

Hiring Recent College Graduates by Human Resource Management in the United States of America

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ABSTRACT

In 2012, more than a quarter a million U.S. employees voluntarily terminated their employment with their respective organizations. Demographic characteristics of education, gender, and length of tenure are significant factors in employee turnover intentions. The grounds of this study is to investigate the functions of H.R. to hire fresh college graduates in the U.S. This study aims to determine the challenges, opportunities, pros, and cons of hiring recent college graduates. The study reports the strategies used by H.R. management to employ fresh graduates. The study also reports the churn rate of hiring fresh graduates with a duration of 4 years. The population consists of the 2015-2019 National Longitudinal Survey 97 who were full-time employees, over age 22, not self-employed, and not limited to a specific employment industry. It also comes up with suggestions and the corrective measure to bring down the turnover intentions.

Keywords: *Turn over the intention, HR management recruiting strategies, Hiring fresh graduates.*

INTRODUCTION

Graduates form a large part of the supply chain to, or talent pipeline for, businesses - a supply chain that can support business growth and therefore economic prosperity. Graduates act as key source of highly qualified and skilled labor for employers to fulfil immediate or longer-term needs. Attracting and recruiting graduates can be a hugely demanding, complex and resource intensive activity for many companies and they may use a variety of approaches and processes to reach out to and secure the graduates they need. Companies that deliberately recruit new graduates to their first career entry role or graduate job are extremely diverse and vary significantly in: their recruitment motivations/drivers, the regularity and timing of recruitment, the methods they adopt, their linkages with higher education institutions, and the number and make-up of graduates they take on. Graduate recruitment is therefore highly complex and varied. In this new context of increasing numbers and diversity of higher education output set against an economy that is emerging slowly from a period of contraction it is important to update our understanding of how and why employers make the choices they do about the recruitment and selection of graduates; and to understand the effects that the expanding volumes of graduates and the use of different techniques and approaches have on the types and diversity of graduates recruited to different jobs and to different employers.

Employee churn rate is detrimental to organizational profitability and performance because of its associated loss of valuable resources and human capital assets. Performance and profitability are fundamental elements in organizational performance; hence, it is strongly beneficial for company leaders to understand factors that can predict churn rate and affect the performance of an organization. Several researchers found associations between an employee's income, education, gender, or length of tenure with turnover intentions, as well as a precursor to turnover.

Thus, individuals with higher levels of education transfer among employers to gain remuneration that is equivalent to the employee's human. With the implementation of friendly H.R. practices, an increased number of women are working.

Sector	Average Turnover Rate (%)
Mining and Logging	2.5
Construction	2.3
Manufacturing	1.6
Trade, Transportation and Utilities	2.8
Information	2.0
Financial Activities	1.4
Professional Business Services	2.6
Education and Health Services	1.3
Leisure and Hospitality	4.5
Other Services	2.4
Government	1.0

Fig 1: Avg. Employee turnover rates by industry, 2019

Adapted from BLS. U.S. Department of Labor, Bureau of Labor Statistics.

In the past decades, an educated workforce's requirement shows upheaval in many countries, especially the developing ones. The increase of labor costs and shortage of experienced, educated candidates have moved employers towards selecting talented fresh college graduates. However, the task is hard since hardly any prior work experience in the workplace is present upon which the recruitment decision is made. The above example impedes employers from using many of the existing recruitment methods for fresh graduates as they utilize work experience as part of their procedure. Besides, just a handful of studies have been conducted on selecting fresh graduates in any industry.

Thus, how to choose the most eligible candidate among the fresh graduates applying for the job? remains an open issue to both researchers and practitioners. Increasing attrition can affect the market reputation and competitiveness of the company. Losing your employee staff will impact the company directly. Hiring new talent to fill the vacant job position without an employment mismatch is a nerve-wracking job. The organization also has to invest in its training accordingly. During the recruiting process, the workload is beared by the existing employees that challenge their productivity and efficiency. Most of the organizations face the same problem of employee attrition and now have realized the importance of employee retention.

