

chapter

4

# Human Resources Planning and Recruitment

Managing Human Resources 13e

Bohlander and Snell

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# Objectives

*After studying this chapter, you should be able to:*

1. Identify the advantages of integrating human resources planning and strategic planning.
2. Describe the basic approaches to human resources planning.
3. Explain the advantages and disadvantages of recruiting from within the organization.
4. Explain the advantages and disadvantages of external recruitment.
5. Describe how recruitment activities are integrated with diversity and equal employment opportunity initiatives.

# Human Resources Planning

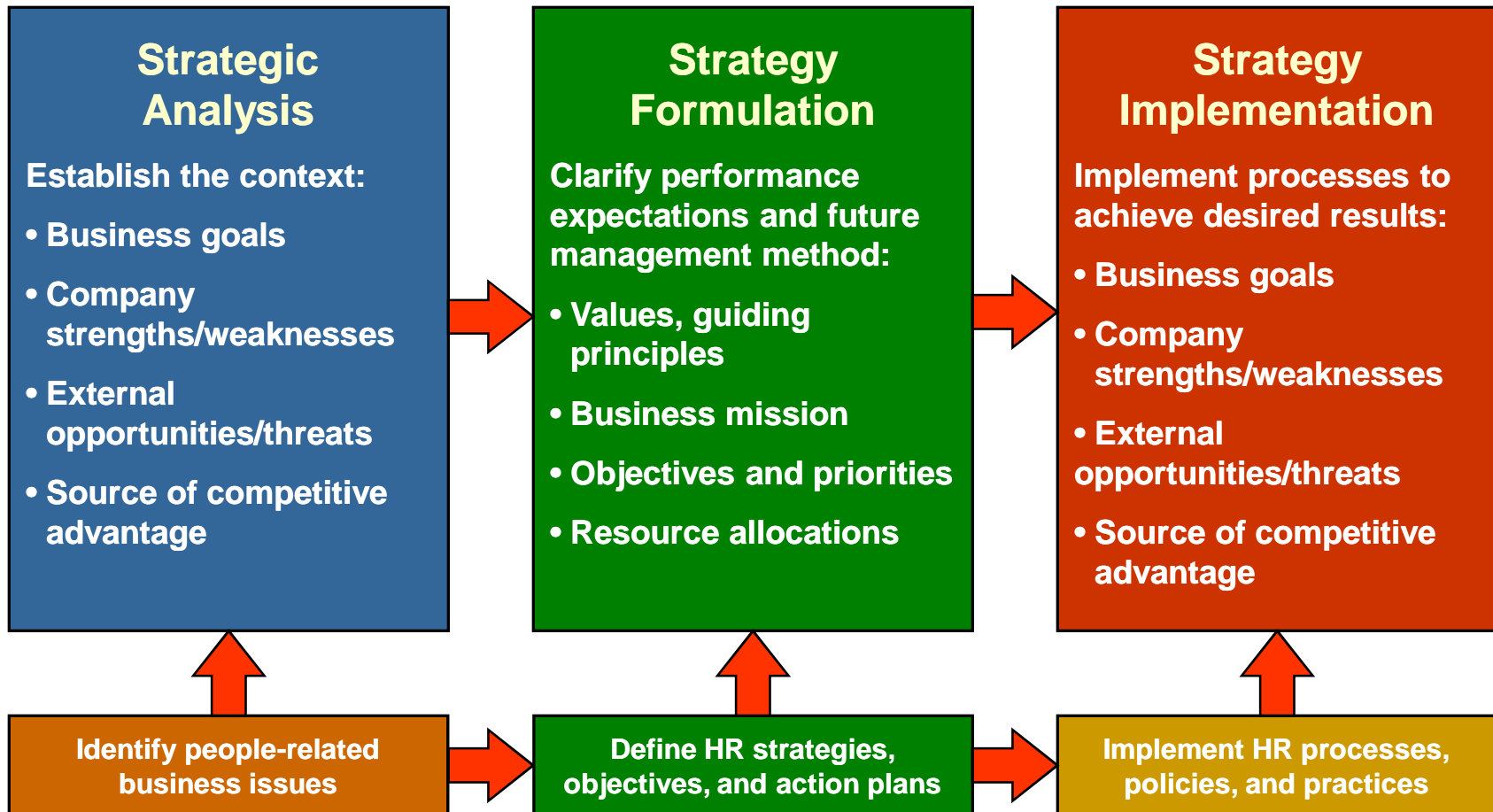
- Human Resources Planning (HRP)
  - Process of anticipating and making provision for the movement (flow) of people into, within, and out of an organization.
  - HRP's purpose is the the effective deployment of human resources through:
    - ❖ **Anticipating organizational labor supply and demand.**
    - ❖ **Providing expanded employment opportunities for women, minorities, and the disabled.**
    - ❖ **Guiding the development and training the workforce.**

# HRP and Strategic Planning

- Strategic Analysis
  - What human resources are needed and what are available?
- Strategic Formulation
  - What is required and necessary in support of human resources?
- Strategic Implementation
  - How will the human resources be allocated?



# Linking the Processes of HRP and Strategic Planning



Source: Adapted from James W. Walker, "Integrating the Human Resource Function with the Business," *Human Resource Planning* 14, no. 2 (1996): 59–77. Reprinted with permission.

