



## CHAPTER 8

# Recruiting in Labor Markets

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

- Specify the strategic decisions that must be made regarding recruiting.
- Compare internal and external sources of candidates.
- Discuss why more employers are using flexible staffing for recruiting.
- Outline a typical recruiting process and identify legal considerations affecting recruiting.
- Identify three internal sources for recruiting.
- List and briefly discuss five external recruiting sources.
- Discuss three factors to consider when evaluating recruiting efforts.

## HR TRANSITIONS

# Innovative Recruiting in Tight Labor Markets

When the unemployment rate is high, recruiting people to work is easy—simply let it be known that jobs are available. But when the unemployment rate is very low and few people are looking for jobs, recruiting becomes much more challenging. In the past few years for many employers, challenging recruiting has become the rule rather than the exception. An examination of some of the recruiting techniques used by employers shows both creativity and desperation facing tight labor markets.

Merit Electric in Largo, Florida, took its pitch for electricians to the *junior high schools*. The owner says, “We are not expecting a decision from an eighth grader, but we want to expose them to the profession.”

Additionally, in many areas other employers have formed “partnerships” with high schools that include internships, mentoring, and jobs for those graduates who do not wish to go on to college.

In Dubuque, Iowa, when employment hit a low of 3.9%, the city launched a *come-home campaign* during the holidays, hoping parents would convince their adult children visiting from out of state to come back and work in Iowa. Other labor-hungry Iowa communities have added similar programs and have advertised at high school reunions and in college alumni publications. Trying to attract labor rather than businesses is unusual for a state, but it has become common in Iowa, Nebraska, and a number of other states facing low unemployment levels.

Employers in other states also have turned to “*risky*” hires that they would normally not consider. For example, Produce Packaging in Cleveland has

hired parolees from Ohio prisons, many of whom had been convicted of violent crimes. For this recruiting source, many of the 1.7 million prisoners in U.S. prisons are released to halfway houses or work-release programs from which they can be hired. Additionally, welfare recipients with little or no job experience are hired, as well as former drug addicts. In fact, one firm—Microboard Processing in Seymour, Connecticut—sets aside 10% of its hires for “high risk” candidates. They do not all work out, because a significant number of them fail to meet production or attendance standards and are terminated. But with a variety of educational and train-

ing programs provided by Microboard, others do succeed.

Employers trying to recruit employees in the especially difficult areas of information technology and computer/software engineering go to great lengths to “*steal*” employees from each other. One firm sent a secretary to obtain a competitor’s in-house phone book, which could be used to contact employees. In Dallas, National Semiconductor put a billboard right outside the headquarters of its competitor, Texas Instruments. The sign said, “Why did the engineer cross the road? . . . to get a better job.” It included National’s toll-free phone number.

Other information technology (IT) firms have paid *signing bonuses* to

sophomore and junior computer science majors—and promised \$60,000 jobs with no college degree. To some 19-year-olds, such offers have proved tempting—but like would-be sports stars, some individuals ultimately have found that they needed to go back and get college degrees for long-term career growth.

In another type of creative recruiting, some firms have opened employment centers in *shopping malls*, and others have stationed remodeled motor homes—all set up for interviews, testing, and hiring—in parking lots at the malls. These centers sport big signs: “Want a job? Apply here!”

Other innovative approaches

*In the past few years for many employers, challenging recruiting has become the rule rather than the exception.*

include advertising over the loudspeaker at San Francisco 49ers games, using a plane towing an advertising banner over beach areas, setting up recruiting tables at minor league baseball games, advertising on the back of grocery receipts, advertising for “moonlighters” (those who want a *second* job), and busing people to work so they do not have to drive.

These are only a few of the ways employers have pursued employees when faced with tight labor markets. But like everything connected to the business cycle, if and when the unemployment rates increase, some employers will be able to return to the traditional approach of advertising in the newspapers to attract candidates for most open jobs.<sup>1</sup>

“Ability will never catch up with the demand for it.”  
MALCOLM FORBES

Staffing is the process of matching appropriate people with appropriate jobs. From the viewpoint of organizations, staffing entails using HR planning information to determine the correct numbers and kinds of candidates, locating them, and then selecting those who are most likely to be satisfactory employees. From the standpoint of job applicants, the staffing process affects how they see jobs and organizations, and the likelihood that they will be matched with jobs that are rewarding for them. The organizational perspective is the primary focal point in this chapter and the next.

### Recruiting

The process of generating a pool of qualified applicants for organizational jobs.

Staffing consists of two parts: recruiting and selection. This chapter examines recruiting, and the next examines selection. **Recruiting** is the process of generating a pool of qualified applicants for organizational jobs. If the number of available candidates only equals the number of people to be hired, there is no real selection—the choice has already been made. The organization must either leave some openings unfilled or take all the candidates.

Many employers currently are facing shortages of workers with the appropriate knowledge, skills, and abilities (KSAs) in tight labor markets, as the chapter opener indicates. However, because business cycles go up *and* down, the demand for labor changes and the number of people looking for work changes. Because the labor market is the environment in which staffing takes place, learning some basics about labor markets aids understanding of recruiting.

## Labor Markets

### Labor markets

The external sources from which organizations attract employees.

There actually is not one, but several **labor markets** that are the external sources from which employers attract employees. These markets occur because different conditions characterize different geographical areas, industries, occupations, and professions at any given time. For example, the demand for over-the-road truck drivers is very strong at this writing (a tight labor market). Yet with downsizing and mergers in the banking industry, there is a surplus of middle-level banking managers (a loose market).

There are many ways to identify labor markets, including by geographical area, type of skill, and educational level. Some labor market segments might include managerial, clerical, professional and technical, and blue collar. Classified differently, some markets are local, others regional, others national; and there are international labor markets as well. For instance, an interesting labor market segment opened up with the demise of the Soviet Union. A number of excellent Soviet scientists became available due to the absence of job opportunities in their own countries. Several research organizations, including Sun Microsystems, have recruited them for jobs. Many of these recruits have continued to live in their home countries and are linked electronically to their employers in the United States.

Recruiting locally for a job market that is really national likely will result in disappointing applicant rates. For example, attempting to recruit a senior accounting faculty member in a small town is not likely to be successful. Conversely, it may not be necessary to recruit nationally for workers in unskilled

positions on the assembly line. The job qualifications needed and the distribution of the labor supply determine which labor markets are relevant.

Changes in a labor market may force changes in recruiting efforts. If a new major employer locates in a regional labor market, then other employers may see a decline in their numbers of applicants. For instance, when three riverboat casinos, employing a total of 3,000 workers, opened in Council Bluffs, Iowa, many employers in the area noticed a dramatic decrease in the number of applicants for job openings outside of the casino industry. Also, some employers, particularly smaller manufacturing firms, had to raise their wages to prevent turnover of existing workers. Similar occurrences have followed the opening of large automobile manufacturing plants in South Carolina, Tennessee, Kentucky, and Alabama.

To understand the components of labor markets in which recruiting takes place, three different concepts must be considered. Those three groups are *labor force population*, *applicant population*, and *applicant pool*.

The **labor force population** includes all individuals who are available for selection if all possible recruitment strategies are used. This vast array of possible applicants may be reached in very different ways. Different recruiting methods—for example, newspaper ads versus college recruiting—will reach different segments of the labor force population.

The **applicant population** is a subset of the labor force population that is available for selection using a particular recruiting approach. For example, an organization might limit its recruiting for management trainees to MBA graduates from major universities. This recruiting method will result in a very different group of applicants from those who would have applied had the employer chosen to advertise openings for management trainees on a local radio station.

