chapter

5

Planning for and Recruiting Human Resources

What Do I Need to Know?

After reading this chapter, you should be able to:

LO1 Discuss how to plan for human resources needed to carry out the organization's strategy.

LO2 Determine the labor demand for workers in various job categories.

LO3 Summarize the advantages and disadvantages of ways to eliminate a labor surplus and avoid a labor shortage.

LO4 Describe recruitment policies organizations use to make job vacancies more attractive.

LO5 List and compare sources of job applicants.

LO6 Describe the recruiter's role in the recruitment process, including limits and opportunities.

Introduction

Business news often contains stories of layoffs, as organizations seek cost savings or react to falling demand by cutting their workforce. Recently, automobile manufacturers reported the lowest U.S. sales volume in almost a decade.[1] Expecting slow demand to continue, the companies would not need to build as many vehicles as in the past. Chrysler, for example, announced that it would eliminate shifts at several of its U.S. manufacturing facilities. Such a plan generally involves laying off workers and not replacing any workers who leave voluntarily. In contrast, the situation is far different for accounting firms, which are actively competing to fill entry-level jobs with qualified candidates. Many major accounting firms recruit at colleges and even high schools, seeking interns to establish relationships with high-caliber students even before they are ready to start their careers.[2]

As these two examples show, trends and events that affect the economy also create opportunities and problems in obtaining human resources. When customer demand rises (or falls), organizations may need more (or fewer) employees. When the labor market changes—say, when more people go to college or when a sizable share of the population retires—the supply of qualified workers may grow, shrink, or change in nature. Organizations recently have had difficulty filling information technology jobs because the demand for people with these skills outstrips the supply. To prepare for and respond to these challenges, organizations engage in *human resource planning*—defined in Chapter 1 as identifying the numbers and types of employees the organization will require to meet its objectives.

This chapter describes how organizations carry out human resource planning. In the first part of the chapter, we lay out the steps that go into developing and implementing a human resource plan. Throughout each section, we focus especially on recent trends and practices, including downsizing, employing temporary workers, and outsourcing. The remainder of the chapter explores the process of recruiting. We describe the process by which organizations look for people to fill job vacancies and the usual sources of job candidates. Finally, we discuss the role of recruiters.
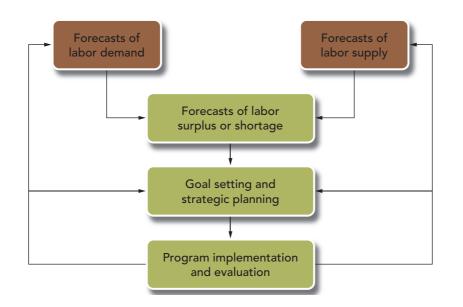
The Process of Human Resource Planning

Organizations should carry out human resource planning so as to meet business objectives and gain an advantage over competitors. To do this, organizations need a clear idea of the strengths and weaknesses of their existing internal labor force. They also must know what they want to be doing in the future—what size they want the organization to be, what products and services it should be producing, and so on. This knowledge helps them define the number and kinds of employees they will need. Human resource planning compares the present state of the organization with its goals for the future, then identifies what changes it must make in its human resources to meet those goals. The changes may include downsizing, training existing employees in new skills, or hiring new employees.

These activities give a general view of HR planning. They take place in the human resource planning process shown in Figure 5.1. The process consists of three stages: forecasting, goal setting and strategic planning, and program implementation and evaluation.

Forecasting

The first step in human resource planning is **forecasting,** as shown in the top portion of Figure 5.1. In personnel forecasting, the HR professional tries to determine the supply of and demand for various types of human resources. The primary goal is to predict which areas of the organization will experience labor shortages or surpluses.

LO1
Discuss how to plan for human resources needed to carry out the organization's strategy.

Forecasting
The attempts to determine the supply of and demand for various types of human resources to predict areas within the organization where there will be labor shortages or surpluses.

Figure 5.1
Overview of the Human Resource Planning Process

Forecasting supply and demand can use statistical methods or judgment. Statistical methods capture historic trends in a company's demand for labor. Under the right conditions, these methods predict demand and supply more precisely than a human forecaster can using subjective judgment. But many important events in the labor market have no precedent. When such events occur, statistical methods are of little use. To prepare for these situations, the organization must rely on the subjective judgments of experts. Pooling their "best guesses" is an important source of ideas about the future.

Forecasting the Demand for Labor

Trend Analysis
Constructing and applying statistical models that predict labor demand for the next year, given relatively objective statistics from the previous year.

Usually, an organization forecasts demand for specific job categories or skill areas. After identifying the relevant job categories or skills, the planner investigates the likely demand for each. The planner must forecast whether the need for people with the necessary skills and experience will increase or decrease. There are several ways of making such forecasts.

At the most sophisticated level, an organization might use **trend analysis,** constructing and applying statistical models that predict labor demand for the next year, given relatively objective statistics from the previous year. These statistics are called **leading indicators**—objective measures that accurately predict future labor demand. They might include measures of the economy (such as sales or inventory levels), actions of competitors, changes in technology, and trends in the composition of the workforce and overall population. For example, an industrywide change in prices may signal a problem related to capacity, which in turn may signal a need for more or less labor to correct the capacity problem. Thus, when prices for many manufactured goods fell more than 5 percent in early 2007, it was an indicator that sellers' inventories were getting too large, predicting some of the many job cuts that came in 2008 as orders and production levels fell.[3] On a more detailed scale, Walmart uses past shopping patterns to predict how many employees will be needed to staff shifts in each of its stores on any given day and time.[4]

Leading Indicators
Objective measures that accurately predict future labor demand.

Statistical planning models are useful when there is a long, stable history that can be used to reliably detect relationships among variables. However, these models almost always have to be complemented with subjective judgments of experts. There are simply too many "once-in-a-lifetime" changes to consider, and statistical models cannot capture them.

Determining Labor Supply

Once a company has forecast the demand for labor, it needs an indication of the firm's labor supply. Determining the internal labor supply calls for a detailed analysis of how many people are currently in various job categories or have specific skills within the organization. The planner then modifies this analysis to reflect changes expected in the near future as a result of retirements, promotions, transfers, voluntary turnover, and terminations.

Transitional Matrix
A chart that lists job categories held in one period and shows the proportion of employees in each of those job categories in a future period.

One type of statistical procedure that can be used for this purpose is the analysis of a **transitional matrix.** This is a chart that lists job categories held in one period and shows the proportion of employees in each of those job categories in a future period. It answers two questions: "Where did people who were in each job category go?" and "Where did people now in each job category come from?" Table 5.1 is an example of a transitional matrix.

This example lists job categories for an auto parts manufacturer. The jobs listed at the left were held in 2007; the numbers at the right show what happened to the

2007	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Sales manager	.95							.05
(2) Sales representative	.05	.60						.35
(3) Sales apprentice		.20	.50					.30
(4) Assistant plant manager				.90	.05			.05
(5) Production manager				.10	.75			.15
(6) Production assembler					.10	.80		.10
(7) Clerical							.70	.30
(8) Not in organization	.00	.20	.50	.00	.10	.20	.30	

Table 5.1

Transitional Matrix: Example for an Auto Parts Manufacturer

people in 2010. The numbers represent proportions. For example, .95 means 95 percent of the people represented by a row in the matrix. The column headings under 2010 refer to the row numbers. The first row is sales managers, so the numbers under column (1) represent people who became sales managers. Reading across the first row, we see that 95 of the people who were sales managers in 2007 are still sales managers in 2010. The other 5 percent correspond to position (8), "Not in organization," meaning the 5 percent of employees who are not still sales managers have left the organization. In the second row are sales representatives. Of those who were sales reps in 2007, 5 percent were promoted to sales manager, 60 percent are still sales reps, and 35 percent have left the organization. In row (3), half (50 percent) of sales apprentices are still in that job, but 20 percent are now sales reps and 30 percent have left the organization. This pattern of jobs shows a career path from sales apprentice to sales representative to sales manager. Of course, not everyone is promoted, and some of the people leave instead.

Reading down the columns provides another kind of information: the sources of employees holding the positions in 2010. In the first column, we see that most sales managers (95 percent) held that same job three years earlier. The other 5 percent were promoted from sales representative positions. Skipping over to column (3), half the sales apprentices on the payroll in 2010 held the same job three years before, and the other half were hired from outside the organization. This suggests that the organization fills sales manager positions primarily through promotions, so planning for this job would focus on preparing sales representatives. In contrast, planning to meet the organization's needs for sales apprentices would emphasize recruitment and selection of new employees.

Matrices such as this one are extremely useful for charting historical trends in the company's supply of labor. More important, if conditions remain somewhat constant, they can also be used to plan for the future. For example, if we believe that that we are going to have a surplus of labor in the production assembler job category in the next three years, we can plan to avoid layoffs. Still, historical

As the average age of many workers in skilled trades grows, the coming demand for workers in many trades is expected to outstrip supply in the United States. There is a potential for employers in some areas to experience a labor shortage because of this. How can HR prepare for this reality? What should be done now to avoid the shortage?

data may not always reliably indicate future trends. Planners need to combine statistical forecasts of labor supply with expert judgments. For example, managers in the organization may see that a new training program will likely increase the number of employees qualified for new openings. Forecasts of labor supply also should take into account the organization's pool of skills. Many organizations include inventories of employees' skills in an HR database. When the organization forecasts that it will need new skills in the future, planners can consult the database to see how many existing employees have those skills.

Besides looking at the labor supply within the organization, the planner should examine trends in the external labor market. The planner should keep abreast of labor market forecasts, including the size of the labor market, the unemployment rate, and the kinds of people who will be in the labor market. For example, we saw in Chapter 2 that the U.S. labor market is aging and that immigration is an important source of new workers. Important sources of data on the external labor market include the *Occupational Outlook Quarterly* and the *Monthly Labor Review,* published by the Labor Department's Bureau of Labor Statistics. Details and news releases are available at the Web site of the Bureau of Labor Statistics (www.bls.gov).

