



# Human Resource Management

*Eleventh Edition*

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## Chapter 7

## Recruiting in Labor Markets

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**SECTION 2**  
**Staffing the**  
**Organization**

# Learning Objectives

- After you have read this chapter, you should be able to:
  - Identify different ways that labor markets can be identified and approached.
  - Discuss the advantages and disadvantages of internal and external recruiting.
  - Specify three internal sources for recruiting and issues associated with their use.
  - List and briefly discuss five external recruiting sources.
  - Explain why Internet recruiting has grown and how employers are conducting it.
  - Discuss three factors to consider when evaluating recruiting efforts.

# Strategic Approach to Recruiting

- **Benefits of a Strategic Approach**
  - Matches recruiting activity with organizational and human resource plans.
- **Acquiring the Right Human Capital Entails:**
  - Knowing the business and industry to successfully recruit qualified employees
  - Identifying keys to success in the labor market, including ways to deal with competitors' recruiting efforts
  - Cultivating networks and relationships with sources of prospective employees
  - Promoting the company brand so that the organization becomes known as a good place to work
  - Creating recruiting metrics in order to measure the effectiveness of recruiting efforts

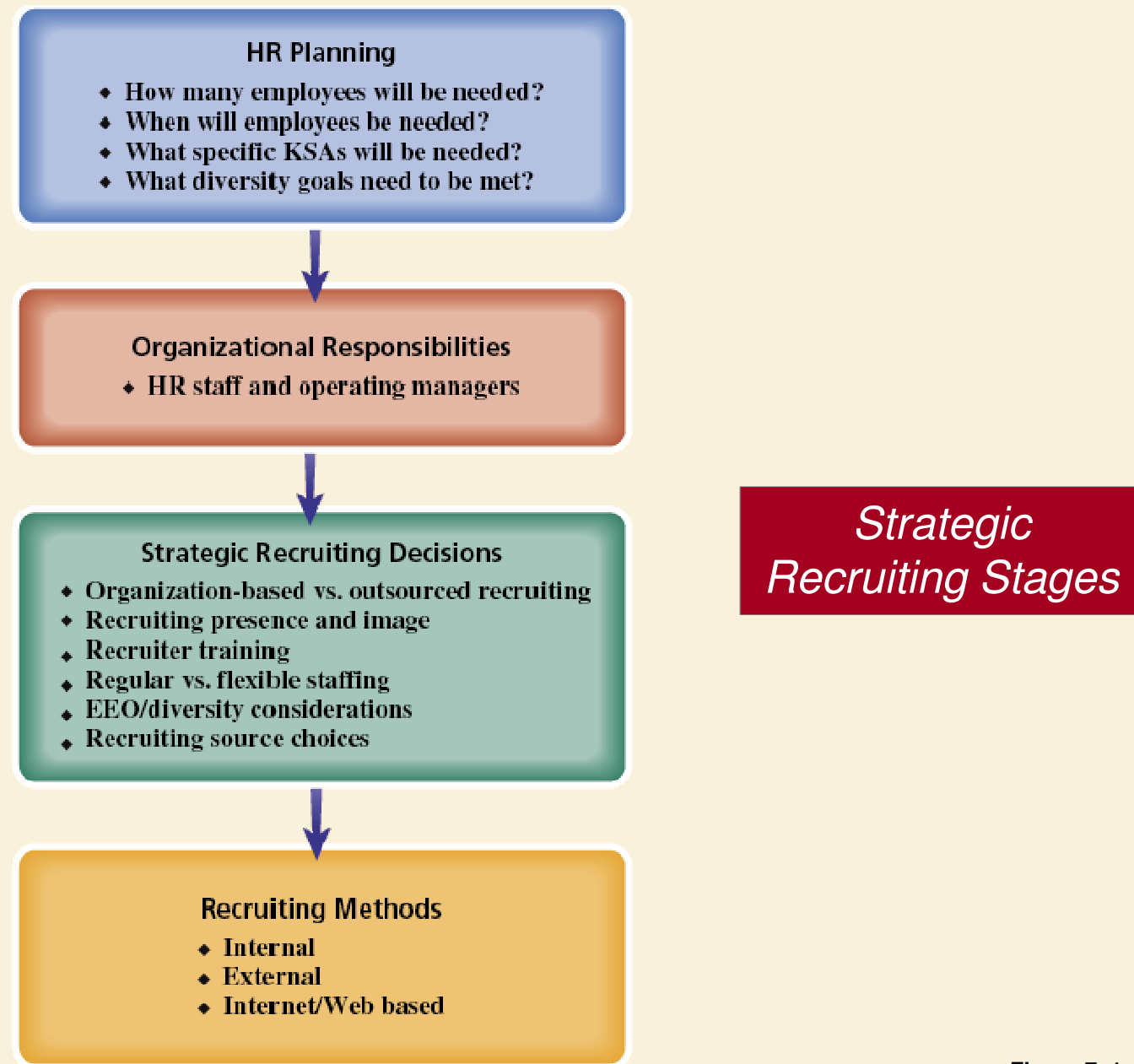


Figure 7-1

# Recruiting and Labor Markets

- **Recruiting**
  - The process of generating a pool of qualified applicants for organizational jobs
- **Labor Markets**
  - The external supply pool from which organizations attract their employees
- **Tight versus Loose Labor Markets**
  - Low unemployment creates competition for employees, raising labor costs.
  - High unemployment results the availability of more applicants and more qualified applicants.

# Labor Market Components

- Labor Force Population
  - All individuals who are available for selection if all possible recruitment strategies are used.
- Applicant Population
  - A subset of the labor force that is available for selection using a particular recruiting approach.
- Applicant Pool
  - All persons who are actually evaluated for selection

