Chapter 1: Introduction

Preamble

This chapter presents detailed information about the Hospitality and Healthcare industry of India. The detailing starts with an introduction of the two industries. It is followed by historical aspects, the gradual development and growth, market size, and few others relevant and significant areas. This chapter also discloses the investment and government role to have better comprehension for the study.

Theoretical View and Background

We all are living in a global environment. We have changed a lot in all respect. Somebody may call it a gradual development whereas some other persons may name it a good change or bad change. But the only truth is that we are really not the same as we had been few centuries back. Indeed we have welcomed the change all the time especially in past few decades. Things around us are the witness of such changes. Almost a couple of decades back services were not so significant in all fields. But services are the largest sector in the world today, accounting for more than two-third 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.

Human are said to be resources and the demand and supply of human resource is similar to other important resources. The supply chain of human resource is unique in almost every sector. The same is unique in hospitality and healthcare industry as well. 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 here 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.

We are also living in Information Technology age. The outsourcing changed the demand and supply of human resource be they skilled or unskilled. The outsourcing
across the globe has become possible only because of Internet and Information Technology.

This is evident from the fact that global trade in services has increased from $1.3 trillion in 1998 to $3.8 trillion in 2008. In alignment with the global trends, Indian service sector is one of the major contributors to both employment and national income in recent times. According to data released by the Department of Industrial Policy and Promotion, the services sector (financial and nonfinancial) attracted Foreign Direct Investments (FDI) worth US$ 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.

1.1 Indian Hospitality Industry– Background and Overview

In India the concept of shelter for travelers is not new. In fact, it is as old as its recorded history. The historical records are replete with mention of viharas, dharamshalas, sarais, musafirkhanas (inns) etc. These establishments provided a home to all travelers, whether they are pilgrims, scholars, adventurers or merchants. The shelters under various names have always been a part of India’s culture as a valuable institution providing a vital service.

The ancient Buddhist monks were probably the first to institutionalise the concept of a shelter in India. The cave temples scattered all over the south-western region of India have both a chaitya (sanctuary) for worship and prayer and a vihara (monastery). These monks, although living in their quiet retreats, away from towns and villages, were nevertheless mindful of the needs of travelers and pilgrims who found shelter and food at these monasteries.

It is interesting to note that these monasteries are located on the ancient trade routes between important deities of the region. It is gathered from some inscriptions that merchants gave liberal donations for the construction and maintenance of these establishments. Mere charity was obviously not the motivation in these displays of
generosity. The trader travelled with their merchandise and money on these routes and the viharas were their hotels.

In the medieval period this ancient institution gradually assumed a more secular character. Although religious centres invariably had dharamshalas and musafirkhanas attached to them, the caravanserai appeared as an exclusive traveler’s lodge with a nanbai or cook attached with it.

Sher Shah Suri, the Afghan Emperor and the builder of the Grand Trunk Road, is credited with having built caravanserais at regular intervals all along this highway creating favourable conditions for commerce and travel. However, he was not alone in this venture. The Mughals built such facilities all over their empire.

Later kings, rajas, navabs, rich businessmen and philanthropists built sarais making travel less arduous. At approximately the same time, the inn was the Western counterpart of India’s sarais. With the expansion of commerce, travelling became profitable and with it emerged the business of providing comfortable shelter and good food to the growing number of travellers.

The sarais in India like inns in Europe or the stagecoach stations in the USA of the eighteenth and nineteenth centuries stood all along the well-travelled routes. They provided food and shelter to the travellers and fodder to their horses. The amenities these early hotels offered would seem to us to be primitive but they conformed to the lifestyle of that age.

With the passage of time the age-old institution of the sarai or the inn adapted itself to the ever-changing and constantly growing requirements of the market and has evolved into the modern hotel.

From the age of the bullock cart and horses through the age of the rail road into the era of the jumbo jet and supersonic aircraft, the hotel industry developed with the simultaneous development of transportation systems. It also reflects the standard of living and the lifestyle of the society in which it operates.

The development of hotel industry in India is also continuous and satisfactory. The British introduced hotels in India mainly for their own use or for foreign visitors.
A century and almost a decade back, baring the Taj Mahal Hotel in Mumbai, almost all hotels in India were owned and operated by the Britishers and the Swiss. There were Albion Hotels, Victory Hotel and the Hope Hall. The arrangement in these was an excellent one.

Western-style residential hotels are comparatively of recent origin in India. These hotels were first started about 160 years ago mainly for princes and aristocrats and high dignitaries.

The credit for opening the first Western-style hotel in India in the name of British Hotel in Mumbai in 1840 goes to Pestonjee who is the pioneer of Western-style hotels in India. The Auckland Hotel was started in 1843 and in 1858 it was renamed as the Great Eastern Hotel.

Today there are a number of western-style hotels in Kolkata Great Eastern, Oberoi Grand, Kenilworth, Park, Hindustan International, Taj Bengal etc.

By the end of the 19th century, there were many western-style hotels in South, like Imperial, Albany, New Woodland, Elphinstone, Napier, Pandyan (Madurai), Bangalore International, West End (Bangalore), Savoy, Ritz (Hyderabad), Palm Beach (Visakhapatnam) etc.

In 1904, Jamshedji Tata opened the Taj Mahal Hotel in Mumbai. Front facing the Mumbai harbour and overlooking the Gateway of India, it was until recently, the largest hotel in the East.

It is rated among the top ten hotels in the world. Jamshedji felt that it was essential for the advancement of the country that it should have an up-to-date hotel to provide facilities and comforts to visitors from all parts of the world.

Today there are many hotels in the chain including the President Hotel, the Fort Auada Beach Resort, the Lake Palace (Udaipur), and the Rambagh Palace, Taj Palace (New Delhi), Taj Bengal (Kolkata) and many more.

The Indian Hotels Company Limited, owned by Tatas manages the famous Taj group of Hotels. This chain has fifty-five properties in India and abroad. It has drawn up a plan
of Rs. 1,500 crore to add forty more hotels to its present fifty-five. The Taj Hotel in Mumbai, the Taj Palace Intercontinental in New Delhi and the Taj Bengal in Kolkata account for 76 per cent of its profits.

Another entrepreneur who entered the field of hotel industry is Rai Bahadur Mohan Singh Oberoi who opened a chain of Oberoi Hotels in India and abroad. Mr. Oberoi started his career as a clerk but later became a partner in the Clarks Hotels, Shimla.

In 1933, Mr. Oberoi took over the Grand Hotel, Kolkata on lease and gave it a new look and new life. Mr. Oberoi built a hotel on Gopalpur on sea, in Orissa, Mount Everest in Darjeeling, the Mount View in Chandigarh and the Palace in Srinagar to his chain of hotels.

In 1973, Oberoi commissioned the 500-room luxury hotels the Oberoi Sheraton, Mumbai. It is a product of Indo-American partnership. Other hotels of Oberoi chain are Oberoi in Singapore, Abu Dhabi, Sudan, Zambia, Egypt, Saudi Arabia, Fiji, Mauritius, Indonesia, Zanzibar and Colombo.

Oberoi’s School of Hotel Management in Delhi recognised by the International Hotel Association, Paris, trains up young people from different countries. Charle Ritz, son of the Swiss Caesar Ritz started Ritz hotels in India. The Ritzs are located in Mumbai, Kolkata (now defunct) and Hyderabad.

The Indian hospitality industry has emerged as one of the key industries driving growth of the services sector in India. The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry and tourism is the foremost demand driver of the industry. The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country and it has become one of the leading players in the global industry.

Economic liberalisation in the early 90s opened up growth avenues in India. The policy actually helped the country to unshackle itself from the licence-‘raj’ that has been the cornerstone of the socialistic pattern of development we pursued for over four decades after independence. This paved the way for unhindered flow of foreign capital into different sectors of the economy, including IT, communication and banking. The booming Indian economy presented a world of opportunity for outside investors
including international hospitality brands. The entry of international hospitality brands in India helped the indigenous industry to learn a few tips about global standards in hospitality.

Tourism development, for obvious reasons, was not a priority area for independent India. For the first few decades, agriculture, irrigation and industrialisation were high on the agenda for planners and political leadership. In the absence of high tourist activity or inbound travellers, guest accommodation in India comprised mainly of guest houses, way-side tourist retreats and Government bungalows. The few luxury properties from the Taj, the Oberoi and the Ashok were concentrated in metro cities like Delhi, Mumbai, Chennai and Kolkata. These hotels catered primarily to Government guests or foreign dignitaries.

The Indian hotel industry is highly fragmented with a large number of small and unorganized players accounting for a lion's share. The major players in the organized segment include Indian Hotels Company Ltd, Hotel Leela Venture Ltd, EIH Ltd, ITC Hotels and ITDC.
1.2: Indian Pharmaceutical Industry – An Overview and Background

The demand for pharmaceutical products in India is significant and is driven by low drug penetration, rising middle-class & disposable income, increased government & private spending on healthcare infrastructure, increasing medical insurance penetration etc.

According to Dr. Richard Gerster, “The Indian pharmaceutical industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this sub-continent.” The industry ranks very high amongst other countries in terms of technology, quality, and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex inhalers, almost every type of medicine is now made within this country. In the beginning of 2005, pharmaceutical companies were granted patent protection for their products in India, due to the establishment of Indian Patents Third Amendment Bill. This product patent regulation and a growing population will make the Indian market an appealing proposition for foreign companies.

As per the report of ‘Equentis Capital’ the country's healthcare system is developing rapidly and it continues to expand its coverage, services and spending in both the public as well as private sectors. The factors behind the growth are raising incomes, easier access to high-quality healthcare facilities and greater awareness of personal health and hygiene, the report said.

The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. Private sector's share in healthcare delivery is expected to increase from 66% in 2005 to 81% by 2015. Private sector's share in hospitals and hospital beds is estimated at 74% and 40%, respectively.

The industry is likely to experience robust growth on the back of rising disposable incomes and favorable industry statistics. The market is estimated to reach US$ 30 billion by 2015.

The earliest drugstores date to the middle ages. The first known drugstore was opened by Arabian pharmacists in Baghdad in 754, and many more soon began operating throughout the medieval Islamic world and eventually medieval Europe. By the 19th
century, many of the drugstores in Europe and North America had eventually developed into larger pharmaceutical companies.

Medicine has existed since the dawn of human civilization. Diseases were originally thought to be caused by deities or supernatural forces. Various ancient civilizations, from the Egyptians to the Chinese, developed their own unique systems for practicing medicine in the fields of herbalism, anatomy, public health, and clinical diagnostics. Medicine was not practiced by physicians, but rather by the common people through observation and empiricism. The great Greek poet Homer described Egypt as a land where “the earth, the giver of grain, bears the greatest store of drugs” and where “every man is a physician”. Homer’s mythology does have some truth to it. In the famous *Ebers papyrus*, dating back to 1550 B.C., the ancient Egyptians describe more than 700 medicinal formulas; some were incantations and placebos that delivered their therapeutic effects through spiritual healing.

Most of today's major pharmaceutical companies were founded in the late 19th and early 20th centuries. Key discoveries of the 1920s and 1930s, such as insulin and penicillin became mass-manufactured and distributed. Switzerland, Germany and Italy had particularly strong industries, with the United Kingdom, the United States, Belgium and the Netherlands following suit.

Legislation was enacted to test and approve drugs and to require appropriate labeling. Prescription and non-prescription drugs became legally distinguished from one another as the pharmaceutical industry matured. The industry got underway in earnest from the 1950s, due to the development of systematic scientific approaches, understanding of human biology (including DNA) and sophisticated manufacturing techniques.

Numerous new drugs were developed during the 1950s and mass-produced and marketed through the 1960s. These included the first oral contraceptive, "The Pill", Cortisone, blood-pressure drugs and other heart medications. and the tranquillizers ushered in the age of psychiatric medication (Valium), discovered in 1960, was marketed from 1963 and rapidly became the most prescribed drug in history, prior to controversy over dependency and habituation.

