



## IMPACT OF THE INTERNET ON SOURCE OF HIRES – 2002

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A "Source of Hire" study based on survey results from 22 large, competitive, well-regarded corporations was recently conducted by Mark Mehler and Gerry Crispin, principals of MMC group, an international employment consulting practice.

Mark and Gerry are also co-authors of CareerXroads 2003, the world's leading reference guide to job and resume websites, an annual directory now in its eighth edition.

### I. RESULTS

#### A. Methodology

CareerXroads conducted its source of hire survey<sup>1</sup> during January, 2003.

Seventy-two firms were individually contacted and asked to report on their "sources of hire" for 2002<sup>2</sup>.

All firms contacted were guaranteed anonymity.

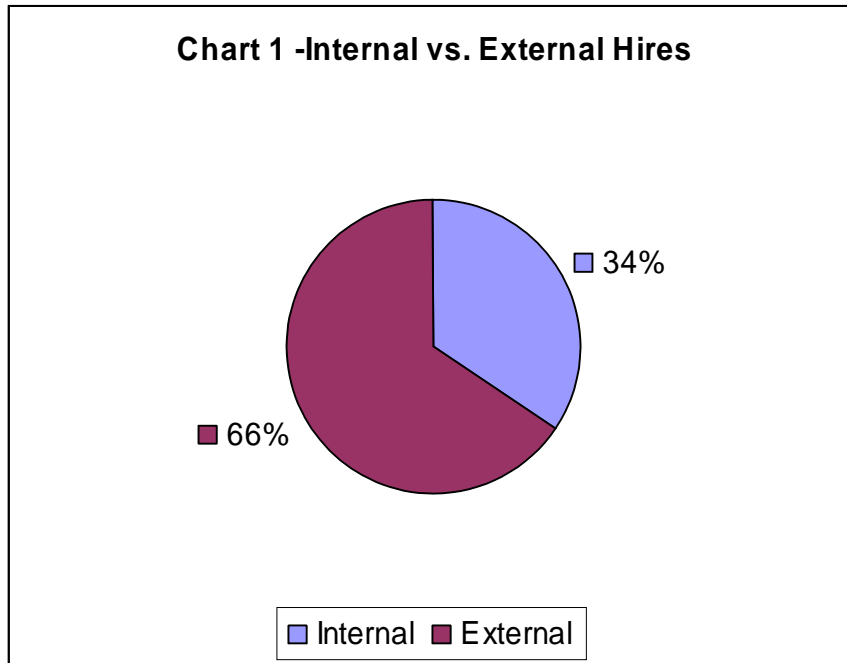
Each company was promised that while their data would be aggregated and specific firms would not be identified in the report<sup>3</sup>.

Twenty-two firms (30.6%) responded<sup>4</sup>.

This is the second year that CareerXroads has conducted a source of hire survey focused on examining the impact of the Internet as sources of hire<sup>5</sup>.

#### B. Internal vs External Sources of Hire

The 22 responding firms filled an estimated 154,958 positions in 2002<sup>6</sup>. This number represents both the "Internal" movement of existing employees (53,073) as well as "External" hires (101,885).



Using as a basis the 15 firms that were able to track and report *both* internal and external hires,

***Internal movement accounts for 34.2% of ALL positions filled.***

### **C. External Hires**

#### **- 2001 vs. 2002**

Of the 22 firms, 17 reported on their previous year's (2001) external hiring activity. These firms hired 114,859 employees in 2001 vs. 81,772 in 2002.

***2002 represented a 28.9% reduction in hiring activity from 2001.***

#### **- 2003 vs. 2002**

19 firms offered estimates about their external hiring planned for 2003. They reported that hiring would increase to 108,027 from the 96,615 they reported in 2002.

