



Employment Strategies in Harghita County, Romania: the Role of Social Networks in the Hiring Process

Gyöngyvér BÁLINT

Department of Social Sciences

Sapientia – Hungarian University of Transylvania,

demeter_gy@hotmail.com

Abstract. This paper aims to describe the characteristics of hiring strategies, based on three case studies. The research has been performed in small towns and their regions in Harghita County, in the Szeklerland region, Romania. We have chosen this region because it offers an excellent base for our study, since here the economic growth points towards formal recruiting methods (finding the best applicant), but the confidence-level towards institutions is very low (social networks have come to play a more important role). All the three case studies were performed on medium-sized private enterprises that perform industrial activities characteristic to the county (construction, garment industry and lumber industry). Based on international and regional researches, as well as on knowledge of the local circumstances, we set up three major research questions and hypotheses about the spread of informal recruitment and job search strategies. The hypothesis has been sustained considering all three enterprises from the employee's point of view: regarding the informal application strategies versus formal strategies, the informal methods are more frequent. In our case, analyzing the three enterprises the rate lays between 54–77%, which means a higher rate than the other measured quotas (27–64%). The employer's side sustained the hypothesis in two companies. The frequent use of informal recruitment channels is motivated by the quality of these applicants. Within the informal channels, all three enterprises emphasized the strength of the weak ties. In finding a job or in recruiting employees the professional relationships play the most important role.

Keywords: labour market, social networks, recruitment channels, job search methods

Research precedents and theme motivation

The competition on the labour market is not a perfect one. This is very well exposed by the fact that personal relationships play an important role in setting individuals into position,¹ therefore information about jobs does not spread in a large circle and the possibilities are not open for everyone (Bartus 2001). This cannot be explained by the human capital theory – that is, the capital emerging from human capabilities and productive skills of people (Schultz 1961). Social networks influence the flow and the quality of the information (Granovetter 2005), and this fact has been confirmed in labour markets as well (Rees 1966; Granovetter 1974; Granovetter 2005; Lin, Vaughn and Ensel 1981; Bian 1997; Yakubovich 2005, etc.). Consequently, an approach from the perspective of social networks reveals the role played by personal relationships in labour market.

The competition on the labour market is imperfect, since, on the one hand, a third party is able to influence the employers in the selection of the employee, and, on the other hand, employers and employees do not possess all the pieces of information needed for a perfect match. Hence there exist two essentially different answers to the question why people use personal relationships on the labour market.² The first answer is that employers, due to the existence of personal relationships, employ a friend, an acquaintance, a relative or acquaintances of their actual employees instead of an other, possibly better applicant – this is described as particularism. The second answer is that meritocratic selection requires evaluation of efficiency, and personal relationships may deliver information about the working capacity of the applicant – as a result, resolving the problem of intensive search (Rees 1966). The problem of intensive search is the consequence of the fact that qualification does not express exactly the productive skills of the applicant (as conceived by Becker). In educational institutions, one principally attains general skills and lexical knowledge rather than productive skills (Collins 1974), therefore certificates have a constrained validity for the employers who need workers with job-specific skills. This fact has the important consequence that employers do not rely on educational qualification in all the cases, and require further information. A number of labour market investigations (Borman 1991; Gamoran 1994; Griffin 1981; Kang and Bishop 1986; Rosenbaum and Kariya 1990 quoted by Miller and Rosenbaum 1997, 449) have confirmed that employers do not ask for educational certificates before the admission (on the account of the lack of confidence), but they rather rely on their impressions during the interview. In order to reduce unreliable information, a significant part of the employers apply two means: their own

1 The proportion of informal job search and hiring through informal channels is very significant both in post-industrial and post-communist countries.

2 In detail see Bartus (2001, 3–7).

employees (most of the employers rely on their judgement) or they use the information acquired from their own long-term social relationship networks (for instance, reliable educators) in the process of selection (Miller and Rosenbaum 1997). This also confirms the assertion – originating from Stigler and quoted many times – that labour market information is a capital that is created by the expenses of the search (Stigler 1962, 103), however, we have to learn more about the role of information in labour market (Bills 2003). Accordingly, personal relationship networks play a significant role in the transfer of information, because they may transmit intensive, that is, subtle information that cannot be transmitted in a formal way (Rees 1966; Granovetter 1974), and they may spread information about job requirements as well (Lin et al. 1981).

Labour market information is valuable for both the employees and the employers, therefore the use of personal relationship networks on labour markets is rooted in the attitudes of both the employees and the employers (Malm 1954, 525). Similarly to employers searching for employees and evaluating them, employees search for and evaluate employers as well (Logan 1996, quoted by Bills 2003). After all, from the time when Stigler (1962) recognized the key position of information on the labour market, there has emerged a vast literature on finding a job and on the behaviour of organizations on the labour market,³ but we know much less about the hiring strategies of the employers than about the behaviour of the employees (Holzer 1987; Nowak 1988; Marsden and Campbell 1990; Marsden 1994; Fernandez and Weinberg 1997; Fernandez, Castilla and Moore 2000). Granovetter (1995, 155) expresses this in the following way: “While people are finding jobs, employers are finding people to fill them, and their behaviors, strategies, and purposes play a central but often neglected role in the process of matching people to jobs.” Therefore further researches have to focus on employers, taking into consideration the market and institutional conditions within which hiring decisions are taken (Bills 2003).

The major cause of this disproportion is the lack of adequate researches in the description of recruitment behaviours of employers. As a matter of fact, the problem is that during the last half century, economists, sociologists, human resource specialists and psychologists made use of already existing databases of a limited number, in order to learn about the recruitment behaviour of the employers (DeVaro 2005).

