

EXERCISE 5.1: A TURNOVER PROBLEM AT THE *FORT LAUDERDALE HERALD**

Overview

The chapter discusses the importance of using data for better human resource planning and recruitment. The employee “matching” model is described. This exercise presents data from a newspaper that document the problems the company is having recruiting and retaining personnel. Your job is to use the data and the research discussed in Chapter 5 as a basis for making recommendations for action directed at their problems.

Learning Objectives

After completing this exercise, you should be able to

1. Know how to calculate and use yield ratios for planning.
2. Know how an HR problem (e.g., turnover) can be solved most efficiently and effectively using various approaches to HR planning, recruitment, and related HR actions.
3. Evaluate HR problems in the context of the organization’s strategic objectives.

Procedure

Part A: Individual Analysis

Prior to class, read the background data on the *Fort Lauderdale Herald* below. Using Chapter 5 material and the information that is provided on the newspaper and its problems and issues, consider changes to HR systems that could improve the situation that is described. Then answer the questions on Form 5.1.1, citing specific information from the case or the chapter that supports your answers (provide Chapter 5 page numbers where applicable).

Part B: Group Analysis

In groups, members should review each other’s responses and then attempt to reach consensus on the recommendations to go forward to the director. Analyze those recommendations in the context of the problems, the data presented, research regarding planning, recruitment and personnel retention, the potential effects on other HR programs, and the cost of implementation. Justify any specific recommendations with relevant research. A group spokesperson will then be designated to present the group consensus recommendations.

Scenario

The *Fort Lauderdale Herald* is located in southern Florida, one of the fastest-growing regions in the United States. Because of the increased migration and despite the generally terrible state of the newspaper industry, subscriptions to the *Herald* have been holding steady in some areas and increasing in others. This increased circulation has created a need for more customer service. In addition, competition

in the area has increased with two new papers and the expansion of a Miami paper into the metropolitan area. The strategic goal of the paper is to expand the customer base in Palm Beach, Broward, and Dade County. The advertisement the *Herald* has used in the past for **Customer Service Representatives** states the following:

The job specifications and major responsibilities are:

- knowledge of MS Word and some Excel expertise;
- typing 35 WPM;
- filing;
- experience in customer contact and answering telephones;
- referring customer calls to supervisor;
- some selling of additional services; and
- calls for nonpayment of bills.

The starting salary for customer service reps is \$11.25 an hour for a 30-hour workweek. Customer service reps work 6 days per week in 5-hour shifts. The reps do not receive any fringe benefits.

Customer service reps spend a majority of the workday talking on the telephone with subscribers or potential subscribers regarding new accounts and account problems, renewing and expanding subscriptions, plus delivery and other problems with the newspaper.

Billing errors consume approximately 30 percent of the rep’s time. Problems with newspaper delivery and billing errors are up in the past 6 months and, because of that, the volume of calls has spiked in recent months. The reps spend the remainder of their time responding to customer complaints, such as late, unacceptable (e.g., wet papers), or nondelivery of the paper, and soliciting new business through cold calls or calling subscribers for up-selling purposes. The most common complaints center on delivery or nondelivery of the paper such as: “the newspaper was supposed to be delivered at 7:00 A.M. but did not arrive until 9:00”; “the paper was thrown in a puddle and can’t be read”; “the paper was thrown in my neighbor’s yard”; and so forth. Most of the subscribers who call are not friendly when registering their complaints. A 2010 study determined that automating the complaint process related to the delivery of the paper was likely to foster nonpayment of subscription service and more cancellations.

While the newspaper has successfully recruited new customer service reps, turnover in the position is very high. The director of human resources has prepared the recruitment data shown in Exhibit 5.1.1. The data show that the company screened 633 applicants to produce 78 people who accepted a job offer. Within 6 months, 51 percent of new hires resigned from the newspaper.

Exit interviews with departing customer service reps revealed many reasons why they were dissatisfied with the job (see Exhibit 5.1.2).

*Contributed by Renee Bartlett and Joan E. Pynes.

Exhibit 5.1.1

Data on Recruitment Sources for Customer Service Representatives, Last 3 Years

Recruitment Sources	Total # Applicants	Potentially Qualified	Interview	Qualified & Offered Job	Accepted Job	6-Month Survival	Recruitment Cost (Total)
Corporate website	150	12	9	8	5	3	\$200
Job board	300	20	11	9	6	2	\$690
Newspaper	115	78	64	56	53	24	\$465
Walk-in	31	20	14	9	7	3	\$295
Public employment agency	37	19	7	7	7	6	\$250
Total	633 ^a	149 ^b	105	89 ^c	78 ^d	38 ^e	\$1,900

^a341 Whites, 177 Blacks, and 115 Hispanic/Latino^b91 Whites, 43 Blacks, and 15 Hispanic/Latino^c64 Whites, 20 Blacks, and 5 Hispanic/Latino^d54 Whites, 21 Blacks, and 3 Hispanic/Latino^e23 Whites, 13 Blacks, and 2 Hispanic/Latino

Exhibit 5.1.2

Most Frequently Given Explanations for Customer Service Rep Turnover (Last 3 Years)

- All customer service reps are required to work on Saturday and Sunday from 7:00 A.M. to 1:00 P.M.
- Seventy-five percent of calling customers are irate at things over which the customer service reps have no control.
- Customer service reps must sit for long periods of time, talking with customers on the phone. Physical movement is restricted.
- Customer service reps have little contact with coworkers.
- The work environment is noisy and hectic.
- Customer service reps have not been properly trained to respond to billing complaints.
- Cold calls for subscriptions result in 78 percent hang-ups.
- Reps receive no additional remuneration for solicitation successes.
- Supervisors monitor a sample of calls taken each day and often contradict what the customer service reps say to customers.
- Customer service reps don't like cold calls.
- Customer service reps don't like calling people at dinner time.

FORM 5.1.1

Ms. Adalyn Saline, the director of human resources, has asked you to analyze the recruitment and selection process and the related data and to make specific recommendations. While she requests answers to the four questions that follow, she encourages you to think of the “big picture” when you respond to question #4. Use this form to record your answers and be sure to document your answers with specific references (give chapter page numbers) or data presented.

1. What are the yield ratios for each step in the recruitment and selection process across all recruitment sources? What are the implications of these ratios for future hiring? Could you also calculate a yield ratio for a particular recruitment source? Why would that be helpful to do? (Note: a great answer would provide an actual example from Exhibit 5.1.1.)

2. What are the advantages and disadvantages of the various recruiting methods used by the *Fort Lauderdale Herald*? (Use the data in Exhibit 5.1.1 and Chapter 5 discussion.) Where should they focus their recruitment efforts in the future?

FORM 5.1.1 (Continued)

Name _____

Group _____

3. Recommend and, in chronological order of importance, at least three planning/recruitment/selection/ or retention strategies discussed in Chapter 5 that are designed to do any of the following:
- Improve customer satisfaction.
 - Increase the efficiency of the customer service function (Ms. Saline encourages you to be as creative in your thinking as possible).
 - Increase the tenure of the customer service reps (or decrease the need for them).

4. What additional studies or data are necessary given the data presented in Exhibit 5.1.1 and the problems described in the case? (Ms. Saline is interested in potential legal issues and strongly encourages any creative and cost-effective approaches to problem solving; she encourages you to keep in focus the goal of retaining and expanding the customer base.)