

# RECRUITMENT & SOCIAL NETWORKING

The Future for International Recruitment Agency A

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ABSTRACT

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The online world is changing rapidly and making waves across many aspects of life, notably business. The author was able to observe some of these changes first-hand during his time at International Recruitment Agency A (IRAA). The combination of a developing online environment and the economic climate in 2009 forced IRAA to re-assess its strategic position. This study was therefore carried out to explore the current employment market situation and online environment to predict future trends in recruitment. IRAA's strategic repositioning plan was then evaluated based on the analyzed and observed trends of social networking, online recruitment and recruitment process outsourcing.

The author's observations at IRAA developed the basis for the chosen research topics as well as for the final evaluation. Qualitative research methods were then primarily used to conduct the theory study. Critical reviews of literature and previous quantitative studies were carried out in the areas of human resource management, recruitment processes, outsourced recruitment, online recruitment as well as Social Networking 2.0. This portion of the research was done with an inductive method. The deductive research method was then applied to the findings in order to assess IRAA's plans to shift towards more executive recruitment activities.

Several trends were identified upon collection of data and subsequent analysis of the different topic areas. First, there is a substantial amount of future uncertainty in recruitment process outsourcing by businesses. Second, firms are more openly adopting online recruitment and companies such as Nike, Intel and US Cellular have been claimed substantial cost savings. Lastly, Social Networking 2.0 is undergoing tremendous growth in several areas, including those surrounding business and its professionals.

Finally, IRAA's intended future strategy was analyzed with the earlier findings while qualitatively measuring their proposed activities against Michael Porter's strategic theory. The research found that a move towards executive search is an appropriate strategic position for IRAA to adopt. However, that it is necessary to continue monitoring trends in the current economic, social and technological areas.

Keywords: recruitment, online recruitment, social networking, executive search, strategic repositioning

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# 1 INTRODUCTION

## 1.1 Background

The author of this thesis spent part of his study completing a five month practical training period in 2009 at International Recruitment Agency A (IRAA) based in Western Europe. This was a highly volatile time in the recruitment field due to two significant external forces. First, the worldwide economic crisis was causing employers to undergo massive restructurings. This resulted in many lay-offs as well as recruitment freezes. Many companies were still recruiting to some extent, although it was cited by IRAA's Director as being much less than in previous years.

The second factor casting doubt on the future success of IRAA was the way companies were using online recruitment to meet their staffing needs. Whether it was through corporate websites, online job boards or social networking sites, potential and previous clients were able to source candidates themselves more effectively. This meant that outsourcing agencies such as IRAA and others had to compete with the internal HR staff and hiring managers at companies while delivering value adding services to justify their fees.

Unlike many other small businesses, IRAA managed to survive the difficult year by cutting certain unnecessary costs while creating other efficiencies to increase savings. IRAA's Director has since continued to streamline activities, but has also been contemplating a shift in strategy to remain competitive. The Director's idea is to move towards a more 'executive search' service rather than just recruitment. In brief, executive search involves more active approach to find professionals who are otherwise not looking for a new position; while the traditional recruitment agency is involved more in advertising vacancies and managing the influx of applicants to select the right person for the job. (IRAA 2010.)

## 1.2 Objectives of the Thesis

The main objective of this thesis was to determine the implications of social networking on IRAA. The findings would then be used to evaluate the idea of IRAA making a shift towards executive recruitment as proposed by the Director. To accomplish this, other specific objectives needed to be defined, reported on and analyzed in order to make a sound judgment as well as other recommendations. Sub-questions were developed from the influences surrounding today's recruitment landscape. The influencing factors come from many places including employers, job seekers, technological advances and from the recruitment agencies themselves as well.

### Research Question:

What are the implications of social networking on International Recruitment Agency A's future strategy?

### Sub-questions:

1. Why do firms outsource recruitment?
2. What is the current state of online recruitment?
3. Should International Recruitment Agency A reposition itself as an Executive Search Agency in the future?

## 1.3 Structure of the Thesis

This thesis consists of eight chapters including the introduction and summary chapters. It begins with a brief introduction of the research and its methods before moving into the theory section, starting in Chapter 3 and ending in Chapter 5. The empirical section brings together the research and analysis in Chapters 6 and 7 followed by the summary in Chapter 8.

The introduction provides a background of the research problem and the author's motivations for conducting the research. It also outlines the main research question as well as the sub-questions used in the framework of the thesis. A brief out-

line regarding the structure of the thesis is then followed by the delimitations of the study. Chapter 2 describes the research approach, methods and challenges.

The theory section of the thesis begins in Chapter 3. It gives an overview of human resource management and continues with an in depth description of the recruitment process from pre-planning to interviews. This chapter also introduces outsourced HR functions as well as outsourced recruitment processes using previous theories and findings in addition to a survey by Dr. Ross Jones (2009), Senior Researcher/Analyst at the Human Capital Institute. The chapter ends with a short description of the common types of recruitment agencies.

Chapter 4 contains the research collected about online recruitment. First it describes the current online trends and technologies such as Web 2.0 and social networking websites (SNW). These sub-chapters include many figures from previous years to form a clearer understanding of the online trends. It is followed by insight into how companies can recruit through social networking including a study of its consistency by Kluemper and Rosen (2009). Parry and Wilson's (2009) study and survey about the factors influencing the adoption of online recruitment in companies concludes Chapter 4.

Chapter 5 reviews literature by Michael Porter, a former strategy advisor to senior management at many top U.S. and International companies. In addition, other academic sources regarding strategy and competitive advantage are presented. The theories analyzed deal with developing strategy when presented with changing markets. It is later used to build a framework for the deductive strategic analysis on the case company's activities in Chapter 7.

The empirical section begins with the description of the case company IRAA in Chapter 6. The description includes their mission and vision statement and their activities within and outside of recruitment. The challenges of the company end this chapter. Chapter 7 then completes the empirical section with analysis of the findings regarding the current and possible future trends in outsourced and online recruitment. It concludes by comparing the strategic positions IRAA were planning to take with the strategic concepts presented earlier and the findings of em-

ployer and online recruitment trends. A conclusion of the entire study is found in the Conclusion section in Chapter 8.

#### 1.4 Delimitations

This study covers a wide range of topics including human resource management (HRM), online recruitment as well as Web 2.0 media. It is therefore necessary to give a general insight into each of these areas; however more focus is given to the relevant topics within these broader definitions. In terms of HRM, this thesis does not cover the whole range of activities performed by the human resources (HR) departments in organizations nor does it analyze the outsourcing of these activities. Web 2.0 media is introduced although its broader uses and implications are not further examined, as more focus is put towards those related to business and more specifically, connecting employers with job-seekers. Furthermore, this research does not cover country or cultural aspects which may be related to recruitment or online media, although the larger part of the research was from Western sources. Finally, the research presents strategic analysis of proposed future activities of IRAA; however for confidentiality and competitive reasons, this thesis does not examine the current activities of the case company in depth. It also does not include any information which may reveal the company or jeopardize their competitive advantage.

## 2 RESEARCH METHODS

### 2.1 Research Approach

Critical review of literature and statistics has been undertaken to develop a full understanding and insight into the current trends of online recruitment and the factors surrounding it. The approaches taken were both inductive and deductive. An inductive approach explores data to create new theories and relating it back to the literature. This approach was used to develop theories regarding future implications for the case company by exploring the available empirical data and previous research about online recruitment and social networking. The deductive approach, which involves identifying theories or ideas to test data against, was also used in the study. The approach first involved developing a framework for strategic decisions based on Michael Porter's theories with further support from other academic sources. The outcomes and recommendations based on the inductive approach were then tested with Porter's framework to add further validity to the recommendations. (Saunders et al. 2007, 57.)

### 2.2 Research Methods

Qualitative research methods were used for this study. Qualitative research refers to non-numeric or unquantifiable data which are products of the research strategies (Saunders et al. 2007, 470). Creating value from this raw data requires both deductive and inductive approaches combined with qualitative methods such as collecting related information and exploring the findings of past research (Saunders et al. 2007, 489). The theory section's Chapters 3 and 4 begin with the presentation and preliminary analysis of the previous research. The trends are then further examined in Chapter 7 as they relate to the recommendations for IRAA.

The case study is another research method used in the thesis. Robson (2002, according to Saunders et al. 2007, 139) defines a case study as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using sources of evidence." The case

study in this thesis is centered on the international recruitment agency IRAA where the author spent five months completing their practical training. The data collection is in the form of interviews and dialogue with the Director of IRAA and its consultants as well as the author's own observations.

The author had an active role in the recruitment activities during their internship. This provided the author with valuable knowledge and understanding of the total process from search to interviews to selection in recruitment. As a consequence of the extensive observations, more focus was applied to the factors outside of the recruitment agency landscape in the empirical research.

### 2.3 Challenges

Issues regarding validity and reliability are difficult to measure due to the complex nature of the research problem. At the time of the observations and research, the nature of online recruitment and social networking were constantly and rapidly changing. Also there is a lack of previous studies and knowledge about the impact of social networking and online recruitment on specialized recruitment agencies. Therefore it was necessary to use theories based on research that were previously applied to similar research questions. Very often, this research also cited limitations in its validity and reliability. Future study and analysis of trends should be carried out in order to validate the projections made in this study.

### 3 RECRUITMENT

Recruitment is described as the “practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees” (Breugh & Starke 2000 according to Parry & Wilson 2009). Recruitment aims to attract applicants and fill vacancies to maintain proper staff levels to correspond with an organisation’s strategy. Due to the competitive nature of the employment market, the hiring organisation must also sell itself and the vacant position to prospective applicants by presenting its employment advantages. Recruitment activities must be aligned with human resource management strategies, union/enterprise agreements and the current labour market conditions. Several steps and stakeholders are involved in the recruitment process, some of which may include external participants such as recruitment consultants and agencies. (Compton et al. 2009, 9-17.)

#### 3.1 Human Resource Management

Human resource management (HRM) in a professional business context entails the “effective and efficient management of an organization’s employees (human resources) toward the achievement of desirable objectives and goals.” HRM has replaced its predecessors such as personnel administration and personnel management by integrating traditional management elements - human resource development, job design, recruitment and selection, rewards systems, career management, etc., with the strategic objectives of the organisation. HRM perceives employees similarly to other resources such as finance and technology in that they must be effectively managed to ensure the best performance for the whole organisation. HRM functions to outline the processes for employee acquisition, development and termination. (Compton et al. 2009, 2.)

Firms are slowly realizing the importance of HR; however its role in a strategic context is still quite limited when compared to other functions. As more firms are embracing HR functions and aligning them with the central business strategy, HR

managers will start to adopt more influence and become responsible for strategic business decisions. (Emerald Group Publishing Limited 2009.)

Many times management can have an old-fashioned view towards HRM, especially when it concerns the retention of key staff. Functions that are evaluated through cost and profit often fall under this dilemma. It is much easier to calculate the direct costs of HRM activities than the actual benefit these activities may bring to the organization in the short and long term. However, it is more than likely that investing in HRM can deliver valuable and unique contributions to performance enhancement, cost reduction and finally productivity. (Emerald Group Publishing Limited 2009.)

Ed Frauenherim (2008, according to Emerald Group Publishing Limited 2009) makes predictions for the future of HR based on his survey of HR professionals. “In 2018, work will consist of transient teams made up of internal and external workers, HR officials will assume many more seats on corporate boards, and leaders increasingly will be held accountable for their talent management decisions. And don't be surprised if an HR executive becomes CEO of a Fortune 100 firm – our experts put the odds of that happening as high as 100 per cent.” During its progression towards a central business function, HR will require further resources and investments to continue functioning smoothly and efficiently while meeting its goals and aligned objectives. These investments and resources can include the latest IT systems and infrastructure for internal communications, as well as up to date notification of new products, diversification or acquisitions and mergers. (Emerald Group Publishing Limited 2009)

## 3.2 Recruitment Process

### 3.2.1 Pre-planning

The recruitment process begins with the business plan. The business plan of an organization defines its goals, strategies, policies and functions; more specifically

it defines new directions, products, services, technologies as well as expansion and contraction plans. These have a central role in assessing the need for recruitment, as well as the desired skills and characteristics of the new personnel. (Compton et al. 2009, 16.)

The first step in recruitment is assessing the need to recruit through translating and aligning organization's future short, middle and long-term core and supporting strategies into the HRM strategy. The HRM strategy defines recruitment needs by forecasting the number of employees needed in the future while taking into account such factors as employee turnover, transfers, promotions and redundancies. HRM strategy planners must also foresee the need to recruit in a manner that new employees are trained and ready to work when they are needed. (Compton et al. 2009, 17-18)

Once a recruitment need is identified, it must be thoroughly examined through due diligence. Several aspects must first be explored:

- Description of the job and its place within the organization
- Prerequisites and necessary skills needed to perform the function
- Lessons learned from the previous holder of the position
- Possible modifications to the job through elimination, addition or reallocation of its functions
- Assessment of possible internal candidates who can be promoted, transferred or may otherwise be made redundant

After all internal possibilities have been exhausted the request to recruit then comes from the hiring manager. The hiring manager can be a team leader, project leader or other manager who sees the need for additional human resources in new or existing teams. Upon reception of the request, the HR department will then begin the initial stages of sourcing candidates. (Compton et al. 2009, 16-17)

The process of sourcing candidates also involves several steps, which must all be critically examined. The hiring manager(s) together with HR must define the following:

- Possibility for outsourcing all or parts of the recruitment process versus in-house
- Legislative directives or restrictions
- Defining the person(s) responsible for the recruitment process
- Source(s) of applicants – internal recruitment sources applicants from within the business. External recruitment sources applicants from outside the business.
- Job advertising – newspapers, magazines, corporate website or job boards
- Method of receiving applications – use of resumes or online applications and delivery mode (mail, fax or email)

All or part of these may be included in requisition forms, which are written approvals for the recruitment of new personnel. The information and layout of requisition forms will vary between different functions, but will be initiated by the supervising manager describing the job, desired applicants and their skills and other relevant information. Endorsements by the HR manager and senior management will finalize the preparatory phase of the recruitment process.

(Compton et al. 2009, 18.)

