

11 The workforce

11.1

The recruitment and selection process

LEARNING OUTCOMES

Explain the methods of recruiting and selecting employees.

- Understand the difference between internal and external recruitment.
- Understand the main stages in recruitment and selection of employees.

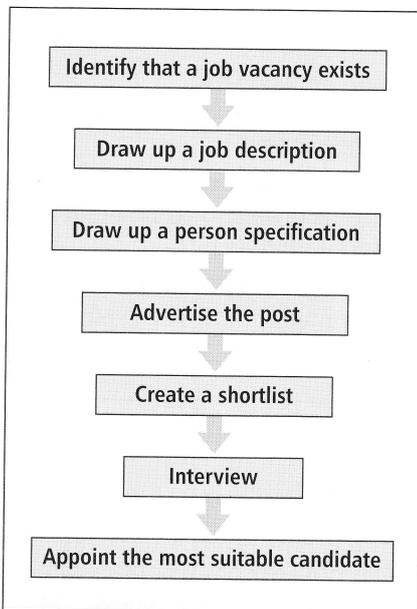


Figure 11.1.1 The recruitment process

Recruitment

Recruitment involves attracting the right standard of applicants to apply for vacancies. Figure 11.1.1 summarises the typical stages in the recruitment process.

Recruiting may be *internal* or *external*. Internal recruiting means employing someone already working for the organisation: this may mean promotion. External recruitment involves appointing someone from outside the organisation.

The table shows the advantages of the two types of recruitment.

Advantages of internal recruitment	Advantages of external recruitment
There is less risk because the employer already knows the person and their capabilities.	New ideas are brought into the organisation from outside.
The cost of advertising is saved, so the recruitment process is cheaper. (In some countries and organisations, however, equal opportunities legislation means that all positions have to be advertised.)	Advertising externally may reach more widely into the business community (e.g. a teacher might be attracted to an educational publishing company and bring useful experience and knowledge to the job).
The opportunity for promotion within the organisation encourages people to work hard.	Internal jealousies are avoided from promotion.
Induction costs are saved.	

Advertising the job

Once a business is clear about the job it is offering, it can draw up an advertisement for the post. How this is set out depends on:

- who the business is trying to attract
- where the advert is going to be placed – that is, what media will be used (newspaper, radio, TV, website, etc.).

A good job advertisement will include the following features:

Feature	Description
Job description	The major requirements of the job, setting out the key responsibilities and tasks involved
What the business does	A brief description of the business and its activities
Location	Where the job will be based
Salary expectation	Figures are not always necessary, but an indication of salary level should be given
Address and contact	How to contact the recruiter (e.g. e-mail address)
Closing date	This gives candidates the time limit for applications
Qualifications	Certain jobs require a minimum entrance qualification
Experience	Experience that candidates should have
Fringe benefits	Mention additional benefits (e.g. company car)
Organisational identity	A logo or badge associated with the company

Selection

Selection involves choosing the most suitable applicant for a vacancy. Screening applicants is a very important part of this process. Figure 11.1.2 illustrates the various stages in screening applicants.

The recruiters put together a shortlist of candidates who most closely meet the person specification for the job. These candidates will be invited for interview. This may involve a panel of interviewers, who will ask questions and score candidates on the extent to which they meet the specification.

The interview process may take one or two days. As well as being interviewed, the candidates may be asked to take tests and perform tasks: these are considered good indicators of a person's ability to carry out the job, and of whether a person will fit into an organisation. An aptitude test might be set; this is a practical test to assess suitability for a post. For example, a prospective airline pilot might be tested for reaction time to moving objects. Another test might be a psychometric test, used widely for management posts and some jobs with international companies. This is a personality test in which candidates are asked for their views on a particular subject, or to indicate how they would act in a given situation. The test may be carried out with pencil and paper or online.

The recruiting process for jobs at a lower grade may simply involve a short interview of candidates.

