Recruitment Channels and Strategies for Employing the Low-skilled Workers in Europe[1]

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ABSTRACT: This paper looks into the recruitment processes of a number of European companies and puts particular emphasis on the importance of the use of informal recruitment channels and of direct applications combined with waiting lists. Through this we seek to generate new knowledge about how European companies advertise vacant positions and recruit new employees, particularly low-skilled employees; and seek to understand whether the present recruitment strategies impact the employment of disadvantaged groups on the labour market. The research concludes that formal, informal and direct recruitment strategies need to be differentiated with regard to their impact on the employment of various groups of low-skilled facing difficulties on the labour market, and direct application seems to be a channel by which low-skilled jobseekers at a disadvantage on the labour market could achieve relatively balanced and promising results.

Introduction

Designing an effective recruitment strategy for different groups of future employees is a major business challenge for employers. Employers need to balance several factors that might contradict each other, such as costs of the recruitment methods, acceptable vacancy duration, time spent on implementing the recruitment process, resources available inside the company for implementing recruitment, the quality of the generated pool of applicants, time and cost involved by the screening and selection process necessary after the recruitment. Employers engage in a complex, often implicit, optimalisation process that to a great extent is based on previous experience related to recruitment channels and assumptions made in regard to the benefits and risks associated with the various channels.

At the same time as companies are looking for people to fill vacant positions, individuals are looking for jobs. The choices of employers play a key role in defining who gets employed and who stays unemployed. If job information is not equally accessible for all, this may have some important consequences at community level. It is possible that this will lead to structured social inequality in the sense that access to jobs is not equal (see Braddock–McPartland 1987; Neckermann–Kirchenmann 1991; Reskin–Ross 1990; Windolf 1986).

It is therefore important to understand the actions of the employers in relation to their choice of recruitment channels and their practices in combining the different search methods. To date relatively little is known about how different recruitment channels are bundled by companies to reach the desired optimum of balancing the above-mentioned factors and how these impact the employment of various groups of jobseekers, in particular groups with a disadvantage.

This paper looks into the recruitment processes of a number of European companies and puts particular emphasis on the importance of the use of informal recruitment channels (through current employees and other contacts), and the use of direct applications (generated by unsolicited inquiries made by jobseekers) combined with waiting lists. These are recruitment channels that are often overlooked even though information about the vacant position is not made freely available in the job market. Through this we seek to generate new knowledge about how European companies advertise vacant positions and recruit new employees, particularly low-skilled employees; and seek to understand whether the present recruitment strategies impact the employment of disadvantaged groups on the labour market. We aim to test the hypothesis that informal recruitment channels put problem group members at a disadvantage, which subsequently leads to lower levels of employment of such groups.

Literature Review

There exist several theoretical and empirical standpoints on how job seekers find jobs. Research in employer's recruitment is far less developed (Behrenz 2001; Marsden–Gorman 2001). However the development in job search literature from one-sided partial search models (e. g., McKenna 1985) to equilibrium search models (that include both sides of the labour market – e. g., Burdett–Mortensen 1998) has resulted in an increased number of studies taking the recruitment actions of employers into consideration. However still recruitment studies outside the job search literature are still at a minimum and comparative research in the field of how companies recruit is still almost non-existent. Nevertheless, based on the available country specific studies, it is possible to generate some expectations in relation to why different companies recruit in different ways.

When trying to explain companies' choice of recruitment channels it is important to understand what these decisions are based upon. Viewed from the corporate side, depending on the current circumstances, there may well be a number of elements to take into account. Based upon existing literature the following three key factors help determine how a given company, in a given situation, chooses to search for new employees: 1. experience from previous use of different recruitment channels; 2. the economic climate and degree of sector unemployment; 3. what kind of labour the company needs.

The choice of search strategy will typically be based on experience from previous recruitment processes, for instance, local conditions may need to be taken into considerations (Russo et al. 1997). This will ensure that the company is adapting to the specific circumstances characteristic of the industry, geographic location, and the size of the company. At the same time this also depends on the conditions in the labour market. Russo et al. (1997) have shown that low unemployment leads to the use of many different search channels, while the opposite is true in a recession with high unemployment. Osberg (1993) underlines that the role of the employment services must be considered in conjunction with the economic climate and the current degree of unemployment. In a situation with a tight labour market, companies will thus be more likely to use recruitment methods that trigger a larger number of candidates than otherwise. This is supported by studies that suggest that firms' choice of recruitment channel partly depends on the local labour supply, and the type of labour that the company demands (Gorter–van Ommeren 1999).

