

Chapter 1

HUMAN RESOURCE MANAGEMENT, THEORY AND PRACTICE

Key issues

- Human resource management deals with the effective and efficient management of an organisation's employees.
- All human resource management functions must link to each other and to the organisation's goals and strategies.
- Human resource planning aims to ensure that organisational objectives are achieved by getting the right quantity, quality and skills mix of employees at the right time.
- Recruitment programs are affected by internal and external factors such as economic conditions and the nature of the organisation.
- Labour demand forecasting is an important part of human resource planning.

¶1-100 What is strategic human resource management?

Recruitment and selection within an organisation is an integral part of that organisation's overall human resource management and planning process. As such, it is related closely to other human resource management processes, for instance, job design, human resource development, performance appraisal and management, reward systems, career and succession planning, promotions and transfers.

Two key concepts underlie modern human resource management (HRM) practice and are reflected in all activities concerned with the attraction, maintenance and separation of an organisation's employees. They are:

- (1) employees as human resources, human capital or organisational assets, and
- (2) human resource management as a long-term, integrative and accountable strategic process.

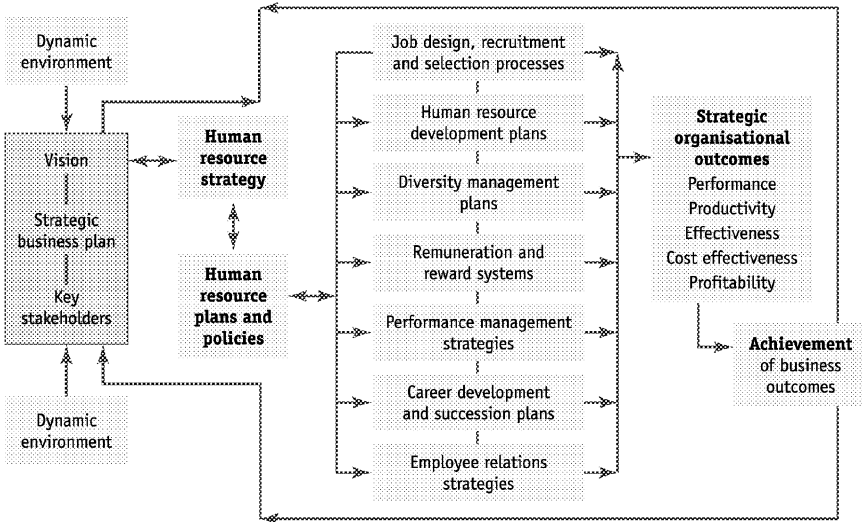
The first concept highlights the productive contribution of employees, both actual and potential, while the second focuses on the approach of human resource management practitioners to optimise this contribution for organisational benefit. Where are these concepts more crucial than in the careful and cost-effective attraction and choice of employees during recruitment and selection?

Social, economic, political and workplace relations changes, together with developments in the human resource (HR) profession, have propelled practitioners towards innovative managerial perspectives, approaches and strategies. New skills, especially in the information technology/telecommunications and accounting areas, need to be acquired, applied and evaluated. Economic fluctuations, legislative developments in areas such as workplace relations, equal employment opportunity, privacy and workplace health and safety, environmental and quality of work life issues provide human resource practitioners with both pressures and opportunities. Restrictions on recruitment strategies and selection techniques are balanced by opportunities to grow current employees in innovative and creative directions.

Human resource management as a profession is concerned with the effective and efficient management of an organisation's employees (human resources) towards the achievement of desirable objectives and goals. It has displaced earlier models (eg personnel administration, personnel management) because of its emphasis on the integration of all traditional personnel functions (eg job design, recruitment and selection, human resource development, rewards systems, career management, etc) and their management towards organisational strategic outcomes and objectives.

Human resource management involves a perception that employees are human resources (or even *human capital*), not unlike other organisational resources such as finance and technology, who need to be managed in similar (and different) ways in order to achieve productivity and profitability outcomes. Specific human resource management functions then provide the means by which employees are *acquired* (eg human resource planning, job design, recruitment and selection), *developed* (eg human resource development, reward and remuneration systems, performance and career management) and ultimately *terminated* (eg dismissal, retirement and redundancy programs) according to organisational requirements. It thus involves a human resource management strategy and a human resource management plan, consistent with overall organisational strategies, which subsequently feed into each of the related human resource functions.