# *Labor Market Components*

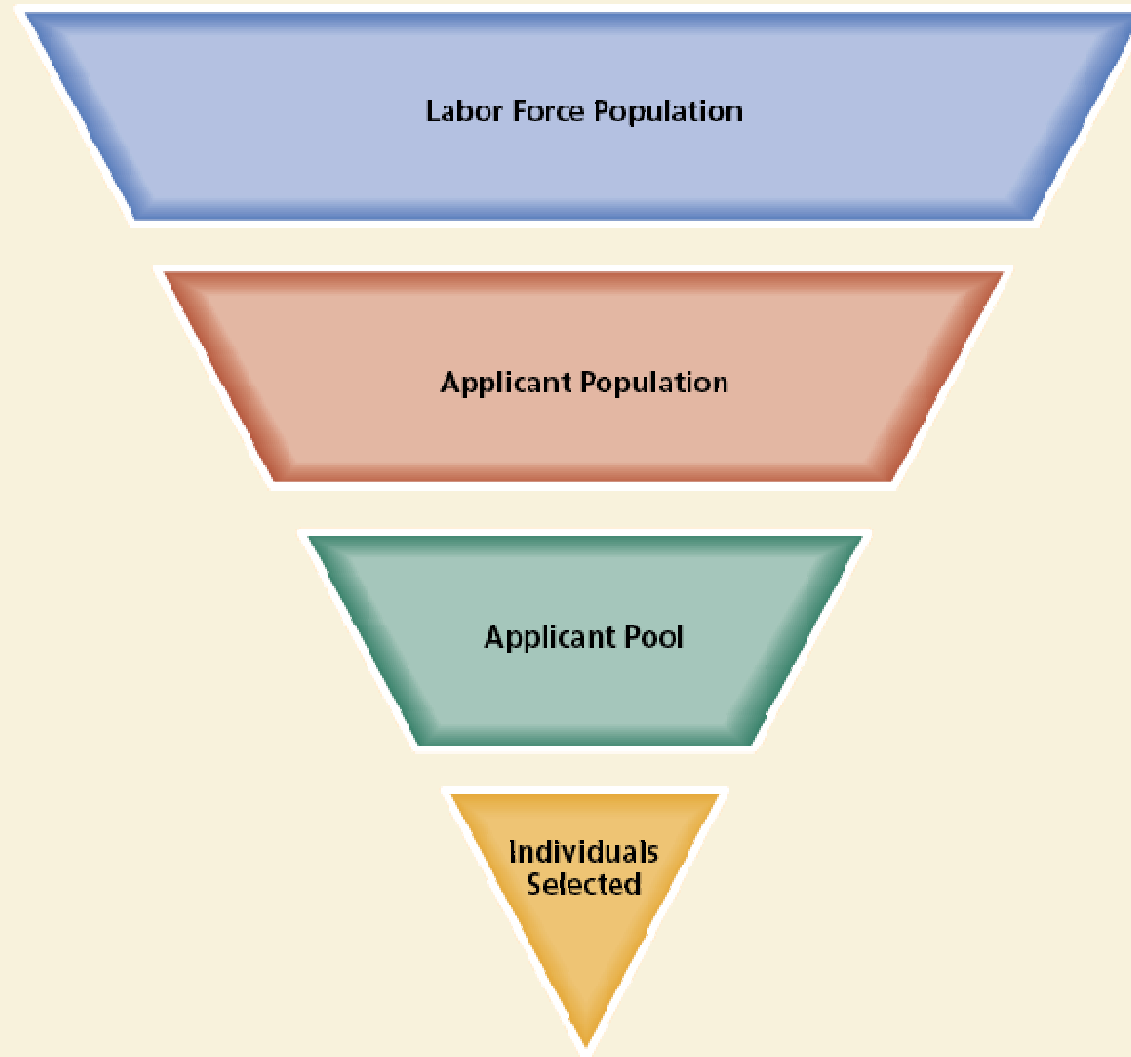


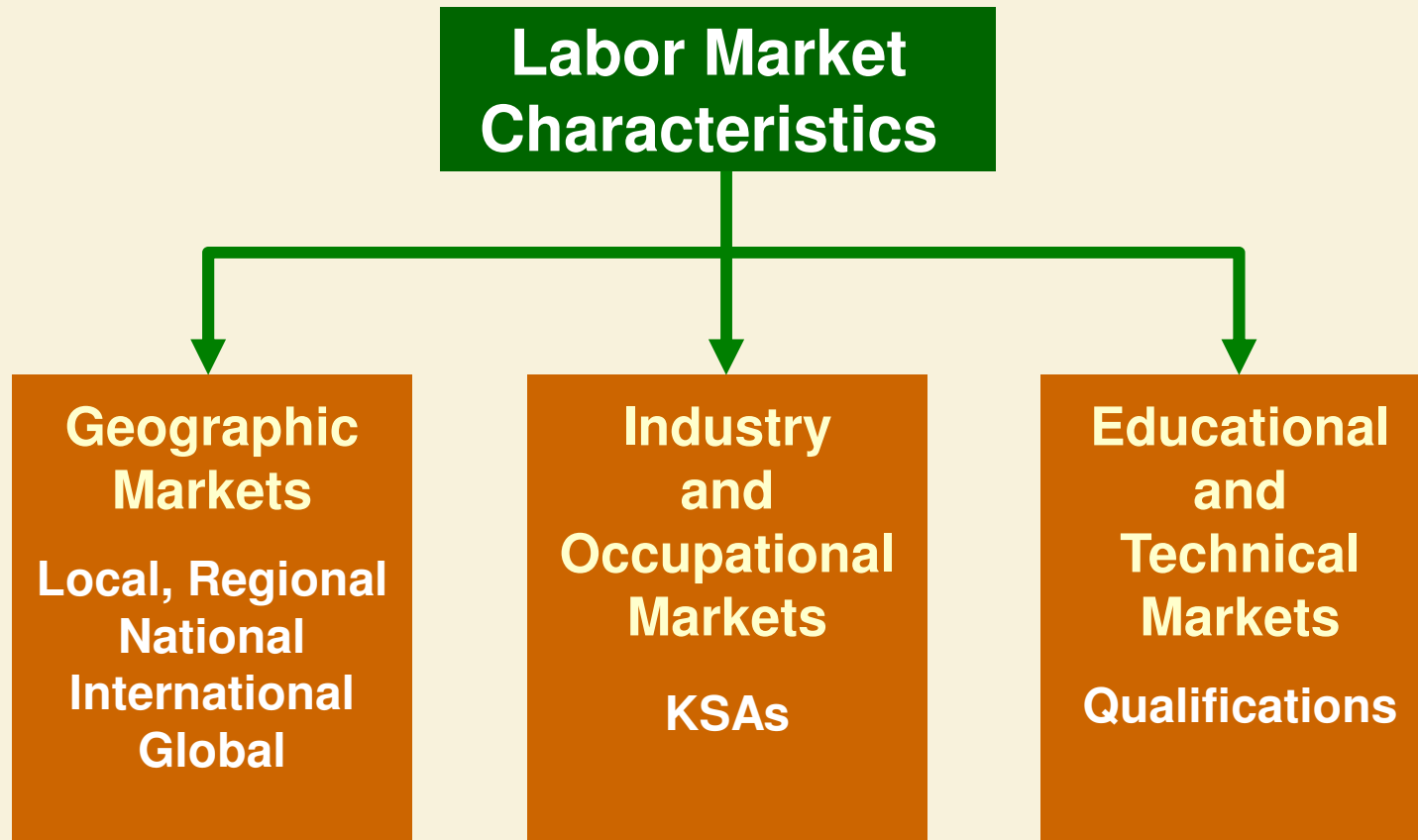
Figure 7-2

# Recruiting Decisions

- Recruiting method
  - Advertising medium chosen, including 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, for example
- Administrative procedures
  - When recruiting is done, applicant follow-up, and use of previous applicant files



