

Алматы Менеджмент Университет



МЕНЕДЖМЕНТ БИЗНЕС АНАЛИТИКА

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слушателей программы МВА

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CHANGES IN HIRING AND SELECTION PROCESS TOWARDS ONLINE RECRUITMENT

Last few decades have been characterized by dramatic technological change. The developments in information and communication technologies in every aspect of our life (ranging from basics such as food and energy supply to complex manufacturing, biotechnology etc.) have significantly changed the world (Kew and Stredwick 2010).

Virtually all business functions are aided by information systems and technology, but its impact on the recruitment industry deserves a special attention.

Firstly, recruitment remains one of the most critical tasks for any firm, and as businesses expand and become more complex, sustaining a highly competitive workforce becomes vital for business survival and continuous success (Barney and Wright 1998). HR researchers define sophisticated recruitment process as the fundamental component of HR best practices that contribute to performance improvement in the organization. Kew and Stredwick highlight the importance of bringing “the right people with the right skills and personality” through careful and rigorous recruitment and selection for organizational success (2010, p415). Recruiting and retaining outstanding people is believed to be one of the most effective ways to achieve sustained competitive advantage (Farnham 2010). Moreover, with increase of globalization industries are becoming more skill intensive, and getting the right people at the right time is becoming tougher than ever (Yoon Kin Tong 2009).

Secondly, among other business functions, recruitment is the area where technological change has had most significant impact. In fact, it is argued that only few markets have been “hit as hard by the power of the Web and E-commerce as the recruiting industry” due to the speed and the force of the impact Web had on the way the recruiting industry works (Kay 2000 - cited by Singh and Finn 2003). The process of selection has changed considerably over the past few years – from advertising vacancies in newspapers/TV/radio to the use of online application forms, candidate selection software and social media sites (HRM International Digest Journal 2013).

Following the practice of foreign companies, in the middle of 90s, large multinational organizations in Kazakhstan started changing their recruitment practice to respond to growing business needs (Adilova 2002). Companies started to adapt diverse recruitment methods, such as cooperation with educational institutions and recruitment agencies, online recruitment implementation, candidate selection software etc. The main driver of the changes was to hire best candidates – talented personnel who fit the company culture and are able to contribute for organizational success. As stated by Peter Crush (2011): “Investment in more innovative recruitment techniques is not driven by a shortage of candidates, but the demand to find the best”.

One of the Kazakhstani oil companies which revised its recruitment practice and implemented online hiring tool last year is “Tengizchevroil” LLP (TCO).

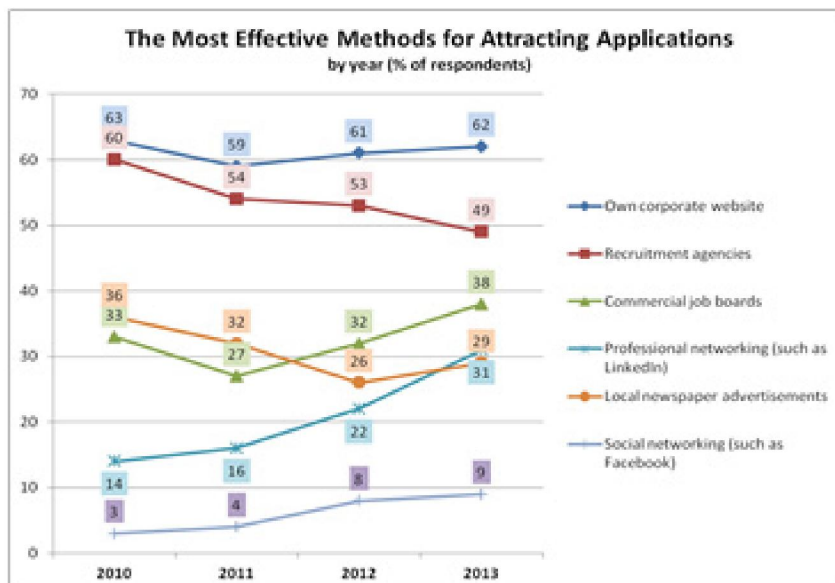
Advantages of using online recruitment for the company were the following:

1. Ability to access a larger audience and more efficient sorting.

It is known that some companies publish open vacancies only on their internal websites, so only employees can see the vacancies and tell people outside the organization. Given the shortage of highly qualified technical personnel in the local labor market (i.e., geologists, geophysicists, design, project, mechanical and automation engineers, and HES specialists) (the Agency of Statistics of the RoK 2013 – cited by Tengrinews), such a “word-of-mouth” advertising technique to collect resumes is largely inefficient, as it is significantly limiting the potential audience.