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Presentation Slide 4–1

Figure 4.1

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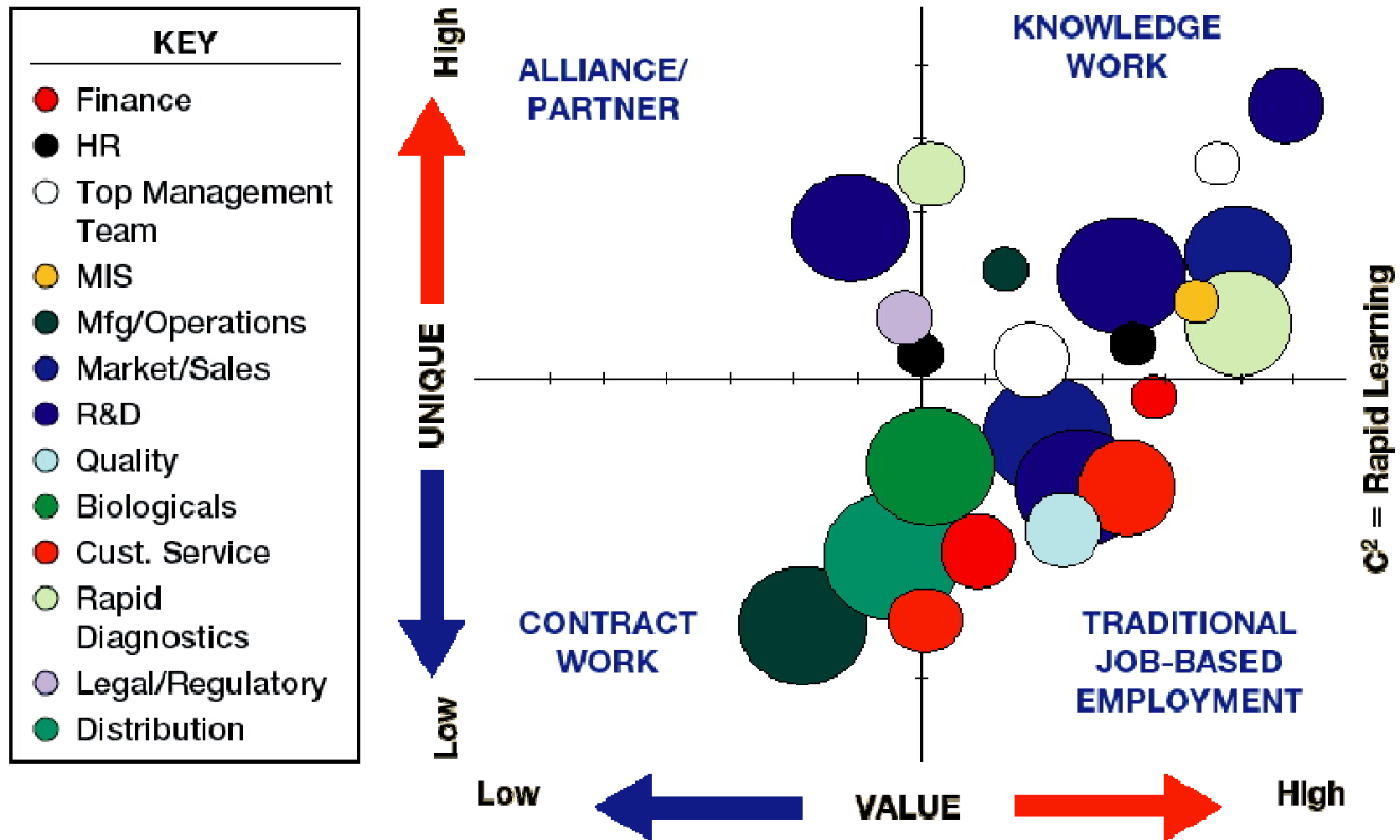
# Mapping an Organization's Human Capital Architecture

- Core knowledge workers
  - Employees who have firm-specific skills that are directly linked to the company's strategy.
    - ❖ **Example: Senior software programmer**
- Traditional job-based employees
  - Employees with skills to perform a predefined job that are quite valuable to a company, but not unique.
    - ❖ **Example: Security guard**

## Mapping an Organization's Human Capital Architecture (cont'd)

- **Contract labor**
  - Employees whose skills are of less strategic value and generally available to all firms.
    - ❖ **Example: General electrician**
- **Alliance/partners**
  - Individuals and groups with unique skills, but those skills are not directly related to a company's core strategy.
    - ❖ **Example: Independent product label designer**

# Mapping Human Capital



Presentation Slide 4-2

Source: Scott A. Snell, Cornell University.

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Figure 4.2



# Ensuring the Fit between HR and Strategy

- External Fit (or External Alignment)
  - Focuses on the connection between the business objectives and the major initiatives in HR.
- Internal Fit (or Internal Alignment)
  - Aligning HR practices with one another to establish a configuration that is mutually reinforcing.

# HRP and Environmental Scanning

- Environmental Scanning

- The systematic monitoring of the major external forces influencing the organization.