### 3.2.2 Interviewing

The interview can be described as the formal meeting(s) between the candidate (interviewee) and the employer. Interviews are conducted by an interviewer, which is a person acting on behalf of the hiring organization, and can be part of the HR department, the hiring department or upper management. The interviewer's main objective is to find the right person for the job. This means identifying strong candidates followed by offering and encouraging them to fill the position. (Kessler 2006, 25.)

In the past, interviews have not been held as reliable predictors for the future success of candidates. More recently, however, they are becoming a more important tool for selection. One of the reasons for this is the emergence of structured competency-based interviews. These types of interviews may have materialized from the rising importance of job descriptions, interviewer selection and training, inter-

view and interviewer evaluations, the use of interview panels and committees and the dependability of competency-based questions (Compton et al. 2009, 121.)

Competency-based interviews have been around for 15 years already, and it is estimated that about half of the world's Fortune 500 companies have already adopted this technique for recruitment. The aim of these types of interviews is to evaluate candidates based on their skills and experience to fulfill the pre-determined competences of the job position. (Kessler 2006, 12-13.) Competencies can be defined as "a written description of measureable work habits and personal skills used to achieve a work objective (Green 1999, according to Kessler 2006, 14)."

The definitions of competencies vary across organizations and can also be determined based on behavior, knowledge, skills and underlying characteristics. More simply, they are the characteristics that contribute most to the performance of successful, top-talent employees. The term 'competencies' may also be replaced by different terms throughout organizations are reflected by the motives and intentions of management. These terms may include success factors, attributes, values and dimensions. (Kessler 2006, 15.)

Evaluating candidates can be broken down into 3 key questions:

1. Can they perform the job? Do they possess the right education, experience, discipline, determination, communication skills, and interpersonal skills to be successful in the position?
2. Will they do the job? In other words, are they productive or will they fall short of expectations due to work ethic?
3. Do they fit with the team, department and organization and its culture?  
(Kessler 2006, 22-24.)

Table 1 on page 12 shows the multitude of factors that can determine the outcome of an interview. The applicant, interviewer and environment can all play a role. It is possible to have a degree of control over some of the factors in the list, such as many of the environmental factors. However, there are many factors which cannot be easily controlled. (Compton et al. 2009, 122.)

Table 1: Influential Factors of Interview Outcomes (Compton et al. 2009, 122)

Applicant	Interviewer	Environment
Physical appearance	Physical appearance	Interview structure and type
Personal characteristics (age, sex, race, etc.)	Personal characteristics (age, sex, race, etc.)	Role of interview (whether supplemented by tests, reference checks, etc.)
Interview experience/training	Interview experience/training	Outside forces (eg political, social, cultural, economic)
Verbal/non-verbal behaviour	Verbal/non-verbal behaviour	Number of applicants
Eductation/work experience	Eductation/work experience	Physical aspects of interview (eg location, timing, length, privacy, number of interviewers, forms used)
Psychological aspects (attitude, motivation, etc.)	Psychological aspects (attitude, motivation, etc.)	
Ambitions, career plans, interests	Knowledge/perception of job requirements	
Perception of job, organisation, interviewer	Interviewing experience and training	
	Knowledge of applicant	

### 3.3 Alternative Selection Processes

Other methods for evaluating candidates may also be used in the recruitment selection process.

1. Reversing the process of the interview to not only gain an understanding of the candidate, but to explain the possible job and the aims of the organization to the candidate. For example, allowing short-listed candidates to meet their potential colleagues with structured meetings to further elaborate on the organization's ethos and goals. Not only does the two-way process provide the candidate with an understanding of the necessary skills, experience and aptitudes for the position, but it also give the recruiter a better picture of the candidate's attitudes, approach, expectations, be-

liefs and values – all of which are key factors in fitting individuals within organizations.

2. Capability tests are designed to assess candidates' ability to carry out the job by evaluating key criteria such as skills, knowledge, experience, values, etc which are necessary for the position. Experienced candidates may be very skilled at telling the interviewer what they want to hear, and therefore the interview is not always the most reliable way to predict performance. Capability tests simulate the job's activities based on key criteria and are a more practical, realistic evaluation method.
3. Psychometrics provides scientific, objective data about a candidate's self perception, their qualities and how these can positively or negatively affect performance. The results can then be used to enhance the interview process by creating more relevant and penetrating questions towards the candidate.
4. Research tasks are a form of capability tests but more aimed towards analyzing in practice a candidate's ability to research, manage and communicate information and knowledge. Determining factors for job suitability can be based on the questions the candidate is asking as well as their methods for collecting, evaluating, analyzing and presenting data.
5. Recruitment centers are a combination of the previous four methods which also include interviews and two-way feedback. While expensive and time consuming, they give a more complete evaluation of a candidate's performance, current skills and future potential. (Barnett 2008.)

### 3.4 Outsourcing HR

One of the main benefits of outsourcing HR is the cost savings; however there are other factors which come into play. "A desire to achieve best practice, to improve service quality, to focus upon the 'core competences' of an organization, and to utilize new technology are also prominent reasons offered by organizations (Kakabadse & Kakabadse 2002, according to Woodall et al. 2009)." Earlier studies found that outsourcing HR activity was influenced by cost savings, access to HR expertise, workforce flexibility, the use of managerial resources on more

strategic activities as well as workplace regulation (Lever 1997, Klaas et al. 1999, according to Woodall et al. 2009). The HR activities most likely to be outsourced were administration and record keeping, recruitment, selection, training delivery, training materials and training program design (Woodall et al. 2009).

More recent research by Woodall, *et al.* has reinforced and added to the earlier views for reasons to outsource HR activities. Their findings are as follows:

1. “Influence from elsewhere in the business and the prior experience of HR directors.” The decision to outsource HRM activities often came from other parties or business units and not the HR director, and in larger organizations it was often decided on the board level with senior management. US parent companies were also influential in the decision. Past experiences with outsourcing other functions also played a key role. While the prior experience of the HR director was a factor, the decision to outsource was not a strategy driven by the HR team alone.
2. “Reducing Cost” was perhaps the most important factor in choosing to outsource as organizations wanted to cut overhead costs of HR and have variable instead of fixed costs. “Take into account the direct salaries of two managers, as well as business overheads and revenue missed because their attention is diverted from their usual practice, then you should budget £11,000 a day for the involvement of those managers (Duggan & Croy 2004, according to Emerald Group Publishing Limited 2005).” Component outsourcing to different suppliers were the most likely to reduce costs, and was the method of choice for most of the organizations in the study.
3. “Moving HR up the value chain and gaining a commercial return from HR resources.” By outsourcing and removing certain distractions, the HR departments could focus more on core, strategic business activities.
4. “Reducing risk and maintaining quality” were factors more common in IT services and employment law.
5. “HR capacity management in response to organizational change” such as for fast growth or downsizing to cut costs and minimize duplications from mergers. (Woodall et al. 2009.)

### 3.5 Recruitment Process Outsourcing

Recruitment Process Outsourcing (RPO) is commonly understood as the selected outsourcing of certain recruitment activities for selected levels of employees. A survey by Dr. Ross Jones (2009) of 381 business professionals with insights on their organization's RPO activities and approaches found some important similarities and differences in the decision to outsource recruitment versus HR functions in general. The survey also focused on whether organizations will use recruitment agencies, why they chose not to, importance of certain functions to talent acquisition, the types of recruitment likely to be outsourced as well as the return on investment from RPO. (Jones 2009.)

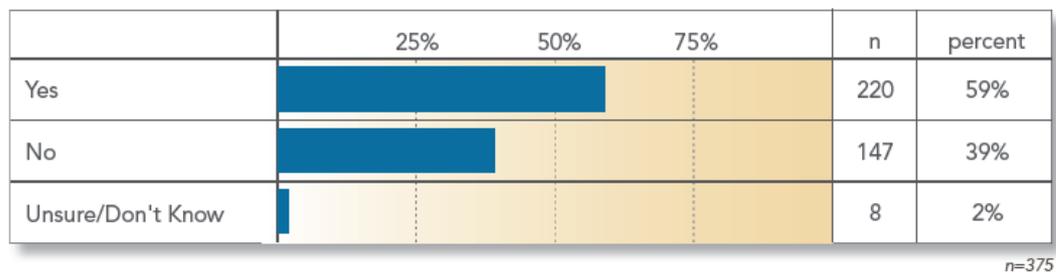


Figure 1: Does the organization currently outsource some part of its recruitment? (Jones 2009)

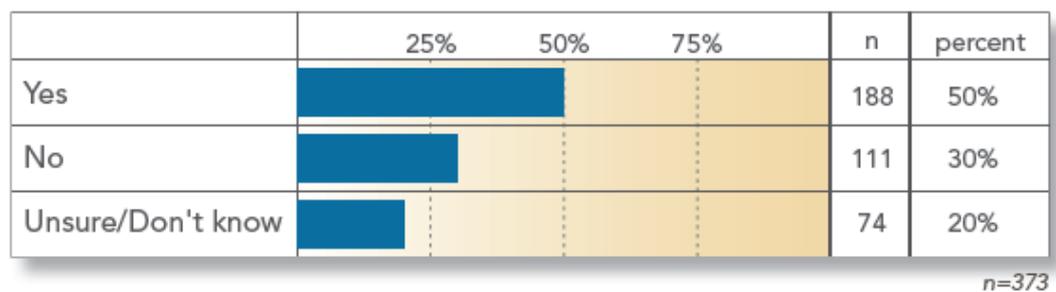


Figure 2: Does your organization have plans to outsource some of your recruiting process in the next 5 years? (Jones 2009)

As shown by Figure 2 above, 50% of the respondents plan to outsource some part of their recruitment process. Another 20% were unsure, and 30% responded that they will not utilize RPO. Compared to Figure 1 above where 59% of the respondents are already using RPO and 39% are not, it can be realized that there is a

noticeable level of uncertainty about the future of RPO, more so from those who are currently not using RPO. (Jones 2009.)

Figure 3 below shows that of those 30% who responded “no”, 66% felt that their organization didn’t have the need to outsource because they have so far been pleased with their recruitment activities. The cost of outsourcing was the second largest factor in not outsourcing recruitment. At only 18% this represents a much smaller proportion compared to organizations that “didn’t have a need.” Knowing the parts to outsource and finding a company to provide the needed RPO services were even less significant in this comparison. It is not implied, however, that these factors should be ignored. (Jones 2009.)

	25%	50%	75%	n	percent
No need to — we do a good job of recruiting				95	66%
Too expensive to outsource				26	18%
We don't know which parts of the recruiting process should be outsourced				9	6%
We have not found a company that can provide us with the services we need				14	10%

n=144

Figure 3: Why will the organization not consider outsourcing recruitment activities (results from respondents who stated that their organization will not use RPO in the next 5 years) (Jones 2009)

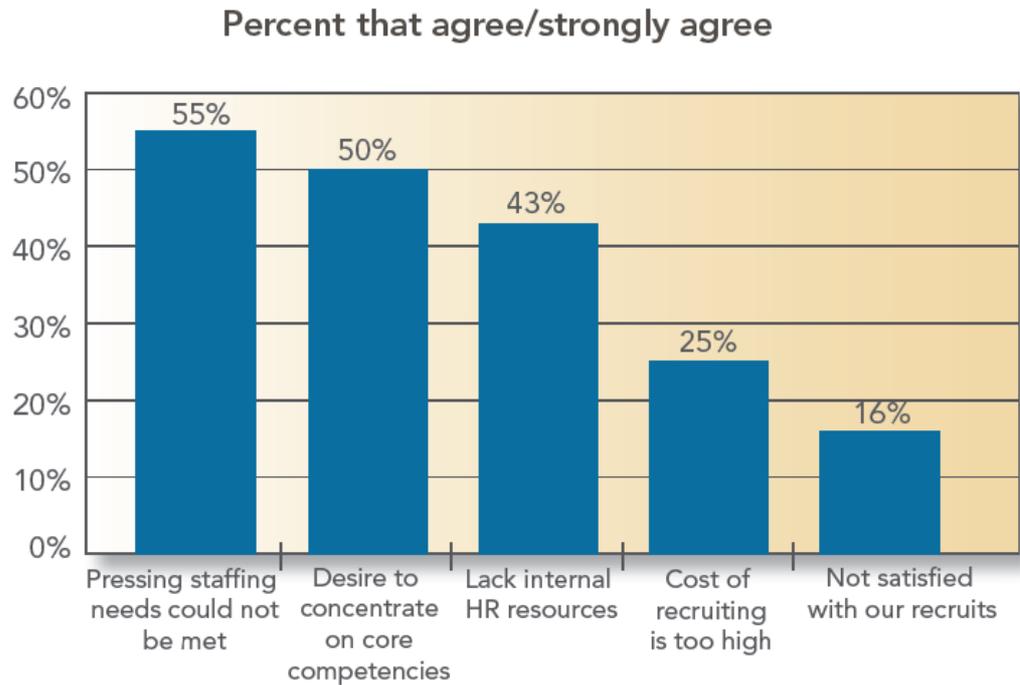


Figure 4: Reasons why organizations turn to RPO (Jones 2009)

Figure 4 above shows the desire to focus on core competencies had a significant influence, while the cost was actually not considered to be as important. Meeting urgent staffing needs was the main reason for RPO. The figure also shows that both tactical (meeting staffing needs) and strategic (concentration on core competencies) practices showed nearly the same level of importance, with a slightly higher emphasis on the tactical. Figure 5 below shows that both are also critical activities to achieving an organization's talent acquisition goals. (Jones 2009.)

