1. Details of Module and its structure

Module Detail	
Subject Name	Business Studies
Course Name	Business Studies 03 (Class XII, Semester - 1)
Module Name/Title	Staffing – Staffing process, meaning and sources of recruitment. Merits and demerits of internal and external sources of recruitment
Module Id	Lebs_10602
Pre-requisites	Concept , importance of Staffing and Staffing as a part of Human Resource Management
Objectives	After going through this lesson, the learners will be able to understand the following: 1. Describe the steps in the process of staffing 2. Recruitment process 3. Understand the meaning of recruitment. 4. Discuss the sources of recruitment. 5. Explain the merits and demerits of internal and external sources of recruitment
Keywords	Process of staffing, Recruitment process, Recruitment, Sources of recruitment

2. Development team

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Steps in Staffing Process:

Staffing Process

(i) **Estimating the Manpower Requirements**: Understanding manpower requirements is not merely a matter of knowing how many persons we need but also of what type. Operationally, understanding the manpower requirements would necessitate workload analysis on the one hand and workforce analysis on the other.

a. **Workload analysis** would enable an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.

b. **Workforce analysis** would reveal the number and type available. In fact such an exercise would reveal whether we are understaffed, overstaffed or optimally staffed.

It may be pointed out that neither over-staffing nor understaffing is a desirable situation.

- **Understaffed** means there are less number of people available as compare to required. A situation of understaffing would necessitate the starting of the recruitment process

- **Overstaffed** means there are more number of people available as compare to requirement. A situation of overstaffing somewhere would necessitate employee removal or transfer elsewhere.
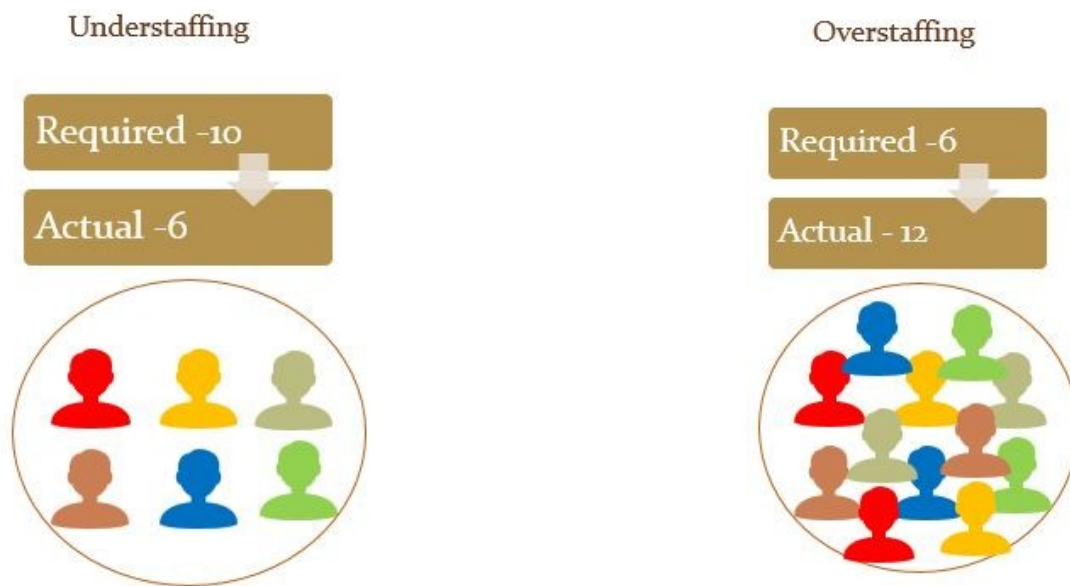
c. Translate the manpower requirements into specific job description and the desirable profile of its occupant — the desired qualifications, experience, personality characteristics etc.

(ii) **Recruitmen**t: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization. The information generated in the process of writing the job description and the candidate profile may be used for developing the situations vacant advertisement.

