

# Analysing the recruitment and selection process



Recruitment and selection is a process by which organizations locate individuals, attract them to apply for jobs in the organization, and screen them to find suitable candidates to fill job vacancies. The main role of SAS's HR is to recruit and select those candidates who are not only talented and innovative, but are the right fit for SAS culture as well. SAS is a strong-culture organization, cultural fit is important in the hiring and retention process. The organization has a culture of cooperation, teamwork, and mutual respect; and it is the responsibility of HR to select those candidates who are expected to fit into this culture. One of the ways to promote and retain a culture of an organization is through its recruitment and selection process.

## **Training and Development**

As mentioned in the case study “ about half of the SAS Institute people had probably not worked anywhere else or had, at most, one other job before joining the company.” It means the organization brings in fresh talent and trains it as per its requirement. Training and human resource development is another main function of HR. Responsibility of HR in training and HRD further increases when the company gets all training programs done internally.

The organization delivers four types of training mainly:

Orientation: New employees after their joining are socialized and given basic training through orientation program. Senior managers brief new comers on the company history and its vision. The orientation includes material on the heritage of the company, company structure, its business model, the

demographics of the customer base, and how the SAS system is positioned currently in the market.

**Technical Training:** SAS has extensive technical training for its employees, and virtually all of it is done internally. Extent of that can be imagined by the numbers given in case study; the company conducted 400 internal technical training seminars in nine and half months with total attendance of about 3,000 people. Organization has made up-to-date technical skills as part of its culture, as The Director of Educational Technologies division noted that “managers need technical skills to have credibility in the organization.”

**Training for sales employees:** New employees in the sales get two weeks training. They also have five to six week training program spread over a six month period.

**Management Program:** This program is in three parts and takes eighteen weeks in total, with there being one-half day of instruction per week for six weeks.

## **Compensation and Benefits**

HR has played its role by designing and implementing a different type of compensation and benefit system. Basic salaries of SAS employees are very competitive with the industry and are adjusted regularly with merit increases given once a year. Although the company does not pay commissions and do not have stock options available, but it has wisely linked the rewards with performance through bonuses. At the end of each quarter, each manager gives performance report; these reports are combined to compute the overall bonus for the employee at the end of year. General philosophy of the <https://assignbuster.com/analysing-the-recruitment-and-selection-process/>

compensation system is to deemphasize financial incentives as a source of motivation.

The company offers a wide range of benefits to employees, such as:

On site medical facilities

On site Montessori day care

Gymnasium

Eating cafes

Elder care counseling

Undergraduate scholarships for children of employees

Paid vacation, etc.

## **Performance Management**

Performance assessment and management system of SAS has also distinctive features. It is based on conversation instead of documentation.

David Russo - Vice President HR, has a theory of performance management which is simple but effective: give people the tools to do their job and then get out of the way. In the system he implemented in SAS, instead of formal appraisals and performance planning, managers commit to spend time talking to their employees and provide them feedback at least three times a year. He thinks that it is difficult to manage someone's performance, but it is easy to observe results. HR has implemented a system of Management by

Objective (MBO) where short and long-term goal are set and then people are assessed based on the completion of those goals.

**Q No. 2. Why has SAS been able to get away with a compensation system that seems to violate industry conventions? How does the system motivate employees and what motivation theories can explain the effect?**

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is a practice that involves balancing the work-employee relation by providing benefits to employees (Business Dictionary). Compensation is a part of human resource management which helps in motivating the employees and improving organizational effectiveness.

Compensation and benefits system of SAS has unique features, and the main reason of that is the philosophy of its leadership, which is demonstrated in the following quotes:

“ A raise is only a raise for thirty days, after that, it’s just somebody’s salary”  
(David Russo)

Jim Goodnight refers stock options to ‘ Ponzi Schemes’.