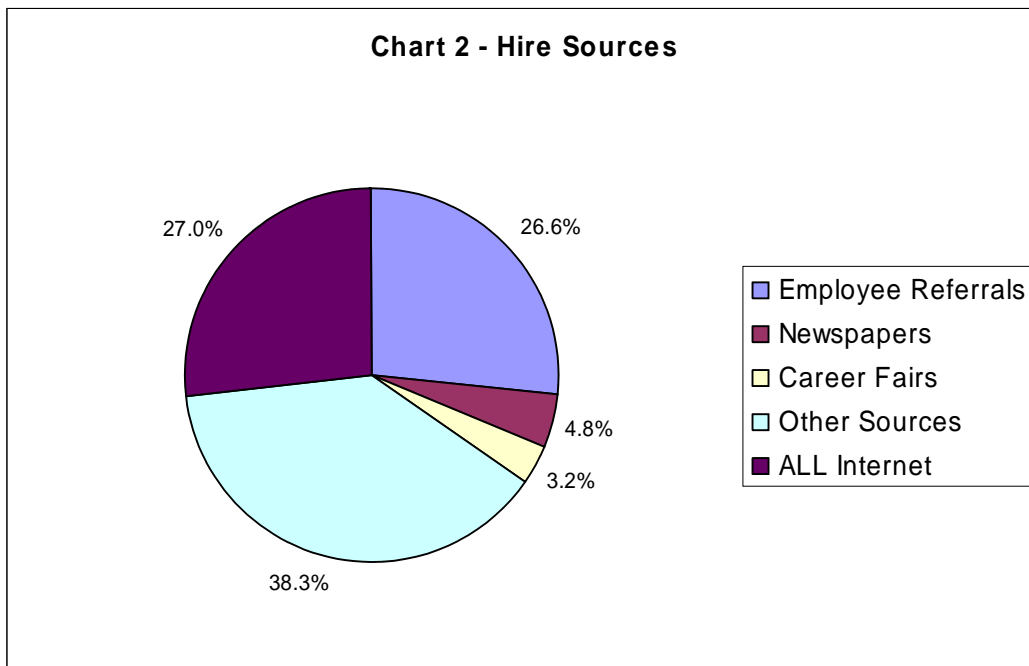
***2003 external hires are estimated to increase by 11.8%.***

**- Traditional vs. Internet Sources of hire**

CareerXroads' comparison of hiring sources- other than the Internet, were purposely limited to Employee Referrals, Newspapers, and Career Fairs. Sources we believe to be heavily impacted by the internet<sup>7</sup>.

Source	% of External Hires	
	2002 Hires Study	vs. 2001 Hires Study <sup>8</sup>
Employee Referrals	<b>26.6%</b>	23.3%
Newspapers	<b>04.8%</b>	
Career Fairs	<b>03.2%</b>	
ALL Internet Sources	<b>27.0%</b>	20.5%
ALL Other Sources <sup>9</sup>	<b>38.4%</b>	

Table 1- Source of Hires Comparison



***Employee Referrals and Internet sources of hires, combined, now account for more than ½ of ALL external hires***

**- Sources of Internet Hires**

CareerXroads asked companies to report on the number of hires from 4 specific sites: Monster.com, CareerBuilder.com, HotJobs.com and DirectEmployers.com as well as *All Other* niche job sites and, hires credited to the Company WebSite

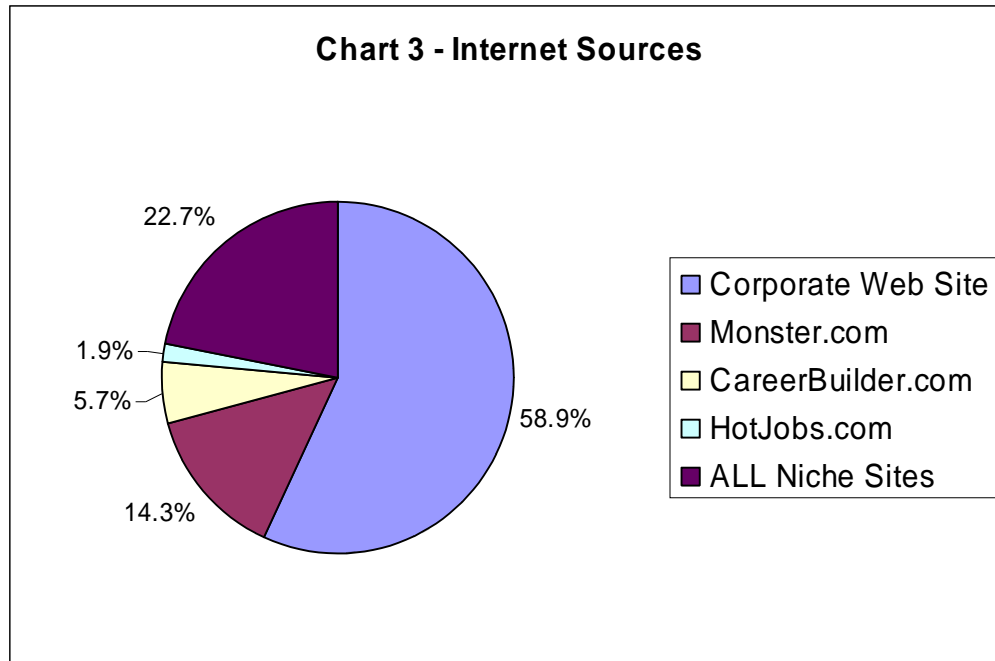
that could not be attributed to other sources. This last is a potential source of error<sup>10</sup>.