Neglecting the investigation of recruitment strategies is moreover surprising because these research results may possibly have useful economic results for both companies aspiring for profit maximization (for instance, how long is an interval in which different vacancies could be filled up) and for the evolution of unemployment (by the distribution of working possibilities) (Holzer 1987). Search methods used by the employer (especially formal versus informal methods)

3 For a detailed summary see Granovetter Mark S. (1995, 139–182).

have a direct result upon the admission chances of an applicant, unemployed or searching for a new job (Gorter and Van Omerren 1999).

Searching for a new job and admission are continuous activities in dynamic economies, but the intensity of searching and application changes in function of different macro-economic factors (Russo, Gorter and Schettkat 2001). Expenses concerning labour-force significantly rose in several European countries in the last years. It seems that high non-wage expenses have a negative effect upon admission (Chenn and Funkenn 2005). Furthermore, post-communist societies offer a special ground for the study of network effects, as institutional changes have created a situation in which both intensive search and particularism may function simultaneously (Bartus 2001). At the same time, informal recruitment strategies are more widespread in less developed countries (Ben-Porath 1980). Network capital plays a great part in capitalist societies as well, but during communism and especially post-communism (growing confusion, new problems, situations and possibilities, etc.) it is even more increased (Sik and Wellman 1999), and the use of informal channels is far more frequent in smaller towns and less developed regions (Pistaferri 1999). Besides these, the general lack of researches that would focus on the study of recruitment strategies from the perspective of network capital motivates the present research in an emphasized way.

The dimensions and the components of network capital are less important factors than the way these relationships work in a given culture (Sik 2002). In this sense, our paper aims at describing and interpreting those mechanisms, principles and considerations that direct hiring strategies in enterprises peculiar to Szeklerland. We obviously conceive it as a qualitative investigation.

Recruitment practices connect labour market and organizations, therefore the investigation claims a multilevel approach. An exhaustive understanding of the recruitment methods requires taking into account environmental, organizational, occupational and individual characteristics (Marsden 1994, 980); at the same time, researches have to be utmost different from a methodological point of view – case studies, ethnographic studies, surveys, etc. – through which one could investigate more intrinsically the recruitment behaviour of the employers (Bills 2003). The majority of the former researches have neglected the fact that hiring reflects not only job-specific but also organization level peculiarities (Cohen and Pfeffer 1986). That is, both befitting the job and sustaining the interests of the organization are expressed in recruitment and selection strategies. At the same time, linked employer-employee data sets are conspicuously rare, utmost rich and unique (Kalleberg 1994). Taking these recommendations as normative, the research standing at the bases of our analysis is a linked, employers-employees investigation.

In a significant lack of similar researches, our investigation tries to find an answer to several questions, thus its primary goals are description and

interpretation instead of explanation. The most important research questions are: How widespread are informal methods? How is network capital made use of in the processes of founding a company and the process of recruitment? Through which kind of networks does information about vacant jobs spread? Do strong or weak ties play the major role in finding a job? What plays a greater part in finding the employees: employee referrals or the personal relationships of the employer? Which mechanism is more characteristic, that of particularism or that of intensive search? What roles do educational credentials play in the selection?

As our research does not aim at giving explanations, as a matter of fact, we set up some minor assumptions, based on international and regional researches, as well as on knowledge of the local ground, within the framework of three basic hypotheses:

H1. In the case of medium-sized enterprises in this region, the use of informal recruitment and job search strategies is more widespread than that of formal ones.

H2. The employer(s) has/have an important role in the recruitment activity of medium-sized enterprises in the region.

H3. Particularism occurs independently of the type of channel used in the recruitment, and it happens rarely.

The utilized methods

The sociological investigation is based on case studies as research strategies. The majority of the former researches, even though representative on a national level, have investigated either the side of the employer or that of the employee. The approach from the side of the employees does not reveal much about the organizations, and the approaches from the perspective of the organizations concentrate rather on the structural differences of the organizations. This is the reason why the need for employer-employee linked investigations, also aimed by the present research, is constantly increasing. From this point of view, two further interconnected elements have also supported our choice of case study.

The first one refers to the methodological requirements of linked data sets. As Kallenberg exposes in a detailed manner, in order our linked data to be indeed useful, we have to acquit the principle of representativity, that is, our chosen sample on the individual level has to be representative when projected onto the employed population of the nation, and on the organizational level it has to represent the national structures of labour organization (Kalleberg 1994). As these methodological criteria are very complex and extensive, it is not surprising at all, that very few researches of this kind were performed.

The second element, in a strong connection to the former, is the financial background of researches. In this respect, we may refer to the work of Pahl, who

has described the so-called MARSBARS⁴ phenomenon. The core of this phenomenon is that: "... there are no material means for great-scale empirical researches that do not bring obvious material benefits for those who secure the sources, therefore researchers increasingly work rather at home, without supporting personnel and collaborators. The other one has referred to designation of the sample used in his own researches, that he called determinate sample choice and differentiated it from arbitrary or fanciful sample choice" (Pahl 1995, quoted by Tóth 2004, 107). As a consequence, a large-scaled joint data sampling cannot be performed.

Even though the results of case studies cannot be generalized reliably neither on individual, nor on organizational level, they are still appropriate for linked employer-employee type investigations (Kalleberg 1994).

One of the most frequent and the oldest research strategies in the investigation of organizations is the single-case study. In the selection of a given case, the researcher's access to the organization, its geographical accessibility, or the fact that the case is particularly interesting from a given point of view play a great part. Case studies generally require a long-lasting field work, whose data are analyzed by researchers using qualitative methods. At the same time, in the case of labour market researches quantitative methods have been applied in several instances (e.g. Burt in 1992, Ibarra in 1992), when they asked the employees of the organization to fill out questionnaires. The greatest problem of single-case studies is generalization. Some theoretical specialists tend to take all organizations as basically similar; therefore an investigation of a given case is as well acceptable as that of an other one. Another part of the researchers claim that on the basis of a single-case study one cannot decide to what extent an examined phenomenon is typical or atypical. Anyhow, an unsurpassable advantage of case studies is that they serve as an utmost prolific source for the constitution of new hypotheses (Kalleberg, Knoke, Marsden and Spaeth 1994).

