Social media – a tool for SMEs to recruit talent

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More and more businesses are using social media...

Even before the coronavirus crisis, global connectivity between people in social networks has increased dramatically. The share of small and medium-sized enterprises (SMEs) in Germany that use social media has also grown steadily – from 44% in 2015 to 59% in 2019. SMEs use social media primarily to promote their image, market their products and communicate with customers.¹

... to recruit workers

However, many businesses now also use social media to hire skilled workers. This was revealed by the European SME Survey 2019, for which KfW Research interviewed more than 2,500 businesses in Germany, France, Poland, Spain and the United Kingdom in collaboration with other European promotional banks.²

Figure 1: Use of social media to recruit employees

Skills shortage drives use of social media

The findings of the survey show that social media is increasingly being used where the skills shortage is particularly pronounced. In Germany, social media is used to attract workers by 33% of SMEs that believe the skills shortage is hardly or not at all impacting their competitiveness, but by 50% of SMEs that believe the skills shortage is severely impacting their competitiveness (Figure 2).

The growing skills shortage obviously calls for new approaches to the recruitment of skilled workers. Social networks are likely to be a valuable tool particularly for attracting IT specialists, which SMEs need in order to successfully complete their digital transformation.

Figure 2: Social media are used most where skills are in short supply

The entry of digital natives into the workforce will likely reinforce the trend

Another reason that social media are becoming increasingly important in recruiting skills is that more age cohorts who have grown up with digital media are entering the workforce. Ninety percent of 16 to 24-year-olds today communicate using social media. The same is true of not even half the 45 to 64-year-olds.³ If SMEs want to reach this upcoming generation, they will have little alternative but to expand their presence in social media. Restrictions on personal contacts aimed at containing the coronavirus have given new impetus to the use of social media. In the medium term, this should also provide a further boost to the use of social media by SMEs.

¹ Cf. Eurostat. The percentage refers to SMEs with 50 to 249 employees.
³ See Adecco (2016), Social Media Recruitment Study.
⁴ For the period from January to March 2019, see survey on the use of information and communications technologies (ICT) in private households.

Note: This paper contains the opinion of the authors and does not necessarily represent the position of KfW.