

# **Effects of Outsourcing HR Recruitment Practices on the Attraction to Organizations and the Job Acceptance Intention**

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## **EFFECTS OF OUTSOURCING HR RECRUITMENT PRACTICES ON THE ATTRACTION TO ORGANIZATIONS AND THE JOB ACCEPTANCE INTENTION**

Drawing on critical contact theory, social justice theory, and the measurement of attraction to organizations by Highhouse, Lievens and Sinar (2003), this study examined the effects of Recruitment Process Outsourcing (RPO) on the evaluation of the recruitment process, company attractiveness, and job acceptance intention. A total of 158 students completed a questionnaire of four hypothetical scenarios developed as a between-subject design. Structural equation modeling shows that RPO is negatively related to the evaluation of the recruitment process and company attractiveness. Moreover, RPO is negatively related to job acceptance intention, mediated by company attractiveness and the evaluation of the recruitment process.

## 1. Introduction

Outsourcing of business processes to external providers has become a major strategy for organizations to cope with increasing costs and growing demand for high quality services and products. In particular, the outsourcing phenomenon of typical in-house performed human resource (HR) activities has rapidly increased in the last couple of years (Cooke, Shen, & McBride, 2005; Fill & Visser, 2000; Klaas, McClendon, & Gainey, 1999; Lepak & Snell, 1998; Ordanini & Silvestri, 2008; Stewart, 1996; Winkleman, Dole, Pinkard, Molloy, Willey, & Davids, 1993). The literature assessed the outsourcing phenomenon from several theoretical perspectives, e.g. Transaction Cost Economics, Resourced-Based Theory, Theory of Core Competencies, and Relational Theory. For a comprehensive overview of different theories explaining information technology outsourcing, see Gottschalk and Solli-Sæther (2005). They have all in common to assess the outsourcing decision from a firm perspective.

Despite the growing research interest outsourcing of HR activities, the question remains whether HR outsourcing has limits or even disadvantages (e.g., Belcourt, 2006). Moreover, an examination of the individual (i.e., applicant) perspective on HR outsourcing is missing so far. Ordanini and Silvestri (2008) pointed at the importance to focus research on single HR practices because each HR outsourcing decision can be explained by a different set of determinants (Gainey & Klaas, 2003; Klaas, McClendon, & Gainey, 2001; Ordanini & Silvestri, 2008). In practice, there is increasing evidence to deliver HR recruiting and selection processes as a whole or in parts to external providers. According to studies in that research field (e.g., Budhwar, Luthar & Bhatnagar, 2006; Conklin, 2005), we define the outsourcing process of HR recruitment and selection activities as *recruitment process outsourcing* (RPO) and suggest that RPO has an effect on the individual evaluation of the recruitment process, the attraction of organizations, and the job acceptance intention.

The aim of our study is twofold. First, we examine from an individual perspective how applicants perceive and evaluate the successive implementation of RPO. Second, we analyze how this perception and evaluation of the recruitment process influences the attraction of organizations and the job acceptance intention. Given continuous demographic changes in international business environments the attraction and acquisition of highly qualified talents is one of the major challenges for the HR department within the next few years (Caye, Leicht, Strack, & Villis, 2007). In this regard, we are interested in if RPO is able to make a contribution to attracting and bonding highly qualified applicants.

## **2. Theoretical Framework**

### **The Concept of Recruitment Process Outsourcing (RPO)**

To describe the outsourcing phenomenon of formerly in-house performed HR activities RPO has emerged as a general term for delivering HR recruitment and selection processes to external providers (e.g., Berkowitz, 2005). Although outsourcing of many different kinds of HR activities has rapidly increased since the beginning of this century, established empirical research on HR outsourcing is limited (e.g. Ang & Cummings, 1997; Aubert, Rivard, & Patry, 1996; Gainey & Klaas, 2003; Gilley, Greer, & Rasheed, 2004; Klaas, McClendon, & Gainey, 1999; 2001; Klaas, Yang, Gainey, & McClendon, 2005; Ordanini & Silvestri, 2008; Poppo & Zenger, 1998). Moreover, while practitioners try to standardize the definition of RPO and to establish “best practices” (Berkowitz, 2005), empirical research on the topic of RPO in particular is still missing in the academic literature (see e.g., Breugh & Starke, 2000; Chapman & Webster, 2006).