In order to eliminate individual peculiarities of single-case studies, multiple-case studies are used. The selection of locations has two fundamental factors: the first is the maximization of the differences, and the second one is the emphasis on the shared characteristics of a phenomenon (in order to maintain generalization). Multiple-case studies allow for comparison, consequently for some experimental comparisons, as well. Altogether, as they are extremely labour intensive, their number is very restricted; this way one cannot filter out all the potential disturbing effects, and this fact deters generalization (Kalleberg et al. 1994).

Taking into consideration the aforementioned advantages and disadvantages, as well as the available material, human and network resources, in our research we have chosen multiple (three) interpretative case studies.

The goal of the present sociological investigation is the identification and interpretation of hiring strategies (in the sense of search and recruitment methods

4 Methods Are Resembling Saloon Bar Sociology.

used by the employers, respectively the information used in selection) of the medium-sized enterprises typical to Harghita county, as well as the job search strategies of the employees of these enterprises. This research is confined to enterprises in private ownership, as in the case of enterprises in state ownership, where legal regulations prescribe the admission of employees by examination, the use of informal methods are very difficult to trace.

There were other reasons for a county-level investigation. First of all the restrictedness of resources in finances and researchers. The most important consequence of this fact is that the result of the research cannot be extended into regions with large cities. The second reason was that the delimitation of Szeklerland as a region (as a larger area comprising more counties with a Hungarian population in a compact block) is problematic, because it does not form an administrative unit, though several studies were effectuated about this area, which contain very useful cultural anthropological and sociological references. The third one was that – though a given town and its circle of gravity may represent appropriately the region – the micro-regions of this county are observably differentiated. Therefore the former reasons all argue in favour of a county-level investigation.

As we have explained in the previous section, according to our main hypothesis, the utilization of informal networks on the labour market is basically a common characteristic, but in the hiring strategies of the enterprises important differences may appear along some distinctions in, for instance, sectors, organization, reputation, etc. That is why, for the sake of comparability, the enterprises implied in the investigation have to be homogeneous from several points of view, and heterogeneous from other points of view. The selection of cases was realized in four steps.

1. The most important criterion of comparison referred to the number of the employees. As statistical data of the county also revealed, the decisive majority of the enterprises operating in the county (97.4 percent) are small enterprises and there are altogether only 25 private enterprises with above 250 employees. As in the case of enterprises employing at most 9 persons we did not consider the investigation of the research issues by non-representative methods to be relevant, and as large enterprises are not peculiar to this area, we have chosen to investigate medium-sized enterprises (2.2 percent of the county's enterprises in 2008).

2. The second criterion of comparison was the commensurability of the employed personnel. This was based on the division by fields of activity of the medium-sized enterprises (having 50 to 249 employees). According to the records of the Statistical Department of Harghita County⁵, in 2008 there were 162 companies of these dimensions in the county, 56.8 percent of which perform their activity in processing, 19.1 percent perform commercial activity, and 9.9 percent

5 Direcția Județeană de Statistică Harghita (Harghita County Statistical Office).

perform construction activity. The remaining 14.2 percent (27 enterprises) is divided between different fields of activity. As enterprises performing commercial activity have shop assistants and commercial agents as the majority of their employees, this class is not commensurable with the group of the workers – that is why we omitted them from the investigation. This is the way we have chosen the investigation of two enterprises from the processing industry and one from the construction industry.

3. In the third stage we had to decide on which of the two examined fields of activity would be inside processing industry. While according to national employment and research data both the construction and the processing industry face a shortage of manpower – therefore they are comparable – we have chosen two activities within the processing industry, most characteristic to the county: confection and lumber industry.

4. It is a known fact that the central issue of qualitative methods is validity. As exclusion of the impact of the relationships anterior to the interview can not be a simple thing in all the cases, during data recording we chose the “unknown diad” method, avoiding the sources of danger influencing validity, appropriately described by Harkess and Warren (1993). This was the reason why, with the aid of a contact person, we entered into direct contact with type ‘A’ (construction), type ‘B’ (confection) and ‘C’ (lumber industry) enterprises, and the field work took place in two towns from Harghita county in June and July 2008.

In our case studies we utilized the principle of triangulation: we have amalgamated the basic method of the semi-structured deep interview with that of the questionnaires and document analysis. Document analysis meant in all three cases – as there had not been made any written records neither about the applicants, nor about the interviews – aggregation and statistical processing of the information from the personal files of the employees (sex, age, address, date of employment, education, and profession). That way we obtained only the data of the successful job candidates (not of all the supply side). On the other hand, we have no reasons to presume that these two groups are significantly different.

The semi-structured deep interviews have been made with the persons who played an important role in taking the hiring decision. The interviews were centred around four major topics: 1. entrepreneurial curriculum, 2. establishment of the enterprise, 3. the role of human resources in the organization, and 4. recruitment. The questionnaires targeted the circle of the full-time employees, therefore we did not perform sampling. The questionnaire consisting of 38 questions deals with personal data, mobility within the profession, respectively the company, the source of the information about the job and the enterprise, the means applied in selection, the role of colleagues in admission, as well as the existence of strong bonds within the enterprise. The questions about the source of labour information refer to the way one joined the enterprise. The response proportion to these self-completing

questionnaires was in the case of all three enterprises at least of 60 percent (Table 1), that may be taken as a good one, taking into account the characteristics of the self-completing questionnaires, respectively those of the enterprises.

