

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

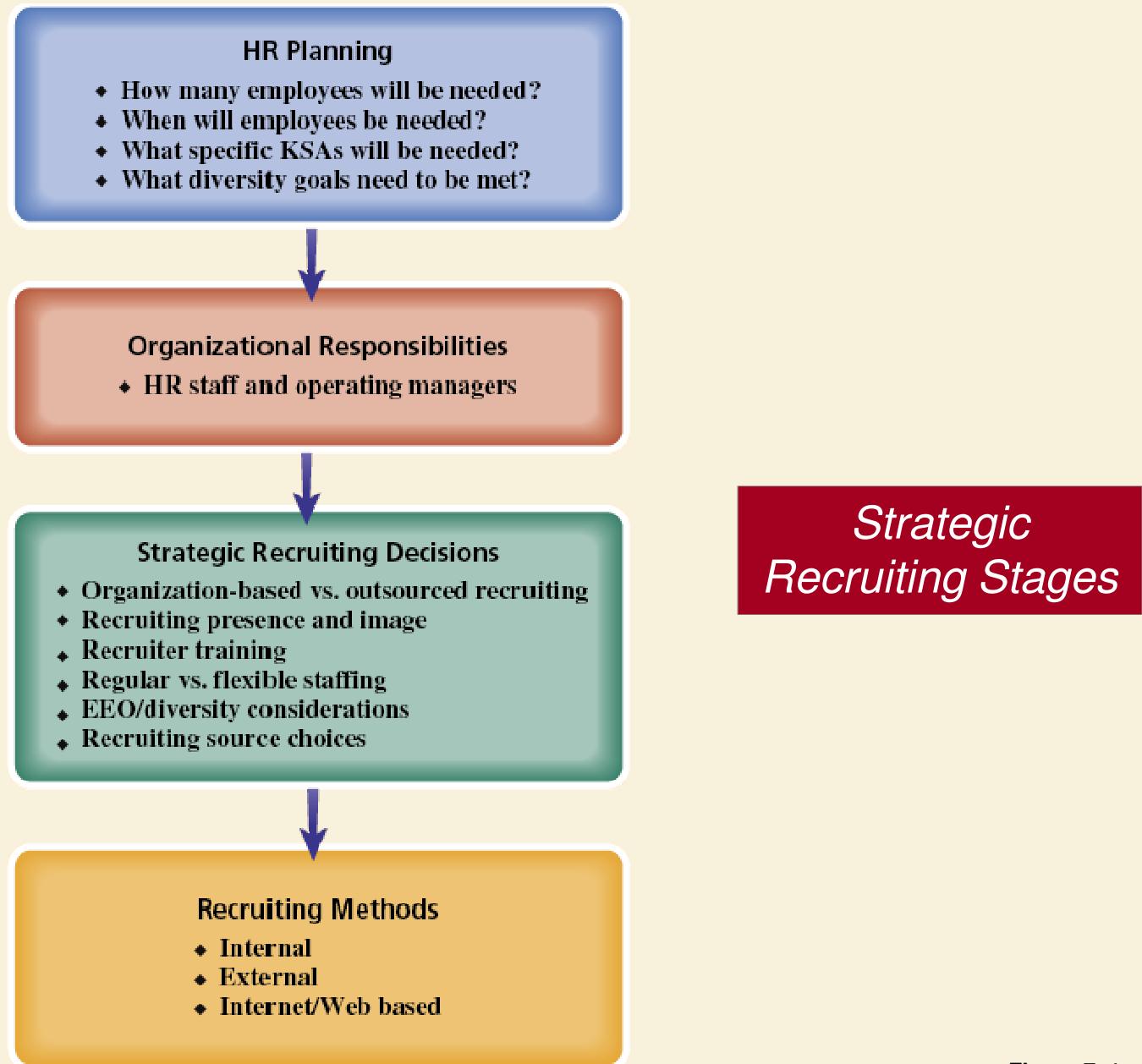