# Labor Markets and Recruiting



# Strategic Recruiting Decisions

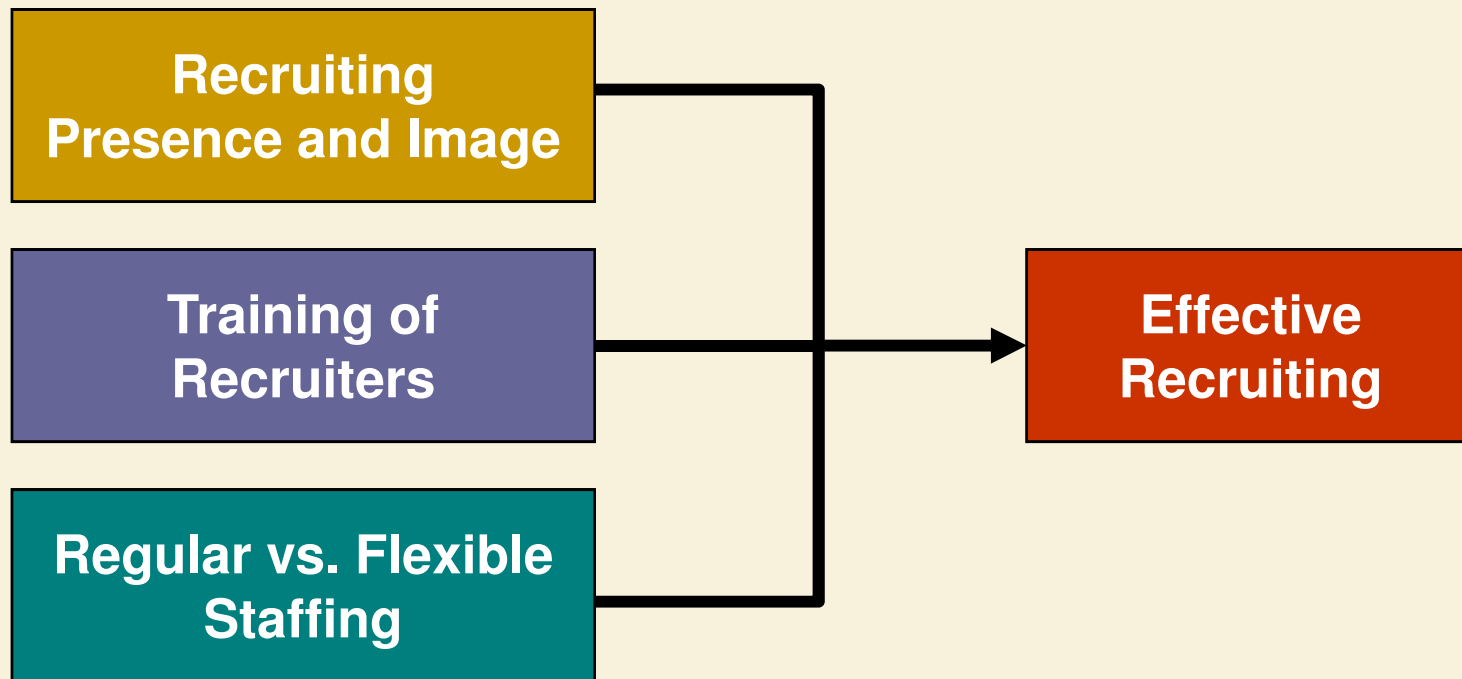
- Organization-Based vs. Outsourced Recruiting
  - HR knows organization best
  - Outsourcing frees up time and decreases HR Staff
- Professional Employer Organizations (PEOs) and Employee Leasing
  - Saves HR costs but increases total payroll costs
  - Increases compliance with government regulations and requirements.
  - Benefits may be more available

## *Typical Division of HR Responsibilities: Recruiting*

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 efforts with information about job requirements</li><li>◆ Review success/failure of recruiting activities</li></ul>

Figure 7-3

# Effective Recruiting



# Regular vs. Flexible Staffing

- Flexible Staffing

- The use of workers who are not traditional employees.
- Temporary workers
  - ❖ Hiring temporary staff members or contracting with agencies supplying temporary workers on a rate-per-day or rate-per-week basis.
- Independent contractors
  - ❖ Workers who perform specific services on a contract basis.

