



## 2001 Employer Survey Papers

### Topic 2: Employer Endorsement of Job Network



#### INTRODUCTION

One principal objective of any public employment service is to increase labour market efficiency by matching unemployed people with employers to fill vacancies, filling jobs sooner and reducing the length of unemployment spells.

Ultimately, the success of Job Network is dependant on employer endorsement of the system. Without employers who are willing to fill vacancies through the system, assistance to the unemployed is limited. The mid to late nineties saw a decline in employer satisfaction with the Commonwealth Employment Service (CES) and a move away from the CES as a preferred method of recruitment for many employers. This was one of the catalysts for a new employment services market, better able to engage employers and elicit a greater number of labour market opportunities for the unemployed.

Three years after its establishment is a useful time to examine the issue of employer endorsement. Have employers taken up the services of Job Network and how have employers perceived these services? This paper explores the issues related to employer endorsement, including awareness of the system, participation and repeat use of the system and overall perceptions of and satisfaction with the services. It provides a profile of current Job Network clients and investigates the issues surrounding non take-up of the system by some groups of employers. The paper concludes with some suggestions for increasing employer endorsement of Job Network including accessing previously untapped markets.

The Department has conducted surveys of employers to analyse recruitment practices and employer perceptions of government services since the early nineties. Throughout this paper comparisons are made between the 2001 survey results and previous surveys undertaken by the Department, in particular the 1999 and 1997 surveys. The 1999 survey was the first survey of employer use and perceptions of Job Network, conducted one year after its implementation. The 1997 survey was the last survey of employer use of the CES. More information on these surveys can be obtained from the Department contacts.

#### ABOUT THE EMPLOYER SURVEY TOPIC PAPER SERIES

The Employer Survey Topic Paper Series is a collection of research reports on issues of interest arising from the *2001 Survey of Employers' Use and Perceptions of Job Network* conducted by NFO Donovan Research on behalf of the Department of Employment and Workplace Relations (DEWR).

#### NOTES ON THE 2001 EMPLOYER SURVEY:

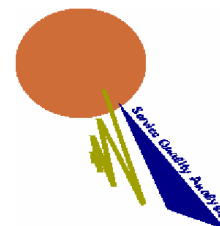
The survey was preceded by a series of focus groups with employers to highlight relevant issues.

The survey consisted of 7089 telephone interviews with the most senior person in charge of recruitment in workplaces across Australia.

The sample was drawn from commercial business lists together with lists provided by the Department.

The survey responses were weighted using ABS business register data to ensure the survey was representative of all businesses.

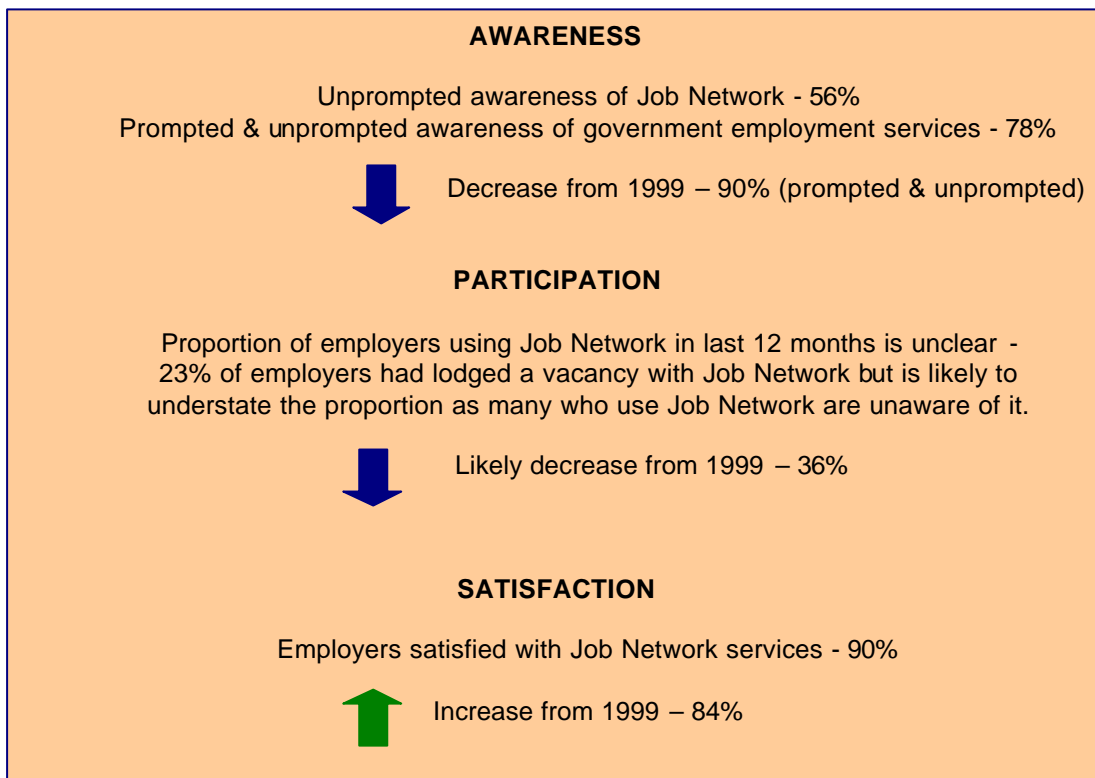
More detail on survey methodology is available from the **Service Quality Analysis Section**, DEWR.



