CHAPTER 1
INTRODUCTION

“We are witnessing a change in the nature of jobs. Muscle jobs are disappearing, finger and brain jobs are growing or, to put it more formally, labor-based industries have been displaced by skill-based industries and these in turn will have to be replaced by knowledge-based industries.” Charles Handy (1984).

Though Charles Handy tracked these radical changes long back in 1984, it touched India very recently. During the last few years, India has witnessed an unprecedented economic growth, where, service sector has become the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. In alignment with the global trends, Indian service sector is one of the major contributors to both employment and national income in recent times. It is estimated that in the near future close to a million new jobs will be created in the services sector. The activities under the purview of the service sector are quite diverse. Trading, transportation and communication, financial, real estate and business services, community, social and personal services come within the gambit of the service industry.

Services are the largest sector in the world, accounting for more than 70 per cent of global output. The old idea of services being non-transportable, non-tradable, and non-scalable no longer holds for a range of modern impersonal services. This is evident from the fact that global trade in services has increased from $1.3 trillion in 1998 to $3.8 trillion in 2008. In alignment with the global trends, Indian service sector is one of the major contributors to both employment and national income in recent times. According to data released by the Department of Industrial Policy and Promotion, the services sector (financial and non-financial) attracted Foreign Direct Investments (FDI) worth US$ 1.26 billion between April and August 2010 while the cumulative FDI between April 2000 and August 2010 has been US$ 24.86 billion, accounting for 21 per cent of the total FDI inflow. The HSBC Market Business Activity Index, which measures business activity among Indian services companies,
based on a survey of 400 firms, rose to 62.1 in April 2010, its highest since July 2008, and compared with 58.1 in March 2010. As per the estimates of IMF, Indian growth is projected to rise to about 8¾ per cent in 2010 and 8½ per cent in 2011 (from nearly 6 per cent in 2009) in which service sector is required to remain robust and the primary growth driver.

1.1 HOSPITALITY AND HEALTH CARE – AN OVERVIEW

The Hotel and Healthcare industry are the largest and rapidly growing industries in India. Hospitality industry employs over 12 million people, accounting for 8.5 percent of the total workforce, and generating over 4 percent of GNP. Whereas, Healthcare is one of India’s largest sectors, in terms of revenue and employment, and the sector is expanding rapidly. During the 1990s, Indian Healthcare grew at a compound annual rate of 16per cent. Today the total value of the sector is more than $34 billion.

1.1.1 HOSPITALITY SERVICES

The Hotel industry is the largest and rapidly growing industry in India. Although, there is visible evidence towards growing consolidation and franchising within the industry, the dominant business model remains that of the small, independent family firm, except for some big international chains. However, the Indian hotel industry is confronted with considerable challenges imposed by the turbulent and rapidly changing external environment that it operates in. Thus, in order for the success to continue, the industry requires a professional approach to the management of operations, particularly in the area of Human Resource Development (HRD). Such an approach is crucial, considering the staffing problems the industry is currently experiencing. Significant difficulties in attracting and retaining staff result in employers being confronted with acute skill shortages, a tightening labour market and high levels of staff turnover.

Combining unparalleled growth prospects and unlimited business potential, the industry is certainly on the foyer towards being a key player in the nation's changing face. Furthermore, banking on the government’s initiative of upgrading and
expanding the country’s infrastructure like airports, national highways etc., the tourism and hospitality industry is bound to get a bounce in its growth.

1.1.2 MARKET SIZE OF HOSPITALITY SERVICES IN INDIA

The Hospitality industry is one of the fastest growing sectors globally. The World Travel and Tourism Council (WTTC, 2010) estimates that travel and tourism industry generated jobs represent a rise from 8.1 per cent, 235,785,000 jobs or 1 in 12.3 jobs in 2010, to 9.2 per cent of total employment, 303,019,000 jobs, or 1 in every 10.9 jobs by 2020 and creating extra 946,000 jobs worldwide.

The India Travel & Tourism economy is ranked number 12 in absolute size worldwide; 90 in relative contribution to national economies and 4 in long-term (10-year) growth

1.1.3 CONTRIBUTION OF THE HOSPITALITY SERVICES TO THE ECONOMY

The hotel and tourism industry’s contribution to the Indian economy by way of Foreign Direct Investments (FDI) inflows were pegged at US$ 2.1 billion from April 2000 to March 2010, according to the Department of Industrial Policy and Promotion (DIPP).