Table 1. Total of data recording methods applied in the case of the three enterprises

	Number of personal files analyzed	Number of deep interviews	Number of questionnaires filled out	Response proportion
A	136	3	115	84.6 %
B	64	4	41	64.0 %
C	91	2	55	60.4 %
<i>Total</i>	<i>291</i>	<i>9</i>	<i>211</i>	<i>72.5 %</i>

Consequently, all three case studies were performed on medium-sized private enterprises that perform industrial activities characteristic to the country (construction, confection and lumber industry), may presumably expect labour power problems, are set up in a town, and at the same time they differ in respect of the actual settlement, field of activity and, consequently, in the division of the employees by sex, as well as in the actual number of the employees. Data obtained by the methods of semi-structured deep interview, questionnaires and document analysis were processed by organizations, therefore the reduced number of cases did not allow for a deeper statistical data processing.

The results of the research

In this section we first summarize the main characteristics of the three organizations (the results of empirical findings), then we present the conclusions.

The main characteristics of enterprise “A”

Company “A” is a medium-sized enterprise (136 employees), its main activity is construction and it is based on the human resources of a former similar company (company “D”). Both the people in higher positions and most of the loyal workforce were already given. Although the fluctuation is significant, the labour shortage in this rashly growing branch is mainly related to the newly employed people. This labour shortage does not affect the studied company thanks to the loyal workforce, the widely spread relationship network of the employers and their personality. The employers practice a passive recruitment. The information about vacant jobs is spread in a wide area, mainly through the rich and heterogenic social network

of the employer, which reduces the role of employee referrals in the recruitment. Through this, the rate of the employees directly contacted by the employer is very high. Comparing the results of the international and national studies given in the specialized literature, in the case of enterprise “A” the rate of the employees hired through informal recruitment channels is higher than that of formal ones. Nevertheless, this is not only a particularity of the organization. The use of informal channels is motivated by finding better employees. Within the informal relations the weak ties based on professional relations are more significant than the strength of the strong familiar or friendly relations. Avoiding formal recruitment is motivated both by the great number of applicants and by the weak quality of the masses. The aspects considered at choosing the right person are: the personal characteristics, the power of work, and work experience. The awarded credentials are not significant either for choosing the candidates or for the achievable incomes at the company. Previously to hiring, the employers do not request any certificates, but in the process of selecting the right employee they use both personal information and the pieces of information brought through the relation networks of the employees. Even if particularism is not preponderate, it can be detected in a considerable part of the employments.

The main characteristics of enterprise “B”

The confection enterprise “B” has been active for almost 10 years, it is based on significant professional experiences, and it is continuously facing labour shortage. The manpower shortage has grown to such an extent that the number of employees has been reduced to half of the original number (64 employees). The reduced number of applicants can be explained by the reduced wage level in the specific sector of activity and organization. Considering the wages that can be achieved, this sector is growing old. This process is also shown by the fact that even on national level, the labour shortage and the fluctuation especially affects the workers and not the older craftsmen in higher positions. In order to cure this significant labour shortage, the employers practice an active recruitment, while the employees practice a passive one. The most relevant recruiting method is the newspaper advertisement. The personal relationship networks of the employers play a significant role in finding the right person for leading positions, while in recruiting the workforce these relationships play a minor role. The employee referrals – given especially by the craftsmen – have generated more employees, meanwhile the significance of this practice has decreased. The employees hired through referrals seem to be of much better quality from several points of view. In spite of continuous newspaper advertisements, informal recruitment seems to be more efficient in finding the reliable, loyal workforce. In the mediation of the information about vacant jobs, the strong ties play a more important role than the weak ones. The selection based on probation practically still exists, although it has lost its aim because of the increasing

labour shortage. The certificates do not play any role in the selection of workforce. The practice of particularism is rare, but the phenomenon can be detected by the analysis of the recruitment strategies of the organization.

The main characteristics of enterprise “C”

Enterprise “C”, a family company, has nearly 100 employees, and it has been a furniture factory for 11 years, which shows a gradual growth. The initial economic capital was not considerable; however, on the one hand, the professional experience and relationships of the father, and, on the other hand, the entrepreneurial past of the son have constituted an optimal base for a successful company. Although the fluctuation is detectable, the company shows a gradual increase, and the unemployment that is present on the labour market does not affect it. The employers practice passive recruitment. The information about vacant jobs is widely spread in an informal way, both through the relationship networks of the employer and through the ones of the present employees. The role of the employees in the direct recruitment is little, the mediation happens in an indirect way (through the acquaintances of the employees). The rate of direct applications is considerable. Most of the employees got their jobs through informal recruitment. Within the informal networks the weak ties based on professional relations are more significant than the strength of the strong familiar or friendly relations. Avoiding formal recruitment is motivated by personal negative experience and characteristics of the employers (basic humanitarian principles). Despite of the decreasing number of job-seekers, employers still accord a huge importance to selecting the employees. The main aspects taken into consideration for selecting the employees are firstly the personal characteristics (reliability and required behaviour patterns) and secondly the professional competence. Thus the employer relies first of all on his own knowledge of mankind, experience and informal relationship networks and on one of the craftsmen in higher positions. Certificates do not play a role in the selection, except in the case of working fields where higher education is required (engineer), which supports partially the credentialism. The phenomenon of particularism is relatively frequent and is directly connected in many cases to the employer and to other people engaged in the process of decision, nevertheless, it also works indirectly (mainly through friends).

Answers to research questions and hypotheses

In the last half century several researches have been done on the importance of information on the labour market. Researches prove that social networks play an important role in this transfer of information. Although the pieces of information about labour market are both significant for the employers and the employees, the

majority of the researches focus on the employees, thus we know far less about the recruitment behaviour of employers. This disproportion, according to my opinion, is not reasonable, considering the fact that in the job seeking process the methods of recruitment used by the employers seem to be more important, because employees looking for a new job have to use the recruiting channels defined by the employers. If employers practice the informal recruitment for filling job vacancies, the employees will also find new jobs in an informal way. This is also borne out by the fact that according to several research results, they still use the informal way of employing, although informal recruitment is not advantageous for employees regarding the possible incomes or the achievable higher positions (Lin et al. 1981; Flap and De Graaf 1988; Völker and Flap 1999, etc.). Considering these facts, we think, more attention should be paid to the study of the recruitment activity, since the motivations of the employers are more significant.

