

## **RECRUITMENT AND THE INTERNET: POSSIBILITIES AND PITFALLS**

Strategic HRM has increasingly being identified with competitive advantage and organisational performance (Huselid, 1995). However the area of recruitment has often been seen as benign process and not a strategic area in itself. The Internet has created a potential paradigm shift, to the extent that e-recruitment is increasingly being seen as a source of competitive advantage (Greer, 2001). This paper examines the development of e-recruiting as a source of competitive advantage, the potential, pitfalls and problems.

Recruitment and selection are intimately linked in the human resource literature. Generally recruitment is seen as part of the 'mechanics' of the selection process in which organisations focus on attracting the interest of potential appointees. The quality of this process can be directly linked to business success.

Generally recruitment has been undertaken in a 'passive' context where the major issues has been on the pros and cons of internal versus external recruitment. Where external recruiting is preferred consideration of the most appropriate advertising medium and time constraints are considered in developing the largest suitability qualified applicant pool (Clarke, 1992). However, given increasing competition and globalisation of the world economy, and development of hot and tight global labour markets in areas such as Information Technology (IT), a clear need to develop a more strategic approach to attracting the right individuals is emerging (Stone, 1998). As Nankervis, Compton and McCarthy (1996: 184), point out:

In terms of staff recruitment, HR managers must come to the awareness that their unique business environment calls for a situational approach to attracting employees.

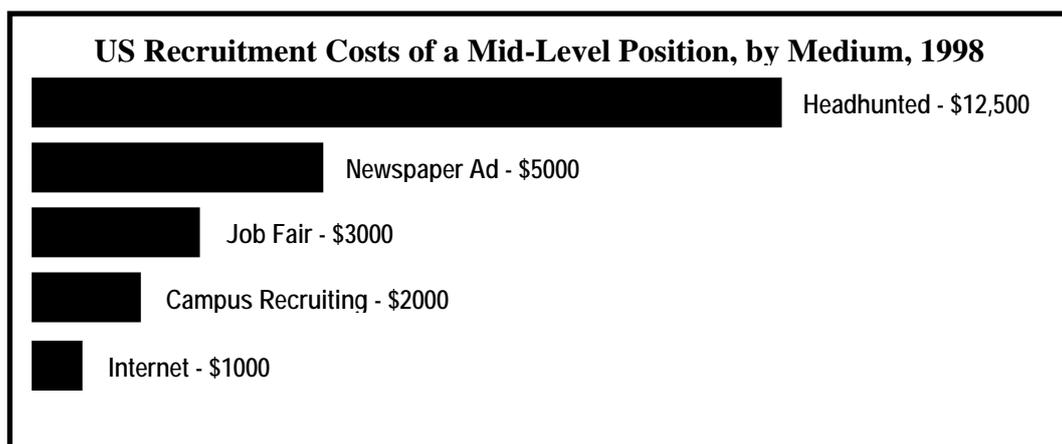
### **The Potential of E-Cruitment**

In this context, electronic recruiting or e-cruitment has not just added another medium to the process, but taken recruitment to another level in matching employees and employers. Organisational web sites can provide applicants with greater applicant information about the organisation, its culture, job opportunities and career prospects, thus allowing more opportunity for self-selection. It also provides a more direct and confidential approach to the relationship between potential employees and employers as they seek a 'culture fit' with suitable candidates. As Greer (2001) notes:

They [web sites] typically provide a graphical presentation of how the company is organized and include a recruiting section. There are usually explanations of career fields, job opportunities, and provisions for e-mailing resumes directly to the company. The Internet provides another component that must be aligned with the company human resources for pursuing specific strategies (p.198).

The strategic aspects of recruitment are therefore to improve the recruiting process through speed, access to a broader range of applicants and cost savings associated with automation and congruence in terms of cultural fit between employee and employer. Through the forces of globalisation and advancements in IT, e-cruitment is considered the first wave of a new set of HR practices that make possible increased efficiencies from integrating technology-enabled HR processes (Cullen, 2001). For example, Figure 1 demonstrates the cost advantages of e-cruitment of a major US manufacturer.

