# REED

# Is e-cruitment® Working?

A new report on maximising the effectiveness of Internet recruitment

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## Introduction by James Reed
### Chief Executive of Reed Executive PLC

Is e-cruitment® working?  More than 500 recruitment Internet sites are currently targeting the UK and Ireland.  Well over £20 million has already been spent this year to persuade businesses that using the Internet is an effective recruitment medium.  With TV, poster and radio ads proliferating, the "online recruitment war" is a hot topic for business as well as job seekers.  The whole sector is undoubtedly one of the most innovative and competitive on the Web.

Yet amongst all the hype it is worth asking whether Internet recruitment is actually working for organisations. Does this method attract the best, most skilled job seekers in the first place?  What are the realities for companies of all sizes using this medium for recruitment, and what does the future hold?

Over 150 HR decision-makers replied to Reed's survey to uncover the facts.  In addition, Reed commissioned independent consumer research from the British Market Research Bureau (BMRB), and backed this by focus groups, examining changing trends amongst job seekers.

The results show just how fast things are changing in this field.  Most businesses are now using Internet recruitment, but at the same time they are continuing to experience time-consuming difficulties unique to this attraction method.  While usage is growing fast, these problems seem to mean that the sector will continue to be price sensitive.  Above all for Internet recruitment to be effective it seems even more essential than with conventional advertising to have recruitment professionals in place to assess and sift the response.

Overall, businesses are waking up to the advantages of the Internet when dealing with potential as well as existing staff.  Increasingly organisations are advertising new posts on their own company web sites as well as on external recruitment sites.   They are also delivering training, assessment and a whole raft of other staff services over the Internet, and practising e-procurement of staff, managing their ongoing banks of temporary staff electronically.  Not only is this delivering cost and efficiency savings, it also furthers on-going real-time Management Information, helping people managers to manage much more effectively.

At Reed I believe our service epitomises the best combination of people and technology.  Our recruitment web site reed.co.uk is not only the leader in the UK and Ireland (with more than 30,000 jobs attracting over 6 million page impressions each month) but it is also unique in its integration with 2000 specialist recruitment consultants and 280 branches across the country.

Whatever solution businesses choose, it is clear that the Internet is far more than just another channel.  It is transforming the shape of work, inside and outside the workplace.

# Summary of Key Findings

- **68% of organisations surveyed have used the Internet as a recruitment tool.**

- **This figure indicates that Internet usage for recruitment purposes has risen nearly 50% in less than 6 months, compared to the 47% usage reported in a CIPD study in May 2000.**

- **Overall, 42% of HR Directors rate Internet recruitment as effective, more than double the 20% who find it ineffective.**

- **68% of organisations who use the Internet for recruitment place recruitment advertisements on external web sites.**

- **Speed of response is cited as the main advantage of Internet recruitment by 62% of HR Directors, while low cost comes close behind at 61%.**

- **A majority of respondents (61%) saw irrelevant applicants as the main disadvantage of Internet recruitment.**

- **72% of HR practitioners would be interested in free Internet advertising on a leading recruitment web site.**

- **16% of AB job seekers, over double the percentage of any other social group, spontaneously cite the Internet as their preferred recruitment medium.**

# Are organisations using the Internet for recruitment purposes?

Overall, a majority of UK organisations (68%) have used the Internet as part of the recruitment process, indicating that the Internet has now become an established recruitment tool.

This means that within six months Internet usage amongst HR professionals has risen by almost 50%, when compared to the Chartered Institute of Personnel & Development's survey published on 23rd May 2000, which showed that Internet usage amongst employers for recruitment purposes was then 47%.

