Chapter 5 – Human Resource Planning and Recruitment

This chapter describes the process an organization uses to plan and recruit human resources. Students may be in a better position to understand the role of the Human Resource Planning Process (LO5-1) if a basic discussion of staffing is presented first. This approach may also help students to contextualize labor demands (LO5-2) and understand the different approaches to labor shortages or surpluses (LO5-3).

Students may be more readily able to identify recruitment, as this is a term and a process to which prior exposure may exist. The instructor may leverage this as they discuss sources of recruits (LO5-5), and different approaches to recruitment and attracting applicants (LO5-4). This previous knowledge may also be leveraged when discussing recruiters and their role within the process (LO5-6).

Learning Objectives

LO 5-1: Discuss how to align a company’s strategic direction with its human resource planning.

LO 5-2: Determine the labor demand for workers in various job categories.

LO 5-3: Discuss the advantages and disadvantages of various ways of eliminating a labor surplus and avoiding a labor shortage.

LO 5-4: Describe the various recruitment policies that organizations adopt to make job vacancies more attractive.

LO 5-5: List the various sources from which job applicants can be drawn, their relative advantages and disadvantages, and the methods for evaluating them.

LO 5-6: Explain the recruiter’s role in the recruitment process, the limits the recruiter faces, and the opportunities available.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas in HR Expertise:

* HR Strategic Planning
* Talent Acquisition
* Employee Engagement & Retention
* Workforce Management
* Diversity & Inclusion
* U.S. Employment Law & Regulations

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas:

* Business Management & Strategy
* Workforce Planning and Employment
* Human Resource Development

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** Discuss the effects that an impending labor shortage might have on the following three subfunctions of human resource management: selection and placement, training and career development, and compensation and benefits. Which subfunction might be affected most heavily? In what ways might these groups develop joint cooperative programs to avert a labor shortage?

Labor shortages may have the following effects on:

* Selection and placement—There will be increased pressure on this function to recruit more widely, search for nontraditional recruiting sources, and perhaps to decrease the selection requirements simply to provide more desperately needed employees.
* Training and career development—If people with fewer qualifications are selected, it will be necessary to provide skills training, perhaps even basic skills training, which will result in reducing the gap between the people that the organization can hire and the skilled employees that must be available to meet the job demands.
* Compensation and benefits—There will be pressure to hire the employees who are at a premium at a rate that may challenge internal equity and even external equity. The consequence, if this is done, will be a high level of demand to reevaluate existing jobs because of the perceived inequity of incumbents.

To avert a shortage, students should discuss the need to improve all three of these areas, making it more attractive to current employees, as well as potential candidates to ensure retention levels remain relatively strong.

**Discussion Question 2:** Discuss the costs and benefits associated with statistical versus judgmental forecasts for labor demand and labor supply. Under what conditions might either of these techniques be infeasible? Under what conditions might both be feasible, but one more desirable than the other?

Certainly, judgment by experts may be intuitively appealing since it appears faster and less expensive than compiling and analyzing statistics. There may not be employees available who have the skills to work with data for planning purposes. Hiring consultants to analyze the data might be very expensive, and the perception could be that the planning could be done without this laborious and expensive step. However, if the situation is relatively stable, these statistics may be the best source of projections for future planning strategies, since one could expect the future to be very similar to the past.

Neither technique may be feasible when the environment is so unstable that neither experience nor expert judgment will provide a reliable base of information. Both may be feasible when there is some instability in the environment. Statistical information could be examined in comparison to leading indicators. This might help define a relationship between actual changes in the environment and what happens to human resources.

**Discussion Question 3:** Some companies have detailed affirmative action plans, complete with goals and timetables, for women and minorities, and yet have no formal human resource plan for the organization as a whole. Why might this be the case? If you were a human resource specialist interviewing with this company for an open position, what would this practice imply for the role of the human resource manager in that company?

Students should identify how either the plan is legally mandated or the organization desires to track and ensure they have strong representation across demographics. Students should note how this could imply the need for the HR manager to track, but also communicate the importance of these metrics to organizational leadership.

**Discussion Question 4:** Recruiting people for jobs that entail international assignments is increasingly important for many companies. Where might one go to look for individuals interested in these types of assignments? How might recruiting practices aimed at these people differ from those one might apply to the “average” recruit?

Responses may identify colleges and universities as a potential source for talent, as well as placing job advertisements in special interest magazines. Recruiting practices might differ from those used for the “average” recruit, since most individuals may not be interested in an international assignment. If the job will require international travel or reassignment, clearly it should be discussed early in the recruiting process.

**Discussion Question 5:** Discuss the relative merits of internal versus external recruitment. What types of business strategies might best be supported by recruiting externally, and what types might call for internal recruitment? What factors might lead a firm to decide to switch from internal to external recruitment or vice versa?