Attempts were made to increase regulation and to limit financial links between companies and prescribing physicians, including by the relatively new U.S. Food and Drug Administration (FDA). Such calls increased in the 1960s after
the thalidomide tragedy came to light, in which the use of a new anti-emetic in pregnant women caused severe birth defects. In 1964, the World Medical Association issued its, which set standards for clinical research and demanded that subjects give their informed consent before enrolling in an experiment. Pharmaceutical companies became required to prove in clinical trials before marketing drugs.

Cancer drugs were a feature of the 1970s. From 1978, India took over as the primary center of pharmaceutical production without patent protection. The industry remained relatively small scale until the 1970s when it began to expand at a greater rate. Legislation allowing for strong patents, to cover both the process of manufacture and the specific products, came into force in most countries. By the mid-1980s, small biotechnology firms were struggling for survival, which led to the formation of mutually beneficial partnerships with large pharmaceutical companies and a host of corporate buyouts of the smaller firms. Pharmaceutical manufacturing became concentrated, with a few large companies holding a dominant position throughout the world and with a few companies producing medicines within each country.

The pharmaceutical industry entered the 1980s pressured by economics and a host of new regulations, both safety and environmental, but also transformed by new DNA chemistries and new technologies for analysis and computation. Drugs for heart disease and for AIDS were a feature of the 1980s, involving challenges to regulatory bodies and a faster approval process.
1.3 Growth of the Industry

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sectors in India. Tourism in India is an employment generator and a significant source of foreign exchange for the country, apart from being an economic activity that helps local and host communities. In 2013, the travel and tourism industry contributed Rs 2.17 trillion (US$ 36 billion) or 2 per cent to the country's gross domestic product (GDP). This is expected to rise to Rs 4.35 trillion (US$ 72.17 billion) in 2024.

The tourism industry in India is thriving due to an increase in foreign tourist arrivals (FTA) and a greater number of Indians travelling to domestic destinations than before. The revenue from domestic tourism is likely to grow by 8.2 per cent in 2014 as compared to 5.1 per cent a year ago, according to the World Travel and Tourism Council (WTTC). Hotels are also an extremely important component of tourism industry. The Indian hospitality sector has been growing at a cumulative annual growth rate of 14 per cent every year adding significant amount of foreign exchange to the economy.

The Government of India has contributed significantly to the growth and development of the industry by providing policy and infrastructural support such as simplification of visa procedures and tax holidays for hotels. Further, the tourism policy of the government aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies.

The Indian pharmaceutical industry is a success story. India being a country with growing population, country's per capita healthcare expenditure has increased at a CAGR of 10.3% from $43.1 in 2008 to $57.9 in 2011 and going forward this figure is expected to rise to $88.7 by 2015.

500 000 people are employed in this sector, in some 12 000 firms. 2 900 of them are large scale units, following a recent article by Pradeep Agrawal and P. Saibaba in the renowned Economic and Political Weekly of Mumbai (29 September 2001). In the pre-and post-production sector, a further 2.5 million jobs are thought to be involved. Compared to the general price index, drug prices have risen much less in the last 15 years and remain far below average. "Worldwide, India is a country of very low drug
prices while producing high quality medicines”, Nihchal H. Israni, president of the Indian Drug Manufacturers’ Association (IDMA), states proudly. Self-sufficiency with regard to pharmaceutics exceeds 90 percent – in spite of the policy of a more open economy pursued by India since 1991.

The secret of this success is the Indian Patents Act 1970. India had entered independence with the patent system of the British colonial masters, enacted in 1911. This secured the Indian market for the British industry. Prior to 1970, multinational companies dominated the Indian market with a share of 85 percent, pharmaceutics were largely imported whereas local production remained minimal. Section 83 of the Patents Act 1970 states "that patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent and not to enable patentees to enjoy a monopoly for the importation". At the turn of the century, the share of multinationals had declined to a share of 40 percent of India’s market, including a substantial share of local processing by multinationals. 45 of the larger scale production units belong to multinational companies.

These moves did not find much favour with the multinational pharma-industry. It should not be forgotten, though, that in many industrial countries, the protection of inventions through patents was only developed in the last 30 years. The Swiss pharmaceutical industry in particular fought the enactment of a patent law at the end of the 19th century, in order to be able to imitate foreign drugs, such as Aspirin. In the German Reichstag (Parliament) Switzerland was considered a "state of robber barons", in France a "country of counterfeiters". Product patents for medical drugs have only been known in Switzerland since 1978. It is very clear whose interest they serve. Technology exporters profit from patent protection, which shields them from low-cost competition. Technology importers – in other words, most of the developing countries – want access to technical innovations as freely and cheaply as possible, i.e. no patent protection which creates monopolistic barriers. Indeed it was in this way that the economic development of Japan, Korea and Taiwan was able to thrive, due to the beneficial absence of patents.

The Cipla philosophy has for decades been to promote the principle of relying on one’s own strength. "For India, this means striving for a high degree of self-sufficiency in vital areas of health and nutrition, and for our business practice, it means aiming for the
fulfillment of the needs of the Indian population, the use of indigenous raw materials and of local personnel”, says Cipla managing director Y. K. Hamied. This philosophy, combined with technical expertise, must have been the reason that the Indian Council for Medical Research suggested to Cipla in 1990 that the AIDS drug Zidovudine be produced locally. Due to the state investing its limited means in prevention, the market remained small. In India, approximately US$ 2 million is turned over yearly for AIDS drugs. Of this, Cipla has a share of about 80 percent. This is only a small percentage of Cipla’s total turnover of more than US$ 210 million.

Indian pharma industry is very interested in the export of its pharmaceutics. Developing countries are an important market for Indian manufacturers because they produce high quality products at very competitive prices. But free trade is hampered by national and international patent rules. For a patent does not only constitute the sole right to produce a product but also to import it. Despite these barriers, India’s drug exports exceeded in the year 2000 for the first time US$ 1.5 billion.

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to “A Brief Report Pharmaceutical Industry in India,” published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units). The success story of the pharmaceutical sector is part of a wider but less known "economic miracle": India achieved average rates of economic growth for the last 20 years of six percent annually.
1.4 Market Size

Within the worldwide pharmaceutical market, with its annual turnover of US$ 400 billion, Africa South of the Sahara has a share of one per cent. Also India’s US$ 3.5 billion constitute barely one percent. One billion Indians, male and female, spend the same amount on medical drugs per year as seven million Swiss men and women. "The amount spent on drugs here in India roughly corresponds to the profit made by Novartis in the past year", says IDMA President Nihchal H. Israni.

India's travel and tourism industry is expected to grow by about 7.3 per cent in 2014, according to WTTC. The total market size of tourism and hospitality industry in India stood at US$ 117.7 billion and is anticipated to touch US$ 418.9 billion by 2022.

FTAs during the period January–March 2014 stood at 21.27 lakh as compared to FTAs of 20.27 lakh during the corresponding period of 2013, registering a growth of 4.9 per cent. FTAs during March 2014 were 6.69 lakh as compared to 6.40 lakh during March 2013, a growth of 4.5 per cent.

Foreign exchange earnings (FEE) during January–March 2014 stood at Rs 32,809 crore (US$ 5.44 billion) as compared to FEEs of Rs 30,270 crore (US$ 5.02 billion) during the corresponding period of 2013, registering a growth of 8.4 per cent. FEEs during March 2014 were Rs 10,257 crore (US$ 1.70 billion).

The number of tourists availing of the tourist Visa on Arrival (VOA) Scheme during January–February 2014 has recorded a growth of 6.8 per cent. During the period, a total number of 3,883 VOAs have been issued as compared to 3,637 VOAs during the corresponding period of 2013.

The healthcare sector in India will grow to $158.2 billion in 2017 from $78.6 billion in 2012, a report has said. "The healthcare sector is growing at a 15% CAGR and jumped from $45 billion in 2008 to $78.6 billion in 2012 and expected to touch $158.2 billion by 2017," Equentis Capital said in its report.
<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Sales ($M)</th>
<th>Based/Headquartered in</th>
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<tbody>
<tr>
<td>1</td>
<td>Pfizer</td>
<td>43,363</td>
<td>The United States</td>
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<td>2</td>
<td>GlaxoSmithKline</td>
<td>36,506</td>
<td>United Kingdom</td>
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<td>3</td>
<td>Novartis</td>
<td>36,506</td>
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<td>4</td>
<td>Sanofi-Aventis</td>
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<td>5</td>
<td>AstraZeneca</td>
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<td>Hoffmann–La Roche</td>
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<td>7</td>
<td>Johnson &amp; Johnson</td>
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<td>8</td>
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<td>10</td>
<td>Eli Lilly and Company</td>
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<td>11</td>
<td>Amgen</td>
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<td>12</td>
<td>Wyeth</td>
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<td>13</td>
<td>Bayer</td>
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<td>14</td>
<td>Teva</td>
<td>15,274</td>
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<tr>
<td>15</td>
<td>Takeda</td>
<td>13,819</td>
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There is substantial demand for high-quality and specialty healthcare services in tier-II and tier-III cities. To encourage the private sector to establish hospitals in these cities, government has relaxed the taxes on these hospitals for the first 5 years.

Many healthcare players such as Fortis and Manipal Group are entering management contracts to provide an additional revenue stream to hospitals.

Over the years, health insurance is gaining momentum in India; gross healthcare insurance premium is expanding at a CAGR of 39% over FY06-10. This trend is likely to continue, benefitting the country's healthcare industry.

The Indian pharmaceutical industry possesses numerous producers of medicine which are approved by regulatory authorities in both the USA and UK. Of the total market, there are currently two hundred large to medium research and development based pharmaceutical
companies, including government, private and multinational. In addition to these large manufacturers, there are more than ten-thousand smaller, licensed generic companies; only thirty percent of these companies are operational. Due to so many different competitors, there is no one company in the country that controls more than seven percent of the market.

**Indian Pharmaceutical Market**

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<tbody>
<tr>
<td>Market size</td>
<td>$4.6 billion</td>
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<tr>
<td>Percent of GDP</td>
<td>1.3</td>
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<tr>
<td>Growth rate (%)</td>
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*Source: Espicom Business Intelligence report dated February 2005*

These pharmaceutical manufacturers produce the complete range of pharmaceutical formulations (medicines ready for consumption by patients) and about three-hundred and fifty bulk drugs (chemicals having therapeutic value and used for production of pharmaceutical formulations). Of the nearly four-hundred bulk drugs in the Indian market, it is estimated that about more than three-hundred (about 75%) are domestically produced.

**1.4.1: Expected segment wise revenue share**

Revenues from leisure travel are expected to contribute over 72.2 per cent of the total tourism revenue in India.

![Tourism & Hospitality Industry in India](http://www.ibef.org/industry/tourism-hospitality-india.aspx)
1.4.2: Direct contribution of tourism and hospitality to GDP
Tourism and hospitality sector’s direct contribution to GDP totalled US$ 34.7 billion in 2012 and is expected to rise to US$ 40.8 billion in 2013.

http://www.ibef.org/industry/tourism-hospitality-india.aspx
1.5 Investments

The foreign direct investment (FDI) inflows in hotel and tourism sector during April 2000 to January 2014 stood at US$ 7,013.29 million, as per the data released by Department of Industrial Policy and Promotion (DIPP).

The following are some of the major investments and developments in the Indian tourism and hospitality sector:

- Hilton Worldwide has signed a management agreement with Palm Grove Beach Hotels Pvt Ltd, hospitality arm of K Raheja Constructions Group, to open the first Conrad hotel in India. Conrad – the luxury brand of Hilton Worldwide – will be launched in Pune, Maharashtra next year.

- Indian hotel chain Lemon Tree Hotels is planning to enter the luxury segment. The company is in talks with two luxury brands in the US) and Asia. Lemon Tree is keen on acquisitions to expedite its growth.

