

OBJECTIVE 5.1

Define *recruitment*.

recruitment

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

OBJECTIVE 5.2

Describe the recruitment process.

employee requisition

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

recruitment sources

Where qualified candidates are located.

recruitment methods

Specific means used to attract potential employees to the firm.

Recruitment Defined

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.

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. Therefore, it is crucial to have a finely tuned recruitment process if the selection process is to function properly.

Recruitment Process

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.

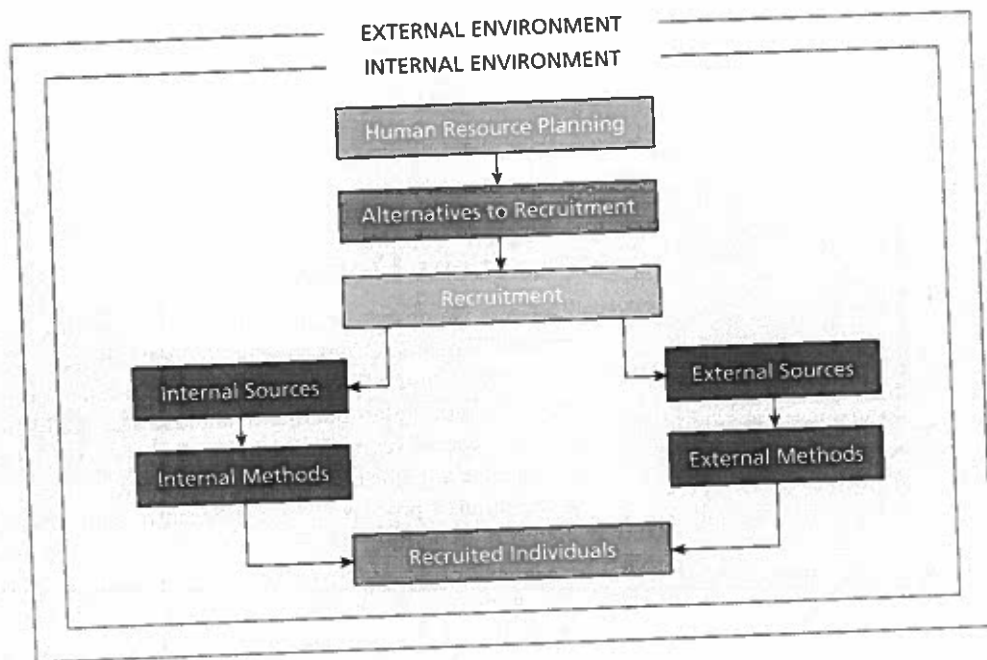
The next step in the recruitment process is to determine whether qualified employees are available within the firm (the internal source) or if it is necessary to look to external sources, such as colleges, universities, and other organizations. Because of the high cost of recruitment, organizations need 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.

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



FIGURE 5-1
The Recruitment Process



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. Ever wonder why the job ad section of the Sunday paper is not as large as it once was? 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).

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.

Hiring managers usually want to give internal candidates priority as a way 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. A number of 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.



HR Web Wisdom

Social Network Recruiting
<https://www.linkedin.com>

LinkedIn is an online social network Web site.

OBJECTIVE 5.3

Explain internal recruitment methods.

job posting

Procedure for informing employees that job openings exist.

job bidding

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



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 resumes, 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 mymanagementlab.com to complete the HR Bloopers exercise and test your application of these concepts when faced with real-world decisions.

Some companies send out e-mails and voice mail to selected managers and employees advising them that a vacancy exists.

Many organizations, including Whirlpool, BMW Manufacturing Co., 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 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.

Some firms give incentives to their employees for successful referrals. A WorldatWork Bonus Program Practices survey found that 60 percent of companies offer referral bonuses and an additional 9 percent are considering one.³ Typically, the types of positions that a company would pay referral bonuses include professionals, technical, IT staff, and sales.⁴ Most often,

employee referral

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bonuses range from \$1,000 to \$2,500 per successful referral. However, employee referral has also proven valuable for other professions. The trucking firm of CRST Malone offers its drivers a \$1,000 bonus for recruiting other drivers.⁵

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.⁶ A recent study found that referrals are twice as more likely to be interviewed than those who are not referred.⁷ 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 not the same as 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 similar to: "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 really 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."⁸

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 with regard to the extensive use of employee referral. The *2014 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.