At least four recruiting decisions affect the nature of the applicant population:

- *Recruiting method*: advertising medium chosen and considering use of employment agencies
- *Recruiting message*: what is said about the job and how it is said
- *Applicant qualifications required*: education level and amount of experience necessary
- *Administrative procedures*: time of year recruiting is done, the follow-ups with applicants, and use of previous applicant files

The **applicant pool** consists of all persons who are actually evaluated for selection. Many factors can affect the size of the applicant pool. For example, the organization mentioned previously is likely to interview only a small percentage of the MBA graduates at major universities, because not all graduates will want to be interviewed. The applicant pool at this step will depend on the reputation of the organization and industry as a place to work, the screening efforts of the organization, and the information available to the applicant population. Assuming a suitable candidate can be found, the final selection is made from the applicant pool.

The supply and demand of workers in the labor force population has a substantial impact on the staffing strategies of organizations. Internal labor markets also influence recruiting because many employers choose to promote from within whenever possible, but hire externally for entry-level jobs. A discussion of these and other strategic decisions to be made in recruiting follows.

### **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.

**BNA: 415.30****Recruiting Strategy**

Use the checklist for developing a firm's recruitment strategy and discuss it with an HR manager or other manager at your current employer.

## Planning and Strategic Decisions About Recruiting

The decisions that are made about recruiting help dictate not only the kinds and numbers of applicants, but also how difficult or successful recruiting efforts may be. Figure 8–1 shows an overview of these recruiting decisions.

Recruiting strategy entails identifying where to recruit, who to recruit, and what the job requirements will be. One key consideration is deciding about internal vs. external searches that must be made.

### Internal vs. External Recruiting

Advantages and disadvantages are associated with promoting from within the organization (internal recruitment) and hiring from outside the organization (external recruitment) to fill openings. Promotion from within generally is thought to be a positive force in rewarding good work, and some organizations use it well indeed. However, if followed exclusively, it has the major disadvantage of perpetuating old ways of operating. In addition, there are equal employment concerns with using internal recruiting if protected-class members are not already represented adequately in the organization.

**FIGURE 8–1** *Recruiting Decisions*



**FIGURE 8–2** *Advantages and Disadvantages of Internal and External Sources*

Recruiting Source	Advantages	Disadvantages
<b>Internal</b>	<ul style="list-style-type: none"> <li>● Morale of promotee</li> <li>● Better assessment of abilities</li> <li>● Lower cost for some jobs</li> <li>● Motivator for good performance</li> <li>● Causes a succession of promotions</li> <li>● Have to hire only at entry level</li> </ul>	<ul style="list-style-type: none"> <li>● Inbreeding</li> <li>● Possible morale problems of those not promoted</li> <li>● “Political” infighting for promotions</li> <li>● Need for management-development program</li> </ul>
<b>External</b>	<ul style="list-style-type: none"> <li>● New “blood” brings new perspectives</li> <li>● Cheaper and faster than training professionals</li> <li>● No group of political supporters in organization already</li> <li>● May bring new industry insights</li> </ul>	<ul style="list-style-type: none"> <li>● May not select someone who will “fit” the job or organization</li> <li>● May cause morale problems for internal candidates not selected</li> <li>● Longer “adjustment” or orientation time</li> </ul>

Recruiting externally can infuse the organization with new ideas. Also, it may be cheaper to recruit professionals such as accountants or computer programmers from outside than to develop less-skilled people within the organization. But recruiting from outside the organization for any but entry-level positions presents the problem of adjustment time for the new employees. Another drawback to external recruiting is the negative impact on current employees that often results from selecting an outsider instead of promoting a current employee. Figure 8–2 shows some of the major advantages and disadvantages of internal and external recruiting.

Most organizations combine the use of internal and external methods. Organizations that operate in a rapidly changing environment and competitive conditions may need to place a heavier emphasis on external sources in addition to developing internal sources. However, for those organizations existing in environments that change slowly, promotion from within may be more suitable.

Employers may choose to look globally for some external candidates. However, such external recruiting requires interaction with the federal government to obtain temporary (3-year) H-1B work visas for foreign workers. The employer must attest that the visa will not displace U.S. workers. This approach is most often used for workers in very short supply in the United States.<sup>2</sup>

### Flexible Staffing as Recruiting

Decisions as to who should be recruited hinge on whether to seek traditional full-time employees or use more “flexible” approaches, which might include temporaries, independent contractors, or professional employer organizations (PEOs) and “leased” employees.

A number of employers feel that the cost of keeping a full-time regular workforce has become excessive and is getting worse because of increasing government-mandated costs. But it is not just the money that is at issue. It is also the



#### LOGGING ON . . .

##### First Place Recruiting

This website provides additional web links that assist both employers and job candidates with the recruiting process.

<http://www.infogoal.com/fpr/fprink.htm>

**Flexible staffing**

Use of recruiting sources and workers who are not employees.

number of governmental regulations that define the employment relationship, making many employers reluctant to hire new employees. Using flexible staffing arrangements allows an employer not only to avoid some of the cost of full-time benefits such as vacation pay and pension plans, but also to recruit in a somewhat different market. **Flexible staffing** makes use of recruiting sources and workers who are not traditional employees. These arrangements use temporary workers, independent contractors, and employee leasing.

**TEMPORARY WORKERS** Employers who use temporary employees can hire their own temporary staff or use agencies supplying temporary workers. Such firms supply workers on a rate-per-day or per-week basis. Originally developed to provide clerical and office workers to employers, agencies now provide workers in many other areas. Organizations that use temporary workers do not usually provide employee benefits, thus lowering their overall labor costs. But even if they do offer some benefits, employers may see advantages in using temporary workers.

The use of temporary workers may make sense for an organization if its work is subject to seasonal or other fluctuations. Hiring regular employees to meet peak employment needs would require that the employer find some tasks to keep employees busy during less active periods or resort to layoffs.<sup>3</sup>

Some employers hire temporary workers as a way for individuals to move into full-time, regular employment. After 90 days or some other period as a “temp,” better-performing workers may move to regular positions when they become available.

Temporary opportunities also are opening up for professional and executive-level jobs, such as chefs, accountants, lawyers, systems analysts, nurses, and managers.<sup>4</sup> Downsizing has taken layers of management out of many firms, and companies may be hesitant to begin adding them back for projects that are temporary. Also, the same downsizing has made available “temporary executives” with experience that would not have been available in years past. Additionally, some of these individuals may have taken early retirement but want to continue working part-time.

Temporary workers can and often do accept regular staff positions after working as temps in firms. This “try before you buy” approach is potentially beneficial both to employers and employees. However, most temporary service firms bill client companies a placement charge if a temporary worker is hired full-time within a certain time period—usually 90 days.

**Independent contractors**

Workers who perform specific services on a contract basis.

**INDEPENDENT CONTRACTORS** Some firms employ **independent contractors** to perform specific services on a contract basis. However, those contractors must be independent as determined by a 20-item test used by the U.S. Internal Revenue Service and the U.S. Department of Labor, which is discussed in greater detail in Chapter 13. Independent contractors are used in a number of areas, including building maintenance, security, and advertising/public relations. Estimates are that employers can save up to 40% by using independent contractors because benefits do not have to be provided.

**PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOS) AND EMPLOYEE LEASING** Employee leasing is a concept that has grown rapidly in recent years. The National Association of Professional Employer Organizations estimates that over 1.6 million individuals are employed by more than 2,200 employee leasing firms.<sup>5</sup> The employee leasing process is simple: An employer signs an agreement with an em-

ployee leasing company, after which the existing staff is hired by the leasing firm and leased back to the company. For a fee, a small business owner or operator turns his or her staff over to the leasing company, which then writes the paychecks, pays the taxes, prepares and implements HR policies, and keeps all the required records.

All this service comes at a cost. Leasing companies often charge between 4% and 6% of employees' monthly salaries. Thus, while leasing may save employers money on benefits and HR administration, it can also increase total payroll costs. In addition, employers may encounter some legal problems. For instance, leased workers are employees of the leasing company, but they may sue the client firm for work-related injuries if there has been negligence by the client because these injuries are not covered by workers' compensation.<sup>6</sup> One advantage for employees of leasing companies is that they may receive better benefits than they otherwise would get in many small businesses.

