

Chapter 5

Recruiting Talented Employees

A MANAGER'S PERSPECTIVE

JAMES LEAVES HIS SUPERVISOR'S OFFICE FEELING GOOD ABOUT HIS RECENT ACCOMPLISHMENTS. WHEN HE GRADUATED FROM COLLEGE TWO YEARS AGO, HE ACCEPTED A JOB IN THE FINANCE DEPARTMENT AT A MAJOR INSURANCE COMPANY. OVER THE PAST YEAR, HE HAS SPENT MOST OF HIS TIME WORKING ON A TEAM, WHICH JUST COMPLETED A REPORT ON AREAS OF POTENTIAL GROWTH. HE IS SORRY THAT THE PROJECT IS ENDING BECAUSE HE WILL NO LONGER BE WORKING SO CLOSELY WITH HIS FRIENDS ON THE TEAM, BUT HE IS EXCITED TO MOVE ON TO SOMETHING NEW. THE SOMETHING NEW IS QUITE A SURPRISE. JAMES HAS JUST BEEN ASKED TO BE A MEMBER OF A TEAM THAT WILL RECOMMEND BETTER WAYS TO RECRUIT NEW EMPLOYEES.

James starts to think about why he chose the insurance company two years ago. The advertisement in the university career center caught his attention because the job was in a city where James really wanted to live. He contacted the recruiter and felt an immediate connection. The company sounded like a fun place to work. Representatives of the

company were very friendly. They even told him some of the things they didn't like about their work. He remembers wondering if the company was the right place for him. Would he like his coworkers? Could he use the skills he had learned? Was there room for advancement? James wonders if he would approach finding a job differently now that he has had a few years' work experience.

As he thinks back, James also remembers a conversation he had with his college roommates. He was surprised to learn that they had very different images of the ideal place to work. One of his roommates was most interested in working for a company that allowed a great deal of flexibility and freedom. Another roommate cared mostly about promotions and money. James now realizes that these differences are also important from the organizational side. Which of his roommates would be most successful working with him now?





THE BIG PICTURE *Effective Organizations Gain the Interest and Commitment of Job Applicants Who Will Become Excellent Employees*

When he arrives at his desk, James turns to the memo his supervisor gave him during their meeting. Reading it, he realizes that a major objective of the committee is to identify specific sources for recruiting. Should he suggest that the company continue to recruit mostly through university placement centers? What about newspaper advertisements? Should the company use the Internet?

James knows there is a lot he doesn't understand about recruiting employees. He is, however, excited about this new opportunity. His two years with the company have been terrific. He highly values his relationships with other employees. Finding ways to help attract more great coworkers could make things even better.

WHAT DO YOU THINK?



Imagine that you are listening to a conversation between James and Alicia, who is a full-time recruiter. Alicia makes the following statements. Which of the statements do you think are true?

- T OR F** Effective organizations do all they can to get as many people as possible to apply for jobs.
- T OR F** Organizations should be careful to communicate only positive things to job applicants.
- T OR F** A company should develop strong relationships with professors at universities where it recruits.
- T OR F** One way of attracting more job applicants is to pay high wages.
- T OR F** Job applicants referred by current employees seldom work out because employees often refer friends who don't have good work skills.

LEARNING OBJECTIVES

After reading this chapter you should be able to:

- LEARNING OBJECTIVE 1** Explain how overall HR strategy guides recruiting practices.
- LEARNING OBJECTIVE 2** Describe the key elements of human resource planning.
- LEARNING OBJECTIVE 3** Explain important characteristics and search patterns of different types of people looking for jobs.
- LEARNING OBJECTIVE 4** Describe the characteristics of organizations that attract recruits.
- LEARNING OBJECTIVE 5** List various recruiting sources and be able to describe their strengths and weaknesses, as well as their linkage with strategic recruiting practices.
- LEARNING OBJECTIVE 6** Explain various approaches for evaluating the effectiveness of recruiting.

How Can Strategic Recruiting Make an Organization Effective?

Employee recruiting

The process of getting people to apply for work with a specific organization.

Employee recruiting is the process of identifying and attracting people to work for an organization.¹ The basic goals of recruiting are to communicate a positive image of the organization and to identify and gain the interest and commitment of people who will be good employees. Effective recruiting thus entails getting people to apply for positions, keeping applicants interested in joining the organization, and persuading the best applicants to accept job offers.²

Organizations that recruit well have more options when it comes to hiring new employees. They are in a position to hire only the best. Good recruiting can also lower employment costs by making sure that new employees know what to expect from the organization, which helps keep employees on board once they are hired. Obtaining sufficient numbers of applicants and using the best recruitment sources have been linked to increased profitability.³ In short, a strategic approach to recruiting helps an organization become an employer of choice and thereby obtain and keep great employees who produce superior goods and services.

One example of effective recruiting is Google. The Internet search company has frequently been identified as a top place to work, and although the company only employs about 20,000 people, it receives as many as 1,300 résumés a day.⁴ Having so many people apply for jobs puts Google in a position to hire only the best. Working at Google is so desirable that 95 percent of job applicants who receive an offer accept it.⁵ It takes effective recruiting to convince so many people to apply, and to have such a high percentage of offers accepted. What makes Google the kind of place where so many people want to work? And what makes it the kind of place where very few quit?

The first key to successful recruiting at Google is a culture that creates a fun and supportive working environment. Given its competitive emphasis on differentiation and creativity, Google benefits from allowing employees the freedom to be themselves. Engineers are encouraged to dedicate 20 percent

of their work time to new and interesting projects that are not part of their formal work assignments. The company also provides a number of benefits that allow employees to focus on completing work. For example, Google provides onsite support for tasks such as dry cleaning, haircuts, and oil changes. Yet, the perk that seems to create the most excitement is gourmet food. Employee cafeterias offer free food and cater to unique tastes with dishes like roast quail and black bass with parsley pesto.⁶ The supportive environment allows employees to focus their energy on getting work done rather than running personal errands, and the company is rewarded by employees willing to work long hours.

The culture at Google is particularly supportive of parents with family responsibilities. When the company was young and only had two employees with children, founders Larry Page and Sergey Brin suggested that a conference room be converted into an onsite daycare. The family friendly focus continues today with new mothers getting three months of leave while receiving 75 percent of their salary. New fathers receive two weeks paid leave. Free meals are also delivered to the homes of new parents.⁷ Lactation rooms and company-provided breast pumps help new mothers transition back to the workplace. Google has thus developed a reputation as an employer who helps balance work and family demands. Such efforts help make it so that only about 3 percent of staff members leave the company.⁸

So what does Google do to recruit employees? One effective recruitment source is referrals from current employees. Current employees are given a \$2,000 bonus for each new employee they help recruit.⁹ Google also works closely with university professors to make sure they refer their best students for jobs. Another innovative recruiting source is contests. For example, in 2005 Google hosted an India Code Jam where computer experts competed to earn a prize for writing computer code. The contest drew 14,000 participants trying to win the prize of approximately \$7,000. However, the real reason for the contest was to identify top talent, with about 50 finalists eventually being offered positions at Google.¹⁰



Building Strength Through HR

GOOGLE

Google is an Internet search company that employs over 20,000 employees. Human resource management at Google builds competitive strength by:

- Creating a working environment that attracts highly creative and intelligent employees.
- Offering perks and programs that help employees balance work and family demands.
- Targeting highly talented recruits by encouraging employee referrals, building university relationships, and sponsoring contests.



However, even a company as successful as Google sometimes encounters difficulty recruiting and retaining workers. One problem is that many of the top employees are entrepreneurs at heart. Those who leave Google rarely move to other companies, but many want to start their own businesses. Google thus constantly works to create a work environment that affords a great deal of autonomy. After years of rapid growth, the economic difficulties of 2009 also put Google in a position where it needed to reduce its recruiting efforts. Approximately 100 recruiters were moved to other positions or laid off.¹¹ Yet, even during difficult economic times, Google continued to search for top talent in some key jobs and enhanced its reputation as a highly desirable employer. The idea that a company is only as good as its people continues to drive recruiting at Google.

LEARNING OBJECTIVE 1

How Is Employee Recruiting Strategic?

As shown in the Google example, employee recruiting is strategic when it focuses on attracting people who will make great employees. Of course, recruiting practices that are successful at Google may not be as successful at other places. Google's business model requires hiring people with very specific skill sets. In such a situation, success in recruiting depends on receiving applications from the best and the brightest people available. Organizations that desire employees with less specific skill sets may benefit from very different recruiting methods. Recruiting practices are thus best when they align with overall HR strategies.

Figure 5.1 shows how selection decisions can be aligned with the HR strategies from Chapter 2. As the figure shows, two important dimensions underlie strategic recruiting choices: skill scope and source of applicants. We examine these dimensions next.



Figure 5.1 Strategic Framework for Employee Recruiting.

BROAD VERSUS TARGETED SKILL SCOPE

The horizontal dimension in Figure 5.1 represents differences in skill scope. At one end of the continuum is broad scope, which represents a set of work skills that a lot of people have. At the other end is targeted scope, which represents a set of skills that only a few people have.

Broad Scope

One way to think about differences in skill scope is to think about potential strategies for romantic dating. Suppose you wish to find a romantic partner. How do you go about finding him or her? One approach is to try and meet as many people as possible. You attend lots of different social events, talk with a variety of people, and go on numerous dates with different people. This strategy might work if you aren't that picky when it comes to relationship partners. Casting a wide net also makes sense if you are not sure about the type of person you're looking for. It also helps if you have a lot of time to evaluate potential partners. Such an approach to dating can be summarized as "How do I know what I want until I've seen what's out there?"

Some organizations adopt employee recruiting strategies that are very similar to dating a lot of different people. These organizations cast a wide net and try to get many people to apply for positions. This **broad skill scope** strategy focuses on attracting a large number of applicants. Such an approach makes sense when a lot of people have the characteristics needed to succeed in the job. McDonald's is a good example, since it is constantly working to attract numerous people who do not have highly specialized skills. Successful employees learn skills on the job, and the constant need for new employees requires maintaining a large pool of potential workers. Broad recruiting practices can also be helpful when an organization is recruiting for a new position where the characteristics of a successful worker are unclear or where a number of different characteristics might lead to success.

In terms of the HR strategies discussed in Chapter 2, broad scope recruiting is most often used by organizations with cost leadership strategies. Organizations using the Bargain Laborer HR strategy hire a large number of nonspecialized employees, who often stay with the company for only short periods of time. These organizations are therefore constantly searching for new employees. In many cases, they are not too choosy about whom they hire. Most people have the necessary skills. Organizations using the Loyal Soldier HR strategy seek to keep employees for longer periods, but again, the employees do not need specialized skills to succeed. Most people have what it takes to perform the job tasks, and having a lot of applicants provides the organization with many alternatives about whom to hire. This means that successful recruiting for organizations with Loyal Soldier HR strategies often entails attracting a large number of applicants for each position and then basing hiring decisions on assessments of fit with the culture and values of the organization. Broad scope recruiting is thus optimal for organizations with both internal and external forms of the cost strategy.

