

Obtaining a job

Lee Grenon

Some 8.4 million job hirings took place during 1994 and 1995. Nearly half (46%) of all job placements came about through job seekers' direct contact with an employer, either in person or by telephone. In most cases, these people were unknown to the employer and had only limited knowledge of the firm. Other successful job searches involved "networking" with family or friends. Such was the case for almost one-quarter of all jobs considered in this study (Chart). About one in 10 resulted from employer referrals or from direct contact initiated by an employer.

Newspaper advertisements, employment agencies and unions, among other intermediary sources, were less likely to lead to a job.

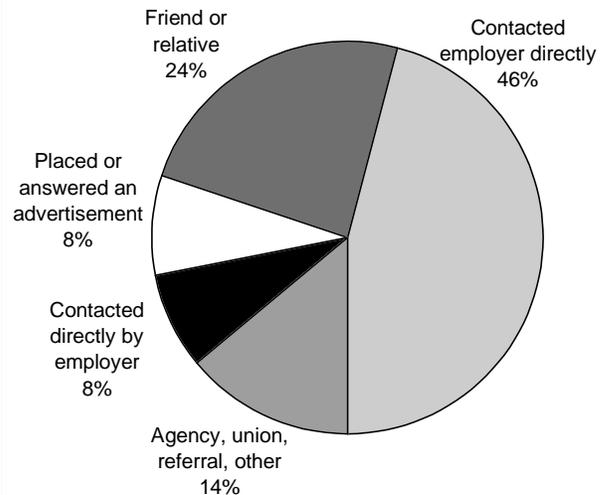
Averages provide an overview of the ways in which people find work. But a person's work history and the hiring practices of firms also affect the outcome of a job search. This study, which complements *Perspectives'* Autumn 1998 article on job search methods, examines how a worker's experience, a firm's size and a firm's private or public status influence the matching of jobs and workers. It uses 1994 and 1995 data from the Survey of Labour and Income Dynamics (SLID) (see *Data source and definitions*).

Matching people and jobs

Most job seekers gather information about prospective employers and job opportunities, and then offer their services to an employer (Grenon, 1998). They may study job advertisements, talk with friends and family, contact a public employment agency or a union, or conduct "information" interviews with employers or workers. They may then offer their labour by contacting an employer directly, speaking

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Contacting an employer, friend or relative may be the most effective means of finding work.



Source: Survey of Labour and Income Dynamics, 1994 and 1995

with friends or family, using an employment agency or union, or placing or responding to job advertisements. Together, these activities can lead to a job.

Hiring practices also affect the filling of job vacancies. How a firm recruits workers is related to how it shares job information (Fevre, 1989). Employers use two broad recruiting techniques. Formal techniques involve a market intermediary such as an advertisement, public or private employment agency, or union (Marsden and Campbell, 1990). Informal techniques involve individual contacts such as current employees, colleagues in other firms, or peers in professional associations.

Data source and definitions

The Survey of Labour and Income Dynamics (SLID) is a longitudinal household survey conducted by Statistics Canada. SLID provides both longitudinal and cross-sectional (that is, annual) estimates of labour, income and families in Canada.

This study examines paid jobs (a maximum of six per respondent in each year) begun between January 1, 1994 and December 31, 1995. Respondents must have been between 16 and 69 on December 31 of the year in which the job began. For SLID's purposes, a **job** represents a period during which a worker is continuously employed by an organization. This period of attachment may include spells of temporary layoff or absences due to own illness or disability, family or personal responsibilities and vacation. Absences from a job do not include off-season separations from seasonal jobs. Seasonal jobs with the same employer are considered new jobs.

An additional 957,000 paid jobs were started during this period for which information on method of attainment was not stated. These jobs are excluded from this analysis. As well, employees who changed jobs with the same employer without an interruption in employment are also excluded, since information on how these jobs were obtained was not collected.

For each week of the reference year, the **labour force status** of respondents may be employed, unemployed, not in the labour force, or not known. For more information on labour force classification in SLID see Noreau, Hale and Giles (1997).

The **size of the firm** is the number of employees at all locations of the firm.

Work experience is estimated in full-year full-time equivalents based on the individual's work history (excluding jobs held while in school). The estimate is updated to the end of each year.

Although job seekers may use a combination of methods to obtain a job, this study is concerned with the main one only. SLID asked workers to recall the method they considered to be the most important in obtaining a job (see *How jobs are obtained*). Not surprisingly, they frequently named the one directly preceding an offer of employment. As direct contact with an employer was the most common means of looking for work (Grenon, 1998), it was also the most common means of obtaining a job.