According to the Travel & Tourism Competitiveness Report 2009 brought out by the World Economic Forum, the contribution of travel and tourism to Gross Domestic Product (GDP) is expected to be at US$ 187.3 billion by 2019. The report also states that real GDP growth for travel and tourism economy is expected to achieve an average of 7.7 per cent per annum over the next 10 years. Export earnings from international visitors and tourism goods are expected to generate US$ 51.4 billion (nominal terms) by 2019. Furthermore, the sector which accounted for 6.4 per cent of total employment in 2009 is estimated to rise to 7.2 per cent of total employment by 2019.
1.1.4 GROWTH OF HOSPITALITY SERVICES

The Indian hospitality sector is certainly the most apt replication of the belief 'Atithi devo bhava'- touch of tenderness, a helping hand and a welcoming visage.

According to the World Travel and Tourism Council (WTTC), the growth in the Hospitality industry is pegged at 15 per cent every year, with 200,000 rooms needed, the hotel segment of India is on the brink of an astounding growth.

According to the Tourism Satellite Accounting (TSA) research, released by WTTC and its strategic partner Oxford Economics in March 2009:

- The demand for travel and tourism in India is expected to grow by 8.2 per cent between 2010 and 2019 and will place India at the third position in the world.
- India's travel and tourism sector is expected to be the second largest employer in the world, employing 40,037,000 persons by 2019.
- Capital investment in India's travel and tourism sector is expected to grow at 8.8 per cent between 2010 and 2019.
- The report forecasts India to get capital investment worth US$ 94.5 billion in the travel and tourism sector in 2019.
- India is projected to become the fifth fastest growing business travel destination from 2010-2019 with an estimated real growth rate of 7.6 per cent.

India’s hotel pipeline is the second largest in the Asia-Pacific region according to Jan Smits, Regional Managing Director, InterContinental Hotels Group (IHG) Asia Australasia. He added that the Indian hospitality industry is projected to grow at a rate of 8.8 per cent during 2007-16, placing India as the second-fastest growing tourism market in the world. Initiatives like massive investment in hotel infrastructure and open-sky policies made by the government are all aimed at propelling growth in the hospitality sector.

According to industry data, India is expected to double the number of branded hotel rooms from 100,000 now in just three years. Leading the pack are global hotel
chains, which will add over 300 hotel properties (an estimated 55,000 rooms) in the country by 2013, as per data compiled by companies.

Exchange rate used: 1 USD = 45.71 INR (as on May 2010)

1.1.5 GOVERNMENT INITIATIVE FOR HOSPITALITY SERVICES

According to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The terms hotel includes restaurants, beach resorts and other tourism complexes providing accommodation and/or catering and food facilities to tourists.

1.1.6 HEALTHCARE

Healthcare is one of India’s largest sectors, in terms of revenue and employment, and the sector is expanding rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16 per cent. Today the total value of the sector is more than $34 billion. This translates to $34 per capita, or roughly 6 per cent of GDP. By 2012, India’s healthcare sector is projected to grow to nearly $40 billion. The private sector accounts for more than 80 percent of total Healthcare spending in India. Unless there is a decline in the combined federal and state government deficit, which currently stands at roughly 9 per cent, the opportunity for significantly higher public health spending will be limited.

1.1.7 MARKET SIZE OF HEALTHCARE SERVICES IN INDIA

The Indian Healthcare sector is expected to become a US$ 280 billion industry by 2020 with spending on health estimated to grow 14 per cent annually, according to a report by an industry body. Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 per cent by 2012 from 5.5 per cent in 2009. It is believed to be the next big thing after IT and predicted to become a US$ 280 billion industry by 2020. At present the sector is estimated to be around US$ 40 billion and will grow to US$ 78.6 billion by 2012.
The size of the Indian medical technology industry may touch US$ 14 billion by 2020 from US$ 2.7 billion in 2008 on account of strong economic growth, higher public spending and private investments in healthcare, increased penetration of health insurance and emergence of new models of Healthcare delivery, according to a report “Medical Technology in India: Enhancing Access to Healthcare through Innovative” released by PwC and an industry body.

1.1.8 GROWTH OF HEALTHCARE SERVICES

The rate of growth of the Healthcare industry in India is moving ahead neck to neck with the pharmaceutical industry and the software industry of the country. Much has been said and done in the health care sector for bringing about improvement. Till date, approximately 12 per cent of the scope offered by the Healthcare industry in India has been tapped. The Healthcare industry in India is reckoned to be the engine of the economy in the years to come. Healthcare industry in India is worth $17 billion and is anticipated to grow by 13 per cent every year. The sector encompasses health care instruments, Healthcare in the retail market, hospitals enrolled to the hospital networks etc.

As per a study by an industry body and Ernst & Young, India would require another 1.75 million beds by the end of 2025. The public sector however is likely to contribute only around 15-20 per cent of the required US$ 86 billion investment. The corporate India is therefore, leveraging on this business potential and various health care brands have started aggressive expansion in the country. Some of the companies that plan to increase their footprints include Anil Ambani’s, Reliance Health, the Hindujas, Sahara Group, Emami, Apollo Tyres and the Panacea Group.

