

# Evaluating Contingent Workers as a Recruitment Source for Full-time Positions

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**The popularity of contingent work arrangements means that many people now begin working for organizations in a temporary capacity. However, no research has examined how contingent workers converted to full-time status compared with new hires that are recruited from other sources. In this study, we found that converted contingent workers performed as well as new hires recruited externally through employee referral or online advertisements, but not as well as employees sourced internally from the organization, 1 year after being hired. However, contingent workers did not differ from other recruiting sources in their start-up time or in how satisfied their managers were with their early adjustment two months after hire.**

Interest in effective recruiting practices continues to grow because of the critical importance of finding and securing talented, committed workers in an uncertain economy (Dineen & Soltis, 2011). Many recent studies have compared the quality of candidates recruited through different talent channels or sources, such as referrals from existing employees versus online advertisements. Different types of recruiting sources yield candidates that vary with respect to many important prehire and posthire outcomes for organizations, including early performance ratings, job attitudes, and retention (e.g., Breagh, 2008; Weller, Holtom, Matiaske, & Mellewig, 2009; Zottoli & Wanous, 2000).

One potential recruiting source that has received no research attention to date is the conversion of contingent or temporary employees to full-time status. Contingent work arrangements have become highly popular in the last 20 years as cost-saving measures for organizations, and millions of US workers are currently employed in contingent jobs (Coy, Conlin, Herbst, & Matlack, 2010). Contingent employee pools can be attractive sources of candidates for full-time positions because they offer organizations low-cost opportunities to vet potential employees prior to making a full-time offer (Coy et al., 2010). However, contingent employees are quite different from other sources examined in recruit-

ing research and should not be lumped with other internal or external candidates. Although contingent employees have experience in the hiring organization like a traditional internal candidate, they are typically employed by a separate staffing agency, excluded from many opportunities and benefits given to full-time employees, isolated from the company culture, and frequently stigmatized in ways that make their experiences quite distinct from those of their full-time colleagues (e.g., Boyce, Ryan, Imus, & Morgeson, 2007). Thus, contingent employees who apply for full-time jobs blur the distinction between internal and external recruiting that is made in many studies of candidate sources (Moser, 2005). We consequently identified a need to advance research on this issue by comparing employees hired into full-time jobs from contingent positions to employees hired from other common recruiting sources.

In this article, we evaluate data from a large pharmaceutical organization to compare the outcomes associated with hiring full-time employees from four recruiting sources: conversions of contingent workers, internal hires of existing full-time employees (e.g., transfers), external hires made through employee referrals, and external hires made through online advertisements. We examine differences among these groups with respect to three important outcomes: time taken to start the

position after hiring, manager satisfaction with the new employee (collected 2 months after hire), and overall performance ratings (collected within 1 year of hire). Consistent with past research, we expect that internal hires will experience better posthire outcomes than external hires made through referrals or online advertisements. However, we compare contingent worker conversions to these other recruiting sources in an exploratory capacity given no previous research to suggest how new hires from this recruiting source should perform. Thus, the primary contribution of this study is to offer the first evaluation of contingent workers as a viable recruiting source for full-time positions.

## 1. Method

### 1.1. Sample and context

We collected data from the US affiliate of a global pharmaceutical company, focusing on recent hires made between 2009 and 2011. To avoid confounding our analysis with a variety of different hierarchical levels and contexts, we limited data collection to hires made into a job family of entry-level, individual-contributor roles in the organization's US headquarters. Representative job titles in the sample included business analysts, research associates, and accountants. All of these jobs were categorized together by the organization for workforce analytics because they shared many common attributes; specifically, all of these jobs (a) were performed only in the headquarters office; (b) required a 4-year degree in a technical area; (c) had the same job title rank and compensation range; and (d) lacked supervisory responsibilities.