OBJECTIVE 5.4

Identify external recruitment sources.



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.

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 5-2 shows, even with internal promotions, firms still have to 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 has to 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 a number of outside sources.

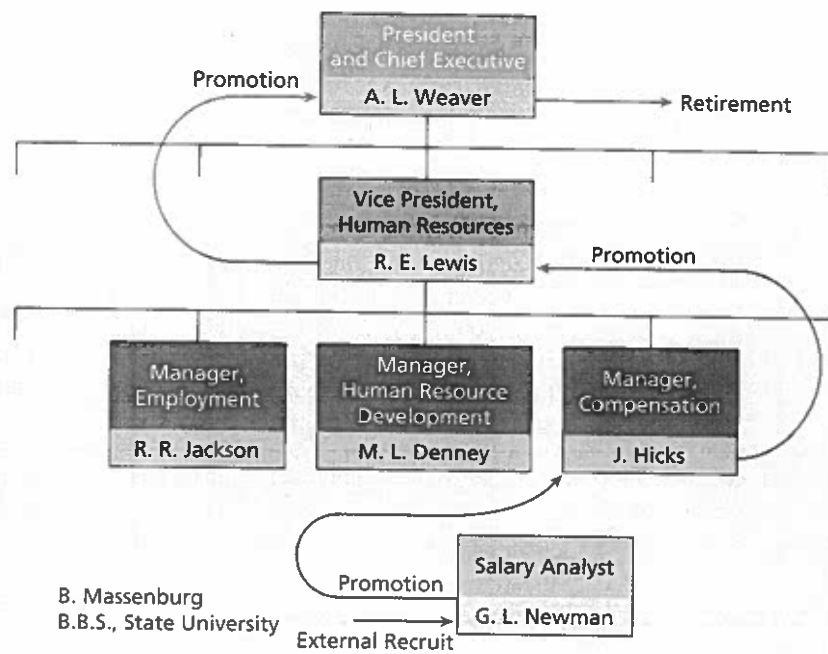
High Schools and Vocational Schools

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.

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

FIGURE 5-2
Internal Promotion and
External Recruitment



for a four-year university degree program. Many community colleges also have excellent mid-management programs combined with training for specific trades. Sowela Technical Community College located in Lake Charles, Louisiana, has a well-respected culinary 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 well 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.⁹ 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 occasionally look elsewhere to fill positions. For example, the rapidly expanding shale gas industry has found itself desperate for experienced engineering talent as demand quickly outpaces supply.¹⁰ Many companies in that industry have resorted to luring experienced engineers away from other engineering specialists at exorbitantly high salaries.

Smaller firms in particular 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 I

If your instructor has assigned this, go to MyManagementLab 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.¹¹ 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.”¹²

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. Not infrequently, 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 was 4 million,¹³ with more than 10.2 million unemployed workers.¹⁴ In January 2014, the unemployment rate was 6.6 percent; however, if discouraged workers who have given up looking for jobs are counted, the total unemployment rate was about 12.7 percent.¹⁵

Military Personnel

Hiring former service members makes sense to a lot of employers because many of these individuals have a proven work history and are flexible, motivated, and drug-free. General Electric (GE) found an endless supply of talent in junior military officers. Many were graduates of U.S.



ETHICAL DILEMMA

Unfair Advantage?

You are the vice-president of human resources for a high-tech company that is competing for a major government project. You believe that one of your key competitors is ahead of you in project development and you would like to recruit some of its engineers who are knowledgeable about the project. You receive an anonymous e-mail that includes the names and phone numbers of key people involved in your competitor's project. If you use the

information and are able to hire some of the competitor's key people, your company has a chance to beat the competitor and you will become a hero. If you do not use the information, your company may lose a great deal of money.