The essential objective is to create a pool of the prospective job candidates.

In fact, there are a large number of recruitment avenues available to a firm .Both internal and external sources of recruitment may be used.

(iii) **Selection**: Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment**.**

Selection

The selection process serves two important purposes:

a. It ensures that the organisation gets the best among the available, and

b. It enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation.

Basis	Recruitment	Selection
1. Meaning	It is process of searching and motivating candidates to apply for a job	It is process of staffing which rejects unsuitable candidates
2. Sequence	It proceeds selection is the process of staffing	It follows the steps of requirement in process of staffing .
3. Scope	It is restricted to the expense of receipt of application	It includes sorting of the candidates .
4. Purpose	The basic purpose is to create a large pool of applicants for the job.	The basic purpose is to eliminate as many candidates as possible until the most suitable candidates get finalized.
5. Nature of process	Recruitment is a **positive process** in the sense that more and more applicants are sought to be attracted.	Selection is **negative process** in the sense that more application are rejected than selected.

(iv) **Placement and Orientation**: The employee is given a brief presentation about the company and is introduced to his superiors, subordinates and the colleagues. He is taken around the

workplace and given the charge of the job for which he has been selected. This process of familiarization is very crucial and may have a lasting impact on his decision to stay and on his job performance. **Orientation** is, thus, introducing the selected employee to other employees and familiarizing him with the rules and policies of the organization.

Placement refers to the employee occupying the position or post for which the person has been selected.

(v) **Training and Development**: By offering the opportunities for career advancement to their members, organisations are not only able to attract but also retain its talented people. Training is the process by which attitudes, skills and abilities of employees to perform specific jobs are increased. Development refers to the learning opportunities designed to help employees grow. It is the process by which the employees acquire skills and competence to do their present jobs and increase their capabilities for higher jobs in future.

(vi) **Performance Appraisal:** After the employees have undergone a period of training and they have been on the job for some time, there is a need to evaluate their performance. Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. The employee is expected to know what the standards are and the superior is to provide the employee feedback on his/her performance. The performance appraisal process, therefore, will include defining the job, appraising performance and providing feedback

(vii) **Promotion and career planning:** It becomes necessary for all organisations to address career related issues and promotional avenues for their employees. Managers need to design activities to serve employees' long-term interests also. They must encourage employees to grow and realise their full potential. Promotions are an integral part of people's career They refer to being placed in positions of increased responsibility. It usually means more pay, responsibility and job satisfaction.

(viii) **Compensation**: All organisations need to establish wage and salary plans for their employees. There are various ways to prepare different pay plans depending on the worth of the job. Basically the price of the job needs to be determined.

Compensation, therefore, refers to all forms of pay or rewards going to employees.
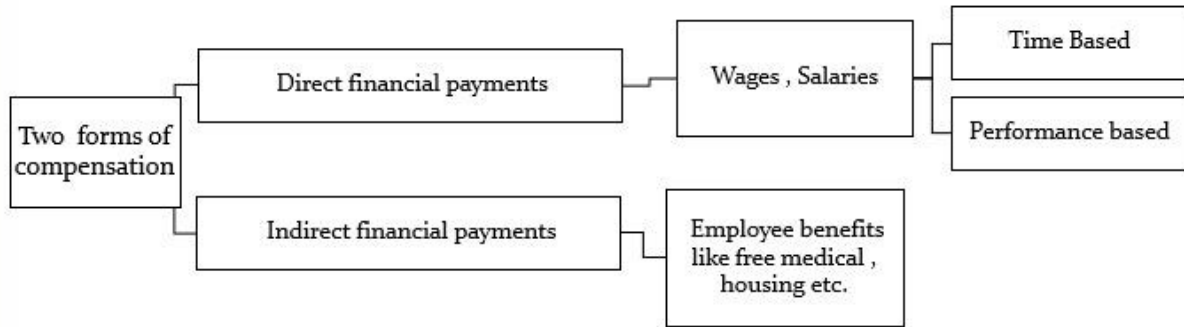
It may be in the form of

1. **Direct financial payments** like wages, salaries.

