

# FACTORS AFFECTING HIRING DECISION: EMPLOYERS' PERSPECTIVE IN NATIONAL CAPITAL REGION

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**Abstract:** *Indian economy is facing the surplus of labour supply in comparison to the demand in the labour market. Only those who are found to be most suitable for the particular job are selected. The hiring decision of employers is affected by the various factors. In order to prepare the fresh graduates to face the real working environment efficiently, it is very important to identify such factors, which are affecting the employers' hiring decision and the order of preference of such factors also needs to be highlighted. The present study aims to ascertain the order of preference given to such factors. Preference order is to be based upon the rankings assigned to the various factors by the employers. The study is based on the primary data collected with the help of a well-structured questionnaire administered to 100 employers of National Capital Region. The ranking of factors is calculated based on Garrett Value and Garrett Comparison Ranking Table. The study found that "performance in interview", "resume", and "internship experience" are the top three factors based on ratings provided by the employers, which are most important while taking the hiring decision about any of the fresh graduates entering the organization.*

**Keywords:** *Hiring Decision, Employers, Garrett Ranking, Employability*

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## INTRODUCTION

India has entered a phase of demographic dividend where a huge proportion of the population is under the working section of the society with very less dependency ratio. Every year, millions of people are added to the working group and most out of them remain unemployed mainly because they are unaware of what the employers expect from them and what actually affects their selection decisions. Simultaneously, the opening up of the economy and prevailing competitiveness is also exerting pressure on the demand for quality human capital. Nowadays, the Industries are looking for the individuals possessing certain additional skills apart from just the essential qualification. This situation has made the hiring process a cumbersome and tedious job, wherein the employers have to be extra cautious while selecting the appropriate candidates for their organization. Employers are taking hiring decisions very wisely in addition to other important decisions. Applying thoughtful consideration to the process of hiring is very important, because it would provide a reliable and robust means to identify the best talent in the labour market. Most of the new graduates entering the professional world are not adequately prepared for the workplace transition in terms of skills in addition to

technical or subject knowledge (Butler & Gheorghiu, 2010). Almost every applicant or recent graduate entering the world of work is aware of the fact that a number of factors affects the hiring decision of employers; however, there has been no readily available information which could help the graduates to know which factor is most important in comparison to other factors. This has made their transition from student to an employee quite disturbing (Heath & Mill, 2000). Higher education institutions are now concentrating on the components, which are some way or the other affecting the placement of their students in the professional world. Everyone is concerned about the employment opportunities and employability. However, it is equally important to identify the elements, which are affecting the hiring decision of the employers with respect to fresh professional graduates, and to study the order of preference of such factors.

## LITERATURE REVIEW

In the existing literature, many studies have been found which focussed on highlighting the factors considered by the employers while making hiring decisions. Most of these studies have highlighted that certain personal attributes and skills are preferred while selecting the fresh graduates.

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In general, in the past the alignment of an employee's knowledge, skills, and abilities (KSA), personality and value orientations with the job description, has been considered as the key criterion for hiring (Caldwell & O'Reilly, 1990; Kristof-Brown, 2000; O'Reilly et al., 1991; Schmitt & Chan, 1998). Further, Schmitt & Chan (1998) argued that instead of matching job demands with individuals' KSA, there is a need to understand how the hiring process takes place and what affects the same. Jusoh et al. (2007) found that employers are generally, satisfied with the qualities of fresh graduates; however, they believe that prominent gaps do exist in the employers' demands and graduates' abilities and skills. The basic psychology of a rational employer is to hire the best-fit candidate using the criterion of meritocracy rather than hiring based on acquaintances (Mulligan, 2017). Millions of students are graduating every year and entering the job market to search out suitable employment opportunities matching their skills. Some graduates are fortunate enough to find a place for them in an apparently suitable niche; however, some find themselves in positions for which they are not appropriate or best fit. Matching of acquired skills with required skills greatly affects their behaviour towards professional life. This would have a major influence on their long-term attitudes towards the work life (Heath & Mill, 2000). There is a need to make the students aware of what is expected of them and on what basis their selection might get affected at the time of the interview, apart from providing them theoretical knowledge. Students must be prepared enough to face the interview, knowing that what is valued more by the employers. Asano et al. (2015) used text-mining technique to identify the primary factors affecting negative hiring decisions of employers of public-employment services. It was found that based on various occupational categories and age groups different characteristic terms are preferred. At the time of selection, employers give more importance to formal interviews and an applicant's personal qualities including their interpersonal skills and less importance is placed on academic knowledge (Heath & Mill, 2000).

