An Evaluation of the Effectiveness of E-recruitment Practices for SMEs in Malaysia

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Abstract. The purpose of this study is the analysis of the possibilities and difficulties of e-recruitment practices for SMEs in Malaysia, elaborating their effectiveness, and explaining some practical and managerial implications concerning these actions. Statistical analyses and empirical findings expressed here show that the attitudes and opinions of SME executives towards e-recruitment are considered a sub-function of an integrated e-HRM and can be seen as a valued technological improvement in the main critical activities of human resource management. However, findings show that the ability to communicate and deal with a multilingual organizational and working environment is the most important operational benefit of a web-based e-HRM and e-recruiting system. This technology is seen as a pathway to improving external and internal interactions and communication between jobseekers, firms, employees, and other stakeholders, as well as to build data bases to store and recall data. These are the main strategic advantages of a recruitment system for SMEs in Malaysia. The findings of this study also show that e-recruitment in Malaysia is still in-progress work and even the big recruiting firms have not fully implemented this technology.

Keywords: E-recruitment, SMEs, E-HRM, E-Business
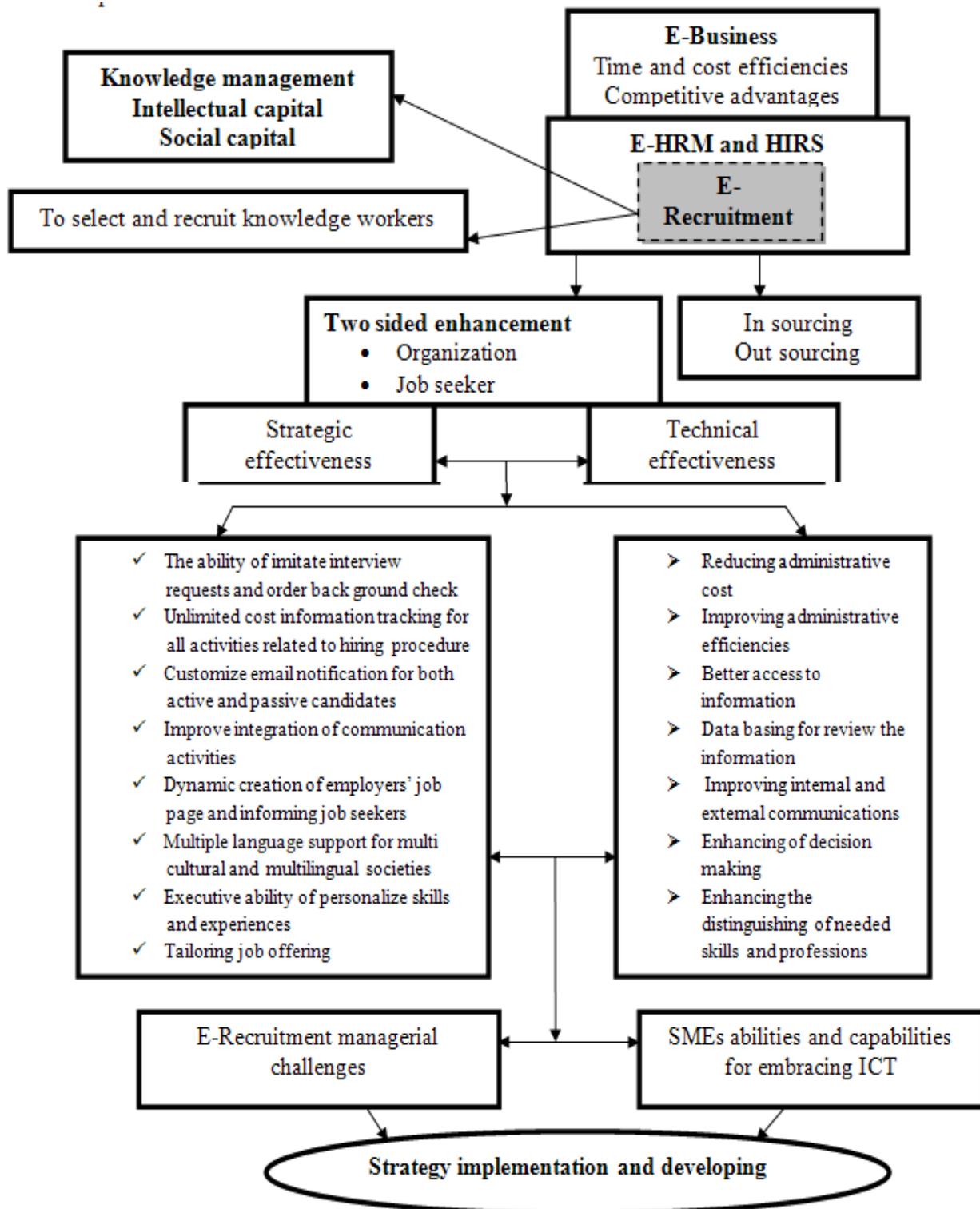
1. Introduction

