

The Psychology of Employee Recruitment, Selection and Retention

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Introduction

The people make the place. With this simple, direct statement, Professor Benjamin Schneider opened his presidential address to the Society of Industrial and Organizational at the annual meeting in 1985. These words, which also served as the title of his landmark article published in *Personnel Psychology*, capture the very nature of organizations and the central role that people play in how they form, behave and perform (Schneider, 1987). In other words, an organization is a reflection of its people and the success of the organization depends on the quality of the talent employed by the organization.

At the time of his speech this was a dramatic shift in how organizations were conceptualized. Typically, organizations focused on strategy, structure and process without much consideration for the people needed to execute the strategy, fill the structure and operate the process. However, a change was occurring in which organizations recognized the importance of people in the equation and that the human resources of an organization could be conceptualized as a critical, competitive advantage for an organization. By the 1990s, organizations were placing greater emphasis on personnel, and even the language was changing as people were referred to as *human capital* – with the term ‘capital’ signifying something of value to the organization.

In the late 1990s a landmark study conducted by McKinsey and Company entitled *The War for Talent* focused on personnel talent as the most important corporate resource for organizations (Michaels, Hadfield-Jones & Axelrod, 2001). As noted by researchers Jermoe Rosow and John Hickey,

most other major components of competitiveness are universally available: natural resources can be bought, capital can be borrowed, and technology can be copied. Only the people in the workforce, with their skills and commitment, and how they are organized, are left to make the difference between economic success and failure. (1994: 1)

As organizations now place a premium on human capital, a critical question centres on how people become part of an organization. That is, what causes an organization to have the personnel talent that it has? Schneider's Attraction-Selection-Attrition (ASA) theory pinpoints three primary forces that determine the people that make up an organization. His theory describes how three interrelated, dynamic processes determine the kinds of people in an organization and consequently defines the nature of the organization and how it behaves and performs. The first force – Attraction – notes that of the total range of possible organizations that exist, individuals only select certain organizations to which they apply for employment. That is, people find organizations differentially attractive, based on numerous factors; and their perceived congruence or fit with that organization determines whether or not they apply for employment. The second force – Selection – notes that an organization determines who they want to hire for employment, based on an assessment of the characteristics and capabilities of the people who apply. That is, organizations select whom to employ based on a perceived fit between the makeup of the person and the needs of the organization. The third force – Attrition – notes that people will choose to leave an organization if they do not fit. That is, an organization will retain people who are congruent with its characteristics and makeup while people who do not mesh with the qualities of the organization will turn over. Thus, according to the model, the forces of attraction, selection and attrition greatly contribute to the people that makeup an organization.

These three forces serve as the fundamental pillars on which this book focuses, with each force aligning with a primary section of this work. The first section covering recruitment discusses how people are attracted to an organization; the next, on selection, examines how people are selected for employment by an organization; and the final section, on retention, explores how people are retained to work in an organization.

The goal of this handbook is to summarize the current psychological research and findings pertaining to these central forces of recruitment, selection and retention so that we better understand the people that make the place the way it is and impact how the organization behaves and performs. The handbook takes an international perspective by examining research that has been conducted around the world in order to provide a global view of this literature. In addition, authors representing many parts of the world have been recruited to contribute to this volume in order to provide a more diverse perspective on this area of science. While the handbook has sections to reflect the three key areas of focus – recruitment, selection and retention – it is worth noting that some chapters span multiple areas given the interrelated nature of some topics. Thus, Chapter 4 on applicant reactions is in the recruitment section but reviews literature that is also pertinent to the selection section; while Chapter 6 on ethics is in the recruitment section but also discusses issues relevant to selection and retention. All the contributors focus on providing a review of the latest theoretical and empirical research in a given area while also discussing practical applications, as would be expected given the scientist-practitioner model of this field of inquiry. We now provide an overview of the sections and summarize each chapter to give the reader an idea of what the handbook will cover.

Section 1: Recruitment

Section 1 focuses on the recruitment of people to work in an organization. Recruitment in general was an area characterized by a lighter level of scientific psychological research when compared to areas of inquiry like selection. However, as highlighted in the depth and breadth of the chapters in this handbook, the level of rigour when studying recruiting

has grown over time in concert with technological advances in communicating with and tracking potential hires as well as the shift from a local to a global recruiting model. All these changes have made the area of recruiting highly dynamic in terms of psychological research, something that is captured by the wide range of chapters on the topic presented in this handbook.