Also, important is the kind of position that is vacant. Barron et al. (1997), in a study of the optimal search strategy for employers, demonstrated that it is important to distinguish between positions where much training/education is needed, on the one hand, and those where this is not the case, on the other hand. Companies will, from a rational perspective search more intensively and extensively to fill positions when looking for workers with higher education or more experience than usual.

The essence of the above is that a number of factors affect how useful it is for the company to provide free access to information that a position is vacant. This is crystallized in the companies' choice of recruitment channel. In the literature on recruitment, three major approaches are identified for ways of finding a candidate for a vacant position, as the most common (Granovetter 1974):

1. Formal methods of recruitment. In this case the employer publicly makes the information on the job vacancy available through an intermediary service, like the public and private employment agencies, advertisements in newspapers, and journals or on the Internet.

2. Informal methods of recruitment. Using this approach to recruitment the employer will secure potential job candidates through recommendations from current employees or other contacts in the sector, or among personal networks. In this case, information on the job vacancy will remain restricted to the public.

3. Direct application and waiting lists. In this case the employer has a passive role, and is relying on the job search activity of jobseekers who submit an unsolicited résumé to the employer through a personal visit, by post or through the company website, thus creating the basis for a pool of candidates the employer can rely on should there be a job vacancy.

Formal channels have a larger audience and increase the chance of getting in contact with a high number of applicants. It also increases the chance of hiring a previously unemployed applicant. If the companies are considering this, their use of different channels will be affected by different circumstances, such as the economic climate, and country specific factors such as unemployment numbers. To some degree, formal channels are the best choice for companies willing to take risks; large companies might best afford this.

According to the literature, the use of informal recommendations give employers certain advantages: low costs for recruitment, screening, training and control as well as low turn-over (Rees 1966; Rees–Schultz 1970; Fernandez et al. 2000). A number of studies have however also stipulated that the use of informal channels results in better applicants (Granovetter 1995; Marsden–Campbell 1990; Simon–Warner 1992). Similarly, Gorter et al. (1996) shows that employers using formal channels need some time to assemble a pool of job applicants, while the process is quicker if they are found informally. In view of this, informal recruitment should play a role in most companies that have this option.

A number of studies have underlined the importance of having social ties: 40–50 percent of jobs found in the US (Granovetter 1995) – and 25-60% of jobs in different European countries (ISSP 2001) – are found through information from friends and relatives. A research conducted in Sweden (Behtuoi 2008) on the use of informal recruitment methods and the implication for immigrants showed that immigrants are less likely to be able to find their jobs through informal methods as the networks of the poor are less likely to include individuals who are employed.

Detailed single-firm studies, see below, have also shown that referred applicants had a higher probability of being hired than the non-referrals. Fernandez and Weinberg (1997) studied a bank, Fernandez et al. (2000) studied a phone centre, and Petersen et al. (2000) studied a high-technology firm. These are important findings and indicate that the way companies recruit should be investigated more closely. The current empirical basis is limited to very few companies – and European studies are even fewer – but recruitment processes seem able to define a social inequality in the job market.

Formal channels can be expected to reach a larger audience and generate more applications then informal channels. On the other hand informal channels are a way of generating a smaller portion of applications, as well as securing applicants who have some sort of informal knowledge or relationship to the company in advance. Both formal and informal recruitment channels are associated with advantages and disadvantages for the company (Mencken–Winfield 1998), making it rational for most companies to combine formal and informal recruitment channels since these complement each other.

Research Methodology

This research is based on a sample of 41 companies located in 6 European countries, Denmark, Germany, Hungary, Italy, Slovenia, and Switzerland. Among the selected countries Switzerland, Denmark, Germany, and to a lower extent, Slovenia represent labour markets with employment rates above the European Union average for the 15–64 age group. On the contrary, the Hungarian and the Italian labour markets are characterised by low employment rates coupled with relatively high unemployment compared to the European Union average (Eurostat 2011). Considering the employment rate of low-skilled workers in the selected countries (pre-primary, primary & lower secondary education – ISCED levels 0–2) Denmark and Switzerland represent the higher end of the scale (62–69% in 2010); in Germany, Italy and Slovenia employment levels of the low-skilled are conducive to the European average (50–55%) while the low-skilled workers have the lowest chances to find employment in Hungary (38%) (Eurostat 2011).