At the same time, the majority of the researches have neglected the fact that recruitment reflects not only job-specific but also organization level peculiarities that can be seized in the linked employer-employee type data sets. These kinds of researches in the specific literature are conspicuously rare and unique. This paper aims to seize the characteristics of hiring strategies, based on three case studies. The location of the research consists of small towns and their regions in a Romanian county in Szeklerland, which gives an excellent base for our study, being a region where the economic growth points towards formal recruiting methods (finding the best applicant), but the confidence-level towards institutions is very low. As far as the confidence towards institutions grows weaker in a society, the social networks come to play a more important role (Lane 1998, quoted by Mellahi and Wood 2003, 371), which is a fact that points to the mechanism of intensive search and particularism.

Before answering the research questions and hypotheses, a very important work of Barron, Bishop and Dunkelberg should be mentioned. They distinguish three factor-groups which influence the recruitment behaviour of the employer: 1. the type of the vacant job (e.g. the required educational level), 2. the characteristics of the job (size of the company, economic activity, gender and age of most employees, security of the workplace, etc.), and 3. the characteristics of the labour market (unemployment rate, employment proportion, etc.). The far most important factor has been the characteristics of the organization, followed by the type of the vacant job and the characteristics of the labour market (Barron, Bishop and Dunkelberg 1985, quoted by Allaart 2005). Although many organization features (like incomes or productivity, leading style, etc.) are not analyzed in this paper, these still play an important role in analyzing the differences between the companies.

The most important research question and hypothesis refers to the application of the informal recruitment channels on the labour market. Considering these, in the case of enterprise “A” and “C”, both the employer (not in the case of enterprise

“B”) and the employees show that the used recruitment/job finding methods are linked with the informal channels. In the case of all three enterprises, more than half of the employees (in case of enterprise “A” even three-quarters⁶) are informed about current jobs through informal channels (Table 2).

Table 2. The use of the three major methods in finding the current job (%)

	„A”	„B”	„C”
informal channels	77	54	61
formal channels	11	44	10
direct applications (without any acquaintance)	12	2	29
<i>Total</i>	<i>100</i> <i>N=69⁷</i>	<i>100</i> <i>N=39</i>	<i>100</i> <i>N=51</i>

Source: survey database

The rate of the employees who had already used informal channels when looking for a job before coming to the analyzed enterprises are slightly lower, nevertheless the mostly used methods of searching were the informal ones. Thus the hypothesis has been sustained considering all three enterprises from the employee’s point of view: regarding the informal application strategies versus formal strategies, the informal methods are more frequent.

In the analysis of the labour market, several scientists have proved that informal recruitment is more significant in the case of small and medium size enterprises (Malm 1954; Barron and Bishop 1985, quoted by Mencken and Winfield 1998; Marsden and Campbell 1990; Marsden 1994; Pistaferri 1999; Pellizzari 2004); furthermore, western European and American researches also show how widespread the method of informal job search is: according to Bartus the rate lays between 27–64% (Bartus 2001, 1), Völker and Flap put this rate between 35–55% (Völker and Flap 1999, 18), in addition, in Russia the admissions through informal channels lay between 40–60% (Yakubovich and Kozina 2000, 482). In our case, analyzing the three enterprises the rate lays between 54–77%, that means higher than the average rate.

The recruiting methods of the employer cannot be defined numerically; we can only rely on the significant recruiting methods identified by the employers. As we have already mentioned, this fact has been proved in case of enterprises “A” and “C”, and in the case of company “B” the situation is not explicit, since the employers continuously use all given channels to solve the lack of labour

⁶ The use of informal channels is higher in construction (Gorter 1996, quoted by Welters 2005, 14).

⁷ In the case of enterprise „A” the answers of 42 employees have not been analyzed, because – very probably – they interchanged the questions related to the current job with those related to the previous one occupied in a similar enterprise owned by the same employer and his old business partner.

force. Altogether we can affirm that in the case of medium-sized enterprises in this region, the use of informal channels for recruitment and finding a job is totally proved concerning the employees and partially concerning the employers.

The use of the informal channels in recruitment in the case of construction and lumber industry is motivated by the utmost large social networks of the employer. This also justifies the fact that these companies practice a passive recruitment. Since the important professional relationship networks at the textile enterprise seem to be significant, the main difference in the recruitment practice at the organization is not totally justified by the extent of the relationship capital. Although it cannot be shown directly from the research, the active or passive recruitment is also stated by the incomes. While in the case of the enterprises practicing passive recruitment the employees mean their income lays on the average, in the case of the “B” enterprise the employees mean their income is below the average. There are differences in job security as well, since in the case of the textile enterprise this is much weaker. Retaining the employees is also influenced by the good atmosphere at the work place and the personality of the employer. Psychological researches show that potential employees find more attractive those employers who are communicative and have a good appearance (Alderfer and McCord 1970; Harris and Fink 1987; Macan and Dipboye 1990; Taylor and Bergmann 1987, quoted by Breaugh and Starke 2000, 423). Some researches have also shown that similarities to the employer make the job seem more attractive (e.g. Turban and Dougherty 1992, quoted by Breaugh and Starke 2000, 423). The professional leaders as recruiters have a positive influence upon the possible applicants (Connerley 1997; Taylor and Bergmann 1987, quoted by Breaugh and Starke 2000, 423). Since in the case of enterprises “A” and “C” the recruiters were communicative and had a good appearance, being of the same profession and having worked in production, this might have also played an important role in avoiding the lack of work power. According to this aspect,⁸ the two enterprises practicing passive recruitment are in a more advantageous situation.