Also some companies publish email addresses on their corporate websites where candidates can send their CVs. However, this approach proved to be unhelpful as well, as it generates a mountain of different resumes, forcing the companies’ recruitment specialists to spend large amount of time and efforts to manually sort the CVs. As stated in the HRM International Digest Journal (2013), with increasing numbers of job applicants, it is challenging task for HR professionals “to find ways to sort through applications quickly while accurately selecting the best candidates”.

Another recruitment method still widely used by companies in Kazakhstan is to publish open vacancies in newspaper ads. However, this situation is changing towards using Internet sites, online corporate software etc. Singh and Finn (2003) state that if earlier recruitment depended on low-tech methods such as newspaper ads, employee referrals, now it has been undergoing dramatic changes by the impact of Information Technology and further authors predict that the share of low-tech methods will decrease significantly over time. This assumption has been supported by the CIPD (2013) annual survey results, where local newspaper advertisements ranked third among the most effective methods for attracting applications in 2010 (36% of responses), but only the sixth in 2013 (29% of responses). On the contrary, methods associated with the Web, such as commercial job boards, professional networking (i.e., LinkedIn), and social networking sites (i.e., Facebook, Twitter) are becoming more popular. The most effective recruitment method remains corporate websites with the average of 62% of votes as shown in the graph below:



Source: CIPD (2013).

Newspaper ads are argued to be inefficient as they generate piles of resumes, and it is a very time-consuming exercise for recruiters as they have to deal with candidates they did not want (Credit Union Magazine 2004, p92). Online recruitment allows faster or automatic sorting. In addition, the advantages of online recruitment over traditional methods include the fact that the online posting remains active 24/7 to receive CVs immediately when job seekers come across it (Sylva and Mol, 2009, p312). Newspaper ad has limitations since the success of such ad depends on people who see it (WhatJobSite Limited 2011).

With implementation of the e-Recruitment tool at TCO it became possible to publish all open vacancies at the company corporate website, so candidates from different locations of Kazakhstan can see detailed description of the position and requirements (i.e., education, necessary skills/competencies/experience, etc.). So, after the online recruitment implementation pool of candidates for open jobs has been increased approximately by 3.2 times.

2. Sophisticated management tools: opportunity for database build-up and group resumes by positions.

With the online application, now it is possible to manage entire recruitment process from one location and to track all activities starting from job posting till interviewing in one database. After candidates complete online applications, it is easier to build a database of candidates by disciplines.

3. Transparency.

The requirement to treat all candidates fairly gave rise to a need for transparent hiring process. Online recruitment software makes it possible for hiring managers, recruiters, HR managers and other stakeholders to track the status of each open vacancy. Job seekers can also track the status of their applications at every stage of the hiring process. Transparent recruitment process is very important, especially for large companies with complex structures, since it helps promote positive company image among its employees as well as the local community (Bayt.com no date). Cooper et al. (2012) argue that one of the main attributes of effective selection method is being transparent and fair to all candidates. According to CIPD factsheet (2013), those who are involved in selection process "need to be aware of the danger of unfair discrimination in the process which has both legal implications and consequences for the diversity of the organization".

As per the information received from the company recruitment specialists, they received mostly positive feedbacks about online recruitment software from hiring managers including advantages such as transparency and security. Some of the comments from interviewees were:

- The system allows to see vacancy progress keeping the archive for future use and analysis.
- A secure place to store and review CVs.
- R&S (Recruitment and Selection) process is standardized and HR does good job for reinforcing that standardization.
- A much wider net for getting applicants – truly internal/external posting system.
- Ability to review CVs quickly and see number of candidates at a glance.
- Tremendous progress and a massive step in the right direction. Good support by HR in the process.
- I had only positive experience with the system both from interface and system performance. It is straightforward and intuitive.
- The system is user friendly and does not require training for the users.

