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# Cyber-recruitment

## The Rise of the E-Labour Market and its Implications for the Federal Public Service

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## Executive Summary

The rise of the Internet has fundamentally changed the traditional labour market, creating a new E-labour market that is wide open, uncontrolled by any one employer, and unconstrained by limitations of geography. E-recruitment and E-job searches have been growing rapidly, even if they have not yet displaced the traditional labour market from its dominant position.

Because the E-labour market has different characteristics and properties from the traditional one, both job-seekers and recruiting employers have been forced to develop new methods for making the matches they seek. Thus, the rise of the E-labour market requires all employers to make major adjustments in their recruiting strategy and practices, to remain competitive in attracting and retaining staff.

Today, most job-seekers still combine a traditional form of job search with an Internet-based one. In addition to reading newspaper ads and talking to family and friends, they network via E-mail, participate in newsgroups to gather information, conduct searches on corporate websites, register with large job-sites like Workopolis.com, and even put their résumé on their own website.

Job-seekers are being drawn to the E-labour market because the Internet gives them immediate access to more information about more jobs, in many locations. An Internet-based job search gives them detailed information about the state of the labour market and the terms of employment offered by various organizations, while providing them with a faster way to contact employers and new ways to network with other people. By increasing the efficiency of job search activity, the Internet also makes it much easier for passive job-seekers (i.e., those who are already happily employed) to retain a presence in the labour market, being always available for offers from other employers.

Employers are shifting their recruitment activity into the E-labour market because it cuts costs, while simultaneously increasing the speed of the recruitment process. E-recruitment also allows the employer to target specific types of job-seekers, and appeal to a much larger labour pool geographically. Furthermore, E-recruitment makes it easier for recruiters to poach staff from other employers, while increasing the chance of recruiting someone who is better informed about the suitability of the job being offered them.

Employers can rely on a number of different methods to recruit from the E-labour market, including use of their own corporate websites, reliance upon jobsites that specialize in E-recruitment (e.g., Workopolis.com), and use of their own HR staff to court potential recruits in chat rooms or on newsgroups.

Many employers rely on a fairly passive strategy of E-recruitment, using their corporate website or jobsites to post job openings and collect résumés. Others employ a more active strategy, seeking to build a long-term relationship with passive job-seekers they meet in the E-labour market. Finally, the most sophisticated employers rely on a hyper-active strategy, dedicating HR personnel to create or maintain a presence in newsgroups where the kind of people they need to recruit tend to congregate.

The new characteristics and properties of the E-labour market have enormous implications for the Public Service in an era when steps are being taken towards the goal of E-government (e.g.,

Government on-Line). If the Public Service wants to be an employer of choice and compete for top talent, its E-recruitment strategy must be driven by the prevailing standards of the E-labour market.

While some of the long-term implications of the rise of the E-labour market may not be clear for another decade, there are at least eight general lessons the Public Service must bear in mind as it further refines its recruitment strategy:

1. the existence of the E-labour market intensifies the competition among job-seekers and recruiting employers;
2. in the E-labour market, the balance of power has shifted away from employers to job-seekers;
3. in some ways, the E-labour market creates a more level playing field for job-seekers, with enormous implications for those who have traditionally faced barriers because of a lack of good contacts;
4. the E-labour market tends to have a polarizing effect on wage levels, rewarding the highly skilled with higher salaries, and penalizing the lower skilled with lower wages;
5. the existence of an E-labour market reinforces the growth of non-standard forms of labour, like contract workers;
6. because the E-labour runs on the basis of Internet time, transactions happen more rapidly than in the traditional labour market, something which instils in job-seekers an expectation of timely communication from employers;
7. the E-labour market intensifies the problem of retention for employers, while enhancing their ability to poach staff from other organizations;
8. the E-recruitment strategy adopted by an organization to recruit externally establishes new standards for conduct inside its own internal labour market.

## 1.0 Introduction

The 1990s were a time of dramatic changes in the North American labour market and in recruitment practices. Growing labour shortages, the rise of more flexible work practices, and the rise in the importance of knowledge workers, all contributed to a new HR environment. While all these changes altered many job-search and recruitment practices, none has the long-term potential to do so as much as the Internet.

Before the Internet, employers relied on well established methods to identify and recruit their new employees. Newspaper ads, job fairs, referrals from their own employees, and the use of head-hunters were typical practices in the traditional labour market. The result was a protracted and paper-ridden process as the employer communicated with various job-seekers before a match was made. Today, the cutting edge industries of the 'new economy' have abandoned the paper and the plodding as they recruit on-line. They use the Internet-based E-labour market to consider more applicants, from a geographically larger labour pool, and they do it much faster and cheaper than before.

Although the E-labour market is a very recent creation, it has already transformed the nature of job search and recruitment activity in profound ways.<sup>1</sup> Indeed, the Internet has helped create the first genuine market for labour. It is "wide open, uncontrolled by individual companies, and unconstrained by geography."<sup>2</sup> That has forced social scientists to ask some important questions about how the Internet alters job-search and recruitment activities.<sup>3</sup> Among the issues being debated are the following:

- Is the E-labour market an extension of the traditional labour market, or a distinct phenomenon, containing different employers and a different pool of workers?<sup>4</sup>
- Will the E-labour market eventually replace the more traditional labour market?
- How must employers change their recruitment strategies to accommodate the shift to the E-labour market?
- How does the matching process differ in the E-Labour market?
- What priority should employers place on the traditional labour market as opposed to its cyber version?

Because the E-labour market has different characteristics and properties from the traditional labour market, its development raises a number of strategic issues for employers. This paper is a preliminary exploration of those issues, based on the academic and professional literature.

The rise of the E-labour market is a matter of great significance for the federal Public Service. The new hires survey recently conducted by the PSC indicated that 78% of Public Service recruits from the external labour market used the Internet during their job search, and 80% of those people said they used it for at least half of all their job search activity.<sup>5</sup>

The change in the way people look for jobs has some implications for the recruitment strategy of the Public Service. Because the Public Service must compete for talent with other large employers who also use the Internet to recruit, understanding E-recruitment dynamics and strategies is essential. As the Canadian government moves towards the long-term goal of E-government, the Public Service will face additional pressures to transform its recruitment activity into cyber-friendly forms. As a consequence, learning more about the phenomenon of Internet recruitment is of strategic importance to both the Public Service and the PSC.