## OBJECTIVE OF STUDY

- To analyse the factors (other than skills) affecting hiring decision of employers.
- To identify the employers' preferences towards the factors affecting their hiring decision.

## RESEARCH METHODOLOGY

The present study is based on the primary data collected from a sample of 100 respondents. The study has been conducted in National Capital Region. The respondents were selected by using non-random convenience sampling technique and the data were collected with the help of a well-structured questionnaire. Based on the investigation, only eight major factors which are affecting the employers' hiring decision has been taken into account. The ranking technique has been used to analyse factor preferences of the employers while hiring the fresh graduates. Respondents rated each of the identified factors on a 5-point Likert scale ranging from "Extremely Important" to "Not at all Important". These responses were assigned ranks based on their importance or preference levels, such as "Extremely Important" as Rank 1, "Important" as Rank 2, "Neutral" as Rank 3, "Somewhat Important" as Rank 4, and "Not at all Important" as Rank 5. The collected data have been analysed using the statistical tools such as Frequency Analysis, Chi-square Test and for ranking the variables, Garrett ranking technique have been applied with the following formula:

$$\text{Percent Position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

## RESULTS AND ANALYSIS

### Profile of the Employers

Table 1 represent the demographic profile of the 100 employers surveyed. The classification and percentages are based on the responses provided on the questionnaire.

**Table 1: Demographic Profile of the Employers**

Factors	Classification	No. of Respondents	Percentage
Gender	Male	65	65
	Female	35	35
Organisation Type	Multinational	63	63
	Indian	37	37
Experience	5 – 7 years	22	22
	8 –10 years	42	42
	More than 10 years	36	36

Factors	Classification	No. of Respondents	Percentage
Department	Human Resource	41	41
	Sales & Marketing	15	15
	Finance & Accounting	7	7
	IT & Communication	14	14
	Operations	19	19
	Production	4	4

Source: Primary Data

Regarding the demographic profile of the employers, Table 1 shows that 65% of the respondents are male, 63% of the respondents come from multinational organizations, 42% of

the respondents come under the category of 8 – 10 years, and 41% of the respondents come under HR department.

**Table 2: Preference and Ranking of Factors Affecting Employers' Hiring Decision**

S. No.	Factors affecting the hiring decision	Ranks Given by the Respondents				
		1 <sup>st</sup> Rank	2 <sup>nd</sup> Rank	3 <sup>rd</sup> Rank	4 <sup>th</sup> Rank	5 <sup>th</sup> Rank
1	School attended	9	14	34	24	19
2	Specialisation subject	12	34	29	25	0
3	Percentage of Marks	9	34	31	25	1
4	Internship experience	19	31	30	19	1
5	Recommendations	1	14	43	28	14
6	Resume	13	42	36	9	0
7	Cover Letter	3	9	24	39	25
8	Performance in the interview	54	39	6	1	0

Source: Primary Data

Table 2 indicates the Preferences and Ranking of factors as stated by the employers of Delhi NCR Region, having an impact on their decision of hiring a fresh graduate. Eight factors which are affecting the hiring decision has been listed against which the number of employers (out of 100) assigning a particular rank has been stated. Rank 1 indicates that the particular factor is been considered extremely important followed by Very important (Rank 2), Important (Rank 3), Somewhat important (Rank 4), and Not at all important (Rank 5). Among the 100, "Performance in the interview" has been ranked as first by 54 respondents, second-ranked by 39 respondents, and none of the respondents assigned the last rank to this factor. Similarly, "Resume" is ranked as first by 13 respondents, ranked second by 42 respondents, and none assigned the last rank to this factor. It is highlighted from Table 2 that the "Performance in the interview" is the highest ranked factor as per employers' response.