Targeted Scope

Although dating a lot of different people is one approach to finding a romantic partner, it certainly isn't the only approach. You might instead establish a very clear set of characteristics desired in a mate and then date only people who are likely to have those characteristics. Instead of going to as many

Broad skill scope

A recruiting strategy that seeks to attract a large number of applicants.

different parties as possible, you might just go to parties where you know certain types of people will be. You would not go on dates with people who clearly don't meet your expectations. Such an approach makes sense if you know exactly what you want and if you don't want to waste time meeting people who are clearly wrong for you. This approach to dating can be summarized as "I know exactly what I want, and all I need to do is find that person."

Targeted skill scope

A recruiting strategy that seeks to attract a small number of applicants who have specific characteristics.

A number of organizations adopt recruiting strategies that are similar to this targeted approach for dating. The **targeted skill scope** strategy seeks to attract a small group of applicants who have a high probability of possessing the characteristics needed to perform the specific job. Such an approach makes sense when only a select few have what it takes to perform the job successfully. Recruiting a university professor is one example of such a targeted approach. Only a small number of people have the education and experience necessary to work as professors. Receiving and reviewing applications from people without the required expertise wastes valuable time and resources. Universities thus benefit from targeting their recruiting to attract only qualified applicants.

As you might expect, targeted scope recruiting is most often pursued by organizations with a competitive strategy of differentiation. Differentiation HR strategies rely on specific contributions from a select group of employees. People are hired because they have rare skills and abilities, and only a small number of people actually have what it takes to succeed. Receiving applications from a large number of people who clearly do not have the characteristics needed to perform the work is wasteful. Targeted scope recruiting is thus optimal for organizations with both Committed Expert and Free Agent HR strategies. These organizations benefit from identifying and attracting only the people who are most likely to be successful.

Skill Scope and Geography

One caution when thinking about targeted and broad approaches is to distinguish skill scope from geographic scope. Broad skill scope recruiting seeks to identify a large number of people. Given that many people have the required skills, this recruiting can usually be done in small geographic areas near where the new employees will work. Most likely, a sufficient number of recruits already living in the area can be identified. For instance, a local grocery store recruits cashiers by looking for people who already live close to the store. In contrast, targeted recruiting seeks to identify a smaller group of people with specialized skills and abilities. The number of qualified people in a particular area often is not large. Thus, targeted skill recruiting frequently covers wide geographic areas. An example is a law firm that conducts a nationwide search to identify a patent attorney. In summary, the terms *broad* and *targeted* refer to the range of applicant skills and not the geographic area of the recruiting search.

INTERNAL VERSUS EXTERNAL SOURCING

Think back to our dating example. What are the chances you are already friends with the person who will become your romantic partner? Should you try and develop deeper relationships with people you already like? Or do you want to identify new and exciting prospects? These questions start to touch on the next aspect of strategic recruiting—internal versus external sourcing. The vertical dimension in Figure 5.1 represents this aspect of recruiting, with internal sourcing at one end of the continuum and external sourcing on the other.

Internal Sourcing

Internal sourcing of recruits seeks to fill job openings with people who are already working for the organization. Positions are filled by current employees who are ready for promotions or for different tasks. These people have performance records and are already committed to a relationship with the organization. Because a lot is known about the motivation and skill of current employees, the risks associated with internal recruiting are relatively low. Of course, internal sourcing is a fundamental part of Loyal Soldier and Committed Expert HR strategies. With the exception of hiring entry-level workers, most organizations with these HR strategies try to fill as many job vacancies as possible by recruiting current employees.

A common example of internal sourcing is organizations looking at current employees to identify people who can fill international assignments. The people filling these assignments, sometimes referred to as expatriates, move to a foreign country to take a work assignment that will last for a few years. Such assignments help organizations better take advantage of the skill and expertise of people who are already working for the company. Employees who serve as expatriates also develop new skills that can help them in their future assignments. Historically, expatriate workers have received high wages and benefits to offset the potential pains of relocation. However, foreign assignments are becoming more common, and many expatriates receive pay similar to what they would receive in their home country.¹²

External Sourcing

External sourcing of recruits seeks to fill job openings with people from outside the organization. Primary sources of recruits are other organizations. The high number of entry-level positions in organizations with a Bargain Laborer HR strategy often necessitates external sourcing. Almost all employees are hired to fill basic jobs, and there are few opportunities for promotion or reassignment. Organizations with a Free Agent HR strategy also use primarily external sourcing. Bringing in a fresh perspective is key for these organizations. Since little training and development is provided, current employees rarely have the specialized skills needed to fill job openings. External sourcing, then, is an essential part of the recruiting practices of organizations with either Bargain Laborer or Free Agent HR strategies.

An extreme example of external sourcing occurs when organizations do not actually hire people to fill positions. For example, positions may be filled by **temporary workers**, who are people actually employed by an outside staffing agency.¹³ Organizations often use such arrangements to avoid long-term employment commitments. This makes it easier to adjust the size of the workforce to meet increasing or decreasing demand for products and services. A potential disadvantage of using temporary workers is that it involves sharing employees with other organizations, which makes it difficult to develop a unique resource that creates a competitive advantage.¹⁴ In some cases, organizations hire successful temporary workers into permanent positions—a practice we revisit later in this chapter when we discuss employment agencies.

Another example of extreme external sourcing is **independent contractors**, who have a relationship with the organization but technically work for themselves.¹⁵ An example of a company that uses independent contractors is Newton Manufacturing, which sells promotional products such as coffee mugs and caps.¹⁶ Newton products are distributed by approximately 800 independent sales representatives. These representatives set their own hours and

Internal sourcing

A recruiting strategy that fills job openings by transferring people who are already working in the organization.

External sourcing

A recruiting strategy that fills job openings by hiring people who are not already employed by the organization.

Temporary workers

Individuals who are employed by an outside staffing agency and assigned to work in an organization for a short period of time.

Independent contractors

Individuals who actually work for themselves but have an ongoing relationship with an organization.

Contingent workers

People working without either an implicit or an explicit contract and who are not required to work a minimum number of hours.

Idealistic messaging

The recruiting practice of communicating only positive information to potential employees.

Realistic messaging

The recruiting practice of communicating both good and bad features of jobs to potential employees.

Realistic job previews

Information given to potential employees that provides a complete picture of the job and organization.

make their own decisions about how to sell. Representatives receive a percentage of their sales receipts, but they are not actually employed by Newton.

Temporary workers and independent contractors are examples of **contingent workers**—people working without either an implicit or an explicit contract for continuing work and who are not required to work a minimum number of hours.¹⁷ Cost savings are often cited as a potential benefit of using contingent workers. A potential problem is that organizations have limited control over the actions of contingent workers. Many experts also believe that contingent workers have weaker commitment and motivation. However, research results suggest that contingent workers generally feel high levels of support from their associated organizations.¹⁸ Much of this support seems to come from a feeling that the contingent worker status allows them to effectively balance their professional career with other life interests.¹⁹ Nevertheless, contingent workers need to proactively learn new skills and develop a progressive career. They can do this by continually demonstrating competence, building relationships to get referred to other projects, and framing their skill sets in terms of new opportunities.²⁰

REALISTIC VERSUS IDEALISTIC MESSAGING

Another important aspect of dating is how much you tell others about yourself. One approach is to be on your best behavior and only tell people the good things. This is similar to **idealistic messaging**, wherein an organization conveys positive information when recruiting employees in order to develop and maintain an upbeat image. An opposite approach to dating is to let others see the real you. This necessitates sharing not only positive information but also information about your problems and weaknesses. Such an approach is similar to **realistic messaging**, which occurs when an organization gives potential employees both positive and negative information about the work setting and job.

Realistic Messaging

Realistic messaging is used to increase the likelihood that employees will stay with the organization once they have been hired. Job applicants are given **realistic job previews** designed to share a complete picture of what it is like to work for the organization. These previews usually include written descriptions and audiovisual presentations about both good and bad aspects of the working environment.²¹ Negative things such as poor working hours and frequent rejection by customers are specifically included in the recruiting message. That way, new recruits already know that the working environment is less than perfect when they start the job. Their expectations are lower, so they are less likely to become disappointed and dissatisfied. The overall goal of realistic messaging is thus to help new recruits develop accurate expectations about the organization. Lowered expectations are easier to meet, which decreases the chance of employees leaving the organization to accept other jobs.²² Indeed, studies such as the one described in the “How Do We Know?” feature provide clear evidence that realistic job previews reduce employee turnover.

In terms of the HR strategies presented in Chapter 2, realistic messaging is most valuable for organizations seeking long-term employees. These organizations benefit from the reduced employee turnover that comes from realistic recruiting. The recruiting process provides an opportunity for people to get a sense of how well they will fit. If the organization does not provide honest and



How Do We Know?

DO REALISTIC JOB PREVIEWS REDUCE EMPLOYEE TURNOVER?

Does it really help to provide job applicants with negative information? Won't hearing negative information cause them to focus more on the bad parts of the job? Peter Hom, Rodger Griffeth, Leslie Palich, and Jeffrey Bracker conducted a study to find out whether realistic job previews make people less likely to quit. The study provided training and orientation for nurses who were beginning work at a hospital. A group of 82 nurses were given a realistic job preview. The preview included a brochure with both positive and negative statements about working as a nurse. Another group, which included 76 nurses, received only an ordinary hospital brochure with generally positive statements.

During the first year of employment, 21 percent of the nurses who received the traditional brochure quit, compared with only 9 percent of the nurses who received the realistic preview. Additional analyses found that the realistic preview worked because it communicated concern and honesty on the part of the employer. Nurses given the realistic

preview also had lower expectations about the job, which helped them develop effective coping strategies and experience greater job satisfaction and organizational commitment.

The Bottom Line. Organizations can use realistic job previews to reduce employee turnover. Employees who receive such information have more realistic expectations about the job. With lower initial expectations, they have more positive experiences once they are hired. The study authors conclude that realistic job previews operate by communicating honesty and decreasing initial expectations, which in turn intensifies new employees' efforts to adapt effectively to stressful aspects of the job.

Sources: Peter W. Hom, Rodger W. Griffeth, Leslie E. Palich, and Jeffrey S. Bracker, "An Exploratory Investigation into Theoretical Mechanisms Underlying Realistic Job Previews," *Personnel Psychology* 51 (1998): 421–451; Peter W. Hom, Rodger W. Griffeth, Leslie E. Palich, and Jeffrey S. Bracker, "Revisiting Met Expectations as a Reason Why Realistic Job Previews Work," *Personnel Psychology* 52 (1999): 97–112.

realistic information, then the assessment of the potential for a good long-term relationship is less accurate.

Realistic recruiting thus operates much like being truthful while dating. People make commitments with full knowledge of the strengths and weaknesses of the other party, increasing the likelihood that their expectations will be met in the future. Realistic expectations increase the likelihood of developing a successful long-term relationship. Since maintaining long-term relationships with employees is critical for the success of organizations pursuing either Loyal Soldier or Committed Expert HR strategies, realistic recruiting is most appropriate for these organizations.²³ Of course, internal job applicants who are working for the organization already have a realistic picture of the work environment. The key for these organizations is thus to use realistic job previews for new hires. The importance of realistic messaging for new hires with internal labor strategies is shown in Figure 5.1, which suggests that even though most hires come internally, those who do come from outside sources should receive realistic job previews.