Diagram 1.1: Recruitment as a strategic HRM tool



Source: Nankervis, A, Compton, R, Baird, M, Coffey, J, 2011, *Human resource management: strategies and processes*, 7th edn, Cengage, Melbourne, p 34.

Diagram 1.1 illustrates the ideal relationships between organisational and human resource management strategies, plans and functions, and highlights the centrality of recruitment and selection in the overall human resource management framework.

Two important concepts in strategic human resource management are those of *horizontal* and *vertical* alignment. Horizontal alignment refers to the need for human resource professionals to ensure that all human resource management functions (eg job design, recruitment and selection, human resource development, performance management, remuneration, retrenchment, etc) are clearly linked to each other and to the organisation’s goals. As an example, an organisation intending to expand overseas would need to ensure that:

- it could attract skilled and experienced technical and managerial staff from Australia or in international markets
- it was using the most suitable recruitment and selection techniques, and
- its remuneration and career development/retention programs matched its advertised attractions.

On the other hand, its human resource professionals would need to ensure that all these functions reflected the organisation’s culture, budgets and longer-term strategies. Culture, budgets and strategies are among the required aspects to be considered to achieve vertical alignment with an organisation’s goals and plans. Two other concepts, of *internal* and *external “fit”*, are also of importance here. Internal fit suggests that all human resource management functions should be designed according to an organisation’s internal culture; whilst external fit refers to the need for all organisations to tailor their HR

programs to the demands of their (external) industry, national and regional contexts (“dynamic environments” in Diagram 1.1).

While practical evidence on the role of HR professionals as “strategic business partners”, demonstrating both horizontal and vertical alignment, internal and external fit, is limited, there are some promising indications of its applications. Recent studies (Guest, D, 2011, “HRM and performance: still searching for some answers”, *HRM journal*, 21(1), pp 1–13; Butler, P, McEvoy, G, 2012, “Strategic human resource management and performance: sharpening line of sight”, *HRM review*, 22, pp 43–56) reveal significant contributions of human resource management systems to organisational performance, with the latter authors concluding that “much of the recent research suggests that HRM practices can positively affect firm performance, primarily through their impacts on human and social capital . . . the HRM objectives are to establish and promote a clear alignment of capabilities at all levels with the firm’s strategic goals and to create the culture, norms, motivation and opportunity to engage in actions that contribute to these goals” (p 54).

Diagram 1.2 below shows the HR professional capabilities (competencies) considered by the Australian Human Resources Institute (AHRI) as essential components of a business-driven approach to the human resource practitioner roles.

Diagram 1.2: AHRI model of excellence — *Driving your success*



Source: HR Competency Model (Ulrich & Brockbank 2007) and AHRI HR Management Model 2003.

Human resource management is comprised of a number of interrelated activities that combine to drive business performance. With a base capability of being **business driven**, HR professionals require the following additional

capabilities: **strategic architect, stakeholder manager, workforce designer, credible activist, expert practitioner, and culture and change agent.** Human resource management knowledge and capability underpin HR practice and influence the professional behaviour of HR professionals and how they are perceived. In addition, the overarching goal of *people leading business* is underpinned by the following four HR objectives:

- contribute to a profitable and sustainable organisation
- increase workforce competency and engagement
- develop excellence in people management
- create a dynamic and productive work environment.

All of these “capabilities” may be displayed in the specific recruitment and selection functions of human resource management, but perhaps the most important “capabilities” for HR practitioners are those of workforce designer, stakeholder manager, expert practitioner, culture and change agent. Thus, as workforce designers, practitioners will be engaged in decisions about the structure, clusters, and tasks involved in particular jobs; as stakeholder managers, they manage the expectations of managers, work groups and potential new employees; as expert practitioners, they must demonstrate their competence in the design of effective recruitment and selection processes; and as culture and change agents, use these processes to ensure that new employees fit into their jobs and work teams.

From a human resource management perspective, recruitment and selection reflect broader staffing strategies, and represent the first stage of the management of human resources (employees) towards organisational goals. They can be considered as the most difficult and yet the most crucial of all human resource management strategies. Acquiring the best applicants can be a huge bonus to organisations, but hiring less than the best can result in enormous disruption, reduced productivity, interpersonal difficulties and interruptions to teamwork, customer service problems, and long-term costs.

