RIMS JOURNAL OF MANAGEMENT

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"A Study on Customer Satisfaction and Service Quality of the Banking Sector in Shivamogga Dist."

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ABSTRACT:

This study attempts to evaluate customer satisfaction in Shivamogga's banking sector, focusing on customer behavior and the quality of services banks offer. Understanding customer satisfaction is critical for financial institutions and impacts customer retention, loyalty, and overall business performance. The study is an empirical investigation based on primary data collected through a questionnaire. The questionnaire was structured to gather relevant information from banking customers regarding their perceptions and experiences with their respective banks.

The survey was personally administered to a representative sample of banking customers in Shivamogga. The collected data provided valuable insights into various aspects of banking services, including efficiency, responsiveness, reliability, and security. This study is particularly significant because limited research specifically evaluates service quality in the banking sector of Shivamogga. By addressing this gap, the findings of this research contribute to a better understanding of how banking institutions can improve their services to customers.

The study examines three key independent variables: service quality, customer loyalty, and security. These variables play a crucial role in determining the overall satisfaction levels of banking customers. The findings indicate that both service quality and customer loyalty have a direct impact on customer satisfaction. High service quality, characterized by prompt service delivery, courteous staff, and efficient banking operations, enhances the overall

banking experience for customers. Similarly, customer loyalty, which reflects the willingness of customers to continue banking with a particular institution, strengthens the relationship between banks and their clients. Satisfied customers are more likely to remain loyal to their banks, recommend them to others, and engage in repeat transactions.

However, the study also highlights an interesting finding: there is a negative relationship between security and customer satisfaction. This suggests that while security measures are essential for safeguarding financial transactions and protecting customer information, excessive security protocols may lead to inconvenience, frustration, and dissatisfaction among customers. For instance, stringent security checks, multiple authentication steps, and prolonged verification processes can create delays and hinder the overall banking experience. Customers may perceive such security measures as cumbersome, which could negatively impact their satisfaction levels.

These findings underscore the need for banks to strike a balance between ensuring security and providing a seamless customer experience. While security is a fundamental aspect of banking operations, it should not come at the cost of convenience and efficiency. Banks must adopt innovative security solutions that enhance protection without causing unnecessary delays or complications for customers. Authentic user-friendly authentication should be adopted in digital banking while optimizing digital platforms and offering personalized customer support can help overcome the negative impact of security measures on customers.

In conclusion, this study provides valuable insights into the factors influencing customer satisfaction in the banking sector of Shivamogga. The positive impact of service quality and customer loyalty highlights the importance of delivering excellent banking services and fostering strong customer relationships. At the same time, the negative correlation between security and satisfaction emphasizes the need for banks to implement security measures that do not compromise convenience. Banks can promote customer experience and increase the rate of retaining these customers when addressing these factors.

Keywords: Customer satisfaction, Service quality, Customer loyalty, Banking sector, Bank customers.

I.   Introduction

Customer satisfaction is a key determinant of the success and longevity of businesses, particularly in service-oriented sectors like banking. The banking industry has always been at the forefront of providing financial services to individuals, businesses, and governments, and customer satisfaction has emerged as a crucial factor that shapes its performance. In an increasingly competitive environment, where banks offer similar products and services, differentiating based on service quality, customer loyalty, and security is vital for gaining a competitive edge. This study aims to evaluate customer satisfaction in the banking sector in Shivamogga, with a focus on customer perceptions of service quality.

Shivamogga, a rapidly developing region in Karnataka, India, has seen a growing demand for banking services due to increased economic activities and urbanization. With the expansion of banking services in rural and semi-urban areas, assessing customer satisfaction in regions like Shivamogga is essential to ensure that banks are meeting the needs of their diverse clientele. According to the Reserve Bank of India (RBI), there has been significant growth in the banking sector in semi-urban and rural areas in recent years. As of March 2024, there were over 1,800 branches of various banks in rural Karnataka, indicating the importance of these regions to the overall growth strategy of the banking industry.

1.1 Importance of Customer Satisfaction in the Banking Sector

Customer satisfaction in banking refers to how well a bank meets or exceeds the expectations of its customers. It is influenced by various factors, including service quality, customer loyalty, convenience, technology adoption, and security. The concept of customer satisfaction is not only relevant for retaining existing customers but also for attracting new ones. Studies have shown that satisfied customers are more likely to recommend their bank to others, thereby contributing to word-of-mouth marketing, which is critical in regions like Shivamogga, where personal recommendations often play a significant role in banking choices.

According to a report by McKinsey, banks that consistently provide high levels of customer satisfaction are more likely to achieve higher profitability, customer retention, and cross-selling opportunities. This is particularly true in the context of small towns and rural areas, where customers often prefer long-term relationships with their banks. Furthermore, in regions like Shivamogga, where banking penetration is still evolving, customer satisfaction is an important factor in fostering trust in formal financial institutions, especially in the face of

competition from informal lending channels.

1.2 Service Quality as a Determinant of Customer Satisfaction

One of the primary determinants of customer satisfaction in banking is the quality of service provided by the bank. Service quality encompasses various dimensions such as reliability, responsiveness, assurance, empathy, and tangibles, as defined by the widely-used SERVQUAL model. For instance, the reliability of bank services refers to the ability to deliver promised services accurately and consistently. In rural and semi-urban areas like Shivamogga, where access to financial services might be limited, reliability plays a key role in shaping customer perceptions.

A survey conducted by KPMG in 2022 found that 84% of banking customers in rural India prioritize service quality as the most important factor when choosing a bank. In the case of Shivamogga, the physical presence of banks and the ease of accessing banking services also contribute to customer satisfaction. For instance, the opening of new bank branches and the installation of more ATMs in the district have improved the overall banking experience, which is reflected in customer feedback. However, challenges such as limited staff in some branches and occasional technical glitches still affect service quality in certain areas, highlighting the need for continuous improvement.

1.3 Customer Loyalty and Its Impact on Satisfaction

Customer loyalty refers to the willingness of customers to continue banking with a particular institution and their tendency to recommend the bank to others. Loyalty is closely tied to customer satisfaction, as satisfied customers are more likely to remain loyal to their bank. In Shivamogga, customer loyalty can be influenced by several factors, including the availability of personalized services, the quality of customer support, and the bank's reputation within the community.

Research has shown that banks with higher levels of customer loyalty tend to enjoy higher market share and profitability. A study by Bain & Company found that increasing customer retention rates by just 5% can lead to a profit increase of 25% to 95%. In semi-urban regions like Shivamogga, where customers often have limited banking options, fostering customer loyalty can lead to long-term business growth for banks. Moreover, loyalty programs and

customer relationship management (CRM) initiatives implemented by banks in Shivamogga have also been instrumental in retaining customers and enhancing their satisfaction.

1.4 Security as a Factor in Customer Satisfaction

In the digital age, security is a critical component of customer satisfaction, especially in the banking sector. Customers expect their financial information and transactions to be secure from fraud, cyber-attacks, and identity theft. In regions like Shivamogga, where digital banking adoption is gradually increasing, ensuring robust security measures is essential for maintaining customer trust. However, this study finds that there is a negative relationship between security and customer satisfaction, which could be attributed to customers' concerns about data breaches, phishing attacks, and other cyber-related threats.

A report by PwC India in 2023 revealed that 70% of rural banking customers expressed concerns about the security of their online transactions. While banks have been investing in advanced security technologies such as two-factor authentication, biometric verification, and encryption, there is still a need to enhance customer awareness and education about these security measures. This is particularly important in Shivamogga, where many customers may be first-time users of online banking services and may not be fully aware of the security protocols in place.

Customer satisfaction in the banking sector is shaped by a combination of factors, including service quality, customer loyalty, and security. For banks operating in regions like Shivamogga, understanding these factors is crucial for improving customer experience and fostering long-term relationships. While this study highlights the positive impact of service quality and customer loyalty on satisfaction, it also draws attention to the need for better security measures and customer education to mitigate concerns about online banking. By addressing these issues, banks in Shivamogga can enhance their service offerings and contribute to the overall growth of the banking sector in the region.

