



How are job markets and unions being changed by the internet

ESRC E-Society Programme

The internet has become a major technology in the transmission of information and in business transactions. Richard Freeman from the London School of Economics has examined how the internet has begun to impact on the labour market in two key areas. Firstly by looking at how unions use the internet to deliver services to workers and to organise workers in the UK and US and, second, how the internet has influenced businesses and workers through internet recruitment and job search.

- Trade unions have greatly improved the quality of their web sites. The Trade Union Congress (TUC) has launched a pioneering site www.unionreps.org.uk, which represents the cutting edge of the use of the internet by unions. The site provides a cost effective way for unions to mobilise the knowledge of representatives around the country to help other representatives resolve workplace issues.
- One of the largest worker organisations has been developed, WorkingAmerica, www.workingamerica.org, to activate members for union campaigns and to provide a community-based organising strategy outside of collective bargaining.
- From comparing the cost of organising workers through WorkingAmerica with the cost of organising through traditional campaigns, the cost difference was immense with the WorkingAmerica proving far more cost effective.
- Internet recruitment activities in both the UK and US have increased dramatically since the mid 1990s although development across countries has been different.
- The proportion of hires through the internet was much less than the proportion of applications. There was considerable variation in the use of intranets and the internet by type of occupation.
- Unemployed job seekers were more likely to place their CVs on the internet and were more likely to find jobs through an internet service.

Background

The internet has become a major technology in the transmission of information and in business transactions. It has begun to impact on the labour market in a substantive way, but relatively little is known about how trade unions use the internet and how firms and jobseekers use the internet to clear the labour market. This study examined how unions use the internet to deliver services to workers and to organise workers in the UK and US and how the internet has influenced businesses and workers through internet recruitment and job search.

The key issue for trade unions is whether they can move successfully to a new union form, one called 'open source' unionism because it makes extensive use of the internet for the delivery of union services, and relies on local activists to deliver services and organise workers in the same way as open source programmers improve software.

The key issue for job search and recruitment is whether the internet will reduce labour market frictions such as unfilled vacancies and the duration of joblessness and increase the quality of employee-employer matches.

The Project

The unifying theme of the project was the impact of the internet on the labour market and workers and jobs rather than on the product market and customers.

For the part of the study focused on trade union use of the internet, the research aimed to:

- Obtain data from unions on their internet use and to assess their success, or lack of, in using this mode of communication to improve their functioning in the labour market.
- Assess the difference the setting up of www.unionreps.org.uk made to the representatives carrying out their work.

For the part of the study focused on job search and recruitment, the research aimed to:

- Examine the development of the recruitment industry online.

- Measure the impact of online recruitment services in the form of durations of vacancies and length of jobless spells.

Implications of the research

Organising Online

The authors argue that the TUC site www.unionreps.org.uk is a pioneering site which represents the cutting edge of the use of the internet by unions. At the time of analysis the site had reached approximately 2 per cent of the 230,000 representatives in the UK.

The site is limited to union representatives who subscribe to the site using their union email address. The subscribers have access to five bulletin boards dealing with: education, equality, health and safety, law and representation, and organisation and recruitment. They post questions, respond to and read their fellow representatives postings. The site is open to all members of the unions and is regarded by the research team as an experiment which relies on the representatives to respond to queries rather than 'experts'. The authors argue that this site can save union staff time and expenses and improve the quality of services by representatives. The site improves the skills and decisions of the representatives at a relatively lower cost and, according to the authors, has the potential to create better work places in the UK.

The research found that there is set of representatives who make extensive use of the internet for their union activity and they are arguably the internet-savvy representatives of the future. These users reported that they used the internet in the course of their representative duties more than they used the internet for other union activity or on their jobs. Three quarters of those using www.unionrep.org.uk reported using the bulletin boards and fifty five percent of the representatives surveyed reported that they had posted at least one message on one of the five bulletin boards.

From analysis of the web traffic, the research found that the number of postings has risen over time. However, as the site matured, the number of

responses to postings fell. One explanation for the drop in responses is that the representatives exchanged off-site contact information and the research found that they continued their conversations offline. From the online survey, the research found that 20 per cent of the representatives reported that the site helped them meet other worker representatives with 20 per cent advising that they exchanged emails with someone they met through the site and 11 per cent reporting that they had spoken to someone originally contacted via the site.

In general, the research found that www.unionreps.org.uk provides a cost effective way for unions to mobilise the knowledge of representatives around the country to help other representatives resolve workplace issues.

