

Recruitment
and Selection
Practices
Survey
Report

By
Sheila M. Rioux, Ph.D.
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About the HR Benchmark Group

Because Development Dimensions International (DDI) understands how difficult it is to keep up with the changing face of human resources, we keep track of new trends in order to keep our clients as well as the industry in general informed. Our clients, in particular, frequently ask us for benchmarking data and thought leadership on issues such as leader development, advanced learning technology, performance enhancement, workforce effectiveness, selection, promotion, and succession management.

In addition to our established methods for tracking such trends, we began the DDI HR Benchmark Group. The group is an alliance of organizations committed to sharing information and benchmarking current HR practices. These organizations, an international mix of DDI clients and non-clients, have agreed to respond to periodic surveys in order to provide current information in various areas of human resources. The organizations represent a geographical and industry cross section.

Participation allows organizations in this alliance to provide current data through our surveys, to receive the results, and to help us choose future survey topics. The approach is systematic and easy, and response and interest have been outstanding.

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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:

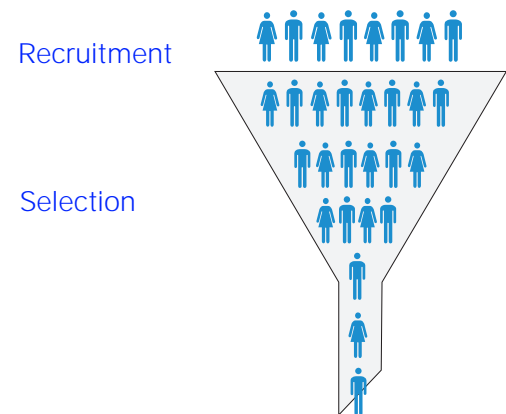
- Identify general practices that organizations use to recruit and select employees.
- Determine which recruitment and selection practices are most effective.
- Determine how the recruitment and selection practices affect organizational outcomes.

This report is based on results of a recruitment and selection survey provided to members of the DDI HR Benchmark Group. The member organizations that responded, 162 in all, provided information about the following topics:

- General recruitment and selection profiles.
- Recruitment strategies.
- Organizational offerings to prospective employees.
- Impact of offerings on employee outcomes.
- Current and future selection practices.
- Outsourcing recruitment and selection activities.
- Barriers to effective recruitment and selection.

Definition

This report focuses on recruiting and selecting individuals for employment in an organization.



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.

General Profile

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General Finding 1: Organizations fill positions with external candidates more often than internal candidates.
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- 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.
- 44 percent of positions are filled with internal candidates, with an approximate success rate (people who stay in the positions and are successful) of 86 percent.
- 57 percent of positions are filled with external candidates, with an approximate success rate of 78 percent.

.....
General Finding 2: Organizations plan to increase the money they spend on recruiting and selecting candidates.
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- On average an organization's human resources department specifically allocates 17 percent of its budget to recruitment and 10 percent to selection.
- Over the next two years, 75 percent of the organizations surveyed plan to increase their spending on recruiting; 68 percent plan to increase spending on selection.

.....
General Finding 3: Nearly half of the organizations plan to change their approach to recruitment and selection.
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- Overall, organizations perceive their approaches to recruitment (mean = 6.57) and selection (mean = 6.53) to be only moderately effective. Ratings were made using a 10-point scale (1 = not at all effective; 10 = extremely effective).
- 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

Organizations tailor their recruitment strategies to the specific positions they are seeking to fill. These strategies might differ depending on the level of the position. Survey respondents were asked what strategies they use to recruit for two types of positions: managerial/professional and non-management. Table 1 on the next page provides the percentage of organizations using each strategy.

Table 1. Percentage of organizations using various recruitment strategies.

	Managerial/ Professional %	Non-Management %
Advertisements		
Internet (e.g., bulletin or job boards)	76	51
Local newspapers	71	90
National newspapers	63	18
Trade publications and magazines	56	17
Direct mail	11	9
TV or radio	6	16
Movie screens	1	4
Agencies or Services		
Employment agencies	76	39
Government employment services	19	51
Temporary help agencies	16	77
School/College/Community		
College recruiting	68	47
Job fairs	58	60
Targeted minority recruiting (e.g., NAACP, minority colleges/organizations)	46	36
School-to-work partnerships/internships	37	53
Military recruiting	16	11
Partnerships with community organizations	15	43
Retiree job banks	5	12
Professional Associations		
Professional organizations	62	20
Professional conferences	38	16
Internal Resources		
Internal job postings	81	86
Employee referrals	78	83
Company web site	71	60
Walk-ins, unsolicited resumes	59	73
Toll-free number	21	21

Recruitment Finding 1: The Internet is the most popular advertising medium to recruit for managerial/professional positions.

The Internet allows organizations to reach a large number of candidates easily and efficiently. Although the World Wide Web is becoming the hot new recruiting tool, traditional methods, such as newspaper advertising, are not yet obsolete. Local newspapers are the preferred advertising medium for non-management positions (90 percent), and national newspapers are widely used to recruit managerial/professional candidates (63 percent).

