Recruitment: Attracting the Right Talent

Learning Objectives

After reading this chapter, you should be able to

- Identify a wide range of sources for attracting and recruiting talent

- Explain the strategic value of effective recruitment through combinations of internal and external applicant sources and recruitment strategies

- Link recruitment to the strategic HRM process

- Apply pertinent HR laws to the recruitment process

- Discuss emerging trends, opportunities, and challenges in recruitment

The attraction and recruitment of employees has been at the center of employers' attention for many years. People are the most valuable asset of an organization. Without their knowledge, skills, and talents, an organization will not be able to operate or compete effectively in the market. This is why recruitment plays a strategic role. The purpose of **the recruitment process** is identifying and attracting qualified talent for organizational jobs in a timely and effective manner. Organizations can find talent in internal ways and external ways. These methods are discussed in detail in this chapter.

4.1 Finding Talent in the External Labor Market

In order to recruit strategically, an organization may need to gather information about potential candidates for a job who do not work for that organization and may not have applied for a job at that organization before. These potential candidates may currently be full-time students, employed elsewhere in the same or a different industry, or unemployed. They may be actively seeking employment, or they may be content with their current situation. As you learned in chapter 2, scanning the environment and analyzing the labor market are part of strategic HR planning. The recruitment process translates environmental scans and labor market analyses into specific actions to find and attract pools of candidates with the specific competencies and skill sets that the organization needs, wherever these candidates can be found. In this section, you will learn about a wide range of external sources of candidates and strategies that can be used to find and attract talent.

Advertising jobs

Newspapers, magazines, television, and radio are all common examples of media sources where organizations can advertise jobs. In general, the effectiveness of a job advertisement depends on two related factors: cost and reach. Cost represents a certain type of advertising media's price; for example, television advertising is more expensive than radio advertising. That's why many local employers with limited resources advertise on local radio.

On the other hand, cost cannot be the only consideration in selecting where to advertise a job opening. It is critically important that the advertising venue be able to reach the target audience. For example, nationwide advertising media may be necessary and justified if the pool of applicants is dispersed across the nation and if the organization is willing to relocate a qualified applicant or allow him or her to work from a distance. On the other hand, a low-paying job with no relocation provisions will likely attract local candidates, and local advertisements may be sufficient for it.

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Newspaper advertisements are one option for attracting local job candidates.

There is a strategic value to integrating the two criteria of cost and reach. Ultimately, the utility of a job advertisement is determined by its costs and benefits, which are determined by the cost per qualified candidate reached. For example, most television advertising is expensive; yet, with millions of viewers, the cost per viewer reached may be minuscule. The most important strategic question is what percentage of those viewers are actually qualified for the job. If this percentage is low then the cost, per qualified applicant reached, may be prohibitively high. Organizations can improve these ratios by targeting their advertisements specifically to television channels, programs, and airtimes that attract larger numbers of the desired pool of applicants.

As another example, advertising a job in the classifieds section of a news site is usually inexpensive. However, qualified people who are currently employed rarely read the classifieds, so a job may have to be advertised for several weeks and on numerous sites before a qualified candidate can be found. Thus, costs may escalate per qualified candidate reached. In that case, it may be more effective to place a more expensive advertisement in a professional or industry journal that can more readily reach qualified candidates. Multiple media sources can also be strategically combined to target diverse applicant pools.

An organization also has to make sure that an advertisement does not generate an excessive number of applicants, since the process of reviewing and eliminating applicants is costly and time consuming. To avoid this problem, an advertisement should provide sufficient information about the company and clearly specify the position's preferred qualifications and minimum competencies. Advertisements are generally costly in themselves and cost more the longer they are; a long advertisement is sometimes necessary to clearly convey the desired information. The challenge is to provide neither too much nor too little information—only enough for the advertisement to be effective. Careful and intentional choices are necessary for both for a job advertisement's content and its media sources.

WEB LINKS

Job Advertisements in *USA Today*: http://www.USAtoday.com
Click on the Jobs link at the top of *USA Today*'s homepage and browse through the jobs advertised for examples of position openings that organizations are seeking to fill through a national search.

Job Advertisements in the *Chicago Tribune*: http://www.chicagotribune.com/
Click on the Jobs link and browse through jobs advertised on the *Chicago Tribune* for examples of position openings that organizations are seeking to fill through a regional or local search. You can also browse job openings advertised in your own area on your local newspapers' websites.

Discussion Questions

1. What types of information are included in the job advertisements you browsed?

2. What additional information would you have wanted to know as a potential candidate?

3. What are some of the main differences between local and national newspaper job advertisements?

Employment agencies

Employment agencies are a leading source of job candidates. There are two types of employment agencies: public and private employment agencies. Both types primarily serve the same purpose: gathering information about individuals seeking employment in the market; evaluating their qualifications, skill sets, and experiences through a series of interviews and tests; and then connecting them with the relevant organizations for employment.

Yellow Dog Productions/Getty Images

The goal of employment agencies is to connect qualified individuals to organizations with job openings in a relevant field.

Public employment agencies work to connect unemployed individuals—mostly blue collar and hourly workers—with hiring employers for the purpose of getting them on an employment payroll, hence relieving the state of having to provide unemployment aid. To that end, both employers and individuals seeking employment must register with a local or state employment office. Public employment agencies normally do not charge organizations any fee for recruiting personnel.

WEB LINK

California Employment Development Department: http://www.caljobs.ca.gov/
This website provides an example of the services offered by a public employment agency. Search the Web for the site of a similar public employment agency in your own state. Compare the services offered and browse the jobs advertised.

Private employment agencies, also known as *headhunters,* primarily deal with white-collar employees such as executives, managers, and professionals. It is therefore crucial that organizations provide headhunters with accurate and detailed job descriptions and job specifications to ensure that the right candidate is recruited. There are two types of private employment agencies: contingency and retainer firms. The classification depends on the method by which a private firm charges the employer. Contingency firms charge the employer only if an employee is successfully hired by the organization. On the other hand, retainer firms charge the employer a fee for bringing qualified candidates to the organization's attention, regardless of whether the organization eventually hires these candidates.

WEB LINKS

Monster: http://www.monster.com/

The Ladders: https://www.theladders.com/
These two websites are examples of private employment agencies. Search both websites for information about the range of services each headhunter offers for employers and for job candidates, as well as whether it can be classified as a contingency or a retainer firm.