“ Sales commissions do not encourage an orientation toward taking care of the customer and building long-term relationships” (Goodnight)

“ Commission culture is too high pressure” (Goodnight)

“ We want the sales organization to be customer focused, to be customer driven, not focused on short term sales results” (Barrett Joyner)

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SAS does not offer its employees stock options. Basic salaries of the employees are very competitive with the industry and are revised regularly. Employees get merit increases once a year. These increases are based on the supervisor's assessment of the person's performance during the year. The company contributes 15% into employees' profit sharing retirement plans. Employees get bonus at the end of year based on the company's financial performance. Company has a general philosophy of deemphasizing financial incentives as a source of motivation. Even in the sales organization, account representative are not paid on the basis of sales commissions. SAS' management has point of view that commission culture is too high pressure, and does not reflect the long term relationship building with customers. The company promotes team culture and does not post comparative sales data by name and encourages more of a collective orientation rather than competition among members.

The company offers a wide range of benefits to employee; many of those are fully at the company cost and the rest are subsidized by the company.

Benefits include:

(Source: SAS website)

- Company-paid vacation. - Domestic partner benefits.
- Employee Assistance Program (EAP). - Family medical leave and sick days.
- Life insurance coverage. - Paid paternity leave.
- Alterations - Massage Therapy

- Book Exchange - Nail Salon
  
- Campus Cuts - Racquet Stringing
  
- Car Detailing - Skin Care
  
- Dry Cleaning - The Foot Matters - Pedorthic Services
  
- UPS - Personal Shipping - Adoption assistance.
  
- HRA Claim Form (Retirees)(PDF).
  
- On-site summer camp in Cary for school-age children.
  
- Retiree Health Reimbursement Arrangement (HRA)
  
- Financial, retirement and estate planning seminars offered on-site.
  
- SAS Retirement Plan, which includes Profit Sharing, Safe Harbor
  
- Group Auto and Homeowners Insurance Program.
  
- Group Long-Term Care Insurance Program.
  
- Group Term Life Insurance.
  
- Health Care and Dependent Care Flexible Spending Accounts.
  
- Supplemental Income Protection for Long-Term Disability.
  
- College scholarship program for children of SAS employees.
  
- Accidental Death and Dismemberment coverage

## **APPLICATION OF THEORIES OF MOTIVATION**

### **Maslow's Need Hierarchy:**

The basis of Maslow's motivation theory is that human beings are motivated by unsatisfied needs, and that certain lower factors need to be satisfied before higher needs can be satisfied.

SAS satisfies all five needs of its employees in the following ways.

**Physiological Needs:** The company pays basic salary to all employees irrelevant to their performance, has eating cafes and other facilities for the basic needs of human beings.

**Safety Needs:** The company provides a working environment which is safe, has relative job security, and freedom from threats.

**Social Needs:** The company encourages teamwork and cooperation. It has lake and picnic places where employees gather on weekends. It generates a feeling of acceptance, belonging, and community by reinforcing team dynamics.

**Esteem Motivators:** The company recognizes achievements, assign important projects, and provide status to make employees feel valued and appreciated.

**Self-Actualization:** The company offers challenging and meaningful work assignments which enable innovation, creativity, and progress according to long-term goals.

### **Murray's theory of manifest needs**

Murray identified needs as one of two types:



**Primary Needs:** Primary needs are based upon biological demands, such as the need for oxygen, food, and water.

**Secondary Needs:** Secondary needs are generally psychological, such as the need for nurturing, independence, and achievement.

**Achievement:** according to Henry Murray, one of the needs people have is achievement, to do one's best, to accomplish something important, to do a difficult job. People in SAS are given full opportunities to be creative and innovative. They are given challenging jobs to fulfill their need for achievement.

**Autonomy:** another need as per Murray is to have autonomy, to be able to come and go as desired, to say what one's think about things. Performance management system of SAS gives autonomy to employees to complete their tasks and goals, and does not measure their performance based on their activities but on results.

**Change:** to do new and different thing and change in daily routine. People in SAS at all levels have job rotations, even managers have job rotations.