## *Recruiting and Diversity Considerations*



Figure 7-4

# Recruiting Diverse Workers

- **Older Workers**

- *Mid-life career changers*: Those who are burned out in their jobs and career fields and leave voluntarily to try new fields
- *Displaced older workers*: Those who have worked but have been displaced, often involuntarily, through job reductions or plant closings
- *Retirees*: Those who took early retirement buyouts or formally retired from prior jobs

- **Individuals with Disabilities**

# Advantages and Disadvantages of Internal and External Recruiting Sources

Recruiting Source	Advantages	Disadvantages
Internal	<ul style="list-style-type: none"> <li>◆ The morale of the promotee is usually high.</li> <li>◆ The firm can better assess a candidate's abilities.</li> <li>◆ Recruiting costs are lower for some jobs.</li> <li>◆ The process is a motivator for good performance.</li> <li>◆ The process causes a succession of promotions.</li> <li>◆ The firm has to hire only at entry level.</li> </ul>	<ul style="list-style-type: none"> <li>◆ "Inbreeding" results.</li> <li>◆ Those not promoted may experience morale problems.</li> <li>◆ Employees may engage in "political" infighting for promotions.</li> <li>◆ A management development program is needed.</li> </ul>
External	<ul style="list-style-type: none"> <li>◆ New "blood" brings new perspectives.</li> <li>◆ Training new hires is cheaper and faster because of prior external experience.</li> <li>◆ The new hire has no group of "political supporters" in the organization.</li> <li>◆ The new hire may bring new industry insights.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The firm may not select someone who will fit the job or the organization.</li> <li>◆ The process may cause morale problems for internal candidates not selected.</li> <li>◆ The new employee may require a longer adjustment or orientation time.</li> </ul>