Web recruiting

Online recruiting has been on the rise over the past few years (Benderoff, 2007). There are three main sources of Web recruiting:

- Web job boards and postings
- professional/career websites
- employer websites

As the name implies, job boards allow employers to post available openings online to attract qualified employees, at the same time allowing individuals who seek employment to post their resumes.

WEB LINK

Find a Job Already: http://www.findajobalready.com/
This website is a job board that allows employers and job seekers to post their information and browse others' information for free. Browse through some of the available positions, employers, and job seekers. Compare the types of jobs available on this website to the more expensive headhunters' websites.

HR can also use job boards to determine compensation packages offered by other organizations for similar positions and then use that information to create more competitive compensation packages to attract qualified individuals. However, many individuals are not seriously seeking a position: they merely post their profiles on job boards to check job availability or compensation packages offered by other organizations.

Career websites are employment sections on professional associations' websites. These sites are are highly specific to a certain field, specialization, or industry. There are multiple advantages associated with this type of online recruiting for both employers and individuals seeking employment. For employers, professional websites selectively attract only professional applicants who are actually interested in a particular specialization; these sites do not attract the general population. For potential candidates, professional websites can significantly cut down search time and effort since candidates can directly search their areas of specialization.

WEB LINKS

The Career Center of the Association of Accountants and Financial Professionals in Business: http://jobs.imanet.org/home/index.cfm?site_id=11711

Career Connections at the American Society of Civil Engineers: http://www.asce .org/leadership-and-management/career-resources/career-connections/
These are two examples of professional career websites. Note each job advertisement's higher level of specialization, focus, and level of detail. Now browse the Web for professional organizations within your field, looking for sites that offer career-related links.

Finally, employer websites feature career and employment sections that are designated for recruiting. Linking to these sections allows individuals to check job descriptions and specifications and post their resumes for company consideration. A significant advantage of employer websites is creating a valuable database and connecting with passive job seekers who are currently not looking for a job but would be willing to interview if presented with an attractive job offer (Starner, 2006).

Colleges and universities

Conducting interviews on college and university campuses is one of the most influential and effective sources of recruiting, especially for entry-level professional and technical positions. On-campus career placement offices assist in connecting students with recruiting organizations by organizing career fairs and other recruiting events (Smith, 1995). Employers consider many factors when they select a college or university for recruiting purposes—e.g., the college's reputation, past experience with the university recruiting office or recruited individuals, the nature of the job opening, the organization's allocated recruiting budget, the level of market competition, and the value of the talent in question.
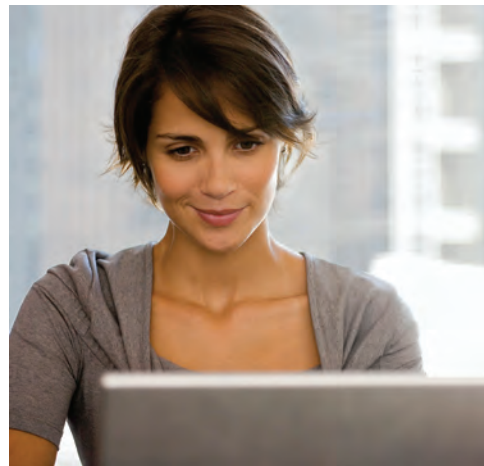
Creatas Images/Thinkstock

Company websites often have career and employment sections that are designated for recruiting.

Organizations can use many techniques to establish a successful college or university recruiting program. Summer internship programs are one technique. They offer organizations an initial introduction to potential permanent recruits before any long-term commitments are made. Other influential methods for college recruiting include building long-term relationships with reputable faculty and staff members in certain highly regarded universities, in addition to maintaining an on-campus presence for the organization through guest speaking and other recruiting support activities.

Professional employer organizations and temp agencies

Two of the channels organizations revert to when they search the market for talented employees are **professional employer organizations (PEOs)** and **temp agencies** (in this term, *temp* is short for "temporary employment"). PEOs and temp agencies provide the service of leasing talent to other organizations based on their needs. The difference between PEOs and temp agencies is that PEOs are more geared toward higher-end professional employees. Moreover, PEOs share authority over the leased employee, while in most cases temp agencies maintain full control over their employees. PEOs' first appearance in the market was in 1980 ("Professional employer," 2009).

Both employers and employees gain several advantages from PEOs. Employers are able to secure the services of highly qualified employees whose work they might not be able to afford on a permanent basis. Moreover, the PEO bears all responsibilities associated with hiring, firing, payroll, benefits, taxes, and other administrative functions. These responsibilities allow employers to focus on their own business functions. Companies then reimburse PEOs for their services in the form of a percentage of the customer's gross wages. However, one of the disadvantages to employers in using PEOs is the absence of employee loyalty, as employees obtain all compensation and benefits from the PEO rather than from the client, and employees know that their engagement with employers is only temporary.

PEO employees enjoy great advantages, including cheaper, better, and broader choices of benefits owing to the PEOs' large number of employees, which allows PEOs to enjoy economies of scale. Another advantage to employees is better job mobility, either locally or internationally for some PEOs. In case of an international transfer, this mobility can open more doors and provide multiple venues of job opportunities for employees and their spouses. More job opportunities also translate to additional job security and job seniority retention.

Unsolicited resumes and applications

Qualified employees often seek a career only within reputable organizations that have favorably prominent cultures and practices. The main reason individuals pursue such companies is that they believe they can grow and further develop their technical and interpersonal qualities there. Reputable companies also provide more stability and job security than other employers.

A reputable image within the market is advantageous to organizations: qualified employees tend to get so attracted to those specific organizations that they send in their resumes or applications even when no immediate opening is available. This practice is the source of the term *unsolicited applications.* Selecting among unsolicited applications can save the organization a considerable amount of money and resources that could have been spent on recruiting efforts. Moreover, employees hired through unsolicited applications will likely be more committed to the organization, perform better, and provide a long-term human advantage for the organizations they seek to associate with.

Soliciting specific applicants

Job seekers may send unsolicited resumes to organizations whose reputations they admire. In the same way, organizations can also solicit specific applicants based on those applicants' recognized, unique capabilities. This is especially common in positions that require rare qualifications. Once a candidate is located, the organization invites that applicant to apply for the position. Candidates are usually offered an attractive package of compensation, benefits, working conditions, and growth and development opportunities to motivate them to accept a job or to lure them away from their current employers. Organizations that routinely solicit specific applicants include the National Aeronautics and Space Administration (NASA), the Federal Bureau of Investigation (FBI), and the Central Intelligence Agency (CIA).