- Thomas Cook (India) announced a part-cash part-equity merger deal with Sterling Holidays to create India's largest holiday company. "The merger aims at building a holiday behemoth which will take holidays to a larger population," as per Mr Ramesh Ramanathan, Managing Director (MD), Sterling Holidays.

- Marriott International plans to open a dozen hotels in India by 2015, adding to its existing count of 23 properties. "Currently we have about six to eight definite openings in 2014 and 2015 is going to be a very strong year for us," as per Mr Rajeev Menon, Area Vice President – South Asia and Australia, Marriott Hotels.

- Muthoot Leisure and Hospitality Services, the hospitality division of the Muthoot Group, has announced the acquisition of Costa Rica’s high-end property – Xandari Resort & Spa. This is the first acquisition by an Indian hospitality company in Central America.
1.6 Government Initiatives

The Government of India has allowed 100 per cent FDI under automatic route in the hotel and tourism sector, according to the consolidated FDI Policy, released by DIPP. Aimed at liberalising the visa regime and putting India high on the tourism map, the government is also looking at introducing electronic visa facility later this year, according to a Tourism Ministry official.

The Ministry of Tourism has launched a Campaign Clean India to motivate all sections of society on the importance of cleanliness and hygiene in public places, particularly monuments and tourist destinations. The campaign is a blend of persuasion, education, training, demonstration and encourage of all sections of the society.

The Ministry of Tourism has been making efforts to develop quality tourism infrastructure at tourist destinations and circuits. It has sanctioned Rs 4,090.31 crore (US$ 678.54 million) for a total number of 1,226 tourism projects, which includes projects related to Product/Infrastructure Development for Destination and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals, and Adventure and Rural Tourism for infrastructure augmentation.

The Ministry of Tourism has a Rural Tourism Scheme with the main objective of showcasing rural life, art, culture and heritage in villages, which have core competence in art and craft, handloom, textiles, natural environment, etc. Under this scheme, Central Financial Assistance (CFA) up to Rs 5 million (US$ 82,937) for infrastructure development and up to Rs 2 million (US$ 33,174) for capacity building is provided to State Governments/Union Territory Administrations for each identified site by them.

The pharmaceutical industry in India is also going through a major shift in its business model in the last few years in order to get ready for a product patent regime from 2005 onwards. This shift in the model has also become necessary due to the earlier process patent regime put in place since 1972 by the Government of India. This was done deliberately to promote and encourage the domestic health care industry in producing cheap and affordable drugs. As prior to this the Indian pharmaceutical sector was completely dominated by multinational companies (MNCs). These firms imported most of the bulk drugs (the active pharmaceutical ingredients) from their parent companies.
abroad and sold the formulations (the end products in the form of tablets and capsules, syrups etc.) at prices unaffordable for a majority of the Indian population.

This led to a revision of Government of India’s (GOI) policy towards this industry in 1972 allowing Indian firms to reverse engineer the patented drugs and produce them using a different process that was not under patent. The entry of MNC’s was also discouraged by restricting foreign equity to 40%. The licensing policy was also biased towards indigenous firms and firms with lesser foreign equity. All these measures by GOI laid foundations to a strong manufacturing base for bulk drugs and formulations and accelerated the growth in the Indian Pharmaceutical Industry (IPI), which today consists of more than 20,000 players. As a result the Indian pharmaceutical industry today not only meets the domestic requirement but has started exporting bulk drugs as well as formulations to the international market.
1.7 Road Ahead

India is perceived as one of the fastest growing medical tourism destinations. According to a recent RNCOS report ‘Booming Medical Tourism in India’, Indian medical tourism industry is anticipated to register a compound annual growth rate (CAGR) of more than 20 per cent during 2013–15, therefore creating a huge scope for investments.

The domestic hospitality sector expects 52,000 new hotel rooms to be added in five years (2013–17), according to a survey by real estate consultancy, Cushman & Wakefield. This will lead to a rise of over 65 per cent in total hotel inventory in India. The National Capital Region (NCR) is expected to contribute around one-third to the total expected hotel rooms supply during the period.

Further, the Working Group on Tourism for the 12th Five-Year Plan, set up by the Planning Commission, has estimated the generation of additional employment of 24.5 million (direct and indirect) in the sector during 2010–16. Exchange Rate Used: INR 1 = US$ 0.01659 as on April 11, 2014
1.8: Shortage of Skilled Manpower in Hospitality Industry

Our industry is one of the largest employment generators for the employable in India. Our biggest strength till yesterday—right manpower resource is today becoming the toughest challenge for all of us.

To deliberate and focus our attention on this most important aspect we have decided to have “Employment Generation : Engine of Inclusive Growth” as our theme for our Federation of Hotel & Restaurant Association of India (FHRAI) Convention.

Internationally, tourism’s contribution to employment is estimated to be 6 – 7 per cent of the overall number of jobs (direct and indirect). Global employment in Travel and Tourism industry (both direct and indirect) in 2009 was actually 250 million or 8.6 per cent of the employed. Women make up 70 per cent of the labour force in tourism sector and worldwide half of all tourism workers are 25 years or under.

Travel and tourism account for 5.9 per cent of the GDP and 9.2 per cent of the total employment in India. The total number of jobs (direct and indirect), in the tourism sector in 2010 was 53 million and 49.8 million in 2009, followed by 13.1 million in automotive and 10.2 million only in the IT sector, in 2009. Our sector estimates around 77.5 million jobs by 2016. Our travel and tourism sector is estimated to create 78 jobs per million rupees of investment compared to 45 jobs in the agriculture sector and only 18 in the manufacturing sector for similar investment. Along with construction, it is one of the largest sectors of service industry in India.

An additional employment of 24.5 million (direct and indirect) is likely to be created during 2010 to 2016.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment (Lakhs)</th>
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<tbody>
<tr>
<td>2011-12</td>
<td>43.84</td>
</tr>
<tr>
<td>2012-13</td>
<td>47.26</td>
</tr>
<tr>
<td>2016-17</td>
<td>63.79</td>
</tr>
</tbody>
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The question arises that where are these employable going to come from? How are we looking at bridging this gap?
During 2010-2011, 9869 service providers were certified under Government’s ‘Capacity Building for Service Providers’ scheme as against a target of 5500. Youths trained in 2010-2011 under this programme were 6981 against a target of 5500. Given the high success and wide acceptability of this programme Ministry of Tourism has expanded this scheme to cover courses like Housekeeping & Utility, Travel Agents, Bakery, etc. 100 per cent utilization of allocated fund of Rs.350 crores was achieved under these schemes during the first 4 years of the 11th Plan.

Also, the Hunar-Se-Rozgar scheme was introduced by us to the Government, but it will only address to an extent the basic entry level jobs deficit. The difference is in the units between thousands and millions.

For the semi-skilled and skilled level entrants we still need to head-hunt at the mainstream and catering colleges, of which also the decreasing number of entrants and increasing number of drop outs are causes of grave concern, leave alone the graduates joining the non-tourism industries, leaving behind a huge gap of demand and supply.

Elsewhere, in order to realize the potential of our sector, the Government would need to adopt a ‘pro-poor tourism’ approach aimed at increasing the net benefits to the poor from tourism and ensure that tourism growth contributes to poverty reduction. The benefits may be economic, social, environmental or cultural. A wide range of actions are needed to increase the spread of benefits from tourism to the weaker sections through this employment exercise. There is a need for diversity of actions, from micro to macro level, including product and infrastructure development, marketing, branding and promotion, manpower planning, policy and investment.
Chapter 2: Human Resource and E-recruitment

Preamble

The chapter presents the introduction of E-recruitment and terms used in the study. The chapter begins with introduction of recruitment and E-recruitment. This provides a sound indulgent about the E-recruitment, its benefits and reasons for adopting this method of recruitment. The chapter traces out the changes, which have occurred over a significant period of time. The chapter then deals with the concept, evolution, types of recruitment and significance in organisation with special reference to hospitality and healthcare industry in India. In the end, the chapter discusses about the various influences of other methods of recruitment. The chapter also provides operational definitions of variables used in the study.

1: An Overview of Recruitment & E-Recruitment

1.1: Recruitment

Recruitment is a process of searching for prospective candidates for the given job in the industry. As we know it is very important for an industrial concerns to have efficient and effective personnel with right quality and at right time and at right place available whenever they are needed. Every organisation needs employee time by time because of promotion or retirement of an employee. For this purpose an organisation need to search for the right candidate. And so it needs to encourage this type of right candidates whenever they require.

According to Edwin B. Flippo, “Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organisation”. Recruitment is the activity that links the employers and the job seekers.

The literature in recruitment, like other professional disciplines, is continually evolving and recognised. As stated by various authors, recruitment plays an important role in assuring organisational success presuming that the approach an organisation takes to recruitment makes a difference.
According to Werther & Davis (1993) Recruitment is the process of attracting capable applicant for employment. The process begins when new recruits are sought and ends when the applications are submitted. The result is a pool of applicants from which new employees are selected.

According to Jyothi, Venkatesh, and Rao (2007) the recruitment process involves (1) employee planning and work analysis, (2) deciding on the number of vacancies and selecting a source, (3) advertising vacancies, (4) screening applicants, and (5) filling vacancies.

Whereas Agarwala (2007) had defined Recruitment 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 organisation. The objectives of the 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.

Adding further, Mondy & Noe (2007) defined Recruitment as the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualifications, and encouraging them to apply for jobs within an organisation.

According to Edward & Rees (2007), Recruitment involves identifying the needs of the company regarding the position to be filled, and attracting suitable candidates for the job.

Conrad and Ashworth (1986) have believed that the sources from which the company recruits potential employees are a critical aspect of its overall recruitment strategy. The total labour market is expansive; any single organisation needs to draw from only a fraction of that total.

The size and nature of the fraction that applies for an organisation’s vacancies will be affected by how (and to whom) the organisation communicates its vacancies.

According to Marsden, and Campbell (1990), organisations can use two broad types of recruiting techniques. Formal techniques employ a formal market intermediary between the firm and the prospective employee. That intermediary may be an advertisement,
public or private employment agency, or even a "help wanted" sign in front of the business. To search for new employees, informal techniques use individuals who may include current employees, colleagues/associates at other firms, or colleagues in professional associations.

Certain firms prefer to recruit internally as a matter of policy. It is only when the internal search does not prove fruitful that the firm goes in for external recruitment. Internal recruitment refers to the process of recruiting from the current employee pool of the organisation. External recruitment involves searching for potential employees from the external labour market. Firms necessarily have to recruit externally when they (1) expand their workforce; (2) need to fill entry-level positions; (3) need skills that are not available with current employees; and (4) need to infuse fresh ideas in the firm.

Russo et al. (1995) stated that, after the gathering of all relevant information, the substance of the information must be made available to the job seekers possibly by using recruitment channels. Their purpose is to render the relevant information about the vacancy concerned accessible to targeted groups of potential candidates, hence helping the applicants in their decision making by giving a sort of preview of the working conditions to be expected.
1.2: History of Recruitment

Till recent time, recruitment has been done manually. A company needs to notify the vacancies and applicants respond by posting the resumes. The company shortlists the applications and conducts interviews/tests at a specified location and day. The results are again intimated to the candidates. The time and effort spent on this process is too high. The traditional recruitment system takes more time as well as very costly.

1. Identify vacancy

2. Prepare job description and person specification

3. Advertising the vacancy

4. Managing the response

5. Short-listing

6. Arrange interviews

7. Conducting interview and decision making
1.3: Recruitment Sources

Recruitment sources are ‘the locations where qualified individuals can be found’. Every organisation has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organisation itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of recruitment.

- Personal data of candidates and data HCL maintain by the HR. department.
- Campus Recruitment.
- Company’s own website.
- Placement consultants.
- Advertisement in the news papers like Times of India, Gujarat Samachar.

Mondy and Neo (2007) also explained recruitment sources as various locations in which qualified individuals are sought as potential employees. Every organisation has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organisation itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of recruitment.