1. What would you do?
2. What factor(s) in this ethical dilemma might influence a person to make a less-than-ethical decision?

military academies who had spent four to five years in the service. They were found to be hard-working, smart, and intense; they had leadership experience and were flexible. They are prompt, used to reporting for work on time, and know the importance of a professional appearance and presence.¹⁶ Walmart, along with many other companies, has discovered the benefits of recruiting military talent. Often, military veterans are “incredibly loyal” employees.¹⁷ It even hired a retired Army brigadier general, Gary Profit, to expand military recruiting to all levels and divisions of the business.¹⁸

Service members nationwide looking for jobs can also go to HirePatriots.com. “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.¹⁹

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.²⁰ Studies estimate that as many as 60 to 75 percent of ex-offenders are unemployed.²¹ 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.²²

As of this writing, 11 states have implemented *Ban the Box* laws or policies that reduce unfair barriers to employment of people with criminal records.²³ Four of the 11 states’ laws prohibit deliberate exclusion of ex-offenders from employment consideration by public and private employers (Hawaii, Massachusetts, Minnesota, and Rhode Island). 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?”²⁴ 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 also were grateful for the jobs they were given.”²⁵

OBJECTIVE 5.5

Explain recruiting technology.

Recruiting Technology

The use of mobile (smartphone) technology and online methods has revolutionized the way companies recruit employees and job seekers search and apply for jobs.

Mobile Recruiting

Owen Williams, executive recruiting director at Macys Inc., provides an example of the power of mobile recruiting. During his three-block walk to his office, he regularly uses his BlackBerry 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.²⁶

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 use 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. These tasks previously had to be done from a desktop

or laptop computer.²⁷ According to a 2012 survey from CareerXroads more than half (about 54 percent) of staffing companies are now providing or subsidizing their recruiters and hiring managers' mobile phones as an important business expense. In addition, nearly four in five (79 percent) of recruiting companies are conducting mobile-related staffing practices to better connect with job seekers—prospects and candidates.²⁸

The move to mobile recruiting has generated blogs, webinars, seminars, e-newsletters, and online groups. Recruiters who want to keep up with technology and trends can join the LinkedIn group CloudRecruit.net or read blogs such as RecruiterGuy.net.

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.

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 a large number of 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.

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.

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 has to do is type in a key phrase like *marketing jobs*. The blogs themselves make it pretty easy to find, with names like HRJobs.com, AttorneyJobs.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. General-purpose job boards continue to attract large number of applicants, but their use has declined somewhat in recent years. 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

internet recruiter

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

virtual job fair

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

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.

looking for work in smaller industries. They are also not as effective in finding jobs for senior level positions because most firms prefer referrals or Web sites such as LinkedIn.²⁹ The two most widely recognized general employment Web sites are, Monster.com and CareerBuilder.com.

MONSTER.COM 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.

CAREERBUILDER.COM CareerBuilder offers a vast online and print network to help job seekers connect with employers. CareerBuilder.com powers the career sites for more than 9,000 Web sites, including 140 newspapers and broadband portals such as MSN and AOL.³⁰

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.

.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 industrial companies such as Google, American Express, IBM, Northrop Grumman, and Lockheed Martin. Finding jobs on the sites is simple. Possible searches might include Nurse.jobs, Attorney.jobs, HR.jobs, and Sales.jobs. For someone looking for a job in the Washington, D.C., there’s www.washingtondc.jobs. It works for many professions and is available in every state and any U.S. city with more than 5,000 people.

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.³¹ 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.³²

Niche Sites

Niche sites are Web sites that cater to highly specialized job markets such as a particular profession, industry, education, location, or any combination of these specialties. They continue to grow in popularity and are giving the top two general-purpose job boards major competition.³³ There seems to be a site for virtually everyone. A few catchy ones include:

- cfo.com (a comprehensive online resource center for senior finance executives)
- dice.com (a leading provider of online recruiting services for technology professionals)
- internshipprograms.com (employers who are exclusively looking for interns)
- techjobbank.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)

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 have to do is enter www.chronicle.com, *The Chronicle of Higher Education* Web site. All the jobs listed with the *Chronicle* are

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.jobs

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

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

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

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:

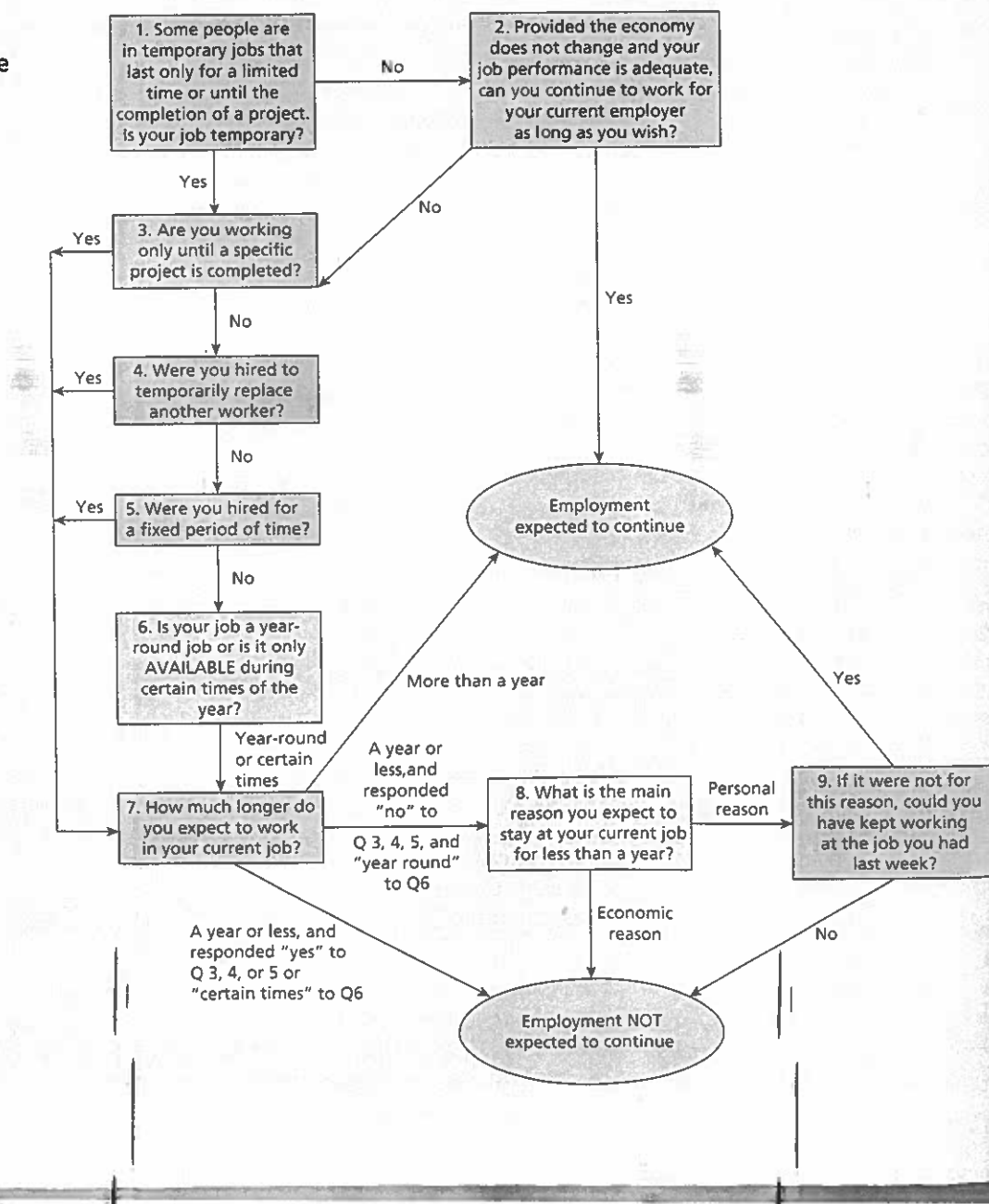
- Freelance.com is a company that offers to clients the services of talented freelancers.
- Guru.com is an online marketplace for freelance talent.

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

But who are contingent workers? According to the U.S. Bureau of Labor Statistics, **contingent workers**³⁴ 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, provided that they would have the option of continuing in the job were it not for these reasons. Given the slowly recovering job market since the economic downturn ended in 2009, the prevalence of contingent workers in companies is noteworthy. Figure 5-3 details questions that determine whether workers expect their employment to continue, that is, whether their work arrangement is considered to be contingent.

FIGURE 5-3
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.