## Reconsider the Job Requirements

In larger organizations, recruiting often begins when a manager notifies someone in the HR unit that an opening needs to be filled. Submitting a *requisition* to the HR unit, much like submitting a supply requisition to the purchasing department, is a common way to trigger recruiting efforts. The HR representative and the manager must review the *job description* and *job specifications* so that both have clear, up-to-date information on the job duties and specific qualifications desired of an applicant. Sometimes the HR rep and the manager may decide that those qualifications need to be altered. For example, deciding whether a job is for a computer programmer or a systems analyst would significantly affect the content of a recruiting advertisement and the screening of applicants.

The job can sometimes be changed specifically in order to alter the recruiting situation. A decision might be made to improve characteristics of vacant positions by raising salaries, increasing benefits, or redesigning the job for a different level of applicant. For example, in high-tech and accounting work, many workers say they prefer working on "projects" to the full-time processing of ongoing work. Perhaps redesigning current jobs would attract more people to the unique advantages of that work. Alternatively, perhaps the job can be changed to take into account the nature or qualifications of available applicants. Ford Motor Company indicated that its recruiters consider 100 applicants to hire 7 employees. Two-thirds of the applicants fail a test in which they are asked to add fractions. Maybe adding fractions would not be necessary if the job were redesigned, or perhaps it could be taught. Similarly, Harley-Davidson screened 9,000 applicants to hire 200 workers in Kansas City.<sup>7</sup> In some cases a better approach may be hiring people with the *aptitude to learn* and teaching them what they need to know rather than hiring those who already have the KSAs needed to perform jobs immediately.<sup>8</sup>

## Retention

Finally, it may be that jobs can be changed to reduce turnover and increase retention of employees, which means less need for recruiting and fewer empty jobs. Nearly two-thirds of HR executives surveyed said they believed their companies needed to change their retention strategies.<sup>9</sup> As the HR Perspective explains, compensation is commonly used to improve retention, along with better opportunities for promotion and transfer, recognition, training, and benefits.



### LOGGING ON . . .

#### TRW—Development and Retention Programs

An example of retention programs offered by this company can be found at this site, which also emphasizes recruiting and retaining a diverse workforce.

<http://www.trw.com/diversity/retention.html>



## HR PERSPECTIVE

## The 100 Best Companies to Work for in America

*Fortune* magazine has surveyed over 20,000 employees in 238 companies and devised a list of the 100 best companies to work for in America. More interestingly, the survey also identifies the reasons *why* employees find these companies to be good employers, and in so doing, identifies what it takes to improve retention.

Some companies that downsized only a few years ago have been rehiring as they realize they cut out too much staff, which has damaged their ability to compete for employees. Formal retention programs, which might include cash bonuses for longevity, are better than nothing; but a culture that makes people *want to stay* is more effective.

Why do employees who have many opportunities at other places

want to stay? Answers vary: cutting-edge technology, exciting work, a chance to change careers in the same company, possibilities for overseas assignments, promotion from within, flexible work schedules, and terrific benefits. No one mentioned money in the survey—these firms pay well—but people seem to need another reason to go to work. Once people reach a certain level of material comfort, they are most interested in what they do at their jobs all day.

Two themes seem to dominate the employee comments: fun and flexibility. Seventy-four percent said a workplace that “promotes fun and closer work relationships with colleagues” is one where they would like to stay. At the best companies

flexibility is given freely, with no need for begging. Flexibility is balanced—for family, work, and life. Retention is easier at companies such as these, and recruiting is not difficult, because the reputations of these organizations are well known.

Among the best companies, according to *Fortune*, are:

- Southwest Airlines (Dallas, TX)
- Kingston Technology (Fountain Valley, CA)
- SAS Institute (Cary, NC)
- MBNA Wilmington, DE)
- W.L. Gore (Newark, DE)
- Microsoft (Redmond, WA)
- Merck (Whitehouse Station, NJ)
- Hewlett-Packard (Palo Alto, CO)<sup>10</sup>

## Decisions on Recruiting Sources/Methods

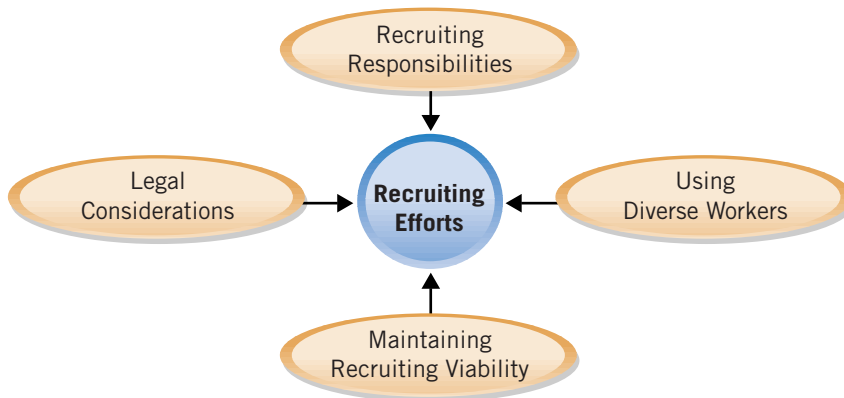
Before a firm actually proceeds to recruit a pool of applicants, several other decisions should be made. These decisions help determine the exact nature of the recruiting effort (Figure 8–3).

### Recruiting and Legal Considerations

Recruiting as a key employment-related activity is subject to various legal considerations. The wide range of equal employment laws and regulations was discussed in preceding chapters, but it is useful to highlight their impact on recruiting activities here.

**DISPARATE IMPACT AND AFFIRMATIVE ACTION** One facet of legal compliance of the recruiting process is to ensure that external disparate impact is not occurring. Remember that disparate impact occurs when there is underrepresentation of protected-class members in relation to the labor markets utilized by the employer.

To determine if disparate impact is occurring, it is necessary for applicant flow information to be maintained in line with the processes discussed in Chapter 6. If disparate impact exists, then the employer may need to make special efforts to persuade protected-class individuals to apply for jobs. For instance, one major Midwestern insurance company sends announcements of job openings to over

**FIGURE 8-3** *Decisions Affecting Recruiting*

40 different agencies and organizations that specifically service various protected-class members. For employers with affirmative action plans (AAPs), special ways to reduce disparate impact will be identified as goals listed in those plans.

Some employers that emphasize internal recruiting should take actions to obtain protected-class applicants externally if disparate impact exists in the current workforce. Even using current employees as referral sources can create legal concerns. When the organization has an underrepresentation of a particular protected class, word-of-mouth referral has been considered a violation of Title VII of the Civil Rights Act. An organization composed primarily of nonprotected-class individuals presumably would refer more of the same for consideration as employees.

**EMPLOYMENT ADVERTISING** Employers covered by equal employment regulations must take care when preparing the wording for employment advertisements. The Equal Employment Opportunity Commission has issued guidelines stating that no direct or indirect references that have gender or age connotations are permitted. Some examples of likely impermissible terminology include the following: *young and enthusiastic*, *recent college graduate*, and *journeyman lineman*.

Additionally, employment advertisements should indicate that the employer has a policy of complying with equal employment regulations. Typically, advertisements should contain a general phrase, such as *Equal Opportunity Employer*, or more specific designations, such as *EEO/M-F/AA/ADA*.

## Recruiting Diverse Workers

The growing difficulty that many employers have had in attracting and retaining workers has led them to tap a wide variety of sources. Specifically difficult has been recruiting protected-class individuals under equal employment laws and regulations. If outside agencies are used, equal employment and affirmative action concerns of the actual employers still must be met. What is interesting, though, is that even if the legal stipulations were not present, employers who recruit workers with diverse backgrounds have found these recruits to be valuable employees. Three specific groups that have been attracted into the workforce effectively by some employers are individuals over 55 years of age, persons with disabilities, and persons who are members of racial/ethnic minorities.