LO3
Summarize the advantages and disadvantages of ways to eliminate a labor surplus and avoid a labor shortage.

Determining Labor Surplus or Shortage

Based on the forecasts for labor demand and supply, the planner can compare the figures to determine whether there will be a shortage or surplus of labor for each job category. Determining expected shortages and surpluses allows the organization to plan how to address these challenges.

Issues related to a labor surplus or shortage can pose serious challenges for the organization. Manufacturers, for example, expect to have difficulty filling skilled-trades positions such as jobs for ironworkers, machinists, plumbers, and welders. Demand for these jobs is strong and is likely to continue as important infrastructure such as bridges and tunnels ages. Also, the average age of tradespeople is rising above 55, and young people tend not to be attracted to these jobs, assuming, often incorrectly, that manufacturing-related jobs will be difficult to find or will not pay well.[5]

Goal Setting and Strategic Planning

The second step in human resource planning is goal setting and strategic planning, as shown in the middle of Figure 5.1. The purpose of setting specific numerical goals is to focus attention on the problem and provide a basis for measuring the organization's success in addressing labor shortages and surpluses. The goals should come directly from the analysis of labor supply and demand. They should include a specific figure indicating what should happen with the job category or skill area and a specific timetable for when the results should be achieved.

For each goal, the organization must choose one or more human resource strategies. A variety of strategies is available for handling expected shortages and surpluses of labor. The top of Table 5.2 shows major options for reducing an expected labor surplus, and the bottom of the table lists options for avoiding an expected labor shortage.

This planning stage is critical. The options differ widely in their expense, speed, and effectiveness. Options for reducing a labor surplus cause differing amounts of human suffering. The options for avoiding a labor shortage differ in terms of how easily the organization can undo the change if it no longer faces a labor shortage. For example, an organization probably would not want to handle every expected labor

OPTIONS FOR REDUCING A SURPLUS		
OPTION	**SPEED OF RESULTS**	**AMOUNT OF SUFFERING CAUSED**
Downsizing	Fast	High
Pay reductions	Fast	High
Demotions	Fast	High
Transfers	Fast	Moderate
Work sharing	Fast	Moderate
Hiring freeze	Slow	Low
Natural attrition	Slow	Low
Early retirement	Slow	Low
Retraining	Slow	Low

OPTIONS FOR AVOIDING A SHORTAGE		
OPTION	**SPEED OF RESULTS**	**ABILITY TO CHANGE LATER**
Overtime	Fast	High
Temporary employees	Fast	High
Outsourcing	Fast	High
Retrained transfers	Slow	High
Turnover reductions	Slow	Moderate
New external hires	Slow	Low
Technological innovation	Slow	Low

Table 5.2

HR Strategies for Addressing a Labor Shortage or Surplus

Core Competency
A set of knowledge and skills that make the organization superior to competitors and create value for customers.

shortage by hiring new employees. The process is relatively slow and involves expenses to find and train new employees. Also, if the shortage becomes a surplus, the organization will have to consider laying off some of the employees. Layoffs involve another set of expenses, such as severance pay, and they are costly in terms of human suffering.

Another consideration in choosing an HR strategy is whether the employees needed will contribute directly to the organization's success. Organizations are most likely to benefit from hiring and retaining employees who provide a **core competency**—that is, a set of knowledge and skills that make the organization superior to competitors and create value for customers. At a store, for example, core competencies include choosing merchandise that shoppers want and providing shoppers with excellent service. For other work that is not a core competency—say, cleaning the store and providing security—the organization may benefit from using HR strategies other than hiring full-time employees.

Organizations try to anticipate labor surpluses far enough ahead that they can freeze hiring and let natural attrition (people leaving on their own) reduce the labor force. Unfortunately for many workers, organizations often stay competitive in a fast-changing environment by responding to a labor surplus with downsizing, which delivers fast results. The impact is painful for those who lose jobs, as well as those left behind to carry on without them. To handle a labor shortage, organizations typically hire temporary employees or use outsourcing. Because downsizing, using temporary employees, and outsourcing are most common, we will look at each of these in greater detail in the following sections.

Cold Stone Creamery employees give their company the competitive advantage with their "entertainment factor." The company is known to seek out employees who like to perform and then "audition" rather than interview potential employees.

Downsizing

As we discussed in Chapter 2, **downsizing** is the planned elimination of large numbers of personnel with the goal of enhancing the organization's competitiveness. The primary reason organizations engage in downsizing is to promote future competitiveness. According to surveys, they do this by meeting four objectives:

1. *Reducing costs*—Labor is a large part of a company's total costs, so downsizing is an attractive place to start cutting costs.
2. *Replacing labor with technology*—Closing outdated factories, automating, or introducing other technological changes reduces the need for labor. Often, the labor savings outweigh the cost of the new technology.
3. *Mergers and acquisitions*—When organizations combine, they often need less bureaucratic overhead, so they lay off managers and some professional staff members.
4. *Moving to more economical locations*—Some organizations move from one area of the United States to another, especially from the Northeast and Midwest to the South and the mountain regions of the West. Although the recent recession hit California, Florida, and Texas particularly hard in terms of the number of job losses, the longer-term pattern of job movement to the South and West is expected to continue in the future.[6] McDonald's recently experimented with staffing drive-up service in Michigan by installing a long-distance connection to lower-wage workers in North Dakota, who took down orders and relayed them electronically to the Michigan kitchens.[7] Other moves have shifted jobs to other countries, including Mexico, India, and China, where wages are lower.

Although downsizing has an immediate effect on costs, much of the evidence suggests that it hurts long-term organizational effectiveness. This is especially true for certain kinds of companies, such as those that emphasize research and development and where employees have extensive contact with customers.[8] The negative effect of downsizing was especially high among firms that engaged in high-involvement work practices, such as the use of teams and performance-related pay incentives. As a result, the more a company tries to compete through its human resources, the more layoffs hurt productivity.[9]

Why do so many downsizing efforts fail to meet expectations? There seem to be several reasons. First, although the initial cost savings give a temporary boost to profits, the long-term effects of an improperly managed downsizing effort can be negative. Downsizing leads to a loss of talent, and it often disrupts the social networks through which people are creative and flexible.[10] Unless the downsizing is managed well, employees feel confused, demoralized, and even less willing to stay with the organization. Organizations may not take (or even know) the steps that can counter these reactions—for example, demonstrating how they are treating employees fairly, building confidence in the company's plans for a stronger future, and showing the organization's commitment to behaving responsibly with regard to all its stakeholders, including employees, customers, and the community.[11]

Also, many companies wind up rehiring. Downsizing campaigns often eliminate people who turn out to be irreplaceable. In one survey, 80 percent of the firms that had downsized later replaced some of the very people they had laid off. In one Fortune 100 firm, a bookkeeper making $9 an hour was let go. Later, the company realized she knew many things about the company that no one else knew, so she was hired back as a consultant—for $42 an hour.[12] However, recent trends in employment suggest that companies will not rehire employees for many of the jobs eliminated when they restructured, introduced automation, or moved work to lower-cost regions.[13]

Finally, downsizing efforts often fail because employees who survive the purge become self-absorbed and afraid to take risks. Motivation drops because any hope of future promotions—or any future—with the company dies. Many employees start looking for other employment opportunities. The negative publicity associated with a downsizing campaign can also hurt the company's image in the labor market, so it is harder to recruit employees later.

Many problems with downsizing can be reduced with better planning. Instead of slashing jobs across the board, successful downsizing makes surgical strategic cuts that improve the company's competitive position, and management addresses the problem of employees becoming demoralized. Boeing learned this lesson the hard way in the 1990s, when it reduced its workforce by letting workers choose whether they wanted to accept a buyout package in exchange for leaving. Workers with the most experience (and best prospects elsewhere) were most likely to leave, so when Boeing's orders increased and it needed to rehire later, it was competing in the labor market for the best people. To avoid that situation when it needed to cut 10,000 jobs in 2009, Boeing avoided voluntary reductions and instead required managers to pick which employees' positions would be eliminated.[14]

Reducing Hours

Given the limitations of downsizing, many organizations are more carefully considering other avenues for eliminating a labor surplus (shown in Table 5.2). One alternative seen as a way to spread the burden more fairly is cutting work hours, generally with a corresponding reduction in pay. Besides the thought that this is a more equitable way to weather a slump in demand, companies choose a reduction in work hours because it is less costly than layoffs requiring severance pay, and it is easier to restore the work hours than to hire new employees after a downsizing effort. Window maker Pella, for example, put its employees on a four-day workweek, and Dell Computer offered its employees a chance to take extra (unpaid) days off at the end of the year.[15]

focus on
*social
responsibility*

Early-Retirement Programs

Another popular way to reduce a labor surplus is with an early-retirement program. As we discussed in Chapter 2, the average age of the U.S. workforce is increasing. But even though many baby boomers are approaching traditional retirement age, early indications are that this group has no intention of retiring soon.[16] Reasons include improved health of older people, jobs becoming less physically demanding, concerns about the long-term viability of Social Security and pensions, the recent drop in the value of older workers' retirement assets (especially stock funds and home values), and laws against age discrimination. Under the pressures associated with an aging labor force, many employers try to encourage older workers to leave voluntarily by offering a variety of early-retirement incentives. The more lucrative of these programs succeed by some measures. Research suggests that these programs encourage lower-performing older workers to retire.[17] Sometimes they work so well that too many workers retire.

Many organizations are moving from early-retirement programs to phased-retirement programs. In a *phased-retirement program,* the organization can continue to enjoy the experience of older workers while reducing the number of hours that these employees work, as well as the cost of those employees. This option also can give older employees the psychological benefit of easing into retirement, rather than being thrust entirely into a new way of life.[18]

Employing Temporary and Contract Workers

While downsizing has been a popular way to reduce a labor surplus, the most widespread methods for eliminating a labor shortage are hiring temporary and contract workers and outsourcing work. Employers may arrange to hire a temporary worker through an agency that specializes in linking employers with people who have the necessary skills. The employer pays the agency, which in turn pays the temporary worker. Employers also may contract directly with individuals, often professionals, to provide a particular service.

