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What Every HR Manager Needs To Know About Online Recruiting

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Introduction

For years, large enterprises have been incorporating online recruitment methods into their talent strategies. These companies have been increasingly successful using the Internet as a primary recruiting ground, especially in attracting top-performing candidates who are actively employed in other jobs.

In order to remain competitive, now is the time for small and mid-size companies who have not yet embraced online recruiting to do so. This white paper discusses topics that HR Managers need to know to understand the growing importance of online recruitment, and to create strategies that fully utilize the Internet as a key source of highly-qualified applicants.

This paper also introduces e-recruiting software as a key tool to help your organization automate the various aspects of the recruiting process, integrate Internet resources and methods, and save money by reducing cost-per-hire and time-to-hire.

Trends in Internet Recruiting: Why You Need an Online Strategy

Today, two trends mandate the need for small and medium sized businesses to invest in the tools for a successful online recruiting strategy. The first is a demographic trend; the other is financial.

Strategic sourcing for the coming talent wars

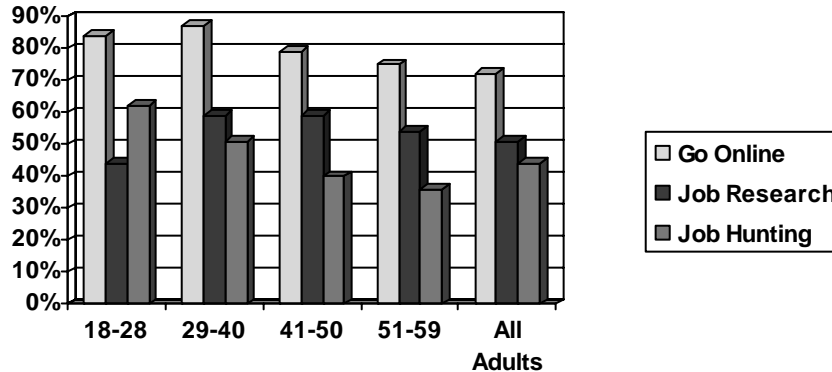
A 2005 survey by the Aberdeen Group found that 80% of HR executives were more concerned about finding and retaining talented employees than any other strategic HR challenge.¹ Demographic trends at work in the labor market give executives plenty to worry about. The largest generation of American workers in history is rapidly approaching retirement. As the 77 million Baby Boomers leave the workforce starting in 2011, there will not be enough workers to replace them. By some accounts, America may face a labor shortage on the order of 20% unfilled jobs by the end of this decade, with 2.6 jobs being created for every new worker entering the U.S. workforce.² According to the U.S. Small Business Administration, 60%-80% of all new jobs are created by companies with less than 500 employees. This means that in the coming labor shortage, small and midsized companies will have to compete much harder for job applicants, especially the much sought-after “A” level candidates. It will

¹ Aberdeen Group, “The HR Executive’s Agenda,” September 2005, pp. 2.

² John Sumser, *2003 Trends: The Human Capital Marketplace*, August 2002, pp. 10-11, www.interbiznet.com/2003HCI/trendsrequest.html, accessed on February 3, 2006.

be critical for HR departments to use the most effective tools in their recruiting arsenals to keep their companies competitively staffed. The Internet currently offers some of the most successful recruiting tactics available.

Percentage of Americans Online by Age Group



Source: *Pew Internet & American Life Project*

Part of the success of online recruiting can be attributed to the large volume of potential candidates. The overwhelming majority of Americans now regularly use the Internet. Many also look for job opportunities online. The Pew Internet & American Life Project studies the way the Internet intersects with American life. In 2000 and 2002 the organization studied use of the Internet in job hunting. In the short span of two years, the number of Internet users who reported looking for a job online jumped by 60% to more than 52 million Americans. On any given day, more than four million Americans searched for new employment online.³ These numbers would likely trend even higher today, as 72% of all Americans go online, but more importantly, nearly all Generation X and Y workers (those between the ages of 21 and 41) regularly use the Internet.⁴

According to a recent recruitment sourcing study by CareerXRoads, the Internet accounts for 29.6% of new hires, second only to employee referrals.⁵

³ Angie Boyce and Lee Rainie, "Online Job Hunting Data Memo," *Pew Internet & American Life Project*, July 2002, p. 1, www.pewinternet.org/topics.asp?page=4&c=1, accessed on February 5, 2006.