Several other studies have suggested that an employee’s recruitment source can affect the employee’s subsequent tenure and job performance in both large and small organisations. However, Torrington et al. (1991) suggested that in a small organisation it may be sufficient for one person to consider the job’s important aspects and the requirements of job holder in place of the detailed job analysis/job description/person specification procedure usually recommended. Consideration should then be given to whether the vacancy can be filled internally. If the vacancy is to be filled externally, the methods by which suitable candidates are to be attracted, how they should apply, and what selection techniques are to be adopted should then be decided.
External recruitment is the process of attracting and selecting employees from outside the organisation. While generalist managers or administrators can undertake some components of the recruitment process, mid- and large-size organisations and companies often retain professional recruiters or outsource some of the process to recruitment agencies.

The recruitment industry has four main types of agencies: employment agencies, recruitment websites and job search engines, "headhunters" for executive and professional recruitment, and in-house recruitment. The stages in recruitment include sourcing candidates by advertising or other methods, and screening and selecting potential candidates using tests or interviews.

Conrad and Ashworth (1986) have believed that the sources from which the company recruits potential employees are a critical aspect of its overall recruitment strategy.
1.4: Factors Affecting Recruitment

The recruitment function of the organisations is affected and governed by a mix of various internal and external forces. The internal forces or factors are the factors that can be controlled by the organisation. And the external factors are those factors which cannot be controlled by the organisation.
1.5.1: Recruitment Process

The process begins when new recruits are sought and ends when their applications are submitted. Online recruitment offers recruiters one of the most powerful and cost-effective ways to recruit staff for an organisation. Online recruitment, e-recruitment, or web-based recruitment is the use of online technology to attract and source candidates and aid the recruitment process. What this usually means is the use of a company’s own website, a third-party job site or job board, a CV database, search engine marketing or social media platforms to fill vacancies. Many big organisations use Internet as a source of recruitment. E-Recruitment is the use of technology to assist the recruitment process. They advertise job vacancies through worldwide web. The job seekers send their applications or curriculum vitae i.e. CV through e-mail using the Internet. Alternatively, job seekers place their CV’s in worldwide web, which can be drawn by prospective employees depending upon their requirements.

Breaugh (2008) had also discussed about the model of the recruitment process cited from the chapter by Breaugh et al. (2008), which suggest that before making decisions concerning such issues as what recruitment methods to use, an organisation should thoughtfully establish its recruitment objectives.
1.5.2: Selection

Selection is the process of taking individuals out of the pool of job applicants with requisite qualifications and competence to fill jobs in the organisation. It is defined as the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job.

Selection is based on probation base, they are taking experienced person for 6 month’s probation and for fresher the probation period is 1 year. While the selection of the senior level post, is taken by head office at Mumbai.
2.1: E-Recruitment

E-Recruitment is the process of personnel recruitment using electronic resources, in particular the internet. Companies and recruitment agents have moved much of their recruitment process online so as to improve the speed by which candidates can be matched with live vacancies. Using database technologies, and online job advertising boards and search engines, employers can now fill posts in a fraction of the time previously possible. Using an online e-Recruitment system may potentially save the employer time as usually they can rate the e-candidates and several persons in HR independently review candidates.

Lievens and Harris (2003) stated that e-recruitment had, in certain ways at least, significantly changed the way in which the entire staffing process was conducted and understood. In general, the authors had specified five common assumptions associated with e-recruitment that underlies the use of this approach as compared to traditional methods. A first assumption was that persuading candidates to apply and accept job offers was as important as choosing between candidates. A second assumption was that the use of the Internet makes it far easier and quicker for candidates to apply for a job. Third, one typically assumes that important information about an organisation may be obtained through the Internet. A fourth assumption was that applicants can be induced to return to a web site. A final assumption refers to cost issues, namely that Internet recruitment is far less expensive than traditional approaches.

E-Recruitment is becoming a significant part of the recruitment strategy of a wide range of organisations world-wide, in addition to becoming an increasingly popular method for job seekers in searching and applying for jobs.

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 & hiring. The term online recruitment, e-recruitment, internet recruiting, imply the formal sourcing of job information online.

Over the past one decade there has been a tremendous increase in the use of internet including online recruitment specifically the web technology to recruit, select and test the applicants. It has been taken as the modern instrument to get highly qualified and effective talented employees who will act as a ladder to achieve the organisational
goals. Cappelli, (2001) as cited by Lievens, (2003) argues that the use of the Internet for recruitment and testing has grown very rapidly in recent years. Organisation has to make a plan for human resources by assessing the quality and quantity of the present labour force so as to achieve the organisations objectives.

Five important e-recruitment approaches given by Lievens and Harris (2003) described the methods of attracting applicants to apply for job. This list was neither meant to be exhaustive nor comprehensive as different approaches to Internet recruitment were evolving regularly. The first approach was Company web sites that represent one of the first Internet-based approaches to recruiting. Second was Job board, another early approach to Internet-based recruiting. The third approach talked about was e-Recruiting. A completely different approach to Internet-based recruiting focuses on the recruiter searching on-line for job candidates. Relationship Recruiting was the fourth approach that was potentially major innovation in Internet recruitment. Finally, Surreptitious approaches, perhaps the most recent approach to Internet recruitment.

Internet recruitment has been considered as the latest hiring tool (Sharma, 2011). The internet technology has enabled the job seekers and corporate websites to interact more easily as the job seekers can upload their resumes in the corporate websites so that recruiters can match their qualifications and the present job vacancies. The famous job boards encompasses of monster.com, hire.com, headhunter.net, HotJobs and career builder (Carl et al, 2001 and Noe et al, 2007).

Online recruitment has shown consistent growth in recent years such that nearly all of the Global 500 companies now use some form of online recruitment. The first reference to e-recruitment appears in articles of the mid-1980s. 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. Corporate websites are a 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 specialises in recruitment such as - naukri.com, timesjob.com, monster.com, shine.com etc., the companies would be adopting commercial job boards for recruitment.

Some recruiting companies have set up their own systems like Taleo, and even Unicef while also new companies were created to provide these services like Jobtrain, Ivy Exec, and HireServe.

According to Dale (2003), the main advantage of internet is that it is not really just one medium; it gives access to other media as well as enabling advertisements to be displayed on free-standing web pages. Other media found on the internet include:

• Newspapers and Journals - Some newspapers and journals display vacancy advertisement on their own web pages. Regional and local newspapers tend to make use of an intermediary. This gathers all adverts placed in the participating newspapers and provide a single point of access for the job seekers.

• Employers - Particularly large organisations including those in the public sectors, display information about current vacancies and the organisation. This has many benefits for the organisation, for information about working for the organisation can be displayed at the same time and in the same place as the vacancy advertisement. Some employers also have online application facilities, so that interested candidates can submit their application immediately. Alternatively application forms can be downloaded, for later completion. There are considerable advantages for multinational companies or those recruiting in the global labour market, for the advert needs to be placed only once.

• Recruitment agencies - Some particularly the large ones, have their own web sites. Others subscribe to services such as Monster. This type of service providers provides a service to recruitment agencies, often the smaller, local ones. These service providers can also offer facilities directly to employers, and can be set up in the form of a consortium, which lists vacancies in universities, or ability, created for employers wanting to recruit people with disabilities.

• Online screening - Some web sites enable candidates to apply directly to the employer. This can include the completion of online psychometric and other forms of testing. There are lots of questions about the validity of this, for it can be very difficult
to prove that the person purporting to apply for the job is the same person as the one completing the test.

- CVs - The internet allows individual job seekers to advertise themselves widely at low cost. It also enables them to specify the type of job they are looking for, and facilitates a match.

The internet, which reaches a large number of people and can get immediate feedback has become the major source of potential job candidates and well known as online recruitment or E-recruitment. However, it may generate many unqualified candidates and may not increase the diversity and mix of employees.

In terms of HRM, the internet has radically changed the recruitment function from the organisational and job seekers' perspective. Conventional methods of recruitment processes are readily acknowledged as being time-consuming with high costs and limited geographic reach.

However, recruitment through World Wide Web (WWW) provides global coverage and ease. Likewise, the speedy integration of the internet into recruitment processes is primarily recognised due to the internet's unrivalled communications capabilities, which enable recruiters for written communications through e-mails, blogs and job portals.
2.2 Factors Affecting E-Recruitment

E-recruitment is not a manual task and nor done within the wall of an organisation or an agency. It is executed, monitored, and controlled with the help of numerous factors and systems. It is very vast in reach and depends on the database and administrator. No single or a bunch of companies can monitor and control on its own. Every company is dependent on administrator of job portal. The information furnished by candidates can only be viewed by companies as candidate’s profile. Similarly candidates can only view the current job opening posted by companies.

2.2.1: MODULES / COMPONENTS

The system is proposed to have the following modules: Administrator, Jobseekers, Company.

2.2.2: Administrator

Administrator has the full authority over the website. Administrator can view the details of all the registered users and have the power to delete them. Administrator can edit the web pages and update them. Administrator can view all the company details also.

2.2.3: Jobseeker

A jobseeker must register with the system to access the services. Job seeker can update the personal details and change the password. One can also upload and update resume. Job seeker can view the details of jobs posted by the companies. Job seeker can register and appear for the online exams.

2.2.4: Company

A company must register with the system. A company can conduct online examination and select the candidates. A company can post and update the details of vacancies. A company can view the job seekers details.

2.2.5: Working

E-Conscription is aimed at developing a web-based and central recruitment Process system for the HR Group for a company. The system allows both job seekers and companies to interact and successfully complete the recruitment process. The system provides well defined interfaces with all the required functionalities. To provide
flexibility to the users, the interfaces have been developed that are accessible through a browser.

The GUI’s at the top level have been categorized as “administrative user interface” the operational or generic user interface. The “administrative user interface” concentrates on the consistent information that is practically, part of the organisational activities and which needs proper authentication for the data collection. These interfaces help the administrators with all the transactional states like Data insertion, Data deletion and Data updating along with the extensive data search capabilities. The “operational or generic user interface” helps the end users of the system in transactions through the existing data and required services. The operational user interface also helps the ordinary users in managing their own information in a customized manner as per the included flexibilities.
2.3: Types of E-Recruitment

There are two different ways for companies/organisations to attract job seekers for their vacant positions:

(1) Posting vacancies on their own websites - this is enabled by intranet or internet. Smallest scale of e-recruitment includes the boundaries of the organisation, using intranet to find the best option among incumbents which possess required knowledge, skills, abilities and other characteristics (KASOs).

(2) Third party websites – this is enabled on a huge marketplace for recruitment so-called “Online Recruitment Industry”. When the company wants to seek for its favorite potential employee among outsiders the internet is prescribed, but it could be done in two ways as I mentioned before. If the company has a strong IT culture and recruitment is something that they do a lot during a year they can invest on their own website to be equipped with necessary modules to handle e-recruitment internally but if due to any reason, it is not worth or reasonable to have such a platform, there are plenty of companies nowadays which are specialized to provide them with employees through advertisement, ranging from fully specialized like monster.com, naukri.com, timesjob.com, shine.com or through social networks. However the company may choose to use both, through advertising the position on the external platforms with putting the link of apply on it which redirects user to the company’s website to start the procedure. International data corporation (IDC) estimates $5.3 billion was generated in the US in 2011 through online recruitment industry and it is roughly increasing by 4 percent until 2015 (Silber, 2012).
2.4: Advantages and Disadvantages

A. Advantages

1. Wider access and Geographical spread
2. Larger audience
3. Greater chance to find right candidate quicker/with greater effectiveness
4. 24/7 - no waiting for issue dates
5. Quicker and time saving/cost saving
6. Relatively cheap
7. Better match of workers - vacancies
8. Efficiency gains
9. Cost saving/saving personnel costs
10. Access passive jobseekers
11. Reduction of unqualified candidates.
12. More opportunities for smaller companies

B. Disadvantages

Apart from the various benefits, e-recruitment has its own share of shortcomings and disadvantages. Some of them are:

1. Screening and checking the skill mapping and authenticity of millions of resumes is a problem and time consuming exercise for organisations.
2. There is low Internet penetration and no access and lack of awareness of internet in many locations across India.
3. Organisations cannot be dependant solely and totally on the online recruitment methods.
4. In India, the employers and the employees still prefer a face-to-face interaction rather than sending e-mails.
3.1 The Growth of E-Recruitment

E-recruitment, where employers use the internet in some form to aid conventional recruitment processes, has a number of important advantages compared to more traditional forms of recruiting, according to Smith and Rupp (2004). Firstly, it allows companies to shorten hiring times through an increase in information flow and an acceleration of recruitment processes. Secondly, it can help reduce recruiting costs, hiring times and employee turnover as processes are generally job-specific and offer computer assisted screening interviews and statistical predictions.

