CHAPTER 2

LITERATURE REVIEW
Chapter 2

LITERATURE REVIEW

2.1 Recruitment

Recruitment is one of the major functions of HRM. It helps the manager to attract and select best candidates for the organization. Parry & Wilson (2009) stated that “recruitment includes those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees”. As success of service sector as in case of civil aviation industry depends upon the human capital, recruitment & selection of the right people into the service business is crucial to achieve organizational success (Zheng, 2009).

Raymond J. Stone (2005) in the fifth edition of his book Human Resource Management defines recruitment as the process of ‘seeking and attracting a pool of applicants from which qualified candidates for job vacancies within an organization can be selected.’

According to Edwin B. Flippo, “Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”. (1979)

Recruitment is an activity that links the employers and the job seekers. So we can say that recruitment is a process of finding and attracting capable applicants for
employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applications from which new employees are selected.

In simple terms, recruitment is understood as the process of searching for and obtaining applicants for jobs, from among whom the right people can be selected. Though, theoretically, recruitment process is said to end with the receipt of applications, in practice the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

2.1.1 Factors Governing Recruitment

Given its key role and external visibility, recruitment is naturally subject to influence of several factors. These include external as well as internal forces.

A) External Factors

The condition of the labor market plays a big role in determining the recruitment sources for the organization. During periods of high unemployment, organizations may be able to maintain an adequate supply of qualified applicants from unsolicited resumes alone. A tight labor market, one with low unemployment, may force the employer to advertize heavily and/or seek assistance from local employment agencies. (Snell, 2012)

Labour-market conditions in a local area are of primary importance in recruiting for most non-managerial, supervisory and middle-management positions. (Mandy, 1981)

However, so far as recruitment for executive and professional positions is concerned, conditions of all India market are important.
Another external factor is political and legal considerations. Reservation of jobs for SCs, STs, minorities, and OBCs is a political decision. There is a strong case for giving preference to people hailing from less-advantaged sections of the society. Reservation has been accepted as inevitable by all sections of the society. The Supreme Court also has agreed upon 50 percent reservation of seats and jobs.

In India, we have central and state acts dealing with labour. They cover working conditions, compensation, retirement benefits, and safety and health of employees in industrial establishments. There are acts which deal with recruitment and selection. We have the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959, which mandates that employers (industrial establishments employing 25 workers each and above) must notify the vacant positions to the employment exchanges. The Apprentices Act 1961, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Factories Act, 1948, and the Mines Act, 1952 also deal with recruitment. Above all these, we have the Constitution which prohibits discrimination in matters of employment and also provides for protective discrimination to the less-privileged sections of the society.

Preferences to sons of the soil is another political factor. Political leaders clamour that preferences must be given to the people of their respective states in matters of employment.

The employment brand of the organization also matters in attracting large number of job seekers. Blue chip companies attract large number of applications. Often, it is not
the money that is important. It is the perception of the job seekers about the company that matters in attracting qualified prospective employees.

B) Internal Factors

The above are some of the external factors influencing the recruitment function of an organization. In addition to these, there are certain internal forces which deserve consideration while recruiting personnel.

One such internal factor is the recruiting policy of the organization. Most organizations have policies on recruiting internally (from own employees) or externally (from outside the organization). Generally, the policy is to prefer internal sourcing, as own employees know the company well and can recommend candidates who fit the organization’s culture.

Another related policy is to have temporary and part-time employees. “Temps” are typically used for short-term assignments or to help when managers cannot justify hiring a full-time employee, such as for vacation fill-ins, for peak work periods, or during an employee’s pregnancy leave or sick leave. Increasingly, temps are being employed to fill positions once staffed by permanent employees. This practice is growing because temps can be laid off quickly, and with less cost, when work lessens. (Snell, 2012)

In multinational corporations (MNCs), there is the policy relating to the recruitment of local citizens. MNCs operating in our country prefer local citizens as they can understand the local languages, customs, and business practices better.
A major internal factor that can determine the success of the recruiting program is whether or not the company engages in Human Resource Planning. In most cases, a company cannot attract prospective employees in sufficient numbers and with required skills overnight. It takes time to examine the alternatives regarding the appropriate sources of recruits and the most productive methods for obtaining them. Once the best alternatives have been identified, recruiting plans may be made. (Mandy, 1981) Effective HRP greatly facilitates the recruiting efforts.

Size is another internal factor having its influence on the recruiting process. An organization with one hundred thousand employees will find recruiting less problematic than an organization with just one hundred employees. Cost of recruiting is yet another internal factor that has to be considered. Recruiting costs are calculated per new hire and the figure is considerable now-a-days. Recruiters must, therefore, operate within budgets. Careful HRP and forethought by recruiters can minimize recruitment costs. One cost saving measure, for instance, is recruiting for multiple job openings simultaneously. The best solution is to use proactive personnel practices to reduce employee turnover, thus, minimizing the need for recruiting. Evaluating the quality, quantity and costs of recruitment helps ensure that it is efficient and cost-effective. (Werther, 1993)

Finally, an organization registering growth and expansion will have more recruiting on hand than the one which finds its fortunes declining.
2.1.2 Recruitment Process

As stated earlier, recruitment refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants. The process comprises of five interrelated stages: (i) planning, (ii) strategy development, (iii) searching, (iv) screening, and (v) Evaluation and control. The ideal recruitment program is the one that attracts a relatively large number of qualified applicants who will survive the screening process and accept positions with the organization when offered. Recruitment program can miss the ideal in many ways: by failing to attract an adequate applicant pool, by under/over selling the organization, or by inadequately screening applicants before they enter the selection process. (Heneman, 1986) Thus, to approach the ideal, individuals responsible for recruitment process must know how many and what types of employees are needed, where and how to look for individuals with the appropriate qualifications and interests, what inducements to use or avoid for various types of applicants groups, how to distinguish applicants who are underqualified from those who have a reasonable chance of success, and how to evaluate their work.
Following Model Depicts the Flow of the Recruitment Process:

Personnel Planning or Human Resource Planning as it is called in recent times is required to understand the job vacancies that are available in the organization at any given point. Barber (1998) discussed the recruitment function more closely related to the organization’s strategic human resource planning. From the organization’s perspective, developing a recruitment strategy involves three basic decisions, determining the target population, determining the applicant source, and deciding how to attract applicants to the organization. Recruiting is not just a game of human numbers anymore. For HR professionals, this means going a step further than developing a recruitment plan. It means working closely with management on shaping organization
culture and looking closely at the job attribute preferences of its current and future employees. One liability of the HR professional is to converse the attributes of a particular job undoubtedly.

This along with job analysis leads to Recruitment Planning from which stage the actual recruitment process will start. The job analysis identifies the tasks, responsibilities and outcomes required of a job as well as identifying the knowledge and skills required to perform within the position (Compton and Nankervis, 1998).

2.1.2.1 Recruitment Planning

The first stage in recruitment process is planning. Planning involves the translation of likely job vacancies and information about the nature of these jobs into a set of objectives or targets that specify the (i) number and (ii) type of applicants to be contacted.

A) Number of Contacts

Organizations, nearly always, plan to attract more applicants than they will hire. Some of those contacted will be uninterested, unqualified or both. Each time a recruitment program is contemplated, one task is to estimate the number of applicants necessary to fill all vacancies with qualified people. (Heneman, 1986)

Companies calculate yield ratios (yRs) which express the relationship of applicant inputs to outputs at various decision points. The yRs must be used with circumspection. No yRs will be available for recruiting employees for the first time, or for recruiting sources or method that have not yet been tried. Recruiters in such
cases have to depend upon their counterparts in other organizations or make their own guesses. (Heneman, 1986)

**B) Type of Contacts**

This refers to the type of people to be informed about job openings. The type of people depends upon the tasks and responsibilities involved and the qualifications and experience expected. These details are available through job description and job specification.

**2.1.2.2 Strategy Development**

Once it is known how many and what type of recruits are required, serious considerations need to be given to (i) ‘make’ or ‘buy’ employees; (ii) technological sophistication of recruitment and selection devices; (iii) geographic distribution of labour markets comprising job seekers; (iv) sources of recruitment; and (v) sequencing the activities in the recruitment process. (Anthony, 1993)

a) ‘Make’ or ‘Buy’

Organizations must decide whether to hire less skilled employees and invest in training and education programs or they can hire skilled labour and professionals. Essentially, this is the ‘make’ (hire less skilled worker) or ‘buy’ (hire skilled workers and professionals) decision. Organizations that hire skilled labour and professionals have to pay more for these employees.

‘Buying’ employees has an advantage in the sense that the skilled labour and professionals can begin the work immediately and little training may be needed. But
the high remuneration that the skilled workers and professional demand may outweigh the benefits.

b) Technological Sophistication

The second decision in strategy development relates to the methods used in recruitment and selection. This decision is mainly influenced by the available technology. The advent of computer has made it possible for employers to scan national and international applicant qualifications. Although impersonal, computers have given employers and job seekers a wider scope of options in the initial screening.

Technological advancement has made it possible for job seekers to gain better access. They have begun sending their CVs by email to number of organizations without wasting time and without spending money on travel.

Where to Look

In order to reduce costs, organizations look into labour markets most likely to offer the required job seekers. Generally, companies look into the national market for managerial and professional employees, regional or local markets for technical employees, and local markets for clerical and blue collar employees.

The above pattern will be modified by certain factors. One such factor is the location of the organization. A company located in a backward district like Bidar in Karnataka cannot confine itself to the local market for its requirement of managerial personnel. But the same company can depend on the local market, if it were located in Bangalore. Still another consideration is the state of the labour market. Local
shortage of blue collar employees compels organizations to conduct regional recruiting campaigns for these employees.

In the final analysis, organizations recruit where experience and circumstances dictate likely success. Recognizing this, many adopt an incremental strategy in which initial efforts are concentrated in regional or local labour markets and expanded only if these efforts fail to achieve the desired results. (Heneman, 1986)

**How to Look**

How to look refers to the methods or sources of recruitment. There are several sources and they may be broadly categorized into (i) internal and (ii) external.

A) **Internal Recruitment**

Internal recruitment is ‘when an organization seeks to fill job vacancies from existing personnel’ where on the other hand, external recruitment is ‘when managers look outside their own organization to fill supervisory, middle and higher-management positions’. This is necessary because the skills can't be found within the organization (Cook, 1998). Most of the organizations try to follow the policy of filling the job vacancies above the entry-level positions through promotions and transfers. By filling vacancies in this way, an organization can capitalize on the investment it has made in recruiting, selecting, training and developing its current employees, who might look for jobs elsewhere if they lack promotion opportunities. Companies are also more likely to promote from within than they have been in the past. Internal sources include
present employees, employee referrals, former employees, and former applicants.

((Messmer, 2004)

1. Present Employees

Promotions and transfers from among the present employees can be a good source of recruitment. Promotion to higher positions has several advantages. They are – (i) it is good public relations; (ii) it builds morale; (iii) it encourages competent individuals who are ambitious; (iv) it improves the probability of a good selection, since information on the individual’s performance is readily available; (v) it is cheaper than going outside to recruit; (vi) those chosen internally are familiar with the organization; and (vii) when carefully planned, promoting from within can also act as a training device for developing middle level and top level managers. (DeCenzo, 1989)

However, promotion can be dysfunctional to the organization as the advantage of hiring outsiders who may be better qualified and skilled is denied. Promotion also results in inbreeding which is not good for the organization.

Promotion, to be effective, requires using job posting, personnel records, and skill banks. Job Posting means notifying vacant job positions by posting notices, circulating publications or announcing at staff meetings and inviting employees to apply. This practice is not followed for senior positions which are generally filled with people hired from outside. Personnel records are also useful to effect promotions. Examining personnel records may help discover employees who are doing jobs below their educational qualifications or skill levels.
It may also help to track persons who have the potential for further training or those who have the right background for the vacant positions. Some companies develop skill banks that list current employees who have specific skills. (Dessler, 1988)

Another way to recruit from present employees is transfer without promotion. Transfers are often important in providing employees with a broad based view of the organization, necessary for future promotions.

