Then, when a firm tightens its belt and overtime is limited, employee morale may deteriorate along with the pay.

Onshoring
Onshoring involves moving jobs not to another country but to lower-cost U.S. cities. Some companies might like to offshore their jobs but the government may require onshore handling of certain financial, health, and defense data. This requirement often represents more than 15 percent of all IT service work. As an example, one global company opened a midwestern U.S. facility with more than 1,000 IT service employees. Wages at the facility were 35 percent lower than at headquarters, and the company also received $50 million in government incentives.78

onshoring
Moving jobs not to another country but to lower-cost U.S. cities.
PREPARING FOR EXAM/QUIZZES
Chapter Summary By Learning Objectives
Define recruitment and describe the recruitment process. Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications to apply for jobs with an organization. Recruitment frequently begins when a manager initiates an employee requisition. Next, the firm determines whether qualified employees are available from within (the internal source) or must be recruited externally from sources such as colleges, universities, and other firms. Sources and methods are then identified.

Summarize the environment of recruitment. Of importance to the success of recruitment is the demand for and supply of specific skills in the labor market. The recruitment method that proves to be most successful will depend to an extent on whether the recruited individual is an active or passive job seeker. Legal matters also play a significant role in recruitment practices in the United States. This is not surprising because the candidate and the employer first make contact during the recruitment process. A poorly conceived recruiting process can do much to create problems in the selection process. Therefore, it is essential for organizations to emphasize nondiscriminatory practices at this stage. The Office of Federal Contract Compliance Programs (OFCCP) has issued guidelines concerning the online recruiting policies of federal contractors and subcontractors.

Explain internal recruitment methods. Human resource databases permit organizations to determine whether current employees possess the qualifications for filling open positions. Job posting is a method of internal recruitment that is used to communicate the fact that job openings exist. Job bidding is a system that permits individuals in an organization to apply for a specific job within the organization. Employee referrals involves an employee of the company recommending to management a friend or associate as a possible member of the company and continues to be the way that top performers are identified.

Identify external recruitment sources. External sources of recruitment include high schools and vocational schools, community colleges, colleges and universities, competitors and other firms, the unemployed, older individuals, military personnel, self-employed workers, and ex-offenders.

Summarize external recruitment methods. The world of recruiting via mobile technology is moving at lightning speed. More and more people are adopting mobile technology, and many organizations are trying to figure out how to start using mobile devices in the recruiting process. Some online methods include Internet recruiter, virtual job fairs, corporate career Web sites, blogs, general-purpose job boards, NACElink Network, .jobs, AllianceQ, niche sites, and contract workers’ sites. Traditional external recruitment methods include media advertising, private employment agencies, public employment agencies, recruiters, job fairs, internships, executive search firms, professional associations, unsolicited applicants, open houses, event recruiting, sign-on bonuses, and high-tech competition. Recruitment must be tailored to the needs of each firm. In addition, recruitment sources and methods often vary according to the type of position being filled.

Describe alternatives to recruitment. Even when HR planning indicates a need for additional employees, a firm may decide against increasing the size of its workforce. Recruitment and selection costs are significant when you consider all the related expenses. Alternatives include promotion policies, overtime, and onshoring.

Key Terms
recruitment 121

employee requisition 121

recruitment sources 122

recruitment methods 140

active job seekers 123

passive job seekers 123

job posting 124

job bidding 124

employee referral 125

Internet recruiter 130

virtual job fair 131

corporate career Web sites 131

NACElink Network 132

.jobs 132

AllianceQ 132

niche sites 132

contingent workers 132

job fair 136

internship 136

event recruiting 137

promotion from within (PFW) 139

onshoring 140

MyLab Management
If your instructor is using MyLab Management, go to www.pearson.com/mylab/management to complete the problems marked with this icon .

Questions for Review
5-1. Define recruitment.

5-2. What are factors external to the organization that can significantly affect the firm’s recruitment efforts?

5-3. How has social media emerged as an important force in recruiting?

5-4. What are the steps involved in the recruitment process?

5-5. Distinguish between recruitment sources and recruitment methods.

5-6. What are some internal recruitment methods?

5-7. Why is employee referral so important in the recruitment process?

5-8. What external methods of recruitment are available?

5-9. What external sources of recruitment are available?

5-10. What might be some advantages of using mobile recruiting?

5-11. What online recruitment methods are available?

5-12. What are the typical alternatives to recruitment that a firm may use?

5-13. What is meant by the policy of promotion from within?
6 Selection
LEARNING OBJECTIVES
After completing this chapter, students should be able to:

6.1 Explain employee selection and environmental factors that affect the selection process.

6.2 Explain the importance of preliminary screening as well as reviewing applications and résumés.

6.3 Describe the use of tests in the selection process.

6.4 Explain the use of the employment interview.

6.5 Describe the use of pre-employment screening and background checks.

6.6 Explain the selection decision and the metrics for evaluating recruitment/selection effectiveness.

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Learn It
If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 6 Warm-Up.
Selection and Environmental Factors Affecting the Selection Process
6.1 Explain employee selection and environmental factors that affect the selection process.

Selection is the process of choosing from a group of applicants the individual best suited for a position and the organization (optimal types and levels of human capital). Properly matching people with jobs and the organization is the goal of the selection process. If individuals are overqualified, underqualified, or for any reason do not fit either the job or the organization’s culture, they will be ineffective and probably leave the firm, voluntarily or otherwise. There are many ways to improve productivity, but none is more powerful than making the right hiring decision. A firm that selects high-quality employees reaps substantial benefits, which recur every year the employee is on the payroll. On the other hand, poor selection decisions can cause irreparable damage. A bad hire can negatively affect the morale of the entire staff, especially in a position where teamwork is critical.

selection
Process of choosing from a group of applicants the individual best suited for a particular position and the organization.

Many companies would rather go short and work overtime than hire one bad apple. If a firm hires many bad apples, it cannot be successful for long even if it has perfect plans, a sound organizational structure, and finely tuned control systems. Competent people must be available to ensure the attainment of organizational goals. Today, with many firms having access to the same technology, people make the real difference.

The Selection Process
Companies make selection decisions to determine whether individuals who were identified through the recruitment process will be offered employment. Figure 6-1 illustrates a generalized selection process, but it may vary from company to company and according to the type of job being filled. This process typically begins with preliminary screening. Next, applicants complete the firm’s application for employment or provide a résumé. Then they progress through a series of selection tests, one or more employment interviews, and pre-employment screening, including background and reference checks. The hiring manager then offers the successful applicant a job, subject to successful completion of a medical examination. Notice that an applicant may be rejected or opt out at any time during the selection process. To a point, the more screening tools used to assess an applicant, the greater the chance of making a good selection decision. A good selection decision results in either one of two outcomes. First, job candidates who fail to meet the standard for employment are not offered employment. Second, job candidates who do meet the standard for employment are offered employment.

The 6-step selection process occurs within the internal environment.
FIGURE 6-1 Selection Process
Figure 6-1 Full Alternative Text
The Environment of Selection
A standardized selection process followed consistently would greatly simplify the selection process. However, circumstances may require making exceptions. The following sections describe environmental factors that affect the selection process.

OTHER HR FUNCTIONS
The selection process affects, and is affected by, virtually every other HR function. For example, if the compensation package is inferior to those provided by competitors, hiring the best-qualified applicants will be difficult or impossible to achieve. The same situation applies if the firm’s safety and health record is substandard or if the firm has a reputation for providing minimal training. Certainly, if marginal workers are hired, additional training will be needed to get them qualified.

LEGAL CONSIDERATIONS
Legal matters play a significant role in HR management because of EEOC legislation, executive orders, and court decisions. Although the basic purpose of selection is to determine candidates’ eligibility for employment, it is also essential for organizations to maintain non-discriminatory practices. The guiding principles in determining what information to get from an applicant are: Why am I asking this question and why do I want to know this information? If the information is job-related, usually asking for the information is appropriate. We will take up some of the particulars of legal matters later in the chapter after we examine selection testing.

SPEED OF DECISION MAKING
The time available to make the selection decision can also have a major effect on the selection process. Conditions also can impact the needed speed of decision making. Suppose, for instance, that the only two quality-control inspectors on a production line just had a fight and both resigned, and the firm cannot operate until the positions are filled. In this situation, speed is crucial, and a few phone calls, two brief interviews, and a prayer may constitute the entire selection procedure. On the other hand, conducting a national search to select a CEO may take months or even a year. In bureaucracies, it is common for the selection process to take a considerable amount of time.

ORGANIZATIONAL HIERARCHY
Organizations usually take different approaches to filling positions at varying levels. For instance, consider the differences in hiring a CEO versus filling a clerical position. Extensive background investigations and multiple interviews would most likely apply for the executive position. On the other hand, an applicant for a clerical position would probably take a word-processing test and perhaps have a short employment interview.

APPLICANT POOL
The number of qualified applicants recruited for a particular job makes up the applicant pool. The process can be truly selective only if there are several qualified applicants. Yet, only one or two applicants with the required skills may be available, and companies report a shortage of skilled individuals available for employment, particularly in the science, technology, engineering, and mathematics fields.1 The expansion and contraction of the labor market also affects the size of the applicant pool. According to the U.S. Bureau of Labor Statistics, the total number of job openings in May 2017 was 5.7 million,2 with nearly 7 million unemployed workers.3

applicant pool
Number of qualified applicants recruited for a particular job.

TYPE OF ORGANIZATION
The type of organization employing individuals, such as private, governmental, or not-for-profit, can also affect the selection process. Most private-sector businesses are heavily profit oriented. Prospective employees who can help achieve profit goals are the preferred candidates. Consideration of the total individual, including job-related personality factors, is involved in the selection of employees for this sector.

Government civil service systems typically identify qualified applicants through competitive examinations. Often a manager may select only the top three applicants for a position. Rules such as this one may result in overlooking a strong candidate.

Individuals considered for positions in not-for-profit organizations (e.g., the Boy Scouts and Girl Scouts, YMCA, or YWCA) confront still a different situation. The salary level in these organizations may not be competitive with those of private and governmental organizations.4 Therefore, a person who fills one of these positions must be not only qualified but also dedicated to this type of work.

PROBATIONARY PERIOD
Many firms use a probationary or introductory period that permits them to evaluate an employee’s ability based on established performance. The purpose of a probationary period is to establish the suitability of a new employee for the position and to resolve any issues there might be in the new employee’s performance over the first three months or so. This practice may be either a substitute for certain phases of the selection process or a check on the validity of the process. The rationale is that if an individual can successfully perform the job during the probationary period, the process does not require other selection tools. From a legal viewpoint, the use of a probationary period in the selection process is certainly job-related.

