



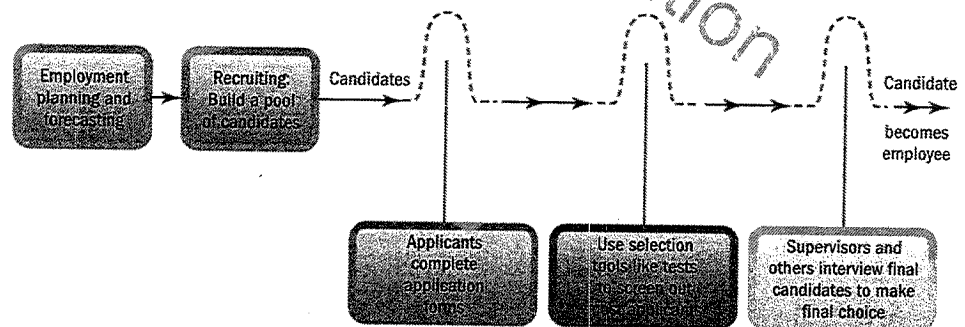
Source: Andres/Shutterstock.

workforce (or employment or personnel) planning

The process of deciding what positions the firm will have to fill, and how to fill them.

FIGURE 5.1

Steps in Recruitment and Selection Process



The recruitment and selection process is a series of hurdles aimed at selecting the best candidate for the job.

INTRODUCTION

Marlene was wondering what to do. As sales manager for Epoch Holdings, she was responsible for leading a sales team to sell real estate and condominium apartments. The problem was that most of the salesperson candidates the HR department sent her simply didn't fill the bill. How could she get some good candidates without violating the company's HR policies? We'll see what she did.

Job analysis identifies the duties and human requirements of each of the company's jobs. The next step is to decide which of these jobs you need to fill, and to recruit and select employees for them.

The recruiting and selecting process can be envisioned as a series of hurdles, illustrated in Figure 5.1. Specifically, this process requires:

1. Deciding what positions to fill, through *workforce/personnel planning and forecasting*.
2. Building a pool of candidates for these jobs, by *recruiting* internal or external candidates.
3. Having candidates complete *application forms* and perhaps undergo initial screening interviews.
4. Using *selection tools* like tests, background investigations, and physical exams to screen candidates.
5. Deciding to whom to make an offer, by having the supervisor and perhaps others *interview* the candidates.

This chapter focuses on personnel planning and on recruiting employees. Chapter 6 addresses selection tests, background checks, physical exams, and interviews.

LEARNING OBJECTIVE 1

Explain the main techniques used in employment planning and forecasting.



WORKFORCE PLANNING AND FORECASTING

Workforce (or employment or personnel) planning is the process of deciding what positions the firm will have to fill, and how to fill them. Its aim is to identify and address the gaps between the employer's workforce today, and the firm's projected workforce needs.

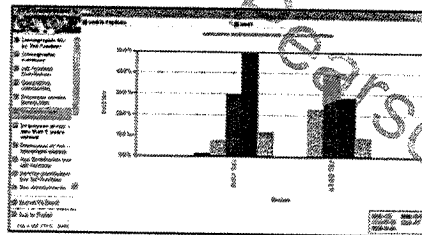
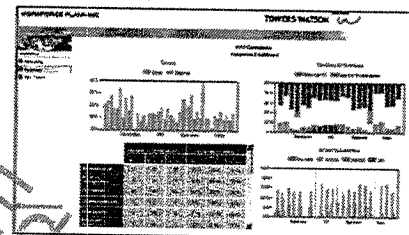
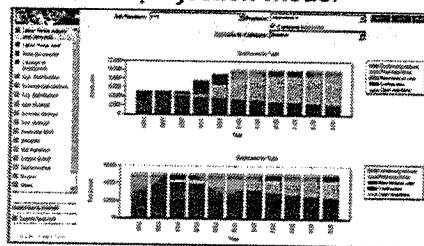
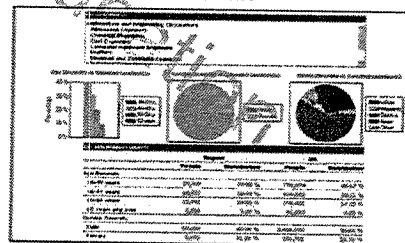
Example The consulting firm Towers Watson's workforce planning system illustrates the workforce planning process.¹ First, Towers Watson *reviews the client's business plan and workforce data* (for instance on how sales influences staffing levels). This helps the parties to project and to better understand how business plan changes may influence the client's headcount and skills requirements. Second, Towers Watson and the client *identify what positions the firm will have to fill and potential workforce gaps*. For instance, they make workforce supply and demand projections; this helps them to better

succession planning

The ongoing process of systematically identifying, assessing, and developing organizational leadership to enhance performance.

understand what new future positions they'll have to fill, and what current employees may be promotable into those positions with proper training. Third, they develop a *workforce strategic plan* roadmap; here they prioritize key workforce gaps (What positions will have to be filled, who do we have who can fill them, what outside recruiting will we have to do, and what training will the new employees require?) and identify specific plans for filling those gaps. Finally, they *execute and measure* the effects of the workforce plan, by implementing the changes (for instance, new recruiting and training programs), and by using various metrics to monitor the process. Towers Watson clients can use its special software (which it calls MAPS) to facilitate their workforce planning process. MAPS contains dashboards (see the following four exhibits). The manager uses these to monitor key recruitment metrics, to conduct a detailed analysis of the client's current workforce and historical workforce trends, and a workforce projection showing projected employment and skill levels given the "status quo."

Workforce planning embraces all future positions, from maintenance clerk to CEO. However, we'll see that most firms call the process of deciding how to fill executive jobs **succession planning**.²

Workforce scan**Dashboards****Workforce projection model****External labour scan**

Source: © Towers Watson 2012 Used with permission.

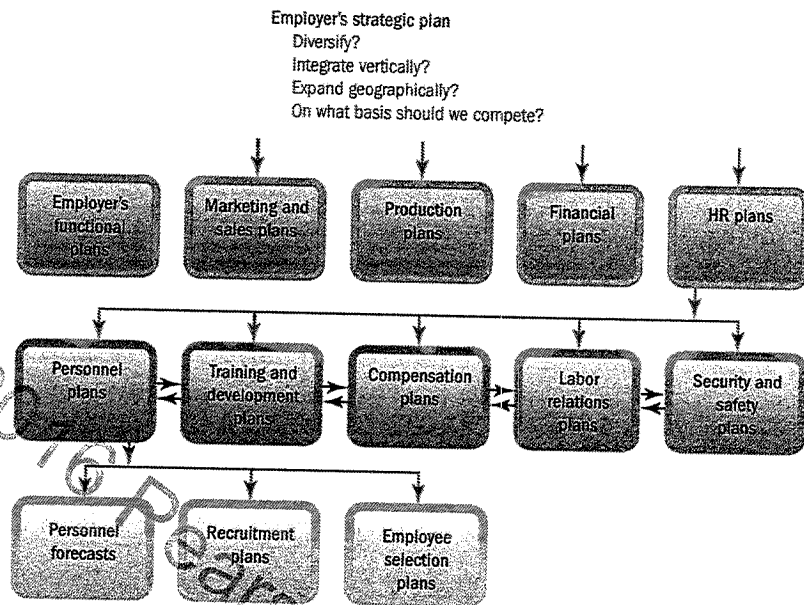
Strategy and Workforce Planning

As in the Towers Watson example, workforce/employment planning is best thought of as an outgrowth of the firm's strategic and business planning processes (see Figure 5.2). For example, plans to enter new businesses, to build new plants, or to reduce activities all influence the number of and types of positions to be filled. At the same time decisions regarding how to fill these positions will have to be integrated with other aspects of the firm's HR plans, for instance, with plans for appraising and training current and new employees. For example, with IBM transitioning from supplying hardware to software and consulting, many current employees' skills will be obsolete.³ IBM's human resource executives therefore reviewed with other executives, "What sorts of skills and competencies will we need to execute our strategic plans?"⁴ They then put in place development and recruitment plans to address those needs.

Like any good plans, employment plans are built on forecasts—basic assumptions about the future. One fundamental employment planning decision will be whether to fill projected openings internally (with current employees) or externally (by bringing in new people). Therefore, in planning for employment requirements, you will usually need three sets of forecasts: one for personnel needs (demand), one for the supply of inside candidates, and one for the supply of outside candidates. Then the manager will identify supply-demand gaps, and develop action plans to fill the projected gaps. We will start with forecasting personnel needs/demand.

FIGURE 5.2

Linking Employer's Strategy to Personnel Plans



Forecasting Personnel Needs (Labor Demand)

Managers should consider several factors when forecasting personnel needs. From a practical point of view, the demand for your product or service is paramount. Thus, in a manufacturing firm, sales are projected first. Then the volume of production needed to meet the sales requirements is determined. Finally, the staff needed to maintain this volume of output is estimated. In addition to production or sales demand, the manager will also have to consider several factors, such as projected turnover, decisions to upgrade the quality of products or services, technological changes resulting in increased productivity, and the financial resources available to your department.

As an example, when Dan Hilbert joined Valero Energy as its new staffing director, he reviewed Valero's employee demographics, growth plans, and turnover history. He discovered that projected employment shortfalls were four times what Valero could fill with its current recruitment procedures. He formulated new personnel plans for boosting employee retention and recruiting and screening more candidates.⁵

As at Valero, a company's *staffing needs* reflect demand for its products or services, adjusted for changes the firm plans to make in its strategic goals and for changes in its turnover rate and productivity.⁶ Forecasting workforce demand therefore starts with estimating what the demand will be for your products or services. Short term, for example, retailers track daily sales trends because they know, for instance, that Christmas produces a need for additional store staff.⁷

Longer term, managers will peruse industry publications and economic forecasts, to try to get a sense for future demand. Such future predictions won't be precise, but should help you address the potential changes in demand.

The basic process for forecasting personnel needs is to forecast revenues first. Then estimate the size of the staff required to support this sales volume. However, managers must also consider strategic factors. These include projected turnover, decisions to upgrade (or downgrade) products or services, productivity changes, financial resources, and (as at IBM) decisions to enter or leave businesses.

The basic tools for projecting personnel needs include trend analysis, ratio analysis, and the scatter plot. **Trend analysis** means studying variations in the firm's employment levels over the past few years. For example, compute the number of employees at the end of each of the last five years in each subgroup (like sales, production, and administrative) to identify trends.

trend analysis

Study of a firm's past employment needs over a period of years to predict future needs.

ratio analysis

A forecasting technique for determining future staff needs by using ratios between, for example, sales volume and number of employees needed.

scatter plot

A graphical method used to help identify the relationship between two variables.

Trend analysis provides an initial rough estimate of future staffing needs. However, employment levels rarely depend just on the passage of time. Other factors (like productivity, for instance), will influence impending workforce needs.

Another simple approach, **ratio analysis**, means making forecasts based on the historical ratio between (1) some causal factor (like sales volume) and (2) the number of employees required (such as number of salespeople). For example, suppose a salesperson traditionally generates \$500,000 in sales. If the sales revenue to salespeople ratio remains the same, you would require six new salespeople next year (each of whom produces an extra \$500,000) to produce a hoped-for extra \$3 million in sales.

