

## **Recruitment and experiments**

In Gërkhani, K. (2017), 'The Experimental Approach to Studying Employers' Hiring Behavior.' *Emerging Trends in the Social and Behavioral Sciences: An Interdisciplinary, Searchable, and Linkable Resource*. 1–14, I advocate the use of experimental methods to study labor demand. Experimentation contributes to a better understanding of employers' hiring behavior by establishing what is cause and what is effect in observed behavior and allows for a better grip on the mechanisms underlying the hiring process. Given the difficulties in obtaining information from employers, experiments offer a fruitful alternative route to collecting information about the hiring process. The limited existing research provides a basis for new and promising steps into the future. To address research questions related to employers' hiring behavior, I propose combining experimental methods; implementing cross-country experimental designs; conducting experiments on online labor markets; and using experimental control to explore the inter- action between social context and biological factors. Setting these steps will give employers' decisions the attention they deserve when it comes to the important role that hiring plays in generating labor market (in)equalities.

## **The demand side of the hiring process**

In Bills, D.B., V. Di Stasio, and K. Gërkhani (2017), 'The Demand Side of the Hiring Process: Employers in the Labor Market.' *Annual Review of Sociology*, Volume 43: 6.1-6.20, we argue that sociological research on labor markets has focused most of its attention on the supply side of the labor market, that is, the characteristics of job seekers and job incumbents. Despite its pivotal and we believe primary role in labor market processes, the demand side, in particular the hiring decisions made by employers, has received less attention. The employment relationship, however, comprises both the demand and supply sides, as well as the matching processes that bring these together. We consider the sociology of the demand side by considering three sources of information (human, social, and cultural capital) that employers charged with making hiring decisions seek out, as well as the mechanisms associated with each source. We conceptualize employers as active agents whose hiring behavior is both constrained and enabled by larger social, organizational, and institutional contexts. We call for a program of research that will lead to a fuller empirical and theoretical understanding of employer hiring behavior and its place in the stratifying of labor markets.

## **Recruitment strategies across jobs**

In Gërkhani, K. and F. Koster (2015). 'Making the Right Move: Investigating Employers' Recruitment Strategies'. *Personnel Review* 44(5): 781–800, we use self-collected data from a field survey of 288 Dutch employers. The findings show that employers use informal recruitment methods more often for jobs with high degree of discretion (i.e., managerial, professional and specialists jobs) than for jobs with low degree of discretion (i.e., administrative and supporting jobs). In addition, the type of information transmitted through employers' social contacts matters for their recruitment strategies. In particular, the information from contacts with friends and family is more important for managerial, professional and specialists jobs. This finding indicates that employers try to solve the trust problem, which is more pressing in jobs with a high degree of

discretion, by using information from the contacts they have outside of their work sphere. The motivation with which family and friends provide information overcomes the benefits of accessing various sources of information via work. This supports previous arguments related to the strength of ties, originally put forward by Granovetter (1982). When recruiting for jobs with high degrees of uncertainty, the fear that information provided to employers by their work-related contacts may be unreliable and misleading seems to be higher than when recruiting for jobs with low degrees of uncertainty.

### **Hiring and social contacts**

In Di Stasio, V. and K. Gërkhani (2015), 'Employers' Social Contacts and Their Hiring Behavior in a Factorial Survey'. *Social Science Research* 51: 93-107, we measure the effect of referrals on employers' hiring assessments by combining a factorial survey with an experimental design with a sample of employers in England. We find that referrals do matter for employers who consider education a noisy signal, in line with the argument that informal recruitment can represent a strategy for employers to compensate for poor signaling. Referrals are especially beneficial for highly educated applicants, likely a sign that employers need a guarantee against possible wage or turnover costs.