Students should note how internal recruitment provides familiarity of the candidates, and it provides motivation to employees seeking promotion or different jobs. Merits of external recruitment include the potential to capture new knowledge, as well as changing the current demographics of the workforce. Strategies related to high levels of competition would be best supported by internal recruitment, since losing employees' knowledge could hurt the organization. Strategies that require continual change and innovation would be better served by external recruitment.

**Exercising Strategy**

America’s Got Talent: But Still Needs More H1-B Visas

1. How does the increased difficulty of working in the United States create exploitable opportunities for countries like India, China, and the Philippines when it comes to plugging their brain drain?

Working in one’s home country becomes more attractive as the United States becomes less hospitable to immigrants. These countries can use the uncertainty to convince talented workers to stay.

1. What can a country like the United States do to decrease its reliance on immigration to fill high-tech jobs?

Responses will vary. It can incentivize students to study in the STEM disciplines. The U.S. government and local governments can work with companies to provide more affordable housing in areas with lots of high-tech jobs, like Seattle and San Francisco.

**Managing People**

Biting the Hand That Feeds You?

1. What are some alternatives to the use of immigrants and refugees when it comes to addressing a labor shortage for jobs that are unattractive to U.S. workers?

Responses will vary. Raising wages and improving work conditions may help convince American workers to labor in less desirable jobs. Providing transportation and temporary housing for seasonal workers could also bring in workers from urban areas where there are job shortages.

1. One response to labor shortages is to raise pay. Why is this option seemingly “off-the-table” when it comes to agriculture jobs versus manufacturing jobs?

Agriculture requires a large number of workers, so increasing pay even a little would have a large impact. Also, U.S. farmers compete with imports from countries like Mexico, where labor is cheap. Tariffs have lowered profits for farmers, leaving even less for expenses, like wages.

**HR in Small Business**

For Personal Financial Advisors, a Small Staffing Plan with a Big Impact

1. Is a company ever too small to need to engage in human resource planning? Why or why not? Discuss whether you think Robert Reed planned his hiring strategy at an appropriate time in the firm’s growth.

Students should be able to recognize a prudent business will have some level of HR planning in place to ensure they have adequate staff numbers to meet everyday operations.

1. Using Table 5.3, review the options for avoiding a labor shortage, and discuss how well the options besides new hires could have worked as ways for Reed to reach his goals for growth. As you do so, consider qualities of a financial-planning business that might be relevant (for example, direct client contact and the need for confidentiality).

Students may discuss how the other options besides new hires do not seem to be very attractive given the necessary workforce within this industry; however, those brought in would need to have the necessary skills and potential education/certifications. The other options may not provide a long-term solution as would be needed in a business that relies heavily on building a trusting, long-term client relationship.

1. Suppose that when Reed was seeking to hire a certified planner, he asked you for advice on where to recruit this person. Which sources would you suggest, and why?

Responses will vary, but should reflect where certified planners might be available. For example, contacting and working with recruiters in that field, as well as local professional organizations devoted to that practice or industry.

Guidance to Chapter Cases

**A Look Back**

Addressing Labor Shortages and Surpluses: Exploring Your Options

1. Discuss the advantages and disadvantages of hiring local workers versus offshoring versus bringing in immigrant labor? How does the nature of the product market affect what you might do in the labor market?

Students should be able to differentiate between the options without relying upon stereotypes. Local worker advantages would include local/regional knowledge of culture, local knowledge and education, allowing for easier forecasting of skills by organization, and the potential positive view by the public. Disadvantage may originate with cost. Offshoring may have the advantage of cost, while the disadvantages may include issues with local management, quality concerns and general logistic issues. Offshoring may also open the organization up to supply chain shocks. Workforce issues may originate from access to education and skilled labor. Immigrant labor may have the advantage of lower cost-structure and diversified workforce. Students should identify that demands in production (innovation, skill) would demand higher-skilled workforce and impact where this is sourced.

1. Assume you are a well-established company that, instead of facing a labor shortage, was now facing a labor surplus in some job category. Why might it be in your best interest to use some method other than layoffs to reduce this surplus, and why are your options a function of how well you did in terms of forecasting labor demand and supply?

Students should recognize the potential issues with downsizing as identified within the chapter. In addition, they should recognize the loss of human capital if layoffs were to occur, and how hiring and regaining that capital may take a while during times of a labor shortage. Students should also be able to identify the importance of forecasting and the need to be accurate as well as to develop contingency plans.

1. Discuss the advantages and disadvantages of promoting workers from within your own firm versus going outside the firm to bring in external hires. How does the nature of the business situation affect this decision?

Internal promotion should be identified as providing internal morale and motivation for employees, as well as developing corporate knowledge, which may lead to the attraction, retention, and better performance of employees. External hires should be identified as potential sources of skills the organization does not possess, or does not have the capability to develop.

**Competing through Technology**

Automation: Effects on the Quantity and Quality of Jobs

1. How does the introduction of automation single out certain subpopulations when it comes to securing and holding a job?

The problem with some populations is lack of access to the technical training required. A workforce that doesn’t adapt to the increased use of technology faces unemployment.