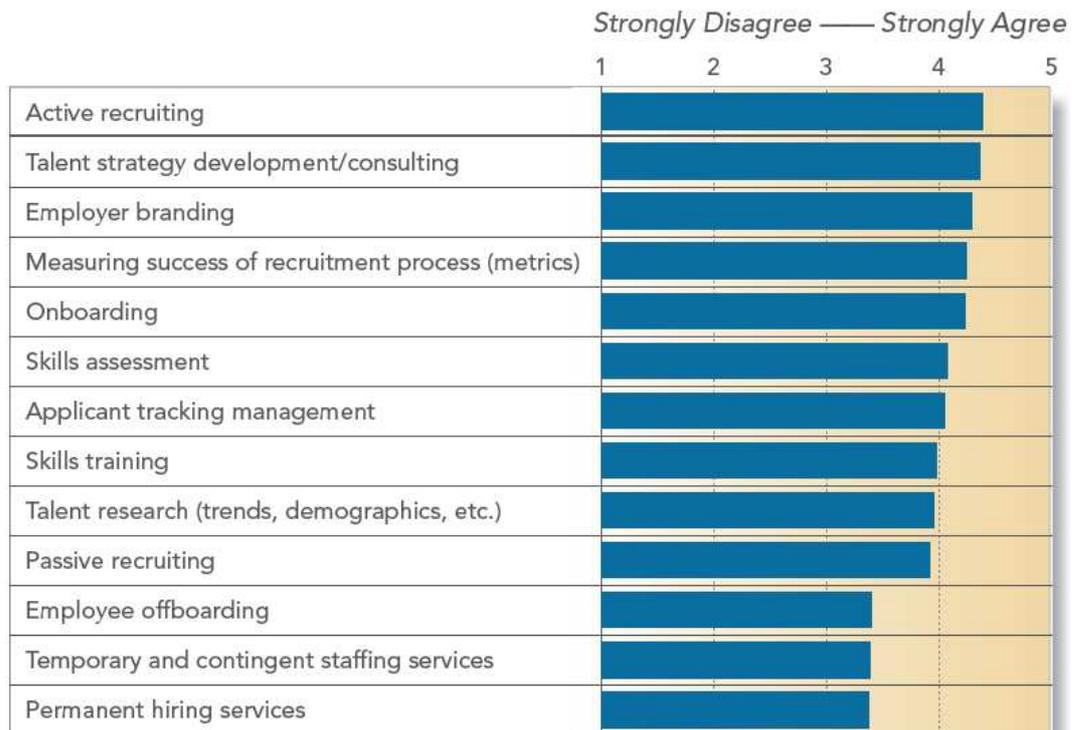
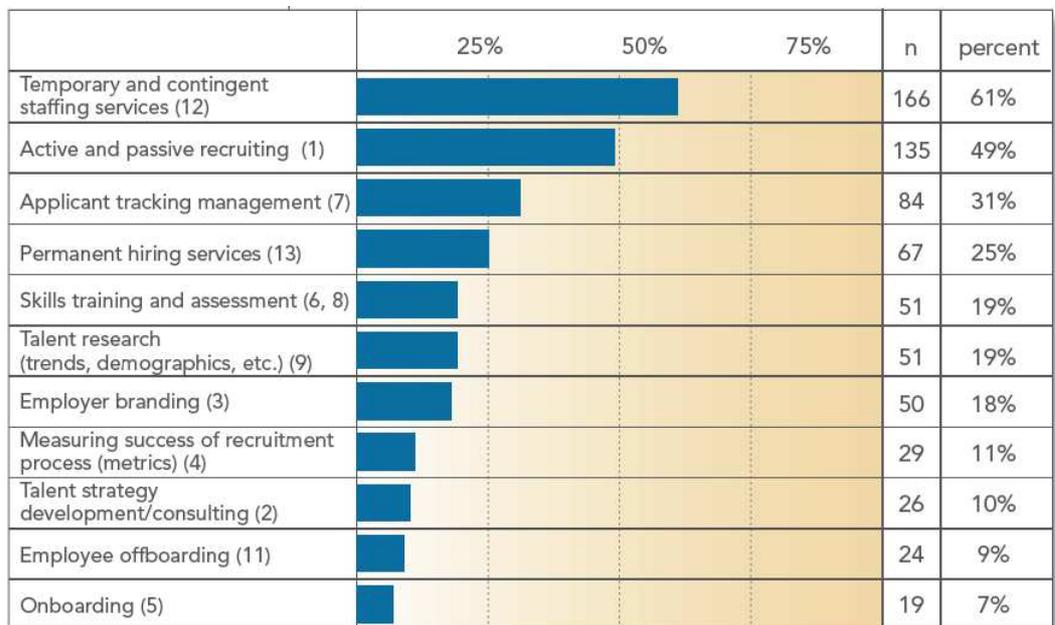


Figure 5: Critical activities to achieving the organization's talent acquisition goals (Jones 2009)

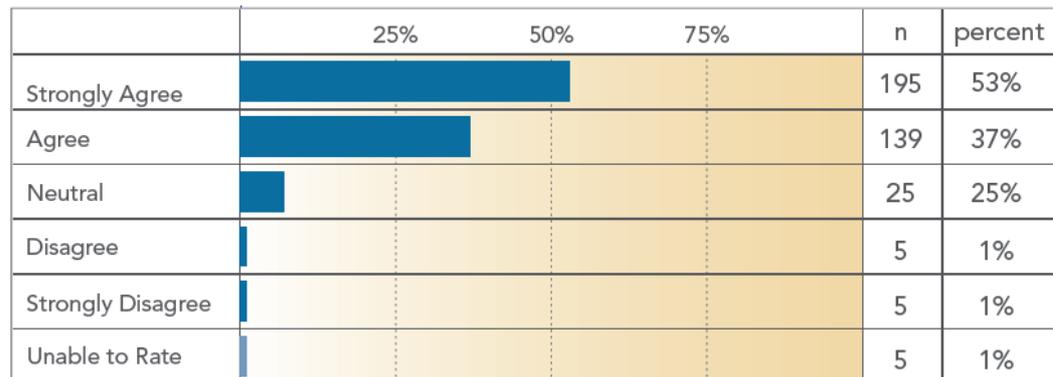


n=273

Figure 6: Recruitment practices most likely to be outsourced (ranking of importance in talent acquisition in parenthesis - from Figure 2 (Jones 2009)

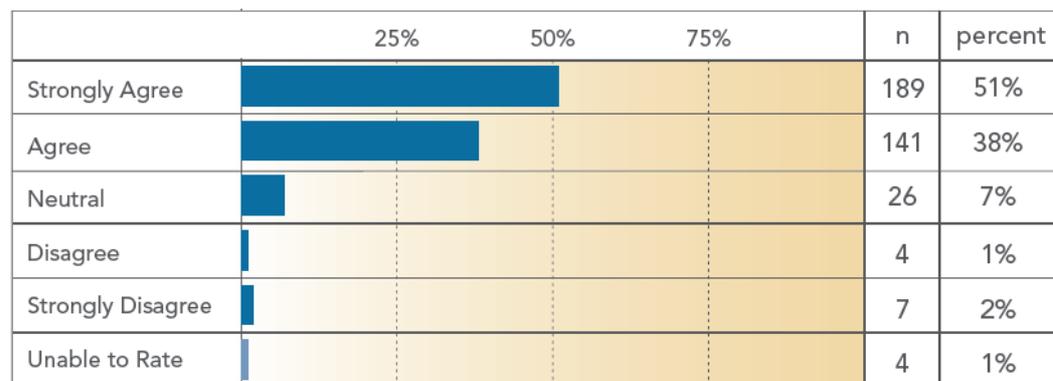
Figure 5 and Figure 6 above shows that there is a discrepancy between activities that are important to an organization's talent acquisition goals and the

recruitment services they outsource. Strategic elements such as employer branding and talent strategy development/consulting were less likely to be outsourced compared to tactical activities such as temporary/contingent staffing services, active and passive recruiting, and applicant tracking management – all three scoring the highest level of likelihood to be outsourced while being seen as very insignificant towards talent acquisition goals. (Jones 2009.)



n=371

Figure 7: Tactical Practice - Active Recruiting is critical to the organization's talent acquisition process (Jones 2009)



n=371

Figure 8: Strategic Practice - Talent Strategy Development/Consulting is critical to the organization's talent acquisition process (Jones 2009)

Figure 7 and Figure 8 also show that both tactical and strategic practices are almost equally important to the organization's talent acquisition processes. Just as in the analysis of Figure 6 which showed a discrepancy between activities that are important to and organization's talent acquisition goals and the recruitment services they outsource; Figure 9 and Figure 10 below show that while the strateg-

ic positions are viewed as the most important for talent acquisition, tactical and strategic elements are equally outsourced. (Jones 2009.)

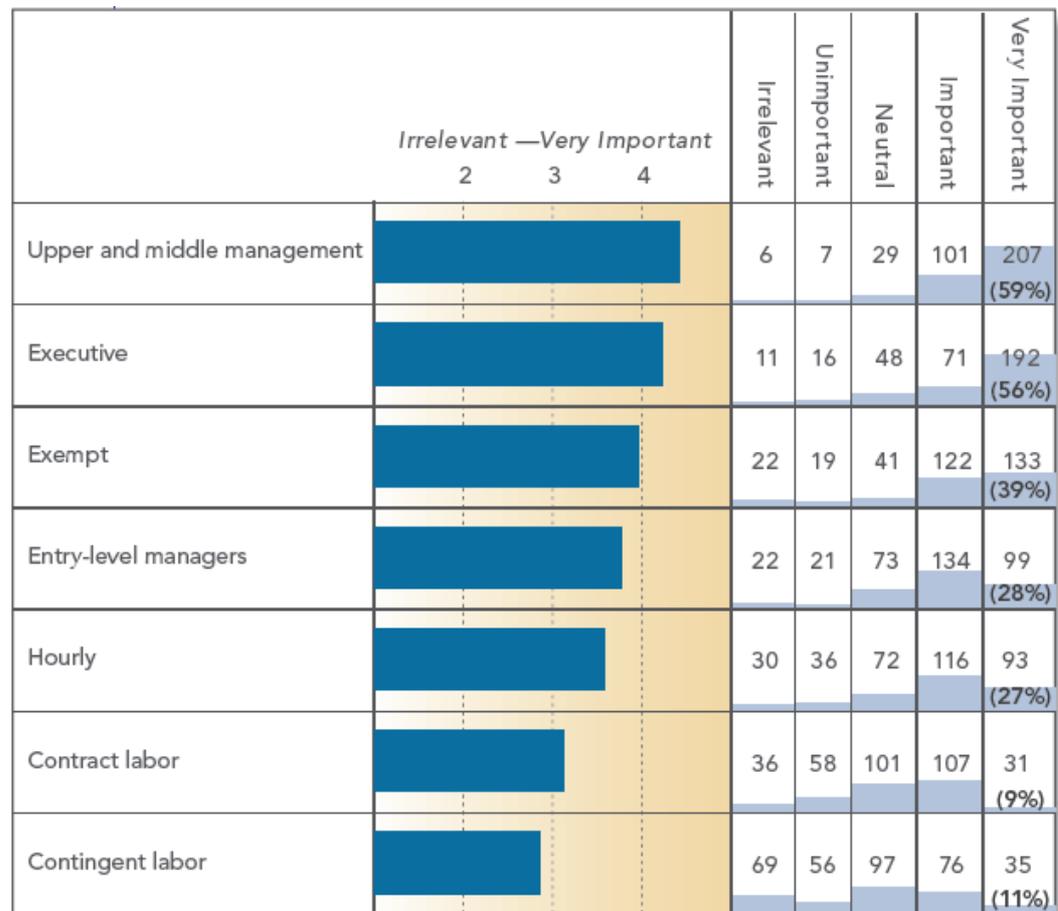


Figure 9: Which level of employees will be most critical to the organization's talent acquisition over the next year? (Jones 2009)

Figure 9 above and Figure 10 below also provide an interested insight into the positions which are held in high importance by organizations and those whose recruitment is outsourced. Upper and middle management as well as executives can be found near the top of both figures. On the other hand, the other top positions most likely to be outsourced in Figure 10 are of the least importance to an organization's talent acquisition over the next year. (Jones 2009.)

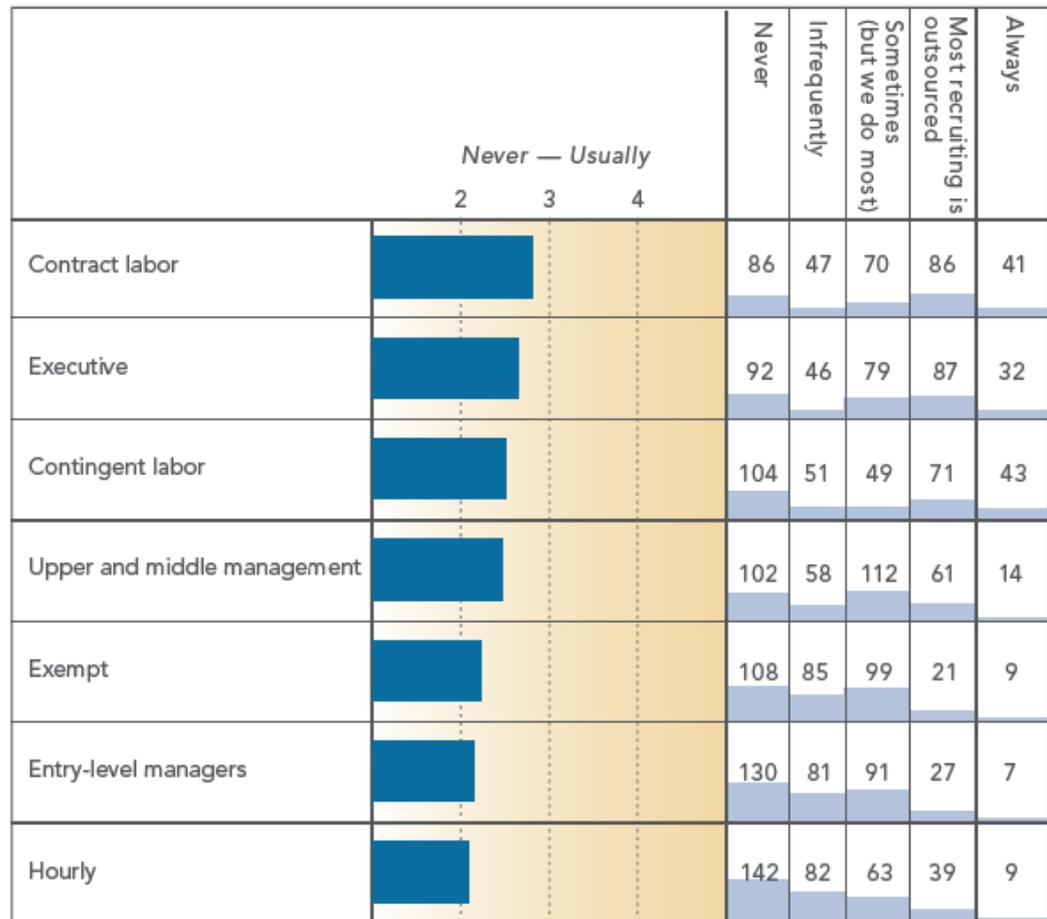


Figure 10: Frequency of outsourcing the recruitment per level of employee (Jones 2009)

Figure 11 below illustrates that there is much room for improvement when the ROI from RPO is at break-even or worse in 61% of the cases. Figure 12 however shows that RPO activities identified by the research as having a strategic element to them (talent strategy development/consulting, employer branding, talent research, measuring the success of the recruitment process) was far more likely to result in excellent ROI than tactical ones (active recruiting, passive recruiting, applicant tracking management). (Jones 2009.)

