Employer Hiring Strategies: Buying or Developing Talent?

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Agenda

- Purpose
- Selected lit review
- Methodological highlights
- Results
- Discussion

Purpose (1 of 2)

- Purpose:
  - We are interested in a basic strategic choice facing employers:
    - are they choosing to 'buy' (i.e. hire) workers who already hold the skills and experience that these employers value,

    or, alternatively,

    - are employers more inclined to 'develop' that talent by investing in in-house training?

  - While this is an important human resource management decision, our interest is on the broader industrial relations implications.
    - Are employers investing enough in training? Can lesser-skilled or credentialed applicants still find a path to advancement (via employer-provided training after hiring)?
    - In other words, employers might make rational decisions that do not help all/enough citizens. Hence, we would have a public policy issue to ponder..

Selected literature review

- Working conditions vary. A lucky minority have high quality jobs with good pay, hours, security, etc. while less powerful ones tend to endure relatively poor working conditions (see Betcherman and Lowe, 1997). That can mean less job security, or less pay and benefits, but also less advancement (i.e. training, and promotion) opportunities.

- For an organization, investing in training can be a way to improve productivity and adaptability (e.g. Kim and Ployhart, 2014; Dostie, 2018).

- But, think Porter's (1980) strategic options for organizations… A cost leadership approach would likely mean paying relatively low wages and investing relatively little in training, and 'dumbing down' jobs. In contrast, suppose other organizations try to differentiate themselves via a focus on (high) quality products or services. They would/should probably hire the best applicants, attract and retain strong employees via high wages and benefits, and empower and motivate them via generous training and advancement opportunities.
  - See also high and low road approach to labour (e.g.Verma & Chaykowski, 1999).

Methodological Highlights

- We will utilize a survey of approximately 1,000 employers from Southwestern Ontario.
- This region area has various industrial, transportation, agricultural and agri-foods, and service activity.
- The survey was collected during 2015 by several Workforce Planning Boards (WPBs), which are regional government agencies interested in local labour market issues. Dr. Mann has strong affiliations with the WPB management team, and along with Dr. Chowhan, provided guidance on survey design.
- For this presentation, our analyses will be based on descriptive statistics as well as logistic regression models.

Results (1 of 3): Two key variables…

- Employers providing training within the next year:
  - yes: 79%, no: 21%

- Quality of available workers during hiring:
  - Poor: 18%, fair: 37%, good: 39%, excellent: 6%

- 79% is good, but a long way from 100%.
- The 'Quality of applicants' composite responses paint a fairly ugly picture… Yikes!

Results (2 of 3): Logistic Regression with Dependent Variable: Positions Hard to Fill:

	Regression Coeff.	Standard Error	Signif. Level
Independent Variables:			
Support for Training	0.283	0.226	
Separations (over past 12 months)	0.229	0.207	
Hires (over past 12 months)	omitted		
Free Assistance (over past 12 months)	-0.169	0.203	
Used Paid Recruitment Agency (past 12..)	0.737	0.264	***
Plan to hire (over next 12 months)	0.806	0.204	***
Quality of Applicants	-1.142	0.118	***
Total Employees	-0.000	0.000	
Part-time Rate	omitted		

I. Positions are more likely to be harder to fill if actually planning to hire (and are looking seriously). And, when positions are hard to fill, those employers more likely to turn to paid recruitment agency for assistance. Makes sense...

II. When quality of applicants is low, then positions are hard to fill. Makes sense too...

III. But, why isn't 'support for training' positively related? (If employers cannot find good candidates, then why aren't they hiring and training good enough ones?

Results (3 of 3): Logistic Regression with Dependent Variable: Employer-provided training:

	Regression Coeff.	Standard Error	Signif. Level
Independent Variables:			
Positions Hard to Fill	0.268	0.225	
Separations (over past 12 months)	0.304	0.231	
Hires (over past 12 months)	omitted		
Free Assistance (over past 12 months)	0.374	0.249	
Used Paid Recruitment Agency (past 12...)	-0.117	0.326	
Plan to hire	0.062	0.241	
Quality of Applicants	0.182	0.136	
Total Employees	0.001	0.001	
Part-time Rate	omitted		

- What!?&! No, those employers finding positions hard to fill are not significantly more likely to provide training…
- No, those employers with higher separation rates are not significantly more likely to provide training…
- No, those employers with relatively big problems with quality of applicants are not significantly more likely to provide training…
- Wow! If employers are strategically deciding how & when to train, it's not showing up here..

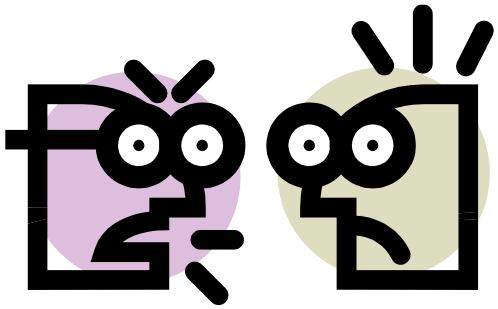
Discussion

- We're a bit surprised that 1 in 5 of these employers are not planning to provide training over the next year. Maybe they are mostly very small orgs, but if so, that didn't reveal itself in the regressions…

- There is a problem with the overall quality of applicants, according to this large and diverse set of employers.
  - Yes, employers can and should probably invest in training, but…
  - Isn't it a public policy issue if, in an era of global trade agreements, society is not producing the types of applicants that employers want/need?

- Are employers strategically determining when and where and how to invest in employee training? These results suggest that they are not. That's sub-optimal from an HRM perspective, and a public policy one…
  - Maybe a common strategy is to buy, not develop, talent.
  - Maybe employers separate the training decision from the hiring decision.

Questions?
Comments?
Complaints!?!



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