Even in unionized firms, the labor–management agreement typically does not protect a new employee until after a certain probationary period. This period is typically from 60 to 90 days. During that time, an employee can be terminated with little or no justification. On the other hand, firing a marginal employee in a union environment may prove to be quite difficult after the probationary period.

ORGANIZATIONAL FIT
Organizational fit refers to management’s perception of the degree to which the prospective employee will fit in with the firm’s culture or value system. There are numerous reasons that a new hire does not work out but none is as important as cultural fit. Knowledge and skill are important but the most lasting component of the employment relationship is cultural match.5 The commonly heard statement, “the chemistry was just not right” may describe a poor fit. This was supported by Steven Rice, executive vice president of HR Juniper Networks Inc., who said, “If the customer sees you as team-oriented and such and the customer service guy is different, you have a problem. You have to hire against the brand.6 A poor fit harms organizational effectiveness, hurts morale, and drains creativity.” Nina Brody, head of talent for Take Care Health Systems in Conshohocken, Pennsylvania, said, “If we have 10 qualified clinical people in front of us, we want to know who will fit best with our culture, because that’s where we tend to experience trouble, not necessarily with someone’s ability to do the job technically.”7

organizational fit
Management’s perception of the degree to which the prospective employee will fit in with the firm’s culture or value system.

Using fit as a criterion may raise legal and diversity questions, and perhaps this explains the low profile of its use.8 Lauren Rivera, an associate professor of management and organizations at Northwestern University, warns, “In many organizations, it is this catchall for, ‘I don’t feel right about this person.”’9 In the process, a company possibly compromises diversity goals. Nevertheless, there is considerable evidence that managers use fit in making selection decisions and that it is not a minor consideration. Complicating the situation further is the fact that the same employee may be a poor fit with one firm and a perfect fit with another. Applicants also should consider organizational fit when assessing whether to accept a job offer.

SELECTION TECHNOLOGY
The application of technology to employee selection practices has increased dramatically in recent years.10 Two tools that are invaluable to the selection process in the technology boom that is sweeping HR today are applicant-tracking systems (ATSs) and candidate relationship management (CRM). “ATS and CRM are really your backbone,” says Jim McCoy, vice-president of solutions for ManpowerGroup Solutions, the RPO software division of Milwaukee-based ManpowerGroup.11

An ATS, also called a talent management system, is a software application designed to help an enterprise select employees more efficiently. Current ATSs permit human resource and line managers to oversee the entire selection process. They often involve screening résumés and spotting qualified candidates, conducting personality and skills tests, and handling background investigations. They allow companies to compile job applications electronically, to gather candidates more quickly, set up interviews, and get new hires on board. An ATS can be used to post job openings on a corporate Web site or job board and generate interview requests to potential candidates by e-mail. Other features may include individual applicant tracking, requisition tracking, automated résumé ranking, customized input forms, prescreening questions and response tracking, and multilingual capabilities. ATSs are used extensively to help ease the labor-intensive process of sorting résumés from online job boards. In most cases, the goal is not merely to reduce costs but also to speed up the hiring process and find people who fit an organization’s success profile. ATSs are not flawless. Some ATSs sort out résumés exclusively based on formatting, insufficient use of keywords, and other criteria that are unrelated to an applicant’s qualifications.12 Fortunately, ATSs continue to be enhanced to make recruiters more efficient and extend sourcing into the global market. Developers of ATSs are now focusing efforts on developing quality-of-hire metrics.

Helene Richter, director of talent operations for Liz Claiborne, New York City, said, “People choose an applicant-tracking tool to streamline process. But you have EEO and compliance issues that you need to streamline as well.” The applicant-tracking function does both.13 Hiring information is tracked to comply with Office of Federal Contract Compliance Programs.

The purpose of candidate relationship management (CRM) is to help manage potential and actual applicants in an organized manner. It is useful in managing the relationship between the company and prospective applicants.14 CRM can be used to send job postings and job descriptions to job boards and other sites. It has the capability to search the Internet, including social media sites, for résumés, and then adds and catalogues them and other information to the database. CRM systems can link with other ATSs and any Web site. CRM systems permit candidates to get to know more about the company and allow the company to get to know more about the candidate.

CRM systems are used to communicate with those who have applied or appear qualified for jobs with the firm. Once the CRM system identifies an individual who might be appropriate for an open position, the system can e-mail that person asking them to respond. Gerry Crispin, a principal at the consulting firm CareerXroads in Kendall Park, New Jersey, said, “Candidate relationship management systems can provide information that helps a candidate recognize himself as an employee of the company, creating an ‘I’d fit there’ attitude.”15

The Internet has created a situation in which many résumés can be received. Often, candidates send an application and never get a reply. Whether because of arrogance, ignorance, or incompetence, companies sometime fail to inform applicants after they have been rejected. To overcome this situation, organizations use CRM software to help job seekers have good experiences with the companies’ Web sites and to bolster efforts to build talent pools. Companies truly dedicated to CRM do not stop after sending an auto reply; they also let them know when the position has been filled.
Preliminary Screening and Review of Applications and Résumés
6.2 Explain the importance of preliminary screening as well as reviewing applications and résumés.

The selection process often begins with preliminary screening. The basic purpose of preliminary screening is to eliminate those who obviously do not meet the position’s requirements. Preliminary screening may take the form of reviewing for obviously unqualified applicants with a brief interview, test, or only a review of the application or résumé for clear mismatches. In addition to eliminating clearly unqualified job applicants quickly, preliminary screening may produce other positive benefits for the firm. It is possible that the position for which the applicant applied is not the only one available. If the person doing the screening knows about other vacancies in the firm, he or she may be able to steer the prospective employee to another position. For instance, the assessor may decide that although an applicant is not a good fit for the applications-engineering job, she is an excellent candidate for an internal research-and-development position. This type of assessment not only builds goodwill for the firm but also can maximize recruitment and selection effectiveness.

preliminary screening
In employee selection, a review to eliminate those who obviously do not meet the position’s requirements.

At times, a short test may be administered to determine if a person should proceed in the selection process. For example, in the recruitment of sales representatives, a brief sales aptitude test may be given to determine if the applicant has a talent or interest in sales. Then, the company knows that the people they interview are already more likely to succeed in the role. By conducting a quick assessment before scheduling interviews, the company is more likely to hire people who will add value to the organization.

Having the candidate complete an application for employment is another early step in the selection process. This step may either precede or follow preliminary screening. The employer then evaluates it to see whether there is an apparent match between the individual and the position. A well-designed and properly used application form can be helpful because essential information is included and presented in a standardized format. Completion of an application may not be initially required for many management and professional positions. In these cases, a résumé may suffice. A complete application usually is obtained later—often for job candidates who have successfully passed the initial screening process and for whom the company intends to further consider for employment.

The specific information requested on an application form may vary from firm to firm, and even by job type within an organization. An application typically contains sections for name, address, telephone number, e-mail address, military service, education, and work history. Managers compare the information contained in a completed application to the job description to determine whether a potential match exists between the firm’s requirements and the applicant’s qualifications. As you might expect, this judgment is often difficult.

Several pre-printed statements are usually included on the application form. First, by signing the form, the applicant certifies that information provided on the form is accurate and true. Employers will likely reject candidates who make false claims for key issues. Candidates may be terminated after employment if they made any representation or statement that was not accurate or if they did not disclose matters that might significantly prejudice the employer’s hiring decision. Second, when not prohibited by state law, the form should also state that a condition of employment is employment-at-will. Employment-at-will is a policy that either the employer or the employee can terminate employment at any time for any reason. Finally, the form should contain a statement whereby the candidate gives permission to have his or her background and references checked.

An employment application form must reflect not only the firm’s informational needs but also legal requirements. Potentially discriminatory questions inquiring about such factors as gender, race, age, convictions, national origin, citizenship, birthplace, dependents, disabilities, religion, color, and marital status should be avoided.

Applicants sometimes deliberately leave out information on the application that may present them in a negative light. To combat this problem, many employers are requiring applicants to use online applications that force a person to complete a required field before the application is successfully submitted. In fact, corporations have increasingly declined to accept a printed résumé, and applicants are directed to company Web sites for employment application and résumé submission.

A résumé is a goal-directed summary of a person’s experience, education, and training developed for use in the selection process. Professional and managerial applicants often begin the selection process by submitting a résumé. Figure 6-2 illustrates a traditional résumé. Note that the résumé includes the career objective for the specific position the applicant is seeking. Some human resources (HR) professionals suggest that a professional summary at the beginning of the résumé is more useful to the recruiter. However, young job seekers with little work experience may be best served by using a career objective statement. The remainder of the résumé should be directed toward showing how a person has the skills and competencies necessary to accomplish the position identified in the career objective statement.16 Using keywords from the job description or employment ad will help an applicant get past the résumé-scanning programs many firms use.17 Only information necessary to show a relationship to the objective should be included. The all-important concept of relevancy is crucial in selling the applicant to the company. A new trend that has evolved over time is that the content of the résumé is more important than fitting an applicant’s entire career onto one page. Historically, a one-page résumé was the standard that applicants were told to use.

résumé
Goal-directed summary of a person’s experience, education, and training developed for use in the selection process.

An example of a traditional resume.
FIGURE 6-2 Example of a Traditional Résumé
Figure 6-2 Full Alternative Text
In developing a résumé, the sender should be careful not to misrepresent the truth. An applicant who has three credit hours to meet graduation requirements has not graduated, and therefore, does not possess the degree for which she or he is studying. Certainly, the résumé should be designed to present the applicant in a positive light, but without exaggeration. Regarding job history, dates of employment should be accurate. It goes without saying that résumés should not contain grammar and spelling errors. The résumé should show that the applicant understands the job and how his or her work history can assist in accomplishing the job.

When sending a résumé via the Internet, applicants should realize that most large companies now use applicant-tracking systems. These systems assume a certain résumé style. Résumés that deviate from the assumed style are ignored or deleted. These systems scan résumés into databases, search the databases on command, and rank the résumés according to the number of resulting “hits” they receive. At times, such searches use multiple (10–20) criteria. Some systems flag résumés that appear to misrepresent the truth, present misleading information, or are in other ways suspicious.

The use of applicant-tracking systems coupled with the downsizing of HR departments has resulted in a situation in which many résumés are never seen by human eyes once they enter the system. Therefore, a job applicant should make his or her résumé as computer/scanner friendly as possible so that its life in a database will be extended. Even if you are a perfect match for the job, your résumé may never get to someone who could decipher your potential value. To make the process work, a keyword résumé style should be used. Keywords refer to those words or phrases that are used to search databases for résumés that match. A keyword résumé contains an adequate description of the job seeker’s characteristics and industry-specific experience presented in keyword terms to accommodate the computer search process. The keywords are often job titles, skills, or areas of expertise related to the position. Keywords tend to be more of the noun or noun-phrase type (Office 2016, Windows 10, Biochemist) as opposed to power action verbs often found in traditional résumés (developed, coordinated, empowered, organized). Another way to look at keyword phrases is to think in terms of job duties. The terms employers search for most often are problem solving and decision making, oral and written communication, customer service or retention, performance and productivity improvement, leadership, technology, team building, project management, and bilingual.

keywords
Words or phrases that are used to search databases for résumés that match.

keyword résumé
Résumé that contains an adequate description of the job seeker’s characteristics and industry-specific experience presented in keyword terms to accommodate the computer search process.

