

Factors Influencing Online Recruitment of Vietnamese Enterprises

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ABSTRACT

This research aims to find out factors affecting the online recruitment by Vietnamese enterprises in the context of global integration. It interviews 220 employees of 30 HCMC and Bình Dương-based companies. The results show that the scales of influential factors on online recruitment comprise five components, namely usefulness, ease of use, risk involved in online transaction, risk related to applicants and convenience in payment. All of them have effects on the attitude towards the use of online recruitment, except for ease of use. The research proposes some measures to encourage Vietnamese enterprises to use online recruitment based on the four influential factors.

Keywords: Enterprise, recruitment, online, factor

1. INTRODUCTION

Information technology (IT) has revolutionized every aspect of life and sciences. The application of IT to production and business activities is consistent with this trend. The use of IT in recruitment, also called online recruitment, has come into existence and gradually replaced old recruitment methods thanks to its overwhelming advantages such as greater speed, lower cost, more utility, higher effectiveness, and no limit posed by space and time.

However, online recruitment is somewhat unfamiliar to developing countries in general and Vietnam in particular. As mentioned earlier, the goal of this research is to identify influential factors on the online recruitment by Vietnamese enterprises, thereby suggesting measures to encourage the use of this recruitment method. The paper presents (1) theoretical basis, (2) research methodology and results, and (3) discussion and suggestions.

2. THEORETICAL BASIS

a. Online recruitment:

According to the HRM Guide, online recruitment is the advertisement of vacancies on job sites or corporate websites to recruit necessary personnel.

This is a very popular form of recruitment in highly IT-developed countries but has just recently become known in Vietnam.

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b. Forms of online recruitment:

- Recruitment on websites provided by companies specializing in online recruitment.
- Recruitment on websites provided by enterprises.

Online recruitment brings more advantages and higher effectiveness to recruiters and job seekers than the traditional print recruitment, despite some of its drawbacks such as fake information and insecurity of job seekers' privacy.

c. Global research on e-commerce:

- Technology Acceptance Model (TAM)

According to Davis (1989), TAM was developed to explain the behavior of computer use and was built on the Theory of Reasoned Action (TRA).

Online recruitment is a product of IT development. Hence, the model for surveying influential factors on IT adoption is suitably applied to the study of the same issue in online recruitment.

TAM components are as follows:

- + Perceived usefulness (PU) which is "the degree to which a person believes that using a particular system would enhance his or her job performance." (Davis, 1989: 320)
- + Perceived ease of use (PEOU) which is "the degree to which a person believes that using a particular system would be free from effort." (Davis, 1989: 320)
- + Attitude toward use which according to TRA is the positively or negatively estimated feeling about the action of behavioral intention. (Fishbein & Ajzen, 1975: 216)
- E-Commerce Adoption Model (e-CAM)

Online recruitment is part of e-commerce; therefore, e-CAM is employed to explore major factors, thereby predicting enterprises' online payment. The model consists of the followings:

- + Perceived risk with product/service (PRP)

Baucer (1960) thinks that the belief in perceived risk is a main factor affecting consumer behavior changing from being a web surfer to an actual buyer. Jacoby and Kaplan (1972) categorize perceived risk into physical risk, psychological risk, social risk, financial risk and performance risk. Murphy and Enis (1986) define perceived risk as customer's subjective assessment of the consequence of making a purchasing mistake.

It can be assessed that if consumers have not seen or had direct contact with products/services on the e-commerce market (also known as intangible characteristics), they tend to feel uneasy when doing online transactions.

- + Perceived Risk in the Context of Online Transaction (PRT)

Ratnasingham (1998) proposes basic requirements for e-commerce as authentication, authorization, availability, confidentiality, data integrity, non-repudiation, and selective application services.

Swaminathan et al. (1999) posit that consumers care much about judging online sellers before they do an online transaction. Thus, the characteristics of the seller are important for promoting transactions.