Figure 7-1

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

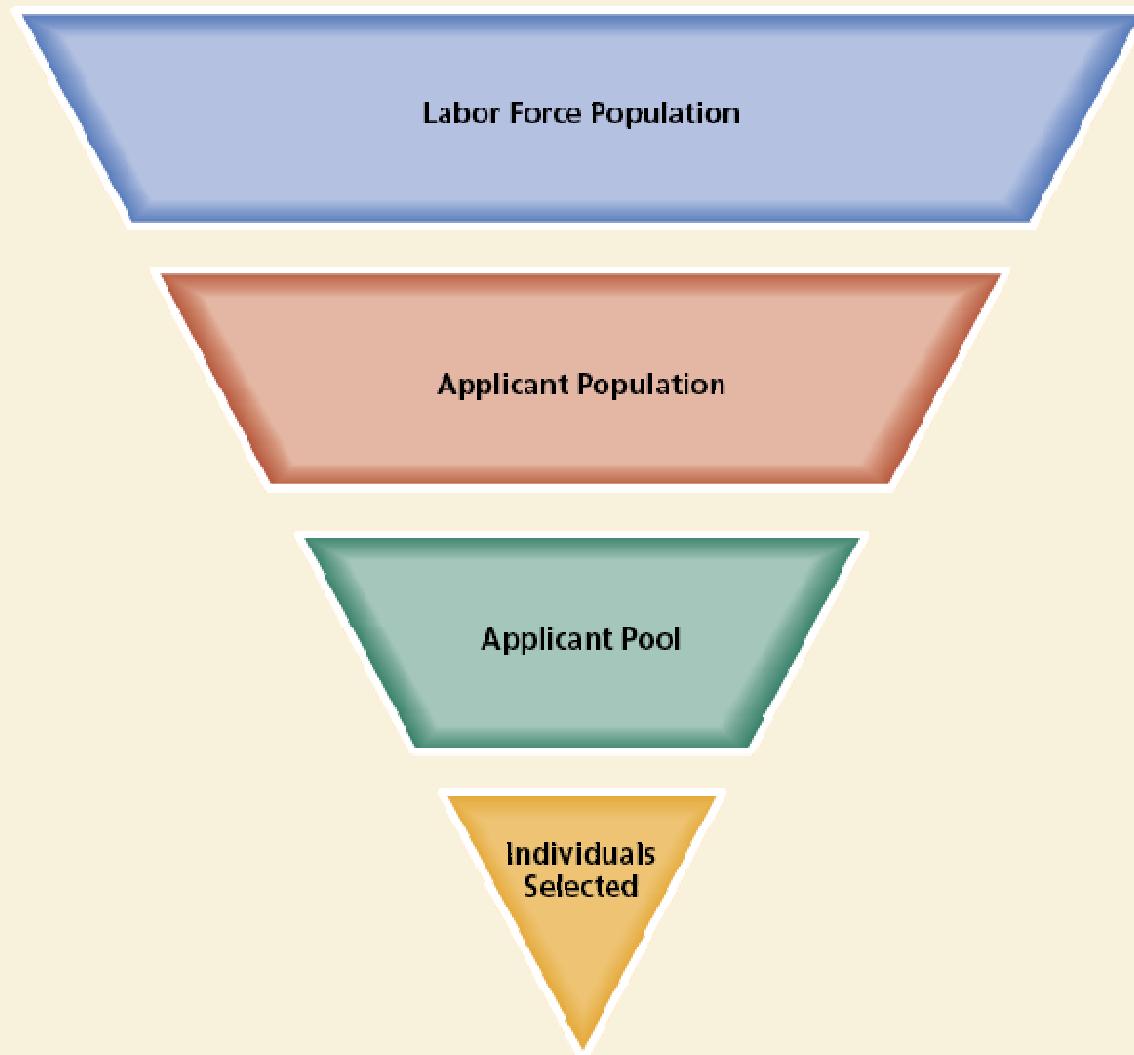
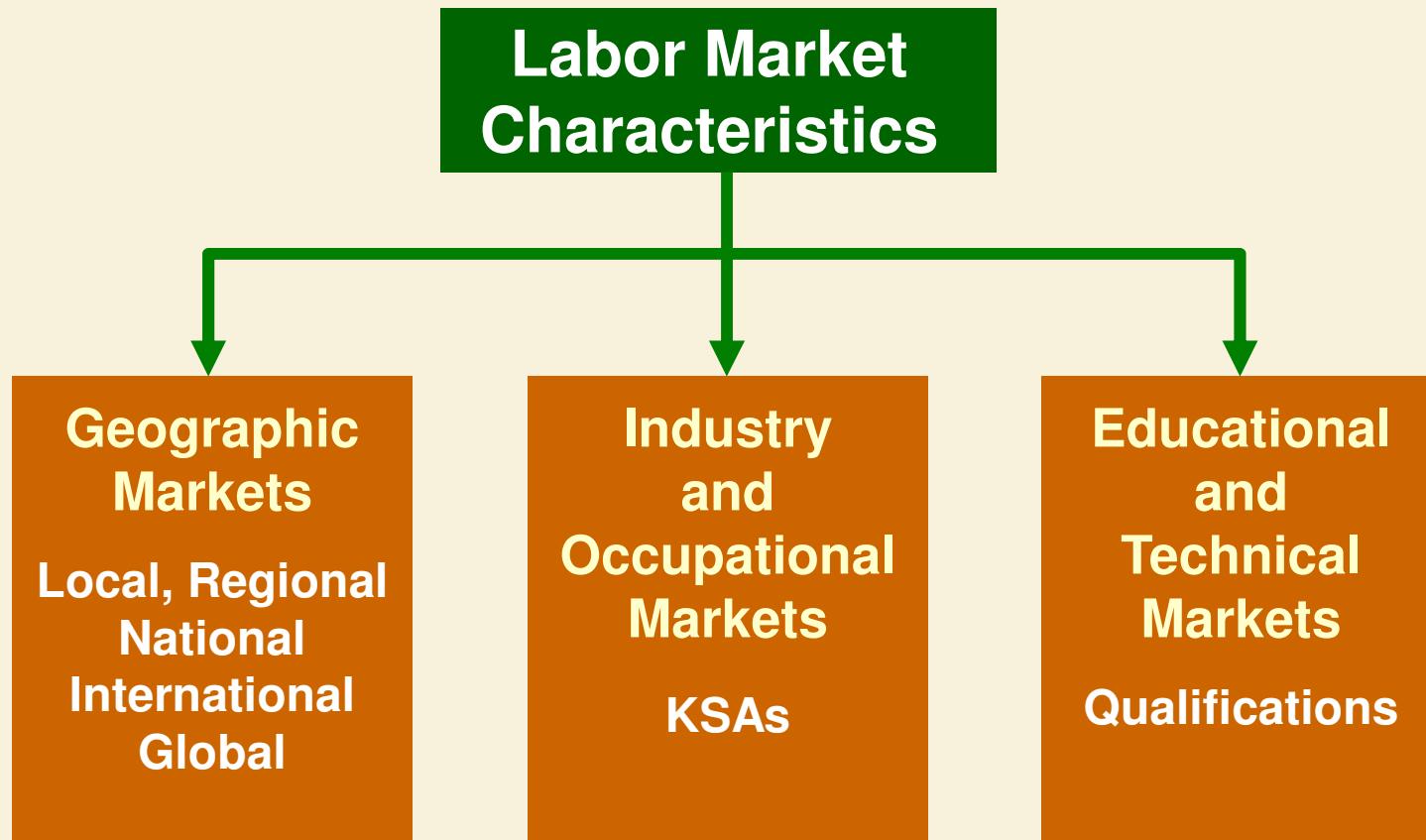