1. What can HR professionals, as well as local and federal governments, do to protect these subpopulations? How can employers design jobs like the ones currently dominating the AI field that are more interesting for workers?

Access to affordable technology education needs to be made available to lower-income students and workers. Companies can train current employees in new technologies, allowing them to keep their jobs as changes occur. Involving workers in job design will increase the probability of maintaining their interest.

**Competing through Globalization**

Picking Winners and Losers in the Trade War

1. In what sense is a tariff like a tax; and in what way does their implementation implicitly reflect tax policy?

Tariffs are a tax on imported products. They bring revenue to the government that imposes them, which is paid by companies in the country that produce them. Eventually, that cost is passed along to the consumer. In addition, they often result in retaliatory tariffs, making companies less competitive in global markets.

1. Might the short-term losses attributable to tariffs possibly be offset by longer-term gains when it comes to re-establishing free trade?

Responses will vary.

**Integrity in Action**

Local Authorities Defy Federal Changes in Enforcement

1. How does this war between the federal government and state government when it comes to immigration wind up harming all workers and citizens?

It increases uncertainty about the status of some immigrants, which affects the immigrant’s family, employer, and law enforcement. It also sets up local and state governments to have to defy federal law if they protect immigrants who have not committed crimes. Industries that rely on undocumented workers to function may be forced out of business, which doesn’t benefit anyone.

1. How might comprehensive revisions to the immigration policy and practices related to H1-A and H1-B visas solve these problems for both federal and state authorities? What is the moral responsibility of employers for ensuring that they are not harboring illegal workers who pose a threat to their communities?

Revisions to policies on H1-A and H1-B visas would allow more workers to immigrate and work in areas where they are most needed and would curtail the deportation of otherwise law-abiding people who are working and paying taxes. Answers will vary regarding the moral responsibility of employers.

1. Some “sanctuary cities,” such as Los Angeles and Austin, refuse to enforce federal laws that they feel target nondangerous undocumented people living in their communities. What are the ethical implications of these cities refusing to enforce federal laws?

Responses will vary, but instructors should be prepared to ensure discussion does not turn negative, or rely upon stereotypes.

**Competing through Environmental, Social, and Governance Practices**

*Economic Development: Tales of Regret, Renegotiation, and Rejection*

1. In many cases, the overly lucrative offers made by states to lure employers are attributable to states competing with other states. How does this competition within the nation affect overall national competitiveness when it comes to competing in the global economy? How does this potential “race-to-the-bottom” affect citizens of some states, especially when one considers that the politicians that struck these bargains may be long gone well after the effects are still in place? What other steps might the government take to help individuals find new work when they are displaced by foreign trade?

Responses will vary. Students may choose to relate stories of companies from their home states and discuss how that helps or hurts the economy.

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**Recruitment Sources**

*Case Analysis*

This activity reviews the best recruitment sources for hiring 200, mostly manual labor, hands-on jobs.

LO: 05-05 List the various sources from which job applicants can be drawn, their relative advantages and disadvantages, and the methods for evaluating them.

Difficulty: 2 Medium

Blooms: Understand; Apply

AACSB: Analytical Thinking

Topic: Recruitment Strategy; Internal and External Resources

**Options for Reducing an Expected Labor Surplus**

*Click & Drag*

This activity presents various options of reducing a labor surplus and asks students to determine the speed and amount of human suffering associated with each option.

LO: 05-03 Discuss the advantages and disadvantages of various ways of eliminating a labor surplus and avoiding a labor shortage.

Difficulty: 2 Medium

Blooms: Understand

AACSB: Analytical Thinking; Reflective Thinking

Topic: Voluntary and Involuntary Turnover

**Recruiting Human Resources**

*Click & Drag*

This activity asks students to characterize the recruitment policies that organizations use and define the recruiter’s role in the recruitment process.

LO: 05-04 Describe the various recruitment policies that organizations adopt to make job vacancies more attractive.

Difficulty: 3 Hard

Blooms: Understand

AACSB: Analytical Thinking

Topic: Recruitment Strategy

**Planning to Hire**

*Case Analysis*

This activity reviews how to take a balanced approach to hiring the right amount of staff for a company's next big project.

LO: 05-01 Discuss how to align a company’s strategic direction with its human resource planning.

05-02 Determine the labor demand for workers in various job categories.

Difficulty: 1 Easy; 2 Medium

Blooms: Remember; Understand; Apply

AACSB: Analytical Thinking

Topic: Steps in the Recruitment and Selection Process; Labor Supply and Demand

**CHRO Conversations: Heidi Capozzi, Boeing**

*Video Case*

This activity has students watch a video interview with the Senior Vice President of Human Resources for The Boeing Company and answer questions about the factors that can be evaluated and considered by HR departments to optimize the cultural elements of a company.

LO: 05-01 Discuss how to align a company’s strategic direction with its human resource planning.

Difficulty: 2 Medium

Blooms: Apply

AACSB: Knowledge Application

Topic: Integrating Human Resource Planning and Strategic Planning