### **Recruitment and social networks**

In Gërkhani, K., J. Brandts and A. Schram (2013), 'The Emergence of Employer Information Networks in an Experimental Labor Market'. *Social Networks* 35: 541-560, we use (laboratory) experimental data, and show that employers are willing to exchange information on the quality of their previous workers with employers' professional and business contacts (even when it is costly to do so). By doing so they are able to recruit trustworthy workers, which in turn creates a high quality of trading, benefiting both: high wages for workers and high revenues for employers. The main mechanisms driving such an exchange of information and thus emergence of employers' networks are twofold: pro-social motivations like conditional cooperation and more self-interest-driven types of motivations like reputation building.

### **Recruitment channels**

In Brandts, J., K. Gërkhani and A. Schram (2010), 'Information, Bilateral Negotiations, and Worker Recruitment.' *European Economic Review* 54(8): 1035–1058, we study experimentally how firms choose between using a centralized market and bilateral negotiations to recruit new personnel. In the market firms interact with several workers but do not have information about workers' behavior in the past. In the bilateral negotiations firms negotiate bilaterally with prospective workers and learn about workers' performance in previous jobs. We show that the interaction between social preferences, the incompleteness of contracts and the existence of information about a worker's past performance provides an explanation for firms forgoing market opportunities and bilaterally negotiating with a worker. We observe that approximately 30% of all job contracts were bilaterally negotiated when these contracts are incomplete as opposed to only 10% when contracts were complete. The surplus from

trade is higher when incomplete contracts can be bilaterally negotiated, which can be attributed to the presence of information.

### **Recruitment and labor market size**

In Brandts, J., K. Gërxhani, A. Schram and J.E. Ygosse-Battisti (2010), 'Size Doesn't Matter! Gift Exchange in Experimental Labor Markets.' *Journal of Economic Behavior & Organization* 76: 544-548, we study how the number of traders affects the interaction between a centralized exchange and bilateral negotiations in an experimental labor market with excess supply and incomplete contracts. Our large markets are three times as large as our small markets. In bilateral negotiations firms obtain information about employees' performance in previous jobs. Though market forces put a downward pressure on wages in large markets, reciprocal tendencies do not differ. Hence, the occurrence of bilateral negotiations increases overall efficiency for both market sizes.

### **Recruitment strategies within an institutional context**

In Gërxhani, K. (2015). 'Finding a good match or contributing to inequality? Recruitment strategies through the lens of employers' institutional interpretation' (*work in progress*), I expand on the existing literature by looking at the micro-foundations of employer recruitment behavior under institutional constraints and facilities. The main research question is whether and how employers' experience with formal and informal institutions related to hiring affect their recruitment strategies. Formal institutions are broadly defined as formal rules and regulations, whereas informal institutions as social norms and conventions. In this study, the former capture the macro-level regulations that are 'imposed' on organizations and are typically applicable to all of them. The latter, informal institutions, capture the social norms as experienced by employers within their organizations. The findings indicate that employers' choices of recruitment channels are well embedded in an institutional context of formal and informal institutions at the workplace. By and large, employers' experience with both types of institutions is positively associated with a more frequent use of personal recruitment channels. This is particularly the case regarding jobs with high degrees of discretion like managerial, professional or specialist jobs. Such a finding raises concerns related to social inequality, since candidates eligible for this type of jobs, who have no or limited access to employers' networks will be at a disadvantage. However, formal institutions that aim at positive action may limit this disadvantage as they decrease employers' use of personal recruitment channels. This is supported by the data.

### **Social networks and migrants' labor market integration**

In Gërxhani, K. and Y. Kosyakova (2018), 'The Effect of Social Networks on Migrants' Labor Market Integration: A Quasi-Experiment' (*working paper*), we argue that empirically identifying the causal effect of social networks on migrants' economic prospects is a challenging task due to the non-random residential sorting of migrants into locations with greater opportunities for (previous) connections. Our study addresses this selection-bias issue by using a unique quasi-experimental dataset of refugees and other migrants that were exogenously allocated to their first place of residence by German authorities. The empirical results reveal a positive causal effect

of social networks on migrants' transition rate to the first job, but only if the networks are mobilized for the job search. This finding implies that the mere effect of more available networks is insufficient for migrants' labor market integration; it is when these networks are utilized that they become beneficial.