



# The Hiring Procedures

## Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Identify the factors affecting recruitment
- ✓ Assess the recruitment process

# Recruitment and Selection

## Introduction

In today's business environment, organisations are faced with the pressure to produce more with fewer resources. An organisation's success depends upon its employees and it is that capital that is the largest fixed cost. Producing more and decreasing the cost of that production is what most organisations aim for. Human resources plays an important role here because it is this department that must ensure the organisation attracts the best talented people at the lowest cost.

Competitive advantage is built on hiring the right people, whether in the public or private sector, whether in the corporate world or in the world of education. People are an "inimitable" or unmatched asset. The right people and their skills is something that competitor organisations cannot imitate. High calibre employees are the most valuable asset for any organisation. Finding the right people and putting them in the right jobs is the most important challenge.

## What is Recruiting?

Once you know how many human resources you need, management has to find the places where these resources will be available. They must also find a way of attracting the right people to the organisation before selecting suitable candidates for jobs. All of this is generally known as recruitment.

Recruitment is "a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient workforce." Edwin B. Flippo, author of many personal management books, defined recruitment as "the process of searching for prospective employees and stimulating them to apply for jobs in the organization."

## Objectives of Recruitment

1. To attract people with a broad range of skills and experiences that will suit the present and future organisational plans.
2. To bring in new people with a new perspective to lead the company.
3. To position new people with fresh ideas within all levels of the organisation.
4. To develop a culture that attracts competent people to the company.
5. To search for people whose skills fit company values.
6. To think about ways of assessing psychological traits.
7. To seek out unique and unconventional talent.
8. To search for talent globally and not just within the company (more so for large organisations).
9. To design entry salaries that compete on quality but not on importance.

10. To anticipate what new positions might become available and find people for these positions that do not exist yet.

## Recruitment Policy

The recruitment policy of any firm comes from the personnel policy of that organisation. The policy must include ways of motivating the employees through internal promotions or improving employee loyalty by trying to accommodate the retrenched or laid-off employees. It must also take in account the situation of casual/temporary employees or dependents of present/former employees based on their capabilities.

The following factors should be taken into consideration when deciding and formulating recruitment policy.

They are:

1. Government policies
2. Personnel policies of other competing organisations
3. Organisation's personnel policies
4. Recruitment sources
5. Recruitment needs
6. Recruitment cost
7. Selection criteria and preference etc.

## Planning for Recruitment

Before interviewing for a job, the organisation needs to ensure a number of important steps are taken. These prior steps include the forecasting of human resource needs, the description of individual job requirements and appropriate recruitment channels. The HRM specialists, in the organisation, are likely to be particularly prominent (as are line managers) when this is being done.

## Factors Affecting Recruitment

Both internal and external factors affect recruitment. The external factors include supply of and demand for human resources, employment opportunities and/or unemployment rate, labour market conditions, political and legal requirements, government policies, social factors, and information systems.

## Internal Factors

Preparing a detailed job description is necessary after identifying specific human resource needs. The job description is a legal requirement and assists the HR manager when selecting candidates. The direction the company goes from there will depend greatly on the corporate philosophy. For example:

- Will the company look internally or externally to fill its employment needs?

- Does the company believe in hiring the most qualified candidates, regardless of background, or does it wish to be an industry leader when it comes to workforce diversity?
- Will the organisation try to sell itself as a high wage, high search, or high training organisation as identified by Stigler?

Keeping the above questions in mind as well as existing company policies and practices, gives the recruiter the necessary base from which to proceed to the external environment.

## External Factors

For legal, ethical, and practical reasons, it is important for the recruiter to be very aware of the organisation's external environment. All of these factors will play a hand in the recruiter's strategy:

- **Legal:** The legal environment is constantly changing, as new laws and regulations are passed. These affect all aspects of human resource management. The recruiter must follow the rules to avoid unpleasant government actions.
- **Ethical:** While ensuring the internal corporate philosophy, the recruiter should follow the guidelines that keep and expand the company's positive corporate image.
- **Practical:** Many avenues are open for the recruiter when seeking appropriate job candidates. Having updated information on the labour market and economy on both a national and local level will improve the efficiency of the effort.

All of the above considerations will lead to an efficient and effective recruiting effort for the HR professional.

## Internal Recruiting

Internal recruiting is the search for employees already in the organisation. This is the search for employees who have the abilities and the attitudes to fulfil the requirements needed and to help the organisation achieve its objectives.