**Have you ever used the Internet as part of your recruitment process?**



Legend:
- Yes
- No
- Not stated

1%
31%
68%
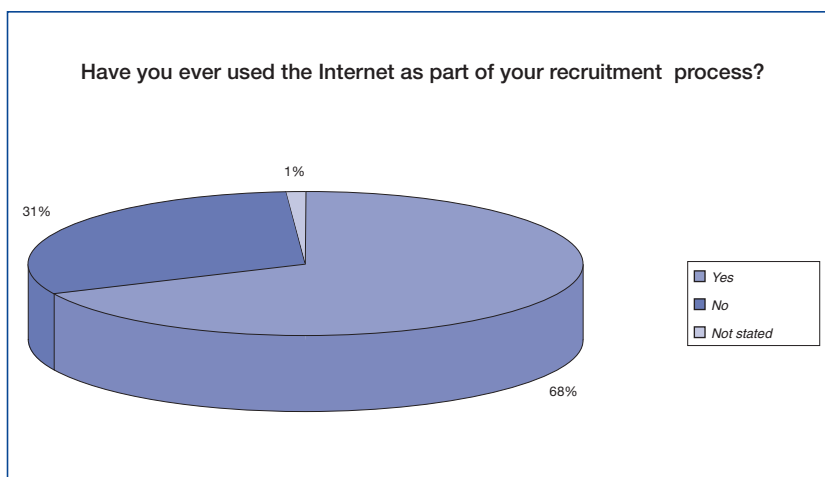
Large companies use the Internet most for recruitment purposes, rising to 75% of organisations with over 5000 staff. However there is surprisingly little variation between companies of different sizes, with 67% of small companies (under 100 staff) using it as part of the recruitment process.
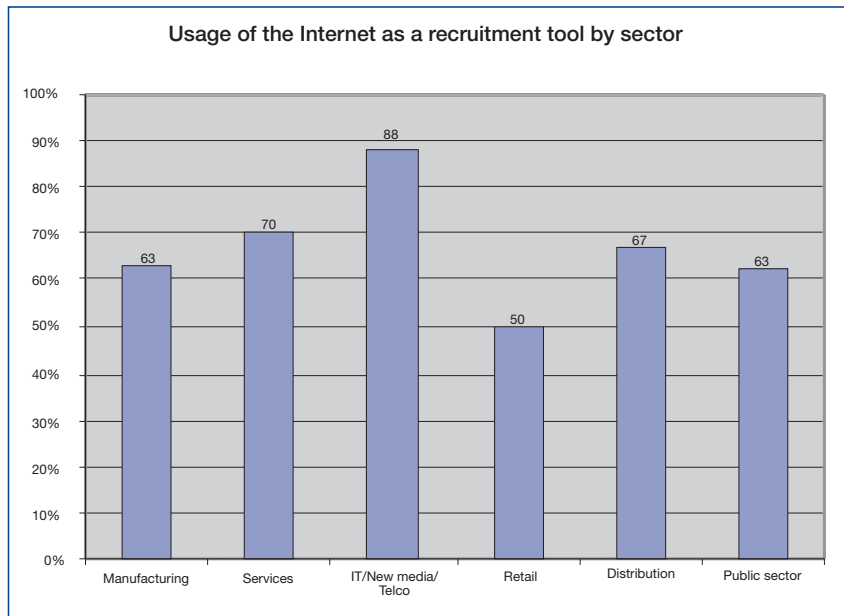
Most organisations who are using Internet recruitment are doing so much more than six months ago, according to 66% of companies, with 17% using it "much more".  Only 12% of those who have experienced Internet recruitment are using it less than they did six months ago.

Among those yet to try Internet recruitment but planning to over the next 12 months, the IT/New Media sector is 100% committed, followed by Manufacturing (57%), Services (47%) and the Public Sector (33%).

Those who have not yet tried Internet recruitment are fairly evenly divided about whether to use it or not.  While 53% say they will not be tempted over the next 12 months, 43% think they will at least try it within a year.

# How does Internet recruitment usage differ by sector and location?

All sectors surveyed had used the Internet for recruitment purposes. IT/New Media lead the field, with 88% of firms stating that they had used it to recruit candidates, with the Manufacturing and Public Sector on a par at 63%.

**Usage of the Internet as a recruitment tool by sector**

| Sector | Percentage |
|---|---|
| Manufacturing | 63 |
| Services | 70 |
| IT/New media/Telco | 88 |
| Retail | 50 |
| Distribution | 67 |
| Public sector | 63 |

Use of the Internet is not confined to London and the Home Counties, where it averages out at 65%. Eighty-nine per cent of firms on the South Coast use it as part of the recruitment process, for instance, and 71% in the North. Firms in all areas clearly expect candidates to have Internet access, and to be attracted to jobs on-line.

