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**Ph.D. THESIS**

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**Employment Strategies in Hargita county**

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## **I. Research Precedents and Theme Motivation**

Competition in 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<sup>1</sup>, 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], [2005]; Lin, Ensel and Vaughn [1981]; Bian [1977]; Yakubovich [2005], etc.). Consequently, an approach from the perspective of social networks reveals the role played by personal relationships in labour market.

Competition in 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, in essence different answers to the question that why do people use personal relationships in labour market<sup>2</sup>. 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 additional further information. A number of labour market investigations has confirmed (Borman, [1991]; Gamoran, [1994]; Griffin, [1981]; Kang and Bishop, [1986]; Rosenbaum and Kariya, [1990] quoted by Miller and Rosenbaum, [1997], p. 449) 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 employees (on their judgement most of the employers rely on) or they

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<sup>1</sup> The proportion of informal job search and hiring through informal channels is very significant both in postindustrial and post-communist countries.

use their 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 that 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], p. 103), but 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 formal way (Rees, [1966]; Granovetter [1974]) and they may spread information about job requirements as well (Lin, Vaughn and Ensel, [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], p. 525). As employers search for employees and evaluate them, so do employees search for and evaluate employers (Logan, [1996], quoted by Bills, [2003]). After all, from the time when Stigler (Stigler, [1962]) has recognized the key position of information on labour market, there has emerged a vast literature of finding a job and of behaviour of organizations on the labour market<sup>3</sup>, 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 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.” (Granovetter, [1995], p. 155)

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 economists, sociologists, human resource specialists and psychologists during the last half century made use of already existing databases, of a limited number, in order to learn about recruitment behaviour of the employers (DeVaro, [2005]).

Neglecting the investigation of recruitment strategies is moreover surprising because these research results possibly may have useful economic results for both companies aspiring for profit

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<sup>2</sup> In detail see Bartus, [2001], pp. 3-7

<sup>3</sup> for a detailed summary see Granovetter, Mark S. [1995]: Afterword, 1994: Reconsiderations and a New Agenda. Pp. 139-182 in *Getting a Job A Study of Contacts and Careers*. Second Edition. Chicago: University of Chicago Press.

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 method) have a direct result upon the admission chances of an applicant, unemployed or an employee 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 search 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 the 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 more undeveloped regions (Pistaferrri, [1999]). Besides these, the general lack of the researches that would focus on the study of recruitment strategies from the perspective of network capital motivates the present research in an emphasized way.

Not the dimensions and the components of network capital are important, but the way these relationships work in a given culture (Sik, [2002]). In this sense, our paper aims the description and interpretation of those mechanisms, principles and considerations that direct hiring strategies in enterprises peculiar to Seclerland. 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], p. 980), at the same time researches have to be utmost different from methodological point of view, – case studies, ethnographic studies, surveys, etc. – by 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 reflect 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 founding the analysis is a linked, employers-employees investigation.

In a significant lack of similar researches, our investigation tries to find an answer for 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 network capital is made use of in the processes of founding a company and of the recruitment? Through which kind of networks does information about vacant jobs spread? Whether strong or weak ties do 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 selection?

As our research does not aim explanation, as a matter a 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 recruitment activity of the medium-sized enterprises in the region.

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

## II. 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 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 elements that are connected to each other have also argued besides the choice of case study.

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

The second element, in a strong connection with the former, is financial background of researches. In this respect we may refer to the work of Pahl, who has described the so-called MARSBARS<sup>4</sup> 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], p. 107)

As a consequence, there cannot be performed a large-scaled joint data sampling.

Even though case studies results cannot be generalized reliably neither in individual, nor in organizational level - are appropriate for linked employer-employee type investigations (Kalleberg, [1994]). At the same time those are also facts, that only altogether 13 per cent of the investigation of organizations is based on random data sampling, and the decisive majority of the specialized is based on small samples (Kalleberg et al., [1994]).

One of the most frequent and the oldest research strategy in the investigation of the organizations is the single-case study. In the selection of that given case there play a great part the

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<sup>4</sup> Methods Are Resembling Saloon Bar Sociology



access of the researcher to that organization, geographical accessibility or that fact, that the given case is particularly interesting from a given point of view. Case studies generally require a long-lasting field work, whose data are analysed by researchers by qualitative methods. At the same time, in the case of labour market researches there have been applied quantitative methods in several instances (e. g. Burt, [1992]; Ibarra, [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 basically similar; therefore an investigation of a given case is as well acceptable as that of an other one. An other part of the researchers tell that on the base of a single case study one cannot decide that an examined phenomenon in what extent 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 et al., [1994]).