Applicants should study the job posting and industry ads to get an overview of the phrases that keep reappearing. Detailing an individual’s job duties may require a change in mind-set away from traditional résumé writing. Recruiters should be mindful that applicants have gotten smarter in résumé preparation and at times include words that hardly resemble their past accomplishment.
Selection Tests
6.3 Describe the use of tests in the selection process.

Tests are essential components of employee selection. There are many considerations, including advantages and disadvantages, property of tests, validation approaches, and test type. We also conclude this section with a review of important legal matters that pertain to selection tests.

FYI
The use of selection tests is on the rise. In 2015, 57 percent of large U.S. employers used selection testing, up from 26 percent in 2013.18

Preliminary Considerations
Recognizing the shortcomings of other selection tools, many firms have added selection tests to their hiring process. These tests rate factors such as aptitude, personality, abilities, and motivation of potential employees, allowing managers to choose candidates according to how they will fit into the open positions and corporate culture. However, tests alone are not enough to make a sufficient evaluation of a candidate because they are not fool proof. Firms need to use them in conjunction with other selection tools such as reference checks and interviews.

Advantages and Disadvantages of Selection Tests
Research indicates that customized tests can be a reliable and accurate means to predict on-the-job performance.19 Organizations use tests to identify attitudes and job-related skills that interviews cannot recognize. Also, the cost of employment testing is small in comparison to ultimate hiring costs. They are a more efficient way to get at information that results in better-qualified people being hired.

Job performance depends on an individual’s ability and motivation to do the work. Selection tests may accurately predict an applicant’s ability to perform the job, the can do, but they are less successful in indicating the extent to which the individual will be motivated to perform it, the will do. The most successful employees are likely to have two things in common: they identify with their firm’s goals, and they are highly motivated. For one reason or another, some employees with high potential never seem to reach it. The factors related to success on the job are so numerous and complex that selection may always be more of an art than a science.

Employers should be aware that tests might be unintentionally discriminatory. Office of Federal Contract Compliance Programs (OFCCP) former director Charles E. James Sr. said, “Testing is a ‘necessary business tool’ to help employers select qualified candidates. Hiring the wrong person puts your company at risk. The key is to make the test fit the job you’re using it for.”20 When a test excludes a protected class at a significant rate, the test should be avoided unless the employer can show that the test is job related for the position in question and consistent with business necessity. Using selection tests carries with it legal liabilities of two types. One is a lawsuit from rejected applicants who claim a test was not job related or that it unfairly discriminated against a protected group, violating federal employment laws. The second potential legal problem relates to negligent hiring lawsuits filed by victims of employee misbehavior or incompetence (a topic discussed later in this chapter).

Test anxiety can also be a problem. Applicants often become quite anxious when confronting yet another hurdle that might eliminate them from consideration. The test administrator’s reassuring manner and a well-organized testing operation should serve to reduce this threat. Although a great deal of anxiety is detrimental to test performance, a slight degree is helpful.

The problems of hiring unqualified or less-qualified candidates and rejecting qualified candidates will continue regardless of the procedures followed. Well-developed tests administered by competent professionals help organizations minimize such consequences.

Characteristics of Properly Designed Selection Tests
Properly designed selection tests are standardized, objective, based on sound norms, reliable, and of utmost importance, valid. These concepts and the application of these concepts are discussed next.

STANDARDIZATION
The uniformity of the procedures and conditions related to administering tests is standardization. To compare the performance of several applicants taking the same test, it is necessary for all to take the same test under conditions that are as identical as possible. For example, the content of instructions provided and the time allowed must be the same, and the physical environment must be similar. If one person takes a test in a room with jackhammers operating just outside and another takes it in a more tranquil environment, differences in test results are likely.

standardization
Uniformity of the procedures and conditions related to administering tests.

OBJECTIVITY
In testing, objectivity occurs when everyone scoring a test obtains the same results. Multiple-choice and true/false tests are objective. The person taking the test either chooses the correct answer or does not.

objectivity
Condition that is achieved when everyone scoring a given test obtains the same results.

NORMS
A frame of reference for comparing an applicant’s performance with that of others is a norm. Specifically, a norm reflects the distribution of many scores obtained by people similar to the applicant being tested. A score by itself is insignificant. It becomes meaningful only when compared with other applicants’ scores. To better understand this important concept, think about one of the standardized tests required for college admission such as the ACT or SAT. For example, scores of 400 and 700 have limited usefulness. At best, they indicate that the applicant who scored 700 answered more questions correctly than the applicant who scored 400, and this conclusion might favor admission for the higher score. However, a comparison of raw test scores does not inform college admissions committees about how well these individuals performed relative to everyone who took this test. A more useful metric is to convert the raw scores into percentile rankings. For example, a percentile ranking of 90 tells admissions committees that the raw scores earned by those in this percentile ranking exceed 90 percent of the scores of other test takers.

norm
Frame of reference for comparing an applicant’s performance with that of others.

When enough employees are performing the same or similar work, employers can standardize their own tests. Typically, this is not the case, and a national norm for a test is used. A prospective employee takes the test, the score obtained is compared to the norm, and the significance of the test score is then determined.

RELIABILITY
The extent to which a selection test provides consistent results is reliability. For example, if a person were to take the same test of personality several times and received highly similar scores (consistent results), this personality test would be judged to be reliable. Reliability data reveal the degree of confidence placed in a test. For example, if a person scores 130 on a certain test of conscientiousness this week and retakes the test next week and scores 80, the test reliability would likely be low. Tests with low reliability have implications for validity. For example, if a test has low reliability, its validity (accuracy) as a predictor (for example, of job performance) will also be low. If after scoring 130 the first week a person scores another 130 the second week, the test is reliable. However, the existence of reliability alone does not guarantee the test’s validity.

reliability
Extent to which a selection test provides consistent results.

Reliability is expressed as a correlation coefficient. A correlation coefficient shows the strength and direction of the relationship between two variables, for example, personality measured at time 1 (say, on February 1, 2018) and the same personality test measured later, time 2 (say, on December 1, 2018). Correlation coefficients can range between
−
1.0
and
+
1.0.
In the cases of
−
1.0
and
+
1.0
,
there is evidence of perfect correlation. For example, when the correlation coefficient is
−
1.0
,
for every 1-unit change in personality test score at time 1, we see a corresponding 1-unit increase in personality score at time 2. When the correlation coefficient is
−
1.0
,
for every 1-unit change in personality score assessed at time 1, we see a corresponding 1-unit decrease in personality measured at time 2. When the correlation coefficient equals 0, then there is no correspondence between changes in scores on the personality test at times 1 and 2. In the selection context, we hope to obtain correlations equal to
+
1.0.
Realistically, correlation coefficients fall somewhere between these scores, which allows us to talk about the reliability of the test in terms of degrees of reliability. The goal is to obtain positive correlations that are as close to 1.0 as possible. Correlations equal to zero or thereabouts have no utility as a selection tool. That is, such tests do not aid in the selection process.

VALIDITY
The basic requirement for a selection test is that it be valid. Validity is the extent to which a test measures what it claims to measure. If a test cannot indicate ability to perform the job, it has no value. And if used, it will result in poor hiring decisions and a potential legal liability for the employer.

validity
Extent to which a test measures what it claims to measure.

Title VII requires the test to work without having an adverse impact on minorities, females, and individuals with backgrounds or characteristics protected under the law. If using the test results in an adverse impact on certain members of protected groups, the firm must have a compelling reason why it is used; that is, it must validate the test. Employers are not required to validate their selection tests automatically.

Test Validation Approaches
The Uniform Guidelines on Employee Selection Procedures established three approaches to validating selection tests: criterion-related validity, content validity, and construct validity.

CRITERION-RELATED VALIDITY
A test validation method that compares the scores on selection tests to some aspect of job performance determined, for example, by performance appraisal is criterion-related validity. Performance measures might include quantity and quality of work, turnover, and absenteeism. A close relationship between the score on the test and job performance suggests that the test is valid. The two basic forms of criterion-related validity are concurrent and predictive validity.

criterion-related validity
Test validation method that compares the scores on selection tests to some aspect of job performance determined, for example, by performance appraisal.

Concurrent validity is determined when the firm obtains test scores and the criterion data at essentially the same time. For instance, it administers the test to all currently employed telemarketers and compares the results with company records that contain current information about each employee’s job performance. If the test can identify productive and less productive workers, one could say that it is valid. A potential problem in using this validation procedure results from changes that may have occurred within the work group. For example, firms may have fired the less productive workers, and promoted the more productive employees out of the group.

Predictive validity involves administering a test and later obtaining the criterion information. For instance, all applicants take the test but the firm uses other selection criteria, not the test results, to make the selection decision. After observing employee performance over time, the company analyzes test results to determine whether they differentiate the successful and less successful employees.

CONTENT VALIDITY
A test validation method whereby a person performs certain tasks that are required by the job or completes a paper-and-pencil test that measures relevant job knowledge is content validity. Although statistical concepts are not involved, many practitioners believe that content validity provides a sensible approach to validating a selection test. This form of validation requires thorough job analysis and carefully prepared job descriptions. An example of the use of content validity is giving a word-processing test to an applicant whose primary job would be word processing. Court decisions have supported the concept of content validity.

content validity
Test validation method whereby a person performs certain tasks that are required by the job or completes a paper-and-pencil test that measures relevant job knowledge.

CONSTRUCT VALIDITY
A test validation method that determines whether a test measures certain constructs, or traits, that job analysis finds to be important in performing a job is construct validity. For instance, a sales representative position may require the applicant to be extroverted and assertive. The goal in construct validation studies is to observe correlations between the test under study and a grouping of related variables such as positive correlations between extroversion and sales performance as well as between assertiveness and sales performance. It is equally important to establish statistically insignificant correlations between the measures of constructs for which there is no reason to expect a relationship—for instance, birth month and job performance. Construct validity in and of itself is not a primary method for validating selection tests.

construct validity
Test validation method that determines whether a test measures certain constructs, or traits, that job analysis finds to be important in performing a job.

