The Project of Employee Recruitment in the Chosen Company

Bc. Kateřina Hanusová

Master thesis
2018

Tomas Bata University in Zlín
Faculty of Management and Economics

Tomas Bata University in Zlín
Faculty of Management and Economics
Department of Enterprise Economics
Academic Year: 2017/2018

MASTER'S THESIS ASSIGNMENT

(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

Degree, First Name and Surname:	**Bc. Kateřina Hanusová**
Personal Code:	**M160249**
Degree Programme:	**N6208 Economics and Management**
Degree Course:	**Business Administration**
Thesis Topic:	**The Project of Employee Recruitment in the Chosen Company**

Thesis Guidelines:

Introduction

I. **Theoretical part**

- **Compile the theoretical framework concerning the topics of human resource management and recruitment.**

II. **Practical part**

- **Indroduce the chosen company and make analysis in terms of the current situation of employee searching and recruitment in the chosen company.**
- **Develop the project of employee recruitment.**
- **Evaluate the expected benefits, risks and costs associated with the implementation of the project.**

Conclusion

Thesis Extent: **cca 70 stran**

Appendices:

Form of Thesis Elaboration: **tištěná/elektronická**

Bibliography:

ARMSTRONG, Michael. Armstrong's handbook of strategic human resource management. Sixth edition. London: Kogan Page, 2016, 265 s. ISBN 978-0-7494-7682-3.
HORVÁTHOVÁ, Petra, Jiří BLÁHA a Andrea ČOPÍKOVÁ. Řízení lidských zdrojů: nové trendy. Vydání 1. Praha: Management Press, 2016, 428 s. ISBN 978-80-7261-430-1.
NOE, Raymond A. Human resource management: gaining a competitive advantage. 9th ed. Maidenhead: McGraw-Hill Education, 2015, 787 s. ISBN 978-0-0771-6412-6.
TAYLOR, Stephen a Carol WOODHAMS. Human resource management: people and organisations. 2nd edition. London: Chartered Institute of Personnel and Development, 2016, 231 s. ISBN 978-1-84398-416-0.
URBAN, Jan. Psychologie řízení a vedení. Praha: Ústav práva a právní vědy, o.p.s.:, European Business School SE, 2017, 132 s. Management. ISBN 978-80-87974-15-5.

Thesis Supervisor: **Ing. Petra Benyahya, Ph.D.**
Department of Management and Marketing

Date Assigned: **15 December 2017**

Thesis Due: **17 April 2018**

Zlín, 15 December 2017

doc. Ing. David Tuček, Ph.D.
Dean

UNIVERZITA TOMÁŠE BATI VE ZLÍNĚ
Fakulta managementu a ekonomiky
L.S.

Ing. Petr Novák, Ph.D.
Head of Department

BACHELOR'S/MASTER'S THESIS AUTHOR STATEMENT

I hereby acknowledge that:

- Upon final submission of my Bachelor's/Master's Thesis, I agree with its publish ing in accordance with Act No. 111/1998 Coll., on Higher Education Institutions and on Amendment and Supplements to Some Other Acts, (The Higher Education Act), without regard to the defence result;
- My Bachelor's/Master's Thesis will be released in electronic form in the university information system, accessible for reading only; and one printed copy of the Bache lor's/Master's Thesis will be stored on electronic media in the Reference Library of the Faculty of Management and Economics of Tomas Bata University in Zlín;
- To my Bachelor's/Master's Thesis fully applies Act No. 121/2000 Coll., on Copy right, Rights Related to Copyright and on the Amendment of Certain Laws (Copy right Act) as subsequently amended, esp. Section 35 Para 3;
- In accordance with Section 60 Para 1 of the Copyright Act, TBU in Zlín is entitled to enter into a licence agreement about the use of the Thesis to the extent defined in Section 12 Para 4 of the Copyright Act;
- In accordance with Section 60 Para 2 and 3, I can use my Bachelor/Master's The sis, or render the licence to its use, only with the prior expressed written agreement of TBU in Zlín, which is in such case entitled to require from me appropriate finan cial compensation to cover the cost of creating the Bachelor/Master's Thesis (up to the total sum);
- If the software provided by TBU or other entities was used only for study and re search purposes (i.e. for non commercial use) in the development of the Bache lor/Master's Thesis, it is not possible to use the Bachelor/Master's Thesis commer cially;
- In the event that the Bachelor/Master's Thesis output encompasses any software product, source codes and/or files of which the project consists of are considered part of the Thesis. Failure to submit this part of the Thesis may result in an unsuc cessful defence of the Thesis.

I herewith declare that:

- I have created this Bachelor/Master's Thesis on my own and cited all used sources. In case the results are published, I shall be cited as author.
- The contents of the Bachelor/Master's Thesis handed over are identical with the electronic version entered in the IS/STAG.

Zlín 17.4.2018

date

signature

ABSTRAKT

Cílem diplomové práce je vytvoření projektu náboru zaměstnanců pro vybranou společnost. V teoretické části je definována charakteristika pojmu řízení lidských zdrojů, jeho funkce a cíle. Dále je pozornost zaměřena na nábor. V praktické části je uvedena charakteristika firmy, následují analýzy zaměstanců a analýza současného systému náboru řidičů, které tvoří základní východisko pro uvedený projekt. Následně je na základě všech provedených analýz navržen projekt na vytvoření nového náborového systému. V poslední části diplomové práce je tento projekt podroben nákladové, časové a rizikové analýze.

Klíčová slova: řízení lidských zdrojů, nábor, zaměstnanci, řidič, referral program

ABSTRACT

The aim of the thesis is to create a project of employee recruitment for the selected company. The theoretical part describes the characteristics of the concept of human resources management, its functions, and objectives. Additionally, attention is focused on recruitment. The practical part describes the company's characteristics, follows the analysis of the employees and the analysis of the current recruitment of drivers, which forms the basis for the project. Subsequently, based on all the analyzes carried out, a project of a new recruitment system is proposed. In the last part of the Master thesis, this project is subject to cost, time and risk analysis.

Keywords: human resource management, recruitment, employee, driver, referral program

ACKNOWLEDGEMENTS

First of all, I would like to thank the XY company that provided me with all the necessary data for my Master thesis on which I based the practical part.

Secondly, I would like to express an appreciation to my supervisor, Ing. Petra Benyahya, Ph.D. for directing me throughout my Master thesis.

Last, but not least I wish to express my sincere gratitude to my parents for supporting me throughout all my studies at Tomas Bata University. Thank you.

I hereby declare that the print version of my Master thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

CONTENTS

INTRODUCTION

Without any doubt, every single company needs some form of management. It is a key for effective and efficient company workflow and for obtaining the human capital in general. The quality of the human resource basically decides whether the company will succeed on the market or fail/bankrupt. Human resource has gone through a lot of developing stages during the past dozens of years. Due to the enlarging amount of activities that are needed to be performed in human resource field there has been the need for higher requirements of the employee. Human resource contains of a lot of specific tasks and duties needing to be carried out by professionals. In order to make suggestions and progress within the organization there is a need to make analysis in terms of the current situation of employee searching and recruitment in the chosen company, and followingly design solution on improvements.

Furthermore, lack of drivers is a big problem, because the company has commitments to its founder in the form of meeting the mileage that is contractually established between the founder and the company, my work will compose of obtaining, selecting, and hiring employees in a specific public transportation company. In fact, placing the wrong person to a certain position might not only waste time and money, it also creates a ripple effect of negativity that impacts every other employee – that is the reason, why hiring process is critical for any organization. I have chosen to deal with this issue since recruitment and the problematics of human resource are the keys to successful company, also is it presumed as an interesting topic and I found myself being riveted by it. The knowledge of recruitment helps getting around in working environment while is it deemed as one of the general knowledge while working for any company.

Not only should this project motivate employees of the chosen company to recommend someone because of the financial benefit, it should also be beneficial to the company. Using an efficient recruiting system, it would be possible to take more drivers into employment.

The theme of the Master thesis was selected due to the constant lack of drivers in the company. The goal of this Master thesis is to develop the project of employee recruitment in the chosen company and to evaluate the expected benefits, risks and costs associated with the implementation of the project. However, the name of the company will not be mentioned here based on the wish of the company's management. Under the preservation of anonymity, instead of the real name of the company, the name "chosen company" will be used instead.

GOALS AND METHODS OF MASTER THESIS

The aim of this Master thesis is to create an effective employee recruitment program which can improve the current situation in the selected company.

The thesis consists of two parts total, one being theoretical and the other practical part. In the theoretical part, based on literary sources, I will collect all information regarding human resource management, searching, and selection of employees.

In the practical part, selected company will be presented as well as the organizational structure and evaluated using fluctuation analysis, retention analysis, average tenure of stayers and leaver analysis. The current recruitment process will be analyzed. The analysis will be made based on breakdown of interdepartmental documents, mainly the annual staff analysis and internal personnel regulations related to human resources. The analysis will also use the analysis of selected data from the personal information system.

For the purposes of this Master thesis, the company's internal employee analysis method will be used at the same time as the method of an interview (qualitative method) with the human resource manager of the company.

Based on the results of the analysis, an effective recruitment project will be developed, which will be subject to time, cost, and risk analysis. The expected benefits of the project should occur to improve the recruitment system of the selected company.

Part of the project will be an evaluation of project implementation costs, expected benefits and risks associated with project implementation. In addition, the time analysis of this project will be prepared.

I. THEORY

1 HUMAN RESOURCES MANAGEMENT

We can label human resources management as a basic tool of society. The people who work in the company are its main component. Also, according to Genc (2016), HRM is defined as a set of knowledge and practice regulating the relationship between the enterprise and the employees. Human resource management activities are interrelated and should be applied in harmony. There are two stages of human resource management. The first is finding the people suitable for the job and motivating them, whereas the second one is to support and evaluate the development of the employees hired.

Human factor is flexible, able to rapidly adapt to any changes, and properly able to manage measurable results. It provides work, talent, creativity, and energy. Motivated and conscious staff is the key to increase the efficiency of the company and an important factor for success. (Skrzypek, 1999)

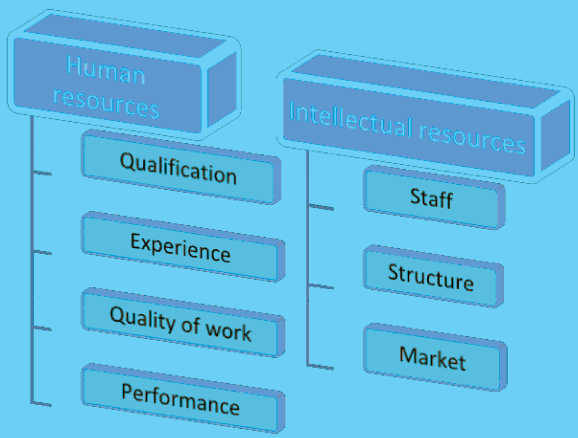

Figure 1: Division of non-material resources (Borkowski, Pavelková, 2011)

The terminology of HRM originated in the USA subsequent to the human relations movement. The term first appeared in the textbook literature from the mid-1960s, specifically in relation to the specialist function which was interchangeably termed ‘personnel’ or ‘human resource’. HRM were seen as proactive, integrative, part of an employee commitment perspective and long term in focus. In line with this perspective, human resources were seen as an asset and not as a cost. (Marchington, 2016)

Human resources are the most valuable and unique asset of an organization. The successful management of an organization’s human resource is an exciting, dynamic, and challenging task, especially at a time when the world has become a global village and economies are in a state of flux. The scarcity of talented resource and the growing expectation of the modern day worker have further increased the complexity of the human resource function.

Even though specific human resource functions/activities are the responsibility of the human resource department, the actual management of human resource is the responsibility of all the managers in an organization.

It is therefore necessary for all managers to understand and give due importance to the different human resource policies and activities in the organization. Human resource management outlines the importance of HRM and its different functions in an organization. It examines the various HR processes that are concerned with attracting, managing, motivating, and developing employees for the benefit of the organization. (Urban, 2017)

Main HRM functions

Sometimes, the HR function is regarded as the conscience of employers, there to ensure that the pursuit of more productive and efficient work does not ignore the human dimension. HRM is often seen as ambiguous and beset with tensions between the caring and the control elements of the role. Tensions can occur between different parts of the HRM functions, especially those highly specialized and differentiated. For example, employee relations experts typically show more awareness of the ambiguity and tensions inherent in the employment relationship than their colleagues elsewhere in the HRM function, and believe more in the value of structures as a key component of HRM. Issues may also fall within pro province both of HR and other management functions, for example, corporate communications may bet the responsibility of sales and marketing, public relations, or planning, as well as HR. (Marchington, 2016)

Among the basic human resource management functions, we can list the followings:

- Employment planning
    - Job design
    - Job analysis
    - Human Resource Planning
- Staffing
    - Recruitment
    - Selection
    - Hiring

    - Induction
- Human Resource Development
    - Performance Evaluation
    - Training & Development
    - Career Management
- Reward Management
    - Pay Management
    - Welfare Management
    - Incentives Management
- Employee & Labor Relations
    - Employee Movements
    - Health & Safety Management
    - Discipline Management
    - Grievance Handling
    - Labor Relations

The role of HR

As Armstrong (2017) states, the role of HR becomes that of encouraging and facilitating the sort of performance management processes. This is an important role. HR specialists work alongside line managers, helping them as necessary to develop their skills, encouraging them to carry out their performance management responsibilities and providing guidance on such matter as preparing profiles, including knowledge, skills, and competency analysis. They assemble teams of committed, and experienced managers who can act as coaches and mentors and stimulate the creation of communities of practice, ensuring that performance management is on the agenda. More specifically, they run training events and conduct surveys to evaluate the effectiveness of performance management. In essence, HR specialists exist to support performance management rather than drive it.

Job design

The strategy should be to encourage, guide and, as necessary, train line managers on how to increase job engagement by designing or modifying jobs that, as far as possible, meet the requirements to provide challenge, autonomy, and variety. (Armstrong, 2016)

Human resource planning – HRP

In compliance with Genç (2014), human resource planning is a human resources management activity that fulfills the task of identifying the need for human and creating plans for the purpose. Human resource planning is based on the opinion that the employees are a priority for a business and evaluate human resource needs of the enterprise in terms of the number and kind.

Human resources' planning is a decision-making process of three important functions:

1. To reach the human force whose properties suitable for the job and to determine the number of employees.
2. Motivating the employees to show good performance.
3. Ensuring compliance and communication between activities related to human resource management and the business goals. (Genç, 2014)

Training

People tend to engage in learning as a result of experiencing gaps in their current and goal states. Detection of these gaps constitutes the emergence of problems, which involve a lack of knowledge of what actions to take in order to achieve desired outcomes. (McElroy, 2003)

Number of skills are instilled in employees through training and development. Training refers to a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees. Development involves acquiring knowledge, skills, and behavior that improve employees. Ability to meet the challenges of a variety of existing jobs or jobs that do not exist yet. Changes in strategies often require changes in the types, levels, and mixed of skills. Thus, the acquisition of strategy or related skills is an essential element of the implementation of strategy. Through recruitment, selection, training, and development, companies can obtain a pool of human resources capable of implementing a given strategy. (Noe, 2015)

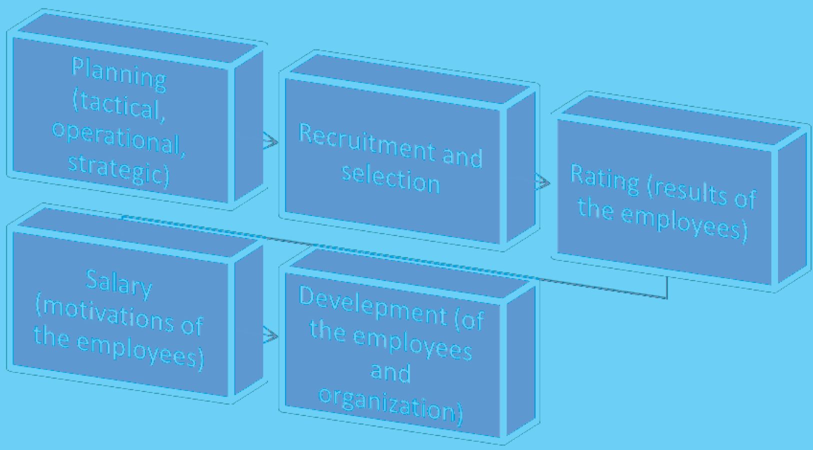

Figure 2: Elements of the personal system in an organization (Borkowski, Pavelková, 2011)

Reward strategy is a declaration of intent. It defines what an organization wants to do in the longer term to address critical reward issues and to develop and implement reward policies, practices, and processes that will further the achievement of its business goals and meet the needs of its stakeholders.

