

An Exploratory Investigation of Explanations for the Relative Effectiveness of Employee Recruitment Methods

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Employee recruitment has become increasingly important to managers in recent years as some occupations face severe shortages and others experience surpluses. Both types of human resource gaps place more pressure on recruitment to provide the right numbers of employees with the required knowledge and skill sets. This increased importance to practitioners has led researchers to pay more attention to it as well (Billsberry, 2007; Breaugh, Macan & Grambow, 2008). Previous research suggests that informal recruiting methods (e.g., employee referrals, walk-ins) are more effective than more formal recruiting methods. Two explanations have been offered for the relative effectiveness of recruiting methods. The “realistic information hypothesis” suggests that employees recruited via the more effective methods may have acquired a greater quantity of information, more accurate information, and/or more realistic information (Breaugh, 1981; Zottoli & Wanous, 2000). According to the “individual difference hypothesis” (Saks, 2005), different recruiting methods may attract different types of applicants (Schwab, 1982). There is some empirical support for both hypotheses. Blau (1990) suggested that employees hired via different recruiting methods may be treated differently after hire. Barber (1998) reported that she could find no empirical tests of this hypothesis. Research on the post-hire treatment hypothesis is clearly needed. The purpose of this study is to provide an initial test of the “differential management treatment hypothesis.”

BACKGROUND

Employee recruitment has become increasingly important to managers in recent years as some occupations face severe shortages and others experience surpluses. Both types of human resource gaps place more pressure on recruitment to provide the right numbers of employees with the required knowledge and skill sets. This increased importance to practitioners has led researchers to pay more attention to it as well (Billsberry, 2007; Breaugh, Macan & Grambow, 2008).

Research on employee recruitment has focused on recruiting methods or sources, recruiter effects and realistic job previews (Rynes, Bretz & Gerhart, 1991; Barber, 1998). These factors influence different phases of the recruitment process. Barber (1998) has identified three phases of recruitment: generating applicants, maintaining applicant status, and influencing job choice. Different recruiting activities influence different phases of recruitment. For example, choice of recruiting methods (i.e., job fairs, newspaper advertisements) influence the numbers and types of applicants. Tracking and communicating with applicants influence maintaining applicant status.

Within the generating applicants phase of recruitment, one of the most important decisions is choice of recruiting method. Research shows that Bureau of National Affairs study (1988) found that the most

commonly used recruitment methods are newspaper advertisements, employee referrals, direct applications, and recruiting at schools (Bureau of National Affairs study (1988; Kalleberg, Knoke, Marsden & Spaeth, 1996; Vecchio, 1995). Several studies have found the relative effectiveness of different recruiting methods to vary across several outcome measures including turnover, absenteeism, job performance, and work attitudes. Ullman (1966) found that employees recruited via informal recruitment sources had lower turnover than employees recruited via formal sources (newspaper ads, employment agencies). Gannon (1971) found that rehires, walk-ins, and employee referrals had lower turnover than employees recruited via other methods. Decker and Cornelius (1979) also found employee referrals to be associated with lower turnover than newspaper ads and employment agencies. Breugh (1981) found job performance to be higher for employees hired via advertisements in professional journals and conventions than for employees hired through college placement and newspaper ads. Absenteeism was higher for employees hired via newspaper ads. Employees hired through college placement had more negative work attitudes than employees hired via other sources. Taylor and Schmidt (1983) examined the relative effectiveness of several recruiting methods and found that rehires had lower turnover and absenteeism than employees recruited via other methods (referrals, newspaper ads, radio ads, television ads, walk-ins, and public employment agency). Breugh and Mann (1984), in a survey of social workers, found that direct applicants (walk-ins) had high job performance and lower voluntary turnover than employees recruited via other sources (newspaper ads and employee referrals). In a study of bank tellers, Blau (1990) also found walk-ins to have higher performance than employees recruited through other sources (newspaper ads, employee referrals and employment agencies). Williams, Labig and Stone (1993) found no recruiting method effects on turnover and job performance in a study of nurses.

These studies suggest that informal recruiting methods (e.g., employee referrals, walk-ins) are more effective than more formal recruiting methods. Two explanations have been offered for the relative effectiveness of recruiting methods. The “realistic information hypothesis” suggests that employees recruited via the more effective methods may have acquired a greater quantity of information, more accurate information, and/or more realistic information (Breugh, 1981; Zottoli & Wanous, 2000). For example, employee referrals may provide applicants with a more accurate and realistic picture of the job and the employer. According to the “individual difference hypothesis” (Saks, 2005), different recruiting methods may attract different types of applicants (Schwab, 1982). There is some empirical support for both hypotheses. For example, Kirnan, Farley and Geisinger (1989) found that employees recruited via informal sources (employee referrals) were of higher quality than those recruited via formal sources. Williams, Labig and Stone (1993) concluded that informal recruitment sources reached applicants with more job experience and education which resulted in higher job performance.

