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ON BEHALF OF THE
SOCIETY FOR HUMAN RESOURCE MANAGEMENT

PRESENTED TO THE
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
WEDNESDAY, FEBRUARY 16, 2011

Introduction

Chair Berrien, and distinguished Commissioners Ishimaru, Barker, Feldblum, and Lipnic, my name is Fernan Cepero, and I appear today on behalf of the Society for Human Resource Management (SHRM). I am Vice President of Human Resources for the YMCA of Greater Rochester in Rochester, New York. As an HR professional with 15 years of experience, my focus is on people and employee development with extensive experience with recruiting, employee development and effective succession planning. I have been a SHRM member for nine years and currently serve as State Director of the New York State Society for Human Resource Management. I thank you for the opportunity to appear before the Commission today to discuss employment issues.

The Society for Human Resource Management is the world's largest association devoted to human resource management. Representing more than 250,000 members in over 140 countries, the Society serves the needs of HR professionals and advances the interests of the HR profession. Founded in 1948, SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China and India.

It is SHRM's mission to proactively provide our members with educational resources on effective HR practices and strategic workforce issues. We supplement this information with research on critical HR issues and benchmarking data to help our members learn and incorporate the HR strategies of successful organizations. As human resource professionals, our members are responsible for developing and implementing workplace policies and practices that comply with federal, state, and local laws and provide guidance to line managers on fair and effective people management.

SHRM is keenly aware of, and educates its membership about, the provisions of Title VII of the Civil Rights Act of 1964 that protect job applicants and employees from employment practices that have an adverse impact against certain individuals. SHRM provides conference programming, webcasts, and other educational information to the HR community to educate and strengthen employers' understanding of applicable employment statutes. Furthermore, the Society promotes the implementation of employer policies and practices that actively promote responsive, equitable, and fair treatment of all employees and job candidates.

In the specific areas of recruitment and hiring, SHRM offers the **Talent & Staffing Management** conference solely focused on helping HR professionals build strong and successful strategies for talent management. This year's conference, held in San Diego, California in April, will provide three days of programming on hiring and retention strategies, featuring sessions on topics ranging from workplace flexibility to communication strategies and employee engagement.

SHRM appreciates the Commission's continued interest in protecting job applicants and employees and highlighting effective employment practices that are fair and equitable to employers and employees. While we understand that there can be employers and organizations that purposefully violate employment laws, SHRM is unaware of widespread recruiting practices that involve blanket exclusions of the unemployed. We also reached out to our colleagues at the U.S. Chamber of Commerce and Equal Employment Advisory Council, and similarly, neither organization has encountered this type of blanket exclusion.

In this testimony, I will describe the typical recruitment and selection process and share SHRM research that reveals how the economy is affecting the hiring process. At the end of my presentation, I will make myself available for any questions you may have.

Best Practices for Recruiting and Selecting Job Candidates

The U.S. economy has produced mixed results during the recovery that began in 2009. The national unemployment rate peaked at 10.1% with 15.3 million unemployed in October 2009. The January jobs report released by the Bureau of Labor Statistics on February 4 showed the unemployment rate fell to 9.0 percent, but only 36,000 nonfarm payroll jobs were created.¹ The latest gross domestic product (GDP) report released Jan. 28, 2011, by the U.S. Commerce Department shows that economic expansion is still too slow to bring down the nation's high unemployment rate. But the uptick in the GDP for the fourth quarter of 2010—the sixth straight quarter of growth—is seen as yet another sign that the country is poised for an economic rebound.²

In addition, the U.S. Department of Labor's current estimate is that there are 4.6 jobless Americans for each job opening. A typical advertisement for an open position can yield hundreds of applicants and employers invest significant time and resources to selecting, on-boarding and training new employees. According to SHRM benchmarking data, the average cost-per-hire for all industries in 2009 was \$1,978. Such costs increase for knowledge based industries, such as high-tech where the cost-per-hire was \$3,045.

In addition, the time-to-fill for positions in all industries was an average of 27 days, but time to fill for high-tech positions increased to an average of 35 days. Employers feel a sense of urgency to fill open positions to avoid the costs of lost productivity. On the other hand, employers recognize that the cost of a poor hiring decision is great. For this reason, making good hiring choices can be challenging for employers of any size. While not followed to the letter by all, organizations that have effective recruiting practices typically employ the following steps in hiring:

- 1) **Develop a Recruitment Plan** – HR typically works with line management to update and refine the job description, outline a recruiting plan that makes clear the skill

¹ Bureau of Labor Statistics (2011). U.S. Department of Labor. Employment Situation Summary. February 4, 2011.