As both stakeholder managers and expert practitioners, HR professionals are usually the key organisational informants, interpreters, and advisers with respect to the workplace impacts of existing and new federal and state government legislation, especially in industrial relations, diversity/discrimination, workplace health and safety, equal employment and privacy. Perhaps the most important contemporary pieces of legislation requiring advice from HR professionals in Australia are the *Fair Work Act 2009*, established under the Rudd-Gillard Labor federal government, and the current amendments proposed by the *Fair Work Amendment Act 2013* under the Abbott Liberal government. Together with the new employer responsibilities associated with the national “harmonisation” of workplace health and safety legislation, HR professionals will undoubtedly be required to provide considerable interpretative and practical advice on their workplace implications. More details on the inclusions and implications of these Acts are included in Chapter 3, *Legislation and legal issues*.

Getting recruitment and selection processes and techniques right the first time is crucial and is the product of:

- knowing what you want and where to get it (human resource planning)
- being able to specify the required skills, attitudes and interpersonal skills (job design) to perform the job(s), and subsequently
- providing appropriate challenges, development, rewards and opportunities (human resource development, remuneration systems, career and succession plans) to satisfy and motivate qualified applicants.

This book explores the various methods and techniques to choose the right applicants for all organisational positions.

We will first consider human resource plans and their relationships with corporate plans.

¶1-150 Human resource planning and the strategic business plan

Described in the past as employment, workforce or manpower planning, human resource planning is ideally a continuous process which aims to ensure that organisational objectives are achieved by obtaining the right quantity and quality of employees at the right time and right costs, with an appropriate skills mix. Human resource planning involves analysis of the staffing impacts of industry or organisational growth, decline or diversification and consequent development of corresponding recruitment, re-skilling, outsourcing, re-deployment or redundancy strategies. Many companies have built a combination of short-term contracts, 457 visas, and outsourced service suppliers into their recruitment “mix”, in order to both accommodate their dynamic staffing needs and to allow them to better assess their potential ongoing employees. The *Fair Work Act 2009* restricted some of these employment options, and it is yet to be seen whether the amendments proposed to it by the Abbott federal government will relax these constraints.

Human resource planning can be defined in various ways. For example, it has been explained thus: “estimating the future supply of and demand for human capital and then figuring out how to close the gaps. Such planning allows companies to think through their workforce alternatives to the high fixed-costs of full-time employees” (BCG, 2010, *Creating people advantage 2010: how companies can adapt their HR practices for volatile times*, BCG & WFPMA, Boston, p 21). More broadly, it is a continuing process of analysing an organisation’s human resources needs under changing conditions to ensure that the right number of people with the right skills, and at the right costs are available at the right time for the organisation. More narrowly, it may simply be described as the complex science (or art) of matching labour demand with labour supply. These definitions suggest that staffing plans should derive from, and be consistent with, both short-term and long-term goals and objectives of the organisation, and should in turn inform human resource management functions, such as job design, recruitment and selection, human resource development and performance management. Evaluation of the effectiveness of

each of these functions (see Chapter 13, *Evaluation of recruitment and selection*) should then feed back into human resource plans in order to further improve their capacity to deliver the right employees with the right skills and competitiveness, according to organisational requirements.

Accordingly, recruitment techniques will vary from time to time. In periods of growth, alternative sources of contract staff or long-term staff may be sought. During industry decline, internal development activities, retrenchments or early retirement programs (sometimes called “negative recruitment”) may be emphasised. Selection strategies will also differ, consistent with corporate developments.

Ideally, human resource planning focuses on both the strategic (or long-term) and operational (short-term) perspectives. Long-term covers up to five years and short-term less than one year, depending on the nature of the industry.

Recruitment and selection should therefore focus on both filling current job vacancies and preparing for future staffing needs.

More recently, some writers have suggested that human resource planning is a crucial component of “human capital management”, which refers to the process of measuring (and managing) the alignment of human resource management and organisational goals, from the perspectives of all stakeholders, including managers, shareholders and investors. It aims to “understand and support (HRM) activities that create sustainable capability and external shareholder value” (Donaldson, C, 2006, “Intangibles crucial in HR’s future”, *Human resources*, 107(27), June, p 1), or more specifically, to ensure that “organisational capabilities such as talent, speed, collaboration, accountability, shared mindset, learning and leadership are the deliverables of HR . . . which contribute to an organisation’s market value” (Kramar, R, 2006, *Cranet Macquarie survey on international strategic human resource management: report on the Australian findings*, Macquarie University, Sydney, p 7).