Also, losing an employee disturbs the balance of the team for a project in the organization. Employees lose their teammates, but it also concerns their morale and their position in the company. The investment of the organization on the leaving employee in terms of training and development also gets wasted. Though many

organizations are now taking corrective measures in employee retention and restraining employee attrition, these measures don't imply cent percent success. Overall, the performance of the team also gets affected by a large chunk of employees leaving the company at once. Therefore, organizations must have due diligence to retain as many employees as possible. Also, they must have insights into employee turnover rates to reduce their rising meter.

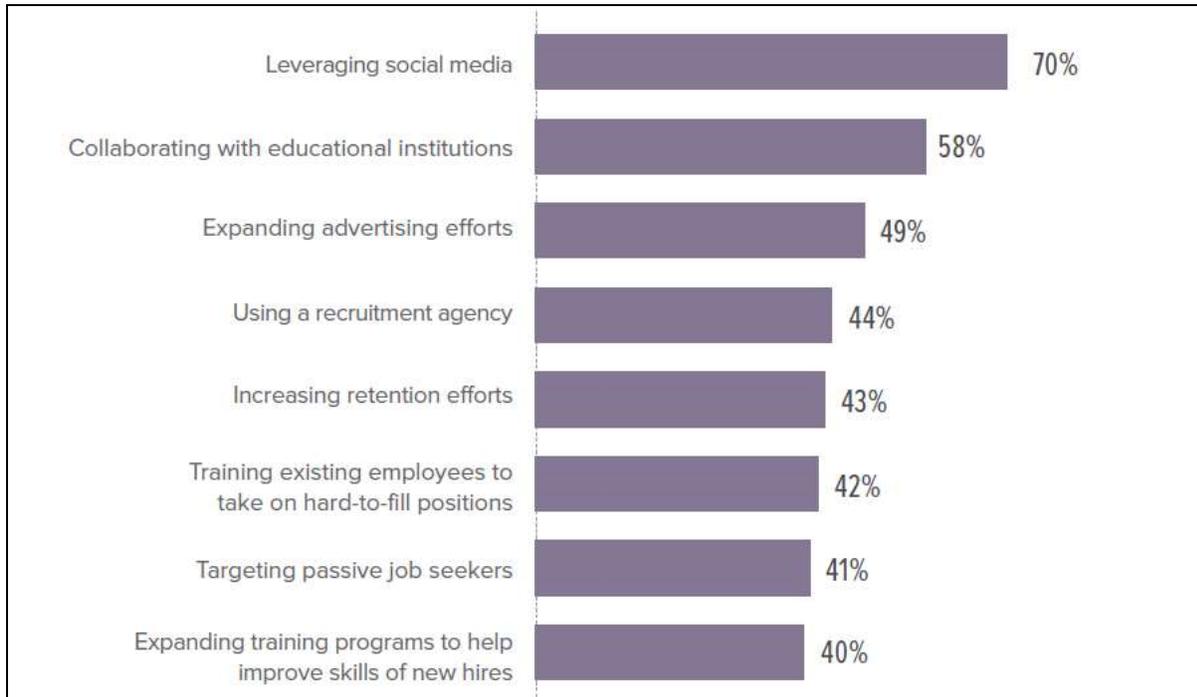


Fig 2: Recruitment strategies organizations use for full-time positions

Adapted from The New Talent Landscape: Recruiting Difficulty and Skills Shortages (SHRM, 2016) *Percentages do not equal 100% due to multiple response options.

As shown in Table 4, when looking at what recruiting strategies were considered the most effective (as opposed to most used) ways to deal with recruiting challenges, the image changed slightly. Almost half (48%) of H.R. professionals said that training existing employees to take on hard-to-fill positions was an effective recruiting strategy. This was followed by using social media and recruitment agencies (both 47%), expanding advertising efforts (44%), and improving the compensation packages being offered to job candidates (42%). The training programs helps the employee to build up their skills and employee value the training programs that are being offered.

