

## **CHAPTER TWO**

### **LITERATURE REVIEW**

IT is beginning to enable organizations to deliver state-of-the-art HR services, and reduced costs have enabled companies, regardless of the firm size-to purchase rather opt for HR technologies (Ball, 2001). The wide reach of the Internet and other ITs can help SMEs overcome their size disadvantage (Oviatt & McDougall, 1995). SMEs are less inclined towards adopting modern methods of hiring, which is why candidates have less information about the available job opportunities across the board (Kishore 2012). Human Resource Information Systems (HRIS) refers to the systems and processes at the intersection between human resource management (HRM) and information technology (Kovach & Cathcart, 1999). In its most elementary form HRIS is a system used to acquire, store, manipulate, analyze, retrieve and distribute pertinent information about an organization's human resources. Lengnick-Hall and Moritz propose, along with others (Walker, 2001), that HRIS will create informational efficiencies and cost savings in such a manner that HR departments can turn their attention to providing better analysis of current data. The current generation of HRIS automates and devolves routine administrative and compliance functions traditionally performed by corporate HR departments (Barron et al., 2004).

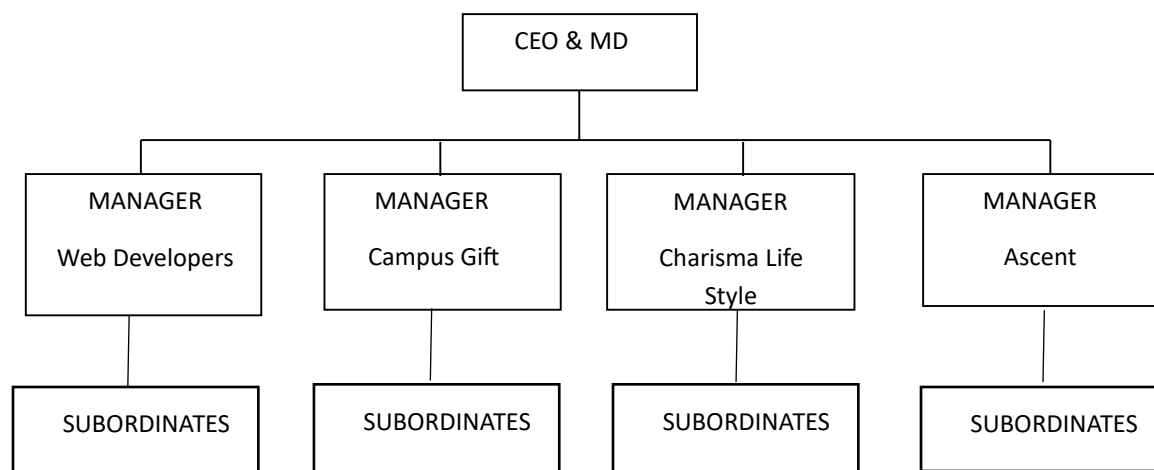
Recruiting and attracting talent is a challenge particularly in this era of globally competitive market. The biggest challenge is to apply & utilize this technological advancement to its fullest potential for the procurement of human resource. IT and internet-based recruitment functions like virtual interview, CV searching, online psychological test and online job announcements have changed and fastened the recruitment process. These applications also removed the potential obstacles to reach larger candidate pool (Hendrickson, 2003, Gardner et al. 2003). Online recruitment is effective in terms of speedy information collection of applicants, giving detailed and uniform data to the applicant and time saving (Internet Recruiting: Is It Right for you, July 2001). This finding is further supported by Hopkins & Markham (2003) study which argues that to speed up the recruitment process, online recruitment is considered as the best practice. Online recruitment is also effective in terms of performing talent management process (Burbach & Royle, 2010). Over the last decade there has been a considerable increase in the number of organizations gathering, storing and analyzing information regarding their human resources through the use of Human Resource Information Systems (HRIS) software or other types of software which include HRIS functionality (Ball, 2001; Barron, Chhabra, Hanscome, & Henson, 2004; Hussain, Wallace, & Cornelius, 2007; Ngai & Wat, 2006). An extensive body of literature exists on the usage,