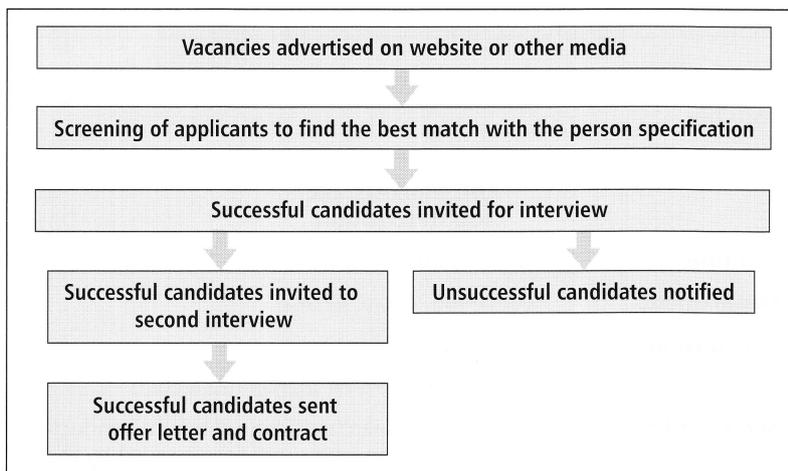


Figure 11.1.2 The screening process

SUMMARY QUESTIONS

- 1 What are the most important steps in recruiting and selecting a new employee to join an organisation?
- 2 Why does an organisation shortlist candidates?
- 3 Outline the difference between external and internal recruitment. For a food-exporting company, what would be the benefits of recruiting a new sales manager:
 - internally?
 - externally?

EXAM TIP

Job descriptions outline the tasks, duties and responsibilities of the job holder. Person specifications identify the qualities, experience and qualifications that the job holder needs to have.

DID YOU KNOW?

In most countries, equal opportunities laws govern recruitment and selection. All candidates should be asked the same questions and not be favoured on the grounds of, for example, sex, race, ethnic group, disability or being an existing employee of the company.

ACTIVITY

Identify the main stages that were involved in the recruitment of a friend or relative who has recently started a job. How closely do these stages mirror the stages outlined in this chapter?

KEY POINTS

- 1 Recruitment is the process of identifying the need for a new employee, defining the job, and finding and selecting the right person to do that job.
- 2 Recruitment may be internal or external.
- 3 Creating a well-structured job advertisement is important for attracting good candidates.
- 4 Companies also create a person specification and job description for recruitment purposes.

LEARNING OUTCOMES

Understand the importance of job descriptions, job specifications and job advertisements.

- Draw up a job description.
- Draw up a job specification.
- Choose suitable ways of advertising a vacancy.

EXAM TIP

Good recruitment is about selecting the most suitable person for the job, not the most highly qualified. Do you understand the difference?

ACTIVITY

Create a job description and job specification for one of the following jobs.

- A job carried out by a friend or member of your family. Find out what the job entails, and what qualifications and skills are required to carry out the job.
- A job that you have seen advertised in a newspaper, and is one with which you are familiar, which gives some general guidance about the nature of the job.

The job description

When a business starts to grow, it may need to employ new staff. From time to time, it will need to replace existing staff who leave or retire. Whenever a business recruits, it is essential to set out a clear description of what the job entails. The table sets out the information that should be included in a **job description**.

Title of the job	Indication of what the job involves and the level of responsibility (e.g. sales manager, South East Asia)
Department and location of the job	Organisational department and its location (e.g. marketing and sales department, Beijing, China)
General terms of what is involved in carrying out the job	Indication of what is involved in the post (Many job vacancies describe the job in fairly general terms, particularly if these might change over time.)
Responsible to whom	Who the employee will report to, their line manager
Responsible for whom	Other employees for whom the employee will be responsible and manage
Other responsibilities	Resources for which the employee will be responsible
Scope of the post	Sets out the level of the post (e.g. managerial)
Education and qualifications	The level of education required to carry out the post
Name of compiler and approver and date of issue	The person who designed the job description and the date on which the description was written

Here is an example of a simple job description for the role of a market researcher.

