

ANALYSIS OF E-RECRUITMENT AND ITS RELATIONSHIP WITH ATTRITION IN MODERN ORGANIZATIONS

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Abstract

Objective: The phenomenal growth of the Indian economy in the recent past has intensified the war for talent, putting pressure on the recruitment processes. However, Internet is bringing radical changes in the recruitment arena, as companies are expanding their use of the Internet as a recruitment tool to attract competent people, and thus, have competitive advantage. We tested to what extent e- recruitment is helping the organizations in selection process or acting as a root of attrition. **Methods:** The 104 employees were interviewed with the help of questionnaires. **Results:** There is a positive relationship between e-recruitment and attrition. **Conclusion:** The e-recruitment has increased the attrition rate of the organizations as organization are more easily approachable in terms of online recruitment, employees having accounts with job portals keep applying for better options, shortage of time in measuring skill required for the job, lack of productivity due to the mismatching of competencies, questions of supply and demand of employee, are the key factors responsible for increasing the attrition rate. **Originality/value:** Explains to what extent e-recruitment of the modern organization is affecting the attrition rate and how organizations would conquer it.

Key Words: E-recruitment, Attrition, Organizations, Selection Process

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Introduction

Organizations today are facing revolutionary changes, complex technologies and global competition. Organizations that fail to have right person at right place at the right time are at risk. A proper match between the work and the employee capabilities are now an economic necessity. The pressures of competition, cost saving, downsizing and global skill shortages have made recruitment a top priority. The competition for talent means that skilled workers are today's prized trophies. For many companies, talented people are the prime source of competitive advantage. Charles Goode, chairman of ANZ, says 'Attracting and retaining the most talented staff and building a successful culture are critical to our future. It is true that organizations succeed or fail on the basis of talents of employees, and then managers directly influence that success by the people they hire. Regardless of whether the company is large or small, hiring the best and the brightest employees lay a strong foundation for excellence. Alternatively, it is common to hear managers who don't recognize this point lament the inordinate amount of time they spend trying to fix bad selection decisions. In addition, equal employment opportunity legislation, court decisions, and the Uniform Guidelines have also provided and impetus for making sure that the selection process is done well. Human resource management is responsible for the people dimension of an organization. It is responsible for getting competent people, training them, getting them to perform at high levels, and providing mechanisms to ensure that its employees maintain their productive affiliation with an organization. Human resource management involves the productive use of people in achieving organizational strategic objectives and the satisfaction of individual employee needs. Human resource managements execute diverse functions as recruitment and selection, training and development, performance management, compensation management, Managing diversity, industrial relation, labor laws, International human resource management, HRIS, career planning, employee health and safety, HR audit and managing human resources in changing world. Every one of these functions has their own importance in the organization. Nevertheless getting competent people is the most important HR responsibilities in my point of view. There is perhaps no more vital topic in HRM than employee selection, as right selections assist the organization towards right direction for competitive advantage over other competitors Stone (2009).

Successful employment planning is designed to recognize an organization's human resource needs. Once these needs are known, an organization will plan their activities to reach them. The next step, then, in staffing function assuming, of course, that demand for certain skills, knowledge and abilities, is greater than current supply- is called recruiting. This activity makes possible for a company to acquire the necessary people to ensure the continued operation of the organization. "Recruiting is the process of discovering potential candidates for the actual or anticipated organizational vacancies or in other words it is the linking activity- bringing together those jobs to fill and those seeking jobs." Also defined, as "Recruitment is the process of findings and attracting capable applicants for employment. 'The process begins when new recruits are sought and ends when their applications are submitted. The result is the pool of applicants from which new employees are selected.'" Recruitment represents the first contact that a company makes with potential employees. It is through recruitment that many individuals will come to know a company, and eventually decide whether they wish to work for it. High quality employees cannot be selected when better candidates do not know of job openings, are not interested in working for the company and do not apply. Today, in every organization personnel planning as an activity is necessary. It is an important part of an organization. Human Resource Planning is a critical ingredient for the success of the organization in the long run. There are certain ways that are to be followed by every organization, which ensures that it has right number and kind of people, at the right place and right time, so that organization can attain its planned objective. The objectives of Human Resource Department are Human Resource Planning, Recruitment and Selection, Training and Development, Career planning, Transfer and Promotion, Risk Management, Performance Appraisal and so on. Each objective needs special attention and proper planning and implementation. For Organization it is important to have a right person on a right job. Recruitment and Selection plays a vital role in this situation. Shortage of skills and the use of new technology are putting considerable pressure on how employers go about Recruiting and Selecting staff. It is recommended to carry out a strategic analysis of recruitment and selection procedure (Aswathappa 2005).

Understanding Attrition

Attrition of employees in a limited measure is desirable for influx of new ideas in any type of organization. It helps organizations to maintain their agility in fast changing environment. Attrition in a limited measure can thus bring gains to the organization. However, if attrition

increases beyond a certain level, the gains are transformed into pains. Recruiters explain that high attrition rates significantly increase the investment made on employees. Significant investments in time and money need to be made for acquiring employees in any organization. These can never be translated into profit when attrition is high. Just to understand, in BPO industry, agent level (low level employees who directly deal with the clients) recruitment costs the company approximately Rs. 5,000 for each employee recruited. This is just the direct cost paid to recruitment agencies. Over and above the direct recruitment cost, an allied cost of training and managerial service is also involved. Each agent's job is non-productive or partly productive in the organization for nearly the first 2-3 months. Hence an employee leaving the organization within the first 6 months is a bad investment for the company. Cost of attrition in the BPO industry is 1.5 times the annual salary (*Prakash and Chowdhury, 2004*).