Idealistic Messaging

Unlike realistic messaging, idealistic messaging excludes negative information and paints a very positive picture of the organization. This positive emphasis can be helpful because realistic recruiting messages discourage some job applicants and cause them to look for work elsewhere.²⁴ Unfortunately, in

many cases, highly qualified applicants who have many other alternatives are the most likely to be turned off by realistic recruiting.²⁵

Let's think about idealistic messaging in terms of our dating situation. Withholding negative information from a partner may work for a while, but when the “honeymoon” is over, faults are seen and satisfaction with the relationship decreases. Clearly, this is not an effective strategy for building a long-term relationship. But maybe a short-term relationship is all you want, so you aren't concerned that your partner will enter the relationship with unrealistic expectations. Once you get to know each other's faults and weaknesses, both of you may be ready to move on to other relationships. You might also be concerned that sharing negative information will scare some potential partners off before they get a chance to really know you.

In recruiting, too, idealistic messaging corresponds best with an emphasis on short-term relationships. This is shown in Figure 5.1 by the use of idealistic messaging for organizations pursuing external HR strategies. In particular, the Bargain Laborer HR strategy is used by organizations seeking to reduce cost through high standardization of work practices. Finding people to work in these lower-skilled jobs for even a short period of time, such as a summer, may be all that can be expected. Training for the job is minimal, so replacing people who quit is not as costly as replacing more skilled workers. The Free Agent HR strategy requires people with more highly developed work skills, but these individuals are expected to be more committed to careers than to a particular organization. They likely have many choices of where to work, and negative information may push them to take a position elsewhere. In these cases, idealistic messaging may lead to inflated expectations about how good the job will be, but that may not matter a great deal because the new recruit is not expected to become a loyal long-term employee.



CONCEPT CHECK

1. How does broad scope recruiting differ from narrow scope recruiting?
2. Why would an organization tell job applicants negative information about the position?

LEARNING OBJECTIVE 2

How Does Human Resource Planning Facilitate Recruiting?

An important part of recruiting is planning. Organizations fail to take advantage of available talent when they begin recruiting only after a job is vacant. Carefully constructed recruiting plans not only increase the chances of identifying the best workers but also reduce costs associated with finding workers. In this section, we explore specific ways that an organization can plan and maximize recruiting effectiveness. First, we look at the overall planning process. We then describe differences between organizations that hire employees periodically in groups and organizations that have ongoing recruiting efforts.

We also explore differences between a recruiting approach that is consistent across the entire organization and an approach that allows different departments and locations to develop their own recruiting plans.

THE PLANNING PROCESS

Human resource planning is the process of forecasting employment needs. A proactive approach to forecasting can help organizations become more productive. The basic steps of human resource planning are shown in Figure 5.2. The process involves assessing current employment levels, predicting future needs, planning for internal movement, and predicting external hiring needs. This planning process is similar to models of inventory control. First, you figure out what you currently have; next, you determine what you expect to need in the future; and then you plan where to obtain additional inventory.

Human resource planning

The process of forecasting the number and type of employees that will be needed in the future.

Step 1. Assessing Current Employment Levels

The first step of human resource planning, assessing current employment levels, relies heavily on the organization's information system. Most large corporations have some type of HR information system, with the most common systems being SAP and Oracle's PeopleSoft. These databases track employees and can generate reports showing where people are currently working. This information provides a snapshot summary of the number of people in different positions. The HR information system can also provide details about the qualifications and skills of current employees. This is helpful in planning for internal movement of people during the third planning step.

Step 2. Predicting Future Needs

The second step in human resource planning is to predict future needs. This step requires close collaboration with strategic planners throughout the organization. Predicting future needs begins with assessing environmental trends



Figure 5.2 Human Resource Planning.

(changing consumer tastes, demographic shifts, and so forth). Based on these trends, a forecast is made of expected changes in demand for services and goods. Will people buy more or less of what the company produces? Such projections are used to predict the number of employees that might be needed in certain jobs.

One common method for making employment predictions is to assume that human resource needs will match expected trends for services and goods. For instance, an organization may assume that the number of employees in each position will increase by 10 percent during the upcoming year simply because sales are expected to grow by 10 percent in that period. More sophisticated forecasting methods might account for potential differences in productivity that come from developments in areas such as technology, interest rates, and unemployment trends. In some cases, projected changes are entered into statistical models to develop forecasts. In other cases, managers and other experts simply make guesses based on their knowledge of trends. Although specific practices vary, the overall goal of the second step is to combine information from the environment with the organization's competitive objectives in order to forecast the number of employees needed in particular jobs.²⁶

Step 3. Predicting Employee Movement

The third step in planning is to predict movement among current employees. Generally, such predictions assume that past patterns will repeat in the future. Historical data is assessed to determine how many employees in each job category can be expected to quit or be terminated during the next year. Measures such as quit rates, average length of time in specific jobs, and rates of promotion are used. As mentioned earlier, the organization's information system can be used to determine how many individuals have skills and experiences that qualify them for promotions or lateral moves. Although this information may not be exact, it does provide a rough idea of where current employees are likely to move. Information about employee skills can be particularly helpful for multinational organizations. Being able to identify the skills of employees currently residing in other countries helps build consistency across organizations. In all cases, using the information to make decisions and plan for the future gives the organization a competitive edge over firms that begin to fill positions only after someone leaves a job.

Step 4. Planning External Hiring

The final step is to determine the number and types of people to be recruited externally. This is accomplished by combining the information from the first three steps. An example of a spreadsheet illustrating all steps is shown in Figure 5.3. Information from Step 2 is used to forecast the total number of employees needed in each position, and information from Steps 1 and 3 is used to determine how many of the projected positions can be filled by people already in the organization. The difference between the number needed and the number available provides an estimate of the number of new employees who will need to be recruited from outside the organization.

Of course, the information and strategies developed through the HR planning process are only estimates and are usually not totally accurate. Nevertheless, careful planning allows organizations to act strategically rather than simply react to changes. Good planning can eliminate many surprises. It can help to smooth out upward and downward trends in employee count

	Entry-Level Workers	Mid-Level Supervisors	Top-Level Managers
Predicted Future Needs ¹	700	70	14
Current employees			
Currently in position	500	50	10
Expected to quit ²	250	15	3
Expected to move internally to other jobs ²	16	2	0
Expected to move internally to this job ²	0	16	2
Internally available ³	234	49	9
External hiring need ⁴	466	21	5

Figure 5.3 Planning Process Example.

¹ Based on simple assumption of 40 percent growth beyond current level

² Based on analysis of past trends

³ Number currently in position – numbers expected to quit or move out + number expected to move in

⁴ Predicted future needs – internally available

to reduce or eliminate those instances in which an organization terminates good employees because of low need in certain areas only to realize a few months later that it has openings to fill in those same areas. It can also help organizations take advantage of opportunities to hire exceptional employees even before specific positions are open. Overall, HR planning takes a long-term perspective on hiring and develops ongoing tactics to make sure high-quality people are available to fill job vacancies. As illustrated in the “Building Strength Through HR” feature, such planning can provide important benefits to an organization.

BATCH AND FLOW APPROACHES

Human resource planning can help organizations develop consistent approaches to recruiting. Some organizations use a batch approach to recruiting, whereas others use a flow approach. A **batch approach** involves engaging in recruiting activities periodically. A **flow approach** involves sustained recruiting activities to meet the ongoing need for new employees.²⁷

The flow approach views recruiting as a never-ending activity. The planning process is used to forecast employment needs. New employees are frequently added even before specific positions are open. An organization using a flow approach continually seeks top recruits and brings them onboard when they are available. This enables the organization to take advantage of opportunities as they arise and helps it to avoid being forced to hire less desirable applicants because nobody better is available at the time.

Batch recruiting is different in that it operates in cycles. Groups of employees are recruited together. Organizations may adopt a batch approach when new employees are only available at certain times. For instance, organizations that recruit college students usually must adopt a batch approach because

Batch approach

Recruiting activities that bring new employees into the organization in groups.

Flow approach

Recruiting activities that are ongoing and designed to constantly find new employees.



Building Strength Through HR

WELLPOINT HEALTH NETWORKS

WellPoint Health Networks is a healthcare organization with about 38,000 employees. It has an extensive information system that helps predict when people might leave, as well as identify current employees who might be promoted into positions that are left vacant. The information system provides a type of “depth chart” that illustrates strengths and weaknesses for each position. Leaders use the information to quickly identify people who might fill job vacancies. The information is also helpful for tracking career development and determining areas where additional training might be helpful. The use of information technology has helped the company reduce the average time positions are open from 60 to 35 days. The system has also reduced turnover and saved WellPoint around \$21 million. Human resource management at WellPoint thus builds competitive strength by



maintaining a database of current employee skills and abilities, looking internally to fill job openings, and predicting future job vacancies before they occur.

Source: Information from Patrick J. Kiger, “Succession Planning Keeps WellPoint Competitive,” *Workforce Management* 81, no. 4 (2002): 50–54.

students are only available at the end of a semester. Organizations also adopt a batch approach when they need to train new employees in a group or when a specific work project has a clear beginning and end. For example, a biological research organization may hire people to work on specific grants. Employees are hired in a group when a new grant begins.

A flow approach to recruiting is optimal in most cases because it allows organizations to operate strategically. Employment needs can be planned in advance, and ongoing activities can reduce the time between job openings and hiring decisions. Organizations that use a batch approach to recruiting can also benefit from good planning, however. For instance, some employees hired directly from college might be enrolled in short-term training programs until specific positions are open. Accurate human resource forecasting facilitates this type of arrangement and allows the batch approach to reap many of the advantages associated with the flow approach.

CENTRALIZATION OF PROCESSES

An additional aspect of planning and recruiting is the extent to which activities are centralized. In organizations that use *centralized procedures*, the human resource department is responsible for recruiting activities. In organizations that use *decentralized procedures*, individual departments and plants make and carry out their own plans.²⁸

A primary benefit of centralized procedures is cost savings. Organizations with centralized processes tend to put more effort into planning ways to recruit

employees through inexpensive means. With centralization, recruiting is carried out by members of the human resource department, who don't need to learn new details about the recruiting process and labor environment each time a position opens. These professionals also develop ongoing relationships with other businesses, such as newspaper advertising departments and employment agencies. On the whole, then, organizations with centralized procedures are more likely to benefit from human resource planning through forecasting of overall needs and having full-time professional recruiters on staff.

A potential problem with centralized recruiting is the distance it creates between new recruits and the people with whom they will actually work. Managers often blame the human resource department when new recruits don't become good employees. A primary advantage of decentralized procedures is thus the sense of ownership that they create. Managers and current employees involved in recruiting are more committed to helping recruits succeed when they have selected those recruits.

In practice, many organizations benefit from combining elements of centralized and decentralized procedures. Efficiency is created by using centralized resources to identify a pool of job applicants. Managers and other employees then become involved to make specific decisions. Good human resource planning provides a means of coordinating the actions of different parts of the organization. Planning also helps the various parts of the organization work cooperatively by identifying people who might be promoted or transferred across departments or plants.



CONCEPT CHECK

1. What are the basic steps in human resource planning?
2. How do the batch and flow approaches to recruiting differ?
3. What benefits and problems are associated with centralization of employee recruiting?