² Minton-Eversole, T. (2011). LINE: Hiring Expectations, Manufacturing Job Vacancies Rise. SHRM Online. February 3, 2011.

sets required for the open position, the personnel responsible for hiring decisions, the staff resources required and a realistic timeline.

- 2) **Implement the Plan** – Execute the plan of action by posting the job opening externally through print and online advertising and social media. Utilize networking, employee referrals and job fairs. Special efforts may be required to ensure that qualified applicants from underrepresented groups are included in the applicant pool. Even employers who primarily recruit using in-house HR staff may seek assistance from staffing firms for specific job categories where the employer may lack the capability to recruit effectively. For example, when seeking to fill an IT position, organizations may seek assistance from recognized IT staffing firms—not only does this allow the employer to attract IT job-seekers, the specialized staffing firm employees understand the terminology used by job seekers within that industry and can appropriately conduct screening interviews. In addition, organizations will turn to staffing firms when their hiring needs are greater than their in-house ability to process.
- 3) **Manage the Resume Flow** – Acknowledge each resume received and convey to the candidate that he or she will be contacted if there is a good match for the position. In addition, information on the company can be included as good public relations. Once received, the resumes should be reviewed to make sure they meet the minimum education and other requirements for the particular position. Resumes should then be sorted into one of three groups: resumes that look like an immediate fit for your open positions, resumes that look like either a possible fit now or have potential in the future, and resumes that don't match your needs and should be filed in a "no further action required" file.
- 4) **Do Thorough Screening Interviews** – Hold discussions with the candidates prior to their on-site interviews to assess candidates for knowledge, skills, competencies, motivation and true interest level before inviting final candidates for interviews.
- 5) **Orchestrate the Interview Process** – Schedule interviews in order to provide both the final candidates and the organization an opportunity to gather the information needed to make a decision. On the day of the interview, you should meet and greet the candidate, review the schedule and be available to resolve any change in schedule. Good practices include having all candidates complete an employment application prior to interviewing so that managers have a consistent set of information on each candidate, and taking copious notes to document the interview.
- 6) **Guide Decision-Making** – Interviewers should share assessments of all the candidate(s) in order to choose the best qualified candidate for each open position.
- 7) **Check References and Verify Credentials** – Contact several references for each candidate to identify trends in their performance and work style.
- 8) **Make Offers and Close the Deal** – Extend job offers to selected candidates. To ensure your organization's legal rights are protected, it's recommended that legal counsel review the content of the standard offer letter prior to use.³

³ Wilson, K.C. (2001). The Successful Recruiting Assignment. Society for Human Resource Management. SHRM White Paper. April 1, 2001.

In SHRM's experience, screening out the unemployed is not an effective practice. Given the high cost of hiring new employees, HR is always focused on keeping turn-over low and retaining those employees in whom you've invested. In my personal experience at the YMCA of Greater Rochester, we work with three key agencies, the County of Monroe, New York, Work Experience Program (WEP), Career Start New York, and Rochester Works, to help us actively recruit and place the unemployed. In 2010, we hired 260 staff that had indicated on their W-11 that they had been unemployed 6 months or more before coming on board with us. Of that number only 9 percent have turned over and the rest are still actively employed with us. Drawing from this pool of candidates has been a successful strategy for us. In other industries, however, employers have struggled to find qualified candidates with the right skill set for the position despite the high level of unemployment.

In 2009 SHRM conducted a poll identifying what HR professionals value and what they discount in the interview process. When asked which characteristics make a job candidate stand out most positively during the job interview process, fifty-six percent of respondents identified "skills directly applicable to the job." This was followed by characteristics indicating the candidate would be a good fit with the organization (42 percent), professionalism (32 percent), and passion/drive for the job (20 percent).

When specifically asked about what tips the balance between two job candidates with limited job experience, HR professionals preferred candidates who held an unpaid volunteer position or internship directly in the candidate's career field (70 percent) over experience in a paid job that may not be directly in the candidate's career field (30 percent). This reinforces the value that employers place on direct experience and relevant skills.

The same principle that applies to candidates with limited job experience also applies to candidates with periods of unemployment. When choosing an employee, HR and hiring managers are making a decision based on business necessity for certain skills. A candidate who has been out of the workforce for a time may have skills that are stale or obsolete compared with a candidate whose skills are fresh, whether honed through a paid position or volunteer experience. For example, certain positions in the IT and web design areas may require specific and current certifications or work requirements.

Job candidates are not fungible goods. Finding the right individual for an open position is a complex process. In addition to looking at work experience, skill sets, professionalism, passion for the job, and other factors, SHRM encourages its members to make specific efforts to target and hire from diverse groups of candidates. Studies show that teams or organizations with greater diversity tend to have available a richer set of ideas, perspectives, definitions and approaches to a business issue. SHRM's diversity department creates information and tools every day to show how organizations can leverage diverse individual qualities—age, race, religion, disabilities, ethnicity, etc.—in support of business objectives.