As organizations are meant to be competitive, and to be successful in any competition depends upon available resources, especially human resources, and all global organizations have to hire the best competent and skilled employees in their catchment or resources area. Recruitment is considered a sub-process within the field of human resource management, while selection and staffing are the key processes of human capital development. Mandy and Noe (2008) state that recruitment is the process of identifying and attracting potential employees, whereas selection is the process of making decisions to select these employees though recruitment is considered the critical part of organizational human resource development. E-recruitment is a means of using information technology (IT) to perform, speed up or improves this process (Tong and Sivanand, 2005). E-recruitment also falls under e-HRM which is an organization's e-business system that uses web-based technologies for human resource management practices and policies (Ruel et al. 2007). E-HRM system and its subsystems, such as e-recruitment, produce a higher level of service delivery and a better strategic contribution. E-recruitment emerges as a handy and advantageous method over traditional methods of recruitment (Tong and Sivanand 2005), as it brings all benefits of an e-business into the human resource field and improves the efficiencies of the recruitment process.

2. Conceptual Model and research hypotheses

Based on previous literatures concerning e-business, HRM, and e-RHM, this researcher developed a conceptual framework involving all-important notes that should be taken into account when analyzing the significance and effectiveness of an e-recruitment system particularly for small and medium enterprises.

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E-Business
Time and cost efficiencies
Competitive advantages

E-HRM and HIRS
E-Recruitment

Knowledge management
Intellectual capital
Social capital

To select and recruit knowledge workers

Two sided enhancement
- Organization
- Job seeker

In sourcing
Out sourcing

Strategic effectiveness

Technical effectiveness

✓ The ability of imitate interview requests and order back ground check
✓ Unlimited cost information tracking for all activities related to hiring procedure
✓ Customize email notification for both active and passive candidates
✓ Improve integration of communication activities
✓ Dynamic creation of employers' job page and informing job seekers
✓ Multiple language support for multi cultural and multilingual societies
✓ Executive ability of personalize skills and experiences
✓ Tailoring job offering

➢ Reducing administrative cost
➢ Improving administrative efficiencies
➢ Better access to information
➢ Data basing for review the information
➢ Improving internal and external communications
➢ Enhancing of decision making
➢ Enhancing the distinguishing of needed skills and professions

E-Recruitment managerial challenges

SMEs abilities and capabilities for embracing ICT

Strategy implementation and developing

In this paper a set of hypotheses were developed to cover the concept of e-recruitment from an e-business and human resource management view. These hypotheses are as following:

- Hypotheses one, e-recruitment as an e-business system helps enterprise to reduce costs of traditional recruiting
- Hypotheses two, e-recruitment is a more effective way to develop competitive human capital
- Hypotheses three, SME's executives in Malaysia are aware of the strategic importance of knowledge-workers for their performance
- Hypotheses four, e-recruitment system improves enterprise operational effectiveness
- Hypotheses five, e-recruitment system improves enterprise knowledge management

- Hypotheses six, e-recruitment system enables enterprises to develop intellectual capital more effectively
- Hypotheses seven, e-recruitment system assists SME executives to deal with challenge in human resource management regarding skills of job-seekers
- Hypotheses eight, Malaysian SMEs do not have enough capacity and ability to adapt e-business systems like e-HRM
- Hypotheses nine, Malaysian SME executives prefer to outsource their e-recruitment to e-recruiters because of financial and technical constraints.

3. Research Method

To test these hypotheses, an empirical study was carried out, using a questionnaire. The questionnaire used for this study of a close-ended type and includes 17 questions. Some responses are based on five value Likert scale to indicate attitudinal aspects of SME executives toward e-recruitment systems, and the remaining are simple multiple choice questions which have been organized into a seven page questionnaire. The responses of the sampled SME executives were evaluated using SPSS software and a set of variables were identified and evaluated to form a statistical picture of the responses to the questionnaire. For data collection method, In order to minimize the costs of data collection and also to cope with time constrains, it was decided to use an e-mail approach, as this seemed an effective, quick, and easy way to access SME executives. The sampling method in choosing the participants for this study was a simple random sample. In addition, in this study, a sample of 60 SMEs was selected across the three economic sectors examined agriculture, service and manufacturing.