The complexity of human resource planning techniques will vary with organisational size and the dynamic nature of the organisation or its industrial environment, and the perception and status of the human resource function.

Most modern organisations engage in forward planning from time to time, to enable the determination of overall objectives, future directions and opportunities for growth and productivity. This is usually referred to as strategic (corporate) planning.

As a result of such plans, structures, budgets and resources can be reviewed to take advantage of economic, social, labour market, product or industry changes. Changes in global, regional or national economies, including the constant restructuring of the Australian economy, financial crises, fluctuating currency rates, increasing international competition, cross-generational issues, different work attitudes and workplace relations developments, together with modern management theories, have highlighted the importance of strategic planning to achieve organisational success. All these factors have a significant impact on the nature of recruitment and selection programs.

Such long-term planning is usually undertaken by a team of senior managers in close liaison with the Chief Executive Officer and the Board of Directors. The process commonly involves the following five stages.

STRATEGIC PLANNING PROCESS

- (1) Development of a clear mission statement, core vision or prime objective.
- (2) Review of likely pressures and opportunities both within and outside the organisation.
- (3) Formulation of alternative scenarios and optional strategies. It should also indicate the proportions of full-time, part-time, contract, casual and outsourced positions, with the view to aligning staff requirements to the dynamic demands of organisations.
- (4) Choice of the most effective options.
- (5) Preparation of objectives, targets, budgets and operational business plans.

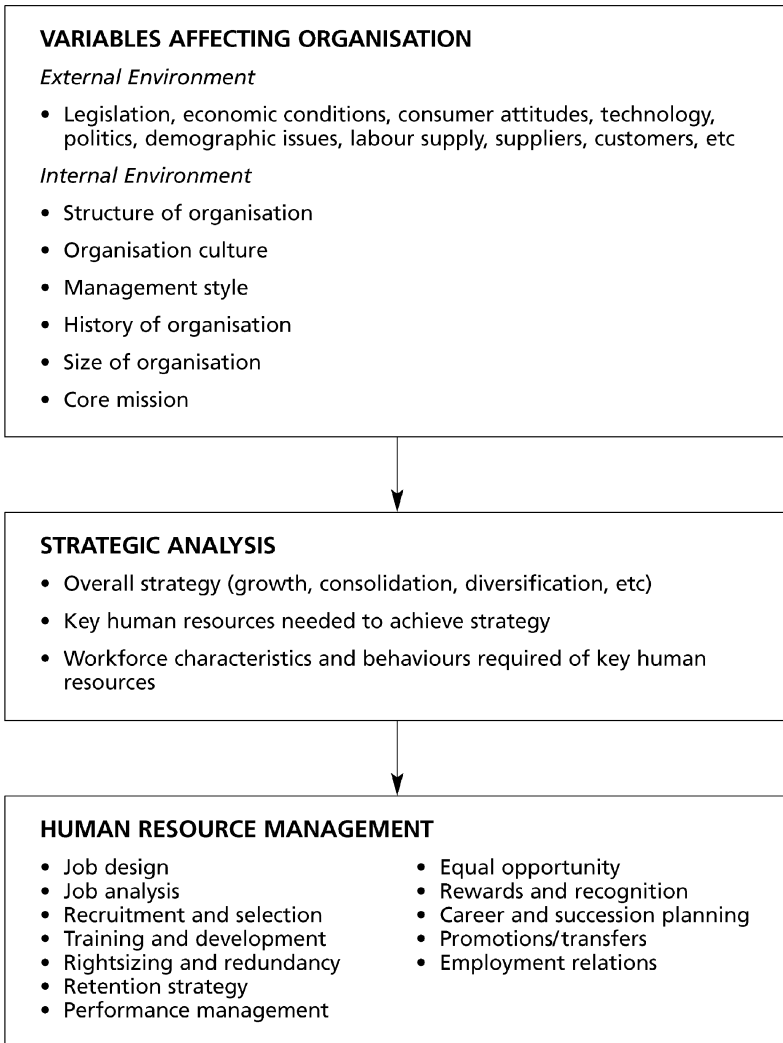
The process is cyclical, incorporating contingency strategies and in-built monitoring and review processes.

