

# Recruitment Research Revisited: Effective Recruiting Methods According To Employment Outcomes

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## Abstract

*This study examines twelve recruiting methods to determine their relative popularity (frequency of use) and effectiveness (subsequent job performance). Data on 199 employees representing five occupational categories and from eight businesses in different industries are used to explain the relationship between recruitment methods and performance. The results reveal that employee referrals, newspaper/special advertisements, former employees or rehires, private employment agencies/search firms, and walk-ins are both popular and effective recruitment methods.*

## Introduction

Recruiting is a costly, yet indispensable activity for most companies. Managers use various methods to recruit clericals, salespersons and professionals. Through these methods, managers hope to attract qualified people who will, if hired, stay with the company and perform well. For this reason, using the most effective recruiting methods is of utmost importance. Several studies dealing with the effectiveness of various recruiting methods have been conducted. However, few of them include a study of the effectiveness of recruiting sources for different occupational groups. Furthermore, while most articles and books on the topic are designed to give advice, few articles describe how recruiting methods are related to employment outcomes. Before recommendations can be made on how to improve recruiting efforts, continuous empirical investigations of recruiting source effectiveness must be conducted.

Organizational recruitment programs can serve as a window for understanding employment outcomes. In particular, the literature reveals that recruitment methods can have powerful effects. Numerous researchers have discovered differential effects of recruiting methods as measured by employee longevity and performance. While one method may yield employees who stay with the company over time, another method may yield employees who perform well.

## Literature Review

Two hypotheses addressing the causes of differential recruiting source effectiveness can be found in the literature on organizational entry and recruitment. They are the

*realistic information* and the *individual difference* hypotheses. The realistic information hypothesis posits that recruiting sources are different in the outcomes they yield because of the varying amounts of realistic information communicated when using that source or method (Wanous 1980). On the other hand, the individual difference hypothesis explains that recruiting sources differ in the outcomes they yield because the applicants they reach and attract are different demographically (Schwab, 1982).

Where employee referrals, rehires, and other sources which include a higher degree of job information have been found to be effective recruiting sources, the realistic information hypothesis has been used as a supportive argument. This argument may be applied to earlier studies conducted by Gannon (1971) and Decker and Cornelius (1979). In his study of the relationship between seven recruiting sources and employee turnover at a New York bank, Gannon (1971) found that four sources had low quit rates over a four-year period and three had relatively high quit rates. He concluded that employees with low quit rates were stable employees and their sources were considered effective. Employees with high quit rates were considered unstable and their sources were labelled ineffective. *Former employees, high schools, employee referrals, and walk-ins* were sources of stable employees. Conversely, *hiring agencies and newspaper advertisements* were sources of unstable employees.

Decker and Cornelius (1979) conducted a similar study of four recruiting sources and job survival rates among employees of an insurance company, a bank, and a professional abstracting service. The results indicated that *employee referrals* were consistently a good recruiting source and that *employment agencies* as well as *newspa-*

*per ads* were consistently poor recruiting sources. Together these studies (Decker & Cornelius 1979 and Gannon 1971) revealed that recruiting sources which tend to provide more realistic picture of the jobs differ in employment outcomes from those that do not. Yet their scope requires exercising caution in generalizing the results. Gannon (1971) investigated only seven recruiting sources at one company, a New York bank, and made no distinction in the bank employees' jobs. Likewise, Decker and Cornelius (1979) used only four recruiting sources at three different companies with no distinction among occupational groups.

In 1979, Miner prepared a more comprehensive survey. This Bureau of National Affairs (BNA) study included 14 recruiting sources, five major occupational groups (clerical, plant/service, sales, professional/technical, managerial), and a larger sample. The sample included 188 personnel executives who were members of the 1979-80 panel of BNA's Personnel Policies Forum. These executives represented large and small manufacturing and non-manufacturing businesses in the private sector, and organizations (educational institutions, hospitals, and governmental agencies) in the public sector. From the opinions of these executives, she found that the most effective recruiting sources were *newspaper advertisements, walk-ins, employee referrals, private employment agencies, colleges, and search firms*. Her study reveals that recruitment sources found to be ineffective in one study, may be considered effective when more detailed investigations are made. For example, newspaper advertising was considered an effective source for all employee groups. Walk-ins were particularly good sources for office and plant/service employees, while private employment agencies were good sources for sales, professional/technical, managerial and office personnel. Search firms were effective sources for managers, and employee referrals were good sources for office and sales personnel. Colleges were considered good or effective sources of professional/technical employees.