Figure 7-5



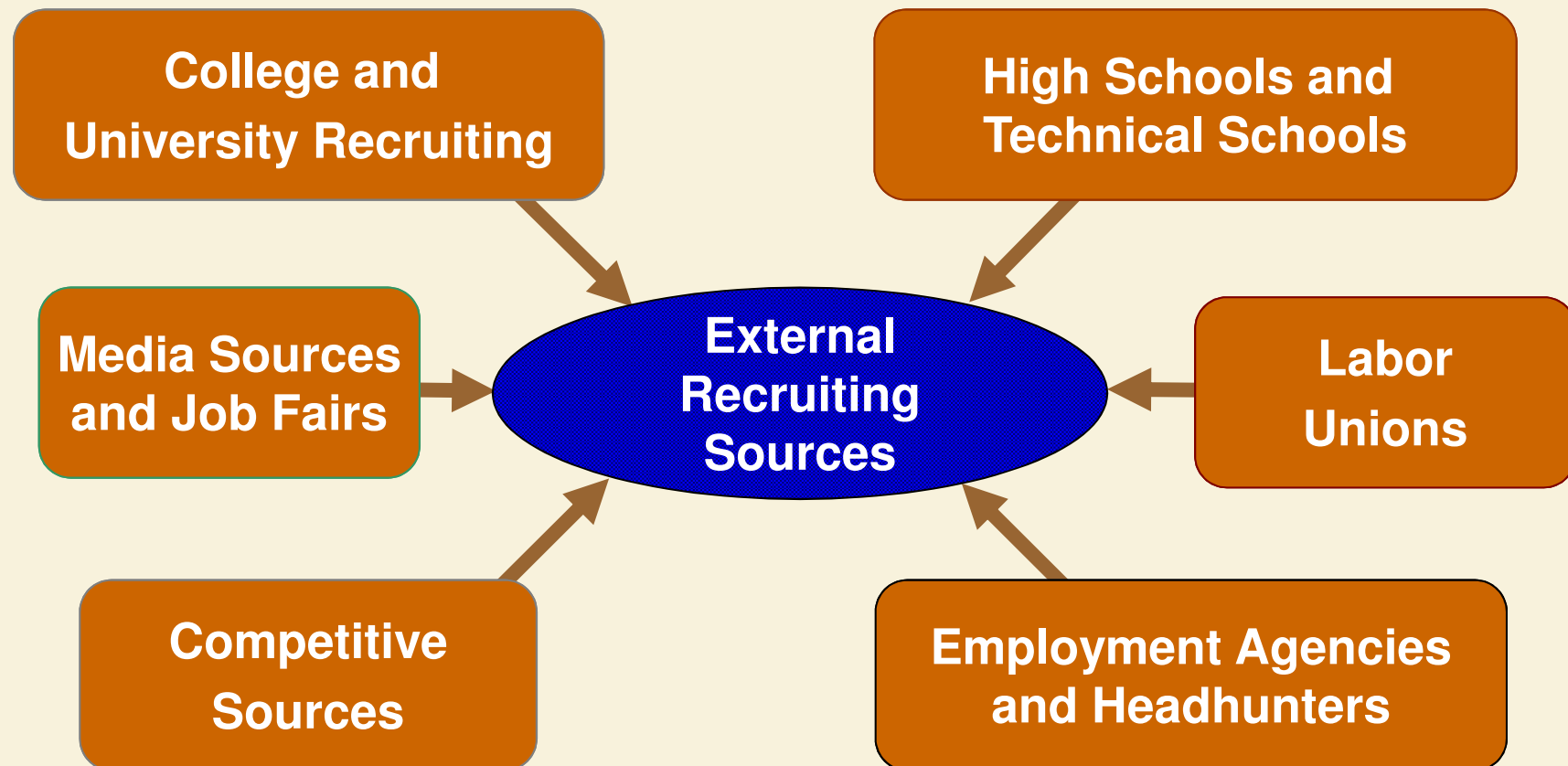
# Internal Recruiting

- **Organizational Databases**
  - Profiles containing background and KSA information on current employees that allow for key word searches to locate suitable candidates for open positions and career development.
- **Job Posting**
  - A system in which the employer provides notices of job openings and employees respond by applying.
- **Promotions and Transfers**
  - Upward and lateral movements of employees

# Employee-Focused Recruiting

- **Current-Employee Referrals**
  - A reliable source composed of acquaintances, friends, and family members of employees that are recommended by current employees.