**RECRUITING OLDER WORKERS** Demographic data reveals that the percentage of the population over the age of 55 continues to increase each year due to increasing life expectancies. When discussing the recruitment of older workers, the first task is to identify which individuals are included in this group. Senior experienced individuals may include the following:

- *Midlife career changers:* those who are burned out in their jobs and career fields and leave voluntarily to try new fields
- *Displaced workers under age 62:* those who have worked but have been displaced, often involuntarily, through job reductions or plant closings
- *Retirees:* those who took early retirement buyouts or retired at age 62 or later

Here are some concerns expressed by older workers:

- Am I employable if I'm older or lack some education or skills?
- Can I be re-trained, and will employers be patient while I learn new knowledge and skills?
- Are working schedules flexible enough given other life demands?
- How will my Social Security benefits be affected if I earn money working full-time or part-time?

Except for the last question, the reality is that most workers of any age would have similar concerns. Therefore, it is important that older workers not be viewed by their age alone. Rather, they should be viewed as experienced workers who may need some training, much as other workers would. In fact, older individuals often already have good skills and work habits.<sup>11</sup>

**RECRUITING INDIVIDUALS WITH DISABILITIES** Another group of individuals providing a potential pool of recruits for jobs are the over 40 million individuals with disabilities covered by the Americans with Disabilities Act (ADA). Many of them are in the workforce, but others have not been able to find employment, particularly those with severe or multiple disabilities. Yet some 79% of those people surveyed said they want to work despite their disabilities, and 71% of employees in another survey said they would be comfortable working with a person who is disabled.<sup>12</sup>

Two keys to successfully recruiting and utilizing people with disabilities are well-designed jobs and working with associations representing these people. Jobs must be such that accommodation can be made for people with disability. Not every disability lends itself to every job, even with accommodation. However, in many cases changes in job duties, work stations, and equipment might result in a job that a person with a disability can do—and very well. Associations of people with various disabilities can sometimes refer people whose disability will fit with a particular job. Such groups can also often make recommendations for accommodation. Individuals with disabilities have generally been found to be reliable and productive employees when properly placed in the right job.<sup>13</sup>

**RECRUITING MEMBERS OF RACIAL/ETHNIC MINORITIES** Employers that do business with federal and state governments must have affirmative action plans (AAPs), as discussed in Chapter 6. Consequently, those employers face pressures to increase the number of women employees and employees in racial/ethnic minorities. These pressures often are stronger for managerial, professional, and technical jobs than for unskilled, clerical, and blue-collar jobs.

Employers that are successful in diversifying their workforce use recruiting sources that target the appropriate types of applicants. For example, a firm that

needs to ensure hiring of minority engineers may use special minority-oriented publications or recruit at colleges with large numbers of minority students. Other means of recruiting have included participating in job fairs sponsored by certain racial/ethnic organizations, establishing a minority internship program, and using current minority employees to recruit others of similar backgrounds.

## Maintaining Recruiting Visibility

Recruiting efforts may be viewed as either continuous or intensive. *Continuous* efforts to recruit have the advantage of keeping the employer in the recruiting market. For example, with college recruiting, it appears to be advantageous for some organizations to have a recruiter on a given campus each year. Those employers that visit a campus only occasionally are less likely to build a following in that school over time.<sup>14</sup>

*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. Such efforts may be the result of failure in the HR planning system to identify needs in advance or to recognize drastic changes in workforce needs due to unexpected workloads.

For many people, the only contact they will have with an organization occurs when they apply for a job there. Of course, the probability is that a given individual will not get the job. If 50 people apply for a job and one is hired, 49 were *not* hired and are potentially unhappy. It is at this point that recruiting can do real damage to the perceptions people have of that organization. In addition to the impressions candidates have of the organization, recruiter friendliness and other variables affect decisions of job seekers.

## Organizational Recruiting Responsibilities

In small organizations, the recruiting process is simplified. For many positions, an advertisement in the local paper may be enough to tap into the local labor market. In very small organizations, the owner/manager often places the ad, determines the recruiting criteria, and makes the decision. However, for some specialist jobs, a regional or national search may be undertaken. Figure 8–4 shows a typical distribution of recruiting responsibilities between the HR department and managers in larger organizations.

**FIGURE 8–4** *Typical Recruiting Responsibilities*

HR Unit	Managers
<ul style="list-style-type: none"> <li>● Forecasts recruiting needs</li> <li>● Prepares copy for recruiting ads and campaigns</li> <li>● Plans and conducts recruiting efforts</li> <li>● Audits and evaluates all recruiting activities</li> </ul>	<ul style="list-style-type: none"> <li>● Anticipate needs for employees to fill vacancies</li> <li>● Determine KSAs needed from applicants</li> <li>● Assist in recruiting effort with information about job requirements</li> <li>● Review recruiting efforts activities</li> </ul>

## Internal Recruiting

Pursuing internal recruiting with the advantages mentioned earlier means focusing on current employees and others with previous contact with an employing organization. Friends of present employees, former employees, and previous applicants may be sources. Promotions, demotions, and transfers also can provide additional people for an organizational unit, if not for the entire organization.

Among the ways in which internal recruiting sources have an advantage over external sources is that they allow management to observe the candidate for promotion (or transfer) over a period of time and to evaluate that person's potential and specific job performance. Further, an organization that promotes its own employees to fill job openings may give those employees added motivation to do a good job. Employees may see little reason to do more than just what the current job requires if management's policy is usually to hire externally. This concern is indeed the main reason why an organization generally considers internal sources of qualified applicants first.

### Job Posting and Bidding

The major means for recruiting employees for other jobs within the organization is a *job posting* system. **Job posting and bidding** is a system in which the employer provides notices of job openings and employees respond by applying for specific openings. The organization can notify employees of all job vacancies by posting notices, circulating publications, or in some other way inviting employees to apply for jobs. In a unionized organization, job posting and bidding can be quite formal; the procedure often is spelled out in the labor agreement. Seniority lists may be used by organizations that make promotions based strictly on seniority, so candidates are considered for promotions in the order of seniority.

Answers to many potential questions must be anticipated: What happens if there are no qualified candidates on the payroll to fill new openings? Is it necessary for employees to inform their supervisors that they are bidding for another job? How much notice should an employee be required to give before transferring to a new department? When should job notices not be posted?

A job posting system gives each employee an opportunity to move to a better job within the organization. Without some sort of job posting and bidding, it is difficult to find out what jobs are open elsewhere in the organization. The most common method employers use to notify current employees of openings is to post notices on bulletin boards in locations such as employee lounges, cafeterias, and near elevators. Computer software is now available to handle posting and bidding on PCs and intranets.<sup>15</sup>

Job posting and bidding systems can be ineffective if handled improperly. 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. When employees' bids are turned down, they should have discussions with their supervisors or someone in the HR area regarding the knowledge, skills, and abilities (KSAs) they need in order to improve their opportunities in the future.

#### Job posting and bidding

A system in which the employer provides notices of job openings within the organization and employees respond by applying for specific openings.



**BNA 1023.10–  
1023.20**

#### Job Postings, Promotions, and Transfers

Many employers use job postings as a way to identify candidates interested in changing jobs within the organization. Review the issues associated with job postings, promotions, and transfers. See also job posting issues at 415.20.10.50.

## Promotion and Transfer

Many organizations choose to fill vacancies through promotions or transfers from within whenever possible. Although most often successful, promotions from within have some drawbacks as well.<sup>16</sup> The 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. For example, not every good worker makes a good supervisor. In most supervisory jobs, an ability to accomplish the work through others requires skills in influencing and dealing with people that may not have been a factor in nonsupervisory jobs.