Training existing employees to take on hard-to-fill positions (n = 1,229)	48%
Using social media (n = 2,066)	47%
Using a recruitment agency (n = 1,300)	47%
Expanding advertising efforts (n = 1,446)	44%
Improving compensation (n = 1,052)	42%
Targeting passive job seekers (n = 1,207)	40%
Offering more flexible work arrangements (n = 846)	39%
Using/enhancing employee referral program (n = 1,028)	37%
Increasing retention efforts (n = 1,274)	34%

Table 1: Most effective strategies for organizations

Adapted from: The New Talent Landscape: Recruiting Difficulty and Skills Shortages (SHRM, 2016)

DEFINITIONS

Demographics: The characteristics used to distinguish groups of a population. For the purpose of this study, the selected demographic groups of study were age, gender, level of education, and length of tenure.

Job satisfaction: Job satisfaction is a psychological construct consisting of an employee's attitude regarding their job experience.

Turnover intention: Lambert et al. (2012) defined turnover intention as an employee's thoughts or plans to voluntary exit an organization.

Job quits: Voluntary attrition is when the working employee leaves the organization for better opportunities, better compensation, more career growth, or any personal or professional reason. In the case of voluntary attrition, it is an employee's own decision to leave the organization.

Termination: When the employer terminates the employee from his job, that is called involuntary termination. The employer can cease the employment contract for any reason.

LITERATURE REVIEW

The literature review for this study provided a comprehensive approach to understanding the manner of H.R. strategies while hiring fresh graduates:

Job Analysis

Job analysis is the core of any H.R. activity, including personnel selection. It provides the most useful informational base upon which management decisions such as recruitment or training can be made. Job descriptions and specifications are clearly defined through job analysis, and the employer knows what criteria are precisely needed to go on with the rest of the recruitment. Therefore, it is essential to identify the critical capabilities in the form of criteria before any other action. Using experts' ideas is a promising approach to carry out the job analysis. Accordingly, to be adequate for the job, there is 15 initial. Table 2 represents this. These criteria are in line with the position's requirements and the company's goals, mission, vision, and culture. For instance, problem-solving abilities and adaptation to situations and flexibility (criterion 8 and criterion 12) refer to the company's dynamic and challenging environment and culture of the company.

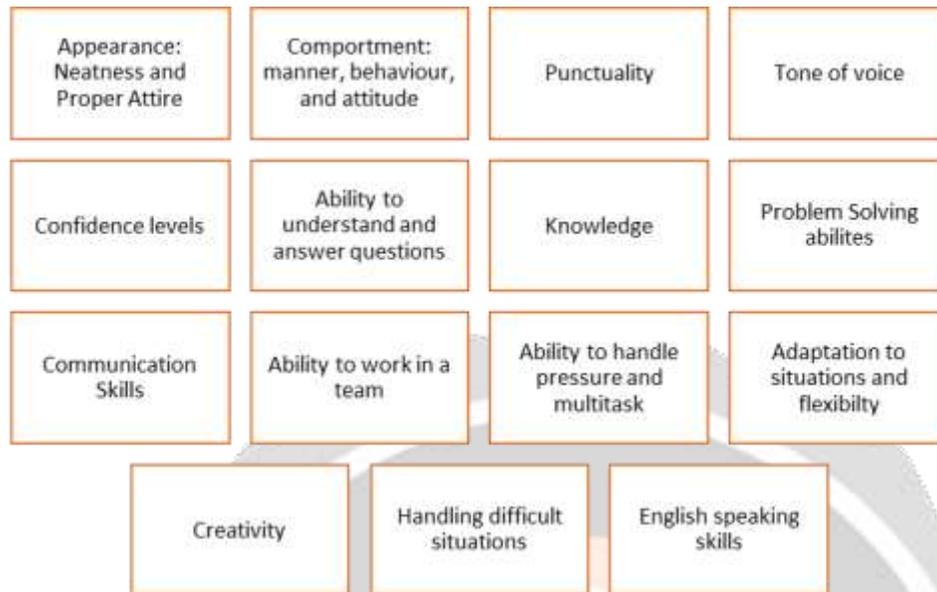


Figure 3: Skills required for fresh graduates

Adapted from: Int. J. Management and Decision Making, Vol. 13, No. 4, 2014

Résumé screening

One of the main steps in almost every selection process is résumé screening. Résumés provide the applicant's initial information and create the employer's first impression. According to the results of the résumés evaluation, the candidates should be for the pre-employment job interview. In fact, not fair to say that the goal of résumés is to produce job interviews.