2. **Employee Referrals**

The recruitment efforts of an organization can be greatly aided by employee referrals, or recommendations from the firm’s current employees about potential candidates. In fact, word-of-mouth recommendations are the way most job positions are filled. Managers have found that the quality of employee-referred applicants is normally quite high, since employees are generally hesitant to recommend individuals who might not perform well. Certain organizations also pay their employees for helping them acquire vibrant and hardworking candidates. Hr executives also believe that by rewarding employees who bring in their friends actually costs less than recruiting procedure and often attract better workers. (Snell, 2012)

Employees can develop good prospects for their families and friends by acquainting them with the advantages of a job with the company, furnishing cards of introduction, and even encouraging them to apply. This source is usually one of the most effective methods of recruiting because many qualified people are reached at a very low cost to the company. In an organization with a large number of employees,
this approach can provide quite a large pool of potential organizational members. Most employees know from their own experiences about the requirement of the jobs and what sort of people the company is looking for. Often employees have friends or acquaintances who meet these requirements. A major concern with employee recommendation is that the referred individuals are likely to be similar in type (for example, race and sex) to those who are already working for the company. (Snell, 2012)

3. Former Employees

Formal employees are also an internal source of applicants. Some retired employees may be willing to come back to work on a part time basis or may recommend someone who would be interested in working for the company. Sometimes, people who have left the company for some reason or the other are willing to come back and work. Individuals who left for other jobs, might be willing to come back for higher emoluments. An advantage with this source is that the performance of these people is already known. (Mathis, 1982)

4. Previous Applicants

Although not truly an internal source, those who have previously applied for the jobs can be contacted by e-mail, a quick and inexpensive way to fill an unexpected opening. Although ‘walk-ins’ are likely to be more suitable for filling unskilled and semi-skilled jobs, some professional openings can be filled by applicants to previous jobs. (Mathis, 1982)
B) **External Recruitment**

External sources far outnumber the internal methods. Specifically, sources external to an organization are professional or trade associations, advertisements, employment exchanges, college/university/institute placement services, walk-ins and write-ins, consultants, contractors, displaced persons, radio and television, acquisitions and mergers, and competitors.

1. **Professional or Trade Associations**

Many associations provide placement services for their members. These services may consist of compiling job seekers’ lists and providing access to members during regional or national conventions. Further, many associations publish or sponsor trade journals or magazines for their members. These publications often carry classified advertisements from employers interested in recruiting their members. Professional or trade associations are particularly useful for attracting highly educated, experienced or skilled personnel. Another advantage of these sources is that recruiters can zero in on specific job seekers, especially for hard-to-fill technical posts. (Leap, 1990)

2. **Advertisements**

These constitute a popular method of seeking recruits as many recruiters prefer advertisements because of their wide reach.

‘Want ads’ describe the job and the benefits, identify the employer, and tell those who are interested and how to apply. They are the most familiar form of employment advertising. For highly specialized recruits, advertisements may be placed in
professional/business journals. Newspaper is the most common medium. (Werther, 1993)

A number of factors influence the response rate to advertisement. There are three important variables – identification of the organization, labour market conditions, and the degree to which specific requirements are included in the advertisement.

Many organizations place what is referred to as a blind ad, one in which there is no identification of the organization. Respondents are asked to reply to a post office box number or to a consulting firm that is retained by the organization. Large organizations with national reputation will seldom use blind ads to fill lower level positions. However, when the organization does not wish to publicize the fact that it is seeking to fill an internal position, or when it seeks to recruit for a position in the place of a person likely to be displaced, a blind ad may be appropriate. This is especially true when the position to be filled is likely to draw an extraordinary number of applicants. Using the blind ad relieves the organization from having to respond to any individual who applies. Only those individuals the organization wishes to see are notified. Others are ignored as if they were never received.

Although blind ads can assist recruiters in finding qualified applicants, many individuals are reluctant to reply to them. Obviously, there is the fear, usually unjustified, that the advertisement has been placed by his/her employer. Also, the organization itself is a key determinant of whether the individual is interested. Therefore, potential candidates are often reluctant to apply. Further deterrents are the bad reputation that blind ads have received because of organizations that place
advertisement when no positions exist in order to test the supply of workers in the community, test their popularity among job seekers; to build a backlog of applicants; or to identify those current employees who are likely to fly away. (Decenzo, 1989)

A variation to this source of recruitment is that the advertisements are released by the job seekers themselves. Such advertisements describe the qualifications, experience and the areas of interest of the advertisers. It is upto the organizations to invite the advertisers for interview.

Advertisements must be effectively drafted before publishing/releasing them. Experienced advertisers use a four point guide called AIDA to construct their advertisements. First, attract ‘attention’, next develop ‘interest’ in the job, next create ‘desire’ and then instigate ‘action’ on part of an onlooker.

Most experts are of the opinion that advertisements must contain the following information – (i) the job content (primary tasks and responsibilities); (ii) a realistic description of working conditions, particularly if they are unusual; (iii) the location of the job; (iv) the compensation including the fringe benefits; (v) the job specifications; (vi) growth prospects and (vii) to whom one applies. It may also be remembered that a recruitment advertisement today has to do much more than announce that a company is looking for personnel. It has to sell the idea that the company and the job are perfect for the candidate. Further, recruitment advertisements can also serve as corporate advertisements, the latter positioned to build the company’s image. Cost-wise too, this arrangement suits companies.
Subramanian and Sridevi (1983) evaluated the adequacy of information provided through advertisements of both the public and private sector companies. It was found that companies in public sector were providing better job descriptions, job specifications and details about compensation, qualification, age and selection procedure than those in private sector. However, in providing a brief account of the company, both the sectors did not give complete details.

Breauh(1981), in a study of sources of recruitment of one hundred and twelve research scientists using subsequent job performance, absenteeism and work attitude as criteria, found strong source of recruitment effects; newspaper and college placement offices were in general poorer sources of employees than conventional advertisements in journals and self-initiated contracts.

3. Employment Exchanges

The National Employment Service, or Employment Exchange, operated by the Directorate General of Employment and Training, Ministry of Labor, runs over 900 Employment Exchanges in order to bring about a better matching of the demand for, and the supply of work opportunities. (Snell, 2012)

Employment exchanges have been set up all over the country in deference to the provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959. The Act applies to all industrial establishments having 25 workers or more each. The Act requires all the industrial establishments to notify the vacancies before they are filled. The major functions of the exchanges are to increase the pool of possible applicants and to do preliminary screening. Thus, the employment
exchanges act as a link between the employers and the prospective employees. These offices are particularly useful in recruiting blue collar, white collar and technical workers.

4. Campus Recruitment

Colleges, universities, research laboratories, sportsfields and institutes are fertile ground for recruiters, particularly the institutes. The Indian Institute of Management (IIMs) and the Indian Institute of Technology (IITs) are on the top of the list of avenues for recruiters. In fact, in some companies, recruiters are bound to recruit a given number of candidates from these institutes every year. The IIMs are an important source for recruiting management trainees.

Campus recruitment is going global with companies like Hindustan Lever, Citi Bank, HCL-HP, ANZ Grindlays, L&T, Motorola and Reliance looking for recruitees in global markets. Business schools in the US and the UK are a source of potential candidates for them. These candidates are Indians who have gone abroad for higher studies in management. Unlike in the past, these promising boys and girls are willing to return to India and take up assignments here. At least four reasons can be given to explain this trend. First, changes in the economic front have thrown open new opportunities in the home country. Second, quality of life in India has improved considerably. Third, it is becoming highly difficult for foreign students to secure work permits in the US. Fourth, sentiment and love for the mother country compels them to return to India.
The campus recruitment is so much sought after by the recruiters that each college, university department or institute will have to have a placement officer to handle recruitment functions.

Campus recruitment is often an expensive process, even if the recruiting process eventually produces job offers and acceptances. Majority of those would leave the organizations within the first five years of their employment. Some people attribute this high rate of turnover to the lack of challenges offered by the organizations. However, some employers fail to take full advantage of college and university resources because of a poor recruitment program. Problems notwithstanding, campus recruitment is the major source of recruitment for many prestigious companies. (Uchitelle, 2005)

5. Walk-ins, Write-ins and Talk-ins

The most common and least expensive approach for candidates is direct application, in which job seekers submit unsolicited application letters or resumes. Direct applications can also provide a pool of potential employees to meet future needs. From employees view point, walk-ins are preferable as they are free from the hassles associated with other methods of recruitment. While direct applications are particularly effective in filling entry-level and unskilled vacancies, some organizations compile pools of potential employees from the direct applications for skilled positions. (Bernardian, 1993)

Write-ins are those who send written enquiries. These job seekers are asked to complete application forms for further processing.
Talk-ins are becoming popular now-a-days. Job aspirants are required to meet the recruiter (on an appropriated date) for detailed talks. No application is required to be submitted to the recruiter.

6. Consultants

ABC Consultants, Ferguson Associates, Human Resources Consultants, Head Hunters, Batliboi and Company, Analytic Consultancy Bureau, Aims Management Consultants and The Search House are some among the numerous recruiting agencies. These and other agencies in the profession are retained by organizations for recruiting and selecting managerial and executive personnel.

Consultants are useful in as much as they have nationwide contacts and lend professionalism to the hiring process. They also keep prospective employers and the employees anonymous. But, the cost can be a deterrent factor. Most consultants charge fees from 8.33 percent to 30 percent of the first year salaries of the individuals placed.

7. Contractors

Contractors are used to recruit casual workers. The names of these workers are not entered in the company records and to this extent, difficulties experienced in maintaining permanent workers are avoided.

8. Displaced Persons

Siting and implementation of a project in an area would result in displacement of several hundred inhabitants. Rehabilitating the displaced people is a social responsibility of business. Such people are a source of recruitment, not only for the
project which caused the displacement, but also for other companies located elsewhere.

Rehabilitation of displaced persons is mandated by government, and the World Bank has made it a condition for granting assistance to the concerned country.

9. Radio and Television

Radio and television are used but sparingly, and that too, by government departments only. Companies in the private sector are hesitant to use the media because of high costs and also because they fear that such advertising will make the companies look desperate and damage their conservative image.

Radio and television can be used to reach certain types of job applicants such as skilled workers. Besides, there is nothing inherently desperate about using radio or television. Rather it depends upon what is said and how it is delivered that implies some level of desperation. (Schuler, 1989)

10. Acquisitions and Mergers

Another method of staffing organizations is a result of merger and acquisition process. When organizations combine into one, they have to handle a large pool of employees, some of whom may no longer be necessary in the new organization. Consequently, the new organization has, in effect, a pool of qualified job applicants (although they are current employees). As a result of the merger or acquisition, however, new jobs may be created as well. Both new and old jobs may be readily staffed by drawing the best qualified applicants from this employee pool. (Schuler, 1989)
In contrast to the other external methods, this one can facilitate the immediate implementation of an organization’s strategic plan. This ready pool may enable an organization to pursue a business plan, such as entering a new product line that would otherwise be unfeasible using standard recruiting methods. The need to displace employees and to integrate a large number of them rather quickly into a new organization, however, means that the personnel planning and selection process become more critical than ever.

11. Competitors

Rival firms can be a source of recruitment. Popularly called ‘poaching’ or ‘raiding’, this method involves identifying the right people in rival companies, offering them better terms and luring them away. Most glaring is the exodus of pilots from the Indian Airlines to join Private Air Carriers. The exodus is more pronounced in the financial sector.

There are legal and ethical issues involved in raiding rival firms for potential candidates. From the legal point of view, an employee is expected to join a new organization only after obtaining a ‘no objection certificate’ from his/her present employer. Violating this requirement shall bind the employee to pay a few months’ salary to his/her present employer as a punishment.

The ethical issue is more significant than the legal one. Should an employee desert the organization which has given training and offered him/her a job simply because someone else offers you a few thousand rupees more as compensation? Is money everything in life? Have loyalty and commitment lost their relevance?
Unfortunately, today’s young managers are known for rootlessness and job hopping. Loyalty to the organization is a thing of the past. A MBA of today is known to change jobs and organizations like changing one’s clothes. Clearly, this trend needs to be stopped. This is a challenge for the HR managers.