(18, 11, and 15 companies respectively reported hires from the first three sites mentioned above and these numbers, reported below, reflect percentages from *only* these companies - increasing their overall impact slightly. Just 5 employers were able to track hires from Direct Employers –although many more were members/subscribers. This result was unrepresentative and DirectEmployers data was incorporated in “other niche sites”). Another result shown below may also be skewed. One firm reported 900 hires to CareerBuilder. This represented the entire difference between the %hires credited to HotJobs and CareerBuilder.

CareerXroads also asked companies if they used niche “Diversity” job sites to improve their hiring strategy. 18 claimed they did. 4 indicated they did not. Since most firms did not track hires from these specific niche sites, we asked the firms to *estimate* the % of their diversity hires from these sites. Their answers suggest that employers believe there is a limited return from this specialized resource. (10 claimed 1% or less, 3 estimated 2%, 3 estimated 3%, 1 estimated 4%, 1 estimated 10%)

<b>Sources of Internet Hires</b>	<u>2002 Hires Study</u>		vs.	<u>2001 Hires Study</u>	
	% of ALL External Hires	% of ALL Internet Hires <sup>12</sup>		% of ALL External Hires	% of ALL Internet Hires <sup>12</sup>
Company Web Site	15.5%	<b>58.9%</b>		12.76%	62%
Monster.com	03.6%	<b>14.3%</b>		01.9%	09%
CareerBuilder.com	01.5%	<b>05.7%</b>			
HotJobs.com	<u>00.5%</u>	<b>01.9%</b>			
(CareerBuilder+Hotjobs) <sup>11</sup>	02.0%	<b>07.6%</b>		01.1%	05%
All Other Job/Resume Sites	06.8%	<b>21.2%</b>		04.7%	23%

Table 2 – Comparison of Internet Sources of Hire



## II. CONCLUSIONS

It was our intention with this study to offer readers sufficient information and disclosure (See III. Footnotes) to draw their own conclusions, in part because we are extremely critical of surveys that do not qualify their collection methodology. We purposely kept the data collection simple and the scope narrowly focused. Even so, there are significant qualifications- which we've endeavored to describe in the following section. Some readers will also want to research other studies and, while we have access to several private studies we cannot share, readers will find valuable information in SHRMs metrics surveys at <http://www.shrm.org/staffingmetrics/> and at Staffing.org, [www.staffing.org](http://www.staffing.org).

Below are the conclusions we have drawn.

We also encourage readers to engage us by sharing additional conclusions with us or debating ours ([mmc@careerXroads.com](mailto:mmc@careerXroads.com)).

We also invite corporations listed among the Fortune 500 who view themselves as high-volume employers to add to our database and report their 2002 results. Simply go to [www.assessa.com](http://www.assessa.com) and type YV859FJ in the "Survey ID" window on the left side of the page.

- Internal Placement. Companies that cannot fill at least 1/3 of their open positions via internal movement need to attend to succession planning, "employee bidding" and retention programs or face the full impact of increasing turnover and low retention on staffing. Emphasis on measuring

quality as well as quantity is even more important with these programs because of the investment.