- ❖ **Economic factors: general and regional conditions**
    - ❖ **Competitive trends: new processes, services, and innovations**
    - ❖ **Technological changes: robotics and office automation**
    - ❖ **Political and legislative issues: laws and administrative rulings**
    - ❖ **Social concerns: child care and educational priorities**
    - ❖ **Demographic trends: age, composition, and literacy**

# Scanning the Internal Environment

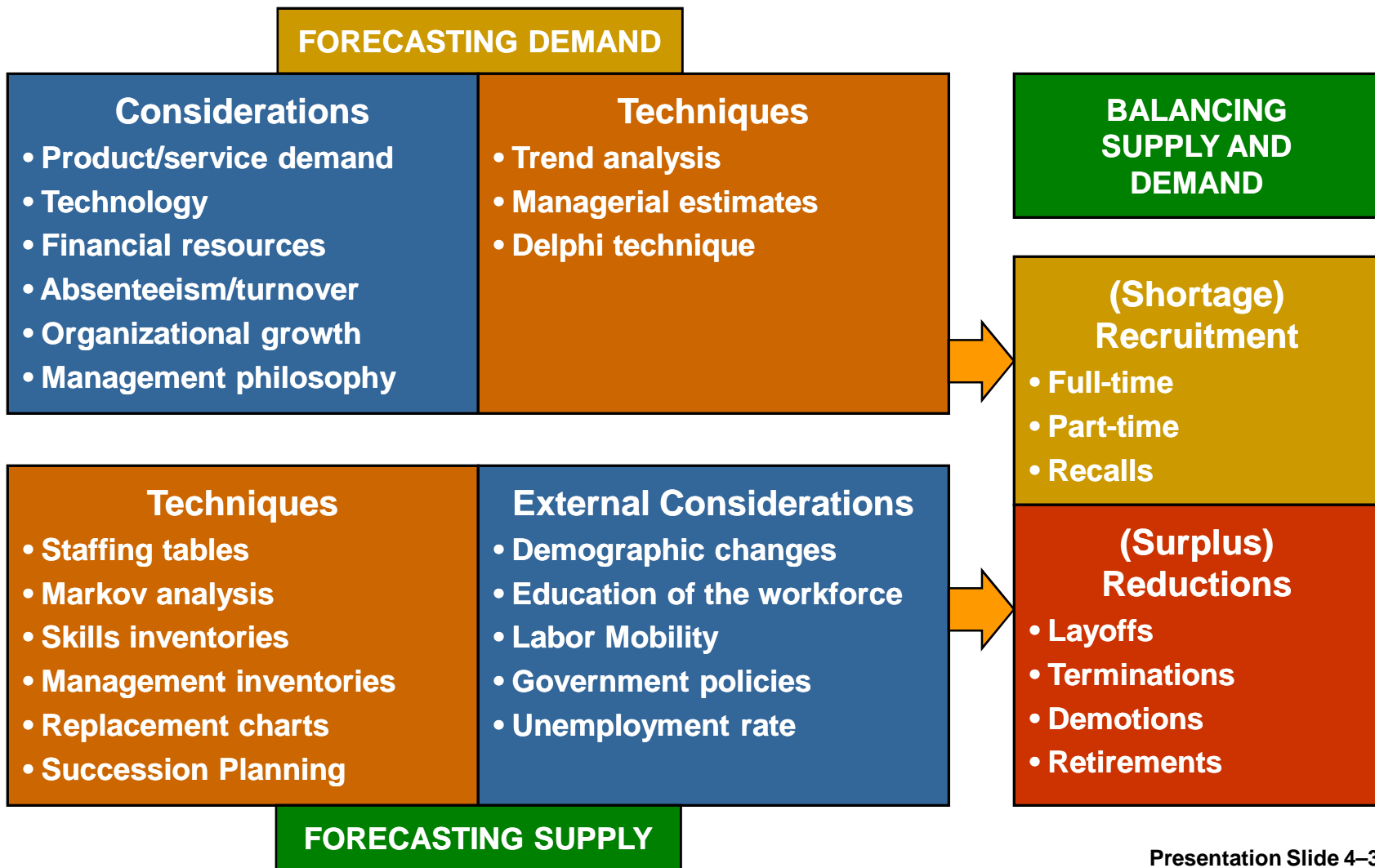
- Cultural Audits

- Audits of the culture and quality of work life in an organization.
  - ❖ How do employees spend their time?
  - ❖ How do they interact with each other?
  - ❖ Are employees empowered?
  - ❖ What is the predominant leadership style of managers?
  - ❖ How do employees advance within the organization?

- Benchmarking

- The process of comparing the organization's processes and practices with those of other companies.