In each country 7 companies (six in Slovenia) were selected from both the service and the industrial sector. Selected companies typically belonged to industries such as cleaning, food, retailing, construction, and manufacturing. A special criterion for the selection of companies was the high ratio of low-skilled workers among the workforce. On average, the investigated companies had a ratio of nearly 60 percent of low-skilled employees. Concerning the size of the companies, nearly a quarter were small businesses with less than 50 employees, less than half medium size organizations employing between 51 and 500 employees, and finally one-third of the companies in the sample employed more than 500 employees.

Data collection took place in 2009. Personal interviews were carried out in each organisation mainly with the Human Resources manager or, in the case of smaller companies, with the owner and CEO using a semi-structured questionnaire thus collecting qualitative data in addition to some quantitative figures.

Dominant Recruitment Channels for the Low-skilled Across Europe

The research has revealed a surprising convergence of the most frequently used recruitment methods in all the six examined European countries. The two most frequently used methods in each country were *direct application or waiting* list and *recruiting through current employees*. There was only one exception to this rule, namely Switzerland, where the second most frequently used search method turned out to be the private employment agencies. 33 out of 41 companies (82 percent) used *direct application* and w*aiting list* methods often or very often when seeking low-skilled applicants to job vacancies. A similarly high number of companies (30, 73 percent) used their *current employees* as sources to find new applicants.

A second group of recruitment channels was formed by those search methods that only a quarter to one-third of the companies used often or very often. *Private employment agencies* (14, 34 percent) and *public employment agencies* (11, 27 percent), and *other contacts in the sector* (11, 27 percent) belonged to the moderately used recruitment channels. Finally, a third category of rarely used recruitment methods was identified including search methods such as *Internet tools provided by non-public agencies* (7, 17 percent), *News-papers and other written media* (7, 17 percent), and *Internet tools provided by public employment agency* (5, 12 percent).

In the next section of the paper both frequently and moderately used Recruitment Channels will be discussed in detail to show the rationale of employers' preferences in their decisions to use each of the recruitment methods during their search process for new employees, particularly the low-skilled.

Direct application and waiting list

Direct application can take the form of applying directly by phone, mail, e-mail, or on the company website, and sending an unsolicited CV and/or application form to the company. Most companies, large or small, receive a relatively high number of direct applications. *"We receive more than 2000 direct application a month at the national level. Most often people directly go to the local shops"* (CH5 RETAIL). It is important to note that direct applications are per se low cost solutions to find applicants, so companies can save considerably on choosing this form of recruitment. If direct applications are combined with building up a waiting list database, companies can procure a low-cost and relatively fast recruitment source for

themselves. An HR manager in Denmark explains the system of using unsolicited applications: *"When we get uninvited applications, we have received a lot of those lately, then we keep them for a couple of months, and if a position opens up within this period, we look at the applications we have to see if there is someone suitable, and then we call people in for a preliminary interview"* (DK2 RETAIL).

For many companies, a person handing in an unsolicited application is considered to be a positive signal for future motivation to work. In the case of low-skilled jobs, as qualification and experience is less meaningful, companies are usually looking for other ways to predict future performance. *"There are indeed many people who come to us in person and hand in an unsolicited application. With these people you recognize right away that they are looking for a position and really want to work"* (GE3 LAUNDRY).

Furthermore, there is clearly an increase of direct applications due to increased levels of unemployment on local labour markets. The Recruitment Officer of a large food chain in Hungary reports on the link between the dominant recruitment channels and the labour market as follows: "Previously we used the newspaper frequently as a channel for recruitment. Now, due to the economic crisis more people take the initiative to find employment for themselves, and we do not have to find them as they contact the company. Until last year, this happened the other way round" (HU4 FOOD).