To evaluate the résumés, the H.R. department focuses on academic achievements and, more particularly, GPA since these are fresh graduates. To do this, H.R. sorted the students according to GPA. To Make the recruitment decision for entry-level positions for new university graduates, GPA is most frequently used. Application of GPA for résumé screening has been studied and advocated in the literature. Next, the attention was devoted to past job experience as it forms an important section of a résumé together with education. However, since the fresh graduates or final year students usually do not have much job experience, this gap was filled by redirecting the attention towards extracurricular activities and industrial training. Finally, the H.R. department eliminates the candidates who were low in both GPA and extracurricular activities.

Structured interview

The interview can be defined as a formal, deep conversation conducted to estimate the applicant's acceptability. It is the most widely used method for personnel selection; more than 70% of U.S. and more than 80% of European employers use it for the selection process. However, this method's validity and reliability are shown to be comparatively low. To deal with the drawbacks, the structured interview has been proposed and become rapidly widespread since 1980. The difference between these two is that the interviewer usually does not have a job description, person specification, and prepared questions in a traditional interview. He is just seeking someone who will fit in the job' or 'the right sort of person.' While in a structured interview, the interviewer has structured and organized questions, and the judgments are made according to some rating scales or checklists. The application of structured interviews has improved the reliability of traditional interviews significantly. For a comprehensive review

of the literature, design, and procedure of the structured interview, readers are directed to one of the most recent papers in this area.

Moreover, grounding the structured interview on job analysis results is one promising way to make the interview highly valid and reliable. It ensures that the questions and judgments are job-related and prevents the interview process from circling in confusion. Thus, the interviewer knows what should be exactly sought and evaluated during the interview.

Carrying out the interview

Having designed the interview forms, the H.R. department sent the documents (together with the university's list of accepted students from the resume screening process). Lecturers should be appointed to conduct the recruitment process. For hiring freshly graduated students with no prior work experience, university lecturers can predict students' performance since they are familiar with the students' capabilities and qualifications.

The interviews should be conducted in the university where the students would feel more comfortable, and the lecturers were available. It is also possible to hold each interview with more than one professor. Each professor asks a particular set of questions to all the candidates, i.e., panel interviews in the literature. Panel interviews would be more beneficial when each interviewer (lecturer) is an expert at a particular set of questions. On the other side, an effort should be made to assign each student to the lecturer who had taught that student and predict the student's future job performance. Instead of separating down the questions and asking each professor to request a particular group of questions to all the interviewees (panel interview), the students should be clustered, and each group should be assigned to a particular professor for a complete interview. Generally speaking, if the interviewers and the interviewees only meet each other at the interview venue and the interviewers have dissimilar areas of expertise, panel interviews would bring more consistency.

There are no clear and commonly used H.R. strategies, but H.R. can adapt to technology like Social Media platforms (Linkedin). People use it for almost everything extending from news to updating their job requirements. Organizations and recruiters use this medium to engage with their prospective candidates, employees, and sometimes even business sponsors. Further, the existing employees are encouraged to identify and recommend fresh graduates among their college juniors to join and work for them. The employee is rewarded with a referral bonus; some organizations also link it to their appraisal / Incentive plans. Recruiting candidates using employee referral is widely recognized as one of the most cost-saving and effective recruitment methods by organizations of all sizes. Companies across all industries are trying to increase the volume of fresh graduate engineer recruits via internal employee referral.

PURPOSE, RESEARCH QUESTIONS, AND LIMITATIONS

Despite the growing application of human resource (H.R) recruitment methods, there are circumstances in which this process does not suffice. The reason is that most of the H.R methods rely on historical data, and fresh graduates do not have history. The traditional recruitment methods may no longer be suitable since they are only based on stable jobs, while nowadays, jobs are highly different from those in the past. The business problem addressed in this study is H.R. management adopting new strategies to hire fresh graduates and to reduce the turnover rates of newly recruited employees who are fresh graduates.

1. Since fresh graduates don't have the historical experience, how can H.R. select new graduates based on CGPA and overall profile?
2. What are different strategies used by H.R. to hire fresh graduates in recent times?
3. What is the churn rate of hiring new graduates?
4. How can H.R. management influence freshly graduate students to retain?