II.   Statement of the Problem:

The banking sector plays a crucial role in shaping the economic well-being of a region, and customer satisfaction is a key determinant of a bank's success. In Shivamogga, a region with a mix of urban and rural banking customers, understanding customer satisfaction becomes

even more critical due to diverse expectations and service requirements. Despite the growing importance of service quality and customer loyalty, limited research has been conducted to assess how these factors impact customer satisfaction in this area. Moreover, there is a gap in understanding the role of security as a factor influencing customer satisfaction. This study seeks to evaluate the overall customer satisfaction in Shivamogga's banking sector, focusing on three key variables: service quality, customer loyalty, and security. The findings will help local banks enhance their service strategies and address specific concerns related to customer satisfaction, thereby improving their competitive edge.

III.   Research Objectives:

1. To analyze the impact of service quality on customer satisfaction in the banking sector of Shivamogga.
2. To assess the relationship between security concerns and customer satisfaction in the banking sector of Shivamogga.

IV.   Scope of the Study:

The study focuses on evaluating customer satisfaction within the banking sector of Shivamogga, a district known for its diverse mix of urban and rural banking customers. The primary emphasis is on understanding customer perceptions of service quality, loyalty, and security, and how these factors influence overall satisfaction. The research utilizes primary data collected through structured questionnaires administered to a sample of various bank customers, making it an empirical study grounded in real-world insights. The study provides valuable findings for both public and private banks operating in Shivamogga, helping them tailor their services to meet customer expectations better. This research contributes to the existing literature by addressing a geographic area that has seen limited scholarly attention and offers actionable recommendations to improve banking services in similar semi-urban and rural regions.

V.   Limitations of the Study:

1. **Small Sample Size**: The study is based on a relatively small sample of various respondents, which may not fully represent the broader banking customer base in Shivamogga.

2. **Geographic Limitation**: The study is restricted to Shivamogga and may not reflect customer satisfaction levels in other regions or districts with different demographic and economic conditions.

3. **Time Constraints**: The data collection period was limited, which may have impacted the depth of responses and customer engagement in the study.

4. **Limited Variables**: The study focuses on three independent variables—service quality, customer loyalty, and security—without considering other factors like banking technology, convenience, or pricing, which could also influence customer satisfaction.

5. **Self-reported Data**: The study relies on self-reported data from customers, which could introduce biases such as over- or under-reporting of satisfaction levels.

6. **Lack of Longitudinal Data**: The study captures a snapshot of customer satisfaction at a specific time and does not track changes in satisfaction over a longer period.

7. **Potential Response Bias**: Some respondents may have provided socially desirable answers rather than their true perceptions, which could affect the accuracy of the results.

VI.   Review of Literature :

The relationship between service quality and customer satisfaction in the banking industry has been widely studied, with a significant body of literature affirming that high service quality is essential for customer satisfaction. Research in this area has particularly been driven by models such as the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988), which proposes five key dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. These elements are pivotal in understanding customer perceptions of service in the banking sector and provide a framework for assessing the impact of service quality on satisfaction (Parasuraman et al., 1988).

Studies specific to the banking sector suggest that customer satisfaction is strongly influenced by the perceived quality of services (Aldlaigan&Buttle, 2002). This is especially true in the case of reliability and responsiveness, where customer satisfaction is found to be notably higher when banks meet customer expectations in these areas (Ladhari, 2009). In rural regions, such as Shivamogga, tangible factors—such as the physical facilities and ease of access—play an essential role due to potentially limited banking infrastructure

(Krishnamurthy et al., 2010). However, research also suggests that service reliability and trustworthiness in handling transactions are equally important, as customers in semi-urban and rural areas place a higher value on secure and reliable banking services (Gopalakrishna, 2016).

Moreover, findings from studies by Agbor (2011) and Choudhury (2013) confirm that service quality positively impacts customer satisfaction and loyalty, implying that banks must focus on consistent service delivery to foster long-term relationships with customers. This is consistent with the findings from a study by Gupta and Dev (2012) on Indian banking customers, which revealed that responsiveness, assurance, and empathy significantly influence customer satisfaction levels, underscoring the importance of interpersonal aspects of service quality.

In the specific context of Shivamogga, there is limited literature directly addressing service quality in this geographic area, but studies focusing on rural and semi-urban banking suggest that tailored services and a focus on accessible, reliable banking can substantially improve customer satisfaction. These findings are also supported by Siddiqui and Sharma (2010), who observed that service quality dimensions related to staff empathy and service reliability are more critical in rural banking, which can lead to increased customer satisfaction.

Security concerns are a prominent factor affecting customer satisfaction in the banking sector. The rise of online and mobile banking has amplified customer anxieties over security, with issues related to fraud, privacy breaches, and data security frequently highlighted in the literature as factors impacting customer trust and satisfaction (Yousafzai, Pallister, &Foxall, 2003). When customers perceive that their transactions and personal data are safe, they are more likely to have positive banking experiences, resulting in greater customer satisfaction (Reichheld & Schefter, 2000).

In recent years, scholars like Al-Hawari and Ward (2006) have explored how security measures, such as encryption and authentication processes, enhance customer confidence in banking institutions, which in turn leads to higher satisfaction levels. Studies by Lee and Turban (2001) emphasize that security features in online banking significantly affect customer satisfaction by reducing anxiety and building trust. Particularly for rural banking customers, who may not be as familiar with digital banking channels, effective communication about security practices is essential (Sharma & Malhotra, 2015). The

perceived risk associated with banking security can be higher in semi-urban and rural areas like Shivamogga, where digital literacy levels might be lower.

In a study conducted by Jaiswal and Shukla (2017), it was observed that banks investing in secure digital platforms and proactive measures against fraud positively influence customer satisfaction in smaller towns and rural regions. Customers in such areas are found to value security features more highly than their urban counterparts, given their heightened concerns over fraud and data privacy (Jaiswal & Shukla, 2017). Research also indicates that transparency in communicating these security measures, such as through SMS alerts and secure password systems, enhances the perceived reliability of banking services, thereby increasing satisfaction levels (Jayawardhena& Foley, 2000).

Furthermore, a study by Suh and Han (2003) found that effective security measures significantly correlate with customer trust, which is a critical determinant of satisfaction. This aligns with findings from Zhao, Koenig-Lewis, and Hanmer-Lloyd (2010), who concluded that perceived security positively impacts customer trust, satisfaction, and loyalty, emphasizing the importance of secure banking practices in customer retention.

VII.   A. Data Analysis:

To provide a comprehensive analysis based on 150 responses, the Questionnaire was designed around the three key variables: service quality, customer loyalty, and security. Each variable was evaluated using Likert scales to measure customer satisfaction levels, and statistical tools like means, frequencies, correlations, and regression analysis can help interpret the results.

1. Service Quality: Rated on a scale of 1 to 5 for each dimension (tangibility, reliability, responsiveness, assurance, and empathy).

2. Customer Loyalty: Measured by asking customers about their likelihood to recommend the bank, intent to continue using services, and willingness to try other products or services.

3. Security: Assessed based on customers' perceived safety of their data, transaction security, and satisfaction with fraud prevention measures.

The responses are averaged for simplicity, but variations in responses could be analyzed using standard deviations, frequency tables, and cross-tabulations for a more nuanced study.

VII.B. Data Summary (Out of 150 Responses)

Variable	Sub-Variable	Average Score (1-5)	Percentage of High Satisfaction (4-5)
Service Quality	Tangibility	4.2	78%
	Reliability	4	74%
	Responsiveness	3.8	68%
	Assurance	4.1	76%
	Empathy	3.7	64%
Customer Loyalty	Likelihood to Recommend	4.3	82%
	Intent to Continue	4.2	80%
	Willingness to Try New Products	3.6	65%
Security	Data Security	4.4	85%
	Transaction Security	4.3	83%
	Fraud Prevention	4	75%

VIII. Results and Discussions:

1. Service Quality: The highest satisfaction was observed in tangibility (78%) and assurance (76%), indicating that customers feel positive about the bank's physical facilities and trustworthiness. Responsiveness (68%) and empathy (64%) were slightly lower, indicating room for improvement in these areas to enhance overall satisfaction.

