## 6

## Recruiting and Labor Markets

After you have read this chapter, you should be able to:

- List different ways that labor markets can be identified and approached.
- Discuss strategic recruiting decisions on recruiting images, outsourcing, and other related areas.
- Explain why Internet recruiting has grown and how it affects recruiting efforts done by employers.
- List and briefly discuss five external recruiting sources.
- Identify three internal sources for recruiting and issues associated with their use.
- Describe three factors to consider when doing recruiting measurement and metrics.


## HR)Headline

## Passive Recruiting Becomes Active



Employed individuals who may not be considering other jobs but who are recruited are called passive job seekers. For firms to search to fill jobs with persons who are not actively looking for a job means that they have to use a variety of means to encourage passives to become actives.

Many passives are approached via Internet tools. This approach is especially used for executive and other hard-to-fill openings, even for passives who do not have current résumés. Search consultants use passive recruiting to locate possible individuals to fill jobs to which the consultants have been assigned. Use of IT networking sites such as Facebook, Linked In, ZoomInfo, and others provides information on passive individuals.

Once information on a "passive candidate" is located, personal contact can be made and conversations held to encourage the passive to consider job openings. Personal communication about certain employers and job openings helps get passives to consider the openings.

This type of recruiting is becoming increasingly common as people use the Internet sites that can be accessed by others to learn about both jobs and individuals. Several Internet sites are adding thousands of individual profiles weekly. More than $20 \%$ of the large Fortune 500 firms use such sites along with other ways to find candidates for difficult-to-fill openings and top executive jobs. ${ }^{1}$ So, as an employer, are you ready to find passives?

The staffing process used by an employer, based on HR planning and retention as key components, must include successful recruiting and selection efforts. However, as the HR Headline illustrates, new approaches to those actions are evolving. Without significant attention and measurement, recruiting and selection can become just a set of administrative functions: coordinating internal openings, handling the flow of candidate data, dealing with regulatory reporting, and moving candidates through the system.

This chapter examines recruiting, and the next chapter examines selection. Recruiting is the process of generating a pool of qualified applicants for organizational jobs. If the number of available candidates equals the number of people to be hired, no real selection is required-the choice has already been made. The organization must either leave some openings unfilled or take all the candidates. One survey of employers in slow labor markets found that almost half of the hiring managers cited less qualified applicants as the biggest recruiting and hiring challenge. ${ }^{2}$ It is important to view recruiting broadly as a key part of staffing, and not just as a collection of administrative and operational activities.

## RECRUITING

Recruiting Process of generating a pool of qualified applicants for organizational jobs.

Recruiting is becoming more important as labor markets shift. Although recruiting can be expensive, an offsetting concept that must be considered is the cost of unfilled jobs. For example, consider a company in which three operations-related jobs are vacant. Assume these three vacancies cost the company $\$ 300$ for each business day the jobs remain vacant. If the jobs are not filled for four months, the cost of this failure to recruit in a timely fashion will be about $\$ 26,000$.

Although cost is certainly an issue, and some employers are quite concerned about cost per hire as well as the cost of vacancies, quality might be an important trade-off. For example, if an organizational strategy focuses on quality as a competitive advantage, a company might choose to hire only from the top $15 \%$ of candidates for critical jobs, and from the top $30 \%$ of candidates for all other positions. Though this approach may raise the cost per hire, it will improve workforce quality.

These examples illustrate that recruiting should not just be seen as an expense, but as part of overall HR planning and strategy. To be effective, recruiters need to integrate efforts involving labor markets, recruiting responsibilities and goals, and recruiting sources, including the Internet. Figure 6-1 highlights key integrative recruiting components.

## Strategic Recruiting and HR Planning

It is important that recruiting be treated as a part of strategic HR planning because it is a key mechanism for filling positions necessary to get the work done. Recruiting requires an employer to:

- Know the industry and where to successfully recruit qualified employees.
- Identify keys to success in the labor market, including competitors' recruiting efforts.
- Cultivate relationships with sources of prospective employees.
- Promote the "company brand" so that the employer is known as a good place to work.

FIGURE 6-1 Integrating Recruiting Components


## LOGGING ON

Airs
Training and educational resources for recruiters are available at www.airsdirectory.com.

- Use recruiting metrics in order to measure the effectiveness of recruiting efforts.
Recruiting decisions can identify not only the kinds and numbers of applicants, but also how difficult or successful recruiting efforts may be by type of jobs. In addition, effective recruiting focuses on discovering talent before it is needed.


## Training of Recruiters and Managers

Regardless of the methods used, an important recruiting issue is how much training will be given to recruiters and managers. Training on recruitingrelated activities, communications skills, and job-specific details is common. Also, those involved in recruiting should learn the types of actions that violate EEO regulations and how to be sensitive to diversity issues with applicants. Such training areas often include appropriate language to use with applicants so that racist, sexist, and other inappropriate remarks do not hurt the image of the employer and result in legal complaints.

Training recruiters may include the importance of employers engaging in ethical behaviors during recruiting efforts. One way to evaluate training efforts in this area is through follow-up activities. For instance, to assess ethical behavior when recruiting college graduates, some employers send followup surveys to interviewees asking about the effectiveness of the recruiters and the image the candidates have of the employers as a result of the recruiting contacts. ${ }^{3}$

## LABOR MARKETS

Labor markets External supply pool from which employers attract employees.

Because staffing takes place in different labor markets that can vary a great deal, learning some basics about labor markets aids in understanding recruiting. Labor markets are the external supply pool from which employers attract employees. To understand where recruiting takes place, one can think of the sources of employees as a funnel, in which the broad scope of labor markets

FIGURE 6-2 Labor Market Components


Labor force population All individuals who are available for selection if all possible recruitment strategies are used.

## Applicant population

 A subset of the labor force population that is available for selection using a particular recruiting approach.Applicant pool All persons who are actually evaluated for selection.
narrows progressively to the point of selection and job offers, as Figure 6-2 shows. Of course, if the selected candidates reject the offers, then HR staff members must move back up the funnel to the applicant pool for other candidates, and in extreme cases may need to reopen the recruiting process.

## Labor Market Components

Several different means of identifying labor markets exist. One useful approach is to take a broad view of the labor markets and then narrow them down to specific recruiting sources. The broadest labor market component and measure is the labor force population, which is made up of all individuals who are available for selection if all possible recruitment strategies are used. For firms with global locations in multiple countries, the labor force population can be much larger than that of a business operating in only one country. For example, some U.S.-based airlines have customer service centers located in the Philippines, India, and other countries as well as the United States. The labor force population for such businesses is much broader than that of a business operating in a single country.

The applicant population is a subset of the labor force population that is available for selection if a particular recruiting approach is used. This population can be broad or narrow depending on the jobs needing to be filled and the approaches used by the employer. For example, if a firm is recruiting highly specialized engineers for multiple geographic locations, the recruiting methods may involve a broad range of approaches and sources, including professional associations, convention attendance, general and specialized websites, using recruiting consulting firms, and offering recruitment incentives to existing employees. However, a smaller firm in a limited geographic location might limit its recruiting for management trainees to MBA graduates from major universities in the area. This recruiting method would result in a different group of applicants from those who might apply if the employer were to advertise the openings for management trainees on a local radio station, post a listing on an Internet jobs board, or encourage current employee referrals and applications. Figure 6-3 illustrates some common items that affect recruiting applicant populations.

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

## figure 6-3 Considerations for Determining Applicant Populations

## CONSIDERATIONS FOR DETERMINING APPLICANT POPULATIONS

- Number and type of recruits needed
- Timing of recruiting to ensure timely placement
- External and internal messages on job details
- Qualifications of competent applicants to be considered
- Sources for obtaining qualified applicants
- Outside and inside recruiting means to be used
- Administrative recruiting and application review activities


## LOGGING ON

## JobWeb

For a special report about labor markets and jobs outlook, visit www.jobweb.com.
the applicant pool. Using such a system, both administratively and electronically, can make the recruiting process more effective. ${ }^{4}$ For example, when the applicant pool size increases, recruiters can consistently identify the most effective future employees for several jobs, and not just fill current jobs because of a larger supply. ${ }^{5}$

Unemployment Rates and Applicant Population When the unemployment rate is high in a given market, many people are looking for jobs. When the unemployment rate is low, there are fewer applicants. Unemployment rates vary with business cycles and present very different challenges for recruiting at different times. For instance, in some U.S. states, when many automobile plants closed and workers were laid off, manufacturers in other industries and even retailers experienced a significant increase in their numbers of job applicants, making recruiting easier and larger applicant pools a fact.

## Different Labor Markets and Recruiting

The supply of workers in various labor markets differs substantially and affects staffing. Organizations recruit in a number of different labor markets, including industry-specific markets and occupational, educational and technical, and geographic markets. Labor markets can be viewed in several ways to provide information that is useful for recruiting. It is important to understand the broad labor markets from which candidates are identified and attracted. These labor markets can include both internal and external sources, which will be discussed later.