# How are HR professionals using the Internet?

The Internet is most popularly used for placing job advertisements on external sites, with a high 68% of firms stating that they have used this method. Fifty-eight per cent of firms use their own company's web site both for information sharing and recruitment purposes.

**In what way are you using the Internet for recruitment?**
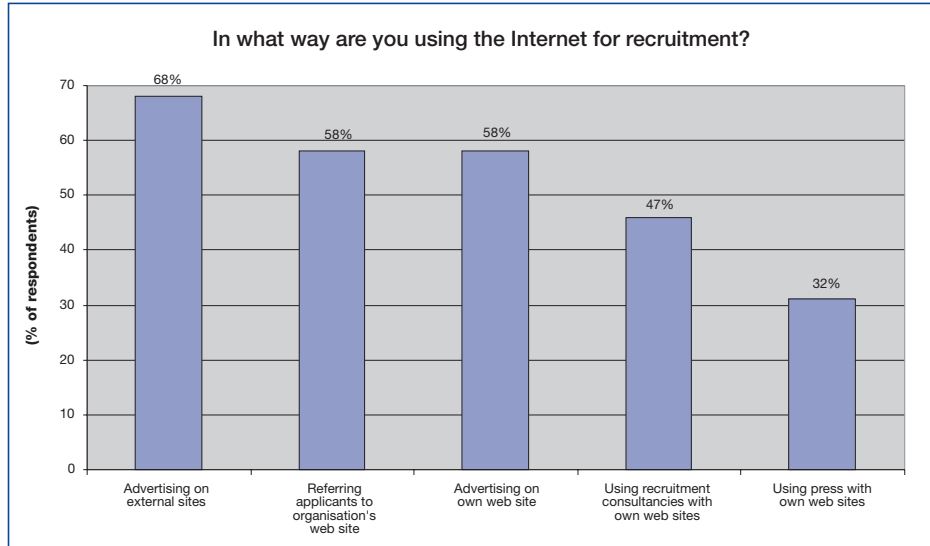


Overall, these results indicate that external recruitment sites are the favourite choice for HR professionals, when recruiting over the Internet. An organisation's own web site and those recruitment consultancies and off-line media who can offer candidate attraction through their own Internet recruitment sites are also favoured.

# How effective is the Internet as a recruitment tool?

On average, 42% of organisations surveyed considered Internet recruitment advertising an effective recruitment tool. This is more than double the 20% who have found it an ineffective method.

The IT sector was most impressed by Internet recruitment, with 71% finding it to be an effective method. However other sectors were also impressed with its effectiveness. Fifty per cent of Public Sector organisations, 47% of firms in the Distribution sector and 40% of Service sector firms found the Internet effective. Out of all the sectors surveyed, Manufacturing (29%) and Retail (25%) were least enthusiastic about its effectiveness.

From a regional perspective, organisations in the Greater London area were most positive about Internet recruitment (59%), with Scotland (56%), Thames Valley (55%) and South West (50%) close behind.

**For what levels of recruitment have you found the Internet most/least effective?**

*Total stating very or quite effective*

| Level | % of respondents |
|---|---|
| Graduates | 47 |
| IT | 33 |
| Technical | 30 |
| Professional | 28 |
| Specialist | 25 |
| Middle management | 23 |
| Junior management | 21 |
| Senior management | 16 |
| Support staff | 12 |
| Manual Staff | 5 |

According to the survey results, 47% of respondents think that the Internet is the most effective method for sourcing Graduates. This was followed by IT staff (33%), Technical staff (30%) and Professional staff (28%). Overall, 64% of firms have at some stage used the Internet to recruit Professional staff, indicating its popularity for recruitment at this level.