Limitations are the constraints to the study findings' generalizability and application. The utility of the study findings may be restricted because of economic conditions during the study period. Because the rates of unemployment and economic situation within this study location may not be the same as the rest of the United States, the study results may not be generalizable.

FINDINGS AND DATA ANALYSIS

The study had minimal interference between the researcher and the subjects, as the survey data is collected via the 2015-2019 National Longitudinal Survey 97. In the survey, 656 prospective subjects were chosen from individuals from the longitudinal survey. Out of the 656 subjects, 10 have education as 'Unknown Degree' and 12 have not revealed their education. In Table 3, we can see the distribution of education degrees.

Education Degree	#Number of Subjects
2-year Degree	283
4-year Degree	325
Doctoral Degree	5
Masters Degree/ Professional Degree	21

Table 2: Number of Subjects distributed by degree

Number of males participated in the study are 286 and the number of females participated in the study are 348.

As we can see in Figure 4, higher percentage of education is attained by females than males in every category since this is the result of taking larger female population in the study as compared to male population. Percentage distribution of male and female by education is shown in the figure 4. The percentage distribution of females is greater than male in every degree except for Professional Degree.

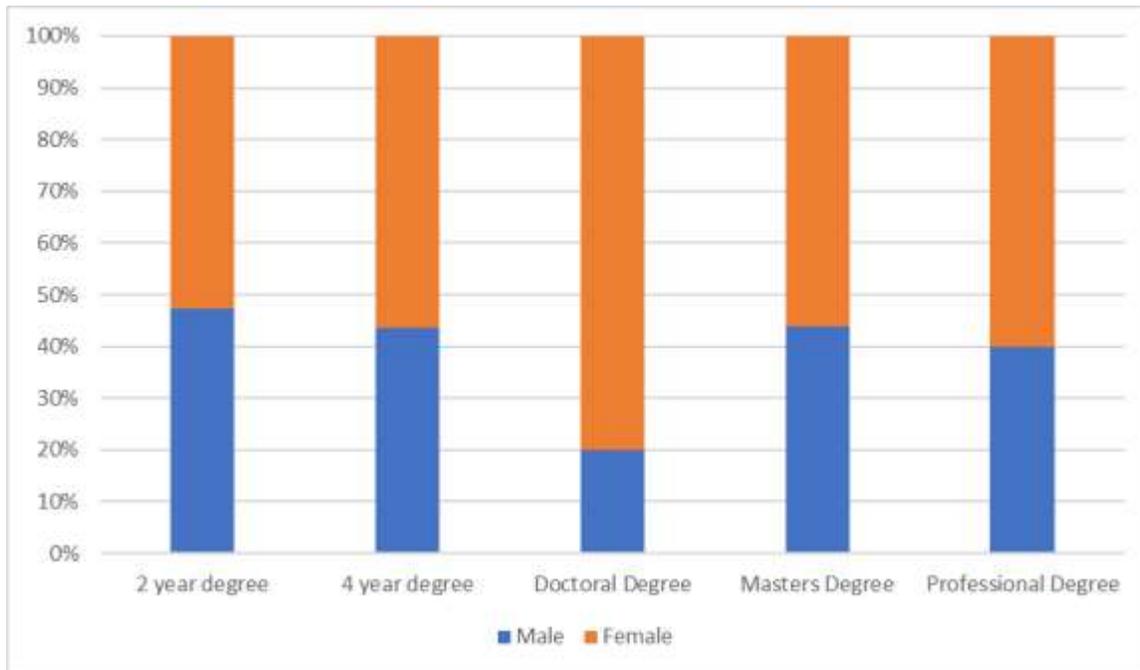


Figure 4: Percentage distribution of male and female by education

As described in Chapter One, the thesis of this study involved questions. For the first question, "how many fresh graduates who got jobs in first year of their degree and quit their jobs after attaining their degree in subsequent four years"?

In figure 5, we can see that same number of participants employed over the four years and after joining in their first job. As the figure suggests that fresh graduates drop from their first employer over the course of four years. The drop is significant in the first year of their joining.