	25%	50%	75%	n	percent
Poor — the quality of hires and services does not justify the cost of the process				13	5%
Fair — We want the quality and/or cost of the services to improve to continue with RPO provider				60	24%
Neutral — it is a break-even process at the current time				82	32%
Good — RPO has measurably increased the quality of hires and cost effectiveness of recruiting				80	31%
Excellent — RPO is a critical factor in our organization's current and future success				19	8%

n=254

Figure 11: Ranking the Return on Investment on RPO (from organizations using RPO) (Jones 2009)

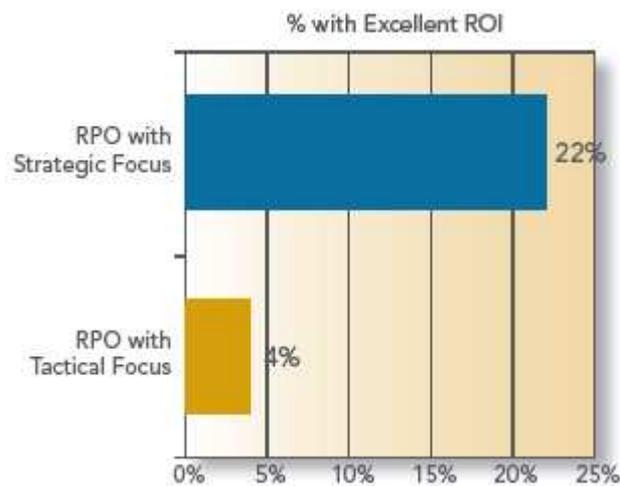


Figure 12: Excellent Return on Investment from Strategic Focus vs. Tactical Focus RPO (Jones 2009)

Analyses of the findings of Dr. Jones (2009) can give an insight into what is currently going on in recruitment, as well as some of the possibilities for the future. Firstly, companies are outsourcing both tactical and strategic recruitment processes, with perhaps an emphasis on the tactical. While companies find that the strategic elements are more critical to their success, not all will be outsourced as frequently. With regards to recruitment activities specifically, the positions most likely to be outsourced were contract labor and executives, with contingent labor and middle to senior level management coming afterwards. (Jones 2009.)

### 3.6 Recruitment Agencies

Hester (1991, according to Fish & Macklin 2004) divides recruitment companies into three types which were named “recruitment agency”, “selection consultant” and “headhunter”. A recruitment agency sources candidates by advertising vacancies for employer clients. Selection consultants work for both individual job seekers as well as employers based on a fee for services rendered. Fish and Macklin (2004) categorize these first two together as they both use passive recruitment strategies including advertisements and existing clients to fill positions. Finally, the headhunter, also known as executive search firm, which adopt strategic, focused recruitment and selection strategies. They are primarily used to actively recruit individuals who are usually employed with no current intentions of changing employers and will make the right fit with the positions requirements. (Fish & Macklin, 2004.)

## 4 ONLINE RECRUITMENT

The internet has been used for recruitment since the mid-1990s. Researchers and practitioners have long been predicting online recruitment's inevitable rise to the top. While the use of online recruitment by both recruiters and job seekers has significantly increased during the last ten years, it has not yet lived up to the prior expectations. (Parry & Wilson 2009.) Some organizations are now synergizing online recruitment with new technologies to be included the total recruitment process, internal and external (Pollitt 2008). However, there has been very little research conducted on subject as a whole.

### 4.1 Web 2.0

The advancement of Web 2.0 technologies are serving the newer generations of internet users to change the rules of social interaction and how business is conducted (van Zyl 2009). New types of social interactions across borders and industries have been created with the help of new electronic social media applications such as Wiki's, blogs, online forums, tagging and social book-marking (Fu 2007). The reservoir of knowledge, also known as collective intelligence, being created through these interactions of self-designated experts and volunteers can often exceed the sum of their parts; and the corporate world is taking notice. (IBM 2007.)

In a survey of 700 CEO's worldwide, IBM Insitute for Business Value (2006) identified the top strategies for being used to stay competitive: finding new areas of growth, new products and services, and engineering new in-house processes and business models. Figure 13 below shows that the top three most likely sources of these innovations would be employees, partners and clients. Surprisingly, internet, blogs and bulletin boards scored the lowest (IBM Insitute for Business Value 2006). Just as with instant messaging, most companies at that time seemed to have an aversion towards the adoption of social technologies for various reasons such as security, scalability and administration (IBM 2007). While this study provides some insight to the adoption of Web 2.0 technologies for innovation in

2006, it is still important to look at some of the more recent trends in the area to make better predictions about the future.

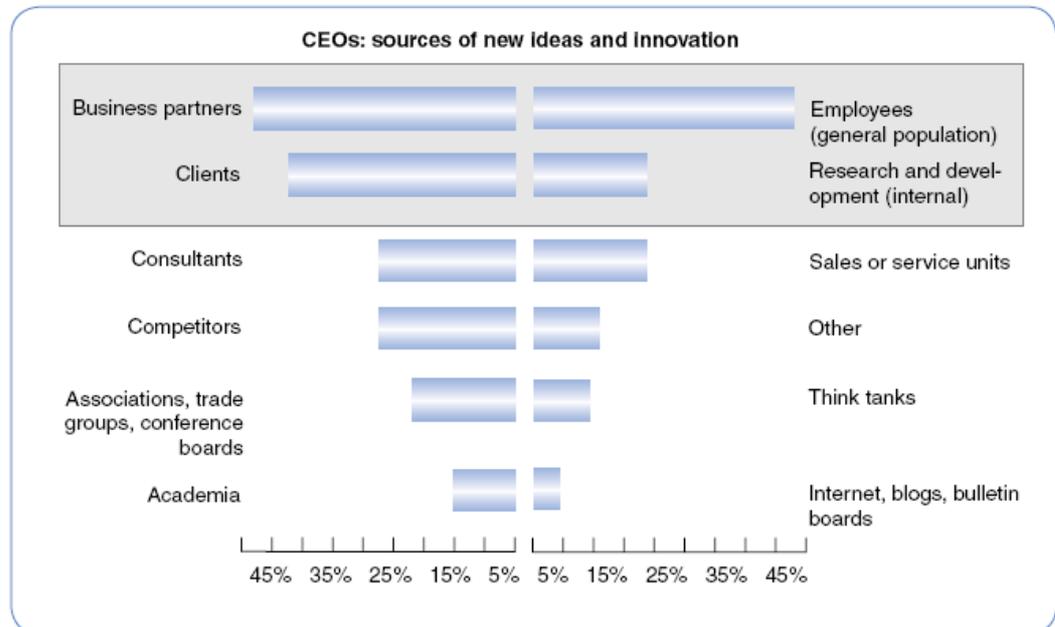


Figure 11: CEO's sources of new ideas and innovation (IBM Institute for Business Value 2006)

#### 4.1.1 Social Networking 2.0

“Social Networking 2.0 can be defined as the utilization of Web 2.0 technologies by applications or websites to support the maintenance of personal relationships, the discovery of potential relationships and to aid in the conversion of potential ties into weak and strong ties (van Zyl 2009).” Social Networking has been praised for its ability to expand social contacts, accelerate business processes, improve customer relations, provide cost-effective recruitment of high-caliber staff, and raising morale, motivation and job satisfaction among staff (van Zyl 2009). On the other hand, social networking has also been described as addictive and time-consuming for employees; and employers may be identified with derogatory comments or have commercially sensitive information disclosed to outside parties without prior consent (MessageLabs 2007). Various forms of Social Networks exist today, each centered on different themes such as social, professional or hobbies/interests platforms.

#### 4.1.2 Social Networking Websites

Social Networking Websites (SNW) are online communities of people sharing and exploring a wide variety of interests and activities. They are designed to connect users with each other and establish a network of online connections. Interaction methods include e-mail and instant messaging. (Kluemper & Rosen 2009.) Numerous SNWs exist today, some with more targeted audiences than others. This research will look closer at 3 of the 5 most visited SNWs in Figure 14: Facebook, MySpace and Twitter, as well provide examples of those focused around business (The Economist 2010).

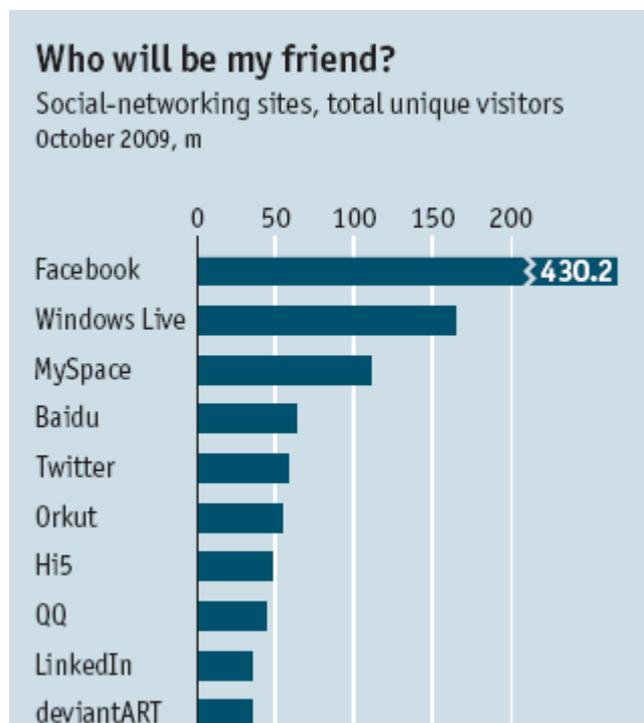


Figure 12: Total unique visitors to Social Networking Sites, October 2009 (The Economist 2010)

Facebook is the most widely visited SNW, and the sum of its members would make it the third most populous country in the world (The Economist 2010). Its purpose is to connect people and organizations with each other as well as facilitate the movement of information between parties (Facebook 2010a). Facebook offers a wide range of possibilities to make connections, share information and utilize different applications including games, educational themes, interactive groups and

business related functions (Facebook 2010b). Some examples of business related applications are:

Facebook Marketplace – Powered by Oodle Inc., it allows people to “sell, give away, buy, ask, or search for anything [they] want. [People] can also support charities by selling for a cause.” Categories include: Items for sale, Housing, Vehicles, and Jobs (Oodle Inc. n.d.).

Payvment E-Commerce Storefront – Created by Payvment Inc., a free application which facilitates the launch of a professional storefront on Facebook (Payvment Inc. n.d.).

Promotions for Fan Pages – Created by Wildfire Interactive, Inc., “is a Facebook verified application for companies & agencies to run branded interactive promotions on Facebook Fan Pages. Promotion formats include: sweepstakes, contests, coupon giveaways, instant wins, gifting, quizzes, etc (Wildfire Interactive Inc. n.d.).”

MySpace was seen as the rising star of SNWs in 2005 when it was purchased by NewsCorp. Since that time, its popularity has plateaued and started to decrease in terms of unique visitors. Its core audiences have interests in music, films and various forms of entertainment. With NewsCorp’s demanding revenue targets, strategic mistakes were made which failed to connect with the core users. The network’s new boss is now correcting the mistakes from the past while creating its own identity to separate it from Facebook. It’s now focusing on connecting people with content and allowing them to socialize at the same time. Figure 15 below shows a 6-year trend in visits for Facebook and MySpace. (The Economist 2010.)

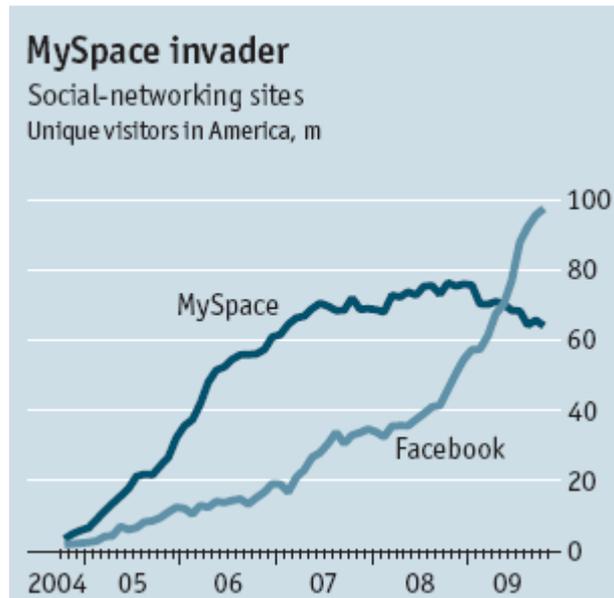


Figure 13: Trends in visits: Facebook vs. MySpace (The Economist 2010)

“Twitter is a real-time information network powered by people all around the world that lets you share and discover what’s happening now.” The service was created to work with both PCs as well as mobile phones. (Twitter 2010.) It allows users to publish 140-character long messages called “tweets” which can be followed by anyone around the world. It differs from Facebook in that its content is restricted to text instead of videos, photos and other materials. There is also no restriction to followers of public tweets, while in Facebook you must be a confirmed friend by the publishing user. Facebook has also changed some of its features to better compete with Twitter, such as removing limits for fans of athletes, celebrities and musicians. (The Economist 2010.)