## Advantages of Internal Recruiting

- **Recruiting costs:** Since the company is focused on an already existing group of employees to fill a vacant position, the selection processes is less time and energy consuming. Internal recruiting tends to be less expensive than external recruiting.
- **Motivation:** When the company promotes or transfers someone within the same organisation it shows other employees that the organisation offers room for advancement. This addresses the employees' needs for self-achievement.
- **Familiarity:** The familiarity of the employee is positive in two ways: On the one hand the employee is familiar with the organisation's policies, procedures, and customs. At the same time, the organisation has established an employment history showing the workers formal and informal skills and abilities.

## Disadvantages of Internal Recruiting

- **Inbreeding:** One drawback of extensive internal recruiting is the reduced likelihood of innovation and new perspectives. A lack of new employees from the outside leads to a lack of new ideas and approaches on the inside.
- **Equal Employment Opportunity (EEO) Criteria:** The Equal Employment Opportunity Commission insists that job openings within a company must be available to all people not just those from within the organisation. Diversification in the workforce must be ensured. This is a legal requirement and also relates to the political and geographical environment.
- **More training:** Recruiting from within an organisation will entail more employee training. In order to develop the skills needed to train the current workforce in new processes and technologies, the organisation has to provide a more expensive training programme.

## External Sources of Recruitment for Organisations

External Sources Include:

- a) Campus Recruitment
- b) Employment Agencies/Consultants
- c) Public Employment Exchanges
- d) Professional Associations
- e) Data Banks
- f) Casual Applicants
- g) Similar Organisations, and
- h) Trade Unions.

**Campus Recruitment:** Recruiting from campuses is often used by industries, businesses, and social or religious organisations. Inexperienced candidates from places like colleges and universities are often selected. Candidates may also come from training institutions such as State Government or National Industrial Training Institutes or Vocational Training Centres. Potential candidates who are studying, things like Science, Commerce, Arts, Engineering and Technology, Agriculture, and Medicine, etc. may be chosen for certain industries.

Campus recruitment facilities are usually available at universities and institutes that provide courses in engineering technology, management studies, and the like.

**Private Employment Agencies/Consultants:** Public employment agencies or consultants will recruit people on behalf of a company. They will charge a fee. Line managers can be taken off recruitment duties so that they can concentrate on their operational activities. Recruitment is then entrusted to a private agency or consultant. However, high costs, ineffectiveness in performance, and the confidential nature of this function sometimes makes it hard for management to depend on this source. However, these agencies tend to function effectively in the recruitment of executives.

**Public Employment Exchange:** Job vacancies can be found by checking with public employment exchanges that the government has set up. These provide information about job vacancies for those who are looking for opportunities. These places are also helpful to organisations that are searching for suitable candidates.

**Professional Organisations:** Professional organisations or associations keep extensive bio-data of their members and provide these to various organisations upon request. They also act as an exchange between their members and recruiting firms by giving information and clarifying doubts. Organisations find this source more useful when recruiting experienced and professional employees like executives, managers and engineers.

**Data Banks:** Management can collect the bio-data of the candidates from different sources like employment exchanges, educational institutes, and candidates, etc. and load them into the computer. It will become another source and the company can get this information when it needs to recruit.

**Casual Applicants:** Candidates are able to apply for jobs through mail or they can personally hand in their applications and CVs to personnel departments. This is a source for those jobs that are on a temporary basis or for lower paid jobs. This all depends on things like the reputation of an organisation, the time it takes to respond, the level of unemployment and how involved it is in local activities.

**Similar Organisations:** Generally, experienced candidates are available in organisations which are similar i.e. producing similar products or engaged in similar business. Management is able to find suitable candidates from similar organisation and it is the most effective source for executive positions in particular. Similar companies are a good source for newly established organisations, expanded or diversified organisations to look for potential candidates.

**Trade Unions:** Generally, unemployed or underemployed people or employees seeking a change in employment can go to their trade union. Unions' relationship with management can assist them in getting suitable employment. So the trade union leaders are aware of the availability of candidates (appropriate people for certain jobs). Because of this, and to satisfy the trade union leaders, management make enquiries with trade unions for suitable candidates.

Depending on the type of candidates that are needed and the time period etc. management will decide which ones are the best sources to use. When this is done recruitment procedures must be decided upon.

## **The Recruitment Process**

Recruitment is the process of identifying that the company needs to employ certain people to fill certain positions. Its aim is to hire the best qualified candidates. These potential new employees must have the suitable abilities to assist the organisation in achieving its corporate goals.

The recruitment process works in a particular way. Applications and CVs are received after the initial advertising for new employees. A short list is made and those on it are asked to come in for an interview. The interviewing structure can vary. For example, in some cases a number of interviews will be done, in others the candidates may be asked to do certain tests in order to assess their suitability. The candidate that is chosen will receive an official job offer.