LEARNING OBJECTIVE 3

Who Searches for Jobs?

An important part of effective recruiting is understanding the needs, goals, and behaviors of people searching for jobs. In general, we can identify three types of people looking for work: people entering the workforce for the first time, people who have been in the workforce but are currently unemployed, and people who are currently employed but seeking a different job. Although these groups differ somewhat, they also have a number of things in common.

One characteristic that job seekers share is their tendency to mostly plan their activities.²⁹ Thus, the things people do to find a job are rather predictable and can be explained by three processes:

1. The first process, *attitude formation*, concerns feelings and emotions. People make an effort to find employment when they feel confident that they have what it takes to get a new job, when they find the search process interesting, and when others such as spouse and family members think it is a good idea.

2. These attitudes and beliefs lead people to form specific *intentions*, which represent goals and plans for future action.
3. Goals and intentions lead to actual *job search behavior*, which includes any actions aimed at finding employment. Typical job search behavior includes gathering information and visiting organizations.

People engage in job-seeking activities when they have clear goals based on their belief that doing certain things will improve their lives. Organizations can thus influence potential recruits by providing information that helps them form positive attitudes. Actions that communicate strong interest and caring are particularly beneficial. Clearly conveying the benefits of a particular job can also result in forming stronger intentions and goals. The exact nature of attitudes and goals is, however, somewhat different for different types of job seekers.

NEW WORKFORCE ENTRANTS

Most people enter the full-time workforce when they graduate from school—either high school or college. The job search activities of these new workforce entrants typically follow a sequence. The first stage in the sequence is a very intense and broad search of formal sources of information about many different opportunities. At this point, job seekers are looking at aspects such as whether openings exist, what qualifications are necessary, and how to apply. The second stage is more focused as the job seekers begin to search for explicit information about a small number of possibilities. Information in this stage often comes from informal contacts rather than through formal channels. The focus shifts from learning about job openings to finding out specific details about particular jobs. If a job seeker spends considerable time in the second stage but is unable to find a job, he or she will go back to the first stage and conduct another broad search.³⁰

Take a moment to consider how knowledge of the job search sequence can guide your own current and future efforts. First, you should currently be working in the first stage and learning a lot about various opportunities, even if graduation is still several years away. As you get closer to graduation, you will benefit from focusing your efforts and learning details about specific jobs in specific organizations. You should also develop informal channels of information such as relationships with current employees. These relationships provide insights that you cannot gain from sources such as formal recruiting advertisements and websites. As described in the “How Do We Know” feature, you will benefit in each of these stages from taking a proactive approach to finding a job.

How can knowledge about the job search sequence help organizations more effectively recruit? Since people entering the workforce search broadly in the beginning, organizations can benefit from finding ways to share positive messages that set them apart from other potential employers. The objective is to build positive impressions that influence attitudes and thereby guide future goals and actions. Normal marketing channels such as television and newspaper advertisements are helpful in this way. For instance, the Sports Authority chain of sporting goods stores has about 17,000 employees, many of whom became interested in working for them because of their positive brand image. Regular customers who have already developed a favorable view of the store can apply for jobs at in-store kiosks.³¹



How Do We Know?

WHO SUCCEEDS IN A JOB SEARCH?

College graduates are not equally successful at finding jobs. Why do some graduates get more job offers than others? Douglas Brown, Richard Cober, Kevin Kane, Paul Levy, and Jarrett Shalhoop investigated this question by obtaining information from 180 graduating university students. A few months before graduation the students provided information about their personality and their confidence concerning getting job offers. Then a few months after graduation they were asked to provide information about their job search actions and their job search success.

Students with a proactive personality, that is a tendency to take personal initiative, had more confidence in their work abilities and thus engaged in more job search behaviors such as preparing

résumés, contacting employers, and filling out applications. This led these proactive students to receive more follow-up interviews and job offers.

The Bottom Line. Graduating students who engage in more job search behaviors do indeed receive more job offers. The study authors conclude that an individual's success or failure in job searching depends a great deal on his or her level of proactivity. More proactive people succeed in obtaining more job offers.

Source: Douglas J. Brown, Richard T. Cober, Kevin Kane, Paul E. Levy, and Jarrett Shalhoop, "Proactive Personality and the Successful Job Search: A Field Investigation with College Graduates," *Journal of Applied Psychology* 91 (2006): 717–726.

Organizations seeking to recruit from schools can also benefit from making sure they provide methods of sharing informal information with people who have entered the second stage of the search process. In this second stage, potential employees benefit from contact with current employees, who can share information that helps them decide whether a specific job is right. This careful examination of potential fit is most critical for firms pursuing long-term relationships with employees, and so it is most appropriate for organizations using Loyal Soldier and Committed Expert HR strategies. These organizations will benefit from focusing their efforts on recruiting people who are just entering the workforce and have long careers ahead of them.

UNEMPLOYED WORKERS

Potential job recruits also include people who have been in the workforce but are currently unemployed. Much of the research in this area explores the negative attitudes associated with being unemployed. You can relate to the frustrations of these people if you have ever had trouble finding a job. Unemployed workers get depressed easily. They experience decreased mental and physical health, less life satisfaction, and increased marital and family problems.³²

A consistent finding relating to job search for the unemployed is the importance of social support. People remain more optimistic, engage in more activities to find a job, and obtain better jobs when they feel strong social support from others.³³ Like other types of job seekers, unemployed people are also more successful at locating work when they take a proactive approach, set goals, and actively look for jobs.³⁴ Yet the strong negative emotions associated

with being unemployed suggest that many potential employees become so frustrated that they stop looking for work. Organizations recruiting people from the unemployment ranks therefore benefit from actively seeking out and encouraging people who have been laid off from other jobs. Helping individuals regain a sense of self-worth and confidence can communicate interest and caring. Organizations with a Bargain Laborer HR strategy, which have a constant need for new employees who are willing to work for lower wages, may benefit from recruiting unemployed people.

Another interesting development in the recruitment of unemployed workers is the movement toward internationalization. Organizations in many countries find it difficult to recruit enough workers to fill entry-level positions. For instance, hotel operators in Northern Ireland struggle to find enough people to work in jobs such as housekeeping and guest services. In fact, as many as 19 percent of jobs go unfilled in Northern Ireland hotels. Several hotels are addressing this problem by recruiting workers from other countries. Recruiting has attracted people from countries such as Poland, the Czech Republic, Latvia, and Lithuania. Although these workers are not technically unemployed in their home countries, they can find better work alternatives in Ireland. Taking an international approach to recruiting workers who are not yet employed in a particular country can thus be helpful in finding people willing to do entry-level jobs.³⁵

WORKERS CURRENTLY EMPLOYED

The third group of potential job recruits—people currently employed by other organizations—includes individuals actively looking for new jobs. Others are not looking but are open to a move if a good opportunity arises. People who search for alternative jobs while still employed tend to be intelligent, agreeable, open to new experiences, and less prone to worry.³⁶

Studies suggest that dissatisfaction with a current job is an important key for understanding why people accept new employment.³⁷ In many cases, employed workers are open to taking new jobs because they have experienced some kind of undesirable change in their current positions. In other cases, people are willing to move because they have slowly become dissatisfied over time.³⁸ In either situation, they are likely to move because their attitudes about their current jobs are not as positive as they would like. Changes in work conditions that create negative attitudes and make it more likely for people to leave their current jobs include an increased need to balance career and family demands, dissatisfaction with pay, and feelings that the organization is not moving in the right direction.³⁹

So what can an organization do to increase its success in recruiting people who are already employed by other firms? One tactic is to direct recruiting messages to employees who have recently experienced negative changes in their work roles. Common signals of negative change at competitor organizations include announcements of decreased profitability, lower bonuses, and changes in upper management. A primary objective of recruiting in these cases is to help channel negative attitudes into a specific goal to seek a better job. The recruiting organization might help potential employees to form positive attitudes about moving to a new job and can do so by clearly communicating the fact that it will provide a superior work environment. An organization trying to recruit can also take steps to minimize the hassle of changing jobs.⁴⁰ A constant need for people with highly specialized skills makes efforts

to recruit people who are currently working elsewhere particularly important to organizations with Free Agent HR strategies.

Organizations that seek to hire workers from competitors should be careful to avoid talent wars. **Talent wars** occur when competitors seek to “poach,” or steal, employees from one another. An organization that believes a competitor is attempting to raid its talent might respond by working to make things better internally. Or it might instead attempt to retaliate against the competitor—for example, stealing some of the competitor’s employees. Unfortunately, these back-and-forth negative tactics often result in a war that is dysfunctional for both organizations. To reduce the risk of a talent war, organizations can avoid hiring batches of employees away from a competitor and making sure that employees recruited from competitors receive promotions rather than transfers to the same job.⁴¹

Talent wars

Negative competition in which companies attempt to hire one another’s employees.



CONCEPT CHECK

1. What are three types of job seekers, and how does each type differ from the others?
2. What can an organization do to attract new workforce entrants?

LEARNING OBJECTIVE 4

What Characteristics Make an Organization Attractive?

Of course, not all organizations are equally attractive employers. One way to think about differences in organizational attractiveness is to reflect on your choice of a school. Why did you choose to study at your current college or university? Was it because it was close to where you wanted to live? Was it because of a great academic program in an area you wanted to study? Was it because it was the least expensive alternative? Was it because you wanted to be with certain friends? Maybe it was because it provided you with a way to balance other aspects of your life, such as work and family. Or perhaps you just didn’t have any other choice.

In a similar way, people choose jobs for a variety of reasons. In the scenario described at the beginning of this chapter, James remembered choosing to work for the insurance company mostly because of its location. Indeed, potential employees are often attracted to an organization because it provides a work opportunity in a place where they want to live.⁴² Why people choose to work for certain organizations is, however, complicated.

Complicating this issue is the fact that what matters to one person may not matter to others. Look around your classes. Do you believe everyone chose the university for the same reasons? It is true that some qualities were probably important to most people, such as the ability to get a good education. Beyond that, however, different features were likely to be important to different people. Some might have based their choice on the location or on the social atmosphere. Once again, the choice of a work organization is similar. People with certain characteristics are more strongly attracted to some types

of organizations than others. These differences in attraction were highlighted in the opening case, where James remembered how his roommates wanted different things from employers.

Obtaining enough high-quality employees is an increasingly difficult task for most organizations. This means that organizations can develop a competitive advantage by creating a place where people want to work. In order to better understand what makes organizations attractive places to work, let's first look at some of the general characteristics that people desire in their places of employment. We then further explore how certain types of people are attracted to certain types of organizations.

GENERALLY ATTRACTIVE CHARACTERISTICS

What organizations come to mind when you think about places where you will likely look for a job in the future? Job applicants often base their choices on characteristics such as familiarity, compensation, certain organizational traits, and recruiting activities.

Familiarity

Odds are pretty high that you would prefer searching for jobs in companies that are already somewhat familiar.⁴³ Much of this familiarity comes from corporate advertising that showcases the organizations' products and services. Familiar firms have better reputations because people tend to remember positive things about them.⁴⁴ People actively respond to recruiting efforts by companies with strong reputations. Job seekers are more likely to obtain additional information about these organizations and make formal job applications.