4. Results, Discussion and Implication

In this section, the findings of this study will present, discuss and few managerial implication will develop. The following table shows the results of nine research hypotheses of this study.

Hypothesis	Description	Status	Technique
H1	e-recruitment system as a way to reduce costs of traditional recruitment	accepted	Count-procedure Frequency analysis Non-parametric chi-square
H2	e-recruitment system as an e-business system is an effective way to develop superior and competitive human capital	rejected	Count-procedure Frequency analysis Non-parametric chi-square
H3	Malaysian SMEs 'executives are aware of the importance and criticality of knowledge-workers	accepted	Count-procedure Frequency analysis Non-parametric chi-square
H4	e-recruitment system improves operational effectiveness of human resource management system in a SME	rejected	Count-procedure Frequency analysis Non-parametric chi-square
H5	SME's need knowledge workers and today's competition is based on managing knowledge resources	rejected	Count-procedure Frequency analysis Non-parametric chi-square
H6	links enterprise's e-recruitment system to creation of intellectual capital as a source of competitive advantage for Malaysian SMEs	Rejected not clearly	Count-procedure Frequency analysis Non-parametric chi-square
H7	e-recruitment system helps human resource managers to deal with skills of job-seekers more effectively	rejected	Count-procedure Frequency analysis Non-parametric chi-

			square
H8	lack of supportive infrastructure for e-business systems like e-recruitment	accepted	Frequency analysis Non-parametric chi-square
H9	outsourcing e-recruitment	accepted not strongly	Frequency analysis Non-parametric chi-square

Table 1: Synopsis of hypothesis testing

Statistical results of this study show that in Malaysian SMEs recruitment policies are made mainly by top management (entrepreneur, CEO or owner). It also has shown that manufacturing systems, quality control and automation are main domains of SMEs operations to be equipped with an e-business system, but HRM and recruitment are in near future planning. In Malaysian SME E-HRM is mainly intended to speed up traditional human resource management and e-recruitment is considered as a system to enable SMEs to deal with multi-cultural and multi-lingual working contexts and that improves communication and interaction with employees and job seekers. Executives of Malaysian SMEs believe that e-recruitment can lead them to a new competitive position mainly in Malaysia labor market due to the importance of knowledge workers and resource-based competition. Statistical and empirical findings of the study also shows that Malaysian labor market faces complexities and difficulties in matching skills with job requirements, and e-recruitment systems alone seem to not be able to overcome these challenges and therefore more advance systems, and managerial approaches are required. Also it was seen that for Malaysian SMEs, outsourcing can be a reliable option to take advantages of e-recruitment in presence of financial and technological restrictions. The statistical analysis and empirical findings of this study show that, the overall attitudes and opinions of SME executives towards e-recruitment as a sub-function of an integrated e-HRM can speed up the main critical activities of human resource management as the main trigger for utilizing and adopting an e-HRM system and for e-recruitment. However, findings show that the ability to communicate and manage a multilingual organizational and working environment is the most important operational benefit of a web-based computerized e-HRM and e-recruiting system. This leads to improving external and internal interactions and communications between jobseekers, firms, employees and other stakeholders as well as the ability to use data bases to store and retrieve data. These are the main strategic advantages of a recruitment system for SMEs in Malaysia. The findings of this study also show that e-recruitment in Malaysia is still progressing and even big firms are not using such systems for their HRM procedures. More attention needs to be committed by executives, academicians, and practitioners to e-recruitment as an effective e-business system for all firms. Since e-recruitment and an integrated e-HRM system requires financial and technological resources for SMEs and SMEs normally generally lack these resources, outsourcing to some specialized firms such as jobstreet.com and jobsdb.com are valuable options. In addition, there are some useful executive and managerial implications drawn from the study. These will enhance their HRM decision making and improve the performance and operation of their respective enterprise from a human resource management perspective and its recruitment sub function. At this time, the labor market is leaning towards complexity and firms are encountering many challenges to find and match skills of talented workers with a wide range of job requirements. In this case, electronic recruitment system can enable human resource managers to analyze worker's applications and customize job offerings and thereby gain more effective access to a boarder range of potential job seekers. Moreover, in today's competitive market, being competitive is based on talents and skills of management and its workforce instead of classical capital; and acquiring talented workers helps firms to boost operational abilities and to develop more advanced resources, capabilities, and also add to core competencies.

5. References

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