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class - XII

Subject - Business Studies

ment

the company may contact them and offer jobs.

are already familiar with the organisation and with the people working in it.

(iv) Recommendations by Employees :

Applicants introduced by present employees or their friends and relatives may prove to be a good source of recruitment. Such applicants are likely to be good employees because their background is partly known. A type of preliminary screening takes place because the present employees know both the company and the candidates and they would try to satisfy both. Many family-owned concerns give preference to the candidates recommended by the employees as the latter stand as sureties for the new recruits. Some organisations have agreements with the trade unions to give preference to relatives and friends of present or retired employees provided they possess the necessary qualifications and experience. Trade unions are an important source of recruiting workers in factories.

Demerits

Internal sources of recruitment suffer from the following drawbacks :

1. There may be in-breeding as fresh talent from outside is not obtained. Internal candidates may not give a new outlook and fresh ideas to business.
2. Unsuitable candidates may be promoted to positions of higher responsibility because the choice is limited.
3. The employees may become lethargic if they are sure of time-bound promotions. There may be infighting among those who aspire for promotion within the organisation.
4. Internal recruitment cannot be a complete method in itself. The enterprise has to resort to external recruitment at some stage because all vacancies cannot be filled from within the organisation.

Merits

Internal recruitment offers the following advantages :

1. Filling vacancies for higher jobs by promoting employees from within the organisation helps to motivate and improve the morale of the employees. This induces loyalty among them.
2. Internal recruitment helps to minimise labour turnover and absenteeism. People wait for promotion and the work-force is more satisfied.
3. It is a cheaper source of recruitment. Full information about the candidates is already available. Time and money need not be spent on advertising of vacancies, tests and interviews, checking references, etc.

4. Candidates working in the organisation do not require induction training. They

3.3.2 External Sources

External sources mean recruitment of people from outside the enterprise. Various external sources of recruitment are given below :

1. Advertisements : Advertisements in newspapers, magazines, journal, radio, TV and other media are a popular and the most widely used method of recruiting staff. Whenever an organisation wants to fill job vacancies, it may issue advertisements giving details of the job to be filled in and the qualifications required for it. *Employment News* is a special newspaper which contains only job advertisements from public sector and private sector organisations in our country.

Advertising is a convenient and economical source of recruitment. It provides a large pool of candidates from all parts of the country. Therefore, the organisation has sufficient choice in selection. Detailed information about the organisation and the job can be given in the advertisement to facilitate self-screening

by prospective candidates. If necessary, the organisation can keep its identity secret by asking the applicants to reply to a post box number. The main disadvantage of advertising job vacancies is that it brings in a flood of applications, many of which may be from unqualified candidates. This increases the time and expense involved in screening the applications.

2. Campus Recruitment : Job in business have become highly technical and require well-educated persons. Business houses are, therefore, increasingly approaching educational institutions for recruiting managerial and technical staff. For example, students passing out from IIMs and IITs are recruited every year in the campus itself. Such recruitment is called 'campus recruitment'.

Campus recruitment is very convenient and inexpensive. The employer gets help from the placement cell of the educational institute in recruitment and selection. Well-educated persons become available very quickly without any advertisement. The educational institution gains because its students get jobs even before they leave the institution. That is why campus recruitment has become very popular, particularly in cases where prior job experience is not required.

3. Employment Exchanges : The Government of India has set up employment exchanges throughout the country to tackle the unemployment problem. They register the names, addresses and other particulars of job seekers. When employers notify job vacancies to these exchanges, they refer the names of suitable candidates.

Employment exchanges carry out some screening so that the employers get a list of qualified candidates. The employer does not have to spend money on advertisements. Some employment exchanges also provide counselling and research services. But the records of employment exchanges are generally outdated and many of the candidates referred by them do not turn up for the interview. Employment exchanges are a good source of recruitment for unskilled, semi-skilled staff.

4. Placement Agencies : Several recruitment agencies like ABC Consultants, A.F. Ferguson Associates, S.B. Billimoria Co. etc. provide recruitment and selection services. The employer can hire such an agency to do the complete job of recruitment. The agency will advertise the job, receive and screen applications and select suitable persons and short-list them. The employer saves his time and effort and gets the benefit of the agency's expertise. His identity is also kept secret. But the agency charges a substantial fee. This source of recruitment is employed for recruitment of senior managers.

5. Casual Callers : Many well-reputed business organisations draw a steady stream of *unsolicited applicants* in their offices. Such job-seekers can be a valuable source of manpower. A waiting list of such visitors may be prepared and they may be screened to fill the vacancies as they arise. The advantage of this source of recruitment is that it avoids the cost of recruitment from other sources. However, unsolicited applicants may become a disturbance in the daily routine of the enterprise.

6. Gate Hiring or Direct Recruitment : Under this source of recruitment, a notice is placed on the noticeboard of the enterprise specifying the details of the jobs available. Job seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. This is also known as *recruitment at factory gate*. The practice of direct recruitment is followed usually for casual vacancies of unskilled or semi-skilled jobs. Small workshops recruit turners, fitters, welders, etc. through this source. Recruitment of soldiers in the army is done at the *Bharti Daftar*.