Based on these facts, many researchers state that dishonesty of enterprises in doing transaction or unsafe storage of customer private data can cause customers insecurity although the data are perfectly protected in the process of transactions.

- Convenience in payment

Every online transaction closes with payments. According to the website of Vietnam Industry & Trade Information Center, payment is a short term describing the transfer of financial means from one party to another.

At the website of Vietnam E-commerce Club, e-payment is defined as a means of payment made on the Internet through which users can make payments, transfer money, etc.

In Vietnam, e-payment has developed rapidly in recent years and will become indispensable for e-commerce transactions in the future. On Nov. 18, 2009, the SBV put Vietnam E-commerce Report 2009 into the operation of the Second Phase of the Inter-Bank E-payment System. Since Q2 2009, the system has become available nationwide.

d. Theoretical model:

By nature, online recruitment is a form of e-commerce. From the enterprises' point of view, its product/service is applicants. The research combines TAM and e-CAM to build a theoretical model and test it in the Vietnamese market (see Figure 1).

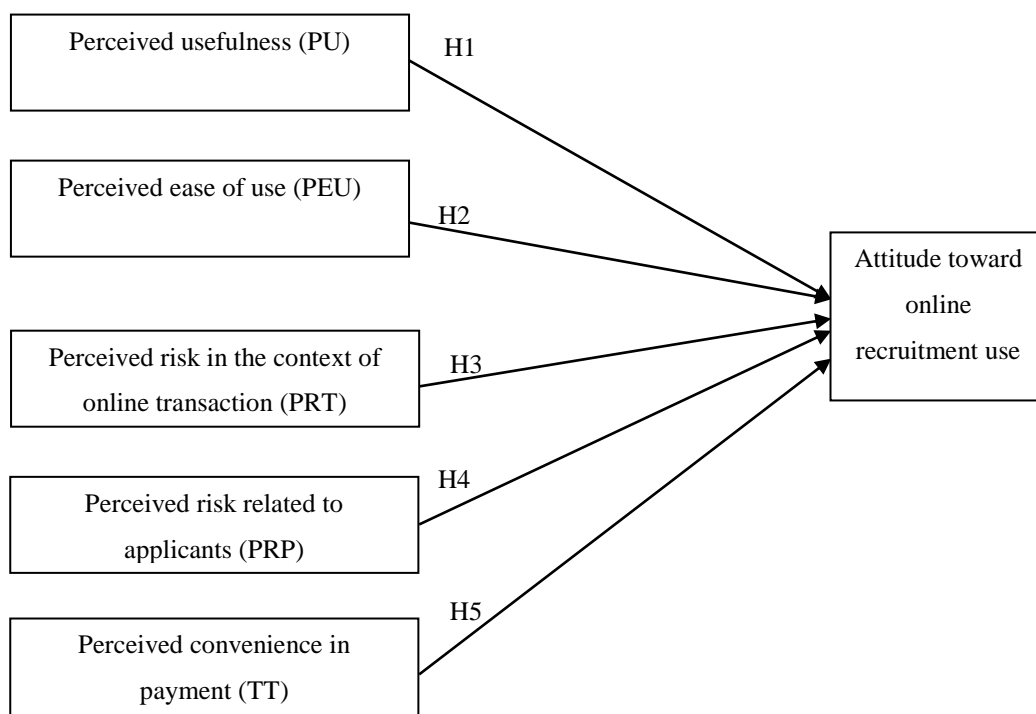


Figure 1: Theoretical model of factors affecting attitude toward online recruitment

Hypotheses:

H1: PU has a positive effect on attitude toward online recruitment.

H2: PEOU has a positive effect on attitude toward online recruitment.

H3: PRT has a positive effect on attitude toward online recruitment.

H4: PRA has a positive effect on attitude toward online recruitment.

H5: PCP has a positive effect on attitude toward online recruitment.