2. Customer Loyalty: A high percentage of respondents (82%) are likely to recommend the bank, indicating strong customer loyalty. However, only 65% show willingness to try new products, suggesting that while customers are satisfied with existing services, there may be hesitance toward new offerings.

3. Security: Data and transaction security scores are high, with 85% and 83% satisfaction, respectively. Fraud prevention has a slightly lower satisfaction score (75%), suggesting that some customers may feel uneasy about fraud risks or preventive measures.

IX. Correlation Analysis

To understand the relationship between the variables, we can compute the correlation coefficients between service quality, customer loyalty, and security.

Correlation Matrix	Service Quality	Customer Loyalty	Security
Service Quality	1	0.68	0.61
Customer Loyalty	0.68	1	0.58
Security	0.61	0.58	1

   a. Service Quality and Customer Loyalty (r = 0.68): A moderate positive correlation, indicating that higher service quality tends to improve customer loyalty.
   b. Service Quality and Security (r = 0.61): Service quality is positively correlated with security, suggesting that customers who perceive high service quality also feel more secure in their banking experiences.
   c. Customer Loyalty and Security (r = 0.58): A positive correlation, although slightly lower, shows that higher security measures enhance customer loyalty.

X. Regression Analysis

A multiple regression analysis can help predict customer satisfaction based on service quality, customer loyalty, and security.

Regression Equation:

$$\text{Regression Equation: Customer Satisfaction} = \alpha + \beta_1 ($$

Regression results are as follows:

Variable	Coefficient (β)	Standard Error	t-Value	Significance (p-value)
Intercept	0.5	0.3	1.67	0.1
Service Quality	0.45	0.05	9	<0.001
Customer Loyalty	0.32	0.04	8	<0.001
Security	0.28	0.06	4.67	<0.001

Interpretation: All three predictors are statistically significant at the 0.001 level, indicating they each have a meaningful impact on customer satisfaction.

Service Quality has the highest coefficient (0.45), suggesting it is the strongest predictor of customer satisfaction in Shivamogga's banking sector.

Customer Loyalty (0.32) and Security (0.28) also positively impact satisfaction, with security having a slightly smaller influence than loyalty.

XI. Findings and Insights

a. Improving responsiveness and empathy could further enhance customer satisfaction in the banking sector, especially for customers who value personalized service.

b. While current satisfaction leads to high loyalty, a targeted effort to introduce appealing, secure products could boost the willingness of customers to explore new services.

c. Security concerns are a priority for customers. Increased investment in fraud prevention measures and educating customers on security features may reduce anxieties and boost satisfaction.

XII. Conclusion

The analysis reveals that service quality, customer loyalty, and security significantly influence customer satisfaction in the Shivamogga banking sector. By enhancing responsiveness and empathy in service quality, building loyalty through personalized

engagement, and prioritizing data security and fraud prevention, banks in this region can improve customer satisfaction, which may translate into stronger competitive positioning.

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A Study on the Effectiveness of Workplace Mental Health Initiatives in Enhancing Employee Well-Being in the IT Industry

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Abstract:

The growing demands and dynamic nature of the IT industry have intensified stress, burnout, and other psychological challenges among employees, underscoring the importance of workplace mental health initiatives. This study examines the effectiveness of organizational mental health programs in enhancing employee well-being within the IT sector. The research explores key initiatives such as employee assistance programs, counselling services, stress management workshops, flexible work policies, and wellness activities, and evaluates their impact on psychological well-being, job satisfaction, and overall productivity.

 A mixed-method approach is employed, combining survey responses from IT professionals with qualitative insights gathered through semi-structured interviews. Findings indicate that organizations implementing structured mental health initiatives report higher levels of employee engagement, reduced absenteeism, and improved morale. Furthermore, employees perceive supportive work environments and open communication regarding mental health as crucial factors influencing their well-being.

The study highlights the need for IT organizations to integrate holistic and sustainable mental health strategies into their HR and wellness frameworks. The implications of this research emphasize the role of proactive mental health interventions in fostering a resilient, motivated, and high-performing workforce in the IT industry.

Keywords: Workplace Mental Health, Employee Well-Being, Mental Health Initiatives, Stress Management, IT Industry, Employee Engagement

1. INTRODUCTION

In Today's fast changing world where work demands to grow heavier and boundaries between Professional and personal life often blur, Mental health has become one of the most important yet overlooked aspects of employee wellbeing. This topic is not just an academic interest for me it's deeply personal as someone studying psychology and navigating the pressures of life and studies myself, I have witnessed how mental and emotional struggles silently affect people around me including myself balancing multiple responsibilities while managing stress and uncertainty has shown me first-hand the impact that emotional health as on how we function at work and beyond.

Work places are meant to be spaces where people not only contribute their skills but also feel valued and supported as whole individuals yet many environments focus primarily on productivity and performance of ten neglecting the emotional and psychological needs of employees stress, anxieties and burnout and isolations have become common experiences and mental health initiatives in organizations are an attempt to address these challenges however the question remains how effective are these initiatives in improving employee wellbeing and do they create lasting meaningful support

Research indicates that nearly one in 5 employees worldwide struggle with mental health issues while on the job which significantly affects their wellbeing productivity and the overall moral of their team despite increasing awareness of mental health and introduction of various workplace initiatives aimed at supporting employees many organizations continue to face challenges in creating environments that truly nurture mental and emotional wellbeing while programs such as counselling services wellness workshops And flexible work arrangements are steps in the right direction their effectiveness varies widely and some employees still feel

unsupported and defamed

This raises a vital question what does it truly take to build workplaces where mental health is valued as deeply as business outcomes understanding this question is central to exploring how mental health initiatives impact employee wellbeing and what strategies can lead to meaningful lasting improvements in workplace culture

1.1   Meaning and definition of work place mental health initiatives

Workplace mental health initiatives refer to structured efforts made by organizations to promote the psychological well-being of their employees. These include awareness programs, counselling services, flexible work policies, wellness activities, and stress management interventions.

World health organization (2018)states "mental health is a state of well-being in which every individual realizes their own potential, can cope with normal stresses, can work productively and contribute to the community"

Seligman, M.E.P. (2011) states "well-being consists of positive emotion, engagement, meaning, relationships, and accomplishment"

Keyes,C.L.M.(2002)states"Mentalhealthisnotmerelytheabsenceofmentalillnessbutthe presence of flourishing in life"

Khan and byosiere (1992) states "workplace stress is the experience of tension resulting from job demands not matched to resources"

Cooperand cartwright (1994)states "Mental health promotion at work involves creating an environment that promotes psychological well-being and prevents harm"

LaMontagne et al. (2007)states "An integrated approach to mental health includes reducing job stressors, enhancing positive aspects of work, and providing support for mental health conditions"

Schaufeli and Bakker (2004)states"Employee well-being is defined as a positive

psychological state characterized by vigor, dedication, and absorption in work"

Invancevich and Matteson (1980) states "organizational health includes both the physical and mental wellness of its members"

BroughandO'Driscoll(2010)states"well-beingreflectsthequalityofanemployee's experience at work, influenced by both personal and organizational factors"

Danna and Griffin (1999)states "employee well-being encompasses job satisfaction, health outcomes, and emotional wellness at work"

Mental health as always mattered but for far too long we've spoken about in a hushed voices or worse not at all in a country as emotionally rich and diverse as India its heart-breaking to see how little space we have given to openly discuss that we feel inside whether it's the pressure to be perfect employee the weight of family expectations or the silent battles people fight behind their smiles the reality is millions of Indians are struggling and they often struggle alone

In the recent years especially post, pandemic mental health as slowly started getting the attention it reserves but still, we are only scratching the surface India is facing a mental health crisis and while we may not see it on the streets, we feel deeply in our how home workplace and classroom

According to WHO nearly one in every seven Indians is affected by mental health issues that's not just a statistic that's our colleagues our friends our family or maybe even us. Thankfully some important steps are being taken the Indian government has started putting real policies in place like the mental healthcare act of 2017 which was a big turning point this law now gives people the right to access mental health services without discrimination and decriminalizes suicide which believe it or not was considered a crime until recently alongside that there are many initiatives like Telemann's a free mental health helpline a district mental health programs and school level interventions like Mano Darpan to help students

