The Effect of E-Recruitment on the Traditional Recruitment Process: Evidence from an SME

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Abstract:

In the last decade there has been very fast change in the recruitment trends. The Internet has already evolved into the primary medium for recruitment and employment processes. Small and Medium-sized Enterprises (SME) are recognized as a significant part of the both developed and developing economies. However, e-recruitment in SME is different from large organizations. The objective of this research is to study the effect and the impact of E-Recruitment on the recruitment process of a small sized enterprise. *This research studies the traditional method of recruitment in the organisation under study and compares it with the process of E-Recruitment carried out by the same, thus finding out the difference between the two. Accordingly, benefits and challenges faced by the company after applying E-Recruitment to its HR process have been explored.*

Keywords: Small and Medium-sized Enterprises (SME), Recruitment, E-Recruitment

Introduction

At present, information technology is widely used in various areas of Human Resource Management. With constant evolution of business scenario over the years even recruitment process has changed and developed. Nowadays, both large organizations as well as SMEs have started using information technology and internet in their Human Resource Management functions to improve their efficiency. This paper attempts to understand change interventions by analysing the impact of e-recruitment on traditional recruitment process in a small sized enterprise.

Background of the Study

According to Society for Human Resources Management, the global recruitment status reveals the average time to hire for large organizations—those with more than 1,000 employees—is 43 days. Time to hire for small organizations—defined as having fewer than 1,000 employees—is 29 days, and only 36% is outsourced. According to a survey by Linkedin, India has been adopting proactive recruitment methods and in this aspect the country ranks above the global average. Terms like employer branding, meticulous use of data, internal hiring are the major recipe for the recruitment trend in Indian scenario. Social media recruiting is the most popular recruiting trend in India with a rise of 20% in its popularity in the last 3 years according to the survey performed by Linkedin. As per employment index generated by Monster India, online recruitment activity exceeded the year-ago level in 24 of the 27 industry sectors.

Profile Of The Company Under Study

Tech Tough (P) Ltd (name changed) has been incorporated by a founding team of former executives from Google and co-founders of reputed Indian companies.

With three different business verticals, they have expanded their wings in Fashion & Ecommerce, Corporate merchandising and Business & IT Consulting.

Campus Gift (name changed) provides innovative corporate gifting ideas, office stationery and helps the customer to elevate its ordinary office gathering into a team event or help the customer flaunt its campus colours with customized apparels. They have a strong team of seasoned professionals who bring their experiences, learning and implementations to company's current clients. Campus Gear brings a large variety of promotional products to choose from. They help the customers in making a wise decision for choosing the items that can help in establishing brand values and brand image in companies or a sense of belonging and team spirit on campus.

Operating since mid-2012, **Charisma Lifestyle** (name changed), a holding under the group company Tech Tough (P) Ltd., aims to build some of the most coveted fashion brands of recent times. They are at the cross roads of the next stage with our women's lifestyle brand ***Miss Charisma*** which aspires to be the quintessential global online destination for fashion-forward women. They create a full range of exceptionally trendy apparels, lingerie, footwear and accessories and sell it without the traditional retail mark-up.

Through **Ascent** (name changed)**,** the Business & IT Consulting vertical of the group, the focus is on building businesses online. Ascent provides the services like Web Development, Web Designing, Digital Marketing, Search Engine Optimization etc., they maximize returns in a cost effective manner.

Organization Structure

As Tech Tough (P) Ltd is a start-up company, it has fewer levels of hierarchy. This structure results in quick communication. People have freedom to choose and control their activities. It has a wide span of control giving rise to a flat organizational structure.