Clearly, Miner's (1979) results conflicted with the results of the previous studies which showed that formal methods such as newspaper advertising and employment agencies were ineffective recruiting sources (Gannon, 1971). Her findings supported other results which showed that walk-ins (Gannon, 1971) and employee referrals (Decker & Cornelius, 1979 and Gannon, 1971) were effective recruitment sources.

One major limitation of Miner's (1979) BNA study is that it used the opinions of personnel executives rather than empirical investigations to determine which recruiting methods were most effective. Furthermore, Miner (1979) did not clearly explain the use of the term "effective" in relation to recruiting sources. Therefore, the reader is not sure whether the personnel executives reported that a given source was effective because it generated per-

sons who performed well, who had low quit rates, or who had low absenteeism.

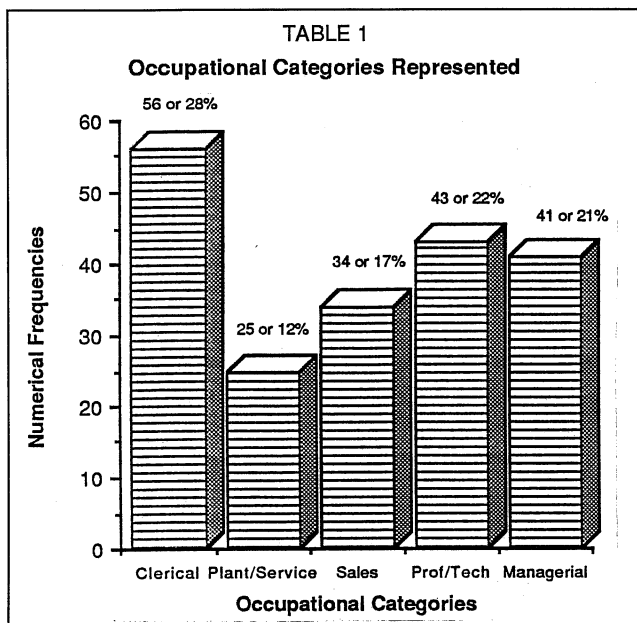
With Decker and Cornelius' (1979) and Gannon's (1971) work as a base, Breaugh (1981) went a step further to examine whether recruiting sources, falling under journal/convention advertisement, newspaper advertisements, college placement, and self-initiated, were related to employee performance, absenteeism, and work attitudes. His study was one of the first to try to relate recruiting sources to performance. He used a sample of professional employees, 112 research scientists, at a large midwestern organization. *College placement office* and *newspaper advertisement* recruits were found to be inferior in performance to new hires who made *self-initiated* contacts with the company.

Since Breaugh (1981) did not attempt to examine the effectiveness of recruiting methods vis a vis the recruits' individual differences, Taylor and Schmidt (1983) considered his study a weak test of the individual difference hypothesis. Subsequently, they studied the utility of the realistic information and the individual difference hypotheses in explaining the differential effectiveness of recruitment sources. They examined seven recruiting methods used by a midwestern packaging plant to determine whether they varied in effectiveness. Their findings revealed that recruiting sources differ in effectiveness according to job performance, attendance and longevity.

Taylor and Schmidt's (1983) study supported the validity of the individual difference hypothesis in accounting for differential source effectiveness. The most effective source in their research, *former employees or rehires*, yielded individuals who differed from other recruits with respect to characteristics relevant for job success. Unfortunately, the study was concerned with seasonal work in which six months was the longest period during which a newly hired employee could work. Therefore, their results may not be generalize to recruitment used to obtain regular or nonseasonal employees. In addition, only one business and one occupational group were used in their study which may limit the generalizability of their findings across different occupational groups and industries.

## Methodology

The current study sought to build on the merits of the earlier studies by investigating the effectiveness of recruiting methods or sources among businesses in different industries and employees whose jobs were in different occupational categories. The research sample of 199 positions included employees in eight small and mid sized businesses, whose jobs fell within the five occupational groups used by Miner (1979) in the BNA study. These included 56 clerical, 25 plant/service, 34 sales, 43 professional/technical, and 41 managerial employees. See Table 1 below.