Recruitment Finding 2: Organizations utilize internal resources when recruiting both internal and external candidates.

Overwhelmingly, organizations use internal job postings and employee referrals to recruit candidates for both managerial and non-managerial positions. Many companies also place job postings on their company web site to attract candidates. These are relatively easy, inexpensive ways to identify candidates both inside and outside the company. Internal job-posting programs are also an excellent method of providing promotion opportunities for employees and minimizing employee complaints of unfair treatment and discrimination.

Recruitment Finding 3: Different kinds of agencies are used to recruit for positions at different levels.

Organizations regularly use both temporary and government agencies to recruit non-management candidates. These kinds of agencies typically provide listings of individuals who have general, applicable skills and backgrounds for non-managerial work. When organizations are looking for candidates with specialized skills, abilities, or knowledge to fill managerial/professional jobs, they use employment agencies (76 percent), colleges (68 percent), and professional organizations (62 percent).

Organizational Offerings

Potential job candidates consider many factors when choosing an employer. The quality of an organization's offerings (e.g., salary, benefits package, reputation) affects its ability to attract job candidates. Respondent organizations were asked how a candidate might view the quality of several of their offerings. Table 2 on the next page provides a breakdown of individual offerings and how the organizations rate them—low, moderate, or high quality.

Table 2. Quality of organizational offerings.

Your organization's . . .	Do Not Have %	Low %	Moderate %	High %
Reputation	0	2	29	69
Benefits package	1	3	31	65
Learning opportunities	1	5	40	55
Potential for advancement	0	4	50	47
Corporate culture	0	4	53	43
Geographic location	0	13	45	41
Global presence	17	19	28	37
Innovation	0	15	50	35
Vacation time	0	6	60	34
Technological sophistication	2	8	57	34
Work schedule	1	9	62	28
Salary scale	2	6	69	23
Stock options	37	17	24	22
Work-family balance	1	20	57	22
Workforce diversity	1	24	55	20
Sign-on bonus	34	19	35	13
Child care options	36	41	19	5

Note: Due to rounding, not all percentages total 100 percent.

Recruitment Finding 4: Organizations believe they offer candidates a strong company reputation and high-quality benefits and learning opportunities.

As shown in Table 2, most organizations rate their offerings to be of moderate quality.

Many organizations, however, believe they offer candidates high-quality:

- Company reputation (69 percent).
- Benefits package (65 percent).
- Learning opportunities (55 percent).

The benefits package is an important factor when employees are evaluating the attractiveness of an organization. Benefits include health care options,

retirement plans, vacation, stock options, etc. Organizations must offer a variety of options to attract potential employees and to retain their current talent.

Recruitment Finding 5: Many organizations do not offer candidates stock options or child care options.

Many of the surveyed organizations do not offer:

- Stock options (37 percent).
- Child care options (36 percent).
- Sign-on bonuses (34 percent).

When a potential employee is considering an employment offer, these offerings not only affect that person's decision, but they also have an impact on his or her choice to remain with the company once hired. A recent national survey of employees found that the availability of both stock options and benefits related to child care (e.g., day care for sick children) are significantly related to employee commitment.¹ Thus, organizations might consider the quality of these kinds of benefits when evaluating their recruitment and retention strategies.

Best Recruiting Strategies

The quality of options an organization offers can influence how effective it perceives its recruiting strategies to be. Respondents were asked to rate the effectiveness of their organization's current approach to recruiting using a 10-point scale (1 = not at all effective; 10 = extremely effective). Few organizations rated their recruiting strategy to be ineffective; hence, the differences were examined in the quality of offerings between organizations

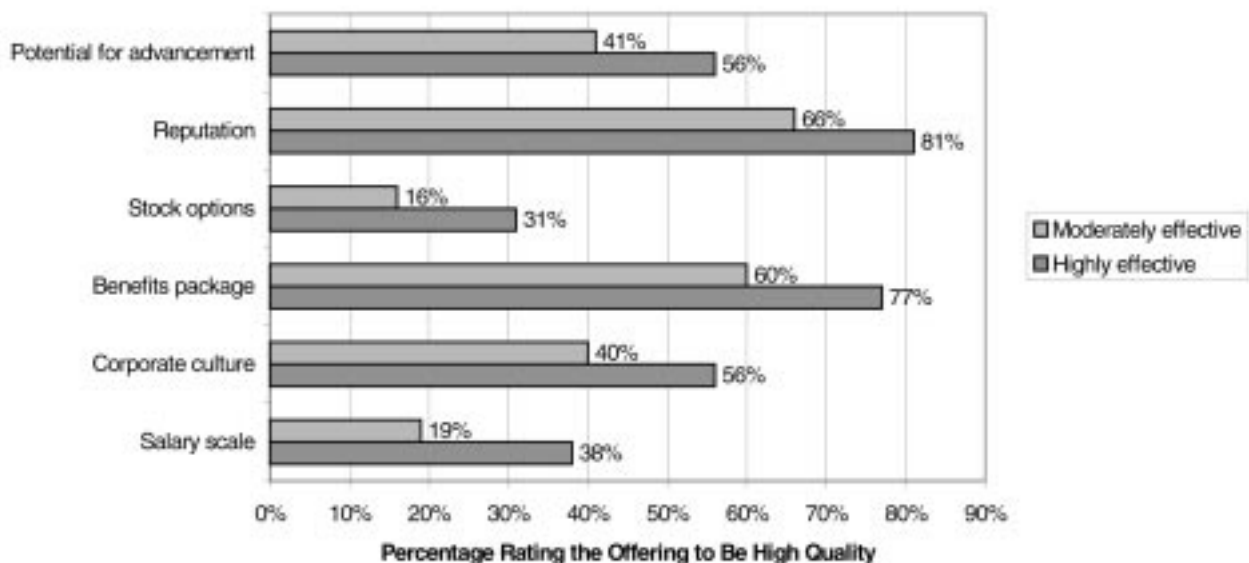
that rated their recruiting strategy to be moderately effective (4 through 7) and highly effective (8 and higher).