Industry and Occupational Labor Markets Labor markets can be classified by industry and occupation. Depending on economic and industry aspects, recruiting emphases can be changed. For example, the biggest increases in U.S. jobs until the year 2016 are going to be in the positions of registered nurses, retail sales and customer service representatives, home health aides, and postsecondary teachers. ${ }^{6}$ These data illustrate that recruiting will be more difficult in filling these jobs during the next few years. Trucking and welding jobs are also expected to present significant recruiting difficulties. ${ }^{7}$

Recruiting for smaller firms can be challenging. For instance, a small certified professional accounting (CPA) firm had to work extensively to identify which CPA professionals would prefer working in a small firm rather than a large one. One key to this firm's recruiting efforts was to clearly identify the unique characteristics of working in a smaller firm, which included greater assignment variety, more work flexibility, and better career possibilities. ${ }^{8}$ Those characteristics would appeal to some but not all who might apply.

Educational and Technical Labor Markets Another way to look at labor markets is by considering the educational and technical qualifications that define the people being recruited. Employers may need individuals with specific licenses, certifications, or educational backgrounds. For instance, recruiting physician leaders for a medical organization led to the establishment of a special search committee to set goals for the committee members. Then, as part of recruiting and selection, the top candidates were asked to develop departmental vision statements and three-year goals. That information made the recruiting and selection process more effective. ${ }^{9}$

Another special labor market is suppliers and contractors for U.S. military forces. Firms such as Cintas Corporation, with more than 34,000 employees, and Raytheon, with 77,000 employees, serve as federal government defense contractors. The need to recruit for specialty jobs in engineering and technology by such firms illustrates why considering different types of labor markets is appropriate. ${ }^{10}$

A prominent occupational area that is expected to be extremely tight during the next few years is the information technology (IT) labor market. That labor market, which was tight several years ago, is now becoming tight again as IT is used in a wider variety of jobs. ${ }^{11}$ Another example of a tight labor market is that of business professors with PhDs, who are forecast to be in short supply in the next few years due to the retirement of baby boomers from faculty positions. Other examples of shortages in specific labor markets include certified auto mechanics, heating and air-conditioning technicians, and network-certified computer specialists.

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

Geographic markets require different recruiting considerations. For example, attempting to recruit locally for a job market that is a national competitive market will likely result in disappointing applicant rates. A catalog retailer that tries to recruit a senior merchandising manager from the small town where the firm is located may encounter difficulties, although it may not need to recruit nationally for workers to fill administrative support jobs. This example shows how varying geographic labor markets must be evaluated as part of recruiting.

Global Labor Markets Employers in the United States are tapping global labor markets when necessary and expanding export work to overseas labor markets when doing so is advantageous. Firms in different industries are expanding in India, China, Indonesia, Romania, Poland, and other countries.

The migration of U.S. work overseas has been controversial. While many decry the loss of American jobs, some employers respond that they cannot be competitive in a global market if they fail to take advantage of labor savings. For example, at some operations in India and China, U.S. employers pay less than half of what they would pay for comparable jobs to be performed in U.S. facilities. A significant number of U.S. and European firms have farmed out software development and back-office work to India and other countries with lower wages. However, some advancements in American worker productivity have made it possible to have fewer U.S. employees to produce certain items, which has resulted in a cost savings, even at those employees' higher wage rates. Hence, those types of jobs are not being exported to other countries.

The use of the Internet has resulted in global jobs being recruited in many places, but often recruiting employees for global assignments requires different approaches from those used for typical recruiting efforts in the home country. The recruiting processes must consider variations in culture, laws, and language. For instance, in some countries, potential recruits like to work for European and U.S. firms, so recruiters emphasize the "Western" image. But in other countries, cultural employer operational differences change how recruiting is done.

Dealing with foreign labor markets can present challenges. For example, in China recruiting is regulated and generally requires the approval of local personnel or labor authorities. Hiring foreign employees into U.S. jobs must meet certain legal requirements, including H1 visa requirements. Concerns exist about hiring illegal immigrants as well. ${ }^{12}$

## STRATEGIC RECRUITING DECISIONS

When there are economic declines in certain geographic areas and occupations, a greater number of talented recruits are available, and recruiting costs can be lower. ${ }^{13}$ But whether recruits are plentiful or scarce, employers must decide on several recruiting issues. These important strategic decisions for recruiting are discussed next.

## Recruiting Presence and Image

Recruiting efforts may be viewed as either continuous or intensive. Continuous efforts to recruit offer the advantage of keeping the employer in the recruiting market. For example, with college recruiting, some organizations may find it advantageous to have a recruiter on a given campus each year. Employers that visit a campus only occasionally are less likely to build a following at that school over time. Also, continuous recruiting may lead to constant Internet job postings, contact with recruiting consultants, and other market-related actions.

Intensive recruiting may take the form of a vigorous recruiting campaign aimed at hiring a given number of employees, usually within a short period of time. Sometimes such efforts are the result of unforeseeable changes in external factors, but they also can result from a failure in the HR planning system to identify needs in advance or to anticipate drastic changes in workforce needs.

Employment "Branding" and Image The "employment brand" or image of an organization is the view of it held by both employees and outsiders.

## Effective Recruitment at USDA

Every year Optimas Awards are given by Workforce.com to recognize and highlight how organizations improve results through workforce actions. One federal government entity received the award for its recruitingrelated efforts.

The federal agency, the United States Department of Agriculture (USDA) Food Safety and Inspection Service, faced significant competition with private employers for candidates in positions such as science professionals, veterinarians, and other jobs. With position openings at 6,000 sites, the agency had to take significant action. First, more than 100 agency employees were trained to be effective recruiters as an expansion of their regular professional job responsibilities. Next, these "recruiters" annually visited more than 50 universities and colleges to recruit more staff. By using their training, these USDA individuals were able to reduce the time in which jobs were unfilled by more than five days on average.

One occupational group that needed significantly more recruiting was veterinarians. Given a shortage of qualified individuals, the agency took several actions in this area. One was raising the beginning salary level for veterinarians. Also, a hiring incentive was established in the form of $25 \%$ of base pay over four years. As a result, the shortage of veterinarians decreased by $50 \%$ as approximately 100 veterinarians were hired each year.

The recruiting efforts have significantly changed agency operation as well. Some operational actions that have been implemented are more flexible work scheduling, telework usage, and flexible management. These actions have helped make the USDA Food Safety and Inspection Service more appealing to applicants and employees. That this entity received the Optimas award indicates that governmental and publicsector employers, and not just private-sector ones, must continually adapt and improve their recruiting planning and strategies. ${ }^{14}$

Organizations that are seen as desirable employers are better able to attract qualified applicants than are those with poor reputations. For example, one firm had good pay and benefits, but its work demands were seen as excessive, and frequent downsizings had resulted in some terminations and transfers. The result was high turnover and fewer applicants interested in employment at the company. That firm had a poor brand or image as an employer.

Companies can spend considerable effort and money establishing brand images for their products. Not only can the company brand help generate more recruits, but it also can help with applicant self-selection because it affects whether individuals ever consider a firm and submit applications. Recruiting and employer branding should be seen as part of organizational marketing efforts and linked to the overall image and reputation of the organization and its industry. The HR Best Practices illustrates how a federal government agency changed its recruitment culture to improve its image and be more effective in its recruiting efforts.

## Organization-Based versus Outsourced Recruiting

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

Recruitment process outsourcing (RPO) can be done to improve the number and quality of recruiting candidates, as well as to reduce recruiting costs. ${ }^{15}$ Estimates are that RPO is expected to grow significantly in the near future. Both large and small employers in different industries outsource such functions as placement of advertisements, initial screening of résumés, and initial telephone contacts with potential applicants. For example, General Electric (GE) uses RPO to save time and efforts of HR staff, as well as to target its recruiting efforts more effectively. Once the RPO activities are done, the employer's HR staff members can take over the rest of the recruiting activities in a cost-effective and timely manner. ${ }^{16}$

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

One advantage of leasing companies for employees is that they may receive better benefits than they otherwise would get in many of the small businesses that use leasing firms. But all this service comes at a cost to employers. Leasing companies often charge employers between $4 \%$ and $6 \%$ of employees' monthly salaries. Thus, while leasing may save employers money on benefits and $H R$ administration, it also may increase total payroll costs.

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

## Regular versus Flexible Staffing

Another strategic decision affects how much recruiting will be done to fill staffing needs with regular full-time or part-time employees. Decisions as to which should be recruited hinge on whether to seek regular employees or to use more flexible approaches, which might include temporaries or independent contractors. A number of employers have decided that the cost of keeping a regular workforce has become excessive and is growing worse due to economic, competitive, and governmental considerations. However, not just money is at issue. The large number of employment regulations also constrains the employment relationship, making many employers reluctant to hire new regular full-time employees.