The designated personnel officers of a small bank, insurance agency, cosmetics manufacturing company, print center, metal machining manufacturing company, ophthalmic clinic, retail store, and government utilities office were interviewed to select positions representing the five occupational categories, and to collect data on the performance levels and recruitment sources for the position incumbents. After obtaining permission from the companies to conduct the study, the personnel officer selected a sample of employees and traced each one back to the recruitment method used to attract and obtain that employee. The *clerical occupational category* generally included claims processors, receptionists, tellers, cashiers, and accounting clerks. *Plant/service* included assemblers, press operators, security guards, and machine operators. *Professional/technical* included programmers, cost analysts, and opticians. *Sales* included sales representatives and zone salespersons. *Managerial* included directors of casualty, operations, and quality assurance, plant superintendents, and vice presidents of marketing and finance to name a few.

**TABLE 2**  
**Performance Levels**

- 1 = Outstanding
- 2 = Very Good
- 3 = Average
- 4 = Below Average
- 5 = Leading to Termination

**TABLE 3**  
**Popular Recruiting Methods**

Walk-ins	26.0%
Newspaper / special ads	19.1%
Employee referrals	18.6%
Private employment agencies / search firms	12.6%
Former Employees	7.5%
Friends / relatives	5.0%
Other	11.1%

Performance information was then gathered from the employees' personnel records. The 12 recruitment methods used in this study were: vendors, competitors, consultants, friends/relatives, customers, employee referrals, walk-ins, former employees or rehires, newspaper/special advertisements, temporary agencies, schools/colleges, and private employment agencies/search firms.

Data were gathered using an interview questionnaire with the designated personnel officers of the companies. The officers were asked to identify employees in each occupational group, to describe their performance on a scale of 1 to 5, and to indicate the recruiting source used. In analyzing the results, performance levels 1 and 2 were combined to represent very good or high performance, and performance levels 4 and 5 were combined to represent poor or low performance levels. Performance level 3 was kept at average, indicating that the job incumbent did nothing more than the work required.

**Results**

The study answered questions concerning the popularity and effectiveness of 12 recruiting sources. The popularity of each recruiting source was based on its frequent use, while the effectiveness of the recruitment source was based on the employee's subsequent job performance. First, the research revealed that walk-ins (used 26 percent of the time), newspaper/special ads (19.1%), employee referrals (18.6%), private employment agencies/search firms (12.6%), former employees or rehires (7.5%), and friends (5%) were relatively popular recruiting sources for the five occupational groups combined. The recruiting method labelled "other" included the remaining six recruiting sources that were used at a rate of less than 5 percent by the companies studied.

Second, the research indicated that the majority of employees obtained through employee referral (68%), private employment agencies/search firms (76%), and newspaper/special ads (79%) performed at high levels (out-

standing and very good). Sixty percent of those from friend/relatives, 56 percent of those from walk-ins, and 47 percent of those from former employees or rehires were outstanding to very good performers. None of those recruited using the former employee or employee referral methods were poor performers. Rather 100 percent of them performed at outstanding, very good and/or average levels (see Table 4). The effectiveness of these sources, former employees and employee referrals, seems to indicate that recruits who are more familiar with the company are comparatively less likely to perform poorly.

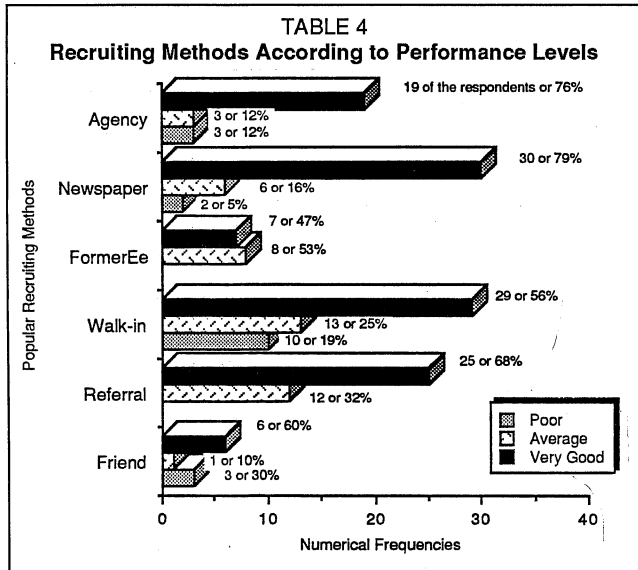
cal obtained from this source were very good or outstanding performers), newspaper/special advertisements (75 percent), and employee referrals (66.7 percent). Sixty percent of the clericals from the former employee and employment agency/search firm methods performed well and 12.5 percent of those from newspaper ads were poor performers.