### The Percent Position and Garrett Value

The Garrett ranks were calculated by using appropriate Garrett Ranking Formula. Based on the Garrett ranks, the corresponding Garrett value was identified. The scores of each factor stated in Table 2 and recorded Garrett value

stated in Table 3 was multiplied. This is shown in Table 4. Finally, all the ranking scores pertaining to each factor was added row-wise and the total Garrett scores were obtained.

$$\text{Percent Position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

$R_{ij}$  = Rank given for the  $i^{\text{th}}$  variable by  $j^{\text{th}}$  respondents

$N_j$  = Number of variables ranked by the  $j^{\text{th}}$  respondents

The results based on the above formula and Garrett Ranking Conversion table are shown in the Table 3.

**Table 3: Percent Position and Garrett Value**

S. No.	$100(R_{ij}-0.5)/N_j$	Calculated Value	Garrett Value
1	$100(1-0.5)/8$	6.25	80
2	$100(2-0.5)/8$	18.75	68
3	$100(3-0.5)/8$	31.25	59
4	$100(4-0.5)/8$	43.75	53
5	$100(5-0.5)/8$	56.25	47

Source: <https://www.scribd.com/doc/47487605/Henry-Garrett-Ranking-Techniques>

### Calculation of Garrett Value and Ranking

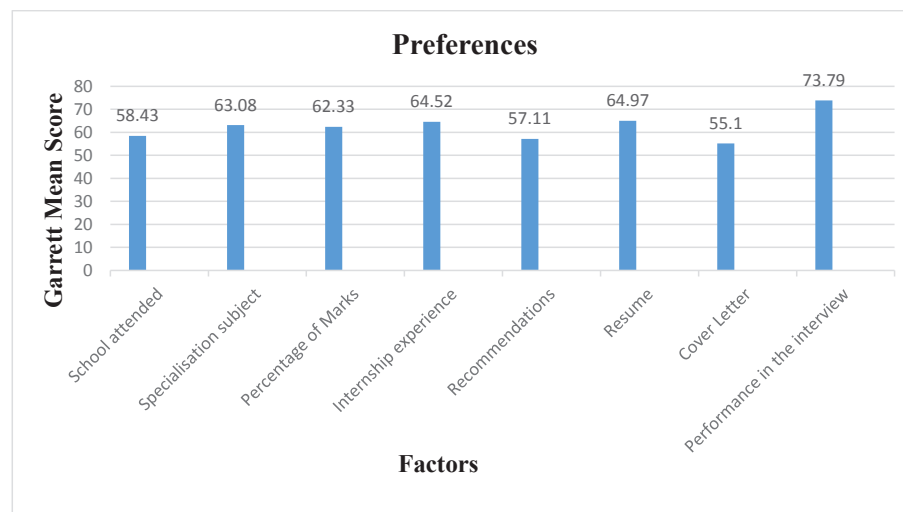
The calculation of total and mean scores of the Garrett value and the respective ranking of the factors affecting the hiring

decisions of the employers of the National capital region while selecting the fresh graduates for their organizations are shown in Table 4.