## **2.0 The Impact of the Internet on Job-Search Recruitment Activity**

### **2.1 The Explosive Growth of Internet Recruitment**

Internet-based recruitment is growing rapidly. Three years ago it was still quite rare.<sup>6</sup> However, by 1999 there were already more than 2000 Internet sites devoted exclusively to information about jobs, with another 100,000 corporate sites that also contain employment related information.<sup>7</sup>

A recent survey of Fortune 500 companies revealed that 89% of these firms recruited on their corporate websites (year 2000), up from only 29% in 1998.<sup>8</sup> A companion study on the top 100 companies in Canada showed that 64% used their websites for recruitment purposes.<sup>9</sup> Some commentators are now predicting that by the year 2003, all large companies will use the Internet to recruit, along with most medium sized companies and a significant portion of smaller ones.<sup>10</sup>

While the importance of E-recruitment is growing, it still competes with more traditional methods of recruitment. While most large employers have rapidly shifted to E-recruitment, but many smaller firms have not. A recent Statistics Canada survey of 3800 firms found that the Internet was still only the seventh most popular method for recruiting IT professionals, way behind more traditional recruitment methods like the use of employee referrals.<sup>11</sup> Thus, when evaluating the importance of the E-labour market, we must distinguish between current realities and long-term trends.

Someday soon, the E-labour market will displace the traditional labour market from its position of dominance. While that has not yet happened for all employers, it has already occurred for large employers, especially those that rely heavily upon knowledge workers.

### **2.2 Workers and Internet-based Job Searches**

There are several reasons why job-seekers find Internet-based job searches preferable to the more traditional methods of looking for a job. The Internet gives them instant access to information about many jobs, including opportunities beyond their immediate geographic location. In addition, an Internet-based job search provides the individual with far more information about the state of the labour market, the demand for their particular skills, and the working conditions at various companies than they can get from more traditional sources. The Internet also provides job-seekers with a faster way to contact employers and to network with other people (via E-mail and chat groups), increasing the efficiency of job search activity. Finally, the Internet also makes it easier for passive job-seekers (i.e., those who are already happily employed) to engage in casual browsing.

Active job searches on the Internet may include the following:

1. networking via E-mail, chat groups and newsgroups to gather information about job openings;
2. direct searches on corporate Web sites to gather information, make applications, or register for automatic notification about new jobs that are posted;

3. registering on and monitoring job-sites like Monster.com or Workopolis.com;
4. establishing a personal website that includes a résumé or other information of interest to prospective employers.

One of the things that makes a cyber search for work so different from the traditional job search is the amazing array of services that corporate websites and job-sites offer the person looking for employment. (See Figure 1) These services provide a strong incentive for the computer literate job-seeker to make the shift to the E-labour market, and to return to particular websites. The corporate websites and job boards that prove most helpful to job-seekers naturally become very popular.<sup>12</sup>

For most workers, an Internet-based job search supplements, rather than replaces more traditional job search activities like networking.<sup>13</sup> However, for entry-level positions geared towards recent graduates from college and university, a cyber-based job search now essentially complements more traditional methods.<sup>14</sup> The growth of E-recruitment is giving new life to some forms of networking. Thus, employers encourage job-seekers who visit their careers website (and even their own employees) to E-mail job ads to friends. And, at least one recruitment company has pioneered the creation of “on-line alumni networks that are also used to find and rehire former employees.”<sup>15</sup> For job-seekers, the currency and quality of a corporate website sends a clear signal about what they might expect from employment with that firm.<sup>16</sup>

Researchers investigating the impact of the Internet on the labour market have found that it increases the opportunity for people who are already employed to engage in a casual job search. Thus,

*It is interesting to note who visits job-sites. The majority of visitors are employed people who are not actively thinking of changing jobs (71%). Of the remainder, 15% are thinking about changing jobs, 10% are actively looking for a new job and 5% are unemployed.<sup>17</sup>*

**FIGURE 1:**  
Some Typical Services Offered on Jobsites and Corporate Web Sites

- |   |
|---|
| <ul style="list-style-type: none"> <li>• job searches by occupation, location (city, region, country), education, experience, employer and salary levels</li> <li>• information about workplace and market trends</li> <li>• tips on career management and advancement, career counselling</li> <li>• special job-search advice tailored to students and recent graduates, and many other groups</li> <li>• profiles on key employers</li> <li>• tips on relocating</li> <li>• providing a marketplace for freelancers and consultants</li> <li>• automatic notification about new jobs that meet pre-established criteria</li> <li>• blocking certain employers from gaining access to a posted résumé</li> <li>• lessons on how to negotiate a salary package</li> <li>• evaluation of different salaries on the basis of the cost of living in different cities</li> <li>• inside stories about what it is like to work for certain employers</li> <li>• free software that simplifies the process of writing and delivering a résumé on the Internet</li> <li>• interactive career fairs (with chat and video webcasts) with employers</li> <li>• advice from college counsellors and recent alumni of major schools</li> <li>• storage of a number of variations of a résumé</li> <li>• an application tracking service</li> <li>• news services tailored to career interests</li> </ul> |
|---|

Source: “On-line Recruiting: Notable Websites,” *Fortune*, Summer 2000, page 102

Thus, the Internet provides a new way to get at much larger numbers of passive job-seekers—those happily employed workers who are casually job-shopping, as opposed to those already unemployed people who are actively looking for immediate employment. Because the Internet allows the already employed to monitor the state of the labour market more closely than before, they are typically better informed about the market for their skills and the opportunities that exist.