From a firm perspective, efficiency and quality are two main reasons which come into consideration for the outsourcing decision of HR recruitment and selection processes. Efficiency arguments, i.e. cost savings, are mainly driven by the awareness that the majority

of the HR recruitment activities are administrative processes such as matching of talented applicants on job vacancies, pre-selecting the applicants through telephone interviews, and managing the talent pool. Taking this into an account, the HR department has to put high administrative effort into standardized recruitment processes while simultaneously the HR department has to be flexible and rapid in processing all applications. In these situations, the external providers are adjudged to have cost advantages and to be more flexible as well as rapid in processing standardized activities (e.g., Greer, Youngblood & Gray, 1999). Quality arguments are mainly driven by the awareness that organizations have to put effort in attracting and bonding top graduates and high fliers. In that “war for talent” (Michaels, Handfield-Jones & Axelrod, 2001) the HR recruiting activities play a major role to attract the most talented applicant for each job vacancy of the organization. Therefore, HR recruitment and selection needs expertise (e.g., addressing the appropriate group of possible applicants, performing assessment centres). This kind of expertise is often lacking within the organization and, thus, consulting external providers of recruitment and selection activities provides access to know-how and expertise. This will enhance the quality of the HR department (see e.g., Alewell, Bähring, Canis, Hauff, & Thommes, 2007; Greer, Youngblood, & Gray, 1999).

### **Effects of the Recruitment Process from an Individual Perspective**

The literature debates about the relevance of the recruitment process for the decision of the applicant to apply for a job vacancy or to accept a job offer in particular (see e.g., Chapman & Webster, 2006; Harris & Fink, 1987; Rynes & Barber, 1990). The question is whether the perceived attractiveness of a vacancy (e.g., assignment, pay, and environment) is more important for the final decision than the characteristics of the recruitment process itself (e.g., Powell, 1984). In the meantime, the literature agrees about the recruitment process to have an impact on the appliance as well as on the acceptance intention (Chapman & Webster, 2006; Rynes, Bretz & Gerhart, 1991). Some studies show that negatively perceived actions during

the recruitment process can cause applicants to break off prematurely the recruitment process or to refuse a job offer (e.g., Ployhart & Ryan, 1998). In addition, the quality of selection processes has an impact on the organizational image (Gilliland, 1994) and on the attendance of other persons to apply for a job offer (Smither, Reilly, Millsap, Pearlman, & Stoffey, 1993). The meta-analysis by Chapman, Uggerslev, Carroll, Piasentin and Jones (2005) indicates that the correlations between the criteria of the recruitment process and the perceived organizational attractiveness or the job acceptance intention are similar to the criteria of the vacancy or the criteria of the organisation itself.

Based on an extensive literature review, Chapman and Webster (2006) develop a model for the relationships between the recruitment process and applicant reactions. The relations between process and reactions are mainly driven by three mechanisms: the perception of the fairness of the recruitment process (procedural justice mechanism), the perception of signals about the organization (signal mechanism), and the subjective likelihood of receiving job offers (expectancy mechanism). Our study focuses on the procedural justice and the signal mechanisms while leaving the likelihood of receiving a job offer constant. Thus, we will derive our hypotheses about the effects of RPO from the procedural justice as well as the signaling approach.

### **RPO and Reactions of the Applicants**

This study supposes that RPO has a negative effect on how applicants perceive and evaluate the recruitment process as well as the company attractiveness (see figure 1). Drawing on procedural justice theory (Gilliland, 1993, 1994; 1995) and signaling theory (Rynes, Bretz, & Gerhardt, 1991), applicants interpret and critically evaluate the characteristics of the job, the company, the recruiter, and the recruitment process itself.

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Insert Figure 1 about here  
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Social justice theory adverts to the importance of valuing the applicant before, during, and after the recruitment and selection process (Gilliland, 1993) and that applicants evaluate the whole process in terms of fairness. Gilliland (1993) differs between three categories of fairness: formal characteristics of the recruitment process (e.g., job relatedness, opportunity to perform), explanation (e.g., feedback, honesty), and interpersonal treatment (e.g., respect). Results of meta-analyses show that unfair perceived processes are negatively related with company attractiveness and positively related with the likelihood of breaking off prematurely the recruitment process or refusing a job offer (Chapman et al., 2005; Hausknecht, Day & Thomas, 2004). In the perception of applicants RPO may violate the principles of fairness, in particular, if not only administrative parts of the recruitment process have been delegated to an external provider, but also important decisions about the applicants, e.g. whether they stay in the applicant pool after the pre-selection process and the telephone interview. From an applicant's perspective, doubts about the external provider's competencies could emerge whether the provider is capable to make a decision about the applicant-organization fit or the applicant-job fit. If an applicant has got this presumption about the incapability of the external provider, then a valid and fair evaluation of the applicant-organization fit cannot be done by the provider. Thus, job relatedness as one of the major determinant of fairness (Gilliland, 1993) is violated.