When the recruitment process has produced a number of applicants, the important steps in selection are as follows:

- short-listing candidates for the next stage
- test arrangements for the short-listed candidates, which can be in an assessment centre and include the testing of certain knowledge or skills. Testing is optional, however, and depends on the position.
- interviewing the candidates (and giving them feedback on the tests) and allowing the candidates to ask the selectors questions they would like answered about the job
- choosing the candidate who has been successful
- ensuring references are checked (this is sometimes done before the interview) but must be done at some stage
- offering the position, confirming in writing and receiving acceptance from the chosen candidate
- organising the induction process
- evaluating the result usually after a certain period of time.

## Short-listing

Short-listing involves reducing the number of applications received down to an appropriate sized list of the best candidates. These candidates are then invited for an interview. There are two approaches in this reduction process. Firstly, there is the screening approach where unsuitable applicants are rejected. This will leave only the required number of applicants to be interviewed. The second method is one of inclusion where each applicant is compared with the job requirements and given a score through a pre-set scoring system. For example, a maximum of 10 points could be awarded for experience, 8 for qualifications, 15 for demonstration of certain key skills or competencies and 7 for other factors, giving a total of 40 points. It would also be agreed that a minimum number of points would need to be scored in certain categories for the candidates to be included in the list. This process avoids discrimination and is much fairer to all the candidates, even though it takes a little longer.

## Selection Testing

The aim is to choose a candidate who is going to succeed and perform well. These tests may include ability tests, aptitude tests, and personality tests, etc.

## Interviewing the Candidates

An interview has been the traditional method of selecting new employees for decades. There are certain things that make a successful interview. These are preparation, operation and summation.

Preparation includes the following elements:

- All the relevant documents, especially the application form and candidate's accompanying letter.
- The appropriateness of the candidate should be agreed upon by all the interviewers. It may be carried out by a points system based on how closely the person meets all the job criteria or by an agreed system of elimination.
- The interview time should be divided between telling the candidate a little more about the organisation and the position, questioning the candidate and giving the candidate the opportunity to ask questions.
- The room allocated for the interview should be prepared. It is better for it to be informally set out. There should be no interruptions.
- The nature of the data recording must be agreed on, the stationary printed and the recording roles assigned.

Operation covers a wide area and can be divided into a number of sections:

- opening the interview
- listening
- asking the right questions
- structuring interviews.

Summation is then needed to assess the candidates and chose the right one.

## Choosing the Successful Candidate

The final decision is about selecting the preferred candidate. This should follow the same process that applies to short-listing. Only the candidates who match the 'essential' aspects of the job specification should be considered.

A poor decision is to select 'the best on the day' when this person only reaches half of the necessary criteria. It is far better to start the process again than take a serious risk in such an investment. If there is more than one candidate who meets all the criteria, then the final decision can be made in a number of ways. Generally, the decision is given to the line manager who will have to motivate, develop and manage the person concerned. The manager should justify the decision in terms of the criteria.

## Obtaining references

### Offering the position

Once references have been carefully checked, then the company can offer employment to the successful candidate. This must be confirmed in writing. In certain cases, however, it may be better to inform the candidate as soon as possible, especially if you are aware that they are applying for other positions. Then a telephone call with the main details usually takes place first. Should the candidate wish to negotiate any of the details, then this call allows such negotiations to proceed quickly.

The offer of employment should contain the following details:

- Job Title
- Starting Date
- Starting salary and any agreed details on salary progression and how it is determined, especially during the first year.
- Any help with re-location if appropriate.
- Company car, level, and arrangements for petrol, if appropriate. This is for executive positions.
- Details of confirmation of the offer (the candidate is usually asked to sign their agreement on one copy of the letter and return it to the company).
- Details may also be supplied of other company benefits if appropriate. These can include medical and life insurance, staff discounts, parking arrangements, and pension schemes.
- The candidate may be asked to bring their driving licence on the first day and any qualifications they have claimed which the organisation has not yet confirmed.

When the candidate accepts the company's offer of employment a formal 'contract of employment' needs to be given to the employee two months before they start work. Unsuccessful candidates are informed by letter. However, the candidate who is 'first reserve' should also be telephoned to be told of the decision. They will be informed that they are waiting for confirmation but, if the chosen candidate declines they will be offered the position. This is more than just a courtesy as it keeps this candidate interested and positive towards the organisation.

## Evaluating the selection process

Evaluation involves two steps:

- Judging how successful the selection process has been.
- Examining the process and judging how effective each stage has been.