In order to eliminate individual peculiarities of single-case studies, there are used multiple-case studies. The selection of the locations has two fundamental reasons: the first is maximization of the differences; the second one is emphasis on the shared characteristics of a phenomenon (in order to maintain generalization). Multiple-case studies allow for comparison, and therefore for some experimental comparisons, as well. Altogether, because 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, we have chosen in our research multiple (in our case three) interpretative case study.

The goal of the present sociological investigation is identification and interpretation of hiring strategies (in the sense of search and recruitment methods 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 the enterprises. Because 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, therefore this research is confined to enterprises in private ownership.

There were more reasons of 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 Seclerland 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 there were effectuated several studies about this area, that 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 microregions of this county are observably differentiated. Therefore the former reasons all argue in the favour of a county-level investigation.

As we have explained in the previous chapter, according to our main hypothesis, the utilization of informal networks on labour market is basically a common characteristic, but in the hiring strategies of the enterprises there may appear important differences along some differences in, for instance, sectors, organization, reputation, etc. That's why, for the sake of comparability, the enterprises implied into the investigation have to be homogeneous from several respects, and as well heterogeneous from other respects. The selection of cases was realised in 4 steps.

1. The most important of the criteria of comparison referred to the number of the employees. As statistical data of the county did also reveal, the decisive majority of the enterprises operating in the county (97.4 per cent) is small enterprise and there exist altogether only 25 private enterprises with above 250 employees. As in the case of enterprises employing at most 9 persons we did not take relevant the investigation of the research issues by non-representative methods, and, as large enterprises are not peculiar to this area, this is why we have chosen investigation of medium-sized enterprises (2.2 per cent of the county's enterprises).
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 (of those, that are employing from 50 to 249 persons). According to the records of the Statistical Department of Harghita County<sup>5</sup>, there are present 162 companies of these dimensions in the county, of which 56.8 per cent perform their activity in processing, 19.1 per cent perform commercial and 9.9 per cent construction activity. The remaining 14.2 per cent (27 enterprises) is divided between different fields of activity. Thus the data reflect that in this county processing, commercial and construction enterprises are characterize this category of enterprises. 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's 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.

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<sup>5</sup> Direcția Județeană de Statistică Harghita

3. In the third stage we had to decide that inside processing industry which would be the two examined fields of activity. While according to national employment and research data both construction and processing industry face a shortage of manpower – therefore they are comparable – we have chosen the two activities from processing industry that are the 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, we remained during data recording besides the “unknown diad” method, avoiding the sources of danger influencing validity, appropriately described by Harkess (Harkess, [1993]). This was the reason why, with the aid of a contact person, we entered into direct contact with enterprises type ‘A’ (construction), type ‘B’ (confection) and ‘C’ (lumber industry) and the field work took place in two towns from Harghita county in June and July of 2008.

In case studies we have 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 the 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). In 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 this two groups are significantly different.

The semi-structured deep interviews have been made with the persons that played an important role in taking the hiring decision. The interviews were centred round 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 consisted 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. Response proportion to these self-completing questionnaires was in the case of all the three enterprises at least of 60 per cent, that may be taken as a good one, taking into account the characteristics of the self-completing questionnaires, respectively that of the enterprises.

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

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

Consequently, all the 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, at the same time they differ in the 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.

### **III. The results of the research**

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

#### ***III.1. The main characteristics of the enterprise “A”***

The “A” company is a medium-sized enterprise (136 employees), has as main activity construction and is based on the human resources of a former similar company (the “D” company). Both the people in main positions and also the main part 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, at the 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 the better (quality) 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 the 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 experiences. 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 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.

### ***III.2. The main characteristics of the enterprise “B”***

The confection enterprise “B” has been active since almost 10 years, based on significant professional experiences, and is facing continuously a labour shortage. The manpower shortage has grown to such an extent, that the number of employees has been reduced to its half (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 affects especially 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 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 – has generated more employees, meanwhile this practice has lost in its significance. The employees hired through referrals seem to be of much better quality from several aspects. In spite of the continuous newspaper advertisement, the 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 still exists practically, although it has lost its aim because of the increasing labour shortage. The certificates do not play any role in the selection of work force. The practice of particularism is rare, but the phenomenon can be detected by the analysis of the recruitment strategies of the organization.

### ***III.3. The main characteristics of the enterprise “C”***

The enterprise “C”, a family company, has been furniture factory since 11 years that shows a gradual growth and has nearly 100 employees. 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 a passive recruitment. The information about vacant jobs is widely spread on 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 on an indirect way (through the acquaintances of the employees). The rate of direct applications is considerable. Most of the employees got to their jobs through the 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 the formal recruitment is motivated by the personal negative experiences and also by the personal characteristics of the employers (basic humanitarian principles). Despite of the decreasing number of job-seekers, employers 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, experiences and informal relationship networks and also on the 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 relative frequent and is connected in many cases directly to the employer and to other people engaged in the process of decision, nevertheless it works also indirectly (mainly through friends).

