

# Recruitment and Selection

## LEARNING OBJECTIVES

*After studying this chapter you will learn :*

- 6.1 Concept of Recruitment
- 6.2 Sources of Recruitment
- 6.3 Concept of Selection
- 6.4 Steps in Selection Process
- 6.5 Selection Tests (Psychological Tests)
- 6.6 Selection Interviews

■ Summary

■ Test Questions

**A**FTER THE REQUIRED number and kind of human resources are determined, the next step in the procurement function is to locate the sources wherefrom the required human resources can be available and to attract them towards the organisation. This is known as 'recruitment'.

### 6.1 Concept of Recruitment

According to Flippo, "Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation."<sup>1</sup> In the words of Yoder, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."<sup>2</sup> Recruitment needs are of three types—planned, anticipated and unexpected. Planned needs arise from changes in organisation and retirement

1. Edwin B. Flippo : *Personnel Management*, McGraw Hill, 1980, p. 131.

2. Dale Yoder and Others : *Personnel Management and Industrial Relations*, 1972, p. 63.



policy. Resignations, deaths, accidents and illness give rise to unexpected needs. Anticipated needs refer to those movements in human resource which an organisation can predict by studying trends in the internal and external environments.

An analysis of these definitions reveals the following features of recruitment :

- (i) Recruitment is a process or a series of activities rather than a single act or event. The activities in this process are described under the next heading.
- (ii) Recruitment is a linking activity as it brings together those with jobs (employer) and those seeking jobs (prospective employees).
- (iii) Recruitment is a positive function as it seeks to develop a pool of eligible persons from which most suitable ones can be selected.
- (iv) The basic purpose of recruitment is to locate the sources of people required to meet job requirements and attracting such people to offer themselves for employment in the organisation.
- (v) Recruitment is an important function as it makes it possible to acquire the number and type of persons necessary for the continued functioning of the organisation. Careful recruitment of employees is particularly important in India because the chances of mismatching the job and the person are greater. Due to widespread unemployment, the jobseeker tends to accept any job irrespective of his suitability.
- (vi) Recruitment is a pervasive function as all organisations engage in recruiting activity. But the volume and nature of recruitment varies with the size, nature and environment of the particular organisation.
- (vii) Recruitment is a two-way process. It takes a recruiter and a recruitee. Just as the recruiter has a choice whom to recruit or not, similarly the prospective employee can choose for which organisation to apply for a job.
- (viii) Recruitment is a complex job because too many factors affect it, e.g., image of the organisation, nature of jobs offered, organisational policies, working conditions and compensation levels in the organisation, rate of growth of the organisation, past recruitment record, employment conditions in the community, trade union, etc.

## 6.2 Sources of Recruitment

Various sources of recruitment may be classified into two broad categories, namely internal sources and external sources.

**Internal Sources.** Internal sources consist of the following :

- (a) Present employees—Permanent, temporary and casual employees already on the pay of the organisation are a good source. Vacancies may be filled up from such employees through promotions, transfers, upgrading and even demotion. Transfer implies shifting of an employee from one job to another without any major change in the status and responsibilities of the employee. On the other hand, promotion refers to shifting of an employee to a higher position carrying higher status, responsibilities and pay.



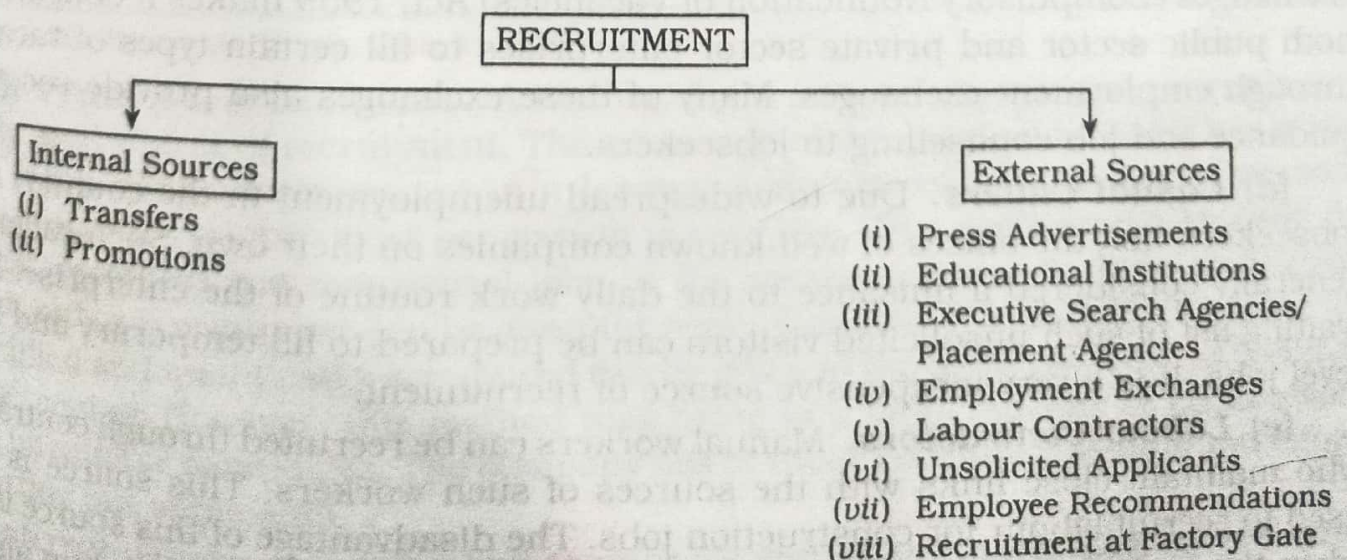
- (b) Retired and retrenched employees who want to return to the company may be rehired.
- (c) Dependants and relatives of deceased and disabled employees.