## **Herzberg's Motivator-Hygiene Theory:**

As per Frederick Herzberg,

Motivators e. g. challenging work, recognition, and/or responsibility (intrinsic elements of job) give positive satisfaction.

Hygiene Factors e. g. status, job security, salary and fringe benefits (extrinsic elements) do not give positive satisfaction, although dissatisfaction results

from their absence. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices, or wages/salary.

If both sets of characteristics are present, then workers are happy and satisfied. If they are absent, workers are unhappy and unsatisfied.

SAS has both characteristics present in its system. One of the principal of its people policy is an emphasis on intrinsic motivation and trusting people to do a good job. Management of SAS believes that motivation is largely intrinsic; and works for the fulfillment of both extrinsic and intrinsic factors. Motivators at SAS are its challenging and creative work, recognition of employee's work, task identity, task significance, and social factors etc. Hygiene factors are the competitive salaries offer to employees, a range of fringe benefits etc. Employees of SAS are satisfied and motivated as both factors of the theory are present in the organization.

### **Equity Theory:**

Adams' Equity Theory calls for a fair balance to be struck between an employee's inputs (hard work, skill level, tolerance, enthusiasm, etc.) and an employee's outputs (salary, benefits, intangibles such as recognition, etc.). According to the theory, finding this fair balance serves to ensure a strong and productive relationship is achieved with the employee, with the overall result being contented, motivated employees. Much like many of the more prevalent theories of motivation (theories by Maslow's Hierarchy of Needs, Herzberg's Theory, etc.), the Adams' Equity Theory acknowledges that subtle and variable factors affect an employee's assessment and perception of their relationship with their work and their employer.

SAS employees are motivated because they are rewarded as per their inputs. Each employee has a basic salary, but if he gives more input he is given bonus to keep the balance between inputs and outputs. SAS has high equity; first principle of people policy of the organization is to treat everyone fairly and equally.

### **Expectancy Theory:**

According to Expectancy theory, employees in an organization will be motivated when they believe that:

putting in more effort will yield better job performance (expectancy)

better job performance will lead to organizational rewards (instrumentality)

predicted organizational rewards are valued by the employee (valence)

SAS employees have all the three elements of the expectancy theory present in their jobs. The organization gives extensive training to its employees to learn the job, which raises their self-efficacy. If a person has required skills and knowledge, his expectancy will be high. The organization compensates its employees based on their performance, so they believe that performing well result into rewards, and are motivated. Compensation and benefits offered by the organization fulfill both their intrinsic and extrinsic needs. Organization takes cares of everything for the employees from their children education to housing requirements so the outcomes of their performance have definitely high valence.

## Goal Setting Theory

Goal setting is a powerful way of motivating people. Locke's research showed that there was a relationship between how difficult and specific a goal was and people's performance of a task. He found that specific and difficult goals led to better task performance than vague or easy goals.

According to the theory, to motivate goals must take into consideration the degree to which each of the following exists:

Clarity.

Challenge.

Commitment.

Feedback.

Task complexity.

Performance management system of the organization is based on goal setting and measuring the performance based on results. Challenging and complex task is part of the job in SAS due to nature of its business. As part of its performance management system, managers commit to spending time talking to their people and providing feedback at least three times a year.

### **Q. No. 3 Describe the type of leadership that SAS has? How important is leadership to the company's culture, and success? Why?**

Jim Goodnight, CEO and cofounder of SAS Institute, is a true leader of the organization. The culture of the organization reflects his philosophy of

leadership and management. The SAS Institute work environment was clearly initiated by Jim Goodnight himself. He is the principal driver, though several of his direct reports play key roles.