Lack of experience hurts

Limited work experience tends to restrict a person's means of finding a job. Those with the least work experience, typically youths, are the most likely to obtain work by contacting employers directly (49% in 1994 and 1995) or by hearing of opportunities from family and friends (27%) (Table). As they acquire more experience, they tend to develop professional relationships that help create other opportunities for employment.

The jobs most often filled through direct contact with an employer were in sales and service (53%). Primary occupations, transport equipment operating, and material handling and other crafts were the most likely jobs to be found through family and friends.

Work experience opens more avenues

Experienced workers are often able to take advantage of a direct offer from an employer, access to a union, or referral from another employer. These options are possible for several reasons. Increased work experience may foster relationships between a worker and one or more employers. Thus, a person's work history, if positive, engenders trust and can make an offer of employment more likely. This scenario is most common in managerial and professional and construction jobs (11% in 1994 and 1995). Employers may also share information with others or provide referrals for former or departing employees. This is most common in educational services, where referrals accounted for one in 13 jobs in the mid-1990s. Such relationships are said to create "social capital," which increases with a person's work experience (Bridges and Villemez, 1986). Also, seniority privileges, based on years of work, are important in the hiring process for some unionized jobs, particularly in construction, where an average 13% of jobs were filled through a union during the study period.

A current working relationship is also important in the hiring process. For example, among all jobs started in 1994 and 1995 by someone who was working the week prior to receiving the job offer, 10% were the result of the employer's direct contact (Table). This was the case for only 6% of jobs started by persons not employed in the week prior to receiving the job offer.

How jobs were obtained, by selected characteristics, 1994 and 1995

	Jobs started in 1994 and 1995	Main method of obtaining job							
		Contacted employer	Friend/relative	Job ad	Employer approach	Agency	Union	Referral	Other
		%							
Both sexes	100	46	24	8	8	4	4	2	4
Men	100	44	25	7	8	4	5	2	3
Women	100	49	22	9	8	4	2	2	4
Years of work experience									
0 to 4	100	49	27	7	6	5	2	1	4
5 to 9	100	45	20	9	8	6	4	3	5
10 to 19	100	44	19	10	11	4	6	3	3
20 and over	100	37	18	6	17	4	9	5	4
Labour force status during week prior to job offer									
Employed	100	45	22	10	10	4	3	3	3
Not employed	100	47	25	8	6	5	4	1	4
Education									
Less than high school	100	47	28	5	6	3	5	2	3
High school graduation	100	45	27	8	9	3	2	2	3
Some postsecondary education	100	48	25	9	7	5	1	1	4
Postsecondary diploma, certificate or degree	100	46	19	10	9	5	5	2	4
Occupation									
Managerial and professional	100	47	14	9	11	5	3	4	7
Clerical	100	43	25	11	6	7	2	--	5
Sales and service	100	53	24	9	7	3	1	1	2
Processing, machining and fabricating	100	43	26	7	7	7	5	--	4
Construction	100	38	28	3	11	3	13	--	2
Other occupations *	100	43	30	7	9	3	4	--	2
Firm size **									
Under 20	100	43	29	7	9	4	3	1	3
20 to 99	100	46	22	10	7	5	3	3	3
100 to 499	100	46	23	8	7	4	6	2	5
500 and over	100	50	18	8	7	5	4	2	5
Sector									
Private	100	46	25	8	8	4	4	2	3
Public	100	50	10	8	9	7	3	3	9
Industry									
Primary	100	44	30	4	12	3	4	--	2
Manufacturing	100	41	28	8	6	7	5	2	3
Construction	100	36	30	3	11	3	13	--	3
Transportation, communication and other utilities	100	44	26	11	8	--	--	--	--
Trade	100	51	24	9	7	3	--	--	3
Finance, insurance and real estate	100	42	22	12	--	--	--	--	--
Health and educational services	100	47	15	10	10	5	3	4	6
Accommodation, food and beverage services	100	58	22	9	5	3	--	--	--
Government services	100	46	11	9	7	10	--	--	12
Other services †	100	44	24	9	9	6	2	2	4

Source: Survey of Labour and Income Dynamics, 1994 and 1995

* Primary occupations, transport equipment operating, material handling and other crafts.

** Number of employees at all locations of the firm.

† Business, personal, religious, amusement and recreational, and miscellaneous services.

How jobs are obtained

Information on job search methods has been collected by the Labour Force Survey for many years. However, information on which means were most important in obtaining a job has only recently become available through the Survey of Labour and Income Dynamics (see *Data source and definitions*). Each January, interviews focus on labour and personal characteristics. Respondents are asked to identify how each new job was obtained:

- contacted employers directly
- contacted friends or relatives
- placed or answered job advertisements

- contacted employment agency (including Canada Employment Centres)
- obtained referral from another employer
- contacted directly by employer
- contacted union
- other – specify
- did not know
- refused

This information applies only to paid jobs of respondents who were between 16 and 69 at the end of the year in which the job began. Information for a maximum of six jobs per respondent is collected in each reference year.