.....
Recruitment Finding 6: Effective recruiting strategies incorporate benefits, salary, and corporate culture.

Figure 1 illustrates six offerings that distinguish organizations with highly effective recruiting strategies from those with moderately effective ones. Highly effective recruiting strategies were more likely to offer candidates high-quality options such as:

- Potential for advancement.
- Company reputation.
- Stocks.
- Benefits package.
- Corporate culture.
- Salary scale.

Figure 1. Offerings that distinguish organizations with highly effective recruiting strategies.



¹ Aon Consulting. (1998). *America @ Work: An overview of employee commitment in America*. Chicago: Author.

Organizations with highly effective recruiting strategies reported that these offerings were of high quality 15 to 19 percent more often than those companies with moderately effective strategies.

From this figure it is obvious that salary is not the only important factor for companies to focus on when trying to attract potential job candidates. Less than half the organizations with highly effective recruiting strategies (78 percent) believed their salary scale was of high quality. Other factors, however, were considered to be of high quality. For instance, 81 percent of organizations with highly effective strategies considered their reputation a selling point, and 77 percent believed that their benefits package was of high quality. Although many companies choose not to even offer stock options, 15 percent more organizations with highly effective strategies offered stock options than those with moderately effective strategies.

HR professionals acknowledge that candidates look for many qualities in an organization when pursuing employment. To successfully attract candidates, organizations must provide not only a competitive salary, but also an environment and culture in which candidates will feel comfortable and can flourish.

Impact of Offerings on Employee Outcomes

Respondent organizations also provided data that shows how recruitment offerings relate to employee outcomes, namely employee satisfaction and retention. Initial analysis revealed that organizational offerings fell into four specific clusters:

- Organizational culture (reputation, potential for advancement, corporate culture, geographic location, innovation, workforce diversity).

- Benefits (benefits package, vacation time, work schedule, work-family balance, child care options).
- Learning emphasis (learning opportunities, technological sophistication).
- Financials (global presence, salary scale, stock options, sign-on bonus).

Subsequent analyses explored the relationships between these clusters of offerings and employee outcomes.

.....
Recruitment Finding 7: Organizations offering a positive culture and learning environment have more satisfied employees and are more successful at retaining them.
.....

Money and benefits might help attract candidates to an organization; however, these offerings appear not to be the main drivers for employee retention. Rather, the clusters of organizational culture and learning emphasis were significantly related ($p < .05$ level) to employee satisfaction and retention. Organizations that offer their workforce a diverse, innovative environment that promotes growth and advancement are more likely to have satisfied long-term employees.

This finding reflects the importance of person-organization fit, which is the congruence of the values of the employee and the organization. A person is more likely to find a job attractive if his or her values and goals are perceived to be a good fit with how the organization conducts business.² Alignment of individual and organizational goals also enhances employee satisfaction and commitment to the organization, and thus, employee retention.³

² Cable, D.M., & Judge, T.A. (1996, September). Person-organization fit, job choice decisions, and organizational entry. *Organizational Behavior and Human Decision Processes*, 67(3), 294–311.

³ Ryan, A.M., & Schmit, M.J. (1993, April). *Assessing organizational fit in employee selection*. Paper presented at the 8th Annual Conference of the Society for Industrial & Organizational Psychology, San Francisco, CA.

Selection

Current Selection Practices

Organizations use a variety of practices to select potential employees. The survey asked respondents

to estimate how often they use several practices to evaluate candidates in their selection process. Table 3 indicates the percentage of those organizations currently using each practice.

Table 3. Selection practices currently used by organizations.