Obviously, besides all these, there are several other organization or sector⁹ factors that cannot be shown from these case studies. In the case of enterprise “B” it seems to be justified that the active recruitment through many channels does not bring about more satisfaction for the employer.¹⁰ Using more searching channels simultaneously by employees when looking for a new job is not typical. A very intensive job or employee search is effective neither for the employee nor for the employer.¹¹

8 The field-work experience supported this claim.

9 The type of recruitment channel is sector-dependent (Gorter 1996, quoted by Welters 2005, 14).

10 Vecchio (1995) found the same results.

11 This is sustained by the research results of Murray, Rankin and Magill (1981, 120).

Within the informal channels, all three enterprises emphasize the strength of the weak ties (this is sustained by the research results of Granovetter 1974; Boxman, De Graaf and Flap 1991; Yakubovich 2005). In finding a job or in recruiting employees the professional relationships play the most important role. As sustained by many scientists, with the growth of the professional experience, the network capital also grows (Bridgez and Villemez 1986, quoted by Grenon 1999, 24), and with the growth of the network capital the possibility of finding a job also grows (Grenon 1999).

Within the professional networks there are three different sources of recruitment: the networks of employers, those of the actual employees, and those of the former employees. In the case of enterprise “A” the employer seemed to be the most efficient; in the case of enterprise “B” the present and the former employees were the most efficient; and in the case of enterprise “C” the former employees and the employers were the most efficient. The second hypothesis seems to be sustained partially: in the case of the enterprise “B” the employee referrals have generated more present employees than the employer’s direct approach. At the same time, this proportion of employee referrals is also much lower than, for example, the one measured by Fernandez, Castilla and Moore (2000).

As a whole, employee referrals are not the most frequent informal recruitment method – as we could have expected on the basis of the international literature (Holzer 1987; Marsden and Campball 1990; Kalleberg, Knoke, Marsden and Spaeth 1996; DeVaro 2005, etc.). Theoretical approaches do not explain the very low percentage of the employee referrals in the case of type ‘A’ and ‘C’ enterprises. They are contented with their employees, the work atmosphere is visibly good, the topic of additional fees for the employees does not even arise, more expensive recruitment methods are not applied, and employees know each other well. According to the results of the case studies, the extension of the personal relationship network of the employer, at least at the level of small towns, works against the use of employee referrals: the employer’s direct approach and employee referrals function rather as a replacement than a complement of each other. Therefore, when employers use their personal relationship networks in recruitment, the role of employee referrals is reduced, and on the contrary, as employers do not use their personal relationship networks in recruitment, the role of employee referrals is increased.

Summing up the advantages and disadvantages of employee referrals, respectively of direct employer approach, these seem to differ at least in three respects. Firstly, the number of persons available by direct employer approach may be more reduced than the entire relationship network of the employees; secondly, the exposition of the negative aspects that appear in the organization may possibly present a more extended image from the side of the employees; thirdly, direct employer approach may be more effective from the point of view

of loyalty, trust and ties to the organization. Of these three recruitment methods through professional relationships, it seems that direct employer approach results in more loyal employees, recruitment through former employees results in more satisfied ones (due to their anterior knowledge about the needs of the given employer), and the employee referrals method results in better matching between people and vacant jobs. It is a fact, however, that we know very little about the role in recruitment of both the direct employer approach and the former employees. Case studies indicate in any case that professional relationships of all three kinds play a very important role in recruitment.

In the frequency of the phenomenon of particularism there is a significant difference between the cases pointed out by the employers and the ones pointed out by the employees. It rarely occurred in the narrations of the employers that they had admitted someone as a favour, half of the employees of all three organizations stated, however, that they had been helped in getting the job besides the information about the vacancy. As we do not know the nature of this help, we presumed that this had not been a manifestation of particularism in all cases, especially because the helpful person could have had influenced the admission only indirectly. The phenomenon of particularism seems however more frequent than as reflected by the interviews with the employers: it is also indicated by the frequency of the strong ties within the enterprises and by the role of craftsmen in taking decisions. The use of the three basic recruitment channels is related to the help received in getting the job (besides information about the vacant job) only in the case of enterprise “B”, thus my third hypothesis has partly been proven true: particularism occurs not only in the case of informal applicants, but also in the case of direct applicants and those recruited through formal channels. However, as a whole we cannot surely state anything about the frequency of particularism.

Results related to selection confirm in the case of all three organizations the previous research results according to which employers do not request educational certificates anterior to the admission, as skills utilized in the jobs can be better acquired when performing the job than in formal education (Collins 1980, quoted by Murray, Rankin and Magill 1981, 120). Selection in the case of enterprises “A” and “C” is linked to personal characteristics as well, which indicates that reliability or trustfulness are more valuable than professional competence in many cases.

The merits and limitations of the research

The method of multiple-case study is basically appropriate only for experimental conclusions, as the restricted number of the investigated cases does not allow for generalization. This is why the majority of the statements from the above

sub-section can be developed only accordingly. Furthermore, for the sake of comparability, all three case studies deal with enterprises performing industrial activity and facing manpower shortage according to national labour market analyses. Taking all of these into account, we may say that the present paper primarily answers the question how medium-sized enterprises of Harghita county respond to the challenge generated by manpower shortage. However, dealing with a region which has small enterprises as the decisive majority of its enterprises (94.4 percent) and, according to most researches,¹² amidst small enterprises recruitment through informal methods is more frequent, we think that the results referring to the use of informal networks on the labour market do not differ to a large extent from similar regions of Romania, eventually from other post-socialist regions¹³.

Beside the enterprise size, we considered other two factors which could influence the extension of data obtained to similar regions. First, according to the specialized literature, the manpower shortage in the external labour market leads towards utilization of formal channels. Second, the general educational qualification from processing and construction industry may be even 8.2 percent¹⁴ lower than the national average and that fact acts against the utilization of informal channels. Based on the available research data,¹⁵ we cannot find out whether qualification, manpower shortage or the size of the enterprise has a larger effect on the three basic types of recruitment channels. Therefore we presume that in the respect of the two arguments besides the extensibility of the data referring to the use of informal channels (many small enterprises in similar regions and lesser manpower shortage in other economic fields) and the only one against it (higher general educational level), these three factors at least balance each other. Hence we think that the frequency of the use of informal networks (at least 50 percent) may be valid in similar regions as well.