Reward strategy provides a sense of purpose and direction, a pathway that links the needs of the business and its people with the reward policies and practices of the organization and thereby communicates and explains these practices. It constitutes a framework for developing and putting into effect reward policies, practices and processes that ensure that people are rewarded for doing the things that increase the likelihood of the organization's business goals being achieved. (Armstrong, 2016)

Developing a job description

The job description is one of the key documents in recruitment and selection activities. Based on the job analysis exercise, it summarizes the tasks that make up the job, together with statements of reporting lines, areas of responsibility and performance criteria. Job descriptions tend to follow a standard format from company to company, usually listing the following information:

- Job title
- Grade/rate of pay
- Main location
- Supervisor's name/post

- Summary of the main purpose of the job
- List of principal duties together with very brief description
- Reference together documents (such as collective agreements) that may clarify or expand on other items (Taylor, 2016)

Opportunities for personal growth

The engagement strategy should consider what steps are required to ensure that people have to opportunity and are given that encouragement to learn and grow in their roles and develop their future careers. (Armstrong, 2016)

The work environment

The work environment impacts on engagement by influencing how people regard their roles and carry them out. The strategy should aim to create a work environment that is enabling, supportive and inspirational. An enabling environment will establish the conditions that encourage high performance and effective discretionary behavior. These include work processes, equipment and facilities, and the physical conditions in which people work. A supportive environment will be one in which proper attention is paid to achieving a satisfactory work-life balance, emotional demands are not excessive, care is taken to provide healthy and safe working conditions, job security is a major consideration and personal needs are taken into consideration. An inspirational environment is one in which effective leadership is provided by managers, the work is challenging, feedback to employees ensures that their contribution is recognized and rewarded, and there is plenty of scope for career development. (Armstrong, 2016)

The working time regulations

These originate in European Union and are quite complex and lengthy. However, the basic, fundamental rights they give are easily summarized:

- A limit of 48 hours per week
- Four weeks paid annual leave each year
- 30 minutes rest in any period of working lasting six hours or more
- 11 hours rest in any one 24–hour period
- 24 hours rest in any seven-day period

- Night workers are limited to eight hours work in any one 24-hour period and have the right to free, regular health checks
- Special provision that restrict the working time of young workers (16-18 years-old) (Taylor, 2016)

Motivation

There are plenty of circumstances effecting the work motivation. Speaking of those factors, we can split them into two categories – such as internal and external. This separation is based on the fact whether the employee is motivated by the work activity itself or by what the employee gains by it. (Urban, 2017)

The most common model of all is probably the Maslow pyramid model that focuses on the satisfaction of needs. Human needs are sorted according to their placement in the hierarchy. The needs placed on higher position in this pyramid give the impression of the more motivating ones and motivating only if the "lower" needs have been satisfied.

We can distinguish five main groups that are classified by Maslow:

- Needs psychological (which are dispensable for surviving)
- Safety Needs (safety and health, that are also caused by the working environment and working conditions)
- Love/belonging (social needs) – (friendship, belonging, social acceptance, for example agreeable atmosphere at work or time to entertainment)
- Esteem (appreciation, self-esteem, prestige, success, respect, and attention of others, also called ego needs)
- Self-actualization (such as a need of self-development, acquiring new knowledge, ability to solve problems, and being creative) (Urban, 2017)

Personal controlling

Personal controlling serves the company for company's controlling and is functional area of human resource management. It deals with personnel, not individual employees, also support human resource management in the planning and controlling area. According to Urban, it deals with pointing out specific short-term and long-term goals and observations and breakdown of variations between established goals and reality in the human resource management area. The aim is not only to evaluate human resource management from the viewpoint of its value added to the total company's performance but also helps to reach higher effectivity in this area and to point personal processes and activities to their customers' needs.

Personal controlling is a tool to demonstrate the contribution of human work to the fulfillment of organizational goals. Its usage helps the human resource managers to become real business partners and to participate in all strategic company's decisions. Observing, measuring, and evaluation of key personal indicators enables in general:

- Manage and influence costs connected to personal activities
- Tracking the payback of human resource management investments
- Tracking of work effectivity (Horvátová, Bláha, 2016)

Importance of communication

Based on Corey (2016), it doesn't matter what industry employees work in, where they are located in the world, or the type of employees who work for the company: communication is at the core of everything that is needed to achieve the HR and business objectives. According to the Chartered Institute of Personnel and Development (CIPD), communication supports the organization's smooth running, successful change programs, and good leadership on vision, strategy, and value's. (CIPD, 2015)

For this reason, communication is critical to the success of the organization, and one of the key reasons why it is important to communicate effectively.

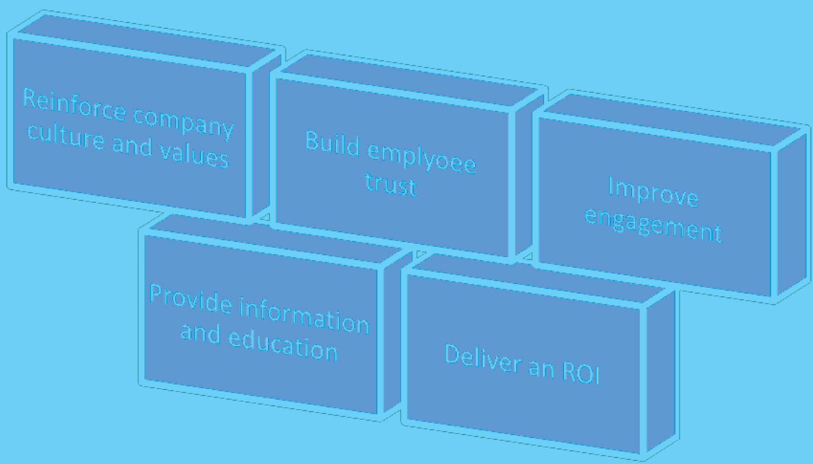

Figure 3: Key reasons for communications (Corey, 2016)

Why Managed HR

One simple reason of why more number of organizations is opting for managed human resource services, is to enhance its efficiency. It is not possible for an organization, mainly focused on growth, to concentrate on managing its human resource effectively. This is especially applicable for small businesses with no HR department. There are many reasons for this, including lack of time to focus on HR management; unaware of human resource practices; lack of quality HR managers, and unaware of the advantages of implementing HR practices. All these, and the apprehension of the cost of setting up HR practices encourage many organizations to opt for managed HR services. (Kranium HR, 2014)

Between several benefits of managed human resources, we can list those mentioned down below:

- Increase focus on core activities of the organization
- Avail HR expertise at an affordable price
- Improve productivity with prime focus on core business
- Professional HR approach
- Saving management time on non-core issues
- Increased employee retention
- Transparency within the organization (Kranium HR, 2014)

Figure 4: Human Resource Management System (The PIRLO, 2016)

1.1 Reward management

According to Marchington (2016), the sight of employees sprinting away from the workplace at the end of the day suggests that many workers are not that well motivated. Indeed, in one recent study, work was regarded as one of the worst activities for people's momentary happiness – just above being sick in bed. Compensation is required to take account of the terrible experience people have when they go to work. Certainly, money is a factor that can motivate them at work, but even here things are not straightforward. Many people are motivated to work hard regardless of financial reward, and for some the level of monetary reward is important symbolically – as recognition of worth. Clearly, there are benefits from being at work as well as money – such activity, variety, and social contacts. The concept of rewards is now less to do with the technicalities of complex pay structures and job evaluation, and more concerned with organizational strategy. It is important the reward philosophy reflects the overall objectives of the employer, and that different elements of the package send a clear and consistent message to employees. Moreover, as organizations become flatter and promotion opportunities are reduced, even more emphasis is placed on the recognition and reward elements of the pay system. When examining the reward package as a whole, however, it is important to consider other benefits – financial and non-financial – that provide that total experience for employees.

Reward system can influence number of HR processes and practices, which in turn impact on organizational performance:

1. Reward influence recruitment and retention. High wages attract more applicants which allows greater choice over selection and hiring decisions, which in turn may reduce labor turnover. In addition, better performers generally need to be rewarded more highly than poor performers. The type of payment system – not just the level of reward – also has an effect on recruitment and retention, so performance-based systems are more likely to attract high-performers.

2. The way in which employees are rewarded has a major influence on corporate culture. For example, reward systems that provide benefits to long-serving staff are likely to shape the existing culture into one where loyalty is seen as central to the corporate ideology. In contrast, a system that rewards innovative behavior is more likely to help create a creative innovative culture.

3. Cost is a key factor in reward system, and for service-sector organizations, labor costs are a significant proportion of their overall costs. The employer might wish to achieve flexibility so that labor costs can be brought down if the organization is under financial pressure. Having a lower cost ratio than competitors might be another aim. However, lower wages do not always lead to reduced labor costs because productivity may be lower.

4. Employee see reward system as signaling the importance the employer places on various activities or behaviors. Hence, reward system has a motivational impact and needs to be integrated with the corporate behavior being sought. (Marchington, 2016)

1.1.1 Employee Remuneration - Awards

As Forsyth (2009) mentions, the combination of recognition and performance is a fitting complexity to reflect on a tangible reward, which can be anything from a payout to a bonus package. It includes the followings:

- Corporate cars - such a value is undoubtedly valuable. Still, we must not overlook the weaknesses or make misconceptions about this option, such as a very high tax on business cars. Despite this, service cars remain an important part of many corporate packages and are inherently seen as a way of recognizing them.
- Commission - this is factually defined as a payment that is often added to pay and is tied to work results. It motivates only if they are properly set up for the award. The amount should be a significant proportion of the total salary. Commissions may also be awarded in a non-monetary form - gifts, tickets, anything. However, it must be something people want, which can lead to team activity or involvement of partners, such as travel.
- Financial assistance - money is provided on: loans, tickets, housing with special interest, health insurance, life insurance, travel insurance, etc.
- Pension.
- Reimbursement of expenses - these are payments that cover not only the costs incurred for business purposes, such as gasoline, credit cards, which include many savings benefits such as travel insurance free of charge. For example, books purchased by employees during an overseas flight or trip.
- Profit share, bonuses, share schemes - all these elements commit employees to the company and are related to performance and salary. Leaders cannot only be very strong, but sometimes they can also cause conflicts of interest when society can be threatened by how much someone earns at the expense of creating the best conditions for society. These programs bring their fruit, but only like after five years - they are a reward for service and work performance during that time.
- Holiday.
- Moving working hours.

Employee adaptation

According to Rekedro (2018), when accepting new employee for work, the stage of position adaptation is very important but often undervalued.

For every person new workplace is a kind of stress, he/she has to get used to new rules, get acquainted with and get used to unknown people, learn behavioral norms and rules of company. To shorten the process of adaptation and to help employee to begin to work with maximum efficiency as soon as possible, company management should pay attention to such serious procedure as adaptation.

Employee retention

As Mbaskool (2017) states, employee retention is the overall strategy or ability of an organization retain its best employees and hence maintain a lower turnover. The organization is then able to achieve this by adopting various employee retention programs. Employee retention is and should be one of the main areas to focus on in terms of the human resources department in any organization.

An employee retention program involves several steps. Starting from identifying the major contributors in the organization and designing schemes to involve them with the organization to ensure that they do not leave the company. Indicators such as retention ratio and turnover are here to show the success of these programs.

Typical strategies used to retain employees include:

1. Better job design to motivate and engage the employee.
2. Good compensation so that the employee does not look for better paying opportunities outside.
3. On job learning and training helps the employee to remain relevant and add to the skills and contribute back to the organization.
4. Better perks like: insurance, car, house etc. which makes sure that employee feels comfortable and secure.
5. Rewards and recognition go long way in valuing the employee and making sure that he/she stays.
6. Inclusion in company decisions will give employee the confidence of being an important part of the company.
7. Timely interaction with the employees to make sure they are not dissatisfied with the job or role so that steps can be taken to improve the situation.
8. In case employee decides to leave, proper channel and process should be in place to make sure company can communicate options and listen to the reasons so that employee can take a more informed decision.

The above strategies are just few steps which a company can take. Employee retention is very subjective and may vary for different companies and different employees. (Mbaskool, 2017)

Maximizing employee retention

As well as understanding how to bring the right people into the company to fill vacancies, it is essential that the employee resourcing team are competent in maximizing employee retention – ensuring that the right people don't leave the company and create more vacancies that need filling. There are two general approaches that can be taken – usually in tandem – when considering how to maximize employee retention: one looking outside the organization (considering trends in the labor market and what the competitors are doing) and the other looking inside the organization (at the current turnover levels and the reasons for voluntary departures).

It is important to understand that not all turnover is bad. A certain amount of turnover, sometimes termed 'functional turnover', is desired because it concerns things like the removal of poor performers, savings on wages and facilitating the progression of other employees and the entry of 'new blood' into the organization.

That said, a lot of employee turnover falls under the heading of 'dysfunctional turnover' – staff departures that have a negative effect on the company, seen in terms of the significant costs involved in replacing employees, the loss of skills and knowledge, etc., and the negative effect on remaining colleagues. In order to understand the turnover situation, the organization has to establish the level of turnover, the cost of this turnover and the reasons for it. (Taylor, 2016)

Retirement

'Retirement' traditionally referred to the scheduled departure of an employee from the company because he or she had reached the set age for departure from the overall workforce- which was either 60 (women) or 65 (men) years old. Due to developments in employment law, however, individual employees have a lot more control in the retirement process today. It is no longer lawful for companies to compulsory retire employees at a certain age unless there is a genuine reason (a justified way of achieving a legitimate business aim), and many individuals choose to take flexible retirement options when the time feels right, rather than leaving the workforce altogether. (Taylor, 2016)

If an individual becomes unable to meet the needs of the job role through factor related to age, any exit should therefore be managed through the performance and capability procedure. Good practice in the management of retirement is for there to be ongoing discussions with all employees about their future intentions, and the offer of a range of options when retirement starts to be considered. The range may include the following:

- Moving from a full-time to a part-time contract
- Stepping down to a role with slightly less responsibility
- Winding down – gradually reducing working hours
- Atypical contracts – perhaps including an extended period of leave
- Retiring from permanent employment but remaining on the company books as a consultant (Taylor, 2016)

1.2 The human resources planning process – forecasting

According to Noe (2015), the first step in planning process is forecasting. In personnel forecasting, the HR manager attempts to ascertain the supply of and demand for various types of human resources. The primary goal is to predict areas within the organization where will be the future labor shortages or surpluses. Forecasting, on both the supply and demand sides, can use either statistical methods or judgmental methods. Statistical methods are excellent for capturing historic trends in a company's demand for labor, and under the right conditions they give predictions that are much more precise than those that could be achieved through subjective judgements of a human forecaster. On the other hand, many important events that occur in the labor market have no historical precedent; hence, statistical methods that work from historical trends are of little use in such cases.

1.2.1 Determining labor market

Typically, demand forecasts are developed around specific job categories or skills areas relevant to the organization's current and future state. Once the job categories or skills are identified, the planner needs to seek information that will help predict whether the need for people with those skills or in that job category will increase or decrease in the future. Organizations differ in the sophistication with which such forecast are derived. Once a company has projected labor demand, it needs to get indicator of the firm's labor supply. Determining the internal labor supply calls for a detailed analysis of how many people are currently in various job categories (or who have specific skills) within the company. This analysis is then modified to reflect changes in the near future caused by retirements, promotions, transfers, voluntary turnover, and terminations. (Noe, 2015)

1.2.2 Understanding why people leave

As Taylor (2016) said, in order to try to reduce levels of dysfunctional turnover, it is necessary to understand the reasons for it. People voluntarily decide to leave organizations for a wide range of reasons, and the first important distinction to be made is between turnover that is unavoidable and that which could have been avoided. Unavoidable turnover refers to circumstances such as ill health, domestic commitments, moving or returning to study – where the decision to leave has nothing to do with the company and is therefore out of management's control. Avoidable turnover, however, applies to departures that are caused by some form of dissatisfaction – meaning that it is potentially within management's control. It has been estimated that around 90% of employee departure fall into this category. If 90% of voluntary resignations could potentially be avoided by the use of an appropriate organizational intervention, it is important to do a bit more digging into the factors that are causing these departures, so that the appropriate interventions can be identified. Rather than making assumptions about the causes of turnover (such as assuming, that it is all about the rate of pay), number of qualitative data sources can be used to identify the real reasons. The most common sources of information tend to be interviews and general staff satisfaction surveys. Some companies use a questionnaire rather than a face-to-face discussion.

