

# Rejected internal applicants twice as likely to quit

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Internal job applicants who face rejection are nearly twice as likely to leave their organizations than those who were either hired for an internal job or had not applied for a new job at all.

According to new research from JR Keller, assistant professor of human resource studies at the ILR School, firms can systematically reduce the likelihood that rejected candidates will exit by being strategic when considering which employees are interviewed.

In their paper, "Turned Down and Taking Off? Rejection and Turnover in Internal Talent Markets," published by the *Academy of Management Journal*, Keller and co-author Kathryn Dlugos, M.S. '17, Ph.D. '20, assistant professor at Penn State University, analyzed more than 9,000 rejection experiences of employees at a Fortune 100 company over a five-year period.

"A key insight from our work is that employees do not only apply for jobs they want right now; they also apply to learn about what jobs are more or less likely to be available to them in the future," Keller said. "Even if they are rejected today, an employee is more likely to stick around when they feel they have a decent shot at advancing to a new job tomorrow."

As such, employees pay close attention to two aspects of the hiring process to determine whether they are likely to move into a similar role in the future.

First, internal candidates who were rejected after interviewing with the hiring manager were half as likely to exit as those rejected earlier in the process.

Keller and Dlugos found that getting an interview signaled to candidates that they have many of the characteristics needed to move into the job. An interview also allowed candidates to receive feedback from hiring managers about any knowledge and skills they may currently lack, as well as how to acquire them if they want to be hired for a similar job in the future.

Second, a rejected candidate's likelihood of leaving was cut in half if they were passed over in favor of an internal candidate, rather than an external candidate.

According to the researchers, employees believe that the past predicts the future. Therefore, if their organization favored an external candidate, they assume they will have to face external competition for similar jobs in the future, lowering their own chances of being hired. And seeing a colleague get hired makes employees feel as though they, too, will have a future opportunity to advance.

"While we do not suggest that organizations should only hire internal candidates, our work does suggest that organizations should carefully consider whether to hire an external candidate when there is a viable internal candidate," the authors wrote. "External hires can bring valuable knowledge and new perspectives into the organization, but doing so also increases the odds that current employees will take their own knowledge elsewhere.

"In short, companies that strategically manage their internal talent market are better positioned to keep rejected employees onboard."

**More information:** Kathryn Dlugos et al, Turned Down and Taking Off? Rejection and Turnover in Internal Talent Markets, *Academy of Management Journal* (2020). [DOI: 10.5465/amj.2018.1015](https://doi.org/10.5465/amj.2018.1015)

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