# Human Resource Planning Model

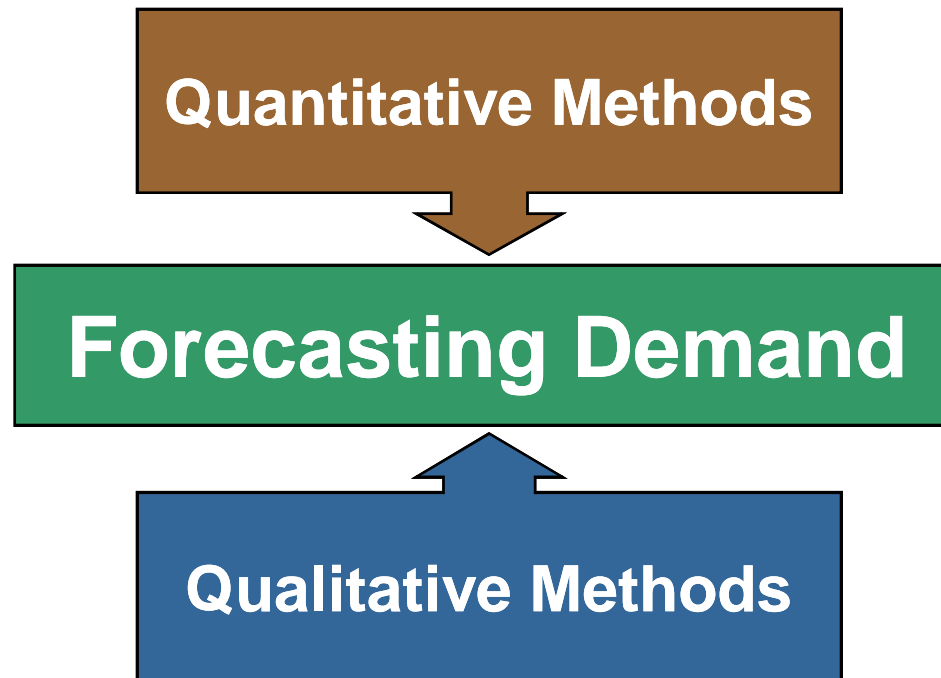


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Figure 4.3

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# Forecasting Demand for Employees



## Quantitative Approach: Trend Analysis

- Forecasting labor demand based on an organizational index such as sales:
  - Select a business factor that best predicts human resources needs.
  - Plot the business factor in relation to the number of employees to determine the labor productivity ratio.
  - Compute the productivity ratio for the past five years.
  - Calculate human resources demand by multiplying the business factor by the productivity ratio.
  - Project human resources demand out to the target year(s).

## Example of Trend Analysis of HR Demand

YEAR	<b>BUSINESS FACTOR</b> (SALES IN THOUSANDS)	÷	<b>LABOR PRODUCTIVITY</b> (SALES/EMPLOYEE)	=	<b>HUMAN RESOURCES DEMAND</b> (NUMBER OF EMPLOYEES)
1997	\$2,351		14.33		164
1998	\$2,613		11.12		235
1999	\$2,935		8.34		352
2000	\$3,306		10.02		330
2001	\$3,613		11.12		325
2002	\$3,748		11.12		337
2003	\$3,880		12.52		310
2004*	\$4,095		12.52		327
2005*	\$4,283		12.52		342
2006*	\$4,446		12.52		355

\*Projected figures

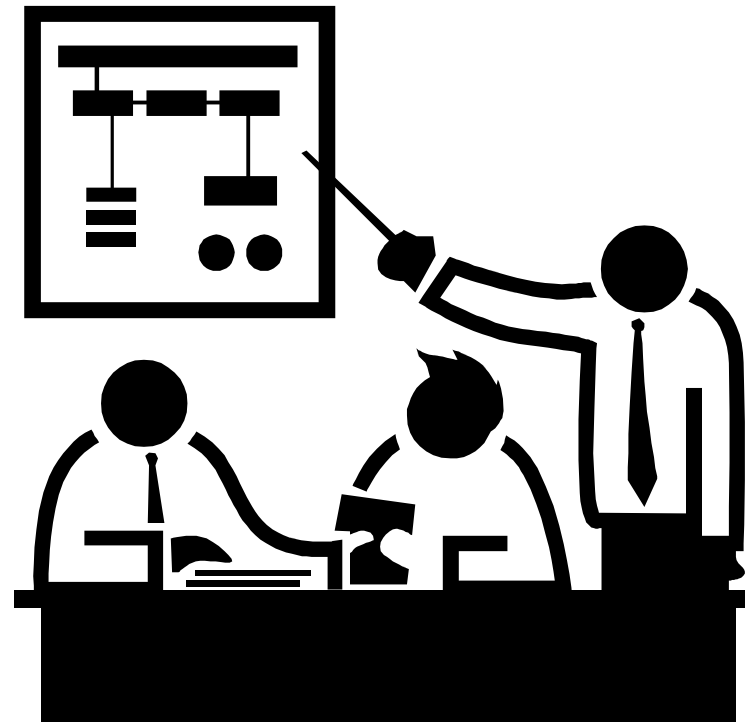
# Qualitative Approaches to Demand Forecasting

- Management Forecasts
  - The opinions (judgments) of supervisors, department managers, experts, or others knowledgeable about the organization's future employment needs.
- Delphi Technique
  - An attempt to decrease the subjectivity of forecasts by soliciting and summarizing the judgments of a preselected group of individuals.
  - The final forecast represents a composite group judgment.



# Forecasting Supply of Employees: Internal Labor Supply

- Staffing Tables
- Markov Analysis
- Skill Inventories
- Replacement Charts
- Succession Planning



# Forecasting Internal Labor Supply

- **Staffing Tables**

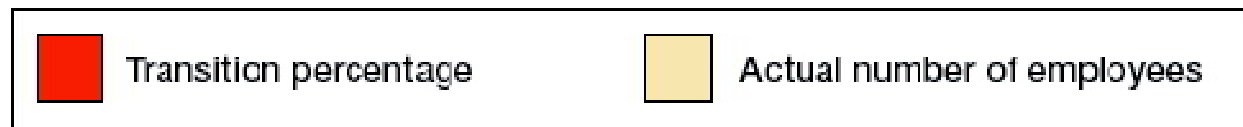
- Graphic representations of all organizational jobs, along with the numbers of employees currently occupying those jobs and future (monthly or yearly) employment requirements.