Like trend analysis, ratio analysis assumes that things like productivity remain about the same. If sales productivity were to rise or fall, the ratio of sales to salespeople would change.

A **scatter plot** shows graphically how two variables—such as sales and your firm's staffing levels—are related. If they are, then if you can forecast the business activity (like sales), you should also be able to estimate your personnel needs.

For example, suppose a 500-bed hospital expects to expand to 1,200 beds over the next five years. The human resource director wants to forecast how many registered nurses they'll need. The human resource director realizes she must determine the relationship between hospital size (in number of beds) and number of nurses required. She calls eight hospitals of various sizes and finds this:

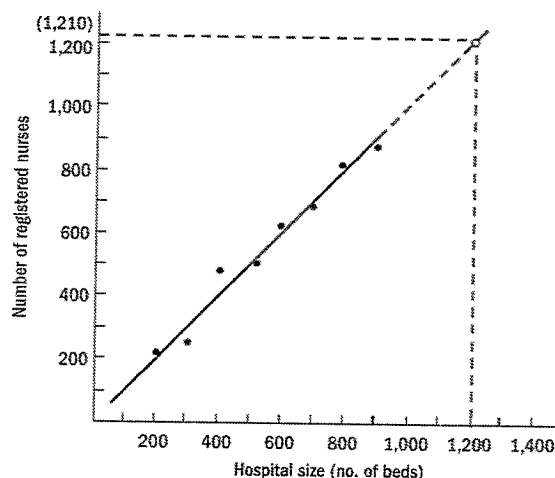
Size of Hospital (Number of Beds)	Number of Registered Nurses
200	240
300	260
400	470
500	500
600	620
700	660
800	820
900	860

Figure 5.3's graph compares hospital size and number of nurses. If the two are related, then the points you plot (from the data above) will tend to fall on a straight line, as here. If you carefully draw in a line to minimize the distances between the line and each one of the plotted points, you will be able to estimate the number of nurses needed for each hospital size. Thus, for a 1,200-bed hospital, the human resource director would assume she needs about 1,210 nurses.

FIGURE 5.3

Determining the Relationship between Hospital Size and Number of Nurses

Note: After fitting the line, you can project how many employees you'll need, given your projected volume.



Workforce planning begins with forecasting workforce needs. For example, if a hospital administrator expects to expand a 500-bed hospital to 1,200 beds over the next five years, forecasting how many registered nurses they'll need is critical.

Source: OJO Images/Getty Images.



Note that while simple, tools like scatter plots have drawbacks.⁸

1. Historical sales/personnel relationships assume that the firm's existing processes and skill needs will continue as is.
2. They tend to reward managers for adding employees, irrespective of the company's needs.
3. They tend to institutionalize existing ways of doing things, even in the face of change.

Improving Performance through HRIS

Computerized Personnel Forecasting



Computerized forecasts enable managers to build more variables into their personnel projections.⁹ For example, at Chelan County Public Utility District, the development manager built a statistical model encompassing such things as employee age, tenure, turnover rate, and time to train new employees. This helped them identify five occupational "hotspots" among 33 occupational groups at their company. This prompted them to focus more closely on creating plans to retain and hire, for instance, more systems operators.¹⁰

Computerized systems and Excel spreadsheets quickly translate estimates of projected productivity and sales levels into forecastable personnel requirements. Many firms particularly use computerized employee forecasting systems for estimating short-term needs. For example, labor scheduling systems help retailers estimate required staffing needs based on weather forecasts and estimated store traffic.¹¹

Managerial Judgment

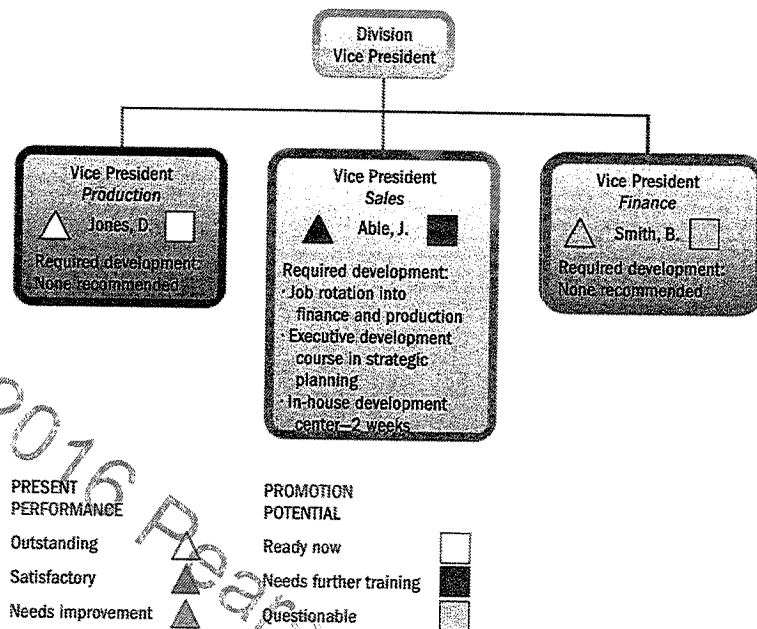
Few historical trends, ratios, or relationships will continue unchanged into the future. Judgment is thus needed to modify the forecast. Important factors that may modify your initial forecast of personnel requirements include decisions to upgrade quality or enter into new markets; technological and administrative changes resulting in increased productivity; and financial resources available, for instance a projected budget crunch.



Forecasting the Supply of Inside Candidates

The personnel demand forecast only provides half the staffing equation, by answering the question: "How many employees in what positions will we need?" Next, the manager must forecast the *supply* of inside and outside candidates.

FIGURE 5.4
Management
Replacement Chart
Showing Development
Needs of Potential Future
Divisional Vice Presidents



personnel replacement charts
 Company records showing present performance and promotability of inside candidates for the most important positions.

position replacement card
 A card prepared for each position in a company to show possible replacement candidates and their qualifications.

Most firms start with possible inside candidates. The main task here is determining which current employees are qualified or trainable for the projected openings. Department managers or owners of smaller firms can use manual devices to track employee qualifications (or will simply know who can do what). For example, you can create your own *personnel skills inventory and development record form*.¹² For each current employee, list the person's skills, education, company-sponsored courses taken, career and development interests, languages, desired assignments, and other relevant experiences. Simple computerized skills inventory systems are also available. **Personnel replacement charts** (Figure 5.4) are another option, particularly for the firm's top positions. They show the present performance and promotability for each position's potential replacement. As an alternative, you can develop a **position replacement card**. For this you create a card for each position, showing possible replacements as well as their present performance, promotion potential, and training.

Larger firms obviously can't track the qualifications of hundreds or thousands of employees manually. They therefore computerize this information, using various packaged software systems. These enable employers to collect and compile employee skills information in real time via online employee surveys. Such programs help management anticipate staffing and skills shortages, and thereby facilitate workforce planning, recruitment, and training plans.¹³

The usual process is for the employee, the supervisor, and human resource manager to enter information about the employee's background, experience, and skills via the system. Then, when a manager needs a person for a position, he or she uses key words to describe the position's specifications (for instance, in terms of education and skills). The computerized system then produces a list of qualified candidates. Computerized skills inventory data typically include items like *work experience codes*, *product knowledge*, the employee's *level of familiarity* with the employer's product lines or services, the person's *industry experience*, *formal education*, *industry experiences*, *foreign language skills*, *relocation limitations*, *career interests*, and *performance appraisals*.

As the user of one such system said, it "allows us to track and assess the talent pool and promote people within the company. Our latest metrics show that 75% of key openings are fulfilled by internal candidates. The succession module helps us to identify who the next senior managers could be and build development plans to help them achieve their potential."¹⁴

FIGURE 5.5

Keeping Data Safe

Source: Taken from an interview with Linda Foley, co-founder of the ITRC. Published in "Safeguarding HR Information" by Dan Caterinicchia, in *HR Magazine*, November 2005. Copyright © 2005 by the Society for Human Resource Management, Alexandria, VA.

Since intruders can strike from outside an organization or from within, HR departments can help screen out potential identity thieves by following four basic rules:

- Perform background checks on anyone who is going to have access to personal information.
- If someone with access to personal information is out sick or on leave, don't hire a temporary employee to replace him or her. Instead, bring in a trusted worker from another department.
- Perform random background checks such as random drug tests. Just because someone passed 5 years ago doesn't mean their current situation is the same.
- Limit access to information such as SSNs, health information, and other sensitive data to HR managers who require it to do their jobs.

**The Matter of Privacy**

The employer should control the personal data stored in the organization's data banks, and all managers must be vigilant about protecting employees' privacy, for several reasons.¹⁵ First, is the volume of employee information in most employer data banks. Second, legislation such as the Health Insurance Portability and Accountability Act gives employees legal rights regarding who has access to information about them.¹⁶ Internet access makes it relatively easy for more people to access the firm's computerized files.¹⁷ Pfizer Inc. lost personal data on about 17,000 current and former employees this way.¹⁸ Solutions include the need for password-protected folders.¹⁹ Figure 5.5 summarizes guidelines for keeping employee data safe.

Markov Analysis

Employers also use a mathematical process known as *Markov analysis* (or "transition analysis") to forecast availability of internal job candidates. Markov analysis involves creating a matrix that shows the probabilities that employees in the chain of feeder positions for a key job (such as from junior engineer, to engineer, to senior engineer, to engineering supervisor, to director of engineering) will move from position to position and therefore be available to fill the key position.

Forecasting the Supply of Outside Candidates

If there will not be enough inside candidates to fill anticipated openings (or you want to go outside for another reason), you will probably focus next on projecting supplies of outside candidates—those not currently employed by your organization. This can help the manager better assess and adjust for the challenges he or she may face in finding enough qualified external candidates.

Forecasting what the workforce availability will be depends first on the manager's own sense of what's happening in his or her industry and locale. For example, falling unemployment rates recently suggested that finding good candidates might be getting tougher.²⁰ The manager then supplements such observations with formal economic projections, for instance, from the U.S. Congressional Budget Office (www.cbo.gov/) and the Bureau of Labor Statistics (www.bls.gov/news.release/ecopro.toc.htm). Your planning may also require forecasting specific occupations. O*NET (discussed in Chapter 4) reports projections for most occupations. The U.S. Bureau of Labor Statistics publishes annual occupational projections, as at www.bls.gov/emp/ep_pub_occ_projections.htm.

With more jobs technology-based, many applicants will lack the necessary skills such as in math and teamwork; the manager will therefore have to factor such things as training and development into the workforce plan.²¹

Predictive Workforce and Talent Management

Recall that Valero Energy almost lacked sufficient time to implement a plan to address replacing employees who would soon retire. Best talent management practice therefore

requires *paying continuous attention* to workforce planning issues. Managers call this *predictive workforce monitoring*. For example, Intel Corporation conducts semiannual "Organization Capability Assessments." The staffing department works with the firm's business heads twice a year to assess workforce needs—both immediate and up to two years in the future.²² Amerada Hess has an Organizational Capability (OC) group to monitor and predict workforce attrition (such as retirement age, experience, education, etc.) and likely talent requirements. The group "considers how each line of business is evolving, examines what jobs at Hess will look like in the future, identifies sources for procuring the best talent, and assists in developing current and newly hired employees."²³ The accompanying HR Practices around the Globe feature shows another example. Then the Management Skills feature provides some practical advice.

