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C. Glenn Pearce and Tracy L. Tuten

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What is This?

Internet Recruiting in the Banking Industry

C. Glenn Pearce

Virginia Commonwealth University, Richmond

Tracy L. Tuten

Longwood College, Farmville, Virginia

The Internet has brought about changes in the job search and application process. For this article, recruiters at several large commercial banks in the US were interviewed on the usage of Internet recruiting tools. The interviews identified a number of trends that are fairly uniform across these banks, including the following:

- 1. Recruiters are using the Internet at an increasing rate.*
- 2. While job site services are popular, most recruiters we interviewed preferred using the corporate Website.*
- 3. The percentage of Internet-recruited applicants actually hired varies widely and is still a small percentage of the whole.*
- 4. Diversity programs are not hampered by Internet recruiting.*

Keywords: Internet recruitment, banking industry, Internet job sites

INTERNET RECRUITING GAINED acceptance in the mid-1990s, particularly for recruiting information technology applicants, but was not widely used until recently. Along with benefits to retailing, marketing research, and advertising, the Internet also offers recruiters speed, low advertising costs, and access to a large pool of job applicants. Such benefits have made Internet recruiting popular among human resource professionals regardless of industry. Hays (1999) estimates that \$1.7 billion will be spent yearly on Internet recruiting by 2003. When compared to the \$205 million spent in 1998 (Hays, 1999), the tremendous growth is apparent.

Murphy (1999) estimates that there are at least 100,000 separate sites on which to advertise available positions and post resumes. The major career job sites include monster.com, career-

path.com, careerbuilder.com, hotjobs.com, headhunter.net, and careermosaic.com. While many sites do not monitor information such as the number of searches conducted using keywords ("marketing" or "finance," for example), those that do report the following as the most popular position categories: computer, engineering, accounting and finance, and marketing and sales. However, there are also multitudes of job- and industry-specific Websites.

As the job search process changes, those entering the job market should be aware of these changes. Job seekers can use the Internet to find and apply for scores of available positions. However, understanding how employers are using the Internet to recruit will be imperative in developing solid job-seeking strategies. Similarly, recruiters will need to determine the most effective techniques for generating applicant pools on the Web.

Benefits of Internet Recruiting

Internet recruiting has many benefits for both the recruiter and the job applicant. Some of these benefits—speed and cost, for example—offer clear advantages over other recruiting methods.

The Recruiter's Perspective

Internet recruiting is made up of two primary segments: corporate Websites and Web-based job sites. Rudich (2000) says that the greatest benefit for recruiters is the cost savings. He notes that a single position ad in a Sunday newspaper could run \$1000 or more while posting an ad on a job site typically costs between \$100 and \$300 a month. When compared to professional headhunters (search firms), the cost savings are even greater. Bayne (1997) reports that the average executive search firm charged 30% of the first year's annual compensation package for each person hired.

In addition, recruiters may receive applications the same day a position is announced (Rudich, 2000; Weingarten, 1998). Furthermore, the number of applicants may be far higher than with other methods, providing the organization with more qualified candidates from which to choose (Caggiano, 1999; Weingarten, 1998).

The Job Seeker's Perspective

Job seekers can now search available positions according to their personal selection criteria. Job sites provide users with the technology to search for jobs by location, position type, position requirements, and salary (Murphy, 1999). Someone looking for a job can spend more time applying for positions that have the most potential to be a good fit, rather than sorting through job posting after job posting. Internet recruiting also provides access to many more position announcements than an applicant would find using other search techniques. Since the announcements are timely, the applicant need not wait for the Sunday newspaper to start the job search.

Disadvantages of Internet Recruiting

Many human resource professionals emphasize that Internet recruiting should be only one of many tools used to find and recruit job applicants (Caggiano, 1999). Sunoo (1998) reminds readers that Internet recruiters cannot conduct face-to-face interviews or check references. Job sites where potential applicants have filed resumes provide only a database of active job seekers (Kuczynski, 1999; Hays, 1999). Many of the best candidates may be passive; that is, they have not made any job applications and may not be looking for another job. Passive candidates, however, are often more desirable because of their excellent skills and strong records of experience; if contacted, they may be willing to entertain a job offer.

Hogler, Henle, & Bemus (1998) note that using the Internet to recruit might hinder a firm's efforts to recruit minorities. They suggest that such a drawback could make it difficult for a company to achieve diversity goals and could represent a potential legal threat.