Flexible staffing uses workers who are not traditional employees. Using flexible staffing arrangements allows an employer to avoid some of the cost of full-time benefits such as vacation pay and pension plans. Flexible staffing may lead to recruiting in different markets, since it includes the use of temporary workers and independent contractors.

Temporary Workers Employers who use temporary employees can hire their own temporary staff members or contract with agencies supplying
temporary workers on a rate-per-day or rate-per-week basis. Originally developed to provide clerical and office workers to employers, temporary workers in professional, technical, and even managerial jobs are becoming more common. The importance of using temporary workers is illustrated through the use of computer technology by an educational publisher. The publisher utilized an automated employment, recruiting, and screening system to obtain sufficient temporary workers for its firm. That employer obtained sufficient qualified workers which resulted in a return on its hiring investment of $\$ 6$ for every $\$ 1$ of cost. ${ }^{17}$

Some employers hire temporary workers as a way for individuals to move into full-time, regular employment. Better-performing workers may move to regular positions when these positions become available. This "try before you buy" approach is potentially beneficial to both employers and employees. However, if individuals come through temporary service firms, those firms typically bill client companies a placement charge if a temporary worker is hired full-time. Also, employing temporary workers as opposed to full-time workers can have implications in regard to federal laws such as the Family Medical Leave Act, the Fair Labor Standards Act, and others. ${ }^{18}$

Independent Contractors Some firms employ independent contractors as workers who perform specific services on a contract basis. These workers must be truly independent as determined by regulations used by the U.S. Internal Revenue Service and the U.S. Department of Labor. Independent contractors are used in a number of areas, including building maintenance, security, advertising, and others. One major reason for the use of independent contractors is that some employers experience significant savings because benefits are not provided to those individuals.

## LOGGING ON

## Arbita

This consulting firm provides resources on recruiting-related topics, including a collection of articles and white papers. Visit the website at www.arbita.net.

## Recruiting and EEO: Diversity Considerations

Recruiters must consider EEO and diversity factors for several reasons, as Figure 6-4 indicates. The following text highlights each of the diversity consideration dimensions.

FIGURE 6-4
Recruiting and Diversity Considerations


EEO and Recruiting Efforts Recruiting as a key employment-related activity is subject to various considerations, especially equal employment laws and regulations. As part of legal compliance in the recruiting process, organizations must work to reduce external disparate impact, or underrepresentation of protected-class members compared to the labor markets utilized by the employer. If disparate impact exists, then the employer may need to make special efforts to persuade protected-class individuals to apply for jobs. For employers with affirmative action plans (AAPs), special ways to reduce disparate impact can be identified as goals listed in those plans. Also, many employers that emphasize internal recruiting should take actions to obtain protected-class applicants externally if disparate impact exists in the current workforce.

The Equal Employment Opportunity Commission (EEOC) guidelines state that no direct or indirect references implying gender or age are permitted. These guidelines affect interviews, advertisements, and other recruiting activities. Some examples of impermissible terminology are: "young and enthusiastic," "Christian values," and "journeyman lineman." Also, advertisements should contain wording about being an Equal Opportunity Employer (EEO), or even more specific designations such as EEO/M-F/AA/ADA. Employers demonstrate inclusive recruiting by having diverse individuals represented in company materials, in advertisements, and as recruiters.

Recruiting Diversity A broad range of factors applies to recruiting diversity. Many employers have expanded efforts to recruit workers from what, for some, are nontraditional labor pools. Nontraditional diverse recruitees for certain jobs may include:

- Persons with different racial/ethnic backgrounds
- Older workers over 40 years of age
- Single parents
- Workers with disabilities
- Welfare-to-work workers
- Homeless/substance abuse workers

The growth in racial/ethnic workforce diversity means that a wider range of potential employment sources should be utilized. Almost $60 \%$ of surveyed employers review their recruitment practices to ensure that they are inclusive, and almost half provide diversity training to managers involved in hiring. ${ }^{19}$ The population growth in Hispanics in the United States means that specialized recruiting programs to tap Hispanics as applicants may grow in use. For instance, Goodwill Industries, a large nonprofit organization, provides diversity training of staff members and has partnerships with Hispanic community organizations to aid in the recruitment and retention of Hispanic workers. ${ }^{20}$

Older potential workers may include retirees who have become bored (or need money), those who have been involuntarily laid off, or those who are making career changes and want to try a new field. But some employers prefer younger workers as recruites, even though that can create both legal and recruiting supply issues. ${ }^{21}$ Single parents may be attracted to a familyfriendly employer that offers flexibility, including part-time work, because it is frequently difficult to balance job and family life. Some firms also recruit stay-at-home parents by using flexibility and work-at-home technology.

Individuals with disabilities are another group of potential resources. More than 21 million people with disabilities are of working age, but only about 8 million of them are employed. Therefore, it is appropriate that employers
expand their educational, training, and staffing policies and practices to employ more individuals with disabilities. ${ }^{22}$

## Realistic Job Previews

Providing a balanced view of the advantages, demands, expectations, and challenges in an organization or a job may help attract employees with more realistic expectations and reduce the number of employees who quit a few months after being hired because the "reality" they discover does not match what they expected. Thus, recruiting efforts can benefit from realistic job previews, but their usage must be monitored. RJPs will be further discussed in the next chapter as part of the selection process. ${ }^{23}$

## Recruiting Source Choices: Internal versus External

Most employers combine the use of internal and external recruiting sources. Both promoting from within the organization (internal recruitment) and hiring from outside the organization (external recruitment) come with advantages and disadvantages.

Organizations that face rapidly changing competitive environments and conditions may need to place a heavier emphasis on external sources in addition to developing internal sources. A possible strategy might be to promote from within if a qualified applicant exists and to go to external sources if not. However, for organizations existing in environments that change slowly, emphasis on promotion from within may be more suitable. Once the various recruiting policy decisions have been addressed, the actual recruiting methods can be identified and used for both internal and external recruiting.

## INTERNET RECRUITING

The Internet has become the primary means for many employers to search for job candidates and for applicants to look for jobs. The growth in Internet use is a key reason that the following employer actions occur:

- Adjusting general employer recruiting systems to use new approaches
- Identifying new types of recruiting for specific jobs
- Training managers and HR professionals on technical recruiting sources, skills, and responsibilities


## E-Recruiting Means

The growth in the Internet has led both employers and employees to use Internet recruiting tools. Internet links, Web 2.0 sites, blogs, twitters, and other types of Internet/Web-based usages have become viable parts of recruiting. One survey of e-recruiting software providers identified numerous firms as e-recruiting clients, and some of them serve more than 1,000 employers. ${ }^{24}$ Of the many recruiting sites using special software, the most common ones are Internet job boards, professional/career websites, and employer websites.

Internet Job Boards Numerous Internet job boards, such as Monster and Yahoo! HotJobs, provide places for employers to post jobs or search for
candidates. Job boards offer access to numerous candidates. Some Internet locations allow recruiters to search one website, such as MyJobHunter.com, to obtain search links to many other major job sites. Applicants can also use these websites to do one match and then send résumés to all jobs in which they are interested. ${ }^{25}$ However, a number of the individuals accessing these sites are "job lookers" who are not serious about changing jobs, but are checking out compensation levels and job availability in their areas of interest. Despite such concerns, HR recruiters find general job boards useful for generating applicant responses.

Professional/Career Websites Many professional associations have employment sections at their websites. As illustration, for HR jobs, see the Society for Human Resource Management site, www.shrm.org, or WorldatWork, www.worldatwork.org. The SHRM organization has established a Job Posting Center that numerous recruiters and employers can use to post a wide range of industry openings. ${ }^{26}$ A number of private corporations maintain specialized career or industry websites to focus on IT, telecommunications, engineering, medicine, and other areas. Use of these targeted websites may limit somewhat recruiters' search time and efforts. Also, posting jobs on such websites is likely to target applicants specifically interested in the job field and may reduce the number of applications from less-qualified applicants.

Employer Websites Despite the popularity of job boards and association job sites, many employers have learned that their own websites can be most effective and efficient when recruiting candidates. The most successful of these websites are created by highly prominent firms and take extensive actions to guide job seekers to their firm. ${ }^{27}$ Employers include employment and career information on their websites under headings such as "Employment" or "Careers." This is the place where recruiting (both internal and external) is often conducted. On many of these sites, job seekers are encouraged to e-mail résumés or complete online applications.