ABC Markets, plc Job description	
Job title	Senior Market Researcher
Department	Marketing, Accra, Ghana
Responsible to	Kojo Agyeman
Responsible for	Junior and part-time market researchers
Scope of the post	The market researcher's main role is to conduct interviews in line with guidance provided by the Head of Market Research
Responsibilities	The post holder is expected to: arrange interviews ask questions of interviewees record interviews on forms, on computer or on video carry out interviewing over the telephone keep accurate and detailed records.
Compiled by	Akwesi Sarpong (Market Research Manager)
Date	12 June 2010

**ABC Markets Accra plc, Ghana
Person specification**

Post title: Senior Market Researcher

Criteria	Essential	Desirable
Qualifications/ knowledge	A business studies university-level qualification (The successful candidate will have successfully completed at least 3 years of study at university.) Information technology qualification – including information processing and presentation	
Work-related experience	1 year's experience of working in a market research role	Experience of having managed a small market research team
Skills/abilities and special attributes	Good planning and organisation skills Ability to prioritise tasks Excellent communication skills Team-working skills	Team-leadership skills Advanced mathematics skills

Job or person specification

A **job specification** (sometimes referred to as a person specification) sets out the skills, characteristics and attributes needed for a particular job. Job descriptions and person specifications then provide the basis for job advertisements. They help job applicants and post holders know what is expected of them. As they are sent to anyone applying for jobs, they should:

- contain enough information to attract suitable people
- act as a checking device for the business to make sure that applicants with the right skills are chosen for interview.

The job specification gives a list of requirements related to the person doing the job. It will include an introduction, giving details of the job title, post reference number and management responsibilities. It will then set out the attributes that the organisation wants that person to have – for example, their type of personality or educational level. Typically, there will be two columns. One column will set out the essential requirements, and the other the desirable requirements. In selecting for the job, the interview panel will choose someone who has all the essential requirements. If they have to choose between two or more candidates who fit all the essential requirements, they will use the desirable requirements.

Different media for advertising jobs

Jobs can be advertised in various media:

- Websites can target local, national and international job seekers.
- Newspapers and magazines are useful for targeting applicants. National newspapers often advertise certain types of jobs on particular days. Magazines are often targeted at special interest groups e.g. accountants or marketers who may be looking for jobs.
- Local radio can attract local recruits, particularly in urban areas.
- Vacancy boards/noticeboards in prominent locations such as supermarkets are useful for recruitment.
- Other suitable media include adverts on the sides of trains, buses and in bus and train stations.

KEY POINTS

- 1 A job description should set out clearly what a job entails.
- 2 A job specification sets out the skills, characteristics and attributes needed for a specific job.
- 3 The job description and job specification can be used as a basis for framing interview questions and suitable tests.

SUMMARY QUESTIONS

- 1 Explain the differences between a job description and a job specification.
- 2 Draw up a job description and a person specification for a business studies teacher.
- 3 What would be the most suitable media for advertising a senior marketing post in an international company?

LEARNING OUTCOMES

Identify and explain different training methods (internal and external).

- Analyse and evaluate **on-the-job** and **off-the-job** training.

Awareness of the need to train and develop staff.

- Analyse and evaluate the relevance of training (including induction training) to both management and employees.

EXAM TIP

Training requires time and money, but should produce a return in the long run: it is an investment in people. All investments incur risks. What risks are there to a business of investing in training?

DID YOU KNOW?

An annual performance appraisal is a meeting between an employee and their manager, and is a good time to consider what is going well, or less well, and to identify training needs. The employee discusses with the manager how the work is going, and together they set targets for the coming year. Employees may need additional training to meet these targets, to become more skilled and increase their job knowledge.

The main types of training

Training is the process through which the employees learn the knowledge and skills needed to do their job well. Because modern jobs are continually changing, employees usually need to receive training throughout their working lives. For example, they may need new training to keep up to date with technological developments, or with new laws that affect the business. Figure 11.3.1 shows the two main types of training.