Familiar organizations don't benefit much from image-enhancing activities such as sponsoring events or placing advertisements that provide general information about working for them. Because people already have a generally positive image of familiar organizations, such activities are not necessary. In contrast, less well-known organizations can benefit from sponsorships, general advertising, and the like. These organizations must create positive attitudes before they can get people to take actions such as applying for positions. In short, companies with low product awareness benefit from image-enhancing activities like general advertisements and sponsorships, whereas companies with high product awareness benefit most from practices that provide specific information such as detailed job postings and discussions with actual employees.⁴⁵

Organizations with a strong brand image thus have an overall advantage in recruiting. Their efforts to advertise their products and services provide them with a good reputation that helps them attract potential employees. They don't need to spend time and resources helping people become familiar with them. In contrast, the less well-known company needs to create an image as a generally desirable place to work.⁴⁶

Compensation and Similar Job Features

Not surprisingly, compensation affects people's attitudes about an organization. People want to work for organizations that pay more.⁴⁷ In general, people prefer their pay to be based primarily on their own work outcomes rather than on the efforts of other people. Most people also prefer organizations that offer better and more flexible benefits.⁴⁸ Greater opportunities for advancement and higher job security are also beneficial.⁴⁹

Organizational Traits

Organizations, like people, have certain traits that make them more desirable employers.⁵⁰ Some of these traits are similar to what we think of when we describe a Boy Scout. Desirable organizations have an image of sincerity, kindness, and trust and have a family-like atmosphere that demonstrates concern for employees. Walt Disney, for example, is seen as a “Boy Scout” organization. Another desirable organizational trait is innovativeness. People want to work for innovative organizations because they think their work will be interesting. Many job seekers see this trait in shoe manufacturers Nike and Reebok. Competence is also a desirable trait. People want to work for an organization that is successful. Microsoft, for example, is widely seen as highly competent. In summary, research evidence such as that described in the “How Do We Know?” feature suggests that organizations are better able to recruit when they are seen as trustworthy and friendly, as innovative, and as successful.⁵¹

Recruiting Activities

What an organization does during the recruiting process also matters. Particularly helpful is obtaining endorsements from people that job recruits trust. For instance, organizations are most successful recruiting on college campuses when faculty and alumni recommend them as good places to work.⁵² The interpersonal skill of recruiters also influences attitudes about an organization. Recruits enjoy the process more and are more likely to accept job offers when recruiters develop positive interactions with them.⁵³ In contrast, long delays tend to decrease organizational attractiveness. Recruits,



How Do We Know?

WHAT INFLUENCES PEOPLE TO APPLY FOR A JOB?

Why do people apply for a job at some companies and not others? Do company recruiting activities really influence people to apply? Christopher Collins and Cynthia Stevens asked a group of 133 students graduating with engineering degrees about what companies did to recruit them, as well as their attitudes concerning those activities. The students also indicated whether they actually applied for positions in the companies. The recruiting activities were classified according to four categories: publicity (being in news stories), sponsorship (giving scholarships, hosting campus events), word of mouth (alumni referrals, faculty recommendations), and advertising (recruitment brochures, job postings).

Publicity, word of mouth, and advertising were positively linked with attitudes about an organization, but sponsorship was not. The results also

highlighted the effectiveness of combining publicity, word of mouth, and advertising. Organizations that used all three activities had a much stronger impact on potential recruits.

The Bottom Line. Organizations can increase their attractiveness to potential employees through activities that develop awareness of and positive perceptions about the organization as a good place to work. The authors conclude that an organization can gain a strategic advantage over its competitors by developing a strong brand image as a desirable employer.

Source: Christopher J. Collins and Cynthia Kay Stevens, “The Relationship between Early Recruitment-Related Activities and the Application Decisions of New Labor-Market Entrants: A Brand Equity Approach to Recruitment,” *Journal of Applied Psychology* 87 (2002): 1121–1133.

Table 5.1 *Factors That Influence Job Recruits*

Positive	Negative
Meeting with high-ranking leaders	Disorganized interviewers
Meeting with people actually in the position	Rude, condescending, and uninterested interviewers
Meeting with people similar to themselves	Unorganized meeting schedules and arrangements
Flexibility in accommodating scheduling needs	Being required to pay travel expenses in advance
Impressive hotel and dinner arrangements	Cheap hotels and meals
Frequent contact	Lack of prompt follow-up

Source: Information from Wendy R. Boswell, Mark V. Roehling, Marcie A. LePine, and Lisa M. Moynihan, “Individual Job-Choice Decisions and the Impact of Job Attributes and Recruitment Practices: A Longitudinal Field Study,” *Human Resource Management* 42 (2003): 23–37.

particularly those who are most qualified, develop an unfavorable impression when organizations take a long time to make decisions and fail to keep them informed about what is happening.⁵⁴ In short, organizations are constantly making an impression on recruits as they carry out the recruiting process. Table 5.1 lists factors that influence job recruits.⁵⁵

FIT BETWEEN PEOPLE AND ORGANIZATIONS

The world would be a boring place if everyone wanted to work for the same type of organization. A number of studies suggest that people with different characteristics are likely to be attracted to different types of organizations. One example concerns the organization’s size. Some job seekers prefer to work for large firms, while others prefer small firms.⁵⁶ Another example relates to money. Even though people generally want to work for organizations that pay well, some people care more about money than others. In particular, people who describe themselves as having a strong desire for material goods are attracted to organizations with high pay.⁵⁷ People who have a high need for achievement prefer organizations where pay is based on performance.⁵⁸ Individuals who have high confidence in their own abilities also prefer to work in organizations that base rewards on individual rather than group performance.⁵⁹

Some differences have been found between men and women. Men are more likely to be attracted to organizations described as innovative and decisive, whereas women tend to prefer organizations that are detail-oriented.⁶⁰ People also like organizations whose characteristics are similar to their own personality traits. For instance, conscientious people seek to work in organizations that are outcome oriented, and agreeable people like organizations that are supportive and team-oriented. Individuals characterized by openness to experience prefer organizations that are innovative.⁶¹ The same desire for similarity is found in the realm of values. People who place a great deal of value on fairness seek out organizations that are seen as fair, people who have a high concern for others want to work for organizations that show concern, and people who value high achievement prefer a place with an air of success.⁶² The bottom line is that people feel they are a better fit in organizations whose characteristics and values are similar to their own. During the process of recruiting, potential employees also develop more positive perceptions of organizations whose recruiters appear similar to them.⁶³



CONCEPT CHECK

1. *What characteristics make some organizations more attractive workplaces than others?*
2. *What are some ways that organizations differ, and what type of person prefers which type of organization?*

LEARNING OBJECTIVE 5

What Are Common Recruiting Sources?

Organizations use a variety of sources to find job applicants. Sources such as referrals from current employees are relatively informal, whereas sources such as professional recruiters are more formal. In this section, we consider the use of job posting, employee referrals, print advertising, electronic recruiting, employment agencies, and campus recruiting. Each method has its strengths and weaknesses, and certain methods also align better with particular HR strategies.

JOB POSTING

Recruiting people who already work for the organization is relatively easy. Internal recruiting is normally done through **job posting**, which uses company communication channels to share information about job vacancies with current employees. Historically, posting has used such tools as bulletin boards and announcements in meetings; today, most modern organizations use some form of electronic communication, such as websites and email messages. Job postings should be communicated to as many potentially qualified individuals as possible. An effective job posting clearly describes both the nature of the duties associated with the position and the necessary qualifications.

As you would expect, job posting is most appropriate for organizations adopting internal recruiting strategies. When the strategy is a Loyal Soldier HR strategy, job postings should be shared with a large number of people to facilitate movement among a variety of positions. For a Committed Expert HR strategy, the posting should be targeted specifically to those who have the expertise needed to move into relatively specialized roles.

Job posting

Using company communication channels to communicate job vacancies.

EMPLOYEE REFERRALS

Employee referrals occur when current employees get their friends and acquaintances to apply for positions. Almost all organizations and job seekers rely on referrals to some extent. In many organizations, up to one-third of new employees come through the referral process.⁶⁴ A majority of human resource professionals also believe that employee referrals are the most effective method of recruiting.⁶⁵ Referrals are thought to have at least four primary strengths: (1) Referrals represent a relatively inexpensive method of recruiting; (2) they are quicker than many other forms of recruiting; (3) people hired through referrals tend to become better employees who are less likely to

leave the organization; and (4) current employees become more committed to the organization when they successfully refer someone.⁶⁶

The first benefit, low cost, is sometimes questioned because organizations often pay bonuses to employees who make successful referrals. As described for Google, a typical bonus ranges from \$1,000 to \$2,000. This amount is, however, usually less than the cost of other recruiting methods, such as advertising and using recruitment agencies.⁶⁷ Current employees are also in continuous contact with friends and acquaintances, which eliminates much of the time needed to plan and develop more formal recruiting processes. They also are in a better position to identify people who are ready to make job changes.

The informal nature of the referral process also makes it an effective method for identifying the best candidates. Current employees generally have accurate, first-hand knowledge of the potential applicant's skills and motivation. This information can improve hiring decisions. Feelings of responsibility make it likely that employees will only refer people they are confident will succeed; they don't of course want to refer someone who will make them look bad. The informal information that employees share with the people whom they are referring can also serve as a realistic job preview, which helps reduce employee turnover.⁶⁸

A study of call-center employees illustrates the benefits of finding employees through referrals. Highly successful call centers found 21 percent of their employees through referrals, whereas less successful centers found only 4 percent of employees through this method.⁶⁹ In addition, call centers that found more new more employees through referrals had lower turnover.

As mentioned earlier, providing a referral also strengthens an employee's commitment to the organization. Some of this increased commitment derives from the current employee's feeling that his or her input is valued. The feeling of being appreciated is strengthened when a reward is offered for helping the organization.⁷⁰ Employees also find it more difficult to say and believe bad things about the organization after they have convinced a friend to join them.⁷¹

Referrals are effective for organizations pursuing any HR strategy. For organizations pursuing a Bargain Laborer HR strategy, referrals help the organization inexpensively identify job candidates. Referrals help decrease turnover for organizations with either a Loyal Soldier or Committed Expert HR strategy. They can also be an effective part of a Free Agent HR strategy, because professional employees often have strong networks of acquaintances who have rare but needed skills. Table 5.2 lists ways to make employee referral programs more effective.⁷² Other keys to success include keeping things simple and communicating continuously.

Table 5.2*How to Increase Employee Referrals*

Publicize success	Use luncheons, meetings, and email messages to recognize referrals
Provide rewards	Publicly use T-shirts, coffee mugs, etc., to reward employees giving referrals
Use bonuses	The average bonus for a referral is around \$1,000—up to \$10,000 for top jobs
Make it fun	Use eye-catching flyers and email messages to increase excitement
Make it easy	Provide job vacancy information that can be forwarded easily; minimize rules
Build momentum	Pay bonuses quickly, use motivational posters, have an annual recruiting day

Source: Information from Michelle Neely Martinez, "The Headhunter Within: Turn Your Employees into Recruiters with a High-Impact Referral Program," *HR Magazine* 46, no. 8 (2001): 48–55; Carroll Lachnit, "Employee Referral Saves Time, Saves Money, Delivers Quality," *Workforce* 80, no. 6 (2001): 66–72.