Employment Tests
Individuals differ in characteristics related to job performance. Broadly, tests fall into one of two categories: aptitude tests and achievement tests. Aptitude tests measure how well a person can learn or acquire skills or abilities. Achievement tests assess a person’s current knowledge and skills. These differences, which are measurable, relate to cognitive abilities, psychomotor abilities, job knowledge, work samples, and personality.

aptitude tests
A test of how well a person can learn or acquire skills or abilities.

achievement tests
A test of current knowledge and skills.

COGNITIVE ABILITY TESTS
Tests that determine general reasoning ability, memory, vocabulary, verbal fluency, and numerical ability are cognitive ability tests.

cognitive ability tests
Tests that determine general reasoning ability, memory, vocabulary, verbal fluency, and numerical ability.

Cognitive ability tests are a form of IQ tests and these measure the capacity of an individual to learn at higher levels of difficulty (for example, learning to write at the fifth-grade level and learning to write at the college level). As the content of jobs becomes broader and more fluid, employees must be able to adapt quickly to job changes and rapid technological advances. It is likely that testing will be necessary to match the broader range of characteristics required for successful performance of these flexible jobs. The NFL uses the Wonderlic Personnel Test, which is designed to measure cognitive ability, the applicant’s natural aptitude for learning new information.

PSYCHOMOTOR ABILITIES TESTS
Psychomotor abilities refer to the capacity to connect brain or cognitive functions and functions of the body such as physical strength. An example of a psychomotor ability is reaction time, which is defined as, “the ability to quickly respond (with the hand, finger, or foot) to a signal (sound, light, picture) when it appears.”21

PERSONALITY TESTS
According to the American Psychological Association, “personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: one is understanding individual differences in particular personality characteristics, such as sociability or irritability. The other is understanding how the various parts of a person come together as a whole.”22 Self-reported measures of temperaments, or dispositions, are personality tests. For example, health-care social workers, “Job requires being reliable, responsible, and dependable, and fulfilling obligations.”23 Personality tests, unlike ability tests, are not time constrained and do not measure specific problem-solving skills. These questionnaires tap into areas, such as leadership, teamwork, and personal assertiveness. Vacation planning company Delaware North found that they hired better fitting employees after including personality testing in their selection process. The company used personality testing to identify individuals who demonstrated traits such as friendliness, curiosity, and ability to multitask.24 With careful planning, a properly designed personality profile can measure and match the appropriate personality dimensions to the requirements of the job.

personality
Individual differences in characteristic patterns of thinking, feeling, and behaving.

personality tests
Self-reported measures of traits, temperaments, or dispositions.

Most large companies now use psychometric testing to identify future managers. These individuals are being assessed for their ability to bring about long-term change and their ability to handle day-to-day management tasks. Generally, fire departments and law enforcement agencies use the Minnesota Multiphasic Personality Inventory (MMPI) test, which consists of 567 statements that help to determine a subject’s degree of paranoia, depression, mania, or anxiety. In police departments, the MMPI is used to detect the inclination toward substance abuse. These types of tests are typically used in the early stage of the selection process.

Integrity tests represent a specific type of personality attribute. Integrity refers to, “being honest and ethical.”25 Employers have used them to measure candidates’ attitudes toward theft, dishonesty, absenteeism, violence, drug use, alcohol abuse, and other counterproductive behaviors. Retail stores, nuclear plants, law enforcement agencies, and child-care facilities typically use integrity tests. Research has shown that integrity tests have high validity for predicting undesirable behaviors at work.26 Because the polygraph test (discussed later) has been effectively banned in the private sector as a hiring tool, integrity tests have often been used to detect dishonesty in candidates.

As the previous discussion indicates, many companies consider a variety of factors before offering employment. Rudi’s Organic Bakery discusses the elements and dimensions they look for in potential employees. In addition to looking at a candidate’s “ability” (mental horsepower to understand and process information and find solutions to problems), which comes from experience, they are also looking at “personality” (how motivated a person is and how they will interact as part of a team). Besides “technical fit”—a background in food science—the company is looking for how an individual will fit into the company’s organizational culture and wants individuals who are reliable, positive, team players, and proactive. The following Watch It video describes Rudi Bakery’s employee selection considerations.

Watch It 1
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Rudi’s Bakery: Ability and Testing and respond to questions.

CH2M Hill is another example of a company that considers both ability and personality in their selection process. An employee from CH2M Hill, an industry-leading and global project delivery engineering firm, discusses key indicators that they look for in potential employees—from ability (technical fit) to personality (organizational fit) and why these indicators are essential to finding the right candidate for the job.

Watch It 2
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled CH2M Hill’s and respond to questions.

JOB-KNOWLEDGE TESTS
Tests that measure a candidate’s knowledge of the duties of the job for which he or she is applying are job-knowledge tests. For example, lawyers must have knowledge of law and government, which is defined as, “Knowledge of laws, legal codes, court procedures, precedents, government regulations, executive orders, agency rules, and the democratic political process.”27 Such tests are commercially available but individual firms may also design them specifically for any job, based on data derived from job analysis.

job-knowledge tests
Tests designed to measure a candidate’s knowledge of the duties of the job for which he or she is applying.

JOB PERFORMANCE AND WORK-SAMPLES
Tests that require an applicant to perform a task or set of tasks representative of the job are work-sample tests. For positions that require heavy use of spreadsheets, having the applicant construct a sample spreadsheet, with data the firm provides, will be useful in assessing a required ability. Electrical and electronic equipment assemblers, “position, align, or adjust work pieces or electrical parts to facilitate wiring or assembly.”28 Such tests, by their nature, are job related. A real test of validity, in the opinion of some experts, should be a performance assessment: take individuals to a job and give them the opportunity to perform it.

work-sample tests
Tests that require an applicant to perform a task or set of tasks representative of the job.

An assessment center is a selection approach that requires individuals to perform activities similar to those they might encounter in an actual job. The assessment center is one of the most powerful tools for assessing managerial talent because it is designed to determine if they will be effective in performing a specific job. Research has established the validity of the assessment center approach to predicting performance. Many of the top companies in the United States have set up assessment centers where they can first interview potential employees and then evaluate them in real work situations. It provides an excellent way to determine an individual’s capabilities to perform an entry-level management job.

assessment center
Selection technique that requires individuals to perform activities similar to those they might encounter in an actual job.

HR Web Wisdom
Genetic Testing

http://ghr.nlm.nih.gov/

A guide to understanding genetic conditions.

In an assessment center, candidates perform several exercises that simulate the tasks they will carry out in the job they seek. Typical assessment center tests include having applicants complete in-basket exercises and perform in management games, leaderless discussion groups, mock interviews, and other simulations. The traditional in-basket exercise has received a technological boost by replacing the paper memos with e-mail messages, faxes, tweets, or voice mail. Assessment centers measure candidates’ skills in prioritizing, delegating, and decision making. The professional assessors who evaluate the candidates’ performance usually observe them away from the workplace over a certain period, perhaps a single day. The assessors selected are typically experienced managers who may not only evaluate performance but also participate in the exercises.

An advantage of the assessment center approach is the increased reliability and validity of the information provided. Research has shown that the in-basket exercise, a typical component of assessment centers, is a good predictor of management performance. Its validity provides an alternative to paper-and-pencil tests.

Unique Forms of Testing
GENETIC TESTING
Tests performed to identify predisposition to inherited diseases, including cancer, heart disease, neurological disorders, and congenital diseases are genetic tests. DNA-testing companies can tell us our potential risk for breast cancer, cystic fibrosis, Alzheimer’s disease, and other common chronic conditions. Scientists have assembled the entire set of genetic instructions for building a human body, and world leaders likened this achievement to putting a human being on the moon. This brings both hope and concerns to the forefront in employment testing.

genetic tests
Tests given to identify predisposition to inherited diseases, including cancer, heart disease, neurological disorders, and congenital diseases.

Genetic tests may predict a predisposition to having a disease. However, such tests cannot tell whether a person is certain to get the disease or when he or she would become ill. In addition, everyone has some disposition to genetic disease and a genetic predisposition is different from a preexisting condition.

The Equal Employment Opportunity Commission (EEOC) has issued guidelines stating that healthy individuals with a genetic predisposition to a disease, and thus perceived as disabled, are protected by the Americans with Disabilities Act (ADA). The Genetic Information Nondiscrimination Act (GINA) of 2008 is designed to prohibit the improper use of genetic information in health insurance and employment. Recently the EEOC issued a final regulation, which generally bars employers, unions, employment agencies, and joint apprenticeship programs from requesting, requiring, or purchasing an individual’s genetic information and making employment decisions based on such data.29

GRAPHOANALYSIS (HANDWRITING ANALYSIS)
The use of handwriting analysis as a selection factor is graphoanalysis. Many in the United States view handwriting analysis in the same context as psychic readings or astrology. In Europe, however, many employers use graphoanalysis to help screen and place job applicants. It is not unusual for European companies to have full-time handwriting analysts on staff. With graphoanalysis, every stroke of handwriting has a meaning that can be understood only within the context of the other strokes present in the handwriting.

graphoanalysis
Use of handwriting analysis as a selection factor.

Although no definitive study exists on the extent of its use in the United States, according to some handwriting experts, graphoanalysis is becoming more common. A basic reason for the reluctance of U.S. employers to use this approach appears to be a concern over the ability to validate such tests. And there is little research demonstrating the effectiveness of graphology in employee selection. This and the worry about possible legal action seem to make many U.S. employers wary of the process.

POLYGRAPH TESTS
For many years, another means used to verify background information was the polygraph, or lie-detector test. One purpose of the polygraph was to confirm or refute the information contained in a candidate’s application. However, the Employee Polygraph Protection Act of 1988 prohibited the use of polygraph tests in the private sector. However, the act does not apply to governmental employers, and there are other limited exceptions. Even here, the technology has been found to be flawed. Effective techniques for beating lie detectors, which only measure stress and anxiety, have been developed and are available for use.

The act permits use of polygraph tests in the private sector in screening certain prospective employees for security service firms and pharmaceutical manufacturers, distributors, and dispensers. The act also permits, with certain restrictions, polygraph testing of certain employees reasonably suspected of involvement in a workplace incident, such as theft or embezzlement. Persons who take polygraph tests have a few specific rights. For example, they have the right to a written notice before testing, the right to refuse or discontinue a test, and the right not to have test results disclosed to unauthorized persons.

