

8.3: Recruitment and Hiring

What you'll learn to do: discuss how organizations can effectively recruit and hire employees

In this section you'll learn how organizations approach the tasks of recruiting and hiring the best employees.

Learning Objectives

- Describe common recruitment strategies
- Describe the components of the hiring process

Diversity in Human Resources

What Is Diversity?

The term *diversity* often generates controversy, confusion, and tension. What does it mean? Is it the same as affirmative action?

When people refer to diversity, they may be thinking first of ethnicity and race, and then, of gender; however, diversity is much broader than that. The following definition, from *Workforce America! Managing Employee Diversity As a Vital Resource*, does a good job of capturing the subjective nature of the term: Diversity is “otherness or those human qualities that are different from our own and outside the groups to which we belong, yet present in other individuals and groups.” In other words, diversity can apply to anyone you perceive to be different from yourself. Dimensions of diversity include, but are not limited to age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience.^[1]

How Businesses Benefit from Diversity

There are many arguments for fostering diversity in business, including the availability of talent, the enhancement of interpersonal innovation, risk avoidance, and appealing to a global customer base. The business case for diversity is driven by the view that diversity brings substantial potential benefits, such as better decision making, improved problem solving, and greater creativity and innovation, which lead to enhanced product development and more successful marketing to different types of customers.

Innovation. It is widely noted that diverse teams lead to more innovative and effective ideas and implementations. The logic behind this is relatively simple. Innovative thinking requires individuals to go outside of the normal paradigms of operation, using diverse perspectives to reach new and creative thinking. A group of similar individuals with similar skills is much less likely to stumble across or generate new ideas that lead to innovation. Similarity can cause groupthink, which diminishes creativity.

Localization. Some theorize that, in a global marketplace, a company that employs a diverse workforce is better able to understand the demographics of the global consumer marketplace it serves, and is therefore better equipped to thrive in that marketplace than a company that has a more limited range of employee demographics. With the emerging markets around the world demonstrating substantial GDP growth, organizations need local talent to enter the marketplace and to communicate effectively. Individuals from a certain region will have a deep awareness of the needs in that region, as well as a similar culture, enabling them to add considerable value.

Adaptability. Finally, organizations must be technologically and culturally adaptable in the modern economy. This is crucial to reacting to competitive dynamics quickly and staying ahead of industry trends. Diversity fosters creative thinking and improved decision making through a deeper and more comprehensive worldview. A company willing to diversify draws from a larger talent pool and hires individuals with diverse skill sets. The value of this, particularly at the managerial level, is enormous.

The Role of Human Resource Management

When it comes to the workplace, the human resource department has a great deal of responsibility in managing the overall diversity of the organization. Human resources should consider diversity within the following areas:

- Hiring
- Promotion
- Compensation equality
- Training
- Employee policies
- Legal regulations

- Ensuring accessibility of important documents (e.g., translating human resource materials into other languages so all staff can read them)

The role of human resources is to ensure that all employee concerns are being met and that employee problems are solved when they arise. Human resource professionals must also pursue corporate strategy and adhere to legal concerns when hiring, firing, paying, and regulating employees. This requires careful and meticulous understanding of both the legal and organizational contexts as they pertain to diversity management.

Challenges to Diversity

There are various challenges to achieving diversity in the workplace, ranging from the difficulties of defining the term to the individual, interpersonal, and organizational challenges involved in implementing diversity practices. Though the advantages of diversity are well established, establishing a more diverse workforce brings with it obstacles, in both the assimilation of new cultures into the majority and wage-equality and upper-level opportunities across the minority spectrum. Some of the most common challenges to building a diverse workforce are the following:

- **Stereotypes.** One challenge of creating diversity is the biases individuals in the organization may have about others similar to or different from them. This is essentially a tendency to stereotype, which significantly narrows the worldview of the individuals within the organization.
- **Culture.** Managers must understand the customs and cultural norms of employees and ensure that they don't violate important cultural rules. It is the role of the managers to change the existing organizational culture to one of diversity and inclusion.
- **Communication.** Whether via language or cultural signals, communication can be especially challenging in the interpersonal arena. Ensuring that all professionals (human resources, management, etc.) have access to resources for localizing or translating issues is a significant challenge in many situations. Poor cross-cultural communication can lead to employee misunderstandings or workplace inefficiencies.

