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Personnel Practices in Georgia Manufacturing Companies—Hiring

This article is the first in a series of four articles which examine various aspects of personnel practices in Georgia manufacturing companies.

AS THE VALUE of the human resource has appreciated over the last decade and a half, the development of proper personnel practices in the state of Georgia has become increasingly more important. During this 15-year period Georgia has experienced an unprecedented increase in manufacturing employment. This growth has presented a great challenge to its personnel managers.

The objective of the present study was to determine how this challenge has been met by Georgia's largest manufacturing firms. Questionnaires were

mailed in April 1973 to Georgia's 50 largest manufacturers. To avoid non-respondent bias, follow-up questionnaires were mailed in May and June 1973. Information concerning the size of the firms surveyed was received directly from the Georgia Department of Industry and Trade. If a firm in the survey had more than one plant location, its largest plant site was chosen for survey use. The questionnaires were addressed personally to the chief executive officer in charge of each plant. Of the questionnaires, 39 were returned, for a response rate of 78%. Of the 39 returned questionnaires, 29 were usable.

The survey instrument was designed to gather information in the following areas: (1) hiring, (2) employee development and compensation, (3) employee relations, and (4) selected duties of the personnel manager.

In order to determine how the firms surveyed approach the problem of employee hiring, the following areas were investigated: (1) manpower forecasting in terms of both number and kinds of personnel needed, (2) recruitment procedures and sources, and (3) screening and assignment of applicants to job openings.

As indicated in Exhibit 1, nearly one

half of the firms surveyed currently make no effort to forecast either their short- or long-range manpower requirements. Predictably, of the firms that do forecast future labor needs, the number attempting to determine manpower requirements for 1976 and 1978 is less than the number attempting to determine manpower requirements for 1974. Little difference appears to exist in the emphasis the firms place on forecasting manpower requirements among the three basic types of personnel—professional, skilled, and unskilled. Manpower planning, however, does seem to be an important need for the firms surveyed since, combined, they report a surprisingly high annual replacement average of 26% of their work force, with an even higher annual new-hire average of 34%.

Of the methods utilized to project future manpower requirements, departmental requests and personnel department studies are the most commonly used (Exhibit 2). Departmental requests are more frequently used for skilled and unskilled employees; personnel department estimates are most commonly used for professional employees. Market studies play only a minor role in the manpower planning

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forecasts of the firms responding to the survey. No respondent reported making use of either United States Employment Service or Department of Labor forecasting methods.

Factors reported by the firms as affecting their future manpower requirements are presented in Exhibit 3. Most important in this area are specific company plans and national economic conditions. Local economic conditions, cyclical trends, and government policies are among the least important factors. Competition is given considerable importance; available manpower is designated as a most important factor by over half of the firms.

As the basis for determining job specifications, job analysis is an important part of all well-organized job evaluation systems. Of the firms surveyed, 90% reported the use of one or more job analysis methods (Exhibit 4). A combination of interviews and observation was the most common job analysis technique reported. This finding parallels that of a similar earlier national survey of 899 companies.¹ The present survey also agreed roughly with the national study that questionnaires and written narratives are similar in popularity.

Job descriptions, written incorporations of job specifications, traditionally serve many functions. Their most common uses as reported by the Georgia survey respondents were for pay purposes and hiring among professional and skilled employees and for pay, hiring, and training purposes among unskilled workers (Exhibit 5). Job descriptions were used by 38% of the firms for performance ratings and 38% of the firms for promotion considerations of professional employees. Job descriptions were used less for these two procedures in judging unskilled workers. In general, these survey findings are consistent with the results compiled in the previously mentioned national study.²

Recruitment

Having determined its manpower requirements in terms of number and types of worker needed and having allowed for the effects of such circumstances as changing economic conditions and cyclical trends, a firm is basically prepared to begin its search for prospective employees. The firms surveyed were

Exhibit 1: Percent of Firms Having Estimated Future Manpower Requirements by Type of Personnel (N=29)

<i>Estimated Future Manpower Needs in</i>	<i>Percent of Firms</i>		
	<i>Professional Personnel</i>	<i>Skilled Personnel</i>	<i>Unskilled Personnel</i>
1974	52	52	52
1976	17	17	17
1978	17	21	21

Exhibit 2: Percent of Firms Using Various Methods to Project Future Manpower Requirements by Type of Personnel (N=29)

<i>Projection Methods</i>	<i>Percent of Firms</i>		
	<i>Professional Personnel</i>	<i>Skilled Personnel</i>	<i>Unskilled Personnel</i>
Requests from departments	52	62	59
Personnel department estimates	38	31	31
Market studies	28	17	17
USES* and DOL† methods	—	—	—
Other	7	7	7

*United States Employment Service.