Figure 7-2
7-7

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

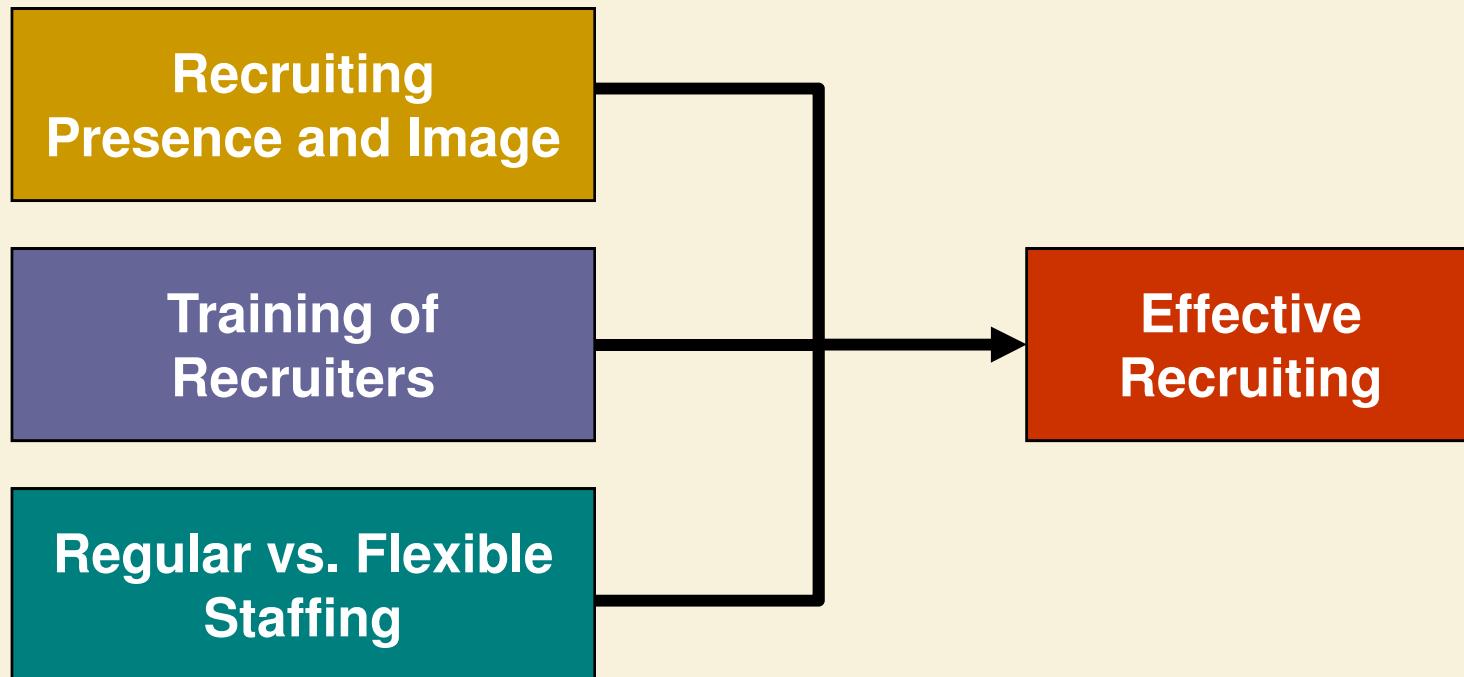
- Organization-Based vs. Outsourced Recruiting
 - HR knows organization best
 - Outsourcing frees up time and decreases HR Staff
- Professional Employer Organizations (PEOs) and Employee Leasing
 - Saves HR costs but increases total payroll costs
 - Increases compliance with government regulations and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