- **Markov Analysis**

- A method for tracking the pattern of employee movements through various jobs.

## Hypothetical Markov Analysis for a Retail Company

2002  2003	Store Managers	Asst. Store Managers	Section Managers	Dept. Managers	Sales Associates	Exit
Store Managers ( <i>n</i> = 12)	90% 11					10% 1
Assistant Store Managers ( <i>n</i> = 36)	11% 4	83% 30				6% 2
Section Managers ( <i>n</i> = 96)		11% 11	66% 63	8% 8		15% 14
Department Managers ( <i>n</i> = 288)			10% 29	72% 207	2% 6	16% 46
Sales Associates ( <i>n</i> = 1440)				6% 86	74% 1066	20% 288
<b>Forecasted Supply</b>	<b>15</b>	<b>41</b>	<b>92</b>	<b>301</b>	<b>1072</b>	<b>351</b>



# Internal Demand Forecasting Tools

- **Skill Inventories**
  - Files of personnel education, experience, interests, skills, etc., that allow managers to quickly match job openings with employee backgrounds.
- **Replacement Charts**
  - Listings of current jobholders and persons who are potential replacements if an opening occurs.
- **Succession Planning**
  - The process of identifying, developing, and tracking key individuals for executive positions.

# An Executive Replacement Chart

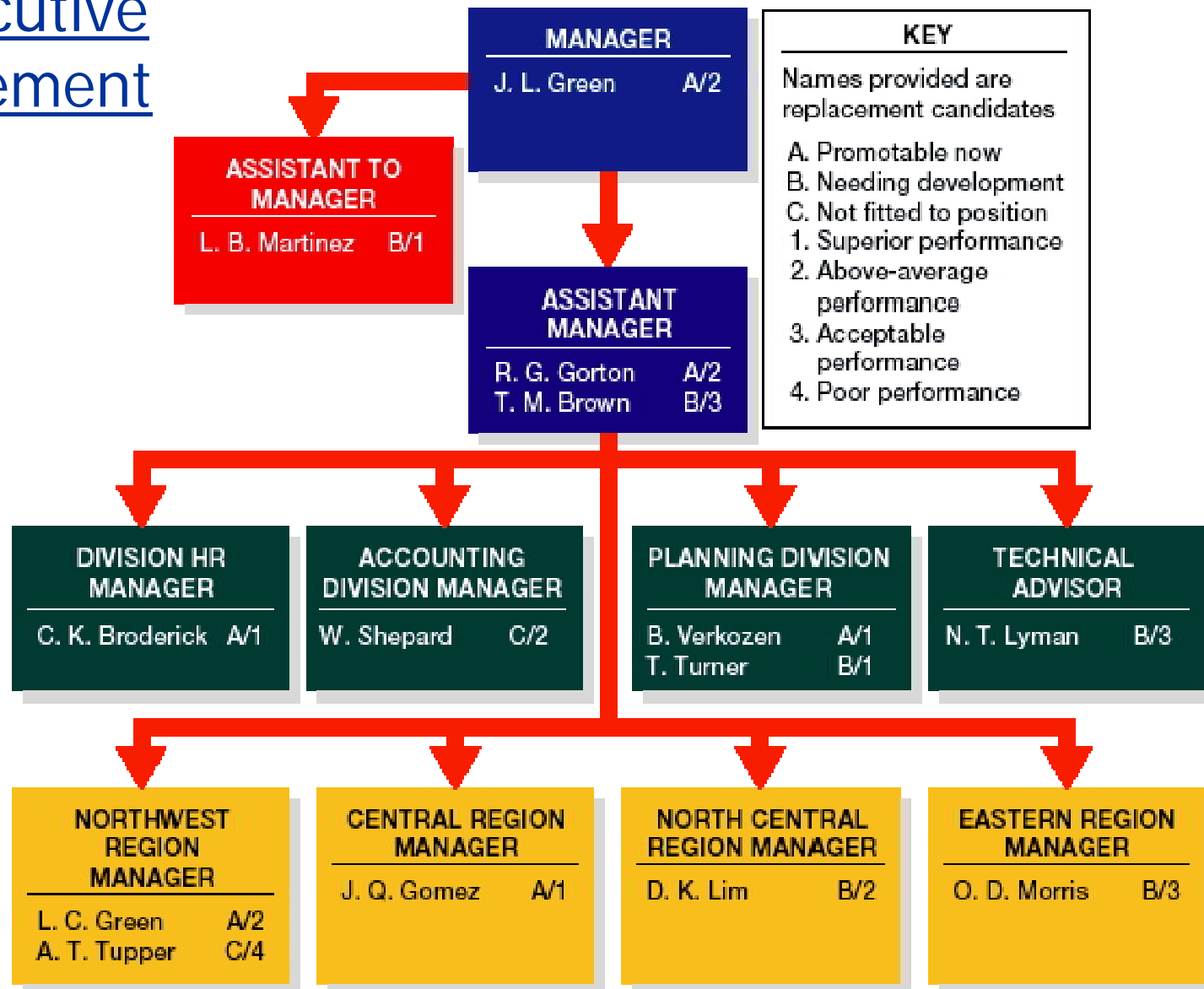


Figure 4.6

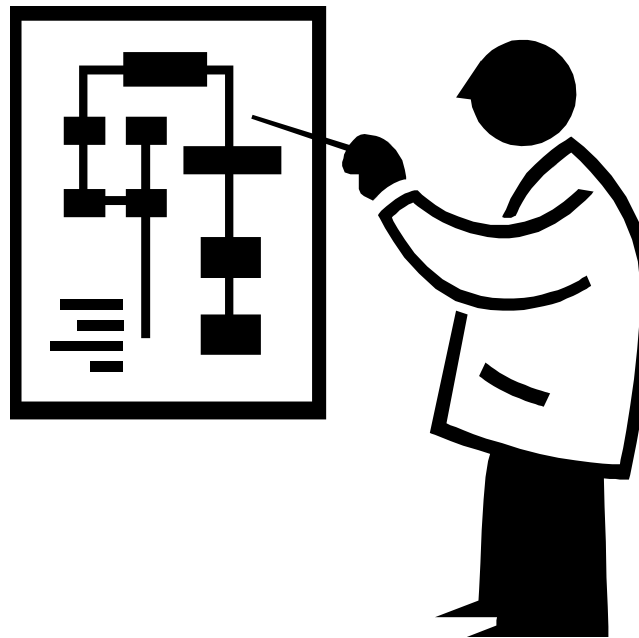
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# Forecasting Supply of Employees: External Labor Supply

- Factors Influencing the External Labor Supply:
  - Demographic changes in the population
  - National and regional economics
  - Education level of the workforce
  - Demand for specific employee skills
  - Population mobility
  - Governmental policies

# Labor Supply and Demand Issues

- Balancing supply and demand considerations
- Organizational downsizing
- Making layoff decisions



# Recruiting within the Organization

- Benefits of a promotion-from-within policy:
  - Capitalizes on past investments (recruiting, selecting, training, and developing) in current employees.
  - Rewards past performance and encourages continued commitment to the organization.
  - Signals to employees that similar efforts by them will lead to promotion.
  - Fosters advancement of members of protected classes within an organization.



# Recruiting within the Organization

- Limitations of a promotion-from-within policy:
  - Current employees may lack the knowledge, experience or skills needed for placement in the vacant/new position.
  - The hazards of inbreeding of ideas and attitudes (“employee cloning”) increase when no outsiders are considered for hiring.
  - The organization has exhausted its supply of viable internal candidates and must seek additional employees in the external job market.

# Internal Methods of Locating Qualified Job Candidates

- Human Resources Information Systems (HRIS)
  - Database systems containing the records and qualifications of each employee that can be accessed to identify and screen candidates for an internal job opening.
- Job Posting and Bidding
  - Posting vacancy notices and maintaining lists of employees looking for upgraded positions.

# Recruiting Outside the Organization

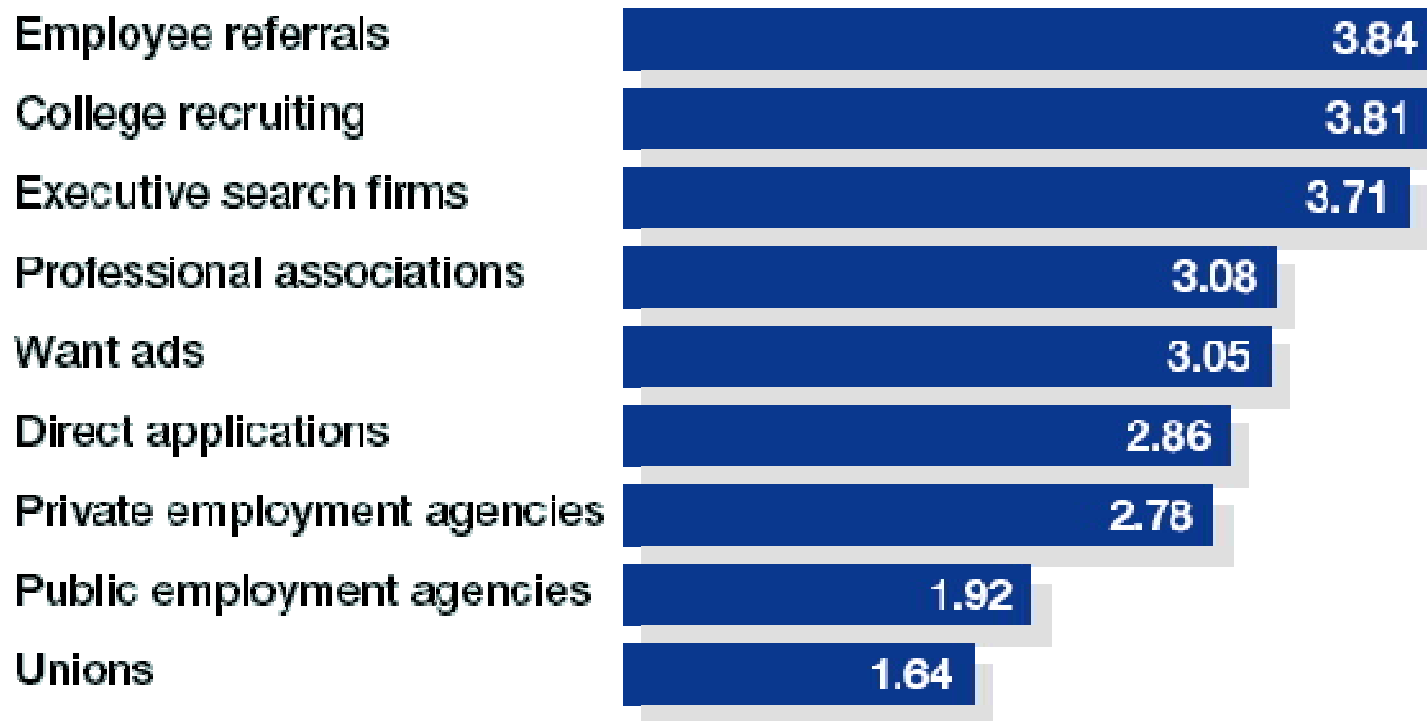
- Labor Market
  - Area from which applicants are to be recruited.
    - ❖ **Tight market: high employment, few available workers**
    - ❖ **Loose market: low employment, many available workers**
- Factors determining the relevant labor market:
  - Skills and knowledge required for a job
  - Level of compensation offered for a job
  - Reluctance of job seekers to relocate
  - Ease of commuting to workplace
  - Location of job (urban or nonurban)