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## KEY INDICATORS OF ENDORSEMENT



Almost 3 years into the establishment of Job Network, it is reasonable to suggest that the development of a competitive, decentralised employment services market where Job Network members market and deliver their services individually, has led to the erosion of the Job Network 'brand'. Activities surrounding the establishment of Job Network and the media attention given to the closure of the CES in the year prior to the 1999 survey may have led to a heightened awareness of Job Network amongst employers in that survey. The 2001 survey results suggest that attention has since dissipated and a possible erosion in the "branding" of Job Network has occurred. With an emphasis on competition, there may also be some reluctance by providers to use a generic label rather than their own trading name.

The survey presents mixed results with regard to the key indicators of employer endorsement of Job Network. Employers have increased their use of employment agencies to recruit staff, in line with an increase in recruitment methods generally. For those employers using Job Network, customer satisfaction has increased. It is important to consider the context in which these results have been collected and the number of issues which could be affecting the comparison between the 1999 and 2001 figures. Some comments are included here and each indicator is explored in detail in the sections to follow.

The geographical redistribution of Job Network member sites as part of the second contract round may also have affected the awareness and usage of Job Network services by employers. The second round of contracts were let in February 2001 and the number of sites increased to provide better access to services for job seekers. The number of sites outside capital cities almost doubled from around 600 to 1100. More than 250 localities (half in regional and rural areas) have an employment service where none existed before. These new sites, however, need time to establish links with employers in the local area, raise awareness and increase use of the services. For some businesses, setting up the new sites took some time and effort. Ten sites were still not operational 6 months after the start of the contract period.

In contrast, the very positive results of increased customer satisfaction and overall increases in a number of service quality measures indicates a degree of market development with regard to Job Network. Agencies are performing better at delivering services and more often meet or exceed employer expectations as reflected in the high measure of employer satisfaction with services (90% satisfied).

## EMPLOYER AWARENESS OF JOB NETWORK

The survey shows a decline in awareness and understanding of Job Network and, in particular, lower recognition of the term 'Job Network' compared to 1999 levels. In 2001 just over half (56%) recalled having heard the term 'Job Network', and when given a further description of the system, a further 22% said they are aware of it, making a total of 78% who know about Job Network.

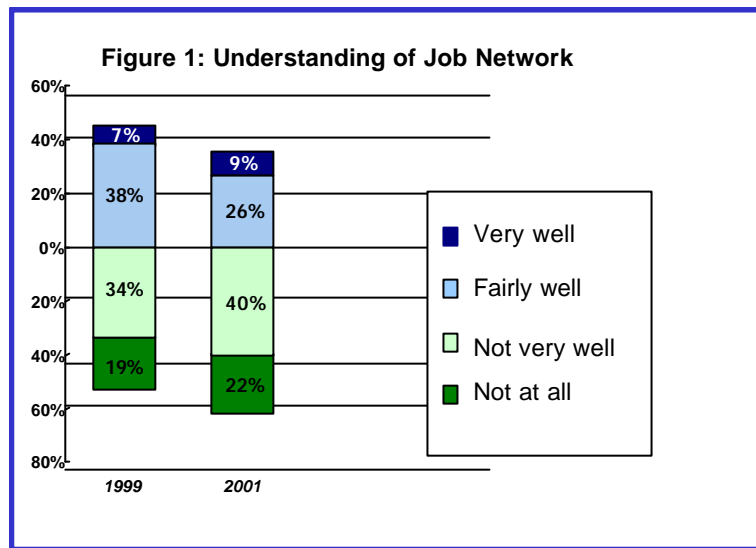
**Table 1 Awareness of Job Network (% of all employers)**

Level of awareness	1999	2001
Yes, had heard the name 'Job Network'	80	56
Yes, aware of Job Network (prompted and unprompted)	90	78

Focus groups with employers attested to the fact that awareness and understanding of Job Network is limited for some employers. There were three emerging themes from the qualitative research:

1. Generally high awareness of the transition from the CES to a system that replaced the CES;
2. Generally low awareness of the Job Network brand; and
3. Confusion over how to navigate and maximise their use of Job Network.

The qualitative findings were confirmed by the quantitative survey that revealed a decrease in the levels of understanding of how Job Network worked compared to the 1999 survey results. Employers were asked to indicate their level of understanding about the Job Network system (Figure 1). Levels of understanding followed an almost identical pattern for metropolitan and non-metropolitan employers.



Not surprisingly, understanding of the system was higher amongst users of Job Network with 51% understanding *well* or *very well* compared to non-users (28% *well* or *very well*). It is significant, however, that around half of those employers who had used Job Network said they did not understand the system despite having used it in the last 12 months.

It was evident in focus groups and the survey that employers are not fully across the concept that is Job Network. Whilst they may know of a particular agency they may be unaware that the agency is part of Job Network and they may be unaware of what that actually means. Few employers in the survey (37%) were confident in their understanding of the fact that Job Network is made up of different agencies from which employers could choose. Knowledge of this feature is crucial to the implementation of the design criteria of competition, that employers are aware that if they are unhappy with their current supplier, there are others to choose from and they should shop around rather than leaving the system altogether.