⁴ Mary Madden, "Generations Online Data Memo," *Pew Internet & American Life Project*, December 2005, p. 3, www.pewinternet.org/topics.asp?c=2, accessed on February 7, 2006.

⁵ Gerry Crispin and Mark Mehler, *CAREERXROADSs 4th Annual - Sources of Hire 2004*, March 2005, p. 5.

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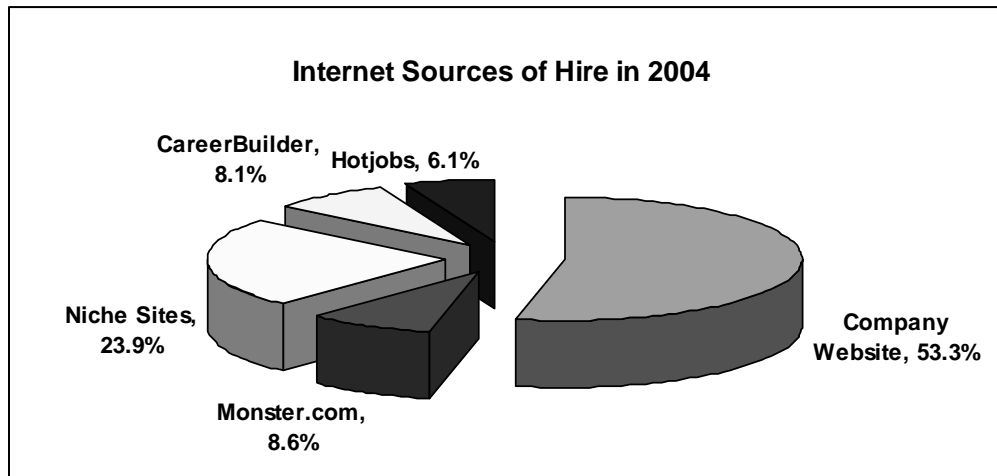
Making the most of your recruiting budget

A reduction in cost per hire provides the second rationale for companies to investigate online recruiting. Most HR executives face stretched budgets and resources at a time when recruiting demands are accelerating. Finding the most cost-effective methods to recruit top performers will be essential. A recent SHRM (Society for Human Resource Management) study compared the cost per hire using Internet recruiting vs. a metropolitan newspaper classified advertisement. The cost per hire for the online strategy averaged just \$377 while the newspaper method cost an average of \$3,295 per hire.⁶

First Things First: Improve Your Company's Career Website

Each year, CareerXRoads, a staffing strategy and e-recruiting consultancy, conducts two important studies in online recruiting trends. The first examines sourcing for applicants who are hired by participating companies over a one-month period. The other study uses a fictional resume to apply for jobs at companies listed in the *Forbes* 100 Best Places to Work. This study seeks to understand the online job seeker's experience.

The 2004 Sources of Hire Survey provides a breakdown of the 29.6% of new hires derived from "Internet" sources. Just over half of such new hires were identified with the company website as their source of introduction to the company. Your company's website is the most obvious place to start improving online recruiting efforts.⁷



Source: CAREERXROADS Sources of Hire Survey

⁶ "Employment Recruiting Related Stats," www.recruitersnetwork.com/poll/stats.htm, accessed on February 6, 2006.

⁷ Gerry Crispin and Mark Mehler, CAREERXROADSs 4th Annual - Sources of Hire 2004, March 2005, p. 5.

In a 2005 survey conducted by CareerXroads and the Wall Street Journal's website, CareerJournal.com, 85% of respondents reported visiting a corporate website for reasons other than job search but nevertheless looking at the company's open positions. This is particularly interesting because this behavior is most likely associated with passive job seekers – those sought-after workers already employed at another company. Even more surprising, at least 64% subsequently applied for jobs discovered in this way.⁸ Encouraging these “virtual walk-ins” is a good reason to include a direct link to your career page in the standard navigation presented on every page of your corporate website. Try to minimize the number of clicks required to reach job descriptions from the company home page.