PRINT ADVERTISING

Employment advertisements are a major part of almost all newspapers. People looking for employment often search daily for work opportunities by reading the “help wanted” section of a newspaper. Some people read employment advertisements to stay familiar with hiring trends, even though they are not searching for a new job. Newspaper advertising has the potential to reach a very large number of people for a relatively low cost. Newspaper advertising works particularly well for the broad recruiting associated with the Bargain Laborer HR strategy. General advertising in newspapers can also help build a positive reputation for the organization as a desirable place to work.⁷³

Focused recruiting messages can also be placed in more specialized publications. For instance, openings in technical fields such as engineering can be advertised in trade journals. This more focused approach helps reduce the costs associated with sending recruiting messages to people who are obviously unsuitable for the job. Advertising in specialized journals is potentially most helpful for organizations that pursue a Free Agent HR strategy.

The use of print advertising has nevertheless decreased in recent years, with many of the advertisements that used to be placed in newspapers and journals now appearing online. Human resource professionals predict that use of newspaper advertising will decrease by as much as 40 percent in future years.⁷⁴

ELECTRONIC ADVERTISING

Electronic advertising uses modern technology, particularly the Internet, to send recruiting messages. Although electronic communication is seen by applicants as somewhat less informative than face-to-face contact,⁷⁵ organizations are rapidly increasing its use. Popular websites, such as Monster.com and Careerbuilder.com, include thousands of job postings that can be sorted in a variety of ways. Website visitors can look for jobs in certain geographic areas, for example, or can search for specific types of jobs regardless of location. Job seekers can post their résumés online. These websites also provide a number of helpful services, such as guidance in building a good résumé.

Company websites are yet another avenue for electronic advertising. Almost all large companies have a career website. Using the company website to recruit employees is relatively inexpensive and can be carefully controlled to provide information that conveys a clear recruiting message.

Not all websites are equally effective. Some are very basic and provide only a list of job openings. More advanced websites include search engines for locating particular types of jobs, as well as services that send email messages notifying users when certain types of jobs appear. An analysis of career websites for Fortune 100 companies found that most support online submission of résumés. Most sites also provide information about the work environment, benefits, and employee diversity.⁷⁶

Decreased cost is the most frequently identified benefit of electronic recruiting. Electronic advertising is also much faster than most other forms of recruiting. Job announcements can be posted almost immediately on many sites, and information can be changed and updated easily. Another potential advantage of electronic advertising is the identification of better job candidates. Many organizations report that the applicants they find through online sources are better than the applicants they find through newspaper advertising. Responding through electronic means almost guarantees some

Electronic advertising

Using electronic forms of communication such as the Internet and email to recruit new employees.

Table 5.3

Effective Online Recruiting

Post Information in Multiple Places	Job seekers visit different Internet sites; Target likely applicants
Create an Exciting Job Description	Tell an interesting story; Sell the company but be realistic about positives and negatives
Use Cascading Links to More Information	Keep the design simple; Provide easy access to additional information
Communicate Key Reasons Employees Stay	Focus on company culture; Identify things that make current employees happy
Assure Data Security	Only obtain necessary information; Prevent spyware and malicious links

Sources: Information from V. Michael Prencipe, "Online Recruiting Simplified," *Sales and Marketing Management* 160, no. 4 (2008): 15–16; Rita Zeidner, "Making Online Recruiting More Secure," *HRMagazine* 52, no. 12 (2007): 75–77; Anonymous, "Ideas for Improving Your Corporate Web Recruiting Site," *HR Focus* 83, no. 5 (2006): 9.

level of familiarity with modern technology. In particular, applicants for mid-level positions seem to favor online resources over newspapers.⁷⁷

Perhaps the biggest problem associated with electronic advertising is its tendency to yield a large number of applicants who are not qualified for the advertised jobs. Clicking a button on a computer screen and submitting an online résumé is such an easy process that people may do it even when they know they are not qualified for the job. In fact, one survey found that less than 20 percent of online applicants meet minimum qualifications. A potential solution is to use software that evaluates and eliminates résumés that do not include certain words clearly suggesting a fit with the job.⁷⁸ This computer screening could, however, eliminate some applicants who could actually do the job. Another recently advocated strategy is to customize recruiting by providing applicants information about their potential fit with a specific job. Applicants who learn through electronic communication that their characteristics don't fit a job or organization are less likely to waste time and effort by applying, suggesting that interactive technology may be a key to decreasing the number of unqualified applicants.⁷⁹ In particular, websites that combine customization with nice-looking features (color, font size, spacing) are effective at screening out weak applicants.⁸⁰ Table 5.3 lists tips for increasing the effectiveness of online recruiting.⁸¹

In the end, electronic recruiting can be effective for organizations pursuing any HR strategy. Targeted recruiting strategies should provide clear descriptions of job qualifications and should be placed on sites visited primarily by people likely to have the needed skills and abilities. Broad recruiting strategies should cast a wider net and can benefit from the large number of people who visit commercial recruiting sites. As shown in the "Technology in HR" feature, companies can also use electronic communication to stay in touch with recruits.

EMPLOYMENT AGENCIES

Public employment agency
Government-sponsored agency that helps people find jobs.

Each state in the United States, has a **public employment agency**, which is a government bureau that helps match job seekers with employers. These agencies have local offices that normally post information about local job vacancies on bulletin boards, and provide testing and other services to help people learn about their strengths and weaknesses, as well as different careers that might fit their interests. Many offices help employers screen job applicants. State agencies also maintain websites for electronic recruiting. Links to the various state job banks can be found at CareerOneStep (careeronestop.org), which is sponsored by the U.S. Department of Labor and also offers career exploration information.



Technology in HR

STAYING IN TOUCH WITH RECRUITS

Electronic forms of communication, such as email messaging, can sometimes cause problems because people get so many messages that they are unable to keep track of them all. But email messaging can also be critical in helping organizations to effectively recruit job applicants. In particular, this relatively quick and easy method of communicating can help organizations keep in touch with individuals they are recruiting.

One company that uses email messages during recruiting is Shell Oil, an international energy company that produces oil and natural gas. The Shell Group is a global employer of more than 112,000 people, with about 24,000 employees in the United States. Human resource management at Shell Oil sends the Shell Careers Newsletter via email to subscribers who might be interested in working for the company. Message content includes information about job market trends and customized content for fields such as marketing and engineering. A major objective of the newsletter is to build emotional connections and relationships with potential future employees. The newsletter costs Shell only about \$12,000 a year. Tracking reports suggest that 60 to 70 percent of the people who receive the newsletter open it.

Another organization that benefits from electronic communication is the New York City Police Department (NYPD), which uses email communication



to reduce dropouts among people applying to take the police exam. Messages are designed to sustain interest by providing career information and linking readers to the NYPD website. One emphasis is on salary and benefits. Email messages cost only about 7 cents each, making them an inexpensive method for communicating with people interested in working for the NYPD. Visits to the NYPD website are up 74 percent since the email program began, and the dropout rate for the police exam is lower.

Technology is helping these two organizations build competitive strength by proactively using ongoing communication to build relationships with people who have shown interest in working for them. These methods are generally more cost effective than alternative channels of communication.

Source: Information from *Workforce Management Online*, May 2005.

Many state employment agencies seek to help people transition from unemployment. They also focus on helping young people move from high school into the workforce. These agencies are therefore particularly helpful for recruiting employees into entry-level positions. Almost all services of public employment agencies are free to both organizations and job seekers. Since most people who seek employment through public agencies do not have specialized education and skills, these agencies are most helpful for companies engaged in broad skill recruiting.

A **private employment agency** is a professional recruiting firm that helps organizations identify recruits for specific job positions in return for a fee. Kelly Services, for example, provides placement services for more than 700,000 people annually in areas including office services, accounting, engineering, information technology, law, science, marketing, light industrial, education, healthcare, and home care.⁸² Another private agency is Korn/Ferry,

Private employment agency
A business that exists for the purpose of helping organizations find workers.

which specializes in recruiting top-level executives. Such firms are sometimes referred to as *headhunters*, because they normally target specific individuals who are employed at other organizations.

Private recruiting firms provide direct help to organizations by identifying and screening potential employees for particular positions. They also serve as temporary staffing agencies by maintaining a group of workers who can quickly fill short-term positions in client organizations. In many cases, these temporary workers are eventually hired as full-time employees. The temporary staffing assignment works as a tryout for the job, which helps eliminate costs associated with hiring workers who then perform poorly.

Private employment agencies are frequently able to recruit people who are not actively seeking new positions. Executive recruiters, in particular, are known for their efforts to develop and maintain broad networks of people who are not actively seeking new jobs but who might be willing to move for the right opportunity. In addition, private agencies target people who have the specific skills for the job. Client organizations are presented with a short list of high-quality applicants, which makes the search process more efficient for them. Another advantage of using private agencies is the ability to remain anonymous. The name of the hiring firm is often not disclosed during early stages of recruiting. Such anonymity can be helpful if a high-profile employee's intention to leave has not been publicly announced or if the organization does not want competitors to know its staffing needs.

Because of their targeted approach, private employment agencies can be particularly helpful for organizations pursuing a Free Agent HR strategy. These firms require specific skills that are often rare and in high demand. In these circumstances, qualified applicants are most likely already employed.

A disadvantage of private employment agencies is cost. Most executive recruiters work on a contingency basis; that is, they are only paid when they find someone who accepts the position. The recruiting fee is usually based on the salary that will be paid to the new employee. Typical fees amount to more than 30 percent of the first year's salary; the normal fee for finding an executive is thus at least \$50,000.

Because of the expense associated with private employment agencies, most organizations develop written contracts that carefully describe the relationship between the agency and the client firm. A good contract should cover a number of issues, such as a guarantee of confidentiality and amount of fees. The contract should also include an *off-limits statement*, which formalizes an agreement that the agency will not try to recruit the new employee for another organization within a specified amount of time (usually at least a year). Most contracts also contain clauses that clarify that the fee is paid only if the individual stays with the new organization for a minimum period of time.⁸³

CAMPUS RECRUITING

The pharmaceutical firm Eli Lilly recruits many of its employees as they graduate from universities. In order to focus its efforts, Lilly targets specific universities for hiring in specific functional areas. A university that is particularly strong in accounting might thus be targeted only for accounting recruits. A different university might be a target only for human resource recruits. Focusing on a few key schools allows Lilly to build relationships that provide important advantages for obtaining the best possible employees. In many cases, Lilly also offers promising students summer internships.⁸⁴

Campus recruiting usually involves a number of activities. Organizations that recruit successfully work hard to build a strong reputation among students, faculty, and alumni. Relationships are built through activities such as giving talks to student organizations and participating in job fairs. Although studies question the benefits, campus recruiting often includes hosting receptions that provide an informal setting where information about the organization can be shared. Managers and current employees attend these events and network with students.⁸⁵

The most widely recognized aspect of campus recruiting is job posting and interviewing. Employers use campus career centers to advertise specific job openings. At the centers, students provide résumés and apply for jobs that interest them. Firms identify students who best match their needs and arrange on-campus interviews. Full-time recruiters and line managers (often alumni) then spend a day or two on campus conducting preliminary interviews. Students who are evaluated positively during the on-campus interview are usually invited to a second interview, which takes place at the organization's offices.