To understand the leadership style and management approach of Jim Goodnight, excerpts from some interviews of Goodnight and his employees are given below:

Dr. Goodnight spends a lot of his time programming, which is very cool. (SAS employee)

Recently, SAS was considering a substantial investment opportunity. Jim asked many of his direct reports for their input and he listens well. He's not looking for consensus, though. He takes it all in and then makes a decision fairly quickly. In this case, he decided not to go with it. (SAS Manager)

Jim's approach is to place some bets on multiple technologies in the hopes that one will prove right. Since he started the company, his vision has been incredibly accurate. (SAS R&D manager)

I hate meetings. I think most of them are a waste of time. I'm the boss that doesn't like to manage much. I like to do start-up stuff and then move on to something else. (Jim Goodnight)

Following excerpts are taken from the case study to understand various aspects of Goodnight's leadership style and philosophy:

No formal industry vision. Believes the industry is going too fast.

“ I’m not as much of a visionary as Bill Gates, so I can’t tell where the industry is going.”

Claims that he has no philosophy or grand plan that guides the company’s operations

Rather, there are some simple premises and principles that guide day to day decisions and behavior

No cubicles.

Everyone has private offices from frontline to managers.

No specific financial goals

“ Just to take in more money than we spend”

No specific growth goals

However, sales force has aggressive goals

Goodnight believes if you don’t grow, you die

Simple metrics

Once a month, Goodnight sees a one-page report on revenues and expenses.

Believes software development and customer service are difficult to quantify, so don’t spend a lot of time trying to measure the unmeasurable.

Limits the bureaucracy.

Goodnight himself has 27 direct reports from all parts of the company (managers, directors, and VPs)

Does not believe in stock options.

Refers to them as Ponzi schemes

Approves the general floor plan of every new building on the SAS Institute campus in Cary, NC (200 acres).

Architectural aim is to give people a sense of belonging to a particular group.

Does not believe people work well under conditions of exhaustion. Believes in a 35 hour week, 9 to 5 work day with very low extra time spent.

“ I’ve seen some of the code that people produce after long nights and it is garbage.”

“ I’d rather have sharp focused people that write good code that doesn’t need as much testing.”

“ I recently came back from a Microsoft conference and they said that now Microsoft has three testers for every programmer.”

He is also a “ working manager” like all the company’s other managers.

Spends a significant percentage of his time programming and leading product development teams

Following theories describe the leadership of James Goodnight:

## **Trait Theory**

Trait theories propose that traits – personality, social, physical, or intellectual – differentiate leaders from non-leaders.

Goodnight has the following leadership traits, at least:

Communication skills

Ability to motivate people

Ability to listen

Team-building expertise

Analytical skills

Aggressiveness in business

Intelligence

Knowledge

Decisiveness

Sociability, etc.,

## **Behavioral Theories**

According to best-known behavioral theories of leadership – Ohio State University studies, the University of Michigan studies, and Blake and Mouton's Leadership Grid, there are two main dimensions by which managers can be characterized. In the Ohio State studies, these two dimensions are known as initiating structure and consideration. Initiating

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structure refers to the extent to which a leader is likely to define and structure his or her role and the roles of employees in order to attain goals. Consideration is defined as the extent to which a leader is likely to have job relationships characterized by mutual trust, respect for employees' ideas, and regard for their feelings.

James Goodnight is a person of high consideration, which is demonstrated in the work environment and benefits he has offered to his employees. He is a highly employee-oriented leader who emphasizes on relations whether it is with employees or with customers. Blake and Mouton leadership grid describes him as Team Management leadership and to some extent Country Club leadership. In team management, work accomplishment is from committed people who have common stake in the organization's purpose; it leads to relationship of trust and respect. In country club management, thoughtful attention to the needs of people for satisfying relationships leads to a comfortable, friendly organization atmosphere and work tempo. Goodnight has built excellent relationship with his employees who are committed to the organization, and he has created an atmosphere and environment to best serve the needs of people as well.

## **Fiedler Contingency Model**

In Fiedler's model, leadership effectiveness is the result of interaction between the style of the leader and the characteristics of the environment in which the leader works.

