

THE RELATIONSHIP BETWEEN RECRUITING SOURCE AND EMPLOYEE SUCCESS: AN ANALYSIS BY RACE

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Using a racially mixed sample ($N = 1400$) of store clerks, the relationship between recruiting source and employee success was examined. The results suggest that for Whites, informal recruiting sources (e.g., employee referrals, in-store notices) were associated with longer tenure, generally confirming earlier research. For Blacks, more formal sources (e.g., employment agencies, media announcements) were associated with longer tenure. These results are discussed in terms of their implications for practice.

RECENT investigations suggest that the sources from which individuals are recruited into an organization can affect subsequent tenure with the organization (Decker and Cornelius, 1979; Gannon, 1971; Reid, 1972). In general, applicants recruited through informal sources (e.g., employee referrals, walk-ins) tend to remain with the organization longer than applicants recruited through more formal sources (e.g., newspaper advertisements, employment agencies). Breaugh (1981) further demonstrated that recruiting source is related to job performance, absenteeism, and job attitudes.

Two arguments have been offered to explain the impact of recruiting on subsequent behaviors. Wanous (1980) argued that informal recruiting sources provide the applicant with more realistic information about the job which leads to more realistic job expectations and therefore less early turnover. Decker and Cornelius (1979) suggest that more formal recruiting sources may lead to higher levels of early turnover because they provide the applicant with increased perceptions of labor market mobility.

Review of earlier studies suggests at least two important areas for further research. First, with the exception of the Breaugh (1981) study, the primary focus of previous research has been on job tenure. Further research is necessary to link recruiting source to overall employee success, which is only partially defined by adequate tenure. Second, previous research on recruiting source has not differentiated recruits by race. If the impact of recruiting source varies by race, potential equal employment questions may be raised. For example, while recruits drawn from employee referrals may have longer tenure, exclusive use of informal systems may serve to perpetuate racial imbalance in the workplace (Arvey, 1979).

The purpose of this study is to build on previous research (e.g., Breaugh, 1981; Decker and Cornelius, 1979; Gannon, 1971) by examining the impact of recruiting source on overall employee success rather than tenure alone while providing separate analyses by race.

Method

Data for this study were gathered from a national retailing chain. The sample was composed of 1400 store clerks hired during 1979. The job of store clerk is relatively low paying and has an annualized turnover rate well in excess of 100%. At the time of the study (mid 1981) none of the sample were still employed by the company.

The 1400 hires were drawn from an original applicant pool of 10,263. Approximately 41% of the applicants and 42% of the hires were non-white. The hires included 370 Blacks, 76 Asians, 20 Native Americans, and 102 Spanish-surnamed individuals.

Information about recruiting source was retrieved from individual application blanks. Four categories of recruiting source were defined: employee referral ($n = 258$); response to an in-store notice ($n = 645$); referral from an employment service ($n = 43$); and response to a media announcement-primarily newspaper advertising ($n = 454$).

Employee success was obtained from company files. At the time of each employee's leaving, his or her supervisor evaluated that person for potential re-employment. Employees were classified as *unsatisfactory* if they were discharged for cause (usually theft, excessive absenteeism or tardiness) or if their supervisor evaluated their performance as so low as to not justify rehiring. Employees were classified as *satisfactory* if they terminated voluntarily and were evaluated as eligible for rehire.

Satisfactory employees were further classified as either long

tenure or short tenure employees. This dichotomization was based on a tenure of 30 days, which was defined by the company as the "break even" point to recoup direct and indirect training costs.

Of the 1,400 original hires, 567 (40%) were classified as satisfactory. Of that group, 282 (50%) were classified as long tenure employees.

An analysis by race indicated that 43% of White employees were classified as successful as compared to 34% of Black and 45% of Asian, Spanish-surnamed and Native-American employees. Thus a significantly smaller proportion of Black employees were classified as successful than either White employees ($Z = 2.90, p < .01$) or Asian, Native American and Spanish surnamed employees ($Z = 2.33, p < .01$).

Results

Before examining the interaction between race and recruiting source on employee success, an analysis was conducted to identify any relationship between recruiting source and employee success. Table 1 shows these results for the 1400 hires. As shown, a relationship between recruiting source and job success was observed, however it was not supportive of previous findings. In this case, the more formal recruiting source of media announcement was relatively more effective than the informal source of employee referral. The magnitude of this relationship, however, as measured by the contingency coefficient was relatively small (.08).

The relationship between the recruiting source and race of successful employees is shown in Table 2. For successful employees race and referral source showed a significant relationship (contingency coefficient = .17). In-store notices were relatively more effective in recruiting satisfactory Whites as opposed to Non-whites. Similarly, media announcements were relatively better in recruiting satisfactory Black employees and employee referral more efficient

TABLE 1
Job Success of Employees Recruited Through Different Sources

| Group | n | Source of Referral | | | | Chi Square |
|----------------|-----|--------------------|-----------------|-------------------|--------------------|------------|
| | | Employee Referral | In-store Notice | Employment Agency | Media Announcement | |
| Unsatisfactory | 833 | 20% | 46% | 4% | 30% | 8.66* |
| Satisfactory | 567 | 15% | 46% | 3% | 36% | |

* $p < .05$.