Internships also represent a major component of most campus recruiting programs, giving students an opportunity to gain important work experience while they are enrolled in school. Students who have been interns take less time to find a first position, receive higher pay, and generally have greater job satisfaction.⁸⁶ Internships also help organizations develop relationships with potential recruits. Working over a number of months provides a realistic preview of the job, which helps both the individual and the organization to determine whether there is a good fit.

Campus recruiting is well suited for organizations pursuing a Committed Expert HR strategy. These organizations adopt a targeted approach to recruiting that helps them identify people with the skills necessary to perform specialized tasks, such as engineering and accounting. Campus recruiting also helps them meet their strategic objective of identifying people who are just beginning their careers. While campus recruiting can be expensive, cost is not a serious problem for organizations that are seeking to identify people who will spend long careers working for them.



CONCEPT CHECK

1. *What are different sources that organizations can use to find job applicants?*
2. *What are some advantages and disadvantages of using electronic communication to recruit employees?*

LEARNING OBJECTIVE 6

How Is Recruiting Effectiveness Determined?

Some organizations are better at attracting excellent job candidates than their competitors. These organizations use recruiting as a tool for ensuring that they have the best possible employees, which in turn improves their bottom-line profitability.⁸⁷ Effective recruiting is thus an essential part of good human

resource management. Unfortunately, many organizations do not measure and track how well they are doing with regard to recruiting. These organizations are at a strategic disadvantage because they do not use readily available information to help them learn about areas where they can improve.

COMMON MEASURES

Cost measures

Methods of assessing recruiting effectiveness that focus on expenses incurred.

Time measures

Methods of assessing recruiting effectiveness that focus on the length of time it takes to fill positions.

Quantity measures

Methods of assessing recruiting effectiveness that focus on the number of applicants and hires found by each source.

Quality measures

Methods of assessing recruiting effectiveness that focus on the extent to which sources provide applicants who are actually qualified for jobs.

Cost per hire

The measure of recruiting effectiveness that determines the expense incurred to find each person who is eventually hired.

Cost per applicant

The measure of recruiting effectiveness that assesses how much it costs to entice each person to submit an application for employment.

Common measures of recruiting effectiveness include assessments of cost, time, quantity, and quality.⁸⁸ **Cost measures** include the money paid for advertising, agency fees, and referral bonuses, and should also include travel expenses for both recruiters and recruits, as well as salary costs for people who spend time and effort on recruiting activities. Failure to include the salary expenses of both full-time recruiters and managers who spend time doing recruiting often leads to substantial underestimates of true cost.

Time measures assess the length of the period between the time recruiting begins and the time the new employee is in the position. Estimates suggest that the average time to fill a position is 52 days.⁸⁹ During this period, the position is often open, and important tasks are not being done. In many cases, the performance of other employees also suffers because they spend time on activities that the new employee would perform if the position were filled. These factors suggest that an important objective of recruiting is to fill positions as quickly as possible.

Quantity measures focus on the number of applicants or hires generated through various recruiting activities. Common measures include number of inquiries generated, number of job applicants, and number of job acceptances. These are measures of efficiency, and they provide information about the reach of recruiting practices. Recruiting is generally seen as more effective when it reaches a lot of potential applicants.

Quality measures concern the extent to which recruiting activities locate and gain the interest of people who are actually capable of performing the job. In most cases, measuring quality is more important than measuring quantity. Typical measures include assessments of how many applicants are qualified for the job, as well as measures of turnover and performance of the people hired.

The most frequently used measures of recruiting success combine assessments of cost and quantity. One measure is **cost per hire**, which is calculated by dividing the total cost of a particular search by the number of hires it provides. For instance, in one cost-per-hire analysis, Valero Energy Corporation found the cost for candidates from niche-focused Internet sources to be \$1,100, from major job boards \$1,600, and from employment agencies nearly \$22,000. These figures helped the company shift some of its recruiting resources and reduce overall cost-per-hire amounts by 60 percent.⁹⁰

Yet another measure is **cost per applicant**, which is calculated by dividing the cost of a recruiting method, such as a newspaper advertisement, by the number of people who respond. These measures allow organizational leaders to assess the relative value of different methods. For instance, cost-per-applicant analyses may show that placing an advertisement in the local newspaper is more cost effective than placing an ad in a specialized trade journal.

Since cost per hire and cost per applicant are based in part on quantity, they, too, are efficiency measures, which do not include assessments of quality. Cost per applicant, for instance, does not tell the organization how many applicants were qualified for the position. Of course, it does little good to

receive a lot of applications from people who are not qualified. More advanced methods of evaluation incorporate assessments of quality.

In assessing quality, it is helpful to provide scores of acceptability for each applicant at various points during the recruiting process.⁹¹ For instance, an initial analysis might compare the cost of an Internet advertisement with the number of applicants considered worthy of an interview. Subsequent measures might look at the proportion of interviewees who were offered a job or the proportion who accepted a job if it was offered. Such quality measures do a better job of determining whether the right kinds of people are being identified through recruiting.

DIFFERENCES AMONG RECRUITING SOURCES

Over the years, researchers have tried to determine whether some methods of recruiting are generally better than others. Common questions concern the relative value of different methods: Is the Internet a better method than the employment agency? Do employees found through campus recruiting stay with an organization longer than those found through newspaper advertisements? Do people identified through referrals have higher job performance than people who apply through a company website?

One reason some methods are considered to be better than others is that different methods attract different people. People who respond to an employment agency, for example, may have different skills and attributes than people who read the employment section of the local newspaper. In addition, some methods may provide better information about the job and organization. Hearing a friend describe a job may provide more accurate information than reading about that same job on an Internet site. On the whole, research does not support the idea that some methods are superior to others. A number of studies have concluded that there are not consistent differences in job performance for people identified through different sources.⁹² Each method, of course, has its own potential strengths and weaknesses, and each is more appropriate in some situations than in others.

Most important, recruiting practices are most successful when they are aligned with the organization's HR strategy. The goal of an organization pursuing a Bargain Laborer HR strategy is to identify a large number of job candidates. An organization using a Loyal Soldier HR strategy seeks to recruit people who will fit the organization's culture and will stay for a long time. An organization using a Committed Expert HR strategy also wants to recruit people who will stay over time, but this organization needs people with specialized skills. Finally, an organization pursuing a Free Agent HR strategy seeks employees who have specialized skills but is not especially concerned with how long these employees stay with the organization. Each of these organizations should pursue the recruiting practices that will best meet its needs.



CONCEPT CHECK

1. How can an organization assess the effectiveness of recruiting sources?
2. Why might using the least expensive recruiting sources actually cost an organization money?

A MANAGER'S PERSPECTIVE REVISITED

IN THE MANAGER'S PERSPECTIVE THAT OPENED THIS CHAPTER, JAMES WAS ASSIGNED TO BE A MEMBER OF A TEAM CHARGED WITH IMPROVING RECRUITING PRACTICES AT THE INSURANCE COMPANY WHERE HE WORKED. FOLLOWING ARE ANSWERS TO THE "WHAT DO YOU THINK?" QUIZ AT THE END OF THE MANAGER'S PERSPECTIVE. WERE YOU ABLE TO CORRECTLY IDENTIFY THE TRUE STATEMENTS? CAN YOU DO BETTER NOW?

1. Effective organizations do all they can to get as many people as possible to apply for jobs. **FALSE.** *Organizations with targeted recruiting strategies generally do not wish to attract a large number of applications.*
2. Organizations should be careful to communicate only positive things to job applicants. **FALSE.** *Employees who receive realistic job information are more likely to remain with the organization once they are hired.*
3. A company should develop strong relationships with professors at universities where it recruits. **TRUE.** *An important element of recruiting new workforce entrants is to develop relationships with people who provide advice to job seekers.*
4. One way of attracting more job applicants is to pay high wages. **TRUE.** *Organizations that pay higher wages are more attractive to job seekers.*
5. Job applicants referred by current employees seldom work out because employees often refer friends who don't have good work skills. **FALSE.** *Employee referrals are a high-quality source of recruits. Employees feel personal responsibility and usually only refer people they know will be successful.*



James' thoughts about what attracted him to the accounting firm were an important step in identifying effective methods for recruiting. Identifying the things that are important to desirable workers can help an organization become an employer of choice. James also wondered about different recruiting sources that might be most effective. Finding recruiting sources that are inexpensive yet locate desirable candidates can help an organization achieve a competitive advantage. The principles of recruiting discussed in this chapter can aid in this process.

SUMMARY

LEARNING OBJECTIVE 1

How is employee recruiting strategic?

Employee recruiting practices are most effective when they align with overall HR strategy. In the area of skill scope, a targeted approach seeks to recruit people with specialized skills and abilities. Targeted scope recruiting focuses on communicating with a select group of people and is appropriate when the number of people who can successfully perform the job is limited. In contrast, broad scope

recruiting seeks a large number of potential job applicants. Many people have the characteristics necessary to perform the job, and the goal is to cast a wide net and develop a large pool of applicants. Targeted recruiting fits with differentiation strategies (Committed Expert, Free Agent), whereas broad recruiting aligns with cost strategies (Loyal Soldier, Bargain Laborer).

Another strategic element of recruiting is source. Internal recruiting is helpful when the organization seeks to form long-term relationships with employees. People are promoted from within,

and existing employees are moved to fill vacancies. External recruiting is necessary when the organization does not have long-term employment relationships. Internal recruiting fits with an internal HR strategy (Loyal Soldier, Committed Expert), and external recruiting fits with an external HR strategy (Bargain Laborer, Free Agent).

Recruiting can also vary in terms of the message sent to potential employees. A realistic approach shares both positive and negative information about the organization and job. An idealistic approach shares only positive information. Realistic messages help employees develop accurate expectations and thereby reduce employee turnover. The realistic approach is most appropriate when an organization seeks to retain employees for extended periods of time, making it most suitable for obtaining new hires in firms with an internal HR strategy.

LEARNING OBJECTIVE 2

How does human resource planning facilitate recruiting?

Human resource planning is the process of forecasting future employment needs. The planning process involves four steps: assessing current employment levels, predicting future needs, predicting employee movement, and planning external hiring. Effective planning can help organizations become more proactive and ensure that high-quality people are available to fill job vacancies. Planning is helpful whether organizations adopt a batch approach to recruiting or a flow approach. Planning provides information that makes flow processes more strategic and makes batch processes more like flow processes. Effective planning can also help organizations strike an effective balance concerning centralization of recruiting procedures.

LEARNING OBJECTIVE 3

Who searches for jobs?

The behavior of people searching for jobs is mostly planned and can be explained in terms of attitudes, intentions, and behaviors. Organizations can influence job seekers by creating positive attitudes and intentions. The three primary types of job seeker are new workforce entrant, unemployed worker, and currently employed worker. The job search

behavior of new workforce entrants follows a sequence: first a broad search using formal sources, then a focused search seeking information about specific jobs, and finally a return to a broad search if a position is not found. Unemployed workers struggle with negative emotions. Their behavior can be influenced by actions that help them regain self-esteem and confidence. Currently employed workers are most likely to accept an offer for a new job when they feel a sense of dissatisfaction with their current jobs.

LEARNING OBJECTIVE 4

What characteristics make an organization attractive?

