

MODULE – 3

HIRING INTERNALLY

1. Meaning and Definition of Internal Recruitment

Hiring internally is a recruiting system through which current employees can be identified and considered for other jobs / positions in an organization.

When a position opens in an organization, it is typically posted on the company's intranet and in common areas, such as cafeterias, break rooms and departmental information boards. If an employee is interested in the position, she is normally required to go through a similar process as an external candidate. The employee will submit her resume and cover letter to human resources, and if she is qualified, the employee will be scheduled for an interview with human resources and the hiring manager.

2. Advantages and disadvantages in terms of cost, time, quality and suitability

Advantages of Internal Recruitment

- a. Internal methods are *time saving*.
- b. No separate induction program is required.
- c. The method increases loyalty and reduces labour turnover.
- d. This method is *less expensive*
- e. Good public relations exercise which improves good will of the organization
- f. Improve morale & motivation of employees
- g. Provide better career prospects and promoting avenues to employees who are competent
- h. Improve probability of better selections since the candidate is better known to the organization
- i. Improve the probability of better performance since the candidate is in a better position in knowing the objective and expectations of the organization.
- j. When planned carefully, promoting from within can also act as a training device for developing middle level and top level managers

Disadvantages of Internal Recruitment

- a. There is no opportunity to get new talent in this method.
 - b. The method involves selecting people from those available in the company so there is limited scope for selection.
 - c. There are chances of biased and partiality.
 - d. Chances of employee discontent are very high.
 - e. Prevents intake of new blood in the organization
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- f. Option is limited in locating right talent
- g. Inhibits innovation and creativity
- h. Encourages seniority more than merit
- i. Also organizations may not get new ideas, excellence & expertise
- j. Develop a self-created isolation
- k. Develops inbreeding which is not good for the organization.

3. Sources of Internal Recruitment

3.1 Circulars

Generally, the letter that is used to circulate any special message to a huge member of audiences at the same time is known as circular letter. It is one of the cost effective means of circulating information or introducing new products to mass people.

Its importance is briefly discussed below:

- a. Easy method of conveying information: Circular letter is the most easy, simple and effective way to convey any information to a huge number of people.
- b. Achieving economy: Circular letter can be used for wide publicity of products. As a result, organizations can save cost of sending letters to different parties separately and can gain economy.
- c. Saving time: Circular letter transmits information to a large number of people at a time. It does not require reaching each individual separately. Thus, it saves time.
- d. Less effort: Circulating information to each individual separately is a time consuming and laborious job. Circular letter helps to overcome this problem. Through circular letter, we can communicate with large number of people at a minimum effort.

3.2 Intranet Advertisements

Intranet is an internal or private network of an organization based on internet technology and accessed over the internet. An intranet is meant for the exclusive use of the organization and its associates (customers, employees, members, suppliers, etc.) and is protected from unauthorized access with security systems such as firewalls. Some companies advertise/publicize a vacant job position available for hiring to its employees by posting it on company intranets or bulletin boards. Such postings list the jobs' attributes, such as qualifications, supervisor, work schedule, and pay rate. An intranet is similar to the Internet, except that it is confined to the organization. This makes it ideal for internal recruitment because jobs can be quickly posted for all employees to see. Some companies have expanded their intranet to include an online career center, where employees not only view job postings but also gain access to information about KSAOs needed for positions that might interest them; it may even include modules that will assist employees in acquiring these KSAOs. Recently, Whirlpool set up an intranet system so that managers who have an opening can enter the criteria into the system, and employees can find a list of jobs that might match their skills and interests. Other companies such as BMW, Kellogg, Hyatt, and Hewlett-Packard have followed suit. Some vendors, such as Recruitsoft, SAP, Oracle, and hire.com, have developed software specifically for this application.

3.3 Employee Referrals

Employees of a company can develop good job prospects for their family members and friends by acquainting them with the advantages of a job with the company where he/she is working, furnishing them with introduction and encouraging them to apply. This is a very effective means as many qualified people can be reached at a very low cost to the company. The other advantages are that the employees would bring only those referrals that they feel would be able to fit in the organization based on their own experience. The organization can be assured of the reliability and the character of the referrals. In this way, the organization can also fulfill social obligations and create goodwill.

Using employees to refer potential hires to the organization is a common method of looking for candidates in external recruitment. Though it has not been used much in internal recruitment, more companies are using employees' referrals to staff positions internally. One system that helps companies do this is JobTAG of Norristown, Pennsylvania. JobTAG uses Web-based software that rewards employees who refer other employees within the company for open positions. Employees log onto their company's JobTAG site, make referrals, and if a referral is hired, the employee is rewarded (rewards differ from company to company). There are other providers of internal referral systems.⁸ Regardless of what system is used, as with external recruitment, employee referral programs used internally may need to rely on formal programs with recognition for participation to get employees actively participating in making referrals. Moreover, they need to be educated on eligibility requirements to ensure that qualified personnel are referred.

3.4 Appointment or Promotion

A promotion is the movement to another job in a higher job classification and will result in a title change. It is an advancement of employee to a higher post with greater responsibilities and higher salary, better service conditions and thus higher status.

Companies can give promotion to existing employees. This method of recruitment saves a lot of time, money and efforts because the company does not have to train the existing employee. Since the employee has already worked with the company. He is familiar with the working culture and working style. It is a method of encouraging efficient workers.

4. Policy Guidelines and Union Settlements

Policies on recruitment and selection outline how recruitment will be done and provide guidelines for the selection process. In the recruitment policy of the organizations, provisions are made regarding filling of the vacant posts. Ordinarily, for filling vacant post, internal sources of the organization are given preference. If suitable employees are not available from internal sources then external sources of recruitment are tapped.

A good recruitment Policy should consider the following Objectives:

1. Organizational Objectives:

A recruitment policy must help the enterprise in achieving its goals. It is the manpower of the

enterprise which facilitates the achievement of objectives. While devising a policy which assists in employing most desired persons, certainly helps in reaching organisational goals.

2. Identifying Manpower Needs:

There should be an identification of number and types of persons required in the enterprise. If workers are to be employed then they may be categorised into skilled, semi-skilled, and unskilled and if supervisors are to be employed then the type of qualifications and experience should be specified and so on. The type of jobs and the section or department where they will be deployed should also be known beforehand.

3. Sources of Recruitment:

The sources from where the persons are to be recruited should be specified. There may be internal or external sources or both. The type of persons to be recruited from different sources should form a part of recruitment policy.

4. Criterion for Selection:

The criterion for selection should also be a part of recruitment policy. There may be guidelines from government e.g., reservation of posts on caste basis, reservation for minorities etc., which will also form a part of recruitment policy. There may also be a need of consulting trade unions while recruiting persons for certain jobs. The recruitment policy should incorporate a criterion to be followed for selection of personnel.

5. Cost Factor:

The cost involved in recruitment process should be taken into consideration while framing a recruitment policy. It may be very costly if every post is advertised in newspapers. Instead, recruitments through employment exchange may be very cheap. The cost involved in recruitment process should be properly assessed before making that process a part of policy.

Influence of Trade Unions

Trade Unions also influence recruitment of employees in the organization. In the recruitment of higher grade posts in the organization, trade unions exert their pressure in favour of internal candidates on the basis of seniority. Trade unions oppose appointments from external sources.
