

## Internal Selections

**Devise a policy for handling internal applicants that is consistent, fair and respectful.**

By Lin Gensing-Pophal  
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**Promote from within.** It's a selling point for many organizations that want to recruit and retain talented employees. When a company announces a promotion or a job transfer, it tells other employees that there's opportunity for growth there.

Internal recruitment "provides a higher level of employee satisfaction, so certainly it can be a retention driver," says Maureen Henson, SPHR, vice president of human resources at Henry Ford Bi-County Hospital in Warren, Mich.

But even in an organization with an impressive "promote from within" culture, the system can backfire if a company has no policy for dealing with internal applicants or applies that policy inconsistently.

To avoid this potential morale killer, HR needs to craft a policy that is fair and equitable to internal applicants, sets expectations for employees applying for a position, and is implemented consistently and communicated openly throughout the process.

### **A Touchy Subject**

Internal applicants represent a "known commodity," relieving some of the risk of making a bad hiring decision. The applicant has built a performance record in the organization that can be reviewed and referenced. But it also makes things more personal and potentially awkward, especially if the internal applicant isn't qualified for the open position.

The problem is that "some people think a lot more highly of their skills and talent than the reality is," says Manny Avramidis, senior vice president of human resources at the American Management Association (AMA) in New York. "It's tough. People don't like rejection. Some people turn toxic or leave the organization after" being turned down for a promotion or a transfer.

The internal recruitment process, says Sandy Allgeier, SPHR, principal of Allgeier Human Resources Consulting in Louisville, KY., is one of the most important issues that impacts the credibility of the HR function within any organization.

Getting it right is crucial. Employees take the experience of applying for a promotion or a transfer back with them to their current job; you want to make sure that experience is a positive and productive one.

### **Set Expectations**

The first course of action is to state the job's requirements clearly and decide if it will be open to internal applicants. Henson maintains that employers should make it clear that internal applicants will not be given special consideration or preference for open or new positions.

Policies should state that jobs may be posted internally, but that it's not required, adds Lisa Pennington, managing partner of the Houston office of law firm Baker & Hostetler. "There will be exceptions where employers will have internal candidates they already [want for the job] – or they'll create a job for a particular person," she says. "And you don't want to get sued over claims of disparate impact."

In fact, even if you have an internal candidate who you feel is "perfect" for a particular job, Avramidis recommends casting a wider net. "From a due diligence standpoint, you should still test the market to see who's out there so, at the end of the day, you select the best person for the job," he says.

### **The Posting And Application Process**

Shawna Swanson, an employment litigation partner with Fenwick & West in San Francisco, recommends making the internal and external processes the same, rather than having two separate paths, such as posting internally first for a period of time and then advertising externally.

A single-path approach not only simplifies the process for HR but also keeps the focus on finding the right person for the job.

Employees should understand that all available positions will be simultaneously communicated externally and internally.

Postings should focus on the desired credentials of the job, based on the job description, Pennington says. Making those mandatory requirements clear and “sticking to them” during the hiring process can protect your company if an employee cries foul. In a recent case that she handled, she says, an employee was “setting up the company for a discriminations case” and had applied for 14 jobs that he was not qualified for, knowing he wouldn’t get them. The employee filed a lawsuit and received a summary judgment, which the company is now appealing. This case emphasizes, she says, “the need to put specific credentials in the job description and job posting so it’s easily defensible.”

As with the posting process, Swanson recommends that the application process used for internal candidates be the same as that for external candidates.

And, similarly, David Lewis, president of OperationsInc, an HR outsourcing and consulting firm that specializes in recruiting, in Stamford, Conn., recommends that the HR department should apply the same screening standards to both types of applicants when deciding who will move to the next step and who won’t.

That means not interviewing every internal applicant for a position just because the employee has applied. However, Lewis suggests that all internal candidates at least be “talked to.”