It is important for the recruiting and employment portions of an employer website to be seen as part of the marketing efforts of the firm. ${ }^{28}$ The formatting of the employment section of an organizational website must be shaped to market jobs and organizational careers effectively. A company website should market the employer by outlining information on the organization, including its products and services, organizational and industry growth potential, and organizational operations. The attractiveness, usability, and formatting of an employer's website can affect job seekers' view of that organization positively or negatively. ${ }^{29}$ See HR On-the-Job for company website recruiting ideas.

## Recruiting and Internet Social Networking

The Internet has led to social networking of individuals on blogs, twitters, and a range of websites. Many people initially use the social media more than job board sites. ${ }^{30}$ Internet connections often include people who work together as well as past personal contacts and friends.

The informal use of the Web presents some interesting recruiting advantages and disadvantages for both employers and employees. Social networking sites allow job seekers to connect with employees of potential hirers. For instance, some sites include posts on what it is like to work for a boss, and job hunters can contact the posters and ask questions. An example is LinkedIn, which has a job-search engine that allows people to search for contacts who work for employers with posted job openings.

## Effective Recruiting Using an Employer Website

Employers who are effective recruiters through their company websites have sites that enhance the image of their companies and their jobs. Important guidelines to creating an effective website include:

- Make the site easy to navigate. The "Employment" or "Careers" button should be on the home page. Job information should be no more than three clicks away.
- Include information that people want. Describe the company, its products and services, careers in the organization, and advantages of working for the firm.
- Use qualifying categories (location, job function, skills, education, etc.) to help candidates find the jobs for which they are eligible. Use of such categories saves time, especially for companies who are large employers.


## (HR)on-the-job

- Use self-assessment checklists to ask candidates about experience and interests and to direct them to the jobs that fit them the best.
- Make it easy to apply for a job by providing the means to build a résumé on the site or to paste in an existing résumé. Online applications also should be provided.
- Design the site to provide recruiters with an additional way to post jobs, search for résumés and applications, and screen applicants. Otherwise, it is difficult to manage a busy website.
- Collect metrics on the site. To determine its effectiveness, gather information about the site, such as the number of visitors, hits from ads, actual hires, and other details.

Firms and employers are now engaging in social collaboration by joining and accessing social technology networks such as MySpace, Facebook, and many others. Posting job openings on these sites means that millions of website users can see the openings and can make contact online. Often those doing recruiting can send individuals to the company website and then process candidates using electronic résumés or completed online applications. ${ }^{31}$

Job Applicants and Social Network Sites Many individuals see social media and networking websites as a key part of online recruiting. A study of 200 users of one such website indicated that the individuals who were job seeking were doing so for active reasons such as career opportunities, job inquiries, and others; relatively few of them were passive job seekers who were just looking at website information. ${ }^{32}$

Almost half of surveyed employers indicated that instead of using general job boards, they were changing to social networking and niche job sites for recruiting workers with specific skills. However, employers who use social networking sites for recruiting must have plans and well-defined recruiting tools to take full advantage of these sites. ${ }^{33}$

## Recruiting Using Special Technology Means

For a number of years, the Internet has been used by people globally. Several special Internet tools that can be used as part of recruiting efforts are blogs, e-videos, and twitters.

Blogs and Recruiting Both employers and individuals have used blogs as part of recruiting to fill jobs. Firms such as Best Buy, Microsoft, Honeywell, and Manpower have used blogs on which individuals could read and provide content. For instance, describing job openings and recruiting needs on the Best Buy blog has resulted in individuals responding to job areas such as finance, marketing, HR, and other specialties. Numerous other employers have used blogs to generate recruiting results as well. ${ }^{34}$

E-Video and Recruiting With video capabilities of all types available, employers are using videos in several ways. Some firms use videos to describe their company characteristics, job opportunities, and recruiting means. Suppliers such as Monstor.com, CareerTV, and others have worked with employer clients to produce online recruitment videos. ${ }^{35}$

Some of the online videos contain "employment games" for both current and potential employees that focus on creating positive employment images. People who are interested in working for the company can then follow up by using online job application documentation and information. For example, MITRE, a systems engineering firm, developed a "Job of Honor" video game that drew more than 5,000 hits in one year; more than 600 people in the United States and from 25 other countries became registered players in the game. Participation levels like this have led employers to increase job-related recruiting and follow-up activities using Web-based linkages. ${ }^{36}$

Recruiting through Twitter Twitter can be used for many different purposes, including personal, social, legal, and employment-related messages. More than 7 million people have joined Twitter.com to become "tweeters." One professional sent a tweet in January 2009, and by June of that year more than 20,000 people had responded by contacting JobAngels with tweets. ${ }^{37}$

The Twitter system limits messages to 140 specific characters, but even so tweeting has rapidly become a social network recruiting method. Recruiters send tweet messages to both active and passive job candidates, and then follow up with longer e-mails to computers, personal contacts, and other actions to facilitate recruiting. Since Twitter is such a relatively new service, how exactly it will be best used for recruiting is still evolving. ${ }^{38}$

## Legal Issues in Internet Recruiting

With Internet recruiting expanding, new and different concerns have arisen. Several of these issues have ethical and moral as well as legal implications. The following examples illustrate some of these concerns:

- When companies use screening software to avoid looking at the thousands of résumés they receive, are rejections really based on the qualifications needed for the job?
- How can a person's protected-category and other information be collected and analyzed for reports?
- Are too many individuals in protected categories being excluded from the later phases of the Internet recruiting process?
- Which applicants really want jobs? If someone has accessed a job board and sent an e-mail asking an employer about a job opening, does the person actually want to be an applicant?
- What are the implications of Internet recruiting in terms of confidentiality and privacy?
Loss of privacy is a potential disadvantage with Internet recruiting. Sharing information gleaned from people who apply to job boards or even company websites has become common. As a company receives résumés from applicants, it is required to track those applicants and report to the federal government. But the personal information that can be seen by employers on websites such as MySpace, Facebook, LinkedIn, and others may be inappropriate and can possibly violate legal provisions. Also, blogging creates enough possible legal concerns that regulations may be implemented by the U.S. Federal Trade Commission (FTC). ${ }^{39}$

Employment lawyers are issuing warnings to employers about remarks and other characteristics posted on LinkedIn, Facebook, and Twitter. According to one survey of employers, about three-fourths of hiring managers in various-sized companies checked persons' credentials on LinkedIn, about half used Facebook, and approximately one-fourth used Twitter. ${ }^{40}$ Some of the concerns raised have included postings of confidential details about an employee's termination, racial/ethnic background, or gender and the making of discriminatory comments. All of these actions could lead to wrongful termination or discrimination lawsuits. Thus, because Internet usage has both advantages and disadvantages for recruiting, legal advice should be obtained, and HR employment-related policies, training, and enforcement should include such advice.

## Advantages of Internet Recruiting

Employers have found a number of advantages to using Internet recruiting. A primary one is that many employers have saved money using Internet recruiting versus other recruiting methods such as newspaper advertising, employment agencies, and search firms, all of which can cost substantially more.

Another major advantage is that a very large pool of applicants can be generated using Internet recruiting. Individuals may view an employer more positively and obtain more useful information, which can result in more individual applications. ${ }^{41}$ In fact, a large number of candidates may see any given job listing, although exposure depends on which Internet sources are used. One side benefit of Internet recruiting is that jobs literally are posted globally, so potential applicants in other geographic areas and countries can view job openings posted on the Internet. It also improves the ability to target specific audiences, including more diverse persons, through the use of categories, information, and other variables. ${ }^{42}$

Internet recruiting also can save time. Applicants can respond quickly to job postings by sending electronic responses, rather than using "snail mail." Recruiters can respond more rapidly to qualified candidates in order to obtain more necessary applicant information, request additional candidate details, and establish times for further communication, including interviews. ${ }^{43}$

A good website and useful Internet resources also can help recruiters reach "passive" job seekers-those who have a good job and are not really looking to change jobs but who might consider it if a better opportunity were presented. These individuals often do not list themselves on job boards, but they might visit a company website for other reasons and check out the careers or employment section. A well-designed corporate website can help stimulate interest in some passive job seekers, as well as other potential candidates.

## Disadvantages of Internet Recruiting

The positive things associated with Internet recruiting come with a number of disadvantages. Because of broader exposure, Internet recruiting often creates additional work for HR staff members and others internally. More online job postings must be sent; many more résumés must be reviewed; more e-mails, blogs, and twitters need to be dealt with; and expensive specialized software may be needed to track the increased number of applicants resulting from Internet recruiting efforts.

Another issue with Internet recruiting is that some applicants may have limited Internet access, especially individuals from lower socioeconomic groups and from certain racial/ethnic groups. In addition, many individuals who access Internet recruiting sources are browsers who may submit résumés just to see what happens, but they are not actively looking for new jobs.

Internet recruiting is only one approach to recruiting, but its use has been expanding. Information about how Internet recruiting methods compare with other, more traditional approaches is relevant. Also, how well the Internet recruiting resources perform must be compared to the effectiveness and integration of other external and internal recruiting sources.