HR PRACTICES AROUND THE GLOBE

Predicting Labor Needs

Valero Energy created a "labor supply chain" for improving the efficiency of its workforce planning, recruiting, and hiring process. It includes a statistical tool that predicts Valero's labor needs based on past trends. And, it includes computer screen "dashboards" that show how components in the staffing chain, such as ads placed on job boards, are performing

according to cost, speed, and quality. Before implementing the labor supply chain system, it took 41 pieces of paper to bring on board an employee and more than 120 days to fill a position; each hire cost about \$12,000. The new system eliminated most of the paper forms needed to hire an employee, time-to-fill fell below 40 days, and cost per hire dropped to \$2,300.²⁴

Talk About It—1

If your professor has chosen to assign this, go to www.mymanagementlab.com to discuss the following: Explain how Valero might use the Towers Watson workforce planning process on pages 115–116.

BUILDING YOUR MANAGEMENT SKILLS: Developing an Action Plan to Match Projected Labor Supply and Labor Demand

Workforce planning should logically culminate in a workforce plan. This lays out the employer's projected workforce skills gaps, as well as plans for filling these gaps.

Such a plan contains several elements. It should summarize what positions and skills you will need (workforce demand), based on your workforce demand analysis. Then summarize the workforce supply, including internal candidates for the new positions. Then for each projected position (or group of positions) itemize the personnel and skills gaps, and then your plans for eliminating those gaps and filling the positions. At a minimum your plan should therefore identify positions to be filled; potential internal and external sources for these positions; personnel replacement charts and/or position replacement cards for these positions; the training, development, and promotions moving people into the positions will entail; and the resources that implementing the plan will require, for instance in recruiter fees, estimated training costs, relocation costs, and interview expenses.²⁵

The manager will find illustrative workforce plans on the Web (type *sample workforce plan* into the Google search box). One typical plan contains workforce projections, discussions of how to close skills gaps, and then presents actual specific recruiting and other workforce plans on pages.²⁶

Managers use the narrower term *staffing plan* to specify the personnel required to staff a specific project (such as constructing a new building).²⁷

Watch It

How does a company actually do workforce planning? If your professor has chosen to assign this, go to www.mymanagementlab.com to watch the video Gawker Media: Personnel Planning and Recruiting and then answer the questions to show what you'd do in this situation.

LEARNING OBJECTIVE 2

Answer the question:
"Why is effective
recruiting important?"

employee recruiting

Finding and/or attracting applicants
for the employer's open positions.

recruiting yield pyramid

The historical arithmetic relationships between recruitment leads and invitees, invitees and interviews, interviews and offers made, and offers made and offers accepted.

WHY EFFECTIVE RECRUITING IS IMPORTANT

Assuming the company authorizes the manager to fill a position, the next step is to build, through recruiting, an applicant pool. **Employee recruiting** means finding and/or attracting applicants for the employer's open positions.

Recruiting is important. If only two candidates apply for two openings, you may have little choice but to hire them. But if 10 or 20 applicants appear, you can use techniques like interviews and tests to screen out all but the best.

Even when unemployment rates were very high recently, two-thirds of the manufacturers in one survey faced a "moderate to severe shortage of skilled labor."²⁸ A Lloyd's of London risk index listed "talent and skill shortages" as the number 2 risk facing businesses today ("loss of customers" was number 1).²⁹ With manufacturing jobs increasingly high-tech, the available jobs require more math and science than most applicants possess.³⁰ The head of media at a Web-design company with 85 employees in New York said he had 10 openings because he couldn't find enough qualified applicants.³¹ He ended up hiring virtual independent contractors, who worked, for instance, from Greece.

Effective recruiting is not easy. First, some recruiting methods are superior to others, depending on the job. Second, recruiting depends on nonrecruitment issues such as pay scales.³² Third, employment law prescribes what you can do.³³ See the accompanying Know Your Employment Law feature.

The Recruiting Yield Pyramid

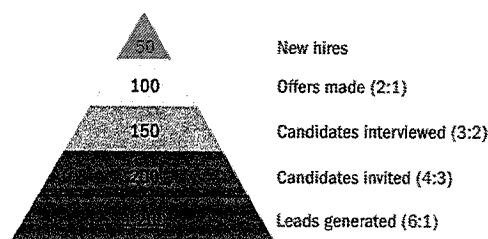
Filling even a few positions might require recruiting dozens or hundreds of candidates. Managers therefore use a **recruiting yield pyramid**, as shown in Figure 5.6, to gauge the magnitude of the staffing issues it needs to address. In Figure 5.6, the company knows it needs 50 new entry-level accountants next year. From experience, the firm also knows the following:

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

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

However, it is not just recruiting but effective recruiting that is important. For example, consider the results of one study of college recruiter effectiveness.³⁴ Subjects were 41 graduating students from a northeastern university. The students were questioned

FIGURE 5.6
Recruiting Yield Pyramid



twice during their spring semester, once just after they'd had their first round of interviews with employers, and once after their second round of interviews.

The quality of the firm's recruiting process had a big impact on what candidates thought of the firm. For example, when asked after the initial job interview why they thought a particular company might be a good fit, all 41 mentioned the nature of the job; however, 12 also mentioned the impression made by the recruiters themselves. Unfortunately, the reverse was also true. When asked why they judged some firms as bad fits, 39 mentioned the nature of the job, but 23 said they had been turned off by recruiters. For example, some were dressed sloppily; others were "barely literate"; some were rude; and some made offensive comments. All these recruiters, needless to say, were ineffectual recruiters for the firms.



Developing the Brand

Similarly, the employer should build its brand or reputation amongst potential applicants. Most obviously, it is futile to recruit if the employer's reputation is that it's an awful place to work.

How does the employer want others to see it as a place to work? The branding often focuses on what it's like to work at the company, including company values, and the work environment the employer fosters.³⁵ GE for instance stresses innovation (hiring "bright, interesting people working together on new and exciting projects").³⁶ Others stress that they are environmentally or socially responsible: "People who desire to have a positive and significant impact through their work are much more possibly influenced by recruitment messages communicating strong [social and environmental responsibility] values."³⁷



KNOW YOUR EMPLOYMENT LAW

Preemployment Activities

As we explained in Chapter 2, numerous federal, state, and local laws and court decisions restrict what employers can and cannot do when recruiting job applicants. For example, employers can't rely on word-of-mouth dissemination of information about job opportunities when its workforce is substantially all white or all members of some other class such as all female or all Hispanic. It is unlawful to give false or misleading information to members of any group, or to fail or to refuse to advise them of work opportunities and the procedures for obtaining them.

In practice, "the key question in all recruitment procedures is whether the method limits qualified applicants from applying."³⁸ So, for example, gender-specific ads that call for "bus-boy" or "firemen" would obviously raise red flags.³⁹ The bottom line: avoid limiting recruitment efforts to just one recruitment method; use multiple sources to reach out as widely as possible; and don't do anything to illegally limit classes of people from applying. ■

The Supervisor's Role

Line and staff cooperation in recruitment is essential. The human resource manager charged with filling an open position is seldom very familiar with the job itself. He or she will therefore work with the supervisor to ascertain what the job really entails and its job specifications, as well as informal things like how the team gets along.



LEARNING OBJECTIVE 3

Name and describe the main internal sources of candidates.



INTERNAL SOURCES OF CANDIDATES

Although *recruiting* may bring to mind LinkedIn, employment agencies, and classified ads, *internal sources*—in other words, current employees or "hiring from within"—are often the best source of candidates. Internal recruiting is increasingly popular. For example, Cisco Systems uses its proprietary Talent Connection program to seek qualified internal Cisco employees who may not be actively seeking jobs.⁴⁰

Filling open positions with inside candidates has several advantages. First, there is really no substitute for already knowing a candidate's *strengths and weaknesses*. Current employees may also be more *committed* to the company. *Morale* and engagement may

rise if employees see their colleagues promoted for loyalty and competence. And inside candidates should require *less orientation* and (perhaps) training than outsiders.

Yet promotion from within can also backfire. Employees who apply for jobs and don't get that may become discontented; informing unsuccessful applicants as to why they were rejected and what remedial actions they might take to be more successful in the future is thus essential. Similarly, many employers require managers to post job openings and interview all inside candidates. Yet the manager often knows ahead of time exactly whom he or she wants to hire; requiring someone to interview a stream of often unsuspecting inside candidates is therefore a waste of time for all concerned. *Inbreeding* is another potential drawback, if new perspectives are required.

Finding Internal Candidates

In a perfect world, the employer will adhere to formal internal-recruitment policies and procedures. These typically rely heavily on job posting and on the firm's skills inventories. **Job posting** means publicizing the open job to employees (usually by literally posting it on company intranets or bulletin boards). These postings list the job's attributes, such as qualifications, supervisor, work schedule, and pay rate. Qualifications skills inventories may reveal employees who have potential for further training, or who have the right background for the open job. An examination of personnel records (including application forms) and skills inventories may uncover employees who are working in jobs below their educational or skill levels. It may also reveal persons who have potential for further training and those who already have the right background for the open jobs in question.

job posting

Publicizing an open job to employees (often by literally posting it on bulletin boards) and listing its attributes, like qualifications, supervisor, working schedule, and pay rate.

LEARNING OBJECTIVE 4

Discuss a workforce planning method you would use to improve employee engagement.

EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS

Internal Recruitment and Promotion-from-Within

It seems reasonable to assume that employees will tend to be more committed to and engaged in companies that actively advance the employees' career aspirations. Therefore, for example, plans to develop and retain employees and promote-from-within should tend to foster engagement, while contrary policies may erode it. Thus, as IBM shifted from hardware to consulting, it assessed its skills gaps and instituted workforce plans to train current employees for new jobs; this assumedly fostered employee engagement. Similarly, International Paper appointed a single person "to provide support to all [business units], Staff Groups and Regions for Workforce Planning and Engagement."⁴¹ Other employers, faced with strategic shifts, simply dismiss employees who don't "fit".

FedEx has had strong internal recruiting and promotion-from-within policies almost from its inception. FedEx's commitment to promotion-from-within grew out of founder Frederick Smith's belief that "when people are placed first they will provide the highest possible service, and profits will follow" (go to fedex.com, then to United States, about FedEx, FedEx overview, and then corporate philosophy).⁴² FedEx weaves together promotion-from-within with other policies—including annual employee attitude surveys, employee recognition and reward programs, a leadership evaluation process, extensive employee communication, and an employee appeals process—to foster employee commitment and engagement. FedEx's approach underscores the need to take an integrated approach to fostering employee engagement. For example, as we will discuss further in Chapter 8 (Careers), effective promotion-from-within programs also require providing the *training* employees need to develop their promotion potential. It also requires *career-oriented appraisals*. Here the supervisor and employee jointly link the latter's past performance, career preferences, and developmental needs in a formal career plan.

Finally, as at FedEx, effective promotion-from-within requires a system for accessing career records and *posting job openings*, one that guarantees eligible employees are informed of openings and considered for them. Federal Express calls its job posting system JCATS (Job Change Applicant Tracking System). Announcements of new job openings

via this online system usually take place each Friday. All employees applying for the position get numerical scores based on job performance and length of service. They are then advised as to whether they were chosen as candidates.