12. Internet Recruiting

The increasing use of technology to facilitate work processes has seen the face of recruitment undergo a change in Indian organizations. Companies now rely on e-recruitment in order to attract the right candidate, have a larger applicant pool available as well as save time and money. Both companies and applicants find the approach cheaper, faster, and potentially more effective. Organizations in India make use of the existing job portals for posting the relevant job descriptions and specifications of the openings they have. Job portals provide additional services of preliminary selection of the applicants based on criteria specified by the organizations. Companies may also create their own recruitment sections in the company website and invite applications, thus creating a database for the future. (Snell et al, 2012)

13. International Recruiting

Recruitment in foreign countries presents unique challenges to recruiters. In advanced industrial nations, more or less similar channels of recruitment are available for recruiters.

In less developed countries, the picture is different. Beyond employee referrals and embassy assistance, recruitees may find that they have to develop their own network
of contacts, ranging from newspaper reports to government officials in the host
country. Of particular importance are cultural conflicts, if any. Age-old animosities
may exist between different factories within the country, whether these be different
native tribes, various elements of a particular caste system, or rivals by virtue of long
standing tradition.

Global recruitment has many similarities with domestic efforts. Unfortunately, the
problems encountered by recruiters are often insurmountable. Members of two career
families may be reluctant to apply for overseas jobs. Immigration barriers,employment laws, and other obstacles may prevent a promising recruit from
becoming a bonafide applicant because of concerns about the spouse’s employment
possibilities. Cost of living differentials, moving expenses, education of children,
income tax requirements in the home and foreign countries, and housing expenses
are other common issues. These complexities apply whether the recruiter is trying to
fill an overseas position with a domestic employee or is trying to recruit a foreign
national in the home country.

When recruiting internationally, recruiters should become familiar with the
employment practices in the foreign country. Not only are employment contracts
different, but cultural expectations may lead to unforeseen problems. For example,
some Japanese regard working for foreign firms less prestigious than working for a
Japanese owned company. In Mexico, recruiting from competitors is seldom done,
so the common practice of hiring from competitors as a way to ensure a fast start up
may have to be modified or abandoned by recruiters interested in staffing jobs there.
Terrorism is taken very seriously with regard to overseas assignments and operations, as it seriously disrupts planning and recruitment. Needless to say, the level and extent of terrorist activities are unpredictable. The implications of the 1992 European Community are still unclear in terms of HR activities. Of course, the current state if virtually all former Eastern Block Nations makes planning and market forecasting for these new potential markets extremely tenuous. The skilled labour pool in the Asia-Pacific Region (i.e. Malaysia, Philippines, Singapore, Taiwan, Indonesia) is not very favourable. There is a shortage of skilled workers and professionals.

**When to Look**

An effective recruiting strategy must determine when to look – decide on the timings of events – besides knowing where and how to look for job applicants. Time Lapsed Data (TLD) will be highly useful in determining the timings. TLD shows the average time that elapses between major decision points in the recruitment process.

Suppose an analysis of TLD shows that in the past, it typically had taken 10 days for an advertisement to begin producing resumes, four days for invitations for interview to be issued, seven days to arrange for interviews, four days for the organization to make up its mind, ten days for the applicants offered jobs to make up their mind, and twenty one more days for those accepting offers to report for work. This suggests that vacancies must be advertised two months before they are expected to occur. (Heneman, 1986)
2.1.2.3 Searching

Once a recruiting plan and strategy are worked out, the search process can begin. Search involves two steps, (i) source activation, and (ii) selling.

Source Activation

Typically, sources and search methods are activated by the issuance of an employee requisition. This means that no actual recruiting takes place until line managers have verified that a vacancy does exist or will exist.

If the organization has planned well and done a good job of developing its sources and search methods, activation soon results in a flood of applications and/or resumes.

The applications received must be screened. Those who pass have to be contacted and invited for interview. Unsuccessful applicants must be sent letters of regret.

(Heneman, 1986)

Selling

A second issue to be addressed in the searching process concerns communications. Here, organizations walk a tightrope. On one hand, they want to do whatever they can to attract desirable applicants. On the other, they must resist the temptation of overselling the virtues.

In selling the organization, both the message and the media deserve attention. Message refers to the employment advertisement. With regard to media, it may be stated that effectiveness of any recruiting message depends on the media. Media are several – Some have low credibility (employment exchanges, for example) while
others enjoy high credibility (advertisements in business magazines, for example). Selection of medium or media needs to be done with a lot of care. (Heneman, 1986)

### 2.1.2.4 Screening

Screening of applications can be regarded as an integral part of the recruiting process, though many view it as the first step in the selection process. Even the definition of recruitment excludes screening from its scope. Actually, the selection process will begin after the applications have been scrutinized and shortlisted.

The purpose of screening is to remove from the recruitment process, at an early stage, those applicants who are visibly unqualified for the job. Effective screening can save a great deal of time and money. Care must be exercised, however, to assure that potentially good employees are not lost and that women and minorities receive full and fair consideration and are not rejected without justification.

In screening, clear job specifications are invaluable. It is both a good practice and a legal necessity that applicants’ qualifications be judged on the basis of their knowledge, skills, abilities and interests required to do the job.

The techniques used to screen applicants vary depending on the candidate sources and recruiting methods used. Interviews and application blanks may be used to screen walk-ins. Campus recruiters and agency representatives use interviews and resumes. Reference checks are also useful in screening. (Heneman, 1986)

### 2.1.2.5 Evaluation and Control

Evaluation and control is necessary as considerable costs are incurred in the recruitment process. The costs generally incurred are:
1. Salaries for recruiters

2. Management and professional time spent on preparing job description, job specification, advertisements, agency liaison, and so forth.

3. The cost of advertisements or other recruitment methods, that is, agency fees.

4. Cost of producing supporting literature.

5. Recruitment overheads and administrative expenses.

6. Costs of overtime and outsourcing while the vacancies remain unfilled.

7. Cost of recruiting unsuitable candidates for the selection process.

Questions should always be asked as to whether the recruitment methods used are valid and whether the recruitment process itself is effective.

Statistical information on the cost of advertisements, time taken for the process, the suitability of the candidates for consideration in the selection process should be gathered and evaluated. However, exercises seem to be seldom carried out in practice. (Beandwell, 1996)

2.1.3 Alternatives to Recruitment

Companies search for alternatives to recruitment because of the cost of recruiting. Three such alternatives are: a) overtime, b) employee leasing and c) temporary employment.

Overtime: When demand for product peaks, firm seeks to make present employees work overtime, instead of recruiting new hands. Overtime can also provide employees with additional income. But overtime results in fatigue, increased
accidents and more absenteeism. These developments and the need to pay double the wages add to the cost.

**Employee Leasing:** Often called “staff outsourcing”, employee leasing involves paying a fee to a leasing company or a consulting firm that handles payroll, employee benefits and routine HR functions for the client company. Leasing is particularly useful to small and medium sized firms that might not be able to maintain regular HR staff.

**Temporary Employment:** One of the effects of downsizing is the use of employees on temporary basis. Historically, temporary employment agencies were seen only as a source of semi skilled clerical help during peak work periods. Today, “just-in-time” employees can be found staffing all types of jobs in companies, including professional, technical and executive positions. (Iva hernich, 2004)

### 2.1.4 Studies in Recruitment in Civil Aviation

The focus of applied aviation psychologists and human factors researchers is largely on pilots and cockpit crews. The selection of pilots historically had been based almost exclusively on flying skills. The aviation community is now placing increasingly greater emphasis on a pilot’s potential to work well in a crew situation (Hedge et al, 2000). Research on the process used by British Airways to select pilots suggests the task of the current generation of managers in the airline business, as beginning with the selection and continued grooming of professional commercial pilots. (Lowe, 1995) Interpersonal skills, and not just technical skills, are slowly
becoming viewed as critical success factors for pilot performance and safety. In another study by Goeters (1995), it was found that nearly half of the problem cases in a study of 193 pilots were rooted in difficulties with interpersonal skills. In other words, it can be said, “measures of interpersonal skills/aptitudes were good predictors of whether or not a pilot became a problem case” (Monfries and Moore, 1996). Carriers and the aviation community as a whole are becoming increasingly aware of the need for pilots to be competent in crew resource management skills and that “successful completion of a flight or mission requires not only flying skills but the ability to work well in a crew situation.” (Hedge et al, 2000). Recruitment and selection, obviously, are critical components of this issue.

Case studies of outstanding aviation and airline organizations offer scattered but rich sources of anecdotal insights into the recruitment and hiring practices of successful airlines. One source offered very specific recruitment and selection guidelines. In a survey conducted by Business & Commercial Aviation, hiring experts were asked for their advice on how to hire the right technician. B & CA’s summary (Benoff, 2001) includes helpful tips on such issues as how to target job announcement locations, what to look for in a resume, how to assess the applicant’s work experience and career path, how to prepare for the interview, and how to conduct the interview and reference checks (Benoff,2001).

Falter wrote an entire dissertation on her employer, Duncan Aviation a leader in aviation service and maintenance who has received #1 rating for the last 25 years in Professional Pilot magazine’s annual survey for avionics and maintenance.
Falter (2000) provided the following information regarding the recruitment and hiring of employees: within one week of hire, the president of the company meets with all new employees as part of their orientation and to learn about the new people. A large percentage of new hires originated from internal referrals—as seen in 2000 when almost 50% of new hires were referrals from employees (Falter, 2000).

Atlas Air Inc., a Boeing 747 cargo aircraft operator with headquarters in Golden, Colorado, understands the importance of hiring for flexibility as a key factor in its low-cost operating success. Atlas has achieved high growth rates without accidents and at lower incremental personnel costs than many established international airlines and cargo carriers largely because of the scheduling flexibility and high productivity of its flight crew workers (Good, 1999). One reason for this flexibility may be found in what appears to be the company’s practice of hiring young crewmembers motivated by the prospect of flying a Boeing 747 aircraft—the envy of many pilots. Although Atlas employees are paid less than half the industry standard in wages (compared to established union airlines), “For many, Atlas Air is clearly the best opportunity even without a favorable change in compensation or work rules.” (Good, 1999)

Part of Southwest’s mandate to hire for the right fit is its dedication to ensuring employee diversity. According to Sherry Phelps, director of employment, Southwest tries to “mirror the population at large…. The U.S. census statistics are provided to all the recruiters responsible for hiring in our cities and they make a concerted effort
to make sure we have opportunities for everyone and reflect the outside population” (Hendersen, 1995).

In addition to the concern over hiring the right contact, or front line people, and good pilots with both technical and interpersonal skills, there is express concern regarding the availability of good management talent.

O’Toole (2001) refers to talented management as a “scarce commodity” that is likely to become even scarcer unless the industry invests more in its human resources. “The internal supply of airline executives will not, as it stands, be enough to meet demand. In Europe, recruitment activity at airports is booming.” (O’Toole, 2001) In another article, O’Toole (2000{b}) cites the observations of Michael Bell, who leads the global aviation practice at the executive search consultancy, Spencer Stuart. Bell believes that, “Regional airline executives must craft and execute robust business strategies, establish and defend niches in competitive markets and handle myriad operational issues that arise in the larger carriers.” (O’Toole, 2000 {b}) Because of this, regional carriers offer management talent as good as that found in major carriers.