adoption, and implementation of IT (Seyal, et al 2000). One area receiving little attention in the research on successful IT use is HRM practice (Othman, Teh, 2003). There is dearth of study on use of ATS that too in SMEs. 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 also helps the customer to elevate its ordinary office gathering into a team event or help the customer flaunt its campus colors with customized apparels. They have a strong team of seasoned professionals who bring their past 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 fashionforward women. They create a full range of exceptionally trendy apparels, lingerie, footwear and accessories and sell it without the traditional retail markup. 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.

(A) Organization Structure as Tech Tough (P) Ltd is a startup 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.



**2.1 Chart 1:** Organization Structure

Tech Tough (P) Ltd focuses more on cross functional activities giving away the concept of

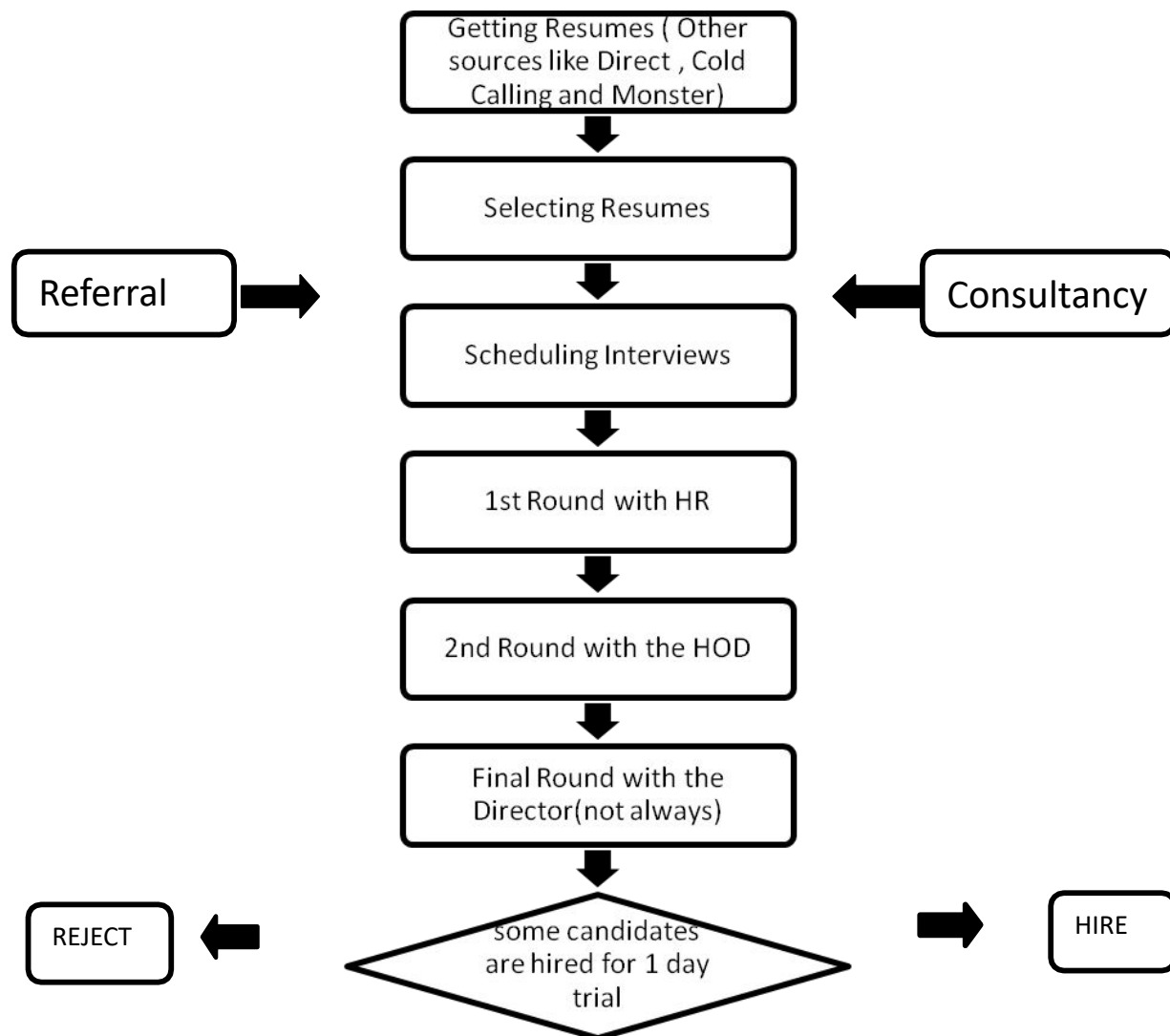
working in a particular department. There is more of transparency and lateral communication. All employees work together to achieve the organization goal.