### WHO IS MOST AWARE?

**Large businesses** had high levels of unprompted awareness of the term Job Network (69%) and almost half claimed to understand the system well or very well (46%).

Employers in the **Government administration and defence** sector (76%) as well as those in the **Education** industry (61%) were more aware of Network.

The smaller states of **Tasmania** and **South Australia** and the **Northern Territory**, showed higher levels of unprompted awareness (62%, 71% and 59% respectively) than the larger states of Victoria (54%) and New South Wales (56%).

### WHO IS LEAST AWARE?

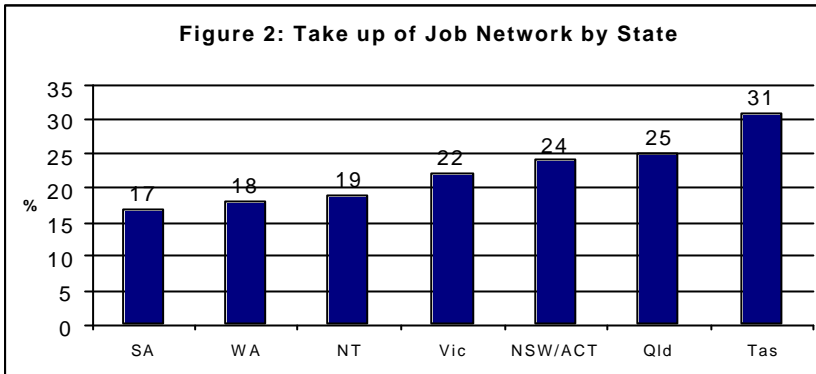
**Small businesses** had only 55% unprompted awareness of Job Network and 63% said they didn't understand the system well or at all.

The state with the lowest level of awareness was **Western Australia** at 50%.

The **Communications** industry (47%), **Agriculture, forestry and fishing** (50%) and **Cultural and recreational services** (51%) had the lowest awareness levels.



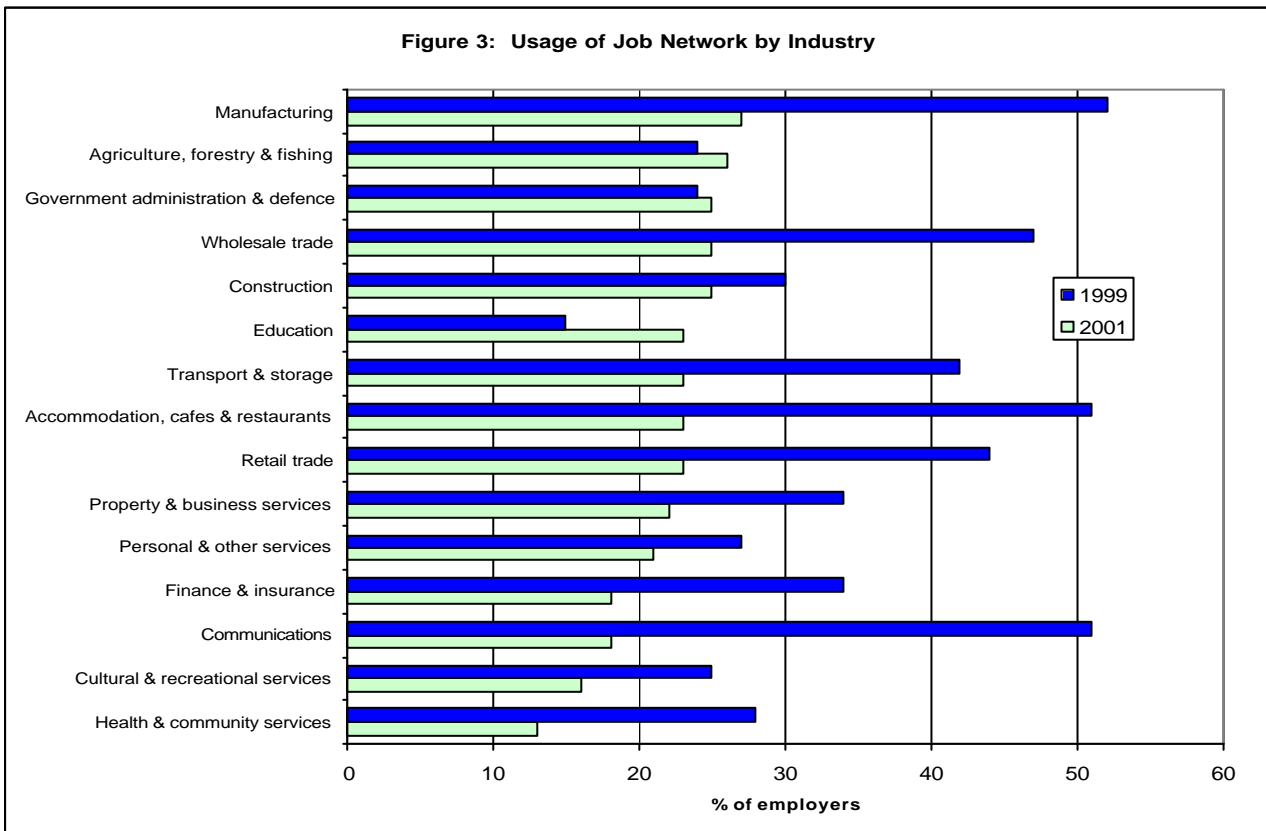
**Location**



Take up rates were higher in non metropolitan areas (26%) compared to metropolitan areas (20%). Usage also varied across states with Job Network in Tasmania having the greatest market share at 31%.