Selection Practices	Use Extensively %	Use Sometimes %	Do Not Use %
General			
Applications—forms requesting standard, verifiable information (e.g., education or work experience)	89	8	3
Resume screening—manual	80	16	4
Reference checks	75	24	1
Drug tests	56	9	35
Biographical data—forms requesting information about family, hobbies, attitudes, etc.	18	15	67
Training and experience evaluations—providing a checklist of specific skills and/or experiences	15	42	43
Resume screening—computerized	9	14	76
Testing and Assessment			
Motivational fit inventories—candidate preferences for the job, the organization, and location qualities	18	30	52
Ability tests—mental, clerical, mechanical, physical, or technical	17	63	20
Knowledge tests—tests that measure job-specific knowledge	8	61	30
Personality inventories—MMPI [®] , Hogan, Myers-Briggs [®]	7	28	65
Performance/Work sample tests—for example, writing a computer program under structured testing conditions	6	60	34
Assessments—role plays and simulations	4	45	51
Integrity tests	1	7	92
Interviews			
Behavior-based interviews—asking candidates to describe specific examples of their skills	59	38	3
Situational interviews—asking candidates to respond to hypothetical situations	28	55	17
Computer-assisted interviews—a computer screens candidates based on their responses	1	10	89

Note: Due to rounding, not all percentages total 100 percent.

.....
Selection Finding 1: Nearly all organizations use resumes and applications as part of their selection process.
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Organizations typically require job candidates to complete some sort of standard application that requests personal information such as their education and work history. Most organizations also screen candidates' resumes manually (80 percent use extensively) rather than using computerized screening methods (9 percent use extensively). However, this trend might change with the advent of new technology and software packages that will make screening resumes through a computer easier, more efficient, and cost effective.

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Selection Finding 2: Behavior-based interviews are widely used in selection systems.
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Of the surveyed organizations 97 percent use behavior-based interviews when selecting employees.

Almost all the organizations surveyed use behavior-based interviews to some extent as part of their selection process. In these structured interviews candidates are asked to describe specific behavioral examples of their skills. A variety of research studies have compared the validity of different interviewing techniques. Behavior- or experience-based interviews are found to predict subsequent job performance better than other interviewing techniques, such as situational interviews.⁴ As a result, more organizations are opting to perform behavior-based interviews as part of their selection process to increase the likelihood that they will hire candidates who will be successful in the positions.

.....
Selection Finding 3: Applicant testing and assessment are not widely used in typical selection systems.
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Less than 20 percent of organizations use testing or assessment methods extensively in their selection process.

Respondent organizations indicated that various types of testing are rarely used in their selection process.

- Ability, knowledge, and performance/work sample tests are sometimes used to select employees.
- Role plays or simulations are used by less than half (49 percent) of the organizations.
- Integrity tests and personality inventories are used infrequently or not at all.

The selection practices an organization uses are dependent upon the open positions under consideration. Selecting candidates for various positions typically requires different practices or methods. Using tests to measure mechanical, clerical, or other types of abilities is more appropriate for certain jobs (e.g., plumber, administrative assistant) than for others (e.g., manager). Assessments are typically used for evaluating critical competencies required for upper-level positions and might not be appropriate for lower-level jobs.⁵

Thus, organizations that use testing as part of their selection process must be sure that the tests are appropriate for the positions under consideration as well as valid measures of the knowledge, skills, and abilities for which they are intended.

⁴ Pulakos, E.D., & Schmitt, N. (1995). Experience-based and situational interview questions: Studies of validity. *Personnel Psychology, 48*, 289–308.

⁵ Byham, W.C. (1991). *The assessment center method and methodology: New applications and technologies* (Monograph VII). Pittsburgh, PA: Development Dimensions International.

Best Selection Systems

Respondent organizations were asked to rate the effectiveness of their selection strategy using a 10-point scale (1 = not at all effective; 10 = extremely effective). Most organizations believe their selection strategy is somewhat effective. Therefore, the survey looked at which practices are used most often in organizations with moderately effective (4 through 7) and highly effective (8 or higher) selection systems.

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Selection Finding 4: Five characteristics distinguish highly effective from moderately effective selection systems.
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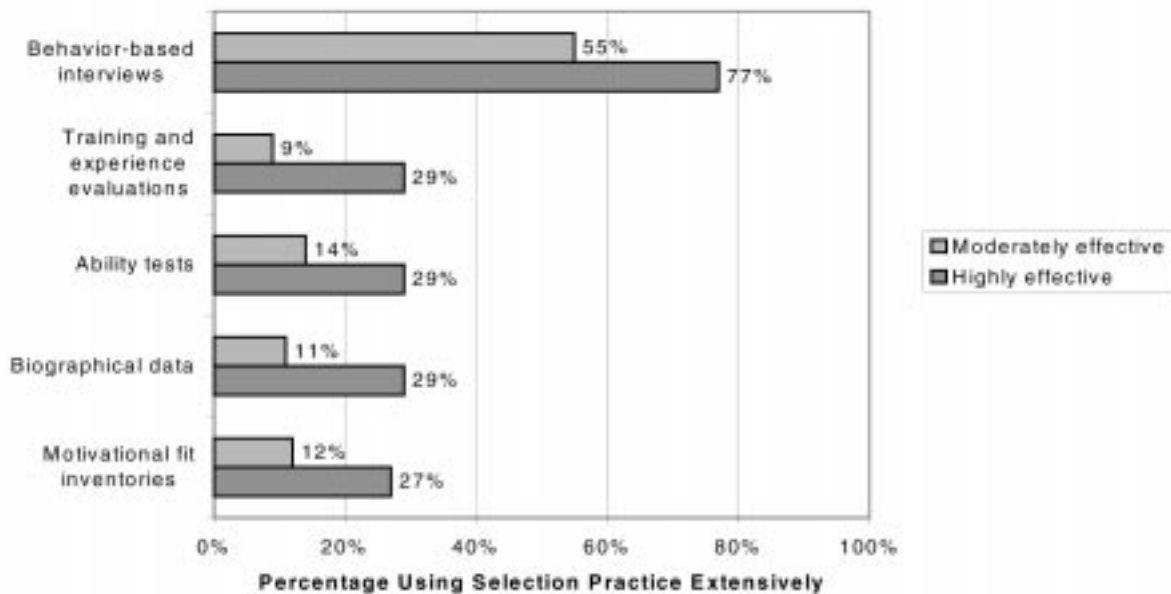
Figure 2 illustrates the five characteristics that organizations with highly effective selection systems use more extensively than organizations with moderately effective systems.