  - Can violate EEO regulations if it is the sole source of applicants.
- **Re-recruiting of Former Employees and Applicants**
  - Individuals who have left for other jobs might be willing to return.

# External Recruiting



# *What to Include in an Effective Recruiting Ad*

## **Information on the Job and on the Application Process**

- ◆ Job title and responsibilities
- ◆ Location of job
- ◆ Starting pay range
- ◆ Closing date for application
- ◆ Whether or not to submit a resume and a cover letter
- ◆ Whether or not calls are invited
- ◆ Where to mail application or resume

## **Desired Candidate Qualifications**

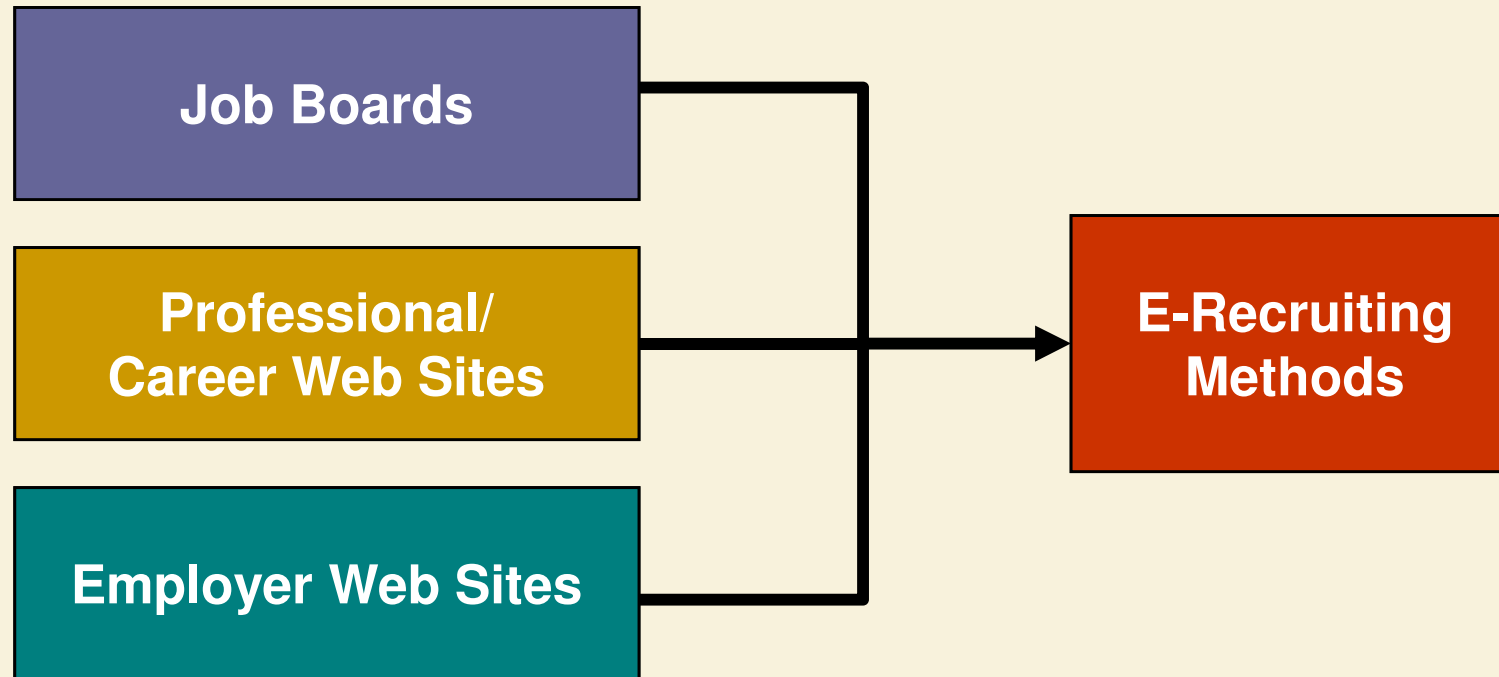
- ◆ Years of experience
- ◆ Three to five key characteristics of successful candidates