**Industry**

Usage of Job Network services by industry are somewhat variable with Manufacturing and Agriculture, forestry & fishing industries being the biggest participants. The pattern of market penetration across industry groups has changed markedly with take up rates being halved in some cases. Communications services showed the largest decline in usage from 51% in 1999 to 18% in 2001. Manufacturing and Accommodation, cafes & restaurants, two key industries for Job Network to place lower skilled workers, also showed large reductions in usage. The Education sector was the only industry group to increase market share. The penetration of each industry is affected by the employment patterns within that industry group.

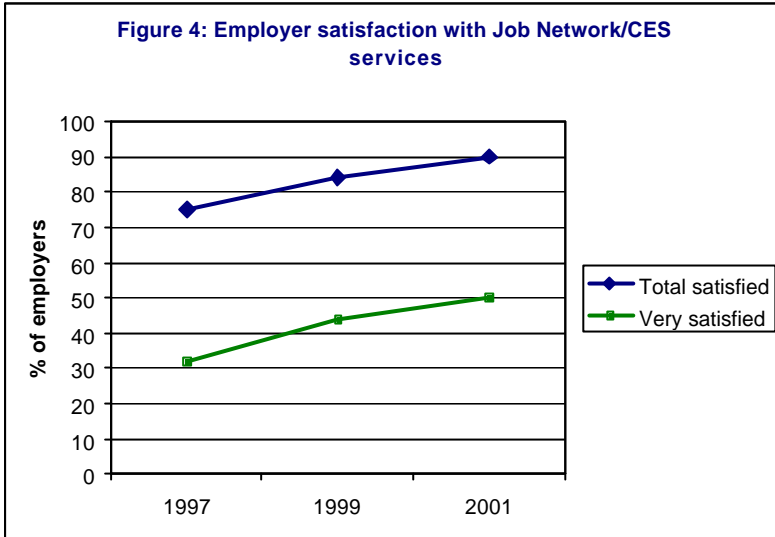


*Note: Industry group is based on the Australian and New Zealand Standard Industrial Classification (ANZSIC), Australian Bureau of Statistics, 1993. Industry sectors of Mining and Electricity, gas & water supply are not listed as no recruitment using Job Network was undertaken by these industries.*

Depending on whether or not total employment is growing there will be different impacts on the available share of the market Job Network can expect to take. Should employment be decreasing, for example, in an industry such as Manufacturing where lower skilled jobs may be declining, the available vacancies may be higher skilled positions for which Job Network is less likely to have suitable candidates, hence Job Network would expect to lose some market share.

## EMPLOYER PERCEPTIONS OF JOB NETWORK: SATISFACTION

Endorsement for the system is very much a result of overall perceptions and attitudes towards the system. If employers do not think highly of the service then they clearly do not endorse it. Whilst service quality and service improvement is a topic for further discussion (Topic Paper 3 in this series), some critical measures are included here to provide insight into the endorsement issue.



Customer satisfaction is a key indicator of the quality of the system and in particular of employer approval. The 2001 survey shows an increase in the level of satisfaction with employment services provided by Job Network. As Figure 4 shows, employer satisfaction with Job Network services and in particular the *Very Satisfied* proportion of customers has increased.

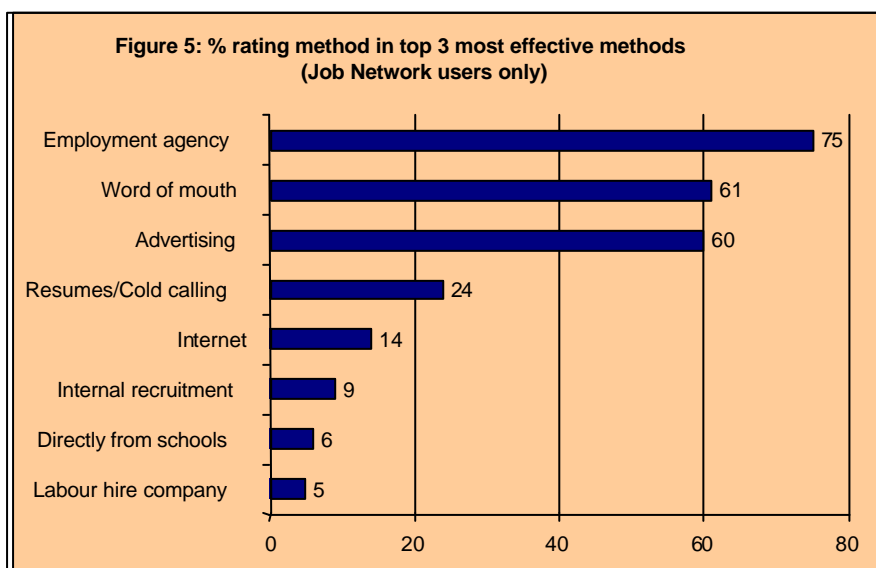
Employers further supported this finding when providing their perception of services over time. The survey asked employers to rate whether they believed the services were better or worse. The majority consider Job Network services have improved or stayed the same over the past year.