To use this source of labor effectively, employers need to overcome some disadvantages. In particular, temporary and contract workers may not be as committed to the organization, so if they work directly with customers, that attitude may spill over and affect customer loyalty. Therefore, many organizations try to use permanent employees in key jobs and use temporary and contract workers in ways that clearly supplement—and do not potentially replace—the permanent employees.[19]

Temporary Workers

As we saw in Chapter 2, the federal government estimated that organizations are using over a million temporary workers. Temporary employment is popular with employers because it gives them flexibility they need to operate efficiently when demand for their products changes rapidly.

In addition to flexibility, temporary employment offers lower costs. Using temporary workers frees the employer from many administrative tasks and financial burdens associated with being the "employer of record." The cost of employee benefits, including health care, pension, life insurance, workers' compensation, and unemployment insurance, can account for 40 percent of payroll expenses for permanent employees. Assuming the agency pays for these benefits, a company using temporary workers may save money even if it pays the agency a higher rate for that worker than the usual wage paid to a permanent employee.

Agencies that provide temporary employees also may handle some of the tasks associated with hiring. Small companies that cannot afford their own testing programs often get employees who have been tested by a temporary agency. Many temporary agencies also train employees before sending them to employers. This reduces employers' training costs and eases the transition for the temporary worker and employer.

Finally, temporary workers may offer value not available from permanent employees. Because the temporary worker has little experience at the employer's organization, this person brings an objective point of view to the organization's problems and procedures. Also, a temporary worker may have a great deal of experience in other organizations that can be applied to the current assignment.

To obtain these benefits, organizations need to overcome the disadvantages associated with temporary workers. For example, tension can develop between temporary and permanent employees. For suggestions on how to address this challenge, see the "HR How To" box.

Employee or Contractor?

Besides using a temporary-employment agency, a company can obtain workers for limited assignments by entering into contracts with them. If the person providing the services is an independent contractor, rather than an employee, the company does not pay employee benefits, such as health insurance and vacations. As with using

USING TEMPORARY EMPLOYEES AND CONTRACTORS

Many full-time employees perceive temporary workers as a threat to their own job security. Such an attitude can interfere with cooperation and, in some cases, lead to outright sabotage if the situation is not well managed.

One way organizations should manage this situation is to complete any downsizing efforts before bringing in temporary or contract workers. Surviving a downsizing is almost like experiencing a death in the family. A decent time interval needs to occur before new temporary workers are introduced. Without the delay, the surviving employees will associate the downsizing effort (which was a threat) with the new temporary employees (who could be perceived as outsiders brought in to replace old friends). If an upswing in demand follows a downsizing effort, the organization should probably begin meeting its expanded demand for labor by granting overtime to core employees. If the demand persists, the organization will be more certain that the upswing will last and future layoffs will be unnecessary. The extended stretches of overtime will eventually tax the full-time employees, so they will accept using temporary workers to help lessen their load.

The organization may also try to select "nonthreatening" temporary workers, especially those who enjoy temporary assignments for their variety or flexibility. Many temporary-staffing firms attract people with this outlook.

Organizations that use temporary or contract workers must avoid treating them as second-class citizens. One way to do this is to ensure that the temporary agency provides temporaries with benefits that are comparable with those enjoyed by the organization's permanent workers. For example, one temporary agency, MacTemps, gives its workers long-term health coverage, full disability insurance, and complete dental coverage. This not only reduces the benefit gap between the temporary and permanent workers but also helps attract the best temporary workers in the first place.

temporary employees, the savings can be significant, even if the contractor works at a higher rate of pay.

Consultants at PricewaterhouseCoopers suggest that information technology will make it so practical for contractors and employers to find each other that some contractors will form networks of talented, specialized workers. Instead of competing for full-time talent, companies will simply use contractors from these networks as needed. Companies could even contract for management talent to handle particular projects or solve short-term problems. Charles Grantham of a research group called Work Design Collaborative sees evidence that the main force slowing this trend has been the difficulty of getting and affording health insurance outside of traditional employment. If that barrier is removed, more employees might prefer independent-contractor status.[20]

This strategy carries risks, however. If the person providing the service is a contractor and not an employee, the company is not supposed to directly supervise the worker. The company can tell the contractor what criteria the finished assignment should meet but not, for example, where or what hours to work. This distinction is significant, because under federal law, if the company treats the contractor as an employee, the company has certain legal obligations, described in Part 4, related to matters such as overtime pay and withholding taxes.

When an organization wants to consider using independent contractors as a way to expand its labor force temporarily, human resource professionals can help by alerting the company to the need to verify that the arrangement will meet the legal requirements. A good place to start is with the advice to small businesses at the Internal

Revenue Service Web site (www.irs.gov); search for "independent contractor" to find links to information and guidance. In addition, the organization may need to obtain professional legal advice.

Outsourcing

Outsourcing
Contracting with another organization to perform a broad set of services.

Instead of using a temporary or contract employee to fill a single job, an organization might want a broader set of services. Contracting with another organization to perform a broad set of services is called **outsourcing.** Organizations use outsourcing as a way to operate more efficiently and save money. They choose outsourcing firms that promise to deliver the same or better quality at a lower cost. One reason they can do this is that the outside company specializes in the service and can benefit from economies of scale (the economic principle that producing something in large volume tends to cost less for each additional unit than producing in small volume). This efficiency is often the attraction for outsourcing human resource functions such as payroll. Costs also are lower when the outsourcing firm is located in a part of the world where wages are relatively low. The labor forces of countries such as China, India, Jamaica, and those in Eastern Europe have been creating an abundant supply of labor for unskilled and low-skilled work.

The first uses of outsourcing emphasized manufacturing and routine tasks. However, technological advances in computer networks and transmission have speeded up the outsourcing process and have helped it spread beyond manufacturing areas and low-skilled jobs. For example, DuPont moved legal services associated with its $100 million asbestos case litigation to a team of lawyers working in the Philippines. The work is a combination of routine document handling and legal judgments such as determining the relevance of a document to the case. Salaries for lawyers and paralegals in the Philippines are about one-fifth the cost of their counterparts in the United States.[21]

Outsourcing may be a necessary way to operate as efficiently as competitors, but it does pose challenges. Quality-control problems, security violations, and poor customer service have sometimes wiped out the cost savings attributed to lower wages. To ensure success with an outsourcing strategy, companies should follow these guidelines:

- Learn about what the provider can do for the company, not just the costs. Make sure the company has the necessary skills, including an environment that can meet standards for clear communication, on-time shipping, contract enforcement, fair labor practices, and environmental protection. Some companies are keeping outsourcing work near or inside the United States in order to meet this full set of requirements.[22]
- Do not offshore any work that is proprietary or requires tight security.[23]
- Start small and monitor the work closely, especially in the beginning, when problems are most likely.[24]
- Look for opportunities to outsource work in areas that promote growth, for example, by partnering with experts who can help the organization tap new markets.[25]

Overtime and Expanded Hours

Organizations facing a labor shortage may be reluctant to hire employees, even temporary workers, or to commit to an outsourcing arrangement. Especially if the organization expects the shortage to be temporary, it may prefer an arrangement that is simpler and less costly. Under some conditions, these organizations may try to garner more hours from the existing labor force, asking them to go from part-time to full-time status or to work overtime.

A major downside of overtime is that the employer must pay nonmanagement employees one-and-a-half times their normal wages for work done overtime. Even so, employers see overtime pay as preferable to the costs of hiring and training new employees. The preference is especially strong if the organization doubts that the current higher level of demand for its products will last long.

For a short time at least, many workers appreciate the added compensation for working overtime. Over extended periods, however, employees feel stress and frustration from working long hours. Overtime therefore is best suited for short-term labor shortages.

Implementing and Evaluating the HR Plan

For whatever HR strategies are selected, the final stage of human resource planning involves implementing the strategies and evaluating the outcomes. This stage is represented by the bottom part of Figure 5.1. When implementing the HR strategy, the organization must hold some individual accountable for achieving the goals. That person also must have the authority and resources needed to accomplish those goals. It is also important that this person issue regular progress reports, so the organization can be sure that all activities occur on schedule and that the early results are as expected.

Implementation that ties planning and recruiting to the organization's strategy and to its efforts to develop employees becomes a complete program of *talent management*. As described in the "eHRM" box, today's computer systems have made talent management more practical.

In evaluating the results, the most obvious step is checking whether the organization has succeeded in avoiding labor shortages or surpluses. Along with measuring these numbers, the evaluation should identify which parts of the planning process contributed to success or failure. For example, consider a company where meeting human resource needs requires that employees continually learn new skills. If there is a gap between needed skills and current skill levels, the evaluation should consider whether the problem lies with failure to forecast the needed skills or with implementation. Are employees signing up for training, and is the right kind of training available?

Applying HR Planning to Affirmative Action

As we discussed in Chapter 3, many organizations have a human resource strategy that includes affirmative action to manage diversity or meet government requirements. Meeting affirmative-action goals requires that employers carry out an additional level of human resource planning aimed at those goals. In other words, besides looking at its overall workforce and needs, the organization looks at the representation of subgroups in its labor force—for example, the proportion of women and minorities.

Affirmative-action plans forecast and monitor the proportion of employees who are members of various protected groups (typically, women and racial or ethnic minorities). The planning looks at the representation of these employees in the organization's job categories and career tracks. The planner can compare the proportion of employees who are in each group with the proportion each group represents in the labor market. For example, the organization might note that in a labor market that is 25 percent Hispanic, 60 percent of its customer service personnel are Hispanic. This type of comparison is called a **workforce utilization review.** The organization can use this process to determine whether there is any subgroup whose proportion in the relevant labor market differs substantially from the proportion in the job category.