Literature Review

According to Prakash and Chowdhury (2004), attrition in the BPO industry is of two kinds. The first kind of attrition is due to employees leaving the BPO industry altogether (remaining unemployed or joining non-BPO industry). The second kind of attrition is due to employees joining another firm within the BPO industry. The reasons for both types of attrition need to be identified. The primary reason for people leaving the industry is due to the fact that the BPO industry is viewed merely as a stop-gap occupation. There seems to be a flaw in the way it is structured. The industry is mainly dependent on teenagers who are taking time out to work there and making money in the process, while preparing for better career alternatives. For this group, BPO can never be a long-term career. BPO jobs are easily available. They are viewed as a source of easy money when other sources of funding are not available. Unfriendly working conditions, late night work shifts, high tension jobs act as deterrents for people to stick to the industry for a long time. Further, these jobs are not seen in good light by the society at large. Nearly 50% of those who quit a firm, leave the industry itself.

Kim, Soonhee, O'Connor & Jennifer G. in 2009 studied the perspective electronic recruitment. In this study, we assessed the status of electronic recruitment for U.S. state government employees

and analyzed the issues and challenges state governments faced while they implemented e-recruitment systems. All of the 23 state personnel agencies that responded to a phone survey either offered downloadable application forms or allowed candidates to submit applications online. Ten states had adopted options for assessing applicants and selecting Job candidates online, but only three *states* reported that they had adopted online testing. The number of applications received online increased from 2002 to 2003, and the most common implementation challenges that states faced when introducing e-recruitment were budget restrictions, technical difficulties, and HR staff adapting to using a new system. While 15 states reported that they evaluated their electronic recruitment system, only three said they measured the cost per hire. Based on the survey responses, we conclude this article by presenting lessons and implications for effectively implementing *e*-recruitment for state government employees.

According to a research conducted by Mercer India (BPO India, 2004), a high rate of attrition is due to factors like higher salary anticipation, work timings and other career options. Adding to that, there is always a danger of increasing costs, while billing rates are declining. Mercer India also provides consultancy services. Their work includes retention strategies and bringing a paradigm shift in recruitment philosophy. They have recommended that the BPO industry should look beyond traditional recruitment and extend itself to physically challenged people and housewives.

Research Method

Data collection

For this study primary data was collected from executives of different companies. The sample size was 104 .The convenient sampling was used for the research.

Hypothesis

H0: There is no significant relationship between e-recruitment and attrition.

H1: There is a significant relationship between e-recruitment and attrition

Data Interpretation & Analysis.

Data are proposed to be collected through survey and questionnaire the whole questionnaire is divided into seven sections and each section measures a different variables. A five point likert scale was proposed to be used as it is more reliable and provides a greater volume of data than many other scales. For this purpose extensive software knows SPSS had been used to calculate various correlations between the variables in order to prove the hypothesis.

Reliability

The type of reliability used for this study is Cronbach's alpha. The ideal value of the Cronbach's alpha is 0 .94.

Table 1.1

Reliability Statistics

Cronbach's Alpha	N of Items
.942	10

Table 1.2

Correlations

		E_Recruitment	Attrition
E_Recruitment	Pearson Correlation	1	.74**
	Sig. (2-tailed)		.453
	N	104	104
Attrition	Pearson Correlation	.74**	1
	Sig. (2-tailed)	.453	
	N	104	104

** Correlation is significant at the 0.01 level (2-tailed).

From the table above, we can observe that there is a positive correlated with each other at a level of 0.01=99%. We can see that two variables e- recruitment and attrition have correlation of a significance of 0.01 which is equal to 99%. This means that out of 100 times these two variables will correlate with each other for at the most 99 times and 1 times they will not. Thus, these figures prove hypothesis that e- recruitment have positive relationship with the attrition which states that the increase in the usage of online recruitment is enhancing the attrition rate of the organizations.

Conclusion

The e-recruitment acts as one of the hidden factors that adversely effects attrition. The employees having accounts in job portals so as a habit they are used to keep checking there job applications and keep applying in the relevant ones thus in case any of those applications get a positive revert they are also ready to sit for the interviews and get a better job.

The lack of skill mapping is another reason because as a fast forward process of online recruiting, time taken to assess the required competencies is less, so lack of output forced the employee to leave the organization adding to attrition.

Many organizations focus a lot on retention strategies but they completely neglect this aspect or are negligent of this fact thus they are able to reduce the rate of attrition but are not at all able to completely stop attrition or in many cases the reduction in attrition rate is also not permanent since as and when new recruitments via web are done it makes the organization more approachable to the candidate and easy to apply online then the traditional way of recruiting.

It was also observed that usually organizations which use e-recruitment primarily use it for the purpose of coping up against high attrition rate as e-recruitment is the fastest method of recruitment, but ultimately they end up being stuck in a downward spiral created because of e-recruitment that is organizations ultimately end up being unable to retain those employees.

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