Figure-1
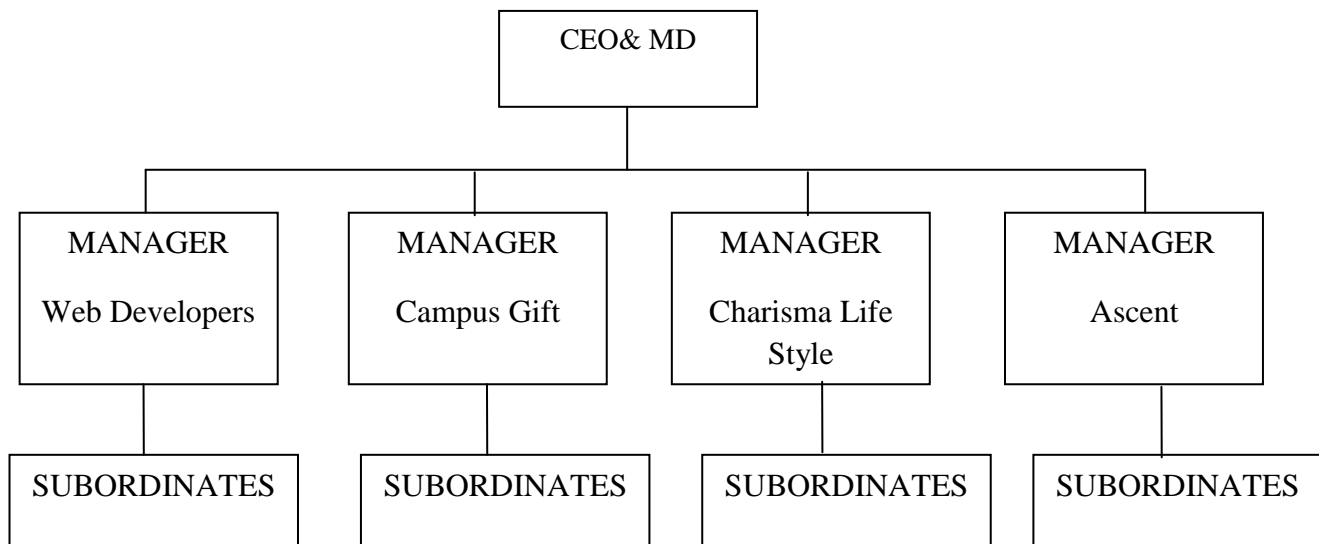
[Source: Authors' research]

Tech Tough (P) Ltd focuses more on cross-functional activities giving away the concept of working in a particular department. There is more of transparency and lateral communication. All employees work together to achieve the organization goal.

Literature Review

Lepak and Snell (1998) sub-divided HRM services into operational HRM, relational HRM and transformational HRM. Wright and Dyer (2000) concluded a similar distinction in service delivery of HRM services, as transactional HRM, traditional HRM, and transformational HRM. Martin, Reddington and Alexander (2008) said that e-HRM can be classified in dimensions namely operational HRM, relational HRM and transformational HRM. Again the same was conveyed by Bondarouk and Ruël (2007) as well as Strohmeier (2007) and identified different types of e-HRM and refers to them as consequences.

Lengnick-Hall and Moritz (2003) looked upon e-HRM development differently compared to other authors. They said that e-HRM develops through three main waves within an organisation. The most basic form of e-HRM is about publishing information. The next level of e-HRM involves the automation of transactions, and the last level of e-HRM concerns the transformation of how human resource practices are conducted in the company.

According to Ruël et al. (2004), an important fact is that in reality, a combination of these types of e-HRM (operational, relational& transformational) are utilised. However, E-HRM development is not a step-by step process in reality. Different levels of e-HRM sometime are implemented simultaneously.

Ericca R. (2007) made a comparative assessment of recruitment source effectiveness. Her study was on the pre-hire measures of the quantity and quality of applicants, with a specific focus on e-recruitment. A nine-year longitudinal study was employed over a period of pre-internet and post internet use by a large organisation, which enabled the exploration of changes in applicant data. The relationship between source and applicant was explored in terms of key job and organisational attributes communicated to attract quality applicants, and their subsequent intention to pursue the job. The outcome of this research work indicated that the quality of applicants generated by e-recruitment is equivalent to or less than that of other sources; therefore, it is not the most effective recruitment source. The result of the study indicate that for the recruitment process to be successful, the strategy should incorporate a diverse range of recruitment sources to reach the desired target market, and not restrict the search to just one such as e-recruitment

Holm B. (2009) in her research aimed to determine whether the introduction of e-recruitment has any impact on the process and underlying tasks, subtasks and activities of recruitment. Three big organizations with well-established e-recruitment practices were involved in her study. The findings say that e-recruitment had a noticeable effect on overall recruitment process in the studied organizations. The investigation revealed changes in the sequence, divisibility and repetitiveness of a no. of tasks and subtasks.