It is clear that people in organizations with fewer levels may have less frequent chances for promotion. Also, in most organizations, promotions may not be an effective way to speed the movement of protected-class individuals up through the organization if that is an organizational concern.

## Current Employee Referrals

A reliable source of people to fill vacancies is composed of friends and/or family members of current employees. Employees can acquaint potential applicants with the advantages of a job with the company, furnish letters of introduction, and encourage them to apply. These are external applicants recruited using an internal information source.

Utilizing this source is usually one of the most effective methods of recruiting because many qualified people can be reached at a low cost. In an organization with numerous employees, this approach can develop quite a large pool of potential employees. Some research studies have found that new workers recruited through current employee referral had longer tenure with organizations than those from other recruiting sources.<sup>17</sup>

Some employers pay employees incentives for referring individuals with specialized skills that are difficult to recruit through normal means. One computer firm in the Midwest pays \$3,000 to any employee referring a specialized systems analyst after an analyst has worked in the company for six months.<sup>18</sup>

However, as pointed out earlier in the chapter, using only word-of-mouth referrals can violate equal employment regulations if protected-class individuals are underrepresented in the organizational workforce. Therefore, some external recruiting might be necessary to avoid legal problems in this area.

## Recruiting Former Employees and Applicants

Former employees and former applicants are also good internal sources for recruitment. In both cases, there is a time-saving advantage, because something is already known about the potential employee.

**FORMER EMPLOYEES** Former employees are considered an internal source in the sense that they have ties to the company. Some retired employees may be willing to come back to work on a part-time basis or may recommend someone who would be interested in working for the company. Sometimes people who have left the company to raise a family or complete a college education are willing to come back to work after accomplishing those personal goals. Individuals who left for other jobs might be willing to return for a higher rate of pay. Job sharing and

flextime programs may be useful in luring back retirees or others who previously worked for the organization. The main advantage in hiring former employees is that their performance is known.<sup>19</sup>

Some managers are not willing to take back a former employee. However, these managers may change their attitudes toward high-performing former employees as the employment market becomes more competitive. In any case, the decision should depend on the reasons the employee left in the first place. If there were problems with the supervisor or company, it is unlikely that matters have improved in the employee's absence. Concerns that employers have in re-hiring former employees include vindictiveness or fear of morale problems among those who stayed.

**FORMER APPLICANTS AND PREVIOUS “WALK-INS”** Another potential source of applicants can be found in the organizational files. Although not entirely an internal source, those who have previously applied for jobs can be recontacted by mail, a quick and inexpensive way to fill an unexpected opening.

Applicants who have just “walked in” and applied may be considered also. These previous walk-ins are likely to be more suitable for filling unskilled and semiskilled jobs, but some professional openings can be filled by turning to such applications. One firm that needed two cost accountants immediately contacted qualified previous applicants and was able to hire two individuals who were disenchanted with their current jobs at other companies.

### Internal Recruiting Database

Computerized internal talent banks, or applicant tracking systems, are used to furnish a listing of the KSAs available for organizations. Employers that must deal with a large number of applicants and job openings have found it beneficial to use such software as part of a human resource information system (HRIS).

Software of this type allows employers to enter resumes and then sort the resumes by occupational fields, skills, areas of interests, and previous work histories. 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 resumes containing these two items.

The advantage of these computerized databases is that they allow recruiters to identify potential candidates more quickly than they could by manually sorting numerous stacks and files of resumes. Employers who have used internal computer databases have found that they reduce recruiting costs associated with advertising expenditures, search-firm fees, and internal processing and record retention expenses.

## External Recruiting

If internal sources do not produce sufficient acceptable candidates for jobs, many external sources are available. These sources include schools, colleges and universities, employment agencies, labor unions, media sources, and trade and competitive sources.

### School Recruiting

High schools or vocational/technical schools may be a good source of new employees for many organizations. A successful recruiting program with these insti-

tutions is the result of careful analysis and continuous contact with the individual schools. Major considerations for such a recruiting program include the following:

- School counselors and other faculty members concerned with job opportunities and business careers for their students should be contacted regularly.
- Good relations should be maintained with faculty and officials at all times, even when there is little or no need for new employees.
- Recruiting programs can serve these schools in ways other than the placement of students. For instance, the organization might supply educational films, provide speakers, or arrange for demonstrations and exhibits.

Many schools have a centralized guidance or placement office. Contact can be established and maintained with the supervisors of these offices. Promotional brochures that acquaint students with starting jobs and career opportunities can be distributed to counselors, librarians, or others. Participating in career days and giving tours of the company to school groups are other 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 applicants for full-time positions.

Until recently students who were not going on to college received little guidance or training on finding jobs after high school. Yet some 75% of the workforce *does not* receive a bachelor's degree. "Partnerships" with schools, overseen by the federal work-to-school office, have grown to over 1,000 in 45 different states.<sup>20</sup> Companies are entering the classroom not only to recruit, but to tutor students in skills such as reading and math needed for work. Internships during the summer and work/school programs also are being widely used.

Some schools will work with employers in designing programs to fit their needs. This cooperation is occurring at high schools, community colleges and universities. For example, at Vincennes Junior College in Indiana, one firm, Advanced Micro-Electronics (AME), worked with the faculty to create a computer repair program; today, more than a third of AME's employees have been hired from Vincennes Junior College.<sup>21</sup>

## College Recruiting

At the college or university level, the recruitment of graduating students is a large-scale operation for many organizations. Most colleges and universities maintain placement offices in which employers and applicants can meet. However, college recruiting presents some interesting and unique problems.

The major determinants affecting an employer's selection of colleges at which to conduct interviews are:

- Current position requirements
- Experiences with placement offices and previous graduates
- Organizational budget constraints
- Cost of available talent (typical salaries)
- Market competition
- College reputation

College recruiting can be expensive; therefore, an organization should determine if the positions it is trying to fill really require persons with college degrees. A great many positions do not; yet many employers insist on filling them with



## HR PERSPECTIVE

## Research on Reactions to Campus Interviews

In a study in the *Academy of Management Journal*, Cynthia Stevens explored whether the job beliefs students held before a campus interview affected how they viewed the recruiter. Two sets of beliefs on the part of students may affect their reaction to a particular company, and therefore the probability that they will accept an offer if made: What they know about a job and company, and how likely they think the company is to give them a job offer.

Stevens studied 106 students who had used placement services at

a large university. Average age of the students surveyed was 24 years.

Regarding majors, 17% were in Arts and Sciences, 54% in Business, and 30% in Engineering. Stevens collected data by recording the interviews and using a questionnaire to get self-report assessment of job beliefs by the students participating in the study.

The author concluded that the greater the student's perceived likelihood of getting a job with an employer, the greater the student's effort in pursuing that job, and the more positively the recruiter was

viewed. Put another way, the view that a candidate has of a company before the interview affects both the perception of the recruiter and the intention to accept a job offer if one is made.

The study suggests that campus recruiting might be made more effective by creating favorable pre-interview impressions through advertising, promotion, and media coverage. The author also noted that campus recruiting is expensive for employers, with most money being spent on travel and on recruiters salaries.<sup>22</sup>

college graduates. The result may be employees who must be paid more and who are likely to leave if the jobs are not sufficiently challenging.

To reduce some of the costs associated with college recruiting, some employers and college or university placement services are developing programs using video interviews. With these systems, students can be interviewed by interviewers hundreds of miles away. There are advantages for both the companies and students. The firms save travel costs and still get the value of seeing and hearing students. For students, the system provides a means of discussing their credentials and job openings without having to miss classes.