Highly effective selection systems are more likely to use:

- Behavior-based interviews.
- Training and experience evaluations.
- Ability tests.
- Biographical data.
- Motivational fit inventories.

Organizations with highly effective selection systems report making extensive use of these practices between 15 and 22 percent more than organizations with moderately effective systems.

Figure 2. Selection practices that distinguish highly effective selection strategies.



Practice 1: Behavior-based interviews

Nearly 80 percent of organizations with highly effective selection systems reported using behavior-based interviews extensively, compared to only 55 percent of those with moderately effective systems. These interviews contribute to the effectiveness of a selection process by:

- Focusing on job-related behaviors.
- Obtaining accurate behavioral data.
- Using candidates' past behaviors to predict future behavior.

Practice 2: Training and experience evaluations

Training and experience (T&E) evaluations attempt to assess job-relevant abilities, skills, and motivations. They work on the premise that individuals who have successfully performed job-relevant tasks requiring certain skills and abilities in the past will be successful in performing similar tasks in the future. T&E evaluations can be used as a screening device for positions where experience and specific training are necessary for job performance. Organizations can use a well-developed T&E evaluation to set minimum qualifications for essential job tasks and skills that are necessary for quality job performance.

Practice 3: Ability tests

Ability tests (e.g., mechanical, mental, clerical) are useful in predicting job performance across a wide variety of jobs. Well-developed ability tests can be a reliable, valid, and efficient means of measuring applicants' capabilities. When used appropriately, ability tests are robust tools that can add to the prediction accuracy of a selection system.

Practice 4: Biographical data

Biographical data is a powerful predictor of future job success,⁶ but our data shows that it is not widely used by organizations. When compiling data, an organization gathers information about an applicant's past behaviors, attitudes, and values as they relate to the job under consideration. The information can provide a nearly complete picture of a candidate's life experience and can directly relate to the person's future job performance. However, many organizations do not use this tool because they lack the knowledge or resources to develop biodata forms or because they are concerned about EEOC compliance or the validity of such measures.

Practice 5: Motivational fit inventories

During the selection process many organizations focus on assessing only the skills necessary to perform the job. However, skill is only one factor related to job performance. A candidate could possess all the skills necessary for a job, yet be unmotivated by the factors associated with it or by the company's values or operations. Job motivation and organizational fit must also be taken into consideration.⁷ Assessing these motivations can help identify candidates who not only have the "can do" aspect of the job, but also have the "will do."

Future Selection Practices

Respondent organizations were asked if they expect to use the various selection practices less, about the same, or more over the next three years. Table 4 on the next page indicates the top practices that organizations expect to use more extensively in the near future.

⁶ Hunter, J.E., & Hunter, R.F. (1984). Validity and utility of alternative predictors of job performance. *Psychological Bulletin*, 96, 72–98.

⁷ Byham, W.C. (1989). *Targeted selection: A behavioral approach to improved hiring decisions* (Monograph XIV). Pittsburgh, PA: Development Dimensions International.

Table 4. Percentage of organizations expecting to use the selection practices more in the next three years.

Selection Practices	Organizations that will use practices more %
Behavior-based interviews—asking candidates to describe specific examples of their skills	49
Resume screening—computerized	48
Knowledge tests—tests that measure job-specific knowledge	40
Performance/Work sample tests—for example, writing a computer program under structured testing conditions	40
Motivational fit inventories—candidate preferences for the job, the organization, and location qualities	36
Ability tests—mental, clerical, mechanical, physical, or technical	36
Personality inventories—MMPI®, Hogan, Myers-Briggs®	36
Assessments—role plays and simulations	33
Training and experience evaluations—providing a checklist of specific skills and/or experiences	31

.....
Selection Finding 5: Use of behavior-based interviews will increase substantially.

Nearly 50 percent of the surveyed organizations plan to use behavior-based interviews more frequently in the future.