Practitioners considering introducing online recruitment and e-recruitment systems may feel apprehensive about the less consecutive nature of the recruitment tasks in the new process and the need to learn a new technology.

William Semple (2013) aimed to compare and contrast e-recruitment methods of two leading technological companies, thus choosing Google and Apple. He found both to be strong e-recruiters but initially did not understand where they stood out from each other. But while researching on the two organizations he realized what were the main factors to make or break an organization, they were;

➢ Cost Effect
➢ Large Approach
➢ Speedy Process
➢ Personal Touch

➢ Importance Of Company Website
➢ Number Of Applicants

Research Gap

The researcher has touched upon few research works done by authors in the past and the most common element which can be derived from those is that they do not try to directly come to any conclusion whereby it can explain to us about the effects of e-recruitment and how this new era of web based recruitment has brought about a huge change in the industry worldwide particularly in the field of SME. This research work would definitely fill in those gaps left by the researchers in the past and give answers to the unanswered questions.

Research Objectives

The objective of this research is to study the effect and the impact of E-Recruitment on the recruitment process of a small size enterprise named Tech Tough (P) Ltd. This research studies the traditional method of recruitment in the organisation under study and compares it with the process of E-Recruitment carried out by the same, thus finding out the difference between the two. Accordingly, benefits and challenges faced by the company after applying E-Recruitment to its HR process have been explored.

Research Methodology

Sources of Data

The study is based upon both primary as well as secondary data. A major part of the research has been based on primary data collected personally. The rest of the secondary data has been taken from authentic and recognised sources which are specified clearly in the reference column.

Data Collection

The research is based mostly on primary data collected mostly through personal interviews of 304 candidates carried on during the selection process in the tenure with the organisation; and also minute observations. Apart from these, the company database and website was a useful source for the completion of the research work.

A Comparative Analysis

Details of the Designations Offered By Tech Tough (P) Ltd for Recruitment

During tenure with Tech Tough (P) Ltd, job opening for specific designations, such as, Business Development Executive, Marketing Manager, Merchandiser, Technical Analyst, Mobile App Developer, Project Manager, Web Designer, Fashion Designer, Interns and Production Executive came up. The following data shows the number of candidates recruited (traditional & e-recruitment) overall for each designation.