In terms of consistency of the selection criteria (Gilliland, 1993) applicants could doubt whether the external provider is using other selection criteria than the employees of the company would do. Moreover, applicants could worry about frequent changes of the contact persons if an external provider performs the recruitment process. In all cases, the consistency of criteria or rules is violated and applicants will evaluate this violation as unfair (Gilliland,

1993). These considerations are independent from the actual competencies of the external provider. From a procedural justice perspective, the more a company is outsourcing HR recruitment and selection activities to an external provider the more critical applicants will evaluate the whole recruitment process. Hypothesis 1 summarizes our argumentation concerning the relationship between RPO and the evaluation of the recruitment process:

*Hypothesis 1: Recruitment process outsourcing (RPO) is negatively related to the perception and evaluation of the recruitment process through the applicant.*

Consistent with signaling theory applicants interpret their perception of the recruitment process and their recruitment experiences as signals of unobservable characteristics of the organization (Chapman & Webster, 2006; Ryan & Ployhart, 2000; Rynes & Barber, 1990; Rynes, Bretz, & Gerhardt, 1991; Rynes, Heneman, & Schwab, 1980; Rynes & Miller, 1983). Applicants conclude from their perception of the recruitment process how it is like to work for the organization, even though their experiences are independent from long term employment satisfaction (Chapman & Webster, 2006: 1036-1037; Behling, Labovitz, & Gainer, 1968). Because of imperfect information this signaling effect of the recruitment process can be even stronger the fewer applicants know about the organization prior to job search (Gatewood, Gowan, & Lautenschlager, 1993; Rynes et al., 1991).

Every applicant will expect that the preferred employer will deal personally with his application. If the preferred employer processes all applications himself, it would be a positive signal because the employer shows real esteem and real interest towards every applicant. Otherwise, if the preferred employer delegates parts of the recruitment and selection process to an external provider, the employer does no longer deal personally with every application and, thus, applicants won't feel the company's real interest or the company's appreciation for them. From an applicant's perspective, we assume that an external provider is not able to show exactly the expected appreciation and, therefore, we suppose applicants to perceive the

delegation of recruitment processes to an external provider, namely RPO, as a negative signal.

Hypothesis 2 summarizes our argumentation:

*Hypothesis 2: Recruitment process outsourcing (RPO) is negatively related to company attractiveness.*

Chapman et al. (2005) have shown that the perception of the recruitment process is positively related to job-organization attraction. Once again, taking signaling theory into account, organizations send signals to potential employees via their recruitment process (Chapman & Webster, 2006; Ryan & Ployhart, 2000; Rynes & Barber, 1990; Rynes et al., 1991; Rynes et al., 1980; Rynes & Miller, 1983). The applicants will perceive and interpret these signals as characteristics of the organization itself. Thus, the more applicants perceive the recruitment process positively, the more applicants will assess the company as an attractive employer. Hypothesis 3 summarizes our argumentation concerning the effect of the evaluation of the recruitment process on company attractiveness and company prestige:

*Hypothesis 3: The perception and evaluation of the recruitment process through the applicant is positively related with company attractiveness.*

According to the study by Highhouse et al. (2003), company attractiveness is supposed to positively influence the intentions. In the context of recruitment research, Highhouse et al. (2003) found statistically significant path coefficients from attractiveness on intentions. The authors concluded that these findings are consistent with the theory of reasoned action and the results of the model by Ajzen and Fishbein (1980). Individuals may accept job offers of companies only if these companies are perceived as attractive (Ajzen & Fishbein, 1980; Highhouse, Lievens, & Sinar, 2003). The following Hypothesis 4 summarizes our argumentation:

*Hypothesis 4: Company attractiveness is positively related to the job acceptance intention.*

### **3. Methodology**

#### **Sample and Procedure**

The study was presented as a survey of applicants' evaluation of recruiting processes. A total number of  $N = 175$  students studying business administration at the German University of Giessen participated in this survey. 17 questionnaires have been left out of the analyses because of missing data, thus, we have a total sample of  $n = 158$  received questionnaires. The participants were randomly selected within the faculty of business administration and almost equally distributed on four different scenarios (groups between  $n = 38$  and  $n = 41$ ). 51 % ( $n = 81$ ) were females. The average age of the participants was 24.0 years, the average duration of study was 7.4 semesters (min = 5 and max = 17), and the average working experience (incl. internship) was 2.7 years. The participants were randomly distributed to one of the four scenarios. First, the scenarios consist of a description of a hypothetical application and recruitment process. Subsequently, the participants had to respond to a series of questions that probed their evaluation of the situation, the recruitment process, the company, and demographic information.