Contingent workers are the human equivalents of just-in-time inventory. These *disposable 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.³⁵

The latest recession caused companies to rethink 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.³⁶ Garry Mathiason, vice chairman of Littler Mendelson in San Francisco, said, "In the future companies will likely make wider use of staffing methods similar to those practiced by the film industry. There, entire crews of contingent production workers are assembled for a movie then disbanded once it is finished."³⁷ 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.³⁸ If the use of contingent workers is indeed the trend, the manner that human resource is practiced will experience considerable change.

Hourly Workers' Sites

After years of focusing primarily on professionals and their prospective employers, job sites are now available to attract blue-collar and service workers. Traditionally, there have been major differences between the ways hourly and salaried workers look for jobs. Most hourly workers pursue jobs by filling out applications rather than creating and sending out résumés. So sites allow job seekers to build an application that can be viewed by employers. Recognizing that some hourly workers do not have computer access, they have set up phone-based services to accept applications. Some job boards have bilingual call-center operators who can help job applicants through the process. Many of the large boards such as Monster.com and CareerBuilder.com have moved into this large market.

OBJECTIVE 5.6

Identify traditional external recruitment methods.

Traditional External Recruitment Methods

Although online recruiting has greatly impacted how recruiting is accomplished, traditional methods are not dead.

Media Advertising

Advertising communicates the firm's employment needs to the public through media such as newspapers, trade journals, radio, television, and billboards. 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.

Certain media attract audiences that are more homogeneous in terms of employment skills, education, and orientation. Advertisements placed in publications such as 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 particular 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.³⁹ 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 particular 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.⁴⁰

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 a large number of applicants to one location for interviews.

From an employer's viewpoint, a primary advantage of job fairs is the opportunity to meet a large number of candidates in a short time. Conversely, applicants may have convenient access to a number of 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.⁴¹ 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.⁴²

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.

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 through the use of Skype, e-mail, and conference calls.⁴³ Employers are able to *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. Even in a slowed economy, Google offered 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.⁴⁴

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.

job fair

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

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.



HR Web Wisdom

Internship Web Site

<http://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's 2013 Student Survey, more than half of the interns from the Class of 2011 were paid, and 63 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 45 percent higher than students with unpaid or no internship experience.⁴⁵ 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."⁴⁶

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 also 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 a number of 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.

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 2014* survey, 47 percent of employers planned to offer signing bonuses to college graduates. Signing bonuses are most commonly found in the utilities, transportation, management consulting, and pharmaceutical manufacturing industry.⁴⁷

event recruiting

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

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.

OBJECTIVE 5.8

Summarize the environment of recruitment.

Environment of Recruitment

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

Labor Market Conditions

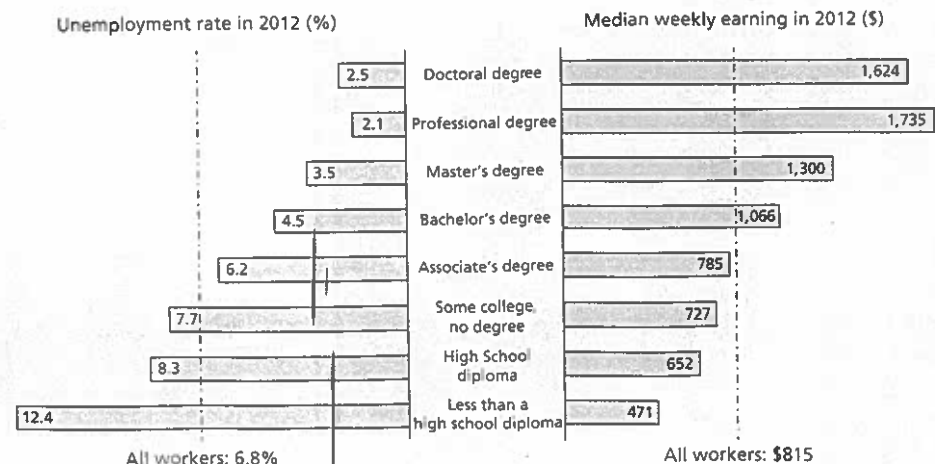
Of particular importance to the success of recruitment is the demand for and supply of specific skills in the labor market. In general, a firm's recruitment process is often simplified when the unemployment rate in an organization's labor market is high. The number of unsolicited applicants is usually greater, and the increased size of the labor pool provides a better opportunity for attracting qualified applicants. However, if demand for a particular 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. Even in a depressed economy, top-quality workers are in demand and forward-thinking organizations are looking to entice these individuals to join their firms. For example, wind turbine technicians are in considerably high growth in wind electricity generation.⁴⁸