Direct financial payments are of two types:

- Time based: A time based plan means salary and wages are paid either daily, weekly or monthly or annually.
- Performance based. A Performance based plans means salary/wages are paid according to piecework. For example, a worker may be paid according to the number of units produced by him/her. There are many methods to calculate the compensation under various incentive plans to reward performance.

  Certain pay plans can be created which are a combination of time based pay plus incentives for higher performance.

2. **Indirect financial payments :**

It is a benefit given to an employee that has financial value, but is not a direct monetary payment. It is often referred to as a non-cash benefit.

Examples: employer paid insurance, retirement plans and vacations.

In certain circumstances, these non-cash benefits may be more valuable to an employee than a high salary or wage.

Other factors influencing the design of pay plan

Besides there are some other factors also which influence the design of any pay plan, like

- legal (labour laws)
- union
- company policy and
- equity

It needs to be kept in mind that several factors such as supply and demand of specific skills in the labour market, unemployment rate, labour market conditions, legal and political considerations, company's image, policy, human resource planning cost, technological developments and general economic environment etc., will influence the way recruitment, selection and training will be actually carried out.

Primary/Major Aspects of Staffing

Aspects of Staffing
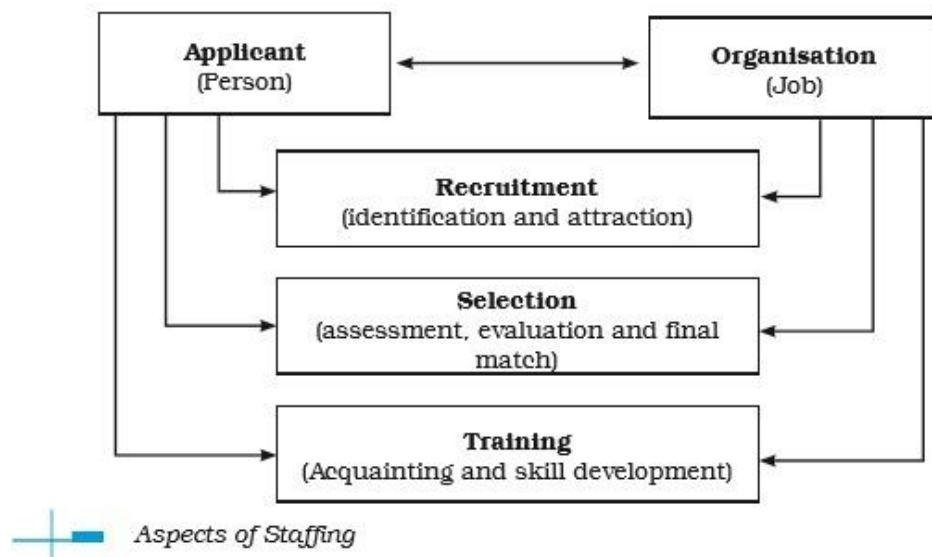
There are three important aspects of staffing:

- **Recruitment:** It is a positive step which aims at attracting number of candidates to apply for the given job. The higher the number of people who apply for a job, the higher will be the possibility of getting a suitable employee.
- **Selection:** Selection, on the other hand is a negative process in which a person is selected and the others are rejected. It aims at selecting the most rateable person out of the candidates who have applied for the job.
- **Training:** Training is concerned with up gradation of the knowledge and skills of the employees so that their ability to perform can be enhanced.

Recruitment - Meaning and Sources:

Process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

The **various activities involved with the process** of recruitment includes

- Identification of the different sources of labor supply,

- Assessment of their validity,

- Choosing the most suitable source or sources

- Inviting applications from the prospective candidates, for the vacancies.