In relation to the US, the research focused on the use of the internet to activate members for union campaigns and to develop a community-based organising strategy outside of collective bargaining. This has led to the formation of one of the largest worldwide organisations, WorkingAmerica, which had enlisted over 1.2 million members in the US.

The research found that it was far more cost effective to mobilise workers via WorkingAmerica than more traditional methods. However, what remains unresolved in the US are the ways that WorkingAmerica will deliver services to workers at their workplace.

Internet recruitment and job search

The research explored the changing structure of internet jobs sites and the use made of these sites by businesses and job seekers. From the mid to the late 1990s/early 2000s the market in internet recruitment sites exploded. As the industry has developed, job boards have emerged as the primary place for internet recruitment, those being spaces where employers pay for placing classified advertisements. However, newspapers who had previously earned a considerable income through classified vacancy adverts have also come to play a major role in the online recruitment market.

The research found that the market for internet recruitment has developed differently across countries. In the UK a relatively large number of job boards compete for advertisements and job seekers whereas in the US market, three sites

Monster, CareerBuilder and Hotjobs dominate internet recruitment. In Scandinavia, public sector employment agencies dominate online recruitment and business career web sites, often using software run by internet recruitment firms, have proliferated and become important sources of information to job-seekers.

From a study of Warwick University and a major UK business in the real estate, insurance and finance sector, the research found that at the University nearly 60 per cent of applications for jobs were internet-based. In the business examined, most of its recruitment was still done from internal paper source applications despite it attracting a number of internet applications. In both organisations it was found that the proportion of hires through the internet was much less than the proportion of applications. The reason for this development, argue the authors, is because the low cost of applying for jobs through the internet has resulted in the number of applicants for each vacancy increasing as applicants can apply for a number of jobs at any given time, so placing a burden on the firm or its recruitment agency to assess large number of applicants.

The research examined the effect of the internet on the length of time it took vacancies to be filled. The research found that the length of time between receipt of the application and hiring was shorter for the internet only in the company which made limited use of the internet. In the University where extensive use of the internet was made for recruitment, the length of time between application and hiring was longer potentially suggesting an impact on the process due to the volume of applications received.

Policy Lessons and Future Research

From analysis of a Finnish public employment service, the research found that there was some evidence that use of the internet by potential employers could reduce the duration of vacancies particularly in relation to 'deadline vacancies', i.e. those vacancies placed online for a limited period and then removed. By examining job seekers online, the research found that unemployed job seekers were more likely to place their CVs on the internet and were more likely to find jobs through an internet service. The authors argue that the

presence of a CV on a web site reduced the chance of remaining unemployed.

The research has extended previous research into how unions currently use the internet and has demonstrated how innovative approaches to web site development such as www.unionreps.org.uk and www.WorkingAmerica.org can be a cost effective way of union organising and collective bargaining whilst increasing the networks of individual representatives through the sharing of experiences online. The project identifies the potential emergence of a new type of union which could have implications both for unions themselves but also for human resource managers who may find their methods of dealing with and negotiating with unions changing in the future.

In addition, the research examined the effectiveness of online recruitment. The project identifies the importance of the internet as an emerging tool for recruitment but also identifies its growing relevance to unemployed job seekers. This could be of particular relevance to companies with hard to fill vacancies or for companies facing closure and their redeployment policies.

Several research priorities have been identified by the project:

- There is a need to create a strong model of how to combine the internet with face-to-face interactions among union members or representatives to achieve the most efficient delivery of union services and to increase membership.
- It would be beneficial to potential employers to ascertain the quality of recruitment via the internet against more traditional methods. A project could track appointments made from internet applications on long term performance in the workplace.

- There is a potentially important development in the internet recruitment business. Some large businesses have begun to put their vacancies together and some search engines have begun to search for jobs at company websites rather than at the internet recruitment sites. This would require future study as it is possible that job boards will be overtaken by search engines and company web sites. As such, job boards would have to find ways to add greater value beyond simply listing jobs to the labour market if they are to maintain their enhanced role in recruitment activities.

Further Information

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The e-Society Programme

Funded by the Economic and Social Research Council and co-ordinated by the Department of Sociology at the University of York, the e-Society is a multidisciplinary programme of research that seeks to investigate how institutions, practices and behaviours are being changed by the technologies that constitute the digital age. This £5 million programme draws on the expertise of leading academics from across the UK. Launched in October 2003, the programme will run until the end of October 2007.

Further details of the projects in the programme can be found at
<http://www.york.ac.uk/res/e-society/>

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