Some companies are focusing on actively recruiting employees from competitors' most productive workers. This competition for specific skills has driven up pay for certain job skills. The specific type of job being recruited for can have a major impact on the recruiting process. For example, recently, tech companies were aggressively recruiting engineers, designers, computer scientists, and executives who could compete and adapt to the rapid changes that are occurring in the industry.⁴⁹ The competition for qualified applicants was especially aggressive among workers involved in social media, mobile technology, and e-commerce even as others remain unemployed and the unemployment rate remained relatively high.

Possessing a college degree used to be the passport to secure a good job.⁵⁰ This largely remains to be the case when we consider unemployment rates and average weekly earnings by educational attainment. Figure 5-5 shows lower unemployment rates and higher average weekly earnings for progressively highly educational attainment. However, in the present job market, 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.⁵¹ 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 in the United States particularly because most skilled trades workers are older and approaching retirement rapidly.⁵²

FIGURE 5-5
Earnings and Unemployment Rates by Educational Attainment

Source: Bureau of Labor Statistics, Current Population Survey



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.⁵³ New technology may require that workers have a specialized degree even though one was unnecessary 10 years ago.⁵⁴ 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.”⁵⁵ 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.⁵⁶

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. 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.

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 be able to 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 particular job that is listed.
- The employer considers the job seeker for employment in a particular 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 that meets the basic qualifications.
- The applicant has not indicated he or she is no longer interested in the position.⁵⁷

Employers must keep records of any and 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.

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.

OBJECTIVE 5.9

Describe alternatives to recruitment.

Promotion from within (PFW) is the policy of filling vacancies above entry-level positions with current employees.

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. The cost of replacing a person making \$50,000 per year can easily reach \$75,000.⁵⁸ 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.

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.⁵⁹ As another example, employees with Royal Caribbean Cruises have the opportunity to 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. In addition, an internal hire understands the firm's culture.

Another advantage of internal recruitment is that the organization is usually well aware of its employees' capabilities. Internal candidates have knowledge of the firm, its policies, and its people.⁶⁰ 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 2

If your instructor has assigned this, go to MyManagementLab 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

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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.⁶¹

onshoring

Moving jobs not to another country but to lower-cost U.S. cities.

OBJECTIVE 5.10

Explain the global implications for recruitment

outsourcing

Process of hiring an external provider to do the work that was previously done internally.

offshoring

Migration of all or a significant part of the development, maintenance, and delivery of services to a vendor located in another country.

reshoring

Reverse of offshoring and involves bringing work back to the United States.

Global Implications for Recruitment

Outsourcing, offshoring, and reshoring are three global activities that affect recruitment activities. **Outsourcing** is the process of hiring an external provider to do the work that was previously done internally. As a result, a company that outsources some of its work will, effectively, reduce or eliminate recruitment of individuals who would have completed work in-house. Outsourcing has become a widespread and increasingly popular alternative involving virtually every business area and has been a common practice in industry for decades. An increasing number of businesses are looking to outsource noncore services such as IT, payroll services, and fleet management to a third-party specialist.⁶²

Offshoring is the migration of all or a significant part of the development, maintenance, and delivery of services to a company located in another country. From a recruitment standpoint, the shift moves from a labor pool in the home country to labor pools in overseas countries where business is being transplanted. With rare exception, employees do not move with the jobs. Traditionally, the reason given for offshoring is to reduce costs. Today, increased quality service is also being given as reasons for offshoring.⁶³ Another rationale is labor cost savings because wages and salaries in many other countries, particularly in Asia, have generally been lower than in the United States.⁶⁴ Offshoring growth concentrates in information technology, software development, and innovation services (product design, research and development, and engineering services).⁶⁵ However, offshoring activities increasingly are being reversed.