As shown in Table 3, of those employers who had used Job Network in the last 12 months, one third felt that Job Network services have improved. Only 9% felt that services have declined. A significant number were unable to answer the question (responding "don't know"). These employers may be first time users and thus were not able to comment on changes in Job Network over time.

**Table 3: Rating of Job Network services over last year (2001)**

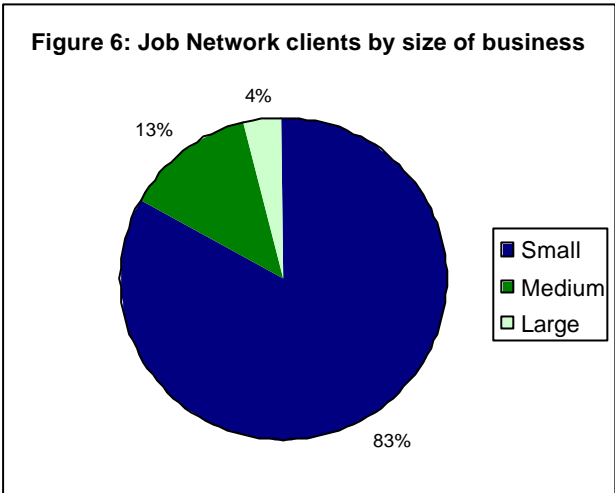
Proportion of employers (%)			
Better	The Same	Worse	Don't know
36	30	9	23

Overall perceptions of the system were also favourable with almost two thirds of employers rating the services as *Good* or *Very Good*. Only around 15% of employers rated Job Network as *Poor* or *Very poor* with the remainder rating it as *Just Acceptable* or not being able to provide a rating.



Employers will only endorse a recruitment method if the method is deemed to be an effective one. The overwhelming finding from focus groups with employers was that getting the right person for their job was the driving factor behind recruitment decisions. Employers were asked to rank the most effective recruitment methods. The majority (75%) of Job Network users rated employment agencies as one of the 3 most effective recruitment methods, indicating that their experience with Job Network was a positive one.

**PROFILE OF JOB NETWORK CUSTOMERS**



The majority of Job Network customers are small businesses. In relation to their share of total businesses, however, small business are slightly under-represented amongst Job Network clients. Large businesses are over represented.

**Table 4: Employers recruiting in 2001**

Business Size	Job Network clients (%)	All Employers (%)
Small	83	87
Medium	13	11
Large	4	2

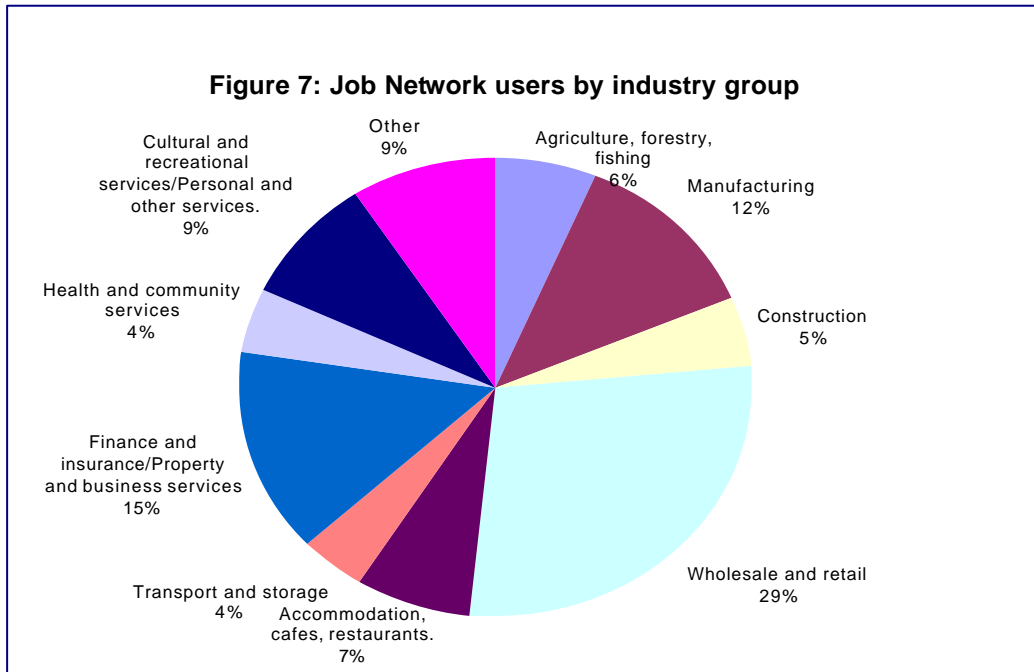
Small businesses were less likely to be aware of Job Network, less likely to understand it, less likely to use it and less likely to be satisfied with the services of Job Network if they did use them. As the survey estimated that around 60% of vacancies in the previous 12 months came from small businesses it makes them an important group, not well captured, for sourcing labour market opportunities for unemployed people.

**Table 5: Endorsement of Job Network by business size**

Business size	Proportion of employers (%)		
	Aware of Job Network	Use of Job Network	Satisfaction with Job Network
Small	55	22	89
Medium	59	28	93
Large	69	38	93
All employers	56	23	90

**Industry profile**

A profile of customers by industry group is shown in Figure 7 below. Wholesale and Retail Trade sectors make up the largest portion of clients, followed by the Finance & insurance and Property & business services industries.