*Plant/Service Employees.* The two most effective methods for plant/service employees were advertisements (100 percent) and referrals (66.7 percent). Former employees generated average performers (100 percent); and 37.5 percent of those obtained from walk-ins performed poorly.

*Sales employees.* The two most effective recruiting sources for salespersons were advertising and employment agencies. Exactly 100 percent of the persons obtained through newspaper/special ads were outstanding or very good performers and 75 percent of those from agencies performed well.

*Professional/Technical employees.* The leading recruiting method for professional/technical employees was employee referral. Exactly 100 percent of the persons obtained through referrals were high in job performance. Other effective sources of good performers were agencies (83.3 percent) and advertisements (70 percent).

*Managerial employees.* Effective sources of managerial employees included advertisements, walk-ins, and agencies. Roughly 80 percent of the persons hired using these sources were outstanding or very good managers based on performance. In the case of walk-ins and agencies, relatively small percentages were poor performers, 16.7 and 10 percent respectively.



Third, the most effective recruiting methods or sources by occupational category and performance levels are indicated in Table 5. The following discussion corresponds to the table and specifically explains the effective sources for each of the five occupational categories used.

*Clerical Employees.* The three most effective sources of clerical employees who perform well (very good to outstanding or OVG) were walk-ins (76.9 percent of the cleri-

**Discussion**

This study attempted to investigate whether there were observable advantages in using different types of recruit-

**TABLE 5**  
**Recruiting Methods by Performance Levels**

RECRUITING METHODS	OCCUPATIONAL CATEGORIES AND PERFORMANCE LEVELS														
	Clerical (percentage)			Plant/Service (percentage)			Sales (percentage)			Prof/Tech (percentage)			Managerial (percentage)		
	OVG	AVE	POOR	OVG	AVG	POOR	OVG	AVG	POOR	OVG	AVG	POOR	OVG	AVG	POOR
Agency	60.0	40.0	-	-	-	-	75.0	25.0	-	83.3	16.7	-	80.0	10.0	10.0
Newspaper	75.0	12.5	12.5	100.0	-	-	100.0	-	-	70.0	30.0	-	85.7	14.3	-
FormerEe	60.0	40.0	-	-	100.0	-	42.9	57.1	-	-	-	-	50.0	50.0	-
Walk-in	76.9	23.1	-	25.0	37.5	37.5	40.0	60.0	-	53.3	6.7	40.0	83.3	-	16.7
Referral	66.7	33.3	-	66.7	33.3	-	50.0	50.0	-	100.0	-	-	72.7	27.3	-

ing methods. While further investigations need to be made, the frequency distributions for the current research highlight the importance of using particular sources to obtain high performers. This research reaffirms the notion that the recruiting method itself may be helpful in predicting outcomes, such as employee performance levels. The top five recruiting methods according to their tendency to yield high performers and few or no poor performers across all occupational categories are employee referrals, newspaper/special ads, former employees or rehires, employment agencies/search firms, and walk-ins.

Employee referrals and former employees did not yield any poor performers in this study. Newspaper/special ads, employment agencies/search firms, and walk-ins yielded some poor performers, 5, 12, and 19 percent respectively (see Table 4). Newspaper/ special ads yielded the highest number of outstanding and very good performers (79%), followed by private employment agencies/search firms (76%), referrals (68%), walk-ins (56%), and former employees or rehires (47%). Friends and relatives yielded very good performers in 60 percent of the cases; however, in 30 percent of the cases in which it was used the employees performed poorly.

TABLE 6  
Top Five Recruiting Methods

Employee Referrals
Newspaper/Special Ads
Former Employee or Rehires
Employment Agencies / Search Firms
Walk-ins

With respect to differential effectiveness then, *newspaper advertisements* were an effective source for all occupational categories. *Employee referrals* were an effective source for three out of the five occupational categories, including clerical, plant/service, and professional/technical employees. *Private employment agencies* were a good source for sales, professional/technical, and managerial employees. Finally, *walk-ins* were a good source of clerical and managerial employees. Some of these findings are supported by earlier research investigations. Gannon's study (1971) of the relationship between recruiting sources and employee turnover reported that former employees, employee referrals, and walk-ins were good sources and Decker and Cornelius (1979) also found that employee referrals were good sources. In addition, Miner's (1979) results are very similar to the results of this study. As was revealed in the current study, Miner (1979) found that newspaper advertisements, walk-ins, employee referrals, and employment agencies were good sources of employees representing the five occupational categories combined. In particular, newspaper ads were found to be a

very effective source across occupational levels for Miner's (1979) BNA study and the current one.

