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Joseph J. Martocchio



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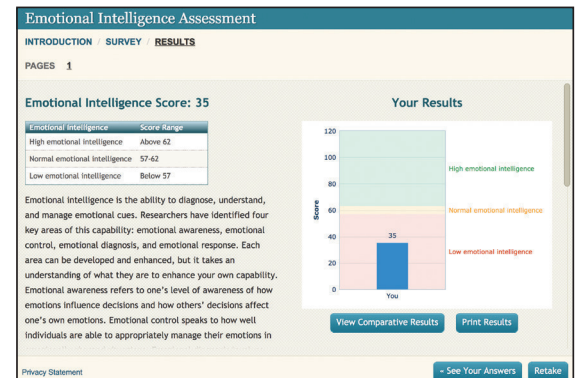
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HRM by the Numbers

Severance Pay at Miller Furniture

★ *An additional HRM by the Numbers exercise can be found on MyLab Management.*

Since its establishment in 1940, Miller Furniture, a family owned furniture retailer, has successfully honored its no layoff policy. Founders Robert and Frances Miller believed that the company's success depended, in large part, on its dedicated workforce. In recent years, small family-owned furniture retailers have struggled to survive because large retail chains sell furniture at much lower prices. Recognizing this reality, the Miller family realizes that maintaining full staffing will lead to bankruptcy. Determined not to lay off employees, the Miller's decided to offer buyouts to its workforce of 500 employees.

- 4-22. How many employees would remain if 30 percent of the total workforce accepted the buyout offer?
- 4-23. Employees who accept the buyout offer will receive 2 weeks of severance pay for each year of service. Of the total who accepted the buyout (carefully consider your answer to Question 4-22), 20 percent completed 5 years of service, 40 percent completed 7 years of service, 20 percent completed 10 years of service, and 20 percent completed 15 years of service. How many total weeks of severance will Miller Furniture pay?
- 4-24. As part of the buyout package, the company will continue to pay its share of health insurance during the severance period. If Miller Furniture pays \$100 per week for each employee to have health insurance, what is the total cost of health insurance based on the number of employees who have taken the buyout offer?

Working Together: Team Exercise

In small groups of three or four, come up with specific answers to the following questions. Talk through your perspectives and come up with a brief team response. Be prepared to share your ideas with the class.

As noted earlier in the chapter, a SWOT analysis assesses an organization's strengths, weaknesses, opportunities, and threats. As a group, select a company with which members are familiar. Conduct a brief SWOT analysis of this company.

- 4-25. Based on your analysis, which strengths, weaknesses, opportunities, and threats that you identified do you judge most important? Explain.
- 4-26. How might HR professionals help build upon the company's strengths and capitalize on its opportunities? How might they help address some of the weaknesses and threats? Explain.

INCIDENT 1 Competitive Strategy at Buddy Dog Foods

Buddy Dog Foods makes and sells dog food for puppies and adults. It has been a leader in the industry for more than 25 years. Until recently, the company has successfully pursued a low-cost strategy by selling a limited number of food recipes and holding down manufacturing costs. However, Buddy Dog has lately been struggling to maintain profitability because many new competitors offer low-cost food choices. Thus, the leadership team has decided it is time to change its strategic focus.

Buddy Dog's extensive market research shows that niche dog food markets have emerged where pet owners are willing to pay more for hypoallergenic food made only with all-natural ingredients. There are only a few competitors in this market space, and most do not have Buddy Dog's excellent reputation. The company's leadership believes they can manufacture hypoallergenic dog food to dominate niche markets. By distinguishing itself from the competition, Buddy Dog's leadership believes they can create a sustainable competitive advantage.

Having considered market factors and its manufacturing capacity, Buddy Dog will shift from a current low-cost strategy to a differentiation strategy by manufacturing hypoallergenic dog food. Buddy Dog

must now make many tactical decisions in various functional areas of the company to support its new strategic approach. Its priority is to restructure the product development function. They will hire and retain talented veterinary nutritionists and food allergists. The company will also hire operations specialists. Finally, the leadership recognizes that job redesign will be needed and they must consider how to bring current employees up to speed. Clearly, Buddy Dog has a lot of work to do to ensure a successful implementation of its new strategic approach.