2 RECRUITMENT AND SELECTION PROCESS

According to Scribd (2018), recruitment refers to the process of finding possible candidates for a job or function, usually undertaken by recruiters. It also may be undertaken by an employment agency or a member of staff at the business or organization looking for recruits. Advertising is commonly part of the recruiting process, and can occur through several means through online, newspapers, using newspaper dedicated to job advertisement, through professional publication, using advertisements placed in windows, through a job center, through campus interviews, etc. Employing the right staff is an important human resource challenge faced by all employers. Also, recruitment is an expensive business process, which includes the cost of advertising and the cost of current employees' time interviewing and selecting the right candidate. Good recruitment and selection can result in:

- Reduced labor turnover
- Reduced absence
- Reduced stress levels

The recruitment process should be:

- Efficient - cost effective in method and sources
- Effective - producing enough suitable candidates
- Fair - ensuring that decisions are made on merit without discrimination (Scribd, 2018)

Based on University of California (2018), in order to increase efficiency in hiring and retention and to ensure consistency and compliance in the recruitment and selection process, it is recommended the following steps be followed. Details for each step include the minimum recommended best practice to attract a talented and diverse applicant pool:

- Step 1: Identification of vacancy and evaluation of need - recruitments provide opportunities to departments to align staff skill sets to initiatives and goals, and for departmental and individual growth. Proper planning and evaluation of the need will lead to hiring the right person for the role and team.
- Step 2: Development of position description - a position description is the core of a successful recruitment process. It is used to develop interview questions, interview evaluations and reference check questions.

- Step 3: Development of a recruitment plan - each position requires a documented recruitment plan which is approved by the organizational unit. A carefully structured recruitment plan maps out the strategy for attracting and hiring the best qualified candidate and helps to ensure an applicant pool which includes women and underrepresented groups including veterans and individuals with disabilities.
- Step 4: Selection of search committee - to ensure that applicants selected for interview and final consideration are evaluated by more than one individual to minimize the potential for personal bias, a selection committee is formed. The hiring manager will identify members who will have direct and indirect interaction with the applicant in the course of their job. Each hiring manager should make an effort to appoint a search committee that represents a diverse cross section of the staff. Under-represented groups and women are to have equal opportunity to serve on search committees and special efforts should be made to encourage participation. Departments that lack diversity in their own staff should consider appointing staff outside the department to search committees or develop other alternatives to broaden the perspective of the committee.
- Step 5: Position posting and implementation of recruitment plan - once the position description has been completed, the position can then be posted to the site. Every effort should be made to ensure the accuracy of the job description and posting text. It may not be possible to change elements of a position once posted, because it may impact the applicant pool.
- Step 6: Reviewing applicants and developing short list - candidates will complete an electronic application for each position. Candidates will be considered “applicants” or “expressions of interest”.
- Step 7: Conduction of interviews - an interview is the single most important step in the selection process. It is the opportunity for the employer and prospective employee to learn more about each other and validate information provided by both. By following these interviewing guidelines, it will be ensured that all necessary data such as evaluation of skills and abilities have been conducted.
- Step 8: Hire selection - once the interviews have been completed, the committee will meet to discuss the interviewees. Committee members will need to assess the extent to which each one met their selection criteria.

- Step 9: Recruitment finalization - upon completion of the recruitment process the offer to the selected finalist is made. (University of California, 2018)

2.1 Recruitment advertising

The most appropriate source for filling a vacancy depends on the nature of the job. Companies can look at the individuals that are currently working in the company (who may be interested in a promotion or even a sideways move) as well as those in the outside labor market. There is a huge range of options available, including:

- Internal company methods (staff intranet, noticeboards)
- Word of mouth – encouraging current employees to recommend the company to others who may be suitable ('refer-a-friend' scheme or also called referral program)
- A variety of print advertisements (local newspapers, national newspapers, specialist trade magazines)
- Online advertisements
- Local radio
- Job centers
- Employment agencies
- Educational liaison – careers service, career fairs, college tutors, student societies

Along with the suitability of different methods for reaching the required labor market, the costs of the different options are likely to be key considerations. (Taylor, 2016)

2.2 References

As Taylor (2016) mentions, regardless of the specific selection method used by a company, once the preferred candidate has been identified, most companies seek to further check the suitability of the candidate by securing references. A reference is a testimonial from someone who knows the candidate well, which comments on the candidate's suitability for employment. It is a common practice for a company to request two references prior to making or confirming an offer of employment to a candidate, either both from previous employers, or one professional and one personal. In the past, companies would ask for quite a lot of information about candidates when making a reference request. But with fears of backlash from disgruntled ex-employees, however, employers have become far more reluctant when it comes to providing information in response to reference request, especially anything that is subjective (personal opinion on performance/attitude, etc.).

2.3 Internal recruitment vs external recruitment

Internal recruitment is a process whereby the employees are recruited from within the organization while external recruitment, is a process in which the recruitment is done using outside sources. In internal recruitment, that personnel are called by the organization which is already on the payroll. Conversely, in external recruitment, the organization relies on sources like an open advertisement, consultancy firms, employment exchange etc. (Key Difference, 2018)

Table 1: Internal vs External recruitment (Key Difference, 2018)

Basis for comparison	Internal recruitment	External recruitment
Meaning	Internal recruitment involves recruiting candidates from those who are already in employment within the organization.	When the recruitment of candidates is done externally, then this type of recruitment is known as external recruitment.
Time taken	Quick process	Lengthy process
Induction training	Not required	Must
Cost	It is a cost-effective process.	It is a costly process.
Choice of candidates	Limited	Unlimited
Sources	Transfer, Promotion, References etc.	Advertisement, casual callers, employment agencies, management consultant, recommendations etc.

2.4 Calculation of recruitment cost

A detailed recruitment budget can drive an effective recruiting process. Every company needs to invest time into calculating recruitment costs and needs to plan its budget the right way. (Workable, 2018)

The listing of several requisite steps for calculating the recruitment cost is displayed bellow:

- Step 1: Estimation of the total number of hires
- Step 2: Estimation of the basic recruitment costs
- Step 3: Estimation of the fixed costs
- Step 4: Estimation of the recruiting technology costs
- Step 5: Estimation of the recruitment costs to improve hiring
- Step 6: Estimation of the miscellaneous hiring costs
- Step 7: Calculation of the cost-per-hire

2.5 Employees as an asset of an organization

The orientation of the company on the human resources turned to be one of the keys tasks of strategic management and human resources play important role in all strategic decisions. (Borkowski, Pavelková, 2011)

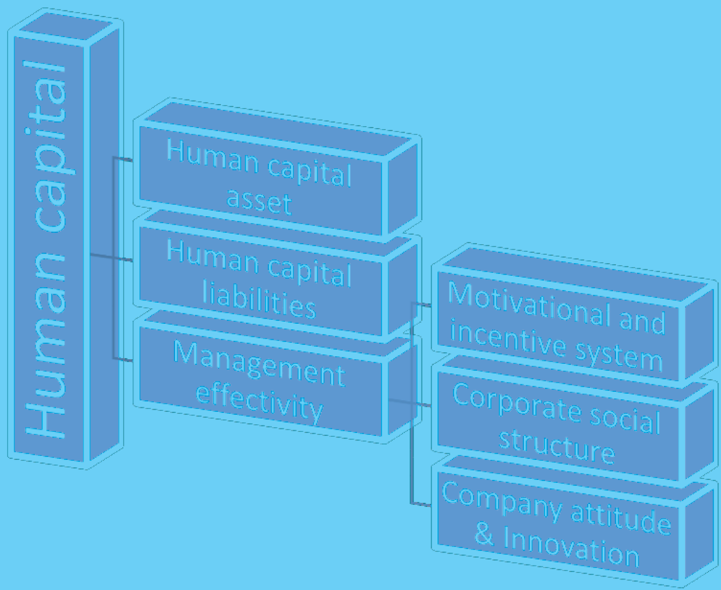

Figure 5: Human capital structure (Borkowski, Pavelková, 2011)

Whether it is called "people", "labor", "intellectual capital", "human capital", "human resources", "talent", or some other term, the resource that lies within employees and how they are organized is increasingly recognized as critical to strategic success and competitive advantage. Motivation, delegation of powers gets its importance at the present time as well. The very best way for managers to improve employee performance is to set clear expectations and hold regular business reviews to those expectations. The level of the application of the skill to motivate or encourage employees is in practice judged according to the number of the satisfied employees in the organization, by the fluctuation rare and not by its results. (Borkowski, Pavelková, 2011)

2.6 Interview Process

Interview is the basic method, together with the questionnaire, of obtaining information about job seekers. Information about applicants can be obtained by means of interviews, questionnaires, when the applicant fills in a questionnaire with pre-formulated questions, and the employer can try to find information about the job seekers on social network. The general objective for all interviews was to explore how companies act on their stated purpose and values inside the organization in ways that could affect external stakeholders' views about the brand – image of company. The interviews began with a general question about current and previous roles. Participants were asked to explain, in their own words, the essential, shared purpose of the organization and how purpose and values influence operations in their sphere of responsibility. (Fournier, 2015)

According to Clegg (2005), an interview is a targeted activity based on conversation. The aim is to obtain required information from the candidate. Although, to be efficiently able to distinguish the collected information, it is also needed to gain complementary information that would tell what kind of person the company is interviewing. The candidate is not the one and only source of information, and being uninformed inquirer will mean that that session will not have any structure and will not add any information value. There is nothing worse than finding out after an interview that based on acquired information that recruiters are still not able to make any decision and they find themselves exactly in the same spot as before the interview took place. Having an access to suitable information ahead will give them an advantage of asking the propriate and questions that are relatable and on point.

2.6.1 Key questions

For each specific vacancy, there are several key questions in each interview. Starting up with an opening question, subsequently series of questions concerning the main points, which the recruiters would like to cover up. Not necessarily it is important to put to questions in order in which they had noted them down or is it not expected to ask them all, they purpose of asking questions is to not miss out any significant, or relevant pieces of information. The list of questions should be written on paper for the recruiters to make it easier while interviewing several candidates. (Clegg, 2005)

2.6.2 Resume

Resume or CV (Curriculum Vitae) is a document that needs to be gone through before the interview process starts itself. There is no time to look at the CV during the interview, because it makes it a little impossible to multitask during the conversation with a candidate. The goal is to look for questions that the CV evokes. How is candidate's experience related to the company's requirements? Are there any specific abilities mentioned in the CV that the recruiters need to query deeply about? What qualities does the candidate deem about herself/himself or which of these are manifestly believed as crucial within the company? On the other hand, which qualities the candidate has the recruiters find inappropriate for the job? What hobbies or after-work-activities tell the recruiters more about the character, creativity, or effort of the candidate? (Clegg, 2005)

Other terms concerning human resources need to be described and distinguished in order to understand the topic of HRM:

- Job evaluation is the process of involving assessing the relative currency value of each job to the organization to set up internally equitable pay structures. If pay structures are not equitable, employees will be dissatisfied and quit, or they will not see the benefits of striving for promotions. To put currency values on jobs, it is necessary to get information about different jobs to determine which jobs deserve higher pay than others.
- Performance appraisal deals with getting information about how well each employee is performing in order to reward those who are effective, improve the performance of those who are ineffective, or provide a written justification for why the poor performer should be disciplined. Through job analysis, the organization can identify the behaviors and results that distinguish effective performance from ineffective performance.
- Knowledge refers to factual or procedural information that is necessary for successfully performing a task.
- Skill is an individual's level of proficiency at performing a particular task.
- Ability refers to a more general enduring capability that an individual possesses. (Quizlet, 2018)

2.7 Summary of theoretical part

The human resources management basically makes sure that the right people with the right skills are put in the right places. Human resources department helps managers to find and retain talents. Furthermore, human resources are tracking existing business processes and adjusting them to match the interests of both, business, and employees. Although, HR are still struggling with the administration and are looking for ways to make it as effective and efficient as possible, so they can be more focused on strategic issues.

Within the framework of the theoretical part of this Master thesis, the important knowledge related to the topic of recruitment and recruitment of employees was summarized here.

As the literature differentiates, the human resources management includes all diversity of personnel activities; starting from the designing the job itself, making the job analysis, to human resource planning, where finally the recruitment, selection and hiring process can start. After the searching process and the selection of workers, the recruitment process takes place (whether is it carried out internally or externally). Many people deem that all it takes from the administrative point of view to recruit an employee is just from hiring to the end of employment but that is not it. The HR department needs to start their job before hiring and even after the work termination. Whenever the employee gets hired, training along with the adaptation process needs to be performed in order to make the adaptation process easier.

If the company wants to keep their employees, the key area in human resource management is then the remuneration system. The company must have an effective remuneration system in place, which is related to the wage setting and, also to employee benefits. The more benefits the company provides, the more satisfied employees are, and the less reasons employees have to leave the company.

The HR strategy should therefore be as accurate as possible to forecast labor needs in qualitative and quantitative terms, and at the same time to forecast the future situation on the labor market, where there is currently a shortage of workers and thus a pressure on wage growth appears and pressures the employers to raise the wages.

II. ANALYSIS

3 COMPANY INTRODUCTION

Chosen company that is being analyzed in this thesis is a limited company. Due to data protection, the full name of the company is not provided. Based on professional specialization, there are several division within the company such as followings mentioned down below. Each section falls under chief executive officer who is responsible for each division.

- Transportation division
- Maintenance division
- Economic division
- Electrotechnical & investment division
- Promotion & advertisement division

3.1 Organizational structure

For better understanding the company's structure it could be explained more in detail while using the organizational structure. The General meeting, as the highest authority, is represented by the mayor of the city.

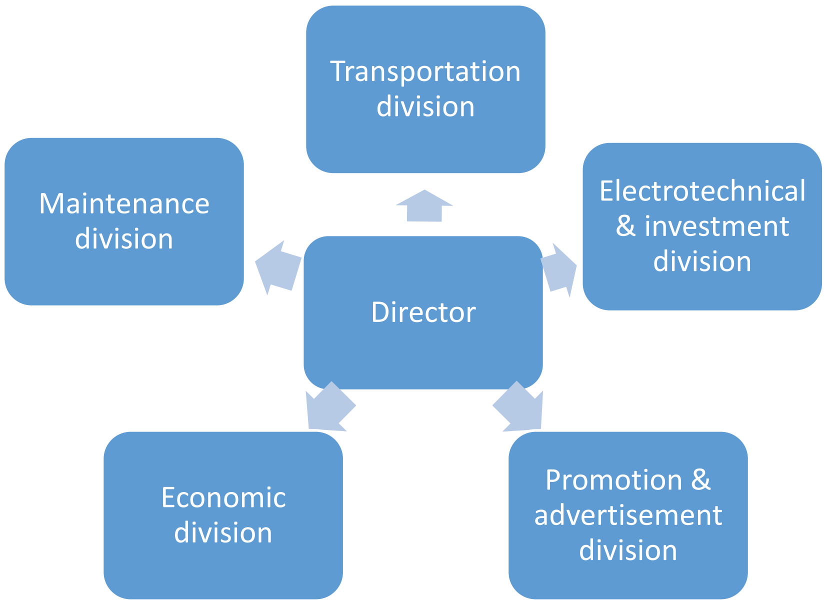

Figure 6: Organizational structure (own production)

Speaking of Maintenance division, this division deals mostly with day care of vehicles, maintenance of vehicles, supply and warehouse, cleaning of vehicles; Transportation division is in charge of dispatching, vehicle operation. Electrotechnical & investment division secures lodging house, canteen, real estate maintenance. Promotion & advertisement division's function is pretty much self-explanatory. This division deals with ads on vehicles, such as posters & flyers, advertising on pillars, and illuminated advertising. Last, but not least, there goes the most major-related field – Economic division, where financial accounting and payroll could be found. Divisions are stabilized and regulated by the director, whose sections compose of secretariat and human resource. As of December 31, 2017, the total of 312 employees were employed in the company, of which 180 were drivers, 38 were tech. and eco. worker, and lastly 94 workmen/workwomen.

3.2 Scope of business

The main business activity of the company listed in the Commercial Register is the operation of public passenger transport service. Between the basic performance criterion in this area of activity is for example the number of transported people, in securing the given transport operations, which are the kilometers traveled and the transport capacity vehicles.

An interesting fact is that the number of transported passengers has been declining in the past years which is generated by many factors. Amongst the factors having the greatest impact are: growth of other forms of transport as well as declining population in local agglomeration.

3.3 The main goals of the company

One of the main goals of the company is to provide high quality services as well as to keep its customers. The company subordinates all its activities to these goals. Needless to mention that one of the long-term goals of transport policy of all major cities is increasing the attractiveness of public transport.

3.4 Obtaining funds

The presented company is considered as a trading capital company with the purpose of its business not being the creation of profits, but the provision of services - the operation of public line transport. The prices are set by the founder, although they do not cover even direct costs.