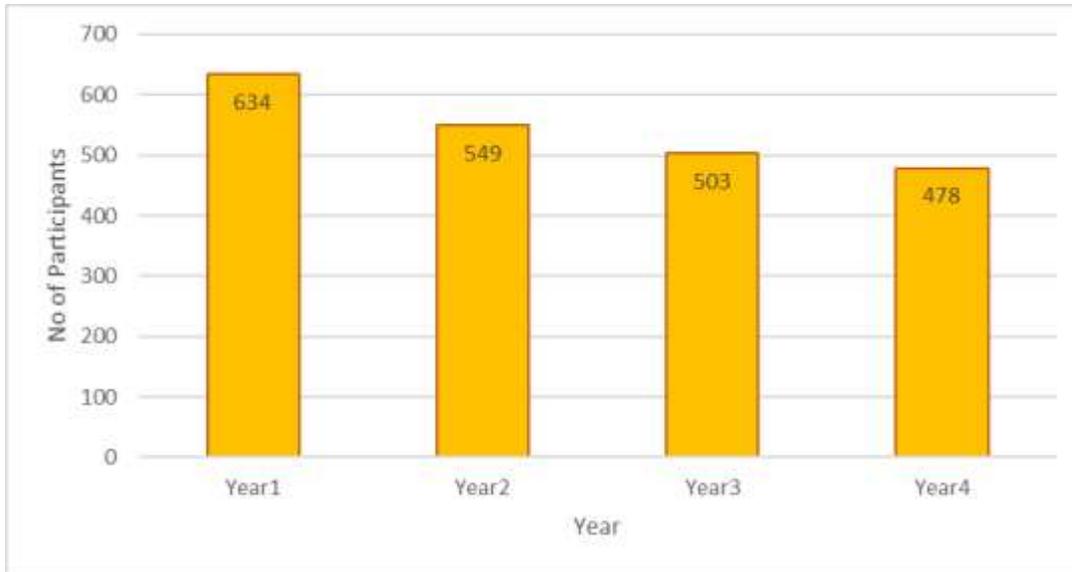


Figure 5: No. of same participants employed over the years

In figure 6, we can see that 14.2% of fresh graduates have quit their job after first year. This high percentage of quit can answer some questions about the job satisfaction. There might be employer and employee expectation mismatch in the first year, due to which fresh graduates resort to quitting.

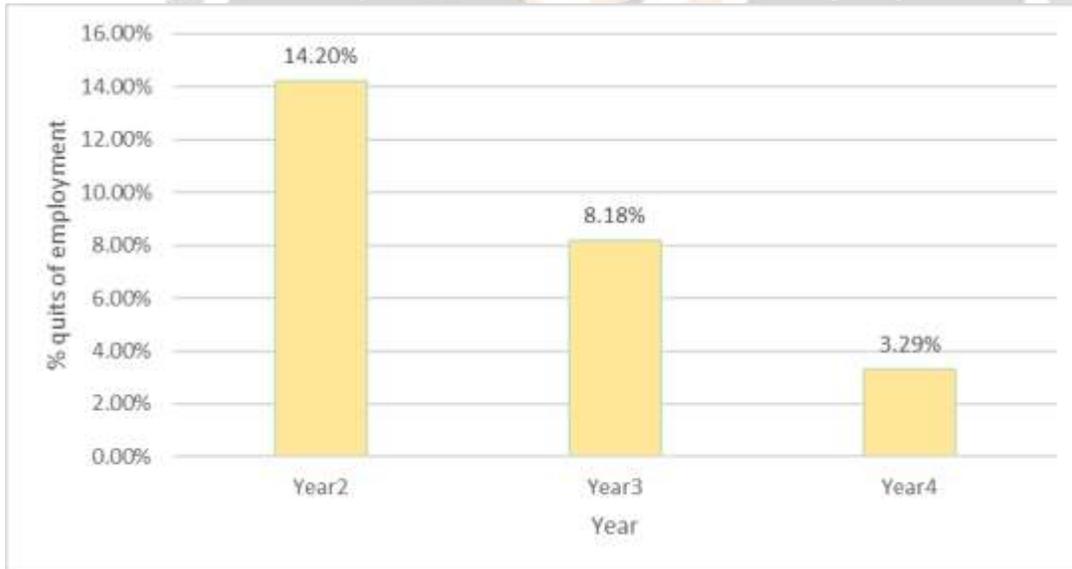


Figure 6: Churn rate over the subsequent years

While Figure 6 indicates the overall percentage quits over the years while Figure 7 shows the percentage quits by gender. Percentage quits by gender is consistent with overall quits, but in the first year of employment a little higher percentage of male quit when compared to females.