While the recent economic difficulties in the US and Canada have led to layoffs, an ever larger proportion of the workforce has become networked, résumé ready and registered with an on-line job board in what experts refer to as “a never-ending passive job hunt.” Increasingly, employed workers realize it is a smart practice to maintain a permanent presence in the E-labour market as insurance against the possibility of job loss.<sup>18</sup>

There is also clearly a generational side to the phenomenon of the E-Labour market. New entrants into the labour market are far more likely to see the Internet as “the only way to find a job.” Consequently, companies that stay on top of the changes happening are far more likely to recruit the best and the brightest among the new generation of workers.<sup>19</sup>

## 2.3 Employers and Internet-based Recruitment

There are three general approaches employers use to tap the potential of the E-labour market. Most use their own corporate websites. Others make use of the jobsites created by firms that specialize in E-recruitment. Finally, others use HR staff to search for recruits in chat rooms or on newsgroups. Before examining these alternate strategies in any detail, it is necessary to consider why employers are shifting their recruitment activity into the E-labour market.

The most important reason for the embrace of the E-labour market by employers is that Internet-based recruitment dramatically cuts costs.<sup>20</sup> Once a corporate website is established, the relative cost of posting information about a job is low, by comparison with more traditional means of advertising (e.g., newspaper).<sup>21</sup> Now large employers “are running token print ads steering job-seekers to their own Web sites, where posting a job listing that can be seen by millions costs the company almost nothing.”<sup>22</sup>

While front-end investments are required, savings also stem from the automation of other aspects of the hiring process.<sup>23</sup> Many employers are diverting their recruitment process onto the Internet, encouraging applicants to submit résumés in electronic form, in order to reduce or eliminate the resulting paper burden. Electronic résumés can be handled in large data bases with the use of special software – whether they originate from the employer’s own website, or on one of the big Internet-based job boards.<sup>24</sup>

*Using customized search terms and sophisticated filtering software, employers can then screen tens of thousands of applications in a single go, instantly narrowing the field to a shortlist of potential candidates.<sup>25</sup>*

By investing in the appropriate software, employers can save money on the clerical aspects of recruitment, and have additional resources to devote to the later stages of the hiring process.<sup>26</sup>

Internet-based recruitment also dramatically increases the speed of the recruitment process. The employer can have dozens if not more responses within hours of a posting a job.<sup>27</sup> Some of the new screening and selection software now available makes it easier to sift through the mounds of



electronic résumés that web-based job postings produce, enabling the employer to target the specific kinds of people they want to recruit. Some estimates suggest that E-recruitment can cut a 43 day hiring cycle down to as little as 26 days, by speeding up advertising as well as the screening and processing of applications.<sup>28</sup>

Another advantage of the Internet is that it enables the employer to create a candidate pool that draws from a much wider geographic area than is possible with job fairs, newspaper ads, or word-of-mouth networking. In fact, the Internet provides employers with the first real chance to draw on the resources of the global labour market. For example, when the shortage of IT workers became more acute, North American firms were using the Internet to tap the workforce in places like India.<sup>29</sup>

Firms that rely on the Internet for their recruiting typically get better informed applicants, people who are more capable of making a realistic judgement about the fit between them and the firm. When a job-seeker applies for employment directly through a corporate Web site, they have the opportunity to get more information about the company's business and values than would ever be available in a newspaper ad. As a result, they are more likely to make a realistic appraisal of their potential fit with the firm.<sup>30</sup> In industries where Internet recruitment is common, employers expect job-seekers to be much better informed about the firm than in the past.<sup>31</sup>

For recruitment to lower level jobs, reliance upon the Internet ensures a higher level of skill among new recruits since it requires some familiarity with computers and the Internet.

One of the biggest problems faced by employers during periods when labour is in short supply is how to attract and recruit passive job-seekers. Some companies use their corporate websites to establish and maintain contact with outsiders who have demonstrated an interest in their firm. Anyone who visits the corporate website is invited to "submit a career profile and their E-mail address." The company builds an inventory and uses it to target passive job-seekers. "As soon as a job is posted, that candidate gets e-mailed and hot-linked right to the ad."<sup>32</sup>

Another problem employers face once they enter the E-labour market is that some job-seekers judge the company on the basis of their quality of their website. Thus, at least one researcher has found that 26% of college students they surveyed had "rejected potential employers from job search consideration because of the poor design of their websites."<sup>33</sup>

Finally, some critics of E-recruitment have pointed out that it should not be relied upon too heavily by employers who are concerned about building and maintaining a representative workforce. There is a well documented 'digital divide' in both the US and Canada, separating those citizens who have access to the Internet (along with the skills necessary to use it) from those who do not. If an organization's drive towards E-recruitment means that only a section of society is eligible to apply for jobs, then it can undermine the diversity employers now see as a human resources asset.

Despite the legitimacy of concerns about the digital divide, we need to be cautious about drawing simplistic conclusions. American research suggests that while blacks and Hispanics have less access to the Internet than whites, use of it to search for a job is higher among those blacks and Hispanics who do have access to the Internet than among whites with access (64% black, 57% Hispanic, 48% white). Internet job searches may be particularly useful to people who do not have

the option of relying heavily upon established contacts, social networks and word-of-mouth in their job search. The situation may be similar for EE communities in Canada.<sup>34</sup> Certainly, the new hires survey recently conducted by the Research Directorate of the PSC indicates that among new recruits into the indeterminate core of the Public Service, visible minorities were more likely to have used the Internet during their job search than others.<sup>35</sup>

## 2.4 Corporate Strategies for Internet Recruitment

There are various levels of corporate engagement with the E-labour market, ranging from a fairly passive use of the web to post job advertisements, through a more active strategy that requires HR personnel to interact with job-seekers, to a hyper-active strategy which requires the recruiter to build a long-term relationship with passive job-seekers. (See **Figure 2**.)

### (i) Passive engagement: Using corporate websites and jobsites to post job ads

Many employers who use the Internet to recruit treat the new medium as a glorified newspaper. They regard it as a cheaper and more efficient way to advertise job openings, whether the job ads are posted on their own corporate Web site, or on a website that specializes in providing information about jobs -- a jobsite. Today, both types of site are among the most frequently visited on the Internet.