In the lack of similar researches, the results are very difficult to compare. This has two main reasons: on the one hand, our case studies are not representative, neither on the level of employers, nor on the level of employees; and on the other hand, there are differences between recruitment methods that can be read about in the specialized literature. As in this very case we intended a qualitative, interpretative investigation, we considered it very important to distinguish among the methods that can be used during recruitment. As, for instance, the specialized literature hardly presents the method of direct employer approach, we took it as a separate method, according to our hypothesis. Furthermore, in

12 Although in the notable part of researches the bigger companies are overrepresented – see Granovetter (1984).

13 Regions organized around small towns with small enterprises.

14 Source: Pirciog, Ciucă and Blaga (2006, 53).

15 In the mentioned references we did not find an answer to this.

order to omit employer-employee differences in the method of direct application (walk-in), we used the term ‘application without any acquaintance’ instead of the generally used ‘direct application’. Taking all these into account, the comparisons used just facilitate interpretation.

We consider that the utmost merit of this paper is that we investigated a topic that plays a very important role in our everyday lives, and that was noticed by the Hungarian and Romanian scientific papers to a smaller extent. Consequently, our work might be one of the sources of further investigations aiming at the elimination of deficiencies mentioned above.

As we have previously stated, studying the recruitment behaviour of the employers is extremely important, at the same time, on the basis of the investigations performed hitherto, we still know less about it. This is very well shown by the lack of an elaborated theoretical and methodological framework by which one could grasp this problem. Therefore we think that further researches should centre, first of all, on unveiling recruitment activity and motivations, mechanisms standing behind the used channels.

Furthermore, related to the previous proposal, a unique methodological conception in respect of the categorization of recruitment channels would be very efficient. Besides the most frequently used tripartite classification (formal – informal – direct), the general use of other classifications appearing in other researches would be very valuable (for instance, passive/active recruitment and networks of gift/networks of request), through which research results would become more comparable.

Case studies reflect that the size of the relationship network that can be mobilized by a person performing recruitment may influence the utilized recruitment method. This is why applying network analysis techniques may play a great part in linked employer-employee type investigations.

Even though our research succeeded only in the confirmation of the quite frequent instances of particularism and of the presence of a ‘getting help’ feeling in the hiring process, we continue to think that the examination of the motivation of the employers behind it is very important (for instance, if one is hired as a favour, is he paid lower wages?).

As far as the recruitment practices are concerned, it seems that the personality of the employer and the economical state of the enterprise also have an important role. This is why, according to our opinion, these questions could be easier to grasp in an interdisciplinary framework. It is also motivated by the fact that, even though the works dealing with these questions in the fields of the three disciplines are numerous, separately they do not entirely explain the recruitment behaviour of the employers.

References

- Allaart, Piet. 2005. Selection in hiring, in relation to employer characteristics and non-wage job characteristics. *Brussels Economic Journal/Cahiers Economiques de Bruxelles* 48: 137–152.
- Bartus, Tamás. 2001. *Social Capital and Earnings Inequalities. The Role of Informal Job Search in Hungary*. ICS RUG/UU/KUN. Published by the author.
- Ben-Porath, Yoram. 1980. The F-connection: Families, friends, and firms and the organization of exchange. *Population and Development Review* 6: 1–30.
- Bian, Yanjie. 1997. Bringing strong ties back in. Indirect ties, network bridges, and job searches in China. *American Sociological Review* 62: 366–385.
- Bills, David B. 2003. Credentials, signals, and screens. Explaining the relationship between schooling and job assignment. *Review of Educational Research* 73: 441–469.
- Boxman, Ed A. W., De Graaf, Paul M. and Flap, Hendrik D. 1991. The impact of social and human capital on the income attainment of Dutch managers. *Social Networks* 13: 51–73.
- Breaugh, James A. and Starke, Mary. 2000. Research on employee recruitment. So many studies, so many remaining questions. *Journal of Management* 26: 405–434.
- Chenn, Yu-Fu and Funkenn, Michael. 2005. Non-wage labour costs, policy uncertainty and labour demand. A theoretical assessment. *Scottish Journal of Political Economy* 52: 687–710.
- Cohen, Yinon and Pfeffer, Jeffrey. 1986. Organizational hiring standards. *Administrative Science Quarterly* 31: 1–24.
- Collins, Randall. 1974. Where are educational requirements for employment highest? *Sociology of Education* 47: 419–442.
- DeVaro, Jed. 2005. Employer recruitment strategies and the labor market outcomes of new hires. *Economic Inquiry* 43: 263–282.
- Fernandez, Roberto M., Castilla, Emilio J. and Moore, Paul. 2000. Social capital at work. Networks and employment at a phone center. *American Journal of Sociology* 105: 1288–1356.
- Fernandez, Roberto M. and Weinberg, Nancy. 1997. Sifting and sorting. Personal contacts and hiring in a retail bank. *American Sociological Review* 62: 883–902.
- Flap, Hendrik Derk and De Graaf, Nan Dirk. 1988. With a little help from my friends. Social resources as an explanation of occupational status and income in West Germany, The Netherlands, and the United States. *Social Forces* 67: 452–472.