**Figure 1 – Cost of Recruiting an Employee Online & Offline in the US**



**Adapted from:** Ilogos Corporation (1998)

As can be seen in Figure 1 e-cruitment substantially lowers recruitment costs in comparison to other more traditional methods. While such data typically varies across industries, a common trend is emerging with regards lower marginal costs associated with e-cruitment in comparison to all other forms of ‘traditional’ recruitment. The Internet and its associated technologies also act to level the HR playing field by providing access to ‘standard’ software for HR systems and by removing the reliance upon expensive organisation specific software to support internal HR systems. Large and small firms can now access ‘web-based’ solutions that are less expensive, easier to acquire, and available anywhere (Thomas & Ray, 2000).

Clearly, HR management is faced with an opportunity to embrace e-cruitment in a strategic manner and enhance its contribution to developing organisational competitive advantage. As with the introduction of the Internet for commercial exchange, the integration of existing strategy and operating structures perhaps represents the biggest hurdle for HR to overcome. The following sections examine the uptake of e-cruitment and potential pitfalls that can detract from the successful adoption of e-cruitment.

### **The Development of E-Cruitment as a HR Tool**

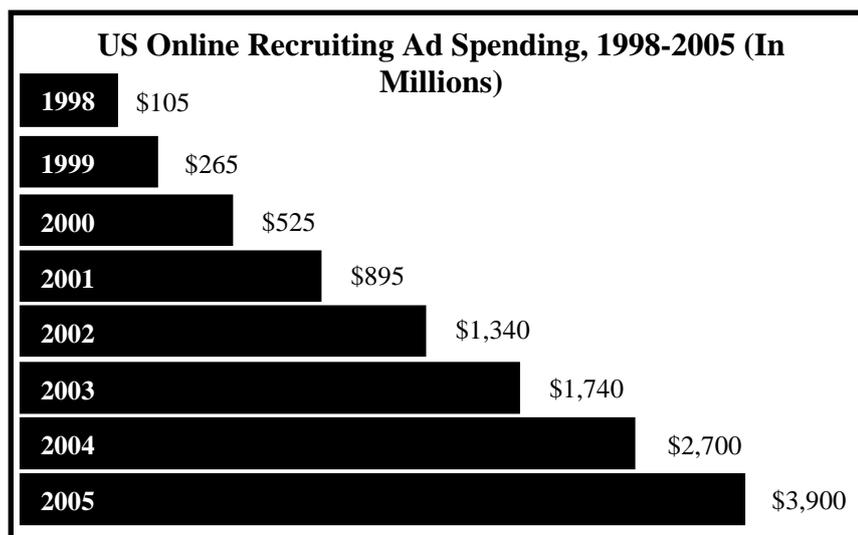
Despite the recognition that HR provides a strategic function in the development, planning, formation and implementation of organisational strategies, typical HR professionals still spend considerable time completing lower value-added, routine activities (Snell, Stueber & Lepak, 2001). The advent of new technologies associated with the post 1995 commercialisation of the Internet, provide HR departments with access to potentially new time saving processes that deliver efficiency value to both firms and their customers. The challenge emerging for HR functions is to provide strategic contributions that through their design, generate flexibility, cost savings and deliver excellent service to stakeholders (Alvares, 1997; Dyer & Shafer, 1999; Wright & Snell, 1999).

Despite widespread adoption of e-cruitment, lessons can be learned from the rushed adoption of the Internet's commercial applications by firms' worldwide. In the debris of many dot.coms failures there has been a realisation that 'web-based' commerce requires new business models (Tapscott, 2001) and a balance between 'operational effectiveness' and 'strategic positioning' (Porter, 2001). The contention is that for the HR function to focus on more strategic issues, it must first understand the transformational processes required to integrate e-cruitment within existing and future systems. Systems that are supportive of a competitive advantage based upon the management of information and knowledge.

### The E-Cruitment Worldwide Uptake

The participation rate for e-cruitment has increased from an estimated 300 firms in 1995, to 5,800 in 1997 and in excess of 20,000 in 2000 (Thomas & Ray, 2000). The US market, the largest in terms of revenues, has moved from simply posting jobs online to new transformational phase where the entire recruiting process can be completed via the Internet. Not surprisingly, forecasts of capital investment (see Figure 2) in this area of recruitment remain strong despite the threat of global recession.