Sources of recruitment of employees

- Internal Sources

- External Sources

Sources of Recruitment

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            Two
          Sources
         /        \
   Internal      External
   Sources       Sources
   /      \
Transfers  Promotion
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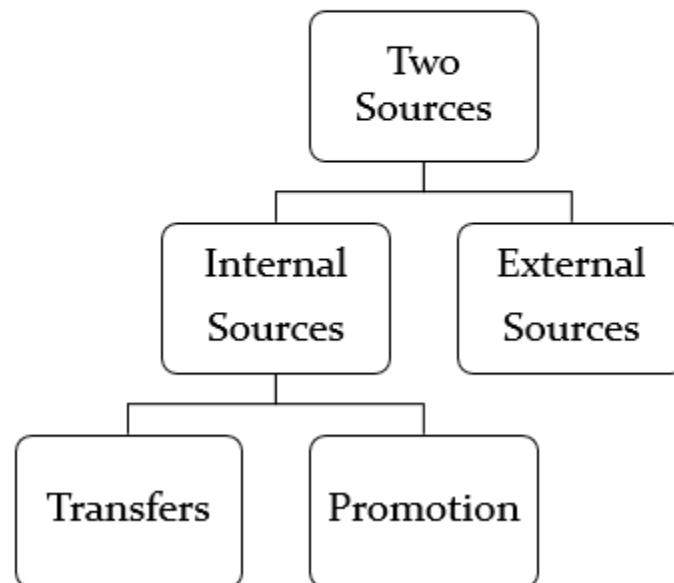
Internal Sources

1. Transfers
2. Promotions

External Sources

1. Direct recruitment
2. Casual callers

3. Advertisements

4. Employment exchanges

5. Placement agencies and management consultants

6. Campus recruitments

7. Recommendation of

8. employees

9. Labour contractors

10. Advertisement on TV

11. Web publishing

I. **Internal Sources of Recruitment**:

i. **Transfers:**

It involves shifting of an employee from one job/department/ shift to another, without substantive change in the responsibilities and status of the employee. It is called as **horizontal shifting of employees**
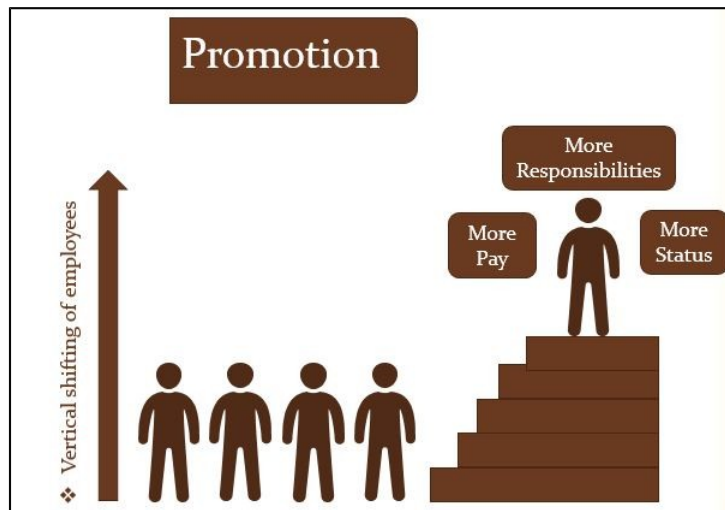

- It may lead to changes in duties and responsibilities, working condition etc., but not necessarily salary.
- Shortage of suitable personnel in one branch may be filled through transfer from other over staffed branch or department.
- Helpful in avoiding termination and in removing individual problems and grievances.
- Transfers can also be used for training of employees for learning different jobs.

ii. **Promotions:**

Promotion leads to shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay.

- Promotion is a vertical shifting of employees.
- It Improves motivation, loyalty and satisfaction level of employees.