Self-initiated contacts or walk-ins, as indicated in Breaugh's (1981) study and the present one, are a good source of superior performers. Nearly 60 percent (56%) of the self-initiated contacts or walk-ins in this study were high performers. In an earlier study, Breaugh and Mann (1984), also found that individuals who directly applied to the organization received higher performance ratings than those recruited from other sources. Thus, they concluded that those who initiated the employment process, self-initiated contacts or walk-ins, are more highly motivated than those who more passively react to newspaper ads or to organization-initiated recruitment efforts. While the first part of their conclusions may be applied to the present study, the latter can not since in the current study, newspaper/special ads generated high performers as well.

Kirnan, Farley and Geisinger's (1989) study also revealed that self-initiated contacts were among those of highest quality. They hypothesized that the self-initiated recruits are of higher quality because they take the time to investigate the job on their own. Thus, such individuals are relatively highly motivated with a greater degree of job knowledge than applicants recruited through other formal sources.

In the present study, 68 percent of the persons recruited through employee referrals were high performers. None of them fell into the poor performance category. Only, two other recruiting methods, newspaper advertisements and employment agencies/search firms had larger percentages of high performers. However, ads and agencies also yielded some poor performers while employee referrals did not. It appears that employee referrals are not only good sources of stable employees (Gannon, 1971 and Decker and Cornelius, 1979); but good sources of high performers. Employees recruited using this method, which is purported to provide more realistic job information, are not only likely to stay longer but may perform better than the average recruit. Kirnan, Farley and Geisinger (1989) found something similar. Their research showed that employee referrals in general produced higher quality applicants. They posited that employees making referrals are able to screen potential applicants and recommend the best ones.

Finally, rehires were an effective source in the present study and in Taylor and Schmidt's (1983) study. However, when recruiting sources and occupational groups are compared, there are discrepancies in the findings. While the rehire source was an effective recruiting method for the research scientists used in Taylor and Schmidt's (1983) study, the present study revealed that employee referrals, employment agencies/search firms, and advertisements were good sources of such professional employees. Miner's 1979 BNA study produced similar

results. Accordingly, the most effective sources for professional/technical employees were newspaper advertising, private employment agencies, and colleges. Moreover, one of the personnel executives responding indicated that for the recruitment of experienced professionals, the employment agency is the most effective, and for the professional without experience, the most effective source is college recruiting (Miner, 1979:5).

### Conclusions

Recruitment studies clearly document the potentially powerful effects that recruiting methods can have on the quality of the applicants generated and on employment outcomes. For example, employee referrals, former employees or rehires, and walk-ins or self-initiated contacts are often cited, in the literature, as effective recruiting methods. However, such studies, including the current one, have only begun to acknowledge the underlying causes for these recruiting source effects. The effectiveness of referrals and rehires is often attributed to the realism hypothesis, and the effectiveness of the self-initiated contacts is thought to lie in the individual difference hypothesis. Nevertheless, it is quite possible that other, more specific underlying causes for recruitment source effects exist. Breugh and Mann (1984) and Kirnan, Farley and Geisinger (1989) indicate that motivational differences may be among the underlying causes of the differential effectiveness of recruiting methods. Moreover, Kirnan, Farley and Geisinger (1989) suggest that differences in job knowledge may play a role in the effectiveness of the recruiting method. Their study revealed that self-initiated recruits are comparatively of higher quality not because they are demographically different; but, because they possess a greater degree of job knowledge.

While the present research study did not explore why recruiting sources have the reported effects, it did discover that different recruiting methods result in different outcomes, such as varying levels of employee job performance. With this in mind, additional research is needed. Future research should expand what has been done in this study by comparing—on a larger scale—recruitment methods by occupational groups in order to determine the extent to which recruitment sources are associated with varying levels of employee performance vis a vis employee attributes, motivation, and the degree of realistic job information provided.

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