Shifting hiring processes from the paper and time-intensive manual method to an automated one saves time and money and boosts productivity by leaving positions vacant for shorter periods of time. In addition, the cost associated with posting on a job board compares favourably with placing job ads in newspapers, and, in some cases, may be more cost-effective (Smith and Rupp, 2004).

Moreover, it gives employers the opportunity to hire staff both locally and globally, significantly extending the reach of more traditional staff recruitment. Thirdly, e-recruiting offers companies and prospective employees a number of important features and specific abilities such as:

- The ability to initiate interview requests and order background checks.
- Unlimited cost information tracking for all activities associated with the hiring process.
- Customised e-mail notification of recruiters for both active and passive candidates.
- Improved integration of recruiter-specific communications activities.
- Dynamic creation of an employer’s job page.
- Multiple language support with candidate accessibility for US and global partners.
- Extensive ability to personalise the candidate experience by allowing employers to tailor the candidate and recruiter interfaces. (Smith and Rupp, 2004)
3.2 Recruitment through Social Media Sites

Social media is an online based communication system which allows people to interact widely and connect with others more easily (Neilsen company, 2010; Jobvite 2010 as cited by Nigel writer recruitment, 2011). Social media has become a commencing point for professional life rather than chatting and other circumstances. It has broadened the recruitment process by making it free and fair as well as clarifying the policies and practice across organisations. This has been simpler due to the availability of internet services both for computer and mobile users provided by mobile communication companies.

Social media such as Facebook, Tweeter, LinkedIn and others are currently utilized by institutions, companies and/or organisation not only suitably advertises their visions to the societies but also searching for qualified candidates to fill job vacancies available.

Specifically, social media sites (SMSs) allow users to create web-based profiles where individuals can interact, using social media tools. While initially designed for socialising with friends and family, these networks have come to be seen as an important professional tool, particularly in the field of recruitment. Here, they serve two main purposes. The first is as a marketing tool; jobseekers can use SMSs to market themselves to potential employers and vice versa. This is recognised by the three case study organisations in our research. The second is as a screening mechanism; employers can use information available via SMSs to cheaply and easily gain a broader image of a potential employee than that available through traditional recruitment methods.

The recent growth of SMSs as a recruitment method reflects its potential in this area. However, this also raises a number of questions which have yet to be resolved. They may be the following:

- The accuracy of information available on SMSs;
- Their accessibility across the pool of potential applicants;
- Issues of privacy;
- The relative costs and benefits; and
- The effects of the broader range of information they offer on commitments to equality and diversity in the hiring process.
As Davison, Maraist and Bing (2011) note, “these sites can be valuable ‘friends’ for HR, but also have the potential to be dangerous ‘foes’ if used improperly”. Although under-researched, from the perspective of the job seeker, the risks posed by SNSs are typically associated with poor conduct on social media websites, resulting in negative consequences in terms of employment. Bohnert and Ross (2010) state as it is evident that unprofessional behaviour, for example related to alcohol consumption and/or drug abuse, displayed on SMSs might significantly hurt a candidate’s chances of being hired and can even result in a lower salary offer. Companies, on the other hand, find themselves confronted with legal or privacy issues linked to incorporating social media information into candidate evaluations and might want to formulate a coherent social media strategy in order to prevent any possible negative outcomes.
3.2.1: Social Media Sites (Social Networking Sites)

Social media sites have touched almost every computer literate individual and do have very strong impact on all of them. These sites do differ in the objectives, which they have inbuilt as their features. The below mentioned sites are the following social media sites:

**Blog** – a discussion or informational site published on the internet that consists of entries (‘posts’) typically displayed in reverse chronological order, i.e. the most recent post appears first. Until 2009 blogs were usually the work of a single individual, occasionally of a small group, and often covered a single subject. More recently ‘multi-author blogs’ have developed, with posts written by large numbers of authors and professionally edited. Blogs consist of regular entries of commentary and descriptions of events (blogging). The content of a micro blog is simply smaller in size.

**Facebook** – It is a social networking service where users create personal profiles, add other users as friends and exchange messages, including automatic notifications when they update their own profile. Additionally, users may join common-interest user groups, organised by common characteristics (e.g. workplace). Users can instant message each other through the website.

**Google** – It is an American multinational corporation specialising in Internet-related services. Basically, it is the most famously core search engine, but also a large chain of products including Google+, the second largest social networking site in the world (as of January 2013).

**LinkedIn** – It is a business-related social networking site mainly used for professional networking. Users maintain a list of contact details of people with whom they have some level of relationship, called connections. This list of connections can then be used to build up a contact network, follow different companies and find jobs, people and business opportunities.

**MySpace** – It is an online community of users’ personal profiles. These typically include photographs, information about personal interests and blogs. Users send one another messages and socialise within the MySpace community.
**Podcast** – It is a type of digital media consisting of a series of audio, video, PDF, or electronic files subscribed to and downloaded or streamed online to a computer or mobile device.

**Twitter** – It is a popular micro blogging service enabling its users to send and read publicly visible messages called tweets. Tweets are text-based posts of up to 140 characters displayed on the user’s profile page. Users may subscribe to other users’ tweets.

**YouTube** – It is a (Google-owned) video-sharing website on which users can upload, share, and view videos. A wide variety of user-generated video content is displayed, including film and TV clips as well as amateur content such as video blogging. Media corporations including the BBC also offer some of their material via the site. Most videos enable users to leave and exchange comments. Organisations are increasingly using YouTube as a way of sharing information about their company and its vacancies with potential applicants.

**Wikipedia** – It is a collaborative web-based encyclopaedia project; its 18 million articles have been written collaboratively by volunteers around the world, and almost all articles are freely editable by any visitor. A prominent web 2.0 site but not an example of social networking site per se.

**Yahoo** – It is an American multinational internet corporation widely known for its social networking services and user-generated content including online discussion boards (Yahoo! Groups), community-driven Q&A site (Yahoo! Answers) and photo sharing (Flickr).
4.1 HUMAN RESOURCE SUPPLY CHAIN MANAGEMENT

Companies are beginning to understand that recruiting is fundamentally an inventory problem. Workforce Analytics is a system of measurements for reviewing workforce optimization, labour deployment, skills penetration and out-year employment requirements. The important trend is the introduction of longer-term, lifecycle thinking into the disciplines of recruiting.

As stated by Kay (2000), traditionally, the hiring process followed one of two approaches. For senior positions, companies contracted with executive search firms which would rely on networks of industry contacts and phone calls to search out executives who might be open to considering a change of position. For many jobs below the executive level, in-house or outside recruiters placed advertisements in newspapers, posted openings on bulletin boards and in newsletters, and staged job fairs, all designed to get résumés.

Kumar (2003) had stated that in earlier days, recruiting was practiced as a reactive art. The employment requisition, itself a highly politicized instrument, is issued following the agreed upon determination that a need for a new or replacement employee exists. Given typical organisational functioning, the “req” was traditionally released between six days and six months after the requirement became clear. Consequently, a professional recruiter was on the receiving end of the organisation’s slowness to respond to market conditions, creating a failure-prone environment. As a result of these failures, the traditional approaches to recruitment need to be reviewed and their effectiveness assessed against different criteria.

According to Barber (1998), many firms have adopted new and innovative recruitment practices to attract interest and attention from graduates, yet despite the substantial investments firms are making in such practices; most studies suggest weak or inconsistent relationships between early recruitment efforts and graduates’ decisions.

Icarian (2001), suggested that with the advent of organisational current need for resourceful recruitment structure, companies are beginning to understand that recruiting is fundamentally an inventory problem. The transformation phase with the supply chain perspective that encompasses the planning and management of all activities involved in sourcing, procurement, conversion, and logistics management activities (American
professional association) 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 tiers).

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.

In Icarian’s approach (2001), managing current and future requirements simultaneously allows the organisation to spot its own hiring, attrition and retention trends while maximizing the output of each employee in the company. Training and assignment rotation get folded into the recruiting process.

Poirier, (1999) stated that an important factor contributing to responsiveness is time compression in the supply chain. Not only can company (customers) be serviced more rapidly but also the degree of flexibility offered can be greater 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 recruiting.

Annappindi (2001), also added that 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.

According to Mahfouz (2001), many industries, especially retail, can profit from the power of modularity between human resource and supply chain at the human resource level.

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 (Tier 1). These consultants would list their skills on
a variety of Web sources (Tier 2) and take positions in companies (Tier 3) when their skills are needed on specific projects. This increases the efficiency of employees and employers.

According to Heskett’s (2001) perspective manufacturers and distributors are succeeding in various approaches — including postponement, computer-aided manufacture, robotics, rapid response, positive tracking, and modularization — to fine-couple supply with demand for goods. To some degree, this has exacerbated the challenge to those responsible for staffing these activities by creating more frequent peaks and valleys in demands for talent.

In relation to above statement Snell and Bohlander, (2008 a) have also said that while recruitment can be thought of as a stand-alone activity, limited to a single job at a single point in time, often this is not the case.

As also noted by Cappelli (2008), those who study supply chain management ask questions like, ‘Do we have the right parts in stock?’ ‘Do we know where to get these parts when we need them?’ ‘Does it cost a lot of money to carry inventory?’ These questions are just as relevant to companies that are trying to manage their talent needs. In other words, the principles of supply chain management, can be applied to human resource management which takes human resource recruiting well beyond the systematize scope that the originator of the discipline had visualized. This will provide new emphasis and scope to the notion that recruitment is an ongoing activity and that it is not a solitary errand rather a layered and multifaceted process with internet as a major facilitator.

Kumar in the year 2003 also proposed the two-stage human capital acquisition and management supply chain model, where Internet and World Wide Web provide a communication network between suppliers and customers, which stated that, in the pre-employment stage (prior and up to employment of candidates), the supplier-customer relationship is either one or other of the following:

• Candidates considered as tier-one suppliers bid for their services and employers (or companies) considered as customers recruit candidates based on their service potential.

• Recruiters considered as tier-one suppliers function as intermediaries in identifying suitable candidates (tier-two suppliers) for their services and employers (or companies)
considered as customers recruit candidates based on their service potential. In the post-
employment stage (after employment of candidates), the supplier-customer relationship
between employers and candidates reverses. That is, employers considered as suppliers
of jobs and candidates, who are now employees, as consumers of jobs.

In the pre-employment stage, there is a need not only to compress hiring process time,
but also cost of hiring and quality of hired candidates. On the other hand, in the post-
employment stage, employers should institute an effective employee development
program to enhance enterprise productivity with the support of quality candidates
chosen during pre-employment stage.

4.2 Role of Recruitment in HRM

HR department was always considered as “mechanical” agents, helping the organisation
to hire and fire (and possibly train) employees. The HR department was imperative as
an administrative necessity to bring smoothness and enhance efficiency in the
organisation. Over a couple of decades, the role of highly skilled, well-motivated,
flexible workforce has changed drastically. HR departments are now supposed to add
value to the organisation by understanding the real need and changing the environment
and competition and not by simply incurring cost.