Note: Other includes Mining, Electricity, gas & water, Communication services, Government administration & defence and Education industries.

Despite the changes in the penetration rates across industry groups, the profile of customers over time has not changed markedly for the majority of industry groupings (Table 6 below).

**Table 6: Industry distribution of Job Network users**

Industry	CES users		Job Network users	
	%		1999	2001
	1995	1997		
Agriculture, forestry & fishing	6	7	4	6
Manufacturing	14	14	14	12
Construction	6	7	7	5
Wholesale trade and Retail trade	27	30	30	28
Transport & storage	4	5	5	7
Finance & insurance, Property & business services	6	8	18	4
Health & community services	10	5	4	15
Cultural & recreational, Personal & other services	18	7	6	4
Accommodation, cafes & restaurants	na	12	9	9
Other industries <sup>1</sup>	8	5	4	9

1. Includes Mining, Electricity, gas & water, Communication services, Government administration & defence and Education industries.

### Regional profile

**Table 7: Regional<sup>1</sup> profile of Job Network customers**

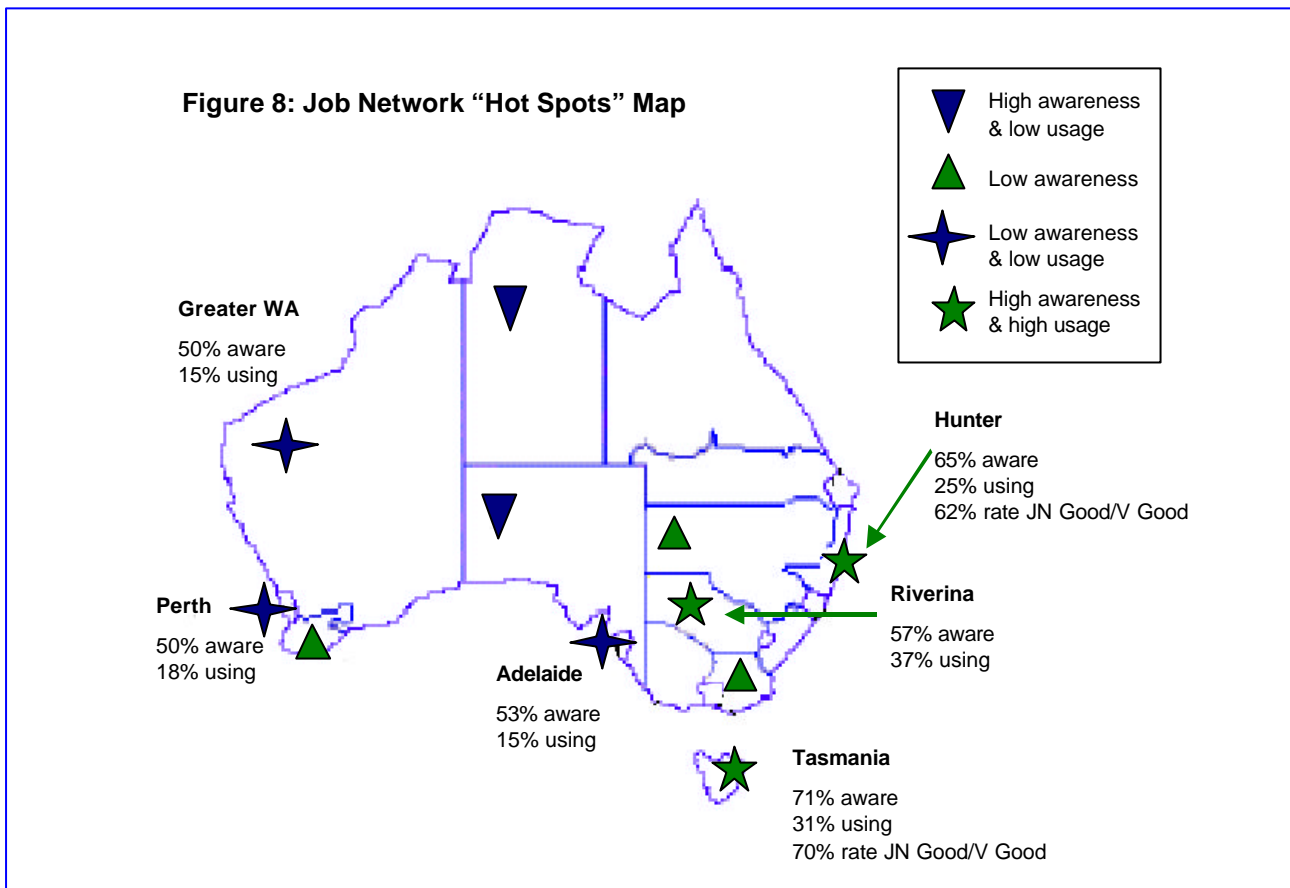
Region	Employers recruiting in 2001	
	% of Job Network users	% of all employers
Sydney	18	21
Melbourne	14	15
Brisbane	14	13
Queensland Central	6	5
Perth	5	6
Hunter	5	5
Victoria West	5	5
Western NSW	5	3
Tasmania	4	3
Queensland South	4	3
South Australia Country	3	4
Adelaide	3	5
Illawarra	3	3
Victoria East	3	3
Riverina	3	2
ACT	3	2
Greater Western Australia	1	2
Western Australia South	1	1
Northern Territory	1	1

1. Regions used in this report are based on the 19 tender regions for the second Job Network contract period.

Employers using Job Network are distributed across Australia with the three metropolitan areas of Sydney, Melbourne and Brisbane making up a substantial share of the client base. The profile of Job Network users follows closely that of all employers recruiting in these locations with no areas over or under-represented to a large degree.