A total of 276 hires were made in this job family between 2009 and 2011 for analysis: 32 internal hires, 38 external hires based on referrals, 79 conversions of contingent workers, and 127 external hires from online job advertisements. All of the contingent workers were formerly employed by the same nationwide temporary staffing agency. No further data was collected by the organization concerning specific websites or job boards used by the external hires recruited from online advertisements. All of the hires were selected with the same process that utilized competency-based interviewing; the same questions were asked of all hires in the sample regardless of job title or recruiting source. No other tests or assessments were utilized. Unfortunately, these interview scores and demographic data for these hires were not available from our partner organization to include in the analyses that follow.

### 1.2. Measures of criteria

#### 1.2.1. Time to start role

We used objective staffing data collected from the organization to calculate the time lag between the date

when each hire accepted the job and the date when he or she actually started work. This value is expressed in days in all analyses that follow.

#### 1.2.2. Manager satisfaction with hire

Managers were provided with the opportunity to complete a short, online survey measuring their satisfaction with the new hire approximately 2 months after the start date. The objective of the survey was to provide early insight into the success of the placement. Responses were voluntary and were received for 146 new hires in the sample (52.89%). However, satisfaction ratings were provided for only seven of the internal hires. Satisfaction was measured in the survey with a 6-item scale developed by the organization; sample items asked managers to select the number that best reflects the overall extent to which the new hire 'has demonstrated functional or technical expertise relative to your expectations' and 'works well, communicates in an open and honest manner, and shares best practices with others.' Responses were made on a 7-point scale where 1 = *does not meet expectations* and 7 = *outstanding*. For the full scale,  $\alpha = .97$ .

#### 1.2.3. Performance rating

At the conclusion of their first calendar year, all employees received an overall performance rating on a 5-point scale where 1 = *does not meet expectations* and 5 = *outstanding*. These ratings were made by the same manager who previously made the satisfaction rating. Performance ratings were made on the basis of the employee's performance relative to his or her goals for the year. After the initial performance rating was made by the employee's direct manager, the ratings were then evaluated in a calibration meeting with the employee's one-over supervisor, who ensured that the ratings were not inflated and accurately reflected the employee's performance. This overall rating is the primary performance metric in the organization and is used to help make administrative decisions concerning bonuses and compensation.

## 2. Results

Means, standard deviations, and correlations between criteria are reported in Table 1, which shows that ratings of satisfaction and performance are only modestly correlated with each other in the full sample despite the fact that both ratings were made by the same manager. We examined if the magnitude of these correlations differed between recruiting sources as an exploratory analysis. Time-to-start was unrelated to either performance or satisfaction ratings for any source. The magnitude of the relationship between the performance and

satisfaction ratings was weakest among the contingent hires ( $r = .40, p < .01, N = 45$ ), and strongest among the hires from employee referrals ( $r = .59, p < .01, N = 18$ ).

We conducted a series of one-way analyses of variance to compare the impact of recruitment source on these outcomes, which are summarized in Table 2. Note that the sample size for analyses concerning manager satisfaction ratings differ from those concerning time to start and performance because of the voluntary nature of the satisfaction surveys.

As shown in Table 2, significant differences were evident between the recruiting sources with respect to the duration between the hiring and start dates. A Tukey's honestly significant difference post hoc test indicated that internal hires of full-time employees resulted in the fastest start times. The slowest start times were associated with external hires made through employee referrals or online advertisements. However, contingent worker hires did not significantly differ from any other recruiting source.

With respect to manager satisfaction ratings after 2 months, only seven managers of internal hires submitted a satisfaction survey. Consequently, we were only able to compare the other three recruiting sources with respect to this criterion. No significant mean differences were observed between the remaining recruiting sources with respect to manager satisfaction ratings.

However, we did find significant differences in first-year performance ratings. Specifically, internal hires of full-time employees received higher ratings than all three other recruitment sources, which did not differ

from each other. Overall, these results demonstrate that internal recruitment of full-time employees is associated with several advantages (faster start time and better performance), and that contingent employee conversions to full-time status do not appreciably differ from external hires in any criterion that we examined.