#### *(A) Organization Culture*

Tech Tough (P) Ltd recognizes talent and acumen and thus utilizes it for better productivity. The proficient and qualified personnel working in Tech Tough offer customized and user-friendly solution to every specific need of clients. Every one of the organization has decision making authority which at times is harmful and may lead to conflicts.

Company holds a meeting every Wednesday which is called the “ALL TOGETHER” where all the employee along with the HODs and CEO of the company are present. This meeting is

held to discuss about the progress during the entire week or any issues the employees have. As it is new in the market the company is very risk averse.



## **2.2 Findings & Discussions**

(A) Assessment of ATS from Various  
Perspectives

*Assessment of ATS as a Process:*

Benefits of ATS

1. Reduces recruitment related costs,
2. Reduces time for recruitment administration and hiring.
3. Streamline the entire recruitment process and ensure best practices.
4. Effective Management of travel expenses, background checks other miscellaneous recruitment related activities.
5. Increase retention and productivity (by way of Increasing the Quality of Hire)
6. Improves communication internally and externally and internal mobility within an organization.
7. Reduces the paperwork in the recruitment process
8. Automation of requisition approval process for recruitment.
9. Facilitates better manpower planning and budgeting.

10. Creates a strong database for the future.
11. Creation of database for just in time recruiting of candidates draw from where they can be drawn as and when required.
12. Saving time in finding candidates and stops duplicating submissions.
13. Promotes the brand of employer and marketing through job postings
14. Developing Talent intelligence to be able to make informed decisions, especially as it relates to the critical skilled positions.
15. Crystallize organizations sourcing strategies by identifying the areas yielding best results from search efforts and the data support
16. Critical in management of an internal or external recruitment staff.
17. Establishing direct access to social media portals.

#### *Demerits of ATS*

1. ATS only looks for resumes that meet the exact requirements of the position. Therefore, recent college graduates, borderline candidates or those switching careers will be at a disadvantage, and the resumes that the recruiter is left with will be from a very limited job seeker audience.
2. Automated systems are often unreliable and can reject resumes for unnecessary reasons, such as if the scanner is unable to read them properly. Some resumes received will be more complicated to read and oftentimes such systems are



unable to correctly read them.

3. Some applicant tracking systems limits the information applicants can provide, due to character restricted application fields. This may lead to eliminate a perfectly suitable candidate for the position.

### *Assessment of ATS from Employers' Perspective*

Abundance of applicants- As the internet is accessible to people all over the world, the employer is likely to get swamped with resumes from interested candidates.

Inflated resume keywords- Employers rely upon the ATS to locate resumes that include relevant keywords, thus there is a strong possibility that certain keywords in a vast majority of job applicant's resumes are exaggerated. Some candidates purposely stuff his/her resume with keywords so that their resume is selected by the system. Therefore, recruiters are deceived into calling applicants for interviews that do not meet the job requirements. This is a waste of time, for both the applicant and the employment recruiter.

