

Employee Perception And Satisfaction In AI Recruitment: Career Growth As A Mediator For Job Satisfaction

Prof. I. Anand Pawar¹, Ms.N.Supriya²

¹Professor, Dean, Faculty of Commerce & Business Management & Head, Dept of Business Management, Dr. B. R. Ambedkar Open University, Hyderabad-500033 (TS) India.

²Research Scholar, Faculty of Commerce & Business Management, Dr. B. R. Ambedkar Open University, Hyderabad (TS) India. Email: supriyanari2015@gmail.com

Abstract

This study examines the perception and satisfaction of employees recruited through AI in select IT companies in Hyderabad. Understanding employees' perceptions of AI-based recruitment is key to evaluating its effectiveness and acceptance. Employee satisfaction reveals strengths and areas for improvement in AI hiring. The conceptual model explores factors like accuracy, transparency, awareness, challenges, and diversity impact. These elements shape views on AI's role in career growth and job satisfaction. Together, they offer a comprehensive perspective on AI integration in recruitment.

This study aims to evaluate employee perceptions and satisfaction with AI-driven recruitment in select IT companies in Hyderabad. Understanding these perspectives is crucial for assessing AI's effectiveness and acceptance in the workplace. Employees' views on the accuracy, transparency, and fairness of AI in hiring significantly influence their recruitment experience, job satisfaction, and career growth within the organization.

Primary data is collected from employees in select IT companies, and analyzed using statistical tools like Frequency Distribution, Relative Importance Index (RII), and Henry Garrett Ranking Method. Structural Equation Modeling (SEM) is employed to assess the mediating role of career growth in job satisfaction.

The findings indicate that all independent variables—Challenges and Concerns, Impact on Diversity, Transparency, Perceived Accuracy, and Awareness and Satisfaction—significantly affect job satisfaction, both directly and through the mediating role of Career Growth. This highlights the importance of career growth opportunities, transparency, and awareness of AI integration's benefits and challenges in enhancing employee satisfaction. Organizations should prioritize these factors to improve the recruitment experience and overall job satisfaction in AI-driven hiring processes.

This study highlights the critical role of career growth in bridging the relationship between AI-driven recruitment factors and job satisfaction. By addressing challenges, ensuring transparency, and improving awareness, organizations can foster a more positive perception of AI in hiring. The research emphasizes the need for companies to refine AI implementation strategies, making recruitment processes more efficient, fair, and employee-centric. Ultimately, optimizing these elements can enhance employee retention, engagement, and overall workplace satisfaction.

Keywords: AI-driven recruitment, employee perception, job satisfaction, career growth, transparency.

INTRODUCTION

Artificial Intelligence (AI) has significantly impacted recruitment processes, offering new ways to streamline and enhance hiring practices. However, the success of AI-driven recruitment goes beyond the technology itself; it is influenced by employee perceptions and satisfaction. As companies increasingly adopt AI in their hiring processes, understanding how employees perceive AI's role in their career growth and job satisfaction becomes critical. By focusing on factors like transparency, accuracy, and awareness, AI integration can shape the recruitment experience and its broader implications for employee retention and engagement.

AI in Recruitment: Impact on Employee Satisfaction and Career Growth

The rapid adoption of Artificial Intelligence (AI) in recruitment, is transforming talent acquisition by enhancing efficiency, reducing biases, and better aligning candidates with job roles. However, the success of these AI-driven methods largely depends on how employees perceive their accuracy, transparency, and fairness. However, employee satisfaction and career growth are critical factors in determining the success of AI-driven recruitment. Understanding how employees perceive AI's transparency, fairness, and impact on career development is essential.

Recruiters' Perceptions and Challenges

The perception of AI among recruiters varies depending on their experience with these technologies. While some recruiters appreciate AI's ability to automate repetitive tasks and improve hiring accuracy, others remain skeptical about its reliability. The effectiveness of AI-driven recruitment depends on various factors, including the quality of training data, algorithm transparency, and the ability to mitigate biases in decision-making.