#### **Scenarios of the Recruiting Process**

Past research indicates that simulations, i.e. scenarios, are internal valid methodologies for theory testing when participants are faced with situations that are realistic and that they experience on a regular basis (Maute & Dubé, 1999; Schmitt, Dubé, & Leclerc, 1992; Thaler, 1985). Considering the validity of this approach hypothetical settings are able to discover the same relationships between predictors and dependent variables like field studies (Hausknecht et al., 2004). However, hypothetical settings are vulnerable to indicate higher relationships than field studies (Hausknecht et al., 2004). Therefore, scenario techniques indicate a risk of

overestimating effects which should be considered. In order to develop realistic scenarios which represents realistic situations of organizations advice and considerations of personnel experts were taken into an account. Moreover, we performed a pretest within the targeted population to ensure clearness and lucidity of each scenario and situation.

The participants were asked to put themselves into the situation that they have applied for a job advertisement of the fictive company called “Liebermann Ltd.”. To avoid response bias the position was not specified any further and there were no hints in form of objective factors (e.g., salary and wage) or subjective factors (e.g., image of the company). The description of every scenario only says that the position relates exactly to the expectations and abilities of the participant.

The four scenarios describe the process of the recruitment from the applicant’s view and every scenario has the same procedure. The procedure always was (1) a job advertisement, (2) confirmation of receipt and preselection, (3) invitation for a telephone interview, and (4) invitation for a job interview.

Scenario 1 is a situation where all recruiting processes above mentioned (1-4) were performed by the “Liebermann Ltd.” itself. In scenario 2 the two steps (1) job advertisement and (2) confirmation of receipt and preselection were obviously and visible performed by the fictive external provider “Personal Ltd.”, the steps (3) and (4) were conducted by the “Liebermann Ltd.”. In scenario 3 the external provider “Personal Ltd.” additionally performed the (3) telephone interview. Scenario 4 is completely characterized by the external provider. The fictive firm “Personal Ltd.” conducted all steps of the above mentioned recruitment process from the job advertisement to the job interview, even though the job interview was conducted together with members of the “Liebermann Ltd.”. The last scenario (highest degree of RPO) is presented in the Appendix.

## Measures

We mainly used existing scales from previous research. However, appropriate scales for evaluating a hypothetical recruitment process were not available. For each construct we used multi-item measurement to minimize measurement errors and to ensure the coverage as regards content for the scales. Statement-style items were measured on seven-point Likert scales (completely disagree – completely agree). To ensure reliability, we conducted a confirmatory factor analysis and afterwards a reliability analysis with Cronbach's Alpha.

***Recruitment Process Outsourcing (RPO)***: This is the scenario variable. We composed an index like the following: scenario 1 = “no outsourcing”, scenario 2 = “outsourcing confirmation of receipt and preselection”, scenario 3 = “outsourcing confirmation of receipt, preselection, and telephone interview”, and scenario 4 = “complete outsourcing of all recruiting activities”. We assume that the intervals are equal between the four scenarios (1 = No RPO to 4 = Complete RPO) and, thus, the RPO-variable was included as an observed variable into the model.

***Evaluation of the recruitment process***: To measure the evaluation of the recruitment process, we used four items. The respondents were asked the following: in my opinion, the recruitment process was ideal, all in all, I am satisfied with the recruitment process, the direct contact to the company “Liebermann Ltd.” was sufficient, and the recruitment process was transparent and comprehensible although an external provider was involved. We chose these four items of the origin developed scale which consists of eleven items.

***Company attractiveness***: The analysis of the company's attractiveness, an adaption from Highhouse et al. (2003), was measured by means of a four-item scale. Respondents were asked the following about the “Liebermann Ltd.”: this company would be a good place to work, this company is attractive to as a place for employment, and a job at this company is very appealing to me. We chose only these three items with satisfying factor loadings of the origin scale which consists of five items.

***Job Acceptance Intention:*** The analysis of the intention to accept a job offer was also adapted from (Highhouse et al., 2003) and measured by means of a three-item scale. Respondents were asked the following about their intentions: I would accept a job offer from this company, I would make this company one of my choices as an employer, if this company invited me for a job interview, I would go. We only chose these three items with satisfying factor loadings of the origin scale which consists of five items.

### **Analytical Approach**

In order to estimate our structural equation model (AMOS), we apply the two-stage approach by (Anderson & Gerbing, 1988) because it is consistent with the dominating structural equation modelling literature. According to the first step of this approach, we estimate the measurement model which only allows correlations between the latent constructs. According to the second step of this approach, we estimate the structural equation model (SEM) with the hypothesized relationships between the constructs.

In the following, first, we describe the correlations between our study variables. Second, we introduce the model fit for the measurement model as well as for the SEM. Third, we present the unstandardized and standardized factor loadings of the measurement model. Fourth, we illustrate and analyze the coefficients for the final (hypothesized) SEM. The additional analysis contains estimating the significance of the total effects of RPO on job acceptance intention by performing bootstrapping.