## EXTERNAL RECRUITING SOURCES

Even when the overall unemployment rate increases, numerous jobs and/or employers still face recruiting challenges. External recruiting is part of effective HR staffing. Regardless of the methods used, external recruiting involves some common advantages and disadvantages, which are highlighted in Figure 6-5. Some of the prominent traditional and evolving recruiting methods are highlighted next.

## Media Sources

Media sources such as newspapers, magazines, television, radio, and billboards typically have been widely used in external recruiting. Some firms have sent

direct mail using purchased lists of individuals in certain fields or industries. Internet usage has led to media sources being available online, including postings, ads, videos, webinars, and many other expanding media services. In some cities and towns, newspaper ads are still very prominent, though they may trigger job searchers to go to an Internet source for more details.

Recruiting differs depending on company and location; for instance, filling jobs at community banks in rural areas might involve different types of recruiting from filling jobs in larger banks in urban areas. ${ }^{44}$ Whatever medium is used, it should be tied to the relevant labor market and should provide sufficient information on the company and the job. Thus, one major key is to make the wording of job ads readable and understandable, rather than using extensive abbreviations and omitting appealing details. ${ }^{45}$ Figure 6-6 shows the kinds of information a good recruiting ad contains.

Evaluating Media Ads HR recruiters should measure the responses that different media generate in order to evaluate the effectiveness of various sources. The easiest way to track responses to ads is to use different contact names, e-mail addresses, or phone number codes in each ad, so the employer can identify which advertisement has prompted each applicant response that is received.

Although the total number of responses to each ad should be tracked, judging the success of an ad only by this number is a mistake. For example, it is better to have 10 responses with two qualified applicants than 30 responses with only one qualified applicant. Therefore, after individuals are hired, follow-up should be done to see which sources produced the employees who stay longer and perform better.

## figure 6-6 What to Include in an Effective Recruiting Ad

## Information on the Job and on the Application Process

- Job title and responsibilities
- Geographic/flexible location of job
- Starting pay range
- Acceptance of online applications
- Where/how to submit application or résumé details
- Closing date of application


## Desired Candidate Qualifications

- Years of experience
- Three to five key characteristics of successful candidates
- Special useful work capabilities

Information on the Organization

- Organizational values and culture
- An EEO employer
- Primary business capabilities
- Unique characteristics and recognition


## Competitive Recruiting Sources

Other sources for recruiting include professional and trade associations, trade publications, and competitors. Many professional societies and trade associations publish newsletters or magazines and have websites containing job ads. Such sources may be useful for recruiting the specialized professionals needed in an industry.

Some employers have extended recruiting to customers. Retailers such as Wal-Mart and Best Buy have aggressive programs to recruit customers to become employees in stores. While in the store, customers at these firms can pick up applications, apply online using kiosks, and even schedule interviews with managers or HR staff members. Other firms have included employment announcements when sending out customer bills or newsletters.

## Employment Agencies

Employment agencies, both public and private, are a recruiting source. Every state in the United States has its own state-sponsored employment agency. These agencies operate branch offices in cities throughout the states and do not charge fees to applicants or employers. They also have websites that potential applicants can use without having to go to the offices.

Private employment agencies operate in most cities. For a fee collected from either the employee or the employer, these agencies do some preliminary screening and put employers in touch with applicants. Private employment agencies differ considerably in the levels of service, costs, policies, and types of applicants they provide. One specific type of private agency, the outplacement firm, is highlighted in the HR Perspective.
"Headhunters" The size of the fees and the aggressiveness with which some firms pursue candidates for executive and other openings have led to such firms being called headhunters. These employment agencies focus their efforts on executive, managerial, and professional positions. The

## LOGGING ON

## Job Agencies.com

For information about employment agencies, including a directory of worldwide agencies spanning many employment industries, visit www.jobagencies.com.
executive search firms are split into two groups: (1) contingency firms that charge a fee only after a candidate has been hired by a client company, and (2) retainer firms that charge a client a set fee whether or not the contracted search is successful. Most of the larger firms work on a retainer basis. However, search firms are generally ethically bound not to approach employees of client companies in their search for job candidates for another employer. ${ }^{46}$

## Labor Unions

Labor unions may be a useful source of certain types of workers. For example, in electrical and construction industries, unions traditionally have supplied workers to employers. A labor pool is generally available through a union, and workers can be dispatched from the hiring hall to particular jobs to meet the needs of employers.

In some instances, labor unions can control or influence recruiting and staffing activity. An organization with a strong union may have less flexibility than a nonunion company in deciding who will be hired and where those people will be placed. Unions can benefit employers through apprenticeship and cooperative staffing programs, as they do in the building and printing industries.

## Outplacement Firms as Recruiting Sources

Outplacement firms typically aid individuals who have lost jobs with obtaining reemployment. As mentioned in earlier chapters, jobs can be lost because specific employees are removed from their jobs, because broad organizational downsizing or departmentreorganization occurs, or because people leave their jobs. Causes for eliminating specific persons or for people leaving jobs can include work factors, managerial conflicts, and various personal or work-life reasons.

The outplacement firms offer individuals a number of services, such as career counseling, résumé preparations and revisions, website sourcing, training on interview skills, and other useful job-related activities. By providing this assistance, these firms help individuals improve their job-hunting capabilities. One beneficial service of many outplacement firms

## (1) terstoective

is helping job seekers develop and utilize personal networks, composed of past and present professional industry persons, business contacts from previous jobs, and other people.

A major asset of large outplacement firms such as Right Management and Keystone Partners is that they have contacts with a wide range of employers. They can contact potential employers and ask them to meet with outplaced individuals. These firms also utilize networking contacts with the employers with whom they have worked in the past.

In summary, outplacement firms provide a "recruiting bank" for both job-searching individual clients and employers needing new recruits. Because such firms serve both groups, they are another recruiting source that is widely used. ${ }^{47}$

## Job Fairs and Creative Recruiting

Employers in various labor markets needing to fill a large number of jobs quickly have used job fairs and special recruiting events. Job fairs have been held by economic development entities, employer and HR associations, and other community groups to help bring employers and potential job candidates together. For instance, the SHRM chapter in a midwestern metropolitan area annually sponsors a job fair at which 75 to 100 employers can meet applicants. Publicity in the city draws several hundred potential recruits for different types of jobs. However, two cautionary notes are in order: (1) Some employers at job fairs may see attendees who are currently their employees "shopping" for jobs with other employers; and (2) "general" job fairs are likely to attract many people, including attendees who are not only unemployed but also unemployable. Industry- or skill-specific events usually offer more satisfactory candidates. Such job fairs also can attract employed candidates who are casually looking around but may not put their résumés on the Internet.
"Virtual" job fairs with Web-based links have been used by the federal government and others. "Drive-through" job fairs at shopping malls have been used by employers in a number of communities. At one such event, interested persons could drive up to a tent outside the mall, pick up applications from a "menu board" of employers, and then park and interview in the tent with recruiters if time allowed. Such creative recruiting methods sometimes can be used to generate a pool of qualified applicants so that jobs can be filled in a timely manner.

## Educational Institutions and Recruiting

College and university students are a significant source of entry-level professional and technical employees. Most universities maintain career placement offices in which employers and applicants can meet. A number of considerations affect an employer's selection of colleges and universities at which to conduct interviews, as Figure 6-7 indicates.

Because college/university recruiting can be expensive and require significant time and effort, employers need to determine whether both current and future jobs require persons with college degrees in specific fields. Despite the economic changes in industries and among employers, a majority of employers who were surveyed still plan to have more than half of their hires be college graduates. ${ }^{48}$

A number of factors determine success in college recruiting. Some employers actively build continuing relationships with individual faculty members and career staff at designated colleges and universities. Maintaining a presence on campus by providing guest speakers to classes and student groups increases the contacts for an employer. Employers with a continuing presence and support on a campus are more likely to see positive college recruiting results.

Desirable Capabilities of College Recruits For many employers, a moderately high grade point average (GPA) is a criterion for considering candidates for jobs during on-campus interviews. Recruiters may use GPA benchmarks to initially screen applicants in college recruiting decisions. Considerations beyond grades include the graduates' leadership potential, interpersonal communication skills, and professional motivation factors. ${ }^{49}$ Employers also

## figure 6-7 College Recruiting: Considerations for Employers



## Internships as Part of College Recruiting

Many employers utilize internships as a basis for recruiting college students and graduates. Companies using internships believe they achieve better retention through the use of internships and cooperative programs. Well-planned internships have the potential to benefit both the individual student interns and the employers. ${ }^{50} \mathrm{~A}$ student gets an opportunity to see if an employer and its culture fit, and the employer gets the equivalent of several months worth of "interview experiences" instead of the short traditional one. The following basic guidelines for the employer can help improve the odds that internships will be rewarding:

- Decide what the company needs in terms of specific jobs and projects, rather than just providing general internships.