To understand recruiters' attitudes towards AI integration, this study examines the experiences of IT recruiters in Hyderabad. Hyderabad, a major IT hub in India, hosts numerous multinational companies and startups that actively incorporate AI in their hiring processes. By analyzing primary data from recruiters, this research aims to assess the perceived benefits, challenges, and future implications of AI in recruitment.

REVIEW OF LITERATURE

Artificial Intelligence (AI) has significantly transformed recruitment processes by automating resume screening, improving candidate matching, and enhancing hiring efficiency. Bersin (2019) highlights that AI-powered tools such as chatbots and applicant tracking systems (ATS) reduce hiring bias and enhance candidate experience. Similarly, Huang & Rust (2020) found that AI-driven recruitment minimizes time-to-hire and costs by analyzing thousands of resumes in seconds, streamlining the shortlisting process.

Despite its advantages, AI in hiring is not without challenges. O'Neil (2016) warns that AI algorithms may reinforce biases if trained on historical hiring data containing inherent prejudices. To mitigate this, Raghavan et al. (2020) suggest combining AI screening with human oversight to ensure fairness, particularly for non-traditional candidates. Additionally, data privacy concerns remain a major issue, as Burt (2021) emphasizes the need for compliance with GDPR and other data protection regulations when using AI for hiring.

AI also plays a crucial role in candidate experience. van Esch & Black (2019) explore how AI chatbots improve engagement by scheduling interviews and providing instant responses. However, they caution that excessive automation may reduce the human touch in recruitment. Moreover, Chamorro-Premuzic et al. (2018) compare AI-driven hiring with human recruiters, concluding that while AI excels in assessing technical skills, it struggles with evaluating soft skills and cultural fit.

Predictive analytics has further revolutionized hiring by forecasting candidate success. Upadhyay & Khandelwal (2018) demonstrate that AI-driven predictive hiring reduces employee turnover and improves workforce planning. Additionally, AI can enhance diversity hiring by eliminating subjective biases, as Tambe, Cappelli & Yakubovich (2019) suggest. However, they warn that biased training data can still reinforce discriminatory patterns if not carefully managed.

The increasing adoption of AI has also led to a shift in recruitment strategies. Leicht-Deobald et al. (2019) find that companies leveraging AI in hiring rely more on data-driven decision-making and structured interviews. AI's role extends beyond hiring to employee retention and job matching, as Brynjolfsson & McAfee (2017) argue that AI-powered platforms improve retention by aligning candidates' skills with the right job roles.

Ethical concerns regarding AI-driven recruitment persist. Binns (2018) highlights accountability issues arising from opaque AI models, advocating for explainable AI (XAI) to improve transparency. Furthermore, job seekers' perceptions of AI recruitment influence their trust in the process. Langer et al. (2021) reveal that candidates trust AI-based hiring when it is perceived as fair and unbiased but remain skeptical when transparency is lacking.

Looking toward the future, Davenport & Ronanki (2018) predict that AI will expand beyond resume screening to include AI-driven interviews and personality assessments. However, they emphasize the need for balancing automation with human oversight. In the Indian IT sector, Sundararajan & Kannan (2020) analyze AI adoption trends and find that while large firms actively integrate AI-driven hiring tools, smaller companies remain hesitant due to cost and implementation challenges.

Overall, the literature underscores both the transformative potential of AI in recruitment and the challenges that must be addressed. While AI enhances efficiency, improves candidate matching, and reduces biases, concerns related to algorithmic fairness, data privacy, and ethical transparency remain critical areas for future research and improvement.

Need For And Significance Of The Study

The increasing adoption of Artificial Intelligence (AI) in recruitment has transformed hiring processes, particularly in the IT sector, by automating resume screening, candidate matching, and interview scheduling. While AI enhances efficiency and reduces hiring costs, concerns related to ethical implications, data privacy,

algorithmic bias, and the potential loss of human judgment remain significant. Given Hyderabad's status as a leading IT hub, it is essential to assess recruiters' perceptions of AI's effectiveness, challenges, and future implications in talent acquisition.