The company is funded from its own resources - of around 53% (revenues of transport accounts for approximately 44% of the company's revenue, sales from other services are generated by 9% of revenue). Approximately for about 47% of revenue is made of operating grants as an external source of funding account.

In addition to its core business, the company develops business activities that are particularly important such as advertising activity, mainly carried out on public transport vehicles, and repair activities, in particular the implementation of external repairs of vehicles. Revenue from these secondary activities account for approximately 9% of total revenues and reduce the loss from main activity. Funding for asset recovery is mainly from its own resources.

3.5 Employee analysis

The table below depicts the number of employees in individual years, total number of employees decreased by 4.11% in 5 years, the largest decrease was recognized in workmen/workwomen category (8.02% decrease) due to the decrease in external orders (repair of vehicles for external companies) and by reducing the number of repairs of public transport vehicles in connection with the acquisition of more new vehicles. The number of drivers varies between 184-192, it can be said that the situation for drivers is quite stable. Since 2016, the state has fallen due to high fluctuations.

Table 2: Average number of employees per year (own processing)

Average number of employees per year				
Year	Drivers	Workmen/workwomen	Tech. and eco. worker	Total
2013	184,65	105,00	42,00	331,65
2014	189,70	99,02	42,00	330,72
2015	191,96	99,02	38,52	329,55
2016	186,62	99,72	38,11	324,45
2017	183,94	96,58	37,50	318,02

For a better view, the graph showing the individual figures is shown down below.

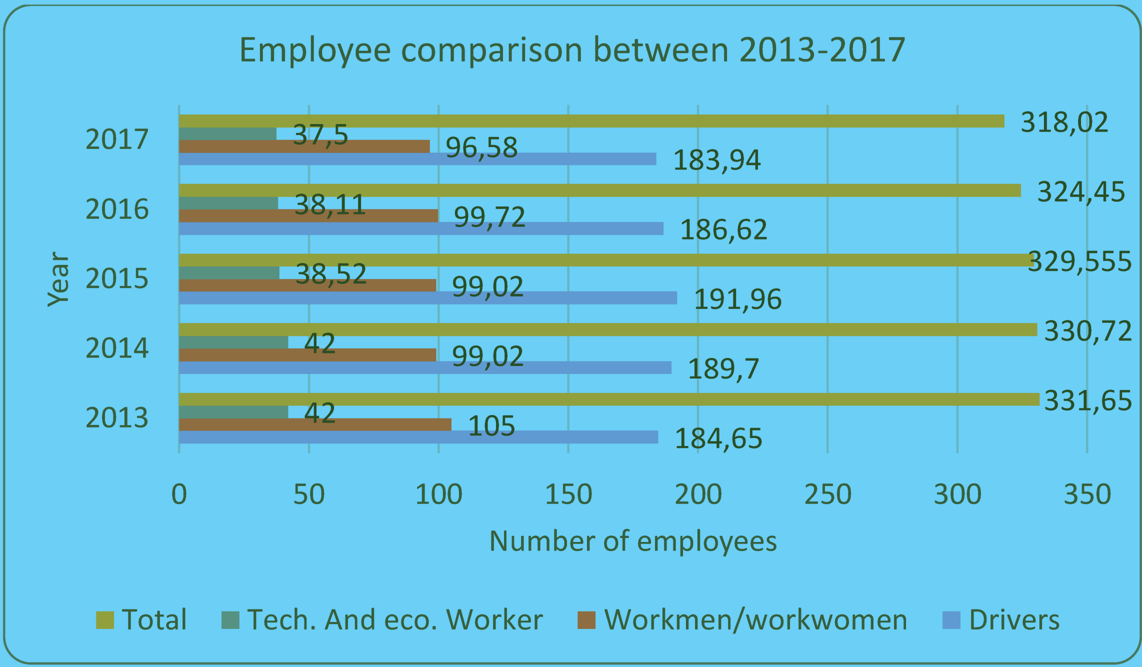

Figure 7: Employee comparison between 2013-2017 (own processing)

3.5.1 Analysis of the number of drivers

One of the biggest advantages a business can have is an efficient company's workforce. The people of an organization are the ones who get the work done and help businesses accomplish missions and objectives. The largest share of employees is made up of drivers, and therefore this analysis will be focused on the driver position due to the growing shortage of staff in this profession. Moreover, before jumping into conclusion, first there is a need to analyze the current state of the company's drivers, such as their age, sex, number of drivers and other factors determining the company's performance. Slight differences could be visible between older and current data.

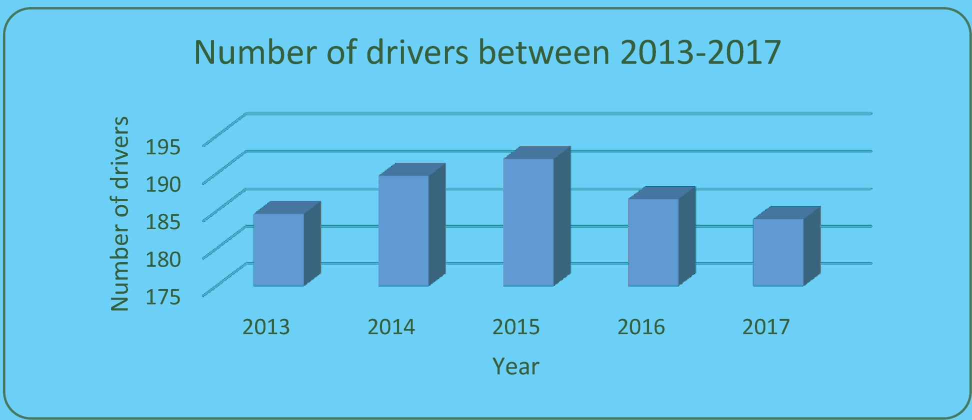

Figure 8: Number of drivers between 2013-2017 (own processing)

Gender diversity at the profession of a driver

According to CBS news (2018), the advantage women have had by avoiding aggressive driving may be eroding among teenagers - largely because of distractions while driving. Following with the fact of those condescending jokes about female drivers seem to have vanished. Nowadays women appear to have a positive image of themselves as safer drivers than men, according to a recent poll. In a survey done for insurer MetLife, 51 % of women said their gender drives more safely. The evidence is on their side since men are 3.4 times more likely than women to get a ticket for reckless driving and 3.1 times as likely to be cited for drunk driving.

Not that guys have completely caught on. Of the men surveyed by MetLife, only 39% claimed male drivers were safer - but 35% of men didn't know which gender to pick. The findings did back men up on one point: automotive knowledge. The poll showed that more men are familiar with current safety equipment such as electronic stability control, which helps prevent rollover accidents. (CBS News, 2018)

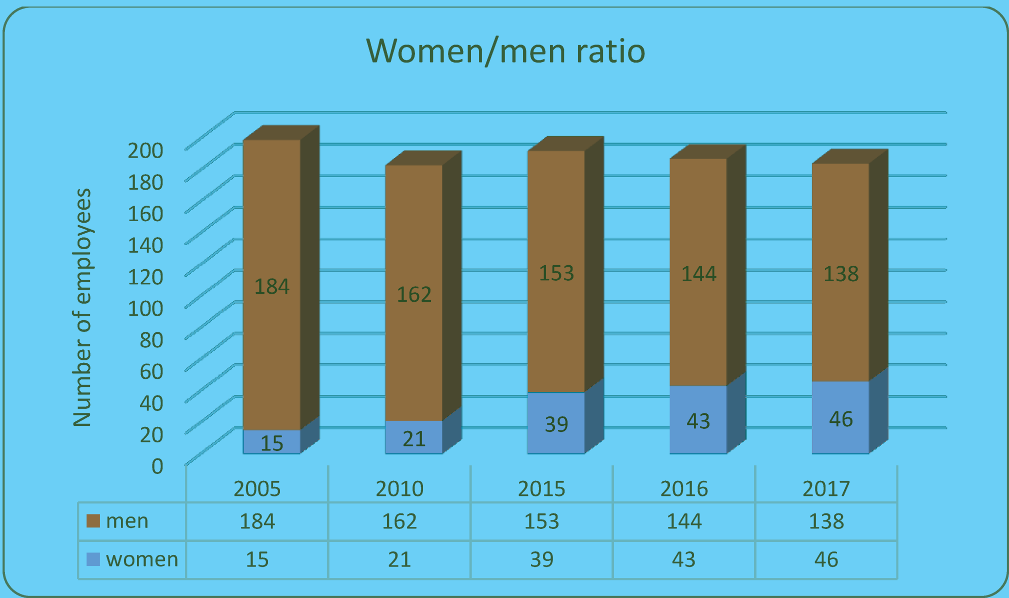

Figure 9: Women/men ratio (own processing)

In terms of gender diversity, those past years it is noticeable that the majority of drivers consisted of males, although we can notice the trend dropping. Part of the problem transportation companies face in staffing people of diverse gender is that there aren’t enough women coming down or being interested in working as a driver.

In recent years, the ratio between female drivers and male drivers has increased, positively for women. Approximately 13 years ago, only 7.54% of women were represented in the company (see the figure 9). In 2010, it was approximately 11.48%. Observing the latest data from the three last years; in 2015 women accounted for 20.31%. In 2016, it made 23.24%, and the latest figure in 2017 shows that women are still represented by the highest percentage of the company's history - 24.86%. The growing trend of female drivers is visible.

Average age of drivers

Analyzing employees' age report offers the overview of the drivers' data based on their age.

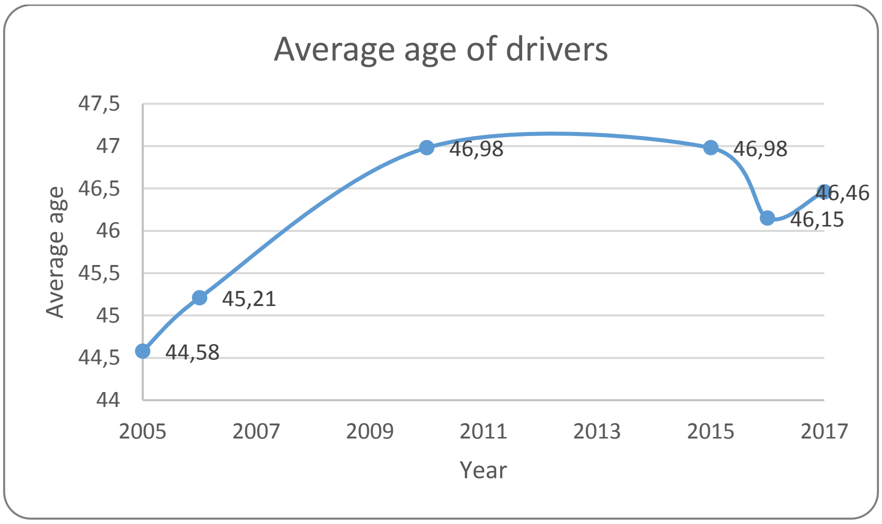

Figure 10: Average age of drivers (own processing)

As is it visible from the graph, based on the observation taken from 6 years, the average age is gradually increasing each year. Started with 44,5-year-old drivers on average in 2005, the same ages (46,7 year-old) on average were reached in 2010 and 2015. The two next years (2016, 2017), the average age of the employee dropped by a little over half a year – to 46-year-old on average which was caused by a lot of people retiring who were of high age, so that the average age then dropped.

3.5.2 Retention rate

When attempting to lessen employee turnover and increase retention rates, such calculations could come handy in determining the current situation on market: such as determining retention rates, turnover rates, voluntary turnover rates, the average tenure of employees, the average tenure of employees who have left.

First step in determining drivers' stability is to calculate retention and turnover. These rates do not provide the company with the whole story, while following rates help to determine, who is leaving, when, and under what circumstances. Then we are speaking about calculations such as retention, turnover, and tenure.

By calculating the retention rate, we are basically computing the number of "stayers". Drivers who remain at the end of calculation period - the number of "stayers" divided by the number of drivers we had at the beginning of the calculation period times 100 equals the retention rate of the company.

Table 3: Retention rate - drivers (own processing)

Year	Number of stayers as of 31.12	Number of personnel at beg. of period as of 1.1.	Retention rate
2013	191	189	101,05%
2014	190	191	99,48%
2015	190	193	98,45%
2016	181	193	93,78%
2017	180	180	100%

Calculating the retention rate can be interesting, but misleading. Using the retention formula, it appears that the company lost 12 drivers during the year of 2016. However, what if the company hired 10 drivers and 22 drivers left within the year? This calculation is not under influence of any changes and only collects information on the topic of number of drivers at the beginning and end of the year. In general, having a 100% retention rate should not be mistaken for a perfect result, because this index does not reflect any inner issues happening in the organization, this index is simply not self-explanatory.

3.5.3 Turnover rate

By calculating the turnover rate, we are trying to count the number of "leavers". The number of "leavers" means drivers terminating during the calculating period divided by the total number of drivers during the calculating period times 100 equals the turnover rate for the company. To better understand the employee turnover, all we have to do is answer those questions:

- “Who are the drivers who leave?”
- “When do they leave?”
- “Why they are leaving?”

Each industry differs and is somehow specific, therefore we should not celebrate if the turnover rate is smaller than other companies because we need to distinguish what industry certain company belongs to. For example, speaking about companies providing some service, we can mention that those company are found to have their turnover rate around 14,9%.

For the year 2017, the types of termination of employment in the chosen company are displayed in the graph down below. In order to compile the analysis, the data was taken from the personnel information system.

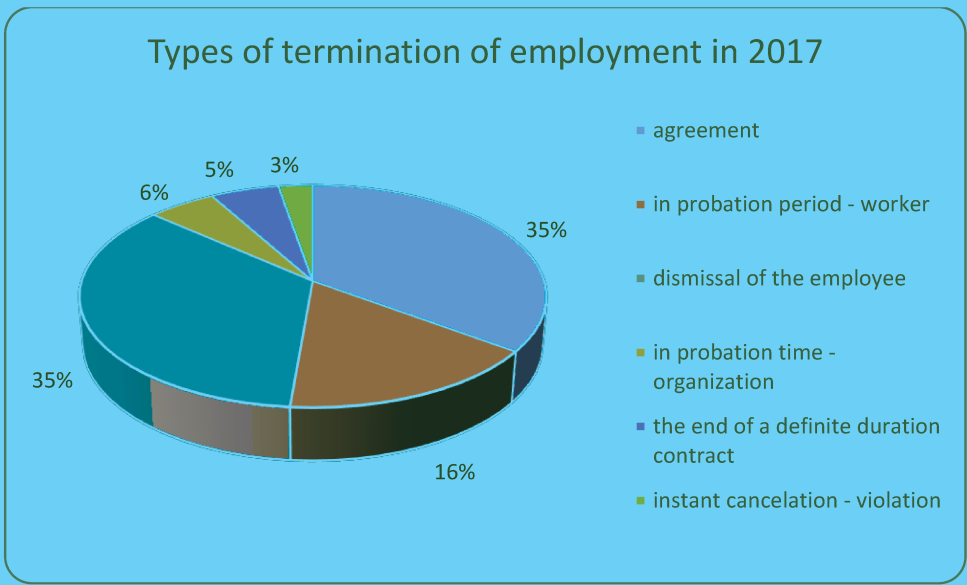

Figure 11: Types of termination of employment in 2017(own processing)

To establish certain time of the year when employee quit working is almost impossible since the time is spread through the whole year equally.

Reason for leaving might vary from one driver to another. It is difficult to make a general assumption why drivers leave the company, for example, they might have found another job that either pays them more or they are happier making it, or advancement opportunities, job dissatisfaction or unmet job expectations, stress, or compensation factors.

Analyzing responses to these questions to a large extent can help identify the causes of retention rate but cannot help with its solution.

Table 4: Turnover rate - drivers (own processing)

1)	2)	3)	4)	5)	6)
2013	12	4	185	6,49%	4,32%
2014	11	2	190	5,79%	4,74%
2015	15	4	192	7,81%	5,73%
2016	30	11	187	16,04%	10,16%
2017	37	7	184	20,11%	16,30%

Notes to Table 6:

1) Year
2) Number of leavers (drivers)
3) Number of employees who retired
4) Average annual number of drivers
5) Turnover rate
6) Turnover rate (without retirement)

Also, for this analysis, the data was taken from the personnel information system. The previous calculation (turnover rate) explains the entire turnover rate, but not all turnover is voluntary. Voluntary turnover is when a driver chooses to leave himself/herself. There are plenty of reasons for the driver to leave, the reasons vary, while it can be caused by various factors. To point out the problematic areas or make changes in organizations, is it necessary to determine the rate of those who left voluntarily.