**Figure 2:**  
Levels of Corporate Engagement with the E-labour Market

FOCUS OF THE EMPLOYER'S STRATEGY ON THE INTERNET	MAIN CHARACTERISTICS OF THAT STRATEGY	DEGREE OF INTERACTION BETWEEN JOB-SEEKER AND EMPLOYER
<b>PASSIVE ENGAGEMENT</b> Using the Internet to post job ads and receive applications	-ads posted on a jobsite or a corporate website	- <b>passive</b> strategy by employer -mainly <b>one-way communication</b> focussed on the distribution of information about jobs -applicant to employer communication restricted to the submission of E-mail applications
<b>ACTIVE ENGAGEMENT</b> Using the Internet to dialogue with job-seekers	-providing extensive background information on the job, the company, and/or the industry in addition to ads -providing additional services to job-seekers(see Figure 1) -maintaining an inventory of résumés from job-seekers(both active and passive)	- <b>more active</b> strategy by employer -communication involves extensive supply of information by employer -some <b>two-way communication</b> with job-seekers
<b>HYPER-ACTIVE ENGAGEMENT</b> Using the Internet to network with passive job-seekers	-use of newsgroups and other cyber fora by employer to identify future recruits	- <b>most active</b> strategy by employer - <b>extensive and continuous discussion</b> between employer and passive job-seekers to build a long-term relationship

The most common use of the Internet for recruitment purposes involves reliance upon a corporate web page to advertise job vacancies, by directing people to a corporate careers website. Typically these websites provide an E-mail address or an E-mail form which the job-seeker can use to post a message or send a résumé.

Some employers use the services of a specialized jobsite that enables job-seekers and employers to post ads or obtain information about each other. Two basic types are: for-profit sites run by specific companies, and non-profit sites sponsored by universities, governments or other groups.<sup>36</sup> Each of them taps the E-labour market in slightly different ways, and for different purposes.

The for-profit jobsites offer more features and a wider range of services to both job-seekers and employers. For example, many of the for-profit jobsites have features that enable job-seekers and employers to engage in direct but confidential communication with each other.

The three largest for-profit jobsites featuring Canadian job-seekers and employers are the following:

- **Workopolis.com** which has at least 30,000 jobs posted each day and 20,000 résumés on file. By June 2000 Workopolis.com indicated it had 500,000 visitors a month, who conducted about 4.4 million searches. A survey of 9,000 users suggested 70% had applied for a job through the site, and 43% of that group had been contacted for an interview.<sup>37</sup>
- **Monster.com** has about 420,000 jobs posted in the US, its Canadian counterpart **Monster.ca** has only 6,000 jobs on the board
- **Job.shark** claims to have about 1,000 employers and 320,000 active job-seekers registered. Crucial to its success are two features: a program which matches jobs to job-seekers, and another “on-line résumé management package that helps recruiters process the flow of applications.”<sup>38</sup>

These large for-profit jobsites have a natural edge over most corporate websites. Not only do the large jobsites provide more services to the average job-seeker, they also have a larger number of jobs posted. Because job-seekers “naturally tend to congregate at the sites with the largest number of postings.” Not surprisingly, the big jobsites are quite attractive to those corporations who doubt the capacity of their own website to reach a large enough audience.<sup>39</sup> By purchasing the services of one of these jobsites, an employer can often get immediate access to a very large volume of potential applicants.

The big jobsites have two major drawbacks. First, they are much better at generating a large volume of applicants than they are at providing the right quality of applicants. Hence the preoccupation with developing more effective software to screen applications. Increasingly, the big jobsites rely on new screening and sorting software to reduce the burden of too many choices for employers.

Second, they are better at producing applicant pools for entry and mid-level jobs than they are at producing applicants for senior positions.<sup>40</sup> Senior people still need to be interviewed in person before any hiring takes place.<sup>41</sup> Furthermore, for jobsites to become a more common tool in executive recruitment, they need to ensure confidential direct messaging between the executive job-seeker and the potential employers.

## **(ii) Active engagement: Using corporate websites and jobsites as a way to dialogue with job-seekers**

Accommodating active job-seekers on a corporate Web site is no longer a matter of simply posting job ads and giving people an opportunity to apply on-line. To be really successful, a

corporate website should help the employer establish a longer-term relationship with talented people who are not currently seeking employment (i.e., passive job-seekers), but whose skills may be required in the future.<sup>42</sup> Before the current economic slowdown, some companies assigned HR staff to “follow-up with candidates in the ‘Hot File’ at regular intervals. Such personal contact establishes a relationship between the candidate and the company, allowing both parties to assess the other’s ‘fit’ well in advance of a vacancy.”<sup>43</sup> That strategy has been termed “just-in-time-recruiting.” because, the employer can have candidates available when the need arises.<sup>44</sup>

When the company cannot assign HR personnel to maintain contact with potential long-term recruits, having the right computer software becomes vital. For example, CNC Global Consulting (a large IT recruiting firm in Canada) has automated its recruitment so that job-seekers who visit their website fill out an on-line questionnaire. Once they have registered, candidates are “automatically screened against every job that is registered with the company.” Consequently, passive job-seekers can be notified when an appropriate job comes along. A crucial feature of the software is that it enables the company to give each applicant a customized questionnaire, one which asks “job-seekers different questions depending on their previous answers. The result is a more detailed and relevant profile of the job-seeker.”<sup>45</sup>

Despite all the hype about the advantages of using the Internet for recruitment, doing so requires an employer to have more than a flashy website. Internet recruiters – must offer easy to use, error free survey design to elicit answers. A recent review of the E-recruiting efforts of six major American corporations (including Cisco, Procter & Gamble and Citibank) concluded that 42% of users failed to complete the on-line application process featured on the corporate website because of errors in the website design. A further 32% only partly succeeded in their efforts.<sup>46</sup>

### **(iii) Hyper-active engagement: Networking with passive job-seekers**

Companies that find themselves in the most competitive segments of the labour market (e.g., IT firms) often use the Internet as the basis for a more aggressive recruitment strategy. Typically that involves dedicating HR personnel to cultivate a corporate presence in newsgroups (or other cyber-fora) where the kind of people they need to recruit tend to congregate.<sup>47</sup>

The Internet has all kinds of virtual locations where people with similar interests have a tendency to congregate, to discuss issues of mutual interest, to exchange information, and to debate contentious issues. These include: webpages, newsgroups, list-serves, chat-rooms, E-mail groups and other kind of fora.