Recruitment through current employees

A major reason for choosing this informal method of recruitment is an underlying belief that referrals made by present employees will lead to candidates whom the employer can trust and who will perform their jobs to levels equivalent to employees making the recommendations. *"When we are looking for staff, we find someone relatively fast through word of mouth. We've had the best experiences this way"* (GE1 CLEAN). A major benefit, stated by several companies, linked to recruitment through current employees is the higher level of trust from the very beginning of the employment relationship. *"You cannot hire a complete stranger, only somebody by recommendation. The job itself requires this"* (HU2 SUPERMARKET). Recruiting through current employees is not necessarily an explicit recruitment policy, but in many cases it takes place spontaneously using the word of mouth of current employees and thus generating a necessary pool of applicants. The method of recruiting through current employees works even better, if employees of the company are satisfied with their job, so an indirect benefit of investing into some area of human recourse policy can generate substantial cost saving for the company in terms of recruitment costs. *"We can count on an important number of potential workers because our own employees recommend them a lot, because they are satisfied by the working conditions. In relation and in addition we have of*

lots of direct application" (CH2 CLEAN). Some companies formalise their informal recruitment policy to an extent that they match a financial system to go with it. *"If you recommend a friend or an acquaintance, and they stay here for longer than the initial trial period [3 months], we reward the employee [€ 400]" (DK7 CALL).* Interestingly, recruiting through current employees is not only used by small firms with a less formalised HR policies in general, but medium-size and large firms with more than 500 also utilise this informal recruitment method extensively, too.

Private employment agencies

Many HR managers believe that private employment agencies are efficient in pre-selecting candidates and that they represent a faster and more flexible approach compared to public employment offices. Private agencies are generally seen as a good source for getting appropriate workforce for their needs being highly qualified professionals for job matching: *"ADDECO and others they do their work professionally. Their goal is to achieve the profit. Therefore they send to employers the best workers so the employers would be satisfied with them"* (SL4 HOUSEHOLD-APP). According to the data, larger companies are the ones that typically use private employment agencies. Temporary agency contracts are often used by firms as a longer probation period when recruiting workers. It usually happens, in fact, that companies firstly employ workers on temporary agency contracts, especially in case of recruiting from low-skilled groups, and after a longer period of time they in-source the best workers. *"My strategical idea is to first lease employees, and use the "try and hire" approach, meaning that after half a year or a year we are providing possibilities for employment for the best leased workers"* (HU6 ELECTRONICS). Many companies are using leased employees as a pool of tested employees from which they can hire whenever they need to *"this allows us to evaluate the workers and when we need to employ new workers we usually choose these people, that is people we have already known and evaluated"* (IT1 BEVERAGES). Another benefit mentioned in terms of using private employment agencies is the flexibility and ease with which to terminate the contracts.

Several companies have indicated that they have stopped using private employment agencies in the last two years. The rationale for suspending or terminating the usage of private employment agencies was different in each case, either the service was considered too expensive and inefficient (HU1 CLEANING), or it was used for the initial mass recruitment of large number of employees (HU7 INDUSTRIAL), or used as an easy way to lay off employees (HU6 ELECTRONICS), and finally, in the fourth case, problems of motivation occurred with the leased employees. *"We had an initiative to lease employees through the HumanRent Holding. In my opinion, it raises a problem for the employee, as it is not clear for the employee who the employer is. I work in one place, but all the administrative tasks are conducted*

by the other organisation. You hate your workplace, but which one? The one that administers the pay, or the one where I work? A leased employee cannot be loyal to the company as he/she doesn't know whom to be loyal to" HU4 FOOD).

As discussed above, using the private employment agencies may considerably decrease the risks of employing low-skilled workers. As a matter of fact, half of the interviewed companies were, in principle, in favour of using private employment agencies as a means to increase the employment chances of unemployed groups.