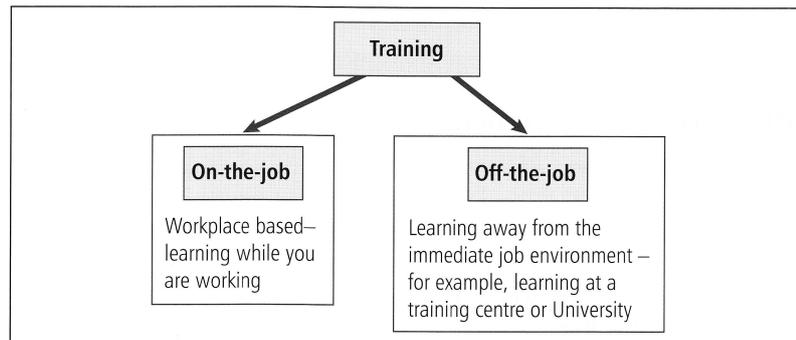


Figure 11.3.1 Two main types of training: on-the-job and off-the-job

The main purposes of training

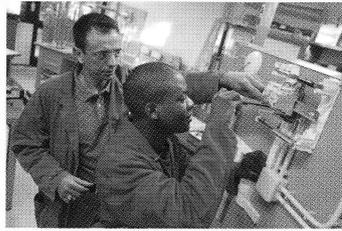
Training is important for both employees and managers. Through training, individuals are better prepared to carry out their work tasks. The main purposes of training are explored below.

- **Induction:** this introduces an employee to a new job and to the company and/or the workplace. It will usually include an overview of the company, but there will be information specific to certain industries, such as health and safety training for employees involved in the manual handling of goods or driving forklift trucks. Another important part of induction is getting to know other people and being introduced to company procedures.
- **Understanding the job requirements:** initial training should focus on making sure that an employee is able to fulfil the basic requirements of the job.
- **Development of job skills:** specialist skills will need to be developed to enable an employee to do a job well. These might be interacting with customers or using important IT applications.
- **Broadening knowledge of the business:** the more trainees know about the wider activities of the business and the nature of its work, the more they will be able to help the organisation meet its objectives.
- **Changing attitudes and skills:** organisations frequently have to make changes. Training needs to be designed to help individuals adapt to new attitudes which move the organisation forward.

CASE STUDY

Group training in Australia

In Australia, there is a network of 150 group training organisations. These employ over 40,000 apprentices. (An apprenticeship is a structured process for training in a set of skills that is recognised by a particular industry.) There are group training organisations for most industries in Australia, including automotive, construction, electrical, plumbing, engineering, horticulture, community service, retail and hospitality. The group training organisations carry out preliminary training at the apprentices' premises. The Master Plumbers Group Training Organisation runs workshops for apprentice plumbers. When the apprentices are sufficiently



Apprenticeships enable young people to learn a skill, working for a company for a short or long period of time

skilled, they are taken on by plumbing businesses. The apprentices will then work for the employer for a set period of time. This may be for just a week or for several years. Trainees can work towards particular qualifications. The employer pays a part of their wage, with the government topping this up. The group training organisation handles all the paperwork and payment of the apprentices. They only provide apprentices to companies that they feel are competent to carry out work-based training.

Questions

- 1 In what ways do the group training schemes involve on-the-job training?
- 2 How do they additionally involve off-the-job training?
- 3 How do employers and apprentices in Australia benefit from the group training schemes?

Training is important for employees at every level in the organisation and at every stage of their career. New employees will learn how to fit into the organisation and how to develop the skills they need. Experienced employees can upgrade their knowledge and skills.

Management training is also important. Managers need to learn how to manage and motivate others. They also need to learn complex job skills and keep up to date with the latest developments in their field. A new manager will often work for a few months in a number of departments in a company to gain an understanding of how the various parts of the organisation fit together.

SUMMARY QUESTIONS

- 1 Martha completed a university degree in business studies and then went to work as an accountant for 2 years. She now wants to become a business studies teacher. What types of on-the-job and off-the-job training would be helpful to Martha in preparing her to become a skilled business studies teacher?
- 2 Prakesh is about to start a job at a supermarket involving a range of general duties that include shelf stacking and managing a cash till. What sort of induction activities should Prakesh be given in his first week at work? Explain why you have suggested these activities.
- 3 What sort of training would you expect to receive for a job that you are currently interested in doing once you leave school? Where is this training likely to take place?