Recruiting practices however, have become particularly focused concerning some airlines’ astute observation that diversity matters to customers and should be part of the organization’s hiring policy. Diversity is often discussed in lay and practitioner industry sources, not from the point of view of equal and fair treatment of employees, but as a marketing method particularly in discussions on recruitment. Hendersen outlines the growth of both women (International Society of Women
Airline Pilots) and black airline pilots (Organization of Black Airline Pilots, OBAP) associations challenging the old status quo. “About 30 years ago, the U.S. airline industry was an almost 100% white male bastion” (Hendersen, 1995). Little information can be found on the presence of women and minorities in the American transport industry, but airlines are learning how to successfully court and embrace diversity. At Southwest Airlines, a “leg up” is given to women and minorities by interviewing them ahead of other candidates” (Hendersen, 1995). At Southwest and America West, where both organizations claimed more than 50% of their employees were female. Both companies also have clear equal employment directives. At America West, a corporate statement of commitment regarding equal employment opportunity and affirmative action is maintained and updated annually in addition to a separate “nondiscrimination in employment policy that specifically touches upon harassment, including race, color, religion, national origin, age disability, veteran status, sex and in particular, sexual harassment” (Hendersen, 1995). As mentioned earlier in the section on recruitment, Southwest seeks to mirror population statistics in its hiring practices. United has also taken a stand and has declared its commitment to “providing opportunity for career advancement to women and minorities … [setting] aggressive affirmative-action goals and strongly [promoting] equal opportunity for all employees in the areas of recruitment, hiring and promotion…” (Hendersen, 1995)

Delta Airlines has also taken a number of industry-leading initiatives to promote the development of women and black pilots in an industry where only 5% of all pilots
are women and less than 1% is non-Caucasians (Black Enterprise, 2001). In June 2001, students began benefiting from Delta’s commitment to spend $1.6 million in pilot training scholarships in a joint program with Western Michigan University and the Organization of Black Airline Pilots. Delta has also targeted selected high schools around the US where it provides financial assistance, internships, job shadowing, and facilities tours. Employees provide program support by serving as mentors in the classrooms, sharing real-life experiences with the D-TCA [Delta Technical Career Academy] students. And, in another collaborative effort with OBAP, 30 boys and girls were brought to Ace Camp to gain first-hand knowledge of what it takes to be successful in the field of aviation (Black Enterprise, 2001).

Though recruitment and selection are theoretically two different topics to be studied, practically selection is the extension of recruitment program and hence the researcher thought it wise to include selection as a next logical step in recruitment for the purpose of this study.

### 2.2 Employee Selection

Selection is the process of picking individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. A formal definition of selection is:

- It is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job. (Stone, 1989)

The role of selection in an organization’s effectiveness is crucial for at least, two reasons. First, work performance depends on individuals. The best way to improve
performance is to hire people who have the competence and willingness to work. Second, cost incurred in recruiting and hiring personnel speaks volumes about the role of selection. Costs of wrong selection are much higher.

2.2.1 Selection Process

Selection is a long process, commencing from the preliminary interview of the applicants and ending with the contract of employment. However, the process differs among organizations and between two different jobs within the same organization.

2.2.1.1 Environmental Factors Affecting Selection

Selection is influenced by several factors. More prominent among them are supply and demand of specific skills in the labor market, unemployment rate, labor-market conditions, legal and political considerations, company’s image, company’s policies, HRP, and cost of hiring. The last three constitute the internal environment and the remaining form the external environment of the selection process.

2.2.1.2 Application Forms

Most organizations require application forms to be completed because they provide a fairly quick and systematic means of obtaining a variety of information about the applicant. Application forms should therefore be developed with great care and revised as often as necessary. (Snell et al, 2012)

Application forms serve several purposes. They provide information for deciding whether an applicant meets the minimum requirements for experience, education and so on. They provide a basis for questions the interviewer will ask about the
applicant’s background. They also offer sources for reference checks. (Snell et al, 2012)

Even when applicants come armed with elaborate resumes, it is important that they complete an application form early in the process. Individuals frequently exaggerate or overstate their qualifications on a resume. They also omit unflattering information. The consequences of falsifying information on application and resumes are frequently high.

One technique for anticipating problems of misrepresentation is to ask applicants to transcribe specific resume material onto a standardized application form. The applicant is then asked to sign a statement that the information contained on the form is true and that he or she accepts the employer’s right to terminate the candidate’s employment if any of the information is subsequently found to be false. (Babock, 2003)

However, application blanks and Bio-data information have rarely been studied by Indian researchers. However, in various studies abroad, efforts have been made to develop application blanks for selection purposes, considering various factors related to job success and procurement of a stable workforce. Researchers abroad have also reported validity of bio-data information indicating their importance and utilization to facilitate an effective selection program. Dwivedi correlated personal history data of employees with their composite merit ratings score in a printing press. Analysis of results revealed low relationships between performance measure and personal history
factors: Age (.11), Experience (.09), Education (.012), Marital Status (-.17) and Social Background - -urban (-.16).

Gorden (1970) in a statistical study of quits and stays in a relatively routine job in a manufacturing firm, discovered that stable (long term) employees were over the age of twenty nine at hiring, owned their own homes, had prior work experience and possessed not more than nine year of formal schooling. Thus, he suggested that these characteristics could be given more weightage on the application blank to overcome turnover problems. Gorden (1984) has also discussed the importance of educational qualifications to employers in the context of selection and degree of competition for jobs among high school dropouts in England. Myers and Fine(1985) have developed a pre-employment experience questionnaire for various job categories which can be readily applied by personnel practitioners to evaluate the relative qualifications of job applicants on the basis of their past training and experiences.

Livens (1984) has pointed out that in personnel selection the biographical data should be treated confidentially and a written permission should be obtained from the candidate before transmitting information. Owen (1968) has suggested that the historic and antecedent information needed by psychologists may be acquired through a comprehensive bio-data form covering major dimensions of subject’s prior experience and demographic characteristics. Guthrie (1964) has concluded that an individual’s past political and religious associations offer better and more specific
predictions of his future performance than measurement of any of the personality traits.

A number of researchers including Parish and Drucker (1957), Roy et al (1954) have reported average validity of bio-data ranging between 0.35 and 0.45. In one case, bio-data information was more valid than any combination of ten tests of aptitude and physical proficiency in predicting success of various categories of Air Force and Army Officers and trainees.

2.2.1.3 Preliminary Interview

The applications received from job seekers would be subject to scrutiny so as to eliminate unqualified applicants as a part of recruitment. This is usually followed by a preliminary interview the purpose of which is more or less the same as scrutiny of applications. Scrutiny enables the HR specialists to eliminate unqualified job seekers based on the information supplied in their application form. Preliminary interview, on the other hand, helps reject misfits for reasons which did not appear in the application forms. Besides, preliminary interview, often called “courtesy interview”, is a good public relations exercise.
2.2.1.4 Selection Tests

Selection tests are also called Employment Tests. Job seekers who pass the screening and the preliminary interview are called for tests. Different types of tests may be administered, depending on the job and the organization. Generally, tests are used to determine the applicant’s ability, aptitude, and personality. The employment test is an objective and standardized measure of a sample of behavior that is used to gauge a person’s knowledge, skills, abilities, and other characteristics (KSAOs) in relation to
other individuals. (Anastasi, 1997) Ability Tests assist in determining how well an individual can perform tasks related to the job. An aptitude test helps determine a person’s potential to learn in a given area. (Mandy, 1981)

**Relevance of Tests:** A number of researchers in India and abroad have enquired the relevance and significance of various psychological tests for selection of personnel for various categories. Stromberg (1948) has pointed out that an organization using tests attracts a higher level of applicants. Schultz (1984) argued that tests and other personnel selection procedures were helpful in selecting good employees. In his analysis, test utility studies showed the value of selection for increasing productivity. Chatterjee (1965) conducted a study to assess the extent of application for psychological tests in India.

**Personality tests** are given to measure a prospective employee’s motivation to function in a particular working environment. There are various tests designed to assess a candidate’s personality. The Bernsenter Personality Inventory measures one’s self-sufficiency, neurotic tendency, sociability, introversion and extroversion, locus of control and self confidence. The Thematic Apperception Test (TAT) assesses an individual’s achievement and motivation levels. Other personality tests, such as the California Psychological Inventory (CPI), the Thurstone Temperament Survey (TTS), Minnesota Multiphasic Personality Inventory(MMPI) and Guilford-Zimmerman Temperament Survey, have been designed to assess specific personality traits. The predictive validity of personality tests historically has been quite low.
However, when used in combination with cognitive ability tests, measures of personality traits can lead to a better prediction of job performance. (Emmett, 2004) Personality testing for selection purposes has been viewed as a promising but a controversial issue in management literature. The researchers have attempted to examine the usefulness, validity and ethical problems of personality tests in varied settings. Dwivedi (1973) in his study has attempted to validate Minnesota Multiphasic Personality Inventory for selection of supervisors in a large industrial undertaking in India. Pannikkar (1956) has advocated the use of projective test to assess the personality of worker and his relationship with employer. However, since the controversial methods were devised to suit a particular cultural pattern, he suggested that there was an urgent need for their appropriate revision and modification to suit the Indian conditions.

Guion and Gottier (1965), based on their study of validity of personality inventories and projective tests used for employee selection, pointed out that personality measures could be relied upon as useful tools in personnel selection. Cook (1946) pointed out that Rorschach was useful as a selection instrument for personnel officers, but “positive predictions could not be made” from it. His study revealed that persons with introvertsive personality trends were more likely to be successful than those with extensive trends.

Greenberg and Mayer (1964) found that in both the cases, concurrent and predictive, the Multiple Personality Inventory (MPI) successfully and significantly predicted level of performance of salesmen in the insurance, mutual fund and automobile
industries. Gardner (1948) listed 12 traits common to unsuccessful employees. All these traits were measurable by Thematic Apperception Test (TAT). Harrell (1975) has successfully used personality and interest scales in a series of studies predicting the success of Stanford MBA students. Campbell and associates (1970) have suggested that projective techniques can perhaps yield useful predictions if efforts are made to interpret responses to them according to motivations relevant to business management. Bulanda (1964) has indicated that 60% of failure in placement occurred not because of lack of qualifications but because of maladjustment of employee’s personality with that of his immediate supervisor.

However, Gellerman (1958) has advocated that the highest level of ethical and professional standards should be followed in handling the test results. In this context, Whyte (1954) expressed his apprehensions with respect to personality testing and alleged that the behavioral norms used to evaluate test results were actually abnormal and that in any event the investigations of a person’s psychic life was an invasion of his constitutional rights to privacy.

**Aptitude Test:** In India, there are scattered efforts to construct and validate aptitude tests especially for technical courses and jobs. For example’ Sharma and Karla (1960) in their study have compared the performance of engineering and non-engineering students on a test of spatial ability for determining its usefulness in selection for various courses and occupations. The findings reveal that although the test successfully differentiated between engineering and non-engineering subjects, it was not related to academic performance except for a few specialized courses.
requiring engineering drawings. They found that students with higher scores in mathematics and statistics were also found to possess a high degree of spatial ability. Philip (1949) devised a mechanical aptitude test for scrutinizing applicants for technical training. In his validity study, he administered it to 100 technical trainees at the beginning of a training program and made an assessment of technical competence of trainees at the end of the training program. The correlation between the test scores and the assessment of competence at the end of training was 0.54.

Ganguly (1955) has constructed a mechanical aptitude test and found that mean score of the mechanical group was higher than the mean score of the non-mechanical group. Inter-item correlations were found to be positive and varying between 0.11 and 0.41. Correlation between the performance on this test and the score on the Stenquist Mechanical Aptitude Test was 0.51. Specifically, as reported by Chatterji and Mukerjee (1974), psychologists at Psychometric Research and Service Unit, Indian Statistical Institute, Calcutta, have constructed and validated several aptitude tests for various professional and technical jobs and courses.

**Interest tests** are used to measure an individual’s activity preferences. These tests are particularly useful for students considering many careers or employees deciding upon career changes.

**Graphology test** is designed to analyze the handwriting of an individual. It has been said that an individual’s handwriting can suggest the degree of energy, inhibitions and spontaneity, as well disclose the idiosyncrasies, and elements of balance and
control. Employers usually consult graphologists to supplement their usual personnel recruitment procedures. Graphology tests are designed to ensure accuracy of information given in the application. Graphology is used extensively in France, Germany, Switzerland, Israel and the United Kingdom in making employment decisions. (Hogenesch, 2004)

Graphology as a technique to evaluate the personality of managers has been the focus of attention of several researchers in European countries for a very long time. For example, Anthony (1967) pointed out that graphology as a technique was widely used in Europe as a personality measure. He claimed that it had an accuracy record of 93% and reduced employee turnover below the industry average. Both Sonnemann and Kernan (1962) in an experiment on graphology as a selection tool in one of the biggest corporations found that out of 17 employees (rated very superior by graphologist at the time of selection), 14 were further rated very superior by the company after 15 years of employment.

