Edited by Harold W. Goldstein, Elaine D. Pulakos, Jonathan Passmore, and Carla Semedo

# The Wiley Blackwell Handbook of

The Psychology of Recruitment, Selection and Employee Retention



Series Editor Jonathan Passmore

WILEY Blackwell

The Wiley Blackwell Handbook of the Psychology of Recruitment, Selection and Employee Retention

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WILEY Blackwell

This edition first published 2017 © 2017 John Wiley & Sons Ltd

Registered Office

John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ, UK

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Library of Congress Cataloging-in-Publication Data

Names: Goldstein, Harold William, 1965– editor. | Pulakos, Elaine Diane, 1959– editor. | Passmore, Jonathan, editor | Semedo, Carla, 1973– editor.

Title: The Wiley Blackwell handbook of the psychology of recruitment, selection and employee retention / edited by Harold W. Goldstein, Elaine D. Pulakos, Jonathan Passmore and Carla Semedo.

Description: Hoboken: Wiley, 2017. | Series: Wiley blackwell handbooks in organizational psychology | Includes bibliographical references and index.

Identifiers: LCCN 2016046164 (print) | LCCN 2016058044 (ebook) | ISBN 9781118972694 (cloth) | ISBN 9781118972687 (pdf) | ISBN 9781118972601 (epub)

Subjects: LCSH: Employee selection. | Employee retention. | Psychology, Industrial. Classification: LCC HF5549.5.S38 W55 2017 (print) | LCC HF5549.5.S38 (ebook) | DDC 658.3/1019-dc23

LC record available at https://lccn.loc.gov/2016046164

A catalogue record for this book is available from the British Library.

Cover image: © busypix/Gettyimages

Cover design: Wiley

Set in 9.5/11pt Galliard by SPi Global, Pondicherry, India

Dedicated in loving memory of Irwin L. Goldstein, a luminary of our field who dedicated his life to education and taught so many so much. Most importantly he taught me what it meant to be a loving father. To paraphrase the dedication he wrote to our family in his own book so many years ago: you knew what support was and specialized in love. Thanks Dad.

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### Foreword

As I write this, the *Journal of Applied Psychology*, the flagship for the field of industrial and organizational psychology, is completing its 100th year of publication. In the first empirical article in the first issue of the journal of 1917, Lewis Terman and colleagues presented a study they labelled 'perhaps the first of its kind to be made in this, or any, country.' It involved administering a set of psychological tests to a group of job candidates and analysing whether their test scores were related to occupational attainment. Here we see the introduction of the scientific method to personnel selection. Hiring has a long history of being done subjectively, based on hunches and intuition, but Terman suggested empirically testing theories which attributes predict future job success.

For the last century the systematic evaluation of selection and other employment practices has become a central activity of the field of industrial and organizational psychology. Viewed through a modern lens, Terman's work now seems quaint and naïve. His sample included only 30 individuals; but since then we have learned much about the need for much larger samples in order to produce credible results. He studied a narrow range of tests; we have since broadened our focus to include a wide range of individual attributes relevant to work behaviour. He examined a single outcome variable, namely, salary; we have broadened our focus to encompass a wide range of work outcomes, including task performance, organizational citizenship, counterproductive work behaviour and attrition, to name just a few. Nevertheless, the animating sprit of scientific inquiry behind Terman's effort drives the field to this day.

I have spent the last 40 years or so immersed studying these issues. Along with a large number of scientist-practitioners we have built a large base of theoretical and empirical work addressing what attracts people to organizations, the attributes that contribute to individuals' effectiveness in a given organization, and what causes some to stay with the organization and others to leave. Often these are compartmentalized as different fields of study and we see free-standing works on recruitment, selection and attrition. This handbook is animated by the interrelationship among these domains, as laid out in Benjamin Schneider's seminal Attraction-Selection-Attribution framework, and thus is an integrative approach.

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I had the privilege of receiving advance copies of all of the chapters. I am impressed with the breadth of coverage, the inclusion of cutting-edge topics and the thoughtful selection of contributors to represent a truly global perspective on the field. I trust you will find it as useful as I have.