Breugh and Mann (1984) conducted a competitive test of these two hypotheses. They examined relationships between recruitment method and performance and turnover. They found that direct applicants performed better and had lower turnover than applicants recruited via other methods (newspaper advertisement, employee referrals). They also measured individual differences including demographics, applicant quality and perceived ease of movement. They also measured employees’ perceptions of how realistic their information about the job and company was at the time of hire. They found that direct applicants reported more realistic information than applicants recruited via newspaper advertisements or employee referrals. In a study of bank tellers, Blau (1990) found that direct applicants had higher performance than applicants recruited via newspaper ads, employment agencies, and employee referrals. Supporting the individual difference hypothesis, he found that direct applicants had higher ability scores than applicants recruited from other sources. Williams, Labig and Stone (1993) found no differences in turnover and job performance by recruitment sources (employee referral, previous rotation/internship, rehires, campus visits, newspaper advertisements and direct applications). They did, however, find that new hires differed in experience by recruiting source providing some support for the individual differences hypothesis. They also found that new hires differed in terms of pre-hire information, providing some support for the realistic information hypothesis. Werbel and Landau (1996) examined relationships between recruitment sources (newspaper advertisements, self-initiated contact,

corporate recruiters, employee referrals, and college placement) and turnover and performance. They found that college placement office hires tended to perform better than employees hired via newspaper advertisements. No other differences in performance or turnover were detected. Comparing new hires' job expectations with opinions of current employees (a test of the realistic information hypothesis) showed that employee referrals had less realistic expectations than did direct applicants or agency hires. Griffeth, Hom, Fink, and Cohen (1997) used structural equation modeling to conduct a competitive test of the two hypotheses. Using a more complete measure of realistic information (expectations, role clarity and coping skills) they found that recruitment source was related to both individual differences and realistic information. However, only realism was associated to post-hire outcomes. They also found that recruitment methods had direct impact on post-hire outcomes beyond the effects of realism, suggesting that the two hypothesis do not explain all the variance in post-hire outcomes.

Additional hypotheses which have been suggested but have not received much research attention include the motivational differences hypothesis and the labor market mobility hypothesis. The motivational differences hypothesis suggests that different recruiting sources may produce applicants with differences in motivation to apply. For, example, it is very easy to apply through an employer's web page which results in many applicants who may not be highly motivated to apply or to seek employment with a specific organization. Other methods, such as direct applications may require greater effort on the part of the applicant suggesting a higher level of motivation to apply for a job with a particular employer. Decker and Cornelius (1979) suggested that employees hired via different recruiting methods may have different perceptions about their ability to find alternate employment. Some recruiting methods may expose applicants to more employment opportunities, leading these applicants to believe they can more easily find another job which, in turn, leads to higher turnover. Finally, Blau (1990) suggested that employees hired via different recruiting methods may be treated differently after hire. Barber (1998) reported that she could find no empirical tests of this hypothesis. Research on the post-hire treatment hypothesis is clearly needed.

Two theories explain differential treatment of employees by leaders. The Pygmalion Effect or Self-fulfilling Prophecy suggests that leaders develop expectations of employees which then affect how the leader reacts to those employees (Eden, 1991). When leaders have high(low) performance expectations of employees they somehow convey those expectations to employees via subtle behaviors, such as spending more time with them, giving them more challenging assignments, and providing more feedback. Employees then work up (or down) to these expectations so that the leader's expectations are fulfilled. The Leader-Member Exchange Theory of Leadership suggests that leaders classify employees into "in-groups" or "out-groups." In-group members receive more of the leader's time and attention, better task assignments, and more information.

The Leader-Member Exchange (LMX) model of leadership developed out of the Vertical Dyad Linkage Model of Leadership and suggests that leaders classify followers into either an "in-group" or an "out-group" (Dansereau, Graen & Hagen, 1975; Dinesch & Liden, 1986; Graen, Novak & Sommerkamp, 1982; Vecchio & Gobdel, 1984). Leaders tend to distinguish between in-group and out-group members very early in their relationship, and often on the basis of very little information (Phillips & Bedeian, 1994). This classification would therefore typically take place soon after the recruitment and selection of the employee. If the leader had beliefs or biases about the effectiveness of various recruitment sources, this could influence the leader's classification of the employee as well as the leader's expectations of the employee. LMX Theory suggests that leaders interact differently with members of the two groups. In-group members receive more time, information, and attention from the leader, greater resources, and more mentoring and support than do out-group members (Scandura & Schriesheim, 1994). Research has shown that in-group members have higher job performance, engage more in organizational citizenship behaviors, express higher levels of job satisfaction and are less likely to turnover compared to out-group members (Iles, Nahrgang & Morgeson, 2007 ; Chen, Lam & Zhong, 2007).

METHOD

A questionnaire was administered to 165 employees of a small manufacturing plant in the Southeastern United States. The average length of service of these employees, who worked in production and maintenance jobs, was 11 years. Their average age is 31 and 47% are female. Sixty-seven employees returned useable questionnaires for a response rate of 41%.

The questionnaire initially asked employees to indicate which recruiting method was used to recruit them into their job. Company management indicated that they used walk-ins/direct application, employee referral, a company job site web page, job posting, and general internet job sites (e.g., Monster.com) so these recruiting methods were listed on the questionnaire.