*The key from a recruitment standpoint is to identify the forums or associations that serve the interests of the talent you require. To uncover these virtual pools of potential candidates, an employer need only ask its own employees to identify the Internet resources they use on a professional basis. With a profile of where their own employees spend their time in cyberspace, and organization can scan for candidates and promote their career opportunities in the same places.*<sup>48</sup>

In cases where no suitable electronic forum exists, “an organization may create or sponsor an on-line community that attracts the desired pool of talent.”<sup>49</sup> Central to this E-recruitment strategy is the use of such means to identify and then build a relationship with talented people. That means

the recruiter must cultivate an “interest in the organization’s products, services and career opportunities” among selected people within those virtual communities.<sup>50</sup> Obviously, that requires the participation of HR personnel and senior personnel with a very deep understanding of the firm’s business.

This hyper-active strategy for E-recruitment means a convergence of recruitment strategy with marketing campaigns to brand the organization. The more sophisticated corporate practitioners of E-recruitment build their HR brand by tying it to the brand for their products and services.<sup>51</sup>

One obvious difficulty with this Internet recruitment strategy is that “scanning electronic forums for talent” is very labour intensive, even though it does permit the employer to tap a hidden job market.<sup>52</sup> Nevertheless, in the hot job market of last year, more and more employers were developing this sort of capability, especially for senior people.<sup>53</sup>

## 2.5 The Future of E-Recruitment

As the E-labour market grows and the traditional labour market wanes, the overall shape of the recruitment process will continue to change. If economic growth and/or demographic pressures perpetuate the current tight labour market, HR professionals will be forced to continually develop new Internet-based recruitment strategies, as the value of more traditional methods wanes.

To date, the Internet has mainly affected, the initial efforts to build an applicant pool, and the screening of applicants. However, the results derived from the automation of the first two stages have allowed employers to focus more attention on selection. In the future, the Internet will also revolutionize the selection process.

*It is not hard to imagine a future in which employers electronically screen for candidates ‘soft’ attributes, direct potential hires to a special website for skills testing, conduct background checks over the net, interview candidates via a videolink, and manage it all with Web-based software. It’s not hard to imagine, because all these services currently exist....<sup>54</sup>*

While many of the long-term implications of the rise of the E-labour market may not be clear for another decade, it is likely to prove more important in its impact on employers than either demographic shifts or recent innovations in organizational structures.

In the short-term (i.e., the next 3 years), the Internet will not eliminate the more traditional methods used by workers and managers to make a match in the labour market. Newspaper ads, job fairs, networking with family and friends will continue to be important parts of a job search for some people. (Certainly networking will remain very important as a job search method.) But even those methods of job search are now increasingly dependent upon the Internet. For example, job fairs are being replaced by virtual job fairs, and much networking is now conducted via the Internet.<sup>55</sup> In the long-term, the E-labour market will displace the traditional labour market as the place where most job-searching and recruitment activity takes place. Until then, we can look forward to constant innovation as E-recruitment practices continue to change at a blistering pace.<sup>56</sup>

## 3.0 E-recruitment and the Public Service

To the extent the Public Service wants to be an employer of choice and compete with the private sector for top talent, its E-recruitment strategy must be driven by the prevailing standards of the E-labour market. In a world where we are moving towards on-line video interviewing for candidates, and the use of computer-based simulated work situations as an evaluation tool, it is important for the Public Service to benchmark its E-recruitment performance against that of its main competitors (i.e., the websites of the large corporations and the large jobsites).<sup>57</sup>

Effective use of E-recruitment requires organizations to be highly responsive to changes in the marketplace. Because recruitment to the Public Service currently involves a hiring process designed to produce decisions that are fair, equitable, and transparent, and which must take into account things like language skills and security clearances, the organization may always have trouble competing in the E-labour market. However, even though the Public Service cannot match the E-recruitment practices of the private sector, it cannot afford to ignore them entirely if it wants to compete for talent.<sup>58</sup>

The Public Service needs to further consider what trade-offs might be made with respect to E-recruitment, to resolve the cross-pressures from the phenomenon of Internet time on the one hand, and the need for due process on the other. During future discussions about E-recruitment strategy in the Public Service, the key central agencies (i.e., PSC and TBS) and the departments should bear in mind the following eight general lessons about the E-labour market:

### **(1) The competition is intensifying:**

The growing reliance on Internet-based job searches and recruitment raises the level of competition among both job-seekers and employers. There are tens of thousands of organizations and millions of people using the Internet in an effort to recruit staff or get a job. These people are “engaged in a virtual search twenty-four hours a day, seven days a week.”<sup>59</sup> That means both job-seekers and recruiting employers have more options. (They are also far more aware of that fact than they were just a few short years ago.) It also means they make decisions much faster than they have in the past.

### **(2) The balance of power in negotiations has shifted from employers to job-seekers:**

The E-labour market shifts the balance of power from employers to job-seekers, partly because it is linked to structural changes in the economy. Even during a period of recession, when the balance of power in the labour market shifts towards employers, that shift will be less than it was prior to the rise of the E-labour market. (Even though the supply of available jobs is reduced, that does not alter the increase in the quantity and quality of information available to the individual job-seeker through the Internet.)

### **(3) There is a more level playing field for job-seekers in the E-labour market:**

The Internet is associated with a structural change in the labour market caused by more open access to information about jobs. It creates a more level playing field for job-seekers, something

which has particular importance for those who have traditionally been disadvantaged in the labour market because of who they don't know. As one commentator explains,

*The Internet job market is a democracy administered by servers that don't know the meaning of the term "Ivy League." Hiring itself hasn't been fully automated, but the crucial first step of getting your résumé into the right pile...is in the hands of search engines, single-mindedly focussed on specific credentials and skills that can be reduced to keywords. ...There's a sense that there's equal access to any employer and to any job. Anybody can go to the biggest site and post a résumé online. Who they know doesn't matter.*<sup>60</sup>

#### **(4) The E-labour market has a polarizing effect on compensation levels:**

The intensification of competition has a differential effect at each of the two ends of the spectrum of talent (highly skilled employees and those with relatively low levels of skill). When both the job-seeker and the recruiting employer are aware of market conditions for top talent, it will tend to heighten compensation at the upper end of the market (a superstar effect). By contrast, when both sides are more aware of market conditions for workers at the lower end of the market, it will tend to depress compensation levels. In other words, the growing importance of the Internet will reinforce the societal trend towards a polarization of wages.<sup>61</sup>