Avramidis agrees. Interviewing all internal applicants wastes everybody’s time, he says. But he adds: “There’s a difference between an interview and a conversation where you call the person up and say, ‘I note that you applied; unfortunately, we’re not going to interview you. Here’s why, and here’s what you can do to prepare for other opportunities.’”

### **The Role of the Supervisor**

If the employees has the right skills for the position, the next decision is whether-and when-to notify the internal applicant’s current supervisor.

“This is a question that’s always very, very difficult to answer with conviction,” Lewis says. “I lean more heavily toward disclosing everything to the supervisor, and, in the right organization with the right leadership and with

the right top-down approach, the reaction should be a positive one.

“There is nothing good, in my opinion, about a system where the first time your supervisor learns of a transfer is after the deal is done.”

However, Lewis adds, “processes that require the current manager to approve applications for internal postings are dangerous and can easily stifle career movement and growth.”

Avramidis agrees. “If I’m an employee and I fear applying for a job because my supervisor will put me in a doghouse and not treat me as a star any longer, that’s not healthy for anyone. Supervisors should be trained to encourage employees to want to progress with an organization,” and they should be encouraged “not to hoard talent.”

There are some practical considerations as well. If the internal applicant goes far enough in the process, it may become unrealistic to expect the application to remain confidential. At the AMA, Avramidis says, an employee’s application for an internal position is confidential initially, but if the employee moves far enough along in the process, there will come a point at which the hiring manager will be given a list of the qualified candidates for the job. At that stage, Avramidis informs the candidate’s current supervisor. “The challenge is that once the hiring manager is involved, it’s more difficult to maintain confidentiality,” he says, “especially if applicants are interviewed by multiple people within the organization.”

### **The Selection Process**

Holding all candidates – internal and external – to the same hiring criteria can help prevent problems and claims of unfair treatment or discrimination, Pennington says. “The more objective you can be in the qualifications you select, the better, because there’s a legal standard that says [for a claimant] to prove discrimination, [he] must show that [he] is clearly better qualified than the person selected.”

Too often, Swanson says, “decision-makers allow subjectivity to enter into the equation and don’t focus enough on objective factors. There is a real risk that decisions are being made based on who’s comfortable with whom rather than who’s going to do the best in this role.”

Written documentation of the selection process and what went into making the hiring decision is important, says Pennington.

Swanson agrees: “What I find in employment law is that the courts, more and more, are

interested in seeing a process. Judges and juries are so impressed if the company can say, "This is how we do it because we want to make sure that every decision is objectively based." That process, she says, should enable the employer to say:

- We have our managers draw up a job description.
- We outline the ideal candidate based on that job description.
- We hold every potential candidate to those criteria.

When companies involved in contested situations can explain their process and demonstrate how they followed the process in a particular case, the court will be less likely to believe that decisions were made for retaliatory or discriminatory reasons.

### **Communicating The Decision**

The biggest potential pitfall of internal recruiting, Allgeier says, is poor communication of the selection decision. "The No. 1 thing you want to do is get back to everybody who wasn't selected before an official announcement is made," she says. There's nothing worse than finding out you didn't get the job through an e-mail announcement about who did get the job.

"I think that it's important to deal with the candidates that apply for internal positions who don't get those opportunities in an even more careful way than you otherwise would with external candidates," Lewis stresses. There's a tendency, he says, to just "drop a quick e-mail to say 'thank you for your interest. We've selected someone else. Best of luck in your future endeavors.'" That type of approach doesn't work well internally, he cautions.

Allgeier recommends offering all internal candidates the opportunity to meet with someone in HR to get feedback on how they might become better prepared for other positions in the future. Put yourself in the shoes of those internal candidates, she advises. "If I were this candidate, what would I need to hear? How would I need to be treated?"

"You never want to take a high-performing person who feels they're ready for the next step and turn them away without any answer about how they could get the job the next time they apply," Avramidis says. "HR should sit them down and say: 'Here's where you did well; here's where you need further development. Here's the means to obtain that development.' You come full circle, and they walk away feeling they went through a development process thrown back into a corner."

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