# Outside Sources of Recruitment

- Advertisements
- Unsolicited applications and resumes
- Internet recruiting
- Employee referrals
- Executive search firms
- Educational institutions
- Professional organizations
- Labor unions
- Public employment agencies
- Private employment agencies
- Temporary help agencies
- Employee leasing

# Effectiveness of Recruitment Sources

The average rating for nine recruitment sources on a 5-point scale (1 = not good, 3 = average, 5 = extremely good):



Source: David E. Terpstra, "The Search for Effective Methods." Reprinted from *HRFocus*, May 1996.  
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Figure 4.9  
4-29

## Hot Recruiting Sites

- **JOBTRAK:** <http://www.jobtrak.com>
  - A leading college recruiting site, has more than 40,000 listings and links to 750 campuses in the United States.
- **JobWeb:** <http://www.jobweb.com>
  - A college recruiting site run by the National Association of Colleges and Employers.
- **Monster.com:** <http://www.monster.com>
  - One of the oldest and largest general recruiting sites on the Internet, with more than 50,000 listings.
- **Net-Temps:** <http://www.nettemps.com>
  - The web's leading site for recruiting temps
- **Spherion (formerly E. Span):** <http://www.spherion.com>
  - One of the largest and best-known web recruiting sites.

# Factors That Motivate Top Talent

**Working for a great company and having a great job are more important to most executives than compensation.**

## *Great company (brand)*

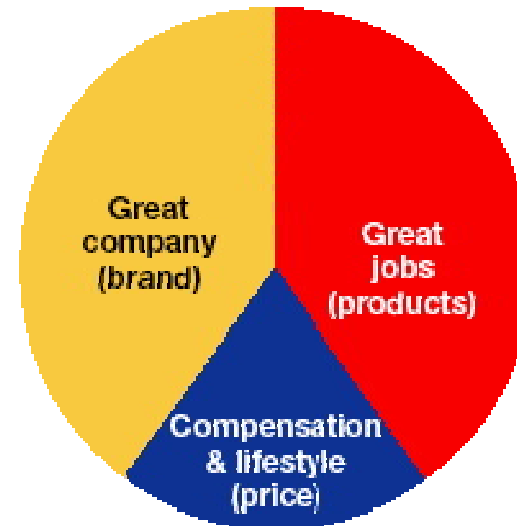
<b>Values and culture</b>	<b>58%</b>
<b>Well managed</b>	<b>50%</b>
<b>Exciting challenges</b>	<b>38%</b>
<b>Strong performance</b>	<b>29%</b>
<b>Industry leader</b>	<b>21%</b>
<b>Many talented people</b>	<b>20%</b>
<b>Good at development</b>	<b>17%</b>
<b>Inspiring mission</b>	<b>16%</b>
<b>Fun with colleagues</b>	<b>11%</b>
<b>Job security</b>	<b>8%</b>

## *Great jobs (products)*

<b>Freedom and autonomy</b>	<b>56%</b>
<b>Exciting challenges</b>	<b>51%</b>
<b>Career advancement and growth</b>	<b>39%</b>
<b>Fit with boss I admire</b>	<b>29%</b>

## *Compensation and lifestyle (price)*

<b>Differentiated compensation</b>	<b>29%</b>
<b>High total compensation</b>	<b>23%</b>
<b>Geographic location</b>	<b>19%</b>
<b>Respect for lifestyle</b>	<b>14%</b>
<b>Acceptable pace and stress</b>	<b>1%</b>