There is a great deal of competition for the top students in many college and university programs. However, there is much less competition for those students with less impressive records. Attributes that recruiters seem to value most highly in college graduates—poise, oral and written communication skills, personality, and appearance—all typically are mentioned ahead of grade point average (GPA). However, for many employers, a high GPA is a major criterion when considering candidates for jobs during on-campus interviews. Top graduates in difficult-to-fill specialties are even receiving signing bonuses from employers in some tight labor markets.

Characteristics of recruiters sent to campuses also affect students' attraction to jobs.<sup>23</sup> Further, successful site visits affect the rate of job acceptance. The HR Perspective shows the results of a recent study on recruiting related to campus interviews.

Generally, successful recruiters are those who are enthusiastic and informed, show an interest in the applicant, use interview time well, and avoid overly personal or deliberately stressful questions. Even the gender of recruiters may influence the results.

## Labor Unions

Labor unions are a source of certain types of workers. In some industries, such as construction, unions have traditionally supplied workers to employers. A labor pool is generally available through a union, and workers can be dispatched to particular jobs to meet the needs of the employers.

In some instances, the union can control or influence recruiting and staffing needs. An organization with a strong union may have less flexibility than a nonunion company in deciding who will be hired and where that person will be placed. Unions also can work to an employer's advantage through cooperative staffing programs, as they do in the building and printing industries.

## Media Sources

Media sources such as newspapers, magazines, television, radio, and billboards are widely used. Almost all newspapers carry "Help Wanted" sections, and so do many magazines. For example, *The Wall Street Journal* is a major source used to recruit managerial and professional employees nationally or regionally. Whatever medium is used, it should be tied to the relevant labor market and provide sufficient information on the company and the job.

Newspapers are convenient because there is a short lead time for placing an ad, usually two or three days at most. For positions that must be filled quickly, newspapers may be a good source. However, there can be a great deal of "wasted circulation" with newspaper advertising because most newspapers do not aim to reach any specialized employee markets. Some applicants are only marginally suitable, primarily because employers who compose the ads do not describe the jobs and the necessary qualifications very well. Many employers have found that it is not cost efficient to schedule newspaper ads on days other than Sunday, the only day many job seekers read them.

In addition to newspapers, other media sources include general magazines, television and radio, and billboards. These sources are usually not suitable for frequent use but may be used for one-time campaigns aimed at quickly finding specially skilled workers.

**CONSIDERATIONS IN USING MEDIA SOURCES** When using recruitment advertisements in the media, employers should ask five key questions:

- What do we want to accomplish?
- Who are the people we want to reach?
- What should the advertising message convey?
- How should the message be presented?
- In which medium should it run?

Figure 8-5 on the next page shows information a good recruiting advertisement should include. Notice that desired qualifications, details on the job and application process, and an overview of the organization are all important.

**EVALUATING ADS** Economists argue that the value of advertising is to provide good information to make good choices.<sup>24</sup> But to see whether the ads are providing necessary information, HR recruiters should measure the responses they generate.

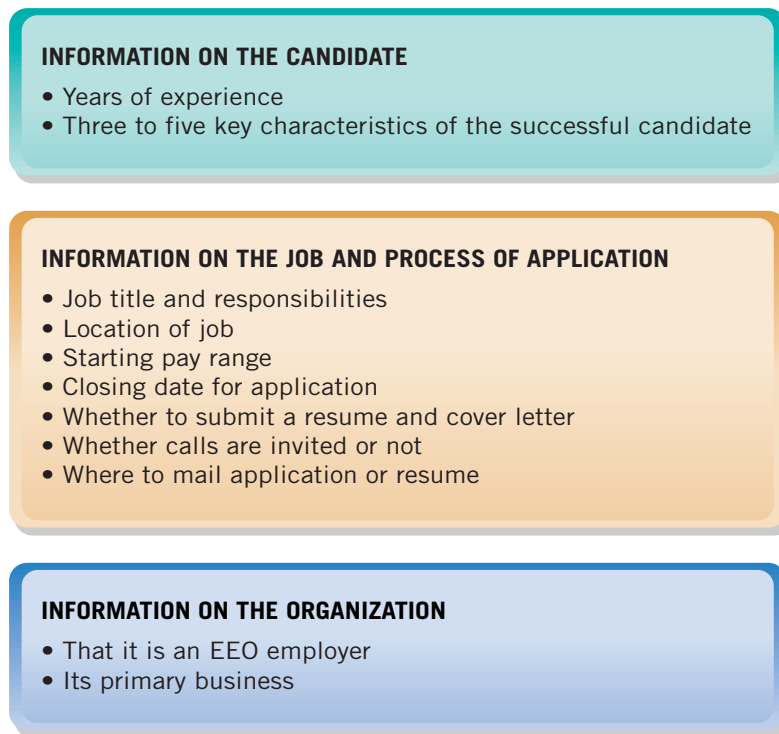


### LOGGING ON . . .

#### Newspaper Employment Ads

Newspaper employment ads from 19 major cities are available at this website, along with many other recruiting and job-seeking tools.

<http://www.careerpath.com>

**FIGURE 8-5** *What to Include in an Effective Recruiting Ad*

To track responses to an ad, an employer first must code the ads used. The easiest way to do this tracking is to use different contact names and addresses (for example, specify a department number). Then the employer can note the source of the advertisement each time an applicant response is received. For coordination purposes, it is best to have one person responsible for opening and coding applicant responses. If one or two people are responsible for screening phone calls, they should ask applicants where they saw the ad. If several people are regularly taking call-in messages, the organization might consider having a special memo pad just for such inquiries, with a “source” section indicated on the form.

Although the total number of responses 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.

### Trade and Competitive Sources

Other sources for recruiting are *professional and trade associations*, *trade publications*, and *competitors*. Many professional societies and trade associations publish newsletters or magazines containing job ads. Such publications may be a good source of specialized professionals needed in an industry. Ads in other specialized publications and listings at professional meetings also can be good sources of publicity about professional openings. For example, a newspaper—*The St. Louis Post-Dispatch*—recruits in *Editor and Publisher* for managerial jobs and in *Adver-*

## HR PERSPECTIVE

## Cisco Means Successful Recruiting

Effective recruiting is always difficult, but it is an important strategic weapon in the Silicon Valley job market in California. However, Cisco Systems has done recruiting very effectively, often by taking good employees from other companies. Now a firm of over 17,000 employees, Cisco added 4,000 employees in just one year alone to fuel its growth. Cisco's recruiting team identified exactly the kind of people it wanted—the top 10% or 15% of people in the industry. To attract such people, Cisco's HR staff held focus groups with individuals they wanted to hire. Then, rather than listing job openings, they ran an open invitation on the Internet to apply at Cisco. Directing all job seekers to the website provided an inexpensive listing of hundreds of job openings and lots of information about each job. Because

most applicants visited the website from work, Cisco could tell where the prospective applicants currently were working.

With information from the focus groups, Cisco also developed two effective recruiting programs. "Friends" matches Cisco employees with people who have approached the company as prospects. An attempt is made to match individuals with similar backgrounds and skills. Employees call the prospects and tell them in their own words about working for Cisco. Another recruiting program is called "Profiler." Again on the web page, Profiler asks applicants to provide education and background information by choosing selections from an on-screen menu. Thus, the applicants are immediately given a preliminary screening.

Then there is Cisco's acquisition strategy: If it cannot hire the competitor's talent away, just buy the company. Acquisition for the primary purpose of getting research and development talent has worked for the organization. It has acquired 12 companies and seeks to keep virtually all the employees of the companies it buys. Cisco has shown a knack for successfully integrating the employees of the companies it purchases, sometimes by allowing the acquired employees to telecommute rather than relocate to Cisco facilities. In summary, Cisco has shown that being successful in tight recruiting markets requires aggressive tactics, innovation, and regular use of creative HR approaches.<sup>25</sup>

*tising Age* for advertising and marketing jobs. It also uses job banks or computerized applicant listings from the National Association of Business Journalism and the American Association of Industrial Management.<sup>26</sup>

An employer may meet possible applicants who are currently employed by a competitor at professional associations and industry meetings. Some employers directly contact individuals working for competitors. Employees recruited from these sources spend less time in training because they already know the industry. The HR Perspective shows how one firm recruits industry sources successfully.