HR professionals need to be more dynamic then simply an expert on personnel issues
now. One also needs to be informed and skilled business person since HR professionals
must play a key role in helping their organisation remain competitive in the market
place. Human resource management has to change as the business environment
changes. It has to do this as a mixture of responding to changes in that environment,
predicting such changes and making proactive decisions about the nature of HRM. The
future is unpredictable and it is hard to determine what it will bring. It is important to be
flexible and to acquire as much knowledge as possible to help cope with these
uncertainties. Human resource managers need to synthesize issues relating to their core
personnel functions with the general economic and business issues, whilst remaining in
touch with technological developments. Successful HR managers and departments have
a significant strategic impact on their organisations.

It is suggested that organisations must to review constantly and do the changes to
advance their technology. Technology is one particular manifestation and foundation of
change now a day. HR departments must consider themselves changes as online recruitment have changed the ways of work in which it has been functioning since long. In particular, with respect to technology, they must minimize resistance to new technology by ensuring that employees are provided with the necessary training and support processes to be able to cope with the change. The internet and the internet-enabled software is a particular aspect of technology of concern to HRM professional as it can change ways in which employees relate to the organisation. HR professionals need to use their sense of commitment, inter-personal skills and training to help make their company a success. The environment of constant change means that they must pay particular attention to cultivating competencies in communications and decision-making skills.

They must be able to present the vision of their company clearly. Within this they must also have a clear and functional perception of the operational management needs. They need to examine and review existing procedures to ensure that improved solutions can be designed and built. They need to emphasize the importance of continuous progress and managing change through goal setting. And, finally, they must ensure that the resulting organisation is populated and driven by empowered employees.

Psychological tests and assessment instruments that tap prospective employees' personality, interpersonal style, and response to stress situations have received increased attention from both human resource professionals and researchers in I/O psychology over the past 2 decades. Indeed, the nexus between personality factors and personnel selection and placement has spawned major investigatory efforts, conceptual reformulations, and pragmatic applications in both research and practice.

Although the term recruitment is commonly used, it is not easy to define. The definition offered by Barber follows that "Human Resource Recruiting includes those practices and activities carried on by the organisation 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.
Aswathappa (2005) has also pointed out that Recruitment process ends with the receipt of applications, in practice the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

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 enduring 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 hold true.
Chapter 3: Literature Review

Preamble

This chapter provides a comprehensive review of literature related to the theme of this research. With researches on various aspects of the theme of the subject adding to a constant pace, the volume of related literature has grown in size. An attempt is made to focus on studies specific to subject of the study. This chapter presents a comprehensive review of the literature especially on niche market that has been created by small number of organized jewellery retailers. The review presents both conceptual and empirical contributions to the subject of study. Literature has been reviewed under different sub-sections.

This section on literature review is also focused on various theories that are relevant to our study. Of those researches, major relevant studies were included for understanding of the past researches in an important aspect. A study conducted by Berger and Ghei (1995) in his study on a facet of hospitality hiring concluded that the success of the hotel industry depends on the quality of its employees and their effective management in order to assist the organisation to achieve its objectives. Mencken & Winfield (1998) explored the advantages and disadvantages of informal and formal recruiting practices in external labour markets. The authors found that quality was a strong motivator than cost for informal recruiting. The findings from the regression analysis also demonstrated that the quality of applicants was more salient for hiring managers in the private sector Smith (1999) had worked upon e-recruitment where he had tried to conceptualize that internet helps employer’s better target prospective employees. The author mentioned that the career web, which small companies may consider expensive, could still be less costly than multiple newspaper ads.

Capt C P Krishnan Nair, Chairman, the Leela Group Says, “with liberalisation and an open economy, the world is becoming seamless. Over the last few years, there has been a steady increase in international business travelers. India has become a global hub for software and services, which has led to an arrival of MNCs into the country. The market has opened up for international hospitality brands, but there is a dearth of hotels. Going forward, more and more hotels will come up.”
However the journey had started much ago. The first Taj hotel, Taj Mahal Hotel Mumbai, was established by Jamshetji Nusserwanji Tata in 1903, and Rai Bahadur Oberoi acquired his first property in Chennai in 1934. However, these brands remained in isolated pockets of India for many years even after independence. According to Rajinder Kumar, Director, Ambassador Hotel New Delhi and President, Hotel & Restaurant Association of North India (HRANI), the Indian hotel business has been viewed as a trade in the unorganised sector for decades after independence. “Our ‘sarais’, inns, and ‘dharamshalas’ were run on primitive and old methods,” says Kumar.

Virender S Dutta, Chairman, Hospitality Management Support Service, a professional-turned-corporate leader in the industry, expresses similar views and comments that when he joined the industry in the early 60s, there were no significant hotel chains in India. All hotels were owned and managed by individual entrepreneurs with little or no professional training in hotel management. The management team was either trained overseas or just young men from affluent families with a flair for good living.

With the development and growth of the industry the need for good recruitment and selection was imperative. Several initiatives took place and gradually changed by the passage of time. Traditional methods of recruitment and sourcing good candidates and employee were reviewed and modified. Theories were evolved and developed for making an organisation run smoothly and effectively. And the most awaited discovery changed the lives across the globe. The discovery of internet and the technology of internet touched and changed the ways and functions of everything, which was done manually.

Internet was also adopted for recruitment for greater flexibility, reach and time saving initially. E-recruitment was started soon after the internet was invented and implemented in organisations. E-recruitment process is starts by posting vacancies on the corporate website or on an online recruitment vendor’s website, and allowing applicants to send their resumes electronically through the e-form or email (Galanaki,
2002) hence e-recruitment enable the firm to perform the tasks in speed and improves the process (Tong and Sivanand, 2005).

As a marketing tool, Nigel Wright Recruitment (2011) argues that the "passive approach is on its way out". Early moves into online recruitment were initially the virtual equivalent of a traditional ‘jobs board’ that might publicise vacancies in employment offices or newspapers. However, this approach is quickly being superseded; in 2009, for example, the traditional vacancy posting site Monster.com suffered a 31 per cent drop in revenue (Nigel Wright Recruitment, 2011). Following the idea of ‘Web 2.0’, the new emphasis for online recruitment has been on fostering interactive platforms, particularly via SMSs. By 2010, it is estimated that more than half of UK jobseekers were using an SMS as part of their job search (Nigel Wright Recruitment, 2011).

In the UK, according to a recent report by the UK Commission for Employment and Skills (2012), currently three per cent of UK businesses actively make use of social media as a channel for recruitment. Despite this low prevalence, it seems likely that companies are increasingly making use of social media at different stages of the recruitment process, for example as a means to attract potential employees to their corporate recruitment website or more generally to foster a positive company image among the wider public. This is particularly likely, given the fact that the number of jobseekers using social networking sites to locate potential employers and vacancies is increasing.

In the US, one survey shows that 90 per cent of job seekers believe that companies look at their social media accounts before offering an interview or a job (Simply Hired, 2012). A European study also shows that almost 100 per cent of young job seekers under the age of 25 would like communication with employers to increasingly take place online and also suggest that in the UK Facebook is currently favoured over LinkedIn (64 per cent compared to 52 per cent) by young jobseekers (Potentialpark (undated), cited in Clements, 2012).

One of the outcomes of the growth of e-recruitment technologies has been that applying for jobs has become simpler and more streamlined (SHRM, 2007). E-recruitment
emerges as a handy and advantageous method over traditional methods of recruitment (Tong and Sivanand 2005). As advancement of technology and approaches facilitates the processes and operations of companies and enhance their performances, as now global companies using an advancement in e-recruitment by using (dot) jobs domain, which offers dedicated company recruitment website to direct job seekers to gain access easily to the openings of vacancies. The .jobs domain is unique since organisations register part of their corporate name in the .jobs domain, e.g., www.shrm.jobs. This domain’s provides a simple, fast and consistent method for the HRM community to communicate the exact online destination of their organisation’s job page to job seekers using the Internet (SHRM, 2007).

In Asia e-recruitment significance has also been accepted and developing countries of Asia are adopting the e-recruitment process at steady pace. Executives of Malaysia believe that e-recruitment can lead them to a new competitive position in regional labour markets due to the importance of knowledge workers and resource-based competition (Poorangi et al., 2011; Ahmed, 2009). Likewise, Pakistani employers also validate this contention and know the significant impact of e-recruitment on their business processes (Khan et al., 2011). The following reasons which include lower cost investment, shorter recruitment cycle, reach to a wider range of applicants, better quality of applicants, opportunity to address specific market niches, and Management & Marketing, attraction of passive job-seekers are few described as the strong sides of the Internet recruitment (Galanaki, 2002; han, 2010).

An online recruitment has great potential to any organisation as it’s up to date recruiting method provides current information; open up geographical borders searching for talents and is time and cost saving (Pin et al, 2001; Ensher et al 2002; Sharma 2011 and Gopalia). A newspaper may charge the company $50$10 to print while jobs in the internet may cost as little as $10 a piece (Dessler, 2000, p. 154). It has reduced the hiring cost from $1383 for traditional system to 183$ e-recruitment system (Lee, 2005 & Haas et al, 2001).

Consistent with the discussion, et al. (1993) found that the key factors, which matter most, to the applicant for accepting a job are the work duties, the company itself, opportunities for advancement, potential relationships with co-workers, salary and job
security. Some relevant researches are also found that the salary level, opportunity to use knowledge and skills and challenging and interesting work have significant influence on applicant’s decision to apply for a position (Barber and Roehling, 1993).

Additionally, The advertisement and its attributes are important factors in e-recruitment as Buda (2003) found that the recruitment advertisement is to be effective when it should include positive information at the start when being advertised through non-expert sources (e.g. general media), or have the positive information presented last when advertised through a perceived reliable and expert source (i.e. employee referral, occupational specific source) (as cited in Marr, 2007). Advertising is one of the dominant modes of online advertising in addition to the contextual and sponsored search advertising (Bhargav et al., 2011). The effect of advertising showed in many researches on the applicants’ choice to apply, the figure shows that more than 20% of job seekers have rejected job opportunities simply based on poorly designed websites (Pastore, 2000). The fact about the job/company website administration also played a part in success of e-recruitment process. Many company-designed websites are very complicated that about three-quarters of all job seekers are unable to use them successfully (Brown, 2004). Study findings also indicate that providing detailed information about posted jobs (Zusman and Landis, 2002) also played an important part to urge the applicant to use the website and apply for suitable job. Collins and Han (2004) found that organisational advertising was the only predictor that had consistently significant direct effects on measures of applicant quantity and applicant quality. The review of above literature provide an indication that e-recruitment is acknowledged as being an important aspect of job/candidate searching for jobseekers and organisations. Moreover, e-recruiting is become more effective recruitment tools, creating an avenue to build relationships between job seekers and organisations (Mooney, 2002).

Galanaki (2002) had conducted a descriptive study on the decision to recruit online, involving 99 UK IT companies whose shares were traded in London stock exchange. A survey was carried out, in the form of a postal questionnaire, followed by an interview to which 34 companies replied. The author found that internet agencies provide the company with fewer but substantially better applicants than traditional recruitment agencies.
Many companies advertise their jobs on corporate websites. iLogos Research, (2000) cited by (Haas et al, 2001) asserted that, a survey which involved Global 500 companies in 2000, about 79% recruit their employees through their websites. According to Fortune magazine, (2013) the Global 500 companies are the world biggest companies with high gross revenue.

The survey conducted by Taleo, (2003) for the use of companies’ website for recruitment show that in 1998 was 29% which rise to 94% in 2003. Besides using corporate web sites there is also on-line job boards. Job seekers post their resume in on-line job board to match their qualification with available post. The famous job boards encompasses of monster.com, hire.com, headhunter.net, HotJobs and career builder (Carl et al, 2001 and Noe et al, 2007).

A study conducted by Connerley, Carlson, & Mecham (2003) on the evidence of differences in applicant pool quality addressed the research need by examining the attraction outcome of firms competing head-to-head for tools to improve efficiency, enable new assessment tools, reduce costs, standardize systems and expand the applicant pool.