4. Reduce time to hire and manual work.

One of the reasons for a long hiring period is associated with huge amount of manual work done by recruitment specialists. According to the survey held by CIPD (2007), among 905 UK organizations, average time to hire one professional is 12.4 weeks. With online recruitment tools when the approval request/status notifications to hiring managers, thanks letters/notifications to candidates, etc. are sent automatically by the system, the manual work is reduced considerably. Time for pre-screening process can also be shortened, as candidates fill in online applications when submitting their CVs, which allows building the initial list of suitable candidates much faster. In fact, according to studies, companies save almost 25% of time to hire by moving recruitment online (Sylva and Mol 2009, p311).

After moving recruitment process online, according to information received from the company recruitment specialists, TCO now saves up to 30% of time to hire. If earlier it took around 20 weeks to hire one professional, now it is possible within 12-14 weeks.

5. Recruitment data reporting automatization and accuracy

With online recruitment tools companies can easily generate different kinds of reports in a quick way. As manual information processing implies high risk of human mistakes, accuracy of the reporting can be also improved.

Currently, the company recruitment specialists generate different reports, for example:

- Data mining report which includes general information about applicants;
- Equal opportunities report which is helpful to monitor if equal opportunities were given to all candidates;
- Time to hire report which generates the number of days/weeks spent to close each open vacancy;
- Report on recruitment agencies activity, how many candidates were proposed by re-recruitment agencies, their progress etc.

Although, online recruitment has many advantages such as the applicant pool expansion, system standardization, database build-up, cost/time reduction and efficiency improvement (Parry and Wilson 2009), it also has its disadvantages. As the research shows, disadvantages include the increased number of irrelevant applicants (41%), low-quality candidates (12%) and time wasters (6%) (Wigham 2004). Moreover, it is argued that companies lose the personal touch with candidates by using online recruitment (Rebecca Clake (CIPD Advisor), cited by Wigham 2004). Pavitra (2012) mentions disadvantages such as discrimination between internet users and non-users, being more effective for well-known companies, being not relevant for top management positions and user-unfriendly tools.

Thus, recruitment specialists at TCO mention disadvantage needs to solve in the future such as increased percentage of irrelevant candidates which requires additional time to deal with.

Taking into account all pros and cons of online recruitment, some authors suggest using online recruitment as an additional tool to other traditional recruitment techniques such as newspaper ads, employee referrals or headhunter agencies. For example, Cullen (2001) supports the idea that e-recruitment is not a standalone tool, but a part of integrated recruitment and selection strategy. In order to compensate disadvantages of e-recruitment, companies may decide to carry on using traditional methods such as newspaper ads, while adapting the online recruitment as a part of hiring strategy. Additionally, to enhance the hiring process companies may initiate contracts with recruitment agencies and headhunter websites to post commercial job boards and start organizing regular job fairs at different universities. In the future, taking into account the fact that social media is becoming more popular, companies' recruiters may consider the possibilities of using social and professional networking sites for recruitment purposes. Another opportunity companies can use to improve their online recruiting system to reduce the number of irrelevant applications is pre-screening stage automatization, so to decrease the candidates' pool to a more manageable list of those who will be admitted to further selection stages. In this regard, Kew and Stredwick (2010, p333) state: "a further example of automated shortlisting is the use of equipment to electronically read CVs using optical character recognition (OCR) software". Such software reads resumes and by using search criteria such as experience, qualifications, job titles etc. generates a ranked list of applicants.

In general, online recruitment in Kazakhstan is still a new area in its development stage (HR Planet no date). Currently, companies in Kazakhstan are being implemented sophisticated online recruitment tools at their corporate websites to adequately respond to recruitment needs.

In conclusion, we may say that online recruitment software allows companies to reach a broader applicant audience, employ more sophisticated management tools (i.e., reporting, candidates database), enhance transparency and fair treatment of all candidates during the hiring process, reduce time to hire and manual work and enhance overall recruitment efficiency. At the same time, companies can mitigate negative effects of the online recruitment such as losing the personal touch, discrimination between internet users and non-users, its non-relevance for top management positions and user-unfriendly tools by employing other recruitment methods such as recruitment agencies, job fairs at universities and newspaper/TV ads. Overall, implementation of e-recruitment brings many benefits, so it might become a significant part of a company's recruitment strategy.

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