Typical Division of HR Responsibilities: Recruiting

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

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

7-14

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

Figure 7-5

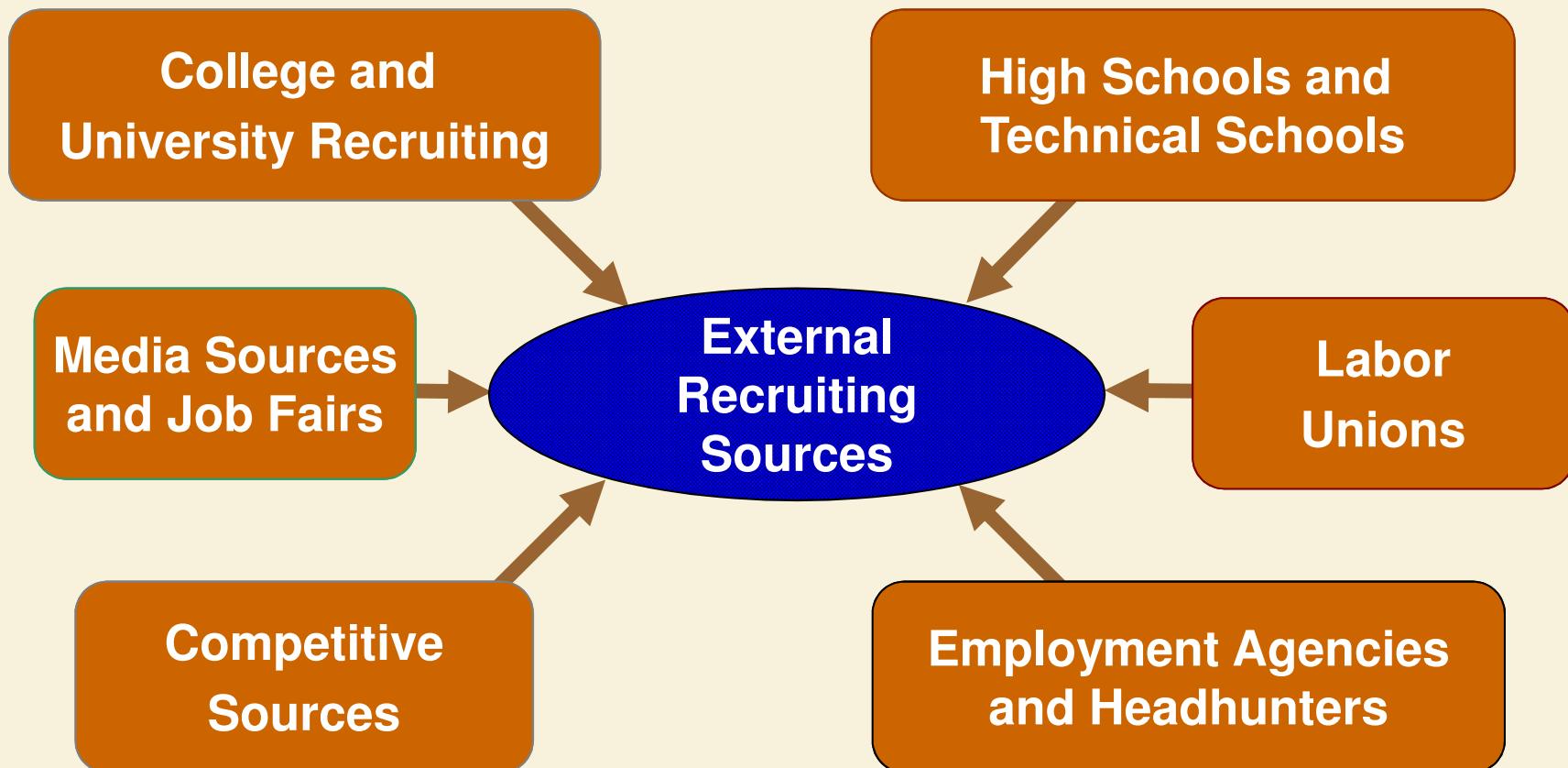
Internal Recruiting

- **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

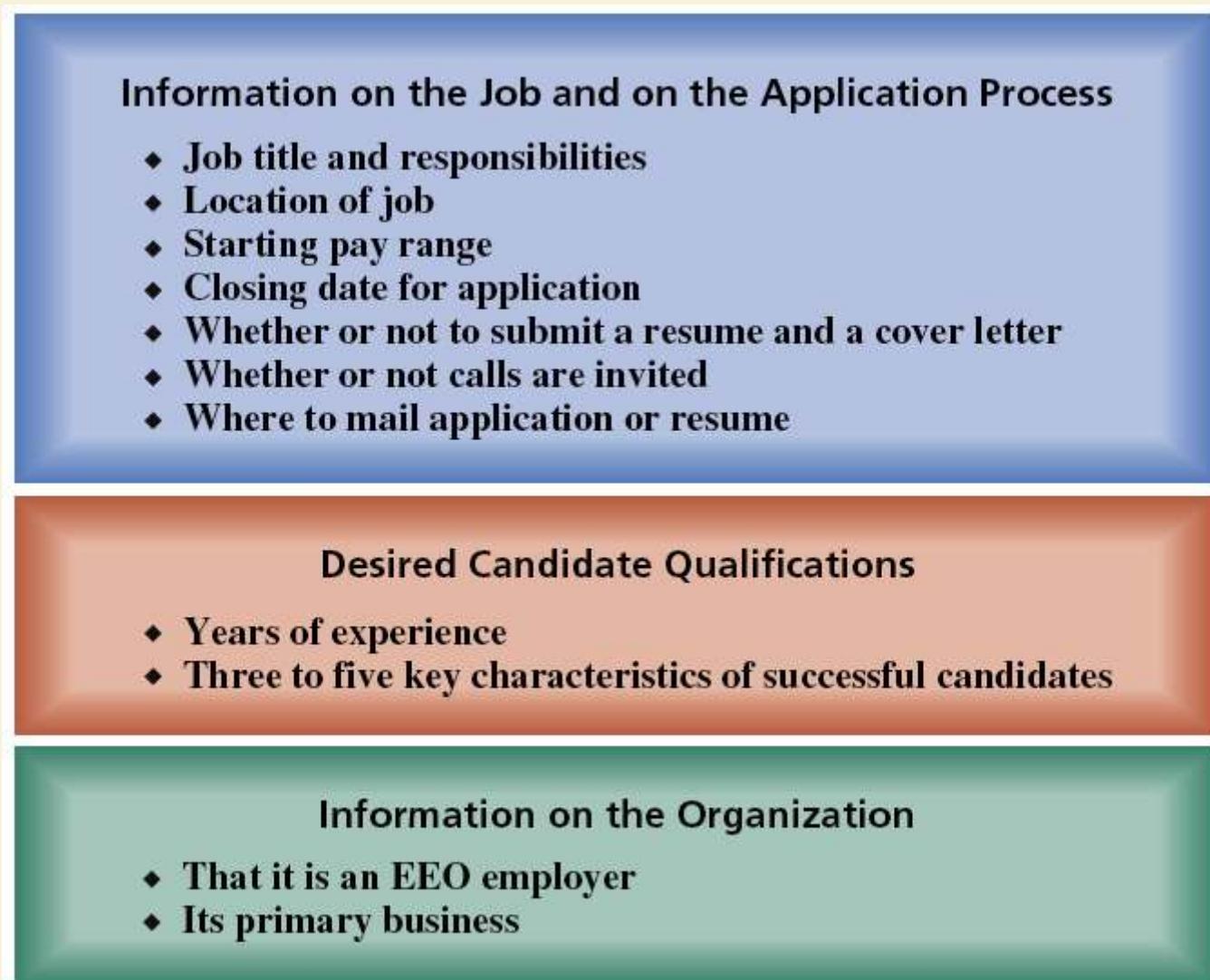
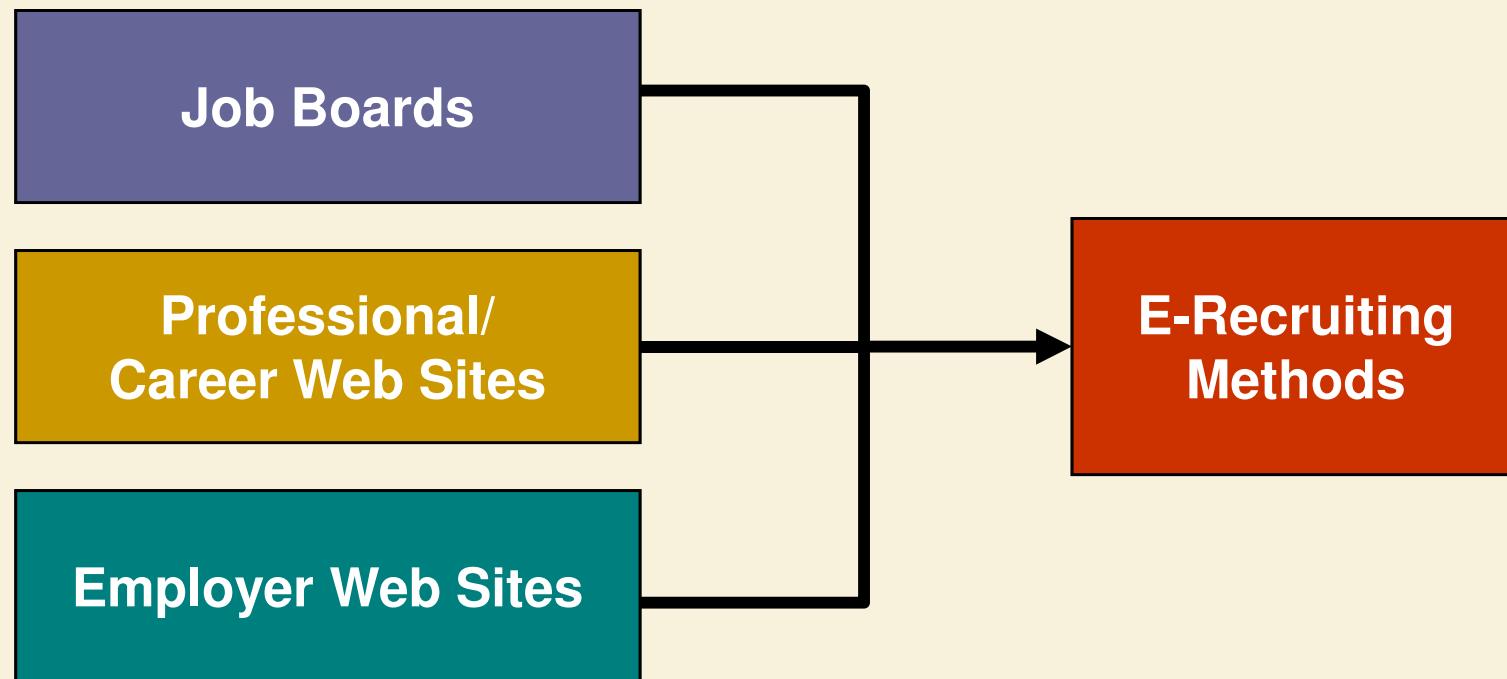