## **4. Results**

Table 1 shows the means, standard deviations and correlations between the study variables. The correlations do not exceed the recommended value of 0.7 in the literature (Anderson, Sweeney, & Williams, 1996). Nevertheless, every correlation is significant at  $p < .05$ . Although this does not indicate multicollinearity, we tested for multicollinearity in a linear

regression. The stepwise linear regression for *Intention* as the dependent variable and all others as independent variables shows that all values for the Variance Inflation Factor stay below 1.53. The literature recommends values below 10 for the Variance Inflation Factor (Cohen, Cohen, West, & Aiken, 2003).

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 Insert Table 1 about here  
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Moreover, the study by Grewal, Cote, and Baumgartner (2004) indicates that the best safeguard against negative effects due to multicollinearity is to measure all construct with a high reliability. First, the authors recommended reliability from .8 to .9 or higher (Grewal et al., 2004) and, second, they advised researchers to specify only reflective indicators as functions of the underlying factors. As the reader can see in table 1, the constructs show reliabilities above .8 and in our analyses we only specified reflective measures. In conclusion, according to traditional statistical standards multicollinearity is not a problem for the interpretation of our results.

### **Common Method Bias**

In order to control for the common method bias problem, we followed Podsakoff, MacKenzie, Lee, and Podsakoff (2003) to evaluate the magnitude and threat of common method bias. Accordingly, we added a same-source factor to the indicators of all model constructs in the SEM and compared two models with each other: one model where the same-source factor loadings are estimated freely (unconstrained model) and one model where the factor loadings were constrained to zero (constrained model). Since we found no changes in path coefficients or their significances between the constrained model and the model considering common method bias, we can assume that common method bias is no major problem for our analysis. In the following, we will only present the results without considering the same-source factor, namely the constrained model.

### **Model Fit Comparison**

In the following, we compare the measurement model with the SEM by using fit indices recommended in the literature (Bentler, 1990; Bollen, 1989; Brown & Cudeck, 1993; Hu & Bentler, 1995, 1998; Tucker & Lewis, 1973). Table 2 shows the values necessary to interpret the Chi-square test, the recommended fit indices, SRMR, RMSEA, and the P-Close. Summarizing the results in table 2, we can say that the measurement model as well as the SEM shows an acceptable fit to the data.

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 Insert Table 2 about here  
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Thus, confirmatory factor analysis, internal consistency (Cronbach's Alpha), and the model fit comparison indicate acceptable factor loadings, high reliability, and a good fit to the data. Having satisfied these requirements we analyze the results of the final hypothesized SEM which is illustrated in figure 1.

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 Insert Figure 2 about here  
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The results approve all of our hypothesized relationships among the latent constructs. RPO is negatively related to the evaluation of the recruitment process as well as to the company attractiveness. The evaluation of the recruitment process positively influences company attractiveness and company attractiveness is positively related to the job acceptance intention. Table 3 summarizes a simplified illustration of the results of the SEM.

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 Insert Table 3 about here  
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### **Additional Analysis**

In this study, we suggested that the perception of RPO influences the evaluation of the recruitment process and, further, the attendance to accept a job offer. Social justice theory

points to the importance of valuing the applicant during the recruitment process (Gilliland, 1993). Drawing on the procedural justice approach, we suppose that the intention to accept or reject a job offer is mainly influenced by the perception of RPO. To answer this question, we have to look at the total effects of RPO through the other constructs on the acceptance intentions of our final SEM. Table 4 summarizes our results.

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Insert Table 4 about here  
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Total effects were estimated by performing bootstrap which allows us to estimate the standard deviation and the two tailed significance with a bias-corrected confidence interval of 90 percent. The results indicate a significant negative impact of RPO on the job acceptance intention through the evaluation of the recruitment process and company attractiveness.

## **5. Conclusion**

Using scenario techniques we examined the relationships between the degree of delegating parts of the recruitment process to an external provider and the reaction of applicants. Drawing on procedural justice as well as on signaling theory, we assumed that the more a company delegates parts of the recruitment process to an external provider the worse applicants will evaluate the recruitment process and the less applicants will perceive the company as an attractive employer. We found support for all of our hypotheses: the satisfaction with the recruitment process, the company attractiveness, and the intention to accept a job offer declined with an increasing degree of outsourcing.