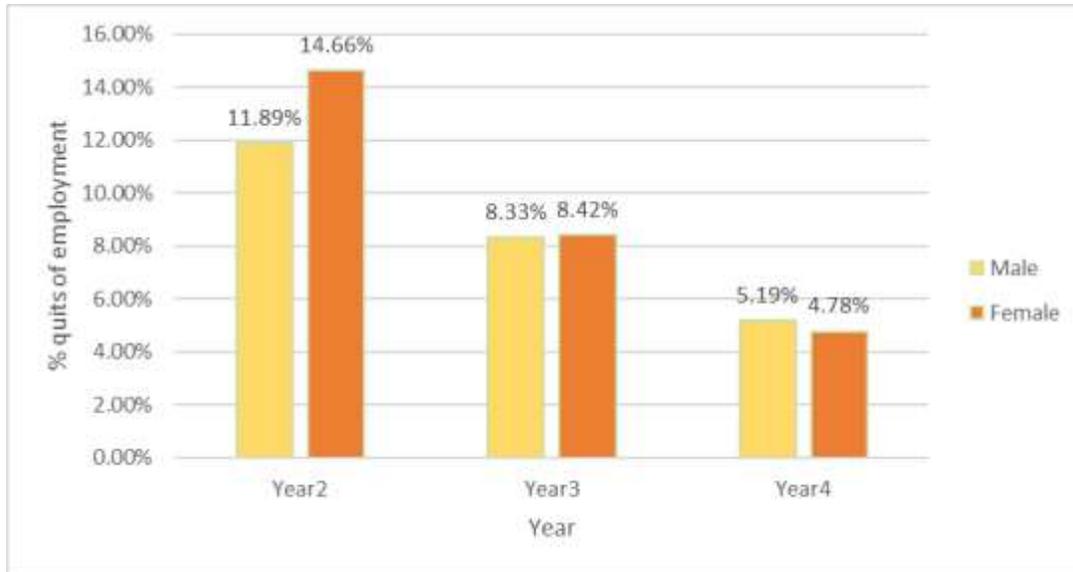


Figure 7: Churn rate over the subsequent years by gender

While Figure 7 shows the percentage quits by gender, Figure 8 shows the Job Satisfaction by Year. Job Satisfaction is necessary element for an employee to retain in the company. If an employee is highly paid or not is not the necessary factor for leaving. If employees are satisfied with their job, their retention rate will be higher. Job satisfaction encompasses different factors such as an employee can be satisfied because the office timings are perfect with his/her routine, an employee can be satisfied whether his/her manager treats him respectfully. Therefore, job satisfaction criteria is absolute necessary for deciding retention rate. As we can see in Figure 8, In Year 1, 46 employees are not satisfied with their job, these employees might be leaving in coming years. This entails up to 14% which are in accordance with Figure 6.