Figure-2
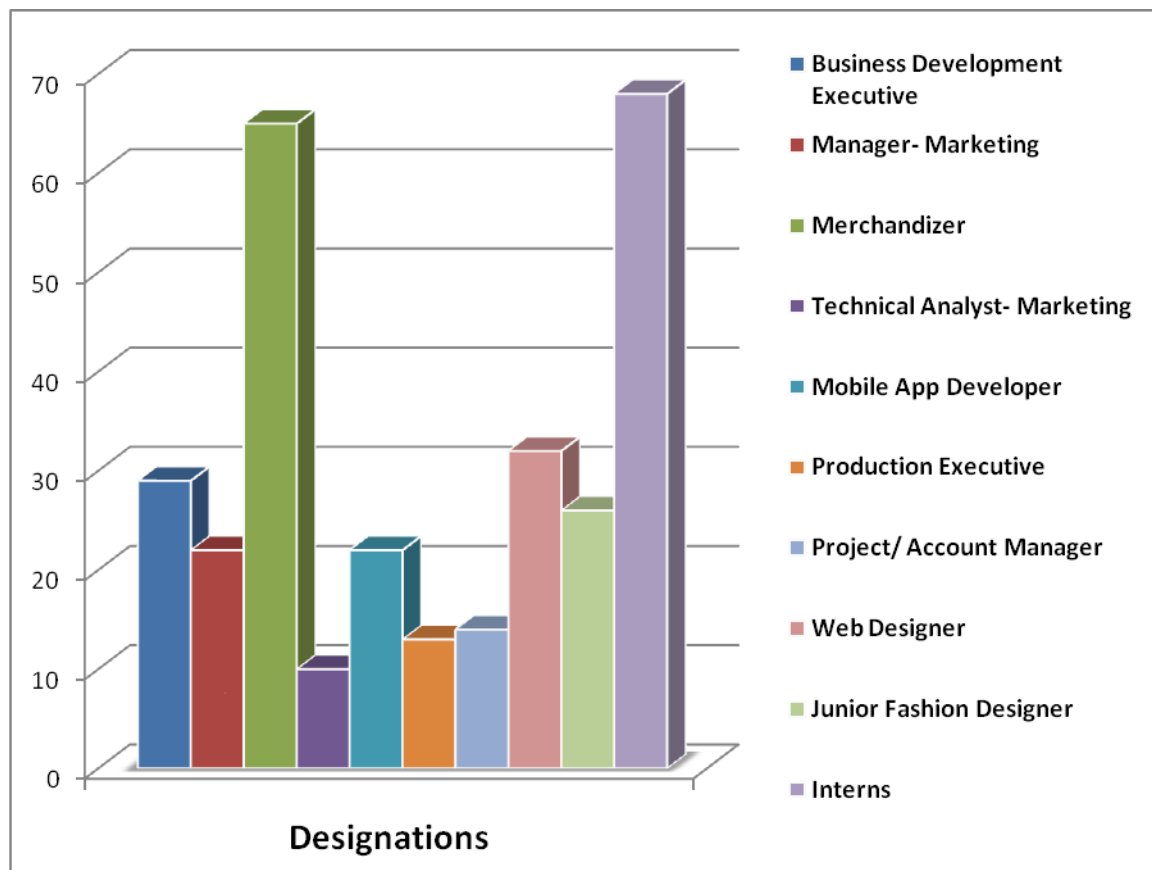
[Source: Authors' research]

From the data gathered and shown in the diagram above we can infer that recruitment for Interns took place the most. As Tech Tough (P) Ltd believes in working with fresh minds so demand for Interns was maximum, but the fact remains that Interns cannot be recruited via consultancies or advertisements or traditional methods of recruitment as the Interns are unpaid. Thus, they have to be searched via reference or over the internet by going through profiles in **indeed, skill pages, quicker** and **linkedin**. Another way to get Interns for the company is via campus recruitments, but that would only take place in certain period of time in a year only.

The following table shows the number of recruitments that took place for the above mentioned designations in exact figures.

Table-1

Designations	Business Development Executive	Manager-Marketing	Merchandiser	Technical Analyst-Marketing	Mobile App Developer
Number of employees	29	22	65	10	22

Designations	Project/ Account Manager	Web Designer	Junior Fashion Designer	Interns	Production Executive
Number of employees	14	32	26	70	13

[Source: Authors' research]

When we analyse the data further we see that most candidates recruited were interns, amongst which 16 out of 70 were selected, and out of these 16 all of them were en rolled via e- recruitment.

Second most recruited candidates were for the post of Merchandiser. Out of 65 candidates that appeared for the interview for the post of a Merchandiser 2 got selected, and both were result of e- recruitment, thus showing that level of candidates en rolled via traditional recruitment are not as good as candidates that are e- recruited.

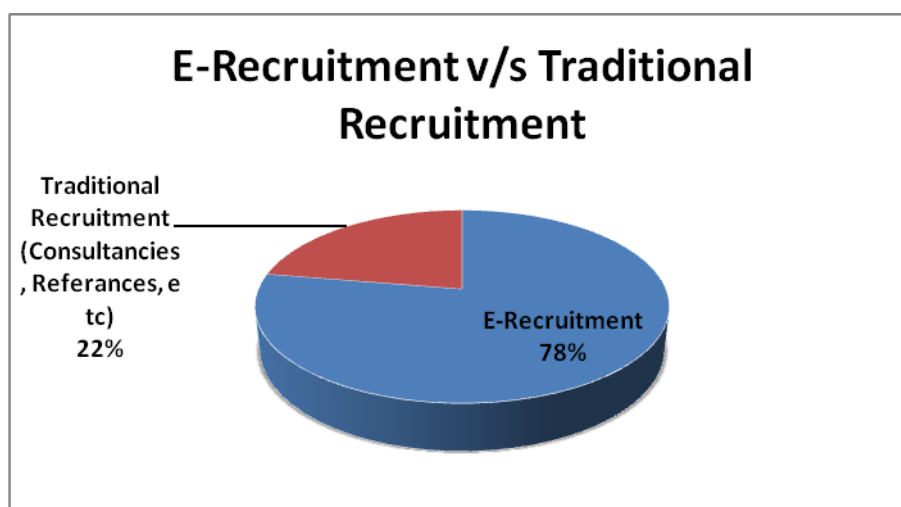**E-Recruitment versus Traditional Recruitment**