With growing recognition of the value and costs of an organisation's human resources, most organisations now actively integrate human resource plans with corporate plans (see Diagram 1.1). The human resource manager should be well placed to advise on labour market trends, legislative and statutory requirements, and the staffing impacts of product or service diversification, relocation, growth or decline. With the support of an efficient human resource management information system (HRIS) (see Chapter 11), practitioners can provide a wealth of data relevant to corporate planning. Fully-costed human resource plans will indicate the relative viability of scenarios and alternative strategies.

Human resource management policies and practices can be linked to strategic management in at least three ways:

- (1) They can be used to reinforce existing corporate strategies (eg through performance management or job and work group redesign to improve productivity).
- (2) They can be used to signal and reinforce changes in corporate strategies (eg through the shaping of existing or injection of new corporate values, or the development of new workforce skills).
- (3) Human resource data can be used as an input into the strategic planning process (eg employee survey data can be used to guide priority setting or program development, or human resource planning and employee demographic data can be used to assess the viability of plans for diversification, expansion or contraction).

The relationship between human resource planning and strategic planning is shown in the following chart.



Both human resource planning and corporate planning are by nature subject to variables within the economy, society, the organisation itself and its employees. However, despite its unpredictability, such integrated planning is crucial for organisational success. Effective planning will directly influence the content of position descriptions, the choice of recruitment strategies and selection techniques.

The key external and internal environmental factors (see chart above) which are likely to influence future HR plans in Australian organisations include (but are no means limited to) the following local, regional and global trends. The “8 forces” facing Australian and regional economies in the next decades

have been summarised as global competition, new technology and communication developments, an increasing demand for employee flexibility, “skills convergence in multi-disciplinary environments”, global best practice, changing business standards (notably ethical and corporate social responsibility issues), and dynamic governmental regulations (Wilson, P, 2010, *People@Work*, AHRI, Melbourne, p 3). More specific issues include emerging skills shortages in a variety of industry sectors and occupations, at both professional and technical levels; an ageing workforce in Australia and other regional countries (for example, China, Singapore, Japan) contrasted with youthful labour markets in India and Indonesia; workplace inter-generational conflict; and ongoing industry sectoral shifts.

With respect to the latter, the resources, manufacturing, aviation, and retail industry sectors in Australia have all been adversely affected by a combination of increased global and regional competition, the development of new technologies, and currency fluctuations. For example, the mining “boom” of the early 2000s, which provided significant levels of employment for workers in Western Australia and Queensland together with contractual jobs for employees from other states, is now abating. The closure of the Ford Motor Company and the imminent demise of General Motors signals the end of vehicle manufacturing in Australia, whilst the deteriorating financial position of Qantas is likely to result in significant numbers of unemployed skilled workers. Global online sales have also provided more traditional retailers with considerable HRM challenges.

Whether human resource plans form an integral component of corporate plans will depend on the foresight, status and skills of human resource professionals.

¶1-200 Benefits of human resource planning

The principal purpose of human resource planning is to ensure that organisations have sufficient staff with the required skills, knowledge and abilities to cost-effectively produce the goods or services required to achieve organisational objectives.

The human resource planner must therefore forecast staffing requirements and predict labour supply as well as ensure the effective integration of all human resource activities. Thus, job analyses must produce position descriptions that accurately reflect job content, while allowing for technological change. Job design, job rotation or promotion programs may reduce or remove the need for expensive recruitment and selection processes. Organisational restructuring, involving substantial staff redundancies, may alter these staffing plans and processes. Alternatively, accurate position descriptions will make those processes more effective when they have to be used.

For example, in the information technology industry, specific long-term skills requirements may be difficult to determine due to the dynamic nature of the industry. Position descriptions and recruitment policies will therefore need to reflect this uncertainty by providing for both short-term (such as the use of

casual or contract employees) vacancy-filling as well as longer-term career prospects. These days, many of these skills have been contracted out (or outsourced) as an efficiency and cost-cutting exercise.