3. RESEARCH METHODOLOGY AND RESULTS

a. Sampling:

The convenience sampling method is applied and conducted by means of directly interviewing 220 employees of 30 HCMC and Bình Dương-based companies, who have used or are planning to use online recruitment. There are 200 answer sheets selected for analysis. The sample shows that there are 17 high-school graduates (8.5%), 33 3-year college graduates (16.5%), 113 university graduates (56.5%) and 37 post-graduates (18.5%). In terms of profession, there are 78 managers (39%), 87 office workers (43.5%), and 29 technicians (14.5%). Regarding age, seven people are aged under 25 accounting for 7%, 134 aged from 25 to 35 (67%), 57 aged from 35 to 45 (28.5%), and two aged 45 and above (1.1%). Concerning income, six employees have an income of under VND2 million (3%), 52 with VND2-4 million (26%), 34 with VND4-6 million (17%), 47 with VND6-9 million (23.5%), and 61 with VND9 million (30.5%).

b. Online recruitment scales:

The scales of online recruitment in this research are built on TAM and e-CAM with five factors and 24 observed variables. They include PU (five observed variables), PEOU (six observed variables), PRT (five observed variables), PRA (four observed variables), and PCP (four observed variables). All of the scales are multidimensional.

The “attitude toward the use of online recruitment” is measured by three observed variables to assess the effects of perceived factors on it.

The Likert five-level scale is used with levels varying from absolute disagreement and absolute agreement.

c. Data processing method and results:

The preliminary testing of the scales with EFA shows that five factors are extracted at an eigenvalue of 1.222 and a variance of 63.960% (>50%). Total number of observed variables after the EFA test is reduced to 20 with four being rejected due to their weight of smaller than 0.4 or simultaneous presence in different factors.

Table 1: Scale testing results

Concept	Factor	Number of observed variables	Cronbach's Alpha reliability coefficient	Total extracted variance	Evaluation
Influential factors on online recruitment	PU	6	0.890	68.068%	Satisfactory
	PEOU	2	0.622		
	PRT	5	0.686		
	PRA	4	0.833		
	PCP	3	0.735		
Attitude toward use		3	0.801	71.668%	

The test for Cronbach's Alpha reliability coefficient of the five-factor scale proves to be satisfactory: all Cronbach's Alpha coefficients vary between 0.622 and 0.890.

Testing the scale "attitude toward online recruitment" with EFA extracts one satisfactory factor at an eigenvalue of 2.150 and a variance of 71.668% (>50%). The reliability of the scale is also tested satisfactory at 0.801. The testing results of the scales are presented in Table 1.

d. Regression analysis:

After the testing of the scales "influential factors on online recruitment" and "attitude toward the use of online recruitment," the regression analysis is conducted to see how the relationship between the perceived factors affects the attitude. It is assumed that the attitude has a linear relationship with the perceived factors. We have:

X_1 : PU

X_2 : PEOU

X_3 : PRA

X_4 : PRT

X_5 : PCP

B_i : Regression coefficients

Y : Attitude toward online recruitment

The regression equation is as follows

$$Y = B_0 + B_1 * X_1 + B_2 * X_2 + B_3 * X_3 + B_4 * X_4 + B_5 * X_5$$

Table 2: Regression coefficients

Model		Unstandardized regression coefficient		Standardized regression coefficient	T	Sig.	Multicollinearity	
		B	Standard error	Beta			Variable acceptability	VIF
1	(Constant)	-0.956	0.331		-2.886	0.004		
	X ₁ (usefulness)	0.524	0.047	0.588	11.267	0.000	0.663	1.508
	X ₂ (ease of use)	0.074	0.044	0.082	1.687	0.093	0.760	1.316
	X ₃ (applicant risk)	0.181	0.049	0.177	3.711	0.000	0.796	1.256
	X ₄ (transaction risk)	0.148	0.071	0.092	2.088	0.038	0.939	1.065
	X ₅ (convenience in payment)	0.297	0.053	0.242	5.577	0.000	0.957	1.045
a	Dependent variable: online recruitment use							

From Table 2, there are four influential factors on attitude toward online recruitment (with sig. <0.05, therefore statistically significant), namely PU (X₁), PRA (X₃), PRT (X₄), and perceived convenience in payment (X₅).