Internal sources have the following merits :

- (i) Morale and motivation of employees improve when they are assured that they would be preferred in filling up vacancies at higher levels. A sense of security is created among employees.
- (ii) Suitability of existing employees can be judged better as record of their qualifications and performance is already available in the organisation. Chances of proper selection are higher.
- (iii) It promotes loyalty and commitment among employees due to sense of job security and opportunities for advancement. Stability of employment is improved.
- (iv) Present employees are already familiar with the organisation and its policies. Therefore, time and costs of orientation and training are low.
- (v) The time and expenditure of recruitment are reduced as there is little need for advertising vacancies, or arranging rigorous tests and interviews.
- (vi) Relations with trade unions remain good because unions prefer internal recruitment particularly through promotions.
- (vii) Filling of higher level jobs through promotions within the organisation helps to retain talented and ambitious employees. Labour turnover is reduced.

- Companies are targeting former employees subtly through their alumni networks, get-togethers and through emails.
- Hiring former employees helps companies reduce training time.
- They also fit into the company culture quicker in a situation where employers are constantly grappling with delivery of projects.

Internal sources, however, suffer from some demerits. First, it may lead to inbreeding. Secondly, it discourages flow of new blood into the organisation. Thirdly,



**FIGURE 6.1 : Sources of Recruitment**



if promotion is based on seniority, really capable persons may be left out. *Fourthly*, the choice in selection is restricted. More talented outsiders may not be employed. Mobility of labour is restricted. Chances of favouritism are higher and growth of business is restricted by the limited talent of insiders. *Fifthly*, all vacancies cannot be filled up from within the organisation. *Lastly*, this source of recruitment is not available to a newly established enterprise.

**External Sources.** External sources of recruitment lie outside the organisation. These are as follows :

(a) **Educational and Training Institutions.** Various institutes like IIMs, IITs, engineering colleges, medical colleges, ITIs and universities are a good source for recruiting well-qualified executives, engineers, medical staff, pharmacists, chemists, etc. They provide facilities for campus interviews and placement. Good institutions have placement cells/officers to serve as liaison between the employers and the students. This source is known as *Campus Recruitment*. ICICI Prudential and some other companies make 'pre hire' job offers wherein engineering and MBA students spend a part of the last semester with prospective employers and they are paid a stipend. They are hired as soon as they graduate. Group offers are also a new trend at B-schools.

(b) **Executive Search Agencies or Placement Agents or Head-hunters.** Several private consultancy firms, e.g., A.F. Ferguson Associates, Price Waterhouse, ABC Consultants, etc. perform recruiting function on behalf of client companies by charging fee. These agencies are particularly suitable for recruitment of executives and specialists. They perform all the functions of recruitment and selection so that the client is relieved of this burden. But the cost of recruitment through these agencies is quite high.

(c) **Employment Exchanges.** Government of India has established public employment exchanges throughout the country. These exchanges provide information about job vacancies to the jobseekers and help employers in identifying suitable candidates. They contain a data bank of candidates for different types of jobs. Whenever they get requisition/notice from employers, the concerned candidates are informed. A list of such persons is also sent to the employer. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 makes it obligatory for both public sector and private sector enterprises to fill certain types of vacancies through employment exchanges. Many of these exchanges also provide vocational guidance and job counselling to jobseekers.

(d) **Casual Callers.** Due to widespread unemployment in the country, many jobseekers visit the offices of well-known companies on their own. Such callers are generally considered a nuisance to the daily work routine of the enterprise. But a waiting list of such unsolicited visitors can be prepared to fill temporary and lower level jobs. It is a very inexpensive source of recruitment.

(e) **Labour Contractors.** Manual workers can be recruited through contractors who maintain close links with the sources of such workers. This source is often used to recruit labour for construction jobs. The disadvantage of this source is that when the contractor leaves the organisation, people employed through him also go.