7. Labour Contractors : Labour contractors maintain close contacts with labourers and they can provide the required number of workers at short notice. In some cases employees themselves serve as contractors for the supply of workers. Labour contractors constitute an important source of recruitment in many industries in India. They are known by different

names such as Sardar, Mukaddam, Thekedar, etc. The disadvantage of this system is that if the contractor decides to leave the enterprise, all the workers recruited through him also leave the organisation. The popularity of this system of recruitment is declining in India.

Merits

External sources of recruitment offer the following advantages :

- (i) External sources provide a very wide choice of the required number of employees having the desired qualifications.
- (ii) External recruitment provides people with new ideas and special skills needed to cope with new challenges.
- (iii) External recruitment challenges internal candidates as they have to compete for promotion.
- (iv) All vacancies cannot be filled internally. Vacancies created by promotion, retirement, resignation and death of

some employees have to be filled from outside.

- (v) A new enterprise has to recruit all employees from outside.

Demerits

External sources of recruitment suffer from the following limitations :

1. External recruitment is very time consuming and expensive because tests, interviews, etc are needed to judge their suitability.
2. Existing employees may resent filling of higher level vacancies from outside. Recruitment from outside may create frustration among existing employees who aspire for promotion.
3. Candidates from outside do not know the enterprise and its staff. Their orientation is necessary to make them feel at home.
4. There is no guarantee that the enterprise will get the required number and quality of employees.

Table 3.1 : Differences between Internal and External Recruitment

Basis of Comparison		Internal Sources	External Sources
1.	Meaning	Recruitment from within the enterprise	Recruitment from outside the enterprise
2.	Types	<ol style="list-style-type: none"> 1. Promotion 2. Transfer 3. Ex-employees 4. Recommendation by Employees 	<ol style="list-style-type: none"> 1. Advertisements 2. Employment exchanges 3. Campus Recruitment 4. Placement agencies 5. Casual callers 6. Gate hiring 7. Labour contractors
3.	Advantages	<ol style="list-style-type: none"> 1. Familiarity 2. Economical 3. Less time consuming 4. Motivation 5. Better utilisation of existing talent 	<ol style="list-style-type: none"> 1. Wide choice 2. Infusion of new blood 3. Healthy competition 4. Only source for new enterprises
4.	Limitations	<ol style="list-style-type: none"> 1. Restricted choice 2. Inbreeding 3. Lack of competition 4. Conflicts amongst staff 	<ol style="list-style-type: none"> 1. Frustration amongst staff 2. Time consuming 3. Expensive 4. Uncertainty

Thus, both internal and external sources of recruitment have their own merits and demerits. While choosing the right source of recruitment, the following factors should be considered :

- (i) Number of persons to be recruited.
- (ii) Type of staff to be recruited and the nature of the job to be filled in.
- (iii) Time available for recruitment.
- (iv) Cost to be incurred on recruitment.
- (v) The attitudes of present staff concerning different sources of recruitment.
- (vi) Management's policy concerning recruitment.

3.4 E-RECRUITMENT

Electronic (E) recruitment is becoming increasingly popular.

3.4.1 Concept

E-recruitment means recruiting employees through electronic means. It is the process of creating a database of candidates and encouraging them to offer for selection.

3.4.2 Benefits and Limitations

E-recruitment offers the following **benefits** :

- (i) The cost of recruitment per candidate is low.
- (ii) Less time is required for recruitment.
- (iii) People with desired qualities can be recruited.
- (iv) The process of recruitment becomes more efficient.

E-recruitment suffers from the following **limitations** :

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- (i) The employer and the job seekers both must have access to the Internet and Intranet.
- (ii) Both must know how to use the electronic means.
- (iii) Money has to be invested in creating websites and job portals.
- (iv) There is lack of human touch in e-recruitment.

3.4.3 Sources – Internet and Intranet

Internet and Intranet are the two main sources of e-recruitment.

Internet : Many big organisations use Internet as a source of recruitment. They advertise job vacancies on their website. After reading the company's website, job seekers send their applications and bio-data through e-mail using the Internet. Alternatively candidate place their Curriculum Vitae (CV) on the Internet. Employers having job vacancies use these depending on their requirements. The recruiter can scan the details. The company can use the application tracking system to make the job portal easy for job seekers.

Intranet : E-recruitment can be undertaken either through its own website or through specialised job portals. Resume scanners can be put in place to weed out the unsuitable unwanted candidates. The specialised job portals operate on a 24×7 basis. Whenever job vacancies occur, the employer can tap this large database.

SUMMARY

Recruitment means the process of searching for prospective employees, selecting the appropriate sources of required staff and stimulating the candidates to offer themselves for employment. There are two main sources of recruitment – internal, and external. Promotion, transfer, ex-employees and recommendations by employees are the internal sources. Advertisements, campus recruitment, employment exchanges, placement agencies, casual workers, gate hiring and labour contractors are the external sources of recruitment.

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Staff Recruitment

Q.1. What do you mean by the term external sources of recruitment?

Q.2. Discuss the various external sources of recruitment.

Q.3. Discuss the merits of internal sources of recruitment.

Q.4. Discuss the demerits of external sources of recruitment.

Q.5. What is E-recruitment?

Q.6. Discuss the merits and limitations of E-recruitment.

Q.7. Define the term Internet and Intranet.