

## Hiring Employees

*“ The decision to appoint an individual is one of the most crucial an employer will ever take ”.* (IRS, 1991. The State of Selection 1. Recruitment and Development Report 16).

Larger organisations may have special departments that are responsible for selection and recruitment of new entrances.

But whatever the size of the organisation, the most managers or entrepreneurs are likely to be faced with need to recruit and select employees.

Lord Wilfred Brown, chief executive of Glacier Metal Company, “ ... (managers) must at least have authority to veto appointment of person to the subordinate roles, to insist that they be removed from these roles if they are unsatisfactory...” (Brown, W. Organisation, 1974).

One of the many adverse consequences of poor recruitment and selection is the possibility of a high level of staff turnover (Mullins, L. Management and Organisational Behaviour, 1996).

In addition to increased direct costs, high staff turnover also has disruptive effect on the use of managerial time and it can ruin motivation, morale and job satisfaction of staff.

Organisations with high staff turnover find it hard to keep current customers, attract new ones, increase productivity or pursue growth opportunities. (Beardwell, I and Holden, L. Human Resource Management. 1997)

According to research of Seymour Burchman, a principal of Sibson & Company, staff turnover has a significant impact on revenue.

In organisations where high staff turnover is common (speciality retailing, call centers, high-tech and fast food), it has reduced earning and stock prices by 38%.

- To recoup the cost of losing one employee, a fast food restaurant must sell 7613 children's compomeals at \$2.50 each.
- A typical IT company incurs a cost of \$34'100 for each lost worker

Among stockbrokers, Burchman found out that hiring right people in the first place is more important than any kind of inducement organisations could pay to keep brokers. (MoreBusiness.Com. 2000)

The manner in which staff are appointed is a major factor in determining the quality of product produced and/or service offered, and the behaviour and performance of the workforce, and in meeting the objectives of the organisation (Mullins, L. 1996)

Therefore it is important to managers / supervisors to:

- recognise the importance of recruitment and selection
- assess the effectiveness of present procedures
- improve methods, techniques and skills of selection.

In this assignment I focus on four critical decisions in recruitment and selection process:

1. What / who does organisation want?
2. Where they can be found?
3. How does organisation select the right one?
4. How does organisation identifies them?

## 1. What we need

First it is important to consider options other than recruitment and selection. Is the job really necessary to the organisation, or can it be covered by restructuring or redeploying other jobs or departments. Organisation's structure should not rest on past achievements, but to be geared to future demands.

“Good organisation structure does not itself produce good performance. But a poor organisation structure makes good performance impossible, no matter how good the individual managers may be. To improve organisation structure ... will therefore always improve performance” (Drucker, P.F. The Practice of Management, Heinemann Professional, 1989).

But short-term cost-savings should not be done at the expense of the future.

If the job is necessary to organisation, what does it entail? What duties are attached to the vacancy?

Writing a comprehensive job description tells you the total requirements of the job. What the purpose, duties and responsibilities of the vacant position will be, and its location within organisation.

Urwick, L. “If members are appointed to the organisation without clear definition of their duties... it is these members who are likely to be blamed for poor results which do not match the vague ideas of what was expected of them” (Mullins, L 1996).

A good job description is prepared with care; it is clear, accurate and sufficient for the intended purpose. And it is updated.

A job description should consist (at least) following elements:

- Job title
- Department and location
- Responsible to (job title of immediate superior)
- Responsible for ( number and job titles of direct subordinates)
- Purpose of the job
- Key duties and responsibilities
- Specific limitations on authority
- Specific functional contacts
- Signatures
- Date job description prepared

But it should not be drawn up in a rigid, bureaucratic manner what leads to lack of flexibility, imagination or initiative.

Instead of job description being drawn up in terms of key duties and responsibilities, it can be written in terms of key results.

This should help to make people feel important and let them know why they do what they do, why their work is important to organisation and what it is intended to accomplish. (Plachy R.J. Writing Job Descriptions that Get Results. 1987)

A job description is a basis for a person specification. The person specification identifies the personal characteristics required to perform the job adequately. These characteristics can be, for example, formal qualifications, experience, technical skills, physical characteristics, personality, motivation, appearance, and intellectual ability.

Two well-known systems are Alec Rodger's Seven-Point Plan and Munro Fraser's Five-Fold System. These give certain headings under which the attributes of ideal candidate can be classified.

It is common attributes are divided to essential and desirable requirements.