Twitter is still growing in countries such Japan and Germany, however its growth has become stagnant in the US. A Harvard study showed that 10% of Twitter users provided 90% of the content, while the most active users of other social networks only accounted for 30% of the content. Of 300,000 Twitter users surveyed in May 2009, more than half “tweeted” less than once every 74 days. (The Economist 2010.)

Examples of business-related SNWs:

Biznik – an award-winning community of entrepreneurs and small businesses dedicated to helping each other succeed (Biznik n.d.)

cmypitch.com – A business website connecting UK entrepreneurs to investors (cmypitch n.d.)

Ecademy – 50% social, 50% business network for sharing knowledge, building networks and growing businesses (Ecademy 2010a). 12 million contacts (Ecademy 2010b).

JASEzone – An online gathering spot for professionals from around the world with profiles identifying professional accomplishments and goals (JASEzone n.d.)

LinkedIn – An interconnected network of experienced professionals from around the world representing 150 industries and allowing for introduction and collaboration between members. 60 million members in over 200 countries (LinkedIn n.d.). As of March 2010, it's the fourth most visited SNW behind Facebook, MySpace and Twitter (eBizMBA 2010). LinkedIn charges individuals for the possibility to send out introductory emails for making new connections often used by recruiters (The Economist 2010).

Ryze – A business networking community for growing a business, building careers, finding a job, making sales or just keeping in touch with friends. Over 500,000 members in more than 200 countries. (Ryze n.d..)

XING – A European-based global business network for making connections, searching people and finding jobs. More than 8 million members in over 200 countries. (Xing n.d..)

Ziggs – A professional connection portal where individuals can brand themselves to recruiters and employers as well as network with other professionals (Ziggs n.d.).

### 4.1.3 Trends in Social Networking

The Social Networking phenomena really started after the mid-1990s with the advent of user-friendly interfaces and fine-tuned privacy controls. Cheaper hardware and the use of open source software have allowed the new generation of sites to scale quickly and efficiently to handle rapid growth. Social networks cater to a wide range of age groups, not just the younger generation. The market-research firm Nielsen claimed in February 2009 that people were spending more time on social-networking sites than on email, and the lead is growing constantly. (The Economist 2010.)

The “network effect”, which was coined to explain the rapid growth in telephones, says that the value of communications networks to their users increase exponentially with the number of people connected to it. The use of sites such as Facebook and LinkedIn have both reinforced that the network effect is in action. Facebook acquired 150 million members in its first 5 years, and doubled that subsequently in 8 months. It took LinkedIn 16 months to gain its first million users, while the latest million users came in only 8 days. (The Economist 2010.)

There is no consensus as to whether social networking sites will be able to continue growing and still turn a profit. Despite the huge growth in users, advertising revenue in the U.S. from social networking sites grew by only 4% to \$1.2 billion in 2009. This could also be seen an achievement since the advertising market actually shrank last year, and forecasters are predicting 7% growth for 2010. Brands may also be weary of the risk of appearing alongside user-generated which may include examples of profanity, obscenity or nudity. Another claim is that users are on the sites to interact with friends and will not pay attention to advertisements. Some companies are, however, starting to realize the benefits of using social networking for advertising as well as other activities such as recruitment. (The Economist 2010.)

<b>Top 20 Highest Engagement Social Networking Country Audiences*</b>		
<b>Ranked by Average Hours per Visitor*</b>		
<b>May 2009</b>		
<b>Total Worldwide, Age 15+ - Home &amp; Work Locations</b>		
<b>Country</b>	<b>Average Hours per Visitor</b>	<b>Average Pages per Visitor</b>
<i>World-Wide</i>	3.7	525
Russia	6.6	1,307
Brazil	6.3	1,220
Canada	5.6	649
Puerto Rico	5.3	587
Spain	5.3	968
Finland	4.7	919
United Kingdom	4.6	487
Germany	4.5	793
United States	4.2	477
Colombia	4.1	473
Mexico	4.0	488
Chile	4.0	418
Ireland	3.8	462
Turkey	3.7	427
Venezuela	3.7	454
France	3.6	526
Australia	3.4	374
New Zealand	3.4	386
Switzerland	3.2	430
Italy	3.2	39

*\*Out of the 38 individual countries currently reported on by comScore around the world.*

*\*\*Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.*

Figure 14: Top 20 Social Networking Countries (comScore, Inc. 2009)

Figure 16 above from ComScore shows the average number of hours spent on social networking sites per person in each country in May of 2009. A similar study was conducted by Nielsen just 9 months later, which we see in Figure 17 and Figure 18 below. Although the sources of these studies differ and in that case may use different methods for data collection, they can still give and insight into how rapidly the network effect works. The latest data in Figure 17 below shows that from a selected sample of 10 countries, on average nearly 5 and a half hours

were spent per person on social networks. The average time spent by Italians, Australians and Americans were all over 6 hours. Figure 18 displays the total active users for the 10 countries as well as the U.S. over the last year. Eight countries coincide with both the 2009 and 2010 studies, with Italy, Australia, the U.S., United Kingdom and France having an increase in hours spent per day. The most significant increases were in Italy (+101%) and Australia (+88%). (The Nielsen Company 2010.)

Social Network Usage By Country / Feb 2010 Home & Work	
Country	Time per Person (hh:mm:ss)
Average	5:27:33
Italy	6:27:53
Australia	6:25:21
United States	6:02:34
United Kingdom	5:50:56
Spain	4:50:49
Brazil	4:27:54
France	4:12:01
Germany	3:47:24
Switzerland*	3:26:00
Japan	2:37:07
Source: The Nielsen Company	
*home only	

Figure 15: Social Network Usage By Country / Feb 2010 (The Nielsen Company 2010)

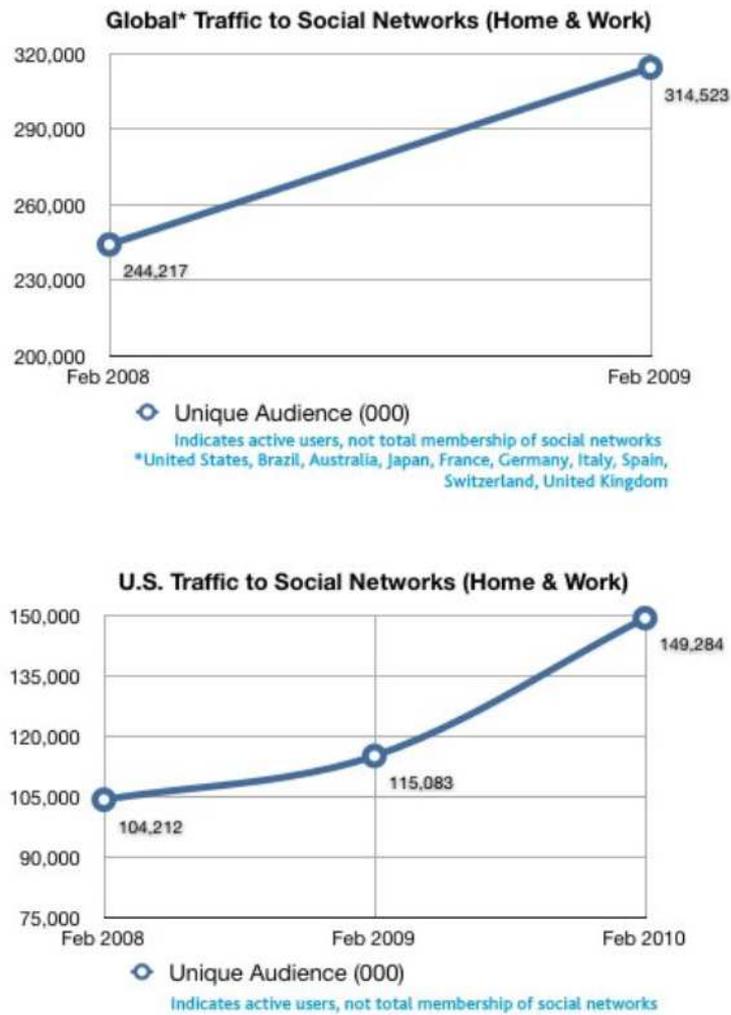


Figure 16: Social Network Traffic - Global & U.S.A. (The Nielsen Company 2010)

Figure 19 below shows the ages of social networkers for Facebook, MySpace, Flickr and LinkedIn. It is interesting to note that from about ages of 24 to over 60, LinkedIn has the highest percentage of users. However its peak is between the ages of 25 and 34, after which it drops off (WebMediaBrands Inc. 2010).

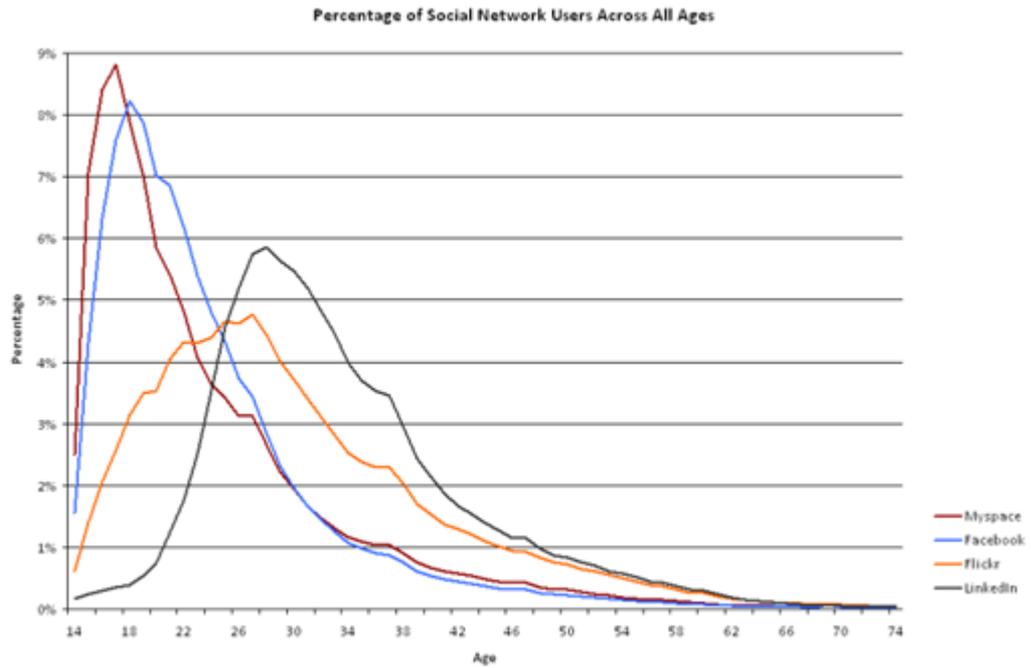


Figure 17: Percentage of Social Networking Users across All Ages (WebMedia-Brands Inc. 2010)

#### 4.2 Recruitment through Social Networking

Employers are now utilizing the vast amount of data provided on social networking websites to evaluate candidates and support hiring decisions. Although this practice is still a ‘grey area’ due to certain information contained in SNWs which could be a violation of Equal Opportunity Employment laws, more and more managers have adopted this method. (Kluemper & Rosen 2009.) Although not as large, the careers-oriented SNWs such as LinkedIn, Xing and Viadeo are changing the recruitment landscape in terms of evaluation and sourcing for both recruiters and job seekers (The Economist 2010).

Equal Opportunity Employment measures forbid the evaluation of candidates based on factors such as age, race, sexual orientation and religion (European Commission 2010). During interviews, employers may therefore not ask questions regarding any of these, however all of this information can be found on SNWs (Kluemper & Rosen 2009). Issues of ethics and legality must then be evaluated and held in consideration by recruiters and HR practitioners (Zeidner 2007,

according to Kluemper & Rosen 2009).

The career-oriented SNWs offer somewhat of a solution to the Equal Opportunity Employment issues while simultaneously helping connect employers and job seekers in a profitable way for everyone. Not only is LinkedIn seeing consistent revenues, but other companies such as Nike (Pollitt 2005), Intel and US Cellular are claiming significant cost savings from sourcing and evaluating candidates based on their LinkedIn profiles. The availability of relevant, competency-based information on candidates on these sites provide recruiters to quickly and effectively evaluate large numbers of prospective employees without having to delve into CVs or perform interviews. (The Economist 2010.)

Kluemper and Rosen examined the reliability of evaluating candidate information on SNWs including the big-five personality traits (conscientiousness, emotional stability, agreeableness, openness to experience, and extroversion), general mental ability, and academic performance. Using 63 judges equipped with HR prerequisites and a brief introduction to evaluating traits through SNWs, the research found significant consistency across the evaluations of 6 different profiles. While the study supports the reliability in evaluating SNW profiles, the researchers insist on further examination with wider scope. Kluemper and Rosen state: “We hope that the results of this preliminary study will not be used by organizations to support their use of SNWs in employment selection. Without further validation in a variety of studies, with larger samples and in a variety of organizational contexts, caution should be used when interpreting the implications of this study.” (Kluemper & Rosen 2009.)

#### 4.3 Influencing Factors

Earlier studies focusing on applicant management and assessment through online recruitment cited that organizations adopting these methods did so out of mimicry, but also coinciding with new technology based recruitment and selection tools for reduced costs, increased efficiency, systems standardization, enabling new assessment tools and expanding the applicant pool. Due to the limited research

available on online recruitment adoption from an employer's perspective, Parry and Wilson (2009) used theoretical framework from outside sources to study the organizational factors for adopting online recruitment. (Parry & Wilson 2009.)

The theory of planned behavior (TPB) was used to explain the behavior behind individual decision-making within the context of online recruitment primarily driven by an individual such as the head of resourcing. TPB "suggests that behavior is based upon a combination of attitudes towards the behavior, subjective norms and perceived behavioral control." Holding a positive attitude towards a behaviour will also result in a positive attitude towards performing that behaviour, while negative attitudes towards that behaviour will result in negative attitudes towards performing it. Subjective norms also play a part in that a person will have social pressure to comply with and perform a behaviour that is asked of them by their superiors or team members. Perceived behavioural control, "people's perceptions of their ability to perform a given behavior" (Ajzen n.d.) was also recognized as impacting the performance on an action. While TPB has been used for examining the adoption of many technological internet advances such as internet purchasing, mobile internet services, internet banking and information systems; it had not been used to explain the adoption of technology by an organization. (Parry & Wilson 2009.)