Awareness and perception of Job Network varied between regions with take-up rates highest in the Riverina (37%) and lowest in Greater Western Australia and Adelaide (15%).

Of interest are the areas where Job Network awareness is high and yet usage is not. Employers in these areas are not using Job Network for reasons other than lack of awareness and Job Network agencies in those localities may need to use different strategies or marketing activities than those required in other areas. The "Hot Spots Map" and Table 8 summarise results across the regions.



**Table 8: Regional comparison of awareness, usage and perception of Job Network**

Region	% of employers		
	Aware of Job Network	Use Job Network	Rate JN Good or Very Good overall
Riverina	57	37	*
Western NSW	51	33	62
Tasmania	71	31	70
ACT	59	31	*
Illawarra	60	29	*
QLD South	53	29	58
Hunter	65	25	62
Brisbane	61	25	61
QLD Central	55	25	57
Victoria East	49	25	55
Victoria West	57	21	67
Melbourne	54	21	57
WA South	51	20	*
SA Country	67	19	*
Northern Territory	62	19	*
Sydney	53	19	54
Perth	50	18	63
Adelaide	53	15	57
Greater WA	50	15	*
<b>Australia</b>	<b>56</b>	<b>23</b>	<b>60</b>

\* sample sizes are too small so reliable estimates are not available

**Occupational profile**

**Table 9: Profile of Job Network users by occupation of last vacancy**

Occupation	Last Vacancy	
	% of Job Network users	% of all employers
Managers and Administrators	1	3
Professionals	3	7
Associate Professionals	6	9
Tradespersons	13	13
Advanced Clerical	3	3
Intermediate Clerical	22	23
Intermediate Production	10	8
Elementary Clerical	18	16
Labourers and related workers	25	18

The profile of Job Network users by occupation of last vacancy (Table 9) shows that employers filling Labourers and other lower skilled level positions make up the largest portion of Job Network customers.

Over 70% of employers who used Job Network did not use it to fill all their vacancies. These employers choose Job Network for particular types of vacancies and not for others.

Table 10 illustrates that employers using Job Network in this way tend to choose Job Network for the casual, junior and lower skilled vacancies.

*Note: Type of vacancy, including skills levels, is based on employers' perceptions.*

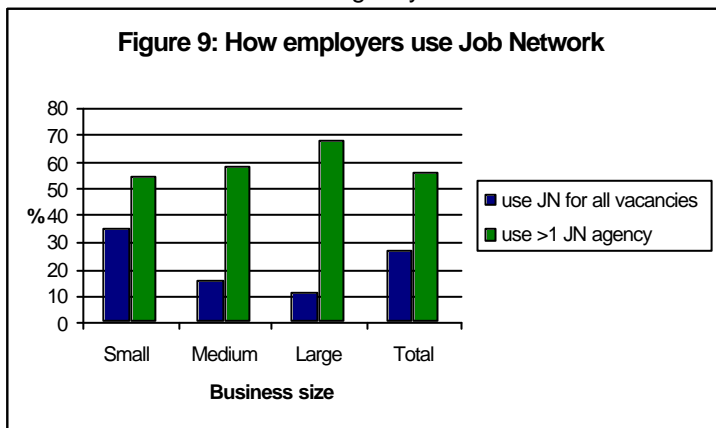
**Table 10: Proportion of Job Network users by job type of last vacancy**

Type of vacancy*	Proportion of employers who would use Job Network (%)		
	No	Yes - Sometimes	Yes - Usually
Permanent	36	43	21
Casual/temp	29	36	36
Full-time	36	46	21
Part-time	38	38	23
Senior	69	23	8
Junior	42	33	25
Higher skilled	69	23	15
Medium skilled	29	43	29
Lower skilled	17	42	42

**Customer categories**

To develop relationships with employers and build repeat business, Job Network members need to understand user behaviour and choices, and how employers are using Job Network.

In general, many employers using Job Network have used more than one agency and will often list their vacancies with several agencies at a time (multi-list). A large proportion (37%) will use a preferred supplier and list their vacancies with that one agency, perhaps an agency they trust or have a better relationship with. Around a quarter (27%) of employers using Job Network who had at least 5 vacancies in the past year reported that they filled all their vacancies through Job Network. Large businesses appear to be exercising more choice, using the competitive nature of Job Network to their full advantage. They are more likely to have used more than one Job Network agency, will often use different agencies for different types of vacancies rather than using a preferred supplier, and are less likely to fill all their vacancies through Job Network, choosing to use them for certain vacancies only.



**Table 11: Impact of business size on use of Job Network by employers**

How employers use Job Network	Size of business			All Businesses
	Small	Medium	Large	
Have one preferred Job Network agency	37	41	30	37
Use different agencies for different types of vacancies	13	22	38	15
Place all vacancies with more than one JN agency (multi-list)	50	37	32	47

## WHY OR WHY NOT USE JOB NETWORK?

Employers appear to be using Job Network primarily for the savings in time it generates in screening applicants (Table 12).