#### ***III.4. Answers to research questions and hypotheses***

In the last half of 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 major part of the researches focus on the employees, thus we know far less about of 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 find a new job also on 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 the informal recruitment is not advantageous for employees, either regarding the possible incomes, or the achievable higher positions (Lin, Vaughn and Ensel [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 major part of the researches has neglected the fact that recruitment reflect not only job-specific but also organization level peculiarities that can be seized in the linked, employer-employee type data sets. These kind of researches in the specific literature are conspicuously rare and unique. The lack of linked (multilevel) researches explains also the fact that data sets according to the criteria of representativity are utmost energy – intensive and expensive. Since such a research goes beyond the frameworks of a personal research, 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 Seclerland, giving 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. In so far as in a society the confidence towards institutions grows weaker, the social networks become to play a more important role (Lane, [1998], quotes Mellahi and Wood, [2003], p. 371), 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 the most employees, security of the workplace, etc.) 3. the characteristics of the labour market (unemployment rate, employment proportion, etc.). The far most important factor has been the characteristic of the organisation, followed by the type of the vacant job and the characteristics of the labour market (Barron, Bishop and Dunkelberg, [1985], quotes Allaart, [2005]). Since many organisation features (like incomes or productivity, leading style, etc.) do not come to a research in this paper, these still play an important role in analysing 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 a half of the employees (in case of enterprise “A” even three-quarters<sup>6</sup>) are informed about current job through informal channels. The rate of the employees, who have already used the informal channels for looking for a job, before coming to the analysed enterprises, 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

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<sup>6</sup> The use of informal channels is higher in construction (Gorter, [1996], idézi, Welters, [2005], p. 14).



informal application strategies versus formal strategies, the informal methods are more frequent.

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

The recruiting methods from the employer part 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”, in the case of company “B” the situation is not explicit, since the employers use continuously all the given channels to solve the lack of work power. Altogether we can affirm that in this region in the case of medium-sized enterprises, the use of informal channels for recruitment and finding a job is proved totally, concerning the employees and partially concerning the employers.

The use of the informal channels in recruitment in the case of construction and lumber industries is motivated by the utmost large social networks of the employer. This justifies also 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 organisation is not justified totally 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 also from the point of view of job security, 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 the 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], quotes. Breugh és Starke, [2000], p. 423). Some researches have also shown that some similarities with the employer make the job seem more attractive (e.g. Turban and Dougherty, [1992], quotes Breugh and Starke,

[2000], p. 423). The professional leaders, as recruiters have a positive influence upon the possible applicants (Connerley, [1997]; Taylor and Bergmann, [1987], quotes Breaugh and Starke, [2000], p. 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 worked in production, this might have also played an important role in avoiding the lack of work power. According to this aspect<sup>7</sup>, the two enterprises practicing passive recruitment are in a more advantageous situation.

Obviously beside all these, there are several other organisation or sector<sup>8</sup> factors that cannot be shown from these case studies. In the case of enterprise “B” seems to be justified, that the active recruitment through many channels does not bring about more satisfaction for the employer<sup>9</sup>. Using more searching channels simultaneously by employees when looking for a new job is not typical, as a matter of fact, a very detailed searching is neither for the employer nor for the employee efficient<sup>10</sup>.

Within the informal channels, all three enterprises emphasise 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 grows also (Bridgez and Villemez, [1986], quotes Grenon, [1999], p. 24) and with the growth of the network capital grows also the possibility of finding a job (Grenon, [1999]).

Within the professional networks there are three different sources of recruitment that means the networks of employers, of the actual employees and of the former employees. In the case of the enterprise “A” the employer seemed to be the most efficient, at the enterprise “B” the present and the former employees and in the case of enterprise “C” the former employees and the employers. The second hypotheses seems to be sustained partially, that 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 (Fernandez, Castilla és Moore, [2000]).

As a whole, employee referrals are not the most frequent informal recruitment method - as we could have expected on the base of the international literature (Holzer, [1987]; Marsden and Campball, [1990]; Kalleberg, Knoke, Marsden and Spaeth, [1996]; Elliot, [2001]; DeVaro, [2005], etc.). Theoretical approaches do not explain the very low percentage of the employee referrals in the

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<sup>7</sup> The field-work experience supported this claim

<sup>8</sup> The type of recruitment channel is sector-dependent (Gorter, [1996], quotes Welters, [2005], pp. 14).