- Employee Referrals. Employee referral programs, where communications, status and results are enhanced significantly by technology driven internet/intranet applications will continue to grow. Best practices are typically above 40%. Successful job seekers increasingly will perceive job postings as merely an indication of a company they should target, research and network – to an employee.
- Traditional “sources of hire”. Newspapers, other print sources, job fairs, etc. are especially vulnerable in that they drive job seekers to the internet without tagging them. They will have to improve how they measure the “path” they create and the subsequent results (hires) if they are to profit and be perceived as viable. Companies are improving their accuracy (slowly) about where their “company web site” hires originated from. Better efforts are coming. Assumptions just won’t cut it.
- Corporate Web Sites. Corporations that invest in their staffing web pages will expect that, as a source of hire (either directly or in support of other sources) can expect a proportionally larger impact on hires.
- Monster.com. Monster has significantly improved its ability to deliver results. Other major job sites are also visible, effective and growing their share of hires. Most sites however, are not on the company’s radar and poorly measured, even though in the aggregate they represent the largest segment of Internet hiring (other than the company website). These niche sites (diversity, function, etc.) need to generate proof of concept through results. By their very nature they may target a smaller percentage of a company’s total hires but they still need to demonstrate to the employer that they can satisfy their need to reach an audience, engage them and send them on to be hired. Traffic alone just won’t cut it. Results count.
- Words of caution. First, by aggregating the hires of all classes of employee, there is no conclusion that can be drawn about “best” source of hire. Second, since no cost data was collected there is no conclusion as to the “yield” for each source as a % of budget invested. Third, companies are far from examining the quality of hire by source. The data simply says what is happening- not necessarily what should happen.

### **III. FOOTNOTES**

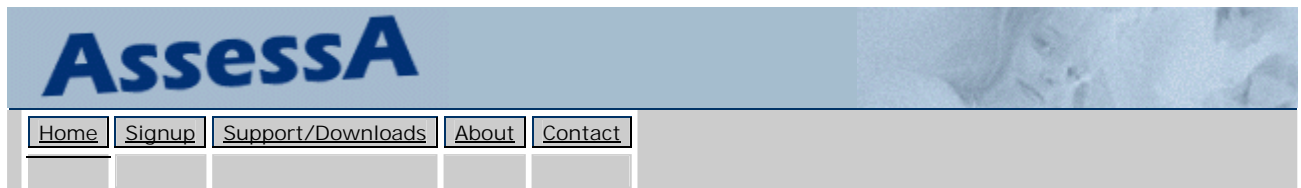
The following footnotes should help to clarify the method and limitations of the data we collected. CareerXroads does not imply that this study is

representative of all company hiring or even a typical company hiring pattern. Understanding this study's limitations (as well as those of other studies) allows one to draw better conclusions when applying to your own situation

CareerXroads was not paid by anyone to conduct this study nor are we selling additional information related to this study. We do not sit on any advisory boards of job or resume sites.

...conducted the survey<sup>1</sup>

The following questions were posted to Assessa, a free survey-response ASP (<http://www.eyecues.com/asa/index.cfm?fuseaction=sur&id=YV859FJ>). Responding firms were contacted and asked to add in their employee referral numbers. All responded.



#### CXR- 2002 Sources of Hiring

What is the Total # of Hires for your company 2002 (to date)?

Number

Did you include Internal Transfers in the above number? (Do so if you can)

A. Yes

B. No

If Yes to #2, please indicate total Internal Transfers? (We'll assume the rest are external hires)

Internal Hires

For each of the following, please indicate the # of external hires. This data is:

A. Accurate

B. A Good Guess

**--Newspapers (online as well as print if you track)**

Number of Hires

**--Career Fairs**

Number of Hires

**--Internet: CareerBuilder**

Number of Hires

**--Internet: DirectEmployers**

Number of Hires

**--Internet: HotJobs**

Number of Hires

**--Internet: Monster**

Number of Hires

**--Internet: ALL OTHER JOB SITES**

Number of Hires

**Do you post positions to Diversity sites**

- A. Yes
- B. No

**If Yes, What % of those positions you post do you estimate are filled by all these sites?**

% of hires from openings posted (est)

How many hires do you attribute to your company website - and not to other job sites?

Number of Hires

Please indicate an email we can send the survey results to

email address

Please give us an estimate of the # of (external) hires your firm made in 2001

2001 hires(est.)

Please offer a guess as to how many (external) hires your firm will likely make in 2003

2003 Hires (est.)

**Confidential:** These next questions are for us to contact you should we have a question. They will not be part of the survey

Contact Name

**Confidential (Continued)**

Company

**Confidential (Continued)**

Phone Number

Thank you for completing the survey. We appreciate your participation. If you have any questions, you can reach us at [mmc@careerxroads.com](mailto:mmc@careerxroads.com) or 732-8321-6652. Mark and Gerry

Submit Query

Seventy-two firms were... asked to report... “sources of hire” for 2002<sup>2</sup>.