Our study exhibits contributions for research and practice. On the one hand, efficiency and cost savings are the main reasons for companies to outsource HR recruitment and selection activities. But our results show that companies should consider the perceived public image as well as the signaling effects of their outsourcing decision, especially if this decision is solely

based on efficiency arguments. In the worst-case, talented and highly qualified top graduates will break off the recruitment process or even won't apply for a vacancy (Chapman & Webster, 2006). On the other hand, if companies consider and meet the negative perceptions of RPO through the applicants they can react in advance. For instance, they could ensure that the applicants perceive the outsourcing partner as a qualified and professional provider for HR recruitment and selection activities. Companies should communicate the competencies of the provider and that these competencies enhance the quality of the whole recruitment process. In other words, companies should communicate the advantages of RPO to the applicants. Future research could examine whether these suggestions positively influence the perception of RPO or not. Moreover, studies could vary the factor "competence" of the external provider or the factor "image" of the recruiting company and examine whether our negative findings can be compensated by professional recruitment processes.

## **6. Limitations and Implications**

This study has several limitations. First, this study was conducted by using scenario techniques. Scenarios are susceptible to indicate higher relationships than field studies (Hausknecht et al., 2004). However, collecting data by formulating a hypothetical recruitment process reveals the same relationships between predictors and dependent variables like a field study (Hausknecht et al., 2004). Moreover, if participants are faced with hypothetical situations which are sufficiently realistic, it is appropriate to assume that simulations, i.e. scenarios, are internal valid methodologies for theory testing. It is in the nature of experimental designs that only a limited number of variations can be introduced. To ensure equal settings in terms of quality and performance of the recruitment process for the four scenarios, we used exactly the same formulations in every scenario, except the differences of the names for the responsible organization (i.e., "Liebermann Ltd." and "Personal Ltd."). To

overcome problems associated with a questionable realistic setup, we tested the lucidity of each scenario within the targeted population and we took the advice and considerations of personnel experts into account. However, future studies should collect data by performing a field study.

Second, one might be concerned about developing a questionnaire on the basis of *visible* RPO. In practice, most of the companies conducting RPO will not make their outsourcing activities visible and transparent to the public or the applicants. But to this date, there are no empirical data about the usage of visible or invisible RPO in practice. We can just assume that in some situation, e.g. job advertisements in the newspaper, RPO is obvious to the public and the applicants. Further, our experimental design is just one of many eventualities to realize RPO. Thus, future studies should collect data about the usage of visible RPO in practice.

Third, the measures used in this study are not without problems. The items to measure company attractiveness and job acceptance intentions were adopted from the study by Highhouse et al. (2003). The internal consistency and validity of these scales can be assumed, but they still have to demonstrate the criterion validity. Moreover, the origin scales have problems with cross-loadings between the constructs (Highhouse et al., 2003). Thus, we only chose items with high factor loadings. The scale for the evaluation of the recruitment process was not adopted from the existing literature. But the items indicate high internal consistency and high reliability. However, against this background the empirical results should be interpreted with caution.

Fourth, the sample of our study only consists of persons studying business administration and economics. Thus, one might be concerned about the degree to which our results can be generalized to typical job searching graduates. We assume that the results are valid for job starters or young professionals because our sample indicates that most of the participants were close to the end of their studies (average duration of study was 7.4 semesters). Therefore, the topic of job searching and participating in recruitment and selection processes is highly

relevant for almost all participants. However, we cannot conclude that our results are transferable on persons who already have working experience for several years. By choosing our population, we assumed that a specialized recruitment and selection process like the one in our scenarios is most relevant for persons who are studying business administration and, perhaps, mechanical or electrical engineering. But we do not assume that this recruitment process is relevant for all students of every specialization. Thus, future studies should include persons studying mechanical or electrical engineering.

Fifth, one might be concerned about that both companies the external provider and the company “Liebermann Ltd.” are fictive firms without image, prestige or competencies. The image of a company or the assumed competency of the external provider could have an influence on our result. Nevertheless, many companies in Germany do not have any image or any assumed competencies when graduates apply for a job. In many cases, graduates prefer several employers and apply for a vacancy. But if their application has been rejected, graduates have to inform themselves about other vacancies of mostly unknown companies in distant regions of Germany. In that case, applicants do not know anything about the image, prestige or competencies of the potential employer or his external provider who deals with the applications. Therefore, we suppose our scenario to be valid in these circumstances. However, future studies should put effort in identifying differences if the company or the external provider is well-known, has an image, and perceived competencies.