KEY POINTS

- 1 Training improves employee knowledge and skills and helps an organisation to have effective workers with the right skills.
- 2 On-the-job training takes place internally within an organisation. Off-the-job training takes place externally.
- 3 Induction training enables new employees to settle in quickly and learn their responsibilities.
- 4 Ongoing training keeps employees up to date with new developments and enables them to learn new skills.
- 5 Management training enables motivation and effective management of employees.

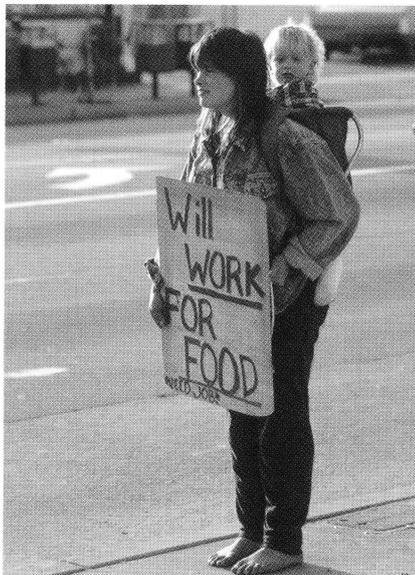
LEARNING OUTCOMES

Explain the difference between dismissal and redundancy.

- Use examples to illustrate the difference.

Appreciate why the workforce of a business may need to be reduced.

- Understand the circumstances when downsizing a workforce occurs (e.g. automation, closure of a factory).



The global economic crisis in 2008–9 led to many companies creating redundancies by closing down plants and cutting their workforces

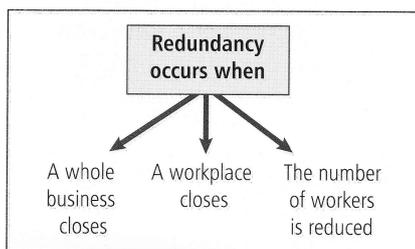


Figure 11.4.1 Redundancy

Employers cannot guarantee everyone a job for life. There are times when a company has to close down all or part of its operations because they are not profitable; in these situations, jobs will have to be cut.

At other times, an employer may have to dismiss an employee – for example, because he or she is not competent in their job, or because they have behaved in an unacceptable way. In all countries, there are laws with which employers must comply when they dismiss employees. A distinction is made between fair and unfair dismissal.

Dismissal

Dismissal occurs when an employer terminates a worker's employment contract. There are many reasons for dismissal, which may be fair or unfair. Employees can be fairly dismissed for, say, poor timekeeping, stealing company property, bullying and harassing other workers or criminal damage to the workplace. The exact legal requirements vary from country to country. There are instances, however, when law courts decide that unfair dismissal has occurred. A worker might prove, for example, that the true cause for dismissal was some form of prejudice, which would be unfair.

Redundancy

Redundancy occurs when a job role is no longer required. The person in that role therefore loses their job.

Redundancy involves either the closure of a business as a whole, closure of a particular workplace where the employee was employed, or a reduction in the workforce. As a result of redundancy, employees are no longer required to perform particular job roles.

It is important that managers handle redundancy very carefully. Poor handling can lead to bad feelings among those made redundant, as well as among remaining workers and in the community as a whole. At the least, managers must make sure that they comply with employment law, particularly in relation to fairness. Typically, the law will set out requirements for a redundancy payment; this is related to how long the employee has worked for a company.

Why do redundancies occur?

Redundancy may occur when a business downsizes and reduces its labour force. This happened in most countries across the world in 2008 and 2009. A world economic crisis resulted from poor decisions in the banking industry (see Unit 13.9) and millions of people worldwide lost their jobs. Some businesses shut down, others closed down some of the plant, while many others made some of their workforce redundant. In manufacturing, many factories, particularly in the automotive industries, were closed. At the same time, many services jobs were cut – for example, there were many bank closures. In some cases, this involved the closure of branches of a bank; in others, the whole bank was closed. The American bank Lehman Brothers was a famous example.

Retrenchment means cutting down expenditure to become more financially stable. In many companies, the wage bill accounts for 70 per cent of costs, so this is often the easiest area to reduce. Retrenchment, therefore, often refers to reducing the labour force, and the word was seen several times in newspapers in 2009.