According to Fiedler, " the effectiveness of a leader is determined by the degree of match between a dominant trait of the leader and the

favorableness of the situation for the leader. The dominant trait is a personality factor causing the leader to either relationship-oriented or task-orientated”

The second major factor in Fiedler’s theory is known as situational favorableness or environmental variable. This basically is defined as the degree a situation enables a leader to exert influence over a group. Fiedler then extends his analysis by focusing on three key situational factors, which are leader-member relation, task structure and position power. Each factor is defined in the following.

1. Leader-member relations: the degree to which the employees accept the leader.
2. Task structure: the degree to which the subordinates’ jobs are described in detail.
3. Position power: the amount of formal authority the leader possesses by virtue of his or her position in the organization.

Goodnight adopts relation-oriented and task-oriented approaches in different situations. Sometime he is task-oriented and at times he is relationship oriented. He appears to be very much on top of all the details of the organization, and chooses at times to become involved in issues that one would not typically imagine catching the attention of a CEO. Conversely, he appears to give his direct reports a clear direction of where SAS Institute is going on the product/technology front, and then let’s them run their own areas. Direct reports often go two or three weeks with no interaction with

Goodnight. Meanwhile, the CEO spends almost 50 percent of his time programming, so he's very involved with the product line on a daily basis. This passion for the technological side of the business is very clear to employees.

Leadership is important to the culture of SAS. Culture of SAS is its major competitive advantage; Goodnight attributes his success to designing SAS's culture around serving the needs and purposes of people. He developed elaborate systems to listen to the needs of his 3.5 million customers, and practiced what he preached by investing an unprecedented 30 percent of his revenues in research and development to meet their needs. He also invests in his people and in the culture of SAS that supports them. SAS is designed to nurture and encourage creativity, innovation, and quality. SAS also supported on-site child care, health care, residential living, and fitness centers long before such benefits were commonplace because Goodnight believes that supporting the life purposes of the individual creates an environment of trust, respect, and commitment. That is why SAS employees are renowned for their talent, motivation, and loyalty to SAS. He has built a world-class organization that dominates in a highly competitive industry by developing a work environment based on trust and respect for stakeholders in and outside the organization, and his model is now being emulated by others. Leadership of Goodnight has played an extremely important role in the success of SAS Institute.

**Q. No. 4 Describe prominent elements of SAS organizational culture? How do you feel it is different or the same from other high technology companies?**

SAS has a very strong culture which is integral to its success. It has a culture which is fixed and has been unchanged since inception. SAS culture has the following main characteristics:

Employee centered

Employee interdependence

Risk taking

Innovation

Employees are treated fairly and equally

Trust employees

Cooperation

Excellent work environment

Technical

The management of SAS says, " If you treat employees as if they make a difference to the company, they will make a difference to the company."

That's been the employee-focused philosophy behind SAS' corporate culture.

At the heart of this unique business model is a simple idea: " satisfied employees create satisfied customers". ([http://www. sas. com/](http://www.sas.com/))

First and foremost is that the company's values are employee-centered. SAS Institute seeks to send a strong message to all employees that the company truly cares about every man and woman on its payroll, as individuals. Some of that is just manifested in tangible things, from the on-site healthcare facility to the piano player in the company cafeteria (or café, as it is called in SAS Institute literature). One example of employee-centered behavior can be found in the fact that each employee has his or her own office. There are no cubicles. While SAS Institute describes this as a way to maximize productivity, it also fits in with the operating principle for Jim Goodnight, that he would like to treat his employees as he wanted himself to be treated as an employee.

I could definitely make a lot more money elsewhere, but I wouldn't have nearly as much fun. (SAS sales professional)

Another significant feature of the culture is employee interdependence. SAS Institute has structures in place to encourage, and even demand teamwork. Employees will tell you that it's easy to get help when needed. Seeking out help when needed is critical to success within the organization. The SAS reward system encourages interdependence. For instance, everyone in the sales organization gets a bonus, depending on performance relative to other members of the sales force but relative to target.

One senior executive describes what it takes to fit in at the company.