During the years 2013-2015, the voluntary turnover rate was around 5%. A large increase in fluctuation occurred in 2016 when many drivers went to other employers, resulting in a rising turnover rate and the need to recruit new drivers.

In 2017, the turnover rate increased by another 4 percent (there was a drop of 37 employees at the position of a driver). The surprising fact is that for the years 2013-2015, the number of people displaced for 2017. Departures were replaced by the arrival of new drivers, but the decrease in 2017 till today still hasn't been fully replaced.

High turnover in 2016 and 2017 for the company meant increased efforts to recruit new drivers, as unemployment is steadily decreasing, the recruitment of new drivers is becoming more, and more difficult and the company is unable to refill vacancies.

3.5.4 Average tenure of drivers

Theoretically speaking, employee tenure is the total length of time an employee works for a particular employer. Examining tenure can assist the company in targeting interventions to workers at a particular point in their careers, when they may "fall off" from the company. This information comes useful when planning strategies to retain the drivers. This indicator provides the company with a valuable information that could be also used for overall analytics of recruitment. To compute the average tenure of workers, each worker is needed to be listed with the amount of time - years (those not lasting long in months) the driver has been at the organization. Calculation is demonstrated in years and the calculation goes as following: the sum of years worked by all drivers divided by the number of drivers applicable to the end of calculating period the company had is equal to the average tenure of "stayers".

Table 5: Average tenure of drivers (own processing)

Year	Total years "stayed"	Number of drivers	Average tenure of "stayers"
2015	2331,7	190	12,27
2016	2137,4	181	11,81
2017	2134,8	180	11,86

3.5.5 Average tenure of drives who left

The total number of years (as mentioned above – some drivers in months) a driver worked before quitting, also called longevity, may highlight the point at which driver "fall off", which gives the company an opportunity to react and come up with a way to respond to this negative change. This piece of information might be useful for identification the average tenure of drivers who left within the previous 3 years.

Table 6: Average tenure of drivers who left in 2015-2017 (own processing)

Year	Total years worked	Number of leavers	Average tenure of leavers
2015	214	15	14,27
2016	397,1	30	13,24
2017	324,8	37	8,78

This table is showing the average tenure of drivers who left in 2015-2017. Each driver that left the company in 2015 had been in employment for 14,27 years on average. Each driver that left the company in 2016 had been in employment for 13,24 years on average. The table above is also demonstrating the average tenure of drivers who have left in 2017. Each driver that left the company in 2017 had been working for the company for 8,78 years on average. The average length of time spent in employment is decreasing (making the tenure of drivers within the three years 12,10 years on average), which is due to the fact, that employees who had been working in the company were leaving after 1-2 years.

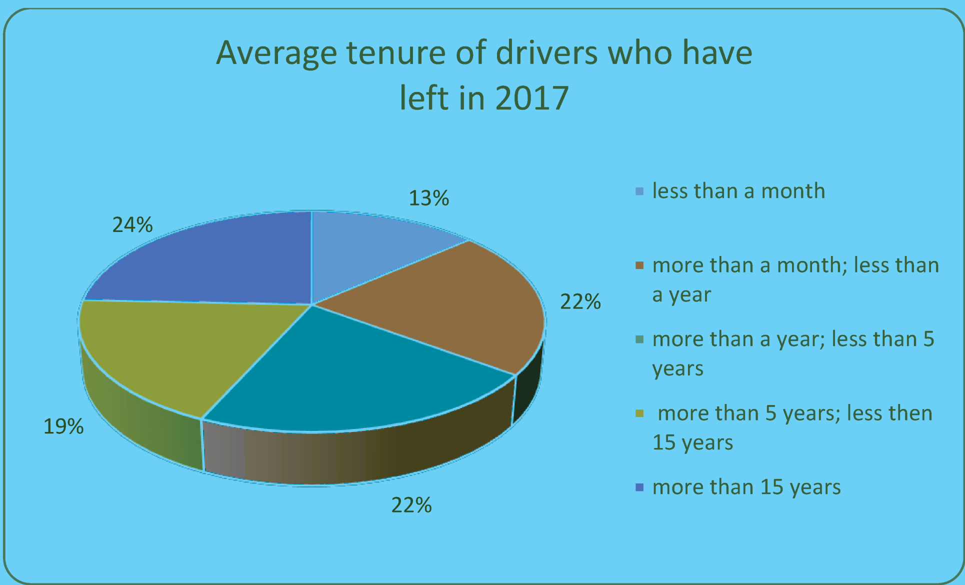

Figure 12: Average tenure of drivers who left in 2017 (own processing)

3.5.6 Current vacancy rate

There are several terms needing to be explained before heading into the calculation itself. The number of vacant positions is the vacancy, meaning the number of unoccupied positions which is then divided by the total number of positions (job-specific) within the whole organization, multiplied by 100.

There is a transportation plan, which is an annual plan that includes all lines, kilometers traveled, hours worked, and the ideal number of drivers to complete the plan. The annual plan must also take into account the regular vacation of five weeks, there must be a sickness reserve as well. The plan for the number of drivers is not given strictly, it results from the annual transportation plan. However, this number is approximate, because it cannot be specified exactly neither kept up.

The ideal number of drivers for the selected company, with the current mileage, is having approximately 185-190 drivers. To determine the number of vacancies, we will determine the optimal total number of drivers to 187.

To be up-to-date, we calculated the vacancy rate for the current time period which was March 2018.

Table 7: Vacancy Rate as of March 2018 (own processing)

Number of vacant positions	Total number of positions	Vacancy rate
9	178	5,06%

The number 9 depicts the current number of free positions (drivers). The company can expect some drivers to quit their contract during the year, therefore if they were to expect about 30 drivers to leave the company per year (can be estimated based on the development of the past two years), there is a requirement of hiring 9 + 30 drivers to reach the optimal number of drivers (per year).

Lack of drivers does not mean that the company would interfere or limit existing transport services. The shortage of drivers leads to an increase in overtime (according to the Labor Code, the annual total of overtime work is not more than an average of 8 hours per week, i.e. 416 hours per year). Overtime work is more expensive for employers because the employer pays overtime, which is 25% of the average hourly wage according to the Labor Code.

4 ANALYSIS IN TERMS OF THE CURRENT SITUATION OF EMPLYOEE SEARCHING AND RECRUITMENT

Over the past two years, the shortage of drivers has become increasingly problematic due to increasing fluctuations. Because the analyzed company is a subsidized company, it cannot respond to wage growth as quickly as other companies, and therefore it fails to keep employees, nor can recruit the required number of new drivers. That is why I will focus on the "driver" profession, which is currently the most crucial profession in the company. The aim of the analysis is a breakdown of the current recruitment process, situation of drivers, their retention rate, turnover rate, average tenure of stayers and leavers in order to get an overview of the current developments in the profession of a driver.

4.1 Methods of data collection

Analysis of internal documents

The analysis was made based on breakdown of interdepartmental documents, mainly the annual staff analysis and internal personnel regulations related to human resources - working rules, recruitment, medical examinations, payroll, and collective agreement. The analysis also used the breakdown of selected data from the personal information system.

Interview

Amongst another method I used was an interview (qualitative method) with the human resource manager of the company. The target of the interview was to get information on the current state of drivers, recruitment forms and their effectiveness. Information on reception of new drivers (conditions for admission), course and recruitment methods were collected.

Data collection on the labor market

The data and information used for this analysis was taken from the internet sources: kurzy.cz and iDnes.cz.

4.2 Analytical findings

4.2.1 Analysis of accepted drivers

In 2015, out of the total number of 19 incoming drivers, 12 drivers came from the Labor Office after the retraining of the driver’s license of the required class, 6 drivers came from another employer, 1 driver came after the end of self-employment. For the year 2016, 9 drivers came from the labor office after the retraining, the rest from the other employers. In 2017, eight drivers came from the labor office, 23 drivers shifted to the company from other employers. Even though the number of incoming drivers increased in 2017 compared to previous years, it was not possible to maintain the planned number of drivers due to the very large number of outgoing drivers who had terminated their employment (37).

Table 8: Number of arriving drivers during years 2015-2017 (own processing)

Year	Arrivals
2015	19
2016	23
2017	31

Job description

Trolley bus or bus drivers have one of the most people-oriented occupations and one that requires constant focus as well as people skills. It is a job that can be done in many different settings, and that has a good outlook, as transportation companies vary in every city.

The driver can be any candidate between the ages of 21 and 65 who has a class D driver's license, and medical fitness for driver's work. The minimum age of the driver of the group D is laid down in Act No. 361/2000 Coll. Laws, Act on Road Traffic, § 83.

Job qualification

If the Labor office includes an applicant in retraining, it will also cover the costs of the course. Jobseekers may also contribute to some proven necessary costs associated with re-training. A participant who, without serious reasons, leaves retraining or refuses, after completing it, to take up a suitable job corresponding to the newly acquired qualification, shall pay the Labor Office full re-training costs.

Applicants for retraining must have at least class B driver's license, if they do not have a class B driver's license, the Labor Office will not pay the costs and the applicants cannot demand the retraining.

If the applicant is registered within the Labor Office and does not have the required driver's license (Class D + driver's professional card), he/she is advised to apply for retraining at the Labor Office, if the person who is interested in the job is not registered within the Labor Office (probably possesses job at that moment) there is a possibility of reimbursing the driver's license cost (Class D + driver's professional card), with the applicant remaining in employment for 3 years. The cost of obtaining a class D driver's license is 55,000-60,000 CZK.

Obtaining the required driver's license takes about three months. After obtaining the driver's license, the candidate is admitted to employment, which is negotiated with a trial period of 3 months. During the first month of employment, drivers are trained to manage the trolleybus or bus and, after completing training, they are already performing the job independently.

Medical inspection

Speaking about medical inspections, there is a total of 7 health inspections for public transport drivers. The list is depicted down below:

- Traffic psychological tests
- Eye examinations
- Ear examination
- EEG examinations
- Neurological examination
- Psychiatric examination
- Initial medical examination

The medical examinations are ordered by a human resource manager, concluded contracts with doctors, results of psychiatric, psychological and entrance examinations are subsequently stored in employee cards, the results of the remaining documents are left in the health card of the district physician. On the basis of the examination results, the doctor will assess whether the applicant has or does not have a medical fitness for the driver's job. Medical examinations for drivers are determined by the Rail Act and the Road and Motor Traffic Act. For the job performance, candidates who have a diopter for farsightedness greater than 6 are not suitable for performing the job while candidates having diopters higher than 3 are only allowed to drive a bus. The trolley bus driver must not have diabetes, heart problems, he/she must not be treated with high blood pressure, if failed in those conditions they can still be at the post of a bus driver. If the drivers are somehow limited in any of those conditions, they can only drive the bus, otherwise the drivers are all-purposed.

What the company provide their employees with

Amongst other reasons why the selected company could be attractive for fresh applicants could be those benefits that are already in place:

- Obtaining and paying the required driver's license
- The possibility of adjusted working hours, including short-time work
- Week extra of vacation
- Overhead public transport tickets for employees + family members
- Other employee benefits (meal vouchers, pension insurance, rehabilitation stays, allowance for physical activities, reward for work anniversary)
- Possible accommodation in a company hostel
- Regular monthly income
- Modern working environment (modernized fleet)

4.2.2 Current situation in terms of recruitment

At present, the company has been cooperating with the Labor Office in a long run, updating the offer of available driver positions every month. Given that the employment situation is now such that thousands of job vacancies are posted on the Job Site, the response of public to the job vacancies is almost zero. At present, there is more supply than demand. Additionally, the company advertises vacancies in regional newspapers, where the response is also virtually zero. The company also turned to municipal municipalities, asking for the publication of vacancies on the Internet site of the village, or broadcasting cable televisions. In 2017, the publishing costs in the press were 17,000 CZK.

In addition, the company has recurrent recruitment leaflets on websites, recruitment leaflets in public transport vehicles and on LCD screens in their vehicles. Leaflets are still located in their own tickets pre-sales. From the experience of the last period, it can be said that advertising is most effective on their website, because the site is widely visited by the public as passengers look for timetables or transport changes. The current form of web and vehicle recruitment is cost-effective and the most effective in terms or attracting candidates, so the company does not consider an increase of advertising in newspapers or magazines in the future.

The company also uses internal recruitment, whereby the company regularly offers employees of a range of transport controllers and vehicle cleaning (unqualified employees) the possibility to obtain a driver's license and then to perform qualified work as a driver. In 2017, two employees from the position of a transport inspector, after passing the retraining to obtain the license, switched to the position of a driver.

Those interested in the job of the driver are most often informed by an e-mail inquiry about job vacancies, the human resource manager will always reply to them, and invite them to a personal interview. On average per month, 3-6 people are interested in the job of a driver, about half of them are interviewed. If the candidates arrive in person, they are often serious candidates. The human resource manager shall communicate all the conditions required for the performance of the work, familiarize them with the wage and working conditions, benefits, and the procedure for obtaining a class D driver's license.

According to the company's human resource manager, based on the personal interview with each candidate, it was found that the vast majority of candidates responded to the advertisement they saw placed on the company's website.

Given that the company does not consider a larger advertising campaign in the local media because it does not seem as effective as their own advertising on websites and vehicles, it would be appropriate to propose a new form of recruitment that could be more effective and even interesting for existing employees. As of today, there are no incentive payments paid for employees that recommend someone, nor is there any motivation program in place. The design of the new form of recruitment will be proposed as the project of this Master thesis.

4.2.3 Unemployment in the Czech Republic

Making recruitment is not easy at a time when unemployment is low, even the lowest in the last twenty years. Companies compete for workforce and anticipate in financial, benefit and other offers. The lower the unemployment, the more difficult it gets to find new employees. Very low unemployment within the European Union is rather a rarity that the Czech Republic can be proud of. On the other hand, the fact that low unemployment increases the wage costs of companies, which reduces their profit comes along with it. The high cost of manpower forces companies to think of automating production. It is the unrivaled fact that reserves the lowest number across Europe. Unemployment in Europe as whole is currently attacking historical minimum.

This graph represents the total unemployment in the Czech Republic from 2013 to 2018, the data are taken from Kurzy (2018):

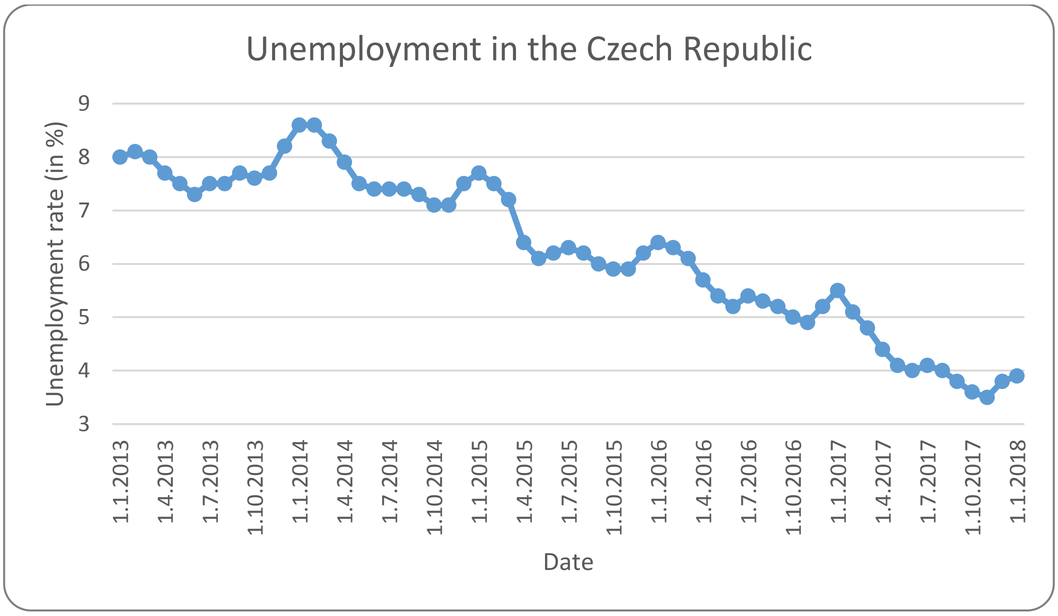

Figure 13: Unemloyment in the Czech Republic (Kurzy, 2018)

4.2.4 Lack of drivers in the Czech Republic

Lack of drivers is a long-term problem in the Czech Republic. The potential reason for the lack could the unattractiveness of wages in the industry. Speaking of wages, the conditions are virtually the same in all the companies, employers know well what the labor market situation is like. The trade unionists even tried to prepare protests to achieve higher earnings which was not completed. The shortage is also due to the fact, that a lot of people used to make a driver's license during the compulsory military service and this is no longer applicable. In addition, carriers are increasingly trying to find women drivers. Drivers, according to the Labor Office, are among the most disadvantaged professions in the Czech Republic.