In Chapter 2, James A. Breugh leads the recruitment section of the handbook exactly where all personnel processes should begin: the job analysis. While job analysis is often the starting point when discussing the design of selection systems, Breugh points out the importance of job analysis for gathering the critical information required for developing a strong recruitment process. Instead of focusing on typical details regarding the job analysis process, which have been covered in many volumes over the years, he pinpoints how to structure a job analysis to obtain the specific information needed for recruitment. Breugh discusses how a typical job analysis will be deficient when it comes to gathering the information needed for recruiting and then specifies how to supplement the job analysis so it successfully yields the required information. He specifically guides the reader on how to conduct a job analysis that will answer critical questions of the recruitment process, such as whom to target and how to properly convey the recruitment message.

In Chapter 3, Jean M. Phillips and Stanley M. Gully discuss global recruiting, which aligns closely with the international perspective of this handbook. The authors focus on how talent management practices are evolving to meet the challenges of recruiting human capital for global organizations and how this area has shifted from a local to a global perspective. They discuss how to transform the basic recruiting model to tackle the global nature of organizations. This includes how to identify individuals that fit the organization's global strategic priorities as well as how to recruit individuals who will be successful in various national contexts. The authors provide an in-depth review of the literature covering a wide range of topics, including issues impacting both the internal and external sourcing of talent in a global organization and the implications of using newer techniques, such as offshoring, to place individuals in jobs.

In Chapter 4, Donald M. Truxillo, Talya N. Bauer and Alexa M. Garcia focus on candidate reactions to hiring procedures and the implications of applicants' opinions on the staffing process for the organization. As these authors note, the reactions of candidates to selection systems was initially largely neglected in the literature but as recognition emerged regarding the importance of this factor and as technological advances that foster communication between the applicant and the organization have emerged, this area of research has greatly expanded. The authors discuss core theoretical models of the impact that candidate reactions have on both the applicant and the organization. The authors also delve into the literature to explore research findings on important antecedents and outcomes of job applicant reactions to characteristics of the staffing system.

In Chapter 5, Adrian Furnham and Kat Palaïou explore the heart of the attraction process by examining the forces that impact organization and job choice. The authors summarize both the organizational characteristics and the candidates' individual differences that have been found to impact the attraction process. The authors draw from the traditional vocational job choice perspective to form a foundation for their review and then expand to newer concepts of employer branding in order to gain a fuller understanding of what attracts talent to a particular job as well as to a specific organization.

In Chapter 6, the final chapter of this section, Nuno Rebelo dos Santos and colleagues examine the role of ethics in the hiring process. The authors cover a wide range of issues which demonstrate the fundamental role that ethics plays in recruiting and selecting individuals to work in an organization. The chapter examines topics such as the use of values and their accompanying ethical dimensions in the recruitment and selection of

candidates, the ethical and fair treatment of candidates applying for jobs and the ethical implications of using various types of techniques when recruiting individuals. The authors conclude by touching on the evolving complexity of these ethical issues as technology expands and changes the way we interact, the data we have access to and the differential access that various groups have to the technology.

Section 2: Selection

Section 2 focuses on selection, an area with a rich history of rigorous scientific research. People possess a wide array of characteristics and capabilities – often referred to as individual differences – which have a direct impact on their job performance in organizations. These individual differences include a large taxonomy of cognitive, interpersonal and physical competences. Organizations select the ‘right’ people to hire, place and promote by measuring these job-relevant individual differences.

While this area of selection has a long history, it is still evolving in exciting ways as measurement, statistical and technological advances drive the field forward. We have seen the great progress and expansion in this area of research, which is reflected in the range and number of topics covered in this section of the handbook. The first six chapters focus on well-established techniques used to assess people for selection and promotion. The techniques covered include standardized tests (intelligence, ability, personality, biodata and situational judgment tests [SJTs]), as well as more interactive, higher fidelity approaches, such as interviews and simulations. This is followed by two chapters that look at modern technological advances and their impact on selection, covering online testing and gamification approaches to assessment. Next, the section turns to new challenges in designing selection systems, such as their use for selecting individuals to regular as well as virtual teams. There is also a chapter on using selection to facilitate leadership development. The section ends by touching on diversity, a central topic in the study of selection, and includes chapters on gender findings, race, ethnicity, national culture findings and legal issues in general.

