

# Technical Economy Analysis for Recruitment and its Thinking

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**Abstract.** This article discusses about factors which effects job hunters' decisions during seeking employment based on technical economy analysis. The employee attaches importance to initial human capital, at the same time, they pay more attention on the increase and speed of value. Last, this article suggests that enterprises should attract employees by improving growing rate and speed of human capital.

## Background

Domestic human recourse market follows the international practice since China joined WTO. The supply and the demand, in another word, enterprises and job hunters are closely connected by recruitment. In fact, competitions between companies are scramble of talent. The key point of personal success is to find the suitable position where to apply the talent. Therefore, enterprises and person are mutually dependent and forward. "mutually-choose" is suggested in China. As it is mutually, which means deals are achieved only if both sides reaches the same agreement. According to hypothesis of rational man, both enterprises and talents would maximize their value when they make their decisions. It is a mutually exclude and muti-programs decision making for them. So how to make a choice and what effect the decisions are worth discussing. Let's start.

## Strategy analysis from employee's and employer's perspective

Here is an example to analyse. A works in Company A with 60 thousand Yuan a year. Three years later, A's market value increases to 200 thousand Yuan a year. Compared with he works in Company B, he earns 100 thousand Yuan a year. Also three years later, he only reaches 150 thousand Yuan a year.

Assume that above data and information are completely correct and the whole time for A to make his choice is 10 years with 8% investment returns. Which company would you prefer when ignore the local level of consumption.

Based on Company B, here is the growing amount analysis for Company A.

Tab. 1 Cash flows Analysis

Year	1	2	3	4	5	6	7	8	9	10
Company A	6	6	6	20	20	20	20	20	20	20
Company B	10	10	10	15	15	15	15	15	15	15
A-B	-4	-4	-4	+5	+5	+5	+5	+5	+5	+5
Net present worth per year	-3.72	-3.68	-3.2	+3.6	+3.4	+3.0	+2.9	+2.7	+2.5	+2.3
NPV	=9.8									

This form suggests Company A is a better choice according to NPV. It is clearly to understand. But what does this result means.

## Employee's perspective

Job hunter mainly considers about two factors. One is current payment which means salary once worked. Another is further income stands for personal value increasing which reflect increasing of his market value. The decision actually means the short-term value and long-term value. The balance between short-term and long-term is job hunter's decision.

The number for A grows from 6 to 20 in Table one shows that they care more about whether they can achieve their higher value or not in working when they choose their work and get their payment.

There are five ways to improve personal value for job hunters.

Receiving professional training

New comers would receive professional training once enter the company. They would master other skills during training, for instance, improving foreign language. If they continue training, they would be more competitive. In market which means higher human capital.

Gaining practical experience

Employees pay their brain when they work. In return, company pay for them. Meanwhile, employee gain experience which is also some kind of value. That is the reason why experienced workers are more competitive than non-experience workers.

Acquiring special information

Some companies may provide special information while employee cannot get through ordinary ways. External trader would get information about market trend, client information and so on. This kind of work would also provide opportunity for employees to improve their personal value. Who get information means who get the market and who get market means who get advantage.

Forming interpersonal relationship net

Some positions need the workers to meet clients, for example, salesmen, government purchaser. realising relationship net during working, this kind of net also means increasing in person value. Once you have a excellent personal net, you would be irreplaceable. At that moment, you would reach the max personal value.

Learning for yourself

For job hunters, improve personal value by learning can happened at any organizations. Some companies can help your learning by providing comfortable working environment and conditions, not heavy workload, easier work, good team learning atmosphere. You can improve greatly in that kind of companies. Otherwise, you would stay still. For an extreme example, why you would like to pay for school? In fact, school provide a chance for you to learn to improve yourself. Why companies can not?

We find job hunters improve themselves by many ways in companies. They need to weight between the current profit which company provide now and the future chance the company provide to increase person value.

## **Employer's perspective**

In this situation, companies should think about what kind of job can attract the employee. The answer is clear, which is to provide a chance that increasing from 60 thousand to 200 thousand to worker.

Companies should believe that current payment is not the best way to attract the employee. They should focus on offering a chance for workers to increasing personal value greatly. Companies also should be make it for curtain to grow worker's value or they would face the lose of talent.

What about by using gaining special information and forming interpersonal relationship net to draw job hunter's attention? The answer is no. Companies would be passive in this way, because providing training would increasing companies' cost.

Companies should attract talent by training, gaining practical experience and providing a chance for team to learn. It is a win-win method, workers grow their value, companies have talent workers. Many foreign companies do better than domestic companies. they have many talents and achieve win-win. Even lower workers' salary, this kind of companies still attract people who have a long-term view. Because working in this company, in other word, the experience itself is a kind of wealth. For example, after working as a consultant in McKinsey & Company for several years, your value will increasing rapidly. Or you work as a assembler in manufacture, your value will be limited and grow slowly.

Job hunter will not seek for short-term income, they emphasise more about in what extent my value would increase in your company. Companies would increase their expend when attract talents

only by offer higher payment. They should invest part of money to human recourse. If this investment is higher than other companies, this company will be more competitive.

### **Conclusion**

Actually, job hunters' decision matters about technical economy evaluation. The employee attaches importance to initial human capital, meanwhile, they pay more attention on its increase and speed in value. For employers, the best way to attract workers is not only to provide initial human capital, but also to provide a way to increase their personal value.

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