(f) **Gate Recruitment.** Unskilled workers may be recruited at the factory gate. In some industries, like jute, a large number of workers work as *badli* or substitute workers. These may be employed whenever a permanent worker is absent. More efficient among these *badli* workers may be recruited to fill permanent vacancies. A notice on the notice board of the company specifying the details of job vacancies can be put. Such recruitment is called *direct recruitment*. It is very economical and is used mainly for unskilled and casual job vacancies. On the spot recruitments through walk-in interviews and job fairs are becoming popular particularly for call centres, BPO firms, etc.

(g) **Similar Organisations (Poaching).** Experienced employees can be recruited by offering better benefits to the people working in similar organisations. Newly established organisations of well-known business houses often lure experienced executives and technical experts from the public sector. This is called *poaching* or *raiding* for talent.

#### Rivals Poach Executives to Win

The growth experienced by the domestic retail industry over the last few months has given rise to poaching of executives from the rival firms. Reliance Retail has hired several senior executives from global retailers such as Tesco, Best Buy.

Source : *The Economic Times*, November 12, 2003.

(h) **Employee Referrals.** Office bearers of trade unions are often aware of the suitability of candidates. Management can enquire these leaders for suitable jobs. In some organisations, there are formal agreements to give priority in recruitment to the candidates recommended by trade unions. Relatives and friends of employees are given priority in recruitment in some companies. Public sector undertakings give preference to local people (sons of the soil) in recruitment particularly at lower and middle level jobs. In this source, some sort of preliminary screening takes place by the employee/union recommending the candidate.

#### IT Pays to be Friends : Suggest a Name to Your Boss & Get Paid

With the gap between supply and demand for technical workforce widening, referrals are back in fashion in the IT world. MNC technology companies say that the hiring through referrals have increased in the last couple of quarters. Juniper hands out \$2,500 (₹ 1.1 lakh) to its employees for every referred candidate hired. At Cisco it is \$2,000 (₹ 88,000).

Source : *The Economic Times*, June 1, 2005.

(i) **Press Advertisements.** Advertisements in newspapers and journals is a widely used source of recruitment. The advantage of this method is that it has a very wide reach. One advertisement in a leading daily can cover millions of persons throughout the country. Cost per person is very low. This method can be used for clerical, technical and managerial jobs. If the company wants to keep its identity secret, only a box number can be given for reply. Considerable details about the job to be filled and qualifications required can be given in the advertisement to facilitate self-screening. However, this method may bring in a large number of applications from unsuitable candidates. The company has to waste considerable time and efforts in sorting out applicants.

Internet, employee leasing and temporary employee (called temps.) are other sources of recruitment.



External sources of recruitment offer the following advantages :

- (i) People having the requisite skill, education and training can be obtained.
- (ii) As recruitment is done from a wider market, best selection can be made irrespective of caste, sex or religion.
- (iii) Expertise and experience from other organisations can be brought.
- (iv) It helps to bring new blood and new ideas into the organisation.
- (v) This source of recruitment never 'dries up'. It is available to even new enterprises.
- (vi) External sources are best when suitable people from within are not available and when the organisation is diversifying or merging with other organisations.

External sources, however, suffer from the following disadvantages :

- (a) It is more expensive and time-consuming to recruit people from outside. Detailed screening is necessary as very little is known about the candidate.
- (b) The employees being unfamiliar with the organisation, their orientation and training is necessary.
- (c) If higher level jobs are filled from external sources, motivation and loyalty of existing staff are affected.

#### Recruitments : Innovation on the Move

Company	Changes	How	Why
BCG	Training recruitment team through simulations. Cases to have more ambiguity	Team trained in how to select right candidates in shorter time	Time given per interview reduced to 30 min. from 45 minutes
Citibank	Identifying candidates from their 1st year through projects & campus connect programmes	Keep an eye out for students even if they do not intern with the bank	Students are familiar with Citibank culture and easier to pick them
M&M	Behaviour psychometric tests	& Stared leadership round where student needs to convince others of his or her idea	Check persuasiveness and participative leadership style
RPG Enterprises	Caslets instead of group discussion rounds	Short questions asked, such as : "Should you promote high performer who has met targets but has poor interpersonal skills?"	GD topics can be pre-empted and students are prepared.

### 6.3 Concept of Selection

Selection is the process of choosing the most suitable persons out of all the applicants. In this process, relevant information about applicants is collected through a series of steps so as to evaluate their suitability for the job to be filled. Selection is a process of matching the qualifications of applicants with the job requirements. It is a process of weeding out unsuitable candidates and finally identify the most suitable candidate. Selection divides all the applicants into two categories—(a) suitable, and (b) unsuitable. Selection may be described as a process of rejection because generally more candidates are turned away than are hired. Selection is different from recruitment. Recruitment technically precedes selection. Recruitment involves identifying the sources of manpower and stimulating them to apply to the organisation. On the other hand, selection involves choosing the best person from among the applicants.