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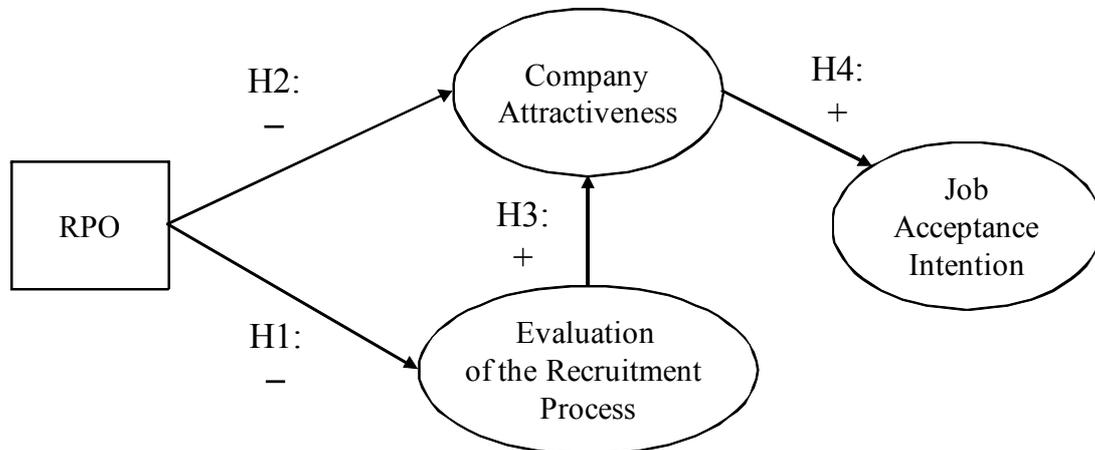
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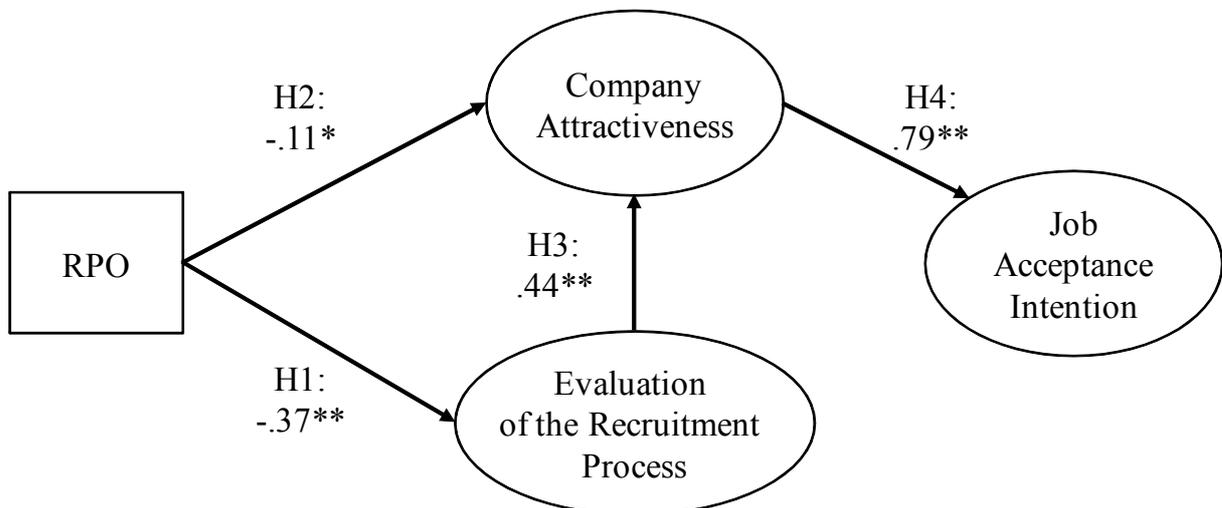
## Appendix

**Figure 1**  
**Hypothesized Research Model<sup>a</sup>**



<sup>a</sup> Illustrated is the hypothesized research model. It is a simplification of the tested structural equation model and thus contains no error terms and indicator variables. The drawn arrows are the direct, hypothesized effects between the latent constructs. The assumed directions of the relationships are the same in both groups.

**Figure 2**  
**Final Structural Equation Model<sup>a</sup>**



<sup>a</sup> Description: Underneath our hypotheses (H1-H6), we illustrated the unstandardized estimates; significance levels:  $* = p \leq .10$ ;  $** = p \leq .05$ . This is a simplified version of the actual model. It does not show error terms or indicator variables of the latent constructs. An exogenous unobserved error variable has been attached to each of the endogenous variables to account for the variance not explained by the observed exogenous variables. The error coefficients were fixed to unity to enable model identification. Coefficients are Maximum-Likelihood estimates.