The 2005 job seeker experience study revealed a number of best practices for company employment websites to help ensure top performers are left with a positive impression of your company. Consider these best practices when designing your career site:⁹

1. **Target** your content to your desired audience. Are you seeking top performers? Speak to their aspirations and motivations. Seeking a diverse workforce? Tailor some content directly to women and minorities.
2. **Engage** your potential candidates with memorable messaging that reflects your corporate employment brand. Use engagement throughout your career site – it's what answers the prospect's question “why would I work here instead of another company?”
3. **Inform** candidates with relevant content that answers their questions about your company, your open positions and corporate culture. Content on company career pages should always describe available jobs and benefits information, but might also go further to include information on the company's involvement in the community, local area information (for out-of-area prospects), employee testimonials, diversity issues, corporate values, career progression, and more.
4. **Respect** those who take the time to apply. The authors suggest the following practices to ensure your initial positive impression becomes the lasting one for future employees:
 - Confirm a resume or application was received and thank candidates.
 - Inform candidates of how the rest of the review process will proceed.
 - Invite candidates to check application status.
 - Promise to protect their privacy.
 - Offer a rejection when the candidate is eliminated from consideration.

The New Dot-Jobs Domain

The summer of 2005 brought an exciting new tool for online recruiters – the launch of the “.jobs” Internet domain. These URLs are available to any company wishing to create a website to promote job openings. Designed to eliminate scam employment

⁸ Ibid., p. 11.

⁹ Gerry Crispin and Mark Mehler, “The Job Seeker Experience & Why You Should Care: The Good, The Bad and The (Very) Ugly,” June 2005, pp. 8-21.

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websites and to help job seekers connect more directly with corporate websites, the .jobs domain is administered jointly with SHRM and each application is validated by a person. Each URL follows the same format (www.companyname.jobs).

Tom Embrescia, chairman of .jobs, anticipates that the .jobs domain will improve online recruiting in several ways. He explains that .jobs will “make the recruitment process simpler for companies to recruit; it will make recruiting uniform for all companies; and that means that job seekers will find the jobs faster and companies will be able to more quickly fill open positions.”¹⁰

Online recruitment and search engine optimization expert, Joel Cheesman believes the .jobs domain will also help companies elevate themselves in applicant job searches by providing a dedicated home page for online recruiting efforts. He notes that big search engines like Google place special emphasis on information found on the home page. But most companies barely mention careers on the home page of their corporate web sites. The .jobs domain can change that, dramatically improving where your online recruitment efforts come up in an applicant’s Web search.¹¹

To launch a .jobs website, visit www.employmedia.com and fill out an application for your company.

Search Engine Optimization for Increased Recruitment Traffic

According to Joel Cheesman, almost 80% of job seekers will run an online search first when they start to look for jobs. Pew Internet Project reports that nearly 60 million Americans use search engines on an average day. With those statistics, it makes sense to invest some resources in search engine optimization. This process helps to ensure that web sites are designed with superior search engine placement in mind. Studies have shown that most Internet searchers will never get to the second page of results after conducting a search. To get noticed by applicants, your company must come up in the first page of results. With more than 7 million pages added to the Internet every day, staying on top takes dedication and expertise.

Navigating the World of Job Boards

Internet job boards are the second most common form of online recruiting after using your own corporate website. Job boards work much like classified ads in the newspaper, except that job boards are global, allowing your company a much larger reach into the candidate pool. And on most job boards, both the employer and the candidates are advertising. Job seekers can post their resumes to be viewed by interested employers.

¹⁰ Steve Bates, “New .jobs Internet domain to debut in 2005,” April 8, 2005, <www.shrm.org/hrnews_published/archives/CMS_012106.asp>, accessed on February 8, 2006.