TABLE 2
Recruiting Source of Satisfactory Employees by Race

| Race | n | Source of Referral | | | | Chi Square |
|-------|-----|-------------------------|------------------------|--------------------------|---------------------------|------------|
| | | Employee Referral 87 | In-Store Notice 259 | Employment Service 15 | Media Announcement 201 | |
| White | 357 | 14% | 51% | 2% | 33% | 17.1** |
| Black | 121 | 12% | 41% | 4% | 43% | |
| Other | 89 | 26% | 36% | 3% | 35% | |

** $p < .01$.

in recruiting other Non-whites relative to other racial groups. Table 3 shows separate analyses by race of the relationship between recruiting source and employee job success (i.e., unsatisfactory, satisfactory-short term, or satisfactory-long term). For both Whites and Blacks, a relationship between recruiting source and employee success was observed. Regarding the White group, a number of factors are worth noting. First, while employee referral was relatively less effective in recruiting satisfactory employees, a disproportionate number of those were long term. Similarly, while media announcements were relatively effective in recruiting satisfactory

TABLE 3
Employee Job Success by Recruiting Source for Each Racial Group

| Group | n | Source of Referral | | | | Chi Square |
|----------------|-----|--------------------|-----------------|-------------------|--------------------|------------|
| | | Employee Referral | In-Store Notice | Employment Agency | Media Announcement | |
| White | | | | | | 14.11* |
| Unsatisfactory | 475 | 68% | 54% | 60% | 56% | |
| Satisfactory | | | | | | |
| Short term | 182 | 12% | 22% | 20% | 27% | |
| Long term | 175 | 20% | 24% | 20% | 17% | 16.85** |
| Black | | | | | | |
| Unsatisfactory | 249 | 78% | 70% | 74% | 57% | |
| Satisfactory | | | | | | |
| Short term | 64 | 11% | 15% | 0% | 27% | 6.15 |
| Long term | 57 | 11% | 15% | 26% | 16% | |
| Other | | | | | | |
| Unsatisfactory | 109 | 47% | 60% | 70% | 50% | |
| Satisfactory | | | | | | 6.15 |
| Short term | 49 | 25% | 20% | 20% | 32% | |
| Long term | 40 | 28% | 20% | 10% | 18% | |

* $p < .05$.

** $p < .01$.

employees, more of these employees were short tenure. For the Black group, a similar pattern exists. A higher percentage of successful employees were recruited through media announcement. However, a substantially larger percentage of these were short term employees. Further, while employment agencies were relatively ineffective in recruiting successful employees, all successful Black employees recruited this way were long-term. For Whites, the contingency coefficient between recruiting source and employee classification was .13; for Blacks, it was .21.

Discussion

In interpreting these results, particularly relative to previous studies, certain factors must be kept in mind. First, earlier studies have looked at jobs (e.g., bank tellers, insurance agents, trade workers, research scientists) which are likely to be viewed as long term and relatively stable. In contrast, the employees in this study were hired into a job that the company (and presumably the new hires) viewed as casual employment. Second, previous studies have not treated race as a variable. This sample, with its diverse racial make-up was therefore amenable to analysis by race.

Previous research has suggested that more informal recruiting sources are superior to newspaper advertisements in recruiting long term or more successful employees. The results of this study did not support this. In this case, formal advertisement was superior to employee referral in recruiting successful employees. One interpretation of the superiority of informal recruiting sources is that they provide superior information about the job (e.g., Breaugh, 1981; Wanous, 1980) which better allows the individual to match expectations to what the job provides. Similar reasoning may hold true in the present situation. In this case, the more accurate information provided by current employees, who themselves were likely to be short-term and view the job as casual, shaped expectations and behaviors leading to unsatisfactory performance or short tenure.

When analyzed by race, a more complicated pattern emerges particularly when a three group classification of employees is used. For example, when looking at satisfactory White employees, this research confirms many earlier reports (e.g., Gannon, 1971). Employee referral was a better source of longer tenure employees than media announcement. This, however, did not hold true for Black employees. Employment agencies were the best source of long term Black employees. This may be the result of more careful prescreening of Blacks by agencies or more efficient self selection among

Blacks using agencies. While these results may be unique to this organization or job, they have implications for design of equal employment programs. If the effectiveness of recruiting sources vary by race, a strategy of using a particular mix of recruiting sources could increase the likelihood of developing a racially balanced workforce of successful, long term employees. Further, if Wanous' (1980) explanation of the impact of recruiting source holds true, applying differing orientation programs to new hires recruited from various sources may provide an opportunity to maximize the impact of orientation by using it to shape expectations developed, perhaps inadequately or inaccurately, through recruiting.

In summary, the results of this study suggest that recruiting source can have an impact on subsequent job performance and tenure. These results suggest that this impact may not be the same across racial groups or, when compared to previous research, across jobs. These results do, however, suggest that careful use of recruiting sources can potentially lead to increased employee success and improved realization of equal employment goals.

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