The rural Healthcare sector is also on an upsurge. The Rural Health Survey Report 2009, released by the Ministry of Health, stated that during the last five years rural health sector has been added with around 15,000 health sub-centres and 28,000 nurses and midwives. The report further stated that the number of primary health centres have increased by 84 per cent, taking the number to 20,107.

As per data released by the Department of Industrial Policy and Promotion (DIPP), the drugs and pharmaceuticals sector has attracted Foreign Direct Investment (FDI)
worth US$ 1.82 billion between April 2000 and September 2010, while hospitals
and diagnostic centres have received FDI worth US$ 955.10 million in the same
period.

- Care Institute of Medical Sciences (CIMS), a hospital venture brought forth
  by a group of doctors in Ahmedabad, has come up with India’s first ‘green
  hospital’.
- Drug maker Lupin plans to invest an average US$ 100 million each in the
  coming years for capital expansion and acquisition of foreign companies,
  according to Ramesh Swaminathan, President – Finance and Planning,
  Lupin.
- The Apollo Hospitals Educational and Research Foundation (AHERF) has
  firmed up its stem cell research collaboration with US-based StemCyte,
  investing US$ 15 million in the 50-50 venture.
- Apollo Hospitals also plans to invest US$ 650.04 million by 2014 to add
  4,000 beds.
- New Delhi-based hospitals chain Fortis Healthcare plans to invest US$ 146.81
  million over next 12-18 months to add 2,100 new beds, said Bhavdeep Singh,
  Chief Executive Officer, Fortis on November 3, 2010.
- Nova Medical Centres, a specialised day care surgery centre chain, plans to
  invest nearly US$ 225.5 million for setting up 100 centers across the country
  by 2014, said Suresh Soni, Chairman, Nova Medical Centres.
- Manipal Hospitals plans to invest US$ 45.23 million in the next three years
  to double its capacity to 8,000 beds, said Rajen Padukone, Chief Executive
  Officer, Manipal Hospitals.
- Wockhardt Hospitals plans to invest up to US$ 158.32 million to double its
  bed capacity to 2,000 by 2013, said Anil V Kamath, Managing Director,
  Wockhardt Hospitals Ltd.

1.1.9 CONTRIBUTION OF THE HEALTHCARE SERVICES TO THE
ECONOMY

Expenses incurred by the Indian Government on Healthcare are the highest amongst
developing countries. India's expense on Healthcare sector comprises 5.25 percent of
the GDP. Chances are that the health care market could experience a hike and attain a figure ranging from $53 to $73 billion five years from now. This in turn will reflect an increase in the Gross Domestic Product to 6.2 percent GDP. The health care industry in India earns revenues accounting for 5.2 percent of gross domestic product. Employment opportunities are provided to as many as 4 million people in the health care segment or other related sectors catering to the Healthcare industry in India in some way or the other. Owing to the vast differences in medical expenses in western countries and that of India, India has become one of the favorites for health care treatments. Due to the progressive nature of the health care sector in India, several foreign companies are intending to invest in the country.

1.1.10 GOVERNMENT INITIATIVE FOR HEALTHCARE SERVICES

The Government launched the National Rural Health Mission (NRHM) in 2005. It aims to provide quality healthcare for all and increase the expenditure on healthcare from 0.9 per cent of GDP to 2-3 per cent of GDP by 2012.

According to Union Budget 2010-11, the Finance Minister, Mr Pranab Mukherjee increased the plan allocation for Ministry of Health and Family Welfare from US$ 4.2 billion in 2009-10 to US$ 4.8 billion in 2010-11.

Moreover, in order to meet revised cost of construction, in March 2010 the government allocated an additional US$ 1.23 billion for six upcoming AIIMS-like institutes and upgradation of 13 existing Government Medical Colleges.

The Union Cabinet on October 20, 2010 approved the proposal of the Ministry of Health & Family Welfare to declare National Institute of Mental Health and Neuro Sciences (NIMHANS), Bangalore as an Institute of National Importance on the lines of All India Institute of Medical Sciences (AIIMS), New Delhi, Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh and Jawaharlal Institute of Postgraduate Medical (JIPM), Pondicherry.

1.2 CONTEXTUAL BACKGROUND

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn” Alvin Toffler.
The global economy is fast becoming a reality where organizations will need to find ways to become more productive, more efficient and more competitive. Firms should entail themselves to prepare for the big global game and become more efficient and competitive to deliver high performance. A high-performance business starts with a high-performance workforce. Therefore, organizations should substantially focus on increasing its productivity, market share and shareholder value by ensuring that they have the right people, with the right skills in the right roles. With this significant focus becoming an area of concern, there is a need for due diligence in their recruiting practices.