Difference between Transfer and Promotion

Basis	Transfer	Promotion
Meaning	It involves shifting of an employee from one job/department/ shift to another, without substantive change in the responsibilities and status of the employee	Promotion leads to shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay.
Type of shifting	Horizontal shifting of employees	Vertical shifting of employees
Advantage	Helpful in avoiding termination and in removing individual problems and grievances. Transfers can also be used for training of employees for learning different jobs.	It Improves motivation, loyalty and satisfaction level of employees.

Merits - Internal Sources

1**. Motivated employees and higher morale of employees.**

If firm uses internal source of recruitment, the employees will be motivated as a promotion at a higher level may lead to chain of promotions at lower levels in the organisation .This motivates employees to improve through learning and practice.

Employees become committed, loyal and have job satisfaction Also peace prevails in the enterprise because of promotional avenues;

2. Simple and reliable

Internal recruitment also simplifies the process of selection and placement. The candidates that are already working in the enterprise can be evaluated more accurately and economically. This is a more reliable way of recruitment since the candidates are already known to the organisation;

3. Tool of training

Transfer is a tool of training the employees to prepare them for higher jobs. Also people recruited from within the organisation do not need induction training;

4. Adjustment of Surplus staff

Transfer has the benefit of shifting workforce from the surplus departments to those where there is shortage of staff. So helpful in avoiding terminations.

5. Cheaper

Filling of jobs internally is cheaper as compared to getting candidates from external sources as selection process is simplified and there is lesser requirement for tests and induction training.

Limitations - Internal Sources

1. Inbreeding

When vacancies are filled through internal promotions, the scope for induction of fresh talent is reduced. Hence, complete reliance on internal recruitment involves danger of 'inbreeding' by stopping 'infusion of new blood' into the organisation . Existing employees, even if promoted or transferred may continue to work and be behave in the same habitual ways, without any dynamism

2. Employees become lethargic

When firm uses internal source of recruitment like promotion, the employees tends to take things for granted and may become lethargic if they are sure of time bound promotions. They are not motivated to show better performance.

3. Not a complete source

A new enterprise cannot use internal sources of recruitment. Also no organisation can fill all its vacancies from internal sources; Suitable candidates may simply not to be available internally for some vacancies. In such cases, the enterprise has to look for external sources of recruitment.

4. Competition hampered

The spirit of competition among the employees may be hampered. In the absence of competition from qualified candidates from outside employees are likely to expect automatic promotion by seniority and sure prospect. Thus they may lose the drive for proving their worth

5. Reduce productivity of employees

Frequent transfers of employees may often reduce the productivity of the organisation as employee may take time to get accustomed to new place. Also any adhocism in this regard will create instability/insecurity among employees which will reduce their productivity.

II. **External Sources of Recruitment**:

1. Direct Recruitment

- A notice is placed on the notice board of the enterprise specifying the details of the jobs available.
- Job seekers assemble outside the firm on the specified date & selection is done on spot.
- This method is followed usually for casual vacancies of unskilled/ semiskilled jobs.
- Such workers are known as casual or 'badli' workers and they are paid remuneration on daily wage basis.

Benefits of Direct Recruitment:
- Very inexpensive, as it does not involve any cost of advertising the vacancies.
- Suitable for filling casual vacancies when there is a rush of work or when some permanent workers are absent.

2. Casual Callers
- Those looking for jobs often apply on their own initiative. They assume that certain vacancies are likely to arise, and apply without references to any job advertisement.

- Many reputed business organisation keep a database of unsolicited applicants in their offices. Such job-seekers can be a valuable source of manpower.
- A list of such job-seekers can be prepared & can be screened to fill the vacancies as they arise.
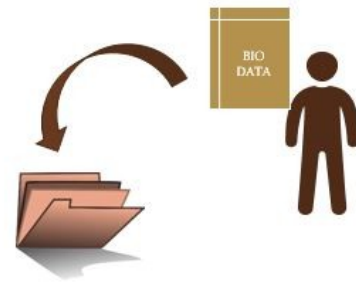
Benefits of casual Callers:

It reduces the cost of recruiting workforce in comparison to other sources.