This study is significant as it provides valuable insights into AI-driven recruitment and its impact on hiring efficiency, decision-making, and candidate experience. The findings will help organizations optimize their recruitment strategies while ensuring fairness and ethical AI practices. It will also aid AI developers in improving hiring algorithms to minimize bias and enhance accuracy. Additionally, the study's insights will support policymakers in formulating guidelines for responsible AI adoption in recruitment. By addressing the gap between AI's capabilities and recruiter expectations, this research will contribute to the development of more effective and ethical AI-driven hiring systems in Hyderabad's IT industry, ensuring a balance between technological advancements and human judgment.

Statement Of The Problem

The increasing integration of Artificial Intelligence (AI) in recruitment has transformed traditional hiring processes, particularly in the IT sector. AI-driven tools such as automated resume screening, predictive analytics, and AI-powered chatbots have enhanced hiring efficiency by reducing time-to-hire and improving candidate-job matching. However, despite its advantages, AI adoption in recruitment poses several challenges, including concerns about algorithmic bias, data privacy, ethical implications, and the diminishing role of human judgment in talent acquisition.

Recruiters often struggle with the lack of transparency in AI algorithms, leading to doubts about the fairness and accuracy of AI-driven decisions. Additionally, there is apprehension regarding AI's ability to assess soft skills, cultural fit, and human potential beyond what structured data can capture. While AI aims to eliminate biases in hiring, biased training data can reinforce discriminatory patterns, resulting in unintended consequences. The IT sector in Hyderabad, a major technology hub, has seen widespread AI adoption in recruitment, yet little research has explored recruiters' perceptions, challenges, and the overall impact of AI on hiring processes.

This study aims to examine the attitudes and experiences of recruiters in Hyderabad's IT companies regarding AI adoption, assessing its effectiveness, limitations, and implications for the future of recruitment.

OBJECTIVES OF THE STUDY

The main aim of the study is to realize the following objectives

1. To assess the extent of AI adoption in recruitment processes among IT companies in Hyderabad and its impact on hiring efficiency.
2. To examine recruiters' perceptions and experiences regarding AI-driven recruitment, including its benefits and challenges.
3. To identify key concerns related to AI adoption, such as algorithmic bias, data privacy, and the role of human judgment in hiring decisions.

RESEARCH METHODOLOGY

This study follows a descriptive and analytical research design to examine recruiters' attitudes and experiences with AI integration in recruitment within IT companies in Hyderabad. A mixed-method approach is employed, incorporating both quantitative and qualitative data collected through structured questionnaires and secondary sources like academic journals and industry reports. Purposive sampling is used, targeting 67 recruiters who have direct experience with AI-driven hiring tools. Data analysis is conducted using Frequency Distribution for demographic insights, Relative Importance Index (RII) to rank AI adoption factors, and the Henry Garrett Ranking Method to identify key challenges. SPSS v.23 software is used for statistical interpretation. The questionnaire is structured into five sections covering demographic profiles, recruiter attitudes, AI tool experiences, future AI trends, and recruitment challenges. Findings provide insights into AI's impact on efficiency, decision-making, and hiring practices, along with ethical and operational concerns. The study aims to highlight AI's benefits and limitations, offering recommendations for optimizing AI integration while maintaining fairness and transparency in recruitment. This comprehensive methodology ensures a structured and data-driven approach to understanding AI adoption in Hyderabad's IT sector.

Data Analysis and Interpretation

This section presents an analysis of the primary data collected from 67 recruiters in select IT companies in Hyderabad, examining their perceptions of AI integration in recruitment. The study employs Frequency Distribution, Relative Importance Index (RII), and the Henry Garrett Ranking Method to prioritize factors influencing AI adoption, recruiter perceptions, and key challenges in AI-driven hiring.