Recruitment is considered as one of the most important functions in an organization. Unless the appropriate people are hired, even the best plans, organizational charts, and control systems would not yield good results. Decisions regarding employee testing, work policies, programmes, compensation and corporate image all have an impact on recruiting (Jyoti and Venkatesh, 2006). It is said, whenever we recruit, we are, to a significant extent, first creating and then continually re-creating our organization. While books and other materials, buildings, hardware, software, and systems are key parts of organizations, people are what make the key difference (Lee, 1994). David Ogilvy, Chairman of Ogilvy & Mather quoted, “If each of us hires people who are smaller than we are, we shall become a company of dwarfs, but if each one of us hires people who are bigger than we are, we shall become a company of giants (Wendover, 1989). Lee (1994) had also attempted to bring out the importance of people in the organization by stating that, while technology and resources become more and more widely and quickly, if not freely, available, building an organization of people trained and motivated to deliver the highest quality of service takes immense time and effort. A focus on “the human library” seems to recognize the central place of people in defining and representing what these organizations are. The reason for this is the recognition that the people recruited need to be both ever more skilled and more adaptable if they are to provide the level of service required in a climate of constant change.

Recruitment provides the first contact for an organization with its potential employees. An organization must have an effective recruitment policy and process to inform candidates about the job opening and persuade them to apply for the
available positions. The efficacy of the recruitment process may be measured in terms of the quality and quantity of the applicant pool (the grouping of applicants based on the type of job) created by it. A good recruitment strategy should inform qualified individuals about employment opportunities, create a positive image of the company, provide enough information about the job so that applicants can make comparisons with their qualifications and interests, and also generate enthusiasm among the best candidates so that they may apply for the available positions (Stoops, 1982). Thus, recruitment needs to attract not just candidates but qualified candidates who meet the expectations of the firm (Durai, 2010).

It is important to remember that that recruiting is a two-way street. That is, just as the organization is looking for qualified job applicants, those applicants are also likely to be looking at various potential employment opportunities. Thus, both organizations and the individuals have recruiting goals (Bretz and Judge, 1994). The best hiring opportunities for organizations and employment opportunities for job seekers emerge when these different goals match. Both parties in the recruitment process - the organization and the prospective employee - have goals they are trying to accomplish in the recruitment process. The most basic and fundamental goal of an organization’s recruiting effort is essentially to fulfill the definition of recruitment - to develop a pool of qualified applicants.

Of course, it is also important for the organization to remember that the perspective employee in the recruiting pool also has goals that affect the process. Indeed, human resource managers must never forget that recruiting is a two-way process. Just as the organization is seeking qualified applicants who are interested in the employment with the firm, so too are individuals likely to be approaching several organizations and trying to entice as many of them as possible to offer employment (Barber, 1994). Thus the organization is attempting to develop a pool of qualified applicants, and individuals are simultaneously attempting to create a pool of potentially interesting and attractive job opportunities from which they can select. As a result, it is important for the human resource manager to understand perspective employees’ goals as part of their own recruiting process (DeNisi and Griffin, 2005).

Research interest in the topic of employee recruitment has increased substantially over the last thirty years. Recruitment is commonly defined as the process of
discovering potential candidates and of generating a pool of qualified applicants by encouraging qualified candidates to apply for actual or anticipated job vacancies within the organization (Agarwala, 2007). In the contemporary business environment, companies are faced with a critical challenge to recruit and retain qualified employees (Langan, 2000). As a result, the current trend demands a far more comprehensive and strategic perspective to recruit, utilize and conserve valuable human resources. There is a need for companies to have a conceptually sound framework (person: job-fit) and a cost-effective, speedy and convenient system (online testing) at their disposal to meet their personnel selection needs in a highly competitive environment (Chapman and Webster, 2003). These days, one way of doing so is via online recruitment, a method of attracting job candidates via the internet (Cullen, 2001). As practice, it is agreed that e-HRM leads to considerable changes and therefore should be taken as an important development in the HR field (Lepak and Snell, 1998; Lengnick-Hall and Moritz, 2003; and Gueutal and Stone, 2005).

![Vicious Circle of Recruitment](image)

**Figure 1.1: Vicious Circle of Recruitment**

### 1.3 EVOLUTION OF THE PRESENT STUDY

E-recruitment has been an issue of interest over the past ten years. Internet is considered as the latest tool in hiring. It is a real revolution spreading over the world
of job hunting and hiring. The term online recruitment, e-recruiting, cybercruting, or internet recruiting, imply the formal sourcing of job information online. The first references to e-recruitment appear in articles of the mid-1980s (Gentner, 1984; Casper, 1985). While systematic reference to e-recruitment in the HR journals begins almost two decades later, in the mid-1990s, when IT companies and universities began to use the internet extensively. The closing of twentieth century has given rise to a vast debate concerning the response of HRM to the changing external and internal environment of the firm. Online job search and recruitment activity have vastly expanded since the year 2000. This was the period during which a truly distinct online recruitment paradigm emerged and first attained a level of critical mass. However, despite of its popularity, the research in the area has not as yet become as dominant as was predicted by many researchers and practitioners.