Reshoring is the reverse of offshoring and involves bringing work back to the United States or to the country of origin. Advocates of reshoring believe that manufacturers should calculate the total impact of offshoring because there are often hidden expenses such as higher costs for travel, packaging, shipping, and inventory.⁶⁶ Also, rising wages in countries where wages were predominantly lower have contributed to reshoring activities.⁶⁷ Harry Moser, who has emerged as the champion of reshoring in the United States, said, "Reshoring is bringing back work, parts or tools that will finally be used in North America."⁶⁸ Reshoring has also become a part of recent labor agreements. For instance, a portion of the 2011 labor agreement between Ford Motor Company and the United Auto Workers involved Ford agreeing to reshore some work presently being done in Mexico, China, and Japan.

There are numerous examples of reshoring by U.S. firms. GE is reshoring its appliance manufacturing with an investment of about \$432 million in its facilities in Kentucky, Tennessee, Alabama, and Indiana. Some of the reasons cited included rising costs for currency exchange, transportation, and labor in countries that were once much less expensive.⁶⁹ Wham-O, a company that makes inexpensive toys, recently announced it was moving 50 percent of its Frisbee and Hula Hoop production back to the United States from China and Mexico, which will create hundreds of new U.S. jobs.⁷⁰ Vaniman Manufacturing, a dental equipment producer that has been offshoring most of its sheet metal fabrication to China since 2002, is now returning to the United States. NCR Corporation, which has been producing its ATMs in China, India, and Hungary, is returning all of its production to a facility in Columbus, Georgia.⁷¹ Lenovo, manufacturer of computers, tablets, workstations, servers, and storage, returned jobs to the United States. The following Watch It video describes Lenovo's decision to relocate jobs from China and Mexico to a new facility in North Carolina.

★ Watch It 3

If your instructor has assigned this, go to MyManagementLab to watch a video titled *Bringing Back Jobs to the United States* and respond to questions.

Summary

1. **Define recruitment.** *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.
2. **Describe the recruitment process.** 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.
3. **Explain different 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.
4. **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.
5. **Explain recruiting technology.** 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, contract workers' sites, and hourly workers' job sites

6. **Identify traditional external recruitment methods.** 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.

7. **Describe how recruitment methods and sources are tailored to each other.** 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.
8. **Summarize the environment of recruitment.** Of particular 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 Program (OFCCP) has issued guidelines concerning the online recruiting policies of federal contractors and subcontractors
9. **Explain 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 contingent workers, outsourcing, offshoring, onshoring, and overtime.
10. **Discuss some of the global challenges in recruitment.** *Offshoring* is the migration of all or a significant part of the development, maintenance, and delivery of services to company based in another country. This requires employer to become familiar with and understand the labor market in other countries and acceptable recruitment practices. *Reshoring* is the reverse of offshoring and involves bringing work back to the United States. Advocates of reshoring believe that manufacturers should calculate the real impact of offshoring because there are often hidden expenses such as higher costs for travel, packaging, shipping, and inventory.

Key Terms

recruitment 109	virtual job fair 116	active job seekers 125
employee requisition 109	corporate career Web sites 116	passive job seekers 125
recruitment sources 109	NACELink Network 117	promotion from within (PFW) 126
recruitment methods 109	.jobs 117	outsourcing 127
job posting 110	AllianceQ 117	offshoring 127
job bidding 110	niche sites 117	onshoring 127
employee referral 111	job fair 121	reshoring 127
Internet recruiter 116	internship 121	
contingent workers 118	event recruiting 122	

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Exercises

- 5-1.** Contingent workers are seen as a valuable resource to employers. Describe the conditions under which contingent workers are likely to be most highly valued by employers. Also, do you believe that employers will replace many of their full-time workers with contingent workers? Explain your answer.
- 5-2.** You see the following ad in your local newspaper: Telephone sales: Woman, age 25–40, needed for telephone sales. Selected applicant must have high school diploma and good credit rating. Call Mr. Smith at Acme Manufacturing Co., Inc. Are there possibly hiring standards to avoid in this ad? *Discuss.*
- ★ 5-3.** The process of matching sources and methods of recruitment was discussed in this chapter. For the following positions, match sources and methods. Assume that in all cases you must use external recruitment to fill the position. Justify your choices.
- college professor who just received his or her Ph.D.
 - senior accountant with a CPA
 - entry-level accountant
 - skilled automobile mechanic
 - entry-level machine operator