At least partial improvement can be shown by the statistics of the Ministry of Transport on the number of driver's licenses for trucks and buses. The number of newly issued licenses has grown again after a major downturn in 2013 - both for trucks and for cars.

According to iDnes (2018), in many cases, drivers cannot even choose their vacation because there would not be anyone who would replace them. It happens that the driver checking out for holiday is replaced by his alternate colleague who ends up working overtime. The shortage of drivers is already becoming more noticeable and the whole Czech Republic is facing this problem.

4.3 Summary of the analytical part

The goal of the analytical part was to make analysis in terms of the current situation of employee searching and recruitment in the chosen company in order to get an overview of the current situation.

Via using interdepartmental documents, such as the annual staff analysis and internal personnel regulations related to human resources, meaning working rules, recruitment, medical examinations, payroll, and collective agreement, the analysis in the analytical part were made. Apart those documents, calculations were made with the help of use of selected data from the personal information system. Amongst another method that was used in order to collect those data was the internal employee analysis method focused on the interview - qualitative method, with the human resource manager of the company and the help of interdepartmental documents which mainly used the annual staff analysis and the internal personnel regulations related to the field of human resources - the working order, the recruitment of new employees, the medical examinations, the payroll, and the collective agreement. The analysis also used the breakdown of selected data from the personal information system.

Given that the company does not consider a larger advertising campaign in the local media since it was found as ineffective as own advertising on websites and vehicles, it was found to be more appropriate to propose a new form of recruitment that could be more effective and even interesting for existing employees.

Considering the fact, that the company currently does not have any form of recruitment program, neither does not provide any financial compensation for the successful admission of recommended candidates, thus it would be a good solution to implement a new form of recruiting program, which would benefit both, its existing employees, and the company.

In the past couple of years, there has been a shortage of drivers and this issue has become increasingly problematic due to increasing fluctuations. The company that is being analyzed in this Master thesis is a subsidized company, meaning it cannot respond to wage growth as quickly as other companies. Thus, it goes awry with keeping employees, nor it is difficult to attract new employees. That is the reason, why I will concentrate on the profession of a driver in my project, because this position is the most required in the company. Furthermore, the weaknesses in recruiting process that emerged from the analysis will be focused on in the project section of this Master thesis.

5 THE PROJECT OF EMPLOYEE RECTUITMENT

Based on the analysis results where the current recruiting system was broken down, it is possible to design a new form of recruitment in order to streamline the recruitment process. The analyzed breakdown identified the area which the company should focus on and adopt certain measures that will contribute to the current situation.

Responding to the analysis of the recruitment process and the analysis of the drivers, I decided to prepare a project for the recruitment of drivers in order to improve the current recruitment situation. In the following project, I propose a way to improve the current recruitment process for the driver position.

I decided to create the employee referral project, which is an effective way of sourcing the right candidates while spending low cost. On the basis of the analysis in the analytical part of my Master thesis, I would suggest a design of a recruiting program, which is already used in many companies and which is easy to implement and at the same time not financially demanding. Generally speaking, the employee referral program is a process of hiring new resources through the references of employees, who are currently working in the company. Present employees could refer their friends, or relatives for filling up the vacant positions of a driver.

In the past, a few employees (drivers) came to the analyzed company via existing employee's recommendation, so I would focus on designing an interesting incentive recruiting program that could motivate the current employees and provide the company with new drivers. The program is capable of realization, the company currently does not have any form of recruitment program, it does not provide referrers with any financial compensation for the successful admission of their candidates, so it would be a good solution to implement this program, which would benefit both, the existing employees, as well as the company. The chosen company should consider encouraging employee referral program, because it is cost effective and saves time as compared to hiring candidates from external sources.

5.1 Logical framework

The logical framework is a method that clearly and easily shows the main purpose of the project and other activities that follows in order to fulfill the project's purpose.

Table 9: Logical framwrok (own precessing)

Overall objective	**Objectively verifiable indicators**	**Sources of verification**	
Increase in the number of newly recruited drivers	Acceptance of at least 4 new drivers via referral program	- An employment contract with newly recruited driver - Evaluation of the project after one year	
Project purpose	**Objectively verifiable indicators**	**Sources of verification**	
A new recruitment method	Implementation of a new referral program	Candidate recommenda-tion for the position of a driver	
Outputs of the project	**Objectively verifiable indicators**	**Sources of verification**	**Risks**
- Directive publication (conditions for referral program functioning) - Informed employees about referral program	Candidate recommendation for the position of a driver	- List of recommended can-didates	- Low employee awareness of referral program - Involvement of employ-ees to attend the referral program - Possible damage by for-mer employees
Project activities	**Resources / inputs**	**Time schedule**	**Assumptions**
1. Preparation of the directive 2. Inform employees about the project 3. Implementation of the referral program	- Meeting room - Workplace bulletin boards - Funds for bonus payments	1. Preparation of the di-rective (2 days) 2. Inform employees about the project (30 days) 3. Implementation of the referral program (1 day)	- Publicity program and employee awareness - Employee interest
			Preliminary conditions - Project approval by the Director

5.2 Purpose of the Referral program

The main purpose of the referral program is to seek new candidates and attract them into the company via current employees of any position that are then provided a monetary incentive for referring applicants who are subsequently selected and successfully employed as drivers.

The aim of the referral program is to make the recruitment system efficient and to accept at least 4 new drivers via employees' recommendations per year.

5.3 Concept of employee referral program

Based on consideration of recruitment options, I created the following project, which is the most appropriate solution for effective driver recruitment. Referral programs are one of the most important elements of a great business. This topic gets tossed around a lot, speaking about referral program as it should be the number one lead source. It could be really, progressively effective once using it right, and if some standards are not applied it could become a burden for the human resource manager. It turns out to be effective if the company has a system that is measurable and repeatable, not just that the company is hoping that the employees will tell their friends and family members about the program and that is what they are using as their marketing strategy. Many people think of referral program as a program via they bring they friends and family but that is not all it is, this is just a part of the equation. It doesn't work on the system that some employee sends their friends and they get money or prices. This would be a broken approach to the referral program concept. The real concept is having people being able to bring people into the company, it should be a win for the referrer, the referee, and the company as well, it all needs to be balanced. Wrongly applied referral program could demotivate the employees from supporting the program.

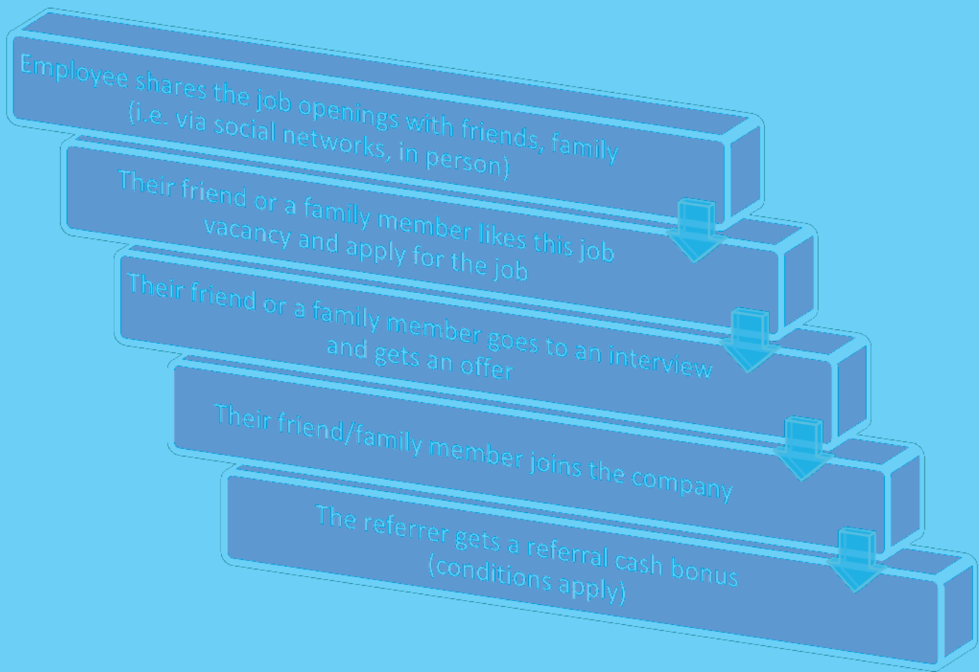

Figure 14: Principle of employee referral (own production)

5.4 Requirement for the successful employee referral program

The success of the referral program is conditioned by the following facts:

- Keeping in simple – it is essential to make the program unsophisticated for the employees to find out about the program and to participate in it.
- Reminding the program across the company - consistent reminders to all the employees that the referral system is in place is absolutely requisite. At first, the referral program will be published in the directive and then will be presented at the meeting. Because few people can actually remember how the system works but once it's never spoken about this again, so the constant process of re-education is something the company has to do on a monthly base. Also, publishing leaflets that will be displayed on the boards in hallways as a constant reminder for the employees is another must.
- Offer bonus cash – cash is the king, cash is the biggest reward motivator as opposed to other types of rewards. Cash in a meaning of a posting money on an employee's account once the conditions for its payout are reached. Also, consideration of giving a small gift for an employee that refer candidates even if those candidates do not get hired is an essential thing. By doing this, the behavior of referring someone is rewarded and the company will be able to propagate that behavior.
- The need of making sure that the company has a robust mechanism in place – if the employees refer candidates for the post of a driver and don't hear what happen with those candidates, they are going to stop referring candidates to HR manager. Therefore, the human resource manager should keep the referrer informed about the current steps their candidate goes through in the recruitment process.
- Setting goal for the program – it is required to put in writing what number of hires the company would like to come from employee referrals, then they should constantly measure and refine the program.
- Not forcing participation – the company should not make it mandatory to refer someone. Even though they have set some guidelines and created this program, it does not necessarily mean that they have to force employees into referring someone for the position of a driver, if employees were being forced to do something extra on top of their daily tasks they will not react well to this referral program. They should consider leaving it as more of an option to benefit the company, make them feel included, or earn a little extra cash by receiving the referral bonus cash.

5.5 Drawbacks of employee referral

Once implementing the employee referral program, unfortunately, usually some cons might appear as well. Along with the advantages that stand out, several disadvantages should be considered as well, such as:

- Individuals might perceive the referrer as trying to convince them to apply for the job for financial reasons rather than because they genuinely want them to have the job.
- Organizational attractiveness may be negatively influenced when potential applicants know that employees receive a bonus for making a referral.
- Current employees can suffer from embarrassment in case their new hire underperforms or does not pass the training period.
- Another problem with the referral program is that the employee would have to wait long time till the reward is distributed. First waiting gap would take 6 months and the following another 6 months, making the waiting gap 1 year. This time lag leads to high levels of disengagement amongst employees.

5.6 Eligibility & Participation

We first need to identify those employees that are eligible for recommending referees. Apart some exceptions, there are no employees being excluded from this program, therefore every single employee, such as an administrative person, driver or even the director are eligible to come up with candidates.

- All employees are eligible to participate including:
    - Trolleybus/bus drivers
    - Workmen/workwomen
    - Technical and economical worker
- Employees who can participate in the program but who cannot claim the bonus:
    - Human resource manager (conflict of interest)
    - Former employee
    - Contract temporary help
    - An intern

5.7 Referral bonus

Many people think of referral program as a program via they bring they friends and family but that is not all it is, this is just a part of the equation. It doesn't work on the system that some employee sends their friends and they both get money or prices. This would be a broken approach to the referral program concept. The real concept is having people being able to bring people into the company, it should be a win for the referrer, the referee, and the business, it needs to be balanced. Wrongly applied referral program could actually demotivate people from supporting the program.

The members should be consistently educated on how the system works, either in a group setting or one-on-one. Few people can actually remember how the system works but once it's never spoken about this again, so the constant process of re-education is something we have to do on a monthly base.

In order to motivate the employees, we should provide them with a special reward such as referral bonus. Speaking about referral bonus, we have the total choice of providing three different types of referral incentive structures, such as followings:

- No incentive
- One-sided
- Two-sided

Furthermore, when speaking about rewards we need to identify what form they will come in. We can choose either between monetary and non-monetary rewards. Monetary is self-explanatory, meaning we offer extra cash whereas non-monetary stands for offering prizes based on the person's choice. Offers can include giving away spa, message vouches, cinema & theatre tickets, sport activities vouchers or any other form of educational prices such as books or personal choice or language lessons. Basically, we would need to make sure that we propose a good variety of rewards. Employees should be happy, and because they are receiving rewards, they will be motivated and more likely refer the company to more people.

5.7.1 No referral bonus

Money is always important, money is great, but is it really the only thing the employees thrive? Is it even possible to praise employee without any extra financial compensation, how could that work? Although majority of employees want to receive extra cash, there are some engaged employees probably wanting to refer candidates without waiting for bonuses. A good approach is to emphasize how referrals make the workplace better. It is required to remind the employees that, by referring someone great, they will get a chance to work with them in the same company. Engaged employees on the other hand, don't just refer candidates for the promise of a reward. They like their workplace and want to share their experience. Rewards of any type, such as financial bonuses or any forms of gift certificates are not always required to create a successful program though; sometimes employees just love to share for the sake of sharing the job proposal.

5.7.2 One-sided incentives vs two-sided incentives

One-sided incentives

In this type of referral program, cash or any type of reward is offered to the referrer (the current employee) or their recommended friend/family member.

At this step, it is necessary to set the rules of the referral program and define how the employee is going to be rewarded. In general, one-sided incentives offer something to either the referee or referrer, but not both.

Two-sided incentives

Two-sided incentives come in two types which are symmetrical and asymmetrical. Offering the same cash to each party, current employee and the referred friend is known under the term a symmetrical two-sided incentive. In this case the rewards are identical whereas offering different rewards is an asymmetrical two-sided incentive. Different rewards are being offered for each of the two parties.

At this moment, it is essential to set out rules for rewarding both parties, meaning as well as the referrer, also the referee, here is visible why a double-sided referral program is so powerful from a psychological aspect.

Although this concept might seem fair since both parties would be rewarded, in the analyzed company, as a better and easier start of the referral bonus, offering bonus just for the referrer would be more appropriate since two-sided bonus could be perceived negatively by other drivers (not just newcomers but also existing ones), which is why I consider the one-sided incentives option to be more appropriate.

In the case of a referee bonus payout, it is actually a form of stabilization bonus paid for a fixed period of employment, but only those drivers who have been recruited as part of the referral program.

How much to give away

In order to answer this question properly, it is required to know the internal metrics to have to set a budget for giving these rewards.

The amount of 10,000 CZK would be ideal to be given to the referrer only, meaning first 5,000 CZK would be payout to the referrer after the completion of 6-month working period of their recommended person, additional 5,000 CZK would be paid out after 12 months from the beginning of their employment. Giving the 10,000 CZK bonus cash to the referrer only is a good starting point, raising the amount of a bonus would be better to deal with in the future than to declare higher amount at the implementation of the program.

5.8 Setting policy for the referral program

The following conditions will be set for the referral program:

1. The referee cannot be a former driver from the company.
2. The records of referees, and referrers are led by the human resource manager. A recommended job seeker for the position of a driver shall indicate the name of the employee who recommended them at the first interview with the human resource manager, or the referrer should accompany them.
3. An employee would be considered eligible for the referral bonus payout only if the applicant is successfully hired for the full-time position of a driver (in the case of part-time work, the bonus would take proportional part, in the case of half-time work, the referral bonus would be half of the original amount).
4. The referrer must be currently working in the company at the time of a bonus payout.
5. When a referrer recommends a qualified individual for a valid opening, and the referee is hired as a regular full-time or part-time employee, a referral bonus will be paid. The total bonus cash is 10,000 CZK. The bonus is paid in two installments, one after the new employee has been working in the company for 6 months (the employee referral bonus amount is 5000 CZK-for full-time position of a driver; proportional part for part-time positions), and additional 5000 CZK if referred person stays for at least 12-month period.
6. The condition for payment of a referral bonus is that the recommended driver is not on the last day of the 6^{th} month (and 12^{th} month) duration of the employment in the notice period.

7. The human resource manager will notify the referrer in writing that the person they recommended has fulfilled the 6-month and 12-month duration of employment and will be paid a bonus in the appropriate amount.
8. The Referral bonus will be paid out to the referrer in the same month as the referee has fulfilled the condition of duration in the employment. Applicable taxes will be deducted.
9. This bonus payment will be paid out together along with the referrer's regular salary.
10. The employee who made the recommendation must be employed in the company at the time the bonus payment is due. An employee who is on maternity leave or temporary disable at the time the bonus payment is due will receive the bonus payment when the employee returns from the leave of absence.
11. The hiring process will be fair and consistent with the company's policy and procedures, with no bias for or against candidates whose selection might make another employee eligible for a referral bonus.
12. No referral bonus will be awarded for a referred person if the candidate commits any form of violation or breaks the company's policy.
13. Human resource manager will monitor the use of the referral bonus program and will report annually to the director of the company on the usage of the referral bonus program.
14. Human resource manager will have final authority over all aspects of the employee referral bonus (along with the director).