Paul Sackett University of Minnesota

## Series Preface

Welcome to this seventh book in the Wiley Blackwell Industrial and Organizational Psychology series. This title focuses on recruitment, selection and retention, and builds on the previous six titles in the series on leadership and change, coaching and mentoring, training and development, health and safety, positive psychology and teams and collaborative processes

Attracting the best talent, selecting those who will fit the culture and retaining the best performers are challenges every business faces, whether it's a global, billion-dollar manufacturer or a local shop in the mall. In a competitive world, the best organizations, who aim to compete on quality, service or design, need to secure the very best in their industry. This volume examines the latest research on employee recruitment, selection and retention and provides an insight into this continuing developing area of psychological practice for researchers and science practitioners.

This volume is, however, just one of eight books in this series totalling over 2 million words on industrial and organizational psychology. We believe this series differs in four ways from other titles in the field:

First, the focus is aimed at the academic researcher and student, as opposed to the practitioner, although scholar practitioners may also find this an interesting read. The aim of this book is to offer comprehensive coverage of the main topics of inquiry within the domain, and in each of these to offer a comprehensive, critical literature review of the main topic areas. Each chapter is an attempt to gather together the key papers, book chapters and ideas, and to present these as a starting point for research in the key topics of I-O psychology. Therefore, the book aims to operate as a focused, 10,000 word starting point for any in-depth inquiry into the field.

Second, while many books take a UK/European or a US/North American approach with contributors drawn predominantly from one continent or the other, in this series we have made strenuous efforts to create an international approach. For each title in the series we have drawn contributors from across the globe and encouraged them to take an international, as opposed to national or regional, focus. Such an approach creates challenges in terms of language and spelling, but also in the way ideas and concepts are applied in each country or region. We have encouraged our contributors to highlight such differences and we encourage you as the reader to reflect on these to better understand how and why these

differences have emerged and what implications there are for your research and our deeper understanding of the psychological constructs that underpin these ideas.

Third, the chapters avoid a single perspective based on the ideas of a single contributor. Instead, we have invited leading writers in the field to critically review the literature in their areas of expertise. The chapters thus offer a unique insight into the literature in each of these areas, with leading scholars sharing their interpretation of the literature in their area.

Finally, as series editor I have invited contributors and editors to donate their royalties to a charity. Given the international feel for the title we selected an international charity – The Railway Children – which supports run-away and abandoned children across the world. This means up to 10% of the cover price has been donated to charity. In this way we collectively are making a small contribution to making the world a slightly better place.

With any publication of this kind there are errors, and as editors we apologies in advance for these.

Jonathan Passmore Series Editor, I-O Psychology

# Railway Children

Railway Children supports children alone and at risk on the streets of India, East Africa and in the Unitd Kingdom. Children migrate to the streets for many reasons, but once there they experience physical and sexual abuse, exploitation, drugs and even death. We focus on early intervention, getting to the street kids before the street gets to them; where possible we reunite them with their families and communities.

In addressing the issue we work through our three-step change agenda to

- Meet the immediate needs of children on the streets we work with local organizations
  to provide shelter, education or vocational training, counselling, and if possible,
  reintegration in family life.
- Shift perception in the local context we work with local stakeholders to ensure that street children are not viewed as commodities to be abused and exploited, but as children in need of care and protection.
- Hold governments to account if we are to see a long-term, sustainable change for the children with whom we work, we must influence key decision makers, ensuring that provisions for safeguarding children are made within their policies and budgets.

In 2013 we reached over 27,000 children. Of these 14,690 were in India where we reunited 2,820 with their families. In the UK we launched our research, 'Off the Radar' which revealed the experiences of over 100 of the most detached children. Many of these children received no intervention either before leaving home or once they were on the streets. We have made recommendations that include emergency refuge for under 16s and a wrapround of other services, such as Misper schemes, local helplines, outreach and family liaison to allow children and young people to access interventions in a variety of ways.

To find out more about our work or to help us support more vulnerable children, please go to www.railwaychildren.org.uk or call 00 44 1270 757596.



# Section I Recruitment

# The Psychology of Employee Recruitment, Selection and Retention

Harold W. Goldstein, Elaine D. Pulakos, Jonathan Passmore and Carla Semedo

#### 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)

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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. Breaugh 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, Breaugh 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. Breaugh 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 Palaiou 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

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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