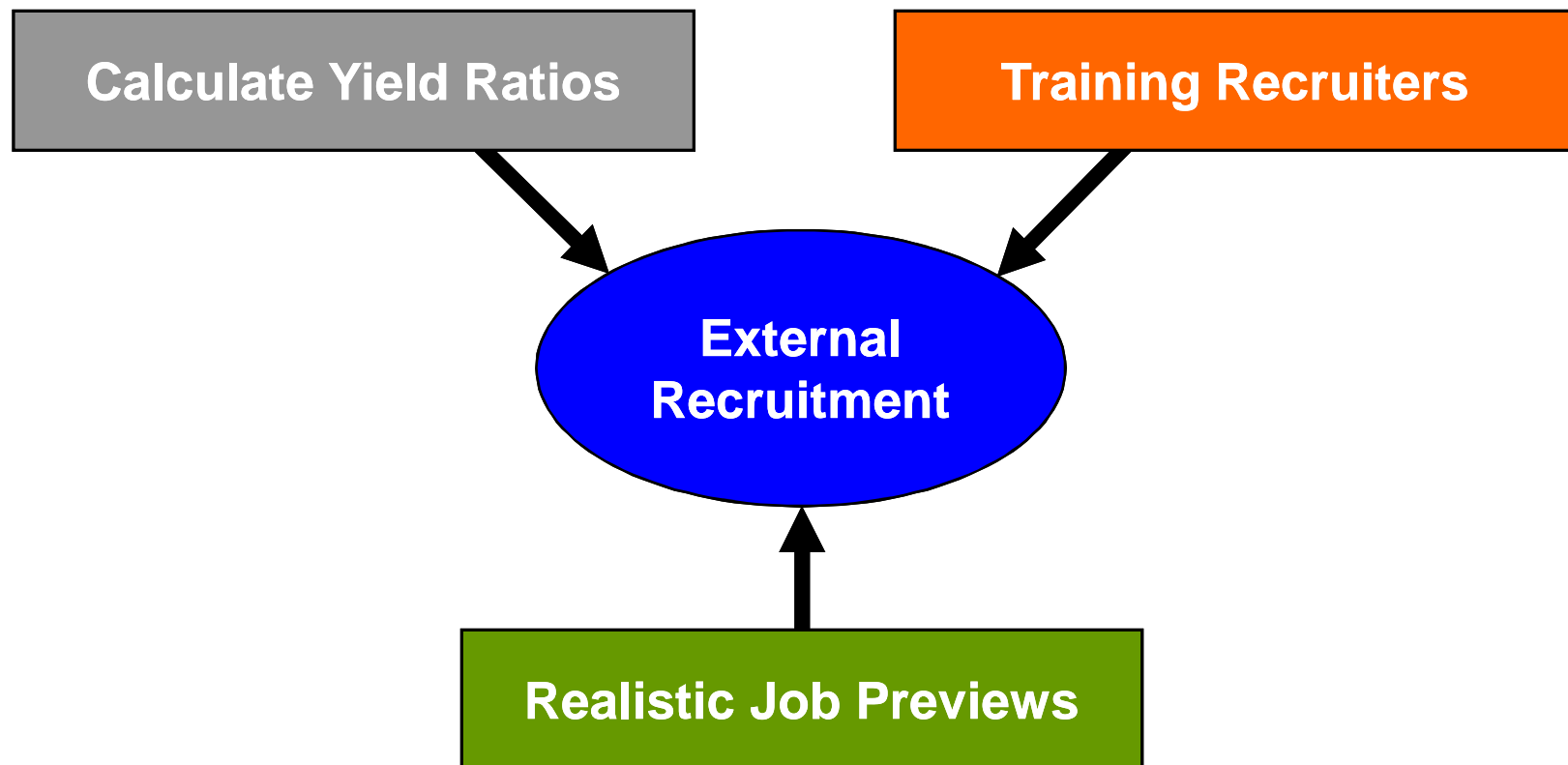


\*Each number represents the percentage of the top 200 executives who agreed each factor was important.

Source: E. G. Chambers, H. Hanafield-Jones, S. M. Hankin, and E. G. Michaels, III, "Win the War for Top Talent," *Workforce* 77, no. 12 (December 1998): 50-56. Used with permission of McKinsey & Co.  
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Figure 4.10

# Improving the Effectiveness of External Recruitment





# External Recruitment Considerations

- Yield Ratio

- Percentage of applicants from a recruitment source that make it to the next stage of the selection process.

- ❖ **100 resumes received, 50 found acceptable = 50% yield.**

- Cost of Recruitment (per employee hired)

$$\frac{SC}{H} = \frac{AC + AF + RB + NC}{H}$$

**SC = source cost**

**AC = advertising costs, total monthly expenditure (example: \$28,000)**

**AF = agency fees, total for the month (example: \$19,000)**

**RB = referral bonuses, total paid (example: \$2,300)**

**NC = no-cost hires, walk-ins, nonprofit agencies, etc. (example: \$0)**

**H = total hires (example: 119)**

**Cost to hire one employee = \$414**

# External Recruitment Considerations

- Sources of Organizational Recruiters
  - Professional HR recruiters
  - HR generalists
  - Work team members
- Requirements for Effective Recruiters
  - Knowledge of the recruited job's requirements and of the organization
  - Training as an interviewer
  - Personable and competent to represent the organization

# External Recruitment Considerations

- Realistic Job Previews (RJP)
  - Informing applicants about all aspects of the job, including both its desirable and undesirable facets.
  - Positive benefits of RJP
    - ❖ **Improved employee job satisfaction**
    - ❖ **Reduced voluntary turnover**
    - ❖ **Enhanced communication through honesty and openness**
    - ❖ **Realistic job expectations**

# Issues in Recruiting Protected Classes

- Recruitment of the Disabled

- Increasing numbers of disabled in the workforce
- Stereotyping of the disabled versus their superior records for dependability, attendance, motivation and performance
- Accommodations for physical and mental disabilities

- Recruitment of Older People

- Increasingly returning to the workplace
- Have valued knowledge, experience, flexibility and reliability as employees