But policies are only one side of the story the other side is lived experience what people

actually go through at home or at work and years where organizations and companies play crucial role in today's fast paced always on work culture burnout and emotional exhaustion are almost seen as badges of honour but slowly some companies are realizing that this isn't sustainable mental health at the workplace is not a luxury it's a necessity

A lot of forward-thinking organizations especially in the IT and corporate sectors have started introducing mental health policies and interventions many now offer employee assistance programs where employees can talk to counsellors anonymously some companies go even further hosting in-house therapist mindfulness sessions or giving mental health day offs there are also open conversations happening around stress depression and even grief topics that were once completely off the table

What's even more heartening is that some managers and leaders are now being trained to listen observe and support their teams better not just in terms of deadlines or targets but emotionally this shift in workplace culture is slowly building safer spaces where people don't have to pretend they're OK when they are not of course we are still we still have a long way to go there is a massive gap between urban and rural mental health care stigma still exists in fact it often starts at home many still hesitate to ask for help fearing judgment or being labelled weak but change is happening through policy through workplace and most importantly through conversation

Because at the end of the day mental health isn't just about counselling or medication it's about creating environment where people feel seen heard and safe it's about recognizing that healing is a journey not a one-time fix and if India truly wants to grow as a nation emotionally socially and economically mental health must become a national priority not just a personal one

Ultimately the journey toward better health in India isn't just about laws or cotrid checklist it's about changing how we see each other as human beings it's about creating a world where people don't have to hide their pain behind performance or their struggles behind smiles whether it's through a policy or conversation or simply asking someone how they are really doing every small step matters because when we beacon to care for the mind as much as we do to the body we are not just healing individuals we are building a stronger more

compassionate India one thought at a time

It's time we realize that mental health isn't a weakness to hide but the strength to embrace a mentally healthy nation is not just a dream it's a necessity for real lasting progress every time we speak up listen without judgment or create space for someone to feel safe we are rewriting the narrative and as much as more individuals institutions and organizations join hand we inch closer to a future where mental health is a priority not a privilege the change has begun and we all are a part to play.

2. LITERATURE REVIEW

Mental health, once a peripheral concern in organizational settings has now become a central pillar in discussions around employee well-being productivity and long-term business sustainability. Theoretical foundations and empirical studies sheds light on workplace mental health its psychological implications and the effectiveness of organizational interventions drawing from both classical theories and contemporary research. Below are few important psychological theories relevant to workplace mental health initiatives

Social cognitive theory

Albert bandura's social cognitive theory (1986) emphasizes the role of observational learning, self – regulation, and social influences in shaping human behaviour. Within the Workplace mental health context employees observe their colleagues, supervises and leaders. And this observation significantly influenced their attitudes and behaviours towards mental health. Bandura (2001) suggests that providing opportunities for employees to learn and adopt such coping mechanisms by observing positive morals can reduce workplace stress and enhance wellbeing in high.

JOB Demands – Resources (JD-R) MODEL

The job demands resource model developed by Bakker and Demerouti (2007), Explains how job demands and resources interact to affect employee wellbeing. High job demands including workload and time pressure can lead to burnout, which when not adequately balanced by job resources such as autonomy, social support and recognition. This framework highlights the necessity for organizations to provide sufficient resources to buffer employees from the adverse effects of work-related stress.

Self-determination theory (SDT)

Self-determination theory introduced by Daisy and Ryan. 2000 focuses on intrinsic motivation. Arising from autonomy, competence and relatedness. Autonomy refers to having control over one's

action, competence involves mastering skills and relatedness describes the feeling of connection with others. SDT has been applied widely to understand factors that enhance employee performance and motivation and wellbeing in organizations. It companies that implement flexible personalized mental health programs in line with these principles are more likely to achieve effective employee engagement and wellbeing.

Transactional model of stress and coping – Lazarus and Folkman's (1984)

Transactional model Views stress as a dynamic interaction between the individual and their environment focusing on cognitive appraisal of stressors. Individual assess whether demands are threatening or manageable and choose coping strategies accordingly.

Cognitive behavioural theory (CBT)

Cognitive behavioural theory CBT pion erred by Aeron Beck. 2011 says that individuals can alter their emotional responses and behaviour by changing dysfunctional thought patterns. In the workplace, CBT techniques can be used to help employees identify and challenge negative thoughts. Related to work stress or performance anxiety, cognitive restructuring, mindfulness techniques and relaxation exercise, common components of CBT are now frequently integrated with corporate Wellness programs.

Conservation of resources theory (hobfoll)

The conservation of resources COR theory, hop fall (1989), says that individuals strike to protect and acquire resources like social support, time and energy to cope with stress. When resources are threatened or depleted, individuals experience stress in the workplace. Resources can include emotional support, sufficient rest and time of workplace mental health initiatives that help employees conserve resources such as offering mental health breaks, providing emotional support or reducing workload can effectively mitigate stress and prevent burnout.

Empirical Review

The intersection of mental health and workplace well-being, particularly within high-pressure industries such as information technology, has garnered increasing scholarly attention in recent years. Prakash, Chaudhury, and Ali (2023) explore the emotional and psychological toll of high-pressure environments in the IT industry, describing how professionals experience relentless digital engagement that leaves little room for emotional recovery, contributing to chronic stress, anxiety, depression, and burnout. Their findings emphasize the need for empathetic leadership and proactive mental health strategies ingrained in organizational culture, identifying systematic issues such as toxic

work culture, lack of boundaries, and inadequate managerial support as barriers to mental well-being.

Pande (2020) similarly captures how the rapid pace of technological change, coupled with intense work demands and constant connectivity, significantly contributes to stress and burnout among IT professionals, advocating for comprehensive mental health strategies that extend beyond superficial wellness programs and integrate culturally sensitive support systems into everyday work life.

The phenomenon of work-related stress extends beyond the IT sector. Diaz et al. (2024) present a systematic review examining work-related stress among health professionals, demonstrating that chronic stress not only impairs mental health but also compromises organizational effectiveness by increasing absenteeism and turnover, identifying the importance of interventions including stress management training, peer support, and leadership commitment.

McCormack et al. (2018) examine burnout among applied psychologists, identifying emotional exhaustion as the most prevalent dimension and emphasizing the importance of job resources such as supervision and professional development in mitigating burnout risks—insights particularly relevant to the IT industry. Full Scale (2024) highlights the demanding nature of software development, addressing the psychological phenomenon of Imposter Syndrome and the isolation inherent in coding roles, while suggesting practical prevention strategies including setting clear boundaries and taking regular breaks.

Mukhopadhyay, Sanjeev, and Natrajan (2024) explore the connection between organizational culture and employee mental health, utilizing the competing values framework to categorize culture into clan, adhocracy, market, and hierarchy types. Their research shows that clan cultures with supportive atmospheres correlate with higher job satisfaction and lower stress levels, whereas market cultures prioritizing competition may contribute to increased stress and burnout.

Cao et al. (2022) examine the relationship between mental health and job satisfaction, emphasizing the mediating roles of psychological capital and social capital, suggesting that fostering both within organizations can mitigate negative impacts of poor mental health and lead to improved job satisfaction.

Technological innovations have emerged as potential solutions to workplace mental health challenges. Freund et al. (2024) evaluate a digital stress management program, demonstrating that accessible, scalable digital interventions can significantly reduce stress levels and prove cost-effective, offering flexible resources that overcome barriers such as stigma and time constraints.

HRTech Staff Writer (2025) explores AI's role in addressing mental health challenges, emphasizing its potential to provide scalable, personalized, and real-time support through technologies such as machine learning and natural language processing deployed via chatbots, virtual therapists, and personalized wellness applications.

AI-driven interventions offer significant advantages in scalability and accessibility, providing support to thousands of employees simultaneously while analyzing data from employee interactions to deliver personalized recommendations. However, implementation raises ethical and privacy concerns requiring robust data protection policies and compliance with regulations, while AI algorithms may exhibit biases necessitating diverse training datasets and regular fairness audits.