#### **(5) The Internet reinforces the growth in non-standard forms of employment:**

The long-term growth of non-standard forms of employment (e.g., temporary and casual employees terms, consultants, free-lancers) means there are a lot of 'free agents' who are regularly in the marketplace conducting transactions related to employment.<sup>62</sup> Because the Internet makes it easier for large numbers of free agents to gather information about employment opportunities and to apply for them, the rise of the E-labour market reinforces the general trend towards the growth of non-standard forms of employment.<sup>63</sup>

#### **(6) The phenomenon of Internet time is central to the E-labour market:**

One of the most significant changes in labour market transactions associated with the Internet is the dramatic increase in the speed with which they occur. While the E-labour market creates many new opportunities for employers, it also places certain constraints upon them. Employers must understand and respect the differences between the temporal assumptions inherent in pre-Internet business practices and those associated with E-business of all kinds. Put bluntly, the phenomenon of Internet time is real.

Because the Internet is premised on near instantaneous communication, it dramatically shrinks the turnaround time that both employers and job-seekers expect within the E-labour market. The Internet defined marketplace requires that current needs be met immediately.<sup>64</sup> Both parties to a potential transaction in the E-labour market must be prepared to act very quickly when an opportunity presents itself. Otherwise, the opportunity is likely to evaporate. For example, employers who do not respond to queries or applications from active job-seekers within a day or two, are likely to find themselves out of the competition to hire someone who is highly talented. In short, the Internet has dramatically shrunk the turnaround times that people expect.

**(7) The E-labour market intensifies the problem of retention and the opportunity for poaching:**

The E-labour market greatly enhances the capacity of passive job-seekers to monitor market conditions. At the same time, it dramatically increases the ability of an employer to poach the staff of other companies. Thus, with every increase in the use of the E-labour market, the problem of retention will be heightened for all employers.

**(8) The E-recruitment strategy adopted by an organization to recruit externally establishes new standards for how it runs its internal labour market:**

While it is vitally important for large organizations to match the best practices in the E-labour market if they wish to remain competitive, doing so brings an additional problem. Any disparity between the standards of performance in an organization's E-recruitment system, and the standards which are evident in its internal E-HR system can only encourage people to leave. If employees find it easier to get a new job with another company than to land a new job with their existing employer, the incentive to leave will increase. Thus, it is crucial for an organization to develop its E-recruitment strategy and its internal E-HR system in tandem.<sup>65</sup>



## ENDNOTES

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1. For some idea of the growing social impact of the Internet see a recent study by the Institute for the Quantitative Study of Society, at Stanford University: "Internet and Society: A preliminary report," by Norman H Nie and Lutz Erbring, February 2000. It is available at: <http://www.stanford.edu/group/sigss/> One of the few articles that deals with Internet-based recruitment in the public sector is "The Quest for the Qualified Job Surfer: It's Time the Public sector Catches the Wave," by Richard T Cober et al, *Public Personnel Management*, volume 29 #4, Winter 2000.
2. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 140.
3. For example, at a recent conference on Canada in the Information Age, the topic of Internet recruiting was extensively discussed. The conference, which was held in Ottawa in early May 2000, was entitled "Creating Canada's Advantage in an Information Age." Much of the debate surrounded the 'big-picture' question of whether the labour market is undergoing a fundamental change as a result of the Internet. Are we witnessing the rise of a new E-labour market with characteristics and properties that are qualitatively different from those of the old labour market? Will the development of the Internet have as profound a change as the Industrial Revolution did?
4. Where not otherwise specified, the information in this paper is drawn from three papers presented at the conference: See "Internet Recruiting: A Background Report," Alice Nakamura (University of Alberta) & Theresa Pugh (CareerOwl Institute), "Competing for Talent in an Internet Age," Alice Nakamura (University of Alberta) & Paul Davenport (Western), and "Internet and Traditional Job Search Methods, 1994-1999," Peter Kuhn (University of California, Santa Barbara).
5. See "The Compelling Offer: Recruitment to the Federal Public Service From the External Labour Market," Draft paper by Brian McDougall, Research Directorate, Public Service Commission, May 2001. For more on the new hires survey see *Joining the Core Workforce: A Preliminary Report on the Survey of Newly Hired Indeterminate Employees in the Federal Public Service*, By Brian McDougall, Micheline Nehmé and Rolina van Gaalen, Research Directorate, Public service Commission, March 2001, available on the Internet at [http://www.psc-cfp.gc.ca/research/surveys/newhires\\_e.htm](http://www.psc-cfp.gc.ca/research/surveys/newhires_e.htm). It should be noted that the survey on which these reports are based was conducted via E-mail and the Internet. In other words, both studies tended to exclude those federal public servants who did not have workplace access to E-mail and the Internet.
6. See "Recruiting on the Web," Ross Laver, *Macleans*, May 29, 2000.
7. See "Why More Job Hunters are Stalking the Web..." *The Telegram* (St. John's) August 22, 1999.
8. See the following reports from iLogos Rresearch: *Global 500 Web Site Recruiting: 2000 Survey*, page 2, *Best Practices for Fortune 500 Career Web Site Recruiting*, 2000, page ix, and *Canadian Top 100 Companies*, 2001, page vii.
9. See *Labour Daze*, May 12, 2000, a newsletter issued by Thomas Weisel Partners, at <http://www.tweisel.com/client/public/labor.html>
10. Laver, pages 24-25.
11. See "A Reality Check for Internet recruiting," Laurel Hyatt, *Workplace Today*, Feb. 2001, page 16.
12. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 146.