Workforce Utilization Review
A comparison of the proportion of employees in protected groups with the proportion that each group represents in the relevant labor market.

TALENT MANAGEMENT AT NORTH SHORE–LONG ISLAND JEWISH HEALTH SYSTEM

The North Shore–Long Island Jewish Health System (NS-LI), based in Great Neck, New York, encompasses 15 hospitals. Given the challenges of a tight labor market in the health care industry and the fact that good employees are literally a life-or-death matter in a hospital, the need to manage this talent is intense.

To keep track of its needs and existing resources while planning for the future, NS-LI uses a computerized talent management system from Taleo Corporation. The software gathers information on the organization's HR goals, recruiting efforts, employee performance reviews, and more. Using data from the system, NS-LI is making better hiring decisions that match applicants to jobs, so turnover has fallen. Recruiting ads are delivering better results, because data show which sources provide the best returns in terms of candidates actually hired. The organization is also filling positions faster, now that it can easily find information in the system.

The power of a system like Taleo's is it shows users how HR efforts in one area affect results across all areas—for example, whether recruiting sources are efficiently generating hires of high-performing employees. At one time, software like Taleo's would have been impractical for all but giant corporations. However, greater processing power of today's computers makes the system affordable for even many small businesses.

Source: Mitch Betts, "Talent Management Yields Dramatic ROI," *Computerworld*, November 16, 2009, Business & Company Resource Center, http://galenet.galegroup.com; and Norm Alster, "Taleo Corp., Dublin, California: Demand Stays Strong for Software That Sorts Out Job Applications," *Investor's Business Daily*, January 20, 2010, Business & Company Resource Center, http://galenet.galegroup.com.

If the workforce utilization review indicates that some group—for example, African Americans—makes up 35 percent of the relevant labor market for a job category but that this same group constitutes only 5 percent of the employees actually in the job category at the organization, this is evidence of underutilization. That situation could result from problems in selection or from problems in internal movement (promotions or other movement along a career path). One way to diagnose the situation would be to use transitional matrices, such as the matrix shown in Table 5.1 earlier in this chapter.

The steps in a workforce utilization review are identical to the steps in the HR planning process that were shown in Figure 5.1. The organization must assess current utilization patterns, then forecast how they are likely to change in the near future. If these analyses suggest the organization is underutilizing certain groups and if forecasts suggest this pattern is likely to continue, the organization may need to set goals and timetables for changing. The planning process may identify new strategies for recruitment or selection. The organization carries out these HR strategies and evaluates their success.

LO4
Describe recruitment policies organizations use to make job vacancies more attractive.

Recruiting Human Resources

As the first part of this chapter shows, it is difficult to always predict exactly how many (if any) new employees the organization will have to hire in a given year in a given job category. The role of human resource recruitment is to build a supply of potential new hires that the organization can draw on if the need arises. In human resource management, **recruiting** consists of any practice or activity carried on by the organization with the primary purpose of identifying and attracting potential employees.[26] It thus creates a buffer between planning and the actual selection of new

Recruiting
Any activity carried on by the organization with the primary purpose of identifying and attracting potential employees.

employees (the topic of the next chapter). The goals of recruiting (encouraging qualified people to apply for jobs) and selection (deciding which candidates would be the best fit) are different enough that they are most effective when performed separately, rather than combined as in a job interview that also involves selling candidates on the company.[27]

Because of differences in companies' strategies, they may assign different degrees of importance to recruiting.[28] In general, however, all companies have to make decisions in three areas of recruiting: personnel policies, recruitment sources, and the characteristics and behavior of the recruiter. As shown in Figure 5.2, these aspects of recruiting have different effects on whom the organization ultimately hires. Personnel policies influence the characteristics of the positions to be filled. Recruitment sources influence the kinds of job applicants an organization reaches. And the nature and behavior of the recruiter affect the characteristics of both the vacancies and the applicants. Ultimately, an applicant's decision to accept a job offer—and the organization's decision to make the offer—depend on the match between vacancy characteristics and applicant characteristics.

The remainder of this chapter explores these three aspects of recruiting: personnel policies, recruitment sources, and recruiter traits and behaviors.

Personnel Policies

An organization's *personnel policies* are its decisions about how it will carry out human resource management, including how it will fill job vacancies. These policies influence the nature of the positions that are vacant. According to the research on recruitment, it is clear that characteristics of the vacancy are more important than recruiters or recruiting sources for predicting job choice.[29] Several personnel policies are especially relevant to recruitment:

- *Internal versus external recruiting*—Organizations with policies to "promote from within" try to fill upper-level vacancies by recruiting candidates internally—that is, finding candidates who already work for the organization. Opportunities for advancement make a job more attractive to applicants and employees, as illustrated by the example in the "Best Practices" box. Decisions about internal versus external recruiting affect the nature of jobs, recruitment sources, and the nature of applicants, as we will describe later in the chapter.
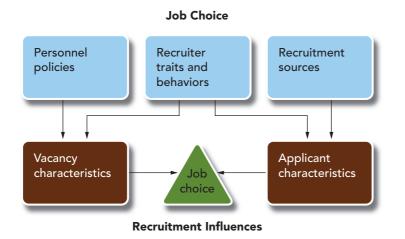

Job Choice

Recruitment Influences

Figure 5.2

Three Aspects of Recruiting

ROOM TO BLOOM AND GROW AT FOUR SEASONS

Four Seasons Hotels and Resorts is known worldwide for its luxurious hotels and impeccable service. Extraordinary service, of course, comes only from extraordinary people, so matching the right people to the right jobs is essential. Employees are enormously proud of the Four Seasons, and for a dozen years, it has been repeatedly named one of *Fortune* magazine's best companies to work for. And where better to find these extraordinary people than from among the company's existing ranks? It's no surprise then that regional marketing director Judith Dumrauf says, "Our culture is to promote from within."

That culture allowed an unusual career path for Elizabeth Knox. After working in hotels while in graduate school, Knox took a job with Four Seasons as director of room service in its Philadelphia hotel. But much as she liked the position, she found that she had little contact with guests, and she missed the interaction. Knox decided she would like to move into the catering end of the business.

Knox approached management with her idea, but there was a problem: she didn't have all the skills she needed for the required office work. In fact, she couldn't type. To learn the skills she would need, she would have to move from her management job to a low-level position and restart from the ground up. Many organizations would discourage such an idea, but Four Seasons gave Knox the green light. She went from manager to administrative assistant, answering phones on the job and practicing how to type after hours. Meanwhile, Knox learned how to plan meetings and parties. Eventually, she was promoted to catering manager.

After six years as a catering manager, Knox won promotion to assistant director of the department. Then her boss, the director, left for another position, and Knox became the acting director. She carried out her responsibilities so enthusiastically that Four Seasons awarded her a prize—a week's vacation at any Four Seasons hotel or resort—for being its best catering manager that year. Soon thereafter, the company appointed Knox the department's permanent director.

Could Four Seasons have found such a dedicated manager from outside its walls? Perhaps. But Knox's wholesale dedication to learning the business would be hard to beat.

Sources: Monica Yant Kinney, "Sidestepping to Move Up," *Philadelphia Inquirer,* March 14, 2010, Business & Company Resource Center, http://galenet.galegroup.com; and David Segal, "Pillow Fights at the Four Seasons," *The New York Times,* June 28, 2009, Business & Company Resource Center, http://galenet.galegroup.com.

Employment at Will
Employment principle that if there is no specific employment contract saying otherwise, the employer or employee may end an employment relationship at any time, regardless of cause.

- *Lead-the-market pay strategies*—Pay is an important job characteristic for almost all applicants. Organizations have a recruiting advantage if their policy is to take a "lead-the-market" approach to pay—that is, pay more than the current market wages for a job. Higher pay can also make up for a job's less desirable features, such as working on a night shift or in dangerous conditions. Organizations that compete for applicants based on pay may use bonuses, stock options, and other forms of pay besides wages and salaries. Chapters 11 and 12 will take a closer look at these and other decisions about pay.
- *Employment-at-will policies*—Within the laws of the state where they are operating, employers have latitude to set polices about their rights in an employment relationship. A widespread policy follows the principle of **employment at will,** which holds that if there is no specific employment contract saying otherwise, the employer or employee may end an employment relationship at any time. An alternative is to establish extensive **due-process policies,** which formally lay out the steps an employee may take to appeal an employer's decision to terminate that employee. An organization's lawyers may advise the company to ensure that all recruitment

documents say the employment is "at will," to protect the company from lawsuits about wrongful discharge. Management must decide how to weigh any legal advantages against the impact on recruitment. Job applicants are more attracted to organizations with due-process policies, which imply greater job security and concern for protecting employees, than to organizations with employment-at-will policies.[30]

- *Image advertising*—Besides advertising specific job openings, as discussed in the next section, organizations may advertise themselves as a good place to work in general. Advertising designed to create a generally favorable impression of the organization is called *image advertising.* Image advertising is particularly important for organizations in highly competitive labor markets that perceive themselves as having a bad image.[31] Research suggests that the image of an organization's brand—for example, innovative, dynamic, or fun—influences the degree to which a person feels attracted to the organization.[32] This attraction is especially true if the person's own traits seem to match those of the organization. Also, job applicants seem to be particularly sensitive to issues of diversity and inclusion in image advertising, so organizations should ensure that their image advertisements reflect the broad nature of the labor market from which they intend to recruit.[33]

Image advertising, such as in this campaign to recruit nurses, promotes a whole profession or organization as opposed to a specific job opening. This ad is designed to create a positive impression of the profession, which is now facing a shortage of workers

Recruitment Sources

Another critical element of an organization's recruitment strategy is its decisions about where to look for applicants. The total labor market is enormous and spread over the entire globe. As a practical matter, an organization will draw from a small fraction of that total market. The methods the organization chooses for communicating its labor needs and the audiences it targets will determine the size and nature of the labor market the organization taps to fill its vacant positions.[34] A person who responds to a job advertisement on the Internet is likely to be different from a person responding to a sign hanging outside a factory. The "Did You Know?" box presents some data on sources of recruitment. Each of the major sources from which organizations draw recruits has advantages and disadvantages.