SHRM is also currently working with various offices within the U.S. Department of Labor and the Department of Defense to help HR hire individuals with disabilities and returning military veterans by highlighting the value and skills individuals within these groups bring to the workplace.

State of Employment and the Economy

Needless to say, the recovery has been challenging for employees and employers. Our members have experienced the economic downturn in both their professional and personal lives. HR departments in many organizations were subject to significant cost reductions as the downturn took hold. In December 2009, SHRM researchers surveyed unemployed human resource professionals about their job searches. Of 209 respondents, 85 percent indicated they had been laid off from their previous jobs. Of those who found work, 47 percent had been unemployed for six to 12 months. Forty-nine percent of those who secured jobs said they were less satisfied with their current jobs than they were with their previous ones.⁴

To gauge the impact of the economy on HR and organizations during different stages of the recession, SHRM has conducted a survey of HR professionals every six months since October 2008. The economy survey conducted in October 2010 asked about changes that occurred in organizations within the past six months as a result of the financial challenges to the U.S. and global economy. The data show encouraging signs in the economy; while 52 percent of HR professionals in October 2009 reported that their organizations had conducted layoffs in the previous six months, this figure decreased to 43 percent in March 2010 and 36 percent in October 2010. Furthermore, 38 percent of HR professionals indicated in October 2010 that their organization had hired back employees that they had previously laid off, compared with 45 percent of HR professionals who reported rehiring previously laid off staff in March 2010.⁵

As the economy improves, financial uncertainty remains within organizations. When asked what strategies will your organization follow in the post-recession economy, HR professionals indicated that “financial management and/or budget controls” within the organization would be a focus of their organizations’ business strategies to a large degree (60 percent) or to some degree (29 percent) – the top answer given. In a similar vein, 62 percent of HR professionals said “funding business operations” is the most anticipated challenge of the post-recession economy.⁶

⁴ Wells, S.J. (2010). *HR Magazine*. Unemployment First Hand. Vol. 55. No. 3. March 2010.

⁵ **Society for Human Resource Management (2011). SHRM Poll: Financial Challenges to the U.S. and Global Economy and Their Impact on Organizations.**

⁶ Society for Human Resource Management (2010). *The Post-Recession Workplace: Competitive Strategies for Recovery and Beyond*. September 2010.

It appears that it is becoming increasingly challenging for organizations to recruit for, and fill, positions of the most strategic importance. SHRM produces a monthly survey called Leading Indicators of National Employment (LINE) that forecasts trends in the U.S. private sector workforce. The February 2011 LINE Employment Report revealed that the labor market is forecasted to add jobs in manufacturing and services in February. The report also showed a rise in vacancies and recruiting difficulty that suggests employers may be having trouble filling some openings. More HR professionals in both the manufacturing and service sectors reported an increase in difficulty recruiting for key positions in January compared with one year ago.⁷ The ongoing post-recession rise in productivity could mean that employers are relying more on fewer employees that have higher skills.

A February 2, 2011, article in the *Washington Post* highlighted the skills dilemma with an illuminating look at the experience of Fresno, California. In that city, with an unemployment rate of about 16.9 percent, employers as diverse as the Community Medical Centers and Jain Irrigation report that they cannot find enough qualified workers—technicians, therapists or workers trained and willing to work with medical waste, to fill open positions. According to the article, economists identify a skills mismatch as a major reason for the challenge faced by both employers and the unemployed—the recession led to the decline of previously robust industries such as housing construction, while other industries, requiring vastly different skills are emerging stronger in the post-recession economy. This has been exacerbated by cuts in some of the technical training and community college budgets.

Conclusion

SHRM is unaware of a widespread practice or trend to exclude unemployed individuals from consideration for available jobs. Employers, in SHRM's experience, whether operating in the currently challenging economy or in more robust times, are focused on finding the right people for the job, regardless of whether or not they are currently employed. Our members recognize that any type of blanket exclusion raises concerns under Title VII. What's more exclusionary policies are poor business practices because they prevent organizations from accessing some of the best available knowledge, skills and abilities in a given labor force.

In today's economy, no one is immune from unemployment, including human resource professionals. As the Commission explores this issue and its potential discriminatory impacts, SHRM would welcome the opportunity to assist the Commission in any educational outreach efforts to employers.

Thank you for your invitation to participate in today's meeting. I look forward to answering any questions that you may have.

⁷ Society for Human Resource Management (2011). "Hiring Expectations and Manufacturing Vacancies Increase Leading Indicators of National Employment." February 2011.