3. Advertisement:

- Advertisement in newspapers or trade & professional journals is generally used when a wider choice is required.
- Most of the senior positions of industry as well as commerce are filled by this method.

Benefits of Advertisements:

- More information about the organisation and job can be given in the advertisement.
- Advertisement gives the management a wider range of candidates from which to choose.

Disadvantages:

- It may bring in a flood of response, and many times, from quite unsuitable candidates.

4. Employment Exchange:

- In India, employment exchanges have been set up by the government for bringing together job-seekers and employers who are looking for employees.
- Those who are in search of employment get themselves registered with the local Employment Exchanges which keep a record of all such persons in detail who require help in finding jobs.

- Employment exchanges run by the Govt. are regarded as a good source of recruitment for unskilled and skilled operative jobs.
- In some cases, law requires compulsory notification of vacancies to employment exchange.

Benefits:

- Help to match personnel demand &supply by serving as link b/w employees and employers.

Disadvantages:

- The records of employment exchange are often not up to date.
- Many of the candidates referred by them may not be found suitable.

5.   Placement Agencies & Management Consultants:

Placement Agencies

- Placement agencies provide a nationwide service in matching personnel demand and supply.
- Compile bio data of a large number of candidates & recommend suitable names to their clients.
- Such agencies charge fee for their services and they are useful where extensive screening is required.

Management Consultants

- Management consultancy firms help the organisations to recruit technical, professional & managerial personnel.
- They specialize in middle level and top-level executive placements.
- They even advertise the jobs on behalf of their clients to recruit right type of personnel.

6. **Campus Recruitment**:

- Refers to Recruitment from educational institutions
- Colleges and institutes of management and technology have become popular source of recruitment for technical, professional and managerial jobs.
- Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs.

7. Recommendation of Employees:

- Applicants introduced by present employees, or their friends and relatives may prove to be a good source of recruitment.
- Such applicants are likely to be good employees because their background is sufficiently known.
- A type of preliminary screening takes place because the present employees know both the company and the candidates and they would try to satisfy both.

8. Labour Contractors:

- Labour contractors maintain close contacts with labourers and they can provide the required number of unskilled workers at short notice.
- Workers are recruited through labour contractors who are themselves employees of the organisation
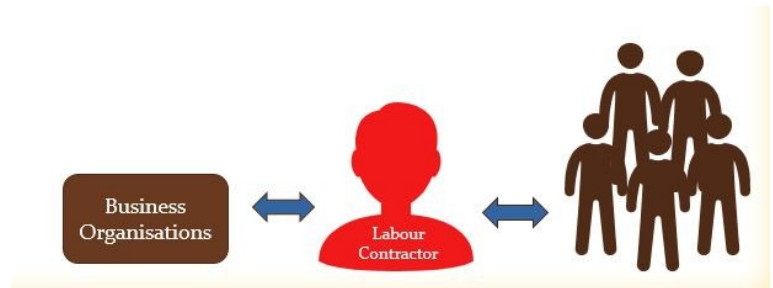
Disadvantages:

If the contractor himself decides to leave the organisation, all the workers employed through him will follow suit.

9. Advertising on Television:

- The practice of telecasting of vacant posts over TV is gaining importance these days.
- The detailed requirements of the job and the qualities required to do it are publicized along with the profile of the org where vacancy exists.

10. Web Publishing:

- Internet is becoming a common source of recruitment these days.
- There are certain websites specifically designed and dedicated for the purpose of providing information about both job seekers and job opening.
- In fact, websites such as www.naukri.com, www.jobstreet.com etc., are very commonly visited both by the prospective employees and the orgs searching for suitable people.