5.8.1 Conditions for payment

The total bonus cash is 10,000 CZK. Conditions for payment referral bonus awards shall be paid in two lump sum payments.

The referrer will receive the first bonus payout whenever the referee has been working in the company for 6 months (the employee referral bonus amount is 5000 CZK-for full-time position of a driver; proportional part for part-time positions). The referrer receives the additional 5000 CZK bonus cash at the moment when then referred person stays in the company for a 12-month period.

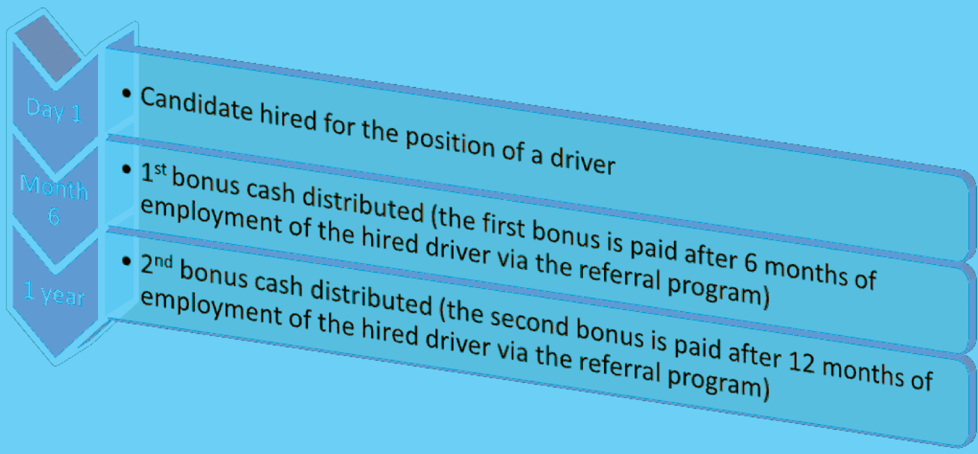

Figure 15: Referral program – bonus cash (own production)

However, once we determine to pay employees for their referrals, we need make sure they clearly understand the process and the timing of their payment. Once an understanding is in place, we need to be certain to pay bonuses in a timely manner according to the plan, delaying an expected payment would crush the internal morale and would disengage employees from the referral program.

The points listed in this chapter are incorporated into the internal directive that is part of this project (see Appendix I).

5.9 Responsibility assignment matrix

The responsibility assignment matrix (RAM) lists all the major activities that are needed to be performed in order to implement the project and also shows the person responsible for the implementation of these activities. On the matrix, the different roles appear as columns (one person can have several roles), with the deliverables listed as rows. Additionally, roles and assignments are identified by using a coding structure RACI:

Responsible – the people who actually carries out the assignment.

Approval - the person who approves the assignment.

Consulted - people who are not directly involved with carrying out the task, but who are consulted.

Informed - a person/people that need to be informed of the progress of the work.

Table 10: Responsibility assignment matrix (own processing)

Assignment	**Bearers of responsibility**					
	Director	Company economist	HR manager	Head of division	Author	Employees
Submission of the project to the company's director for approval of the implementation					R	
Approval of the project	A					
Preparation and publication of the directive	A	C	R			
Inform employees about the project			R	R		I
Implementation of the referral program			R			I
Evaluation of the project after one year	A		R			

5.10 Implementation of the referral program

Implementation of the referral program in individual steps:

1. Submission of the project to the company's director for approval of the implementation.
2. The human resource manager prepares the internal directive (for the directive proposal - see the Appendix I) to describe the functioning of the referral program. The conditions for payment of the remuneration will be described and the terms of the remuneration will be set (see point 5.8.1)
3. The human resource manager will keep records of all candidates and employees who have recommended the interested person. When the candidate enters the employment, the human resources manager records the duration of the employment. Upon fulfillment of the eligibility conditions, the HR Manager will prepare the materials for the payment of the remuneration and will remit to the reimbursement and at the same time will inform the employee about the payment remuneration.

4. All employees will be briefed at the center meetings (remind every month at meetings) about the referral program. The bulletin boards in all the division will be posted with information about the referral program.
5. Implementation of the referral program – the referral program is now running.
6. Annual Report – human resource manager prepares the annual report where it comes to the evaluation break down. Also, HR manager assesses the results of the referral program and informs the Director and management of the results of the program.

5.11 Construction of the referral program in time-lapse

The table shows the time consumption of implementation the referral program, the total time until the start of the referral program is about 5-6 weeks.

Table 11: Project timetable (own processing)

Activity symbol	Activity	Duration (days)	Preceding activities
A	Submission of the project to the company's director for approval of the implementation	2	
B	Approval of the project	5	A
C	Preparation and publication of the directive	2	B
D	Inform employees about the project	30	C
E	Implementation of the referral program	1	D
F	Evaluation of the project after one year	365	E

Even though, the duration of all individual activities was compiled, this duration is only estimated, and it is possible that the actual duration of the project will vary. The time for Informing employees about the project lasts 30 days, because the meetings with employees are set only once a month. Also, activities D and E can be implemented concurrently, provided employees are informed about the referral program immediately after the adoption of the directive. It depends on when working meetings are scheduled. Working meetings take place on workstations at different times, always once a month.

For the creation of the Precedence graph and Gantt chart, the QM program was used to design the node a rated network graph that graphically depicts the critical path. The individual steps of the referral program implementation and their duration in days are listed in the following table. The time schedule of the project consists of six activities total.

The following table explains Precedence graph with the critical path. None of these 6 activities must be delayed so as not to interfere with the overall duration of the project. Critical path is therefore determined by activities A, B, C, D, E, F. Any of the activities do not provide the time reserve, and all activities must be performed in time in order to avoid delay of the project.

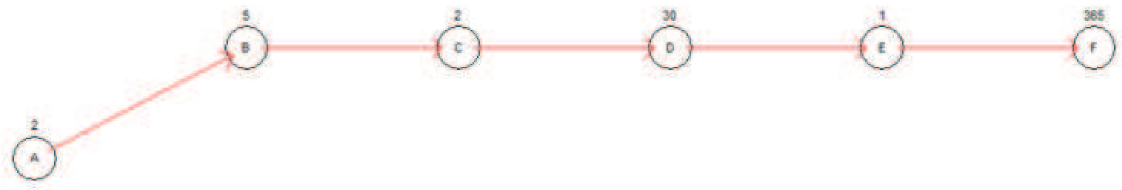

Figure 16: Precedence graph (own processing)

Based on the graph, it could be find out that the shortest possible project implementation time is 40 days (excluding the project evaluation after one year). In addition, it could be also noticed that the earliest feasible beginnings and endings of each activity are identical, since no delay of the individual activities can appear in order to make the project on time.

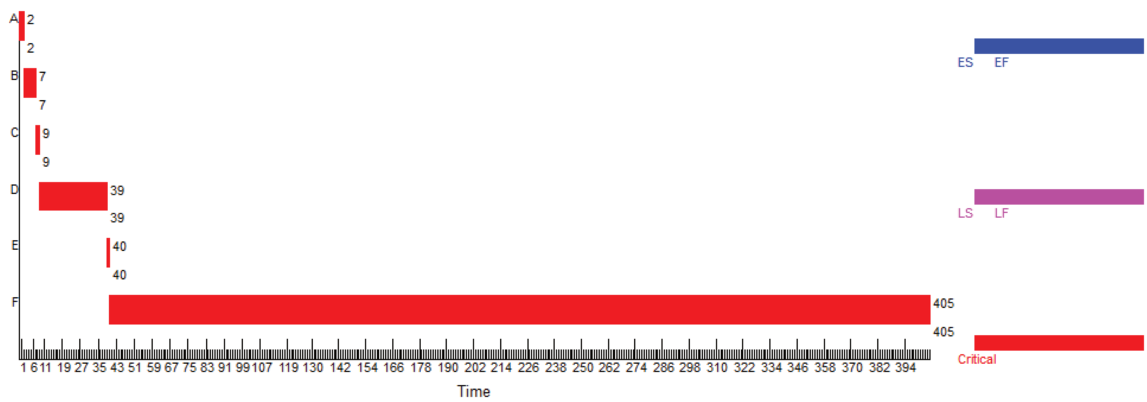

Figure 17: Gantt chart - early and late times (own processing)

5.12 Costs of the entire project

Implementation costs of the project: we are here speaking only about the wage costs of the human resource manager who will implement the project, but this cost would be the same, even if the project was not implemented, so the project start-up costs are zero. The project is risk-free for the company.

Costs during the operation of the project: the actual cost of the project is only a paid bonus of 10,000 CZK (+ 34% for social and health insurance paid by the employer) linked to the retention of the new driver in the employment. Compared to the surcharge for overtime work, which would have to be worked out if the new driver had not been recruited, the amount of 13,400 CZK is much lower than the overtimes paid.

5.13 Risk of the project implementation

Since the cost of implementing the project is zero, therefore the financial risk is zero, because there can be no loss. The bonus is paid only after the condition has been fulfilled - staying in employment for at least 6 months.

The risk can be that employees will be poorly informed about the project, they will not have all the important information or the reluctance of employees who do not recognize the employer's interests. Another possible risk could be the deterioration of the company as an employer by former employees.

For each of the risks, it is necessary to determine the probability that the risk will occur and the severity of the impact if it really occurs. The given risk probability and the severity of the impact are my subjective opinions.

Table 12: Risk analysis of the project (own processing)

Risk	Probability of occurrence of risk	The severity of the risk impact on the project	The value of the risk
Low employee awareness of referral program	Low	Medium	Medium
Involvement of employees to attend the referral program	Medium	High	High
Possible damage by former employees	Low	Low	Low

The employee's lack of interest in the referral program was evaluated as the greatest risk. Although, employees' lack of interest in participating in the project cannot be influenced by the company, so it is evaluated by the medium probability.

5.14 Benefits of the project

The benefit of the project is the expected intake of drivers on the basis of the recruitment program, which is the benefit of reducing the overtime cost. The project benefits even to existing employees who are rewarded by bonus for bringing in an employee. However, the success of the project is based on the activity of existing employees who can provide their friends or relatives with information about the vacancy and work to recommend.

On the positive note, multiple benefits from the referral program could be realized, including, but not limited to the following:

- Likelihood of quality - employees generally recommend only quality candidates because no one wants to be embarrassed by the person they refer. The goal of any open position advertisement is to gather a pool of qualified candidates to evaluate. By having current workers vouch for the people they recommend for a position, the pool of candidates can have an overall increase in the level of skills that are available. In case the employee keeps on referring poor quality candidates, it might also affect their own career as well.

- Simplification of the recruiting process - recruitment is simplified because compared to having a presence at Labor Office, publication of advertisements in print, the initial screening for new employees can happen faster.
- Saving money and time – speaking about saving time and money, this may appear as the biggest benefit of a successful employee referral program. By using this concept this way of employing people might make it easier for the human resource manager by saving their time by dozens of days, it is saving hours and hours of work that could by effectively spent on some other activity (see Figure 18). Also, speaking of reduction of the cost of overtime work, see points 5.14.1.

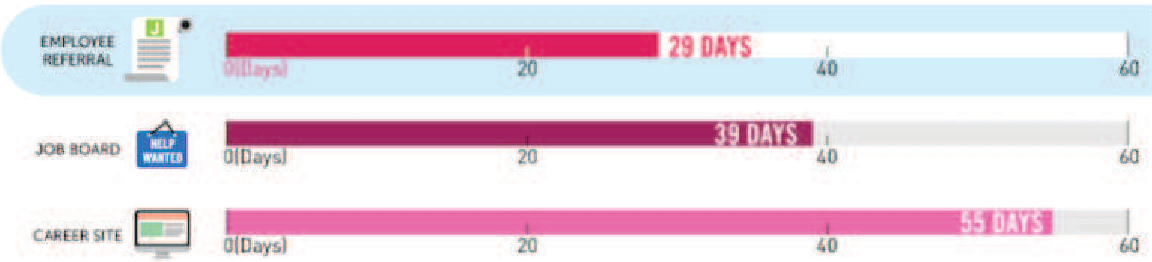

Figure 18: Referrals hired time (The undercover recruiter, 2018)

- Using referral program also helps with tenure of the new-coming employee. Referral hires have greater job satisfaction and are more likely to stay longer within the company (see Figure 19). The longer tenure is mainly caused by the reason that the new hires are already familiar with the working environment and it won’t take much time or effort on their behalf to absorb the culture of the company as they already know someone from the company, therefore the retention rate is much higher as compared to other sources of recruitment.

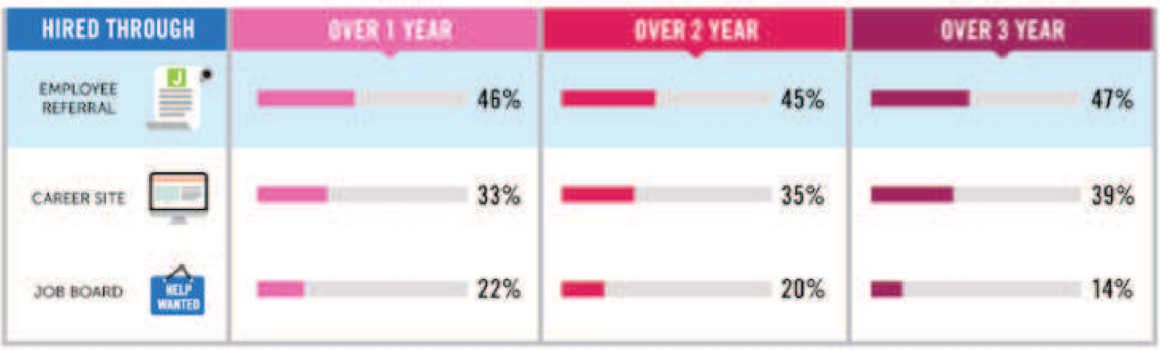

Figure 19: Referrals' tenure (The undercover recruiter, 2018)

It is needed to be keep in mind that referral program does not necessarily have to rest fully on the employees' shoulders, this program also concerns to anyone close to the company, meaning families of current employees, and others. Employee referral management systems will offer the company an easy and streamlined way to automate mundane operations, will make them more free and the employees to work on other matters.

5.14.1 Financial comparison – overtime vs employee referral

Working overtime is defined as the work done by the employee on the order of the employer or with his consent over the specified weekly working hours (or outside of the working shift schedule). Overtime work can only be done exceptionally. The employer may order it only for serious operational reasons, including for a period of uninterrupted rest between two shifts or under the conditions specified in Labor Code, as well as on days of rest. Registered overtime work must not exceed eight hours in individual weeks and 416 hours per calendar year (8 hours × 52 weeks). Overtime above the scope mentioned in the previous sentence can only be given by the employer on the basis of an agreement with the employee.

If the company was to recruit four employees via this referral program per year, the yearly cost spent on referral bonus cash for the existing employees would be 4 × 13,400 CZK (10,000 CZK plus social and health insurance paid by the employer), making it a total of 53,600 CZK.

The hiring cost of each new driver requires also the cost of training. The cost of training for one driver is 34,000 CZK, including the wage of the training driver (including insurance paid by the employer) driver's wage in training (including taxes) and the cost of the traveled kilometers in the vehicle during training. The total cost of training 4 drivers is a total of 136,000 CZK.

If the company did not hire 4 drivers, the work would have to be performed by existing drivers in form of an overtime. The yearly cost of overtime is estimated at approximately 365,000 CZK (with health and social insurance paid by the employer).

Calculation of overtime costs: (4 employees × 12 months × approx. 168 hours = 8,064 hours worked minus 5 weeks of vacation × 40 hours per week × 4 employees = 7,264 hours), if the hourly wage is 150 CZK, and the overtime hourly pay is 25% average hourly wage, this would lead to the total overtime cost of approximately 365,016 CZK (7,264 hours worked × 150 CZK × 0,25 × 1,34) with health and social insurance paid by the employer.

For overtime work of 4 drivers, the company pays the amount of approx. 365,000 CZK per year, whereas the costs of accepting and training 4 employees within the referral program will be 189,600 CZK in total (53,600 CZK + 136,000 CZK). The difference is 175,400 CZK (in the first year), which is the amount the company saves in case the company ends up hiring 4 new drivers. In the following year, the cost of training and payout of the bonuses fall off, so every year the company will save the full amount of costs for overtime work.
In conclusion, the benefit of a successful project will be the reduction of the cost of overtime work.