Okon, Odionu, and Bristol-Alagbariya (2025) provide a comprehensive review of digital technologies in workplace mental health initiatives, demonstrating that wellness applications, teletherapy services, and AI-driven analytics have improved accessibility and effectiveness while facilitating timely interventions and reducing stigma. Their research highlights AI's ability to predict potential mental health crises by analyzing patterns and behaviours, while wearable health devices provide real-time monitoring to tailor wellness programs, though they emphasize the need for transparent policies ensuring responsible data handling with employee consent.

The literature establishes that mental health challenges in the IT industry stem from organizational culture, work demands, technological pressures, and individual psychological factors. While traditional interventions focusing on organizational culture and leadership support remain essential, digital and AI-driven tools offer promising avenues for scalable, personalized support. However, successful implementation requires careful attention to ethical considerations, data privacy, algorithmic fairness, and integration of human support to ensure technology complements rather than replaces human elements essential to mental health care.

3. METHODOLOGY

Mental health has become an increasingly vital topic in modern workplaces, where the demands of fast paced work environment constant connectivity and high-performance expectations pay heavily on employees. In many sectors, especially those driven by innovation and tight deadlines, individuals often face emotional exhaustion stress burnout and a decline in overall psychological well-being. The tradition work-place model, which

prioritized productivity over personal wellness, is gradually being questioned as organizations begin to recognize that mental health is not just a personal use. It is a strategic one.

To address this various mental health initiatives have been introduced across organizations. These include stress management workshops, access to professional counselling, flexible work policies, employee assistance program and mindfulness-based interventions. While such initiatives signal progress, their action impact on employee well being remains in consistent and in many cases under examined employees often hesitate to use these resources due to fear of judgment, lack of trust and confidentiality, or simple because of the offerings don't feel relevant to accessible.

Objectives of the study

- To understand the types of mental health initiatives commonly introduced in organization.
- To examine how aware employees are about these mental health programs and how accessible they find them
- To evaluate the effectiveness of these initiatives in improving employee wellbeing, including stress reduction, emotional balance in job satisfaction
- To analyze the challenges of barriers employees, face in using mental health services at work.

The study used a non-probability purposive sampling method, selecting about 100 employees from diverse roles, sectors, and backgrounds to ensure comprehensive insights. Data was collected through structured questionnaires on awareness, participation, organizational support, and well-being, supplemented by qualitative interviews to explore experiences, barriers, and suggestions. This mixed-method approach enabled both statistical analysis and deeper insights, though generalizability remains limited due to purposive sampling.

Primary data was collected directly from employees through structured questionnaires, capturing quantitative insights on awareness, participation, and the perceived impact of workplace mental health initiatives. This ensured fresh, relevant, and objective-specific information. Secondary data was sourced from academic research, organizational reports, government publications, and databases, providing theoretical grounding, best practices, and comparative insights. Together, primary and secondary data enhanced the credibility of the study by combining new evidence with established literature.

4. RESULTS & DISCUSSION

This research explored the impact of workplace mental health initiatives on employee well-being within the IT sector through a mixed-method approach involving 100 participants across various

organizational levels. The findings reveal a complex landscape characterized by high awareness, limited engagement, moderate effectiveness, and significant structural barriers that impede the optimal utilization of mental health resources.

4.1.1 The Awareness-Participation Gap

A striking finding emerged regarding the discrepancy between awareness and actual engagement with mental health initiatives. While 85% of participants demonstrated awareness of available mental health programs, only 42% reported having engaged with these resources, and a mere 10% engaged regularly. This substantial gap between awareness and participation represents a critical insight into the limitations of current mental health strategies within organizations. The data suggest that mere availability and awareness of mental health resources are insufficient to drive meaningful engagement. This phenomenon can be understood through multiple theoretical lenses, including the Theory of Planned Behavior, which posits that behavioural intention is influenced not only by awareness but also by attitudes, subjective norms, and perceived behavioural control.

The low participation rate, despite high awareness, indicates that employees face significant psychological, cultural, and structural barriers that supersede knowledge of available resources. This finding challenges the conventional organizational approach of simply implementing programs and communicating their existence, suggesting instead that organizations must address deeper systemic issues related to workplace culture, stigma, time constraints, and psychological safety. The particularly low rate of regular engagement (10%) is especially concerning, as research in behavioural psychology demonstrates that sustained engagement with mental health interventions is typically necessary for meaningful and lasting improvements in well-being.

4.1.2 Effectiveness and Impact of Mental Health Initiatives

Among participants who engaged with mental health initiatives, the findings revealed positive but moderate effects across multiple dimensions of well-being. Specifically, 67% of engaged participants experienced reduced stress levels, 69% reported improved job satisfaction, and 46% noted better work-life balance. These percentages indicate that mental health initiatives do produce measurable benefits for those who utilize them, thereby supporting the study's alternative hypothesis that workplace mental health initiatives are positively linked to employee well-being.

However, the characterization of these effects as "moderate" rather than transformative is significant. The data suggest that current initiatives facilitate gradual improvements rather than fundamental transformations in employee well-being. This pattern may be attributed to several factors. First, the

relatively brief duration of engagement with these programs may be insufficient to produce deep-seated behavioural and psychological changes. Second, mental health initiatives operating in isolation, without corresponding changes in workload, organizational culture, or leadership practices, may have limited capacity to address the root causes of workplace stress and burnout. Third, the effectiveness of interventions may be constrained by the quality of program design, the expertise of facilitators, and the degree of personalization to individual employee needs.

The finding that work-life balance showed the lowest improvement rate (46%) is particularly noteworthy within the IT sector context, where long hours, tight deadlines, and constant connectivity are endemic. This suggests that mental health initiatives focused primarily on individual coping strategies may be insufficient to address structural issues related to workload, time pressures, and organizational expectations. Consequently, organizations must consider systemic interventions that address work design, boundary management, and realistic performance expectations alongside individual-level mental health support.

4.1.3 Barriers to Engagement: A Multidimensional Analysis

The identification of specific barriers to mental health initiative engagement provides crucial insights into the psychological complexity of help-seeking behavior in workplace contexts. The most frequently cited barrier was lack of time (47%), followed by preference for private handling of issues (15%), fear of stigma (13%), and concerns about confidentiality (9%). Collectively, these barriers reveal that engagement with mental health resources is not merely a matter of individual choice but is deeply embedded within organizational structures, cultural norms, and psychological dynamics.

The predominance of time constraints as a barrier reflects a fundamental paradox within organizational life: employees who are most in need of mental health support due to excessive workload and stress are simultaneously those who perceive themselves as having the least time to access such support. This finding underscores the necessity for organizations to integrate mental health initiatives into the regular workflow rather than positioning them as additional responsibilities. From a psychological perspective, the perception of time scarcity may also reflect cognitive overload, decision fatigue, and depleted self-regulatory resources—all of which are both symptoms of poor mental health and barriers to seeking support.

The stigma-related barriers (13% explicit fear of stigma, plus the 15% preference for privacy which may partially reflect stigma concerns) indicate that despite increased societal discourse about mental health, workplace cultures have not fully destigmatized help-seeking behavior. Stigma operates at multiple levels: public stigma (fear of negative judgment by others), self-stigma (internalized shame or

weakness associated with needing support), and structural stigma (policies and practices that inadvertently communicate that mental health support is for "troubled" employees). The presence of stigma suggests that organizations must undertake deliberate cultural transformation efforts, including leadership modelling of help-seeking behavior, narrative campaigns featuring employee testimonials, and explicit messaging that mental health support is a sign of professional self-care rather than inadequacy.

Confidentiality concerns, while cited by a smaller proportion (9%), represent a significant psychological barrier rooted in vulnerability and trust. Employees' fears about how their mental health information might be used, who might access it, and whether it could impact career advancement or performance evaluations reflect legitimate concerns about organizational power dynamics. These concerns are particularly salient in the IT sector, where competitive environments and performance-based evaluations may create perceptions that disclosure of mental health challenges could be professionally disadvantageous.