**Table 4: Calculation of Garrett Value and Ranking**

S. No.	Factors	Ranks Given by the Respondents					Total Score	Mean Score	Rank
		1 <sup>st</sup> Rank	2 <sup>nd</sup> Rank	3 <sup>rd</sup> Rank	4 <sup>th</sup> Rank	5 <sup>th</sup> Rank			
1	School attended	720	952	2006	1272	893	5843	58.43	6
2	Specialisation subject	960	2312	1711	1325	0	6308	63.08	4
3	Percentage of Marks	720	2312	1829	1325	47	6233	62.33	5
4	Internship experience	1520	2108	1770	1007	47	6452	64.52	3
5	Recommendations	80	952	2537	1484	658	5711	57.11	7
6	Resume	1040	2856	2124	477	0	6497	64.97	2
7	Cover Letter	240	612	1416	2067	1175	5510	55.1	8
8	Performance in the interview	4320	2652	354	53	0	7379	73.79	1

Source: Author’s compilation based on primary data and Garrett Ranking Conversion Table



Source: Graphical presentation of results shown in Table 4

**Fig. 1: Employers’ Preferences of Factors Using Garrett Value Ranking**

Table 4 shows all the factors, which are affecting the hiring decisions of the employers of National Capital Region at the time of selecting the fresh graduates for their organization. The respondents have provided ranks for all the factors for which the Garrett value was calculated based on Garrett ranking method. Table 4 also reflects the total score and mean score of all the factors, based on the frequencies shown in Table 2 and the Garrett Value shown in Table 3. The final ranks shown in the last column were based on the mean score. It can be observed from Table 4 and Fig. 1 that “Performance in the interview” is an extremely important factor while taking hiring decision by the employers and therefore has been ranked 1 followed by Resume, Internship

experience, Specialisation subject, Percentage of Marks, School attended, Recommendations, and Cover Letter with 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> ranks, respectively.

### FINDINGS AND DISCUSSION

The present study aimed to identify the preference and rankings of the factors affecting the hiring decision of the employers while hiring any fresh graduate. It was found that the employers have considered Performance in the interview extremely important followed by Resume and Internship experience. The study also highlighted that Cover

Letter and Recommendations were least important whereas Subject specialization, Marks obtained, and School attended were moderately important variables while selecting the most suitable candidate. Although these factors (Marks, Campus location, Major) positively contribute towards undergraduate employability and improves the chances of gaining employment after graduation (El-Temtamy et al., 2016). These results are consistent with the results obtained by Finch et al. (2013) who concluded that while hiring fresh graduates, employers give more importance to generic skills and least importance to academic repute. The fresh graduates' ability and willingness to learn new things and their open-mindedness are highly valued by the employers. Moreover, their academic performance or grade points contribute significantly towards their employability (Hodges & Burchell, 2003; Rynes et al. 1997). The job advertisement within each occupational category also asks for a category specific personal transferable skills in addition to essential technical skills (Bennett, 2006). The results of the present study also support the findings of Capobianco (2009) who pointed out that, employers give relatively less importance to academic repute while hiring fresh graduates unlike what is generally assumed by students while choosing their higher education institution. However, these findings are slightly in contradiction with the findings of Chevalier & Conlon (2003) who emphasized that school category or academic reputation of schools do influence the future employability prospects of the students. McGuinness (2003) added to this that programme-level reputation or the discipline chosen by the students during their higher education, also influence the employers' perceptions towards the employability skills of the fresh entrants and therefore affect their selection process. Garrouste & Rodrigues (2014) highlighted that though the degree has a significant role to play in students' employability throughout countries still, the capacity of young graduates to combine their higher studies with workplace activities is valued more by the employers. It is also supported by McMurray et al. (2016), who revealed that personal attitude, transferable skills, pertinent work experience, and degree result significantly influence employers' decision of selecting/rejecting fresh graduates for their organization. These results are also consistent with findings of Kulkarni & Chachadi (2014) who identified that employers prefer human skills to the most as compared to professional, communication and technical skills. Humburg & Velden (2015) highlighted that the hiring decision of the employers gets affected by graduates' professional expertise and their interpersonal skills along with high levels of job-specific skills, which are most important for getting through an interview. However, these are not the only underlying factors influencing employers' recruitment and hiring decisions; there are certain hidden elements or extraneous factors which affect their decisions while selecting from

a group of students possessing same qualifications, skill, and internship experience. Wilton (2014) identified that besides looking for employability skills, there are certain unknowable, shifting, and subjective selection criterions leading to incidental discrimination by employers based on social class, recommendation or references, personality, associations, culture, etc. Such factors complicate the entire system of recruitment and selection and make it difficult to understand the actual procedure of selecting new graduates in the industry.