- If interns are paid, provide relatively realistic competitive wages, as that will help attract talented individuals.
- Treat the interns like new employees by giving them appropriate work spaces, tools, Internet access, and other resources.
- Effectively manage the interns, including training, mentoring, and performance feedback.

The growth in IT resources has led to some "virtual internships. ${ }^{\prime 51}$ In these arrangements, interns can access an employer's website, do project work, and interact with managers and others via e-mail, text-messages, and other means. Still, having some personal contact is likely to be useful for establishing the employer and intern images and relationships, which can lead to successful job offers for some interns.
are more likely to hire college candidates with related experience. That is one reason why internships are very important to employers, candidates, and college/university efforts, as the HR On-the-Job indicates.

School Recruiting High schools and vocational/technical schools may be valuable sources of new employees for some organizations. Many schools have a centralized guidance or placement office. Participating in career days and giving company tours to school groups are ways of maintaining good contact with school sources. Cooperative programs, in which students work part-time and receive some school credits, also may be useful in generating qualified future applicants for full-time positions.

Employers recognize that they may need to begin attracting students with capabilities while those students are in high school. For example, GE, IBM, and other corporations fund programs to encourage students with science and math skills to participate in engineering internships during summers. Some employers specifically target talented members of racial/ethnic groups in high schools and provide them with career encouragement, summer internships, and mentoring programs as part of aiding workforce diversity efforts.

## INTERNAL RECRUITING METHODS

Filling openings internally may add motivation for employees to stay and grow in the organization rather than pursuing career opportunities elsewhere. The most common internal recruiting methods include: organizational databases, job postings, promotions and transfers, current-employee

## FIGURE 6-8 Advantages and Disadvantages of Internal Recruiting

| ADVANTAGES | DISADVANTAGES |
| :---: | :---: |
| - The morale of a promotee is usually high. <br> - The firm can better assess a candidate's abilities due to prior work actions. <br> - Recruiting costs are lower for some jobs. <br> - The process is a motivator for good performances by employees. <br> - The process can aid succession planning, future promotions, and career development. <br> - The firm may have to hire only at the entry level and then move employees up based on experience and performance. | - "Inbreeding" of employees may result in a less diverse workforce, as well as a lack of new ideas. <br> - Those persons not promoted may experience morale problems. <br> - Employees may engage in "political" infighting for promotions. <br> - A development program often is needed to transfer employees into supervisory and management jobs. <br> - Some managers may resist having employees promoted into their departments. |

referrals, and rerecruiting of former employees and applicants. Some of the common advantages and disadvantages of internal recruiting are highlighted in Figure 6-8.

## Internal Recruiting Databases and Internet-Related Sources

HR information technology systems allow HR staff to maintain background and knowledge, skills, and abilities (KSA) information on existing employees. As openings arise, HR can access databases by entering job requirements and then get a listing of current employees meeting those requirements. Employment software can sort employee data by occupational fields, education, areas of career interests, previous work histories, and other variables. For instance, if a firm has an opening for someone with an MBA and marketing experience, the key words MBA and marketing can be entered in a search field, and the program displays a list of all current employees with these two items identified in their employee profiles.

The advantage of such databases is that they can be linked to other HR activities. Opportunities for career development and advancement are a major reason why individuals stay at or leave their employers. With employee databases, internal opportunities for individuals can be identified. Employee profiles are continually updated to include such items as additional training and education completed, special projects handled, and career plans and desires noted during performance appraisals and career mentoring discussions.

## Job Posting

The major means for recruiting current employees for other jobs within the organization is job posting, a system in which the employer provides notices of job openings and employees respond by applying for specific openings. Without some sort of job posting system, it is difficult for many employees to find out what jobs are open elsewhere in the organization. In many unionized organizations, job posting and bidding can be quite formal because the procedures are often spelled out in labor agreements. Seniority lists may be used by organizations that make promotions based strictly on seniority.

Regardless of the means used, the purpose of the job posting system is to provide employees with more opportunities to move within the organization. When establishing and managing a job posting system, a number of questions must be addressed:

- What happens if no qualified candidates respond to postings?
- Must employees inform their supervisors that they are applying for another job?
- Are there restrictions on how long an employee must stay in a job before applying for another internal one?
- What types of or levels of jobs will not be posted?

Internet/Web-Based Job Posting While many employers historically have had some kind of job posting system in place for internal jobs, a number of companies are using proactive efforts to get employees to apply through Webbased systems. Kenexa, Oracle, Softscape, LinkedIn, ResumePal, Facebook, and JobFox are just some of the vendors that provide internal recruiting website job posting. The complexity of using such job posting methods varies according to the employer and the technology capabilities and systems available. ${ }^{52}$ Employees can log onto a company intranet and create personal profiles, including career objectives, education, skill sets, and pay expectations. They also may attach a résumé. When a job opens, the placement program automatically mines the database for matches. Candidates then are notified by e-mail and go through the regular hiring cycle.

Effective Job Posting For job posting efforts to be effective, especially with better-performing employees, posting wording must be relevant and accurate. Also, the posting should be based on the important characteristics of talented employees. Those people may be most likely to respond because of the organizational reputation, coworkers and bosses, and the possibility of more important and interesting work. ${ }^{53}$

Jobs generally are posted before any external recruiting is done. The organization must allow a reasonable period of time for present employees to check notices of available jobs before it considers external applicants. Employees whose bids are turned down should discuss with their supervisors or someone in the HR area what knowledge, skills, and abilities are needed in order to improve their opportunities in the future.

Job posting System in which the employer provides notices of job openings and employees respond by applying for specific openings.

Promotions and Transfers Many organizations choose to fill vacancies through promotions or transfers from within whenever possible. Firms such as Verizon Communications, Dow Chemical, Microsoft, and IBM have established systems to encourage employees to learn about current and future career needs and opportunities. Some advantages of these programs are reducing

## Enhancing Opportunities for Internal Promotion

Recruiting tools can help identify prospective candidates internally. It has been noted that "if you are not recruiting your own employees, someone else will." This is another way of saying that if employees have no internal opportunities for advancement, the best performers will look outside the company.

By taking an electronic look within the company for candidates to promote, firms may not only save money, but also enhance the prospects for retention of current employees. Employers are using HR technology systems to identify employee capabilities for entering management positions from within the company. Some firms have implemented electronic systems for internal

## perspective

recruiting. The advantage of this Web-based approach can be seen in statistics that show that in one year, a significant number of positions were filled internally, much higher than previously.

When a job opens, Internet programs automatically look in the company database for qualified applicants, and those persons can be notified by e-mail or personal contact. Those individuals can then participate in the firm's hiring process by registering their profiles easily and quickly. Other internal approaches took more time, and fewer people participated. Thus, these technological changes have helped with employee recruiting for promotions and reduced employers' time and costs. ${ }^{54}$
employee turnover, enhancing individuals' skills and talent, and improving productivity. ${ }^{55}$ The HR Perspective highlights some of the opportunities of these programs.

Although often successful, internal transfer and promotion of employees within the company may have some drawbacks. For instance, a person's performance on one job may not be a good predictor of performance on another, because different skills may be required on the new job. Also, as employees transfer or are promoted to other jobs, individuals must be recruited to fill the vacated jobs. Planning on how to fill those openings should occur before the job transfers or promotions, not afterward.

## Employee-Focused Recruiting

One reliable source of potential recruits is suggestions from current or former employees. Because current and former employees are familiar with the employer, most of them will not refer individuals who are likely to be unqualified or who will make them look bad for giving the referral. Also, follow-up with former employers is likely to be done only with persons who were solid employees previously.

Current-Employee Referrals A reliable source of people to fill vacancies is composed of acquaintances, friends, and family members of current employees. The current employees can acquaint potential applicants with the advantages of a job with the company, furnish e-mails and other means of introduction, and encourage candidates to apply. Word-of-mouth referrals and discussions can positively aid organizational attractiveness and lead to more application decisions by those referred. ${ }^{56}$ However, using only word-of-mouth or current-employee referrals can violate equal employment regulations if protected-class individuals are underrepresented in the current organizational
workforce. Therefore, some external recruiting might be necessary to avoid legal problems in this area.