This electronic progression built the assumption that e-recruitment bring easiness and is effective and efficient to find a suitable job. As an outcome it brings the job seeker and employer closer on e-platform. Indeed, the e-recruitment eliminates the geographical boundaries and potential job seeker can search for the jobs around the globe. As Frost (1997) suggested that internet has potential to bring swift changes in recruiting processes and make it easier for employer. Moreover, e-recruitment plays a critical role in enhancing organisational survival and success (Parbudyal and Dale, 2003). A study conducted by Khan et al. (2011) in Pakistan found that time saving; browsing wide area of employment and global employment pool are the determinants which motivates job seekers for online searching of employment. E-recruitment has been adopted at global level, to date 94% of Global 500 companies are using e-recruitment, as compared to just 29% in 1998 (Greenspan, 2003). As Bush and Gilbert (2002) claimed that the adoption of the Web as a medium by organisations has been faster than any other medium in history.
Chapman and Webster (2003) in their survey research on the use of technologies in recruiting, screening, and selection processes for job candidates conducted in USA found that most organisations implemented technology-based recruitment and selection tools to improve efficiency, enable new assessment tools, reduce costs, standardize systems and expand the applicant pool. A research by Matthews (2006) on the recruitment of law students by the United States Internal Revenue Service described how by moving up the start date of its campus recruitment efforts it was able to fill jobs more easily and with better quality individuals.

A research conducted by Verhoeven and Williams (2008) reports on a study into internet recruitment and selection in the United Kingdom. The study discussed the advantages and disadvantages as identified in literature and considered those against the views of HR Managers in UK. A survey conducted by Williams (2009) on E-recruitment showed dwindling recruitment spends focused on web-based recruitment at the expense of traditional methods. The author also reported that online methods proved far more popular, as two-thirds (66 per cent) of the HR professionals surveyed said that the jobs section of their own company’s website was used as a recruitment tool for most jobs.

It is clear, therefore, that the trend is generally upwards. A recent global study among employers emphasizes the increase in importance of social media in recruitment as well as its future potential: “92 per cent of respondents use or plan to use social media for recruiting, an increase of almost ten per cent from the 83 per cent using social recruiting in 2010” (Jobvite, 2012). Moreover, since 1998, there has been a 60 per cent increase in applications through corporate websites, with more than 90 per cent of Global 500 firms using this option to attract potential employees (Searle, 2006).

Social networking sites, such as Facebook and Twitter, allow individuals to post and share personal information, which has led many US employers to use social networking sites to screen job applicants (Shea and Wesley, 2006; Withiam, 2011). A reason for using social networking sites to screen employees is that employers might want to verify information provided by applicants. For example, ADP Screening and Selection
Services found that applicants falsify their information on applications, such as their employment record, education, and credentials or licenses (Levashina, 2009). Other reasons for using social networking sites for selection purposes is that social networking sites have some advantages over traditional human resource tools, such as being accessible without costs (Jacobs, 2009) and are perceived to be reliable sources by users (Kluemper and Rosen, 2009).

Florea & Badea (2013), emphasized the manner in which the organisations use technology increases or decreases its positive net effect. The findings suggest that through the Internet, HR can develop an effective recruitment program, which helps manage the highly competitive and time-consuming process of finding skilled personnel.

With the advent of current organisational need for resourceful recruitment structure, companies are beginning to understand that recruiting is fundamentally an inventory problem. 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 ERSCM 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).

Gravili (2003) conducted a study on the use of internet recruitment in Italian market. This study states that online recruitment is effective in terms of giving competitive edge to the firms, enhanced company reputation, increase in quality of candidates. Grocery firms use online media for their recruitment process in higher degree in comparison to other process and activities (Hart, Doherty & Ellis-Chadwick, 2000).

It can be argued from this research data that online recruitment is effective and positive for organisational point of view (Lyons & Marler, 2011). It is identified that in the U.S,
the trend of online recruitment has become a leading point. After this, now in UK, internet use for personal hiring has emerged significantly. Forrester (1998) argue that investment in the use of internet for recruitment and selection process was around 105 million dollars. Again, it is identified that around 60% increase in online recruitment was recorded in 1999 by Electronic Recruiting Index (Gravili, 2003). This data suggests that online recruitment has taken a phenomenal growth in both US and UK. This finding is also further supported by the research of Procter (2010) on River Island, a UK retailer that has also implemented online recruitment and selection that assisted it to develop a candidate focused recruitment system.

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. 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. 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. Many industries, especially service sectors, can profit from the power of modularity between human resource and supply chain at the human resource level.

It has been argued that online recruitment cannot replace the traditional way of recruiting but a well implemented online recruitment can help the organisation to make their much more easier (caggiano, 1999 & borck, 2000). At the Nike’s headquarter they don’t miss any of the resume they receive, they treat every CV’s to be a prospective one, and the application like “active recruiter” makes it’s much easier for them (Nike’s, 2005).

A number of other studies focused attention on problems of integrating Internet hiring with regular hiring practices. Crispin and Mehler (1997) suggest that the Internet had brought a lot of novelty and ambiguity into the hiring process. They argue that HR
managers are yet to figure out how to adjust hiring strategies to online applicant tracking systems, interactive voice recognition services, PC-to-PC interview software, web-based testing tool, search engines, intrusive advertising techniques, and numerous job and resume databases. Greengard (1998) continues that using the Internet for efficient recruiting requires combining technological advances with a well-developed recruitment strategy; the process is reciprocal, since to develop proper strategy, HR managers need to understand the technical capabilities of Internet recruiting services. A study by Schreyer and McCarter (1998) also agrees that online advertising has become HR managers’ sharpest recruiting tool, however, the study notes that a proper strategy is of primary importance for overall success. Discussing opportunities provided by the Internet for global recruiting, Laabs (1998) emphasizes the importance of understanding the local labour markets and tailoring approaches to integrate online and traditional practices.

Hays (1999) writes that use of the Internet expedites and reduces the cost of the recruiting process. Hays maintains that Internet recruiting significantly reduces paperwork, but that the efficiency impact of the innovation is far from certain. Advocating for a wider use of the Internet, the paper suggests that a well-functioning HR department should use a mix of online and traditional hiring strategies with a significant human touch. Dave Bartram (2000) presents a snapshot of Internet development as a recruitment and selection medium. He examines the role of the Internet within a traditional recruitment cycle. At the so called “attraction stage,” he writes, the Internet helps to draw people into a large pool by providing a virtual stage for a job posting. Actual recruitment is a second stage, in which employers sift applicants’ characteristics and credentials to reduce the number of applicants to a practical size for the more formal and more resource-intensive select-in assessments (interviews, psychometric tests, assessment centre exercises, etc.). This paper suggests that, at the second stage, the Internet is frequently used to filter the number of applicants down by selecting out those who fail to meet key criteria. Most Internet sifting is carried out using educational, demographic, and job experience criteria. Some Internet based software compares the competencies and capabilities of the applicant to the requirements of the job vacancy and produces a shortlist of applicants. Bartram reports that the role of the Internet is more limited in the third stage: selection of applicants. According to Bartram, most viable options include use of the Internet for
video interviews, submission of online references, and objective assessments (psychometric tests of personality and ability).

Dysart (1999) discusses the use of Internet search engines, online application forms, email auto-responders, and mailing lists by HR departments. This study argues that these innovations allow HR departments to link corporate datasets to external websites, enabling applicants to interact with the company more efficiently. In line with above-mentioned articles, Dysart cautions that integration of the Internet should be well planned.

According to the fourth annual recruitment survey by the Institute of Personnel and Development, nearly half of all employers were then using the Internet to recruit new staff. The survey, released on Tuesday 23 May 2000, highlighted the growth in usage from 36 per cent in 1999 to 47 per cent in 2000. The survey also explored for the first time how electronic media were being used as part of the recruitment process. Three main uses had been highlighted; these were the use of application forms being sent in by e-mail reported by 66 per cent of respondents; companies putting vacancies on their own intranets reported by 62 per cent of respondents; and use of their own Web sites to advertise positions reported by 43 per cent of respondents. The Internet was more likely to be used to advertise vacancies for professional staff than it was for managerial 42 per cent against 36 per cent, or skilled manual workers 23 per cent; though there had been a marked increase in usage for all areas, in particular skilled manuals where usage had doubled in a year from 12 per cent to 23 per cent.

Bolles (2001) in his book ‘What color is your parachute?’ reported that in past years the number of résumés received from an advertisement would be 20 to 1,000. He mentioned that ads in newspapers receive a response within 24 to 96 hours, with the third day usually being the peak day. This number had significantly dropped, primarily because of the Internet and the low unemployment rate.

Cober et al. (2001) in his research on ‘What do the “Best Companies” do?’ rated a select group of companies’ recruitment web sites on characteristics such as graphics, layout, key information (e.g., compensation), and reading level. Using this coding scheme, they reported that most of these companies had at least some information on benefits and organisational culture. Relatively few of these companies provided
information about such items as vision or future of the organisation. The estimated reading level was at the 11th grade level. Interestingly, reading level was negatively correlated with overall evaluation of the company’s recruitment web site. The more aesthetically pleasing the web site, the more positively it was rated as well.

Several other articles discussed the Internet experience in Europe. In 1999, Arkin examined the trend among British executive search firms to use online modes of search for candidates. Interestingly, the paper reports a low usage and awareness of such services due to widespread doubt over whether it is possible to identify leadership and other skills needed in top management positions via the Internet. This remains a frequent critique of online job search even today. Pin et al. (2001) also analyze e-recruitment tools used in Europe. The study describes the historic pattern in the European Internet recruitment market, summarizes the changes in recruiting strategies, and discusses opportunities and risks for firms and job-seekers. The authors suggest that the major plus of the e-recruitment is the ability to reduce the duration of the recruitment process due to expedient job posting, faster applicant response, and faster resume processing. Reduced cost of hiring is described as a second major advantage of Internet penetration; access to remote and passive job-seekers, automatic screening of under-qualified applicants and increased opportunities for smaller companies are also presented as advantages of Internet hiring.

Pin et al. also examine the shortcomings of e-recruitment. According to the paper, the main disadvantage of the Internet recruiting is poor segmentation. Due to a larger number of resumes, some well-qualified candidates may be overlooked. Pin et al. cite the lack of human interaction, overwhelming numbers of resumes, and privacy issues as negative sides of online recruitment. The study also discusses issues related to discrimination of non-users and higher rates of employee turnover. Pin et al. predict that the future of e-recruiting will rely mostly on so-called “niche sites” that focus on specific industries, services, or geographic areas and that many unspecialized job boards will either go bankrupt or be forced to merge with other ventures.

An e-recruitment study supported by institute of employment studies research network, Kerrin and Kettley (2003) conducted a survey using evidence based research and a series of case studies to find out the overall trend in e-recruitment. The IES survey of 50
organisations reported that the primary drivers behind the decisions to pursue e-recruitment were to improve corporate image, reduce recruitment cost, reduce administrative burden and employ better tools for the recruitment team. The survey reported that, out of 50 organisations, a large proportion were using online application forms (67 per cent).

Chapman & Webster, (2003) and Stone, Lukaszewski, & Isenhour, (2005), have conducted surveys of HR practitioners. The results of such surveys typically have found that web sites are viewed as a very effective recruitment method. In particular, web sites were perceived by the respondents as generating a large number of job applicants at relatively low cost.

In a recent study by Hoye and Lievens (2007) investigated the value of providing employee testimonials on an employer's web site in comparison to receiving employer-related information from a web site not affiliated with the employer, found that information provided on the non-employer site had greater credibility.

A research conducted by Panayotopoulou, Vakola and Galanaki (2007), on E-HR adoption and the role of HRM attempted to investigate the transformation in the role of the HR function in Greek firms, as a result of the use of internet and technology. The authors adopted a methodology which was a combination of qualitative and quantitative research. The methodology involved focus groups and questionnaires. Authors had randomly selected 150 HRM departments and had collected a total of 76 usable questionnaires for analysis purpose and found that 54.8 per cent (N=69) used web site for HR functions. However, they also reported that the respondents believed that use of technology in various HR functions will become more widespread in next two years.