**Figure 2 – Forecast US Advertising for E-cruitment, 1998-2005**



Adapted from: Forrester Research (2000)

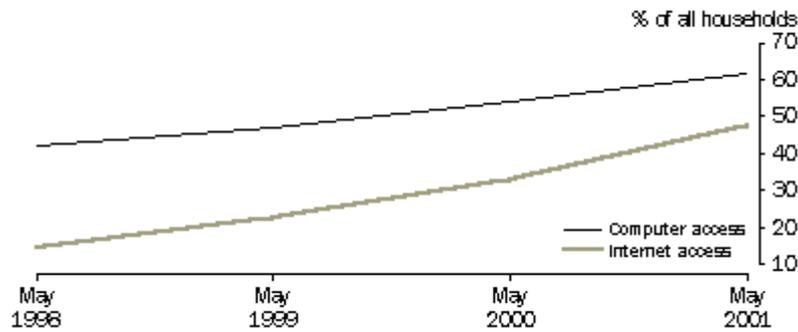
The fastest-growing region is predicted to be Asia/Pacific with revenue forecasted to increase at a compound annual growth rate of 67 percent between 2000 and 2005 (idc.com). However, unlike the additional resource commitments normally associated with firm internationalisation, e-cruitment is more reliant upon external partnering to acquire and develop resources/capabilities and the total integration of IT throughout the organisation (Snell et al., 2001). This represents a threat to smaller, less sophisticated organisations within the region, but an attractive opportunity for major e-cruitment firms whose operations have grown through networking and world best practice IT capabilities.

Australia, as a leading adopter of the Internet, has also accepted e-cruitment as an alternative/supplement to traditional recruiting processes. Figure 3 depicts the increasing penetration of both computer and Internet access throughout Australian households.

**Figure 3 – Australian Household Computer and Internet Access**



**24.12 HOUSEHOLD COMPUTER AND INTERNET ACCESS—May 1998 to May 2000 and Projected to May 2001**

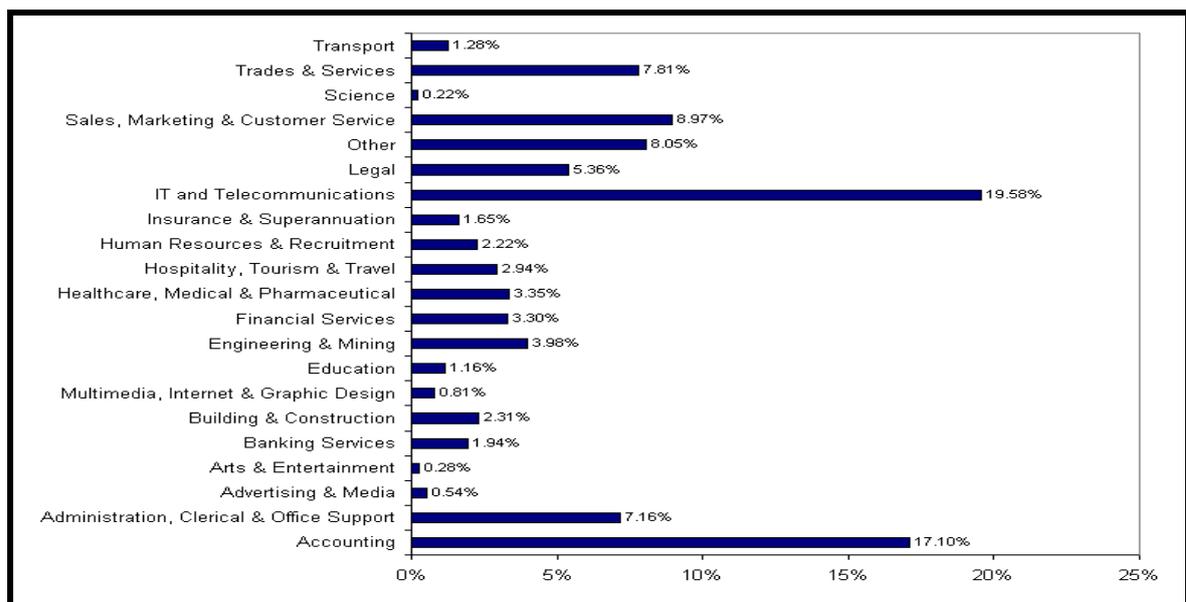


Source: Use of the Internet by Householders, Australia, May 2000 (8147.0).