¹¹ Joel Cheesman, comments given at “Future of Recruitment: Trends and Strategies for 2006,” online event, February 7, 2006.

Additionally, many job boards enable recruiters to proactively search their databases using keywords and queries to shorten the amount of time needed to identify candidates (both active and passive) that should be further considered using the interview process. Job seekers usually use job boards for free. Most boards charge employers fees for posting jobs and searching resumes; some boards are free to both parties.

The Big 3: Monster.com, HotJobs, and CareerBuilder

Monster.com, Yahoo Hotjobs, and CareerBuilder are massive online employment boards that charge fees in exchange for employment ads and resume searching. Monster.com is the largest. All three have been widely utilized by both job seekers and employers since the start of Internet recruiting. Together, these three job boards surpassed \$1.2 billion in revenue in 2004.¹² They can present both advantages and disadvantages to your recruiting efforts.

Working in their favor, these job boards receive the most traffic of any employment websites and spend the most on advertising to raise awareness among job seekers. These are the job boards that run commercials during the Super Bowl. Additionally, these services have a truly global reach and operate subsidiary job board services in emerging employment markets.

Some recruiters find the size of these job boards to be a hindrance. A single job posting often results in hundreds of resumes, many from applicants that are “stretching” their qualifications because it is so quick and easy to apply for jobs online. Many HR departments find it difficult to process and review that many applicants. If a deluge of applications will prevent you and your staff from adequately responding to every applicant, you could turn off your ideal candidate.

Other General Job Boards

In addition to the Big 3 job boards, many similar but smaller general job boards exist. Some even offer free listings to employers. These job boards may have varying levels of functionality. When using general job boards, make sure they receive enough traffic to merit your efforts.

Niche Boards Offer More Targeted Audience

Increasingly popular among recruiters and job seekers alike, “Niche” job boards are springing up across the Internet. These specialized job boards seek to serve a specific industry, geography, or specific group of workers. For positions that require specialized skills and experience, niche boards can help you advertise to a more

¹² Jonathan Pont, “Leading Job Boards Address Challenges of Globalization,” *Workforce Management*, November 7, 2005, pp.49-51.

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targeted group of candidates. Though you may receive fewer resumes per posting than with general job boards, the candidates searching these boards might be more apt to have experience in your industry.

There are boards that target the engineering, insurance, software development, science, and telecommunications industries, to name a few. Job boards designed to serve specific groups of workers may focus on transitioning military personnel, finding jobs for veterans or connecting Hispanic/Latino bi-lingual workers with employment.

An easy way to start exploring the world of niche job boards is to visit www.nicheboards.com, a job board portal that brings together an alliance of twelve niche boards serving different groups and industries. Nicheboards.com receives 3 million visitors per month and posts more than 100,000 new jobs.¹³ But there are a multitude of other niche boards available to you.

A good method for determining which job boards are worthy of further consideration in your staffing strategy is to assess the volume of visitor traffic to the sites. The most perfectly targeted niche board serves no purpose unless a pool of qualified applicants regularly visits it. To find out which boards receive the most traffic, visit www.Topjobsites.com. There you can review the top ten niche job sites, as well as a list of the most-visited job sites in each industrial category.

How to Write an Effective Internet Job Posting

Whether you choose to post your open positions on your company's website, job boards, or both, you'll need to write an effective job advertisement. Online recruitment ads require a very different approach than newspaper classified ads, according to Peter Weddles, widely published HR columnist and former Chairman & Chief Executive Officer of Job Bank USA.

In his article, "Job Ads That Don't Work," Weddles declares that most companies produce online job ads that convey too little information and have very little appeal. This demotes the company's employment brand and transmits the wrong message to online jobseekers, who "want an ad with enough selling power to sway them into considering a new position, even when they aren't looking for one."¹⁴

¹³ Nicheboards.com, "The ABC's of Choosing a Great Niche Job Board," <www.recruitersnetwork.com>, accessed on February 5, 2006.

¹⁴ Peter Weddles, "Job Ads That Don't Work," <www.weddles.com/tips/hr.htm>, accessed on February 5, 2006.