In general, job seekers prefer organizations that are familiar to them. Organizations that are unfamiliar can benefit from general advertising that shows them as desirable places to work. People also prefer to work for organizations that pay more, have better benefits, and offer greater opportunity for advancement. In addition, organizations are more attractive if they are seen as trustworthy and friendly, innovative, and successful. More specifically, recruits are attracted to organizations that have traits and values similar to their personal traits and values.

LEARNING OBJECTIVE 5

What are common recruiting sources?

Job posting, which uses company communication channels to share information about job vacancies, is the primary form of internal recruiting. Employee referrals are a particularly valuable recruiting source and occur when current employees get friends and acquaintances to apply. Print advertising uses newspapers and trade magazines to solicit recruits. Print advertising has historically been widely used but is currently being replaced by electronic advertising, which includes both popular commercial job sites and company websites. Websites are most effective when they include information about the work environment, benefits, and company diversity. Public employment agencies provide free resources that match job seekers and employers. Private employment agencies are professional recruiters with extensive networks that help identify job candidates with specific skills.

Campus recruiting involves working with colleges and universities to recruit graduating students.

LEARNING OBJECTIVE 6

How is recruiting effectiveness determined?

Common measures of recruiting effectiveness focus on cost, time, quantity, and quality. Recruiting practices are best when they reach a large number of recruits at a low cost and when they quickly fill

positions with high-quality employees. In general, research evidence has not found some recruiting sources to be better than others. Recruiting practices and sources are most effective when they are aligned with overall HR strategy. The Bargain Laborer HR strategy seeks a large pool of applicants, the Loyal Soldier and Committed Expert HR strategies seek employees likely to remain with the organization for long periods of time, and the Free Agent HR strategy seeks employees who already have specialized skills.

KEY TERMS

Batch approach 171
 Broad skill scope 163
 Contingent workers 166
 Cost measures 188
 Cost per applicant 188
 Cost per hire 188
 Electronic advertising 183
 Employee recruiting 160
 External sourcing 165
 Flow approach 171
 Human resource planning 169
 Idealistic messaging 166
 Independent contractors 165

Internal sourcing 165
 Job posting 181
 Private employment agency 185
 Public employment agency 184
 Quality measures 188
 Quantity measures 188
 Realistic job previews 166
 Realistic messaging 166
 Talent wars 177
 Targeted skill scope 164
 Temporary workers 165
 Time measures 188

DISCUSSION QUESTIONS

1. Why do organizations with differentiation strategies benefit from targeted recruiting approaches?
2. What makes people react positively when organizations share negative information during the recruiting process?
3. What can organizations do to improve their human resource planning process? What types of information improve forecasts?
4. What are some primary differences between new workforce entrants, unemployed workers, and currently employed workers? How can organizations best recruit these different types of job seekers?
5. What characteristics make an organization attractive to you? List some specific companies that you think have those characteristics. What factors have influenced your perceptions about these companies?
6. Why are employee referrals a good recruiting source? What might keep you from referring friends and acquaintances for a position at an organization where you work?
7. What features increase the attractiveness of company websites?
8. For what positions might a company want to recruit through private employment agencies? Why are the services of a private agency worth their high cost for these positions?
9. Which companies do a good job of recruiting students from your college or university? List some of their recruiting activities on your campus.
10. What are some recruiting sources and practices that might be seen as effective in terms of quantity but not in terms of quality?

EXAMPLE CASE

MITRE

The MITRE Corporation, founded in 1958, is one of eleven nonprofit U.S. corporations that manage Federally Funded Research and Development Centers (FFRDCs) for the government. Of our workforce of nearly 6,000 employees, most are in our two principal locations in Bedford, Massachusetts, and McLean, Virginia, and the rest at remote sites in the United States and around the world. MITRE's mission is to assist the federal government with scientific research and analysis, development and acquisition, and systems engineering and integration.

MITRE's excellent reputation in operating its FFRDCs is very attractive to many mid- and late-career people who view our employees as respected subject matter experts. Older engineers and scientists appreciate the kind and quality of work done at MITRE and how it affects at an early stage the high-level decisions made at the government agencies we support. Of the more than 500 new hires that join MITRE annually, nearly half (48 percent) are 40 years of age or older. Drawn heavily from industry, they are seasoned experts with knowledge of the latest technical developments, which enables MITRE to blend long-term domain knowledge and maturity with continuously updated expertise to benefit our sponsors.

In the past, MITRE depended heavily on advertising and employment agencies for the majority of our hires. As those methods became increasingly expensive, MITRE asked employees to become more actively involved in the identification and attraction of appropriately qualified new workers. MITRE employees are motivated to refer high-quality people like themselves because of their desire to fulfill our sponsors' mission expectations and to work in collaboration with other equally talented individuals. In this case it is true that "birds of a feather flock together." To further motivate such referrals, we implemented a referral program that pays employees a bonus of \$2,000 for technical staff hires, \$1,000 for nontechnical staff hires, and \$500 for nonexempt hires. Employee referrals now provide more than half our new hires and assure us of high-quality candidates who are likely to be a good fit with MITRE's culture.

Additionally, our data show that employee referrals significantly lower recruiting costs. In 2001, when 34 percent of new hires were through employee referrals, the average cost for all hires was about \$14,200, which included agency and advertising fees, labor costs, relocation and interview expenses, and employee referral bonuses. In 2004, employee referrals accounted for 52 percent for our hires, and our cost per hire had decreased by nearly 40 percent to \$8,700.

We use other methods as well to encourage employees to refer suitable candidates:

- We actively and frequently communicate our most urgent recruiting needs to employees by distributing "Hot Jobs" fliers throughout the corporation and posting hiring notices on the company's intranet.
- Staff members attending conferences are encouraged to collect business cards of people who they think would be good team members.
- Potential candidates are also attracted to MITRE when they attend technical symposia or technology transfer meetings on MITRE property. They talk with an engaged cadre of MITRE attendees who are more than happy to respond to questions and inquiries.

- Employees can hand out networking, or “handshake,” cards to people who express an interest in MITRE so that they can nominate themselves in the future for a position with us.
- We bring our HR business partners into organizational meetings to alert our technical staff members about the importance of constantly being on the lookout for other subject matter experts.

We attribute the cost effectiveness of our process to several factors, including the following:

- More than two-thirds (roughly 70 percent) of our hires come from referrals, website postings, and rehires, which helps maintain our high standards. Thus, we rely very little on print advertising, employment agencies, or other broad-based recruiting channels that are costly and tend to generate less suitable candidates.
- We focus on certain niches for skilled and experienced workers, targeting organizations that employ people with relevant skills and experiences and certifications that represent a required level of expertise.
- Our recruiting teams are attuned to older workers, those who have demonstrated high levels of competency through past performance. Recruiters are coached so they can focus on relevant skill sets and criteria. Candidates who are subject matter experts (SME) are interviewed and evaluated by employees in the same area, a process we call SME-to-SME—again, birds of a feather.

QUESTIONS

1. What overall HR strategy do you think MITRE is pursuing? Is its recruiting focus broad or targeted? Does it primarily use internal or external sources?
2. What characteristics of MITRE make it particularly attractive to older workers?
3. Why is the referral program at MITRE so successful? What are some elements of success that could be copied by other organizations? What success factors do you think would be hard to duplicate elsewhere?

Source: William D. Albright, Jr., and Gary A. Cluff, “Ahead of the Curve: How MITRE Recruits and Retains Older Workers,” *Journal of Organizational Excellence* 25, no. 1 (2005): 53–63. Reprinted with permission of John Wiley & Sons, Inc.

DISCUSSION CASE

Friendly Financial Works

Friendly Financial Works is a fictional provider that sells accounting, payroll, and financial services to small businesses. The company uses an integrated software platform to help small businesses better manage their financial assets. Based on the assumption that small business owners often lack the expertise and time to manage financial assets effectively, Friendly Financial seeks to provide a relatively inexpensive “one-stop-solution” for financial planning and control.

Friendly Financial’s business model calls for providing services at the lowest cost rather than giving customized service to each client. To be successful, Friendly Financial needs to lower its costs by continually increasing the number of small businesses that use its services. The success of Friendly Financial thus depends largely on its sales force.

The sales force is divided into geographic territories, with a territory manager having exclusive responsibility for all sales activity within a specific area. Territories are organized into sales districts. The average number of territories in each district is 20. Each district is led by a district sales manager who oversees all personnel activities, such as hiring and training, in the territories within his or her district.

Territory managers are paid on a commission basis. They generate most of their sales by cold calling on potential businesses. A typical day consists of 10 to 15 unannounced visits to small businesses. The territory manager seeks an appointment with the owner or manager of each firm he or she visits. When an appointment is granted, the territory manager makes a presentation and tries to develop a contract between the small business and Friendly Financial. As with most unannounced sales calls, a large majority of visits end without a contract to provide services.

A major concern for Friendly Financial Works is identifying and keeping enough territory managers. The turnover rate is approximately 200 percent each year. This means that a district sales manager must usually hire about 40 new employees in a given year. In most cases, when a job vacancy occurs, the district sales manager travels to the sales territory to begin recruiting. The district sales manager places an advertisement in the local newspaper and includes a telephone number for potential recruits to call. The manager then spends three to four days at a local hotel answering phone inquiries and conducting interviews. The territory manager position is usually offered to the best available candidate on the final day that the district sales manager is in the territory.

District sales managers pride themselves on being able to land the sales representatives they like best. Many district sales managers boast that they can sell anything to anybody, and this is how they approach employee recruiting activities. Because they are talented sales representatives, district sales managers generally do a great job of touting the benefits of the position.

QUESTIONS

1. What aspects of the recruiting process increase the likelihood that territory managers will leave once they have been hired?
2. Should Friendly Financial use other methods to recruit territory managers? Which methods?
3. Is the recruiting process at Friendly Financial efficient? What are some things that might be done to reduce recruiting costs?

EXPERIENTIAL EXERCISE

Learning about Your Career Center

Visit the career center at your school. Meet with a career counselor. As you learn about the services offered through the career center, try to find answers to the following questions:

1. What services does the career center offer?
2. How can the career center help you find a job?
When should you start working with the career

center? Are there things you can do long before graduation to improve the effectiveness of your job search?

3. What companies have good relationships with your school? Which of these companies hire people in your field of study? What characteristics do they look for in employees?

4. How do you go about using the career center to locate job openings? Does the career center support a website? Can you apply for as many jobs as you want?
5. Does the career center maintain a list of alumni that currently work for specific companies?

- Can you use this list to network with potential employers?
6. What other services, such as interview training, are provided through the career center?

INTERACTIVE EXPERIENTIAL EXERCISE

Strategic Recruitment: Finding the Right People for Graphics Design, Inc.

<http://www.wiley.com/college/sc/stewart>

Access the companion website to test your knowledge by completing a Graphics Design, Inc. interactive role play.

In this exercise it's time to start trying to attract potential employees to fill the newly created positions at GDI. You have many decisions to consider, including which recruiting sources to use, what skill scope is needed, and what type of message to convey to applicants. You also need to consider the HR planning process and the fact that the basic HR strategy of GDI is that of Loyal Soldier. What will be your first recommendation to the GDI management team when you meet with them in the next several days? •

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