Questions for Review

- 5-4.** Define *recruitment*.
- ★ 5-5.** What are factors external to the organization that can significantly affect the firm's recruitment efforts?
- 5-6.** How has social media emerged as an important force in recruiting?
- 5-7.** What are the steps involved in the recruitment process?
- 5-8.** Distinguish between recruitment sources and recruitment methods.
- 5-9.** What are some internal recruitment methods?
- 5-10.** Why is employee referral so important in the recruitment process?
- 5-11.** What traditional external methods of recruitment are available?
- 5-12.** What external sources of recruitment are available?
- 5-13.** What might be some advantages of using mobile recruiting?
- 5-14.** What online recruitment methods are available?
- ★ 5-15.** What are the typical alternatives to recruitment that a firm may use?
- 5-16.** What is meant by the policy of *promotion from within*?
- 5-17.** Define *reshoring*. Why is it being used as an alternative to offshoring?

INCIDENT 1 A Problem Ad?

Dorothy Bryant was the new recruiting supervisor for International Manufacturing Company in Salt Lake City, Utah. One of Dorothy's first assignments was to recruit two software design engineers for International. Design engineers are hard to recruit because of the difficulty of their training and the high demand for them. After considering various recruitment alternatives, Dorothy placed the following ad in a local newspaper with a circulation in excess of 1,000,000:

Employment Opportunity for Software Design Engineers

2 positions available for engineers desiring career in growth industry.

Prefer recent college graduates with good appearance.

Good credit rating

Apply Today! Send your résumé,

in confidence, to: D. A. Bryant

International Manufacturing Co., P.O. Box 1515

Salt Lake City, UT 84115

More than 300 applications arrived in the first week, and Dorothy was elated. When she reviewed the applicants, however, it appeared that few people possessed the desired qualifications for the job.

Questions

- 5-18. Dorothy overlooked some of the proper recruiting practices, which resulted in an excessive number of unqualified people applying. What are they?
- 5-19. Are there any hiring standards that should be avoided? Identify them and explain why they should be avoided.
- 5-20. What recruitment sources and methods might have been used to have generated a better applicant pool for the two software design engineer positions for International Manufacturing? Defend your recommendations.

INCIDENT 2 I Am Qualified, Why Not Me?

Five years ago when Bobby Bret joined Crystal Productions as a junior accountant, he felt that he was on his way up. He had just graduated with a B+ average from college, where he was well liked by his peers and by the faculty and had been an officer in several student organizations. Bobby had shown a natural ability to get along with people as well as to get things done. He remembered what Roger Friedman, the controller at Crystal, had told him when he was hired: "I think you will do well here, Bobby. You've come highly recommended. You are the kind of guy that can expect to move right on up the ladder."

Bobby felt that he had done a good job at Crystal, and everybody seemed to like him. In addition, his performance appraisals had been excellent. However, after five years he was still a junior accountant. He had applied for two senior accountant positions that had opened, but they were both filled by people hired from outside the firm. When the accounting supervisor's job came open two years ago, Bobby had not applied. He was surprised when his new boss turned out to be a hotshot graduate of State University whose only experience was three years with a large accounting firm. Bobby had hoped that Ron Greene, a senior accountant he particularly respected, would get the job.

On the fifth anniversary of his employment at Crystal, Bobby decided it was time to do something. He made an appointment with the controller. At that meeting Bobby explained to Mr. Friedman that he had worked hard to obtain a promotion and shared his frustration about having been in the same job for so long. "Well," said Mr. Friedman, "you don't think that you were all that much better qualified than the people that we have hired, do you?" "No," said Bobby, "but I think I could have handled the senior accountant job. Of course, the people you have hired are doing a great job too." The controller responded, "We just look at the qualifications of all the applicants for each job, and considering everything, try to make a reasonable decision."

Questions

- 5-21. Do you believe that Bobby has a legitimate complaint? Explain.
- 5-22. Explain the benefits of a promotion from within policy. Would such a policy be appropriate for Crystal?