Source: [www.abs.gov.au](http://www.abs.gov.au)

The use of online ads in preference to ‘traditional’ newspaper ads is becoming the industry norm, and shows no signs of becoming a ‘fad’, but rather a developing trend. Over the last two of years the Internet has replaced newspapers as the primary source of candidates. Oliver notes that “Advertising in newspapers is more a discretionary branding exercise for most recruiters these days” (oliver.com.au: 2001). This would appear largely due to the uptake of computers in Australia and the ‘lower cost per hire’ possible from Internet advertisements in comparison to newspaper advertisements. Candidates from the IT, telecommunications and accounting industries have been prominent targets of online recruitment although online job postings have emerged across most mainstream industries (see Figure 4).

**Figure 4 – Australian Sectoral Weighting**



Source: Source Oliver Internet Job Index September

In the last five years, e-cruitment has become a worldwide HR practice. The opportunity to harness its potential gains will, like all new business methods, depend upon the alignment of organisational resources and capabilities. In this regard, it would appear that many

organisations are experiencing difficulties realising the potential of this Internet based phenomenon (Thomas & Ray, 2000).

## **The Pitfalls of E-Cruitment**

### **Competitive Advantage or Comparative Disadvantage?**

The development of a competitive advantage from e-cruitment rests upon the assumption of lowering of recruitment costs as well as improving access to, and relationships with, the firm's potential human capital (Snell et al., 2001). However, conversion of the Internet commercial applications into quantifiable benefits remains elusive. There are two apparent sources of advantage, lower costs and increased speed, and one notable source of disadvantage, a restricted ability to target job seekers across all industries.

**Lower costs.** Organisations that lower costs through the computerisation of routine recruiting activities gain a potential competitive advantage over competitors. E-cruitment, as demonstrated in Figure 1, has the potential to significantly lower recruiting costs with regard to the cost of advertisement placement. However, while lower costs will enable the HR function to contribute to the organisation's bottom line, this advantage is widely available to firms, and therefore, an unlikely source of competitive advantage. Just as reduced communication costs (use of e-mail rather than phone) represent a 'perceived benefit' of 'web-based' commerce, so do the lower placement costs of e-cruitment.

The emergent trend in e-cruitment is reflective of 'Institutional Theory' (DiMaggio & Powell, 1983), with the initial engagement of e-cruitment for many organisations representing the 'mimicking' of competitor's actions, and therefore the driver for organisational change. The mediating and networked technologies of the Internet, which potentially revolutionise many traditional general business practices, have created much uncertainty in the markets they impact. The HR implications arising from this observation is that organisations may be ill equipped to service potential employees needs in an online environment where consumer expectations are continuously being raised by other more proficient organisations (Chatterjee, 2000).

When viewed as the adoption of a new innovation, the associated 'perceived benefits' of e-cruitment act as a persuasive factor in firm adoption (Rogers, 1995). It is typical during this stage of development that firms require more specific knowledge of complex innovations to optimise their potential. In this regard, the speed and reach of e-cruitment, while offering much potential, require the attainment of new knowledge. Consequently, lower costs are an 'introductory' benefit since the computerised process will require continuous improvement. The full e-cruitment benefits that await are likely to be dependent upon the absolute integration of HR systems; systems that are characterised by speed and knowledge management. This suggests that HR systems that are focussed, regularly updated, and continually in touch with a pool of talented but currently passive job seekers must rely on the development of organisational understanding of the technology and its potential.

**Speed.** The key driver of value from e-cruitment is speed. Job posting and processing times dramatically reduce the costs faced by organisations and their potential employees. The immediacy of listings reduces the time taken for recruitment and potentially removes quality job candidates out of circulation before other competitors have the opportunity to act. Clearly, speed also influences lower firm costs, but as a value driver, it also represents a major problem area for firms. At present, the pitfall of e-cruitment is an inability of HR departments to satisfy the needs of online applicants with efficient service with respect the turnaround times of processing online applications (Cullen, 2001).