Although most of the surveyed organizations currently use behavior-based interviews to some extent, nearly half plan to use them more frequently in the next three years. This type of structured interview can be applied to most positions and used to validly predict future behavior in dimensions (or competencies) critical to success on the job. In addition, behavior-based interviews can have a positive effect on candidates' attitudes toward an organization; candidates are more attracted to a company when they are asked more job-related interview questions.⁸ Thus, this interviewing technique not only predicts future performance, but also is well received by applicants.

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Selection Finding 6: Computerized resume screening will become more popular.

Nearly half of the organizations predict that they will increase their use of computerized resume screening.

New technology allows organizations to screen literally thousands of resumes in a fraction of the time it takes to screen them manually. Organizations can now receive, store, and review candidates' resumes via the computer. Human resources departments are able to maintain large resume databases and identify qualified candidates for specified positions with minimal time and effort.

.....
Selection Finding 7: Applicant testing and assessment will increase in the future.

Many organizations expect to increase their use of various testing and assessment tools in their selection systems. These structured approaches can assess many skills, abilities, knowledge, and traits and be used to screen or select applicants for positions.

⁸ Dipboye, R.L. (1992). *Selection interviews: Process perspectives*. [As cited in R.D. Gatewood & H.S. Feild, *Human Resource Selection* (3rd ed.). Orlando, FL: Dryden Press.]

- Using standardized measures of skills, abilities, or knowledge can significantly reduce the candidate pool by eliminating those who fail to meet the minimum qualifications for the job.
- Work sample tests and assessments are designed to provide candidates with activities that are representative of job tasks. Candidates generally accept the validity of these tools and perceive them as appropriate for the selection process. Work sample tests and assessments provide candidates with a realistic preview of the job and can help them determine if the position is right for them.
- The use of personality data in selection can add to the prediction of job performance.⁹ When using personality traits in selection, however, it is critical that the traits be linked to job performance with a thorough job analysis.

Selection Practices and Outcomes

Selection practices can also be linked to organizational success. Survey participants were asked to estimate whether their organization during the past year improved, worsened, or remained the same regarding six key organizational outcomes:

- Financial performance.
- Quality of products and services.
- Productivity.
- Customer satisfaction.
- Employee satisfaction.
- Retention of quality employees.

Organizational success was defined in terms of both business and employee-related outcomes.

- A Business Outcome Index combined ratings of:
 - Financial performance.
 - Productivity.
 - Quality of products and services.
 - Customer satisfaction.
- An Employee Outcome Index combined ratings of:
 - Employee satisfaction.
 - Retention of quality employees.

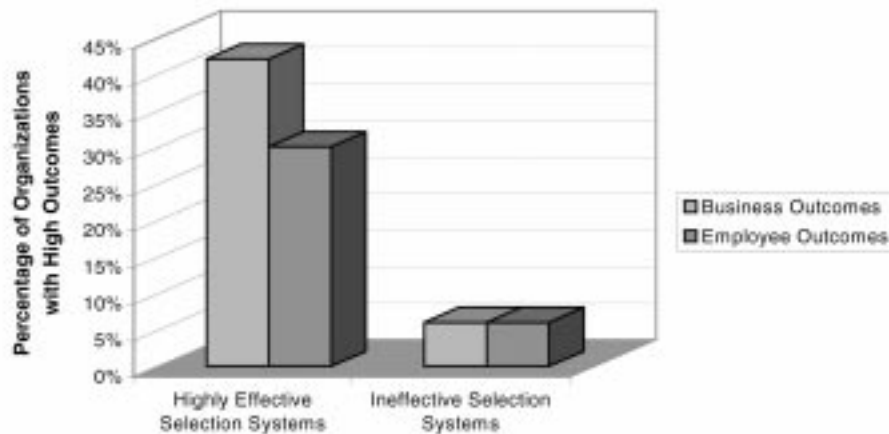
Based on these two indices, organizations were categorized according to whether they had low, moderate, or high business or employee outcomes.

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Selection Finding 8: Effective selection systems linked to both higher business and employee outcomes.

Survey results indicate that more organizations with highly effective selection systems experienced higher business and employee outcomes than those with ineffective selection systems (see Figure 3 on the next page).

⁹ Hogan, R.T. (1991). Personality and personality measurement. In M.D. Dunnette & L.M. Hough (Eds.), *Handbook of Industrial and Organizational Psychology, Vol. 2* (2nd ed.) 873–919. Palo Alto, CA: Consulting Psychologists Press.

Figure 3. Link between effectiveness of selection systems and organizational outcomes.



Organizations with effective selection systems appear better able to identify and hire employees with the right skills and motivations to succeed in available positions as well as in the organization. When employees are successful in their jobs, the organization benefits through increased employee productivity and higher-quality products and services. In addition, when the “right” employees are hired initially, they are more likely to be satisfied and remain with the company. Thus, by using a good selection system to hire qualified employees, organizations can reduce turnover, increase employee retention, and ultimately increase critical business outcomes.

Outsourcing Recruitment and Selection Activities

Some organizations choose to use outsourcing (i.e., hiring outside consultants/vendors) for some of their recruitment and selection activities. Table 5 on the next page presents the percentage of companies currently using outsourcing for various recruiting and selection activities (either they do not conduct this activity or do to a small, moderate, or large degree) and the amount that they expect to use outsourcing in the next three years.