## **Information on the Organization**

- ◆ That it is an EEO employer
- ◆ Its primary business

Figure 7-6

# Internet Recruiting Methods



# Internet Recruiting (cont'd)

- Advantages

- Recruiting cost savings
- Recruiting time savings
- Expanded pool of applicants
- Morale building for current employees

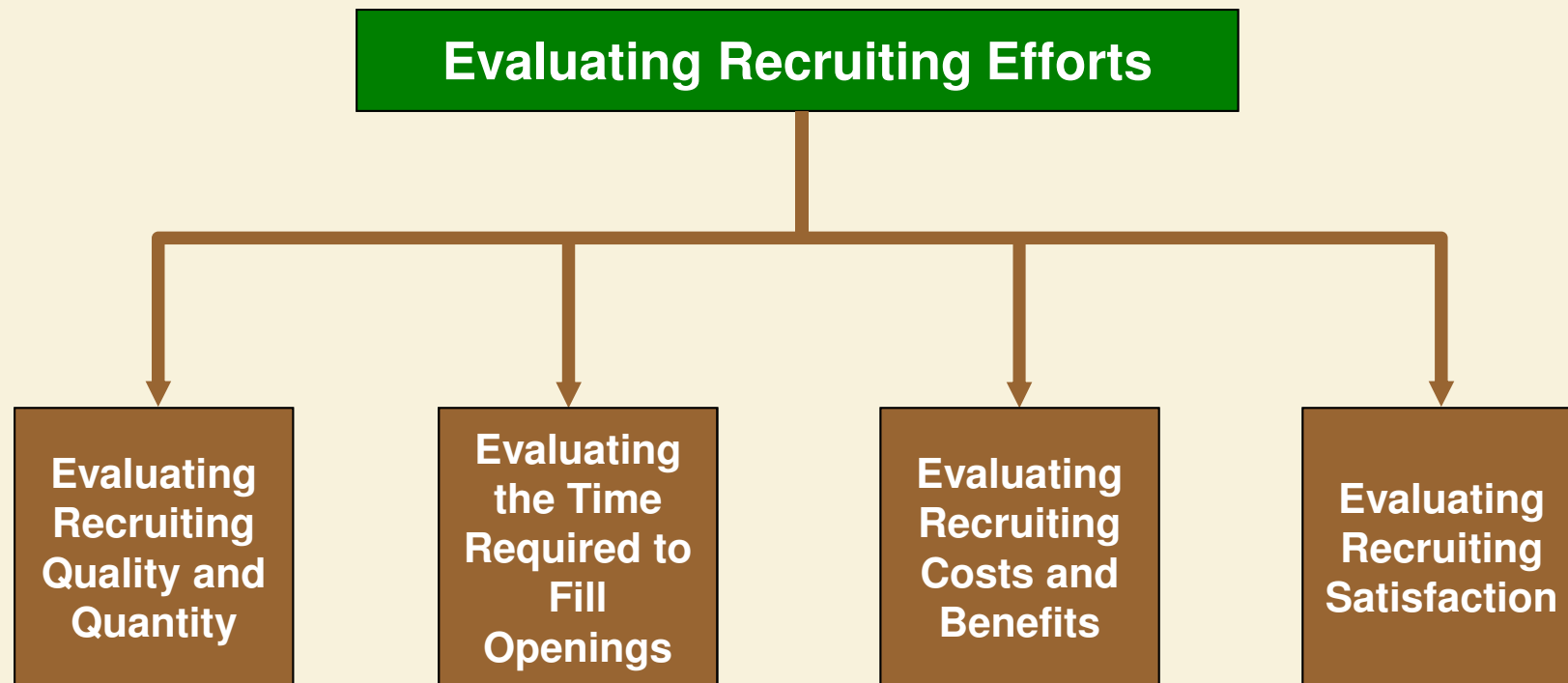
- Disadvantages

- More unqualified applicants
- Additional work for HR staff members
- Many applicants are not seriously seeking employment
- Access limited or unavailable to some applicants