Advantages and disadvantages of external recruitment

There are many advantages to hiring from outside the organization, using external recruiting methodologies:

- The introduction of new individuals into the organization can bring fresh ideas and perspectives, all of which promote a healthy and dynamic organizational culture.
- New individuals usually possess diverse experiences from their former jobs, enriching the organization's knowledge base and familiarizing its current employees with competitors' products and practices.
- New hires normally require less initial training and supervision, which saves organizations a great deal of time, money, and effort.

Photononstop/SuperStock

Due to the very unique qualifications needed for employment, NASA is an organization that routinely seeks out specific job candidates.

The following outcomes are among the disadvantages to external recruitment:

- Selection errors can result if good candidates are not identified—i.e., candidates who have the skill sets required to fulfill the job duties and responsibilities or have the right personality, attitude, or organizational cultural background to fit into the hiring organization.
- Qualified internal candidates within the organization can be disappointed when they have unsuccessfully sought one of these openings as a promotion or a desirable lateral move. This disappointment can lead to perceptions of betrayal and violated psychological contracts; can compromise loyalty and commitment to the organization; and can lead to numerous morale, attitudinal, and behavioral problems.
- It may take some time for new hires to adapt to a new organizational culture or environment. This time can translate into additional cost.

Thus, a balance of external and internal recruitment is necessary.

4.2 Finding Talent Internally

Internal candidates are a valuable resource that many organizations overlook when they make recruitment decisions. Sometimes, familiarity with internal candidates and their roles in particular positions obscures the possibility that they could be ideal

candidates for other positions. Moreover, many organizations do not regularly update their employee databases with KSAs and competencies that current employees acquired after they were hired. This incomplete information sends organizations looking for external candidates for job openings without realizing that they actually have what they need internally. This section offers some approaches to internal recruitment.

Promoting from within

Promoting from within is the internal recruitment of qualified individuals from within the organization. Current employees gain the opportunity to be informed about internally open positions through a variety of methods. Internal job postings are the most prominent way an organization informs its employees of available job openings. Internal candidates can then respond to the openings they are interested in and qualified for.

Mauritius/SuperStock

Managers may find the talent they are looking for within their own organization.

Promoting from within the organization carries advantages and disadvantages. An obvious advantage is less time, money, effort, and risk involved in hiring internal candidates than external candidates. Internal recruitment is also motivating to employees, who see more growth and development opportunities within their organization.

Three main disadvantages should be considered:

1. Current performance reviews or other organizational indicators of performance might not be a true reflection of the individual's capacity for or efficiency in performing the new job. This disparity is particularly evident when high-performance internal candidates are promoted from normal to managerial or supervisory positions for which they have no adequately refined leadership skills.
2. Moreover, internal recruitment can create conflict and hard feelings among internal candidates who believe they are as qualified as or more qualified than the individual who has been selected for a job. These conflicts can compromise performance, both by those who did not get promoted and by the promoted candidate—who may face resentment and lack of cooperation from coworkers and subordinates. This situation is especially common when the promoted individual gains authority over former coworkers.
3. Internal recruitment often leads to a new opening that has to be filled. Another drawback of promoting from within is the HR time and effort required to plan and organize a search for new, qualified candidates who have the right skill set

to replace an employee whom the organization has promoted. Decisions have to be made for that opening, including whether to recruit internally or externally for the position. Another internal recruitment will trigger another opening, and so on. Hiring external candidates does not trigger this cycle of promotion decisions within the organization.

Lateral transfers

A lateral transfer is another form of internal recruiting; the direction of the move is the only difference between lateral transfers and promoting from within. In promotions from within, the direction of recruiting is vertical: from a lower to a higher position, usually to a managerial or supervisory level. **Lateral transfers** reflect a horizontal move in which individuals take on new positions yet remain at the same level of the organizational hierarchy. Lateral transfers can be across departments, business units, geographic locations, product lines, or customer accounts.

Lateral transfers can provide an alternative career advancement path for talented employees who prefer to stay within their technical areas of expertise, rather than move up to a managerial or supervisory position. Many organizations now offer dual career paths to accommodate these preferences and retain talent. For example, Millipore is a cutting-edge bioscience research leader. It offers its talented research, development, and technology employees the option to advance their careers and receive higher pay in technical positions without leaving the laboratory environment or assuming managerial responsibilities. Scientists who choose a technical career path assume additional technical responsibilities, such as more challenging projects or advanced technologies.

Employee referrals

Employee referrals are a form of recruiting through which employees recommend personal or professional acquaintances, such as friends or family members, for the organization's employment consideration. Employee referrals are one of the largest sources of recruiting, especially for large organizations. Approximately one-fourth of all large organizations' new hires are recruited through employee referrals (Crispin & Mehler, 2010).

Employee referral assists HR managers in acquiring qualified candidates in many significant ways:

- The referring person readily familiarizes potential recruits with job descriptions and specifications.
- It provides a convenient and low-cost way to reach capable individuals and creates a considerable database of qualified potential employees for future consideration within the organization.
- Individuals hired through employee referral programs have a greater tendency to stay within the organization, compared to people hired through external recruiting agencies or job advertisements (Kiger, 2007).
- Referrals provide a very useful way to recruit in many parts of the world where labor is very scarce, and in particular areas of specialization for which qualified workers are hard to find.

As a result of the importance and effectiveness of employee referrals in recruiting, many companies have developed employee referral programs that aim to reward employees for referring qualified individuals.

Advantages and disadvantages of internal recruitment

Although internal recruitment might sound more appealing and easier to implement, it has its benefits and limitations, as does any other recruiting system. Internal recruitment has four important benefits:

1. It raises the morale of promoted individuals as they develop more security, sense of commitment, and loyalty to the organization.
2. Employees promoted internally become more satisfied, productive, and efficient, and their performance and work generally become better.
3. It is generally easier to make an accurate judgment about an internal employee's skills, abilities, performance indicators, technical experience, and personality characteristics, which ultimately results in a better determination for job compatibility and placement.
4. Internal recruitment costs are considerably lower compared to such external sources as job agencies.