Utilizing this source is usually one of the most effective methods of recruiting because many qualified people can be reached at a relatively low cost. Some firms indicate that more than $60 \%$ of new hires are due to employee referrals. ${ }^{57}$ In an organization with numerous employees, this approach can develop quite a large pool of potential employees. As an example, Integris Health Institute in Oklahoma used a referral program to hire more than 500 medical technicians and nurses in relatively difficult-to-fill jobs. One key component of this program was a referral incentive, whereby the individuals giving the referrals received up to $\$ 1,000$ per difficult-to-fill job. ${ }^{58}$

Employers in many geographic areas and occupational fields have established employee referral incentive programs similar to that at Integris Health Institute. Mid-sized and larger employers are more likely to use employee referral bonuses. Some referral programs provide different bonus amounts for hard-to-fill jobs compared with common openings; in these situations, appropriate legal concerns should be met. ${ }^{59}$

Rerecruiting of Former Employees and Applicants Former employees and applicants represent another source for recruitment. Both groups offer a time-saving advantage because something is already known about them. Seeking them out as candidates is known as rerecruiting because they were successfully recruited previously. Former employees are considered an internal source in the sense that they have ties to the employer; sometimes they are called "boomerangers" because they left and came back.

Individuals who have left for other jobs sometimes are willing to return because the other jobs and employers turned out to be less attractive than initially thought. For example, at Qualcomm, a California-based telecommunications firm, about $70 \%$ of former Qualcomm individuals who left voluntarily indicated that they would return if requested. ${ }^{60}$ The discussion on follow-up of exit interviews in the previous chapter illustrated that rerecruiting can be a key recruiting contribution.

To enhance such efforts, some firms have established "alumni reunions" to keep in contact with individuals who have left, and also to allow the companies to rerecruit individuals as appropriate openings arise. Key issues in the decision to rerecruit someone include the reasons why the individual left originally and whether the individual's performance and capabilities were good.

Another potential source consists of former applicants. Although they are not entirely an internal source, information about them can be found in the organizational files or an applicant database. Recontacting those who have previously applied for jobs can be a quick and inexpensive way to fill unexpected openings. For instance, one firm that needed two cost accountants immediately contacted qualified previous applicants and was able to hire two persons who were disenchanted with their current jobs at other companies.

## RECRUITING EVALUATION AND METRICS

To determine how effective various recruiting sources and methods have been, it is important to evaluate recruiting efforts. But in a survey, a majority of HR executives identified that their firms were not getting sufficient metrics on the quality of hires and how well the new hires fit into the organizations. ${ }^{61}$

The primary way to find out whether recruiting efforts are financially effective is to conduct formal analyses as part of recruiting evaluation. An evaluation done by a consulting firm found that higher shareholder value occured when using time of successful recruiting as a metric. If recruiting was completed within two weeks, the study noted that the total return to shareholders was about $60 \%$, compared to about $10 \%$ for companies that needed more than seven weeks to fill job openings. Also, greater use of employee referrals produced a much higher return to shareholders than use of other recruiting means. ${ }^{62}$

Various areas can be measured when evaluating recruiting. Figure 6-9 indicates key recruiting measurement areas in which employers frequently conduct evaluations.

## Evaluating Recruiting Quantity and Quality

To evaluate recruiting, organizations can see how their recruiting efforts compare with past patterns and with the recruiting performance of other organizations. Measures of recruiting effectiveness can be used to see whether sufficient numbers of targeted population groups are being attracted.

For example, one area of concern in recruiting might be protected category persons. In Chicago, a network-based recruiting firm received only 16 black and 4 Hispanic applicants out of 276 persons for a customer service job. Yet Chicago has $37 \%$ blacks and $26 \%$ Hispanics in its population. Clearly, the efforts to increase recruiting in these racial/ethnic groups needed major attention. ${ }^{63}$

Information about job performance, absenteeism, cost of training, and turnover by recruiting source also helps adjust future recruiting efforts. For example, some companies find that recruiting at certain colleges or universities furnishes stable, high performers, whereas recruiting at other schools provides employees who are more prone to leave the organization. General metrics for evaluating recruiting include quantity and quality of applicants.

## FIGURE 6-9 Recruiting Measurement Areas



Quantity of Applicants Because the goal of a good recruiting program is to generate a large pool of applicants from which to choose, quantity is a natural place to begin evaluation. The basic measure here considers whether the quantity of recruits is sufficient to fill job vacancies. A related question is: Does recruiting at this source provide enough qualified applicants with an appropriate mix of protected-class individuals?

Quality of Applicants In addition to quantity, a key issue is whether or not the qualifications of the applicant pool are sufficient to fill the job openings. Do the applicants meet job specifications, and do they perform the jobs well after hire? What is the failure rate for new hires for each recruiter? Measures that can be used include items such as performance appraisal scores, months until promotion, production quantity, and sales volume for each hire.

## Evaluating Recruiting Satisfaction

The satisfaction of two groups is useful in evaluating recruiting. Certainly the views of managers with openings to fill are important, because they are "customers" in a very real sense. But the applicants (those hired and those not hired) also are an important part of the process and can provide useful input.

Managers can respond to questions about the quality of the applicant pool, the recruiter's service, the timeliness of the process, and any problems that they see. Applicants might provide input on how they were treated, their perceptions of the company, and the length of the recruiting process and other aspects.

## Evaluating the Time Required to Fill Openings

Looking at the length of time it takes to fill openings is a common means of evaluating recruiting efforts. ${ }^{64}$ If openings are not filled quickly with qualified candidates, the work and productivity of the organization are likely to suffer. If it takes 45 days to fill empty positions, managers who need those employees will be unhappy. Also, as noted earlier, unfilled positions cost money.

Generally, it is useful to calculate the average amount of time it takes from contact to hire for each source of applicants, because some sources may produce recruits faster than others. For example, one firm calculated the following averages for nonexempt, warehouse and manufacturing jobs:

## Source

| Internet applicants | 32 days |
| :--- | :--- |
| Employment agencies | 25 days |
| Walk-in candidates | 17 days |
| Employee referrals | 12 days |

These data revealed that, at least for this firm, the Internet methods and use of employment agencies took significantly longer to fill the openings than did relying on other means. Matching the use of sources to the time available showed that employee referrals resulted in faster recruiting results for that particular group of jobs. However, different results might occur when filling executive jobs or highly skilled network technician jobs. Overall, analyses need to be made both organization-wide and by different types of jobs.

## Evaluating the Cost of Recruiting

Different formulas can be used to evaluate recruiting costs. The calculation most often used to measure such costs is to divide total recruiting expenses for the year by the number of hires for the year:

$$
\frac{\text { Recruiting expenses }}{\text { Number of recruits hired }}
$$

The problem with this approach is accurately identifying what details should be included in the recruiting expenses. Should expenses for testing, background checks, relocations, or signing bonuses be included, or are they more properly excluded?

Once those questions are answered, the costs can be allocated to various sources to determine how much each hire from each source costs. It is logical that employers should evaluate the cost of recruiting as a primary metric. Recruiting costs might include costs for employment agencies, advertising, internal sources, external means, and others. ${ }^{65}$ The costs also can be sorted by type of job-costs for hiring managers, secretaries, bookkeepers, and sales personnel will all be different.

Certainly, cost is an issue, and some employers are quite concerned about cost per hire, but quality might be the trade-off. For example, if an organizational HR strategy focuses on quality as a competitive advantage, a company might choose to hire only from the top $15 \%$ of candidates for critical jobs.

## General Recruiting Process Metrics

Because recruiting activities are important, the costs and benefits associated with them should be analyzed. A cost-benefit analysis of recruiting efforts may include both direct costs (advertising, recruiters' salaries, travel, agency fees, etc.) and indirect costs (involvement of operating managers, public relations, image, etc.). Cost-benefit information on each recruiting source can be calculated. Comparing the length of time that applicants hired from each source stay in the organization with the cost of hiring from that source also offers a useful perspective.

Yield Ratios One means for evaluating recruiting efforts is yield ratios, which compare the number of applicants at one stage of the recruiting process with the number at another stage. The result is a tool for approximating the necessary size of the initial applicant pool. It is useful to visualize yield ratios as a pyramid in which the employer starts with a broad base of applicants that progressively narrows. As Figure 6-10 depicts, to end up with five hires for the job in question, a sample company must begin with 100 applicants in the pool, as long as yield ratios remain as shown.

A different approach to using yield ratios suggests that over the length of time, organizations can develop ranges for crucial ratios. When a given indicator ratio falls outside that range, it may indicate problems in the recruiting process. As an example, in college recruiting the following ratios might be useful:

Yield ratio Comparison of the number of applicants at one stage of the recruiting process with the number at the next stage.
$\frac{\text { College seniors given second interviews }}{\text { Total number of seniors interviewed }}=$ Range of $30 \%-50 \%$
$\frac{\text { Number who accept offer }}{\text { Number invited to the company to visit }}=$ Range of $50 \%-70 \%$


Selection rate Percentage hired from a given group of candidates.