E-recruitment can be divided into two types of uses: corporate web site for recruitment and commercial jobs boards (such as monster.com) for posting job advertisements (Parry and Wilson, 2009). Corporate websites are company’s own website with a link for job posting/career options where candidates can log into for current openings. If the company advertises its vacant positions on other website that specializes in it for example- Naukri.com, Timesjob.com, Monster.com, etc., they will adopt commercial job boards for recruitment. Firms generally adopt recruitment method that suits their size and budget for recruitment. Further, the size and nature of the fraction that applies for an organization’s vacancies will be affected by how (and to whom) the organization communicates its vacancies (Conard and Ashworth, 1986).

In times of fierce competition, being able to attract high-quality human resources is considered a true competitive advantage for organizations (Gatewood, et. al., 1998; Rynes, 1991; Turan and Greening, 1997). This attraction of potential employees and to get them to accept offers of employment has given a recent recognition of the important role that recruitment plays in assuring organizational success Barber, 1994; Grossman, 2000; Nakache, 1997; Pomeroy, 2000). It presumes that the approach an organization takes to recruitment makes a difference and assumes that recruitment outcomes depend on something more than the existing dynamics of labor supply and demand. Given the importance of recruitment, it is remarkable that
little research has been conducted into the decision making processes of the organizations that form the basis of recruitment strategy.

Previous research studies have focused on online recruitment which may not hold true for an emerging market like India. In India these issues are getting much more importance in board room discourse as economy has grown rapidly during last fifteen years. This tremendous growth has increased the need for employable workforce manifold. This obligates organisations to focus on their recruiting practices. However, as literature suggests these initiatives requires a proper evaluation strategy to be put in place to diagnose effectiveness of e-recruitment especially for developing managerial skills. These issues have largely remained unexplored in India. This study, with an objective to investigate the impact of e-recruitment practices on human resource supply chain management (HRSCM) in terms of quality, time, cost, wider choice and employee job search behaviour, is a modest endeavour in this direction. Through the use of both qualitative and quantitative approaches, an attempt has been made, in different types of Indian service organisations, to identify the e-recruitment practices, so as to address the relevant dimensions of importance and performance of e-recruitment and investigate the impact of these practices thereof. In addition of conducting a structured inquiry to test the hypotheses mentioned in further discussion, implications of study for industry as a whole have been identified and model for a systematic approach of recruitment have also been developed to help the theory building efforts in the HR field that links HR inputs and practices to meaningful organizational outputs and deliver competitive advantage. To the best of the researcher’s knowledge no such study has been conducted in Indian context that brings out any strong empirical results (refer Figure 1.2).

1.4 THE EVOLUTION OF HUMAN RESOURCE RECRUITING

To analyze the nature and to develop a conceptual understanding of e-recruitment, a comprehensive review of literature was undertaken for the study. It is seen that in the first edition of the Handbook of Industrial and Organizational Psychology, less than one page of coverage was given to the topic of recruitment (Guion, 1976). By the time the second edition of this handbook was published, research on recruitment
was seen as meriting an entire chapter (Rynes, 1991). In the nascent period, the expanding body of research on recruitment has been seen as sufficient to merit entire books (e.g., Barber, 1998). Given that dozens of studies were published between Rynes' (1991) and Barber's (1998) reviews of recruitment research, it was not surprising that Barber felt that understanding in certain areas (e.g., recruitment source effects) had increased.

With human resources becoming central to business success, it is important for firms to ensure that they have the right talent in place for today as well as for the future. Thomas Jefferson’s lasting words quoted by Agarwala, (2007), ‘No duty the executive had to perform was so trying as to put the right person in the right place’, still holds true. Although the term recruitment is commonly used, it is not easy to define [13, pp.5-6]. The definition offered by Barber states that: "Human Resource
Recruiting includes those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees" (p. 5).

Breaugh (1992) stated that recruitment activities are designed to affect (1) the number of people who apply for vacancies, (2) the type of people who apply for them, and/or (3) the likelihood that those applying for vacancies will accept positions if offered. The literature in recruitment, like other professional disciplines, is continually evolving. The objectives of recruitment includes attracting potential candidates to the job opportunities in the firm, generating enough interest to encourage potential candidates to apply for the job, and also to project a favorable image of the company among those who come in contact with recruitment efforts (Agarwala, 2007).