†Department of Labor.

Exhibit 3: Percent of Firms Designating Various Factors as Affecting Future Manpower Requirements (N=29)

<i>Factors Affecting Manpower Requirements</i>	<i>Percent of Firms</i>		
	<i>Most Important</i>	<i>Least Important</i>	<i>No Effect</i>
Company plans	83	10	—
Local economic conditions	24	48	24
National economic conditions	66	24	7
Government policies	31	55	7
Available manpower	52	38	7
Cyclical trends	24	48	14
Competition	38	31	14

asked to indicate the recruiting sources they generally rely on for obtaining needed personnel (Exhibit 6). As might be expected, the major recruitment source for professional employees was indicated to be universities and private agencies. A slight preference was shown for Georgia universities over out-of-state institutions. Advertising is used as a recruitment source for each of the three types of employees by about half of the firms. Employee recommendations also

Exhibit 4: Percent of Firms Using Various Job Analysis Methods (N=29)

<i>Job Analysis Method</i>	<i>Percent of Firms</i>
None	10
Questionnaires	24
Observation	62
Written narratives	17
Interviews	52

play an important role in both skilled and unskilled employee recruitment. Perhaps the most unexpected survey finding was the limited reliance of Georgia's largest manufacturers on trade schools as a means of obtaining skilled and unskilled workers.

Screening

After determining its manpower needs and subsequently locating and identifying prospective employees, a firm is in a position to begin screening its applicants. To investigate this process, the companies surveyed were first asked to indicate the minimum educational standards they require for each of the three basic personnel types being studied (Exhibit 7). Over 75% of the survey respondents reported having no educational requirements for unskilled workers; less than half so reported for skilled personnel; and less than a fourth for professional employees. The most prevalent educational requirement for the skilled worker was a high school degree and for the professional, a college degree.

The survey participants were also requested to describe their hiring policy with respect to minority groups. Of the reporting firms, 14% indicated that their policy was simply to comply with the law. In contrast to this, over one half of the respondents reported going beyond legal requirements and actively recruiting within minority groups; 10% of the firms reported providing special training; and 10% reported making use of prescribed quotas. Only one firm reported lowering regular hiring standards. In a similar survey of 104 mid-western firms with backgrounds comparable to the Georgia companies studied, two thirds indicated having a specific employment policy regarding minority groups.³ Georgia's largest manufacturers compare favorably with this sample.

The use of employee testing programs is not widespread in Georgia manufacturing firms (Exhibit 9). Nearly 70% of the firms sampled reported making no use of tests in hiring either professional or unskilled workers; barely half (52%) use them for skilled employees. The most widely used tests among firms employing such devices were found to be aptitude and intelligence tests.

An overwhelming majority of the

survey participants report making use of two or more reference checks as part of their screening process (Exhibit 10). Work experience, character, and school references are emphasized most heavily among professional employees, while work experience, medical history, and character reference checks are most commonly emphasized among skilled and unskilled workers. School refer-

ences and credit ratings are checked more frequently as a job's classification moves from unskilled to skilled to professional. These results reflect both similarities and dissimilarities with national findings. A National Industrial Conference Board survey of 473 manufacturing firms reported that approximately 90% of its respondents required work references, 66% investigated both

Exhibit 5: Percent of Firms Using Job Descriptions for Various Procedures by Type of Personnel (N=29)

Job Description Uses	Percent of Firms		
	Professional Personnel	Skilled Personnel	Unskilled Personnel
Do not use	7	17	28
Hiring	48	38	28
Pay	62	52	48
Performance rating	38	21	14
Promotion	38	28	21
Training	31	31	28
Reorganization	31	7	3
Induction	14	7	3

Exhibit 6: Percent of Firms Using Various Recruitment Sources by Type of Personnel (N=29)