Public employment agencies

According to the research data, European companies are unanimously dissatisfied with the services of the public employment agencies. Less than one-third of companies use public employment services often or very often to recruit the unskilled, but being a user of its services, or reporting job vacancies to the public employment agency does not necessarily indicate satisfied clients of the institution. Employers' opinion ranges from advocacy to the complete close down the employment agency at one end of the scale, to considering the cooperation with the public agency as an act of social responsibility, at the other. A small Hungarian company presents the most negative view: *"The problem with this is that if we need a new employee, we need it immediately. The reason why I do not want to maintain a relationship with a state employee is that I cannot explain the weight of my problem, they do not have such empathy to understand why this is so important for me. I just do not believe in the system. (…) In my opinion the public employment agency should be closed completely"* (HU5 CONSTRUCTION). The inefficiency of the public employment agency is raised by other companies as well. *"This is a high amount of work. And not much comes out of it. Therefore, I'm always weary of the recommendations from the public employment agency because the expenses are so high"* (GE3 LAUNDRY). On the other end of the scale we find a few companies who raise the issue of their social responsibility. *"We want to expand further, we want to be a socially responsible organisation, especially due to the size of the organisation, and we have had a few annoying incidents, where you've tried some different schemes, with annoying negative outcomes, but we have also had positive stories of course"* (DK4 MACHINE).

The companies elicited several reasons for why they were not using the public employment agency more frequently. The first reason mentioned was the agency's low performance in job matching. *"I consider it pretty important that the employment agency employs 'field representatives' and that they travel around, participate in conversations, check out the firms, talk with the companies and ask, 'what do you guys actually need?' And then promptly send the right person for the right job"* (GE4 SUPERLARGE). Secondly, employers have previous negative experience with the unemployed sent by the public employment agency, and thus assume that the un-

employed are not motivated to work. Being sent by the public employment agency is often considered a negative signal. *"(…) I also fear that they will give me the one that they want to get rid of the most, if I contact the employment agency"* (DK3 CAKE). *The third problem mentioned in relation to the public agency was its too bureaucratic nature. "We have tried the public employment agency, but it was very complicated. It was too bureaucratic. There were a lot of requirements, administration, and paper work. This was 2-3 years ago, when I wanted to arrange for some kind of state subsidy for employing unemployed people, but I decided not to do so"* (HU3 Security). The fourth problem mentioned was that the level of service depends on the person, and the service of the agency is not standardised sufficiently. Another factor considered to be deficient was that the agency does not try to understand the needs of the employer. Employers raised concerns about the amount of information required by the agency, stating that the agency wanted too much information on employers. Another employer mentioned its dissatisfaction with the fact that they could not keep their own format for the job ads, so that all ads look uniform to the unemployed. Finally, employers complained of various aspects of inefficiency of the services offered by the public employment agency. Some employers found it too slow, others mentioned that too many applicants were sent for a single vacancy, while others just concluded that it is not worth the effort.

The above-mentioned characteristics explain why the majority of the companies are reluctant to use the services and employ the referees of the public employment agency despite the low-cost nature of this recruitment channel and why the more expensive private employment agencies are chosen more frequently even in the case of the unskilled workforce. Among the companies using the public employment agency we only find medium-size and large companies.

Using other contacts in the sector

Relying on other contacts in the sector is a moderately frequent recruitment channel mostly used by small and medium size firms. This recruitment channel was found to be more extensively used in Switzerland and Denmark. A major advantage of this source of recruitment is the likelihood of the person making the referral to understand the nature of the job and thus the needs of the employer. This recruitment channel can usually provide candidates for the job in a short period of time and at low cost. *"A channel that is commonly used in order to recruit workers is represented by recommendations and suggestions on the part of other companies. When we had to recruit new workers we usually asked other firms to recommend us someone and we often received calls from other firms, which were considering employing a worker previously employed in our firm, asking us if she/he was a valuable and reliable person"* (IT5 ELECTRONICS).

To summarise the pros and cons of each of the recruitment channels we have prepared a table indicating their major characteristics in the case of searching for low-skilled workers in the context of high labour supply in the labour market as it is the case at present in Europe (see Table 1). The summary table indicates that the highest number of positive characteristics can be associated with the two most frequently used recruitment channels, namely, waiting list and direct application, as well as recruiting through current employees. The importance of the various factors would be different for highly qualified jobs in contrast to low-skilled ones. In the case of low-skilled workers, the factors with the highest rank tend to be speed, low costs, positive signals on future motivation and performance, and having a smaller pool of applicants in order to minimise the screening time and effort needed to find the person who best fits the requirements of the job.