Tech Tough (P) Ltd is open to all types of recruitment process, provided it is a fast, efficient and quality conscious method. However, when it comes to e-recruitment, it is highly preferred by the company, as it is the most cost effective method whereas all other methods of traditional recruitment lead to added cost to the company.

The most preferred website for recruitment that the organisation recommends is LinkedIn (https://www.linkedin.com/) and the second most preferred site is Indeed (http://www.indeed.co.in/).

E-Recruitment via Websites: as per Tech Tough (P) Ltd's Priority

➢ Linked In (https://www.linkedin.com/)
➢ Indeed (http://www.indeed.co.in/)
➢ Quicker (http://kolkata.quikr.com/)
➢ Skillpages (http://www.skillpages.com/)
➢ Letsintern (http://www.letsintern.com/)

Figure-3

[Source: Authors' research]

Based on data collected, there were 304 recruitments that took place in 70 days, out of which 67 were traditional recruitment that is 22% and remaining 237 candidates were e-recruited, that is 78%, thus major part of recruitment happened with the help of online services. And as mentioned earlier the quality of candidates e-recruited is much higher than the ones traditionally recruited.
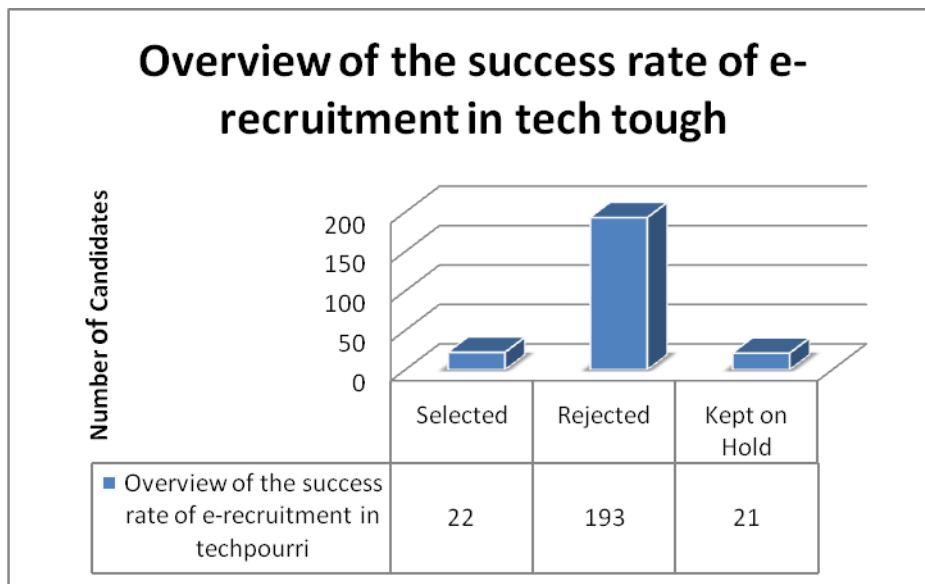
Few Essential points based on the data;

➢ When an urgent requirement was said to be worked on it was easy to post ads and find profile online as early as possible.
➢ During the search of candidates, traditional methods such as consultancies took a lot of time to come up with proper resumes.
➢ Candidates en rolled via e-recruitment were mostly suitable to the profile the company was looking for as e-recruitment gives the opportunity to look for the most appropriate profiles before recruiting.
➢ E-recruitment is a zero cost method of gaining resource, whereas other traditional method cost to the company

Therefore, we can see that Tech Tough (P) Ltd applies e-recruitment mostly to its recruitment process for faster and efficient gain of resource and it plays an important role in the organisation.