Successful induction followed by ongoing human resource development assists in the motivation and maintenance of valued employees who may otherwise be poached by attractive offers from competitors. Efficiently-conducted performance management programs can assist salary supplementation and career and succession planning procedures. All human resource functions therefore benefit from a well-prepared, realistic and carefully-monitored human resource plan linked to the overall corporate strategy.

Recruitment and selection programs must be linked with other human resource systems, especially performance appraisal, career management, rewards schemes and data analysis programs, as well as being integrated into the overall human resource plan.

In summary, the benefits of human resource planning include:

- the provision of clear linkages between human resource functions and organisational objectives
- more focused sourcing of workers from both traditional and non-traditional labour markets
- cost-effective recruitment and selection strategies, and
- systematic and responsive human resource policies and practices in all areas.

Human resource planning, while of immense benefit to both practitioners and senior management, also has its drawbacks, including the time required, and the difficulty in achieving accuracy and the correct focus. Good planning takes time, and senior management time is expensive. Plans may be subject to a large number of unpredictable variables (employment levels, demographic aspects, skill variations, economic factors) demanding multiple contingency strategies. Finally, practitioners themselves may consider the focus on employees as resources distasteful. Despite these disadvantages, human resource plans that are clearly integrated with corporate plans are becoming essential for modern human resource practice.

¶1-250 Linking recruitment and selection with the strategic business plan

As discussed earlier, both the horizontal and vertical alignment of human resource management goals, strategies, policies and functions with the strategic business plan are crucial to strategic human resource management. Nowhere is this more important than with an organisation's recruitment, selection and retention functions. The stage of an organisation's development (that is, whether it is just starting up, in a growth phase, merging with another company, or even in decline) will indicate the numbers and types of employees it requires in both the short and longer terms. Human resource planning will, for example, provide organisational planners with details of the

desired demand for human resources in the business planning period, their levels of qualifications, amount of work experience, and any particular skills (eg linguistic, cross-cultural, managerial, e-commerce). This aspect of human resource planning is generally referred to as *labour demand forecasting*. Unfortunately, not all organisations conduct such forecasting effectively. For example, at the beginning of the resources boom in the early 2000s, the demand for contingent labour was so immense that very high salaries needed to be paid to attract skilled employees (carpenters, plumbers, geologists and engineers) to mines in Western Australia and Queensland, usually on “fly in-fly out” (FIFO) or “drive in-drive out” (DIDO) contracts. Currently, now that this sector is in decline, many contracts have been terminated without comprehensive plans for future staffing needs. General Motors’ plan to close its automobile manufacturing plants in Adelaide and Melbourne by 2018, on the other hand, provides the American company with opportunities to develop an HR plan to assist its workers to re-settle themselves in new occupations, with potentially less adverse effects on their company brand and its products. It remains to be seen how successful its approach will be.

Labour demand forecasting includes both positive recruitment (ie the identified need for more or more highly qualified additional staff) and negative recruitment, which may mean the retrenchment of existing employees in redundant jobs, or the outsourcing of organisational functions no longer considered essential to the organisation’s core business (eg payroll administration, cleaning or cafeteria services, information technology support services, etc). The associated human resource plan should cover both of these aspects. In the case of mergers or takeovers, it will need to balance the numbers and types of employees required for the new organisation from the former ones. It should also specify whether new staff will be hired on permanent, contract or casual basis, and their associated conditions and entitlements. These, of course, should derive from the organisation’s financial plans.

¶1-300 The role of recruitment in human resource planning

In the context of human resource planning, it is necessary to match future workforce requirements with the labour supply (both internal and external). Often this will mean recruitment in advance of actual requirements so that the necessary training and development of, for example, graduates and apprentices can take place. Usually, a balance will need to be reached between recruiting for immediate needs and recruiting for internal training, development or promotion.

Basically, the need for recruitment is determined by forecasting the number of employees needed in the future and making allowance for labour turnover rates during that period (generally based on past turnover rates), as well as the impact of transfers, promotions and planned redundancies. The technique of recruitment as a means of closing supply/demand gaps must be compared for effectiveness with other alternatives, such as increased human resource

development, more rapid promotions, the use of technology to replace employee tasks, and (where there is difficulty obtaining suitable employees) the feasibility of reviewing plans to consider whether it is possible to operate without certain employees. The use of temporary, contract and casual staff, or the outsourcing of servicing functions, may also be an option.