Table 1: Summary Table on Recruitment Channels

	Waiting list or direct application	Current Employees	Private employment agencies	Public employment agencies	Other contacts in the sector	Internet tools provided by non-public agencies	News-papers and other written media	**Internet tools provided by public employment agency**
Speed	Fast (+)	Fast (+)	Fast (+)	Slow (-)	Fast (+)	Fast (+)	Slow (–)	Slow (–)
Cost	Low (+)	Low (+)	High (–)	Low (+)	Low (+)	High (–)	High (–)	Low (+)
Signal	Positive (+)	Positive (+)	Neutral	Negative (–)	Positive (+)	Neutral	Neutral	Negative (–)
Pool of applicants	Small (+)	Small (+)	Large (–)	Large (–)	Small	Large (–)	Large (–)	Moderate
Amount of screening needed	Low (+)	Low (+)	Low (+)	High (–)	Low (+)	High (–)	High (–)	High (–)
Availability without extra resources	High (+)	High (+)	Moderate	High (+)	Moderate	Moderate	Moderate	High(+)
Likeliness of having a good person/job match	High (+)	High (+)	High (+)	Low (–)	High(+	Low (–)	Low (–)	Low (–)
Number of positive features	7	7	3	2	4	1	0	**1**

The Strategies to Bundle Recruitment Channels

In the large majority of cases companies do not use single recruitment channels, but flexibly bundle several recruitment methods. On average, companies use approximately 3 recruitment methods often or very often. Nevertheless, companies have experience with a higher number of recruitment channels, which they might use in special circumstances on a rare basis. Considering the total array of

recruitment methods companies use at least 5 on average. Thus, most companies rely on more than one method, but little is known on how they combine the various methods.

First, let's consider the three major approaches to recruitment (direct, formal and informal methods). Our research results highlight that overall formal recruitment channels are less frequently used (24, 60 percent) than direct application (33, 82 percent) and informal recruitment channels (31, 77,5 percent) in case of recruiting the low-skilled labour. Hence, our original assumption that in a majority of cases job vacancies would not be officially made public to jobseekers was reinforced by the research data. Large companies employing more than 500 employees more typically use formal channels of recruitment. Also in Germany and Switzerland, formal channels tend to be more frequently used.

In order to reveal more on the strategies to combine specific recruitment methods we have prepared a typology of recruitment strategies that focuses on combinations of formal versus non-formal recruitment methods used often or very often. There are only very few companies that rely uniquely on one of the types of recruitment approaches (7, 17 percent) (see Table 2). Among those companies relying on only one type of approach, it is either the direct application (3, 7,5 percent) or the formal recruitment methods (4, 10 percent). *It is important to stress that in the sample no companies used the informal channels independently from other recruitment approaches.* A large group of the companies combine at least two of the recruitment approaches, most typically *direct application and informal channels* (13, 33 percent). We named this type of recruitment strategy *"Simple & non-formal"*. However, *"Complex & balanced"* recruitment strategies characterise more than one-third of the companies (15, 37,5 percent) that combine all three types of recruitment approaches – direct, informal, and formal – in their recruitment strategy.

Table 2: Typology – Direct & Informal & Formal Recruitment Channels often or very often used

	Frequency	Percent
Only direct application	3	7,5
Only Informal	0	0,0
Only Formal	4	10,0
Direct & Informal	13	32,5
Direct & Formal	2	5,0
Informal & Formal	3	7,5
Direct & Informal & Formal	15	37,5
Total	**40**	**100,0**

Do Recruitment Channels Have an Impact on Employing Problem Groups?

A minority of employers (one-third) acknowledged that the segment of the labour market they were functioning in was to a great extent composed of so called problem groups, and did not consider group membership to particular socially disadvantaged groups as a special risk factor. *"People who don't have any 'problems' don't want to work in a laundry"* (GE3 LAUNDRY). Nevertheless, two-thirds of the companies have identified problem groups whose employment represents risks for the employer. The semi-structured interview explicitly inquired about three typical problem groups, *unemployed above 50 years of age, unemployed with ethnic minority background, as well as long-term unemployed*. From these three groups long-term unemployment seems to be the strongest signal for employers in terms of risks for future employment (42 percent), whereas only a quarter of the companies considered unemployed of ethnic minority or immigrant background and aged above 50 years to be a risk. In addition, companies also mentioned other problem groups. Young people, people with disabilities, drug addicts, people with a criminal record were among the groups mentioned by the employers.