**Polygraph Test** or lie detector test is a device that measures the changes in breathing, blood pressure, and pulse of a person who is being questioned. It consists of a rubber tube around the chest, a cuff around arm, and sensors attached to the fingers that record the physiological changes in the examinee as the examiner asks questions that call for an answer of yes or no. Questions typically cover such items as whether a person uses drugs, has stolen from an employer, or has committed serious undetected crime.
Other provisions of the act set qualification standards for polygraph examiners, conditions for examinations, and disclosure of information when the use of the polygraph is authorized. Because of the law, employers have had to resort to such alternatives as written tests of honesty and background checks of applicants. Polygraphs are used by only a small percentage of firms in the general population, although their use is prevalent among law enforcement agencies. (Arnold et al, 2002)

**Honesty and Integrity Test:** In response to the Employee Polygraph Protection Act in the United States of America, many employers there have dramatically increased their use of paper-and-pencil honesty and integrity tests. These tests have commonly been used in settings such as retail stores where employees have access to cash or merchandize. Common areas of inquiry include beliefs about frequency and extent of theft in our society, punishment for theft, and perceived ease of theft. An integrity test, called Reid Report Assessment takes only 15 minutes to complete and is used by number of organization ranging from retailer to airlines. (Hays, 1997)

**Medical Tests** reveal physical fitness of a candidate. With the development of technology, medical tests have become diversified. Drug tests help measure the presence of illegal or performance affecting drug. Genetic screening identifies genetic predispositions to specific medical problems. Medical servicing helps measure and monitor a candidate’s physical resilience upon exposure to hazardous chemicals. A medical test is generally given to ensure that the health of an applicant is adequate to meet the job requirements. In the past, requirements for such physical characteristics as strength, agility, height, and weight were often determined by an
employer’s unvalidated notion of what should be required. Many such requirements that tend to discriminate against women have been questioned and modified so as to represent typical job demands. (Adams, 1999)

Choosing Tests:

Tests must be chosen based on the criteria of reliability, validity, objectivity and standardization.

- Reliability refers to standardization of the procedure of administering and scoring the test results. A person who takes a test one day and makes a certain score should be able to take the same test the next day or the next week and make more or less the same score.

- Validity is a test which helps predict whether a person will be successful in a given job. A test that has been validated can be helpful in differentiating between prospective employees who will be able to perform the job well and those who will not. Naturally, no test will be 100% accurate in predicting job success. A validated test increases possibility of success. (Mandy, 1981)

- There are 3 ways of validating the test. The first is concurrent validity. This involves determining the factors that are characteristic of successful employees and then using them as the yardsticks. Predictive validity involves using a selection test during the selection process and then identifying the successful candidates. The characteristics of both successful and less-successful candidates are then identified. Systematic validity involves taking
parts of several similar jobs rather than one complete job to validate the selection test. (Mandy, 1981)

- When 2 or more people can interpret the results of the same test and derive the same conclusion(s), the test is said to be objective. Otherwise, the test evaluators’ subjective opinions may render the test useless. Subjectivity of this kind nullifies the purpose of objectivity and is the reason why some tests are not valid. (Mandy, 1981)

- A test that is standardized is administered under standard conditions to a large group of persons who are representatives of the individuals for whom the test is intended. The purpose of standardization is to obtain norms or standards, so that a specific test scores can be meaningful when compared to other scores in the group. When a test is standardized, it is administered to a large number of people who are performing similar tasks. (Many, 1981)

**Evaluation of Selection Tests:**

Several studies in India and abroad relate to the assessment of validity and effectiveness of personnel tests for varied categories of personnel ranging from rank-and-file workers to executives. Davey (1984) examined common alternatives to written ability tests and evaluated their typical effectiveness using the following criteria: validity, fairness, administrative feasibility and candidate acceptance. Alternatives to written tests included personality and interest inventories, interview and oral examination, etc. It was concluded that considering the alternative
approaches to using written tests, results could be more fruitful than abandoning them in favor of non-testing alternatives. Lawshe (1985) questions the validity of inferences from personnel tests and remarks that psychologists persistently stressed the validity of tests instead of the validity of inferences from the test scores.

Ghoshal and Singh (1965) have assessed the predictive validity of various tests used for the selection of railway apprentices. The Study indicated that a good test of arithmetic reasoning and numerical ability was likely to be useful in addition to the battery of psychological tests used for selection of railway apprentices. Ghiselli and Brown (1948) surveyed studies on the use of intelligence tests in the selection of workers and discovered that the importance of intelligence to job success varied with the type of job. Ghiselli and Barthol (1953) surveyed research studies on personality and found that the average test scores required for job success ranged from 0.36 for sales clerk to 0.14 for general superintendent.

2.2.1.5 Employment Interview

The next step in the selection process is employment interview. An interview is conducted at the beginning and at the end of the selection process. The emphasis here is on later.

Interview is a formal, in-depth conversation conducted to evaluate the applicant’s acceptability. It is considered to be an excellent selection devise. Its popularity stems from its flexibility. Interview can be adapted to unskilled, skilled, managerial and professional employees. It allows a two way exchange of information, the
interviewers learn about the applicant, and the applicant learns about the employer. (Werther, 1993)

However, interviews do have shortcomings. Absence of reliability is one limitation. No two interviewers offer similar scoring after interviewing an applicant. Das (1957) made a methodological analysis of personnel selection and developed a quantitative interview rating form. The use of this technique in a variety of industrial selection situations had shown increased reliability and statistical control of errors of judgement.

Lack of validity is another limitation. This is because few departments use standardized questions upon which validation studies can be conducted. Ash and Krocker (1975) have reported that the validity of interview was highest under conditions of “good interviewer training and the imposition of structure via guidelines and rating scales”. Finally, biases of interviewers may cloud the objectivity of interviews. Kinicki and Lockwood (1985) have suggested that the validity of selection procedures could be enhanced by identifying the relevant skills, abilities and personal characteristics necessary for performing the job and evaluating the relationship between interviewer assessments and subsequent employee performance. Ghiselli (1966) concluded that the validity of ordinary personnel interviews could be at least be equal to, if not greater than, the validity of tests as the interviewers were better educated and had greater experience and knowledge of individual differences.
The employment interviews can be (i) one-to-one, (ii) sequential, (iii) panel.

- **In one-to-one interview**, there are only two participants: the interviewer and the interviewee. This is the preliminary interview.

- The **sequential interview** takes one-to-one a step further and involves a series of interviews, usually utilizing the strengths and knowledge base of each interviewer, so that each interviewer can ask questions in relation to his/her subject area of each candidate, as the candidate moves from room to room.

- The **panel interview** consists of two or more interviewers and the figure may go up to as many as 15. Any panel interview is less intimate and more formal than the one-to-one, but if handled and organized well, it can provide a wealth of information. If not handled carefully, the panel interview can make the candidate feel ill at ease and confused about whose question to answer and whom to address. Interviewers themselves are likely to experience nightmare, not knowing who will ask which question and in what order. (Beardewell, 1996)

**Objectives of Interviews:**

Interview has at least three objectives: (i) helps obtain additional information from the applicant; (ii) facilitates giving general information to the applicant such as company policies, job, products manufactured and the like; and (iii) helps build the company’s image among the applicants.
Types of Interviews: Interviews can be of different types like structured, unstructured, mixed, behavioral, and stress-producing. Few other types of interviews include Behavioral Description Interview (BDI), Panel Interview, Computer Interview and Video Interview. (Snell, 2012)

- In a **structured interview**, the interviewer uses preset standardized questions which are put to all the interviewees. It has an established set of answers against which applicant responses can be rated, it provides a more consistent basis for evaluating job candidates. This interview is also called ‘guided’ or ‘patterned’ interview. A structured interview is more likely to provide the type of information needed for making sound decisions. According to a report by the US Merit Systems Protection Board, a quasi-judicial agency that serves as the guardian of federal merit systems, structured interviews are twice as likely as non-directive interviews to predict on-the-job performance. Structured interviews are also less likely than non-directive interviews to be attacked in court. (Lavigna, 2004)

- In an **unstructured interview**, also known as ‘unguided’, ‘non-directive’ or ‘unpatterned’ interview, the interview is largely unplanned and the interviewee does most of the talking. The interviewer carefully refrains from influencing the applicant’s remarks. The applicant is allowed the maximum amount of freedom in determining the course of the discussion. The interviewer asks open-ended, broad questions. Non-directive interview is advantageous in as much as it leads to a friendly conversation between the
interviewer and the interviewee and in the process, the latter reveals more of his/her desires and problems. But unstructured interview lacks uniformity and worse, this approach may overlook key areas of the applicant’s skills or background. (Snell, 2012)

- In practice, a blend of structured and unstructured questions is used by the interviewer while interviewing the job seekers. This approach is called the **mixed interview**. The structured questions provide a base of information that allows comparisons between candidates. But the unstructured questions make the interview more conventional and permits greater insights into the unique differences between applicants. (Werther, 1993)

- **Behavioral interviewing** focuses on a problem or a hypothetical situation that the applicant is expected to solve. Often, these are hypothetical situations, and the applicant is asked what he/she would do in the given circumstances. This interview technique has a limited scope. It primarily reveals the applicant’s ability to solve the types of problems presented. Validity is more likely if the hypothetical situations match those found on the jobs. (Werther, 1993)

- When the job involves more stress, **stress interview** attempts to learn how the applicant would respond to the pressure. This technique is more relevant in jobs involving stress as in case of commercial pilots. Since stressful situations are usually only a part of the job, this technique should be used along with other approaches. (Werther, 1993)
• In contrast to a behavioral interview, which focuses on hypothetical situations, a Behavioral Description Interview (BDI) focuses on actual work incidents in the interviewee’s past. The BDI format asks the job applicant what he or she actually did in given situation. Such an approach assumes that past performance is the best predictor of future performance. It also may be somewhat less susceptible to applicant faking. In addition, recent research indicates that the behavioral description interview is more effective for hiring higher-level positions such as general managers and executives. (Salgado, 2002)

• Another type of interview involves a panel of interviewers who question and observe a single candidate. In a typical panel interview, the candidate meets with three to five interviewers who take turns asking questions. After the interview, the interviewers pool their observations and their rating scores if the interview is structured to reach a consensus about the suitability of the candidate. Panel interviews provide several significant advantages over traditional one-to-one interviews, which include higher reliability because of multiple inputs, greater acceptance of the decision, and shorter decision time. Studies also suggest that if the panels are composed of a diverse group of interviewers, hiring discrimination is minimized. (Herriot, 2003)

• Typically, a computer interview requires candidates to answer a series (75 to 125) of multiple-choice questions tailored to the job. These answers are compared either with an ideal profile or with profiles developed on the basis
of other candidates’ responses. The computer interview can also be used as a screening device to help filter out unqualified applicants applying online who do not merit a personal interview. Depending on the vendor and the software used, a computer interview conducted in conjunction with online tests can measure everything from contradictory responses and latent responses to the applicant’s typing speed and ability to use different kinds of software. (Rafter, 2004)

- Videoconference technologies are used to evaluate job candidates in Video Interviews. It has several potential advantages related to flexibility, speed and cost. Employers can make preliminary assessments about candidates’ technical abilities, energy level, appearance and the like before incurring the costs of a face-to-face meeting. The goal, of course, is to enable faster, higher quality decisions at lower cost. (Snell, 2012)

Regardless of the type, several problems are inherent in interviews. Selection specialists must be aware of these problems and need to be trained to overcome them. Young and Beier (1977) have found that non-verbal behavior in the job interview operated as subtle reinforcement. Keenan (1978) found that both training and experience of interviewers were positively related to their confidence in the accuracy of their assessment of candidates. His analysis further showed that candidates were more willing to accept potential job offers from trained interviewers than untrained ones. However, interviewer experience was not related to candidate’s acceptance ratings. Tuller and others (1979) found mostly negative correlations
between ratings and decision time for high quality applicant conditions. However, correlations in the low quality applicant conditions were mostly positive. Ulrich and Trumbo (1965) in their study found that interviewers were prepared to make their decisions after only 4 minutes but the interviews usually lasted for 17 minutes.