**TABLE 1**  
**Correlations and Descriptive Statistics<sup>a</sup>**

	Variables	M	SD	1.	2.	3.	4.
1.	RPO	2.49	1.13				
2.	Evaluation of the Recruitment Process	3.78	1.19	-.37	(.82)		
3.	Company Attractiveness	4.12	1.02	-.35	.56	(.90)	
4.	Job Acceptance Intention	4.84	1.01	-.23	.39	.67	(.84)

<sup>a</sup> N (sample) = 158; M = mean value; SD = standard deviation; diagonal: Cronbach's alpha in parentheses; Correlations with absolute values above .23 are statistically significant at  $p < .05$

**TABLE 2**  
**Model Fit Comparison<sup>a</sup>**

	Chi-Square	df	p -Value	CMIN/df	IFI	TLI	CFI	SRMR	RMSEA	P-Close
Measurement Model	55.15	39	.05	1.41	.98	.98	.98	.04	.05	.44
SEM	55.32	41	.07	1.35	.99	.98	.99	.04	.05	.53

<sup>a</sup> df = degrees of freedom; CMIN/df = Chi-Square/degrees of freedom; SRMR = Standardized Root Mean Square Residual

**TABLE 3**  
**Estimated Coefficients<sup>a</sup>**

Hypotheses	Hypothesized Relationships		Estimates (unstandardized)	SD	CR	p -Value	Estimates (standardized)
H1	RPO	→ Evaluation of the Recruitment Process	-.37	.08	-4.38	.00	-.37
H2	RPO	→ Company Attractiveness	-.11	.06	-1.91	.06	-.14
H3	Evaluation of the Recruitment Process	→ Company Attractiveness	.44	.07	6.00	.00	.55
H4	Company Attractiveness	→ Job Acceptance Intention	.79	.09	8.81	.00	.76

<sup>a</sup> SD = standard deviation; CR = Critical Ratio

**TABLE 4**  
**Bias-Corrected Total Effects of RPO<sup>a</sup>**

	Recruitment Process Outsourcing (RPO)		
	Total Effect	SD	Two Tailed Significance
Job Acceptance Intention	-.22	.06	.00

<sup>a</sup> SD = standard deviation; Number of bootstrap samples = 2,000; Bias-corrected confidence intervals = 90% confidence level; Monte Carlo Simulation (parametric bootstrap) was performed

## Hypothetical Scenario (Example: highest degree of RPO)

*At first, please read the following scenarios carefully. Then try to put yourself in the position of the scenario as good as possible. Afterwards please answer the questions as if you had been in that situation.*

You have heard that the Liebermann Ltd. has posted a job that exactly matches your abilities and expectations. Therefore you decide to apply for this job.

The company requests to send job applications via email. Following email address is named: *Recruiting@Personal.de*

At the end of the advertisement you read “Please send your job application to the Personal Ltd., our recruitment partner.”

Three days after sending your job application, you receive an email with an arrival notice from the Personal Ltd.:

**From:** Recruiting@Personal.de

**To:** XXX

**Subject:** Job application for position,,xyz“

**Date:** xyz

Dear Mr. / Mrs. XXX,

Thank you for your application and therefore showing your trust and interest in working for the Liebermann Ltd. The Personal Ltd. is a service provider that specializes on recruitment and selection and supports the Liebermann Ltd. in filling jobs.

Your application is being examined in detail. Therefore we ask for your patience.

We will contact you in the following weeks.

Best regards

**Personal Ltd.**

Two weeks later you receive a call from the **Personal Ltd.** You agree on a date for a telephone interview with the personnel consultant of the **Personal Ltd.**

During this telephone interview he asks questions referring to your CV and your motivation for applying for this job.

One week later, you receive another call from the **Personal Ltd.**

You are told that all telephone interviews of potential job applicants have been evaluated and that you have been placed on the short list. In the name of the *Liebermann Ltd.* an employee

invites you to a job interview, which will take place in the headquarters of the **Liebermann Ltd.**

On the following Wednesday you drive to the **Liebermann Ltd.s'** headquarters.

As soon as you arrive you are welcomed by an employee of the **Personal Ltd.** and the responsible line-of-business executive of the **Liebermann Ltd.**

The employee of the **Personal Ltd.** explains the process of the job interview. Afterwards he gives you information on the **Liebermann Ltd.** and comments on details of the vacant job.

You are asked why you think that you are suitable for the position. Furthermore they ask for your weaknesses and strengths.

The line-of-business executive of the **Liebermann Ltd.** describes the team that you will be working with as well as your future tasks.

Afterwards you are asked questions about your expertise and you also have the possibility to ask questions as well.

One hour later the job interview is finished.

The employee of the **Personal Ltd.** says goodbye and walks you to the door.

On your way home you think about whether you could imagine working for the **Liebermann Ltd.** You also reflect on all of the impressions of the company.

- Thinking about the recruitment process, which phases were performed by whom?  
(Multiple answers possible)

	<b>Liebermann Ltd.</b> (company that posted the vacant job)	<b>Personal Ltd.</b> (external service provider)	I do not know
Preselection + confirmation of receipt	( )	( )	( )
Telephone interview	( )	( )	( )
Job interview	( )	( )	( )