## Internet Recruiting (cont'd)

- Legal Issues in Internet recruiting
  - The use (or misuse) of screening software
  - Exclusion of protected classes from the process
  - Collection of federally required applicant information
  - Identification of “real” applicants
  - Online Informality that leads to improper discussions or information

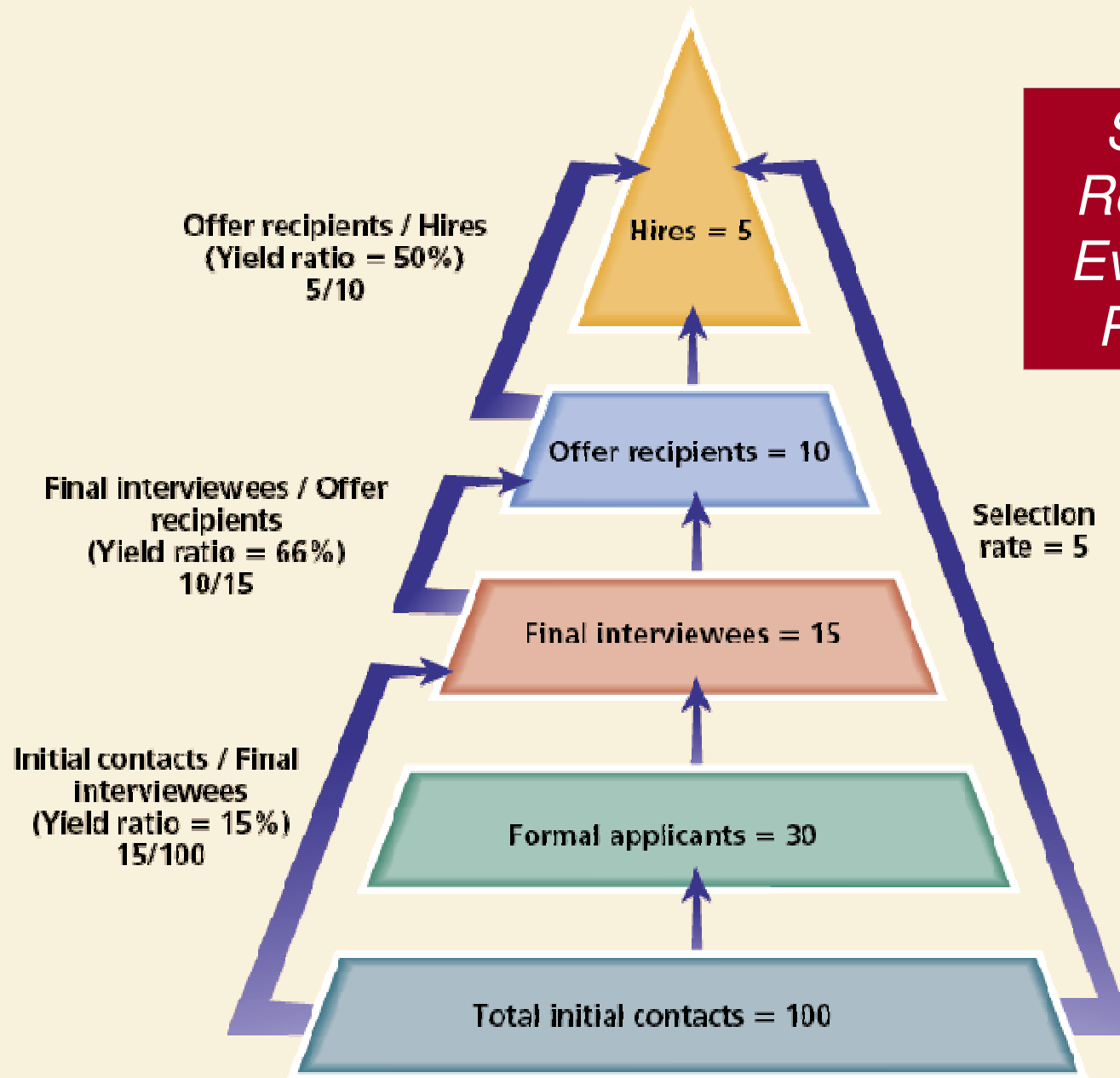
# Recruiting Evaluation and Metrics





# General Recruiting Process Metrics

- **Yield ratios**
  - A comparison of the number of applicants at one stage of the recruiting process to the number at the next stage.
- **Selection rate**
  - The percentage hired from a given group of candidates.
- **Acceptance Rate**
  - The percent of applicants hired divided by total number of applicants.
- **Success Base Rate**
  - Comparing the percentage rate of past applicants who were good employees to that of current employees.



*Sample  
Recruiting  
Evaluation  
Pyramid*

Figure 7-7