## Employment Agencies

Every state in the United States has its own state-sponsored employment agency. These agencies operate branch offices in many cities throughout the state and do not charge fees to applicants or employers.

Private employment agencies also are found in most cities. For a fee collected from either the employee or the employer, usually the employer, these agencies do some preliminary screening for an organization and put the organization in touch with applicants. Private employment agencies differ considerably in the level of service, costs, policies, and types of applicants they provide. Employers can reduce the range of possible problems from these sources by giving a precise definition of the position to be filled.

## Executive Search Firms

Some employment agencies focus their efforts on executive, managerial, and professional positions. These 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.

The fees charged by executive search firms may be 33% or more of the employee's first-year salary. Most employers pay the fees, but there are some circumstances in which employees pay the fees. For placing someone in a high-level executive job, a search firm may receive \$300,000 or more, counting travel expenses, the fee, and other compensation. The size of the fees and the aggressiveness with which some firms pursue candidates for openings have led to such firms being called *headhunters*.

Search firms are ethically bound not to approach employees of client companies in their search efforts for another client. As search firms are retained by more corporations, an increasing number of potential candidates become off limits. At some point, the large search firms feel they may lose their effectiveness, because they will have to shun the best candidates for some jobs due to conflict-of-interest concerns.



### LOGGING ON . . .

#### Internet Recruiting

This website provides news, events, products, services, career opportunities, and many other useful recruiting tools.

<http://www.restrac.com>

## Internet Recruiting

Organizations first started using computers as a recruiting tool by advertising jobs on a “bulletin board service” from which prospective applicants would contact the company. Then some companies began to take e-mail applications. Now some employers are not only posting jobs and accepting resumes and cover letters on-line but also are conducting employment interviews on-line. Advantages for such Internet recruiting by employers include:

- Reaching more applicants
- Having lower costs and faster response time frames
- Tapping an applicant pool conversant with the Net

Employers often begin the Internet search process by establishing an organization website and listing jobs on it. Alternatively, companies with a web page that specializes in posting job listings (an Internet job service)—much like the electronic bulletin board of days gone by—can be used by job seekers. Finally, on-line employment agencies can be used to post jobs and find applicants on the Net. Based on the results of one survey, Figure 8–6 shows the percentage of applicants who indicated they planned to use various recruiting resources.

One advantage of Internet recruiting is that it may improve the chances of contacting “passive job seekers”—those people who are not actively seeking work. Listing at popular job-search Internet sites is a good way to attract such browsing high-tech workers.<sup>27</sup> Indeed, recent surveys show that about 37% of companies now use the Net for recruiting, and the rate is increasing rapidly.<sup>28</sup>



### LOGGING ON . . .

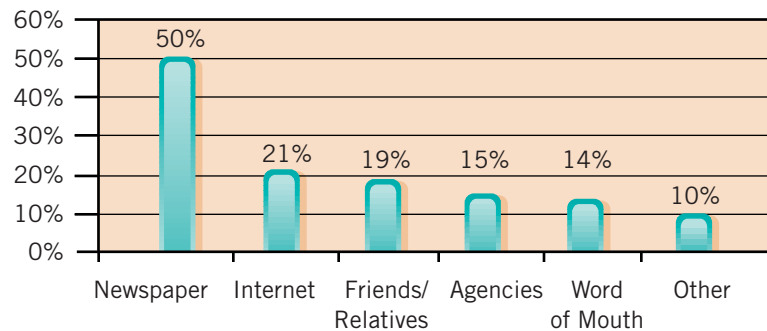
#### Online Career Center

Access to online career experts, resume samples, career books, and thousands of job opportunities are available at this site.

<http://www.occ.com/>

## Recruiting Evaluation

Evaluating the success of recruiting efforts is important. That is the primary way to find out whether the efforts are cost effective in terms of time and money spent.

**FIGURE 8-6 Recruiting Sources Considered by Applicants**

\*Respondents may have cited more than one source.

SOURCE: Adapted with permission from *Bulletin to Management (BNA Policy and Practice Series)*, Vol. 49, No. 26, Pp. 205 (July 2, 1998) by The Bureau of National Affairs, Inc. (800-372-1033) <<http://www.bna.com>>

General areas for evaluating recruiting include the following:

- **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. Is it sufficient to fill job vacancies?
- **EEO goals met:** The recruiting program is the key activity used to meet goals for hiring protected-class individuals. This is especially relevant when a company is engaged in affirmative action to meet such goals. Is recruiting providing qualified applicants with an appropriate mix of protected-class individuals?
- **Quality of applicants:** In addition to quantity, there is the issue of whether the qualifications of the applicant pool are sufficient to fill the job openings. Do the applicants meet job specifications, and can they perform the jobs?
- **Cost per applicant hired:** Cost varies depending on the position being filled, but knowing how much it costs to fill an empty position puts turnover and salary in perspective. The greatest single expense in recruiting is the cost of having a recruiting staff. Is the cost for recruiting employees from any single source excessive?
- **Time required to fill openings:** The length of time it takes to fill openings is another means of evaluating recruiting efforts. Are openings filled quickly with qualified candidates, so the work and productivity of the organization are not delayed by vacancies?

## Evaluating Recruiting Quantity and Quality

With the broad areas just outlined as a general focus, organizations can see how their recruiting efforts compare with past patterns and with the performance of other organizations. Brief discussions of some measures follow.

**SELECTION RATES** The selection rate is the percentage hired from a given group of applicants. It equals the number hired divided by the number of applicants; for example, a rate of 30% would indicate that 3 out of 10 applicants were hired. The

percentage typically goes down as unemployment rates in the job market decrease, because fewer qualified candidates typically are available. 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 and have only one mediocre employee in this group.

**BASE RATE** In the preceding example, the base rate of good employees in the population is 4 out of 10. That is, if 10 people were hired at random, one would expect 4 of them to be good 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 4 in 10 who will succeed. However, efforts to make the recruiting program attract the largest proportion of those in the base rate group can make recruiting efforts more effective.

Certain long-term measures of recruiting effectiveness are quite useful in indicating whether sufficient numbers of the base rate group are being attracted. Information on job performance, absenteeism, cost of training, and turnover by recruiting source helps to adjust future recruiting. For example, some companies find that recruiting at certain colleges or universities furnishes stable, high performers, whereas other schools provide employees who are more prone to turnover.

**YIELD RATIOS** Yield ratios can be calculated for each step of the recruiting/selection process. A **yield ratio** is a comparison of the number of applicants at one stage of the recruiting process to the number at the next stage. The result is a tool for approximating the necessary size of the initial applicant pool. Figure 8-7 shows that to end up with 25 hires for the job in question, the company must begin with 300 applicants in the pool, as long as yield ratios remain the same at each step.