Some other problems related to employee interview are as under:

1. Interviewers do not seek applicants’ information dimensions needed for successful job performance. Often, they do not have a complete job description or an accurate appraisal of the critical job requirements. In addition, the interviewer often does not know the conditions under which the job is performed.

2. Interviewers may make snap judgements early in the interview. Consequently, they block out further potentially useful information.

3. Interviewers permit one trait or job-related attribute to influence their evaluation of the remaining qualities of an applicant. This process, called the ‘halo effect’, occurs when an interviewer judges an applicant’s entire potential for the job performance on the basis of a single characteristic, such as how well the applicant dresses or talks.

4. In a study it was found that communication skills exerted primary influence on judgement of applicant’s qualifications when considered simultaneously with other non-verbal cues and demographic differences were systematically
related to those non-verbal cues and judgement of qualifications. (Parsons et al, 1984)

5. Interviewers have a tendency to be swayed by negative information about the applicants.

6. Information from interviews is not integrated or discussed in a systematic manner. If several interviewers share information on an applicant, they may do so in a haphazard manner. They do not identify job-related information or seek to examine any conflicting information. This casual approach may save time and confrontation, but only in the short run. In the long run, everyone in the organization will pay for poor hiring decisions. Little agreement was found among recruiters on the topics to be covered in the interview; individual recruiters failed consistently to cover topics they believed more important. (Taylor et al, 1984)

7. Interviewers’ judgements are often affected by the pressure to favor a candidate or fill the position, hence, they lower the standards.

8. Interviewer’s judgements regarding an applicant are often affected by the list of available applicants.

9. Some other problems are worth recollecting. They are:

   - There is the problem of different cues used by interviewers.
   - Some interviewers may place more weight on certain attributes than others, or they may combine attributes differently as they make their overall decisions.
10. Sex, race and attitudes similar to those of the interviewer may lead to favorable evaluations. (Gray, 1990)

11. It was found that masculinity of the female applicant’s dress had a significant effect on interviewer’s selection decision. It was concluded that female applicant’s clothing formed an avenue for influencing the selection decision for management positions. (Forsythe et al, 1985)

2.2.1.6 Reference and Background Checks

Many employers request names, addresses, and telephone numbers or references for the purpose of verifying information and, perhaps, gaining additional background information on an applicant. Although listed on the application form, references are not usually checked until an applicant has successfully reached the fourth stage of a sequential selection process. When the labor market is very tight, organizations sometimes hire applicants before checking references. (Stone, 1989)

Previous employers, known public figures, university professors, neighbors, or friends can act as references. Previous employers are preferable because they are already aware of the applicant’s performance. But the problem with this reference is the tendency on the part of previous employers to over-rate the applicant’s performance to get rid of the person.

Organizations normally seek letters of reference or telephone references. The latter is advantageous because of its accuracy and low cost. The telephone reference also has the advantage of soliciting immediate, relatively candid comments, and attitudes can sometimes be inferred from hesitations and inflections in speech. (Stone, 1989)
Reference checks serve two important purposes. One purpose is to gain insight about the potential employee from the people who have had previous experience with him/her. This is a good practice considering the fact that between 20 to 25 percent of job applicants there is at least one fraudster. (Bernardin, 2004)

It may be stated that the information gathered through references hardly influence selection decisions. The reasons are obvious:

- The candidate approaches only those who would speak well about him/her.
- People may write favorably about the candidate in order to get rid of him/her.
- People may not like to divulge the truth about a candidate, lest it might damage or ruin his/her career.

In several cases, reference checks are a formality and are seldom verified by the employer.

2.2.1.7 Selection Decision

After obtaining information through the preceding steps, selection decision – the most critical of all the steps – must be made. The other stages in the selection process have been used to narrow the number of candidates. The final decision has to be made from the pool of individuals who pass the tests, interviews and reference checks. (Mathis, 1982)

The views of the line manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. The HR manager plays a crucial role in the final selection.
2.2.1.8 Physical Examination

After the selection decision and before the job offer is made, the candidate is required to undergo a physical fitness test. A job offer is, often, contingent upon the candidate being declared fit after the physical examination. The results of the medical fitness test are recorded in a statement and are preserved in the personnel records. There are several objectives behind a physical test. Obviously, one reason for a physical test is to detect if the individual carries any infectious diseases. Secondly, the tests assist in determining whether an applicant is physically fit to perform the work. Third, the physical examination information may be used to determine if there are certain physical capabilities with health defects from undertaking work that could be detrimental to themselves or might otherwise endanger the employer’s property. Finally, such an examination will protect the employer from workers’ compensation claims that are not valid because the injuries or illness were present when the employee was hired. (Armstrong, 1988)

2.2.1.9 Job Offer

The next step in the selection process is job offer to those applicants who have crossed all the previous hurdles. Job offer is made through a letter of appointment. Such a letter generally contains a date by which the appointee must report on duty. The appointee must be given reasonable time for reporting. This is particularly necessary when he/she is already in employment, in which case the appointee is required to obtain a relieving certificate from the previous employer. Again, a new
job may require movement to another city which means considerable preparation and movement of property.

The company may also want the individual to delay the date of reporting on duty. If the new employee’s first job upon joining the company is to go on training, the organization may request that the individual delays joining the company until perhaps a week before such training begins. Naturally, this practice cannot be abused, especially if the individual is unemployed and does not have sufficient finances. (Beach, 1980)

Decency demands that the rejected applicants be informed about their non-selection. Their applications may be preserved for future use, if any. It needs no emphasis that the applications of selected candidates must also be preserved for future references.

2.2.1.10 Contracts of Employment

After the job offer has been made and the candidates accept the offer, certain documents need to be executed by the employer and the candidate. One such document is the attestation form. This form contains certain vital details about the candidate which are authenticated and attested by him/her. Attestation form will be a valid record for future reference.

There is also a need for preparing a contract of employment. The basic information that should be included in a written contract of employment will vary according to the level of the job. Alternatively called employment agreements or bonds, contracts of employment serve many useful purposes. Such contracts seek to restrain job-hoppers, to protect knowledge and information that might be vital to a company’s
healthy bottom-line, and to prevent competitors from poaching highly valued employees.

Great care is taken to draft the contract forms. Often, services of law firms are engaged to get the forms drafted and finalized.

Most employers insist on agreements being signed by newly hired employees. But high employee turnover sectors like software, advertising and media are more prone to use such contracts.

The drawback with the contracts is that it is almost impossible to enforce them. A determined employee is bound to leave the organization, contract or no contract. The employee is prepared to pay the penalty for breaching the agreement or the new employer will provide compensations. It is for this reason that several companies have scrapped the contracts altogether.

2.2.1.11 Concluding the Selection Process

Contrary to popular perception, the selection process will not end with executing the employment contract. There is another step – a more sensitive one – reassuring those candidates who have not been selected. Such candidates must be told that they were not selected, not because of any serious deficiencies in their personalities but because their profiles did not match the requirements of the organization. They must be told that those who were selected were done purely on relative merit.
2.2.2 Barriers to Effective Selection

The main objective of selection is to hire people having competence and commitment. This objective is often defeated because of certain barriers. The impediments which check effectiveness of selection are perception, fairness, validity, reliability and pressure.

- Perception: Our inability to understand others accurately is probably the most fundamental barrier to selecting the right candidate. Selection demands an individual or a group of people to assess and compare the respective competencies of others, with the aim of choosing the right persons for the jobs. But our views are highly personalizes. We all perceive the world differently. Our limited perceptual ability is obviously a stumbling block to the objective and rational selection of people.

- Fairness: Fairness in selection requires that no individual should be discriminated against on the basis of religion, region, caste, race or gender. But the low numbers of women and other less-privileged sections of the society in middle and senior management positions and open discrimination on the basis of age in job advertisements and in the selection process would suggest that all the efforts to minimize inequity have not been very effective.

- Validity: Validity, as explained earlier, is a test that helps predict job performance of an incumbent. A test that has been validated can differentiate between the employees who can perform well and those who will not.
However, a validated test does not predict job success accurately. It can only increase possibility of success.

- **Reliability:** A reliable method is one which will produce consistent results when repeated in similar situations. Like a validated test, a reliable test may fail to predict job performance with precision.

- **Pressure:** Pressure is brought on the selectors by politicians, bureaucrats, relatives, friends and peers to select particular candidates. Candidates selected because of compulsions are obviously not the right ones. Appointments to public sector undertakings generally take place under such pressures.

The systematic and scientific selection process helps the organizations to ensure that they have right people at right place at the right time. However, the organizations still face the challenge of retaining these talented individuals with them.

2.3 **Employee Retention**

After the process of recruitment and selection, a major challenge being faced by managers is retaining the talent. In the last decade, job-hopping has become a common phenomenon. Several factors are enticing the employees and particularly when they possess rare skills or expertise, they are at an advantage. (Jyothi, 2011)

Recruitment and retention of knowledgeable employees has become a global issue. In an increasingly competitive global economy, the success of an organization is dependent on its ability to attract, retain, and engage high-value employees having skills, performance, and motivation helpful in
achieving organization’s strategic objectives (Schweitzer & Lyons, 2008). The required skills to be effective both in terms of profitability and performance vary from time to time. Organizations need grow fast, efficient, profitable, flexible, adaptable, and future-ready. (Schuler & Jackson, 2001)

2.3.1 What is Employee Retention?

According to J. Leslie Mckeown (2002) employee retention is defined as “effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Also of concern are the costs of employee turnover (including hiring costs. productivity loss). Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover may include lost customers, business and damaged morale. In addition there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring, and training the new employee just to get back to where you started.”

Retention is ‘a voluntary move by an organization to create an environment which engages employees for the long term’ (Chaminade, 2006).

A more detailed and recent definition of the concept of retention is ‘to prevent the loss of competent employees from leaving productivity and profitability’ (Chiboïwa, Samuel, & Chipunza, 2010).

Some people view employee retention as the result of the implementation of policies and processes that assist employees to remain with the company because
of the provision of a work environment that meets their needs (Baer, Fagin, & Gordon, 1996).

Employee retention, according to Harvard Business Essentials, is the ‘converse of turnover—turnover being the sum of voluntary and involuntary separations between an employee and his or her company’ (Starosta, 2006). However, Waldman and Arora (2004), postulate that discussing employee retention within the context of employee turnover is insufficient; instead, focus should be on the way in which employee retention promotes the preservation of a workforce that is able to meet the corporation’s needs. For them, employee turnover is necessary in order to remove employees who are unable to meet the objectives of the organization; good retention focuses on keeping those employees who are capable.

The retention of talented employees is an advantage to an organization because employees’ knowledge and skills are central to a company’s ability to be economically competitive (Kyndt, et al., 2009). Employee retention becomes increasingly important to organizations because periodic labor shortages can reduce the availability of high performing employees (Jones & Skarlicki, 2003); thus, workers are searching for better employment opportunities, and firms are seeking to improve the productivity of their workforce (Leeves, 2000). However, there are challenges in attempting to retain employees (Barney, 1991; Taplin & Winterton, 2007). HR executives can find that attracting and retaining talent is a problem (Barney, 1991; Samuel & Chipunza, 2009) because of
bounded rationality, particularly of cultural and social norms associated with the country (Metcalfe, 2008).

Organizations are more worried about retention of their employees because intent to leave is disappointing for both employees and employers. According to Lockwood and Ansari (1999), organizations have to tolerate the cost of hiring, and the cost of losing, their employees; therefore, organizations try to keep their existing staff. In fact, this retention of employees and their appreciated skills helps the organization to preserve their investment of employee training, which causes lower loss of human capital and yields higher retention (Acton & Golden, 2003). Given this, organizations should take steps to retain employees, to avoid unwanted turnover due to stress, low job satisfaction unsatisfactory working condition, and inadequate benefits (Atif et al, 2011).

Researchers demonstrate that organizations use different techniques to retain their employees, such as having compensation, training and development, competitive work environment, and other benefits. Employee retention is the main aim and the major concern for most organizations (Deckop et al, 2006; Moncarz et al, 2009).