The Seven-Point Plan:

1. Physical make-up: appearance, health, bearing, speech etc
2. Attainments: education, experience etc
3. Intelligence: intellectual capacity
4. Special aptitudes: mechanical, manual dexterity etc
5. Interests: social, intellectual, constructional, physically active etc
6. Disposition: influence over others, dependability, acceptability, self-reliance etc
7. Circumstances: any special demands of the job like travel abroad etc

The Five-Fold Grading System

1. Impact on others: physical make-up, appearance, speech and manner
2. Acquired knowledge or qualifications: education, work experience, vocational training
3. Innate abilities: quickness of comprehension and aptitude for learning
4. Motivation: individual goals, consistency and determination in following them, success rate
5. Adjustment: ability to stand up to stress and ability to get on with people, emotional stability

Urwick, L: "If jobs have to be fitted to members of the organisation, rather than members of the organisation to jobs, then every new member has to be trained in such way so as to aim to replace the special, personal experience of the previous job incumbent. Where both the requirements of the job and the member of the organisation are unknown quantities this is likely to lead to indecision and much time wasted in ineffective discussion". (Mullins. 1996)

It is important to bear in mind equal opportunities issues when drawing up job description or person specifications. They must uphold sex discrimination laws, age discrimination laws etc.

The written job descriptions and person specifications, which pay respect to discrimination laws, provide good defend if organisation is challenged on the grounds of unlawful discrimination by unsuccessful candidates.

## **2. Where they can be found?**

There are several conventional and some not-so-conventional approaches to generate pool of suitable applicants.

1. Using existing contacts
  - Existing employee contacts
  - Previous employees
  - Previous applicants
  - Customers.

This method is less expensive and may speed selection and recruitment process considerably. Cons are that it may produce applicants whose attitudes and skills are not what organisation is looking for.

2. Using external contacts
  - Job centres. Inexpensive but may be more unemployed than employed register. Results reflect quality and accuracy of job description and person specification supplied.
  - Union and professional referrals. Inexpensive and confidence in skills but may overlooks those in work.
  - Universities and colleges. Useful when looking for specific type of graduate (BSc, MBA etc).
  - Recruiters, “head-hunters”. Specialist knowledge, selection skills, objectivity, but expensive and potential candidates outside head-hunters’ network excluded.
3. Advertising
  - Local and national papers, trade and professional journals. Reach only those using that media, therefore must be carefully targeted to the identified groups.
  - TV. Sound and sight but very expensive.
  - Internet. Inexpensive, useful for well-known companies with numerous visitors in homepages.
  - Movies. Maybe useful when target group is rather young (16 to 25). Fast-food recruitment channel
  - Open days, conferences, exhibitions etc. It always good to “beat the bushes”.

## **4. Assessing applicants**

“Where recruitment stops and selection begins, is a moot point” (Anderson, A.H. Effective Personnel Management. 1994).

It is common to receive more applications for an open job than organisation can reasonably interview.

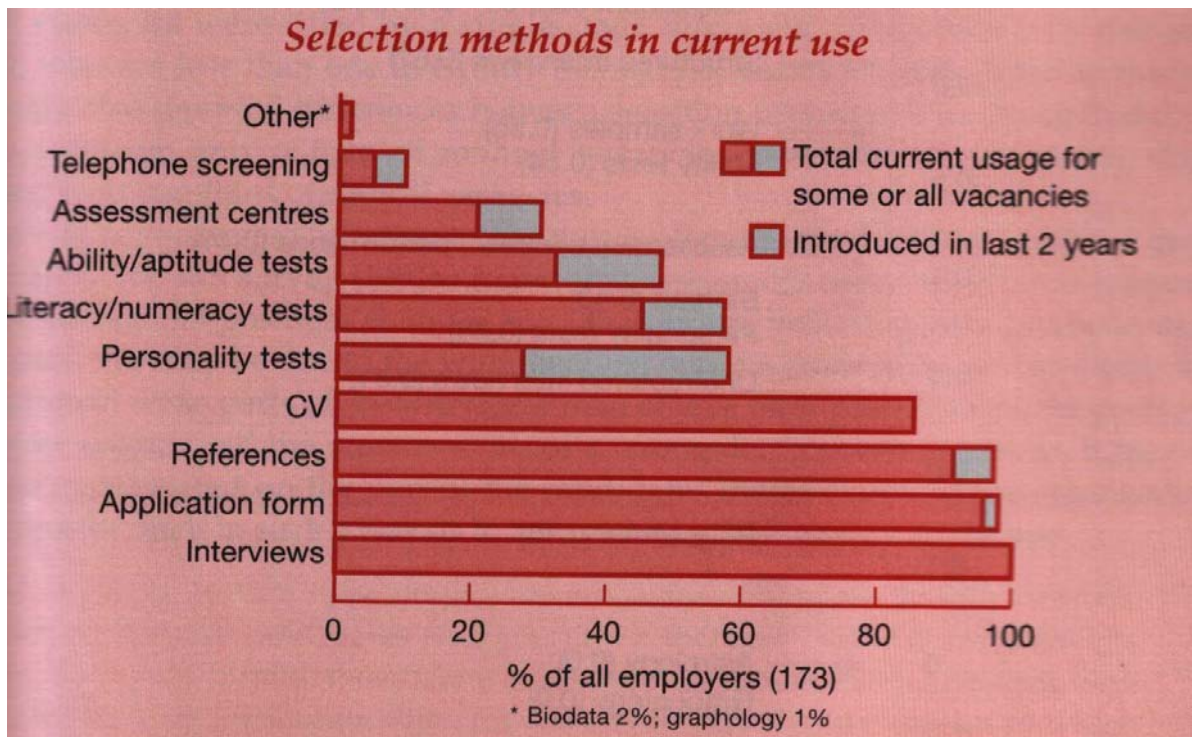
Therefore should recruiters categorise job-hunters as probable, possible or unsuitable by comparing applications (application form, C.V.) against pre-determined “ideal person specification” and proceed selection procedure with “probable”-applicants. In order to make an effective decision the manager should look at three to five qualified candidates (Mullins, L 1996).