Companies must recognize the importance of the image their corporate Websites portray. Karr (2000) reports that college students entering the job market might eliminate potential employers from consideration because of a poorly designed Website. In such a situation, desirable candidates can be lost forever. In addi-

tion, firms might find it difficult to recruit executive-level talent on the Internet. Arkin and Crabb (1999) conclude that executive job applicants still prefer personal contact. Similarly, Hays (1999) reports that the best candidates are not found on job sites or corporate Websites but are recommended by a company's present employees. This situation may be changing, however. Those who operate specialized job sites, while offering fewer job listings, claim to list those executive-level candidates who earn in excess of \$100,000 a year (Murphy, 1999).

Two things are clear. First, the benefits of Internet recruiting far outweigh the disadvantages. Internet sites offer a large pool of applicants and save both time and money. The key drawbacks—legal ramifications, lack of executive talent, and the potential to alienate technically savvy college students—can be reduced by planning carefully and developing a complete recruiting strategy. Second, the costs are borne entirely by the recruiter. As a result, more and more candidates will likely use job sites as time goes by.

Effective Internet Recruiting

Schreyer and McCarter (1998) offer some tips to help companies improve their Internet recruiting effectiveness. For example, they stressed the importance of accepting change and becoming familiar with the processes of Internet recruiting. They further suggest that companies should establish a specific budget, develop a recruiting brochure, and write strong online ads. Schreyer and McCarter (1998) also suggest that recruiters test the effectiveness of their Internet recruiting by experimenting with different Websites and comparing the results. They emphasize, too, that experts mentioned in online articles could become the best-qualified job candidates available.

Hays (1999) notes that it is not enough to simply advertise a position. Employers must also advertise and promote their corporate Websites so job applicants will know they exist. He cites a survey that found a positive correlation between a company's effectiveness with Internet recruiting and its effectiveness in promoting its own corporate Web site.

Research Study: Internet Recruiting by Banks

The purpose of this study was to examine the extent to which large banks in the US use the Internet to recruit managerial and non-managerial employees. We studied the acceptance of Internet recruiting among bank recruiters as well as their attitudes toward the Internet as a recruiting tool. How did they perceive its effectiveness and efficiency, and were they satisfied with the results?

Sample of Banks

The data were collected through interviews conducted from March through May 2000 with human resource recruiters at the largest banks in the US. The fifteen largest banks were identified by searching Forbes 500s Annual Directory (www.forbes.com) and are listed in Table 1. We contacted a human resource recruiter at each bank, though legal concerns prevented some managers from participating in the study.

Questionnaire

After we developed the initial questionnaire, five experts in communication and human resource management reviewed the instrument and made suggestions for improvement. We incorporated those suggestions into the questionnaire and pre-tested it with two human resource managers. Following further revision based on results from the pre-test, the instrument was ready to use.

The instrument consisted of three key questions:

1. How many of the major banks use Internet recruiting?
2. If the bank used the technique, was it to fill managerial or non-managerial positions?
3. How satisfied were the recruiters with the results of their Internet recruiting?

In addition, we asked for information about their success using the bank's Website compared to using Web-based job sites. And we asked if they found it difficult to attract minority applicants using the Internet and what effect, if any, the tight labor market had had on their decision to use this technique.

Table 1.
The 15 Largest Banks in the United States

1. BankAmerica
2. Chase Manhattan
3. BankOne
4. First Union Corporation
5. Wells Fargo
6. Morgan and Co.
7. Fleet Financial Group
8. United States Bancorp
9. National City
10. Suntrust Banks
11. PNC Bank
12. Bank of New York
13. KeyCorp
14. BankBoston
15. Wachovia

Procedures for the Study

First, we called the recruiters to explain the purpose of the study and ask for a telephone interview. The questionnaire was then faxed to the recruiters so they could take ample time to consider their responses to the questions and gather any necessary information. After the recruiters returned the completed questionnaire by fax, we called at the appointed time to answer any questions and seek any incomplete information.

Results

All the recruiters said they did indeed use the Internet to develop applicant pools. They used both Web-based job sites and their own Websites to advertise positions and find potential applicants. The tight labor market encouraged all to use the Internet to recruit in diverse geographical markets. The responses differed, though, according to the preferred type of Website. Banks with a strong brand name and strong geographical presence found their

corporate Websites more effective than Web-based job sites. These banks also said their corporate Website was a better source for experienced applicants and for applicants with relevant skills but little or no experience. They said applicants at their Website were specifically interested in their bank. College students with general resumes primarily made up the applicant pool at most Web-based job sites.

Banks without a strong brand name and geographical presence preferred the Web-based job sites because they did not have enough traffic at their corporate Website. Several recruiters noted that Web-based job sites yielded a high volume of applicants but a low quality fit.