This would appear to be in contrast to earlier findings by the Chartered Institute of Personnel & Development, which stated that "only 1% of

recruiters for Professional positions viewed it as a useful method" (*CIPD Press Release, 'Recruitment through the Internet takes off', 23rd May 2000).*
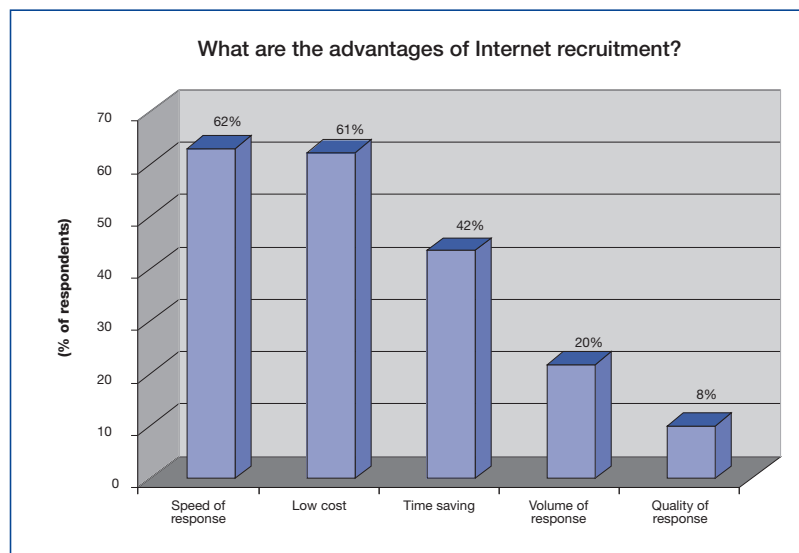
In the Public Sector particularly, the figure for recruitment of Professional staff rises to over half, at 53%, indicating that this is a favoured method of recruitment at this level for this sector.

Only 14% of respondents considered the Internet ineffective for recruiting Professional staff, which is half the number of respondents who found it effective.

The Internet appears least effective for less well-paid positions.  Even though 48% of firms have used the Internet to recruit manual staff, only 5% of respondents considered it effective at this level.

# What advantages can the Internet offer?

For the majority of respondents (62%), speed of response is cited as the main advantage of Internet recruitment. Low cost however, is almost as important according to 61%. Time saving lies some way behind these top two advantages, cited by 42%.

**What are the advantages of Internet recruitment?**

| | |
|---|---|
| (% of respondents) | |

- Speed of response: 62%
- Low cost: 61%
- Time saving: 42%
- Volume of response: 20%
- Quality of response: 8%

Spontaneous comments on advantages of Internet recruitment were led by remarks about its ability to reach a wider audience. In particular respondents commented it "reaches lots of people – and offers a direct link to our company information", while another was especially impressed that it gained "access to another audience who use the Internet regularly".