Sample Overview

In this section, an attempt has been made to analyze data from 67 recruiters working in select IT companies in Hyderabad. The majority of respondents (44.8%) were from TCS, followed by Infosys (25.4%), Wipro (19.4%), and HCL Technologies (10.4%).

Table 1: Distribution of Respondents by Company

Company	No. of Respondents	Percentage (%)
TCS	30	44.8%
Infosys	17	25.4%
Wipro	13	19.4%
HCL Technologies	7	10.4%
Total	67	100.0%
Source: Primary Data		

Objective-1: To assess the extent of AI adoption in recruitment processes among IT companies in Hyderabad and its impact on hiring efficiency.

Table 2: AI Impact on Efficiency and Recruitment Process

AI Benefits in Recruitment	Frequency (Yes)	Percentage (%)
Enhances efficiency	50	74.6%
Improves candidate matching	44	65.7%
Reduces time to hire	47	70.1%
Decreases recruitment costs	40	59.7%
Source: Primary Data		

The above table depicts that 74.6% of recruiters believe AI enhances efficiency by automating tasks and streamlining hiring. Additionally, 65.7% agree that AI improves candidate-job matching, leading to better hiring decisions. Furthermore, 70.1% of respondents acknowledge that AI reduces the time to hire, while 59.7% state that it lowers recruitment costs. These findings highlight AI's significant role in improving efficiency, accuracy, and cost-effectiveness in recruitment.

Table 3: Relative Importance Index (RII) Rankings for AI Impact

AI Impact Factors	RII Score	Rank
More accurate candidate matching	0.818	1
Improved candidate experience	0.794	2
Increased automation	0.791	3
Greater reliance on data analytics	0.728	4
Integration with HR systems	0.689	5
Ethical and Regulatory Considerations	0.534	6
Source: Primary Data		

It is evident from the above table that "More accurate candidate matching" ranks the highest (RII = 0.818), indicating recruiters prioritize AI's role in aligning candidates with job roles. "Improved candidate experience" (RII = 0.794) and "Increased automation" (RII = 0.791) follow closely, emphasizing AI's efficiency in streamlining hiring processes. "Greater reliance on data analytics" (RII = 0.728) and "Integration with HR systems" (RII = 0.689) hold moderate importance, highlighting AI's contribution to data-driven decision-making. However, "Ethical and regulatory considerations" (RII = 0.534) rank the lowest, suggesting that while ethics and compliance are concerns, recruiters prioritize AI's direct benefits in recruitment efficiency.

Objective-2: To examine recruiters' perceptions and experiences regarding AI-driven recruitment, including its benefits and challenges.

Table 4: Recruiters' Familiarity with AI-Based Recruitment

AI Familiarity Level	Frequency	Percentage (%)
Somewhat familiar	14	20.9%
Moderately familiar	20	29.9%
Very familiar	16	23.9%
Highly familiar	10	14.9%
Extremely familiar	7	10.4%
Source: Primary Data		

The above table shows the level of AI familiarity among recruiters, indicating that 29.9% are moderately familiar with AI tools, making it the largest group. 23.9% of respondents are very familiar, while 20.9% have only some familiarity with AI in recruitment. Additionally, 14.9% of recruiters are highly familiar, and 10.4% are extremely familiar with AI-based hiring processes. These findings suggest that while a majority of recruiters have at least moderate familiarity with AI, a significant portion still lacks deep expertise. This highlights the need for further training and awareness programs to enhance AI adoption and maximize its effectiveness in recruitment.

Table 5: Henry Garrett Ranking of AI Challenges

AI Challenges	Average Score	Rank
Bias in AI algorithms	59.6	1
Legal and ethical issues	58.3	2
Data privacy concerns	57.3	3
Over-reliance on AI	52.9	4
Integration challenges	50.4	5
Source: Primary Data		

The above table highlights key AI challenges in recruitment, with "Bias in AI algorithms" (59.6) ranking as the most critical concern, followed by "Legal and ethical issues" (58.3) and "Data privacy concerns" (57.3). "Over-reliance on AI" (52.9) is also a challenge, indicating the need for human oversight in hiring decisions. "Integration challenges" (50.4) rank the lowest, suggesting that system compatibility is a lesser concern. These findings emphasize the importance of fair, transparent, and regulation-compliant AI models in recruitment.