Only staffing leaders in large, high-volume, companies known personally by Gerry and Mark were contacted. First, to increase the likelihood that they would respond and, second, to better understand whether those who didn't – either couldn't or wouldn't. All individuals contacted were either responsible directly for staffing metrics or had access to the individuals responsible for staffing metrics. Many, perhaps most of the firms that did not reply, eventually responded that they did not have the data. One had literally no hires. It was the only one in that category. Some of the world's largest firms just do not know where their hires come from. A few, do not know how many positions their firm filled in the previous year (let alone last month or, even better, real time). This confirms SHRM's (Society for Human Resource Management) staffing metric survey response that suggests nearly 15% of firms do not even track number of hires. We also asked firms to indicate the level of accuracy about their numbers. 17 of the 21 responded that they were accurate.

This survey's obvious bias is large firms that track metrics and are hiring.

The firms (both those invited and those responding) were headquartered on both coasts, the Midwest and Southwest.

The survey was limited US hiring data.

... specific firms would not be identified in the report<sup>3</sup>.

Many companies will not allow their personnel to share data in reports where they will be identified, even if their data is not. They fear they may be singled out or the fact that their company participated might be construed as an endorsement. All firms invited to report data are well-known to the public. The general range of employee size was 10,000 -100,000.

Twenty-one firms (29.2%) responded<sup>4</sup>.

Firms responding to the 2002 survey represented diverse industries including: Consumer Goods, Manufacturing, Pharmaceuticals, Computer Software and Hardware, Banking & Financial Services, Defense, Telecommunications and Hospitality & Food Services. No one industry dominated. All had employee populations larger than 10,000.

This is the second year ...CareerXroads... examin(ed)... sources of hire<sup>5</sup>.

A copy of the 2001 report is available by request ([mmc@careerxroads.com](mailto:mmc@careerxroads.com))

The 21 responding firms filled an estimated 147,508 positions in 2002<sup>6</sup>

These 21 firms actually reported 137,594 hires. Six firms reported only External hires and did not know internal hires. The remaining 15 firms reported both and it was calculated that the internal positions from these 15 firms represented an average of 33.8%. We took this figure and estimated that an additional 9,814 positions were likely filled internally by those firms that did not track internal hires. Regardless, Internal positions were not used for any other calculation and the figure 33.8% was derived on the basis of known accurate data.

Traditional...Sources we believe to be heavily impacted by the internet<sup>7</sup>.

Certainly a debatable point of view. We can certainly support the notion that technology applications have had a positive impact on improving Employee Referrals. Newspapers would argue that the measure of their impact is seriously misleading because they drive traffic with little embedded tracking. We argue that even if this is true, we do not believe it is that significant. Regardless, it is a moot point because in the end perception becomes reality when companies make decisions based on what they measure. The reported number is a heads-up to newspapers to invest in helping firms measure their true impact. Those that argue we should include college hires, perm-to-temp, contingency agencies, executive search, bill boards, corporate direct sourcing, resume mining, research services, direct mailing, professional conferences, etc., etc., all have a point. But, then if you choose to go that far, what about the impact of the contingent workforce, PEOs, outsourcing and other forms of hiring that even fewer firms track let alone analyze? When you want to sponsor some research, let us know. If you do your own, disclose fully. Until then, we'll keep it short and sweet.

2001 Hires Study<sup>8</sup>

See Above - This is the second year ...CareerXroads... examin(ed)... sources of hire<sup>5</sup>.

ALL Other Sources	<b>44.6%</b> <sup>9</sup>
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See Above- Traditional...Sources we believe to be heavily impacted by the internet<sup>7</sup>.

This last (Company Web Site) is a potential source of error<sup>10</sup>.

iLogos Research, a division of Recruitsoft, has offered insight into the activities driving traffic to company staffing sites. A 2001 study by iLogos, reported that of the visitors to the staffing home page

- 3% visited as a result of a company email
- 3% from a print ad
- 5% News article or broadcast

5% from a job fair  
12% from job boards  
34% from word of mouth  
38% a link from home page or within the site.

While this data does not translate proportionately to hires, it is an indication of the multiplicity of sources that may be lumped into one category.

(CareerBuilder+Hotjobs) <sup>11</sup>	07.6%	02.0%	05%	01.1%
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The comparison with 2001 data includes CareerBuilder, Headhunter (now part of CareerBuilder) and Hotjobs.

Writers interested in further discussion may contact Gerry and Mark at 732-821-6652 or [mmc@careerxroads.com](mailto:mmc@careerxroads.com)

...All Internet Hires <sup>12</sup>
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Percentages do not total 100%. A few companies did not report hires for each category.

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