Legal Considerations
Earlier, we recognized the law an important environmental factor in the selection process. Now that we have studied selection testing, we will address some important examples of EEOC litigation and settlements illustrating basic EEO principles that focus on testing:30

Title VII and Cognitive Ability Tests: Less Discriminatory Alternative for Cognitive Ability Test with Disparate Impact. EEOC v. Ford Motor Co. and United Automobile Workers of America, involved a court-approved settlement agreement on behalf of a nationwide class of African Americans who were rejected for an apprenticeship program after taking a cognitive ability test known as the Apprenticeship Training Selection System (ATSS). The ATSS was a written cognitive ability test that measured verbal, numerical, and spatial reasoning to evaluate mechanical aptitude. Although it had been validated in 1991, the ATSS continued to have a statistically significant disparate impact by excluding African American applicants. Less discriminatory selection procedures were subsequently developed that would have served Ford’s needs, but Ford did not modify its procedures. In the settlement agreement, Ford agreed to replace the ATSS with a selection procedure, to be designed by a jointly-selected industrial psychologist, that would predict job success and reduce adverse impact. Additionally, Ford paid $8.55 million in monetary relief.

Title VII and Physical Strength Tests: Strength test must be job-related and consistent with business necessity if it disproportionately excludes women. In EEOC v. Dial Corp., women were disproportionately rejected for entry-level production jobs because of a strength test. The test had a significant adverse impact on women; prior to the use of the test, 46 percent of hires were women, and after use of the test, only 15 percent of hires were women. Dial defended the test by noting that it looked like the job and use of the test had resulted in fewer injuries to hired workers. The EEOC established through expert testimony, however, that the test was considerably more difficult than the job and that the reduction in injuries occurred two years before the test was implemented, most likely because of improved training and better job rotation procedures. On appeal, the Eighth Circuit upheld the trial court’s finding that Dial’s use of the test violated Title VII under the disparate impact theory of discrimination. See www.eeoc.gov/press/11-20-06.html.

ADA and Test Accommodation: Employer must provide reasonable accommodation on pre-employment test for hourly, unskilled manufacturing jobs. The EEOC settled EEOC v. Daimler Chrysler Corp., a case brought on behalf of applicants with learning disabilities who needed reading accommodations during a pre-employment test given for hourly unskilled manufacturing jobs. The resulting settlement agreement provided monetary relief for 12 identified individuals and the opportunity to take the hiring test with the assistance of a reader. The settlement agreement also required that the employer provide a reasonable accommodation on this test to each applicant who requested a reader and provided documentation establishing an ADA disability. The accommodation consisted of either a reader for all instructions and all written parts of the test, or an audiotape providing the same information.
Employment Interview
6.4 Explain the use of the employment interview.

The employment interview is a goal-oriented conversation in which the interviewer and applicant exchange information. Traditionally, interviews have not been valid predictors of success on the job.31 In fact, courts are often suspicious of hiring decisions based primarily on interview results because of their inherently subjective nature. For more than 500 years, Leonardo da Vinci’s Mona Lisa has confounded viewers who try to read her expression. Like the Mona Lisa, every job applicant presents a mysterious façade. Nevertheless, interviews continue to be the primary method companies use to evaluate applicants. The employment interview is especially important because the applicants who reach this stage are the survivors. They have endured preliminary screening, had their applications reviewed, and scored satisfactorily on selection tests. At this point, the candidates appear to be qualified, at least on paper. Every seasoned manager knows, however, that appearances can be quite misleading. Additional information is needed to indicate whether the individual is willing to work and can adapt to that organization (organizational fit).

employment interview
Goal-oriented conversation in which an interviewer and an applicant exchange information.

Interview Planning
Interview planning is essential to effective employment interviews. A primary consideration should be the speed in which the process occurs. Many studies have demonstrated that the top candidates for nearly any job are hired and off the job market within anywhere from 1 to 10 days.

The physical location of the interview should be both pleasant and private, providing for a minimum of interruptions. The interviewer should possess a pleasant personality, empathy, and the ability to listen and communicate effectively. He or she should become familiar with the applicant’s qualifications by reviewing the data collected from other selection tools. As preparation for the interview, the interviewer should develop a job profile based on the job description/ specification. After listing job requirements, it is helpful to have an interview checklist that involves comparing an applicant’s application and résumé with the job description. Also, questions should be prepared that relate to the qualities needed in a person being sought. In doing so, it is helpful to ask for examples of past job-related applicant behavior.

HR BLOOPERS
The First Interview

As Henry Davidson heads to the conference room for his first interview, he starts to think about what he is going to ask the candidate. As a new Human Resources Assistant at Samson Corporation, Henry is conducting interviews of candidates being considered for an administrative assistant position. Although he has a degree in HR and has worked in the field for more than a year now, this is his first opportunity to conduct an interview. His manager directed him to the company’s interview training program, but Henry believes that an interview is just a conversation so he didn’t bother with the training. He has great interpersonal skills and can’t wait to tell the candidate all about the company. As Henry enters the room and shakes the candidate’s hand, he realizes that he forgot to bring her résumé and the job description he had sitting on his desk. He’s not worried though, as he is good at engaging people in conversation and should do just fine without them. After greeting the candidate, Henry spends the first 20 minutes telling her about the job and the company. Once finished he asks her to, “tell me about yourself.” The first thing Henry learns is that she attended the same college as he did, so he knows she is a good candidate. Although he is unsure on what to ask next, he doesn’t think it matters as he already knows he is going to recommend her for the job.

If your professor has assigned this, go to www.pearson.com/mylab/management to complete the HR Bloopers exercise and test your application of these concepts when faced with real-world decisions.

Content of the Interview
Both the interviewer and the candidate have agendas for the interview. After establishing rapport with the applicant, the interviewer seeks additional job-related information to complement data provided by other selection tools. The interview permits clarification of certain points, the uncovering of additional information, and the elaboration of data needed to make a sound selection decision. The interviewer should provide information about the company, the job, and expectations of the candidate. Other areas typically included in the interview are discussed next.

OCCUPATIONAL EXPERIENCE
The interviewer will explore the candidate’s knowledge, skills, abilities, and willingness to handle responsibility. Although successful performance in one job does not guarantee success in another, it does provide an indication of the person’s ability and willingness to work.

ACADEMIC ACHIEVEMENT
In the absence of significant work experience, a person’s academic record takes on greater importance. Managers should, however, consider grade point average in the light of other factors. For example, involvement in work, extracurricular activities, or other responsibilities may have affected an applicant’s academic performance.

INTERPERSONAL SKILLS
An individual may possess important technical skills significant to accomplishing a job. However, if the person cannot work well with others, chances for success are slim. This is especially true in today’s world, with the increasing use of teams. The biggest mistake an interviewee can make is thinking that firms hire people only for their technical skills. Indeed, more and more companies are competing for people who have both technical skills and “soft” skills such as the ability to get along with coworkers. For instance, a CEO of a financial investment company said, “You can’t just be the general of your own army.”32

PERSONAL QUALITIES
Personal qualities normally observed during the interview include physical appearance, speaking ability, vocabulary, poise, adaptability, assertiveness, leadership ability, and cooperative spirit. As with all selection criteria, these attributes should be considered only if they are relevant to job performance.

Candidate’s Role and Expectations
Although the interviewer will provide information about the company, it is still important for candidates to do their homework, including studying the job description and checking the Internet (including the firm’s Web site) before the interview. Employees are also conducting background checks on companies to check out potential employers on such things as financial stability, whether the company would be a good place to work, and career opportunities. Most company sites include information tailored to job seekers. They often provide a history of the company and a description of its products and customers. Applicants can often find out the culture of the firm by doing a thorough search of the Internet and the news media. WetFeet.com provides insightful profiles of companies, careers, and industries to guide job seekers toward finding the right career, the right industry, the right company, and the right job for them. A person applying for a management position, especially, should have a thorough understanding of the firm’s business priorities, its strengths and weaknesses, and its major competitors. Applicants should consider how they would address some of the issues facing the company. They need to be able to show how their experiences can help in addressing these issues.

HR Web Wisdom
www.wetfeet.com/

Helps equip job seekers with the advice, research, and inspiration needed to plan and achieve a successful career

Recruiters need to remember that interviewees also have objectives for the interview. One might be to determine what the firm is willing to pay as a starting salary. Job seekers have other goals that may include the following:

To be listened to and understood

To have ample opportunity to present their qualifications

To be treated fairly and with respect

To gather information about the job and the company

To make an informed decision concerning the desirability of the job

Candidates can learn what interviewing skills they need to improve by undergoing a mock interview or two. Having a colleague or friend interview them and afterward critically reviewing their own responses can be beneficial. This mock interview allows candidates to analyze the strengths and interests that they would bring to a job. The process would also help them prioritize the points they want to make in the real interview.

General Types of Interviews
Types of interviews are often broadly classified as unstructured, structured, behavioral, and situational. A discussion of the differences follows.

UNSTRUCTURED INTERVIEW
An unstructured interview is one in which the interviewer asks probing, open-ended questions. This type of interview is comprehensive, and the interviewer encourages the applicant to do much of the talking. Questions such as, “What professional accomplishments are you most proud of and why?”; “What is your greatest professional strength, and how have you used it to overcome a challenge in your career?”; and “What specifically attracted you to our organization?” might be asked. The unstructured interview is often more time consuming than the structured interview and results in obtaining different information from different candidates. This adds to the potential legal woes of organizations using this approach. Compounding the problem is the likelihood of discussing ill-advised, potentially discriminatory information. Applicants who are being encouraged to pour their heart out may volunteer facts that the interviewer does not need or want to know. Unsuccessful applicants subjected to this interviewing approach may later claim in court that the reason for their failure to get the job was the employer’s use of this information.

unstructured interview
Interview in which the job applicant is asked probing, open-ended questions.

STRUCTURED INTERVIEW
In the structured interview, the interviewer asks each applicant for a job the same series of job-related questions. Although interviews have historically been very poor predictors of job success, use of structured interviews increases reliability and accuracy by reducing the subjectivity and inconsistency of unstructured interviews. With the structured interview, questions are developed and asked in the same order of all applicants applying for the vacant position. This makes it easier to compare candidates fairly. There is a better chance that the best candidate will be selected using this technique. Often benchmark answers are determined beforehand.

structured interview
Interview in which the interviewer asks each applicant for a particular job the same series of job-related questions.

Certainly, job-knowledge questions would be asked to probe the applicant’s job-related knowledge; these questions may relate to basic educational skills or complex scientific or managerial skills. Worker requirements questions might also be asked of each applicant to determine the applicant’s willingness to conform to the requirements of the job. For example, the interviewer may ask whether the applicant is willing to perform repetitive work or move to another city. Determining what questions to ask involves a thorough analysis of the position including a detailed analysis of the job description. Questions related to major job requirements in the job description make the process extremely job related.

BEHAVIORAL INTERVIEW
Traditional interviewing has a reputation of being a poor predictor of job success. Because of the low success rate of traditional interviews, the behavioral interview is often used. The behavioral interview is a structured interview in which applicants are asked to relate actual incidents from their past relevant to the target job. Once used exclusively for senior executive positions, behavioral interviewing is now a popular technique for lower-level positions also. The assumption is that past behavior is the best predictor of future behavior.

behavioral interview
Structured interview in which applicants are asked to relate actual incidents from their past relevant to the target job.