For the manager interested in fostering his or her employees' engagement, we can draw several useful guidelines from FedEx's successful promotion-from-within system: show a genuine interest in your employees' career aspirations; provide career-oriented appraisals; see that your employees have access to the training they need to develop themselves; and balance your desire to keep good employees with the benefits of helping them learn of and apply for other positions in your company.

LEARNING OBJECTIVE 5

List and discuss the main sources of outside candidates.



OUTSIDE SOURCES OF CANDIDATES

Employers can't always get all the employees they need from their current staff, and sometimes they just don't want to. If so, they turn to outside candidates.

Informal Recruiting and the Hidden Job Market

Many (or most) job openings aren't publicized at all; jobs are created and become available when employers serendipitously come across the right candidates. The author of *Unlock the Hidden Job Market* estimates that perhaps half of all positions are filled informally (without formal recruiting).⁴³ Similarly, one survey found that 28% of those surveyed found their most recent job through word-of-mouth.⁴⁴

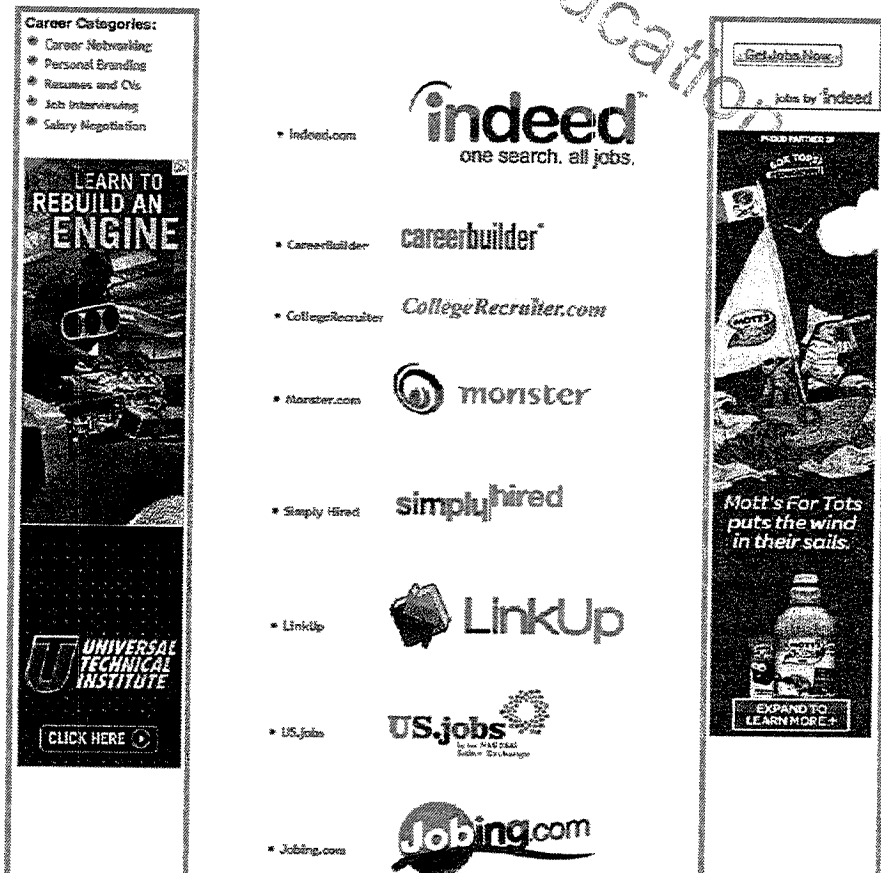
Recruiting via the Internet⁴⁵

Most employers recruit through their own websites, or use job boards (see Figure 5.7). For example the CareerBuilder.com iPhone application lets someone search nearly

FIGURE 5.7

Some Top Online Recruiting Job Boards

Source: www.quintcareers.com/top_10_sites.html, accessed September 9, 2014. Used with permission of QuintCareers.com.



2 million jobs on CareerBuilder.com, the largest U.S. job site.⁴⁶ Users may search for jobs by key word, read job descriptions and salaries, save jobs to a list of favorites, and e-mail job links to anyone on their contact list. Users may direct it to search only for jobs near where they are located. Increasingly, employers are using niche job boards such as jobsinsports.com and vetjobs.com.⁴⁷

Online recruiting is getting more sophisticated.⁴⁸ In China, accountants Deloitte Touche Tohmatsu Limited posted a virtual office tour on Weibo (similar to Twitter's messaging service).⁴⁹ People visiting the site can virtually enter each of the company's offices in Asia, walking through meeting rooms and talking virtually with local employees, to get a feel for what working in that office is like.

Intelligent automated résumé screening is another trend. Employers have long used online applicant tracking software to identify likely candidates based on résumé key words or phrases. But basic key word screens like these won't necessarily zero in on candidates who best fit the hiring employer and job. Rather than just trying to find a match based on key words, monster.com's new 6Sense résumé search tool aims to better "understand" the applicant's job preferences (based on things like the person's job history) so as to better match the applicant with the available job. Other services, such as Jobfox, have applicants and employers complete detailed questionnaires so that (as with online dating sites) there's hopefully a better match.



Social Media and HR

Recruiting is also shifting from online job boards to social networking sites. In one survey, almost 90% of responding human resource and recruiting professionals planned to use social media recruiting tools for recruiting managers and professionals.⁵⁰ The problem they aim to address is that many job applications received via job boards don't meet the job's qualifications. As one recruiter said, "Recruiters had to put in all this extra time to read applications but we didn't get benefit from it." Instead, this company now hires recruiters who dig through social websites and competitors' publications to find applicants who may not even be looking for jobs.⁵¹

Recruiters are also seeking passive candidates (people not actively looking for jobs) by using social networking sites such as *LinkedIn Recruiter* to browse members' résumés and to find such passive candidates.⁵² One Massachusetts staffing firm uses its Facebook and LinkedIn pages to announce openings. Other firms use Twitter to announce job openings to jobseekers who subscribe to their Twitter feeds.⁵³ TheLadders.com's Pipeline™ networking tool lets recruiters maintain a dialogue with prospective job seekers even before they're interested in seeking a job. TalentBin searches sites such as Pinterest to find qualified tech workers.⁵⁴ Employers such as the Mayo Clinic have social media strategies and career pages that establish an online presence highlighting the benefits of working for them.⁵⁵

Other Online Recruiting Practices

There are many other such online tools. ResumePal (see www.jobfox.com/) is one recruiting innovation. ResumePal is an online standard universal job application. Jobseekers submit it to participating employers, who can then use the standardized application's key words to identify viable candidates more easily.⁵⁶ McDonald's Corp. posted a series of employee testimonials on social networking sites like Second Life to attract applicants.⁵⁷ Other employers simply screen through job boards' résumé listings.⁵⁸

Accountants Deloitte & Touche asked employees to make short videos describing their experiences with Deloitte, and put the best on YouTube.⁵⁹ Monster helps employers integrate streaming video into their job postings.⁶⁰ Many employers use their Facebook networking site for recruiting.⁶¹ At one diversity conference, Hewitt Associates asked attendees to text *hewdiversity* to a specific 5-digit number. Anyone texting joined Hewitt's "mobile recruiting network," periodically receiving text messages regarding Hewitt openings.⁶² The *dot-jobs* domain gives job seekers a one-click conduit for finding jobs at the employers who register at www.goto.jobs. For example, applicants seeking a job at Disneyland can go to www.Disney.jobs, which takes them to Disney's recruiting website. HireVue "lets candidates create video interviews on the fly and send them to employers to review, share, and compare with other applicants."⁶³

Virtual (fully online) job fairs are another option. Here online visitors see a similar setup to a regular job fair. They can listen to presentations, visit booths, leave résumés and business cards, participate in live chats, and get contact information from recruiters and even hiring managers.⁶⁴ Specialist virtual fair websites include Millicruit (for former military personnel) and Unicruit (for college students).

Pros and Cons

Online recruiting generates more responses quicker and for a longer time at less cost than just about any other method. But, it has two potential problems.

First, older people and some minorities are still less likely to use the Internet, so online recruiting may inadvertently exclude disproportionate numbers of older applicants (and certain minorities). To prove they've complied with EEO laws, employers should keep track of each applicant's race, sex, and ethnic group. The EEO says that, to be an "applicant," he or she must express interest in employment; the employer must have taken steps to fill a specific job; and the individual must have followed the employer's standard application procedure.⁶⁵

The second problem is that employers end up deluged with résumés. Self-screening helps: The Cheesecake Factory posts detailed job duties listings, so those not interested needn't apply. Another approach is to have job seekers complete a short online pre-screening questionnaire, then use these to identify those who may proceed in the hiring process.⁶⁶

Improving Performance through HRIS

Using Applicant Tracking



applicant tracking systems

Online systems that help employers attract, gather, screen, compile, and manage applicants.

A deluge of applications means that just about all *Fortune* 500 companies and many others now use applicant tracking software to screen applications.⁶⁷ Applicant tracking systems (ATS) are online systems that help employers attract, gather, screen, compile, and manage applicants.⁶⁸ They also provide other services, including requisitions management (for monitoring the firm's open jobs), applicant data collection (for scanning applicants' data into the system), and reporting (to create various recruiting-related reports such as cost per hire and hire by source).⁶⁹ Most systems are from *application service providers* (ASPs). These basically redirect applicants from the employers to the ASP's site where, for instance, they may fill out forms and take tests.⁷⁰ Major suppliers of such e-recruiting services include Automatic Data Processing (ADP.com), HRSmart (hrsmart.com), Silkroad Technology (silkroad.com), and Monster (monster.com).⁷¹

As one example, a bank uses its ATS to bump applicants who don't meet the basic job requirements. It then uses phone interviews or automated interview systems to whittle down the applicant pool. Then its recruiters interview and send the remaining through the final selection process.⁷² One Ohio-based nursing care and assisted living facility company arranged to have the recruiting dashboard vendor jobs2Web integrate its dashboard with the employer's applicant tracking system. The recruiting manager now uses the dashboard to monitor recruitment data trends on things like which recruiting sources are attracting the best applicants.⁷³

Improving Online Recruiting Effectiveness

Employers can easily improve their online recruiting results. For example, most firms place employment information one click away from their home pages.⁷⁴ Applicants can submit their résumés online at almost all *Fortune* 500 firms' websites. Fewer companies give job seekers the option of completing online applications, although that's what most applicants prefer.⁷⁵

Furthermore, the best Web ads don't just transfer newspaper ads to the Web. As one specialist put it, "getting recruiters out of the 'shrunken want ad mentality' is a big problem." The ineffective Web ad in Figure 5.8 has needless abbreviations, and doesn't say much about why the job seeker should want that job.⁷⁶

Now look at the effective Web ad in Figure 5.8. It provides good reasons to work for this company. It starts with an attention-grabbing heading and uses the extra space

FIGURE 5.8

Ineffective and Effective Web Ads

Ineffective Ad, Recycled from Magazine to the Web	Effective Web Ad (Space Not an Issue)
Process Engineer Pay: \$65k–\$85k/year Immediate Need in Florida for a Wastewater Treatment Process Engineer. Must have a min. 4–7 years Industrial Wastewater exp. Reply KimGD@ WatersCleanX.com	Do you want to help us make this a better world? We are one of the top wastewater treatment companies in the world, with installations from Miami to London to Beijing. We are growing fast and looking for an experienced process engineer to join our team. If you have at least 4–7 years' experience designing processes for wastewater treatment facilities and a dedication to make this a better world, we would like to hear from you. Pay range depending on experience is \$65,000–\$85,000. Please reply in confidence to KimGD@ WatersCleanX.com

to provide more specific job information. Many employers often include the entire job description.⁷⁷ Ideally, the ad should provide a way (such as a checklist of the job's human requirements) for potential applicants to gauge if the job is a good fit.⁷⁸

Advertising

While Web-based recruiting is replacing traditional help wanted ads, print ads are still popular. Here employers should address two issues: the advertising medium and the ad's construction.