While diversity has clear benefits from an organizational perspective, an additional challenge with diversity comes from mismanagement. Due to the legal framework surrounding diversity in the workplace, there is a potential threat involving the neglect of relevant rules and regulations. Fair, ethical, and nondiscriminatory hiring practices and pay equity for all employees are absolutely essential for managers and human resource professionals to understand and uphold. The legal ramifications of missteps in this particular arena can have high fiscal, branding, and reputation costs.

Recruitment

Recruitment of talented employees is an essential part of any company's ability to achieve success and maintain standards within an organization. Recruiting workers consists of actively compiling a diverse pool of potential candidates who can be considered for employment. A good recruitment policy will do this in a timely, cost-efficient manner. The ultimate goal of any human resources recruitment policy is to develop relationships with potential employees before they may actually be needed while keeping an eye on the costs of doing so. In different industries, the constant need for talent creates a highly competitive marketplace for individuals, and it is important for any manager to be aware of these factors as they develop recruitment programs and policies. As retirement among baby boomers becomes increasingly prevalent, victory in the "war for talent" will depend greatly on recruitment policies.



Methods of Recruitment

There are two principal ways to recruit workers: internally and externally. Most companies will actively use both methods, ensuring opportunities for existing employees to move up in the organization while at the same time finding new talent. Depending on the time frame and the specialization of the position to fill, some methods will be more effective than others. In either case, the establishment of a comprehensive job description for every position the company seeks to fill will help to narrow the scope of the search and attract more qualified candidates—which contributes to search efficiency.

Internal recruitment is often the most cost-effective method of recruiting potential employees, as it uses existing company resources and talent pool to fill needs and therefore may not incur any extra costs. This is done in two principal ways:

- **Advertising job openings internally:** This is a method of using existing employees as a talent pool for open positions. It carries the advantage of reallocating individuals who are qualified and familiar with the company's practices and culture while

at the same time empowering employees within the organization. It also shows the company's commitment to, and trust in, its current employees taking on new tasks.

- **Using networking:** This method can be used in a variety of different ways. First, this recruitment technique involves simply posting the question to existing employees about whether anyone knows of qualified candidates who could fill a particular position. Known as employee referrals, this method often includes giving bonuses to the existing employee if the recommended applicant is hired. Another method uses industry contacts and membership in professional organizations to help create a talent pool via word-of-mouth information regarding the needs of the organization.

External recruitment focuses on searching outside the organization for potential candidates and expanding the available talent pool. The primary goal of external recruitment is to create diversity and expand the candidate pool. Although external recruitment methods can be costly to managers in terms of dollars, the addition of a new perspective within the organization can bring many benefits that outweigh the costs. External recruitment can be done in a variety of ways:

- **Online recruitment:** The use of the Internet to find a talent pool is quickly becoming the preferred way of recruiting, due to its ability to reach such a wide array of applicants quickly and cheaply. First, the use of the company Web site can enable a business to compile a list of potential applicants who are very interested in the company while at the same time giving them exposure to the company's values and mission. In order to be successful using this recruitment method, a company must ensure that postings and the process for submitting resumes are as transparent and simple as possible. Another popular use of online recruiting is through career Web sites (e.g., Monster.com or Careerbuilder.com). These sites charge employers a set fee for a job posting, which can remain on the Web site for specified period of time. These sites also carry a large database of applicants and allow clients to search their database to find potential employees.
- **Traditional advertising:** This often incorporates one or many forms of advertising, ranging from newspaper classifieds to radio announcements. It is estimated that companies spend USD 2.18 billion annually on these types of ads.^[2] Before the emergence of the Internet, this was the most popular form of recruitment for organizations, but the decline of newspaper readership has made it considerably less effective.^[3]
- **Job fairs and campus visits:** Job fairs are designed to bring together a comprehensive set of employers in one location so that they may gather and meet with potential employees. The costs of conducting a job fair are distributed across the various participants and can attract an extremely diverse set of applicants. Depending on the proximity to a college or university, campus visits help to find candidates who are looking for the opportunity to prove themselves and have the minimum qualifications, such as a college education, that a firm seeks.
- **Headhunters and recruitment services:** These outside services are designed to compile a talent pool for a company; however they can be extremely expensive. Although these service can be extremely efficient in providing qualified applicants for specialized or highly demanded job positions, the rate for the services provided by headhunters can range from 20 percent to 35 percent of the new recruit's annual salary if the individual is hired.^[4]