Internal Sources

As we discussed with regard to personnel policies, an organization may emphasize internal or external sources of job applicants. Internal sources are employees who currently hold other positions in the organization. Organizations recruit existing employees through **job posting,** or communicating information about the vacancy on company bulletin boards, in employee publications, on corporate intranets, and anywhere else the organization communicates with employees. Managers also may identify candidates to recommend for vacancies. Policies that emphasize promotions and even lateral moves to achieve broader career experience can give applicants a favorable impression of the organization's jobs. The use of internal sources also affects what kinds of people the organization recruits.

Due-Process Policies
Policies that formally lay out the steps an employee may take to appeal the employer's decision to terminate that employee.

LO5
List and compare sources of job applicants.

Job Posting
The process of communicating information about a job vacancy on company bulletin boards, in employee publications, on corporate intranets, and anywhere else the organization communicates with employees.

For the employer, relying on internal sources offers several advantages.[35] First, it generates applicants who are well known to the organization. In addition, these applicants are relatively knowledgeable about the organization's vacancies, which minimizes the possibility they will have unrealistic expectations about the job. Finally, filling vacancies through internal recruiting is generally cheaper and faster than looking outside the organization.

The value of a strong internal hiring system can be seen in the leadership of North Jersey Federal Credit Union. The credit union's chief executive, Lourdes Cortez, has been with the credit union for more than 20 years, starting out as a teller. From that entry-level position, Cortez worked her way into management. Along the way, she held jobs in almost every department (skipping only accounting) and got to know the organization's members (credit union customers) firsthand. Explaining her strengths, Cortez says, "Having worked my way up at the credit union absolutely gives me a number of different perspectives. I've worked in every department, so I have respect for employees in those positions, and I relate better to membership because I've dealt with them on a one-on-one basis."[36]

External Sources

Despite the advantages of internal recruitment, organizations often have good reasons to recruit externally.[37] For entry-level positions and perhaps for specialized upper-level positions, the organization has no internal recruits from which to draw. Also, bringing in outsiders may expose the organization to new ideas or new ways of doing business. An organization that uses only internal recruitment can wind up with a workforce whose members all think alike and therefore may be poorly suited to innovation.[38]

And finally, companies that are able to grow during a slow economy can gain a competitive edge by hiring the best talent when other organizations are forced to avoid hiring, freeze pay increases, or even lay off talented people.[39] So organizations often recruit through direct applicants and referrals, advertisements, employment agencies, schools, and Web sites. Figure 5.3 shows which of these sources are used most among large companies surveyed.
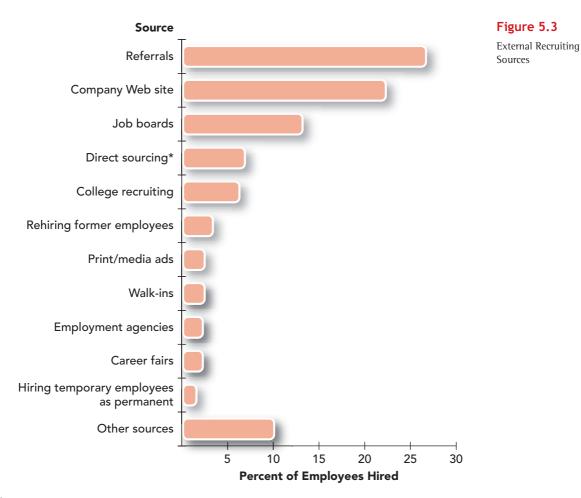
Direct Applicants and Referrals

Even without a formal effort to reach job applicants, an organization may hear from candidates through direct applicants and referrals. **Direct applicants** are people who apply for a vacancy without prompting from the organization. **Referrals** are people who apply because someone in the organization prompted them to do so. According to the survey results shown in Figure 5.3, the largest share (over one-fourth) of new employees hired by large companies came from referrals, and the next largest share (over 22 percent) came from direct applications made at the employer's

Direct Applicants
People who apply for a vacancy without prompting from the organization.

Referrals
People who apply for a vacancy because someone in the organization prompted them to do so.

Figure 5.3

External Recruiting Sources

*Direct sourcing includes research by the employer, such as searching internal databases of résumés and social-networking Web sites to identify and contact people who seem to be well-qualified but did not apply.

SOURCE: Gerry Crispin and Mark Mehler, "CareerXroads 9th Annual Source of Hire Study," February 2010, www.careerxroads.com (data for 2009).

Web site.[40] These two sources of recruits share some characteristics that make them excellent pools from which to draw.

One advantage is that many direct applicants are to some extent already "sold" on the organization. Most have done some research and concluded there is enough fit between themselves and the vacant position to warrant submitting an application, a process called *self-selection*, which, when it works, eases the pressure on the organization's recruiting and selection systems. A form of aided self-selection occurs with referrals. Many job seekers look to friends, relatives, and acquaintances to help find employment. Using these social networks not only helps the job seeker but also simplifies recruitment for employers.[41] Current employees (who are familiar with the vacancy as well as the person they are referring) decide that there is a fit between the person and the vacancy, so they convince the person to apply for the job.

An additional benefit of using such sources is that it costs much less than formal recruiting efforts. Considering these combined benefits, referrals and direct applications are among the best sources of new hires. Some employers offer current employees financial incentives for referring applicants who are hired and perform acceptably on the job (for example, if they stay 180 days). Other companies such as Google and SAS play off their good reputations in the labor market to generate direct applications. SAS, a Cary, North Carolina–based developer of business systems, is so well known in the software industry for its generous workplace benefits and challenging assignments that recruiting is a bargain—partly because so many people go to the company looking for jobs and partly because they tend to stick around when they are hired.[42]

The major downside of referrals is that they limit the likelihood of exposing the organization to fresh viewpoints. People tend to refer others who are like themselves. Furthermore, sometimes referrals contribute to hiring practices that are or that appear unfair, an example being **nepotism,** or the hiring of relatives. Employees may resent the hiring and rapid promotion of "the boss's son" or "the boss's daughter," or even the boss's friend.

Nepotism
The practice of hiring relatives.

Advertisements in Newspapers and Magazines

Open almost any newspaper or magazine and you can find advertisements of job openings. These ads typically generate a less desirable group of applicants than direct applications or referrals, and do so at greater expense. However, few employers can fill all their vacancies purely through direct applications and referrals, so they usually need to advertise. An employer can take many steps to increase the effectiveness of recruitment through advertising.

The person designing a job advertisement needs to answer two questions:

What do we need to say?
To whom do we need to say it?

With respect to the first question, an ad should give readers enough information to evaluate the job and its requirements, so they can make a well-informed judgment about their qualifications. Providing enough information may require long advertisements, which cost more. The employer should evaluate the additional costs against the costs of providing too little information: Vague ads generate a huge number of applicants, including many who are not reasonably qualified or would not accept the job if they learned more about it. Reviewing all these applications to eliminate unsuitable applicants is expensive. In practice, the people who write job advertisements tend to overstate the skills and experience required, perhaps generating too few

qualified candidates. For example, some have blamed the shortage of qualified engineers in America on job advertising that requires experience with particular processes or software programs, rather than looking for broader abilities that can be transferred to new applications.[43]

Specifying whom to reach with the message helps the advertiser decide where to place the ad. Ads placed in the classified section of local newspapers are relatively inexpensive yet reach many people in a specific geographic area who are currently looking for work (or at least interested enough to be reading the classifieds). On the downside, this medium offers little ability to target skill levels. Typically, many of the people reading classified ads are either over- or underqualified for the position. Also, people who are not looking for work rarely read the classifieds. These people may include candidates the organization could lure from their current employers. For reaching a specific part of the labor market, including certain skill levels and more people who are employed, the organization may get better results from advertising in professional or industry journals. Some employers also advertise on television—particularly cable television.[44]

Electronic Recruiting

In recent years, employers have shifted using their spending on job advertisements away from print ads to online job advertising or a combination of the two. A recent survey by the Conference Board found that the number of online job ads rose by 24 percent over the previous year.[45] Online recruiting generally involves posting career information at company Web sites to address people who are interested in the particular company and posting paid advertisements at career services to attract people who are searching for jobs. Company's are also visiting network sites such as Linked In and Facebook to find job candidates. The "HR Oops!" Box illustrates the potential danger of using social networking sites for recruiting.

Most large companies and many smaller ones make career information available at their Web sites. To make that information easier to find, they may register a domain name with a ".jobs" extension, such as www.starbucks.jobs for a link to information about careers at Starbucks and www.unionpacific.jobs for information about careers at Union Pacific. To be an effective recruiting tool, corporate career information should move beyond generalities, offering descriptions of open positions and an easy way to submit a résumé. One of the best features of this kind of electronic recruiting is the ability to target and attract job candidates whose values match the organization's values and whose skills match the job requirements.[46] Candidates also appreciate an e-mail response that the company has received the résumé—especially a response that gives a timetable about further communications from the company.

Accepting applications at the company Web site is not so successful for smaller and less well-known organizations, because fewer people are likely to visit the Web site. These organizations may get better results by going to the Web sites that are set up to attract job seekers, such as Monster, Yahoo HotJobs, and CareerBuilder, which attract a vast array of applicants. At these sites, job seekers submit standardized résumés. Employers can search the site's database for résumés that include specified key terms, and they can also submit information about their job opportunities, so that job seekers can search that information by key term. With both employers and job seekers submitting information to and conducting searches on them, these sites offer an efficient way to find matches between job seekers and job vacancies. However, a drawback is that the big job Web sites can provide too many leads of

HR Oops!