2.3.2 Types of Employee Turnover

In their research work Heneman and Judge (2006) highlight four distinct types of employee turnover that exist across two categories: involuntary turnover, instigated by the employer, and voluntary turnover, prompted by the employee.
2.3.2.1 Involuntary Turnover

Within Heneman and Judge’s categorization, involuntary turnover is either by discharge or downsizing. Discharge turnover concerns the removal of poorly performing or dishonest employees from an organization, while downsizing turnover is a necessary activity to increase the effectiveness of an organization and its ability to meet shareholder targets (Donoghue & Castle, 2006).

2.3.2.2 Voluntary Turnover

Voluntary turnover is separated into two further types: avoidable and unavoidable turnover. Avoidable turnover concerns the exit of an employee from an organization under circumstances that could have been avoided: if the employee had felt more valued, for example. Conversely, unavoidable turnover relates to employee exit that occurs independently of any action that the firm could have taken: such as an employee passing away unexpectedly, or compulsory relocation.

According to Heneman and Judge’s categorization there are some elements of employee turnover that are beyond the control of management. In recent years, however, one role of HRM has been to identify elements of turnover that were traditionally classified as unavoidable and find methods of counteracting them. For example, historically many people would have viewed an individual’s decision to leave work in order to raise a child as unavoidable turnover. Today however, pressure is placed on HRM to develop policies that no longer render this unavoidable, by putting provisions in place to allow the individual to continue to
work while also meeting family commitments (Ongori, 2007).

It is general practice to assume that involuntary turnover exists to meet the needs of the organization, while voluntary turnover is more aligned with the needs of the individual. Dalton et al (1982) observe that involuntary turnover occurs when the individual would like to maintain the employment relation, however, the organization is not so inclined. In this situation, the organization will terminate (fire) the employee. In contrast, voluntary turnover happens when the employee, for whatever reasons, does not wish to continue the employment relation. The employee quits. The research of Dess and Jason (2001) supports this view, defining involuntary turnover as ‘an employer’s decision to terminate the employment relationship’ and voluntary turnover as ‘an employee’s decision to terminate the employment relationship’.

For many people, however, the definition of the different categorizations of turnover is not quite so black and white. Many argue that it is possible for employers to manufacture situations that constructively encourage employees to leave and, similarly, employees themselves may actively behave in such a manner that causes the firm to wish for them to leave. In one study, employees of a university were asked to disclose whether they felt their exit from the university was the result of their own requirements or those of the organization (Campion, 1991). The study revealed that more than 65% of those involved in the analysis felt that they had left the company as a result of their own personal circumstances, due to retirement or health problems, for example. A further 10%
revealed that they had left involuntarily, as a result of poor performance, contract expiration or workforce reductions, and the remaining 15% revealed that, while their decision to leave might be perceived as voluntary, they felt that the organization was to blame and they had not been provided with a work environment that was suitable for them on a long term basis. In response to the inherent flaws in the categorization provided by Heneman and Judge (2006), Campion (1991) suggests that a more accurate assessment of voluntary turnover can be presented by using a continuum that progresses from one extreme of involuntary turnover to the other extreme of voluntary turnover. By taking such an approach we can better identify and understand the extent to which the decision of an employee is based on purely individual factors, or whether the actions of the organization do influence departures from the company.

2.3.3 What “Employee Retention” Used to Mean

The term “employee retention” first began to appear with regularity on the business scene in the 1970s and early ‘80s. Until then, during the early and mid-1990s, the essence of the relationship between employer and employee had been (by and large) a statement of the status quo:

You come and work for me, do a good job, and, so long as economic conditions allow, I will continue to employ you.

It was not unusual for people who entered the job market as late as the 1950s and ‘60s to remain with one employer for a very long time – sometimes for the duration of their working life. If they changed jobs, it was usually a major career and life
decision, and someone who made many and frequent job changes was seen as somewhat out of the ordinary.

As a natural result of this “status quo” employer – employee relationship, an employee leaving his or her job voluntarily was seen as an aberration, something that shouldn’t really have happened. After all, the essence of “status quo” is just that little or nothing should change in the relationship – and leaving was a pretty big change.

So, in the 1970s and later, as job mobility and voluntary job changes began to increase dramatically, the “status quo” model began to fray substantially at the edges. Employers found themselves with a new phenomenon to consider: Employee Turnover. (McKeown, 2002)

2.3.4 What “Employee Retention” Means Now

By the time we reached the late ‘80s, organizations had made most of the onetime realignments of compensation and benefits possible. Although the issue of compensation & benefits would continue to form part of every organization’s employee retention toolkit, there was a growing realization – on the part of both employers and employees – that there was more to employee retention than hygiene factors of Herzberg. (McKeown, 2002)

The high employee turnover is a result of number of factors. Sometimes ‘Pull’ factors are superseding over ‘Push’ factors such as new job attraction, increased salary and lucrative benefits and so on. In contrast sometimes employee job dissatisfaction ‘Push’ them to look for another job. Profound literature review shows that employee retention level is susceptible to degree of employee satisfaction.
Although past studies have identified job stressors and lack of job satisfaction (Bigliardi, 2005 and Moore, 2002), lack of social support from supervisors (Munn et al. 1996), depersonalization and emotional exhaustion (Kalliath and Beck 2001), low levels of support from superiors (Hatton and Emerson 1998) among the factors that contribute to people’s intention to quit their jobs. Human resource management international digest issue (2008, 2009) reported that job dissatisfaction and burnout lead to high employee-turnover rate. Therefore, HR policies should aim at gaining more self-governing to the employee. In addition, the main motives behind high attrition rate are unstructured retention policies and practices, indeterminate career growth, vague employee goals and objectives, employee and employer distrust, and employee reward and recognition insufficiency. Past studies have been conducted on employee turnover and less focus has been given to employee retention.

However, Ehrenberg, R. and Smith, R. (1994) found that, employee’s ultimate intention to depart or continue his job is the consequence of HR policies. HR policies are the best way to represent the organizations affirmed objective. Employee’s intention to leave or stay decision is associated with different explicit and implicit benefits. It is observed that HR policies with respect to stimulating performance evaluation mechanism, performance based reward mechanism and career growth and promotion ladders affect worker’s decisions of staying/leaving a job. In this context profound researchers Chang E. (2005); Appelbaum et al (2000); Huselid & Becker (2000) have unanimously recommended that HR policies play a strategic role in
employee retention through stimulating skilled labor and mitigating ‘Internal’ or ‘Push’ factors.

2.3.5 Benefits of Employee Retention

Every company should understand that people are their best commodity. Without qualified people who are good at what they do, any company would be in serious trouble. In the long run, the retention of existing employees saves companies money. Studies have found that the cost of replacing lost talent is 70 to 200 percent of that employee’s annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were loyal to the departing employee. Finding, recruiting, and training the best employees represents a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out. (Kaye et al, 2000)

When an employee leaves a company for a direct competitor, there is always a chance that he will take important business strategies and secrets with him to be explained by the competition. This is yet another reason why the retention of employees is so crucial to some businesses. While this practice seems a bit unscrupulous, it stills happens quite frequently. As Bill Leonard stated in HR Magazine: “Because employers know that the best-qualified applicants will come directly from competitors, recruiting and hiring employees away from mother of inventive and sometimes controversial business practices. Recruiting and hiring from your competitors is probably as old as business itself. But what is new—and a hot
topic among employers – is how to attract and retain qualified candidates in a highly competitive labor market while also preventing their own intellectual capital from winding up in the hands of competitors”. (Bill, 2001)

One way for a company to prevent employees from giving valuable information to competitors is to make it a policy to enforce strict confidentiality agreements amongst its employees. The existence of such agreements could in fact deter a competitor from hiring a valuable employee because they might not want to risk possible legal entanglements with the other company. Of course, all this could possibly lead to animosity with the employee who could feel that his or her options are being limited. Many employees don’t always remember signing such a document, so a copy of it should always be kept on file for the employee to refer to.

This area could prove to be a highly sensitive one between employer and employee, so extreme caution is suggested in all instances.

Many times, customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.

2.3.6 Employee Retention Tools

Hiring individuals who are truly fit to succeed in the position for hire will dramatically increase the chances of that employee being satisfied with his or her work and remaining with the company for extended period of time. By far, this is the biggest predictor of future employee retention.
• **Communication:** Communication has become so heavily stressed in the workplace that it almost seems cliché. However communication couldn’t be more important in the effort to retain employees. Be sure that team members know their rules, job description, and responsibilities within the organization. Communicate any new company policies or initiatives to all employees to be sure that everyone is on the same page. Nobody wants to feel that they are being left out of the loop.

• **Include employees in decision making:** It is incredibly important to include team members in the decision making process, especially when decision will effect an individual’s department or work team. This can help to create of employee involvement and will generate new ideas and perspectives that top management might never have thought of. (Allen et al, 2010)

• **Allow team members to share their knowledge with others:** The highest percentage of information retention occurs when on shares that information with others. Having team members share when they have learned at a recent conference or training workshop will not only increase the amount is information they will retain, but also lets a team member know that he is a valuable member of the organization. Facilitating knowledge sharing through an employee mentoring program can be equally beneficial for the team member being mentored as well as mentor.

• **Shorten the feedback loop:** Do not wait for an annual performance evaluation to come to give feedback on how an employee is performing.
Most team members enjoy frequent feedback about how they performing. Shortening the feedback loop will help to keep performance level high and will reinforce positive behavior. Feedback does not necessarily need to be scheduled or highly structured; simply stopping by a team member’s desk and letting them know they are doing a good job a current project can do wonders for morale and help to increase retention.

- **Balance work and personal life:** Family is incredibly important to team members. When work begins to put a significant strain on one’s family no amount of money will keep an employee around. Stress the importance of balancing work and one’s personal life. Small gestures such as allowing a team member to take an extended lunch once a week to watch his son’s baseball game will likely be repaid with loyalty and extended employment with an organization. (Allen et al, 2010)

- **Provide opportunities for growth and development:** Offer opportunities for team members to acquire new skills and knowledge useful to the organization. If an employee appears to be bored or burned out in a current position offer to train this individual in another facet of the organization where he or she would be a good fit. Nobody wants to feel stuck in their position will no possibility for advancement or new opportunities.

- **Recognize team members for their hard work and let them know they are appreciated:** This can be one of the single greatest factors affecting employee retention. Everybody, in the all levels of an organization, wants to
know that their efforts are appreciated and recognized. This can be as simple or as extravagant as a supervisor may desire. Often time a short e-mail or quickly stopping by a team member’s desk and saying “thanks” can do wonder for morale. Other options might include a mention in the company newsletter for outstanding performance or gift certificates to a restaurant or movie theatre – the possibilities are endless.

- **Clearly define what is expected of team members:** Nothing can be more frustrating or discouraging for an employee than the lack of a clear understanding of what is expected of him on the job. In a performance driven workplace a lack of clarity regarding job duties and expectations can cause fear and anxiety among employees who are unclear of what is expected of them. Even worse outright anger can occur when a team member receives a negative performance evaluation based on expectations and job duties that he or she was unaware of or unclear about. (Sauer et al, 2010)

- **The quality of supervision and mentorship:** It has been said so often that it is almost cliché, but people leave, not their jobs. Supervisors play the largest role in a team member’s development and ultimate success within an organization. All employees want to have supervisors who are respectful, courteous, and friendly – that is a given. But more importantly team members want supervisors who set clear performance expectations, deliver timely feedback on performance, live up to their word and promises, and provide an environment where the employee can grow and succeed. Failure by
supervisors and management to provide this can cause an employee to start looking for greener pastures.

- **Fair and equitable treatment of all employees:** One of the surest ways to create animosity and resentment in an organization is to allow favoritism and preferential treatment of individual team members. The so-called “good ole’ boys club” can create a noxious organization culture and foster resentment among team members. This culture will only get worse and can create a devastating exodus of valued team members.

- **Best employee reward programs:** If these rewards are in terms of money, by dividing it into two parts and giving the first half parts with the initial month’s salary and the remaining after six months helps in retaining the employee for six months. (Savage, 2010)

- **Career development program:** Conditional assistance for certain courses should be provided within the company in which the company will bear the expenses only if he/she scores a certain aggregate of marks.