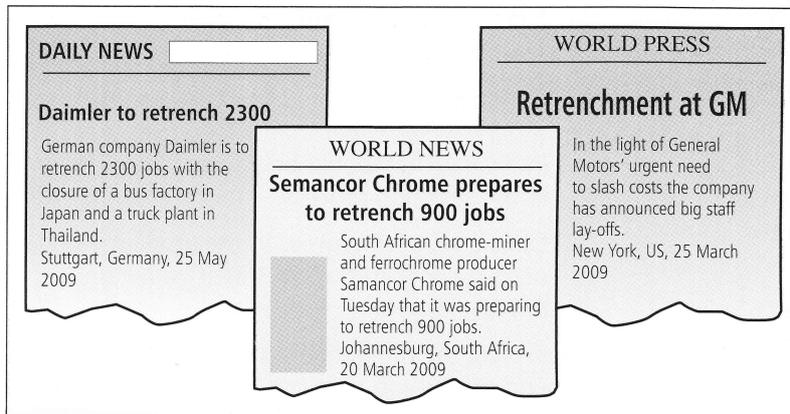


Figure 11.4.2 The need for retrenchment hit companies across the world in 2009

Other causes of redundancies are:

- Focus: sometimes, directors of a company believe that it has grown too large, is trying to do too many things and, as a result, is not performing well. The directors will then seek to focus the business on what it does best and announce redundancies in 'non-core activities' or 'non-core markets'. So a company that has retail outlets in India, China, the United States and Norway might decide that the Norwegian market is too small and decide to focus on the other three areas.
- Automation: machinery may take over work previously carried out by people. Computer systems often reduce numbers of staff. Most banks, for example, offer phone services so that a customer can call the bank and hear a message giving details of their accounts. Phone messages are automatically generated by computer rather than a human operator.

SUMMARY QUESTIONS

- 1 Write down definitions of the following terms: redundancy, dismissal, retrenchment, downsizing.
- 2 Provide two examples of situations in which an employee might be made redundant. Then provide an example of a situation where an employee might be dismissed for reasons other than redundancy.
- 3 In your view, would the following examples illustrate fair or unfair dismissal? Justify your answers.
 - A business sustains losses for several years and is forced to close one of its factories. In consultation with the trade union, it agrees which of these factories to close. In line with legal requirements, it provides redundancy pay, depending on how long employees have worked for the company.
 - A company needs to make cutbacks because it has lost a major order. It informs the employees that those who have been working the longest will be made redundant because their wages are too high.

EXAM TIP

Understand the difference between redundancy and dismissal: a worker is made redundant because their job has disappeared. Workers made redundant may get financial help, while those who are dismissed do not.

ACTIVITY

Find out about the law covering dismissal from work in your country. For what reasons can an employee be fairly dismissed? In what situations would the law courts decide that the dismissal was unfair? What does an employer need to do before they can 'fairly' dismiss an employee? Does an employee need to be warned before they can be dismissed?

KEY POINTS

- 1 A business cannot guarantee a job for life. At times, it may need to reduce the number of employees.
- 2 Dismissal takes place when an employee's contract of employment is terminated (ended). There are legal requirements relating to dismissal.
- 3 Redundancy results when a business shuts down, closes part of its operations or cuts down the workforce. There are legal requirements relating to redundancies.