**Table 12: Benefits identified by employers using Job Network in the last 12 months**

Benefit of Job Network services	% of employers
Screening of applicants/ shortlisting	25
Save our time in interviewing/ finding applicants	22
Access to greater pool of applicants across Australia	18
Quality of people send/ quality of applicants	12
Quality of service/ personal contact/ prompt feedback and follow up	11
Free or low cost service	
Are motivated/ urgent/aggressive at finding applicants/ efficient	7

Employers who had not used Job Network were less clear about their reasons. The major reason (Table 13) given for not using Job Network agencies was that there was no need as other methods were used, with almost half saying this (47%). For these employers Job Network is not in the forefront of their mind and although they do not hold negative views of Job Network, they require a reason to use it.

**Knowledge and awareness** of contact details was an issue for a significant proportion of employers. In focus groups, employers complained of a lack of practical information on Job Network, who to call or how to navigate through the system. Due to a lack of understanding, non-users thought that the system was too complex with too many agencies and no central focal point. They suggested a “road map” of how things worked would help and were unaware of the central phone number to call to find out information.

In focus groups, non-users commonly held **negative views or misconceptions** about Job Network services. Some of these views included that Job Network is:

- > primarily for job seekers not employers;
- > only for less skilled and lower level jobs; and
- > for unemployed people who need help getting a job or who don't want to work.

Only a small number of employers in the survey reported that they did not use Job Network because of negative perceptions or previous experiences, indicating that awareness rather than negative perceptions is a greater influence at this point in time.

There are, of course, some employers who feel *Job Network is not suitable* for their industry or the types of vacancies they have. Whilst some of these employers may have misconceptions about the range of vacancies Job Network is actually able to fill, there will be some industries, occupations and particular segments of the recruitment market that Job Network agencies are unable to cater for and who would be unwilling to expand into. These types of vacancies will not generally be suitable for the job seeker client base Job Network holds.

**Table 13 Reasons why employers have not used Job Network in the last 12 months**

Reason	% of employers
No need to / did not need to use any agencies / used other methods	47
Didn't know enough about them / didn't know how to contact-access them	19
Job Network not suited/relevant for the type of vacancies	14
No real reason, just didn't think of using them	9
Previous experience with JN/CES	6
Used non-JN agency / happy with other agency	7
Type of seekers with Job Network / didn't want someone currently unemployed	3

## STRATEGIES FOR INCREASING EMPLOYER ENDORSEMENT

Many Job Network members already have successful strategies in place to increase take-up of their services. There may be some benefit, however, in drawing on the results of the survey to further refine these strategies and some suggestions are included here for consideration.

### Marketing and raising awareness

The 2001 survey results show that employer awareness and understanding of Job Network is an issue. Whilst this is not the only barrier to using Job Network (in some areas even when awareness was high, usage declined) for many employers it is the most obvious and immediate impediment. Job Network members may need to increase the intensity of marketing activities and specifically target those employer groups for which awareness is lowest or usage rates are flagging.

The survey points to some interesting results for employer contact strategies. Job Network users were more likely to have been visited at work and/or invited to a seminar or function than non-users. These constitute positive strategies to increase the use of Job Network.

### Using past successes to create new ones

As reflected in the high satisfaction rates, there are many success stories amongst employers who have used Job Network. Other employers may be enticed to use the services by having them recommended by another employer with similar needs. Testimonials and role models are good ways of influencing employer behaviour. For many employers, particularly small businesses, the most trusted recommendation is from a personal friend or colleague who has had a good experience or from a professional person they trust such as their accountant or solicitor. Some Job Network members have held client functions to build employer relationships and are working at involving or being known to the local Chamber of Commerce and other existing employer networks or associations.

### Specific strategies for untapped markets

Particular groups of employers may require different approaches appealing to their particular needs.

- ◆ *Small Business* - Small business awareness, usage and satisfaction with services were all issues of concern raised by the survey. Specific strategies will be required to arrest the decline in usage by this group who obviously have different needs from larger employers who are currently more satisfied with the services.
- ◆ *Regions* - A key design feature of Job Network is that service provision can be tailored to local circumstances. Employers in each region will be different, operating under a variety of labour market conditions, containing different industry mixes and with a variety of businesses with individual needs. Some guidance in formulating regional strategies is present in the survey results. Increasing outreach or marketing activities may be useful, for example, where awareness is low (see Hot Spots Map, page 9).
- ◆ *Industries where awareness and usage is low* - Communication and Cultural & recreational services are examples of two industries where awareness and usage are low. Targeted awareness raising activities for these industry groups may address this.
- ◆ *Industries where usage has declined* such as Manufacturing and Accommodation, cafes and restaurants. These industries have proven to be willing to use Job Network in the past and awareness is generally high across these groups. These types of employers may have other barriers to using the service such as a previous bad experience and/or needs such as a fast and cost effective service, which they may not believe they can get from Job Network. The Manufacturing industry in particular has very high levels of satisfaction for users of Job Network (96%). Some of these very satisfied employers in the Manufacturing industry could be used to testify to the quality of Job Network services for other employers in this industry group.