4.1.4 The Critical Role of Leadership and Organizational Culture

A qualitative theme that emerged across participant responses concerned the role of leadership and organizational culture in shaping mental health initiative effectiveness. Participants noted that mental health programs often appeared designed primarily for senior staff, with limited visible involvement or modelling from leaders at various organizational levels. This observation has profound implications from both organizational psychology and social learning perspectives.

Leadership modelling is a critical mechanism through which organizational norms and values are communicated and reinforced. When leaders at all levels visibly engage with mental health initiatives, share their own wellness practices, and demonstrate vulnerability by discussing mental health challenges, they signal that such behavior is not only acceptable but valued within the organization. Conversely, when leaders remain distant from these initiatives or maintain facades of invulnerability, they inadvertently communicate that mental health support is inconsistent with professional success or leadership competence.

The perception that programs are designed for senior staff may reflect differential access, scheduling flexibility, or the types of interventions offered. It may also indicate that communication about mental health initiatives has not adequately reached or resonated with employees at different organizational levels. This finding highlights the importance of designing inclusive, multi-tiered mental health strategies that address the diverse needs of employees across job roles, seniority levels, work arrangements, and personal preferences.

Furthermore, the emphasis on organizational culture underscores that mental health cannot be addressed solely through programmatic interventions. Rather, mental health outcomes are fundamentally shaped by the daily lived experiences of employees within their organizational contexts—including workload expectations, communication patterns, recognition practices, psychological safety, and the extent to which employees feel valued and supported. Organizations seeking to improve employee well-being must therefore attend to these broader cultural dimensions alongside specific mental health programs.

4.1.5 Implications for Theory and Practice

The findings of this study contribute to the growing body of literature examining workplace mental health interventions while also revealing important gaps and contradictions. The results both support and complicate existing theoretical frameworks. On one hand, the positive association between mental health initiative engagement and employee well-being outcomes (reduced stress, improved job satisfaction, better work-life balance) aligns with prior research demonstrating the efficacy of workplace wellness programs. On the other hand, the modest magnitude of these effects, the substantial awareness-participation gap, and the persistence of multiple barriers suggest that current approaches to workplace mental health may be necessary but insufficient.

From a practical standpoint, the findings indicate that organizations must move beyond a "field of dreams" approach (if we build it, they will come) to mental health programming. Instead, effective mental health strategies require comprehensive, multi-level interventions that address individual, interpersonal, and organizational factors simultaneously. This includes not only providing diverse, accessible mental health resources but also actively dismantling barriers through cultural change, leadership engagement, workload management, and the creation of psychologically safe environments where help-seeking is normalized and supported.

The study also highlights the importance of measurement and evaluation in assessing mental health initiative effectiveness. Organizations should track not only awareness and availability metrics but also engagement rates, sustained utilization patterns, and meaningful outcome indicators such as stress reduction, job satisfaction, retention, and performance. Furthermore, qualitative feedback mechanisms should be integrated to capture the lived experiences of employees and identify previously unrecognized barriers or unmet needs.

5. CONCLUSION

This study confirms that mental health initiatives are positively associated with employee well-being,

thereby supporting the alternative hypothesis. However, the magnitude and reach of this impact are substantially moderated by organizational context, including communication quality, leadership involvement, time availability, cultural attitudes toward mental health, and the design of initiatives themselves. The findings reveal that while mental health programs produce beneficial effects for engaged participants, significant proportions of employees do not access these resources due to multifaceted barriers operating at individual, social, and structural levels.

Organizations genuinely committed to enhancing employee well-being must transcend surface-level programmatic approaches and instead cultivate work environments where psychological safety, empathy, and inclusion constitute foundational organizational values. Effective mental health strategies require active leadership engagement, authentic communication, diverse and flexible intervention options, explicit attention to stigma reduction, robust confidentiality protections, and integration of mental health considerations into core organizational practices rather than treating them as peripheral HR functions.

The research underscores that mental health at work is not merely an organizational policy concern but fundamentally a human issue that touches the core of employees' daily experiences, relationships, and sense of meaning and purpose. Behind every data point lies a human story—employees silently struggling with burnout, managers uncertain how to provide support, and organizations striving to bridge the gap between good intentions and meaningful impact. Ultimately, creating mentally healthy workplaces requires recognizing that employee well-being is not an ancillary consideration but rather central to organizational effectiveness, sustainability, and ethical responsibility.

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A study on the effectiveness of AI Tools in Recruitment process in Bangalore

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Abstract:

With technology advancing rapidly, many organizations are now using AI-powered systems to help them find and select the right candidates. AI tools are changing the way companies hire employees and these tools include resume screening software, chatbots that talk to candidates, and systems that help track job applications.

This research examines whether AI tools actually make hiring better and faster. We studied various companies in Bangalore to understand how they use AI in their recruitment process. The study looks at important factors like how much time it takes to hire someone, how much it costs, and whether the candidates selected are a good fit for the job.

Our findings show that AI tools can make recruitment much easier by handling routine tasks automatically, such as sorting through hundreds of resumes quickly. They also help match

candidates to jobs more accurately. However, the study also found some concerns. AI cannot fully replace human judgment, especially when it comes to understanding a person's attitude, teamwork skills, and whether they will fit well with the company culture. There are also worries about fairness and privacy when using these technologies.

This research helps us understand both the benefits and limitations of using AI in hiring. It provides useful guidance for companies in Bangalore and similar cities that want to use technology to improve their recruitment while keeping the human touch in the process.

Keywords: AI in Recruitment, Hiring Process, Technology in HR, Bangalore Companies, Job Selection, Artificial Intelligence

1. INTRODUCTION:

In the rapidly evolving landscape of human resource management, technology continues to play a transformative role, with Artificial Intelligence (AI) emerging as a pivotal force in reshaping recruitment practices. Traditionally, recruitment has been a time-intensive and resource-heavy process, relying on manual methods for sourcing, screening, and selecting candidates. However, the integration of AI tools into recruitment is revolutionizing how organizations attract and hire talent.

AI in recruitment refers to the use of intelligent algorithms and machine learning models to automate and enhance various stages of the hiring process. From parsing resumes and shortlisting candidates to scheduling interviews and assessing candidate fit through predictive analytics, AI-powered tools are enabling recruiters to make faster, data-driven decisions. These technologies not only streamline operations but also reduce unconscious bias, improve candidate experience, and enhance overall hiring efficiency.

The growing adoption of AI tools such as applicant tracking systems (ATS), chatbots, resume screening software, and video interview analysers reflects a broader shift toward digital transformation in HR. Especially in the post-pandemic era, where remote hiring and virtual onboarding have become common, AI has proven to be an essential asset for organizations striving to remain competitive and agile.

Despite its benefits, the integration of AI in recruitment also presents challenges. Concerns regarding data privacy, algorithmic bias, lack of human touch, and over-reliance on technology highlight the need for a balanced approach. Understanding these dimensions is crucial to harnessing the full potential of AI while ensuring ethical and fair hiring practices.

This research aims to explore the Effectiveness of AI tools in the recruitment process, analysing how these technologies influence efficiency, accuracy, cost, candidate experience, and HR decision-making. The study will also examine employee perceptions, organizational readiness, and the limitations of current AI applications in recruitment. By conducting this research, the goal is to offer valuable insights into how organizations can strategically leverage AI to enhance recruitment outcomes while addressing its associated risks.

1.1 <u>Meaning and Definition</u>

Meaning:

Artificial Intelligence (AI) in recruitment refers to the integration of intelligent digital technologies, such as machine learning, natural language processing (NLP), predictive analytics, and robotic process automation (RPA), into the human resources recruitment function. The purpose of applying AI in recruitment is to enhance the efficiency, accuracy, and objectivity of hiring processes.

Traditionally, recruitment involved time-consuming, manual tasks like screening hundreds of resumes, shortlisting candidates, scheduling interviews, and following up with applicants. With the introduction of AI tools, these repetitive and data-heavy processes are now streamlined. For instance, AI-powered software can scan resumes in bulk, assess candidate fit based on job descriptions, engage with applicants via chatbots, schedule interviews, and even predict candidate success using historical data patterns.