When determining recruitment needs, it may be beneficial to use three separate categories of recruits:

- those needed to account for labour turnover
- those needed for short-term growth, and
- those needed for long-term growth of the organisation.

Sometimes the responsibility for recruitment may also be separated, for example, by giving line managers responsibility for the first two categories and long-range planners responsibility for key groups of employees.

Labour supply and recruitment

Having determined the appropriate numbers and types of employees required to meet organisational goals, the next step is to assess their likely sources. There is an increasing number of general and specialist labour pools, both within the organisation and in its external environment. These are discussed later in this book, but the choice between internal and external sources reveals both advantages and disadvantages, and it should clearly reflect the goals of the organisation as a whole.

Existing employees can be trained, developed, redeployed, transferred or promoted for future skills needs. New recruits will need to be sought out, attracted and carefully selected to ensure suitability for future positions.

Internal labour supply can be determined effectively if prior skills audits have been conducted and maintained on an effective HRIS (see Chapter 11, *Human resource management information systems*). Job analyses (see Chapter 4, *Job analysis and competency profiling*), replacement charts, human resource development records, career and succession programs are usually integrated and contain usable data for predicting internal supplies to meet future demand.

While internal supplies of labour are more predictable, less expensive and require minimal orientation to the organisation compared with new recruits, they can also have disadvantages. Existing employees may not possess the required new skills or relevant experience and/or may have become entrenched or restricted in work focus. Some organisations have addressed the issue of employee stagnation by interchange or secondment programs. These are inexpensive and can prove immensely valuable. In parts of the Australian public sector, senior staff exchange positions with private sector managers in order to gain additional work experience and liaison. As examples, there is currently a shortage of highly skilled technical and professional employees at one end of the labour market, and an undersupply of apprentices, age care and childcare workers, at the other.

The alternative future labour source is from outside the organisation. This source also has advantages and disadvantages. New blood, fresh approaches, cultural changes and specialist skills are balanced by the costs associated with recruitment and selection, human resource development, induction and orientation to the organisation. If corporate directions require attracting employees from outside the organisation, the human resource planner must become an environmental scanner of the changing community.

As discussed earlier in this chapter, economic, social, political, technological and industry variables will all affect future labour supply. Employment levels will vary according to locality, industry, occupation and educational emphases. Government policies will affect the numbers, training and availability of apprentices and graduates. The policies of educational institutions (TAFE, universities and schools) will determine proportionate supplies of labour in occupations such as law, medicine and accountancy. Migration trends and legislation will have an impact on overseas recruitment, while technological developments will affect numbers and qualities of employees.

Inflation levels, interest rates, mergers and acquisitions, industry competition and economic policies may provide constraints on opportunities to the staffing of new sections or the development of additional services.

Social factors, such as environmental movements, industrial relations initiatives, quality of work life and workplace health and safety issues will affect applicant response levels to advertised positions. Demographic variables, including age, gender, ethnicity, impairment and area of residence, may have an increasing impact on the types and quality of future applicant pools. In particular, the needs and expectations of different generations of employees (for example, Baby Boomers, Generations X and Y, Nexters) will demand new approaches to their attraction and retention. The latter factor is becoming a key challenge for recruiters, as research on the expectations of younger generations of employees has revealed that they often have different needs and demands from their older colleagues. These include work-life balance, varied job roles, new technology, supportive managerial styles, and ongoing learning and development opportunities, and enhancing their perceptions of “employer of choice” company branding. It is interesting to note that these characteristics have been found not only in Australia, but also in the USA, Europe, Singapore, China and India.

Recognition of these issues has led to significant changes in the ways in which such applicants are being recruited. Newspaper recruitment, for example, has been largely replaced by posting vacant positions on company websites and the use of social media such as Facebook, Twitter and LinkedIn. As Scott McDaid, Head of Recruitment and Learning at ANZ bank explains, the company “uses such direct channels to source talent and reduce our dependence on more traditional sources” (Nankervis, A, Compton, R, Baird, M, Coffey, J, 2011, *Human resource management: strategies & processes*, 7th edn, Cengage, Melbourne, p 241). Others caution reliance on social media for applicant endorsements, suggesting that “skill endorsements on social media

... are great for showing the skills you are best known for, but are not a substitute for the role that references play" (Boyd, C, 2013, "Written 'reference-lite'", *HRm*, July, p 28).