Figure 7–6

Internet Recruiting Methods



Internet Recruiting (cont'd)

- Advantages

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

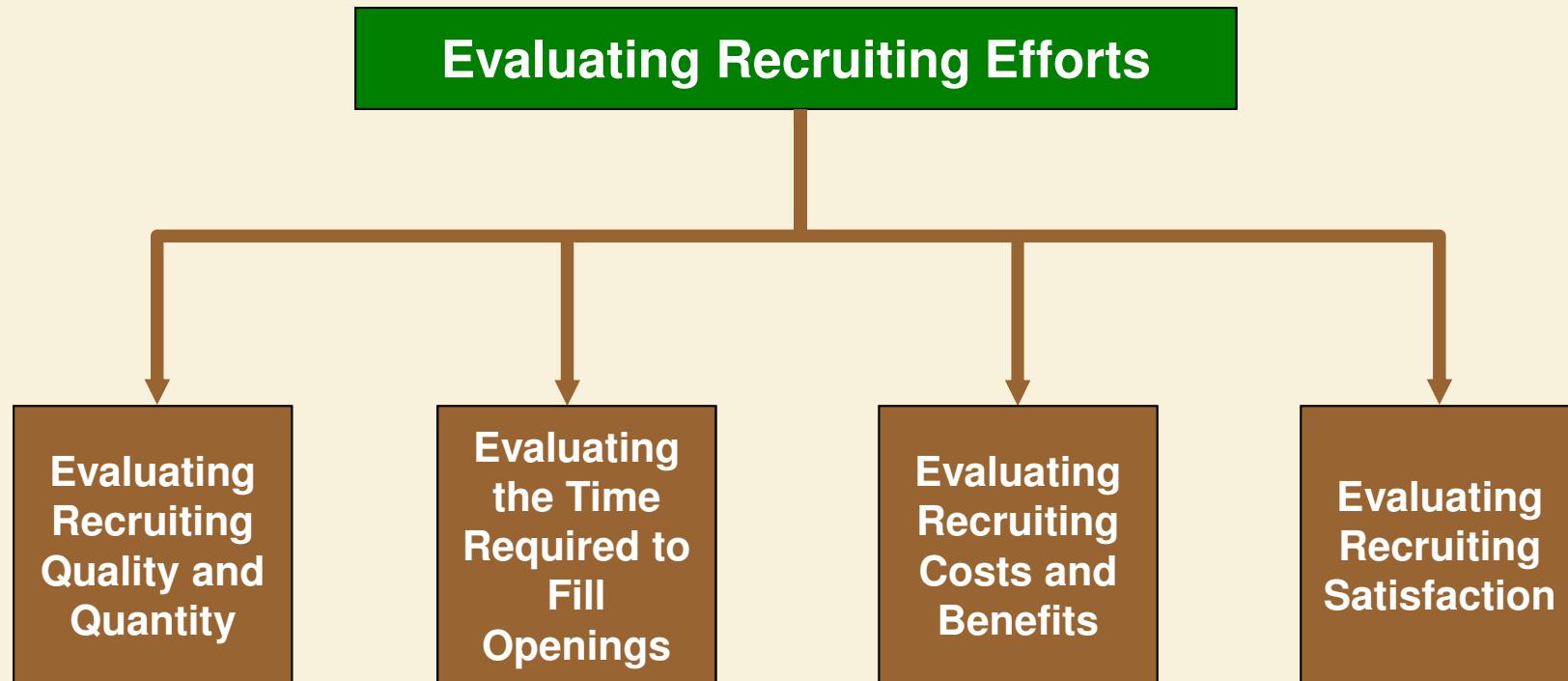
- Disadvantages

- 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

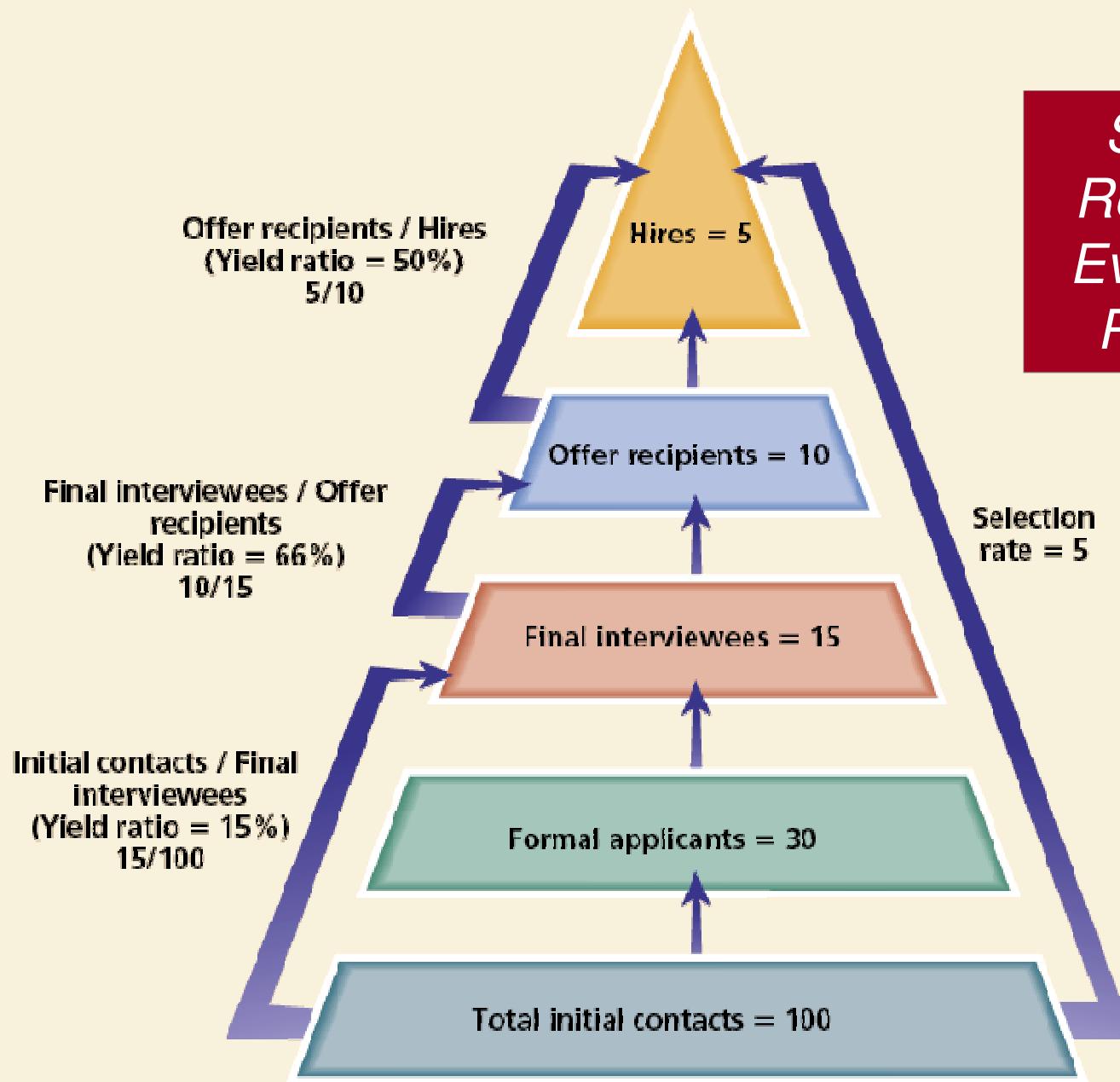


Figure 7-7