Overestimate applicant- it's difficult for a company recruiter to determine whether or not an applicant is the right fit for a job without meeting him/her face-to-face. A candidate can have all the right credentials on paper but still may not have the right character for the company. The most effective way to determine if an applicant is suitable for a particular job and right fit for the company is to

meet with him/her face-to-face in an interview.

Outdated job postings- occasionally, human resource representatives fail to remove old postings for the positions from the websites that have been filled. Sometimes this is due to miscommunication between the hiring manager and HR or a glitch in the system. Recruiters get swamped with resumes for jobs that are no longer open. However, employers will continue to get flooded with resumes from interested applicants until the posting is removed. *Assessment of ATS from Job Applicants Perspective*

*Impersonal-* Many jobseekers attest that looking for a job online lacks a personal touch. Job seekers want to be able to talk to someone via phone or face-to-face should they have questions about the company or the job they are interested in applying for. Job seekers claim employers are so inaccessible and display very little or no human interaction. This has been so far, the biggest complaint.

*Outdated job postings-* It's the second biggest drawback of online recruitment that job applicants detest. Many applicants claim they have applied for what appeared to be a current job posting, only to find out weeks later that the position had been filled a month ago? How devastating this is for individuals who are hoping to land an interview with a prospective employer. Had the aspirant known the position was filled; he/she would have never applied for it. This is

simply a total waste of the applicant's time.

*Website malfunctions*- applicants often complain about company websites that breakdown when attempting to submit their documents. Other complains that some website layouts are so confusing and find it difficult to navigate around the site. Some get so frustrated that they give up trying to apply for work on that particular site.

*No response from the company*- another complaint from the applicants is, they don't get responses from some companies where they have submitted their resumes and contact information to company websites. Well of course there's no way for the applicant to call the company because they have purposely omitted a contact number. Or else "no phone calls please". Nowadays, companies discourage applicants from calling the company to inquire about a job posting. It's strictly web based process. Applicants just want to know whether they are selected or not so that they can apply elsewhere.

Inability for job applicants to apply online creates inefficient, manual, paper-driven applicant processing.

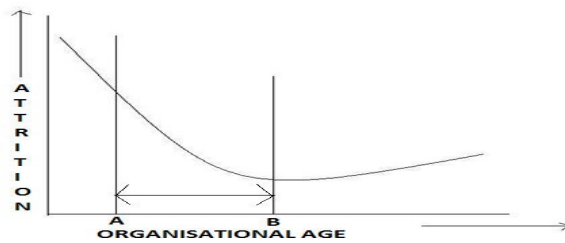
*(B) Analyzing Relationship between Organizational Age and Attrition Rate on the basis of ATS based Recruitment*



**Graph-1:** Organizational Age and Attrition

Rate

The organizational lifecycle also has a determining effect over attrition or the length of Employee Life Cycle (ELC). The new organization with a young set of employees has more attrition than old generation organization. In the above graph we can clearly see that as the organizational age is increasing, the attrition is falling and gradually after the maturity of the organization, again the attrition rises gradually. Initially when the organization is completely new the ELC is short as the joiners basically belongs to the young and fresh group who may or may not be reliable in the organization. As the organization is growing older, it has enough of chances of growth for the employees by offering them good salary as per their desire, easy going policies, less of control etc. In order to create its brand name and hence organizational control becomes tighter which leads the employees to attrite.



**Graph-2:** Organizational Age and Attrition

Rate-ELCSource: Authors' research

Tech tough (P) Ltd, is not an exceptional one and it too falls within the curve. Since the organization is an up-coming one, as per the curve its attrition rate is more. According to our observation, the attrition rate of Tech tough (P) Ltd falls between the range AB. Attrition rate is high because the company is a start up, there are no clearly defined job roles and they do not offer attractive salary packages.

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