In all these circumstances, the human resource planner must gauge the most likely sources of employees within the planning period, according to trends in the relevant variables. Assistance is available in this regard from a variety of government and industry avenues. Several private agencies conduct labour market analyses, and job and remuneration surveys. The Australian Bureau of Statistics (www.abs.gov.au) and the federal Department of Employment (www.employment.gov.au) offer information and advice on employment levels, government subsidies and training programs. Numerous industry surveys are regularly available from government information offices in all Australian capital cities.

Apart from the need to closely link an organisation's recruitment plan with its business strategies, it is also important that the methods chosen to select the best applicants from its attracted labour pool are effectively linked as well. Selection techniques ensure that investments made in job design, advertising, career fairs and other recruitment activities bear fruit in the form of qualified, skilled and well-motivated new employees who will be able and willing to contribute to the objectives of the organisation. They also showcase the opportunities and professionalism of the organisation and its human resource practitioners, and in return can help to attract further talented applicants required for its future growth and development.

It is therefore crucial to choose selection methods carefully to achieve both these purposes. There is a wide range of such techniques, including computer-based application forms, résumés, various kinds of employee tests, interviews, assessment centres, security checks, references and medical examinations, all of which are discussed in detail later in this book. The number and sequence of techniques used will differ for different jobs, but all such selection processes should be carefully analysed by human resource professionals to assess their relative effectiveness, their costs and overall contributions to desired organisational outcomes. In line with the overall human resource imperatives to achieve both horizontal and vertical alignment of human resource management functions, recruitment and selection should not only be integrated, but also be aligned with subsequent functions such as skills inventories, labour turnover analyses, career and succession planning.

Skills inventories

A skills inventory is an organisational database which records and updates collated information on the current qualifications, job competencies and training undertaken by all individuals and the whole internal labour pool of an organisation. Usually part of a more comprehensive HRIS (see Chapter 11, *Human resource management information systems*), skills inventories allow human resource professionals to ascertain whether present employees possess the necessary skills and work experience to meet the identified future needs of the organisation and, consequently, whether they require additional training and development or whether additional recruitment may be necessary. They

may also be used to evaluate the effectiveness of recruitment and selection over time, and can help to identify potential or actual weaknesses in the current workforce.

Labour turnover analyses

Again, usually based on organisational data from the HRIS, regular analyses of employee turnover (sometimes called wastage), or the numbers and types of employees resigning or being terminated from an organisation, can assist human resource professionals, senior and line managers to assess whether too many qualified and experienced employees are leaving, with enormous costs to the organisation and/or a severe loss of talent. Such analyses may also indicate the reasons for their departure (eg inadequate salaries, lack of training and development or career opportunities, bad management, ineffective recruitment or selection procedures) and can suggest how these turnover difficulties may be remedied.

Sometimes, such analyses may indicate that turnover rates are too low, and that there is a need to bring new blood into old-style organisational cultures. In either case, carefully conducted labour turnover analyses can yield essential information for human resource planning, and can help to focus recruitment plans on the precise types of skills and experience that the organisation needs, and the most likely sources and processes to attract them. Such attractors may include more competitive salaries and conditions, ongoing human resource development, or promotional opportunities.

Career and succession planning

From the organisation's point of view, the object of career planning for individual employees is to retain them working enthusiastically and productively. For the employees themselves, it provides achievable goals, gives satisfaction and maintains morale, and is perceived as a reward for their hard work. As vertical careers become scarcer due to the de-layering of management in many organisations, and as the market for good employees becomes more competitive both nationally and internationally, the ability of employers to retain high-performing employees has become more difficult. Thus, organisations that can find ways of designing stimulating career paths, whether through job rotation, different projects, new technology or gradual promotion, are the most likely to be able to retain their employees against their competitors and, in turn, are likely also to be "employers of choice" (see Chapter 5), attractive to prospective new employees.

Succession plans are plans that select employees with the greatest potential to become future managers and then prepare them for the task through extensive training, "acting" opportunities and individually designed career strategies. They thus represent both rewards to retain good employees, and internal selection techniques for the most senior jobs in organisations.