# What are the disadvantages of Internet recruitment?

Using the Internet as a recruitment tool brings particular problems.  The majority of respondents (61%) saw irrelevant applicants as the biggest disadvantage of Internet recruitment, followed by low quality applicants (38%) and timewasters (31%).
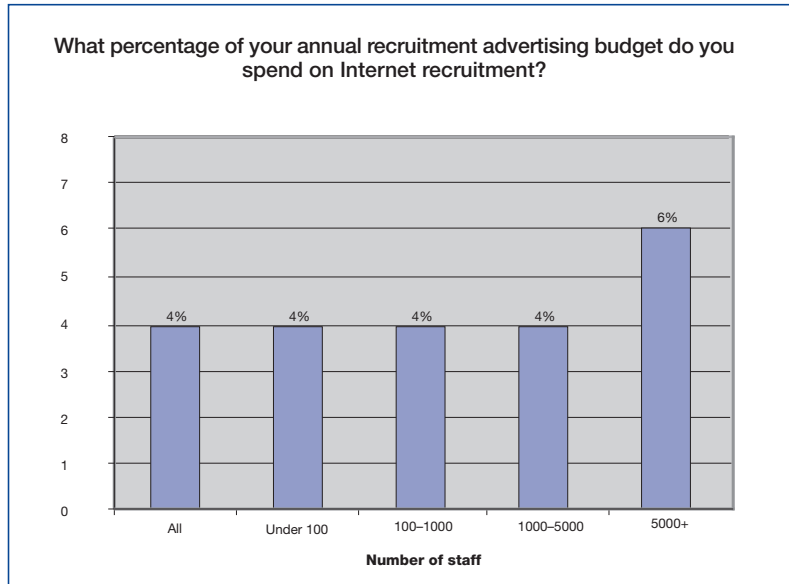
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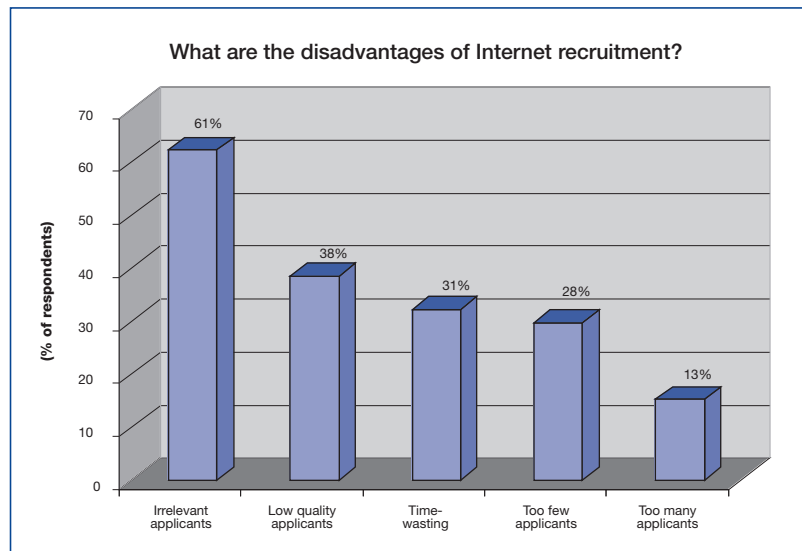


Unprompted comments from respondents highlighted areas of discontentment with Internet recruitment.  "Noisy time wasters" were a particular concern, as well as "time wasters sending totally inappropriate CVs".

Many more applicants appeared to come from abroad than with traditional advertising, with a high percentage lacking work permits for this country. "Non ECU nationals" or "applicants looking for jobs in their own country" were regularly cited, for instance. Concerns were raised about whether applicants from abroad were genuine, and the number of overseas and irrelevant applicants was a particular problem for those organisations whose company policy was always to mail an acknowledgement letter to every applicant. Special difficulties were also experienced in dealing with the sheer number of "recruitment site sales people", while the whole process could seem "overly technical" and "lacking human contact".

# Recruitment advertising budgets

The average proportion of recruitment advertising budgets spent on Internet recruitment is low, at 4%.  This figure is remarkably consistent across all sizes of company and across a full range of organisational sectors.  Only in IT/New Media does it rise slightly to 5% of the total recruitment budget.

Interestingly, however, large companies are spending slightly more than others on this medium.  Organisations with over 5000 staff are spending an average 6% of their recruitment budgets on this medium.

**What percentage of your annual recruitment advertising budget do you spend on Internet recruitment?**

| Number of staff | Percentage |
|---|---|
| All | 4% |
| Under 100 | 4% |
| 100–1000 | 4% |
| 1000–5000 | 4% |
| 5000+ | 6% |

All the organisations were also asked if they would be interested in free advertising on the Internet, and 72% said that they would be.  While this figure is higher than the current usage rates, it shows that even for a free attraction method take-up would not be 100%.   While organisations are increasingly willing to try this recruitment method, there remains a core who are unconvinced at any price.  Overall this underlines how price sensitive this sector appears to be at the moment.

# Time implications of different methods of recruitment

One of the major expenses for an organisation to consider is the cost of the time each different recruitment method takes.

Three recruitment methods, conventional advertising, the Internet, or a recruitment agency, were examined, and time taken calculated using two different measures. One question analysed how many man-hours each method took, which is a useful measure of cost given the high skill levels needed to manage elements of the recruitment process. The other analysed how many weeks on average different recruitment methods took to lead to success from start to finish, which is particularly important when organisations need new talented staff quickly.