Over the period of time, few human resource functions have changed as much by the internet and information technology as employee recruiting (Elliott and Tevavichulada, 1999). Kay (2000) has also pointed out that the executive search mode has not changed significantly; rather the change is in the search for other employees. A large number of companies include employment openings on their Web sites. On the other hand, job sites such as Monster.com, Careerpath.com, Careerbuilder.com, Hotjobs.com, Headhunter.com and CareerMosaic.com enable candidates to search for job openings and post résumés where they can be seen by hundreds of companies.

1.4.1 TRENDS IN RECRUITMENT: A RETROSPECTIVE VIEW OF THE LAST TWO DECADES

Way back in 1990s there were low-paid, low-skill jobs with many applicants for every vacancy. Nonetheless, this situation did produce opportunities and choices for recruiters. Starting from early 1990s, Ours and Ridder (1992) had discussed in his research on ‘Vacancy durations: search or selection’ about different types of search methods which were advertising, and private or public employment agencies. In 1993 Gorter, Nijkamp, and Rietveld, (1993) surveyed the Dutch labor market for recruitment channels and its impact on the vacancy duration. The authors found that labor market segmentation played an important role in the choice of the recruitment channels; in particular, advertising was preferred when the vacancy concerned
belongs to the primary segment of the labor market, while when it belongs to the secondary segment the preferred recruitment channel was the labor exchange office. The year 1994 and 1995 literature also explored advertisement as one of the major recruiting channels along with the informal channel but the impact of which was very less (Russo, et. at., 1995; Redman and Methews, 1995). Later, Mencken & Winfield (1998) had mentioned about the informal and formal recruiting practices in external labour markets.

In early 2000s, the literature brought up the concept of referrals and direct applicants (Zottoli and Wanous, 2000). The literature reported that employers continued to rely on traditional (i.e., general IQ, integrity, structured interviews, work-samples, references, official transcripts) methods for personnel selection till 2001 (Schmidt and Hunters, 1998; Wilk and Cappelli, 2003). Moving further, advertisement which was one of the major sources of recruitment in 1990s has shown a drop primarily because of the Internet (Bolles, 2001). The new millennium had proved to be a launch of the Internet age. Most of the literature (Boswell, et. al., 2003; Kumar, 2003; Chapman, et. al., 2005; Stone, et. al., 2005; Allen, 2007; Hoye and Lievens, 2007; Breaugh, 2008) referred to internet as one of the sources of recruitment, the usage of which had increased with the passage of time.

Therefore, with advances in automation and information technologies, employers were expected to break traditional approach and lines of demarcation. In India, little more than a decade ago, online job searches were primarily the focus of a tiny population of hardcore techies. Today, e-recruitment forms one of the central pillars of a smart staffing strategy for firms in every economic sector. As the labor market was flooded with a sudden influx of laid-off workers in 2001, many of whom were from the IT industry, online job search resources gradually emerged as a benchmark for million of jobseekers. Although many firms had been listing open positions on their corporate websites long before this, the early 2000s was the period during which a truly distinct e-recruitment model came out and first attained a level of critical mass. According to the study, most Global 500 companies incorporated internet recruiting into the typical hiring strategy, and by 2002, iLogos Research showed that nearly 100 per cent of the Global 500 companies were utilizing corporate Web sites for recruiting, with a few late adopters in 2003 (Kumar, 2003).
In 2003, it was reported that 45 per cent of job seekers confirmed having consulted the Internet as part of their job search. By 2006, a survey (Society for Human Resource Management, 2007) showed that the number of job seekers who used online resources in their job searches is at a staggering 96 per cent. However, in the contemporary business environment, companies were faced with a critical challenge to recruit and retain qualified employees (Langan, 2000). Consequently, even when the economy is on a down turn, the competition for best employees continues.

As per Schreyer and Carter (1998), internet technology not only opens new opportunities for human resource management, it gives HR professionals the leverage to be a major source of corporate success. The old recruiting paradigms cruise the human resource ocean like the great battleships of World War I, while the internet recruiting paradigm works like a modern fully armed, nuclear-powered aircraft carrier. And it gets easier every month. The authors specified that the new technology will make the recruiter’s job much easier as:

- Software has become more readily available and cost-effective, allowing recruiters to manage the entire recruiting process with an integrating capability to identify critical abilities, plan long-term staffing strategies, place internet job ads, receive the resumes via internet, and maintain a comprehensive human resource database with both candidates and incumbents represented.
- Most HR departments’ nationwide will gain high speed access to the internet. The large companies will be hooked up first to the high bandwidth lines with smart terminals for recruiters.
- The training function within HR will become more integrated with recruiting as human resources functions make more focused choices about whether to buy or develop the skills they need.
- The recruiting function will also become more professional and gradually be integrated into a closely related retention policy.