AI tools not only save time but also reduce unconscious bias, improve candidate experience, and allow HR professionals to focus on strategic tasks like relationship-building and culture alignment. The use of AI in recruitment is especially significant in today's competitive talent landscape where speed, efficiency, and candidate quality are crucial.

Definition:

Artificial Intelligence in recruitment has been defined by various researchers and HR bodies in different ways. Below are a few recognized definitions:

According to Kathy Kram (2018), in her book "Human Resource Management: Strategies and Techniques: Artificial Intelligence in recruitment is a strategic application of digital

intelligence that aids recruiters in streamlining tasks such as candidate sourcing, screening, and communication, with an aim to enhance decision-making and reduce hiring errors.

Peter Cappelli (2019), in "Talent on Demand: AI-enabled recruitment is a data-driven approach that uses predictive algorithms to anticipate job-fit and performance potential, minimizing human bias in hiring decisions.

B.E. Shapiro (2020), in "HR Disrupted: It's Time for Something Different: AI in recruitment is not about replacing the recruiter, but empowering them to make faster, better-informed, and unbiased hiring decisions using data and intelligent systems."

John Sullivan (2021), Professor of Management and HR thought leader: Recruitment using AI is the most scalable and effective solution for modern hiring challenges, capable of transforming reactive recruiting into a proactive, intelligence-led function.

SHRM (Society for Human Resource Management):Artificial Intelligence in recruitment is the use of intelligent software that can analyze, predict, and automate human tasks related to hiring, thus helping recruiters make better and faster decisions."

Oxford Dictionary describes AI more broadly as:The theory and development of computer systems able to perform tasks normallyrequiring human intelligence, such as visual perception, speech recognition, decision-making, and language translation.

From the perspectives of various authors and HR experts, it is clear that AI in recruitment is more than just automation—it represents a strategic shift toward predictive, data-driven, and unbiased talent acquisition. These definitions from established sources validate the role of AI in reshaping how companies find and hire the best talent.

Importance of the Effectiveness of AI Tool in Recruitment Process:

The increasing complexity and competitiveness in talent acquisition have driven organizations to explore innovative technologies to enhance recruitment efficiency. Among these innovations, Artificial Intelligence (AI) has emerged as a transformative force in the hiring process. This study is important as it explores how AI tools are reshaping recruitment by improving speed, accuracy, objectivity, and candidate experience.

One of the primary benefits of AI in recruitment is its ability to automate repetitive and time-consuming tasks such as resume screening, initial candidate communication, and interview scheduling. This study will help understand how AI tools can reduce the time-to-hire and workload on recruiters, allowing them to focus on strategic decision-making and relationship-building.

By using data analytics and machine learning, AI can match candidates' skills, experiences, and personalities with job requirements more accurately than traditional methods. This research will evaluate the extent to which AI enhances the quality of hires by identifying high-potential candidates through predictive assessments.

Unconscious bias in recruitment can lead to unfair hiring practices and lack of diversity. AI algorithms, when properly designed, can help eliminate such biases by standardizing evaluations and ensuring all candidates are assessed on consistent criteria. The study will assess how effective AI tools are in promoting fair and inclusive hiring.

Recruitment can be expensive when involving multiple rounds of interviews, agency fees, and manual efforts. AI-powered solutions reduce these costs by streamlining processes and improving the return on investment (ROI) for HR departments. This study will measure the cost-benefit ratio of using AI in recruitment.

AI tools provide recruiters with actionable insights by analyzing data trends, candidate behavior, and hiring outcomes. This study will highlight how data-driven recruitment leads to better hiring strategies and workforce planning.

Today's job seekers expect a fast, digital, and transparent hiring process. AI chatbots and smart application tracking systems enhance the candidate experience by offering instant communication, feedback, and engagement. This study emphasizes the role of AI in aligning with modern candidate expectations.

AI helps HR professionals identify patterns, trends, and talent pools they might otherwise miss. It can also be a learning tool for recruiters to improve their strategic thinking. This research will shed light on how AI supports HR development and upskilling.

The importance of this study lies in its potential to provide valuable insights into how AI can revolutionize recruitment processes. By understanding the effectiveness of AI tools,

organizations can make informed decisions on adopting these technologies for better talent management. The findings will benefit HR professionals, policy-makers, technology developers, and academic researchers interested in the intersection of AI and human resource management.

1.4 Current Trends of AI Tools in the Recruitment Process

In today's digital era, Artificial Intelligence (AI) is significantly transforming the recruitment landscape. Organizations across industries are rapidly adopting AI-powered tools to enhance the efficiency, quality, and experience of hiring. The current trends in AI-based recruitment reflect how technology is reshaping traditional human resource practices into smart, data-driven processes.

One of the most popular uses of AI in recruitment is automated resume screening. AI tools such as Hiretual, Arya by Leoforce, and Pymetrics can scan thousands of resumes, identify keywords, and match candidates to job descriptions based on skills, experience, and qualifications. These tools significantly reduce recruiter workload and time-to-hire.

AI-powered chatbots like Mya and Olivia are being widely used to engage with candidates in real-time. These virtual assistants answer frequently asked questions, collect candidate information, schedule interviews, and provide updates—enhancing communication and improving the candidate experience.

Recruiters now rely on predictive analytics tools to forecast candidate success and retention. These AI systems analyze historical data to predict which candidates are most likely to perform well and stay long-term, helping in more informed and strategic hiring.

Platforms like HireVue, Modern Hire, and Spark Hire use AI to assess facial expressions, tone of voice, and body language during video interviews. These tools provide insights into a candidate's personality traits, confidence level, and cultural fit. However, this trend is debated for ethical reasons and potential biases.

Many organizations are using AI to reduce human bias in hiring. AI tools help anonymize candidate information (e.g., name, gender, age) and assess candidates only on relevant job skills and experience. This promotes fair and inclusive hiring practices.

AI tools like LinkedIn Recruiter, Entelo, and SeekOut enable recruiters to find passive candidates by analyzing profiles across multiple platforms. These tools use AI algorithms to suggest the best-fit candidates based on role requirements, behavior, and career history.

AI is being used on job portals like LinkedIn, Naukri, and Indeed to give personalized job recommendations to candidates. The algorithm learns from the user's activity, preferences, and profile data to deliver the most relevant job suggestions.

Modern ATS platforms like Greenhouse, iCIMS, and SmartRecruiters are integrating AI features for improved candidate ranking, resume parsing, and pipeline management. This helps streamline the end-to-end recruitment workflow.

AI-powered platforms like Codility, HackerRank, and GameBased Assessment Tools are being used to assess technical and cognitive skills through engaging tests. This helps identify real capabilities beyond traditional resumes.

Beyond selection, AI tools are now helping with onboarding by sending automated welcome emails, assigning training modules, and collecting feedback. Some tools also analyze early employee behavior to detect engagement and potential attrition risk.

The current trends clearly indicate that AI is no longer just a futuristic concept but a practical, scalable solution for recruitment challenges. From sourcing and screening to assessment and onboarding, AI tools are bringing speed, consistency, and intelligence to hiring processes. As organizations strive to hire top talent quickly and fairly, the adoption of AI in recruitment is expected to grow even further.

1.5 <u>Challenges of Using AI Tools in the Recruitment Process</u>

While Artificial Intelligence (AI) has introduced remarkable improvements in the recruitment process, its implementation is not without challenges. Many organizations face technical, ethical, and operational hurdles when adopting AI-driven hiring systems. These challenges must be carefully addressed to ensure that AI contributes positively and responsibly to human resource management.

Although AI is often promoted as a tool to reduce human bias, it can unintentionally reinforce discrimination if trained on biased historical data. For example, if past hiring data favored a

certain gender or educational background, the AI system may learn and replicate those biases, leading to unfair candidate assessments.

AI tools can automate communication and assessments, but they lack the emotional intelligence and empathy that human recruiters bring. Candidates may feel disconnected or undervalued when interacting only with bots, especially during sensitive stages like rejection or final negotiations.

AI tools rely on large volumes of candidate data to function effectively. This raises concerns regarding data privacy, GDPR compliance, and cybersecurity. Any misuse or leak of sensitive applicant data can damage an organization's reputation and violate legal regulations.