Questions

- 4-27. Strategic planning at all levels of the organization can be divided into four steps. Which step in the strategic planning process led Buddy Dog Food's management to change its focus?
- ★4-28. Following Buddy Dog's shift in competitive strategy, what must the company's HR professionals consider?
- 4-29. What kinds of challenges could Buddy Dog face in the areas of recruitment, training, and compensation?

INCIDENT 2 Competencies

Markus has climbed his way up the corporate ladder in the financial services sector. Others would say of him, and he would agree, that he is analytical and decisive and that he has a conservative approach to risk-taking. He had some international placements, but most of his time was at the regional headquarters level in European cities. His last role, at a mid-sized bank, was Chief Financial Officer, but Markus began to wonder if there was something else—he longed for more purpose and meaning, so he started to apply for roles in the not-for-profit sector.

Meanwhile, the board of a growing not-for-profit had just finished their “day away”, led by a consultant, during which they reviewed the organization’s history and the current situation, which included the sudden departure of their CEO. The chairman summarized the day by affirming the need to professionalize their organizations systems and processes, their highest priority being in financial management; the next CEO must have expertise in this area. Although the head of HR suggested a competency model specific to their organization in the CEO-selection process, the board considered the matter too urgent, and they were impressed by Markus’s CV.

During the first few weeks into the role, Markus rolled up his sleeves and focused on the numbers. Many were impressed by his level of business acumen and knowledge of financial management.

However, he had come from an environment where the clients paid, and in this organization the clients did not—funds were received from individuals, foundations, and governments, all of whom had different payment processes and reporting requirements. Markus was used to one key bottom line—profit—but in this sector, there seemed to be a multitude of bottom lines. Markus was organized and could make decisions but lacked empathy and the ability to take in the broader view. Giving cash bonuses for performance was no longer an option. His lack of experience in the sector showed, and rather than listen and learn, he chose speed, and this alienated many. Six months later, the board began looking for another CEO, this time with the advice from HR.

Questions

- 4-30. Where did Markus’s knowledge, skills, and abilities fit, or not fit, the needs of the organization?
- ★4-31. It seems that the board may have overlooked the importance of certain knowledge, skills, or abilities. Would using a competency model have helped?
- 4-32. Why would the board involve HR in the design of a recruitment and selection process?

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If your instructor is using MyLab Management, go to www.pearson.com/mylab/management for the following Assisted-graded writing questions:

- 4-33. Why is job analysis considered to be a basic HR tool?
- 4-34. Why does the HR manager need to be a strategic partner with top management?

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5

Recruitment

LEARNING OBJECTIVES After completing this chapter, students should be able to:

- 5.1** Define *recruitment* and describe the recruitment process.
- 5.2** Summarize the environment of recruitment.
- 5.3** Explain internal recruitment methods.
- 5.4** Identify external recruitment sources.
- 5.5** Summarize external recruitment methods.
- 5.6** Describe alternatives to recruitment.

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5.1 Define *recruitment* and describe the recruitment process.

recruitment

Process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications to apply for jobs with an organization.

employee requisition

Document that specifies job title, department, the date the employee is needed for work, and other details.

Recruitment and the Recruitment Process

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications to apply for jobs with an organization. The firm may then select those applicants with qualifications most closely related to job descriptions. Finding the appropriate way of encouraging qualified candidates to apply for employment is extremely important, however, because recruiting costs can be expensive. Thus, a properly functioning recruiting program can have a major impact on the bottom line of a company.