A consequence of inadequate internal capabilities is that the strategic HRM opportunities of e-cruitment (lower costs, speed, higher retention rates and better targeting of suitable

candidates) may be forfeited by an inability to match fast data collection with fast decision making processes (Cullen, 2001). Seminerio (2001) notes the widespread inability of internal processes to adequately administer increasing volumes of online job applications. This has major implications for overall organisational brand image and 'internal' customer satisfaction. Consumer dissatisfaction from self-service technologies (such as e-cruitment) is related to a failure to adequately integrate process design with the technology interface (Meuter, Ostrom, Roundtree & Bitner, 2000). This suggests that HR departments must base the continual development of e-cruitment on the needs of their target audience (Leonard & Rayport, 1997) to ensure a correct fit between organisational capabilities and market opportunities. Through such a process, the development of a recruitment-based competitive advantage is based upon factors within the control of the organisation.

Therefore, to capture 'speed' related e-cruitment value, HR departments must ensure knowledge of the overall organisational strategy (e.g. future staffing requirements, and regional expansion plans) is matched to a process of identifying demographic targets and the means to communicate with them. Such a process represents a mutual dependency between HR, marketing and operations through which departmental synergy is the process enabler (Lovelock, Patterson & Walker, 2001). Through such consultation, the specific knowledge required to advance e-cruitment beyond an elementary developmental stage is likely to lead to optimal recruiting outcomes. E-cruitment developed internally as a new recruitment process without regards to operational and marketing functions may result in a sea of undigested and indigestible information that does not aid efficient and effective decision-making. It suggests that as e-cruitment increases the flow of information (speed and quantity), HR systems must create value through increased levels of problem solving that match candidates with firm needs. That such processes can be developed without careful consideration of marketplace demographics is doubtful.

**Market segmentation.** In comparison to local newspapers and word-of-mouth communications, e-cruitment generally has a less targeted approach (Thomas & Ray, 2000). Also, despite the ubiquitous nature of the Internet, not all sections of the workforce have access (the digital divide) to online recruitment providing a major challenge for organisations not seeking workers with regular home and office Internet access. Thomas and Ray (2000) question the actual effectiveness of third party providers (e.g. Monster.com, Mycareer.com, Seek.com and Jobsonline.com) to attract passive job seekers, which means that the ability of organisations to use their web sites to segment labour markets is of increasing importance. Organisation web sites would appear to offer a greater opportunity to achieve a competitive advantage via recruiting due to their inherent uniqueness (firm specific information) and control of information (Cafasso, 1996) leading to enhanced candidate-to-firm culture fit.

An advantage of such an approach is greater applicant confidence in privacy with regards the confidentiality of their applications and its non-sale or transfer to unauthorised persons/parties. An additional benefit of organisation web sites is the ability to develop an ongoing individual relationship with potential candidates from which to build a future talent pool from which to recruit future employees. This suggests that the use of e-cruitment direct from organisational web sites must be done with careful consideration of the Internet access and 'computer literacy' of the target audience. Again, the relationship between, HR, marketing and operations is vital to construct the appropriate 'message' and direct it in a targeted manner.

## CONCLUSION

That a competitive advantage can be gained through the development of e-cruitment is dependent upon systems that locate and secure the right people in the right time at the right place. Through such a process, organisations may be able to develop an online recruiting capability that is consistent with the organisational positioning with respect its markets and

targeted future employees. This paper contends that such 'systems' require a strategic HR led approach to acquire and develop knowledge management and IT capabilities. Without a truly integrated organisational approach, firms are likely to struggle to go beyond the 'embryonic e-cruitment stage' that prevents professional levels of service delivery.

This has the potential to allow the development of a competitive advantage based upon locking in speed and cost efficiencies within organisational systems, rather than sharing them with other organisations via job board listings. That such outcomes are possible, rely upon the development specific knowledge through which systems integration are dependent. Integration that begins not with focussing upon the 'perceived benefits' of e-cruitment, but rather the strategic value that flows from improving existing HR systems and broadening the HR contribution to organisational capabilities.

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