The best medium—the local paper, *The Wall Street Journal*, *The Economist*, for instance—depends on the positions for which you're recruiting. For example the local newspaper can be a good source for local blue-collar help, clerical employees, and lower-level administrative employees. On the other hand, if recruiting for workers with special skills, such as furniture finishers, you'd probably want to advertise in places with many furniture manufacturers, such as the Carolinas. The point is to target your ads where they'll reach your prospective employees.

For specialized employees, advertise in trade and professional journals like *American Psychologist*, *Sales Management*, *Chemical Engineering*, and *Women's Wear Daily*. Help wanted ads in *The Wall Street Journal* can be good sources of middle- or senior-management personnel. Most of these print outlets now include online ads with the purchase of print help wanted ads.

Technology lets companies be creative.⁷⁹ For example, Electronic Arts (EA) includes information about its internship program on the back of its video game manuals, helping it create a database of more than 200,000 potential job candidates.

Constructing (Writing) the Ad

Experienced advertisers use the guide AIDA (attention, interest, desire, action) to construct ads. First, you must attract attention to the ad. Why does the ad in Figure 5.9 attract attention? The phrase “next key player” helps.

Next, develop interest. For instance, “are you looking to make an impact?”

Create desire by spotlighting words such as *travel* or *challenge*. As an example, having a graduate school nearby may appeal to engineers and professional people.

Finally, the ad should prompt action, such as “call today.”

Job applicants view ads with more specific job information as more attractive and more credible.⁸⁰ If the job has big drawbacks, consider a realistic ad. When the New York City Children's Services Administration was having problems with employee retention, it began using these ads: “Wanted: men and women willing to walk into strange buildings in dangerous neighborhoods, [and] be screamed at by unhinged individuals. . . .” Realism reduces applicants, but improves employee retention.⁸¹ Finally, the ad should comply with equal employment laws, avoiding features like “man wanted.”

FIGURE 5.9

Help Wanted Ad That Draws Attention

Source: Giombetti Associates, Hampden, MA. Reprinted with permission.

Are You Our Next Key Player?

PLANT CONTROLLER

Northern New Jersey

Are you looking to make an impact? Can you be a strategic business partner and team player, versus a classic, "bean counter"? Our client, a growing Northern New Jersey manufacturer with two locations, needs a high-energy, self-motivated, technically competent Plant Controller. Your organizational skills and strong understanding of general, cost, and manufacturing accounting are a must. We are not looking for a delegator, this is a hands-on position. If you have a positive can-do attitude and have what it takes to drive our accounting function, read on!

Responsibilities and Qualifications:

- Monthly closings, management reporting, product costing, and annual budget.
- Accurate inventory valuations, yearend physical inventory, and internal controls.
- 4-year Accounting degree, with 5-8 years experience in a manufacturing environment.
- Must be proficient in Microsoft Excel and have general computer skills and aptitude.
- Must be analytical and technically competent, with the leadership ability to influence people, situations, and circumstances.

If you have what it takes to be our next key player, tell us in your cover letter, "Beyond the beans, what is the role of a Plant Controller?" Only cover letters addressing that question will be considered. Please indicate your general salary requirements in your cover letter and email or fax your resume and cover letter to:

Ross Giombetti
Giombetti Associates
 2 Allen Street, P.O. Box 720
 Hampden, MA 01036
 Email: Rossgiomibetti@giombettiassoc.com
 Fax: (413) 566-2009



Employment Agencies

There are three main types of employment agencies: (1) public agencies operated by federal, state, or local governments; (2) agencies associated with nonprofit organizations; and (3) privately owned agencies.

Every state has a public, state-run employment service agency. The U.S. Department of Labor supports these agencies, through grants and through other assistance such as a nationwide job bank. The National Job Bank enables agency counselors to advise applicants about available jobs in other states as well.

Some employers have mixed experiences with public agencies. For one thing, applicants for unemployment insurance are required to register and to make themselves available for job interviews. Some of these people are not interested in returning to work, so employers can end up with applicants who have little desire for immediate employment. And fairly or not, employers probably view some of these local agencies as lethargic in their efforts to fill area employers' jobs.

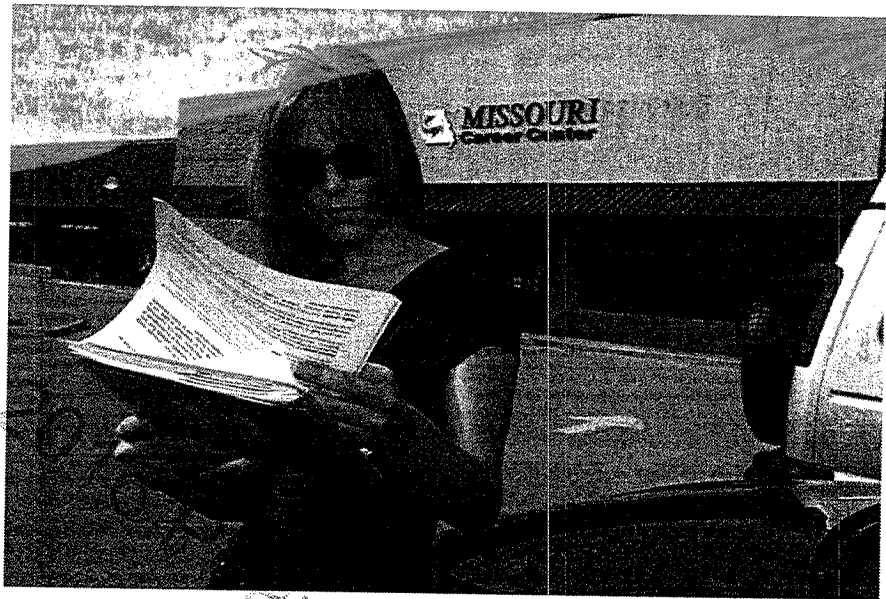
Yet these agencies are useful. Beyond just filling jobs, counselors will visit an employer's work site, review the employer's job requirements, and even assist the employer in writing job descriptions. Most states have turned their local state employment service agencies into "one-stop" shops—neighborhood training/employment/career assessment centers.⁸² At Oregon State's centers, job seekers can use "iMatch" skills assessment software, while employers can get up-to-date local economic news and use the center's on-line recruitment tools.⁸³

Most (nonprofit) professional and technical societies, such as the Institute for Electrical and Electronic Engineers (IEEE), have units that help members find jobs. Public agencies place people such as those who are disabled.

Private employment agencies are important sources of clerical, white-collar, and managerial personnel. They charge fees (set by state law and posted in their offices) for

Every state has a public, state-run employment service agency.

Source: Mark Buckner/Newscom.



each applicant they place. Most are "fee-paid" jobs, in which the employer pays the fee. Use one if:

1. Your firm doesn't have its own human resources department and feels it can't do a good job recruiting and screening.
2. You must fill a job quickly.
3. There is a perceived need to attract more minority or female applicants.
4. You want to reach currently employed individuals, who might feel more comfortable dealing with intermediaries.
5. You want to reduce the time you're devoting to recruiting.⁸⁴

Yet using employment agencies requires avoiding the potential pitfalls. For example, the employment agency's screening may let poor applicants go directly to the supervisors responsible for hiring, who may in turn naively hire them. Conversely, improper screening at the agency could block potentially successful applicants.

To help avoid problems:

1. Give the agency an accurate and complete job description.
2. Make sure tests, application blanks, and interviews are part of the agency's selection process.
3. Periodically review EEOC data on candidates accepted or rejected by your firm, and by the agency.
4. Screen the agency. Check with other managers to find out which agencies have been the most effective at filling the sorts of positions you need filled. Review the Internet and classified ads to discover the agencies that handle the positions you seek to fill.
5. Supplement the agency's reference checking by checking at least the final candidate's references yourself.

Temporary Workers and Alternative Staffing

Employers increasingly supplement their permanent workforces with contingent or temporary workers. In the recent recession, about 26% of all jobs that private-sector employers added were temporary positions, two to three times the comparable figures for the last two recessions. The contingent workforce isn't limited to clerical or maintenance staff. It includes engineering, science, and management support occupations, such as temporary chief financial officers and chief executive officers.⁸⁵

Several things contribute to the trend toward using more temps. One is continuing weak economic confidence among employers. Flexibility is a related concern, with more employers wanting to reduce employment levels quickly if the economic turnaround proves short-lived.⁸⁶ Another factor is the trend toward outsourcing work for short-term projects. For example, Makino outsources the installation of large machines to contract firms, who in turn hire temps for the installations. Other employers use temp agency-supplied workers to “try out” the workers before formally hiring them.

Employers can hire temp workers either through direct hires or through temporary staff agencies. Direct hiring involves simply hiring workers and placing them on the job. The employer usually pays these people directly, as it does all its employees, but classifies them separately, as casual, seasonal, or temporary employees, and often pays few if any benefits.⁸⁷ The other approach is to have a temp agency supply the employees. The agency handles the temp’s recruiting, screening, and payroll administration. Thus, Nike hired Kelly Services to manage Nike’s temp needs.

Employers have long used “temps” to fill in for employees who were out sick or on vacation. But they have other advantages. Their output per hour paid is higher, since temps usually don’t get paid days off. If the economy sags, it’s easier to let temps go. Many firms also use temporary hiring to try out prospective employees.⁸⁸ However, temps often cost employers more per hour than comparable permanent workers, since the agency gets a fee. And some feel abused.⁸⁹

To make temporary relationships successful, those supervising temps should understand their concerns. In one survey, temporary workers said they were:

1. Treated in a dehumanizing and ultimately discouraging way.
2. Insecure about their employment and pessimistic about the future.
3. Worried about their lack of insurance and pension benefits.
4. Misled about their job assignments and in particular about whether temporary assignments were likely to become full-time.
5. “Underemployed” (particularly those trying to return to the full-time labor market).⁹⁰

When working with temporary agencies, understand their policies. For example, once the supervisor signs the time sheet, it’s usually an agreement to pay the agency’s fees. What is the policy if the client wants to hire one of the agency’s temps as a permanent employee? How does the agency plan to recruit employees? Checking a temporary agency’s references and listing with the Better Business Bureau is advisable.⁹¹



KNOW YOUR EMPLOYMENT LAW

Contract Employees

Several years ago, federal agents rounded up about 250 illegal “contract” cleaning workers in 60 Walmart stores. The raid underscores the need to understand the status of the contract employees who work on your premises handling activities like security or after-hours store cleaning.⁹² The fact that they actually work for a temp agency is no excuse. Generally, with certain limited exceptions, employees of temporary staffing firms working in an employer’s workplace are considered employees both of the agency and of the employer.⁹³

The employer’s liability depends on the degree to which its supervisors control the temp employee’s activities, so the more the agency does the better. For example, have the staffing agency handle training, and negotiate and set pay rates with the temp.