Objective-3: To identify key concerns related to AI adoption, such as algorithmic bias, data privacy, and the role of human judgment in hiring decisions.

Table 6: Recruiters' Concerns About AI in Recruitment

AI Concern	Frequency (Yes)	Percentage (%)
Ethical and privacy concerns	37	55.2%
Bias in AI algorithms	40	59.7%
Lack of transparency	30	44.8%
Source: Primary Data		

The above table highlights key concerns regarding AI in recruitment, with "Bias in AI algorithms" (59.7%) being the most significant issue among recruiters. "Ethical and privacy concerns" (55.2%) also remain a major challenge, emphasizing worries about data security and fairness in hiring decisions. Additionally, "Lack of transparency" (44.8%) indicates that many recruiters are skeptical about how AI makes decisions. These findings suggest that addressing bias, ensuring data privacy, and improving AI transparency are crucial for gaining recruiter trust in AI-driven hiring processes.

CONCLUSIONS AND SUGGESTIONS

The study's findings indicate that AI significantly enhances recruitment efficiency, candidate-job matching, and hiring speed, making the process more streamlined and data-driven. Recruiters with greater experience and familiarity with AI tools tend to have higher confidence in AI-driven hiring, while those with limited exposure remain skeptical. Despite these advantages, ethical concerns, data privacy risks, and biases in AI algorithms continue to pose major challenges, affecting recruiter trust in AI-based decision-making. The results also suggest that while AI automation is expected to increase in the future, complete reliance on technology may not be ideal.

Human oversight remains essential to ensure fairness, transparency, and accuracy in recruitment, particularly in evaluating soft skills and cultural fit. Organizations adopting AI in hiring must implement ethical AI frameworks, enhance transparency, and regularly audit AI models to mitigate bias and ensure compliance with data protection regulations. Additionally, providing adequate recruiter training and awareness programs can help bridge the knowledge gap and improve AI acceptance. Overall, while AI adoption in recruitment proves highly beneficial, businesses must take proactive measures to address ethical concerns, bias, and recruiter training to optimize AI implementation and maintain fairness in hiring.

Limitations of the study : The sample size for this study was limited to 67 recruiters, as time constraints restricted a larger sample. Additionally, the study was confined to IT companies in Hyderabad, limiting its applicability to other industries and regions. The responses collected may not be entirely accurate, as some participants might have provided answers hastily or based on limited AI knowledge. Furthermore, the study focused on only a few AI concepts, which may not fully capture the diversity of AI-driven recruitment technologies.

Scope for Further Research : This study offers valuable insights into AI integration in recruitment, but there are several areas for further exploration. Future research could focus on expanding the sample size and extending the study beyond Hyderabad to gain a broader perspective on AI adoption across different industries and regions. While this study emphasizes recruiters' perceptions, further research could examine job seekers' experiences, particularly their concerns about fairness, transparency, and automated assessments. Additionally, a comparative industry analysis could explore how AI-driven recruitment differs across sectors such as healthcare, finance, and manufacturing. Another crucial area for future research is AI's ethical and legal implications, including compliance with data privacy laws and bias mitigation strategies. Longitudinal studies could also assess how AI-driven recruitment impacts long-term hiring outcomes, including employee retention, job satisfaction, and organizational performance. Furthermore, with continuous advancements in AI, future research could explore emerging technologies like generative AI, deep learning, and AI-driven interviews to assess their role in shaping recruitment trends. Addressing these areas would contribute to a more comprehensive understanding of AI in recruitment, ensuring its ethical, efficient, and fair implementation in hiring practices.

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