E- RECRUITMENT SUCCESS RATE

Figure-4

Overview of the success rate of e-recruitment in tech tough

|	Selected	Rejected	Kept on Hold
Overview of the success rate of e-recruitment in techpourri	22	193	21

[Source: Authors' research]

The diagram above in the form of a bar chart depicts the rate of success in terms of e-recruitment in Tech Tough (P) Ltd, that is, out of 237 candidates that were e- recruited 22 got selected, making the success rate to be 9% on the basis of overall recruitment effort. Considering out of total 23 candidates who were selected to join 95% candidates were brought in via e- recruitment, thus proving that the quality of candidates e- recruited being far better than candidates' en rolled via traditional methods of recruitment.

Recruitment through Traditional Method

Figure-5
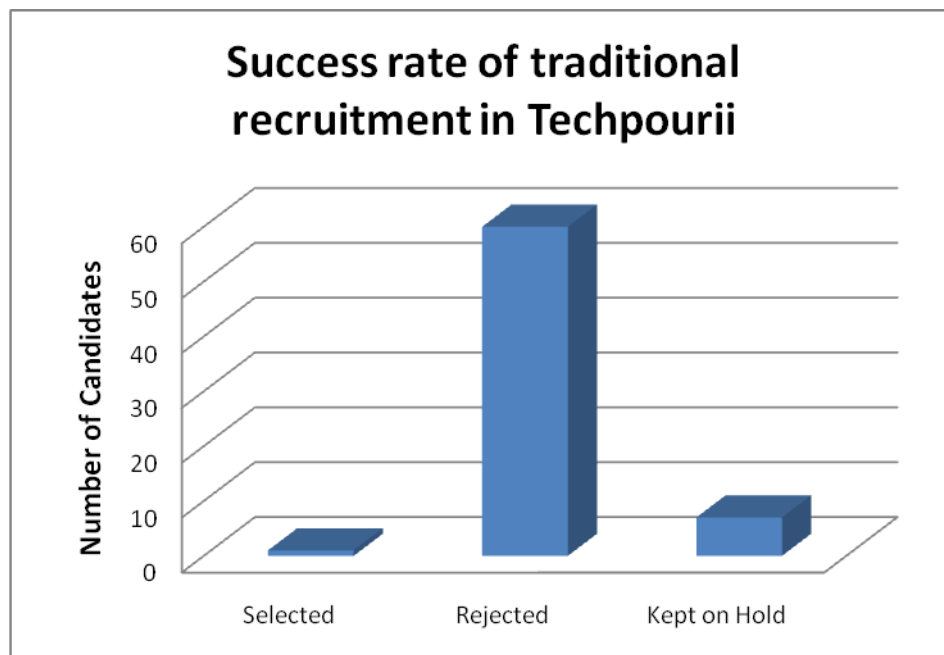
[Source: Authors' research]

The bar chart above shows the success rate of traditional recruitment, which is not good at all. As out of 67 candidates recruited in the company via traditional method only 1 finally got though all the interview rounds and was selected.

The total number of candidates traditionally recruited were 67, among which only 1 got selected, that means only 1% of success was achieved. Moreover, among the 23 candidates in total who were taken up by the company only 1 was via traditional method of recruitment, which means only 5% of selected candidates were traditionally found, further proving that quality of candidates being better via e-recruitment and not by traditional method

Again coming to the hold candidates, who were still in the waiting list, only 7 were chosen which were recruited by traditional method. But on the other hand candidates kept on hold that were e-recruited proved to be better quality wise and much more appropriate for the position they applied in.

Challenges Faced By Tech Tough (P) Ltd in E-Recruitment of Candidates

Tech Tough (P) Ltd, as mentioned earlier, has various methods of recruitment, which both are in the form of traditional and e-recruitment. However, there were many challenges faced by the company even after applying e-recruitment. They are as follows;

➢ Identifying the best or suitable candidates and convincing them to come down for an interview, as few were already working with competitor organisation.

➢ Mismatch between hiring schedule of employers and candidates was there.