Employers can take other steps. The employer should require the staffing agency to follow the employer’s background checking process, and to assume the legal risks if the employer and agency are jointly responsible. Carefully track how many temporary employees the employer has. Supervise temporary employees with care if they may have access to your firm’s intellectual property and computer systems.⁹⁴ Do not treat temporary workers as “employees”, for instance in terms of business cards, employee handbooks, or employee ID badges.⁹⁵ ■

alternative staffing
The use of nontraditional
recruitment sources.

Temporary employees are examples of **alternative staffing**—basically, the use of nontraditional recruitment sources. Other alternative staffing arrangements include “in-house temporary employees” (people employed directly by the company, but on an explicit short-term basis) and “contract technical employees” (highly skilled workers like engineers, who are supplied for long-term projects under contract from an outside technical services firm).

Offshoring and Outsourcing Jobs

Rather than bringing people in to do the company’s jobs, outsourcing and offshoring send the jobs out. *Outsourcing* means having outside vendors supply services (such as benefits management or manufacturing) that the company’s own employees previously did in-house. *Offshoring* means having outside vendors or employees *abroad* supply services that the company’s own employees previously did in-house.

Employees, unions, legislators, and even many business owners feel that “shipping jobs out” (particularly overseas) is ill-advised. That notwithstanding, employers are sending jobs out, and not just blue-collar jobs. For example, GE’s transportation division shifted some mid-level drafting jobs from Pennsylvania to India.⁹⁶

But doing so creates special personnel challenges. One is the likelihood of cultural misunderstandings (such as between your home-based customers and the employees abroad). Others are security and information privacy concerns; the need to deal with foreign contract, liability, and legal systems issues; and the fact that the offshore employees need special training (for instance, in using pseudonyms like “Jim” without discomfort).

Rising wages in Asia, coupled with reputational issues and a desire to invest more in local communities, is prompting employers to bring jobs back. Many U.S. employers including Apple and Microsoft are now shifting jobs back to the United States.⁹⁷

Executive Recruiters

Executive recruiters (also known as *headhunters*) are special employment agencies employers retain to seek out top-management talent for their clients. The percentage of your firm’s positions filled by these services might be small. However, these jobs include key executive and top technical positions. The employer always pays the fees.

There are contingent and retained executive recruiters. Members of the Association of Executive Search Consultants usually focus on executive positions paying \$150,000 or more, and on “*retained executive search*.” They are paid regardless of whether the employer hires the executive through the search firm’s efforts. *Contingency-based recruiters* tend to handle junior- to middle-level management job searches in the \$80,000 to \$160,000 range. Top recruiters (all retained) include Heidrick and Struggles, Egon Zehnder International, Russell Reynolds, and Spencer Stuart. Today, recruiter fees are dropping from the usual 30% or more of the executive’s first-year pay.

The challenge has always been finding potential candidates. Internet-based databases speed up such searches. Executive recruiters are also creating specialized units aimed at specialized functions (such as sales) or industries (such as oil products).

Recruiters have many contacts and are relatively adept at finding qualified candidates who aren’t actively looking to change jobs. They can keep your firm’s name confidential, and can save top management’s time by building an applicant pool. The recruiter’s fee might actually turn out to be small when you compare it to the executive time saved.

The big issue is ensuring that the recruiter really understands your needs and then delivers properly vetted candidates. It is essential to explain completely what sort of candidate is required. Some recruiters also may be more interested in persuading you to hire a candidate than in finding one who will really do the job. Some “final candidates” may actually be fillers to make the recruiter’s one “real” candidate look better. The Management Skills feature provides some suggestions.

BUILDING YOUR MANAGEMENT SKILLS: Working with Recruiters

Hiring and working with executive recruiters requires some caution. Guidelines include:⁹⁸

1. Make sure the firm can conduct a thorough search. Under their ethics code, a recruiter can't approach the executive talent of a former client for two years after completing a search for that client. Therefore, the recruiter must search from a constantly diminishing pool.⁹⁹
2. Meet the individual who will actually handle your assignment.
3. Make sure to ask how much the search firm charges. Get the agreement in writing.¹⁰⁰
4. Make sure the recruiter and you agree on what sort of person to hire for the position.
5. Ask if the recruiter has vetted the final candidates. *Do not be surprised if the answer is, "No, I just get candidates—we don't really screen them."*
6. Therefore *never* rely on any recruiter to do all the reference checking. Let them check the candidates' references, but get notes of these references in writing from the recruiter (if possible). Recheck at least the final candidate's references yourself.
7. Preferably use a recruiter who has a special expertise in your specific industry—he or she may have the best grasp of who's available.

Internal Recruiting

More employers today do their own management recruiting.¹⁰¹ They still call on executive recruiters to conduct top officer (CEO and president) and board member placements, and for confidential searches. But employers ranging from General Electric to PepsiCo now have their own internal recruiting offices handling most of their own management recruiting. (GE reports an internal recruiting staff of about 500 people.) Time Warner reported saving millions of dollars per year using internal recruiting teams.¹⁰² The accompanying HR Tools feature explains what small businesses can do.

HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES

Recruiting 101

There comes a time in the life of most small businesses when it dawns on the owner that new blood is needed to take the company to the next level. Should the owner personally recruit this person?

While most large firms don't think twice about hiring executive search firms, small-firm owners will understandably hesitate before committing to a fee that could reach \$40,000 or more for a \$120,000 marketing manager.

However, engaging in a search like this is not like seeking data entry clerks. There's a good chance your ideal candidate isn't reading the want ads. Many applicants may be capable, but you will have to uncover the gem by assessing them. Chances are, you won't know where to place or how to write the ads; or where to search, whom to contact, or how to screen out the laggards who may seem like viable candidates. Even if you do, it will be time-consuming and will divert your attention from other duties.

If you decide to do the job yourself, consider retaining an industrial psychologist to spend 4 or 5 hours assessing the problem-solving ability, personality, interests, and energy level of the two or three candidates in whom you are most interested.

Exercise special care when recruiting applicants from competing companies. Always check to see if applicants are bound by noncompete or nondisclosure agreements. And

(especially when recruiting other firms' higher-level employees) perhaps check with an attorney before asking certain questions—regarding patents or potential antitrust issues, for instance.¹⁰³

If you're a manager with an open position to fill in a *Fortune* 500 company, even you may find you have a dilemma. You may find that your local HR office will do little recruiting, other than, perhaps, placing an ad on an online job board. On the other hand, you probably can't place your own help wanted ads (a problem Marlene faced in this chapter's opening scenario). Instead, contact your colleagues in other firms: use word of mouth to "advertise" your open position within and outside your company.

☉ Talk About It-2

If your professor has chosen to assign this, go to www.mymanagementlab.com to discuss the following questions. You own a small chemical engineering company and want to hire a new president. Based on what you read in this chapter, how would you go about doing so, and why?

Referrals and Walk-Ins

Employee referral campaigns are an essential recruiting option. Here the employer posts openings and requests for referrals on its website and bulletin boards. It may offer prizes for successful referrals. For example, at Kaiser Permanente, referring someone for one of its "award-eligible positions" can produce bonuses of \$3,000 or more.¹⁰⁴ The Container Store trains employees to recruit candidates from among the firm's customers.

Referral's big advantage is that it tends to generate "more applicants, more hires, and a higher yield ratio (hires/applicants)."¹⁰⁵ Current employees tend to provide accurate information about their referrals because they're putting their own reputations on the line. A SHRM survey found that of 586 employers, 69% said referral programs are more cost-effective than other recruiting practices and 80% specifically said they are more cost-effective than employment agencies.¹⁰⁶

If morale is low, address that prior to soliciting referrals. Remember that relying on referrals may be discriminatory where a workforce is already homogeneous. And if you don't hire someone's referral, explain the reason to your employee/referrer.

Particularly for hourly workers, *walk-ins*—direct applications made at your office—are a big source of applicants. Sometimes, posting a "Help Wanted" sign outside the door may be the most cost-effective way of attracting good local applicants. Treat walk-ins

The Container Store trains its employees to recruit new employees from among the firm's customers.

Source: David Paul Morris/Getty Images, Inc.



The campus recruiter has two main goals. One is to determine if a candidate is worthy of further consideration. The other is to attract good candidates.

Source: Klaus Vedfald/Getty Images.



courteously, for both the employer's community reputation and the applicant's self-esteem. Many employers give every walk-in a brief interview, even if it is only to get information on the applicant in case a position should be open in the future. There will also be unsolicited applications from professional and white-collar applicants; answer all inquiries promptly.

On-Demand Recruiting Services

On-demand recruiting services (ODRS) are recruiters who are paid by the hour or project, instead of a percentage fee, to support a specific project. For example, when the human resource manager for a biotech firm had to hire several dozen people with scientific degrees and experience in pharmaceuticals, she used an ODRS firm. A traditional recruiting firm might charge 20% to 30% of each hire's salary. The ODRS firm charged by time, rather than per hire. It handled recruiting and prescreening, and left the client with a short list of qualified candidates.¹⁰⁷

College Recruiting

College recruiting—sending an employer's representatives to college campuses to prescreen applicants and create an applicant pool from the graduating class—is an important source of management trainees and professional and technical employees. One study several years ago concluded that new college graduates filled about 38% of all externally filled jobs requiring a college degree.¹⁰⁸

Good campus recruiting isn't easy. Schedules must be set, company brochures printed, interviews held, and much time spent on campus. And some recruiters are unprepared, show little interest in the candidate, and act superior. Many don't screen candidates effectively.

Employers should train recruiters in how to interview candidates, how to explain what the company has to offer, and how to put candidates at ease. The recruiter should be personable and have a record of attracting good candidates.¹⁰⁹ GE hires 800 to 1,000 students each year from about 40 schools, and uses teams of employees and interns to build GE's brand at each school. Similarly, IBM has 10 people who focus on on-campus recruiting.¹¹⁰ Shell Oil reduced the list of schools its recruiters visit, using

on-demand recruiting services (ODRS)

Services that provide short-term specialized recruiting to support specific projects without the expense of retaining traditional search firms.

college recruiting

Sending an employer's representatives to college campuses to prescreen applicants and create an applicant pool from the graduating class.

criteria such as quality of academic program, number of students enrolled, and diversity of the student body.¹¹¹

The campus recruiter has two main goals. One is to determine if a candidate is worthy of further consideration. Usual traits to assess include communication skills, education, experience, and technical and interpersonal skills. The other aim is to attract candidates. A sincere and informal attitude, respect for the applicant, and prompt follow-up letters can help sell the employer to the interviewee. And employers who build relationships with opinion leaders such as career counselors and professors have better recruiting results.¹¹²

Employers generally invite good candidates for an on-site visit. The invitation should be warm but businesslike, and provide a choice of dates. A package containing the applicant's schedule as well as other information—such as annual reports and employee benefits—should be waiting for the applicant at the hotel.

Plan the interviews and adhere to the schedule. Avoid interruptions; give the candidate the undivided attention of each person with whom he or she interviews. Make any offer as soon as possible, preferably at the visit. Frequent follow-ups to “find out how the decision's going” may help to tilt the applicant in your favor.