Literature concerning the adoption of innovation within organizations was used as complementary framework in Parry and Wilson's study to examine the influencing factors in the organizational adoption of online recruitment. Innovation is "the generation, acceptance and implementation of new ideas, processes, products or services" (Kanter 1985, according to Parry & Wilson 2009), and has been frequently studied in the context of adoption and diffusion. The most well-known author in this field is Everett Rogers, who defines the diffusion of innovations as "the process by which an innovation is communicated through certain channels over time among the members of a social system (Rogers 1995, according to Parry & Wilson 2009)." Based on a wide variety of studies, Rogers developed an adoption framework from a generic set of five factors:

1. relative advantage: "the degree to which an innovation is perceived as being better than the idea it supersedes";

2. compatibility: “the degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters”;
3. complexity: “the degree to which an innovation is perceived as relatively difficult to understand and use”;
4. trialability: “the degree to which an innovation may be experimented with on a limited basis”; and
5. observability: “the degree to which the results of an innovation are visible to others”. (Rogers 1995, according to Parry & Wilson 2009.)

Parry and Wilson then identified factors speculated to affect organizational adoption of internet recruitment through a comprehensive analysis of literature from six practitioner and six academic sources. Table 2 below shows the various positive and negative attitudes of online recruitment. (Parry & Wilson 2009.)

Table 2: Factors influencing the adoption of online recruitment (Parry & Wilson 2009)

<b>Factors</b>	<b>Influencing factors from previous studies</b>
<u>Reach</u>	
Pool size	*****
International	****
Diversity	****
24/7 availability	*
Passive jobseekers	*
<u>Candidate targeting</u>	
Relative cost	*****
Speed to hire	*****
Swamped with application	*****
Unsuitable candidates	*****
Provision of information	****
Company image	****
Ease of screening	***
Implementation	**
Computer literacy	**
Targeting	**
Convenience	*
Online screening	*
New technology	*

Parry and Wilson used both interviews and surveys for their research. 14 semi-structured interviews with HR managers in the UK responsible for recruitment were conducted. Ten interviewees represented organizations using some form of online recruitment, either corporate websites or commercial job boards, with varying usage from comprehensively to selectively. Interviewees were asked to describe their use of online recruitment, reasons for adopting or not adopting each method and their attitudes towards each. They were also questioned on any non-addressed items listed in Table 2. The survey was then formed by coding the interview results according to the hypothesized model and including new factors. (Parry & Wilson 2009.)

The questionnaire used for the survey was divided into two separate sets based on their findings during the interviews; that corporate websites and job boards had different factors affecting their adoption. Items from the interviews were developed into factors to be investigated in terms of the relationship between the factors and the adoption of online recruitment. An additional 10 factors regarding online recruitment and the organization in general were also included for both sets. Respondents rated their agreement with each statement on the five-point Likert scale (Strongly Agree -> Strongly Disagree) as well as indicated the percentage of vacancies advertised on corporate and commercial websites. The percentages of vacancies formed the dependent variable representing the extent of adoption. (Parry & Wilson 2009.)

The online survey targeted HR directors and managers with decision making responsibility for recruitment and the use of its methods. Of the 8,000 targeted, the study received a total of 439 respondents. Response biases between early and late responses were ruled out for both corporate and commercial websites. Principal components analysis (PCA) was used to organize the attitudinal items into factors. The factors were then analysed based on the questions for corporate websites and commercial websites, as well as the ten general questions for each. Linear regression was used to analyse the relationship between the predictors and criterion variable using the enter method and list wise deletion of cases, as shown in Table 3 and Table 4 below. (Parry & Wilson 2009.)

Table 3: Multiple regression analysis (corporate websites) (Parry &amp; Wilson 2009)

	$\beta$	Std. error	$\beta$	$t$	Significance
Subjective norms	4.787	0.626	0.426	7.647	0.000
Positive beliefs/relative advantage	-1.595	0.638	-0.130	-2.499	0.013
Negative beliefs	-3.082	0.591	-0.243	-5.213	0.000
Internal compatibility	0.575	0.875	0.034	0.657	0.512
(Constant)	-46.300	13.401		-3.455	0.001

Table 4: Multiple regression analysis (commercial job boards) (Parry &amp; Wilson 2009)

	$\beta$	Std. error	$\beta$	$t$	Significance
Positive beliefs	1.051	0.359	0.177	2.925	0.004
Compatibility	1.278	0.376	0.206	3.397	0.001
(Constant)	-24.249	6.940		-3.494	0.001

A five-factor structure for corporate websites was produced after five iterations of a PCA in Table 5 below. After using Cronbach's alpha to determine internal reliability, four remaining factors were chosen which represented 48.1% of the variance. The factors centered around previous themes from Ajzen's TBP and Rogers' DIT factors. They were labeled: 1) subjective norms; 2) positive beliefs/relative advantage; 3) negative beliefs; and 4) internal compatibility. The regression analysis for the corporate websites' model was highly significant ( $p < 0.01$ ), showing that subjective norms and negative beliefs had a highly significant ( $p < 0.01$ ) impact on the use of corporate websites, while positive beliefs/relative advantage also had a significant effect at the 5 per cent level. Internal compatibility was found not to have a significant effect. (Parry & Wilson 2009.)

Table 5: Factors relating to the use of corporate websites for recruitment (Parry & Wilson 2009)

Factor	Item	Factor loading	Cronbach's alpha
	<i>Please indicate to what extent you agree with the following statements about the use of corporate web sites for recruitment</i>		
1	Our potential employees tend to look for work on corporate web sites	0.588	0.77
1	Most of our competitors use their corporate web site for recruitment	0.688	
1	Online access among our target workers is high	0.723	
1	Our organisation needs to use online recruitment to move with the times	0.671	
1	The culture of our industry is very much online	0.572	
2	It delivers cost savings	0.624	0.71
2	It is no faster than using any other method (reversed)	0.520	
2	It makes it easier to sift out the right candidates	0.716	
2	It speeds up the recruitment process	0.745	
2	It allows you to build up a database of candidates for talent searching	0.638	
3	The quality of candidates is lower than through other methods	0.583	0.66
3	Companies that use them get swamped by unsuitable applicants	0.724	
3	The sheer number of responses to online adverts makes it labour intensive	0.748	
3	It is very expensive to set up a recruitment web site	0.530	
3	Online recruitment is less personal than other recruitment methods	0.478	
4	Our HR systems are readily compatible with the use of corporate web sites	0.709	0.64
4	Our company welcomes the use of new technology	0.675	
4	Most of my organisation's HR procedures are already electronic	0.741	
5	Applications are limited to certain types of people	0.586	-0.05
5	People who apply for jobs online tend to be more computer literate	-0.723	
5	It is more appropriate for younger, technology-based organisations	0.639	

A two-factor structure explaining 51.1% of the variance was produced for commercial jobs boards from eight iterations of a PCA can be seen in Table 6 below. The internal reliability of the two factors was examined using Cronbach's alpha which indicated reasonable internal reliability with factors over 0.7. The factors were then labeled based on items in each. The factors were: 1) positive beliefs/relative advantage; and 2) compatibility. The regression analysis model was highly significant ( $p < 0.01$ ), with both positive beliefs/relative advantage and compatibility having a highly significant impact on the criterion of the percentage of vacancies advertised on commercial jobs boards ( $p < 0.01$ ). (Parry & Wilson 2009.)

Table 6: Factors relating to the use of commercial jobs boards for recruitment (Parry & Wilson 2009)

Factor	Item	Factor loading	Cronbach's alpha
	<i>Please indicate to what extent you agree with the following statements about the use of commercial jobs boards for recruitment</i>		
1	It improves the diversity of applicants	0.718	0.81
1	It is easy to attract the right candidates	0.632	
1	It is much easier than other recruitment methods	0.699	
1	It helps promote the image of being a leading edge organisation	0.738	
1	Speed to hire is one of the big attractions of using them	0.715	0.73
1	Their use extends the reach of our advertising	0.702	
2	Our company welcomes the use of new technology	0.658	
2	Most of my organisation's HR procedures are already electronic	0.721	
2	Online access among our target workers is high	0.697	
2	Our organisation needs to use online recruitment to move with the times	0.574	
2	The culture of our industry is very much online	0.757	

After examining of the factors affecting the organizational adoption of online recruitment through corporate websites and commercial job boards, Parry and Wilson concluded that the factors affecting their adoption differed when analysed within the TPB and DIT frameworks. Four factors were identified to have an affect for the adoption of corporate websites for recruitment: subjective norms, positive beliefs/relative advantage, negative beliefs and internal compatibility, with the first three having a significant impact. There were two significant factors affecting the adoption of commercial job boards: compatibility and positive beliefs/relative advantage. (Parry & Wilson 2009.)

For the adoption of corporate websites, it is suggested that the significance of subjective norms comes from those organizations in an industry where employees and the organization have a tendency to be online more than in other industries. While the adoption of online recruitment in technology companies has been previously studied, the question of whether certain types of organizations are compelled by competitors or target job seekers to use online methods has not received much attention. Ajzen (n.d., according to Parry & Wilson 2009) states that "individuals that believe that specific individuals or groups think they should or should not perform a particular action will perceive social pressure to do so", and organizations may therefore feel pressure and are more likely to adopt online recruitment if

they perceive their industry or target job seekers are online also. (Parry & Wilson 2009.)

The “negative beliefs” factor suggested that the HR Managers who have a negative perception of using corporate websites for recruitment were less likely to use the method. This was also in accordance with Ajzen’s suggestions of negative perception, and that organizations with a negative perception of online recruitment are less likely to use it. Some of these negative perceptions have been previously studied and identified as being caused by an overflow of applications with high levels of unsuitability. (Parry & Wilson 2009.)

The positive beliefs/relative advantage factor, which revolved around cost and time savings, had a small, less significant and negative impact of the use of online recruitment ( $\beta=-0.13, p<0.05$ ). This result was surprising as it disagrees with previous research, however because the corresponding correlation between positive beliefs and adoption is small but positive, Parry and Wilson suggest that the negative beta value should be discounted due to the possibility of a suppressor effect. It is still interesting to note that the effects of positive beliefs were much smaller compared to subjective norms and negative beliefs, contrasting earlier research. (Parry & Wilson 2009.)

Parry and Wilson suggest that “adoption of corporate websites is becoming a hygiene factor for organizations in some sectors.” HR managers are expected to use corporate websites due to prevalent subjective norms instead of striving to achieve specific measurable benefits. The research also implies that more strategic recruitment planning taking cost and time into account could be more beneficial for organizations, rather than imitating competitors. Figure 20 below shows the factors affecting the adoption of corporate websites for recruitment. (Parry & Wilson 2009.)

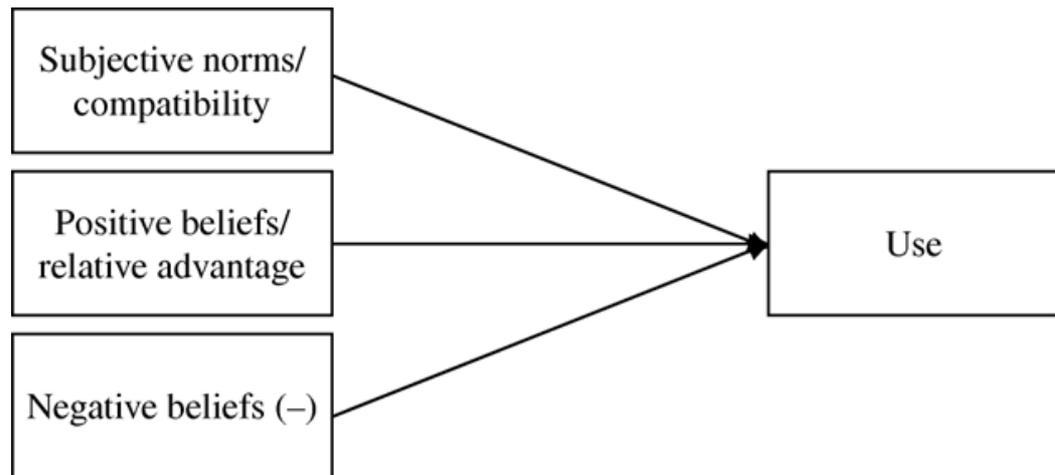


Figure 18: Model of the adoption of corporate websites for recruitment (Parry & Wilson, 2009)

In the survey of commercial job boards, the factors “compatibility” and “positive beliefs/relative advantage” were highly significant and in line with TPB’s positive beliefs as well as with Rogers’ factor of relative advantage. The results also supported literature which indicates that both a wider range of candidates (Galanaki 2002, according to Parry & Wilson 2009) and convenience of use (Arthur 2001, according to Parry & Wilson 2009) are advantages of using online recruitment. These advantages may differ from corporate websites because potential recruits viewing job boards may have not considered approaching the hiring organization directly before. Compared to corporate websites, commercial job boards may therefore expand reach or provide a relative advantage in terms of the costs of advertising. (Parry & Wilson 2009.)

Just as for corporate websites, the “compatibility” factor was also important for the adoption of using commercial job boards. The factor demonstrated some consistency with both Ajzen’s subjective norms and Rogers’ factor of compatibility: subjective norms such as “the culture of our industry as very much online”; and internal compatibility issues such as “our company welcomes the use of new technology” and “Most of my organization’s HR procedures are already electronic.” Figure 21 below shows the factors affecting the adoption of commercial job boards for recruitment. (Parry & Wilson 2009.)