To summarize the action of employers in relation to problem groups, we collected data on the ratio of companies hiring from the three most affected problem groups along with the average number of employees hired from the given problem group. The trend is consistent insofar as the group that was considered the most frequently as risky (the long-term unemployed) is the least frequently employed by companies. Approximately half of the companies are ready to employ a person with a record of long-term unemployment whereas 80 percent of the companies reported employing from the group of unemployed of ethnic minority background or above 50 years of age. Furthermore, the average number of long-term unemployed hired in the last two years was also significantly lower (approximately 3) than for unemployed with ethnic minority background or of mature age (8 on average). Nevertheless, in absolute terms, the numbers are very low. On average, companies have employed 16 employees from the three largest problem groups, representing 1,5 percent of the average labour force (1122 employees).

As a matter of fact, in relation to the perception of problem groups, the research indicates a relatively high variety among countries. In Slovenia, Hungary and Denmark companies mention a higher number of problem groups on average (2,14–3,33 groups), while in Germany, Italy and Switzerland companies typically mention less then one group on average (0,43–0,71). However, according to the data, not labelling explicitly as risky the employment of a given disadvantageous group on the labour market does not necessarily lead to higher employment ratios, conversely, explicitly mentioning risks of employment does not necessarily indicate lower employment rates of problem groups. The data indicates a gap between the actual discourse and employment practices in both directions.

Comparing the research data with the European labour market statistics, we can differentiate among the countries where the average number of problem groups mentioned is congruent with the evidence of the labour market statistics and those where it is not. Statistics exist for the employment rate of the mature age population (55–64 age group) and long-term unemployment rates. Italy, Hungary and Slovenia have an especially low employment rate (34–36%) for the 55–64 age group, whereas Denmark, Switzerland and Germany have considerably higher employment rates for the same age group (57–68%) (Eurostat 2011). With regards to the unemployment rate of the long-term unemployed, Denmark and Slovenia have the best performance, while Switzerland and Germany join the negative trends of Italy and Hungary in this respect. Comparative statistics for employment levels of immigrants and ethnic minorities, especially the Roma in Hungary and Slovenia could not be found, but research evidence revealed that mostly the Roma origin was considered explicitly to be a risk. For Switzerland and Germany, countries with a typically high employment rate both in general and for the low-skilled, mentioning less than one problem group in average, represents congruent practices. Both in Switzerland and Germany employment of the long-term unemployed caused a problem. At the other end of the scale, for Hungary mentioning higher number of problem groups on average is congruent with the overall low levels of employment, in particular of the low-skilled, the 55–64 age group, the Roma and the long-term unemployed. Slovenia represents a mixed case, as compared to the European Union average it has good labour market indicators, however both mature age and Roma origin lead to lower employment levels. Denmark and Italy represent incongruent cases as in Denmark all available labour market indicators are among the best in Europe (general employment rate, employment rate of the low-skilled, mature aged, rate of long-term unemployed), nevertheless employers explicitly mentioned a higher number of problem groups on average. Italy represents a case of inconsistency in the opposite direction. The Italian labour market indicators (general employment rate, employment rate of the low-skilled, mature aged, rate of long-term unemployed) were below the European average in 2009; nevertheless, employers did not articulate their reservations towards the above mentioned problem groups.

In the following section we shall focus on the relationship between the recruitment channels and the employment of the problem groups. For this purpose we shall use two indicators, namely the average number of employees hired from problem groups in the last two years, and the average number of hires from problem groups in the last two years per 100 employees. Firstly, we shall investigate whether the average number of hires from problem groups differ in the case of the frequent usage of given recruitment channels. Secondly, we shall take a closer look at whether the employment chance of members of problem groups on the labour

market relative to the size of companies differ in case of recruitment channels. The first indicator focuses on the absolute numbers, while the second indicator assesses differences in relative terms.

Considering individual recruitment channels, we do find some differences among companies with regard to the average number of employees that they have hired from problem groups. Interestingly, companies using the typical formal recruitment channels as Internet tools, public and private employment agencies, advertisements in newspapers tend to employ higher number of employees from problem groups, on average. On the other hand, companies using informal recruitment methods and direct application, on average, employ a lower number of employees from problem groups. Hence, in absolute terms, employment through formal recruitment channels seem to produce a higher number of hires from problem groups. These results correlate with the literature that emphasizes that the unemployed are more frequently recruited through formal channels of recruitment and the usage of informal recruitment methods tend to exclude those who have weaker social ties and networks, as problem groups among the unemployed typically do. However, if we consider the indicator of average number of hires from problem groups in the last two years/100 employees, we find that companies using informal or direct recruitment channels perform better in relative terms in employing from the problem groups. This is especially true for using direct application and waiting lists and contacts in the sector (see Table 3).

