Chapter 6.11
Extending Relationship Marketing to Human Resources Management Using the CaRM Approach to Personnel Recruitment

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INTRODUCTION

Since the early 1990s, relationship-oriented approaches to product and services marketing have gained increasing interest by research and practice. While the overall approach of managing customer interactions has been inherent to the ways of doing business ever since, the recent change from transaction-oriented to relationship-oriented marketing is typically considered as a major paradigm shift (Grönroos, 2004). The current boom of customer relationship management concepts and solutions is only one indicator of this development. However, while relationship marketing has been discussed in various contexts such as business-to-business and business-to-consumer marketing, little attention so far has been paid to the question of what such an approach could add to the human resources field. This is astonishing as labor markets due to demographic effects and other changes in labor offer and demand tend to get increasingly narrow. Thus, traditional approaches to personnel marketing might no longer be sufficient and new concepts for the successful recruitment of qualified staff might be needed. Therefore, our research question is: How can we

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transfer the concepts of relationship marketing to personnel recruitment and what are potential benefits of such an approach? In order to answer this question, we present an approach for the IS-supported management of employer-candidate relationships. We outline two major dimensions of the approach together with selected validation results. The objective is to enhance human resources information systems (HRIS) research and to present an approach that could potentially assist employers in better facing mid-term shortages of qualified staff on a drastically changing labor market.

BACKGROUND

Information technology in recent years has drastically changed the human resources function. Providing support for mainly administrative activities such as payroll and attendance management at the beginning, the past decade has been characterized by an increased usage of information technology for the attraction of qualified staff as well as for the generation and the processing of applications. Online job ads on corporate websites or internet job boards, online CV databases, e-mail and form-based applications and applicant management systems are only few examples of this trend. While this development is assumed to provide employers with means to attract large volumes of candidates at low cost (Lievens & Harris, 2003), it has also increased the complexity within the recruitment function as job seekers show different propensities to use online information and application channels. Thus, for recruiters it has become more difficult to determine which channel to choose for the posting of a specific vacancy and what application channels to promote for the different target groups. To choose an unsuited personnel marketing channel for the posting of a job ad or restricting application channels to channels that are not preferred by the target group might limit the number of incoming applications and thus lower the possibilities of successfully recruiting a candidate coming as close as possible to the defined target profile. Posting a job ad in several or too many channels and offering a wide range or too many application channels, in turn, might result in such masses of incoming applications that a rapid identification, selection and hiring of the most suited candidate might be hindered, too. As a result, a deep understanding of the each specific target group and of the respective candidates' preferences is needed in order to assure an efficient recruitment process leading to the successful employment of a suited applicant.

In parallel to this development classical marketing in the past decade has seen a shift from a transaction- to a relationship-oriented marketing approach with customer relationship management (CRM) being only one example of this paradigm shift. By creating and actively managing long-lasting customer relationships and analyzing customer data supported by information systems, this approach has been shown to substantially increase companies' profitability (Wilson, Daniel, & McDonald, 2002). Typically, customer relationship management is separated into strategy-, process- and systems-oriented approaches. While strategy-centered approaches consider CRM as a customer-focused concept of the enterprise with the objective of identifying, winning and retaining customers (Wilson et al., 2002), the process-oriented perspective aims at analyzing and improving all processes and activities related to the interaction and contact with the customer (Schmid, Bach, & Österle, 2000). Systems-oriented approaches to CRM, finally, see an integrated information system as the basis for successful customer retention (Ryals & Payne, 2001). A common element, however, often lies in the fact that CRM is considered as a closed loop in which a company dynamically learns from its interactions with its customers and feeds this information back into the future management of its customer relationships (Selnes & Sallis, 2003; Zikmund, McLeod, & Gilbert, 2003). A

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