

executivesummary

Recruitment and Selection Practices

By Sheila M. Rioux, Ph.D., and Paul Bernthal, Ph.D.

Better recruitment and selection strategies result in improved organizational outcomes. The more effectively organizations recruit and select candidates, the more likely they are to hire and retain satisfied employees.

Purpose

The objectives of this study were to:

- Identify general practices that organizations use to recruit and select employees.
- Determine which recruitment and selection practices are most effective.
- Determine how the recruitment and selection practices affect organizational outcomes.

Recruitment is the process of identifying and attracting potential candidates from within and outside an organization to begin evaluating them for future employment. Once candidates are identified, an organization can begin the selection process. This includes collecting, measuring, and evaluating information about candidates' qualifications for specified positions. Organizations use these processes to increase the likelihood of hiring individuals who possess the right skills and abilities to be successful at their jobs.

The study, based on survey results from 162 members of the DDI HR Benchmark Group, addresses the following issues:

- General recruitment and selection profiles.
- Recruitment strategies.
- Organizational offerings and their impact on prospective employees.
- Current and future selection practices.
- Outsourcing recruitment and selection activities.
- Barriers to effective recruitment and selection.

General Profile

Findings Overview

- Although internal candidates typically stay in positions and are more successful than external candidates, organizations fill positions with external candidates, on average, 13 percent more often than internal candidates.

In the next two years:

- 75 percent of the organizations surveyed plan to increase spending on recruiting.
- 68 percent of the organizations plan to increase their spending on selection.
- Organizations perceive their approaches to recruitment and selection to be only moderately effective (respective means of 6.57 and 6.53 on a 10-point scale).
- Almost half of the organizations plan to significantly change their current approach to both recruitment (47 percent) and selection (41 percent) within the next two years.

Recruitment Strategies

Findings Overview

Organizations were asked what strategies they use to recruit both managerial/professional and non-management candidates.

- For recruiting managerial/professional candidates, the Internet is the most popular advertising medium, used by 76 percent of the organizations surveyed.
- Organizations regularly utilize internal resources (e.g., internal job postings and employee referrals) when recruiting both internal and external candidates.
- Different kinds of agencies are used to recruit for positions at different levels.
 - Temporary and government agencies are used mainly to recruit non-management candidates.
 - Employment agencies, colleges, and professional organizations are used more often to recruit managerial/professional candidates.

Organizational Offerings

The quality of an organization's offerings affects its ability to attract job candidates.

- Organizations believe they offer candidates a strong company reputation (69 percent) and high-quality benefits packages (65 percent) and learning opportunities (55 percent).
- Many organizations do not offer stock options (37 percent) or child care options (36 percent).

Best Practices

- Organizations with the most effective recruiting strategies were 15 to 19 percent more likely to offer candidates high-quality options such as:
 - Potential for advancement.
 - Company reputation.
 - Stocks.
 - Benefits package.
 - Corporate culture.
 - Salary scale.
- Organizations offering candidates and employees a positive culture (e.g., innovative, diverse, potential to advance) and learning environment have more satisfied employees and are more successful at retaining them.

Current and Future Selection Practices

Findings Overview

Organizations were asked to indicate how extensively they use several selection practices and how much they anticipate using them in the future.

- Most organizations make extensive use of applications (89 percent), manual resume screening (80 percent), and reference checks (75 percent) in their selection systems.

- Nearly half (48 percent) of the organizations plan to increase their use of computerized resume screening in the future. New technology allows organizations to screen literally thousands of resumes in a fraction of the time it takes to screen them manually.
- Although nearly all (97 percent) the organizations already use behavior-based interviews to some extent when selecting employees, nearly half (49 percent) plan to use them more frequently in the future. This type of structured interview can be used to validly predict future behavior in dimensions (or competencies) critical to job success.
- Less than 20 percent of organizations currently use testing or assessment methods extensively in their selection process. However, organizations plan to increase their use of applicant testing and assessment in the future. These structured approaches to assess skills, abilities, and knowledge can significantly reduce the candidate pool by eliminating those who fail to meet the minimum job qualifications.

Best Practices

- Organizations with the most effective selection systems were 15 to 22 percent more likely to use the following practices:
 - Behavior-based interviews.
 - Training and experience evaluations.
 - Ability tests.
 - Biographical data.
 - Motivational fit inventories.
- Organizations with highly effective selection systems experienced higher business outcomes (i.e., financial performance, quality of products and services, productivity, and customer satisfaction) and employee outcomes (i.e., employee satisfaction and retention of quality employees) than those with ineffective selection systems.

Outsourcing Recruitment and Selection Activities

Findings Overview

Organizations choose to use outsourcing (i.e., hiring outside consultants/vendors) for some or all of their human resource functions.

- Many organizations (62 percent) rely on outside vendors to recruit executive talent to a moderate or large degree. Many outsourcing agencies and head-hunting firms specialize in recruiting top upper-level talent.
- Organizations often use outsourcing for the final stages of the selection process, such as drug screening (54 percent) and reference checks (56 percent). These procedures are expensive, and most organizations do not have the capabilities to perform these functions in-house.
- In the next three years, some organizations expect to use outsourcing more for testing (20 percent) and assessment (20 percent) activities. Organizations can take advantage of the many firms that specialize in creating and conducting valid testing and assessment procedures.

Barriers to Effective Recruitment and Selection

Findings Overview

- The surveyed organizations report that the top barriers to effective recruitment and selection of candidates are:
 - Shortage of qualified applicants (62 percent).
 - Competition for the same applicants (62 percent).
 - Difficulty finding and identifying applicants (48 percent).

The Big Picture

Today's tight labor market is making it more difficult for organizations to find, recruit, and select talented people. The competition for talent is intensifying, as there are fewer qualified applicants available. This shortage of applicants makes it all the more important for organizations to be able to effectively attract, select, and retain quality candidates.

As results from this survey indicate, organizations need to offer more than an attractive wage to entice qualified candidates. With the number of job opportunities currently available, candidates can afford to be choosy when searching for their ideal job. They are looking for more than just an attractive salary; candidates are seeking organizations that can offer them various kinds of benefits, the potential to advance, and an environment in which they can learn and thrive. If an organization cannot offer these, job seekers will find one that does. Thus, it is important for organizations to know exactly what they have to offer potential employees, then highlight their best features when recruiting candidates.

Once organizations have successfully recruited candidates, they must select the best ones for the positions under consideration. Organizations use various tools to help them select individuals.

Results from this study indicate that selection tools designed to obtain behavioral and motivational information about candidates contribute to effective selection systems. For example, behavioral interviewing is a popular selection activity among organizations with highly effective selection systems. In the future even more organizations plan to use this and similar tools more extensively to select employees. Organizations realize that having an effective, legally sound system in place is crucial to helping them select the right people for the right jobs; to do so, many organizations are planning to increase their use of various tools and devote more money to the process.

Finally, better recruitment and selection strategies result in improved organizational outcomes. The more effectively organizations recruit and select candidates, the more likely they are to hire and retain satisfied employees. In addition, the effectiveness of an organization's selection system can influence bottom-line business outcomes, such as productivity and financial performance. Hence, investing in the development of a comprehensive and valid selection system is money well spent.

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