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13. A recent article in the Ottawa Citizen, "US Job-seekers Choose Papers over the Internet," (June 14, 2000) argued that newspaper still have an advantage over the Internet as the "best place to find a job," because "three-quarters of the US job-seekers used newspapers over the past year, while 40 per cent went to the web." The source for the information was a study done by the Newspaper Association of America. For example, it is unclear whether use of the Internet reduces the reliance on **informal channels** in the job search (eg, word of mouth), or allows such informal methods to be used more extensively and systematically (e.g., through e-mail)
  14. "Just as the internet is a complement to a company's marketing strategy – not a replacement for telephone and fax for communications, nor print, radio and television for advertising – the Internet is a complement to an individual's job hunt, nor a replacement for a traditional job hunt methods." See "Tech-savvy job-hunters post Websumes," Fiona McNair, *Edmonton Journal*, May 24, 2000.
  15. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 140-141.
  16. Recent research found that "of more than 1,000 college students polled, 79% said that the quality of a potential employer's website is important when deciding whether to apply for a job." See "Five Keys to Effective E-recruiting," Kim Peters, in *Ivey Business Journal*, Jan./Feb. 2001, page 8.
  17. See "Internet Recruitment and Selection: Kissing Frogs to find Princes," Dave Bartram, *International Journal of Selection and Assessment*, volume 8 #4, December 2000, page 264.
  18. See "How safe is your Job?," Daniel McGinn and Keith Naughton, *Newsweek*, February 5, 2001, page 41. For a discussion of the the related phenomenon of the rise of ,free agents, in the labour market see *Free Agent Nation: How America's New Independent Workers are Transforming the Way we Live*, Daniel H Pink, Warner Books, 2001.
  19. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 146.
  20. Cappelli suggests Internet-based recruitment may cut costs to as little as 5% of the costs of traditional methods of recruitment. See "Making the Most of On-Line Recruiting," *Harvard Business Review*, 2001, page 140. Also see Cober et al, "The Quest for the Qualified Job Surfer...", page 181.
  21. "According to a recent report by Goldman Sachs, a 30-day classified ad in a major newspaper costs an average of \$3,295, while a 30 day posting on a major job board averages a mere \$167." See "On-line Recruiting: Help Wanted Enquire Within," *Fortune*, Summer 2000, page 101. As Laver explains, to reduce the costs of recruiting even further, "many large companies opt to become sponsors or partners of job boards, which gives them the right to post an unlimited number of on-line career ads for a fixed yearly or quarterly fee. Workopolis.com charges its 200 partners as little as \$15,000 a year for unlimited postings." (Page 25) Career ads will not disappear entirely from the daily newspaper. However, as reliance upon the Internet grows, employers may use newspaper based ads "not to publicize specific openings but to promote the company as a place to work – a necessary function in an era of low unemployment and competition for talent." Laver, page 26.
  22. "Hunting for Jobs is a Totally New game," Jerry Adler & Seema Nayyar, in How to Use the Internet to Choose or Change careers, special issue of *Newsweek*, 2000, page 6.
  23. Of course to remain competitive in the E-labour market, employers need to make regular investments in upgrading their software.
  24. Laver, page 25.

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25. Laver page 25.
  26. Laver page 25 Central to all the Internet-based recruitment activity is the software being used for various purposes. "The more complex programs manage virtually the entire recruiting process. They establish company career sites, post positions on multiple job boards, pre-screen applicants, establish employee referral programs track each file through the process and keep a detailed database on prospective future hires." See "Sophisticated Software does the job for On-line recruiters," Ann Kerr, *The Globe and Mail*, June 30, 2000.
  27. Speed is one of the greatest features of Internet recruiting. "No need to wait for postal delivery; the resumés start arriving within minutes after the ad is posted. Before, there was all this back and forth with leaving phone messages; now there is immediate communication via E-mail." See "On-line Recruiting: Help Wanted Enquire Within," *Fortune*, Summer 2000, page 101
  28. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 140.
  29. See "On-line Recruiting: Help Wanted Enquire Within," *Fortune*, Summer 2000, page 101.
  30. See "On-line Recruiting: Help Wanted Enquire Within," *Fortune*, Summer 2000, page 101. Also see Cober et al, "The Quest for the Qualified Job Surfer...", page 483.
  31. "Hunting for Jobs is a Totally New game," Jerry Adler & Seema Nayyar, in How to Use the Internet to Choose or Change careers, special issue of *Newsweek*, 2000, page 9.
  32. See "Wooring the Reluctant candidate," Ann Kerr, *The Globe and Mail*, June 30, 2000.
  33. Cited in Richard T Cober et al, "The Quest for the Qualified Job Surfer...", page 486.
  34. A recent Statscan publication shows similar patterns in Canadian households. In 1998, access to the Internet in Canada was directly linked to overall household income. While 65% of those in the top quartile with respect to household income had access to the Internet, only 13% of those in the bottom quartile did. See "Plugged into the Internet," Paul Dickinson and Jonathan Ellison, *Canadian Social trends*, Winter 1999 Statistics Canada - Catalogue No. 11-008. Also see "Getting Connected or Staying Unplugged: The Growing demand for Computer Communication Services," *Service Indicators*, Volume 6, No. 1, Statistics Canada, Catalogue 63-016-XPB. A more recent report by the media monitoring company Nielsen Media research, estimates that in May 2000, the number of English speaking adult Canadians who have access to the Internet from a home based computer is somewhere around 13 million. See "Canadians Rate Ottawa a Hit on the Internet," David Akin, National Post, June 27, 2000

There are other manifestations of the digital divide in Canada. The Quebec government has alerted people to the disparities between language groups and regions with respect to Internet use. For example, Quebec has consistently lagged behind the rest of the country in the proportion of the population with access to a computer and the Internet. In a recent report, the Quebec government said "the 'digital divide' in Quebec, as elsewhere in the world, is explained for the most part by differences in household income." Research also suggests that the "relatively limited quantity of web sites or of information in French makes the Internet less attractive to a French speaker than to an English speaker." See *Quebec on Line: Promoting the Use of the Internet and the Development of E-Commerce*, Ministry of Finance, Government of Quebec, 2000, pages 32-41. Ibid, page 38. At present, about 80% of the websites which exist are in English.) See "Digital Divide gets Wide Outside US," by Jennifer Mack, at <http://www.zdnet.com/...4586,2336552,00.html>

35. See "The Recruitment Experience, Job Satisfaction and Career Plans of Newly Hired Visible Minorities," draft paper by Andrea Chatterton, May 2001, pages 12-16.