Behavioral interviewers look for three main things: a description of a challenging situation, what the candidate did about it, and measurable results. In the behavioral interview, the questions are selected for their relevance to job success in a job. Questions are formed from the behaviors by asking applicants how they performed in the described situation. For example, when probing to determine how creative an applicant is, the candidate might be requested to, “Describe an experience when you were faced with a new problem and how you handled it.”33 Or if seeking to determine the applicant’s enthusiasm, the request might be, “Relate a scenario during which you were responsible for motivating others.” Behavioral interviewers ask each candidate the same open-ended questions, and then score responses on a scale. Interviewing is based on the principle that what you did previously in your life is a good predictor of what you will do in the future. Interviewees are asked to give an example of a situation when they faced a dilemma, a problem, or a situation.

In behavioral interviews, candidates may unwittingly reveal information about their attitudes, intelligence, and truthfulness. Arrogance, lack of cooperation with team members, and anger can all spill out during such an interview. Although some candidates may think the interview is all about technical skills, it is as much about them as a person as anything.

Questions asked during behavioral interviews are legally safe because they are job related. Equally important, because both questions and answers are related to successful job performance, they are more accurate in predicting whether applicants will be successful in the job they are hired to perform. It answers the one question both the hiring manager and the candidate want to know most: Is this a good fit?

SITUATIONAL INTERVIEW
Whereas the behavioral interview focuses on how an individual handled circumstances in the past, the situational interview creates hypothetical situations candidates would likely encounter on the job and asks how they would handle them. For example, the question might be asked, “One of your employees has experienced a significant decline in productivity. How would you handle it?” As another example, “You completely disagree with the way that your boss has told you to handle a project. What would you do?” Basically, a situational interview provides a preview of the “how” a candidate might handle situations in a simulated work environment. Most often, interviewers are looking to hear the best course of action. However, some companies have expanded their expectations by seeking “practical intelligence,” which refers to knowing how to avoid pitfalls and potential predicaments.34

situational interview
Gives interviewers better insight into how candidates would perform in the work environment by creating hypothetical situations candidates would be likely to encounter on the job and asking them how they would handle them.

Methods of Interviewing
Organizations conduct interviews in several ways. The level of the open position and the appropriate labor market determine the most fitting approach. A discussion of these methods follows.

ONE-ON-ONE INTERVIEW
In a typical employment interview, the applicant meets one-on-one with an interviewer. As the interview may be a highly emotional occasion for the applicant, meeting alone with the interviewer is often less threatening. This method provides a better opportunity for an effective exchange of information to take place.

GROUP INTERVIEW
In a group interview, several applicants interact in the presence of one or more company representatives. This approach, although not mutually exclusive of other interview types, may provide useful insights into the candidates’ interpersonal competence as they engage in a group discussion. Another advantage of this technique is that it saves time for busy professionals and executives.

group interview
Meeting in which several job applicants interact in the presence of one or more company representatives.

BOARD (OR PANEL) INTERVIEW
In a board interview, several of the firm’s representatives interview a candidate at the same time. Companies use the board interview to gain multiple viewpoints because there are many cross-functional workplace relationships in business these days. Once the interview is complete, the board members pool their evaluation of the candidate. Most Ph.D. recipients are quite familiar with the board interview because they were required to defend their dissertation as their professors asked questions. At times, some candidates claimed that professors having opposing views were deliberately placed on the board and the candidate had to tiptoe through the session, hoping not to offend anyone.

board interview
An interview approach in which several of the firm’s representatives interview a candidate at the same time.

MULTIPLE INTERVIEWS
At times, applicants are interviewed by peers, subordinates, and potential superiors. This approach permits the firm to get a more encompassing view of the candidate. It also gives the candidate a chance to learn more about the company from a variety of perspectives. The result of this type of interview is a stronger, more cohesive team that shares the company’s culture and helps ensure organizational fit.

STRESS INTERVIEW
What would you do if you were in an interview that was going quite well and all at once the interviewer said, “I think your answer is totally inadequate: it doesn’t deal with my concerns at all, can’t you do better than that?” You may not realize it, but you have just been exposed to a stress interview. In the stress interview, the interviewer intentionally creates anxiety.

stress interview
Form of interview in which the interviewer intentionally creates anxiety.

Most interviewers strive to minimize stress for the candidate. However, in the stress interview, the interviewer deliberately makes the candidate uncomfortable by asking blunt and often discourteous questions. The purpose is to determine the applicant’s tolerance for stress that may accompany the job. Knowledge of this factor may be important if the job requires the ability to deal with a high level of stress.

Amazon.com interviewers have been known to ask job candidates to guess how many gas stations there are in the United States or to estimate the cost to wash all of Seattle’s windows. Google interviewers have also been known to ask, “You are shrunk to the height of a nickel and your mass is proportionally reduced so as to maintain your original density. You are then thrown into an empty glass blender. The blades will start moving in 60 seconds. What do you do?”35 The answer is not as important as your logic in approaching an answer.

Stress interviews are not new. The late Admiral Hyman G. Rickover, father of the U.S. Navy’s nuclear submarine program, was known to offer interviewees a chair that had one or two legs shorter than the other. The candidates’ problems were compounded by the chair’s polished seat. The admiral once stated that, “they had to maintain their wits about them as they answered questions while sliding off the chair.”36

REALISTIC JOB PREVIEW
A realistic job preview (RJP) conveys both positive and negative job information to the applicant in an unbiased manner. Many applicants have unrealistic expectations about the prospective job they are seeking. They may have been told the exciting part of the job, but the less glamorous areas are not mentioned. RJPs have become increasingly common in certain fields because of the high turnover rates and the constant cost of replacing those individuals who do not work out.37 For instance, when conducting an interview in the fast-food restaurant industry, an applicant might be taken behind the counter to see what it is like to work in a hot, greasy environment, smell food cooking all day, and scramble around other bodies in close quarters. An inaccurate perception may occur when interviewers paint false, rosy pictures of the job and the company. This practice leads to mismatches of people and positions. What compounds the problem is when candidates exaggerate their own qualifications. The RJP should typically be done early in the selection process, and before a job offer is made.

realistic job preview (RJP)
Method of conveying both positive and negative job information to an applicant in an unbiased manner.

An RJP conveys information about tasks the person would perform and the behavior required to fit into the culture of the organization. This approach helps applicants develop a more accurate perception of the job and the firm. Employers who give detailed RJPs get two results: fewer employees accept the job offer, and applicants who do accept the offer are less likely to leave the firm. Given an RJP, some candidates will take themselves out of the selection process, minimizing the number of unqualified candidates. Another reason to use RJPs is the benefit a firm receives from being an up-front, ethical employer.

As the previous discussion indicates, interviews play a crucial role in the employee selection process. Zipcar is a car-sharing business. When interviewing, they recommend not speaking negatively about past employers, being genuine but respectful, showing interest in the organization with which you are interviewing, and being prepared. The interview process helps Zipcar to identify prospective employees who are passionate about the brand, professional, courteous, and presentable. The following Watch It video describes Zipcar’s perspectives on employee selection.

Watch It 3
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Zipcar: Interviewing Candidates and respond to questions.

Potential Interviewing Problems
Potential interviewing problems that can threaten the success of employment interviews are discussed next.

INAPPROPRIATE QUESTIONS
Many questions are clearly hiring standards to avoid. When they are asked, the responses generated create a legal liability for the employer. The most basic interviewing rule is this: Ask only job-related questions. The definition of a test in the Uniform Guidelines includes, “physical, education, and work experience requirements informal or casual interviews.” Because the interview is a test, if adverse impact is shown, it is subject to the same validity requirements as any other step in the selection process. For unstructured interviews, this constraint presents special difficulties. Historically, the interview has been more vulnerable to charges of discrimination than any other tool used in the selection process.

The ADA also provides a warning for interviewers. Interviewers should inquire about the need for reasonable accommodations in only a few situations. For example, the topic is appropriate if the applicant is in a wheelchair or has an obvious disability that will require accommodation. Also, the applicant may voluntarily disclose a disability or even ask for some reasonable accommodation. Otherwise, employers should refrain from broaching the subject. Instead, interviewers should frame questions in terms of whether applicants can perform the essential functions of the jobs for which they are applying.

PERMITTING NON–JOB-RELATED INFORMATION
If a candidate begins volunteering personal information that is not job-related, the interviewer should steer the conversation back on course. The interviewer might do well to begin the interview by tactfully stating something like, “This selection decision will be based strictly on qualifications. Let’s not discuss topics such as religion, social activities, national origin, gender, or family situations. We are definitely interested in you, personally. However, these factors are not job related and will not be considered in our decision.” This enables better decisions to be made while decreasing the likelihood of discrimination charges.38

To elicit needed information in any type of interview, the interviewer must create a climate that encourages the applicant to speak freely. However, the conversation should not become too casual. Whereas engaging in friendly chitchat with candidates might be pleasant, in our litigious society, it may be the most dangerous thing an interviewer can do. Asking a woman a question about her children that has nothing to do with the job would not be appropriate.

INTERVIEWER BIAS
Often a problem that may arise in an interview is interviewer bias where the interviewer makes assumptions about the interviewee that may be incorrect and lets these biases influence the selection decision. Various forms of biases will next be discussed.

Stereotyping bias occurs when the interviewer assumes that the applicant has certain traits because they are members of a certain class. The classic case of stereotyping bias is when an interviewer assumes that a woman applicant cannot meet a certain physical requirement such as being able to lift 50 pounds.

A positive halo bias occurs when the interviewer generalizes one positive first impression feature of the candidate. Such might be the case with discovering that you have something in common with the applicant. The opposite could occur with negative horn bias where the interviewer’s first negative impression of the candidate generalizes throughout the interview.

Contrast errors may occur when, for example, an interviewer meets with several poorly qualified applicants and then confronts a mediocre candidate. By comparison, the last applicant may appear to be better qualified than he or she is. The opposite can also occur. Suppose that a clearly outstanding candidate is followed by a very good candidate. The second candidate may not be considered even if the first candidate turns down the job offer.

Premature judgment bias suggests that interviewers often make a judgment about candidates in the first few minutes of the interview.39 Apparently, these interviewers believe that they can determine immediately whether a candidate will be successful or not. When this occurs, a great deal of potentially valuable information is not considered. Even if an interviewer spent a week with an applicant, the sample of behavior might be too small to judge the candidate’s qualifications properly. In addition, the candidate’s behavior during an interview is seldom typical or natural, thereby making a quick judgment difficult.