5.15 Summary of the project

The goal of the project was to come up with new recruiting system for the chosen company, which would benefit from an increase in the number of newcoming drivers.

In order to improve the recruitment process, a referral program has been proposed as the project, which will function on the principle of an existing employee making a candidate's recommendation. The reason for this project proposal is that the company do not have such a program, and those who recommend someone are not financially evaluated for a successful admission of their candidate to the company. Policy of the referral program along with the conditions for bonus payouts are part of the project.

To increase efficiency and motivation to participate in the program, referrer will be financially evaluated for the successful admission of candidates to employment. The current employee who has recommended someone will be financially valued after 6 months of employment of their candidate, then after additional 6 months the referrer will subsequently be awarded.

The program cannot be applied to the company if none of the employees are not familiar with the program. It must assured, that all employees understand the principle of the referral program, must not just wait and expect that the candidates will contact the company, so it is required to do the in-house advertising and promo of the program. The referral program is effective when the program is introduced to all the employees.

Along with the project, there are almost no risks that may affect project implementation. The severity of the risks was identified by the low likelihood of occurrence and given that the potential risk of occurrence was not financial, the risk of launching the program is considered zero. Elimination of risks cannot be avoided as it cannot be predicted whether the employees will want to participate in the program.

Cost-wise, the benefit of a successful project is reduction of the cost of overtime work.

The time duration of the project is quantified for 40 days with the help of the QM program (excluding the project evaluation). The longest part of the project is the Evaluation of the project, which is established a year from the start of the program. Any conclusions could be made, and any analysis could be done about the project if no preview of the annual statistics of the recruited applicants using the referral program are available.

The benefit of the project to the company will be an increase in the number of newly admitted drivers into employment through the recommendation of the existing employee.

CONCLUSION

The main goal of this master thesis was to come up with a new project for the chosen company that seemed to be struggling with recruitment process, more specifically, with new applicants for the position of a driver.

In the theoretical part, there were used literary sources, which concerned selection and recruitment of personnel, and human resource management along with its functions.

Along with this thesis, I analyzed the current situation in company in terms of recruitment and employee searching. All analysis that were made were specifically calculated only for the position of a driver, that seems to be lacking not only in the analyzed company, but also in the Czech Republic as whole. Furthermore, speaking about lack of drivers, this problem seems to occur due to the fact, that the job is nor financially awarded enough and some job applicants prefer working in competitors' fields or are not attracted by this sector at all.

Because retaining the best workers becomes a difficult challenge, that is what second part of my master thesis focused on. I conducted analysis showing retention rates, turnover rates, and average tenure of employees in specific years, based on which I came up with a new project that could be money-effective as well as not time-consuming. Monitoring employee retention rates and turnover rates helped me to realize that the company needs to hire more employees than they offer vacancies due to the fact, that employees come and leave.

While analyzing the current state of the recruitment in the company, it was found out that when recruiting employees, the candidates used to come from the Labor Office which is lately fading away due to the high vacancy offers. Apart from the Labor Office, the analyzed company publishes the job offer in journals. An important part of the recruitment is the company's website where available vacancies are posted. Despite these already functioning ways of recruitment I was trying to find more effective way that is also used in other companies and the analyzed company could take an example of.

After analysis on the current human resource situation, I discovered that implementation of a new program could help the recruitment process and could also motivate the current employees to earn some extra cash. This new project is made on the concepts of a referral program. Referral program basically offers a great source of finding new candidates while being low-cost.

The last part of my thesis concentrated on designing the project itself. I came up with possible way of recruitment program which gives monetary rewards to the employees who recommended someone appropriate. The most effective solution on how to increase the efficiency of recruitment is to have the current employee recommend their friends or relatives. This referral program is riskless and saves cost that would have been spent on salaries of drivers working overtimes.

In a nutshell, application of the project called referral program into the company is found to be very adequate and efficient. There are no potential risks along with this program, timewise, the implementation and maintenance of the program is undemanding and, also, by implementation this program the company would gain competitive advantages compared to another field-related companies in terms of recruiting process.

I am convinced that the goals of the work have been fulfilled and that the project is realizable in practice.

BIBLIOGRAPHY

Books:

[1] ARMSTRONG, Michael. *Armstrong on reinventing performance management: building a culture of continuous improvement*. London: Kogan Page, 2017, vii, 224. ISBN 978-0-7494-7811-7.

[2] ARMSTRONG, Michael. *Armstrong's handbook of strategic human resource management*. Sixth edition. London: Kogan Page, 2016, x, 265. ISBN 978-0-7494-7682-3.

[3] BORKOWSKI, Stanisław a Drahomíra PAVELKOVÁ. *Human potential management in a company: estimation, workers' estimating : monography*. Zlín: Tomas Bata University in Zlín, 2011, 104 s. ISBN 978-80-7454-087-5.

[4] CLEGG, Brian. *Vedení pohovoru*. Brno: CP Books, 2005, iv, 94 s. V kostce. ISBN 80-251-0616-0.

[5] COREY, Debra. *Effective HR communication: a framework for communicating HR programmes with IMPACT*. London: Kogan Page, 2016, vii, 219. ISBN 978-0-7494-7616-8.

[6] FORSYTH, Patrick. *Jak motivovat svůj tým*. Praha: Grada, 2009, 98 s. Vedení lidí v praxi. ISBN 978-80-247-2128-6.

[7] FOURNIER, Susan, Michael BREAZEALE a Jill AVERY. *Strong brands, strong relationships*. Abingdon, Oxon: Routledge, Taylor & Francis Group, 2015, xxxix, 435. ISBN 978-1-138-78682-0.

[8] GENÇ, Ruhet. *The methods and concepts of professional management*. [USA?: CreateSpace, 2014], 407 s. ISBN 978-1492827634.

[9] HORVÁTHOVÁ, Petra, Jiří BLÁHA a Andrea ČOPÍKOVÁ. *Řízení lidských zdrojů: nové trendy*. Praha: Management Press, 2016, 428 s. ISBN 978-80-7261-430-1.

[10] MARCHINGTON, Mick, Adrian WILKINSON, Rory DONNELLY a Anastasia KYNIGHOU. *Human resource management at work*. 6th edition. London: Chartered Institute of Personnel and Development, 2016, xxii, 513. ISBN 978-1-84398-371-2.

[11] MCELROY, Mark W. *The new knowledge management: complexity, learning, and sustainable innovation*. Hartland Four Corners: KMCI Press, c2003, xxxi, 246 s. ISBN 978-0-7506-7608-3.

[12] NOE, Raymond A. *Human resource management: gaining a competitive advantage*. 9th ed. Maidenhead: McGraw-Hill Education, c2015, xliv, 787 s. ISBN 978-0-0771-6412-6.

[13] TAYLOR, Stephen a Carol WOODHAMS. *Human resource management: people and organisations*. 2nd edition. London: Chartered Institute of Personnel and Development, 2016, xiii, 231. ISBN 978-1-84398-416-0.

[14] URBAN, Jan. *Psychologie řízení a vedení*. Praha: Ústav práva a právní vědy, 2017, 132 s. Management. ISBN 978-80-87974-15-5.

Online sources:

[15] Adaptation of employee on new workplace. *Rekadro* [online]. 2018 [cit. 2018-04-10]. Available at: http://www.rekadro.ru/en/rabotadatelu/info/management/9.html

[16] A Study on Effectiveness of Recruitment and Selection Process. *Scribd* [online]. [cit. 2018-02-28]. Available at: https://www.scribd.com/document/44373227/A-Study-on-Effectiveness-of-Recruitment-and-Selection-Process

[17] Difference Between Internal and External Recruitment. *Key differences* [online]. 2018 [cit. 2018-03-09]. Available at: https://keydifferences.com/difference-between-internal-and-external-recruitment.html

[18] Employee Retention. *MBASKOOL* [online]. 2017 [cit. 2018-03-20]. Available at: https://www.mbaskool.com/business-concepts/human-resources-hr-terms/2695-employee-retention.html

[19] Managed HR - The emerging concept. *Kranium HR* [online]. [cit. 2018-02-28]. Available at: http://www.kraniumhr.com/managed-hr-the-emerging-concept/

[20] Men vs. Women: Who Are Safer Drivers?. *CBS News* [online]. [cit. 2018-02-28]. Available at: https://www.cbsnews.com/news/men-vs-women-who-are-safer-drivers/

[21] Nezaměstnanost v ČR, vývoj, rok 2018 - 5 let. *Kurzy* [online]. 2018 [cit. 2018-03-24]. Available at: https://www.kurzy.cz/makroekonomika/nezamestnanost/

[22] *Quizlet* [online]. [cit. 2018-02-28]. Available at: https://quizlet.com/74481962/mgmt-365-chapter-4-flash-cards/

[23] Recruitment & Selection Hiring Process. *University of California, Riverside* [online]. [cit. 2018-02-28]. Available at: https://hr.ucr.edu/recruitment/guidelines/process.html#step5

[24] Stávka? Ta platy řidičů autobusů moc nezvedne, stěžuje si jeden z nich. *IDnes* [online]. [cit. 2018-03-04]. Available at: https://ekonomika.idnes.cz/rozhovor-s-ridicem-autobusu-janem-sedackem-o-mzdach-fhq-/eko-doprava.aspx?c=A160603_2250782_eko-doprava_nio

[25] *Workable: All-in-one recruiting software for ambitious companies* [online]. 2018 [cit. 2018-02-11]. Available at: https://resources.workable.com/tutorial/recruitment-costs-budget

[26] What is Human Resource Management (HRM)?. *The PIRLO* [online]. 2016 [cit. 2018-03-21]. Available at: http://thepirlo.com/wihrm/

[27] Why Employee Referrals are the Best Source of Hire. *The undercover recruiter* [online]. 2018 [cit. 2018-03-24]. Available at: https://theundercoverrecruiter.com/infographic-employee-referrals-hire/

LIST OF ABBREVIATIONS

CV	Curriculum Vitae
HR	Human resources
HRM	Human resource management
RAM	Responsibility assignment matrix

LIST OF FIGURES

LIST OF TABLES

APPENDICES

APPENDIX I: PROPOSAL OF THE DIRECTIVE

	REFFERAL PROGRAM	**DIRECTIVE** ***xx.xx/18***
Date of publication: xx.xx.2018	Publisher: director of company User: employee of company	Total page: 2 Attachments: 0
Effective as of: xx.xx.2018		Builds on: -- Cancels: --
Revision:	Author: human resource manager, name Submitter: human resource manager, name	Updates: 1 year

1. Abbreviations, concepts, definitions

G - Executive Director (director of the company)

R - is responsible for the activity (in the responsibility scheme)

C - collaborates on activities (in the responsibility scheme)

2. Purpose

This directive defines the recruitment rules and sets out the particular procedures.

The main purpose of the referral program is to seek new candidates for the performance of the work of the public transport driver and attract them into the company via current employees of any position that are then provided a monetary incentive for referring applicants who are subsequently selected and successfully employed as drivers.

3. Responsibility scheme

N.	Activity	Author	Submitter	Publisher	User
1	Drafting a proposal	**R**	**C**	-	**C**
2	Ensuring reminders	**R**	**C**	**-**	**C**
3	Consider comments	**R**	**C**	**C**	**C**
4	Validity check	**C**	**R**	**-**	**C**
5	Approval of the directive	-	**C**	**R**	**C**
6	Issue and distribution	**C**	-	**C**	**C**
7	Using the directive	**-**	-	-	**R**
8	Reviewing eligibility	**R**	-	-	**C**

4. Description

Apart some exceptions, there are no employees being excluded from this program, therefore every single employee, such as an administrative person, driver or even the director are eligible to come up with candidates.

- All employees are eligible to participate including:
  - Trolleybus/bus drivers
  - Workmen/workwomen
  - Technical and economical worker
- Employees who can participate in the program but who cannot claim the bonus:
  - Human resource manager (conflict of interest)
  - Former employee
  - Contract temporary help
  - An intern.

Policy of Referral program

1. The referee cannot be a former driver from the company.
2. The records of referees, and referrers are led by the human resource manager. The records of referees, and referrers are led by the human resource manager.

A recommended job seeker for the position of a driver shall indicate the name of the employee who recommended them at the first interview with the human resource manager, or the referrer should accompany them.

3. An employee would be considered eligible for the referral bonus payout only if the applicant is successfully hired for the full-time position of a driver (in the case of part-time work, the bonus would take proportional part, in the case of half-time work, the referral bonus would be half of the original amount).
4. The referrer must be currently working in the company at the time of a bonus payout.
5. When a referrer recommends a qualified individual for a valid opening, and the referee is hired as a regular full-time or part-time employee, a referral bonus will be paid. The total bonus cash is 10,000 CZK. The bonus is paid in two installments, one after the new employee has been working in the company for 6 months (the employee referral bonus amount is 5000 CZK-for full-time position of a driver; proportional part for part-time positions), and additional 5000 CZK if referred person stays for at least 12-month period.
6. The condition for payment of a referral bonus is that the recommended driver is not on the last day of the 6th month (and 12th month) duration of the employment in the notice period.
7. The human resource manager will notify the referrer in writing that the person they recommended has fulfilled the 6-month and 12-month duration of employment and will be paid a bonus in the appropriate amount.
8. The Referral bonus will be paid out to the referrer in the same month as the referee has fulfilled the condition of duration in the employment. Applicable taxes will be deducted.
9. This bonus payment will be paid out together along with the referrer's regular salary.
10. The employee who made the recommendation must be employed in the company at the time the bonus payment is due. An employee who is on maternity leave or temporary disable at the time the bonus payment is due will receive the bonus payment when the employee returns from the leave of absence.
11. The hiring process will be fair and consistent with the company's policy and procedures, with no bias for or against candidates whose selection might make another employee eligible for a referral bonus.
12. No referral bonus will be awarded for a referred person if the candidate commits any form of violation or breaks the company's policy.
13. Human resource manager will monitor the use of the referral bonus program and will report annually to the director of the company on the usage of the referral bonus program.
14. Human resource manager will have final authority over all aspects of the employee referral bonus (along with the director).

Executive Director

APPENDIX II: INTERVIEW WITH THE HR MANAGER

What's the biggest problem you have in the HR?

At present, the biggest problem is the shortage of drivers due to the high number of drivers leaving our company. Drivers leave us to other employers, the reason is that they have irregular working hours and drivers are leaving for other employers who offer better conditions in the layout of working hours or shiftwork. Shifting to other employers is also due to the fact, that the new employer provides them with better financial remuneration than they have in our company. Of course, the solution to fluctuation could be sought by increasing drivers' salaries, although given that our company has an approved budget from its founders, and any increase in wages means an increase of millions CZK, it is not the decision of the management, but it depends on the approval of the founders.

Are there plenty of people interested in the driver's job?

It can be said that in a month, about 4 to 6 people report on the work of the driver either in e-mail, by phone or in person. If the applicant sends a written request for a job, I invite him/her to a personal interview.

Those who come in most cases do not have the required driving license, although. If a person interested in the driver's job is registered within the Labor Office, I suggest that they apply for a retraining within the Labor Office and, after completing their retraining, they is recruited. If a person interested in the driver's job is not registered at the Labor Office, I will offer them the possibility of obtaining a driving license, with the costs of obtaining the required driving license paid by our company, but I will alert them that they will have a commitment to remain in the employment for 3 years.

If a driver interested in the driver position has the required driving license (including a professional license), he/she will undergo all medical examinations, which will take about 3 weeks and can then be recruited. If a person interested in the job does not have the required driving license, he/she first has to undergo medical examinations and then he/she starts about three months of retraining which means they can start working in 4 months after the interview.

At present, we offer fixed term contract, valid for a predetermined period of 6 months to all employees, with a trial period of three months. By expiration of a fixed term contract, the employment turns into indeterminate term contract.

What forms of recruitment do you use?

First of all, I would just like to mention that the advantage of our company is that we are constantly in people's eyes (potential job seekers) by having a lot of vehicles in operation. In this sense, we do not have to invest money in advertising, so people know about us. Regarding forms of recruitment, we have a recruitment ad on our website and I think this form of advertising is one of the most effective, then we have leaflets in all vehicles, there are 4 A3 size A3 drivers targeted to recruiting drivers, LCD screens in vehicles have information that we are looking for urban public transport drivers. Occasionally, we use regional newspapers to publish an ad for recruiting drivers, and late last year we also turned to the surrounding communities asking for a job offer to be published on the community's website or cable TV broadcasting. But I must add that this form was not effective at all.