A study of 96 graduating students provides some insights. Fifty-three percent said “on-site visit opportunities to meet with people in positions similar to those applied for, or with higher-ranking persons” had a positive effect. Fifty-one percent mentioned, “Impressive hotel/dinner arrangements and having well-organized site arrangements.” “Disorganized, unprepared interviewer behavior, or uninformed, useless answers” turned off 41%.¹¹³

Internships

Internships can be win-win situations. They can help the student hone business skills, learn more about the employer, and discover career preferences. And employers can use the interns to make useful contributions while evaluating them as possible full-time employees. About 60% of internships turn into job offers.¹¹⁴

Other internships are nightmares. Many interns, particularly in industries like high-fashion and media, report long unpaid days doing menial work. *The New York Times* recently quoted one company's manager as saying “we need to hire a 22—22—22,” a 22-year-old willing to work 22 hour days for \$22,000 a year.¹¹⁵

Telecommuters

Telecommuters do all or most of their work remotely, often from home, using information technology. As one example, JetBlue uses at-home agents to handle its reservation needs. These “crewmembers” live around Salt Lake City and work from their homes. They use JetBlue-supplied computers and technology, and receive JetBlue training.¹¹⁶

Military Personnel

Returning and discharged U.S. military personnel provide an excellent source of trained and disciplined recruits. The military has programs to facilitate soldiers finding jobs. The U.S. Army's Partnership for Youth Success enables someone entering the Army to select a post-army corporate partner as a way to help soldiers find a job after leaving the Army.¹¹⁷

Misconceptions about veterans (for instance, that stress disorders influence job performance) are generally not valid.¹¹⁸ The U.S. Army's Warrior Transition Command website (www.wtc.army.mil/) discusses such misconceptions. Walmart has a five-year program guaranteeing any honorably discharged veteran who left the service in the past year a job.¹¹⁹ The website www.helmetstohardhats.org/ puts vets together with building trades employers. The Management Skills feature provides additional recruiting guidance.

BUILDING YOUR MANAGEMENT SKILLS: How to Improve the Recruitment Effort

Recruitment costs add up fast, so managers should control recruitment costs. For example, Should we use this employment agency or that one?¹²⁰ Is it more cost-effective to advertise on the Web or in Sunday's paper?

The manager can't control what he or she can't measure.¹²¹ Of course the most obvious metric is, "How many applicants did we generate through each recruitment source?"¹²² However, that's not the whole issue: the manager wants *qualified, hireable* applicants; an Internet ad may generate thousands of nonviable applicants. How good are the applicants each source produces? Things to measure include new hire job performance, new hire failure rate, new hire turnover, and training success.¹²³ (The accompanying HR as a Profit Center illustrates how one company does this.) A good applicant tracking system should also help compare recruiting sources, as we said.¹²⁴

Beyond that, research reveals guidelines to improve a manager's recruitment effectiveness. Specifically,¹²⁵

- Use sources (particularly referrals from current employees) that yield applicants less likely to leave and more likely to be better performers.¹²⁶

- Provide in the ad copious information (when feasible) on the job, such as salary, location, and job demands.

- First impressions are important. Carefully review your ads, website, brochure, on-campus recruiting, and so on.

- Provide applicants with a realistic picture of the job and organization, not just the positives.

- Choose recruiters with strong interpersonal skills.

- Again, provide specific and complete information in recruitment materials.

HR AS A PROFIT CENTER

Cutting Recruitment Costs

GE Medical hires about 500 technical workers a year to design sophisticated medical devices such as CT scanners. It has cut its hiring costs by 17%, reduced time to fill the positions by 20% to 30%, and cut in half the percentage of new hires who don't work out.¹²⁷

GE Medical's HR team accomplished this in part by applying its purchasing techniques to its dealings with recruiters. For example, it told 20 recruiters that it would work with only the 10 best. To measure "best," GE created measures inspired by manufacturing techniques, such as "percentage of résumés that result in interviews" and "percentage of interviews that lead to offers." Similarly, GE Medical discovered that it interviews just 1% of applicants whose résumés it receives, while 10% of employee referrals result in actual hires. So GE Medical took steps to double the number of employee referrals. It simplified the referral forms, streamlined submission procedures, and added a small reward like a gift certificate for referring a qualified candidate. GE also upped the incentive—\$2,000 if someone referred is hired, and \$3,000 if he or she is a software engineer.

GE is also using more recruitment process outsourcers. *Recruitment process outsourcers* are special vendors that handle all or most of an employer's recruiting needs. They usually sign short-term contracts with the employer, and receive a monthly fee that varies with the amount of actual recruiting the employer needs done. This makes it easier for an employer to ramp up or ramp down its recruiting expenses, as compared with paying the relatively fixed costs of an in-house recruitment office.¹²⁸ Large RPO providers include Manpower Group Solutions, IBM, and Randstad Sourceright.¹²⁹

★ Talk About It-3

If your professor has chosen to assign this, go to www.mymanagementlab.com to discuss the following question. What other tools described in this chapter could GE Medical use to improve recruiting efficiency?

LEARNING OBJECTIVE 6

Explain how to create a more diverse workforce.

RECRUITING A MORE DIVERSE WORKFORCE

We saw in Chapter 2 that recruiting a diverse workforce isn't just socially responsible. Given the rapid rise in minority, older worker, and women candidates, it is a necessity. The recruiting tools we described to this point are certainly useful for minority and other applicants, too. However, diversity recruiting requires some special steps.¹³⁰

Recruiting Women

Given the progress women have made in excelling in professional, managerial, and military occupations, one might assume that employers need no special recruitment efforts to recruit women, but that's not necessarily the case. For example, women still face headwinds in certain occupations such as engineering. They also fill proportionately fewer high-level managerial posts, and still earn only about 70% of what men earn for similar jobs.

The most effective remedy is top management driven.¹³¹ Here the employer emphasizes the importance of recruiting women (as well as men), identifies gaps in the recruitment and retention of women, and puts in place a comprehensive plan to attract women applicants. The overall aim is to show that the employer is the sort of place in which women want to work. For example, particularly for "nontraditional" jobs (like engineering), use the company website to highlight women now doing those jobs. Emphasize the employer's mentoring program. Offer real workplace flexibility; for example, offer the option of staying on a partner track even while working part-time. Focus a portion of the recruiting effort on women's organizations, women's employment websites, and career fairs at women's colleges. Make sure benefits cover matters such as family planning and prenatal care. Maintain a zero-tolerance sexual harassment policy.

Recruiting Single Parents

Recently, there were almost 10 million single parent families with children under 18 maintained by the mother, about two-thirds of whom were employed. There were about 1.25 million such families maintained by the father. Being a single parent isn't easy, and recruiting and keeping them requires understanding the problems they face.¹³² (Of course many of these issues also apply to families in which both parents are struggling to make ends meet.) In one survey,

Many described falling into bed exhausted at midnight without even minimal time for themselves. . . . They often needed personal sick time or excused days off to care for sick children. As one mother noted, "I don't have enough sick days to get sick."¹³³

Given such concerns, the first step in attracting and keeping single parents is to make the workplace user friendly.¹³⁴ Surveys suggest that a supportive supervisor can go far toward making the single parent's work-home balancing act more bearable.¹³⁵ Many firms have flextime programs that provide some schedule flexibility (such as 1-hour windows at the beginning or end of the day). Unfortunately, for many single parents this may not be enough. CNN even offered a "Work/Life Balance Calculator" (go to www.cnn.com and type balance.calculator into the search box; then choose worklife balance calculator to assess how out of balance one's life may be.¹³⁶ We'll discuss other options in Chapter 11: Pay for Performance and Employee Benefits.

Older Workers

When it comes to hiring older workers, employers don't have much choice.¹³⁷ The fastest-growing labor force segment is those from 45 to 64 years old. Firms like Home Depot

capitalize on this by hiring older employees, who “serve as a powerful draw to baby boomer shoppers by mirroring their knowledge and perspective.”¹³⁸

It therefore makes sense for employers to encourage older workers to stay (or to come to work at the company). The big draw is probably to provide opportunities for flexible (and often shorter) work schedules.¹³⁹ At one company, workers over 65 can progressively shorten their work schedules; another company uses “mini shifts” to accommodate those interested in working less than full time. Other suggestions include the following:

- Phased retirement that allows workers to ease out of the workforce.
- Portable jobs for “snowbirds” who wish to live in warmer climates in the winter.
- Part-time projects for retirees.
- Full benefits for part-timers.¹⁴⁰

As always in recruiting, projecting the right image is crucial. For example, writing the ad so that it sends the message “we’re older-worker friendly” is important. The most effective ads emphasize schedule flexibility, and accentuate the firm’s equal opportunity employment statement, not “giving retirees opportunities to transfer their knowledge” to the new work setting.¹⁴¹



Diversity Counts

Older workers are good workers. A recent study focused on the six stereotypes about older workers: They are less motivated, less willing to participate in training and career development, more resistant to change, less trusting, less healthy, and more vulnerable to work–family imbalance.¹⁴² They found not a negative but a weakly *positive* relationship between age and motivation and job involvement (suggesting that as age goes up motivation actually rises). They did find a weak negative relationship between age and trainability. Age was weakly but positively related to willingness to change, and to being more trusting. Older workers were no more likely than younger ones to have psychological problems or day-to-day physical health problems, but were more likely to have heightened blood pressure and cholesterol levels. Older workers did not experience more work–family imbalance. So there was little support for the common age stereotypes.

What should employers do? First, raise employees’, managers’, and recruiters’ consciousness about incorrect age stereotypes. And provide opportunities for more contacts with older people and for information flows between younger and older workers.¹⁴³

Recruiting Minorities

Similar prescriptions apply to recruiting minorities.¹⁴⁴ First, understand the barriers that prevent minorities from applying. For example, some minority applicants won’t meet the job’s educational or experience standards. After recognizing the impediments, one turns to formulating plans for remedying them and to attracting and retaining minorities and women. This may include, for instance, remedial training, flexible work options, role models, and redesigned jobs.

Finally, implement these plans. Many job seekers check with friends or relatives when job hunting, so encouraging your minority employees to assist in your recruitment efforts makes sense. Diversity recruitment specialists include www.diversity.com, and www.2trabajo.com.

Other firms collaborate with specialist professional organizations. These include the National Black MBA Association (www.nbmbaa.org)¹⁴⁵, the National Society of Hispanic MBAs (www.nshmba.org/), and the Organization of Chinese Americans (www.ocanational.org/).

Some employers have difficulty hiring and assimilating people previously on welfare. Applicants sometimes lack basic work skills, such as reporting for work on time, working in teams, and taking orders. The key to welfare-to-work seems to be the employer’s pretraining program. Here, participants get counseling and basic skills training over several weeks.¹⁴⁶

The Disabled

The research is quite persuasive regarding the fact that in terms of virtually all work criteria, employees with disabilities are capable workers. Thousands of employers in the United States and elsewhere have found that disabled employees provide an excellent and largely untapped source of competent, efficient labor for jobs ranging from information technology to creative advertising to receptionist.¹⁴⁷

Employers can do several things to tap this huge potential workforce. The U.S. Department of Labor's Office of Disability Employment Policy offers several programs, including one that helps link disabled college undergraduates who are looking for summer internships with potential employers.¹⁴⁸ All states have local agencies (such as "Corporate Connections" in Tennessee) that provide placement services and other recruitment and training tools and information for employers seeking to hire the disabled. Employers also must use common sense. For example, employers who only post job openings in the paper may miss potential employees who are visually impaired.¹⁴⁹

LEARNING OBJECTIVE 7

Discuss the main issues to address in developing application forms.

application form

A form used by employers to compile information regarding an applicant's identity and educational, military, and work history.

