Enhancing recruitment effectiveness in IT industry

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Abstract. The Major Decision making challenge for any HR Manager starts with Recruitment. Recruiting Metrics directly impact the Return on Investment in any Business. The traditional ways of measuring HR metrics has taken a seismic shift. Previously the focus of recruiting managers was only on efficiency, but now effectiveness has gained a lot of relevance. This study on organizational recruitment is an attempt to understand the choice of recruitment source and its impact on the cost per hire, quality of hire and time to hire aspects. The measures for this assessment include both pre-hire and post hire recruitment outcomes that further elucidates how the recruitment source and the recruitment variables contribute to candidates’ success as well as organization success.

1. Introduction

There is a lot of emphasis on effective sources of recruitment in the staffing world. The current context presents various sources of recruitment to choose from for laterals and new entrants. Literature showcases studies on Recruitment effectiveness but there is paucity of research with respect to industry wise comparison and level wise comparison. It is seen as to how HR managers perceive recruitment effectiveness with respect to various sources of recruitment [1]. The avenues of recruitment they prefer for entry and lateral level jobs and their perceptions on cost, quality and time aspects with respect to entry and lateral level jobs. Entry level jobs in this context are the technical jobs and the lateral level jobs are the managerial level jobs.

The paper draws reference from the work done by renowned HR organizations like SHRM (Society of Human Resource Management) and American National Standards for Human Resource Management. The various heads under which the metrics are classified are: Recruitment cost (sourcing cost, pre-screening cost, Background check expenses etc) Quality of Hire and time to hire. Quality of hire theoretically aims at ensuring whether it is a right hire or not. The methods to ensure the quality of a hire were very subjective earlier but now due to the growing popularity for Analytics, people started quantifying it.[2][3][4]The Quality of hire is ensured both in performance attributes –pre hire and post hire and as well as on the credibility of the information provided by the candidates, others being experience in the previous organization, most importantly managerial satisfaction and applicant satisfaction throughout the process of Recruitment.[10] The time to hire is an efficiency metric which focuses on reaching a large talent pool in a short span of time, ensuring a period to check new hires performance. With the growing emphasis on quality rather than volumes, HR managers have changed their perspectives towards the definition of time to hire as well.[5][6]
Another source of recruitment which has steered the focus of HR Managers to reach a large and diverse pool of candidates is Social media. The recent shift of candidates’ presence in digital platforms, employers also started finding ways to reach to this diverse talent pool via social media. There are tendencies to prefer social media over others due to its inexpensiveness and impact but there are also apprehensions towards using it due to some misconceptions about security.

2. Background for the study
This study on recruitment draws majorly from the recruitment framework designed by Breaugh and Starke [7] which emphasizes on sources of recruitment and its impact on pre-hire and post-hire metrics. The metrics selected for the study have been further validated by practicing managers of various industries. The basic metrics like Number of vacancies, time to fill, offer letters issued to acceptance ratio have become very obvious. In order to add value strategically, industry experts have tried out some very interesting ideas that worked out well. One such is that used in Saratoga institute acquired by Price Waterhouse Coopers. The firm has developed a score card using matrix approach to observe the source of Successful hires. The metrics that had a strategic edge are : Turnover, Pay increases and performance rating. This data has transformed the way the hiring process is looked at and the whole idea is to know where we are getting our ROI –Return on Investment from. This data has driven companies to improve the quality of hires and to retain new hires. (Jim Hatch, Managing partner of Saratoga institute, HR Magazine, SHRM-The next generation of Hiring Metrics, Garvey, charlotte)

One size does not fit for all. Every organization is unique in its own way. Designing specific metrics internally is another way of looking at things. Wachovia Corporation re-examined its hiring process and focused on linking it with business strategy. Their core competency in hiring is to ensure workforce diversity. So this encouraged their recruiters to align to the business strategy by developing a recruiter card for them. They involved the compensation and incentive compensation related metrics in the card. Some of the newly added metrics to the score card are: Managerial satisfaction & new hire satisfaction) says George –CEO of Wachovia (Wachovia corporation, a consumer banking and financial services company based in charlotte)

Research on Recruitment is broadly classified into 3 key research areas namely, recruiter effects, administrative recruitment policies and procedure effects and recruitment source effects. The first component of the study focuses on Recruitment source effects, with special reference to assessing cost, quality and speed aspects of recruitment with special reference to entry and lateral level jobs. The Second component assesses if there are any differences in the hiring preferences of HR Managers of IT & Non IT Companies towards various avenues of recruitment while hiring for entry level jobs and lateral level jobs. It is important that recruitment places emphasis on competencies required for being effective on the job, especially with respect to managerial level jobs [8]. In lateral hires, competency based training need assessment can be performed so that appropriately qualified candidates get into the positions, and hence gaps if any in the competencies could be bridged [9].