Verhoeven and Williams (2008) conducted a research study on internet recruitment and selection in the United Kingdom. The study discussed the advantages and disadvantages as identified in literature and considered those against the views of employers in UK. It draws its data from a survey through postal questionnaire followed by an administered questionnaire from 83 organisations. Out of 83 organisations, 69 organisations indicated the use of the internet in the recruitment process. The authors found that “with the introduction of the internet, the recruitment process has become easier”. The findings
had also implied that in order to make effective and efficient use of internet recruitment, employer should know which types and which levels of jobs can be filled by using the internet in the recruitment and selection process.

Backhaus (2004) in his study on ‘an exploration of corporate recruitment descriptions on Monster.com’ explores the way in which corporations describe themselves in recruitment materials. Specifically, the study examines corporate descriptions provided to job seekers by firms advertising on the Internet site, Monster.com. The study also explores elements of corporate image presented in the descriptions and the way in which firms market their employer brands. The author used an exploratory research design to content analyze the corporate description of more than 200 corporations within 10 different industries. Results suggested that firms focused predominantly on firm attributes and secondarily on employee advancement. Ten specific information categories were revealed through the exploratory content analysis of the corporate descriptions found on Monster.com. With a means of coding the data and analyzing it, descriptions showed statistically significant variation by industry.

One of the study on e-recruitment service providers aimed to review e-recruiters’ web site platform features and tools that are designed to facilitate job seekers’ job applications and also to elucidate the financial performance of three international and Malaysian e-recruiters. The findings observed that the e-recruiters’ revenues were growing rapidly while profits were still elusive.

The lower cost of Internet hiring has been extensively discussed in the literature. Fister (1999) documents two case studies related to Internet recruitment by large corporations: Walgreens and General Electric. In line with the previous literature, the article emphasizes three major advantages: quick turnaround, lower cost, and access to a larger pool of applicants. Cober et al. (2000) also emphasizes the lower cost of recruitment associated with Internet. In addition, the paper suggests that having a presence on the Internet improves the profile of an organisation.

Allen, Mahto, & Otondo, (2007) have examined web site effects by conducting experimental simulations. Authors manipulated web site attributes such as its aesthetics,
ease of navigation, and the content provided. Not surprisingly, all of these attributes had been found to be important.

The results of a recent study by Dineen, Ling, Ash, & DelVecchio, (2007) were particularly interesting. These authors utilized a 2×2 design to manipulate whether a web site had good or poor aesthetic properties and whether or not the site provided customized information concerning how well a student fit the advertised position. Dineen and his colleagues found when a web site that had both good aesthetics and provided customized information, a student was likely to spend more time viewing the web site and were better able to recall information provided.

Along similar lines, Peter Cappelli (2001) writes that the payoffs of Internet recruiting could be huge and that estimates suggest that it costs only about one-twentieth as much to hire someone on the Internet as it does to hire that same person via print newspapers and other traditional media. Cappelli also cites a study by Recruitsoft / iLogos Research of 50 Fortune 500 companies that found that the average company cuts about 6 days off its hiring cycle of 43 days by advertising on the Internet instead of newspapers, another 4 days by accepting online applications instead of paper ones, and more than a week by using online screening and processing technologies. On the negative side, Cappelli writes that one of the biggest complaints about online recruiting is that recruiters spend too much time finding potential candidates and not enough time developing relationships with candidates and persuading them to take jobs. As a result, too many good applicants slip away.

Freeman (2002) provides a comprehensive overview of labour market changes in the new information economy. He writes that companies advertise positions on the web for roughly one-tenth the price of buying a want ad in newspaper classifieds. The development of online recruiting emphasizes the advantages of network or scale economies in job search and recruitment.

Job-seekers want sites with many job postings and few competing applicants, whereas firms prefer sites with many job-seekers but few competing vacancy advertisements. Freeman suggests that network and other forms of scale economies will ultimately lead to a few Internet recruitment sites becoming dominant. Freeman writes, “Internet recruitment has the potential for making its biggest contribution to the labour market by
producing better job matches. By diffusing information about jobs widely, the Internet should help break down ‘old boys networks’ and traditional geographic barriers. Someone sitting in an Internet café in a small village in Portugal, for example, can peruse jobs in London or Paris.”

Linda Barber (2006) at the Institute for Employment Studies also examines the benefits and challenges of Internet recruiting. Barber writes that the reduced cost of hiring is a leading strength of the Internet, as the average job posting on the Internet costs around £250, compared with £5,000 for a quarter-page ad in a British national newspaper. Barber cites faster process as another key feature of online recruiting, noting the ease of posting jobs online, completing online application forms, and attaching CVs to emails. She also writes that the Internet helps in the processing of applications, enabling employers to filter them according to predetermined criteria and send feedback to applicants in a quick, personalized, and direct manner. The article continues that access to a wider pool of applicants and promotion of a company’s reputation and brand are frequently mentioned by HR specialists who analyze the strengths of the e-recruiting.

In addition, the paper discusses challenges frequently encountered in the process of e-recruiting. A large number of unqualified applicants top the list. A vastly increased number of applications force more careful screening of CVs, which is a very resource-intensive process. Barber also discusses a lack of personal touch and unintended discrimination against minorities and low-income job-seekers.

A number of articles discuss the implications of Internet development for labour markets in general. Kinder (2000) examines a new model for decomposing e-commerce. The paper suggests that use of the Internet in recruitment processes is likely to change the interface between internal and external labour markets for many firms. The paper predicts that the conceptions behind current research programs in labour market theory may require rethinking in the Internet era.

Bingham et al. (2002) describe a case of Internet innovation in the Washington State Department of Personnel. The Internet allowed for automated application submittal, screening and testing, evaluation, eligibility list placement, and referral for interview. The authors claim that implementation of the online hiring system will help to hire
high–quality, diverse, and readily available job candidates in the shortest possible time. For job-seekers, they write, the Internet application system provides an opportunity to apply in very convenient, easy-to-use, and timely manner from various geographic locations.

Galanaki (2002) of Athens University of Economics and Business conducted a comprehensive review of the literature on the use of the Internet by employers. Lower cost, shorter recruitment cycle, reach to a wider range of applicants, better quality of applicants, opportunity to address specific market niches, and attraction of passive job-seekers are described as the strong sides of the Internet recruitment. However, the review indicates that the Internet is not the first option for many well qualified applicants. Coupled with a huge number of unqualified applicants, Internet recruiting might not be the method for certain types and levels of jobs. The paper concludes that online recruiting is just a channel and that the success of its implementation depends on thorough planning and the use of established HR practices.

Lievens et al. (2002) discuss recent developments in personnel selection. The authors discuss the “digital divide,” which they defined as the gap between people with effective access to digital and information technology, including the Internet, and those with very limited or no access. The authors suggest that the digital divide in the United States is largely defined along demographic and economic household characteristics.

Several articles have attempted compare print and online media. Zusman and Landis (2002) assess the extent to which applicants preferred web-based job postings to traditional print materials. Contrary to their hypothesis, the authors find that print postings were preferred to those in the Internet-based format. Results of the study also suggest that a firm’s website is an important point of contact for job-seekers. Survey results indicate that applicants clearly preferd companies with more attractive web pages to companies with less attractive pages. Zusman and Landis recommend that firms should make a serious commitment of time and capital to the career sections of their website. Study findings also indicate that providing detailed information about posted jobs and the firm is very important. Further, authors find that easily readable, colorful, and interesting web pages tend to do better in attracting job-seekers, since a web page is frequently the first experience that applicants have with a firm. Harris
(2005) focuses on perceptions of Internet recruiting among employers. He writes that online recruiting is considered as moderately effective but inferior to networking and personal contacts as well as to professional recruiters. However, according to Harris, online hiring is far more effective than newspaper advertisements. The paper says that the three most frequently mentioned difficulties associated with Internet job searches are slow feedback, limited number of fitting jobs to make the search worthwhile, and lack of relevant information on the company’s website.

Jansen and Jansen (2005) examine how job-seekers use the Internet and assess the effectiveness of such activity. They use query data from a major online search engine at three points in time over a five-year period. The study indicates that job-seekers tend to submit a single query using several keywords. Forty-five percent of the job-seekers specify location. The analysis of search results shows that only 52 percent of the referenced websites are relevant and that only 40 percent retrieve actual job postings.

Veger (2006) reviews Internet recruitment methods and describes how they can enhance recruitment performance. According to Veger, job boards and corporate career websites are used frequently by recruiters to post jobs and to search for resumes. Efficiency gains include time savings, cost reduction, and minimizations of other resources. Internet recruitment is also associated with a broader audience and more accurate and detailed information about applicants. Veger emphasizes that the benefits of Internet recruiting may differ between organisations due to a variation in corporate strategy and overall recruitment objectives. Kroustalis (2006) assesses whether applicants can gain a sense of person-organisation fit through a recruitment website. The study finds that culture-specific pictures on a recruitment website allow job-seekers to accurately assess organisational culture, while employee testimonials have no such effect.

Starr (2006) reviews the online recruiting industry since the mid 1990s and suggests that in recent years job boards have become very multifunctional. They help to manage the entire job-hunting process, including actual job search, interview tips, and resume- and cover-letter-writing tips. Brencic and Norris (2008) also examine more recent developments and historic trends among online job boards industry in the United States, Canada, and Europe. The authors collected descriptions and outcome of job openings
posted on Monster.com between 2004 and 2006. Their results suggest that the gains to online search tools offered by Internet boards are not uniform across all employers and vacancies. In particular, the biggest beneficiaries of the online job boards appear to be employers who have access to a better online search technology.

Piotrowski and Armstrong (2006) examine survey data on recruitment methods used in 151 major American firms. Their analysis indicates that the majority of firms rely heavily on traditional recruitment techniques over the use of online assessment instruments. Nevertheless, one-fifth of the firms intend to introduce personality online testing in the future. Katz (2007) suggests that individuals with specific, advanced skills or in certain professions need to focus their efforts on specialty job boards. She reviews such boards for emergency physicians, including www.physicianwork.com, www.edphysician.com, www.emcareercentral.org and www.aaem.org/membership/jobbank.

Beard, Ford, and Saba (2010) analyze the 2007 CPS Computer and Internet Use Supplement to estimate the effect of Internet use on job search efforts. Study results are in line with Stevenson’s (2008) findings of a positive impact. The empirical model of the study is based on multinomial log it and propensity score matching techniques. The central focus of the study is impact of Internet use on the labour status of workers with no current employment. The authors distinguish between the unemployed and the discouraged, where both desire employment but the latter has ceased active job search due to negative beliefs about the labour market. Study findings indicate that broadband use at home or at public locations (library, employment center, etc.) deters defection from the labour market due to discouragement by over 50 percent. Using a dial-up connection also makes a difference, reducing labour market dropout by about one-third. Beard and colleagues emphasize the policy implications of the study. The Internet is a strong factor in keeping jobless individuals in the labour market and may equate to more employment. On the supply side, study findings suggest that promotion of shared connections in libraries in underserved areas may produce substantial societal benefits.

In contrast to findings from human resource management field, the literature on the Internet and search outcomes is rather limited and findings are somewhat mixed. As reported earlier, Kuhn and Skuterud (2000, 2002, and 2004) and Kroft and Pope (2008)
indicate that the Internet is not associated with improved probability of reemployment. However, Fountain (2005), Stevenson (2006, 2008), and Bagues and Labini (2007) find a positive relationship between Internet use and labour market outcomes. These results need to be treated with a caution, as it looks as though results are very sensitive to outcome variable, model selection, and specification.

Furthermore, almost all studies are focused on the U.S. labour market and use the CPS Internet Supplement, which is a cross-sectional dataset. This leaves a large area for further empirical investigation. This dissertation intends to partially fill that area by developing and estimating models on the relationship between use of the Internet in job search and labour market outcomes.