Recruitment Source	Percent of Firms		
	Professional Personnel	Skilled Personnel	Unskilled Personnel
Unsolicited applications	34	79	83
Private agencies	48	14	—
Public agencies	—	38	52
Advertising	45	55	45
Employee recommendations	34	66	69
Universities out of state	59	—	—
Georgia universities	62	—	—
Trade schools	—	52	31

Exhibit 7: Percent of Firms Using Specified Minimum Educational Hiring Requirements by Type of Personnel (N=29)

Educational Requirement	Percent of Firms		
	Professional Personnel	Skilled Personnel	Unskilled Personnel
No requirement	21	45	76
8th grade	—	3	17
2 years high school	—	—	7
High school	10	48	3
2 years college	21	—	—
College degree	45	—	—
Other	3	3	0

Exhibit 8: Percent of Firms Using Various Company Policies Regarding Hiring Members of Minority Groups (N=29)

<i>Policy</i>	<i>Percent of Firms</i>
No definite policy set	—
We make sure that we comply with all legal requirements	14
We go beyond legal requirements and actively recruit within minority groups	55
We actively recruit and lower regular hiring standards	3
We actively recruit, lower regular hiring standards, and provide special training	10
We have prescribed quotas to meet in hiring minority members	10
Other	10

Exhibit 9: Percent of Firms Using Various Testing Programs by Type of Personnel (N=29)

<i>Type of Test</i>	<i>Percent of Firms</i>		
	<i>Professional Personnel</i>	<i>Skilled Personnel</i>	<i>Unskilled Personnel</i>
No tests used	69	52	69
Intelligence	10	24	17
Achievement	7	7	3
Personality	7	7	7
Interest	7	3	7
Aptitude	21	34	17

Exhibit 10: Percent of Firms Using Various Reference Checks by Type of Personnel (N=29)

<i>Types of Reference Checks</i>	<i>Percent of Firms</i>		
	<i>Professional Personnel</i>	<i>Skilled Personnel</i>	<i>Unskilled Personnel</i>
None	3	3	7
Work experience	97	97	90
Character	59	38	38
Medical history	38	52	45
Schools	41	21	10
Credit rating	38	28	24

Exhibit 11: Percent of Firms Using Various Hiring Effectiveness Checks by Type of Personnel (N=29)

<i>Hiring Effectiveness Checks</i>	<i>Percent of Firms</i>		
	<i>Professional Personnel</i>	<i>Skilled Personnel</i>	<i>Unskilled Personnel</i>
None	14	10	7
Supervisor reports	34	62	59
Exit interviews	66	79	83
Voluntary quits	24	28	28
Transfer requests	17	14	10

school and character references, and 35% checked credit ratings.⁴

In response to the question, "What information sources do you utilize in determining the effectiveness of your hiring?" a majority of the survey respondents reported relying heavily on exit interviews, followed next by supervisor reports, and then by voluntary quits for all three types of personnel. Supervisor reports and exit interviews are relied on more heavily for unskilled than for skilled workers and more so for skilled than for professional employees (Exhibit 11).

Summary

Survey results indicate a very limited amount of manpower planning presently being conducted in Georgia's largest manufacturing firms. Of the methods used in manpower planning, departmental requests and personnel department estimates are the most prevalent. Manpower requirements in the state reportedly are affected most by specific company plans and national economic conditions.

An overwhelming majority of the survey's respondents report use of some form of job analysis. Job descriptions are also widely used. Recruitment sources and minimum educational requirements vary according to type of employee being sought. Employee testing is not widespread; a majority of the firms make no use of testing devices. Reference checks are an integral part of the screening process in all but a few of the firms responding to the survey. Over half of the respondents report going beyond legal requirements and actively recruiting minority groups. Exit interviews are the means most frequently used in determining the effectiveness of the hiring policies of the firms surveyed.

1. *Summary of National Job Analysis Methods Survey* (Long Beach, Bureau of Business Research, California State College, 1968), p. 8.

2. *Ibid.*, pp. 4-5.

3. Fred Luthans, "A New Look at Anti-discrimination Policies and Programs," *Personnel Journal*, December 1968, pp. 877-881.

4. National Industrial Conference Board, *Personnel Practices in Factory and Office: Manufacturing*, Studies in Personnel Policy, no. 194 (New York, NICB, 1964), p. 12.