When Social Networking Gets Too "Social"

Along with inviting applications at Web sites and posting ads on job boards, today's recruiters often visit networking sites like Facebook and LinkedIn to find potential candidates with suitable interests and experience. But sometimes the efforts get awkward.

HR professional Michael Janas, for example, landed an executive job through LinkedIn but thinks recruiters occasionally get sloppy. For example, he has known recruiters to ask early on about a candidate's year of graduation from college, a tactic that could support age discrimination. He also says some recruiters rely too much on easy assumptions about what they see when they need to go deeper into the details of a potential candidate's background.

And, of course, there are the horror stories of people who post information that works against them in a job search. Author and social-media expert Sarah Browne recalls a part-time employee who was being considered for a full-time position. Unfortunately for that employee, he posted a message on Facebook that he'd be unable to attend a party because his boss was so demanding. Instead of giving him the job, the boss fired him later for poor professional judgment.

Questions

1. What kinds of information do you think recruiters can legitimately expect to learn on a social-networking site? What would they have to learn elsewhere?
2. How do you protect yourself from appearing unprofessional when you use social-networking sites or other public Internet communications?

inferior quality because they are so huge and serve all job seekers and employers, not a select segment.

Because of this limitation of the large Web sites, smaller, more tailored Web sites called "niche boards" focus on certain industries, occupations, or geographic areas. Telecommcareers.net, for example, is a site devoted to, as the name implies, the telecommunications industry. CIO.com, a companion site to *CIO Magazine,* specializes in openings for chief information officers. In addition, companies can improve the effectiveness of online advertising by employing more interactive tools, such as social networking.

Public Employment Agencies

The Social Security Act of 1935 requires that everyone receiving unemployment compensation be registered with a local state employment office. These state employment offices work with the U.S. Employment Service (USES) to try to ensure that unemployed individuals eventually get off state aid and back on employer payrolls. To accomplish this, agencies collect information from the unemployed people about their skills and experience.

Employers can register their job vacancies with their local state employment office, and the agency will try to find someone suitable, using its computerized inventory of local unemployed individuals. The agency refers candidates to the employer at no charge. The organization can interview or test them to see if they are suitable for its vacancies. Besides offering access to job candidates at low cost, public employment agencies can be a useful resource for meeting certain diversity objectives. Laws often mandate that the agencies maintain specialized "desks" for

minorities, disabled individuals, and war veterans. Employers that feel they currently are underutilizing any of these subgroups of the labor force may find the agencies to be an excellent source.

The government also provides funding to a variety of local employment agencies. For example, in Virginia, the Frederick County Job Training Agency receives funding from the federal, state, and county governments to help unemployed workers find and prepare for new jobs. When the Von Hoffmann Corporation closed its Frederick plant to consolidate operations in Missouri and Iowa, the 165 employees didn't want to move. A career consultant at the Job Training Agency met with each of them to record their work history and goals. The laid-off workers also can use the agency to visit online job sites, mail résumés at no charge, and participate in classes on writing résumés and interviewing for a job. The Job Training Agency shares a building with the county's Office of Economic Development, in the hope that the development agency, which encourages businesses to locate in the county, can work with it to match employers and workers.[47]

Private Employment Agencies

In contrast to public employment agencies, which primarily serve the blue-collar labor market, private employment agencies provide much the same service for the white-collar labor market. Workers interested in finding a job can sign up with a private employment agency whether or not they are currently unemployed. Another difference between the two types of agencies is that private agencies charge the employers for providing referrals. Therefore, using a private employment agency is more expensive than using a public agency, but the private agency is a more suitable source for certain kinds of applicants.

For managers or professionals, an employer may use the services of a type of private agency called an *executive search firm (ESF)*. People often call these agencies "headhunters" because, unlike other employment agencies, they find new jobs for people almost exclusively already employed. For job candidates, dealing with executive search firms can be sensitive. Typically, executives do not want to advertise their availability, because it could trigger a negative reaction from their current employer. ESFs serve as a buffer, providing confidentiality between the employer and the recruit. That benefit may give an employer access to candidates it cannot recruit in other, more direct ways.

Colleges and Universities

Most colleges and universities have placement services that seek to help their graduates obtain employment. On-campus interviewing is the most important source of recruits for entry-level professional and managerial vacancies.[48] Organizations tend to focus especially on colleges that have strong reputations in areas for which they have critical needs—say, chemical engineering or public accounting.[49] The recruiting strategy at 3M includes concentrating on 25 to 30 selected universities. The company has a commitment to those selected universities and returns to them each year with new job openings. HR professionals make sure that the same person works with the same university year in and year out, to achieve "continuity of contact."[50]

One of the best ways for a company to establish a stronger presence on a campus is with a college internship program. Embassy Suites is one company that participates in such a program. How does this benefit the company and the students at the same time?

Many employers have found that successfully competing for the best students requires more than just signing up prospective graduates for interview slots. One of the best ways to establish a stronger presence on a campus is with a college internship program. Internship programs give an organization early access to potential applicants and let the organization assess their capabilities directly. IBM uses a program called Latin American Grid, in which it partners with colleges in Florida, Mexico, Puerto Rico, and Barcelona by donating hardware and software and collaborating on research. What IBM gets in return is access to a pool of talented Latin American scholars, which it cultivates through mentoring and an internship program. Ultimately, it hires many of them as permanent employees.[51]

Another way of increasing the employer's presence on campus is to participate in university job fairs. In general, a job fair is an event where many employers gather for a short time to meet large numbers of potential job applicants. Although job fairs can be held anywhere (such as at a hotel or convention center), campuses are ideal locations because of the many well-educated, yet unemployed, individuals who are there. Job fairs are an inexpensive means of generating an on-campus presence. They can even provide one-on-one dialogue with potential recruits—dialogue that would be impossible through less interactive media, such as newspaper ads.

Evaluating the Quality of a Source

Yield Ratio
A ratio that expresses the percentage of applicants who successfully move from one stage of the recruitment and selection process to the next.

In general, there are few rules that say what recruitment source is best for a given job vacancy. Therefore, it is wise for employers to monitor the quality of all their recruitment sources. One way to do this is to develop and compare **yield ratios** for each source.[52] A yield ratio expresses the percentage of applicants who successfully move from one stage of the recruitment and selection process to the next. For example, the organization could find the number of candidates interviewed as a percentage of the total number of résumés generated by a given source (that is, number of interviews divided by number of résumés). A high yield ratio (large percentage) means that the source is an effective way to find candidates to interview. By comparing the yield ratios of different recruitment sources, HR professionals can determine which source is the best or most efficient for the type of vacancy.

Another measure of recruitment success is the *cost per hire*. To compute this amount, find the cost of using a particular recruitment source for a particular type of vacancy. Then divide that cost by the number of people hired to fill that type of vacancy. A low cost per hire means that the recruitment source is efficient; it delivers qualified candidates at minimal cost.

To see how HR professionals use these measures, look at the examples in Table 5.3. This table shows the results for a hypothetical organization that used five kinds of recruitment sources to fill a number of vacancies. For each recruitment source, the table shows four yield ratios and the cost per hire. To fill these jobs, the best two sources of recruits were local universities and employee referral programs. Newspaper ads generated the largest number of recruits (500 résumés). However, only 50 were judged acceptable, of which only half accepted employment offers, for a cumulative yield ratio of 25/500, or 5 percent. Recruiting at renowned universities generated highly qualified applicants, but relatively few of them ultimately accepted positions with the organization. Executive search firms produced the highest cumulative yield ratio. These generated only 20 applicants, but all of them accepted interview offers, most were judged acceptable, and 79 percent of these acceptable candidates took jobs with the organization. However, notice the cost per hire. The executive search firms

Table 5.3

Results of a Hypothetical Recruiting Effort

	RECRUITING SOURCE					
	LOCAL UNIVERSITY	**RENOWNED UNIVERSITY**	**EMPLOYEE REFERRALS**	**NEWSPAPER AD**	**ONLINE JOB BOARD AD**	**EXECUTIVE SEARCH FIRMS**
Résumés generated	200	400	50	500	7000	20
Interview offers accepted	175	100	45	400	500	20
Yield ratio	**87%**	**25%**	**90%**	**80%**	**7%**	**100%**
Applicants judged acceptable	100	95	40	50	350	19
Yield ratio	**57%**	**95%**	**89%**	**12%**	**70%**	**95%**
Accept employment offers	90	10	35	25	200	15
Yield ratio	**90%**	**11%**	**88%**	**50%**	**57%**	**79%**
Cumulative	**90/200**	**10/400**	**35/50**	**25/500**	**200/7,000**	**15/20**
yield ratio	**45%**	**3%**	**70%**	**5%**	**3%**	**75%**
Cost	$30,000	$50,000	$15,000	$20,000	$5,000	$90,000
Cost per hire	**$333**	**$5,000**	**$428**	**$800**	**$25**	**$6,000**

charged $90,000 for finding these 15 employees, resulting in the largest cost per hire. In contrast, local universities provided modest yield ratios at the lowest cost per hire. Employee referrals provided excellent yield ratios at a slightly higher cost.

Recruiter Traits and Behaviors

As we showed in Figure 5.2, the third influence on recruitment outcomes is the recruiter, including this person's characteristics and the way he or she behaves. The recruiter affects the nature of both the job vacancy and the applicants generated. However, the recruiter often becomes involved late in the recruitment process. In many cases, by the time a recruiter meets some applicants, they have already made up their minds about what they desire in a job, what the vacant job has to offer, and their likelihood of receiving a job offer.[53]

Many applicants approach the recruiter with some skepticism. Knowing it is the recruiter's job to sell them on a vacancy, some applicants discount what the recruiter says, in light of what they have heard from other sources, such as friends, magazine articles, and professors. When candidates are already familiar with the company through knowing about its products, the recruiter's impact is especially weak.[54] For these and other reasons, recruiters' characteristics and behaviors seem to have limited impact on applicants' job choices.