External Sources

Merits -

1. Qualified personnel

By using external sources of recruitment, the management can attract qualified and trained people to apply for vacant jobs in the organisation

2. Wider choice

When vacancies are advertised widely, a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.

3. Fresh talent

The present employees may be insufficient or they may not fulfill the specifications of the jobs to be filled. External recruitment provide wider choice and brings new blood in the organisation

4. Competitive Spirit

If a company taps external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

Limitations

**1. Dissatisfaction among existing staff**

External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.

2. Lengthy process

Recruitment from external sources takes a long time. The business has to notify the vacancies and wait for applications to

3. Costly process

It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.
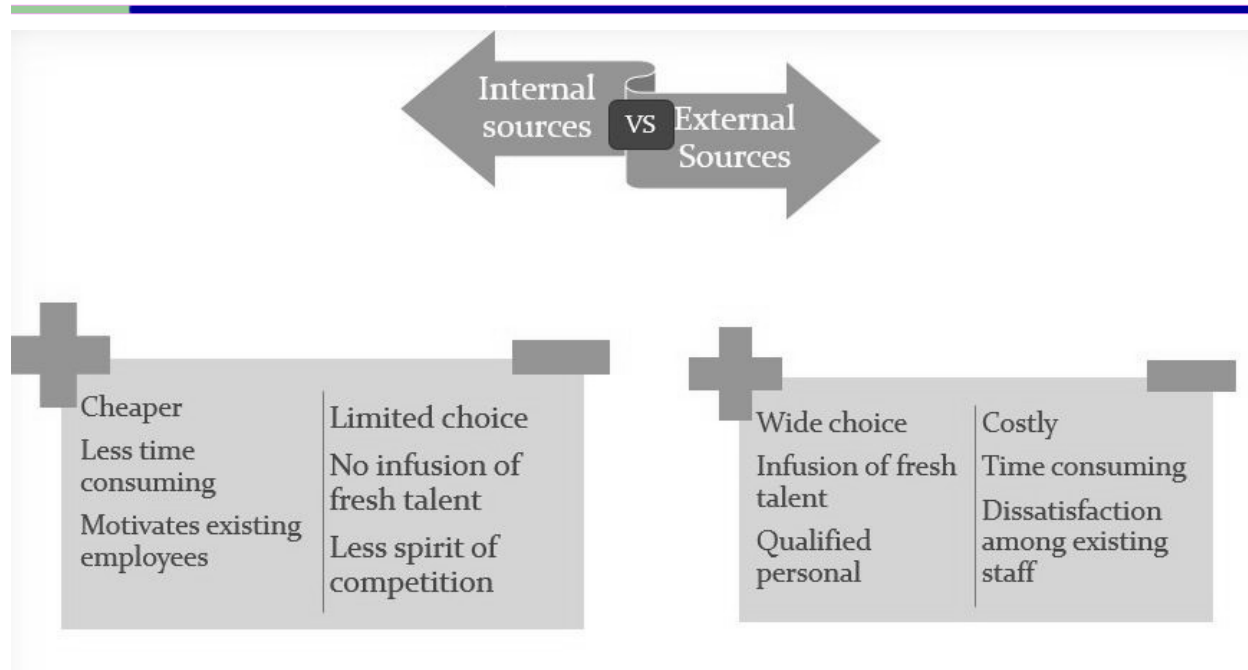
Difference between Internal and external sources of recruitment

Basis	Internal sources	External Sources
Choice	Limited choice	Wider Choice
Fresh Talent	The scope for induction of fresh talent is reduced.	It brings new blood/fresh talent in the organisation.
Competitive Spirit	The spirit of competition among the employees may be hampered	Competitive Spirit increase in existing staff
Cost and time involved	Cheaper and less time consuming	Expensive and Time consuming
Qualified Personnel	Existing staff may be less qualified	More qualified people can be attracted
Effect on existing staff	Motivates existing staff	Dissatisfaction among existing staff