You need to care about a sense of contribution, you need to value humility over individual recognition, and you must want to work in an environment of

total interdependence. If you need a lot of ego or tangible compensation, this is not the place for you. (Jeff Chambers, SAS director of HR)

There's really not much competition within sales. We're not competing with each other, but competing with our own target. (SAS employee)

SAS Institute encourages a genuine spirit of risk-taking. Many employees comment on their ability to take risks, and most everyone agrees that it really is okay to fail. As one employee in technical support says, " We can try anything within reason here."

That the SAS Institute work environment is resource-rich also contributes to the unique culture. Employees are given what they need to do their jobs. Everyone you talk to mentions this.

If you need something here to get your job done well, you'll get it without a big hassle. -(SAS employee)

The physical surroundings and facilities make a big difference at SAS Institute. There's a gym, healthcare center, and childcare center on site. Every floor in every building has one or more " break rooms" stocked with coffee, tea, cold drinks, cookies, crackers, and other refreshments. Each Wednesday, the break rooms are stocked with large canisters filled with M&M candies - a perk lots of employees mention, as their favorite thing about working at SAS Institute.

All of the benefits and perks are available to all employees, and everyone on campus is a SAS Institute employee: software engineers, salespeople, childcare workers, groundskeepers, and so on. Goodnight believes strongly

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that people are much more committed if they are part of the company. All employees have the same exact bonus plan potential (of course, higher-paid people are paid out at a higher rate).

People at SAS are treated fairly and equally, and it is first principal of Goodnight's ' people philosophy'. There are no designated parking spaces and no executive dining room. Goodnight and other senior executives eat lunch regularly in one of the two company cafeterias.

Innovation, creativity, and technology are parts of SAS culture, and are expected in a high technology successful organization. The company spends its one third of the revenue into research and development. While commenting on the strategy of SAS products, Good night noted that the company would not turn down a product idea if it seems to be good one, even if did not tightly fit the existing product line. This provides an opportunity for people at the institute to work on new ideas and in new domains, which is one of the factors of motivation of SAS employees.

SAS culture is quite different than that of many other high tech firms. Its work environment and the benefits offered to its people differentiate it from the other companies. Many of the other high technology firms differ from SAS in their philosophy of employee motivation, compensation system, and performance management. Many of those companies use extrinsic rewards to motivate employees, and use financial incentives as a source of job motivation. However, SAS uses intrinsic rewards to motivate employees, and in fact the general philosophy is to deemphasize financial incentives as a source of motivation. In performance management, many of other

companies have written, formal, and structured performance management systems, on the contrary SAS does not have formal performance appraisals and it is just based on the conversations and relationships. Instead of formal appraisal and performance planning, managers time talking to their people and providing feedback.

SAS Institute does business differently than most software companies. Rather than sell its software, SAS leases to its customers - a strategy of immense importance in understanding the company's relationship to its users. The fact that leases must be renewable annually creates a tremendous emphasis on customer satisfaction and quality.

Most of the other firms used a lot of temporary help and contract programmers, many had a quarter or more of their workforce comprised of contract based labour, while SAS do not outsource any job. As part of compensation system, the other companies considered stock option important but SAS never had this thing; everybody else believed that they could not attract and retain talent if the firm did not offered people the opportunity to get rich through stock. Also most of the other companies were production and sales oriented but SAS had its people centered philosophy and culture. Shorter working hours and non-commission based incentives to its sales force were also distinct features of SAS corporate culture.

SAS culture is a definite competitive advantage to the firm; it has a very strong culture which is integral to its success.



**Q. No. 5 Describe the organizational structure. Do you feel that the structure has something to do with SAS's success?**

“ Organizational structure can be defined as the way or method through use of a hierarchy that a group, business, organization, people or objects collaborate to achieve success on one common goal.”

(<http://organizationalstructure.net/>).

SAS Institute's organizational structure is flat, informal, and non-bureaucratic. There are only t