In Chapter 7, Jesús F. Salgado begins by focusing on the selection method with the longest research history: ability testing. The roots of ability testing can be found in the study of intelligence, which can be traced to the end of the nineteenth century. The author discusses the history of general and specific cognitive ability testing, covering topics that include construct definitions and structures as well as various models of intelligence. Salgado goes on to discuss validity evidence in terms of the use of ability tests in predicting job performance and furthermore touches on important topics such as validity generalization. The author examines this research by surveying a wide range of predicted outcomes, including task, non-task and training performance. Salgado also discusses the implications for subgroup differences and applicant reactions to these types of measures.

In Chapter 8, David J. Hughes and Mark Batey focus on the other side of the coin from ability testing: personality assessment. While the origin of personality assessment can be found in clinical psychology and the study of dysfunction, this chapter concentrates on identifying job-relevant facets of personality to use for predicting performance at work. Their chapter explores the validity evidence for personality assessments used in selection systems and examines research on the various structural models of personality and their efficacy for predicting in job settings. The authors delve into research on topics such as the incremental validity of personality assessments, whether broad or specific factors are more predictive and the challenges of response distortion when collecting personality data. The authors conclude by summarizing how and when personality

assessments can best be used and also suggest further areas of study that can help us improve personality testing for selection systems.

In Chapter 9, Melinda Blackman tackles the interview which arguably has a longer history of use than either ability or personality testing, but not as long a history when it comes to scientific study. Employment interviews have long remained the most commonly used selection instrument, but have often been informal and less rigorously developed. Blackman reviews the evolution of interviewing over time and the scientific progress that has led to the development of different types of interview, procedural advances and formats of use. The author reviews the latest research on the wide range of options and approaches that can be used when interviewing so that a highly reliable and valid interview process can be put in place.

In Chapter 10, Adrian Furnham reviews a wide range of alternative selection instruments and screens that have been used by organizations to assess job candidates. Furnham discusses the use of these instruments in assessing an array of key outcomes, including the candidate's ability, motivation and preference for certain type of activities and roles. This chapter covers an assortment of approaches for collecting this information, including self-report, observational and personal history methodologies. The chapter discusses the many techniques that fall under these categories, such as biodata, résumés, references and even graphology. Furnham delves into the research on these techniques and compares and contrasts the findings regarding the reliability and validity of these selection methods. The chapter examines the psychological issues that impact the validity of these approaches, such as self-insight and distortion, as well as how to properly design these instruments to maximize their validity and utility in work settings.

In Chapter 11, Jan Corstjens, Filip Lievens and Stefan Krumm examine the literature on situational judgment tests (SJTs), a relatively new technique that focuses on providing scenarios for candidates to react to as a means of assessing their judgement and decision-making capabilities. The authors start by presenting the traditional SJT approach, which focuses on decision making in context, then segue to a new perspective which focuses on removing context in order to capture a candidate's generalized knowledge. The chapter closely examines key research on both perspectives, including findings on reliability, validity, subgroup differences and applicant reactions, and concludes by discussing future directions for research about these two perspectives.

In Chapter 12, Ryan S. O'Leary, Jacob W. Forsman and Joshua A. Isaacson conclude discussion of the main techniques for selection by focusing on the role of simulations in assessing talent. Simulations are assessments that measure candidates' abilities by having them perform work-relevant tasks. That is, by having candidates perform activities that resemble what they are required to do on the job, it is believed they can readily be assessed for their ability to succeed in that job. In the chapter, the authors present a taxonomy of the wide array of simulation types used in selection and go on to discuss key psychometric outcomes, including validity evidence and impact in terms of subgroup differences. The authors also tackle key underlying psychological issues, such as the influence of fidelity and the implications of construct validity when it comes to using simulations. They conclude by discussing a host of other important topics relating to simulations, including applicant reactions, cross-cultural considerations and the role of simulations in recruiting and organizational branding.