Employers differ in their approach

The matching of people and jobs is also a consequence of the hiring practices of employers, which are related in part to the size of the firm. Small firms are the most likely to hire employees through family and friends, but the least likely to recruit from those who directly contact the firm (Table). As firm size increases, so too does the likelihood of recruiting from those who make direct contact with the employer. Hiring through family and friends diminishes accordingly. This pattern may be related to the more formalized human resource procedures of larger firms and the more flexible and informal hiring practices of smaller firms.

Differences in hiring practices influence how workers obtain jobs in the private and public sectors. In 1994 and 1995, one in 4 jobs with private firms came about through

family and friends. Only one in 10 jobs began this way in the public sector. As well, public employers were slightly more likely than private firms to recruit workers from among those who had contacted them directly (50% versus 46%) or through an employment agency (7% versus 4%).

Employers may find that hiring through friends and family provides more reliable information about a prospective employee than does using more formal techniques (Mencken and Winfield, 1998). Some offer bonuses to employees who locate “good” recruits. Such recruitment programs are intended to reduce mismatches between people and jobs, and to lower employee turnover costs (Simon and Warner, 1992). As well, a worker recruited by a family member or friend is more likely to conform to organizational norms (Grieco, 1987). The advantages may be most important to smaller private

employers, who lack the finances and dedicated personnel resources of larger firms (Marsden and Campbell, 1990). As well, smaller employers may receive fewer unsolicited applications for employment than larger employers.

Formal hiring techniques such as job advertisements make information available to a large labour market and generate a larger pool of applicants than do informal techniques. Formal methods are useful for employers moving to a new location, beginning a new activity, or recruiting for entry level positions (Marsden and Campbell, 1990).

Employers may also be more likely to invest time and money in the formal recruitment of workers with specific knowledge, skills or experience. Certain jobs may be harder to staff internally, and unsolicited applications from qualified candidates may be fewer.

For example, at 10%, postsecondary graduates were twice as likely as those with less than high school to find work through a job advertisement in 1994 and 1995. However, they were less likely than others to make use of informal recruitment through family and friends.

Conclusion

Contacting employers and networking with family and friends are the dominant means of obtaining a job. Other methods are less common. These include placing or answering job advertisements, being contacted directly by an employer, contacting employment agencies and unions, or having another employer make a referral.

The way a job is obtained depends on the job seeker's work experience and the employer's characteristics. As work experience increases, the methods of obtaining work become more diverse. Increased experience gives an employee time to develop working relationships that may become important during the hiring process. Being currently employed may also be important. As well, work experience helps to accumulate the seniority required for many unionized jobs.

The size and private or public status of a firm also affect how jobs are filled. Larger firms, particularly public sector employers, are more likely than smaller firms to hire persons who contact them directly, but less likely to use personal contacts. Smaller firms may have more flexible hiring practices, may need to minimize costs involved in hiring, and may receive fewer unsolicited applications for employment than larger firms.

Hiring practices may reflect broad economic and technological changes. New forms of business

organization, such as joint ventures and strategic alliances, as well as the use of out-sourcing, may change the hiring practices of many firms and the way that internal and external labour markets are viewed. The spread of new information technology like the Internet may also affect hiring practices. For example, these innovations may reduce the duration cost of formal recruiting (that is, the time taken to fill a vacancy) relative to that of informal recruiting (Mencken and Winfield, 1998). Reducing the duration costs of vacancies may become even more important if firms continue to shift from mass production to "just in time" production requiring flexible staffing.

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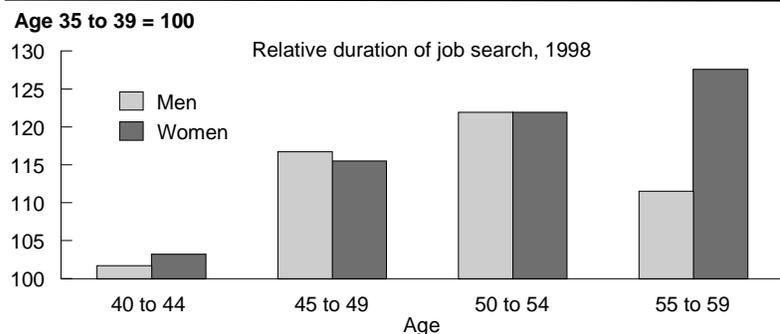
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Speaking of getting a job...

The accompanying chart shows the relative time taken by older job seekers to find work, compared with those aged 35 to 39 (who took about seven months to secure a job). Women aged 55 to 59 had the longest search.



Source: Labour Force Survey

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