When placing a conventional advertisement in a newspaper or specialist magazine, HR departments spend approximately 19 man-hours recruiting an individual on average according to the survey respondents. By placing an advert on the Internet the length of time taken drops to 13.2 hours. However, using a recruitment consultancy is still the most time efficient option for HR professionals, taking only 12.6 man-hours.

From start to finish, the recruitment process takes least time when a recruitment consultancy is used, at 4.4 weeks. However an Internet advert takes 4.6 weeks. This is still faster than using a conventional advertisement, when the process takes on average 5.3 weeks to recruit the right candidate.

# Changes in job seeker behaviour

Independent research was commissioned by Reed and undertaken by BMRB's consumer Omnibus division in October 2000 amongst 850 adults aged between 16 and 64.

In addition focus groups were undertaken at eight different sites throughout the UK amongst adults in work and seeking to earn £20,000 or more.

While terrestrial media is still the preferred recruitment methodology, according to 44% of the Omnibus survey respondents, Internet recruitment is fast increasing as a preferred method of finding a new position, and was spontaneously mentioned by 13%.

Different groups demonstrate significantly different take-up of Internet recruitment as their preferred route to their next career move.

Men are marginally more likely to look for their next job on the Internet than women, for instance, with 17% of men spontaneously citing Internet, compared to nine per cent of women.  Younger job seekers are more likely to use the Internet than older ones, with 18% of 15-24 year-olds citing this route, and 20% of 25-34 year-olds, compared to an average of only 8% of those aged over 35.

Most significant of all for the recruiters of skilled staff, however, are the differences between social groups.  The most sought-after, AB social grades were twice as likely as any other to choose the Internet for their job search, with 19% of ABs preferring this route to career success.
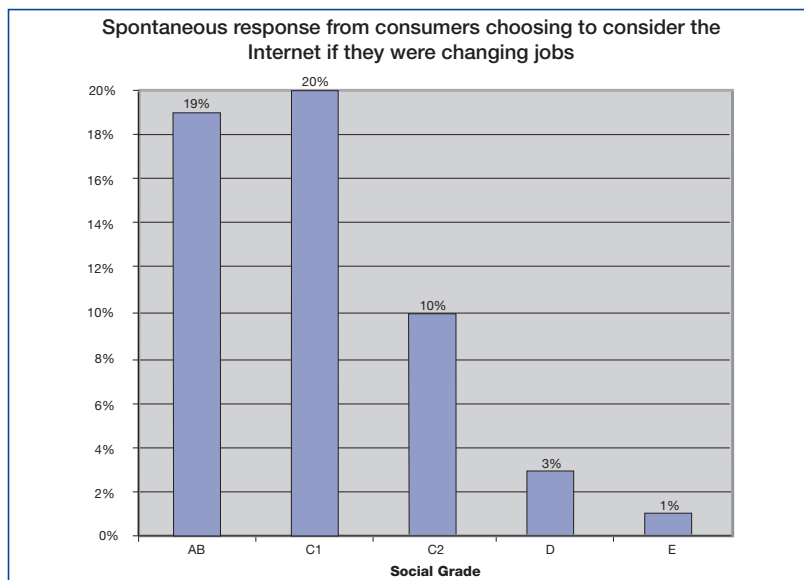


Focus group research underlined these findings.  Time-pressured higher-level job seekers said they were far less likely to trawl through conventional advertising or go to the premises of a generalist or specialist recruitment agency than in the past.  Instead, their first step in looking for a new job would be to register on a range of Internet recruitment sites, offering them the confidentiality, convenience and speed of e-mailing and text messaging the right job to them as soon as it appeared.

Later on in their decision-making cycles, however, job seekers did say they would seek professional advice and help from a human being, preferably a specialist recruitment consultant.   This raises interesting issues of how to successfully fulfil the initial promise for many new Internet recruitment sites.

# Conclusion

In this extremely fast changing field, use of Internet recruitment by organisations has gone up nearly 50 per cent in six months. Internet recruitment is now being used by the majority of businesses throughout the country.

Moreover Internet recruitment is felt to be effective. In the future, most recruiters plan to increase their usage, and nearly half the doubters who have yet to experience Internet recruitment intend to at least try it out over the next 12 months.