3. Recruitment Efficiency
Efficiency is concerned with speed and cost. For example hiring more people in less time would be one of objectives to achieve efficiency. To assess the efficiency of a recruitment process, the following metrics are involved in the checklist.

- Count of resumes submitted
- Count of screened resumes
- Avg. Days between resume submission and resume screening
- Count of approved resumes
- Avg. Days between resume screening and approval
4. Recruitment Effectiveness
Effectiveness is a measure of quality. The quality of hire is any day the most sought after metric for any business. Since recruitment carries a cost and the only tool which decides whether it is a successful recruitment or not is the quality of hire. The quality of hire involves a set of metrics like post hire performance, managerial satisfaction, applicant satisfaction.
Hiring effectively is often more important than hiring efficiently to gain more return-on-investment (ROI). The American National Standard for Human Resource Management defines Cost per hire metric in three ways. The first one is Cost per hire internal which is restricted to only that particular organization. The second one is cost per hire comparable, in which we compare the CPH metric across different organization and set a benchmark. The third one is Recruiting cost Ratio, which implies the ratio of total cost of hiring to the total compensation paid in the first year of employment period.(Cost per hire metric –SHRM report ) (ANSI/SHRM 06001.2012)

5. Objectives
1. To assess the perceptions of HR Managers on effectiveness of recruitment source across entry level and lateral level jobs.
2. To assess the perceptions of HR Managers on Cost, Quality and time considerations across various sources of recruitment within entry and lateral level jobs.

The important variables considered for the study are:

| Sourcing Costs | Quality of Hire | Speed |
|----------------|-----------------|-------|
| Pre - screening Costs | Pre-employment Screening test | Lead time to source |
| Administrative Expenses | Competency Profiling | Lead time to staff |
| Background Check costs | Retention rate of new hires | Lead time to hire |
| Advertising and Marketing expenses | On the job Performance | Lead time to ensure proper background Checks |
| | Managerial Satisfaction | |
| | Applicant Satisfaction | |

6. Hypothesis
- Hiring preferences of HR managers of IT & Non IT companies would not vary their considerations towards recruitment cost, quality of hire and recruitment time for entry level jobs.
- Hiring preferences of HR managers of IT & Non IT Companies would not affect their considerations towards recruitment cost, quality of hire and recruitment time lateral level jobs.

7. Research Methodology
The sampling Frame consists of HR Managers of IT and Non-IT Companies that are in existence for more than one decade. Some of the Non IT Companies are e commerce, Public Sector Units, pharmaceutical companies etc. The sampling method used is convenience sampling. As identified in Literature Review the earlier research was primarily focused on recruitment strategy and sources, but not on the variables which effect recruitment effectiveness. Further these outcomes were not explained with respect to Cost, Quality and Time. The only qualification for Applicants is that they should be in the field of HR in the organization. There was no bar on Age or Education. In total, 40 HR managers participated, of which 22 were HR managers from non-IT companies and 18 were from IT companies.

8. Results and Discussion
The HR Managers of IT Companies do not vary their perceptions towards entry level jobs in terms of recruitment cost as per the significance value. But the mean of Entry level jobs is more than that of Lateral level jobs, so it is inferred that the IT Companies perceive cost as a crucial factor while hiring candidates for entry level jobs. There is a variation in the quality considerations as per the significance
value. From the mean values we can infer that IT Companies consider quality of hire as more crucial factor in hiring candidates for entry level jobs. There is no variation in the considerations towards recruitment time but IT Companies perceive Recruitment time as a crucial factor in hiring candidates for lateral level jobs than that of entry level jobs.

The HR Managers of Non-IT companies vary their perceptions towards entry level jobs in terms of recruitment cost as per the significance value. But the mean of Entry level jobs is more than that of Lateral level jobs, so it is inferred that the Non-IT Companies perceive cost as a crucial factor while hiring candidates for entry level jobs. There is no variation in the quality considerations as per the significance value. From the mean values we can infer that Non-IT Companies consider quality of hire as more crucial factor in hiring candidates for entry level jobs. There is a variation in the considerations towards recruitment time across entry and lateral level jobs, but Non-IT companies perceive Recruitment time as a crucial factor in hiring candidates for lateral level jobs than that of entry level jobs.