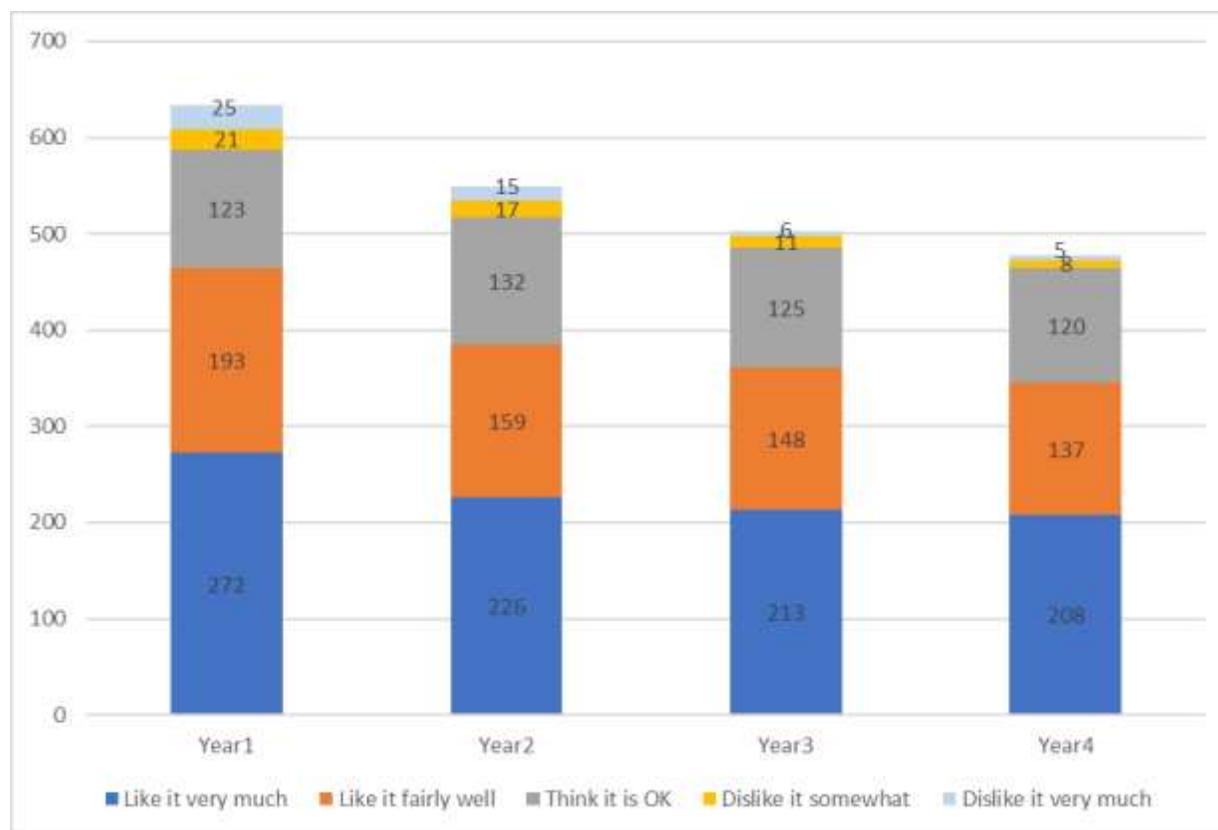


Figure 8: Job Satisfaction by Year

CONCLUSIONS, RECOMMENDATIONS, AND DISCUSSION

The global dynamic business scenario, the advancement of technology, and stiff competition have compelled Organizations to replace existing recruitment practices and adopt new Hiring Strategies for fresh graduates and practices for continuous growth. New recruitment strategies like online recruitment using Social media are evolving as one of the most effective recruitment tools; even job fairs and Campus Recruitments are being augmented with social media. New graduate's turnover is costly to organizations. The loss of human capital can cause disruptions in organizational performance and profitability. Human resource practitioners and organizational leaders need to implement policies and practices instrumental in reducing human capital losses. Work-life balance and pay-for-performance initiatives are tools that useful in attracting and retaining top performers.

A literature review was indicative of a relationship between improved job satisfaction and organizations with lower turnover. Implementing strategies that include opportunities for work-life balance to manage a multigenerational workforce to reduce turnover intentions. Similarly, human resource practitioners may use compensation incentives such as pay-for-performance initiatives to assist in identifying poor and top performers.

Millennials have a sense of entitlement or feel deserving of praise and rewards, without regard to actual performance. The sense of entitlement is associated with job exhaustion, job stress, and low job satisfaction levels when the Millennial receives a poor performance appraisal.

Human resource practitioners should understand that Millennial poor performers are likely to seek other employment opportunities when faced with feelings of stress, job exhaustion, or poor performance appraisals. The development of strategies that provide supportive organizational cultures, retention of top performers, and poor performers' dismissal increase employee and organizational performance.

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