Internal recruiting also includes the following disadvantages:

1. It does not introduce new ideas, experiences, or cultures to the organization.
2. It does introduce possible rivalries among employees who compete for the same job opening, lowering employee morale and productivity.
3. Employees can grow distracted from their main job tasks and become involved instead in political engagements that might lead to promotions.
4. More training and development are needed for the tasks and responsibilities associated with the new position for an internally promoted employee than for an externally hired recruit with the relevant set of experiences. This disparity is particularly evident in internal promotions to managerial or supervisory positions.

4.3 Designing an HR Talent Inventory

Through internal and external resources, organizations are able to have a great pool of talent comprising candidates from different backgrounds and with different skills, capabilities, and levels of experience. Organizations use these different resources to build and design talent inventories, from which they can get an idea of the strengths and potential of their available candidates. In addition, inventories are a great resource for planning for future development opportunities or prospective jobs.

The effective design of an **HR talent inventory** includes tracking

- the KSAs and competencies acquired by current employees
- promotions and lateral movements
- training and development opportunities

- performance appraisals
- changes in assigned tasks, duties, and responsibilities

This information becomes valuable when the need arises to fill a new position. For example, if an employee received a job rotation in a different department a year ago, this information can be valuable in assessing that employee's qualifications for a lateral transfer to that department.

Moreover, since many employees may be pursuing learning opportunities at their own time and expense, information should be regularly solicited from employees in order to maintain the most up-to-date inventory possible. For example, an employee who has just completed a new college degree, learned a new language, or organized a fundraising campaign for a local charity may be a good candidate for a position that requires these skills.

Stockbyte/Thinkstock

Developing an effective talent pool requires HR professionals to continuously update the knowledge, skills, and abilities acquired by current employees.

An HR inventory can also include information about external candidates, including unsolicited applicants who may be suitable for future openings. Many organizations encourage applicants to send their resumes, even when immediate openings are not posted, to retain this information in the organization's database. Rejected applicants can also be included if future openings arise for which the applicants are qualified. Finally, even "interesting" non-applicants' information can be retained in an organization's HR inventory, so that they can be solicited to apply again should relevant positions open up later on.

WEB LINKS

Human Resources – Talent Management: http://www.candidcareer.com/view_video.php?viewkey=0de0cfea955afd4644bb

1. How do talent management professionals within HR departments work to overcome negative conceptions about HR in general?
2. What are some examples of ways talent management can help reduce turnover in an organization?
3. According to Kristin, the interviewee in the video clip, what is the most important characteristic needed to have a successful career in talent management?

A MOMENT IN THE LIFE OF AN HR MANAGER
"The devil you know may not always be better than the devil you don't know"

Lori is a district HR manager of a large wireless phone service provider. In her organization, district HR managers are responsible for recruiting all the employees within their respective districts—including branch managers, supervisors, customer service representatives, and all other office staff. The company has a nationwide presence and even a few international operations. The company leadership recognizes labor market variations across locations and the need for flexibility to respond to changing customer needs. Therefore, HR managers, district managers, and branch managers are given

John Riley/Stone/Getty Images

When human resources managers hire internally they know candidates' strengths and weaknesses and are better able to develop their talents.

significant levels of authority over whom to hire or fire; whom to promote or demote; whether to use full-time, part-time, or temporary employees to fill various positions; and even whether to staff or outsource some of the peripheral functions such as bookkeeping, administrative work, and janitorial services.

When the company hires for a managerial or supervisory position, it is common for the interview panel to include customer service representatives and other employees who would report to the prospective manager or supervisor. These representatives' opinions are taken into consideration in the hiring decision. Senior management always emphasizes that if this model is to work, it is critical that HR managers and branch managers collaborate to make human capital decisions. Senior management knows that any interference from the head office to centralize those decisions would not be good for business since the employees closest to the client are the people who know the best way to run the operation and serve the customer base in one location.

Lori believes that any organization should start by recruiting internally. Her HRM professor in college always said that when you hire internally, you know the candidate's strengths and weaknesses, you develop talent in your organization, and you provide a career opportunity within your company. "Better the devil you know than the devil you don't," he would joke. Lori wholeheartedly bought into this viewpoint—so much so that she created an electronic bulletin board to announce job openings internally. She also created an extensive internal and external employee referral program, instituted across the organization, for which she received significant recognition from the head office.

Lori has handled her responsibilities very successfully. She has become confident in her abilities as HR manager, including her unique talent in locating and attracting the right employees, both internally and externally, and matching them with the right jobs. Employees whom she recruited have consistently exceeded expectations, stayed with the company longer, and had more satisfied

customers than average. These results have brought Lori many compliments and made the branch managers who worked with her look very good. That's probably why she received today's call from Roger, the vice president of human resources.

Roger: Hello, Lori. This is Roger from the head office. Do you have a few minutes to talk?

Lori: Hello, Roger. Of course; what can I help you with?

Roger: Lori, we have a recruitment dilemma, and you're the best person to help with it.

Lori: Whatever I can do to help. What's the problem?

Roger: It's not really a problem. You can say we have too much of a good thing.

Lori: How so?

Roger: Here's the situation. You know Ken, the branch manager from District 66. He left us last month, and his position is open.

Lori: Yes, and I've been receiving some very good resumes that I'll send out to the interview panel by the end of the week.

Roger: Here's the dilemma. I've been approached by three supervisors who saw the position on the bulletin board: Ben from Toledo, Carrie from Benson, and Jamie from Seattle. I've looked into each of them. They're all qualified, dedicated, have proven track records, and are overdue for a promotion, but we didn't have any openings until Ken left. How can we choose among them, and what are we going to do about the other two? Whoever we pick, we're going to be disappointing the other two.

Lori: We also have at least two highly qualified external candidates, but you know my position on that.

Roger: Yes, I do, and I'm all for giving priority to qualified internal candidates. I also know through the grapevine that both Ben and Jamie have received unsolicited offers from competitors with higher salaries and better benefits but chose to stay with us because they like working here. A blow like this would definitely send them away. Carrie is also toying with the idea of starting her own business, and we might lose her if we don't keep her motivated.

Lori: That's a tough one. Maybe we should hire an external candidate this time. After all, this branch has been fully staffed through promotions and internal transfers. Maybe it is time now for some new blood and a fresh perspective.

Roger: I can't believe you're the one suggesting this, Lori. How can I be sure that those external candidates are as good as they look on paper or in the interview? You know our culture. This is going be the first time we hire an external candidate for a manager position. A lot of people will be upset about this. What's it going to do to the morale and loyalty of our employees?