➢ There are few candidates who are not well adverse with technical methods of applying for jobs, thus they cannot be found via e-recruitment, but these candidates can be as good as the ones found online.

➢ `Managing the database, CV and details for candidates who are en-rolled via e-recruitment is a difficult task as high volume of responses come up.

- ➢ Many candidates preferred face-to-face conversations from the first go rather conversing via e-mails.
- ➢ A lot of the recruiting sites from where candidate profiles can be searched out are paid sites, thus increasing cost to the company.

Analysis of Rejection List

Recruitment does not always give positive results, there are always few who are rejected and very few who are best fit for a particular job. Tech Tough (P) Ltd like every other company faces the same.

From the data collected during the research tenure it was found that 253 candidates out of 304 screened candidates were rejected.

There were many reasons for rejection of candidates that was noticed, such as;

- ➢ Expectation of salary of candidates was high, but the candidate was not that efficient to receive the expected salary.
- ➢ Candidates were not good fit to the opening Tech Tough (P) Ltd had.
- ➢ Few candidates looked for a part time job, as they had other commitments, or the work hours were not suitable for them.
- ➢ Due to employment crisis in the country there were few candidates who came up for a job and stated, "I am open to any job offered", but the company required specialised people.

Conclusion

The e-recruitment market scarcely existed a mere 15 years ago, but now it is the main market for the overall recruitment industry. Based on the research done on the effect of e-recruitment by collecting evidence from Tech Tough (P) Ltd there were essential facts that came up.

1. There is evidence that most companies, including Tech Tough (P) Ltd are using Internet technology and the World Wide Web as a platform for recruiting.
2. Candidates were obtained faster or quicker when approached through online service, rather via traditional recruitment.
3. Resources en-rolled via Recruitment agencies consumed a lot of time to send candidates for selection process, as they would hold an preliminary round for them first and then pass on these resources to the company.
4. The company not only used formal means of communication for recruitment, but also informal ways, such as Facebook and it gave a positive outcome as there was approximately 3%
5. Reference system within the company works fine, but only when there is time to assess candidates
6. The quality of candidates obtained via e-recruitment was well polished and adverse to technical approach.
7. Once an urgent requirement advertisement for a job opening was posted online there would be plenty of response to it within few hours, but that led to both negative and positive outcome.

Positive- the response received would be quick, and there were ample applicants to select from and shortlist for interview.

Negative- too many response at one go would make the process slow.

8. Most of the time candidates coming in for interview via Recruitment Consultancies were not aware of the job description.

9. As because the company e-recruited most of the candidates in the tenure of 70 days so it dint have to bear with extra cost, but the candidate who was selected that was sent from a recruiting agency the company had to pay 8.5% of the CTC fixed as the annual salary for the candidate.

10. Campus recruitment took place in many institutions in search of interns, such as MAAC, BIBS, IISWBM, AMITY

Recommendations

Based on the above findings we suggest some recommendations, which might prove beneficial for the company in case they plan to take it up. In examining the findings, the primary message to recruiters is to acknowledge that the adoption of e-recruitment is about more than just technology, it is about the recruitment process being able to attract the right candidate as efficiently as possible.

1. There are two types of e-recruiting methods that is being adapted by many companies and soon will be adopted by all, which managers will have to get used to in time. One is an "applicant tracking system" and the other being "Hiring Management system". Thus, it is recommended to Tech Tough (P) Ltd for conducting training session for its HR Team, so that it is well adverse with the new techniques of e-recruitment and does not fall behind when modern technology comes into consideration.

2. Another factor that can be worked on is the head count in the HR Team, which is the number of members in the team, as there is only one HR Manager and no one working under him, it acts as a drawback that can slow down the process of recruitment. Occasionally there are interns working in the HR Team but once these interns are not there the pressure builds up on one person taking care of the whole HR system alone. Thus, the company can go for hiring one HR Official who can work under the Manager and make sure the balance in the HR Team is maintained.

3. Finally, a software application could be created by the company, as they already have so many software engineers working for them, which could store and manage all the CV that is sent to the organisation via e-mail for further reference. This way all the CV data remains with the company and when needed for future reference it can be traced out in the application for assistance.

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