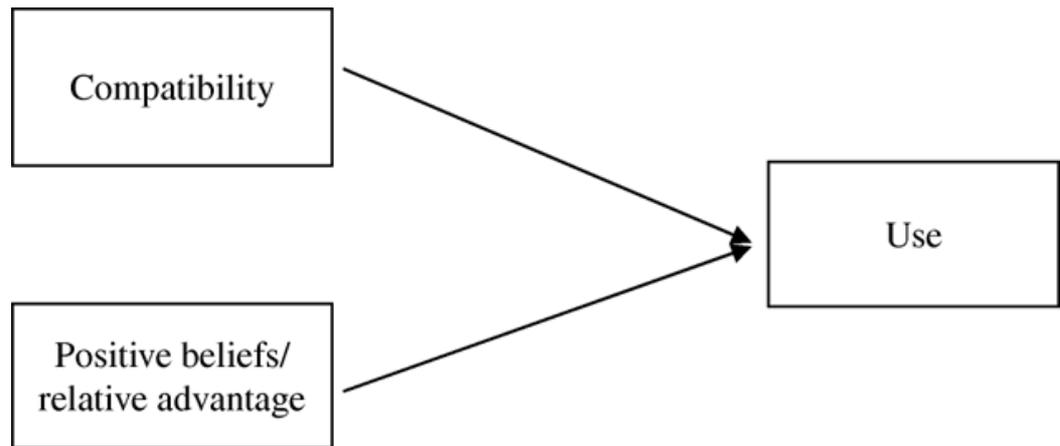


Figure 19: Model of the adoption of commercial jobs boards for recruitment (Parry & Wilson, 2009)

Previous literature has mostly dealt with online recruitment as a single subject. The findings of the study indicate similarities but also striking differences between the influencing factors of the adoption of online recruitment for corporate websites and commercial job boards. The findings of the study imply that online recruitment has developed significantly in the past few years to a point that individual methods can be segregated for more detailed future analysis. (Parry & Wilson 2009.)

## 5 STRATEGY & POSITIONING

### 5.1 Diversification

Companies looking to diversify their product and service offerings often look within their broader industry for opportunities. For example, an oil producer would consider itself in the energy business, and explore possibilities to expand their operations within that field. Enthusiasm for certain technologies, research and markets may cause companies to overlook one of their key competences independent of technology and products: the talent and experience that has been acquired within the company. These competences can then be used to determine logical areas for diversification. (Conrad 1963, 83)

Selecting the business portfolio to compete in is a fundamental part of corporate strategy. This selection should be a reflection of the superiority of related diversification versus unrelated diversification. Related diversification is seen as superior because it allows for the exploitation of interrelationships between different business units. In other words, existing knowledge, experience and processes provide a certain competitive advantage for the diversifying company. There are four general potential advantages of related diversification:

1. Asset amortization - utilizing economies of scope across business units which can share the same strategic asset.
2. Asset improvement - using a core competence created in the development of an existing strategic asset in one business unit to make improvements in the strategic asset of another business unit.
3. Asset creation - using a core competence created in the development of an existing strategic asset in one business unit to create a new strategic asset in a new business, and doing this faster or at a lower cost than the competition.
4. Asset fission – potential of the diversification process to expand a company's set of core competences. This is a result of the new knowledge and skills from building strategic assets in a new business. (Markides & Williamson 1994, 96-98)

Competitive advantage is highly dependent on the ability of a company or business unit to access and utilize their strategic assets. These assets can include patents, technologies, facilities or the knowledge and skills of the company's human resources (Markides & Williamson 1994, 100). Acquiring these assets while using them may not always be the decisive factor for success. There are other types of assets, which are non-tradeable, non-substitutable and difficult to acquire assets, which can be of even more importance to creating a competitive advantage. They are as follows with examples given for each:

1. Customer assets – brand recognition, customer loyalty, installed base
2. Channel assets – channel access, distributor loyalty and pipeline stock
3. Input assets – knowledge of imperfect factor markets, supplier loyalty, financial capacity
4. Process assets – proprietary technology, product/service/market-specific functional experience
5. Market knowledge assets – information on competitors, price elasticity of demand, market responses to business cycles (Markides & Williamson 1994, 108-109)

## 5.2 Strategy

Competitive strategy is gained from the differentiation of activities and delivering a unique mix of value (Porter 1998, 83). A unique strategic position with clear trade-offs often equates to the initial success of most companies. Through time, however, the addition of new products or services to emulate the activity of rivals and other efforts to serve new customer groups can lead to a loss of competitive position. For a company to remain connected to its strategy, it should ask itself the following questions:

- Which product/service is most distinctive?
- Which product/service is most profitable?
- Which customers are the most satisfied?
- Which customers are most profitable?
- Which activities in the value chain are the most different and effective?

The key is then to focus on these core customers and products, and for the company to rid itself of unprofitable activities which deviate from the core strategy. It can be said that the essence of strategy is actually what not to do. (Porter 1998, 95.)

Changing market conditions force companies to be flexible in their strategies and positions. Finding the right strategic position is often not obvious and requires creativity and insight. Some companies may find new entry points into markets which may have been overlooked by competitors. New entrants can take advantage of the new position that has been ceded by a competitor by drawing on their other business processes and activities. (Porter 1998, 80.)

Having a unique market position does not guarantee a sustainable advantage. Sustainability is derived from trade-offs with other positions, meaning that more of one activity necessitates less of another. Trade-offs are necessary for three reasons. First, trying to deliver different kinds of values to customers can cause confusion in customers, inconsistencies in a company's image, and undermine its reputation from a lack of credibility for that product or service. Second, the activities may require different product/service configurations, equipment, employee skills and management systems. Third, trade-offs occur when some activities are under designed and overdesigned. For example, an employee with in-depth knowledge of a certain field or function should not be used for activities which do not require such skills, therefore wasting the skills of the employee and incurring unnecessary costs. (Porter 1998, 84.)

Positioning choices of a company will determine which activities to perform, how they are configured as well as how they all relate to each other. Operational effectiveness describes excelling in individual activities, however strategy combines these activities. For a company to be successful in implementing its strategy, it must optimize all of their activities to work together in the best possible way. While a competitor may be able to imitate a certain activity to some extent, the possibility of it succeeding in matching the entire value chain diminishes with each interconnected activity. (Porter 1998, 86-88.)

### 5.3 Competitive Advantage

As has been implied by the earlier theories on strategy and competitive advantage, a company's resources provide real opportunities for success through differentiation. However, the rareness of these internal resources and capabilities when compared to the competition must also be taken into consideration. These internal assets can be both valuable and common at the same time. Therefore, management needs to consider whether competing firms already possess these same valuable assets, or how easily they can acquire them. This does not imply that common and valuable assets should be overlooked, as they can be a crucial factor in the success of a company. (Barney 1995, 17)

Competitive advantage can be achieved with valuable and rare assets, albeit only temporarily. In order to create sustainable competitive advantage, companies must also measure the degree of imitability. Competitors may try to imitate in at least two different ways. First, duplication can be used by acquiring the same kinds of resources as the company they are trying to imitate. For example, a company may imitate a competitor with a strong marketing department by developing their own marketing centered strategy. The second way in which a company may imitate another is by substitution. In this way a company may substitute another resource while having the same strategic implications. If this can be achieved in a cost effective manner, then it will result in competitive parity. Three factors can have a significant influence on sustainable competitive advantage:

- History - the collection of unique skills, abilities and resources acquired by a company which reflect personalities, experiences and relationships that can only be found in that single company.
- Small decisions - the ability to do many of the 'little things' right, which are not as easily seen by competitors, instead of a few 'big things' right can lead to a sustainable competitive advantage.
- Socially complex resources - these include aspects such as reputation, trust, friendship, teamwork and culture. (Barney 18-21)

Growing a company while preserving strategy can be a challenge. Spreading into new areas can again deviate from the strategy and cause confusion for customers. Identifying extensions to strategy which leverage existing activities and systems is

one approach to growth without undermining competitive advantage. This involves making activities more distinctive and communicating the value of the strategy to selected customers. Expanding operations beyond the home country is one way to leverage and reinforce the company's unique identity and position while still maintaining a focused strategy. (Porter 1998, 96.)

In short, while external forces may play a role in the need for a strategic shift, the possible outcomes of that shift will depend on many internal factors. Distinction seems to be one of the major themes in strategic theory that have been presented from different sources. Whether talking about the products, services, processes, resources or even history of a company, the possibility for long term success is highly dependent on doing what the competition cannot.

## 6 CASE COMPANY: INTERNATIONAL RECRUITMENT AGENCY A

### 6.1 Company Introduction

International Recruitment Agency A (IRAA) is a small privately owned specialized European recruitment agency with two offices in Western Europe. It caters to medium and large multinational companies in need of specialized mid to senior level professionals in the B2B and B2C sectors with a database of over 9,000 contacts. The internationally diverse team consists of the Director/Owner, four full-time recruitment consultants, office assistant, part-time office and marketing manager as well as one to two university interns. Between July and December 2009, IRAA advertised, searched and interviewed candidates, or managed the recruitment process for anywhere from ten to 35 positions at a given time. They place anywhere from 80 to 100 of these positions in a single year.

#### Mission

“[IRAA] provides expert, ethical and customer-focussed international [...] recruiting services tailored to the specific requirements of both our clients and candidates. Our culturally diverse team leverages their international [...] expertise with a determination to consistently exceed our clients’ expectations. We are dedicated to providing value to our clients, candidates and employees through leadership, integrity and teamwork (IRAA 2009).”

#### Vision

“We will become the recruiter of choice within selected countries of continental Europe for all organisations seeking to employ the highest calibre international [...] professionals. We will be recognised as the international [...] recruitment specialist and will accomplish this by attracting and recruiting world-class candidates, maintaining the highest ethical standards, and continually focussing on exceeding our clients’ expectations (IRAA 2009).”

## 6.2 Services & Activities

The size of IRAA requires it to focus on specific activities to remain competitive and deliver on their promises to clients. The central activities of the company revolve around the search, screening and selection of candidates for their clients. In addition to their recruitment activities, IRAA organizes dinners with their clients and professionals in their target business area for business development purposes. IRAA also publishes a quarterly newsletter about business and recruitment trends. The articles are relevant to both job seekers and employers. (Director 2010.)

### 6.2.1 Recruitment

IRAA's services are focused on the recruitment of middle to senior level professionals for companies with European and global operations looking to fill specialized positions. IRAA is therefore not a bulk, discount recruiter. On the contrary, their knowledge and experience revolve around the recruitment of the specialized business function, which requires IRAA to be highly selective in the assignments they service. Their assignments may come from new clients or existing ones either through requests or IRAA's own ad-chase activities.

Figure 22 on the following page illustrates the most typical recruitment process and activities for IRAA. The activities are divided between IRAA, the client and where both parties take part. The length of time for the entire process varies case by case. Within the process are several decisions that must be made by the client which can prolong the duration, as well as end the process midstream. Figure 22 does not account for other factors which may affect the process, such as a client making the placement through their own recruitment activities.

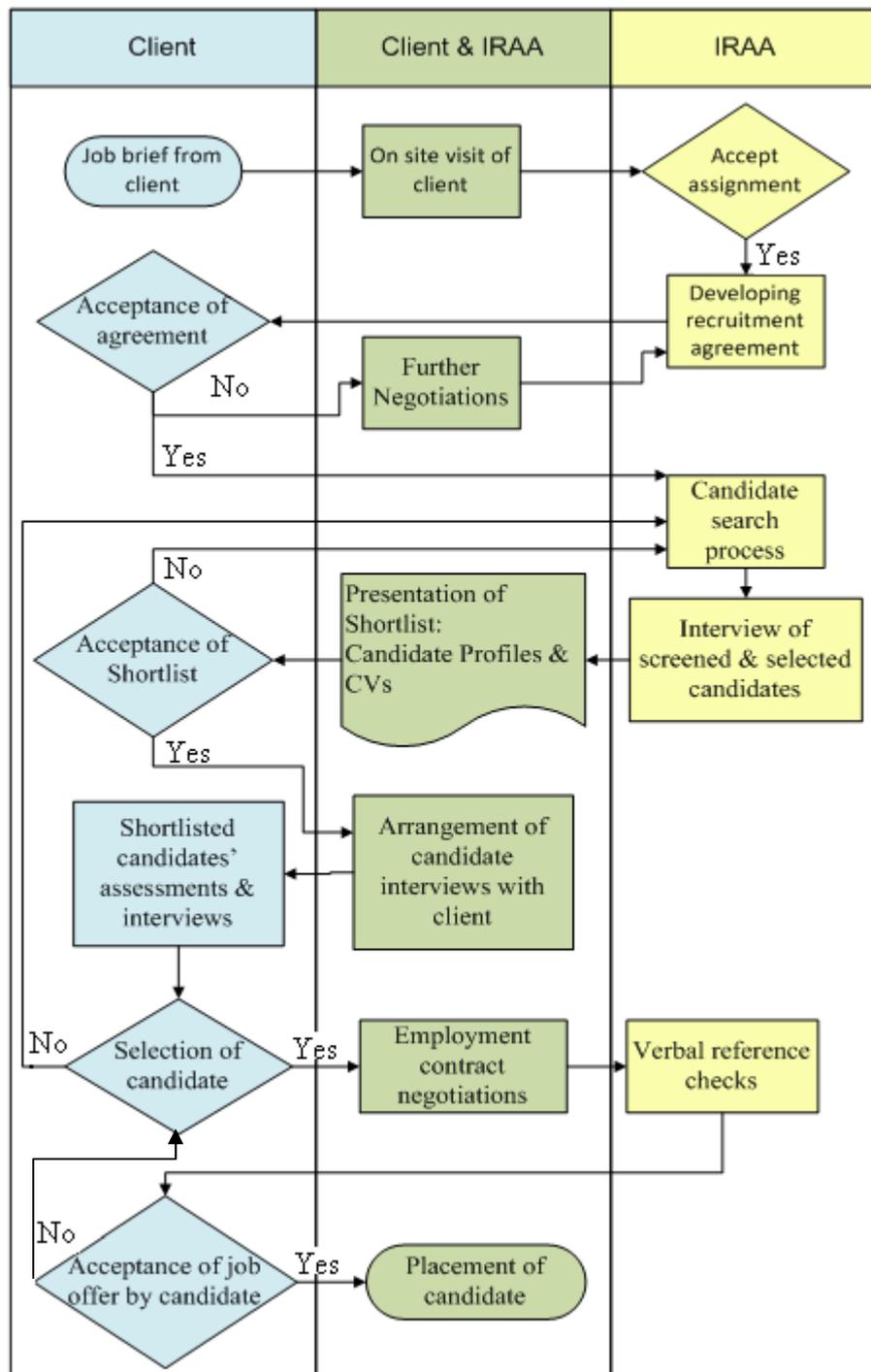


Figure 20: IRAA Recruitment Process

The process begins with a client's need to fill a position and IRAA is contacted to carry out the recruitment assignment. The job brief is an internal document developed by the client with influence from the specialized department, HR and the organization's core values and includes the most relevant information, such as the prerequisites of candidates, desired personality traits, and a description of the job.