Lori: Give me some time to think about this and do some research about each of the candidates. I'll get back to you in the next couple of days.

Discussion Questions

1. What are the advantages and disadvantages in filling the above opening with an internal versus an external candidate? Think about the implications for the current candidates, other employees within the branch, other managers and employees across the organization, and customers, as well as the implications for Roger and Lori.

2. What additional information would you need to gather about each of the internal and external candidates before making a decision?

3. If you chose one of the three internal candidates, how would you minimize the negative impact on the other two candidates and on morale in the branch and across the organization?

4. If you chose an external candidate, how would you go about your decision to minimize the negative impact on the three internal candidates and on morale in the branch and across the organization?

4.4 Linking Recruitment to the HRM Process

Linking recruitment to the strategic HRM process is critical to the success of the organization: it ensures that the recruitment process is aligned with organizational strategies. As shown in Figure 4.1 and discussed in this chapter, recruitment should be informed by HR planning, job analysis, and job design. Recruitment serves as the foundation for effective selection, compensation and benefits, training and development, and performance appraisal. For example, an organization designs its recruitment strategy and chooses its sources of candidates based on its environmental scanning and job market analysis (HR planning), as well as the job descriptions and job specifications of the vacant positions (job analysis and job design). Qualified applicants are then selected, compensated, trained, rewarded, retained, promoted, or possibly let go based on what they bring into the organization and on how well their qualifications align with the organization's needs, goals, and values. Thus, recruitment is central to the HRM process.

Figure 4.1: Attraction and recruitment of talent
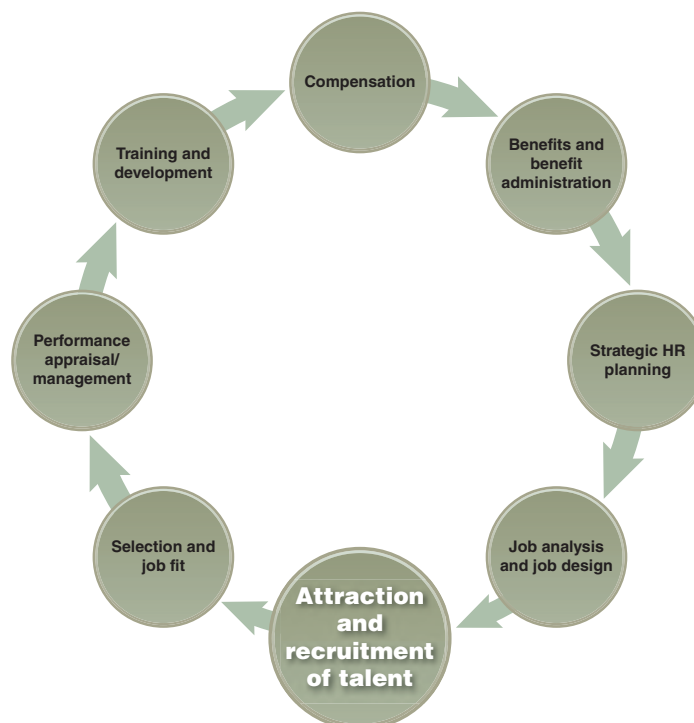
4.5 Opportunities, Challenges, and Recent Developments in Recruiting Talent

In this section you'll explore emerging trends, opportunities, and challenges in recruitment. These include recruiting in a competitive environment, legal and economic issues, an employer's ability to attract candidates, the rise of social networking, alternative work arrangements, globalization, an organization's internal challenges, labor relations, and the expectations of both employers and employees in the recruiting process.

Competitive challenges: The war for talent

Nowadays, it is becoming more and more challenging for companies to acquire talented employees owing to the high demand and scarce supply for such individuals in the recruiting market. This may come as a surprise to you, especially given the current unemployment rates and economic downturn. However, while unemployment rates in general are high, talented and skilled employees are in short supply. Hiring intellectually talented employee as leaders and innovators gives organizations a competitive edge among their peers in terms of performance, which translates in turn into profits.

The main problem is that many older baby boomers currently occupy managerial positions. These employees are approaching retirement age, which poses a great threat to the future of organizations. It is essential that companies search for talented individuals with concrete leadership potential in order to fill those upcoming vacant positions. Attracting qualified individuals in a continuously growing, competitive market is the main challenge for organizations (Axelrod, Handfield-Jones, & Welsh, 2001; Fishman, 1998; Michaels, Handfield-Jones, & Axelrod, 2001; Pfeffer, 2001).

Cultura Limited/SuperStock

As members of the Baby Boomer generation begin to retire, it is essential that companies have talented individuals with solid leadership skills to replace them.

Legal dimensions of recruitment: Equal employment opportunity and discrimination

As organizations attempt to differentiate between candidates who possess requisite job skills and those who do not, it is essential that organizations strictly adhere to all the laws and regulations governing recruitment. For instance, from the very earliest stages of recruitment, such as the screening phase, organizations must clearly demonstrate equal opportunity for all applicants regardless of their age, sex, religion, or ethnic background. In addition, organizations must carefully review their job advertisements and other recruitment

tools to ensure that the language does not suggest any discriminatory preferences. As you will learn in chapter 5, organizations must clearly state and outline their job selection criteria and be able to justify the hiring or rejection decisions made regarding any applicant in case the organization's recruiting practices come under question as being discriminatory. For that reason, companies should keep well-organized records of all recruiting activities.

Recruitment, along with all HR functions, are regulated by the **Civil Rights Act of 1964**. The act is divided into several sections, called *titles*, each of which deals with particular facets of discrimination—e.g., voting rights, public accommodations, and public education. For an employer, discrimination occurs when an employee is treated differently due to a legally protected characteristic such as gender, religion, race, national origin, or ethnic background. Title VII of the act guarantees equal opportunity in employment, and it prompted the establishment of the Equal Employment Opportunities Commission (EEOC) to administer and enforce federal civil rights laws. Today, the EEOC enforces laws that prohibit discrimination based on ethnic background, religion, sex, national origin, disability, or age. These laws apply not only to employee recruitment and selection but to other human resources practices such as compensation, training, and promotion.