Taken together, all of the literature tells a story of exponential growth and expansion in the prevalence, popularity, importance, and profitability of the online recruitment
industry. In the course of just a few years, what once, was a narrow niche market has exploded into mainstream ubiquity (Younger, 2007).

In the last two decades the literature has devoted significant attention to the mechanism behind a firm’s recruitment strategies as a possible way of reducing (un)employment problems (Russo, et. al., 1995). Traditionally, the recruitment process (Figure 1.3) of a company was only the recruiter’s task, where he used to first determine the source of recruitment. The major issue involved in this step was to find out the ways to communicate and advertise the fact that an opening exists. The completion of above step, would lead to the preliminary step of screening the applications. However, care should be taken while short listing to verify the information provided in the application form. Hence, it was a tedious task that involved time and cost. Moreover, only the recruiter used to perform all the functions of recruiting process.

In the contemporary business environment, the current trend demands a far more comprehensive and strategic perspective to recruit, utilize and conserve valuable human resources. There is a need for companies to have a conceptually sound framework (person: job-fit) and a cost-effective, speedy and convenient system (online testing) at their disposal to meet their personnel selection needs in a highly competitive environment (Chris and Terry, 2006).

In view of the experiences of last 20 years most of the writers agree that human resource recruiting has the potential to contribute in reducing the number of problems. They observe that recruiting practices have undergone a transition towards a more layered and multifaceted process. This transition has heightened the awareness of e-recruitment as a distinct research and application subject within organizations.

1.4.2 TRANSFORMATION PHASE: A SUPPLY CHAIN PERSPECTIVE

With the ups and downs of the economy and the rising professional and personal internet use, the traditional model where recruitment was equivalent to a single layer (recruiter) is not holding well. Many firms have adopted new and innovative recruitment practices to attract interest and attention from potential candidates, yet
despite the substantial investments in such practices by the firms; most studies suggest weak or inconsistent relationships between early recruitment efforts and candidates’ decisions (Barber, 1998).

**Figure 1.3:** A Traditional Approach For Recruiting Process
With the advent of current organizational need for resourceful recruitment structure, companies are beginning to understand that recruiting is fundamentally an inventory problem (Icarian, 2001). The transformation phase with the supply chain perspective encompasses the planning and management of all activities involved in sourcing, procurement, conversion, and logistics management activities (American Professional Association) and provides a source to integrate the discipline with human resource recruitment. Importantly, supply chain management also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers (various layers). Akin to this, the HRSCM process also involves sourcing, procurement, conversion, and logistics activities with the help of coordination and collaboration with channel
partners (head hunters, placement consultants, web sourcing etc.). In the supplier-customer business arrangement, the effective way for suppliers (placement agencies, web sources) to service customers (company), is to become more responsive. An important factor contributing to responsiveness is time compression in the supply chain (Poirier, 1999). Not only can the company (customers) be serviced more rapidly but also the degree of flexibility offered can be more and, furthermore, the cost should be less because the pipeline is shorter.

Heinl (2001) believed that, something like supply chain management is the next logical step in managing human resources. It is win/win for employers and employees to move in the direction of human resource supply chain management. Although people and products cannot be equated and subjected to the same exact metrics, nevertheless suitable common principles can be applied, albeit sensibly, to similar problems (Annappindi, 2001). Many industries, especially service sectors, can profit from the power of modularity between human resource and supply chain at the human resource level (Mahfouz, 2001).

As a result, the HRSCM process in collaboration with channel partners, (head hunters, placement consultants, web sourcing etc.) backed by speed and search ability of internet, allows companies to have the capacity to search for required skills that are offered by independent consultants (layer 1). These consultants would list their skills on a variety of Web sources (layer 2) and take positions in companies (layer 3) when their skills are needed on specific projects. This increases the efficiency of employees and employers (refer Figure 1.4).

Boudreau and Ramstad (2001) proposed a framework that draws the rigor and logic of supply-chain management, and a focus on staffing decisions. Authors state that effective staffing requires measurement designed to diagnose the quality of the decisions of managers and applicants. They proposed a staffing process model which depicts the flow of groups and a series of filters at each stage (Figure 1.5).
The authors explained the model as, the talent flows in the top row show the results of the filtering process, beginning with the potential labour pool that is winnowed through recruitment and selection down to a group who receive offers, and then is winnowed further as some accept offers and remain with the organization. The staffing processes in the lower row show the activities that accomplish the filtering sequence. Further in their research they presented the Staffing Supply-Chain Measurement (SSCM) Grid that integrates the measurement categories with the process steps. The grid provides a framework for evaluating where staffing measures are sufficient and where they may be lacking (Figure 1.6).