Instead, he suggests that you think of your online job advertisement as an “electronic sales brochure” and write it in the style and tone of a large advertisement instead of a classified. Here are some tips to help you convey the right message:

- Consider your employment brand in every job ad you post. Does it convey the right enthusiasm about the company?
- Remember that the Internet does not have the same space constraints as print advertising. Online job seekers expect plenty of information about the position.
- Fully describe the duties and responsibilities of the job.
- List specific job requirements, including skills and experience. Detail exactly what you expect from candidates; this helps reduce the number of resumes you’ll receive from under-qualified candidates.¹⁵
- Describe the corporate culture with a mind toward selling your company’s most positive attributes. Be honest and enthusiastic.
- Consider describing a typical day in the advertised position, to form a more complete image of the job in the minds of potential applicants. Help top performers envision themselves making a difference at your company.
- Pay careful attention to the keywords you associate with your ad. Keywords will determine whether job seekers find your ad when they conduct a search.¹⁶
- Provide a link to your corporate career site so job seekers can find answers to questions about your company’s products and services, leadership and benefits.
- Give clear instructions on how to apply for the position and how you will further communicate with job seekers. If you do not intend to reply to all resume submissions, be sure to set that expectation up front. (This risks setting a negative tone for “A” level candidates – a better approach might entail using software to generate automated correspondence with every applicant.)

Move Your Employee Referral Program Online

The effectiveness of employee referral programs is undisputed. Sourcing studies reveal these programs to be among the best recruiting strategies in recent years, accounting for more than 30% of external hires in 2004.¹⁷ It’s a win-win solution for employers and existing employees. Employers enjoy dramatic savings in cost-per-hire over other recruiting methods. Paying an employee \$500 or \$1000 for a quality referral is a bargain compared to the typical recruiting agency fees. Plus, your

¹⁵ Louise Fletcher, “How to Write Effective Online Job Postings,” US Chamber of Commerce Small Business Center, <www.uschamber.com/sb/hiring/051025_monster3.htm>, accessed on February 7, 2006.

¹⁶ Brian Weis, “Writing an Effective Internet Job Posting,” <www.recruitersnetwork.com/whitepapers/effectiveads.htm>, accessed on February 7, 2006.

¹⁷ Gerry Crispin and Mark Mehler, *CAREERROADSs 4th Annual - Sources of Hire 2004*, p. 5.

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existing employee receives some positive recognition, some supplemental income and the advantage of helping to pick new recruits with whom they would like to work.

If you have not yet instituted an employee referral program, get started right away. It can represent one of the most cost-effective ways to recruit qualified candidates who are a good fit with your corporate culture.

If you already have a referral program in place, consider placing it on your corporate Intranet site so that your employees can easily access instructions and quickly fill out referrals to send to HR. Most importantly, adding your employee referral program to your online recruiting efforts can help you automate tracking and reporting your successful hires from this source.

Explore Internet Social & Business Networks

The Internet now offers new ways to build elaborate social and professional networks. And recruiters are taking advantage of the innovation to search for passive job seekers with specific skill sets. Using mutual acquaintances to help establish contact, you can reach top-performing candidates even when they are not actively looking for new employment.

LinkedIn is probably the best known professional networking website, used by more than 1.8 million users in 120 industries.¹⁸ It is free to join and has recently launched a companion service LinkedIn Jobs to help users network into specific job postings. Social networking takes place all over the Internet, from Yahoo Groups to Classmates.com. Anywhere people of similar interests gather, there is an opportunity to network online, though business-oriented networks might prove more useful to recruiters than socially-oriented networks.

Blogging

Web logs, or “blogs”, are online journals written by one person or a small group of persons. Entries or “posts” are added at regular intervals. The writing style is personal, with the added ability to include links to other web pages and receive feedback from readers in the form of comments.