Chapter 13, by Dave Bartram and Nancy Tippins, begins an examination of the direct impact of technology on selection systems by focusing on the implications of using online testing for selecting individuals for jobs. Much as was seen in performance management with the proliferation of processes like 360-degree feedback as the technology permitted, we have seen a parallel growth in the development and implementation of

online selection testing thanks to advances in technology. The authors focus on the globalization of selection systems as enabled by online tools and the implications for validity. The chapter covers the research findings for online testing as well as critical associated issues, such as the security and cheating concerns that emerge when testing candidates online.

In Chapter 14, Michael Fetzer, Jennifer McNamara and Jennifer L. Geimer discuss the exciting advances in gaming and the use of these evolving, technologically-based processes to scientifically make accurate selection decisions. The authors discuss the nature of gaming-derived assessment instruments and why such approaches are expected to yield strong validity results. They present the current findings from this field of research and discuss future directions for study. The chapter also explores the challenges faced in utilizing gaming-based selection devices. The authors go on to provide practical guidelines for successfully implementing these types of systems in work organizations.

The section next shifts to exploring how selection systems can be used to handle teams rather than individuals as the key level of analysis in work organizations. That is, with a shift in many organizations to team-based processes and structures, the next two chapters consider the implications of this shift for putting in place successful selection systems.

In Chapter 15 Mengqiao Liu, Jason L. Huang and Marcus W. Dickson specifically focus on how to assess and select individuals to teams in a manner that leads to successful team performance. To explore this topic, the authors examine the nature of teams and the individual capabilities required for effective team work. From this foundation, the chapter goes on to identify various assessment tools that can measure these capabilities for selection purposes. The chapter concludes by highlighting key areas for future research on this evolving topic.

In Chapter 16, Geeta D'Souza, Matthew S. Prewett and Stephen M. Colarelli take a different perspective on teams by focusing on the growing phenomenon of virtual teams and how selection processes can be leveraged to facilitate their success. They note how the increase in the number of virtual teams as a product of globalization and rapid improvement in communication technologies has raised the question of how to select individuals who will be successful in this novel setting. The chapter begins by defining virtual teams and exploring the nature of this context and how it differs from typical normal settings. After fully conceptualizing the context, the authors go on to extrapolate which individual capabilities are required to be successful in this setting and review a variety of selection tools that can be useful in measuring these target competencies. Their review includes discussing the strengths and limitations of these selection tools with regard to their validity when used to select for virtual teams.

In Chapter 17, Neta Moye, Rose Mueller-Hanson and Claus Langfred examine a different use of assessment and selection systems. Based on the premium placed on having successful leaders to drive organizational success, the focus of this chapter is on using assessment to foster leadership development. The authors begin by discussing how the purpose of the assessment, which in this case is development, has implications for the design of the assessment process. They explore the unique challenges of the leadership development context and provide both research-based and best practice lessons on how to implement effective leadership development systems based on assessment. In particular, the chapter comprehensively examines the key attributes of a leader that should be assessed for developmental purposes and the type of assessment instruments that can be used to measure these targeted competencies.

The final part of the selection section of the handbook focuses on diversity. With selection systems acting as an important gateway to success in work organizations, societal concerns regarding potential racial, ethnic and gender differences have greatly influenced work in the area of staffing.

In Chapter 18, Jeannette N. Cleveland, Jaclyn Melendez and Lauren Wallace focus specifically on gender differences relating to selection processes. As they note, most research shows that men and women do not substantially differ in terms of their performance at work, however differences have been observed on selection systems that have led to differential outcomes based on gender. The chapter examines the historical entry of large numbers of women into the workforce since the 1960s and the impact this has had on organizations when it comes to recruitment, selection and retention. The chapter closely examines a number of topics that have emerged from gender research, including the occupational segregation of jobs based on gender, limiting beliefs and perceptions held by both men and women that have impacted the success of women in the workplace, the uneven playing field for women found outside the workplace and the impact on women of the organizations' narrow criteria for success.