Short two to three item subscales were created to measure various aspects of differential treatment by supervisors based on Pygmalion Effect and Leader-Member Exchange Theories. Help from Supervisor was measured with three items: My supervisor checked on me regularly, My supervisor frequently asked if he/she could help me, and My supervisor made sure I had what I needed to get my job done. Coefficient Alpha reliability for this subscale was .78. Supervisor Performance Expectations was measured with two items: "My supervisor expects me to perform well," and "My supervisor made it clear he/she expects me to be a high performer" (Coefficient Alpha = .77). Supervisor Praise/Recognition was measured with two items: "My supervisor recognizes me for my good work," and "My supervisor praises good job performance" (Coefficient Alpha = .82). Feedback from Supervisor was measured with two items: "I received a great deal of feedback on my performance from my supervisor," and "My supervisor lets me know how well I am performing" (Coefficient Alpha = .80). Clear and Difficult Goals was measured with two items: "I have clear and specific work goals," and "My work goals are quite difficult to accomplish" (Coefficient Alpha = .66). Autonomy was measured with three items: "I am free to do my job the way I think best," "I have ample opportunity for independent thought and action," and "I am able to make a lot of decisions on my own" (Coefficient Alpha = .89). Intent to Turnover was included as an outcome variable to assess whether any of the recruiting methods produced applicants who were less likely to leave their jobs. Three items assessed Intent to Turnover: "I will actively look for another job in the next year," "I often think about quitting," and "I will probably look for a new job next year" (Coefficient Alpha = .87).

RESULTS

Analysis of variance was used to test for differences on Intent to Turnover by recruiting method. A significant main effect ($F = 9.45$, $p = .00$) was observed for Intent to Turnover. Employees recruited via Walk-ins/Direct Application and Employee Referrals reported a significantly (Scheffe Post Hoc Test = .05) lower intent to turnover than employees hired via other recruiting methods.

Analysis of variance was used to test the Differential Treatment Hypothesis. Significant differences were observed for Supervisor Praise Recognition ($F = 2.60$, $p = .05$), and Supervisor Help ($F = 5.09$, $p = .001$) which are consistent with the Leader-Member Exchange theory. A significant difference was also observed for Supervisor Expectations ($F = 16.77$, $p = .00$) which is consistent with a Pygmalion Effect explanation. Supervisor Feedback approached significance ($F = 2.28$, $p = .07$). There were no significant differences for Autonomy or Goal Difficult/Specificity.

Scheffe Post Hoc tests ($p = .05$) were used to more fully explore the significant differences by recruiting method. The Scheffe test did not detect any significant difference between recruiting methods for Supervisor Praise/Recognition. Employees recruited via employee referrals reported significantly higher levels of supervisor help than employees recruited via an internet job search (e.g., Monster.com). Other recruiting methods were not significantly different from employee referral in terms of Supervisor Help. Employees recruited via employee referral and walk-in/direct application reported significantly higher Supervisor Expectations than employees recruited via other methods.

DISCUSSION

This exploratory study provides some support for the Differential Treatment Hypothesis for explaining the relative effectiveness of different recruiting methods. At a small manufacturing company, employee referrals and walk-ins/direct application produced employees who reported lower levels of Intent to Turnover. This is consistent with previous research on the relative effectiveness of recruiting methods. Informal recruiting methods, primarily employee referrals and walk-ins/direct applications, have consistently been found to be more effective than other recruiting methods in terms of intentional to turnover, turnover, absenteeism, job performance, and employee attitudes. Research to date has examined primarily two explanations for the differential effectiveness of recruiting methods: the Realistic Information Hypothesis and the Individual Difference Hypothesis. The current study provides some initial support for a third explanation, the Differential Treatment Hypothesis.

Consistent with the Pygmalion Effect Theory, employees recruited via employee referral and walk-in/direct application reported higher Supervisor Expectations of performance than employees who were recruited via other methods. Consistent with the Leader-Member Exchange Theory, employees recruited via employee referrals reported higher levels of Help from Supervisor than employees recruited via other methods.

This differential treatment by supervisors may stem from the corporate culture. If a company has had more success with applicants from a particular recruiting method in the past, a common belief may develop concerning the relative effectiveness of that recruiting source. That belief that a particular recruiting method produces better employees may then translate into supervisor behavior resulting in different expectations and/or classification into an “in-group.” Leader-Member Exchange Theory research has produced evidence that employees classified to an in-group receive preferential treatment by their supervisor.

One limitation of the current study is the relatively small sample size. The sample may not have been large enough to detect some differences (e.g., Supervisor Feedback). A second limitation is the relatively short subscales employed in the questionnaire. More complete measures may be able to detect additional differences between recruiting methods.

The current study does provide some initial evidence for the Differential Treatment Hypothesis. Future research on explanations for the differential effectiveness of recruiting methods should include this hypothesis along with the Individual Difference Hypothesis and the Realistic Information Hypothesis.

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