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36. For a recent list of about 140 of the most important jobsites in the Canadian labour market see the *Canadian HR Reporter*, September 24, 2001, pages G11 - G15.
37. See "Workopolis flexes job market might," *The Globe and Mail*, June 22, 2000.
38. "JobShark Fishes for Quality job-seekers," *The Globe and Mail*, June 22, 2000.
39. Laver, page 25.
40. Most Internet jobsites "serve markets that range up to middle-management jobs commanding \$150,000 or more in salary." As a consequence, they are more useful for recruiting professionals than executives. See sidebottom, page 1.
41. Experts in the field of E-recruitment suggest that new generations of software will soon make it easier to use the Internet to interview and test senior executives online. Already we are seeing the increased use of software "that assesses a candidate's operating, decision-making and communications styles through an interactive test that takes about an hour to complete." See "Job Description Changing for Recruiters," Margot Gibb-Clark, *Globe and Mail*, June 19, 2000.
42. "To become an e-talent magnate, the entire corporate site must deliver an experience that generates and maintains an interest in the organization over time. Converting this interest into applicants requires the development of a compelling corporate image, a comprehensive overview of the employment 'deal' and innovative design features." Sidebottom, pages 2-3.
43. Sidebottom, page 5.
44. See "Current recruiting Trends," from the Electronic Recruiting News, at <http://www.interbiznet.com/ern/archives/97Trends.html>
45. (The software prompts the applicant with questions chosen on the basis of the context. The result is a profile that outlines the skills, work experience and other crucial information for each applicant (e.g., what type of company they want to work for, which cities they want to work in, etc.)) See "CNC Global helps job-seekers save on shoe leather: Interactive Search..." Susan Heinrich, *National Post*, June 26, 2000.
46. See "Corporate Recruiting Sites Need Help," op.cit.
47. See Sidebottom, page 2.
48. Sidebottom, page 4.
49. Sidebottom, page 5. Cyber fora offer recruiters who target top talent many advantages. In addition to reaching many talented people, they give the recruiter an opportunity to follow the discussion and "assess the calibre of potential candidates." However, using the Internet to recruit in this fashion requires "patience, diplomacy and Netiquette." In many cases, the recruiter needs "to obtain permission from the site or group administrator prior to participating," since those groups "exist as a forum to exchange ideas, not resumé's." Ibid.
50. Sidebottom, page 5.

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51. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 140. Sidebottom says that to "...attract attention...recruitment professionals are customizing their on-line recruitment communications to reach the people their organization needs. Visionaries are adopting strategies that apply marketing principles to profile, segment and understand who their ideal candidates are, where they spend their time in cyberspace, and what organizational changes must be made to appeal to these candidates. This convergence of human resources and marketing over the Internet heralds the emergence of the virtual employment brand...Web based recruitment...that stands out from the competition." (Page 2..) For a discussion of some of the ways public sector organizations can use their websites to develop a more positive brand, see Richard T Cober, et al, "The Quest for the Qualified Job Surfer...," pages 482-483.
52. Sidebottom, page 5.
53. Recently, Monster.com has launched a new jobsite devoted exclusively to the recruitment of CEOs and other high-ranking executives. With more than 60,000 people signing on during the first month of operation, the company is considering a similar website for Canadian executives. See "A Reality Check for Internet recruiting," Laurel Hyatt, *Workplace Today*, Feb. 2001, page 16.
54. See "For Sale On-line: You," by Jerry Useem, Fortune Archives, at <http://library.northernlight.com/SG19990714260000500.html?cb=13&sc=0> For another look at the future use of Internet communications in selection see "Virtual reality Technology: A new Tool for Personnel selection," by Herman Aguinis et al, *International Journal of Selection and Assessment*, volume 9 #1/2, 2001.
55. Kim Peters reports that in the Fall of 2000, Workopolis experimented with holding a virtual job fair for MBA students at 18 business schools across Canada. As she explained, "Sitting at their PCs, candidates can watch live video, audio or slide presentations and participate in a live question and answer session with recruiters." See "Five Keys to Effective Recruiting," *Ivey Business Journal*, Jan./Feb. 2001, page 8.
56. In a recent report, *Best Practices for Fortune 500 Career Web Site Recruiting*, iLogos outlines some of the innovative practices that are coming soon, including the following:
- \$ Multi-language capabilities to accommodate the increasingly diverse and global workforce;
  - \$ On-line interview scheduling;
  - \$ Ex-employee alumni programs posted on the Corporate Web site;
  - \$ Feedback to job-seekerson the status of their application and candidacy throughout the recruiting process;
  - \$ New interactive multimedia assessment methods....
  - \$ CRM (Customer Relationship Management) style one-to-one recruiting through personalized messaging and communications....
57. Benchmarking the E-recruitment performance of the federal Public service should start by looking at the following studies from iLogos research: *Best Practices for Fortune 500 Career Web Site Recruiting* (2000), and *Canadian Top 100 Companies: Addendum to Best Practices for Fortune 500 Web Site Recruiting* (2000).
58. "The rules for E-government are different from those for E-business, where it may sometimes be better to be fast than right. Governments have to be more cautious, they must take more care to take people with them, they are more accountable for the money they spend...." See the Clerk's speech, page 2. Also see *The Economist*, June 24, 2000, page 34.
59. See Sidebottom, page 1.

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60. "Hunting for Jobs is a Totally New game," Jerry Adler & Seema Nayyar, in How to Use the Internet to Choose or Change careers, special issue of *Newsweek*, 2000, pages 7-8.
  61. Internet job searches and recruitment will probably reduce the long-term effects of unemployment due to market friction (the imperfect match between available jobs and job-seekers because of imperfect information in the market). Furthermore it may well increase the speed of matching in the labour market.
  62. Those 'free agents' include both workers who are voluntarily employed in non-standard jobs (many of them in professional and managerial level positions) as well as the large number who are involuntarily employed on that basis.
  63. See the recent book by Pink, *Free Agent Nation...* op.cit.
  64. "Hunting for Jobs is a Totally New game," Jerry Adler & Seema Nayyar, in How to Use the Internet to Choose or Change careers, special issue of *Newsweek*, 2000, page 12.
  65. See "Making the Most of On-Line Recruiting," Peter Cappelli, *Harvard Business Review*, 2001, page 145-146.