Characteristics of the Recruiter

Most organizations must choose whether their recruiters are specialists in human resources or are experts at particular jobs (that is, those who currently hold the same kinds of jobs or supervise people who hold the jobs). According to some studies,

LO6
Describe the recruiter's role in the recruitment process, including limits and opportunities.

applicants perceive HR specialists as less credible and are less attracted to jobs when recruiters are HR specialists.[55] The evidence does not completely discount a positive role for personnel specialists in recruiting. It does indicate, however, that these specialists need to take extra steps to ensure that applicants perceive them as knowledgeable and credible.

In general, applicants respond positively to recruiters whom they perceive as warm and informative. "Warm" means the recruiter seems to care about the applicant and to be enthusiastic about the applicant's potential to contribute to the organization. "Informative" means the recruiter provides the kind of information the applicant is seeking. The evidence of impact of other characteristics of recruiters—including their age, sex, and race—is complex and inconsistent.[56]

Behavior of the Recruiter

Recruiters affect results not only by providing plenty of information, but by providing the right kind of information. Perhaps the most-researched aspect of recruiting is the level of realism in the recruiter's message. Because the recruiter's job is to attract candidates, recruiters may feel pressure to exaggerate the positive qualities of the vacancy and to downplay its negative qualities. Applicants are highly sensitive to negative information. The highest-quality applicants may be less willing to pursue jobs when this type of information comes out.[57] But if the recruiter goes too far in a positive direction, the candidate can be misled and lured into taking a job that has been misrepresented. Then unmet expectations can contribute to a high turnover rate. When recruiters describe jobs unrealistically, people who take those jobs may come to believe that the employer is deceitful.[58]

Realistic Job Preview
Background information about a job's positive and negative qualities.

Many studies have looked at how well **realistic job previews**—background information about jobs' positive and negative qualities—can get around this problem and help organizations minimize turnover among new employees. On the whole, the research suggests that realistic job previews have a weak and inconsistent effect on turnover.[59] Although recruiters can go overboard in selling applicants on the desirability of a job vacancy, there is little support for the belief that informing people about the negative characteristics of a job will "inoculate" them so that the negative features don't cause them to quit.[60]

Finally, for affecting whether people choose to take a job, but even more so, whether they stick with a job, the recruiter seems less important than an organization's personnel policies that directly affect the job's features (pay, security, advancement opportunities, and so on).

Enhancing the Recruiter's Impact

Nevertheless, although recruiters are probably not the most important influence on people's job choices, this does not mean recruiters cannot have an impact. Most recruiters receive little training.[61] If we were to determine what does matter to job candidates, perhaps recruiters could be trained in those areas.

Researchers have tried to find the conditions in which recruiters do make a difference. Such research suggests that an organization can take several steps to increase the positive impact that recruiters have on job candidates:

- Recruiters should provide timely feedback. Applicants dislike delays in feedback. They may draw negative conclusions about the organization (for starters, that the organization doesn't care about their application).

Figure 5.4

Recruits Who Were Offended by Recruiters

_____ has a management training program which the recruiter had gone through. She was talking about the great presentational skills that _____ teaches you, and the woman was barely literate. She was embarrassing. If that was the best they could do, I did not want any part of them. Also, _____ and _____ 's recruiters appeared to have real attitude problems. I also thought they were chauvinistic. (arts undergraduate)

I had a very bad campus interview experience . . . the person who came was a last-minute fill-in . . . I think he had a couple of "issues" and was very discourteous during the interview. He was one step away from yawning in my face. . . . The other thing he did was that he kept making these (nothing illegal, mind you) but he kept making these references to the fact that I had been out of my undergraduate and first graduate programs for more than 10 years now. (MBA with 10 years of experience)

One firm I didn't think of talking to initially, but they called me and asked me to talk with them. So I did, and then the recruiter was very, very, rude. Yes, very rude, and I've run into that a couple of times. (engineering graduate)

_____ had set a schedule for me which they deviated from regularly. Times overlapped, and one person kept me too long, which pushed the whole day back. They almost seemed to be saying that it was my fault that I was late for the next one! I guess a lot of what they did just wasn't very professional. Even at the point when I was done, where most companies would have a cab pick you up, I was in the middle of a snowstorm in Chicago and they said, "You can get a cab downstairs." There weren't any cabs. I literally had to walk 12 or 14 blocks with my luggage, trying to find some way to get to the airport. They didn't book me a hotel for the night of the snowstorm so I had to sit in the airport for eight hours trying to get another flight. . . . They wouldn't even reimburse me for the additional plane fare. (industrial relations graduate student)

The guy at the interview made a joke about how nice my nails were and how they were going to ruin them there due to all the tough work. (engineering undergraduate)

- Recruiters should avoid offensive behavior. They should avoid behaving in ways that might convey the wrong impression about the organization.[62] Figure 5.4 quotes applicants who felt they had extremely bad experiences with recruiters. Their statements provide examples of behaviors to avoid.
- The organization can recruit with teams rather than individual recruiters. Applicants view job experts as more credible than HR specialists, and a team can include both kinds of recruiters. HR specialists on the team provide knowledge about company policies and procedures.

Through such positive behavior, recruiters can give organizations a better chance of competing for talented human resources. In the next chapter, we will describe how an organization selects the candidates who best meet its needs.

thinking ethically

Citizens First?

For years now, U.S. corporations have bemoaned a labor shortage of workers with advanced technical and scientific knowledge. Often, they have sought to fill the talent gap with workers from other countries. Some of these employees come to the United States with an H-1B visa, created to allow companies to hire individuals with exceptional talent. The H-1B program generally does not require employers to exhaust the search for a U.S. citizen before hiring someone with one of these visas.

Many people accepted that practice as a business necessity. But in the recent economic downturn, many high-tech companies have laid off swaths of their workforce. That gives rise to a question: Should companies in the United States be expected to fill positions with U.S. citizens before they should be allowed to look overseas?

Iowa Senator Charles Grassley wrote a letter to Microsoft, calling on the company to give U.S. workers priority. Similarly, Grassley and Vermont Senator Bernie Sanders introduced a bill in Congress forbidding banks that received federal bailout money from hiring workers under the H-1B program. Microsoft's reply to Grassley's letter indicated that it has targeted layoffs based on assessment of its human resource needs in the present and future. In addition, some people question whether favoring U.S. citizens would run afoul of laws requiring equal employment opportunity.

One impact of the economic downturn has been a slowdown in requests to use the program. Until recently, petitions to hire these workers met the 85,000-visa limit almost as soon as the application period opened. But in 2009, when the five-day application period ended, many slots remained available. Meanwhile, the number of graduates in math, engineering, science, and technology in the United States continues to trail far behind projections for the number of people with these skills who are expected to be needed in U.S. jobs.

SOURCES: Ed Frauenheim, "Deep Corporate Staff Cuts Heat Up H-1B Visa Debate," *Workforce Management,* February 5, 2009, http://www.workforce.com; Rebecca Cole, "Applications for Work Visas Tumble," *Chicago Tribune,* April 9, 2009, http://www.chicagotribune.com; and Adrienne Fox, "At Work in 2020," *HR Magazine,* January 2010, Business & Company Resource Center, http://galenet.galegroup.com.

Questions

1. How, if at all, do a company's ethical obligations to employees from its own country differ from its ethical obligations to employees who are citizens of other countries?
2. Should U.S. companies that have laid off U.S. workers try to hire only U.S. workers? Why or why not?
3. For a company making decisions to increase or decrease its workforce, what priority should it give to the following considerations: (a) business advantage; (b) equal employment opportunity; and (c) being a good citizen, caring about the well-being of its country's people? How, if at all, can these considerations be balanced?

SUMMARY

LO1 Discuss how to plan for human resources needed to carry out the organization's strategy.

The first step in human resource planning is personnel forecasting. Through trend analysis and good judgment, the planner tries to determine the supply of and demand for various human resources. Based on whether a surplus or a shortage is expected, the planner sets goals and creates a strategy for achieving those goals. The organization then implements its HR strategy and evaluates the results.

LO2 Determine the labor demand for workers in various job categories.

The planner can look at leading indicators, assuming trends will continue in the future. Multiple regression can convert several leading indicators into a single prediction of labor needs. Analysis of a transitional matrix can help the planner identify which job categories can be filled internally and where high turnover is likely.

LO3 Summarize the advantages and disadvantages of ways to eliminate a labor surplus and avoid a labor shortage.

To reduce a surplus, downsizing, pay reductions, and demotions deliver fast results but at a high cost in human suffering that may hurt surviving employees' motivation and future recruiting. Also, the organization may lose some of its best employees. Transferring employees and requiring them to share

work are also fast methods and the consequences in human suffering are less severe. A hiring freeze or natural attrition is slow to take effect but avoids the pain of layoffs. Early-retirement packages may unfortunately induce the best employees to leave and may be slow to implement; however, they, too, are less painful than layoffs. Retraining can improve the organization's overall pool of human resources and maintain high morale, but it is relatively slow and costly.

To avoid a labor shortage, requiring overtime is the easiest and fastest strategy, which can easily be changed if conditions change. However, overtime may exhaust workers and can hurt morale. Using temporary employees and outsourcing do not build an in-house pool of talent, but by these means staffing levels can be quickly and easily modified. Transferring and retraining employees require investment of time and money, but can enhance the quality of the organization's human resources; however, this may backfire if a labor surplus develops. Hiring new employees is slow and expensive but strengthens the organization if labor needs are expected to expand for the long term. Using technology as a substitute for labor can be slow to implement and costly, but it may improve the organization's long-term performance. New technology and hiring are difficult to reverse if conditions change.

LO4 Describe recruitment policies organizations use to make job vacancies more attractive.

Internal recruiting (promotions from within) generally makes job vacancies more attractive because candidates see opportunities for growth and advancement. Lead-the-market pay strategies make jobs economically desirable. Due-process policies signal that employers are concerned about employee rights. Image advertising can give candidates the impression that the organization is a good place to work.