There are thousands of blogs on the Internet and some online recruiters think that blogs present a great way to communicate your employment brand to potential

¹⁸ Jennifer Berkshire, “Social network recruiting: software and online services help recruiters mine their contacts for candidates and referrals,” *HR Magazine*, April 2005.

employees, especially passive job seekers who are happily employed elsewhere. Low cost and easy to use, blogs get passed from one person to another and linked with other blogs, creating a viral network connecting recruiters with potential employees. The informal writing style of a blog presents a more intimate look inside your company's culture and adds a human element of "believability" not easily achieved through official corporate communications. In addition, prospective candidates and current employees can add comments to your blog (though you cannot control what is posted).

Some recruiters are less comfortable with blogs and believe them to offer little, if any, value to the recruiting process. An infrequently updated blog that lacks relevant content might leave candidates searching for meaning.¹⁹ And there is the potential to do harm to the company's employment brand if the blogger conveys negative information or attitudes about the company.

If you decide to incorporate a blog into your corporate career website, here are some general pointers²⁰:

- Update content on a regular basis
- Convey a sense of what it is like to work for your organization day-to-day
- Highlight an Employee of the Week
- Link to news items about your company
- Create a written policy for employees regarding blogging about the company
- Enable RSS feeds, so that viewers can sign up for real-time updates as they become available

Positioning Your Company for the Future with e-Recruiting Software

After deciding to embrace online recruiting techniques, HR managers face the challenges of integrating their online efforts into existing recruitment methods and tracking all of these activities together. Ultimately, an automated process that manages open positions as well as applicants can help companies fill each job with the right person at the right time, using all of the traditional and online recruiting tools available to them, and without adding more burden to the HR department.

Recruiting software can help optimize recruiting processes by automating the recruiting workflow and more accurately tracking sources of hire, and enabling companies to better analyze which efforts produce the best results. e-Recruiting software uses Web browser and self-service technology that enables all participants

¹⁹ Susan Ladika, "Blogs: A New Frontier in Online Recruiting," *Workforce Management Online*, May 2004. www.workforce.com

²⁰ Andrew McIlvaine, "Blogs: Opportunities and Risks for HR," *Workindex.com*. www.workindex.com/editorial/hre/hre0506-21.asp

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(recruiters, HR managers, hiring managers and applicants) to interact with the software at the appropriate stages of the recruitment process. This reduces inquiries to the HR department, speeds time-to-hire, and contains cost-per-hire. e-Recruiting software with self-service features can automate:

- Job requisition creation and approvals
- Career center and job board postings
- Employee referrals
- Online applications
- Resume submissions
- Applicant screening questions
- Interview scheduling & routing
- Correspondence with applicants
- On-boarding for new hires
- EEO and Affirmative Action reporting
- Sourcing, cost and time-to-hire reporting

Here are some key questions to ask when analyzing your current recruiting processes and developing your online recruiting strategy:

- How are new job requisitions created and approved?
- Where are jobs posted and how are they handled?
- Where will employees and applicants find your open jobs?
- How is applicant data (resumes and applications) collected?
- Once applicant data has been collected, how do you manage and search this information for matches with open jobs?
- How are candidate resumes/applications managed and routed?
- How is the interviewing process managed?
- How does new hire information get entered into your HRMS?

The key to fully automating recruiting processes is choosing e-recruiting software that meets your company's needs with the right balance of cost, features, simplicity, and integration to your HRMS system.

About Sage Software

Sage Software offers leading business management products and services that give more than 2.3 million small and mid-sized customers in North America the insight for success throughout the lives of their businesses. Its parent company, The Sage Group plc (London: SGE.L), supports 4.3 million customers worldwide. For more than 25 years, Sage Software has delivered easy-to-use, scalable and customizable applications through its portfolio of leading brands.

The Sage Abra HRMS business is an important part of Sage Software's growth, and contributes the company's HR and Payroll domain expertise. Other well-known brands in Sage Software's portfolio include ACCPAC, ACT!, BusinessVision, CPASoftware, FAS, MAS 90, MAS 200, MAS 500, MIP, Peachtree, SalesLogix, Timberline, among many others. For more information, please visit the Web site at www.sagesoftware.com/moreinfo or call (866) 308-BEST.



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