“Possibles” are put on the back burner in case that all “probables” will be unsuccessful.

## 5. Selection Methods

There are a variety of selection methods that can be used.

The choice, combination and application of methods should be appropriate to the nature of the organisation; the position, tasks and responsibilities of the vacant job; and the number and the nature of candidates (Mullins, L. 1996).



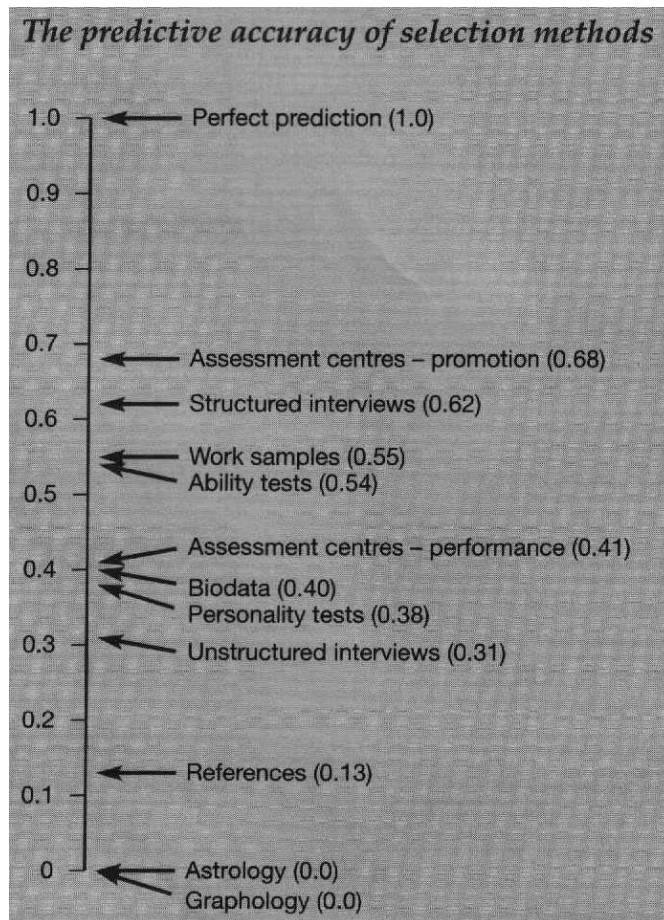
Pic 1. Selection methods in current use

Source: IRS (1991a)

Interview is the most popular selection method (Pic1). It is usually the central and indispensable element of the selection process. Torrington, D. and Hall, P have defined interview as “a controlled conversation with a purpose” (Torrington, D. and Hall, P. Personnel Management, 1994).

The purpose of the interview is to give more information through questions and observation of the applicant’s demeanour on whether applicant has required experience and qualities.

According to IRS (1991) two interviewers is the most common format. The number of interviews is normally one for manual or clerical jobs and two or more for managerial posts.



Source: Anderson and Shackleton (Successful Selection Interviewing, 1993)

Pic2 The predictive accuracy of selection methods (correlation coefficient between predicted and actual job performance. 0 for chance, and 1 for perfect prediction).

But as pic2 shows, interview must be well prepared. Unstructured interviews predictive accuracy is 0.31. Whereas well-structured interviews accuracy is 0.61, it is obvious that a clear interview plan is necessary.

“The more structured is the interview, the more effective it is likely to be” (Green, J. So You Think You Can Recruit Successfully, 1992).

Well-structured interview can be based on Rodger’s Seven point Plan or Fraser’s Five Point Plan. But it should not be “just-going-through-the-list-and-tick-off-the-box”-interview.

Interviewers should avoid leading questions that call for an answer yes/no or “suggest right answer” to their own questions:

- In our office we have very intensive work pace. Are you able to work under pressure?