- **Performance based bonus:** To get more work out of the employees, remuneration in the form of bonus helps to retain individuals who are highly productive. It doesn’t add extra – pressure on the company’s budget. It can be arranged by cutting a part of the salary hikes. (Savage, 2010)

- **Employee referral plan:** Introducing employee referral plans and giving referral bonus after six to nine months of continuous working of the new employee as well as existing employee reduces the hiring cost of new
employee as well as helps retention of the existing ones for a longer period of time. (Snell, 2012)

- **Loyalty bonus**: After successful completion of a specified period of time in an organization rewarding employees with money or position gives recognition and satisfaction to them. It also gives encouragement to the fellow employees.

- **Giving voice to the knowledge banks**: The important intellectual asset of the company is the workforce. The company should retain it through involving I in some of the important decisions

- **Employee recreation**: Involvement of top management along with the lower and middle level management in some recreational activities makes the employees feel that they are very close to the management and are treated equality. (Yamamura et al, 2010)

- **Gifts on some occasions**: Giving some gifts on festivals and special occasions to the employees makes them feel good and realize that the management is concerned about them.

- **Accountability**: Creation of an environment that demands accountability and transparency helps employees to feel that they are as superiors. This helps in emotional bonding of the employees.

- **Surveys**: Conducting regular surveys, feedbacks from superiors as well as other issues like morale, development plans, etc. This make them feel important and understand that the company really cares for them.
• **Fun and laughter at workplace:** Fun and laughter in a workplace lend a competitive advantage to an organization through its human resources. The presence of humor in a workplace enables the employees to work with interest and enthusiasm that reduce the work pressure and attrition levels. It instills a sense of joy among the employees that can go a long way in creating a bond between the employees and the employer and thereby decreasing the rate of employee attrition. In a nutshell, creating a fun and laughter–filled wok environment in an organization will pave the way for its success in the marketplace. Such a company is sure to emerge as an ‘employer of choice’. (Yamamura et al., 2010)

• For every company, workforce is an intellectual capital which is the source of its competitive advantage and helps achieve the bottom line. Hence, retaining a well-trained, skilled and contented workforce can lead a company to dizzy heights while the lack of it can hamper its growth badly. So, every resignation saved is every dollar earned.

No doubt, soaring retention levels are proving to be a serious problem for organizations. Concerted efforts to keep retention on tight leash will definitely help. How retention level will lead to fewer operational problems, greater productivity and soaring morale and huge cost saving to the organization. In this context, attrition management has become the strategic focus and compelling necessity of businesses today. Thus, ignoring the problem of mounting attrition level can have devastating
consequences for the business. Organization can afford to ignore the problem at own peril.

As the literature review suggests, there is dearth of studies in the area of Recruitment and Retention Practices of Commercial Pilots in Indian Aviation Industry. Hence, the main objective of the present study was to find out if there is any relationship between the recruitment practices of the Indian Air Carriers with respect to their pilots and the Retention of these commercial pilots who work with various Indian Air Carriers.

The following section is devoted to the statement of problems, the purpose and objectives of the study. Specifically, efforts were made to formulate the problems, and statement of purpose & the objectives of the study.

2.4 Statement of the Problem

The basic question related to this study is: Are Indian air carriers able to handle the growth in air traffic that to a certain extent depends on the recruitment and retention of commercial pilots working with these airlines? Currently, the answer is “to a certain extent”. Though the number of airlines entering Indian Aviation market has grown over the years, these airlines are facing the problems of recruiting the required talent and most importantly retaining them for the following reasons:

- Thirty five flying schools in India churn out only one hundred and fifty pilots every year.
Moreover, many of these flying institutes remain close for a long duration every year as the Chief Flying Instructors of these institutes leave their jobs for more lucrative career as airline pilots.

Many Indian students who go abroad for pilot’s training can not be recruited by the airlines immediately on their return to India as they are not taught the type rating.

These airlines prefer the foreigners as co-pilots as they are already equipped with type rating and the airlines do not need to spend money on their training of the type rating.

At the top level, i.e. captains of the aircraft, there is a huge gap between the demand and supply of these people. The gap cannot be bridged even by recruiting the foreign pilots.

To add to this plight of the airlines, the pilots employed by them are often poached by the airlines in the Middle East.

As a result of above mentioned facts, the civil aviation industry in India is compelled to restrict its growth as the airlines cannot be operational in absence of the trained pilots who are ultimately going to operates the aircrafts.
2.5 Objectives of the Study

The study seeks to understand the current practices used by the commercial airlines regarding the recruitment and retention of commercial pilots in Indian Aviation Industry and the extent to which it fulfills the expectations of the pilots regarding these processes. The study also seeks to find out whether the recruitment processes used by the Indian air carriers affect the retention factors of the commercial pilots working with them. The objectives of the study are as under:

1. To ascertain the degree to which each dimension of recruitment practices of the Indian air carriers regarding commercial pilots affects their retention according to the pilots employed by these carriers.

2. To determine the Impact of Encouraging & Employee-friendly Recruitment Policy on retention process of commercial pilots working with Indian air carriers.

3. To determine the Impact of External Forces on retention process of commercial pilots working with Indian air carriers.

4. To determine the Impact of Organizational Internal Forces on retention process of commercial pilots working with Indian air carriers.

5. To determine the Impact of Company’s Brand Image on retention process of commercial pilots working with Indian air carriers.

6. To determine the Impact of Growth & Advancement Opportunities on retention process of commercial pilots working with Indian air carriers.
7. To study the current recruitment & retention practices used by Indian air carriers.

8. To understand the growth of Indian Aviation Industry.

2.6 Significance of the Study

The study is of utmost significance for the following theoretical and practical concerns.

2.6.1 Theoretical Concern

1. Theoretically, as the study seeks to explore the extent to which the recruitment and retention practices followed by various airlines in India meet the expectations of the commercial pilots, it may be possible to infer how far these practices will be fruitful in terms of effective recruitment and meaningful retention.

2. The findings of the study may reveal a distinct pattern of relationships among different elements and thus, may help in evolving models for recruitment and retention strategies for commercial pilots in India which may be useful even for air carriers in other countries.

3. It may help the future researchers to design their in-depth research studies in varied dimensions of recruitment and retention of commercial pilots, especially in the following areas: a) factors influencing recruitment and retention of commercial pilots; b) the nature of recruitment and retention
policies of commercial pilots; c) the sources of commercial pilots’ recruitment; d) the methods and techniques of recruitment and retention of commercial pilots; e) the procedure for evaluation of these practices, etc.

2.6.2 Practical Concerns

1. This study will help the airlines in India to introduce or modify their recruitment practices for commercial pilots in such a manner that it will lead to the retention of these pilots by the airlines. This will help the airlines to reduce their HR costs significantly and will lead to improved productivity.

2. This in turn, will help the airlines to tackle the problem of shortage of suitable commercial pilots and will allow the airlines to grow.

3. The study will be of importance to the HR managers of the Indian air carriers enabling them to procure effective manpower in terms of commercial pilots which, in turn, will lead to enhanced organizational performance and improved morale among pilots resulting from their effective retention practices.
2.7 Hypotheses

Following hypotheses are suggested:

Hypothesis 1

Griendling (2008) found that good recruitment practices of the employees lead to greater retention chances of these employees. Effective retention strategies often begin during the employee recruitment process. Employees are more inclined to remain with a company that fulfills the promises made when their employment offer was extended. Companies that provide a realistic view of their corporate environment, advancement opportunities and job expectations to new hires can positively influence employee retention. (Scott, 2012)

This helped the researcher to form the following hypothesis:

\textbf{HO 1} \textit{There is no relationship between the recruitment practices of Indian air carriers with regard to commercial pilots and the subsequent retention of these pilots by these air carriers.}

\textbf{H1 1} \textit{There is a positive relationship between the recruitment practices of Indian air carriers with regard to commercial pilots & the subsequent retention of these pilots by these air carriers.}

Hypothesis 2

Rycraft (1994) found that employees identified mission, goodness of fit, supervision and investment as four reasons to stay on the job. All these aspects and many more are the part of Encouraging & Employee-friendly Recruitment Policy that is discussed in this thesis. This helped the researcher to frame the following hypothesis:
HO 2 Encouraging & Employee-friendly Recruitment Policy of Indian air carriers with regard to commercial pilots is not related to retention of these pilots.

H1 2 Encouraging & Employee-friendly Recruitment Policy of Indian air carriers with regard to commercial pilots is positively related to retention of these pilots.

Hypothesis 3

After talking to aviation experts, the researcher found that the forces external to the organization like demand-supply ratio of employees in a particular industry, legal & political considerations and the economic condition of the nation also affect the employee turnover rate in any industry. This helped the researcher to form the following hypothesis:

HO 3 Impact of External Forces on Indian air carriers with regard to commercial pilots is not related to retention of these pilots.

H1 3 Impact of External Forces on Indian air carriers with regard to commercial pilots is positively related to retention of these pilots.

Hypothesis 4

The focus of organizations must be on how to provide better jobs with great working conditions to retain employees. (Lennart Levi, 2002) Milory (2004) reported that people enjoy working and strive to work in those organizations that provide positive work environment, where they feel they are making difference and where most people in the organization are proficient and pulling together to move the organization forward. According to Miller, Erickson & Yust (2001), employees get benefitted by the working conditions that provide the sense of belonging. Firms with
generous personalization policies may have better chance to satisfy & retain employees.

All these and many more factors that were discussed with aviation experts helped the researcher to frame the following hypothesis:

**HO 4** Organizational Internal Forces operating within Indian air carriers with regard to commercial pilots are not related to retention of these pilots.

**H1 4** Organizational Internal Forces operating within Indian air carriers with regard to commercial pilots are positively related to retention of these pilots.

**Hypothesis 5**

CareerBuilder research based on CareerBuilder data found that companies with a strong employment brand attract at least 3.5 times more applications per job posting than other companies in the same industry. Employment branding reduces the turnover rate among top performers and increase overall workforce satisfaction. (Dzurilla, 2008)

This helped the researcher to frame the following hypothesis:

**HO 5** Employment Brand of the Indian air carriers is not related to the retention of commercial pilots employed with them.

**H1 5** Employment Brand of the Indian air carriers is positively related to the retention of commercial pilots employed with them.

**Hypothesis 6**

The organization that is growing or expanding is perceived as a successful organization. Employees want to feel that growth opportunities within the company
are available. They feel that the organization that is in the growth stage will be able to offer more such opportunities than the organization that is in maturity stage. Growth opportunities may come in the form of advancement to positions offering more responsibility or the charge to manage others. Companies can encourage growth by offering additional training or educational opportunities. (Phillips et al, 2003)

This helped the researcher to form the following hypothesis:

**HO 6 Organizational Growth & Self Advancement Opportunities provided by Indian air carriers with regard to commercial pilots are not related their retention by these airlines.**

**H1 6 Organizational Growth & Self Advancement Opportunities provided by Indian air carriers with regard to commercial pilots are positively related their retention by these airlines.**

**Hypothesis 7**

The effective recruitment practices& retention the employees play a major part in the success of any organization. Ineffective & inefficient recruitment often results in high employee turnover. A well planned recruitment program helps the organization to reduce the probability that job applicants, once recruited & selected, will leave the organization after a short period of time. When an employee leaves the organization in search of greener pastures, it costs an organization a lot as it means the organization needs to search for the replacement & also need to spend on training of
the new employee. Therefore, systematic recruitment and retention practices play a major role in organizational success.

**HO 7** *The air carriers in India might not be using systematic practices regarding recruitment and retention of the commercial pilots working with them.*

**H1 7** *The air carriers in India use systematic practices regarding recruitment and retention of the commercial pilots working with them.*

**Hypothesis 8**

The Indian Aviation Sector has witnessed tremendous growth in the recent past which is driven by sound demographic, macro-economic, government aided reforms and market dynamics. The three fold increase in consumerism, rising disposable income, booming aviation sector, burgeoning middle class, increasing business travel, government reforms, entry of low cost carriers, increasing competition, etc. have positioned Indian Aviation Sector in a high growth trajectory. (Shah, 2007)

On the basis of above research, the first hypothesis is as follows:

**HO 8** *Indian Aviation Industry will not witness any growth in near future.*

**H1 8** *Indian Aviation Industry will witness growth in near future.*