Interview illusion bias is closely related to premature judgment but not the same. Managers may say something to the effect, “Give me just five minutes with an applicant and I can tell if they will be successful with our company.” Their belief in their interview ability was likely exaggerated. Recruiters are often overconfident about their ability to judge others in general. Interviewers should be careful about placing excessive weight on interviews and thinking, “I just feel good about this applicant” when making the hiring decision.40

INTERVIEWER DOMINATION
In successful interviews, relevant information must flow both ways. Sometimes, interviewers begin the interview by telling candidates what they are looking for, and then are excited to hear candidates parrot back their own words. Other interviewers are delighted to talk through virtually the entire interview, either to take pride in their organization’s accomplishments or to express frustrations over their own difficulties. After dominating the meeting for an hour or so, these interviewers feel good about the candidate. Therefore, interviewers must learn to be good listeners as well as suppliers of information.

LACK OF TRAINING
Anyone who has ever conducted an interview realizes that it is much more than carrying on a conversation with another person. The interviewer is attempting to gain insight into how the applicant answers job-related questions. There should be a reason for asking each question. For instance, suppose the applicant is told, “Tell me about yourself.” A trained interviewer asks this question to determine whether the applicant’s life experiences qualify the applicant for the job, not the fact that he or she had a little dog named Moe as a child. Interviewers should be trained to have a job-related purpose for asking each question. When the cost of making poor selection decisions is considered, the expense of training employees in interviewing skills can be easily justified.

NONVERBAL COMMUNICATION
Body language is the nonverbal communication method in which physical actions such as motions, gestures, and facial expressions convey thoughts and emotions. The interviewer is attempting to view the nonverbal signals from the applicant. Applicants are also reading the nonverbal signals of the interviewer. Therefore, interviewers should make a conscious effort to view themselves as applicants do to avoid sending inappropriate or unintended nonverbal signals.

Concluding the Interview
When the interviewer has obtained the necessary information and answered the applicant’s questions, he or she should conclude the interview. Management must then determine whether the candidate is suitable for the open position and organization. If the conclusion is positive, the process continues; if there appears to be no match, the candidate is no longer considered. Also in concluding the interview, the interviewer should tell the applicant that he or she will be notified of the selection decision shortly. Keeping this promise helps maintain a positive relationship with the applicant. The Watch It video illustrates the process from the application and planning phases through concluding the interview.

Watch It 4
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Applying and Interviewing for Employment and respond to questions.
Pre-Employment Screening and Background Checks
6.5 Describe the use of pre-employment screening and background checks.

HR Web Wisdom
HR Advice for Small Businesses

http://hradviceforsmallbusinesses.blogspot.com/

Offers advice for the small business owner to hire, manage, and retain employees.

Pre-employment screening and background investigations are more important than ever before because of the rise in negligent hiring (to be discussed later in this chapter) lawsuits, recent corporate scandals, and national security concerns. At this stage of the selection process, an applicant has normally completed an application form or submitted a résumé, taken the necessary selection tests, and undergone an employment interview. On the surface the candidate looks qualified. It is now time to determine the accuracy of the information submitted or to determine whether vital information was not submitted.

Background investigations involve obtaining data from various sources, including previous employers, business associates, credit bureaus, government agencies, and academic institutions. Fingerprinting also is becoming a more common part of checks, especially for companies that employ workers in charge of securing a worksite—for example, airports, the financial services industry, hospitals, schools, the gaming industry, and hazardous materials services. Reasons for leaving jobs or gaps in employment may be cleverly disguised to present a work history that does not provide an accurate or complete picture. Letters of recommendation from companies that are no longer in existence and differences between their résumé and completed job application may raise a red flag.

FYI
A survey of companies revealed that pre-employment screening is conducted to ensure:

Higher quality of hires: 74%

Government compliance: 56%

Enhanced company reputation: 49%

Greater safety and security: 43%

Increased company reputation: 37%41

The intensity of background investigations depends on the nature of the open position’s tasks and its relationship to customers or clients. To be legally safe, employers should ask applicants to sign a liability waiver permitting a background investigation. The waiver is typically a statement on the application form that releases former employers, business references, and others from liability. It also authorizes checks of court records and the verification of the applicant’s educational history and other credentials.

Employment Eligibility Verification (Form I-9)
The employment eligibility verification form I-9 must be filled out by U.S. job applicants, but it allows any number of documents to be used to demonstrate their legal right to work in the United States. Every employee hired since 1986 must have a completed Form I-9 on file. In an audit, federal immigration agents review the Form I-9 that employers are required to keep on file. The law provides for penalties from $100 to $1,000 for each incorrect or missing I-9. For example, Hartmann Studios, an event design and production company, was fined $605,250 for improper completion of I-9 forms. The total fine was based on a $700 rate for each violation.42

An additional level of verification involves the use of E-Verify to check out new hires, and its use is required for federal contractors and subcontractors with contracts of $100,000 or more. Recently, the U.S. Supreme Court granted states the right to require employers to use the federal E-Verify system to check on the eligibility of employees to work in the United States. E-Verify is a Web-based system that lets employers check Social Security and visa numbers submitted by workers against government databases. The system is not checking for citizenship, but for eligibility to be lawfully employed in the United States. The E-Verify system is not flawless because a recent report found that 6 percent passed the E-Verify checks because they had used fraudulent or stolen identities.43

FYI
According to the U.S. Citizenship and Immigration Services, more than 600,000 employers of all sizes use E-Verify.44

Continuous Background Investigation
Background investigations are not just for pre-employment any more. Some employers are screening their employees on an ongoing basis. In certain industries, such as banking and health care, employers are required by regulation to routinely research the criminal records of employees. People and events are ever-changing. For example, financial devastation, marital collapse, or a medical crisis can send a person with the cleanest record over the edge. It has been estimated that every year one or two of every 1,000 existing employees acquire a new criminal record. Because only a small percent of convictions lead to jail time, the employer may never know of a conviction unless there is an ongoing background investigation.

Background Investigation with Social Media
An increasing number of employers are using social media to conduct background investigations. Employers use an applicant’s Facebook page, LinkedIn profile, and postings made on an industry blog to find out about individuals they are considering hiring. One study revealed that 4 in 10 organizations use social media or online searches to screen candidates.45 According to another study, more than 8 out of 10 employers say that a positive online reputation influences their hiring decisions at least to some extent, and nearly half say a strong online reputation influences their decisions to a great extent.46 Still, many companies have expressed concerns about using social media profiles to screen job candidates. In 2015, a study by the Society for Human Resource Management (SHRM) revealed that 76 percent of surveyed organizations were concerned about legal risks, and 60 percent maintained that information from social media sites do not provide job-related information.47

Employers reported that they have found content on social networking sites that caused them not to hire the candidate. Some examples include posting provocative or inappropriate photographs or information, posting content about alcohol or drug use, and posting negative comments about their previous employer, coworkers, or clients. Other information found on these sites supported their decision to hire the candidate. For example, the profile provided a good feel for the candidate’s personality and fit within the organization, the profile supported candidate’s professional qualifications, and other people posted good references about the candidate.

As the cost of background checking has dropped and technology has improved, background checking has entered new dating relationships. Prior to accepting an invitation for a date with a new person, that individual can be “checked out” to determine if what was said was fact or fiction. Apps are now available to conduct a background check before entering into any relationship. Through these new apps, one can quickly determine if a person is telling the truth about factors such as age, relatives, addresses, criminal history, bankruptcies, judgments, liens, aliases, and current contact information.

Remembering Hiring Standards to Avoid
Some of the standards used in the background investigation have the potential to violate a hiring standard to avoid. A word of caution is advised in situations when an applicant acknowledges that he or she has been convicted of a crime. A major implication of the Griggs v. Duke Power Company Supreme Court case was that when HR management practices eliminate substantial numbers of minority or female applicants (prima facie evidence), the burden of proof is on the employer to show that the practice is job related. If a criminal record automatically eliminates a candidate that means that approximately 65 million people who have been convicted of felonies and misdemeanors may struggle to find employment.48 Some states and cities have done away with asking about criminal convictions on applications, and there is a push to do it also on the national level. Therefore, caution should be taken using criminal conviction as a hiring criterion if it cannot be shown to be job related.

The same rationale can be said for conducting credit checks. If a disproportionate number of members of a protected group are rejected through the use of the credit check, the company would need to validate its use. Certainly, if a company does a credit check on all applicants, it is difficult to say that the credit check is job related. Presently 11 states have laws on their books banning credit check uses, and other states are considering credit check proposals.

Congress created somewhat of an obstacle for employers when it amended the federal Fair Credit Reporting Act (FCRA). Employers’ obligations are triggered under the act when they use consumer reports that contain information about an individual’s personal and credit characteristics, character, general reputation, and lifestyle. To avoid legal problems, employers need to allow sufficient time between notifying an applicant or employee of a less than favorable consumer report and taking adverse action. If an unfavorable credit check surfaces, the potential employee should be given time to dispute and correct the errors.49 Making mistakes can prove costly to companies. In 2015, several companies—BMW, Calvin Klein, Chuck E. Cheese, Food Lion, Home Depot, and Whole Foods—paid exorbitant settlements ranging from $716,400 to $3 million.50

The EEOC has recently conducted hearings claiming there are employers that hire only individuals who are presently employed.51 Paul C. Evans, a partner with law firm Morgan Lewis & Bockius LLP in Philadelphia, said, “I do think the EEOC will look to see whether or not employers are de facto, even without an explicit policy, precluding or eliminating from consideration those who have been out of work for long periods of time.”52

Much of the social media content contains information regarding possible hiring standards to avoid. The typical Facebook page will reveal race, sex, age, ethnic background, and more by just looking at the pictures and profile. Religion, especially if it is a strong part of the member’s belief system, is often easy to detect. None of these factors should be considered in the selection process. However, information is usually available that is legal to consider. In fact, according to a survey by Microsoft Corporation, 7 out of 10 U.S. hiring managers reject candidates based on information they have posted online even though 90 percent of these managers are concerned that the information they find can be inaccurate and unreliable.53

Reference checks are validations from those who know the applicant that provide additional insight into the information furnished by the applicant and allow verification of its accuracy. They are a valuable source of information to supplement the background investigation. Applicants are often required to submit the names of several references who can provide additional information about them. A possible flaw with reference checking is that virtually everyone can name three or four individuals willing to make favorable statements about him or her. Even so, there is anecdotal evidence that personal references do not always provide favorable information. They may not necessarily be committed to shading the truth for the applicant.

reference checks
Validations from individuals who know the applicant that provide additional insight into the information furnished by the applicant and verification of its accuracy.