8.1. Hiring Considerations of HR Managers of IT & Non IT Companies with respect to Entry Level Jobs
The Hiring Considerations of HR Managers of IT and Non IT Companies were analyzed and it was found that the hiring preferences towards recruitment cost do not vary for Entry level jobs. The Significance value is 0.621. This means that recruitment cost for entry level jobs is perceived as equally important across IT & Non IT Companies. The preferences towards Quality of hire would vary across IT & Non IT Companies for entry level jobs. The HR Managers of IT Companies perceive quality as more important factor when compared to Non IT Companies for entry level jobs. The significance value is 0.014. But it is seen that there is no variation in time considerations for entry level jobs across IT & Non IT Companies. The Significance value is 0.055.

8.2. Recruitment effectiveness with respect to entry level jobs
Cost considerations: For Entry level jobs, HR managers of IT and Non IT have the same perceptions towards cost, since the sources of recruitment are similar and the skill sets are more or less on the same level in terms of complexity. So the perceptions on recruitment costs do not vary for entry level jobs across IT & Non IT (alpha value is 0.631).
Quality Considerations: The mean value towards quality considerations of HR managers of IT Companies is higher than Non IT. It was inferred from the discussion with HR managers of IT Companies that they are more concerned about Client satisfaction and managerial satisfaction. The reason is attributed to IT Companies taking a lot of pre-requisites to fulfill the competencies required by the client side and the managers. But for Non-IT Companies there is not much interaction with the client and hence usually the selection process is designed as per the company’s requirement. The alpha value (0.014) shows that there is a significant variation in the quality considerations of IT HR Managers and Non IT HR Managers.
Time considerations: There is no variation in the time to hire considerations across IT & Non IT Companies for entry level jobs. HR Managers of both IT & Non IT Companies perceive entry level jobs as equally important and incur same amount of time. The significance value is 0.55. As discussed earlier, the sources of recruitment are more or less similar for entry level jobs so it justifies that the time considerations do not defer across IT & Non IT Companies.

8.3. Recruitment Effectiveness for Lateral level jobs
Cost Considerations: Variation exists among IT & Non IT HR managers. The mean of preferences of HR Managers of IT companies towards recruitment costs is more than that if Non IT. It is attributed to the reason of HR managers of IT Companies incur more cost in third party consultancies in hiring laterals since they perceive that laterals add more strategic value to their business because they have prior experience. The significance value is 0.003. It shows that there is a significant variation in the cost considerations of IT and Non IT Managers.
Quality Considerations: No variations exist among IT and Non IT HR managers’ considerations towards quality of hire. This is attributed to HR managers of both IT & Non IT Companies perceiving quality as an equally important metric and there are no variations in their perceptions. Further when Lateral level jobs are the managerial jobs which add more strategic value to any business, both IT & Non IT HR Managers perceive Quality as a very crucial factor. The significance value is 0.185. Since it is greater than 0.05, the null hypothesis is accepted. Hence there is no variation in the perceptions of IT & Non IT HR Managers considerations towards quality.

Time Considerations: Variation exists among IT and non IT HR managers’ consideration towards recruitment time. It is seen that the mean of HR managers’ preferences towards recruitment time for IT companies is more than that of Non IT for lateral level jobs. The HR managers of IT Companies spend more time in hiring laterals and they mostly prefer third party consultants. The significance value is 0.003.

9. Conclusion
This study has assessed the perceptions of HR managers on certain very important metrics—Cost, quality and time which define recruitment effectiveness. There are two broad hypothesis framed from the gaps in the literature review. The first one is the perceptions of HR managers of IT & Non IT on the cost, quality of hire and time to hire aspects for entry and lateral level jobs and the second hypothesis is based on the HR Managers preferences for the various Avenues of Recruitment. Both the hypothesis gave interesting results. The perceptions of HR managers of IT & Non -IT towards recruitment cost does not vary for entry level jobs but varies for lateral level jobs. But the perceptions of HR Managers of IT & Non IT Companies towards quality varies for entry level jobs but does not vary for lateral level jobs. And the perceptions of HR Managers of IT & Non IT companies towards time to hire does not vary for entry level jobs but varies for Lateral level jobs. The sources of recruitment preferred for entry level jobs by IT and Non- IT companies is campus hiring and for lateral level jobs it is Third party consultants. The preference for social media is more prevalent in IT companies than Non IT. There is a lot of scope to go in-depth of each aspect i.e cost, quality and time and compare them across IT & Non IT companies and also for entry and lateral level jobs.

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