Questions should be framed so that applicant has to give a full answer in his/her own words. Very useful are open questions as: Tell me about... What would you like to avoid...? What would you do if...?

Direct questions should be used when it serves the purpose: How many months did you work with...

Reflective questions should be used to correct any misunderstanding or to reinforce interviewer opinion about candidate:

- So you are more interest in marketing than ...
- It seems that you ...

Interviewers should not only listen what the applicant says, but the way it is said. And interviewers should avoid talking too much or dominating the discussion.

References. 97% of organisations use references in the selection process (Pic1). They are used to obtain additional information about candidates.

But the usefulness of references in selection process is questionable. The predictive accuracy of references is 0.13 (pic2).

“All they prove is that applicant has at least one or two friends” (Armstrong, M. A Handbook of Personnel Management Practice. 1991).

The use of tests has increased over recent years (pic1). But the key point in tests is “that there must be a correlation between what the test measures and the skill or trait that it sets out to sample” (Starkey, M. Testing the Test, 1992).

According to Armstrong (1991) a good test:

- is a sensitive measuring instrument which discriminates well between subjects
- has been standardised on a representative and sizeable sample of the population for which it is intended so that any individual’s score can be interpreted in relation to others
- is reliable in the sense that it always measures the same thing. A test aimed at measuring a particular characteristic should measure the same characteristic when applied to different people at the same time or to the same person at different times.
- Is valid in the sense that it measures the characteristic that the test is intended to measures. Thus, an intelligence test should measure intelligence and not verbal facility.

According to Torrington and Hall (1991), tests should be part of comprehensive selection process and applied in appropriate circumstances to supplement the interview, never as a substitute for it.

Assessment centres are most likely to be used by larger employers (over 5000 employees) and in financial services and distribution, and leisure industrial for the selection of managers or graduate trainees. A key component of AC is the job simulation where candidate is placed in a situation what imitates the post they applied for.

Work sampling is an extension for job simulation. It gives the opportunity to applicants performs in the role for a specific length of time.

In practice, the predictive accuracy of assessment centres (job simulation and work sampling) depends how well they represent the job they are designed to sample.

“ Because properly designed and applied AC works well. It does not mean that anything set up and run with same name is equally good. A lot of so-called ACs in the UK use badly thought-out exercises and inadequately trained assessors; they probably achieve little other than to alienate candidates, who are usually quick to spot their shortcomings” ( Fletcher, C. Testing Times for the World of Psychometrics. 1993)

Consultant psychologist or specialist is usually required in administering test and interpreting results, which would add the costs of the selection process.

## 6. The Selection

The selection decision is the culmination of the entire process. All the information that has been collected through the recruitment and selection process should enable recruiters to differentiate between those applicants who can do the job and those who can not. But “ each candidate should be measured against the selection criteria defined in the person specification, not again each other” (Torrington and Hall 1995). However, one option is that no appointment is made. If any candidate does not express traits been described in personal specification, it is best to start recruitment and selection process again. It is very short-sighted to appoint unqualified applicant in spite of all effort, time and money been spent. It is in the long-term interest of the organisation to persist until a suitable candidate is found.

## 7. Evaluation

Advisory, Conciliation & Arbitration Service (Beardwell, I. And Holden, L. Human Resource Management. 1997) suggests that any recruitment and selection system should be based on three fundamental principles:

- Effectiveness
- Efficiency
- Fairness

Effectiveness is concerned with distinguishing accurately between those who can do the job and those who can't.

The benefits from effective selection may not always easy to measure or identify. According to Mayo (1995) there are some quantified measures, which might give possible indications of selection system's predictive validity and success.

- retention rates
- promotion rates
- percentage of recruits perceived as having high potential after three to five years

Other possible indicators of selection's effectiveness may be:

- labour costs
- errors in work
- accidents at work
- timekeeping
- the number and quality of applicants for positions in the organisation.

But it is good to bear in mind that other factors outside the recruitment and selection procedure may contribute to these indicators

Efficiency is more concerned with the costs of the recruitment and selection process. The financial costs of the process can be clearly identified. Administrative expenses, selectors' time, average cost per recruit, average time lapsed between various stages etc. However, costs should not be considered in isolation. Appointment of unsuitable candidate may cause to organisation a lot of expenses.

The ultimate measure of the efficiency and effectiveness of the recruitment and selection process is how well the new member of staff adapts to the requirements of the organisation and makes an effective contribution to the development of the organisation (Tyson, S. and Fell, A. Evaluating the Personnel Function, 1992)



Fairness is concerned with dealing with all applicants fairly and honestly.  
*“Nobody believe that legislation by itself can eradicate overnight a whole range of attitudes which are rooted in custom and are, for that very reason, often unchallenged because unrecognised. But if the law cannot change attitudes overnight, it can, and it does effect change slowly”.* House of Lords (1972)

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