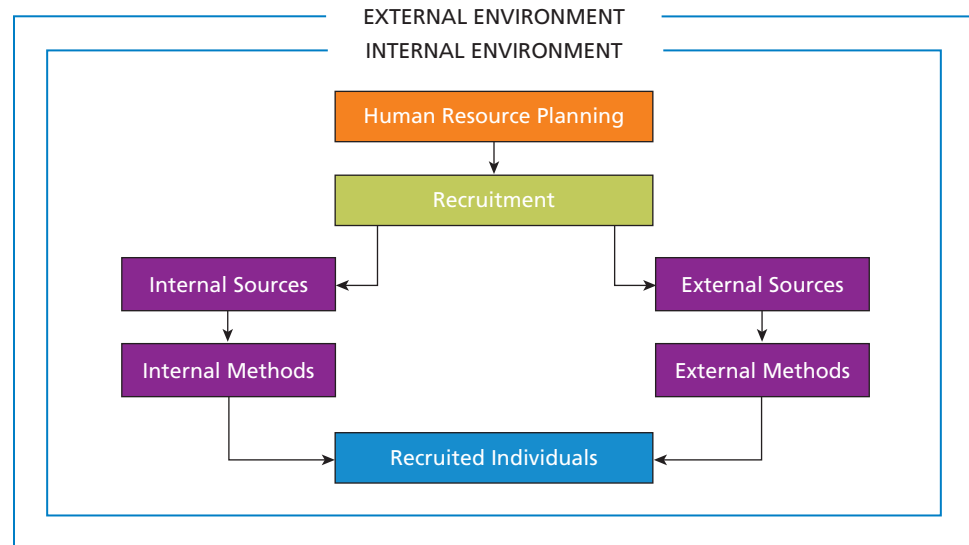
The recruitment process is critical because employees quickly become either assets or liabilities based on how they contribute to the value of the company.¹ How many times have we heard CEOs state, “Our employees are our most important asset”? Instead they should be saying, “The right employees are our most important asset.” Hiring the best people available has never been more critical than it is today because of the economy and global competition. A company’s ability to recruit and manage talent has become the measure for the overall health and longevity of the organization.² It is estimated that just the cost of replacing an employee alone when a bad decision is made is two to three times the employee’s annual salary.³ Therefore, it is crucial to have a finely tuned recruitment process if the selection process is to function properly.

When human resource planning indicates a need for employees, the firm may evaluate alternatives to hiring (see Figure 5-1). Frequently, recruitment begins when a manager initiates an **employee requisition**, a document that specifies job title, department, the date the employee is needed for work, and other details. With this information, managers can refer to the appropriate job description to determine the qualifications the recruited person needs.

The next step in the recruitment process is to determine whether qualified employees are available within the firm (the internal source) or if it is necessary to look to external sources, such as colleges, universities, and other organizations. Because of the high cost of recruitment, organizations need to use the most productive recruitment sources and methods available.



FIGURE 5-1
The Recruitment Process



recruitment sources

Where qualified candidates are located.

recruitment methods

Specific means used to attract potential employees to the firm.



HR Web Wisdom

Social Network Recruiting www.linkedin.com

LinkedIn is an online social network Web site.

Recruitment sources are where qualified candidates are located, such as colleges or competitors. **Recruitment methods** are the specific means used to attract potential employees to the firm, such as online recruiting.

Identifying productive sources of applicants and using suitable recruitment methods are essential to maximizing recruiting efficiency and effectiveness. When a firm identifies the sources of candidates, it uses appropriate methods for either internal or external recruitment to accomplish recruitment objectives. A candidate responds to the firm's recruitment efforts by submitting professional and personal data on either an application for employment or a résumé, depending on the company's policy.

Companies may discover that some recruitment sources and methods are superior to others for locating and attracting potential talent. Smart recruiters want to post their job where the best prospects are likely to be. For instance, one large, heavy-equipment manufacturer determined that medium-sized, state-supported colleges and universities located in rural areas were good sources of potential managers. Far fewer companies advertise job openings in newspapers. Instead, recruiters are now placing their recruiting money in areas that are most productive, such as with the use of social media. To maximize recruiting effectiveness, using recruitment sources and methods tailored to specific needs is vitally important (a topic discussed later in this chapter).

5.2 Summarize the environment of recruitment.

Environment of Recruitment

Like other human resource functions, the recruitment process does not occur in a vacuum. Factors external to the firm can significantly affect its recruitment efforts.

Labor Market Conditions

Of importance to the success of recruitment is the demand for and supply of specific skills in the labor market. In general, a firm's recruitment process is often simplified when the unemployment rate in an organization's labor market is high. The number of unsolicited applicants is usually greater, and the increased size of the labor pool provides a better opportunity for attracting qualified applicants. However, if demand for a certain skill is high relative to supply, an extraordinary recruiting effort may be required. Further, the area where recruitment takes place often impacts the labor market conditions. Today, the labor market for many professional and technical positions is much broader and truly global particularly as new technologies take hold. For example, wind turbine technicians are in considerably high demand.⁴

Possessing a college degree used to be the passport to secure a good job.⁵ This largely remains to be the case when we consider unemployment rates and average weekly earnings by educational attainment. Figure 5-2 shows lower unemployment rates and higher average weekly earnings for progressively highly educational attainment. However, the type of degree