Table 5. Degree of current and future outsourcing of recruitment and selection activities.

Current Outsourcing					Future Outsourcing			
Not at All %	Small Degree %	Moderate Degree %	Large Degree %		Not at All %	Use Less %	Same Amount %	Use More %
Recruitment								
11	27	24	38	Recruiting executives	8	9	78	6
17	32	36	15	Recruiting technical talent	9	13	60	18
10	37	44	9	Recruiting managerial talent	8	12	68	12
34	48	14	4	Other recruiting (non-managerial)	19	11	60	10
Selection								
37	9	12	42	Drug screening	22	7	60	12
24	20	20	36	Background/Reference checks	12	9	58	21
44	23	10	23	Face-to-face interviews	23	11	58	9
46	31	13	11	Pre-employment testing	22	9	49	20
54	30	8	8	Initial screening (e.g., resumes, applications)	28	11	46	15
63	25	9	3	Behavioral assessment (e.g., assessment centers)	29	9	42	20
52	32	16	1	Telephone assessment (e.g., interviews and simulations)	29	8	45	19

Note: Due to rounding, not all percentages total 100 percent.

Outsourcing Finding 1: Many organizations rely on outside vendors to recruit executive talent.

Currently, nearly two-thirds (62 percent) of the organizations surveyed use outsourcing to recruit executives to a moderate or large degree. There are many outsourcing agencies and head-hunting firms that specialize in recruiting upper-level management prospects. These companies generally have large networks and many resources to identify qualified candidates. Many organizations rely on the expertise of these specialized firms to locate viable talent for their high-level positions.

Outsourcing Finding 2: Organizations often use outsourcing for the final stages of the selection process.

Many organizations that employ background/reference checks and drug screening as part of their selection process use outsourcing for these activities. Typically, organizations do not have the resources or capability to conduct drug screening, so they must partner with a medical lab to perform this activity. Another outsourcing example is conducting background and reference checks, which can be very expensive and time consuming. By contracting with companies specializing in these activities, organizations can expedite the process.

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Outsourcing Finding 3: Organizations expect to use outsourcing resources more for testing and assessment activities in the near future.

Approximately 20 percent of the respondent organizations indicated that they expect to use outsourcing for the following activities more in the next three years:

- Pre-employment testing
- Telephone assessment (e.g., interviews and simulations)
- Behavioral assessment (e.g., assessment centers)

Some organizations might not have the resources or expertise in-house to develop and maintain assessment activities. For such organizations, outsourcing could be beneficial. Many consulting firms specialize in testing and behavioral assessments. These companies have the technology and expertise to develop and perform assessments that comply with legal guidelines.

Barriers to Effective Recruitment and Selection

Respondents were asked to choose three factors that present the largest barriers to effectively recruiting and selecting candidates for employment (see Table 6 below).

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Barriers Finding: Finding and competing for qualified applicants are the main barriers to effective recruitment and selection practices.

It appears that there are fewer qualified candidates available for organizations to choose from when trying to fill vacant positions. The record low unemployment rate in the U.S. has obviously affected the pool of potential applicants. First, fewer applicants are in the job market, and those who are possibly lack the skills that organizations are looking for in prospective employees. Thus, organizations are increasingly finding it difficult to identify and eventually hire potential qualified candidates.

Table 6. Top five barriers to effective recruitment and selection of candidates.

Barriers	Response %
Fewer qualified applicants available.	62
Other organizations competing for the same applicants.	62
Difficulty in finding and identifying applicants.	48
Selection process is slow or cumbersome.	25
Job roles are increasing in scope.	21

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.

[Center for Applied Behavioral Research](#)

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appendix

Respondent Profile

Table 1: Regions

Region/Country	Percent
Asia & Pacific Rim	8
Canada	10
Europe	4
Latin & South America	3
Middle East	1
United States	74
Central	(46)
Northeast	(11)
South	(28)
West	(15)

Table 2: Contact's Position

Position	Percent
Human resource director or manager	56
Human resource vice president	21
Other	23

Table 3: Industry

Industry Type	Percent
Manufacturing	41
Services	20
Transportation/Communication/Utilities	13
Finance/Insurance/Real Estate	12
Wholesale/Retail Trade	8
Agriculture/Forestry/Fishing	3
Mining and Construction	2
Government	2

Table 4: Industry Revenue

1998 Revenue	Percent
More than \$10 billion	7
\$5 billion to \$10 billion	10
\$1 billion to \$5 billion	28
\$500 million to \$1 billion	16
\$100 million to \$500 million	21
Between \$1 million and \$100 million	18

Table 5: Type of Employees

	Mean	Median	Minimum	Maximum
Non-exempt	60	70	0	100
Exempt	40	30	0	100

Table 6: Number of Employees

	Mean	Median	Minimum	Maximum
Number of employees at respondent's location	2,694	550	2	200,000
Number of employees at all locations	15,505	4,900	60	325,000

Note: Due to rounding, not all percentages total 100 percent.