Although performance of an interviewee has been considered most important by employers while deciding whether to hire a fresher or not, it also depends on the content of the interview, time duration, state of mind of interviewer, experience of hiring personnel, surrounding environment or ambience of the interview room, mock interviews faced by students and number of candidates waiting for the interview. Therefore, institutions must prepare the students for the interview by discussing and introducing them to all the related factors, which might influence their performance in an interview. This can be better accomplished by a proper academia-industry interaction and intervention of corporate personnel in the academic curriculum restructuring and implementation. Special sessions must be organized for training the upcoming graduates on effective resume and application-building techniques. The focus must be on the development of an impressive and impactful bio-data appealing to employers. Internships and practical industrial training, also known as enterprise training, are largely preferred by today's employers. Employers believe that the students with practical work experience or relevant internships in the industry are expected to work more comfortably and efficiently in the actual working environment of their organization as compared to those who do not have any idea about the professional workplace. Moreover, recent graduates' efficacy levels are positively related to work placement undergone by them during their higher studies, especially with regard to their confidence in making applications, facing interviews, and in demonstrating their abilities and strengths (Edwards, 2014). As per Education and Skills Survey conducted by CBI in 2012 on 542 employers – the most crucial factors considered while hiring graduates were: employability skills (81%), subject (70%), relevant work experience/internship/industrial placement (68%), and degree class (46%) (CBI, 2012). Also, the selection of the young professionals is guided by their educational credentials and the nature of past work experience (Bills, 2016). The findings of the current study provide an insight into the employers' perspective towards the hiring of the fresh graduates and employers expectations from them. The obtained results are very useful to identify the preferences or priorities given by the employers, which

could be referred by the prospective job applicants or by the higher education institutions while preparing the students to enter the professional workplace.

## LIMITATIONS

The present study has covered only eight critical factors considered important by the employers while making hiring decisions. These factors were identified from the responses in the questionnaire completed by the employers. The study has not included the elements, which are considered during the interview process such as conversational style, confidence level, overall personality, honesty, skills, technical knowledge, etc. Also, the study is focussed on the recruitment and selection of fresh graduates only, belonging to Management and Engineering discipline of study. It has not incorporated the recruitment of experienced individuals or those with a higher level of qualifications such as CA, MBBS, PhD, etc. Moreover, this study is conducted on the employers of National Capital Region only, therefore is limited to a small part of the country and has not covered the economy a whole.

## FUTURE RESEARCH IMPLICATION

The present study aimed to act as a revelation for the students, academicians as well as the education policymakers, and curriculum designers. The results of the study highlighted the relative importance and ranking of various factors critical to the selection of the fresh graduates based on the responses of the employers of NCR region. The study could be very useful for the institutions, for preparing the final year students to face the employers and interview with high-level confidence and preparedness. It also provides a clear vision about what is valued more by the employers while selecting or rejecting any student during campus placements, thereby answering many of the budding-up queries of the students planning to enter the world of work. This study also provides an insight into what the employers in the labour industry think and believe regarding the graduate selection criterions. Therefore, it is also helpful for the new HR professionals looking to hire freshers or young graduates.

## CONCLUSIONS

The selection and hiring practices are taking a different form and the hiring decisions of the employees are affected by several factors. Performance in an interview has been found as the most important element as compared to other variables, whereas cover letter and recommendations attained last ranks. There is a strong need to closely examine the hiring

decisions of the employers in order to prepare the students accordingly. This would, in turn, reduce the unemployment levels among the fresh graduates and provide them a better insight of the corporate expectations. Therefore, while applying for any job they could keep such factor ratings in their mind and can face the interview with more confidence. However, it is also very important to explore the role of various extraneous factors, which are subjective, unknown, and hidden from the purview of the study which in some way, or the other affect the decisions of employers in the industry.

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