Table 3: Average number of employees hired from problem groups and average number of employees hired from problem groups/100 employees by companies using the different recruitment channels often or very often.

	Average number of hires from problem groups in the last two years	Average number of employees hired from problem groups / 100 employees	Number of companies
Internet tools provided by non-public agencies	44,0	3,9	N=7
News-papers and other written media	25,5	6, 2	N=7
Public employment agencies	25,1	7,4	N=11
Internet tools provided by public employment agency	24,6	10,4	N=5
Private employment agencies	19,3	3,74	N=14
Waiting list or direct application	16,2	10,47	N=33
Current employees	15,5	8,5	N=30
Other contacts in the sector	8, 5	12,5	N=11
Total	**15,9**	**9,7**	**100% (N=41)**

To summarise this section, due to the low case number in the sample, it is very difficult to evaluate whether there is a clear-cut relationship of the recruitment channels of firms to the chances of problem group members gaining employment. We can surely state that the question needs to be tested on a larger sample. Never-

theless, the data does show some differences among average number of hires from problem groups across the frequently used recruitment channels, but it is difficult to give a precise indication of its degree. Our explorative research indicates that the impact of recruitment channels on the employment of problem groups should be tested both in absolute and relative terms and controlled for other variables, too. According to our assumption, other factors, like the prejudices of the recruiter, the inclusiveness of the company, previous experience with problem groups, methods of selection, to name some of them, will influence the final outcome of whether problem group members will be employed with equal chances or not.

Conclusions

In the first part of the paper we investigated the dominant recruitment channels used by European companies to find job applicants for low-skill jobs, and concluded that direct and informal recruitment channels were the most frequently used across the countries with a surprising convergence. We analysed the positive and negative factors for employers related to each recruitment channel and concluded that waiting list and direct application along with recruiting through current employees represented the largest benefits for employers in the case of searching for low-skilled employees, in terms of low cost, speed, and positive signals. Thus employers follow a rational choice in the implicit optimalisation process of choosing recruitment channels.

We have also investigated the bundles of recruitment channels used by companies, and found that two major strategies co-exist: a "Complex & balanced" recruitment strategy used by more than one-third of the companies and a "Simple & nonformal" recruitment strategy performed by closely one-third of the interviewed companies. In view of this, we need to differentiate our initial assessment of the dominant role of non-formal recruitment channels. Nevertheless, a large segment of the labour market is operated through asymmetrical information on job vacancies. Hence, we aimed to test the hypothesis that informal recruitment strategies put problem group members at a disadvantage, which subsequently lead to lower levels of employment of such groups. From the three groups, long-term unemployed, unemployed with ethnic minority background and unemployed above 50 years, the long-term unemployed were considered to be the most risky by employers and, consistent with the employers' perception, members of this group were employed in the lowest numbers and by the fewest companies.

Related to the relationship of recruitment channels and employment of problem groups our results were mixed. In absolute terms, employment through formal recruitment channels produced a higher number of hires from problem groups, on average. On the other hand, when considering the indicator of the average number of hires from problem groups in the last two years/100 employees we found that

companies using informal or direct recruitment channels were performing better in relative terms in employing from the problem groups. Thus the hypothesis that informal strategies put problem group members at a disadvantage was not unanimously reinforced, at this stage. Interestingly, the case of *direct application and waiting lists* somewhat stands apart, as results showed both in absolute and relative terms an average or above average chance of employment for members of problem groups through this channel. Hence, we hereby conclude that formal, informal and direct recruitment strategies need to be differentiated with regard to their impact on the employment of various groups of low-skilled facing difficulties on the labour market, and direct application seems to be a channel by which low-skilled jobseekers at a disadvantage on the labour market could achieve relatively balanced and promising results. Finally, we need to emphasise that the relationship between recruitment channels and strategies and employment of problem groups must be further tested on larger samples.

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