It is important to note that discrimination laws are highly relevant to applicants who are not yet employed by the organization. Those applicants are entitled to equal opportunities before they ever set foot in the organization. Moreover, discrimination laws also apply to nonapplicants. For example, **affirmative action** policies require that employers show initiative in recruiting a diverse pool of applicants for their job openings. Organizations where women and minorities are under-represented are required to expand their search efforts to include more women and minorities in their applicant pools. For example, an organization with a predominantly white male employee base that relies on employee referrals may be asked to also use job advertisements to reach out to more women and minorities.

However, an organization will never be required to hire less qualified candidates simply because they belong to an underrepresented group. In fact, such practice is illegal because it is discriminatory; this practice can is often referred to as *reverse discrimination* because it discriminates against the majority group. Contrary to common misconceptions, affirmative action is not about "hiring quotas" forced upon the organization by law. In fact, hiring quotas of any form are illegal in the United States Affirmative action is primarily a recruitment philosophy that was originally designed to promote a wider, more inclusive applicant pool.

Economic challenges: The rising costs of recruitment

In unfavorable economic conditions, organizations aggressively look into cutting costs in order to stay competitive in the market. Reducing recruiting costs is one of the areas that organizations actively pursue in such harsh economic conditions (Zeidner, 2009).

To carry out this effort effectively, the first step is to evaluate the current recruiting costs incurred by the organization. The simplest method is to divide the recruiting costs by the number of hired personnel for the year. Many elements can be added or removed from this calculation, depending on the organization's preferences and on such considerations as testing expenses, training expenses, relocation packages, and bonus agreements.

Organizations attempt to lower recruiting costs through observing, effectively reducing, or possibly cutting any of these elements. For example, some organizations reduce recruiting costs in tough economic times by working out short-term discount deals with recruiting agencies, thereby reducing the total recruiting costs incurred by the organization (Zeidner, 2009).

However, even in tough times, it is critical that organizations perform a cost-benefit analysis when they attempt to reduce their recruiting costs. For example, as discussed earlier, cheaper recruiting methods do not necessarily reach the right talent; thus, the cost per qualified candidate may be high. On the other hand, a more specialized venue may be more expensive, but may yield the right candidates in less time. Screening large numbers of unqualified applicants may also require less time and fewer resources. This type of cost-benefit analysis should be pursued in most HR decisions, and not just in recruitment.

Finally, some HR expenditures yield long-term returns—e.g., recruiting candidates who are qualified and motivated for the job and committed to stay with the organization. These expenditures should be treated as an investment rather than an expense. They yield worthwhile long-term benefits that should be taken into consideration when an organization decides whether specific costs should be incurred or eliminated.

Becoming the employer of choice for a broader pool of applicants

HR policies and guidelines directly affect an organization's ability to recruit qualified individuals and retain valuable employees. Organizational factors related to recruitment, selection, training and development, and compensation and benefits all contribute to portraying a favorable organizational image in the job market. These factors therefore have a direct influence on attracting talent.

Being recognized as an employer of choice contributes to the organization's overall reputation, which in turn attracts a wider pool of applicants. Organizations must therefore carefully and thoroughly examine their recruiting, selection, and personnel policies, which affect both current employees and the overall attractiveness and reputation of the organization in the market and among prospective recruits. For instance,

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The Great Places to Work Institute has developed quantifiable metrics for evaluating workplace characteristics such as compensation and benefits, working conditions, growth and development opportunities, and family-friendly policies.

an organization is more likely to attract qualified applicants when its public image includes career growth, stability, and a favorable internal environment and culture.

As an example, *Fortune* magazine annually publishes a list of the 100 Best Companies to Work For. In 2011, these companies included SAS, Boston Consulting Group, Wegmans Food Markets, Google, NetApp, Zappos, and Edward Jones. Organizations are selected by the Great Place to Work Institute—a global research, consulting, and training firm. The institute has developed quantifiable metrics for workplace characteristics, including

- compensation and benefits
- working conditions
- family-friendly policies
- growth and development opportunities
- diversity management

Since The Great Places to Work Institute has a presence in more than 45 countries and creates similar lists in other parts of the world, organizations across the globe compete to be on its prestigious lists. The institute also has other lists for other types of organizations, such as the Best Small and Medium Workplaces. By the end of 2011, the Great Place to Work Institute expects to launch its new World's Best Multinational Workplaces list, which recognizes the world's top 25 companies to work for.

WEB LINKS

100 Best Companies to Work For: http://money.cnn.com/magazines/fortune/bestcompanies/2011/index.html

The Great Places to Work Institute: http://www.greatplacetowork.com/

Browse through these two websites for the names and websites of companies on various Best Places to Work lists. Try to get an idea of what they offer their employees.

Technological developments in recruitment: Social networking

Social networking is emerging as another effective method for recruiting qualified employees. **Social networking** involves using the Web informally for hiring purposes through blogs, technical and specialized online journals, informal communication with similar-minded professionals, and job recruiting websites that reach out to and solicit qualified applicants. As of early 2012, the most commonly used social networking websites were Facebook, Twitter, and LinkedIn. LinkedIn is considered more professionally oriented than other social networking websites, which are oriented more toward personal and social communication.

Social networking has many advantages for both the employee and the employer. One of its most significant advantages to employers is the ability to search for candidates to fill

highly specialized and unique jobs (Kravitz, 2006; Leonard, 2006). Some social networks also allow current or former employees to assess and evaluate their employers on the Web through reviews and questionnaires—helping other candidates make more informed decisions (Anthaualey, 2006). Most importantly, many social networks are free of charge, which can reduce recruitment costs.

However, it can also be risky for both employers and employees to use social networks for recruitment. For employers, social networks offer their participants a lot of freedom; job candidates may therefore self-promote by sharing false information. They may also post discriminatory or offensive remarks that could later expose the organization to legal action. Similarly, employees may risk their privacy or the illegitimate use of their personal information when people involved in illegal activities pose online as potential employers.

AP Images/Minnesota Public Radio, Tim Post

Social networking can be a useful recruitment tool, but employers and candidates should also be aware of the risks.

Finally, social networking blurs the line between personal and professional life. For example, employers and recruiters routinely check applicants' Facebook pages to know more about their personal interests and lifestyles. This practice raises privacy concerns and can also be illegal if an applicant is rejected for discriminatory reasons such as religious preferences or sexual orientation. These are reasons for organizations and employees to approach social networking and other Web-based activities in the workplace (e.g., e-mail and company websites) deliberately and carefully, since they are governed by the same laws as more traditional methods.