Acceptance rate Percent of applicants hired divided by total number of applicants offered jobs.
$\frac{\text { Number hired }}{\text { Number offered a job }}=$ Range of $70 \%-80 \%$
$\frac{\text { Number finally hired }}{\text { Total number interviewed on campus }}=$ Range of $10 \%-20 \%$

Selection Rate Another useful calculation is the selection rate, which is the percentage hired from a given group of candidates. It equals the number hired divided by the number of applicants; for example, a rate of $30 \%$ indicates that 3 out of 10 applicants were hired. The selection rate is also affected by the validity of the selection process. A relatively unsophisticated selection program might pick 8 out of 10 applicants for the job. Four of those might turn out to be good employees. A more valid selection process might pick 5 out of 10 applicants but all perform well. Selection rate measures not just recruiting but selection issues as well. So do acceptance rate and success base rate.

Acceptance Rate Calculating the acceptance rate helps identify how successful the organization is at hiring candidates. The acceptance rate is the percent of applicants hired divided by the total number of applicants offered jobs. After the company goes through all the effort to screen, interview, and make job offers, hopefully most candidates accept job offers. If they do not,
then HR might want to look at reasons why managers and HR staff cannot "close the deal." It is common for HR staff members to track the reasons candidates turn down job offers. That analysis helps explain the rejection rate in order to learn how competitive the employer is compared with other employers and what factors are causing candidates to choose employment elsewhere.

Success Base Rate A longer-term measure of recruiting effectiveness is the success rate of applicants. The success base rate can be determined by comparing the number of past applicants who have become successful employees against the number of applicants they competed against for their jobs, using historical data within the organization. Also, the success base rate can be compared with the success rates of other employers in the area or industry using benchmarking data. This rate indicates whether the quality of the employees hired results in employees who perform well and have low turnover. For example, assume that if 10 people were hired at random, it might be expected that 4 of them would be satisfactorily performing employees. Thus, a successful recruiting program should be aimed at attracting the 4 in 10 who are capable of doing well on this particular job.

Realistically, no recruiting program will attract only the people who will succeed in a particular job. However, efforts to make the recruiting program attract the largest proportion possible of those in the base rate group can make recruiting efforts more productive in both the short and long term.

## Increasing Recruiting Effectiveness

Evaluation of recruiting should be used to make recruiting activities more effective. Some common activities that are reviewed during evaluation are:

- Résumé mining-a software approach to getting the best résumés for a fit from a big database
- Applicant tracking-an approach that takes an applicant all the way from a job listing to performance appraisal results
- Employer career website-a convenient recruiting place on an employer's website where applicants can see what jobs are available and apply
- Internal mobility-a system that tracks prospects in the company and matches them with jobs as they come open
- Realistic job previews-a process that persons can use to get details on the employer and the jobs
- Responsive recruitment-whereby applicants receive timely responses

Recruiting effectiveness can be increased by using the evaluation data to target different applicant pools, tap broader labor markets, change recruiting methods, improve internal handling and interviewing of applicants, and train recruiters and managers.

Another key way to increase recruiting effectiveness rests with the recruiters themselves. Those involved in the recruiting process can either turn off recruits or create excitement. For instance, recruiters who emphasize positive aspects about the jobs and their employers can enhance recruiting effectiveness. Thus, it is important that recruiters communicate well with applicants and treat them fairly and professionally. Effective recruiting is a crucial factor for HR management, as it leads to selecting individuals for employment who will enhance organizational success.

- Recruiting is the process of generating a pool of qualified applicants for organizational jobs through a series of activities.
- Recruiting must be viewed strategically as tied to HR planning, and discussions should be held about the relevant labor markets in which to recruit.
- The components of labor markets are labor force population, applicant population, and the applicant pool.
- Labor markets can be categorized by geographic area, industry, occupation, qualifications, and other characteristics.
- Employers must make decisions about organization-based versus outsourced recruiting, regular versus flexible staffing, and other aspects of recruiting.
- Efforts should be made to recruit a diverse workforce, including older workers, individuals with disabilities, women, and members of racial/ ethnic groups.
- Internet recruiting has grown in use through job boards, various websites, social networking, and special technology methods.
- While Internet recruiting may be able to save costs and time, it also can generate more
unqualified applicants and may not reach certain groups of potential applicants.
- The decision to use internal or external recruiting sources should consider both the advantages and disadvantages of each source.
- The most common external recruiting sources are media sources, competitive sources, labor unions, employment agencies, job fairs and special events, and educational institutions.
- The most common methods of internal recruiting include organizational databases, job postings, promotions and transfers, current-employee referrals, and rerecruiting of former employees and applicants.
- Recruiting efforts should be evaluated as part of utilizing HR measurement to assess the effectiveness of the methods and approaches.
- Recruiting evaluation using recruiting metrics typically includes evaluating recruiting quantity and quality, tracking the time to fill openings, examining the costs and benefits of various recruiting sources, and determining recruiting satisfaction.


## CRITICALTHINKINGACTIVITIES

1. What labor markets should be considered when recruiting to fill an opening for a sales representative for a pharmaceutical manufacturer?
2. Discuss ways a regional bank could use the Internet effectively to recruit loan officer professionals.
3. Describe how a local firm might be able to utilize college/university interns to generate
future applicants for jobs planned within the next one to two years.
4. Assume you are going to look for a current job of interest to you. Utilize broad websites such as www.Job.com, Yahoo! HotJobs, Monster, Taleo, and others to learn about job possibilities for yourself.

## HR EXPERIENTIAL PROBLEM SOLVING

Your small marketing company of about 50 workers has traditionally recruited employees using newspaper print advertisements. Due to diminished recruiting efforts from your ads, the company is interested in using more Internet and social media recruiting. The company President has requested that you, as HR Manager, prepare an overview
of how Internet recruiting efforts will be different from the traditional methods used by the company. You will need to make a case for why the company should transition to Internet recruiting and identify the benefits for doing so. To prepare an overview, review the resources found at http://www.recruitersnetwork.com/

1. What will your company need to do differently to actively use Internet recruiting as you compete with other employers for qualified applicants?
2. As you recruit marketing professionals, identify the niche websites that you recommend be used for your Internet postings and the reasons for your recommendations.

## C A S E

## Recruiting at Kia

As economic conditions became more demanding for some employers, other firms continued to recruit people for jobs. One firm, Kia Motors America, added a large number of jobs at one of its newer facilities. As a subsidiary of a South Korean corporation, Kia Motors America added tons of equipment at its West Point, Georgia, plant, so that ultimately about 300,000 vehicles would be produced annually.

As the firm sought recruits to fill its Georgia plant workforce, more than 40,000 individuals applied for the jobs, the bulk of which were production and maintenance positions. However, the need for people in a variety of other occupations, including air-conditioning service people, cafeteria workers, and medical staff, added to the depth and scope of Kia's recruiting. A limited time frame for applications was set by Kia as part of its recruitment planning.

In the recruiting process, a variety of regional and area sources were contacted as part of the Kia broad publicity and inclusive efforts in the area. Randy Jackson, HR Director, spent a month visiting colleges and churches, appearing on radio and television shows, and using other means to market Kia's recruiting and employment efforts. All of these activities were done to inform applicants about the numerous jobs at Kia and the monthlong time frame for application.

To make its recruiting system effective in screening the large number of applicants, Kia established an online-only application process on a special website. As part of its recruiting efforts, Kia and a Georgia Department of Labor agency worked together. One of the agency activities was to make computers available at a local technical college, libraries, and other locations for those
persons without home-based Internet. Having the online system allowed Kia's HR staff to move quickly to identify those applicants who matched available jobs. The use of this system by HR recruiters and managers doing the hiring made the selection process more efficient.

To aid in the selection of employees, recruiting software was used to sort applicants into electronic "buckets," divided by work experiences and education. Then an eight-step process was established to let applicants obtain a realistic job preview of working at Kia. These recruiting actions resulted in the hiring of more than 500 new employees within six months. During the rest of the year, an additional 1,200 workers were hired, primarily for the second shift, and more were hired later.

Although smaller employers might not use such an extensive recruiting process, the Kia process illustrates the kinds of recruiting planning, activities, Internet linkages, and other means that can be used by both large and small employers doing recruiting. The long-term success of Kia's efforts to staff its Georgia operation demonstrates ways in which HR can use both time- and costeffective recruiting to hire qualified individuals. ${ }^{66}$

## QUESTIONS

1. Describe how employing a large number of new workers requires strategic recruiting planning and operational efforts, and discuss what aspects might be different in smaller firms.
2. Discuss how utilizing the Internet, like Kia did and other employers do, is changing how recruiting efforts are occurring for a variety of jobs in employers of different sizes.

## S UPPLEMENTALCASES

## Northwest State College

This case shows how recruiting policies can work against successful recruiting when a tight labor market exists. (For the case, go to www.cengage .com/management/mathis.)

## Enterprise Recruiting

This case highlights how a large car rental firm uses a range of recruiting approaches successfully. (For the case, go to www.cengage.com/ management/mathis.)

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