Internet recruitment still accounts for a tiny part of the recruitment budget, on average 4%. Its key advantage, alongside its speed, is its low cost. Disadvantages still loom heavily in the minds of businesses, especially the problem of "noisy time-wasters" and irrelevant responses. This adds significantly to the real cost of this method in time and money, emphasising the price sensitive nature of this attraction method.

At the same time job seekers, and in particular the most sought-after AB social groups, are increasingly turning to the Internet as their first choice source for their next career move, making this method an attractive one that organisations cannot ignore. However as job seekers become more serious in their search, the impersonal nature of the medium become more of a problem for them, and at that point candidates seek tailored support from recruitment consultants and advisors.
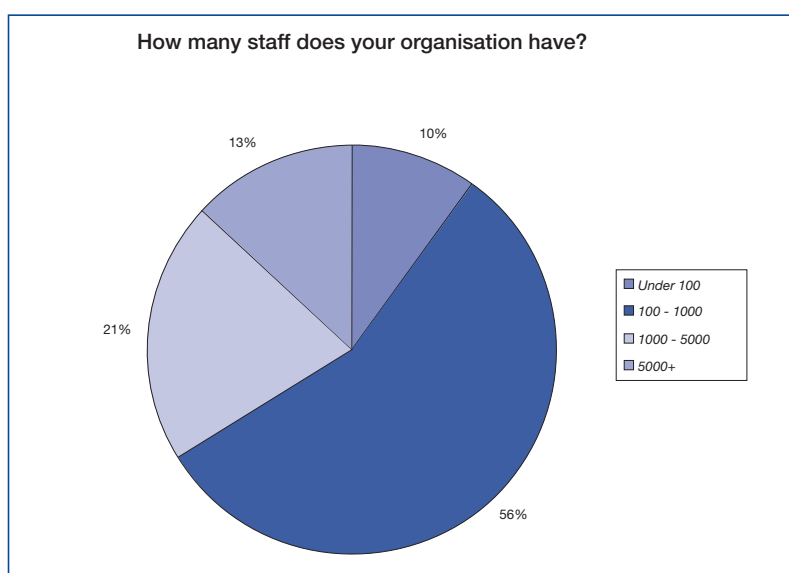
This leads to a clear overall conclusion. While Internet recruitment looks set to continue to change the landscape of recruitment, people remain a vital component of the recruitment process. According to the results detailed in this report the best way of attracting the best staff still needs to be through using the very best combination of technology and people.

# About this survey

151 UK organisations were surveyed by Reed, the recruitment specialist, in September 2000. The survey was faxed to 3000 HR Directors and Managers from companies throughout the UK, chosen as a representative sample. The mailing list was supplied by the Personnel Managers Yearbook. All companies contacted were given the option to remain anonymous, and individual confidentiality was assured throughout.

## About the sample

Surveyed companies came from throughout the UK. Ten per cent had under 100 staff, 56% had 100–1000 staff, 21% had 1000–5000 staff, and 13% had more than 5000 staff. Organisations were also analysed by sector: Manufacturing, Services, IT/New Media, Retail and Public Sector.

**How many staff does your organisation have?**

- 10%
- 13%
- 21%
- 56%

Legend:
- Under 100
- 100 - 1000
- 1000 - 5000
- 5000+

# About Reed

Reed Executive PLC, the leading recruitment specialist in the UK and Ireland, is organised into 5 separate operating companies:

**Reed Personnel Services PLC**
**Reed Solutions PLC**
**Reed in Partnership PLC**
**Reed Learning PLC**
**and**
**Reed Connections Ltd.**

Reed offers a wide range of services including training provision, HR support services and both public and private sector assessment and recruitment services. **reed.co.uk** was established in 1995 and is now the leading job site in the UK and Ireland, carrying over 30,000 jobs and achieving more than six million page impressions a month. Additional Internet-based initiatives from Reed include **temp jobs.com**, the European service providing temporaries over the Internet; Red Mole, the undergraduate information site; and Reed's own ISP **reedon.net**.