SECTION 1: Short-answer questions

- 1 Identify and explain TWO reasons why a business may need to recruit employees. [4]
 - A senior accountant
 - A city taxi driver [6]
- 2 What is the difference between internal and external recruitment? [3]
- 3 Using the example of a call centre business, identify and explain TWO reasons why a team leader's position may be recruited internally. [4]
- 4 Using the example of a market research company, identify why a new researcher may be recruited externally. [4]
- 5 Explain why a business may create a shortlist for candidates to interview. [4]
- 6 Analyse TWO reasons why a business may fail to recruit a suitable candidate for a senior manager position. [6]
- 7 Explain, with examples, the difference between a job description and a person specification. [4]
- 8 State FOUR important pieces of information that must be included in a job advertisement. [4]
- 9 Identify and explain appropriate places where the following jobs might be advertised.
 - A bakery shop assistant
- 10 For each of your answers to Question 9, explain a test, other than a face-to-face interview, that would be appropriate to help in the selection process. [6]
- 11 Explain why 'employees in the modern world need training throughout their working lives'. [4]
- 12 Explain the difference between on-the-job and off-the-job training. [4]
- 13 Explain why apprenticeships are a popular method of training in occupations such as electricians and plumbers. [4]
- 14 Analyse why induction training is so important for new factory employees. [4]
- 15 Analyse ONE possible disadvantage to a business of gaining a reputation for offering the best training in the industry. [4]
- 16 Explain, with examples, TWO differences between redundancy and dismissal. [4]
- 17 Analyse ONE objective a business may be trying to achieve by making some middle-management roles redundant. [4]

SECTION 2: Longer-answer questions

The new low-cost airline

Skyways is a new privately owned airline, based in Malaysia. The company has a growing fleet of Airbus planes and is expanding its network of routes on a weekly basis. Fares are low, which is encouraging new air travellers. Skyways is finding it difficult to recruit suitable cabin crew staff, as there is a shortage of trained personnel available, so the airline is now looking abroad for pilots and senior crew. Skyways have also introduced their own staff training programme for more junior customer service agents and ground staff.

- 1 Identify and explain TWO reasons why Skyways needs to recruit trained staff. [4]
- 2 Identify TWO items that may appear in the job description and TWO items from a likely person specification for a Skyways cabin crew vacancy. [4]
- 3 Analyse TWO possible business problems that may occur as a result of Skyways recruiting air crew from other countries. [6]
- 4 Identify and explain THREE tests, other than a face-to-face interview, that Skyways might use to screen job applicants. [6]

5 Skyways' general manager has expressed the view: 'If we spend a lot of money on staff training it will be wasted, as staff will leave for

jobs with other airlines'. Do you agree with him? Justify your answer. [6]

Crisis at the Orange Grove Drinks Company

The Orange Grove Drinks Company is a major employer in a small Spanish town. Orange juice and other soft drinks are processed and bottled by machine, before being stored in warehouses and sent for sale throughout Europe. However, the company has been losing market share to big multinational companies and the modern taste for smoothie fruit drinks, which at present the company does not provide. There has also been a problem of contamination at the factory, as a result of a group of workers failing to sterilise equipment – fortunately, a quality check picked up this mistake before the contaminated juice was bottled. The business is now in bad financial trouble and the banks are threatening to withdraw support. Management has calculated that they will need to cut the workforce by 20 per cent to save on costs.

- 1 Explain the term 'major employer' in this case. [2]
- 2 Analyse why Orange Grove may consider dismissing those individuals who caused the factory contamination. [4]
- 3 Analyse TWO possible ways that the management of Orange Grove could select jobs for redundancy. [6]
- 4 To what extent do you agree that all employees should receive regular training in health and safety? [6]
- 5 Orange Grove is trying to get a local government grant to help it retain all the existing staff and develop new production techniques. Do you agree that the company should receive money from local taxpayers? [6]

The ICT skills training company

The TeachIT company is a privately owned enterprise in Kenya. It provides business with staff ICT training at their own training centre in Nairobi. The company also receives money from the local Ministry of Education to advise on ICT education in schools. The company is successful, but is also becoming a victim of its success, as children are leaving school and starting work with good ICT skills, so there is therefore less need for TeachIT's services. The company is now trying to diversify into training in leadership skills, as their market research indicates that this is a growing area of need in business.

- 1 Identify and explain TWO possible reasons why businesses may outsource their ICT training to companies such as TeachIT. [4]

- 2 Identify and explain TWO reasons why ICT training in schools may be a priority for many governments around the world. [4]
- 3 Analyse ONE advantage and ONE disadvantage for business of this type of off-the-job training in ICT skills. [4]
- 4 Evaluate the view that 'all managers will benefit from training in leadership and team-building skills'. [6]
- 5 TeachIT's managing director tells his customers that 'good staff training is one sure way to business success'. To what extent do you agree with him? [6]