- Gorter, Cees and Van Ommeren, Jos. 1999. Sequencing, timing and filling rates of recruitment channels. *Applied Economics* 31: 1149–1160.
- Granovetter, Mark S. 1974. *Getting a Job. A Study of Contacts and Careers*. Cambridge, Massachusetts: Harvard University Press.
- Granovetter, Mark S. 1984. Small is bountiful. Labor markets and establishment size. *American Sociological Review* 49: 323–334.
- Granovetter, Mark S. 1995. *Getting a Job. A Study of Contacts and Careers*. Second Edition. Chicago: University of Chicago Press.
- Granovetter, Mark S. 2005. The impact of social structure on economic outcomes. *Journal of Economic Perspectives* 19: 33–50.
- Grenon, Lee. 1999. Obtaining a job. *Statistics Canada* 11: 23–27.
- Harkess, Shirley and Warren, Carol A.B. 1993. The social relations of intensive interviewing. Constellations of strangeness and science. *Sociological Methods and Research* 21: 317–339.
- Holzer, Harry J. 1987. *Hiring procedures in the Firm: Their Economic Determinants and Outcomes*. NBER Working Paper Series No. 2185. (http://www.nber.org/papers/w2185.pdf?new_window=1 - last visit on May 28, 2013.)
- Kalleberg, Arne. 1994. Studying employers and their employees: Comparative Approaches. *Acta Sociologica* 37: 223–229.
- Kalleberg, Arne L., Knoke, David, Marsden, Peter V. and Spaeth, Joe L. 1994. The National Organizations Study. An introduction and overview. *American Behavioral Scientist* 37: 860–871.
- Lin, Nan, Vaughn, John C. and Ensel, Walter M. 1981. Social resources and occupational status attainment. *Social Forces* 59: 1163–1181.
- Malm, Theodore F. 1954. Recruiting patterns and the functioning of labor markets. *Industrial and Labor Relations Review* 7: 507–525.
- Marsden, Peter V. and Campbell, Karen E. 1990. Recruitment and selection process. The organizational side of job searches. In R. L. Breige (ed.) *Social Mobility and Social Structure*. New York: Cambridge University Press. 59–79.
- Marsden, Peter V. 1994. The hiring process. Recruitment methods. *American Behavioral Scientist* 37: 979–991.
- Mellahi, Kamel and Wood, Geoffrey T. 2003. From kinship to trust. Changing recruitment practices in unstable political contexts. *Cross Cultural Management* 3: 369–381.
- Mencken, F. Carson and Winfield, Idee. 1998. In search of the “right stuff”. The advantages and disadvantages of informal and formal recruiting practices in external labor markets. *American Journal of Economics and Sociology* 57: 135–154.

- Miller, Shazia Rafiullah and Rosenbaum, James E. 1997. Hiring in a Hobbesian world. Social infrastructure and employers' use of information. *Work and Occupations* 24: 498–523.
- Murray, Stephen O., Rankin, Joseph H. and Magill, Dennis W. 1981. Strong ties and job information. *Sociology of Work and Occupations* 8: 119–136.
- Nowak, Margaret J. 1988. "Information Theory and Employer Recruitment Practices." *Journal of Industrial Relations* 30/2: 277–293.
- Pellizzari, Michele. 2004. *Do Friends and Relatives Really Help in Getting a Good Job*. Centre for Economic Performance Paper No. 623. (http://eprints.lse.ac.uk/19980/1/Do_Friends_and_Relatives_Really_Help_in_Getting_a_Good_Job.pdf - last visit on May 28, 2013.)
- Pîrciog, Speranța, Ciucă, Vasilică and Blaga, Eugen (ed.) 2006. *Evoluția ocupațiilor pe piața forței de muncă din România în perspectiva anului 2010*. Ministerul Muncii, Solidarității Sociale și Familiei, București. (<http://www.mmuncii.ro/pub/imagenanager/images/file/Rapoarte-Studii/2006/221206studiu.pdf> - last visit on May 28, 2013.)
- Pistaferri, Luigi. 1999. Informal networks in the Italian labor market. *Giornale degli Economisti e Annali di Economia* 58: 355–375.
- Rees, Albert. 1966. Information networks in labor markets. *American Economic Review* 56: 559–566.
- Russo, Giovanni, Gorter, Cees and Schettkat, Ronald. 2001. Searching, hiring and labour market conditions. *Labour Economics* 8: 553–571.
- Schultz, Theodore W. 1961/1998. Investment in human capital. Beruházás az emberi tőkébe. In Lengyel György and Szántó Zoltán (eds.) *Tőkefajta*. Budapest: Aula Kiadó Kft. 45–71.
- Sik, Endre. 2002. Kapcsolatérzékeny útfüggőség. Magyar korrupció? In J. M. Kovács (ed.) *A zárva várt Nyugat. Kulturális globalizáció Magyarországon*. Budapest: Sik Kiadó. 345–381.
- Sik, Endre and Wellman, Barry. 1999. Network capital in capitalist, communist and post-communist countries. In B. Wellman (ed.) *Networks in the Global Village*. Boulder, CO: Westview Press. 225–255.
- Stigler, George J. 1962. Information in the labor market. *Journal of Political Economy* 70: 94–105.
- Tóth, Lilla. 2004. A bizalom szerepe a helyi gazdasági kapcsolatokban. Esettanulmány. *Szociológiai Szemle* 4: 95–128.
- Vecchio, Robert P. 1995. The impact of referral sources on employee attitudes. Evidence from a national sample. *Journal of Management* 21: 953–965.
- Völker, Beate and Flap, Henk. 1999. Getting ahead in the GDR. Social capital and status attainment under communism. *Acta Sociologica* 42: 17–34.

- Welters, Riccardo. 2005. *Efficiency of Employment Subsidies and Firms' Recruitment Strategies*. Maastricht University, PhD dissertation, Faculty of Economics and Business Administration. (<http://arno.unimaas.nl/show.cgi?fid=6359> - last visit on January 7, 2008.)
- Yakubovich, Valery. 2005. Weak ties, information, and influence. How workers find jobs in a local Russian labor market. *American Sociological Review* 70: 408–421.
- Yakubovich, Valery and Kozina, Irina. 2000. The changing significance of ties. An exploration of the hiring channels in the Russian transitional labor market. *International Sociology* 15: 479–500.