It is important to make an assessment of whether or not the company has made the right selection decisions. The way to evaluate this depends on the actual position. For a management position, it would most likely be about a year before it is clear if objectives have been achieved. For a clerical position it would only take a few weeks. For positions in medical research or development, for example, it may take 5-10 years to tell if the marketed drugs or treatments are successful and doing their job effectively. The only problem is that even if someone is recruited to

the company successfully and is performing well, if the employee suddenly decides to leave, the success can turn into a failure. It is sometimes very difficult to distinguish between what you can and can't influence. The job design, the selection process and how the candidate is managed and motivated, are things a company has control over. The way the economy fluctuates, market changes, or changes in the candidates personal circumstances are things that cannot be influenced. Recruitment, therefore, is a long-term process that needs constant evaluation.

There are certain facts to look at to give an indication of success. These include:

- The time it took to fill the position. Take this from the date of the request to the date the successful candidate starts. Also the average length of contract of the person recruited.
- Check how many employees who were recruited were promoted within a five year period.
- The cost of advertising a new position divided by the number of responses to the ads.
- The number of people who applied and were able to meet the requirements specified.

In order to get the clearest picture of success it is necessary to compare against previous years and companies that are similar to your own. This, as well as the criteria mentioned above, will provide a more accurate answer.

## Complexity and Challenges of Recruitment

Both internal and external factors influence the recruitment process. Recruiting is not easy and must always be designed and executed with careful consideration. The first activity of recruitment (searching for prospective employees) is affected by many factors like:

1. Organisational policy that may demand internal candidates must fill a certain percentage of vacancies.
2. Local candidates.
3. Influence of trade unions.
4. Government laws/regulations regarding the number of vacancies to candidates based on community/region/caste/sex.
5. Are any recommendations influenced in any way? For example, is there nepotism involved or pressure to choose one particular person? If this is the case, it will be difficult to find desirable candidates.

Certain internal factors can also affect recruitment, such as:

1. Working conditions.
2. Promotional opportunities.
3. Salaries, type and extent of benefits.
4. Other personnel policies and practices.
5. The image of the organisation.
6. Ability and skill of the management to stimulate the candidates.

External factors also play into it. Things such as:

1. The personnel policies of an organisation. These would include working conditions, salary types, benefits, opportunities for promotion and employee relations.
2. Career opportunities available in other organisations.
3. Government regulations.

It is possible to ease the complexity of recruitment with sound policies. Recruitment must attract the best qualified people therefore the method of recruitment is vital. However, there can be some constraints. For example:

**The image of the organisation:** People are usually attracted to an organisation with a good reputation. This is especially true of the younger age group such as college students who are looking for jobs that suit their study skills.

**Attractiveness of the job:** If the job is unappealing, recruiting enough qualified candidates will be difficult. Employers usually find it tough to get suitable candidates for jobs that are considered boring, physically dangerous, wrongly scheduled, low salary structure or with few chances of promotion.

**Organisational policies:** The promotional guidelines of an organisation will attract the potential applicants initially but not necessarily for the higher positions. Although this may be seen as promising, once someone is hired, the number of applications for higher positions may be reduced.

**Legislation:** The laws regarding the recruitment processes must be adhered to completely. Any discrimination on the grounds of age, religion, gender, race, etc. must never occur.

**Cost of recruitment:** Recruitment is expensive therefore searching for the best candidates can be limited.

## **Ethical standards and manpower recruitment**

Recruitment agencies can be a big help in finding large numbers of employable candidates. However, agencies of this kind may also have their own challenges. Some of these are:

1. Most people embellish their CVs to some extent. Screening can be almost impossible if recruiting large numbers. As CVs are seen as advertisements of candidates' skills and abilities, they can contain some unbelievable information. It becomes a problem when the information is absolute lies. Educational institutions are also not allowed to pass on private information such as academic records and this makes the screening job more difficult.
2. There are also many websites available that can provide CVs and companies can cut costs by going to these sites.

Unethical practices must be eliminated and organisations and recruiting agencies must follow procedures to ensure that they are. This takes commitment and some initiative but a reduction in unethical practice can be achieved.

Ethical standards can be maintained when recruiters:

- Uphold high moral standards and provide full value for money to clients.
- Maintain the confidentiality of candidate's information.
- Avoid cutting service levels to get assignments at lower prices.
- Not pressure HR people for more assignments.
- Establish a proven track record in recruiting and leverage this to get more clients.

### Further Reading:

- ✓ *Michael Armstrong, (2006), A Handbook of Human Resource Management Practice*
- ✓ *Elearn, (2009), Recruitment and Selection Revised Edition*
- ✓ *Jon Billsberry, (2007), Experiencing Recruitment and Selection*