A related problem in obtaining information from previous employers is their general reluctance to reveal such data and this trend continues to grow. In 2010, a SHRM poll on background investigations, 98 percent of respondents said their organizations would verify dates of employment for current or former employees, 68 percent said they would not discuss work performance, and 82 percent said they would not discuss character or personality.54

There are two schools of thought about supplying information about former employees. One is, “Don’t tell them anything.” The other is, “Honesty is the best policy.” In the more conservative approach, the employer typically provides only basic data such as name, job title, and dates of employment. The honesty approach is based on the reality that facts honestly given or opinions honestly held constitute a solid legal defense. It is helpful to know why the person left that job. If the response differs from that given by the applicant, it is a red flag. Although protective laws regarding reference checking do exist, apparently, there is a wait-and-see attitude among some employers. It will likely take litigation and court rulings before employers fully understand, and have confidence in, the statutes.

Traditional reference checking has been heavily labor-intense. Automated reference checking (ARC) has been a boon in this area. With ARC, references are anonymous and more efficient and a more comprehensive report can be provided. ARC automates one of the last elements of recruiting that used to be heavily manual. Because it is confidential, people are more forthcoming. And because it is online, the process goes faster. Reference checking requires an e-mail link to the job candidate. It is the candidate, not the recruiter, who contacts references to fill out the questionnaire. The system collects the surveys and prepares a report for the recruiter. Referencing is much faster, going from an average of 4 days to an average of 1.2 days. ARC can help reduce the legal risks for the company seeking the reference because the request comes from the candidate, not the organization. The company does not run the risk of a recruiter asking an inappropriate question, because the applicant has preapproved the questions.

Negligent hiring is the liability an employer incurs when it fails to conduct a reasonable investigation of an applicant’s background, and then assigns a potentially dangerous person to a position in which he or she can inflict harm. The typical negligent hiring case involves a deliberate inflicting of harm committed by an employee including fraud, assault, or battery. Reasonable investigation varies according to the nature of the job. The risk of harm to third parties, for example, requires a higher standard of care when hiring a taxi driver as opposed to a machinist. The taxi cab driver is alone and has control of his or her customer during the time the customer is in the car. California law has strengthened background check requirements that directly influence riding sharing services, such as Uber and Lyft. These companies are banned from employing drivers who are confirmed sex offenders or had a violent felony conviction at any time in their past. In addition, hiring drivers with misdemeanors, including domestic violence or driving while under the influence of drugs or alcohol during the previous seven years, is prohibited.55 This would not be the case for the machinist. Employers who operate home-service businesses, day-care centers, and home health-care operations are particularly at risk, as are those with employees who drive company vehicles, visit customer locations, handle money, or work with children, the elderly, or the impaired.56 The primary consideration in negligent hiring is whether the risk of harm from a dangerous employee was reasonably foreseeable. Accusers will argue that employers knew, or should have known, about a hire’s potential threat to others.57 In one negligent hiring case, a hospital nursing assistant was hired without a background investigation and the medical center did not ask former employers why the worker had left. If it had, the medical center would have discovered that the worker had previously sexually harassed, assaulted, and inappropriately touched female patients. Once hired, the worker was left alone in rooms with vulnerable female patients and sexually abused them.58

negligent hiring
Liability a company incurs when it fails to conduct a reasonable investigation of an applicant’s background, and then assigns a potentially dangerous person to a position in which he or she can inflict harm.
Selection Decision and Evaluating the Effectiveness of Selection Decisions
6.6 Explain the selection decision and the metrics for evaluating recruitment/selection effectiveness.

At this point, the focus is on the manager who must take the most critical step of all: the actual hiring decision. If a firm is going to invest thousands of dollars to recruit, select, and train an employee, it is important for the manager to hire the most qualified available candidate, according to the firm’s criteria. The final choice is made from among those still in the running after selection tests, interviews, background investigations, and reference checks have been evaluated. Usually, the person selected has qualifications that most closely conform to the requirements of the open position and the organization.

Making the Selection Decision
The person who normally makes the final selection is the manager who will be responsible for the new employee’s performance. In making this decision, the manager will review results of the selection methods used. Everything will not likely be weighted the same. The question then becomes, “Which data are most predictive of job success?” For each firm or group of jobs, the optimal selection method may be different.

MEDICAL EXAMINATION
The ADA does not prohibit pre-employment medical examinations. However, it does determine the point at which they may be administered during the selection process. The ADA explicitly states that all exams must be directly relevant to the job requirements and that a firm cannot order a medical exam until the applicant is offered employment. Typically, a job offer is contingent on the applicant’s passing this examination. The basic purpose of the medical examination is to determine whether an applicant is physically capable of performing the work. The Uniform Guidelines state that these examinations can be used to reject applicants only when the results show that job performance would be adversely affected.

At this stage, some companies may also require drug testing to determine whether applicants are using chemical substances or alcohol. There are a variety of reasons for choosing to test applicants for drug use. Primarily, the use of illegal drugs, which impairs judgment and psychomotor coordination, and may create workplace hazards. Pre-empting drug-related accidents through systematic drug testing may reduce the cost to provide employees with disability insurance. In addition, health-care claims may be higher for drug users than for those who do not use illegal substances. Ultimately, employers bear the cost of higher health insurance premiums. Finally, wherever called for by industry standards or government regulation, drug testing help companies to maintain compliance.

NOTIFICATION OF CANDIDATES
Management should notify both successful and unsuccessful candidates of selection decisions as soon as possible. This action is a matter of courtesy and good public relations. Any delay may also result in the firm losing a prime candidate because top prospects often have other employment options.

Employers may reject applicants at any time during the selection process. Most people can accept losing if they lose fairly. Problems occur when the selection process appears to be less than objective. It is therefore important for firms to develop and use rational selection tools. Time constraints prevent firms from spending much time explaining a decision to an unsuccessful candidate. If the person rejected was an internal candidate, managers may visit or make a personal phone call to the rejected applicant. A rejection letter is a more likely method if the candidate was not an internal candidate. However, a letter with a personal touch may reduce the stigma of rejection and avoid the applicant’s having a negative feeling about the company. An impersonal letter is likely to have the opposite effect. The best an organization can do is to make selection decisions objectively. Hopefully, most unsuccessful individuals can, with time, accept the fact that they were not chosen.

Evaluating Selection Decisions
There is, however, no one-size-fits-all metric that employers can adopt to achieve greater hiring efficiency. The metrics that best suit each company depends on a variety of factors, including its business goals. The recent recession heightened the need to have metrics regarding the productivity of employees. When employee cost-cutting decisions must be made, it is important that the most productive employees are retained. One survey revealed that companies with best-in-class talent acquisition programs were most successful at measuring the following four performance criteria: time to hire, quality of hire, new-hire retention, and hiring managers’ overall satisfaction with the program.59 Possible metrics for evaluating the effectiveness of recruitment/selection are described next. Metrics for evaluating other functions are discussed at the appropriate time.

QUALITY OF HIRE
Many recruiters believe that quality of hire is the most important metric to use in the selection process. Some possible measures to determine the quality of hire might be communication effectiveness, ability to motivate others, leadership ability, and cultural fit.60 Even though the question of how to measure quality of hire and set standards for new-hire performance is difficult to determine, it is an important decision that HR professionals are constantly striving to determine. Realistically, the answer depends on the system and the company involved. For quality of hire to be usable, one needs to have performance assessment for two or three years before the real capabilities of a new hire will be understood.

TIME REQUIRED TO HIRE
The shorter the time to hire, the more efficient the HR department is in finding the replacement for the job. The top candidates for nearly any job are hired and off the job market within anywhere from 1 to 10 days. It then becomes crucial that the time required to hire be as low as possible while still ensuring quality of hire. Otherwise your best prospect will have already signed on to work for a competitor.

NEW-HIRE RETENTION
It is important to measure new-hire retention because costs go up dramatically if a position must be filled again in a short period. New-hire retention is calculated by determining the percentage of the new hires that remain with the company at selected intervals, typically one or two years. If this situation is happening excessively, HR should analyze the selection process to determine if there are flaws in the system that cause new hires to terminate prematurely. Perhaps, as was mentioned previously, an RJP needs to be instituted.

HIRING MANAGER OVERALL SATISFACTION
The manager is largely responsible for the success of his or her department. It is the quality of the employees in the workgroup that have a major impact on success of the department. A manager’s belief that employees being hired through the recruitment and selection system do not perform as well as expected casts doubt on the entire selection process. Some measure manager satisfaction based on the survey of hiring managers, compared to previous period. Other firms provide a rating scale for the manager to evaluate how a new hire is performing after the employee’s first 90 or 120 days.

TURNOVER RATE
Turnover rate is the number of times on average that employees must be replaced during a year. For example, if a company has 200 employees and 200 workers had been hired during the year, a 100 percent turnover rate would be experienced. As one might expect, a 100 percent rate is quite costly to the organization, and ways need to be found to reduce the rate. Employees who are hired and then quit within 120 days are called “False Starts” and are especially expensive because the company spends money on their hire but then quickly must spend even more to replace them. Across all industries, the average turnover rate based on quitting in 2016 was approximately 25 percent with the highest rates in services industries—for example, nearly 54 percent in the accommodation and food services industry.61

As the previous discussion indicates, there are a variety of measures to judge whether recruitment and selection decisions are effective. Among them is turnover. Patagonia, maker of outdoor gear, strives to select employees whose values are consistent with the philosophies and values of the company. They boast a high employee retention rate, which they attribute, in part, to their approach to employee selection. The following Watch It video describes Patagonia’s approach to employee selection.

Watch It 5
If your instructor has assigned this, go to www.pearson.com/mylab/management to watch a video titled Patagonia: Employee Testing and Selection and respond to questions.

COST PER HIRE
In determining the recruiting cost per hire, the total recruiting expense must first be calculated. Then, the cost per hire may be determined by dividing the recruiting expenses (calculation of advertising, agency fees, employee referrals, relocation, recruiter pay, and benefits costs) by the number of recruits hired. Naturally, the difficulty associated with this measure is in determining the exact costs to include as recruiting expenses. It may be beneficial for a firm to use a benchmark cost per hire to compare to the specific cost for the company.

YIELD RATE
A yield rate is the percentage of applicants from a particular source and method that make it to the next stage of the selection process. HR professionals calculate yield rates for each recruitment source, which they compare to judge relative effectiveness. For example, if 100 applicants submitted their résumés through the firm’s corporate career Web site and 25 were asked in for an interview, the yield rate for the corporate career Web site would be 25 percent (that is, 25 asked for an interview/100 who applied through the corporate career Web site). Each recruitment method would be analyzed in a similar manner. Continuing this example, assume that 10 of the 25 applicants who were interviewed received job offers. The yield rate at this stage would be 40 percent. Finally, assume that 5 of the 10 applicants who received job offers accepted them. The yield rate would be 50 percent. As previously noted, the yield rates would be calculated for each recruitment source and comparisons would be made at each stage. The goal is to compare the yield rates between each recruitment source at each stage. Larger yield rates generally signal higher effectiveness.