<sup>9</sup> Same results find Vecchio (Vecchio, [1995])

case of enterprises type 'A' and 'C'. They are contented with their employees, the atmosphere at the job is visibly good, the topic of additional fees for the employees does not even arise, there are not applied more expensive recruitment methods and employees know well each other. According to the results of 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: employer's direct approach and employee referrals function rather as a replacement than a complement of each other. Therefore, inasmuch employers make use rather of their personal relationship networks in recruitment, the role of the employee referrals is lowered, and on the contrary as employers do not use their personal relationship networks in recruitment, the role of employee referrals is raised.

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, exposition of the negative aspects that appear in the organization possibly may 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 result more loyal employees, former employees result more content ones (due to their anterior knowledge about the needs of the given employee), and employee referrals result employees more befitting the jobs. It is a fact however, that we know very few about the role in recruitment of both the direct employer approach and the former employees, respectively. Case studies indicate in any case, that professional relationships of all the three kinds play a very important role in recruitment.

In the frequency of the phenomenon of particularism there is a significant difference in the cases pointed out by the employers, respectively in those ones pointed out by the employees. Whilst it occurred rarely in narrations of the employers that they had admitted someone as a favour, the half of the employees of all the three organizations stated however that he or she had been helped beyond the job information. As we don't know the nature of this help, we presumed that this had not been a manifestation of particularism in all the 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 craftsmen in taking decisions. The use of the three basic recruitment channels is related with the help beyond job

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<sup>10</sup> This is sustained by the research results of Murray, Rankin and Magill (Murray, Rankin and Magill, [1981], pp. 120).

information only in the case of enterprises 'B', thus my third hypothesis partly has proven true: particularism occurs not only in the case of informal applicants, but also does in the case of direct applicants and of those recruited through formal channels. However, as a whole we cannot state anything sure about the frequency of particularism.

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

### ***III.5. 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 sub-chapter above can be developed only accordingly. Furthermore, for the sake of comparability, all the 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 that how do medium-sized enterprises of Harghita county respond the challenge generated by manpower shortage. However, dealing with a region which has small enterprises as the decisive majority of the enterprises, (94.4 per cent) and, according to the most researches<sup>11</sup>, amidst small enterprises recruitment through informal methods is more frequent, we think that results referring to utilisation of informal relationship networks in labour-market do not differ in a large extent from those similar regions organised around small towns of Romania, eventually from other post-socialist regions. Mainly because of manpower shortage emerging in exterior labour market, according to the specialized literature, leads towards utilization of formal channels. At the same time that fact acts against the frequency of the utilization of informal channels that general educational qualification from processing and construction industry may be even with 8.2 per cent<sup>12</sup> lower than the national average. We cannot find out of the available research data<sup>13</sup>, whether qualification, manpower shortage or size of enterprise has a larger effect on the three basic types of

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<sup>11</sup> Although in the notable part of researches the bigger companies is overrepresented - see Granovetter (Granovetter, [1984])

<sup>12</sup> Source: Pîrciog, Ciucă és Blaga, [2006], p. 53.

the used recruitment channels. Therefore we presume that in the respect of the two arguments besides the extensibility of the frequency data of informal channels to this very region (many small enterprises, lesser manpower shortage) and the only one against it (higher regional level of qualification), these three factors at least balance each other. Hence we think that frequencies of the use of informal networks (at least 50 per cent) 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; on the other one, there exist differences between recruitment methods that can be read of in the specialized literature. As in this very case we intend a qualitative, interpretative investigation, we thought very important to distinguish 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 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, comparisons used during processing just alleviate interpretation.

We take as our main credit that we deal with a topic that plays a very important role in our everyday lives, and that was noticed by the specialized literature in Hungarian and Romanian in a smaller extent. Consequently, our work might be one of the sources of further investigations aiming elimination of deficiencies mentioned above.

### ***III.6. Suggestions for Further Researches***

As we have stated previously, studying recruitment behaviour of the employers is extremely important, at the same time, on the base of investigations performed hitherto, we know still 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, there would be very efficient a unique methodological conception in the respect of categorization of the used recruitment channels. Besides the most frequently used tripartite classification (formal – informal – direct) there would be very valuable the unification of classifications from other points of view, appearing in one or another researches (for instance, passive/active recruitment, and networks of gift/networks of

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<sup>13</sup> In the mentioned references we did not find answer on this.

request) through which research results would become more commensurable.

Case studies reflect that the size of 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 confirmation of the quite frequent instances of particularism and of the intention of helping in this phenomenon, we would continue to regard as very important the examination of the motivation of the employers behind it (for instance, if one is admitted as a favour, is he paid lower wages?).

In the investigation of the recruitment practices it seems that the personality of the employer and the economical state of the enterprise also has 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 from the three disciplines dealing with these questions are numerous, separately they do not explain entirely the recruitment behaviour of the employers.

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