DEVELOPING AND USING APPLICATION FORMS

Purpose of Application Forms

With a pool of applicants, the prescreening process can begin. The **application form**—a form used by employers to compile information regarding an applicant's identity and educational, military, and work history—is usually the first step in this process (some firms first require a brief, prescreening interview or online test).

A filled-in application provides four types of information. First, you can make judgments on *substantive matters*, such as whether the applicant has the education and experience to do the job. Second, you can draw conclusions about the applicant's *previous progress* and growth, especially important for management candidates. Third, you can draw tentative conclusions about the applicant's *stability* based on previous work record (although years of downsizing suggest the need for caution here). Fourth, you may be able to use the data in the application to *predict* which candidates will succeed on the job.

The Management Skills feature addresses practical guidelines.

BUILDING YOUR MANAGEMENT SKILLS: HR Tools for Line Managers and Entrepreneurs

Application Guidelines

Ineffective use of the application form can cost the manager dearly. Managers should keep several practical guidelines in mind. In the "Employment History" section, request detailed information on each prior employer, including supervisor's name and e-mail address or phone; this is essential for reference checking. In signing the application, the applicant should certify that falsified statements may be cause for dismissal, that investigation of credit and employment and driving record is authorized, that a medical examination and drug screening tests may be required, and that employment is for no definite period.

Estimates of how many applicants exaggerate their qualifications (particularly education or experience) range from 40% to 70%.¹⁵⁰ A majority of graduating seniors reportedly believe that employers expect a degree of exaggeration on résumés. Much of this exaggeration occurs on résumés, but may occur on application forms too. Therefore, make sure applicants sign a statement indicating the information is true. The court will almost always support a discharge for falsifying information when applying for work.¹⁵¹

Finally, doing a less-than-complete job of filling in the form may reflect poor work habits or subterfuge. Some applicants scribble, "see résumé attached." This is

(continued)

not acceptable. You need the signed, completed form. Some firms no longer ask applicants for résumés at all, but instead request and then peruse Web presence links, such as Twitter or LinkedIn accounts.¹⁵²

★ Talk About It -4

If your professor has chosen to assign this, go to www.mymanagementlab.com to discuss the following question. Review several employers' online applications. Do they conform to the guidelines in this feature?

Most employers need several application forms. One for technical and managerial personnel may require detailed answers to questions about education and training. One form for factory workers might focus on tools and equipment. Figure 5.10 illustrates one employment application.

FIGURE 5.10

FBI Employment Application

Source: FBI Preliminary Application for Honors Internship Program.

FEDERAL BUREAU OF INVESTIGATION

Preliminary Application for Honors Internship Program
(Please Type or Print in Ink)

Date: _____

FIELD OFFICE USE ONLY

HP
 Div: _____ Program: _____

I. PERSONAL HISTORY

Name in Full (Last, First, Middle, Maiden) _____ List College(s) attended, Major, Degree (if applicable), Grade Point Average _____

Birth Date (Month, Day, Year) _____ Social Security Number: (Optional) _____

Birth Place: _____

Current Address _____

Street _____ Apt. No. _____ Home Phone _____ Area Code _____ Number _____

City _____ State _____ Zip Code _____ Work Phone _____ Area Code _____ Number _____

Are you: Licensed Driver ☐ Yes ☐ No U. S. Citizen ☐ Yes ☐ No

Have you served on active duty in the Armed Forces of the United States? ☐ Yes ☐ No Branch of military service and dates of active duty: _____ Type of Discharge _____

How did you learn or become interested in the FBI Honors Internship Program? _____

Do you have a foreign language background? ☐ Yes ☐ No List proficiency for each language on reverse side.

Have you ever been arrested or charged with any violation including traffic, but excluding parking tickets? ☐ Yes ☐ No If so, list all such matters even if found not guilty, not formally charged, no court appearance, or matter settled by payment of fine or forfeiture of collateral. Include date, place, charge, disposition, details, and police agency on reverse side.

II. EMPLOYMENT HISTORY

Identify your most recent three years FULL-TIME work experience, after high school (excluding summer, part-time and temporary employment).

From	To	Description of Work	Name/Location of Employer

III. PERSONAL DECLARATIONS

Persons with a disability who require an accommodation to complete the application process are required to notify the FBI of their need for the accommodation.

Have you used marijuana during the last three years or more than 15 times? ☐ Yes ☐ No

Have you used any illegal drug(s) or combination of illegal drugs, other than marijuana, more than 5 times or during the last 10 years? ☐ Yes ☐ No

All information provided by applicants concerning their drug history will be subject to verification by a preemployment polygraph examination.

Do you understand all prospective FBI employees will be required to submit to an urinalysis for drug abuse prior to employment? ☐ Yes ☐ No

I am aware that willfully withholding information or making false statements on this application constitutes a violation of Section 1001, Title 18, U.S. Code and if appointed, will be the basis for dismissal from the Federal Bureau of Investigation. I agree to these conditions and I hereby certify that all statements made by me on this application are true and complete, to the best of my knowledge.

Signature of Applicant as usually written. (Do Not Use Nickname) _____

The Federal Bureau of Investigation is an equal opportunity employer.



KNOW YOUR EMPLOYMENT LAW

Application Forms and EEO Law

The application form should comply with equal employment laws. Questions concerning race, religion, age, sex, or national origin are generally not illegal per se under federal laws, but are under certain state laws. However, they are viewed with disfavor by the EEOC, and the burden of proof will always be on the employer to prove the potentially discriminatory items are both related to success or failure on the job and not unfairly discriminatory. Items to be aware of include:

Education: A question on the dates of attendance and graduation from various schools is one potential violation, insofar as it may reflect the applicant's age.

Arrest record: The courts have usually held that employers violate Title VII by disqualifying applicants from employment because of an arrest. This item has an adverse impact on minorities, and employers usually can't show it's required as a business necessity.

Notify in case of emergency: It is generally legal to require the name, address, and phone number of a person to notify in case of emergency. However, asking the relationship of this person could indicate the applicant's marital status or lineage.

Membership in organizations: Some forms ask the applicant to list memberships in clubs, organizations, or societies. Employers should include instructions not to include organizations that would reveal race, religion, physical handicaps, marital status, or ancestry.

Physical handicaps: It is usually illegal to require the listing of an applicant's physical handicaps or past illnesses unless the application blank specifically asks only for those that "may interfere with your job performance." Similarly, it is generally illegal to ask whether the applicant has ever received workers' compensation.

Marital status: In general, the application should not ask whether an applicant is single, married, divorced, separated, or living with anyone, or the names, occupations, and ages of the applicant's spouse or children.

Housing: Asking whether an applicant *owns, rents, or leases* a house may also be discriminatory. It can adversely affect minority groups and is difficult to justify on business necessity.

Video résumés: More candidates are submitting video résumés, a practice replete with benefits and threats. About half of employers in one survey thought video résumés might give employers a better feel for the candidate. The danger is that a video résumé makes it more likely that rejected candidates may claim discrimination.¹⁵³ To facilitate using video résumés, several websites compile multimedia résumés for applicants.¹⁵⁴ ■

As noted, some employers use statistical methods to analyze application information ("biodata") to *predict* employee tenure and performance. In one study, the researchers found that applicants who had longer tenure with previous employers were less likely to quit, and also had higher performance within six months after hire.¹⁵⁵ Examples of predictive biodata items might include "quit a job without giving notice," "graduated from college," and "traveled considerably growing up."¹⁵⁶

Choose biodata items with care. Equal employment law limits the items you'll want to use (avoid age, race, or gender, for instance). And, some applicants will fake biodata answers in an effort to impress the employer.¹⁵⁷



KNOW YOUR EMPLOYMENT LAW

Mandatory Arbitration

Many employers, aware of the high costs of employment litigation, require applicants to agree on their applications to mandatory arbitration should a dispute arise.

Different federal courts have taken different positions on the enforceability of such "mandatory alternative dispute resolution" clauses. They are generally enforceable, with some caveats.



First, it must be a fair process.¹⁵⁸ For example, the agreement should be a signed and dated separate agreement. Use simple wording. Provide for reconsideration and judicial appeal if there is an error of law.¹⁵⁹ The employer must absorb most of the cost of the arbitration process. The process should be reasonably swift. Employees should be eligible to receive the full remedies that they would have had they if had access to the courts.

Mandatory arbitration clauses turn some candidates off. In one study, 389 MBA students read simulated employment brochures. Mandatory employment arbitration had a significantly negative impact on the attractiveness of the company as a place to work.¹⁶⁰ ■

Review

MyManagementLab

Go to mymanagementlab.com to complete the problems marked with this icon ★.

SUMMARY

1. Recruitment and selection starts with *workforce planning and forecasting*. Workforce planning is the process of deciding what positions the firm will have to fill, and how to fill them. This often starts by forecasting personnel needs, perhaps using trend analysis, ratio analysis, scatter plots, or computerized software packages. The other side of the equation is forecasting the supply of inside candidates. Here employers use manual systems and replacement charts, and computerized skills inventories. Forecasting the supply of outside candidates is important, particularly when unemployment is low and good candidates are more difficult to come by.
2. All managers need to understand why *effective recruiting is important*. Without enough candidates, employers cannot effectively screen the candidates or hire the best. Some employers use a recruiting yield pyramid to estimate how many applicants they need to generate in order to fill predicted job openings.
3. Filling open positions with *internal sources of candidates* has several advantages. You are familiar with their strengths and weaknesses, and they require less orientation. Finding internal candidates often utilizes job posting. For filling the company's projected top-level positions, succession planning—the ongoing process of systematically identifying, assessing, and developing organizational leadership to enhance performance—is the process of choice.
4. Workforce plans influence *employee engagement*. For example, plans to develop and retain employees and promote-from-within tend to foster engagement, while contrary policies may erode it. Recognizing this, at some companies such as FedEx, internal recruiting and promotion-from-within both play central roles in employee engagement. The promotion from within policy includes helping employees identify and develop their promotion potential. It also requires career-oriented appraisals. Here the supervisor and employee jointly link the latter's past performance, career preferences, and developmental needs in a formal career plan. Finally, effective promotion-from-within requires a coordinated system for accessing career records and posting job openings, one that guarantees all eligible employees are informed of openings and considered for them.
5. Employers use a variety of *outside sources of candidates* when recruiting applicants. These include recruiting via the Internet, advertising and employment agencies (including public and nonprofit agencies, and private agencies), temporary agencies and other alternative staffing methods, executive recruiters, college recruiting, referrals and walk-ins, and military personnel.
6. Understanding how to *recruit a more diverse workforce* is important. Whether the target is the single parent, older workers, or minorities, the basic rule is to understand their special needs and to create a set of policies and practices that create a more hospitable environment in which they can work.
7. Employers develop and use *application forms* to collect essential background information about the applicant. The application should enable you to make judgments on substantial matters such as the person's education and to identify the person's job references and supervisors. Of course, it's important to make sure the application complies with equal employment laws, for instance with respect to questions regarding physical handicaps.