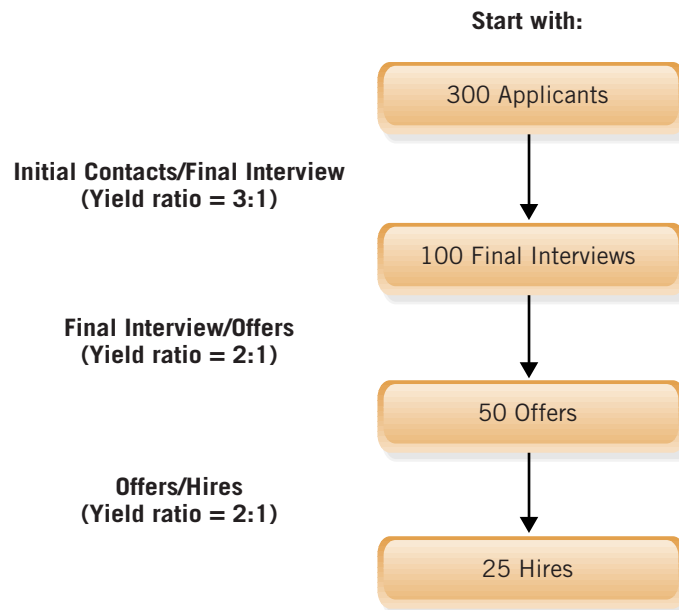
A different approach to evaluating recruiting using ratios suggests that over time, organizations can develop ranges for crucial ratios. When a given indicator ratio falls outside that range, there may be problems in the recruiting process. For example, in college recruiting the following ratios might be useful:

$$\begin{array}{r} \frac{\text{College seniors given second interview}}{\text{Total number of seniors interviewed}} = \text{Range of 30-50\%} \\ \frac{\text{Number who accept offer}}{\text{Number invited to the company for visit}} = \text{Range of 50-70\%} \\ \frac{\text{Number who were hired}}{\text{Number offered a job}} = \text{Range of 70-80\%} \\ \frac{\text{Number finally hired}}{\text{Total number interviewed on campus}} = \text{Range of 10-20\%} \end{array}$$

If an organization needs a Vice President of Marketing *immediately*, having to wait four months to find the right person presents a problem. Generally speaking, 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 be faster than others for a particular employer.

### Yield ratio

A comparison of the number of applicants at one stage of the recruiting process to the number at the next stage.

**FIGURE 8-7** *Using Yield Ratios to Determine Needed Applicants*

## Evaluating Recruiting Costs and Benefits

Because recruiting is an important activity, the inability to generate enough qualified applicants can be a serious problem. When recruiting fails to bring in enough applicants, a common response is to raise starting salaries. This action initially may help recruiting, but often at the expense of other employees already in the organization. It also may create resentment on the part of employees who started at much lower salaries than the new hires.

In a cost/benefit analysis to evaluate recruiting efforts, costs may include both *direct costs* (advertising, recruiters' salaries, travel, agency fees, telephone) and the *indirect costs* (involvement of operating managers, public relations, image).<sup>29</sup> Benefits to consider include the following:

- Length of time from contact to hire
- Total size of applicant pool
- Proportion of acceptances to offers
- Percentage of qualified applicants in the pool

Cost/benefit information on each recruiting source can be calculated. Comparing the length of time applicants from each source stay in the organization with the cost of hiring from that source offers a useful perspective. Further, yield ratios from each source can help determine which sources generate the most employees.

In summary, the effectiveness of various recruiting sources will vary depending on the nature of the job being filled and the time available to fill it. But unless calculated, the effectiveness may not be entirely obvious.



## Summary

- Recruiting is the process of generating a pool of qualified applicants for organizational jobs through a series of activities.
- Recruiting must be viewed strategically, and discussions should be held about the relevant labor markets in which to recruit.
- The applicant population is affected by recruiting method, recruiting message, applicant qualifications required, and administrative procedures.
- A growing number of employers are turning to flexible staffing, which makes use of recruiting sources and workers who are not employees. Using temporary employees and employee leasing are two common approaches to flexible staffing.
- Two general groups of recruiting sources exist: internal sources and external sources. An organization must decide whether it will look primarily within the organization or outside for new employees, or use some combination of these sources.
- The decision to use internal or external sources should be based on the advantages and disadvantages associated with each.
- The recruiting process begins with human resource planning and concludes with evaluation of recruiting efforts. Both HR staff and operating managers have responsibilities in the process.
- Recruiting is subject to some legal constraints, including avoidance of disparate impact, compliance with EEO requirements and affirmative action plans (AAPs), and use of nondiscriminatory advertising.
- Efforts should be made to recruit a diverse workforce, including older workers, individuals with disabilities, and individuals who are racial/ethnic minorities.
- Current employees, former employees, and previous applicants are the most common internal sources available.
- External recruiting sources include schools, colleges and universities, labor unions, media sources, trade and competitive sources, employment agencies, and the Internet.
- Recruiting efforts should be evaluated to assess how effectively they are being performed.
- Recruiting evaluation typically includes examining applicant quality and quantity, the time necessary to fill openings, and the costs and benefits of various recruiting sources.

## Review and Discussion Questions

1. Discuss what strategic recruiting considerations should be addressed by HR executives at a mid-sized bank with locations in several cities. Give examples, and be specific.
2. Discuss the advantages and disadvantages of recruiting internally versus externally.
3. What advantages and disadvantages of flexible staffing have you seen in organizations in which you have worked?
4. Design and describe a recruiting process for filling openings for a sales representative's job for a pharmaceutical manufacturer.
5. What internal sources for recruiting have you seen work effectively? What internal sources have you seen work ineffectively? Why?
6. Discuss some ways firms can make college recruiting more effective.
7. What should be considered in evaluating the recruiting efforts of a regional discount retailer with 80–100 stores in a geographic area?

## Terms to Know

applicant pool	251	independent contractors	254	labor markets	250
applicant population	251	job posting and bidding	260	recruiting	250
flexible staffing	254	labor force population	251	yield ratio	270

## Using the Internet



### Compensation and Recruiting

The president of your organization has asked your HR department to investigate the factors that affect the wages for different supervisory/managerial positions in Human Resources. The information will be used for a new recruiting program being set up on-line to ensure that the compensation program is competitive in the market. Use the website <http://www.abbott-langer.com/prssumm.html> and the free summary data provided to obtain the information that you will present to the president. Address the fol-

lowing issues for the HR supervisory/management jobs:

- Variables affecting compensation
- Regions where these jobs are most highly and least compensated
- Types of employers and compensation levels
- Size of organization and compensation
- Education levels and compensation
- Experience and compensation
- Level of supervisory responsibilities

## CASE

### Spring Break Recruiting

One of the more unusual locations for recruiting is the job fair for college students held on Daytona Beach, Florida, during the last three weeks of March. Begun in the mid 1990s by city promoters trying to enhance the out-of-control image of spring break week, the job fair has become popular with both recruiters and students. Various organizations have been represented, ranging from Walt Disney World Corp. looking for entry-level host jobs to Ernest & Julio Gallo Winery seeking management training prospects. GTE Data Services looked for students to fill internships and training programs, as well as jobs in programming, sales, marketing, and telecommunications. Even the U.S. Secret Service has used the opportunity to interview a large number of college students at one time.

Recruiters can find nearly 200,000 students from a myriad of colleges, with diverse backgrounds, and all in one location at this job fair. With such a large pool of potential applicants, the recruiters work hard to entice students to think about potential jobs and careers rather than vacations.

At the Daytona Beach job fair, recruiting and interviewing practices are different from those at more formal locations. There is definitely a casual atmosphere. Little recruiting occurs in the morning, but afternoons are busier. Application blanks take only five minutes to fill out, so students don't miss much sun

time. To encourage students to consider employment, some firms have recruiters give out free sunglasses or passes to nightclubs, offer free breakfast buffets, or sponsor beauty contests. Informal dress by applicants is the norm, so recruiters have to become accustomed to evaluating people on qualities other than grooming and appearance.

Student responses to the idea of job searching while on spring break vary. Some students reject it altogether, but a number of them accept free offers and talk with recruiters. Some students even bring their resumes with them. Over 600 students interviewed with 28 employers during a recent spring break period. Such an approach indicates how a growing number of employers are using innovative means to recruit employees, especially in technical and professional areas.<sup>30</sup>

### Questions

1. From the prospective of a college student, argue the position that this approach is not a good idea for employers to pursue.
2. What difficulties for the employer do you see with this method of recruiting? Evaluate this method by the quality and quantity measures suggested in the chapter.

## Notes

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