No matter how a company decides to recruit, the ultimate test is the ability of a recruitment strategy to produce viable applicants. Each manager will face different obstacles in doing this. It is important to remember that recruiting is not simply undertaken at a time of need for an organization but rather is an ongoing process that involves maintaining a talent pool and frequent contact with candidates.

The Hiring Process

Selective Hiring

In recruiting, it is beneficial to attract not only a large number of applicants but a group of individuals with the necessary skills and requirements for the position. After obtaining a substantial, qualified applicant base, managers need to identify those applicants with the highest potential for success at the organization. According to Pfeffer and Veiga, selecting the best person for the job is an extremely critical part of the human resources inflow process.^[5] Selective hiring helps prevent the costly turnover of staff and increases the likeliness of high employee morale and productivity.

In order to evaluate the fit, it is important for managers to create a list of relevant criteria for each position before beginning the recruitment and selection process. Each job description should be associated with a list of critical skills, behaviors, or attitudes that will make or break the job performance. When screening potential employees, managers need to select based on cultural fit and attitude as well as on technical skills and competencies. There are some U.S. companies,



such as Southwest Airlines, that hire primarily on the basis of attitude because they espouse the philosophy that you *hire for attitude and train for skill*. According to former CEO Herb Kelleher, “We can change skill levels through training. We can’t change attitude.”^[6] After determining the most important qualifications, managers can design the rest of the selection process so that it aligns with the other human resource processes.

Screening

Managers strive to identify the best applicants at the lowest cost. Companies have a range of processes for screening potential employees, so managers must determine which system will generate the best results. The methods of screening vary both in levels of effectiveness and in cost of application. In addition to biographical information, companies can conduct background checks or require testing. Because of the costs associated with these measures, companies try to narrow down the number of applicants in the screening process, choosing only the most suitable candidates for interviews. In the United States, the selection process is subject to Equal Employment Opportunity guidelines, which means that companies must be able to show that the process is valid, reliable, related to critical aspects of the the job, and nondiscriminatory. Taking such measures helps companies avoid litigation.

Interviews

As mentioned, it is important to first define the skills and attributes necessary to succeed in the specified position, then develop a list of questions that directly relate to the job requirements. The best interviews follow a structured framework in which each applicant is asked the same questions and is scored with a consistent rating process. Having a common set of information about the applicants to compare after all the interviews have been conducted helps hiring managers avoid prejudice and ensure that all interviewees are given a fair chance.^[7] Structured interviews also helps managers avoid illegal questions, such as asking a woman whether she is pregnant. Many companies choose to use several rounds of screening with different interviewers to discover additional facets of the applicant’s attitude or skill as well as develop a more well-rounded opinion of the applicant from diverse perspectives. Involving senior management in the interview process also acts as a signal to applicants about the company culture and value of each new hire. There are two common types of interviews: behavioral and situational.

Behavioral Interviews

In a behavioral interview, the interviewer asks the applicant to reflect on his or her past experiences.^[8] After deciding what skills are needed for the position, the interviewer will ask questions to find out if the candidate possesses these skills. The purpose of behavioral interviewing is to find links between the job’s requirement and how the applicant’s experience and past behaviors match those requirements. The following are examples of behavioral interview questions:

"Describe a time when you were faced with a stressful situation. How did you handle the situation?"