Respondent Organizations

Acceptance Insurance Companies Inc.
Ace Cash Express
Advocate Health Care
Air Liquide America Corporation
Akron General Medical Center
Alaska Airlines
Alfa Corporativo, S.A. de C.V.
Alliant Foodservice, Inc.
American Pharmaceutical Partners
Amgen, Inc.
Anderson Area Medical Center
Anglian Water plc
Anheuser-Busch Companies
Apotex Inc.
Applied Industrial Technologies
Aramark Canada Ltd.
Avis Rent A Car
Ayala Corporation
Bali Company
Ball Corporation
Baptist Health Systems of South Florida
BC Telecom
Beiersdorf AG
Bethphage Great Britain
Biogen, Inc.
BJC Health System
Blue Cross Blue Shield of North Dakota
Bristol-Myers Squibb (Philippines), Inc.
Brunner Mond (U.K.) Ltd.
Cadmus Communications Corporation
Cami Automotive Inc.
Canon U.S.A., Inc.
Carvajal S.A.
Centrepont Properties Ltd.
Cessna Aircraft Company
CF Industries, Inc.
Chiquita Brands International
Christus Santa Rosa Health Care
Cia. Minera Barrick Chile
CIBA Vision Corporation
Cleveland-Cliffs Inc
COBE BCT, Inc.
Colgate-Palmolive Company
Conrad International Centennial Singapore
Dahlberg, Inc.
Daymon Associates, Inc.
Deere & Company
Digital Audio Disc Corporation
Dr. Pepper/Seven Up, Inc.
Documentum, Inc.
Dun & Bradstreet
Dun & Bradstreet Canada
Dynamic Resource Group
Dynamics Research Corporation
East Kentucky Power Cooperative, Inc.
Eastman Chemical Company
Edify Corporation
Elmhurst Memorial Health System
Enbridge Consumers Gas Company Limited
Enmax
Equate
The Faneuil Group
Federal Reserve Bank of Kansas City
First Data Corporation
First Health Group Corporation
Fluor Daniel Inc.
Fluor Daniel—Philippines
FMC Corporation
Forest City Technologies, Inc.
Fort James Corporation
Franco, Inc.
GATX Corporation
GATX Logistics, Inc.
General Accident Group (Canada) Ltd.
General Motors North American Operations
Georgia Baptist Health Care System
Georgia-Pacific Crossett Paper Operations
Grupo Gamesa S.A. de C.V. Pepsico
Gulf States Paper Corporation
Henkel Corporation—Chemicals Group
Hexcel Corporation
Holnam, Inc.
Hotel Dieu Hospital
Hotel Inter-Continental Toronto
Hunter Douglas Window Fashions Division
Ingham Intermediate School District
In-Sink-Erator, Division of Emerson Electronic
International Trade Administration, USDOC
Ivaco Rolling Mills
Jollibee Foods Corporation
Journal Communications
KoSA
KoSA (Arteva Specialties)
Lesco, Inc.
Lilly Industries, Inc.
Marshall & Ilsley Corporation
Maverick Transportation, Inc.
Mead Corporation
Methanex Corporation
Metropolitan Pier and Exposition Authority

Mirage Resorts, Inc.
Molson Breweries
Nabisco
National Police Training
Navistar Financial Corporation
Nestle U.S.A., Inc.
Nordson Corporation
Novartis Corporation
Occidental Chemical Corporation
Ochsner Foundation Hospital
Oracle Systems (Philippines), Inc.
Orlando Utilities Commission
Pacific Gas and Electric Company
Panda Management Company, Inc.
Payless Shoe Source, Inc.
Pennsylvania Power and Light Company
Pilkington Libbey-Owens-Ford Company
Pizza Hut, Inc.
Porsche Cars North America, Inc.
PPG Industries, Inc.
Premera Blue Cross of Washington & Alaska
Quest Diagnostics
The Reader's Digest Association (Canada) Ltd.
Res-Care, Inc.
Richfield Hospitality Services, Inc.
Royal Bank of Scotland plc
Rubbermaid, Inc.
St. John Health System
The St. Paul Companies, Inc.
San Francisco Chronicle
Sanoti Pty Ltd
Save Mart Supermarkets

SEH America
SGL Carbon Group
SGS Philippines, Inc.
Shangri-La Hotels and Resorts
Slater Steels Corporation
Sonoco Asia
Sony Magnetic Products Inc. of America
SouthTrust Bank of Northeast Florida, N.A.
Standard Commercial Corporation
The Standard Products Company
Star Tribune
Steelcase Canada Ltd.
SWIFT (Society for Worldwide Interbank Financial
Telecommunications)
3Com South Asia Pte Ltd.
Titan Corporation
TJ International, Inc.
Transamerica Corporation
Union Carbide Corporation
Unisys (U.K.) Ltd.
United Parcel Service
Universal Care
U.S. Airways, Inc.
Van Kampen Investor Services Inc.
Vicorp Restaurants, Inc.
Virginia Department of Transportation
Warner-Lambert (Philippines), Inc.
Whirlpool Corporation
Wilsonart International, Inc.
Wilson-Cornerstone
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