The recruiters said they posted managerial and non-managerial positions on the Web, but not all of them. The positions they did post ranged from 30-80% of the managerial jobs and 5-65% of the non-managerial jobs. The percentage of positions for which they actually made a job offer varied too, though not as much. The more successful a bank was at using a Web-based job site or a corporate Website to develop an applicant pool, the more likely it was to make offers to Web applicants. In other words, the more skilled a bank was at drawing traffic to its Website, the more job offers the bank made there. The more successful the recruiter was at finding qualified applicants on Web-based job sites, the more job offers it made there as well. The percentage of offers made on the corporate Website ranged from 2-25% of managerial positions and 3-25% of non-managerial positions. Of all the jobs offered on the Web, between 2-15% of Internet-recruited applicants were actually hired for managerial positions and between 3-15% for non-managerial positions.

The recruiters commonly named monster.com and hotjobs.com as key Web-based job sites because of the ease of navigation and the large pool of applicants they found there. The recruiters also named salejobs.com and bankjobs.com as key Web-based job sites because these services tended to yield better quality applicants despite the low numbers of applicants in their pools. Although they said Web-based recruiting was advancing rapidly, they continued to use traditional tools such as newspaper ads, personal

referrals, and search agencies for most of their recruiting. They viewed the Internet as an important *additional* tool.

For banks that measured the percentage of women and minorities in the applicant pools, the recruiters said there were roughly equal numbers of women, men, and minorities. This was true for both the bank's Website and the Web-based job sites. WITI.com and blackvoices.com were mentioned as examples of Web-based job sites the recruiters used often.

Discussion

Apparently, Web-based job applications at large banks in the US are increasing as the number of people who have Internet access increases. The more numerous job postings become on the Internet, the more important it will become to the recruiting effort as a whole. Consequently, both a bank's own Website and Web-based job sites will continue to play important roles.

While all banks surveyed reported some degree of success in hiring applicants found on Websites, this success varied significantly. Hiring success also varied between those who applied on the bank's Website and those who applied on Web-based job sites. Banks with a strong geographical presence and a strong brand name appeared to have more success with their own Website, but other banks had to rely more on the Web-based job sites. Having access to both types of sites seemed to be important, however, given the low percentages of applicants actually hired.

All the recruiters surveyed preferred to use their own Website when possible because they found it easier and more efficient to use. This preference may be due largely to the result of differences in formats that Web-based job sites use. The formats used by job sites to manage their recruiting processes will likely become more uniform as time passes and become more and more useful to recruiters.

Despite the overall preference for the corporate Website, the recruiters preferred some Web-based job sites to others. These preferences included not only general sites, but also specialized job and industry sites. Whether these preferences will continue as Internet access grows is hard to say.

Though some recruiters are not currently tracking the effects of Internet use on minority and female recruiting, the numbers are impressive. Apparently, banks that do track these numbers are able to use the Internet to help meet the goals of their diversity programs. Put another way, using a Website to recruit does not hinder a bank's ability to recruit minorities and women.

We can see, then, that using the Internet to recruit for managerial and non-managerial jobs offers many benefits. For example, turnaround times are considerably shorter than they are for traditional recruiting techniques. Also, the recruiters are sometimes able to recruit passive job candidates. Those who are not looking for another position are often more highly qualified than those who are. Furthermore, using Websites has turned out to be less expensive than other forms of job advertising, and the banks can access large applicant pools quickly this way.

Implications for Recruiters

Recruiters at large banks can improve the effectiveness of their Internet recruiting by promoting their own Website. Those surveyed in this study clearly preferred using their own site to using Web-based job sites. By increasing traffic to the bank's Website, more applicants probably will find the site and apply for positions there. Recruiters can also measure the yield rates of various Web-based job sites to see which ones produce the best results. Nevertheless, recruiters should remember that they still fill most of their open positions using traditional techniques. The Internet is an additional tool, not a substitute.

Implications for Job Seekers

Understanding recruiter preferences can also benefit the job seeker. Although a low percentage of applicants are now hired through contacts made on the Internet, this figure should increase—and perhaps accelerate—within the next few years. Job seekers should be aware of the diverse ways banks recruit and the types of Websites they use. For instance, recruiters we surveyed noted that the general sites provided larger applicant pools, but most of these

applicants were recent college graduates with little or no experience. Given that the general job sites are excellent points of contact, job seekers should continue to post their resumes there. Posting on specialized sites will also prove useful for many.

Since bank recruiters prefer to use their own Website, job seekers should do enough research to find out which banks they think would make the best employers before making applications. Perhaps the most useful information available would be found on a bank's own Website. Job seekers who take this approach will make themselves more visible than when they use general or specialized job sites.

As is the case with recruiters, job seekers should take into account that the Internet is just one of several recruiting techniques. They should continue to take advantage of services provided by newspapers, personal contacts, and search agencies as well.

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Address correspondence to Tracy L. Tuten, School of Business and Economics, Longwood College, 201 High Street, Farmville VA 23909 (e-mail: Tuten@visto.com).