"Give me an example of when you showed initiative and assumed a leadership role?"

Situational Interviews

A situational interview requires the applicant to explain how he or she would handle a series of hypothetical situations. Situational-based questions evaluate the applicant’s judgment, ability, and knowledge.^[9] Before administering this type of interview, it is a good idea for the hiring manager to consider possible responses and develop a scoring key for evaluation purposes. Examples of situational interview questions:

"You and a colleague are working on a project together; however, your colleague fails to do his agreed portion of the work. What would you do?"

"A client approaches you and claims that she has not received a payment that supposedly had been sent five days ago from your office. She is very angry. What would you do?"

Selection Tests

For some companies, understanding the applicant’s personality, values, and motivation for wanting the job is a critical part of the hiring decision. For some positions, although technical aptitude is required, the candidate’s attitude is often just as important. Under these circumstances, companies may use behavioral assessments and personality profiles. The goal of these assessments is to predict how the individual will interact with their coworkers, customers, and supervisors. Tests such as the IPIP (International Personality Item Pool) and Wonderlic are popular tools that provide an analysis of an applicant’s personality, attitudes, and

interpersonal skills; however, it is *critical* that the tests be administered, scored, and interpreted by a licensed professional. Other selection tests used in hiring may include cognitive tests, which measure general intelligence, work sample tests, which demonstrate the applicant's ability to perform specific job duties, and integrity tests, which measure honesty.

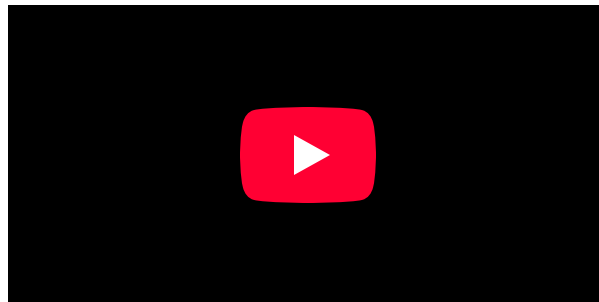
Background Checks

Background checks are a way for employers to verify the accuracy of information provided by applicants in résumés and applications. Information gathered in background checks may include employment history, education, credit reports, driving records, and criminal records. Employers must obtain written consent from the applicant before conducting a background check, and the information gathered in a background check should be relevant to the job.

Evaluation

Employers may choose to use just one or a combination of the screening methods to predict future job performance. It is important for companies to use metrics to assess the effectiveness of their selective hiring process. This provides a benchmark for future performance as well as a means of evaluating the success of a particular method. Companies can continuously improve their selection practices to ensure that they hire people who will successfully meet job requirements as well as fit into the organizational culture. If companies are not successful in their hiring practices, high turnover, low employee morale, and decreased productivity will result. Research shows that the “degree of cultural fit and value congruence between job applicants and their organizations significantly predicts both subsequent turnover and job performance.”^[10] Thus, companies need to assess their hiring in terms of technical success as well as cultural fit. Evaluating the hiring process will help ensure continuing success, because human capital is often a company's most important asset.

How do hiring decisions affect a company's success? Zappos is well known for consistently providing excellent customer service. In the video below, CEO Tony Hsieh explains how company values drive their hiring decisions.



ener, J.B., 1991. Workforce America! Managing Employee Diversity as a Vital Resource. Illinois: Business One

2. Kulik, 2004 [↩](#)
3. Heathfield, Use the Web for Recruiting: Recruiting Online [↩](#)
4. Heathfield, Recruiting Stars: Top Ten Ideas for Recruiting Great Candidates [↩](#)
5. Pfeffer & Viega, Putting People First for Organizational Success, 1998 [↩](#)
6. O'Reilly & Pfeffer [↩](#)
7. Smith G. [↩](#)
8. Janz, 1982 [↩](#)
9. Latham & Saari, 1984 [↩](#)
10. Pfeffer & Viega, Putting People First for Organizational Success, 1998 [↩](#)

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