In Chapter 19, Charles A. Scherbaum and his colleagues explore the controversial finding of significant racial, ethnic and national culture differences on common selection tests and assessments. The contributors closely examine the body of research conducted in this area in order to understand the differences that have been found and, even more importantly, what possible explanations there are to account for these differences. While many chapters have been written that examine this issue, Scherbaum and his colleagues take the novel approach of systematically integrating findings regarding cultural differences with the well-known work done on racial and ethnic differences. In addition, they explore more recent explanations for these differences that challenge long-standing positions advocated by researchers in this area in order to drive our thinking forward when designing valid and fair selection systems.

In Chapter 20, Kenneth P. Yusko and colleagues conclude this section by discussing legal issues and their role and impact on the design of selection systems. The authors focus on how to design valid employee selection systems that comply with current legal hiring requirements and standards. While laws and legal guidelines are constantly changing and vary greatly around the globe, this chapter is important for understanding the critical impact that legal issues have when designing a valid and fair selection systems. The chapter initially focuses on the United States and then shifts to examine legal issues in many other parts of the world in keeping with the broader global perspective of this handbook. The authors provide both a historical review of key legal developments and events that have impacted selection system design and an examination of the professional standards that provide a foundation for building psychometrically sound and legal selection systems.

Section 3: Retention

The final section focuses on retention. This topic has been raised the most in the study of turnover in work organizations. While this section has the fewest chapters, we hope by including a focus on it here that it will spur more thinking and scientific research on retention, a topic that organizations constantly wrestle with as a practical problem that they strive to solve.

In Chapter 21, Angela R. Grotto, Patrick K. Hyland, Anthony W. Caputo and Carla Semedo focus on the general topic of employee turnover and strategies to drive retention. The authors examine the wealth of research conducted on the factors that impact retention and work to synthesize and integrate the various models and findings from this research in order to better understand the key levers that drive turnover in

organizations. The chapter is a comprehensive review of the literature and contributes to a unifying framework for this important area of research so that we can gain a better understanding of the psychology that underlies employees' decisions to remain with or leave an organization.

In Chapter 22, Crystal Zhang and Jim Stewart turn to talent management systems in organizations and how they impact retention. The authors provide an overview of talent management systems and their role in promoting retention. They focus on discussing how organizations can attract and retain talent despite the strong demand for those who are highly skilled. To examine this issue in depth, the authors explore specific retention strategies, including employer branding, organizational attractiveness and talent engagement, to determine their impact on talent retention. The authors conclude by describing future trends in talent management, such as people analytics and the implications of these changes for retention of employees.

In Chapter 23, Mark G. Ehrhart and Maribeth Kuenzi discuss the organizational climate and culture and how these broad constructs impact employee retention. The authors explore the cues that employees derive from the culture and climate of their work organization and the impact these cues have on employee attitudes and behaviours that lead to turnover. The chapter begins by examining the nature of culture and climate and how these constructs on the one hand can make an organization more desirable and attractive to employees, while on the other hand can drive them to leave. The authors explore the types of cultures that drive turnover and also examine the notion of cultural fit between the employee and organization and the extent to which this leads to the desire to stay or leave. The authors also focus on the climate literature to describe findings that pertain to turnover. Their review discusses the effects of general climate as well as the impact of a variety of specific, focused climates on turnover (e.g., climate for safety, justice, service, diversity).

Finally, **in Chapter 24, Kristen M. Shockley, Christine R. Smith and Eric A. Knudsen** complete the retention section by discussing the relationship between work–life balance and employee retention. As the authors note, many organizations have come to recognize the importance of attending to employees' work–life balance and research has shown that it has become an even stronger imperative for younger generations of workers. This chapter examines research findings that link the work–life balance to retention-related outcomes. The authors discuss the role of both formal and informal work–family support policies in impacting retention and also offer practical ideas for improving the work–life culture based on research findings from the literature.

Conclusion

In conclusion, if an organization is truly a reflection of its people as posited by Schneider (1987), this makes the case for the central role that psychology plays in understanding organizational behaviour. That is, the organization behaves and performs in the way it does in part because of the people that staff it and their psychological makeup. This perspective embodies the psychological link between the people of the organization and organizational behaviour. This handbook embraces this perspective and delves into three primary forces that determine who is in an organization: recruitment, selection and retention. The handbook focuses on exploring the wealth of rigorous psychological research on these forces in order to further synthesize and integrate our knowledge in the hope that this will both inform readers and spur future research in this important and fundamental area of inquiry in the field of business and organizational psychology.

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