The present study makes a humble attempt to answer the question on how completely do the measures cover the grid by investigating the impact of e-recruitment on human resource supply chain management.
1.5 AIMS AND OBJECTIVES OF THE STUDY

The aim of the research is to examine the impact of the e-recruitment on HRSCM in terms of quality of applicants, cost and time involved in acquiring applications, wider choice of applicants and employee job search behaviour and the development of the resulting conceptual model. Indeed the majority of these variables have been examined as distinct entities and not simultaneously as components of a human resource system. The lack of research and knowledge in this area may have limited the understandings of why and how human resource systems impact recruitment outcomes. Nevertheless, although it is well accepted that internet recruitment leads to increase the chance to find right candidate (Galanaki, 2002), facilitate geographical spread (CIPD, 2005; McDougall, 2006; Mohamed, et. al., 2002) Quicker turn-around time/cost saving (Galanaki, 2002; Pin, et. al., 2006; Zusman and Landis, 2002), higher quality of applicants (Bartram, 2000), there is a great need for additional empirical evidence to support the e-recruitment and its impact on HRSCM. The study undertaken looks at the issue from emerging markets perspective by focusing exclusively on Indian Hospitality and Healthcare services.
The study is focused on achievement of following five objectives:

1. To assess the impact of e-recruitment in terms of quality of the employees.
2. To study the impact of e-recruitment on cost and time taken for employee acquisition.
3. To analyze the impact of e-recruitment in providing a wider choice of talent.
4. To analyze the impact of e-recruitment on employee job search behaviour.
5. To develop a model on HRSCM with a decision-support capability in an Internet environment.

1.6 SCOPE OF THE STUDY

The scope of the study is limited to

(i) Comparing and examining the significant importance of e-recruitment practices associate’s responses for sector, organizational size and respondent category.
(ii) The study confined itself to examine the impact of e-recruitment on quality, wider choice, time and cost in Hospitality and Healthcare sector; large/chain and small/individual size; and HR Managers and employees.
(iii) Comparing and examining the differences of significant importance of quality, wider choice, time and cost between HR Managers and employees.

1.7 RELEVANCE OF THE STUDY

Irrespective of the research paths followed, the majority of researchers have focused on the manufacturing sector. For example, Arthur (1994) focused on steel mini-mills, MacDuffie (1995) focused on the auto industry, and Katou and Budhwar (2006, 2007) focused on the industrial sector as a whole. The literature also highlights that most studies have been conducted in the USA and the UK. Recently, a few investigations have been initiated in other parts of the world, especially in emerging markets such as China (Cullen, 2001; Ahlstrom, 2005 and transitional economies such as Slovenia (Bolles, 2001).

Furthermore, there has generally been a tendency for the services sector to be overlooked in HRM research (Sisson, 1993; Lucas, 1996; Hoque, 1999b). This lack
of research relating to services was due to the fact that the services sector was a very heterogeneous sector comprising financial companies, retailing operations, transport operation, and hospitality (Hoque, 1999a). Thus, the heterogeneity of the sector was a serious obstacle to researchers and any attempt to investigate the services sector as a whole was meaningless unless specific control variables were properly developed and a representative sample of the organizations belonging to the services sector was selected (Hoque, 1999b). Considering the above, i.e. “it seems unlikely that one set of HR practices will work equally well no matter what context” (Gerhart, 2005, p.178), more research is needed in the services sector and in different contexts. To fill this gap and to further examine the impact of e-recruitment, it is important to conduct research in non-US/European contexts and in non-manufacturing sectors.

1.8 CHAPTER PLAN

The research is organized into six chapters.

Chapter One introduces the topic and the research. This chapter familiarizes the readers with the recruitment and E-recruitment practices. It throws light on the meaning, definition, conceptual background, genesis, trends and a retrospective view of recruitment. An overview of the Hospitality and Healthcare services is presented in detail. The primacy and importance of transformation phase of recruitment with a supply chain perspective has also been discussed in this chapter.

Theoretical background has been discussed in details in chapter Two. This chapter talks about the nature and conceptual framework of recruitment, human resource supply chain management, and e-recruitment.

Chapter Three gives a thorough review of literature. Both conceptual models and methodological and empirical studies done till date in India and abroad related to the research objectives has been incorporated in this chapter.

Chapter four is focused on Research Methodology adopted for the accomplishment of the research objectives. This chapter discusses in detail the various models developed, tools and techniques used for analyzing the research objectives.
Chapter Five deals with the data analysis and development of the model, covering the empirical analysis and presents discussions about their implications in small/individual and large/chain size organizations as well as in Hospitality and Healthcare services. The findings are also compared with relatively similar studies and corroboration is done accordingly.

Chapter Six summarizes and concludes the research. It also brings to light the future areas and implications of research.

The present chapter provided the preamble to the study, highlighting its evolution, scope and relevance. It also outlined the aims and objectives of the research. The next chapter delves into the theoretical background relevant to the study.