Alternative work arrangements: Outsourcing, contracting, and contingent workers

As discussed in previous chapters, some organizations revert to outsourcing instead of recruiting and hiring. Organizations outsource to gain efficiency and lower costs for the same or better-quality products or services. When an organization specializes in delivering a particular product or service on a large scale, it can afford the advantages of economies of scale. Outsourcing is therefore common in countries where wages and salaries are lower. Outsourcing to other countries has been growing considerably because of technological advances in networks and transmission methods. Some of the most commonly outsourced services are payroll, legal services, and customer service.

As appealing as it sounds, outsourcing has disadvantages that can offset the advantages, such as security breaches, deficient customer service, and quality-control problems.

Organizations that are known for outsourcing may also have a harder time attracting and retaining talent because potential applicants or current employees may perceive them as insecure places to work. Nevertheless, outsourcing can be a viable alternative to traditional recruitment when talent is rare, unavailable, or too expensive to retain on permanent payroll. The organization can then outsource roles on an as-needed basis.

Another form of alternative work arrangement is contingent employment of temporary and contract workers. Contingency employment offers many advantages to organizations:

- It enables organizations to effectively adapt to changes in market demand.
- It alleviates financial burdens associated with direct hires such as record keeping and other administrative responsibilities and obligations.
- It eliminates the costs of benefits such as retirement plans; health, life and unemployment insurance; and other compensation benefits.
- Outside contract employees bring their experiences from other organizations and share them with permanent workers in the organization (Connelly & Gallagher, 2004; Matusik & Hill, 1998).

On the other hand, contingency employment can bring disadvantages to both an organization and its temporary or contract employees. Some temporary employees are discouraged by contingency employment because they cannot afford the cost of private health insurance, which is usually partly or sometimes fully covered by organizations for permanent employees. For organizations, federal laws sometimes pose a hurdle since they give temporary and contract employees some rights that restrict organizations from controlling contingency employees. One example is hours of operation. Contingency employees also may not feel as much sense of commitment to the organization as permanent employees—an attitude that may lower the delivered service's or product's quality. However, research on the attitudes and behaviors of contingent employees is mixed on this question. New models and methods are needed to better understand how contingent workers relate to their temporary employers (Gallagher & Sverke, 2005; Van Dyne & Ang, 1998).

Recruiting globally

With an increasing demand and competition for talented employees, more and more organizations are resorting to either searching for talent or sourcing work globally. For many organizations, this option is much more effective and efficient than getting involved with competition in a war over talent in a limited-supply local market. Several factors must be carefully considered and analyzed by organizations before they venture into global recruiting, including

- cultural differences
- brand recognition
- variations in HR laws, practices, and compensation systems (Vashistha, 2007)

Global organizations may also resort to global recruitment to fill job openings overseas. Global recruitment capabilities can facilitate the assimilation of the organization's operations in global markets by giving it a local "face" and "feel." Global recruitment can also

help build the organization's reputation as a contributor to the local community, and local employees can have useful insights into how products and services can be adapted to the local market. Since locals do not have to relocate, they are usually easier to find and attract, and they are less likely to suffer from cultural shocks than their international counterparts. Thus, unless expatriates from the home country or from another location are needed, global recruitment offers many benefits that global organizations should consider.

Internal challenges to effective recruitment: Organizational structure, culture, and politics

As you probably deduced from the vignette presented earlier in this chapter, organizational structure, culture, and politics can affect recruitment. An organization's image is an important factor in attracting and retaining talent. Employees are attracted to organizations that they perceive as having structures and cultures compatible with their personalities and preferences (Gardner, Reithel, Foley, Cogliser, & Walumbwa, 2009). Moreover, people who are hired because of their compatibility with corporate culture are more likely to stay longer (Hunt, 2011). For example, organizational structures that do not support internal recruitment and career development may not be attractive to candidates with high needs for growth. In fact, organizational politics and HR systems that emphasize seniority have been found to be associated with counterproductive behaviors such as hoarding information and fragmentation between workers (Finlay, 1990).

Unions, labor relations, and recruitment practices

A major role of HR is to act as a mediator between employees and organizations, helping align employees' interests with the organization's expectations. Accordingly, organizations depend heavily on HR to keep such relations as healthy as possible. In many organizations, employees are also members of and are represented by labor unions. HR has additional responsibilities in these organizations, such as negotiating employment contracts and, when necessary, effectively managing and resolving problems.

The **National Labor Relations Act (NLRA)** of 1935 legalized unionization and collective bargaining. Therefore, most business organizations cannot require or prohibit their employees to unionize, nor can they discriminate against employees who do so through recruitment, selection, training, compensation, promotion, or any other HR processes. However, over the last decade, union membership has been declining, and collective bargaining has decreased in importance. These reductions may be due in part to the increased litigation protecting workers' interests, both in the United States and globally (Brown, Nash, Deakin, & Oxenbridge, 2000).

Realistic job previews and psychological contracts

HR practices have a direct impact on attracting new, qualified individuals and retaining skilled personnel. HR has the recruitment responsibility to carefully and thoroughly

investigate and analyze jobs, creating a **realistic job preview** for potential hires. HR must also communicate all positive and negative aspects of the job to applicants, rather than concealing some or all of the negatives or exaggerating some of the positives to lure in qualified job seekers. Misrepresenting a job will create a culture of organizational mistrust, make newly hired or currently available skilled personnel reluctant to remain in their positions, impoverish performance and motivation, and eventually worsen employee turnover (Hom, Griffeth, Palich, & Bracker, 1998).

Employers and potential employees have their own sets of expectations toward one another during the recruitment process. Potential employees expect a clear, true, fair representation of the job and of the organization in general. Organizations, in turn, expect their job applicants to represent their talents and abilities truthfully. This mutual relationship between employers and the employees becomes part of the psychological contract that develops over time, as discussed in earlier chapters. A psychological contract based on an honest exchange of information will likely be more conducive than dishonesty can be to a productive working relationship.