### 3. Conclusion

Given the rapid growth of contingent employment, it seems increasingly likely that contingent arrangements will be a common starting point for people seeking a full-time job. Consequently, we identified a clear need to evaluate the quality of candidates sourced through this mechanism relative to traditional internal and external candidates. While staffing professionals may perceive contingent employees to be equivalent to other full-time, internal candidates, the results of our study demonstrate that contingent workers converted to full-time jobs do not perform as well as internal hires. This difference is likely attributable to the restricted experience and access to information that contingent workers frequently report (e.g., Boyce et al., 2007). Follow-up research is needed to determine if the effects of rating sources that we observed are mediated by mechanisms identified in previous recruitment research, such as role clarity, applicant quality, or unmet expectations (Griffeth, Hom, Fink, & Cohen, 1997; Moser, 2005). The start-up time required for contingent workers and the satisfaction of managers with these hires also did not differ from that of any other recruiting source. Thus, while recruiting contingent workers for full-time jobs does not seem as effective as internal hiring, there are also no noticeable *disadvantages* associated with contingent worker conversions in comparison with the other recruiting sources examined.

Strengths of this study include the first empirical examination of contingent workers as a recruitment source for full-time employees and the prediction of several post-hire criteria that are rarely examined in recruiting research (i.e., manager satisfaction and first-year

Table 1. Correlations and descriptive statistics for criteria

	M	SD	1	2	3
1. Time to start lag (days)	21.52	16.52	–		
2. Manager satisfaction rating	30.80	7.09	–.05	(.97)	
3. Performance rating	3.19	0.48	.01	.41**	–

Note: For correlations with manager satisfaction,  $N = 146$ . For other correlation,  $N = 286$ .

\*\* $p < .01$ . SD = standard deviation.

Table 2. Comparison of post-hire outcomes for recruiting sources

DV	Full-time internal ( $N = 32$ )	Contingent conversion ( $N = 79$ )	External referral ( $N = 38$ )	External advertisement ( $N = 137$ )	F	$\eta^2$
Time to start role (Days)	15.07 <sup>a</sup> (13.87)	19.19 <sup>a,b</sup> (5.28)	24.28 <sup>b</sup> (14.85)	23.40 <sup>b</sup> (20.84)	3.21*	.03
Manager satisfaction rating	–	31.42 (7.51)	31.22 (4.97)	30.54 (7.26)	0.29	<.01
Overall performance rating	3.47 <sup>a</sup> (0.57)	3.16 <sup>b</sup> (0.44)	3.08 <sup>b</sup> (0.36)	3.18 <sup>b</sup> (0.49)	4.50**	.05

Note: For each source, standard deviations are reported in parentheses. Means with different superscripts are significantly different from each other (Tukey's honestly significant difference test;  $p < .05$ ).

The sample size for the analysis of variance on manager satisfaction ratings differed because of the voluntary response rate; insufficient managers of internal hires responded, so we compared the mean satisfaction ratings given to hires from contingent conversions ( $N = 45$ ), external referrals ( $N = 18$ ), and external advertisements ( $N = 76$ ).

\* $p < .05$ ; \*\* $p < .01$ .

performance ratings; Dineen & Soltis, 2011). However, these findings must also be interpreted in light of several limitations, most notably that our data were collected from hires in a single job family, and organization. Our measures of manager satisfaction and performance were also proprietary, and the modest response rate for the manager satisfaction survey likely contributed to our null findings for this criterion. Additional research is needed to replicate our findings with other measurements and in different contexts. Further, we were not able to access any individual predictor data (e.g., interview scores) to include in the analysis. Future research could expand on our design to incorporate test and interview scores as covariates when comparing the outcomes associated with hiring from different recruiting sources.

Despite these limitations, this study provides the first empirical evidence that contingent worker groups are a viable recruiting source on par with external hiring via referrals or advertisements. While internal hires exhibited better performance and start times, these qualities must be balanced against the potential costs associated with creating new vacancies and staffing conflicts when recruiting from within the organization (Dineen & Soltis, 2011). Contingent workers may consequently offer advantages not identified in this study, and given the rapid expansion of contingent work in the United States, further research on this topic is clearly important.

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