Either through phone, email or a face-to-face meeting, the client will contact IRAA with description of the job brief or present the document itself. After the first contact, IRAA can usually know if the assignment is something that they can bring to fruition. A meeting with the client is arranged and serves three main purposes: first, it allows the IRAA consultant or consultants to get a feel for the work environment and the other team members to help their evaluation of candidates; second, it gives a more personal touch to the service, putting “a face with a name” so to speak; and lastly, it allows for the negotiation of the different terms and conditions which must be taken into account and subsequently agreed upon in the recruitment agreement. Based on the meeting, IRAA will then decide to either accept the assignment or not. If they do accept the assignment, a recruitment agreement is developed which includes IRAA’s services, timelines, fee structure and the general terms and conditions. Once the recruitment agreement is accepted by the client, the recruitment process begins.

Based on the needs of the client, IRAA will then search candidates from its own database of candidates as well as other external sources such as personal networks, SNWs, online advertising as well as headhunting. The candidates are quickly screened regarding the main prerequisites, and then take part in an interview with the consultant lasting 45 minutes to one hour. Interviews are competency-based to evaluate the candidates experience and ability to carry out the functions of the position (Kessler 2006, 22-24). A shortlist is then created including four to six candidates and their CV, with a one-page summary developed by IRAA based on the interview. IRAA pledges to deliver the shortlist three weeks from the date of accepted recruitment agreement.

The shortlist is presented to the client typically in a face-to-face meeting, but can also be through email and telephone. The client will give feedback and can accept or reject all or none of the shortlisted candidates. If all candidates are rejected, the search process resumes. If accepted, interviews with the candidates and the client are arranged by IRAA and the client.

When the client has found the right candidate for the job, IRAA will assist in closing the assignment. A reference check from the candidate’s previous managers or

colleagues is performed and reported to the client. IRAA also helps to manage client and candidate expectations in the employment contract negotiations. Upon the agreement of an employment contract with an IRAA candidate, the client is billed for services rendered. The will equal the full amount taking into account any retainers or pre-payments from the client at the start of the process.

### 6.2.2 Client Dinners

IRAA holds four to five evening dinners annually for some of their clients. The dinners are held for specialized business and industry areas and provide an opportunity for the different professionals to talk about the latest trends and happenings in their markets. While these dinners allow for some additional face time between industry leaders and IRAA consultants, they do not serve the purpose of advertising IRAA or creating dialogue about recruitment. However as a consequence, building these personal and professional relations through these kinds of passive promotional activities has proven successful in generating new business (Director 2010).

### 6.3 Challenges

The economic crisis in 2009 had a significant impact on most businesses. IRAA managed to stay afloat through various cost-cutting and relationship building activities; however the Director realized that more changes were needed to remain competitive and profitable in the future. Although many clients had hiring-freezes during the year, they were also able to easily source candidates through SNWs like LinkedIn. IRAA must therefore explore other alternatives to their business model to remain competitive against discount and internal recruiters while providing some extra that the online services cannot. The solution proposed by the Director is to move towards executive search, where IRAA finds the candidates that others cannot. (IRAA 2010.)

## 7 RESULTS & RECOMMENDATIONS

### 7.1 Online Recruitment Analysis

Parry and Wilson (2009) suggested that the use of online recruitment tools depends on the method itself, although they also shared similar factors such as subjective norms and negative impacts. The collective attitudes of hiring managers' peers as well as the compatibility of the online recruitment environment to the company had significant impacts; while the time and cost savings seemed to not be as relevant in these adoption methods as the other factors. Although it is therefore difficult for IRAA to have an impact on this decision to adopt online recruitment methods for its clients, it is still important to compare these findings with other data to make the best predictions for their likelihood.

The common beliefs on the effectiveness of online recruitment from a social norms perspective is difficult to know or predict without being inside of the company itself. This is because the online recruitment landscape is seeing fast growth in different ways. It is also difficult to know and predict because the adoption of corporate websites and job boards for recruitment will result in a trade-off. While online recruitment may save time and costs in searching for candidates, they also allow job seekers to apply to more companies and positions. With all of the recent layoffs across industries, HR managers will have a mountain of applications to sort through before finding the right candidate. The ability for new systems to deal with an influx of applications can help organize the processes; however reviewing them is still the same operation as before. The organizations view of online recruitment can therefore swing either way.

The use of SNW's by different age groups is one indicator of trends in online recruitment from a subjective norms perspective. Figure 19 in chapter 4.1.3 shows that LinkedIn is the most widely used by the older age groups, 24-35 (WebMediaBrands Inc. 2010). This demographic would include managers with recruitment authority; however it is less likely to include many key decision makers and strategy drivers of companies. In this case, the pressures of subjective

norms to use online recruitment within some organizations may not be as high. The growth of this demographic towards older age groups will probably have more significant consequences on the subjective norms towards adopting online recruitment within organizations.

It has only been four years since IBM Insitute for Business Value (2006) surveyed CEO's regarding sources of innovations in Figure 13 in chapter 4.1. The worldwide survey reported internet, blogs and bulletin as the least likely to provide new sources of ideas and innovation. Instead CEO's were looking at other sources such as partners, employees, clients, consultants as well as competitors. (IBM Insitute for Business Value 2006.) However, the online world has showed how fast it can develop year after year. Therefore this study conducted four years ago and may not be as valid today. A follow-up study has not yet been published, although it would give a better indication of how the adoption social networking strategies for innovation have grown. Further study could also be applied as to which business functions these online innovations are focused, whether only in sales and marketing or also in HR processes such as recruitment.

The implication of this for IRAA is that there are still organizations with specialized recruitment needs that are not being filled via corporate websites and commercial job boards. Identifying these potential roles and companies is then the challenge. Targeting employers less exposed to online recruitment methods, with more experienced managers and smaller HR departments could present the best avenue. The most accessible source of these companies is IRAA's current client database of previously satisfied customers. IRAA must therefore continue to service existing clients while maintaining customer satisfaction. This approach takes into consideration two of Porter's (1998, 95) strategy questions, identifying the most profitable and satisfied customers. The trade-off with this activity is that it can take away time from remaining visible to past clients.

LinkedIn's growth (eBizMBA 2010) and profitability (The Economist 2010) shows signs that it will continue to be used in the near future by both internal and external recruiters. One risk facing its credibility will be whether it can keep its best contacts active while getting bombarded by messages regarding job oppor-

tunities from headhunters. Although privacy settings can be modified to not receive messages for certain requests, that may not stop the more unscrupulous recruiters from trying to make contact. It is possible that the website could face similar problems as MySpace in maintaining users if there is a change in direction of its content. (The Economist 2010.)

For the longer term, it is difficult to predict how LinkedIn and other career based SNWs will affect the operations of IRAA. While they provide opportunities to source potential candidates and build networks for IRAA, it gives that same possibility to other recruitment agencies as well as internal recruiters. Kluemper and Rosen (2009) demonstrated in their recent study that it is possible to consistently evaluate profiles from SNWs with minimal training. This further emphasizes the need for IRAA to differentiate its service offer. For IRAA to make the most out of the current situation with LinkedIn, it must maintain a positive presence and take careful consideration about actions that may affect its reputation on the site. In order to differentiate itself successfully, IRAA can integrate its activities on LinkedIn with its other strategic processes to be more difficult to copy as implied by Porter (1998, 88).

As Kluemper and Rosen (2009) also pointed out, careful consideration must be taken when evaluating candidates on SNWs. Employers are now using these sites to evaluate job seekers' personalities and also basing some of their hiring decisions based on the content. Whether this is an appropriate action for IRAA to imitate depends very much on the European Union's Equal Opportunity Employment Laws and what, if any, consequences could arise. This activity does have the advantage of being able to evaluate personalities without face-to-face interviews and provide a more rigorous screening process for IRAA's shortlisted candidates.

## 7.2 Strategic Positioning Based on RPO Trends

From the analysis of Dr. Jones' (2009) findings on the reasons and trends behind RPO, it can be said that IRAA is in a favorable position. The target positions recruited by IRAA are among the top outsourced positions – executive and middle

to senior management. IRAA also fills in some contingent and contract labor positions from time to time. However this is not a core activity as most clients need to fill specialized positions requiring more than just one-off projects. In addition, the top professionals in the field are less willing to take temporary positions, and IRAA's focus is finding and tracking these top professionals.

IRAA's services are a mix of tactical and strategic processes. Many of their professional contacts are active on SNWs and can therefore be found by both IRAA and employers. IRAA's search processes also involve the use of widely available resources in addition to their own network contacts, database management and advertising activities. The vast network of professionals available on SNWs means that this activity can be considered profitable in its cost-effectiveness; however it lacks distinction without other strategic activities (Porter, 1998).

IRAA also uses strategic means to source, track and place professionals in the field who are not actively online. This can be described as a distinctive service identified by Porter and the most unique and effective activities in their value chain. It differentiates their services from those that a client's own HR department can provide. With additional focus towards a more passive and strategic executive search, IRAA is therefore able to meet two of Porter's criteria. What remains to be seen are how client satisfaction will be affected and where these activities can be profitable. (Porter 1998, 95.)

It is interesting to note, however, that IRAA's contingent placements can be one of its most profitable services. This is due to the billing structure, and fees continue to be charged throughout the duration of the temporary contract. Relating this back to Porter's (1998, 95) second question for maintaining a connection to central strategy, which service is most profitable, the advantages of contingent and contract labor services should therefore be further investigated. IRAA already has processes in place to identify potential contingent and contract employees. In spite of this, these are not seen as the top professionals in the field and this activity has the possibility of confusing clients, tarnishing the image of IRAA's services and deviating from its core strategy.

## 8 SUMMARY

The year 2009 proved to be a decisive period for many businesses. It was evident from the author's own observations prior to initiating the research that the online landscape was changing the way companies do business and carry out other activities. These observations were further developed with a focus on recruitment during the author's practical training experience at IRAA. The recruitment agency was facing an uphill battle to service the few clients who were still hiring while competing with internal and discount recruiters. The large pool of both qualified and less qualified job seekers only added to the dilemma. The Director of IRAA decided that in order to stay competitive, the agency had to make a strategic shift. The proposed shift would be towards executive search activities, where IRAA would actively seek out potential candidates. In the words of the Director (2010, the activities would be aimed towards "finding those professionals that our clients cannot."

Qualitative research was undertaken to evaluate the soundness of this proposed strategic shift. Areas of research were based on the author's own observations and interaction with the Director and consultants at IRAA. These areas included human resource management, recruitment processes, outsourced recruitment, online recruitment as well as Social Networking 2.0. Critical analysis was carried out using inductive research methods to provide a clear perspective of the current employment market and online environments. The analysis of different sources also allowed for some predictions to be made about future trends in social networking and recruitment process outsourcing.

Several trends were identified upon collection of data and analysis of the different topic areas. First, there is a substantial amount of future uncertainty in recruitment process outsourcing by businesses. Those using RPO are on the border of being satisfied and replied with uncertainty regarding future activities. Companies outsourcing more strategic processes, on the other hand, showed a significantly higher return on investment compared to those with tactical outsourcing. Businesses were also more likely to outsource the tactical activities, while keeping those activities important to their talent acquisition goals as internal processes. However,

the recruitment of middle to executive level managers were among the top positions which outsourced.

Second, the research found that companies were openly adopting online recruitment and claiming success. Among these companies are Intel, US Cellular and Nike (Pollitt 2005; The Economist 2010). The adoption of online recruitment has become a more complex topic, and the research by Parry and Wilson (2009) showed that companies adopting these new tools do so for different reasons. Their results concluded that the subjective norms, positive beliefs/relative advantage and negative beliefs influenced the adoption of corporate websites for recruitment. The two significant factors affecting the adoption of commercial job boards were compatibility and positive beliefs/relative advantage.

Lastly, Social Networking 2.0 is undergoing tremendous growth in several areas, including those surrounding business and its professionals. While IBM's 2006 survey of worldwide CEO's revealed the insignificance of Web 2.0 technologies as sources of innovation, newer trends may have changed this view. Social networking sites such as Facebook and LinkedIn are experiencing tremendous growth and even profitability in the case of the latter. These SNW are changing how employers are recruiting and evaluating candidates, even with possible legal repercussions regarding Equal Opportunity Employment laws. The study by Kluemper and Rosen (2009) further supported the ability for observers to make consistent observations of personality using the information based on SNW profiles.

Several conclusions were made from the research. First, it is difficult for IRAA to have an impact on the decision of companies to adopt online recruitment methods. Next, the adoption of corporate websites and job boards for recruitment will result in a trade-off within companies. Online recruitment can save time and costs in searching for candidates; however it also allows job seekers to apply to more companies and positions. This may result in more work and frustrations for the HR department and the organization as a whole, and the view of online recruitment can easily swing in a positive or negative direction in just a short time. Furthermore, while there are still organizations with specialized recruitment needs

that are not being filled via corporate websites and commercial job boards, IRAA still must identify these potential roles and companies. Targeting employers less exposed to online recruitment methods could present the best avenue and may be found in IRAA's existing client database. IRAA should also maintain its presence on LinkedIn as the SNW's future looks bright yet is still unclear.

Michael Porter's theories on effective strategy for repositioning were then used to analyze the compatibility of IRAA's proposed strategic change to executive search against the findings of the empirical research. Porter's theories can be summed up into identifying distinctive and profitable services and activities based on the current service offers and existing clients. The findings of the research implied that proposed strategic shift into executive search was an appropriate course of action for IRAA. The research supports this as the new necessary processes can be integrated together with old ones while adding to the company's distinctiveness and making its processes more difficult to imitate. However the shift must be slow and gradual so as not to confuse clients and still provide sought after services which are profitable for IRAA and successful from the clients point of view.

The topics of this study vary widely from well-established processes to very new technologies and trends. The research brought together many theories and subject areas in an attempt to answer the research question. It is suggested that further research be conducted with specific focus on recruitment, and more importantly, the use of SNW's to recruit talent.

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