LO5 List and compare sources of job applicants.

Internal sources, promoted through job postings, generate applicants who are familiar to the organization and motivate other employees by demonstrating opportunities for advancement. However, internal sources are usually insufficient for all of an organization's labor needs. Direct applicants and referrals tend to be inexpensive and to generate applicants who have self-selected; this source risks charges of unfairness, especially in cases of nepotism. Newspaper and magazine advertising reach a wide audience and may generate many applications, although many are likely to be unsuitable. Electronic recruiting gives organizations access to a global labor market, tends to be inexpensive, and allows convenient searching of databases. Public employment agencies are inexpensive and typically have screened applicants. Private employment agencies charge fees but may provide many services. Another inexpensive channel is schools and colleges, which may give the employer access to top-notch entrants to the labor market.

LO6 Describe the recruiter's role in the recruitment process, including limits and opportunities.

Through their behavior and other characteristics, recruiters influence the nature of the job vacancy and the kinds of applicants generated. Applicants tend to perceive job experts as more credible than recruiters who are HR specialists. They tend to react more favorably to recruiters who are warm and informative. Recruiters should not mislead candidates. Realistic job previews are helpful but have a weak and inconsistent effect on job turnover compared with personnel policies and actual job conditions. Recruiters can improve their impact by providing timely feedback, avoiding behavior that contributes to a negative impression of the organization, and teaming up with job experts.

KEY TERMS

REVIEW AND DISCUSSION QUESTIONS

1. Suppose an organization expects a labor shortage to develop in key job areas over the next few years. Recommend general responses the organization could make in each of the following areas:
   a. Recruitment
   b. Training
   c. Compensation (pay and employee benefits)
2. Review the sample transitional matrix shown in Table 5.1. What jobs experience the greatest turnover (employees leaving the organization)? How might an organization with this combination of jobs reduce the turnover?
3. In the same transitional matrix, which jobs seem to rely the most on internal recruitment? Which seem to rely most on external recruitment? Why?
4. Why do organizations combine statistical and judgmental forecasts of labor demand, rather than relying on statistics or judgment alone? Give an example of a situation in which each type of forecast would be inaccurate.
5. Some organizations have detailed affirmative-action plans, complete with goals and timetables, for women and minorities, yet have no formal human resource plan for the organization as a whole. Why might this be the case? What does this practice suggest about the role of human resource management in these organizations?
6. Give an example of a personnel policy that would help attract a larger pool of job candidates. Give an example of a personnel policy that would likely reduce the pool of candidates. Would you expect these policies to influence the quality as well as the number of applicants? Why or why not?
7. Discuss the relative merits of internal versus external recruitment. Give an example of a situation in which each of these approaches might be particularly effective.
8. List the jobs you have held. How were you recruited for each of these? From the organization's perspective, what were some pros and cons of recruiting you through these methods?
9. Recruiting people for jobs that require international assignments is increasingly important for many organizations. Where might an organization go to recruit people interested in such assignments?
10. A large share of HR professionals have rated e-cruiting as their best source of new talent. What qualities of electronic recruiting do you think contribute to this opinion?
11. How can organizations improve the effectiveness of their recruiters?

BUSINESSWEEK CASE

BusinessWeek DirectEmployers Association: New Direction for Online Job Search

Bill Warren founded an early online job board in the 1990s, helped kick-start an industry, and was president of Monster.com, one of the leading Internet career sites. But these days he's not very happy with the results.

So he's taking another crack at it, going after Monster, Career Builder, and similar commercial job sites. Warren is starting a nonprofit job listing system that could lower the costs that employers pay to list positions and make the process easier and more fruitful for applicants.

He has the enthusiastic backing of hundreds of large companies, including IBM Corp., American Express, AT&T Inc. and Johnson & Johnson, the kinds of employers that spend hundreds of thousands of dollars a year searching for new talent.

"This is probably the most significant play that I've seen . . . since the invention of the online job board," said Joshua Akers, vice president of RecruitingBlogs.com, a social networking site for human resources professionals.

The commercial rivals say they are ready for new competition. "We remain confident that we're one of the most cost-effective sources of hiring for recruiters today," said Monster spokesman Matt Henson.

Warren, 68, says that those commercial sites charge employers so much to list openings that the companies don't post all their jobs—leaving potential applicants unaware of opportunities. Warren also believes that the sites push too much advertising on jobseekers and include too many "work at home" scam jobs.

Meanwhile, employers want ways to have a direct relationship with jobseekers. Many say they prefer résumés that are tailored to the positions they're trying to fill, not a generic résumé posted online. As the ranks of the unemployed have doubled to roughly 15 million, recruiters say the response to jobs they post on the boards has gotten overwhelming.

The solution that Warren hopes to launch is being hatched by the DirectEmployers Association, a group

formed by more than 500 large companies. Warren is executive director.

The association's plan calls for companies to list jobs under the Internet's ".jobs" domain name to better organize job listings on the Web. For instance, someone can visit ATT.jobs to see all the listings at that company.

DirectEmployers' software will automatically code such listings to make them easily searchable by city or occupation. The association will sort the listings in as many as 30,000 regional ".job" Web addresses, such as "atlanta.jobs." That will help people search for jobs in specific places. The group hopes to add thousands of occupational domain names, such as "engineer.jobs."

Companies that belong to the association pay a $15,000 annual membership fee and will receive prominent placement on the ".jobs" Web sites. Smaller companies can purchase a ".jobs" domain name for about $125 a year and then post jobs for free. They can also work through their state employment agencies, which post jobs online at no charge.

At those prices, the new ".jobs" system could be another online innovation that undercuts what currently exists—much as the invention of job boards themselves undermined newspaper help-wanted ads.

Monster.com's basic rate is $395 per job posting, though it offers volume discounts. Companies also pay to search the résumés that applicants have posted. (Jobseekers can access the sites for free.) Considering that some Fortune 500 companies hire thousands of workers a year, even in tough times, the cost of listing all their open jobs can approach $1 million.

SOURCE: Excerpted from Christopher S. Rugaber, "Pioneer of Online Job Search Starts Over Again," *BusinessWeek,* February 25, 2010, http://www.businessweek.com.

Questions

1. What advantages does this new system from DirectEmployers Association offer to big companies? What advantages does it offer to small companies?
2. How would you expect the introduction of this system to affect employers' use of the various recruiting methods described in this chapter?
3. Imagine you are recruiting for a mechanical engineering job at a small manufacturing company in North Carolina and have decided to post the job opening on this system. What information would you want to include in order to present your position most effectively to desirable candidates?

Case: Apple's Make-vs.-Buy Decision

In a turnaround from a trend in which high-tech (and other) manufacturers have outsourced the making of important components in order to increase efficiency and focus on what they do best, Apple has recently made moves that seem aimed at bringing the design of microchips back in-house. Apple is known for innovative design, and along with that, it tends to keep details of what it makes highly secret. Making chip design a company process, rather than a product to buy, gives Apple more control over the process—and over the secrecy.

Of course, the decision to handle its own development has huge implications for human resource management. The company needs all-new labor forecasts, a larger labor force, and an intense push to bring in technical talent. Recently, Apple has been hiring many new engineers. Products they could be assigned to include microchips that require less power to operate iPhones and iTouch devices, as well as circuitry to improve the graphics displayed in games and videos played on its devices. A top-notch team could, at least in theory, come up with unique improvements that will take rivals by surprise.

One way to acquire a lot of talent fast is to acquire entire companies and make them part of Apple. And that's one move Apple has been making. The company recently acquired P.A. Semi, a start-up company that designs microchips. Its products could be used to run iPhones and iPods. Observers are guessing that chips developed by P.A. Semi could take the place of chips Apple has been buying from Samsung for its iPhone. Samsung had customized the chips to Apple's specifications. Apple could be worried that a company such as Samsung might intentionally or unintentionally start applying some of Apple's ideas to chips made for competitors' products.

Another bit of evidence about Apple's hunt for talent is visible online at the LinkedIn networking site, where members list their job histories. According to the *Wall Street Journal,* more than 100 people on the site have current job titles at Apple plus past jobs involving microchips. Their prior companies include Intel, Samsung, and Qualcomm. One recent hire was the chief technology officer from Advanced Micro Devices' graphic products group. Furthermore, it's possible to evaluate job openings that Apple has been posting. These have included positions that involve expertise in handwriting recognition technology and microchips used in managing displays.

Apple has been seen at job fairs, too. Its recruiters participated in a job fair for employees who were being laid

off at Spansion, a company that makes memory chips and recently declared bankruptcy.

SOURCES: Yukari Iwatani Kane and Don Clark, "In Major Shift, Apple Builds Its Own Team to Design Chips," *Wall Street Journal,* April 30, 2009, http://online.wsj.com; "Apple Turning to Chip Design for Its Innovation," *InformationWeek,* April 30, 2009, Business & Company Resource Center, http://galenet.galegroup.com; and "Apple Increases Investment in British Chip Designer," *InformationWeek,* June 26, 2009, Business & Company Resource Center, http://galenet.galegroup.com.

Questions

1. Given the ideas presented about Apple's strategy, what HR actions would be most suitable for supporting that strategy? (Consider especially the options in Table 5.2.)
2. What challenges would you expect to be most significant for Apple's HR staff in meeting these human resource requirements?
3. What sources of job applicants would you recommend that Apple use to meet the needs described here?

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Review
- Chapter learning objectives
- Test Your Knowledge: Recruitment Sources and Stages of the Strategic HRM Process

Application
- Manager's Hot Seat segment: "Diversity: Mediating Morality"
- Video case and quiz: "Balancing Act: Keeping Mothers on a Career Track"
- Self-Assessment: Improving Your Résumé
- Web exercise: Texas Instrument's Fit Check
- Small-business case: For Personal Financial Advisors, a Small Staffing Plan with a Big Impact

Practice
- Chapter quiz

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