Studies show that there are five major areas of expectations for employees towards their employers:

- career progression and growth within the organization
- challenging job duties and responsibilities that fit individuals' capabilities
- favorable organizational culture
- adequate compensation for the tasks performed
- work-life balance

Employers also have five major expectations for employees:

- that employees demonstrate willingness, effort, and efficiency as they perform their duties and responsibilities
- that they make themselves available whenever needed in order to accomplish tasks outside their normal working hours
- that they display ethical conduct within the organization
- that they maintain long-term loyalty and commitment to the organization
- that they keep a positive attitude in accepting additional duties and responsibilities that need to be performed in order to get the job done (Van de Ven, 2004)

As discussed in earlier chapters, and as is evident in these research findings, the psychological contract between employers and employees is changing: employees are becoming more independent and in charge of their own roles and careers, while employers are expected to provide opportunities for growth and development. In this type of psychological contract, it is critical to establish mutual trust—even as early as the employers' and employees' interaction during the recruitment process.

EYE ON THE GOAL

"The financial benefits and costs of effective recruitment: Pivotal versus important jobs"

As emphasized in this chapter and throughout this textbook, a cost-benefit approach should be adopted for decisions regarding HRM costs. These expenditures should be viewed as investments that yield long-term returns, rather than just expenses to be minimized or avoided. Recruitment costs fall into this category of expenditures that are truly investments. For example, effective recruitment can reduce the time and energy wasted on going through hundreds, or sometimes even thousands, of unqualified people's applications. The ability to find and hire the right person for the job can save significant costs. Qualified individuals who also fit into the organization's culture and are aligned with its goals and values are more likely to be motivated, productive employees who stay longer, contribute more effectively to their roles and their teams, make fewer mistakes, and require less up-front training. The benefits of finding these individuals will likely more than offset the costs of the process.

Does that long-term return mean that an organization should invest all its resources in recruitment and selection efforts, simply because the recruitment investment always pays off? Not necessarily. Boudreau and Ramstad (2007) make a critical distinction between jobs that are important and jobs that are pivotal. While many jobs in an organization can be considered important for its success, only a few jobs qualify as pivotal. Pivotal jobs are those in which improvement in employees' talent and performance makes the largest difference in the organization's success. These pivotal jobs should therefore receive the organization's focused recruitment and selection resources.

For example, Boudreau and Ramstad compare two types of jobs at a Disney theme park: the people in the costumes representing the characters, such as Mickey Mouse, and the park sweepers. While the characters may seem more important, it is park sweepers who are pivotal to the success of the park. The difference between an excellent Mickey Mouse and an average or mediocre one is not very significant. After all, the employee is always inside the costume, accompanied by a supervisor, is not allowed to talk, and follows a strict daily schedule and a scripted approach when dealing with guests. On the other hand, sweepers don't only keep the grounds clean. They also greet guests, help them navigate the park, and solve many problems on the spot—all of which add to the positive experience that guests seek. The difference between an excellent sweeper and an average or mediocre sweeper can have a substantial impact on customer satisfaction.

Many organizations focus their recruitment resources on the Mickey Mouse equivalents of jobs in their organizations. These are important, highly visible jobs. However, these jobs may not be as pivotal as jobs that are lower in the organizational hierarchy, but where significant variation in performance can happen that can directly compromise the success of the organization. For example, while managers are important, customer service representatives may be pivotal for organizational success in a service organization. Thus, investments in hiring talented customer service representatives may yield higher returns than focusing on hiring the best managers. These types of strategic decisions should direct expenditure toward effective recruitment, rather than toward merely minimizing the costs of recruitment by choosing the cheapest possible sources of applicants.

Chapter Summary

- Recruiting qualified employees is essential for sustaining organizational competitiveness.
- HR must be able to find candidates who have the attributes required to succeed in particular roles.
- Various sources of applicants can be used to find the right talent.
- External sources of applicants include advertising, employment agencies, the Web, colleges and universities, professional employment organizations, temp agencies, unsolicited applications, and soliciting specific applicants.
- Internal sources of applicants include promotion from within, lateral transfers, and employee referrals.
- It is beneficial to involve line managers and employees in the recruiting process. This involvement can help unify goals and result in attracting and recruiting the best candidates, at the right time, while the organization conforms to applicable laws, regulations, and guidelines.

Key Terms

affirmative action: A set of policies that require employers to show initiative in recruiting a diverse pool of applicants for their job openings.

Civil Rights Act: A set of laws and regulations, divided into several sections or titles, each of which deals with particular facets of discrimination (e.g., voting rights, public accommodations, and public education); Title VII of the act guarantees equal opportunity in employment and prohibits discrimination based on gender, religion, race, national origin, or ethnic background.

employee referrals: A form of recruiting through which employees within the organization recommend personal or professional acquaintances, such as friends or family members, for the organization's employment consideration.

employment agencies: A leading source of job candidates—these are private and public agencies that gather information about candidates for employment in the market; evaluate their qualifications, skill sets, and experiences through a series of interviews and tests; and then connect candidates with the relevant hiring organizations.

HR talent inventory: A system that tracks key indicators of existing talent within the organization such as the knowledge, skills, and abilities (KSAs) and the competencies acquired by current employees; their promotions, lateral movements, and training and development opportunities; and their performance appraisals and changes in assigned tasks, duties, and responsibilities.

lateral transfer: A horizontal move in which an individual shifts to another position at the same level of the organizational hierarchy.

National Labor Relations Act (NLRA): A U.S. law that legalized unionization and collective bargaining.

professional employer organizations (PEOs) and **temp agencies:** Organizations that provide employers with leases on a temporary basis, depending on employer needs.

realistic job preview: An accurate picture of a job that communicates all its positive and negative aspects to job applicants.

recruitment process: The process of identifying and attracting qualified talent for organizational jobs in a timely and effective manner.

social networking: The use of the Web in an informal manner for hiring purposes through blogs, technical and specialized online journals, informal communication with similar-minded professionals, and job-recruiting sites that reach out to qualified applicants.

Critical Thinking Questions

1. Some organizations proactively recruit (i.e., "poach") employees from other companies (especially competitors) by using organizational charts or phone directories to find the employee's contact information. Do you think these recruiting methods are a good business practice? Are there any ethical issues with them?
2. Being extraverted is one trait that recruiters are often thought of as being, but what other KSAs should a recruiter possess in order to be successful?
3. Under what circumstances are broader versus more targeted recruiting methods more appropriate?
4. Some organizations use realistic job previews to present job candidates with accurate information about the negative (and positive) aspects of a job. Under what type of labor market conditions or for what type of job candidates would realistic job previews be more appropriate?
5. What would be the best ways to recruit people for your job? What recruiting methods wouldn't be as effective?