Here is the regression equation:

$$Y = -0.956 + 0.588 * X_1 + 0.177 * X_3 + 0.092 * X_4 + 0.242 * X_5.$$

Since the regression model consists of five independent variables, VIF is also examined. The result indicates that all the coefficients of the variables are smaller than 2.0, which means that there are no collinearity.

The testing of the hypothesis on the model's fitness provides the adjusted R² of 0.641 > 0.3, implying that the regression model matches the proposed hypothesis and that its components guarantees statistical significance about linear relationships (Sig. F = 0.000).

The testing of variance consistency based on Zpred and Sresid histograms shows that the H₀ hypothesis of heteroskedasticity is not violated.

The "PEOU" factor has no effect on attitude toward online recruitment (p=0.093 > 0.05), which is probably because of Vietnamese workers' low demand for IT use. They have no habit of surfing the Internet to look for information. Even if they do, it is not easy for them to find desired recruitment information. This is a problem to Vietnamese enterprises which can be solved by familiarizing workers with the use of IT.

The testing results of the hypotheses are as follows:

The effect of PU on attitude toward online recruitment is 0.588 with $p=0.000<0.05$. *The H1 hypothesis is not rejected.* PU has a positive effect on attitude toward online recruitment.

The effect of PEOU on attitude toward online recruitment use is 0.082 with $p=0.097>0.05$. *The H2 hypothesis is rejected.*

The effect of PRT on attitude toward online recruitment use is 0.092 with $p=0.039<0.05$. *The H3 hypothesis is not rejected.* PRT has a positive effect on attitude toward online recruitment.

The effect of PRA on attitude toward online recruitment use is 0.177 with $p=0.000<0.05$. *The H4 hypothesis is not rejected.* PRA has a positive effect on attitude toward online recruitment.

The effect of PCP on attitude toward online recruitment use is 0.242 with $p=0.000<0.05$. *The H5 hypothesis is not rejected.* PCP has a positive effect on attitude toward online recruitment.

4. DISCUSSION AND SUGGESTIONS

Based on the testing results, this research aims to propose measures to encourage Vietnamese enterprises to use online recruitment. However, the enterprises tend to use third-party services for online recruitment rather than build their own recruitment websites. Therefore, this research will provide service providers of online recruitment measures to perfect their services and attract more enterprises.

a. For risk related to applicants

To reduce applicant-related risk, enterprises should segment their customers to have suitable strategies for every customer.

Each customer has their own attitude toward recruitment depending on their own evaluation. Thus, enterprises need to do thorough research when building strategies to approach every single segment of customers so that customer needs will be satisfied, thereby reducing risk related to applicants such as inappropriate applicant qualification for a vacancy, and increasing online transaction efficiency.

b. For risk in the context of online transaction

It is important to minimize the risk related to online transaction. In online recruitment, enterprises and applicants communicate in a virtual network where they do not know or see each other. Thus, to build mutual trust, enterprises should guarantee the following three criteria.

- *Transparency*: Enterprises should publish transaction terms on their website and encourage users to read them carefully before doing a transaction.

- *Reliability*: It consists of trust in published information (honest and frequently updated information), trust in online transaction (safe technology for information transmission), and trust in the operating system (no severe errors).

- *Confidentiality and privacy*: Customer information, especially important information such as credit card and phone numbers, must be kept confidential and respected, meaning no unauthorized storage or illegal use of the information.

Internet service providers, banks and online enterprises ought to increase education and warning about possible risk in the context of online transaction to minimize it.

5. LIMITATION

The limitation of the research lies in convenient sampling. The survey only covers employees of Binh Dương and HCMC-based companies, who have used or are planning to use online recruitment. Therefore, the results cannot represent all Vietnamese enterprises. Furthermore, the factors in the regression model can explain only 64% of the effects on online recruitment. The remaining 36% will be explained by other factors which will hopefully be explored in another research■

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