Developing, integrating, and maintaining AI systems can be expensive, especially for small and medium-sized enterprises (SMEs). The cost of software, training, customization, and ongoing updates may outweigh the short-term benefits for resource-limited organizations.

AI tools are only as effective as the data they are trained on. If the input data is outdated, incomplete, or inconsistent, the AI may produce inaccurate recommendations or match the wrong candidates. Poor data quality can lead to poor hiring decisions.

Employees and HR professionals may resist adopting AI tools due to fear of job loss, lack of technical knowledge, or discomfort with change. Training and change management are required to encourage the acceptance of AI technologies in recruitment.

Some AI tools used in video interviews analyze facial expressions, voice tone, and body language, which can be inaccurate or culturally insensitive. Misinterpretation can lead to unfair assessments and biased outcomes.

While AI tools offer significant advantages in recruitment, they also bring a range of challenges that must be carefully managed. A balanced approach—combining the efficiency of AI with the insight of human recruiters—can help organizations harness the full potential of AI while minimizing its risks.

2. LITERATURE REVIEW

The integration of Artificial Intelligence (AI) in the recruitment process has significantly reshaped the landscape of Human Resource (HR) management. With the rapid advancement

of digital technologies and the demand for efficient talent acquisition, organizations are increasingly adopting AI tools to enhance recruitment effectiveness, streamline HR workflows, and improve hiring outcomes. This growing transformation has spurred a substantial body of research examining the impact, benefits, challenges, and ethical implications of AI-driven recruitment.

The literature on AI in HR recruitment reveals a variety of perspectives, with scholars studying how AI facilitates the automation of repetitive tasks while others focus on its strategic potential to support data-driven decision-making. Moreover, the literature also highlights concerns related to fairness, algorithmic bias, and the lack of transparency in AI-based systems. This review aims to present a comprehensive synthesis of previous studies, scholarly articles, research papers, and industry reports that explore the role of AI in recruitment, analyzing the effectiveness, efficiency, and evolving trends of AI applications in the hiring process.

2.1 AI-Driven Automation and Efficiency in Recruitment

The adoption of AI technologies in recruitment has brought about significant improvements in operational efficiency and process automation. Upadhyay and Khandelwal (2018) explain how AI technologies automate tasks such as resume screening, initial candidate communication, and scheduling, arguing that AI reduces human workload and accelerates decision-making while improving the quality of hires by focusing on data-driven candidate evaluation. They conclude that AI has the potential to eliminate human error and unconscious bias when used ethically. Similarly, Mehta (2019) discusses how AI is transforming traditional HR functions, particularly in recruitment where AI helps in parsing thousands of resumes, generating job-candidate fit scores, and facilitating pre-screening, allowing HR professionals to focus more on strategic tasks like candidate engagement and organizational planning.

The efficiency gains from AI adoption are further supported by industry reports. Deloitte (2020) presents statistical data from global companies showing that 42% of organizations using AI tools in hiring have reduced time-to-hire by up to 30%, and that predictive analytics and AI-based assessments improve candidate-job alignment and reduce early attrition. Banerjee (2021) discusses the shift from traditional hiring to smart hiring using AI-driven platforms, outlining how AI-powered Applicant Tracking Systems (ATS) can not only filter resumes based on keywords but also assess candidate intent and personality through behavioral analytics, noting a key benefit in time-saving during high-volume hiring,

especially in BPO and e-commerce industries. In the Indian context, Nasscom and Zinnov (2023) report that over 60% of large organizations are using AI for initial screening and campus recruitment, with sectors such as IT, telecom, and BFSI leading in adoption, and AI contributing to reducing hiring cycle time by up to 40% in high-skill roles.

2.2 The Balance Between Automation and Human Judgment

While AI offers considerable advantages in automation, scholars emphasize the importance of maintaining human involvement in the recruitment process. Nikolaou (2021) explores the adoption of AI and other technologies like social media in recruitment, finding that AI tools enhance recruiter efficiency and candidate reach; however, excessive reliance on automation can reduce the human touch needed in final interviews, suggesting a blended approach. Sharma and Singh (2020) highlight AI's role in creating efficient, data-driven recruitment processes but stress the need for human judgment in final hiring decisions, citing cases where algorithmic assessments failed to evaluate soft skills, culture fit, or adaptability. Banerjee (2021) similarly warns that AI should be seen as a support system, not a decision-maker, as complete reliance can overlook intangible candidate qualities like adaptability or team collaboration.

This hybrid model is gaining recognition in the industry as well. KPMG (2022) reports that while 65% of HR leaders trust AI for shortlisting, only 30% believe in AI-generated final decisions, suggesting that a hybrid approach where AI does the heavy lifting and humans handle the final stages is emerging as the most effective model. Kapoor (2021) advocates for integrating AI in ways that align with an organization's values and long-term vision, providing case studies of multinational firms using AI for diversity hiring, initial screening, and engagement.

2.3 Candidate Experience and Engagement

The impact of AI on candidate experience has received considerable attention in recent literature. LinkedIn Talent Solutions (2019) emphasizes the candidate's perspective, showing that applicants prefer a balance between AI and human interaction, with candidates appreciating faster replies and application tracking provided by AI but expressing concerns about the lack of empathy and personal communication when decisions were fully automated. Fernandes and Joshi (2022) evaluate the impact of AI chatbots on candidate experience during the recruitment journey, finding that while 78% of respondents found chatbots useful for basic FAQs and status updates, only 34% felt the chatbot interactions were "human enough," concluding that while AI chatbots can efficiently manage candidate pipelines, they

should not replace human recruiters in areas involving emotional intelligence, conflict resolution, or detailed job discussions. Deloitte (2020) warns that poor implementation of AI tools can lead to negative candidate experiences, highlighting the importance of thoughtful integration of technology in the recruitment process.

2.4 Ethical Concerns and Algorithmic Bias

A significant body of literature addresses the ethical challenges and potential biases inherent in AI-driven recruitment systems. Bogen and Rieke (2018) focus on how AI tools may unintentionally reinforce existing hiring biases if trained on biased datasets, emphasizing the need for transparent systems and calling for auditing and ethical frameworks to ensure fairness in AI-assisted hiring, warning that organizations relying solely on automated tools risk legal and reputational consequences.

Johnson and Murray (2020) critically analyze the use of AI in conducting video interviews using facial recognition and voice tone analysis, exploring how AI tools such as HireVue evaluate candidates based on microexpressions, vocabulary, and posture; while proponents argue that this reduces interviewer bias, the authors caution that such tools can unintentionally reinforce biases if trained on non-inclusive datasets, encouraging organizations to adopt AI cautiously and ensure algorithms are trained on diverse data and regularly tested for fairness.

Ajunwa (2019) discusses the legal and ethical ramifications of AI in recruitment, examining how AI tools, while offering speed and consistency, often lack transparency, especially when candidates are rejected without clear explanation, raising concerns about the legal rights of job applicants and the potential for discrimination under the Civil Rights Act if AI screening disproportionately affects protected groups. The author calls for legislative reforms and transparency tools that allow candidates to contest AI-based rejections and understand the criteria used. These concerns underscore the importance of developing ethical AI systems that prioritize fairness, transparency, and accountability in the hiring process.

2.5 AI Adoption in the Indian Context

Research focusing on the Indian market reveals unique patterns of AI adoption in recruitment. Kaur (2021) investigates the adoption of AI recruitment tools in India, finding that large IT and BFSI companies are leading adopters while small businesses remain skeptical, also noting a growing demand for AI tools that can support recruitment in regional languages and tier-2 cities.

Nasscom and Zinnov (2023) identify a major challenge in the Indian context, reporting that

58% of companies struggle with integrating AI tools with existing HRMS platforms due to lack of digital readiness, while manufacturing and education sectors show slower adoption rates compared to IT and telecom due to infrastructure limitations. These findings highlight the need for improved technological infrastructure and tailored solutions that address the specific needs of the Indian recruitment landscape.

The literature review reveals that AI has transformed recruitment processes by enhancing efficiency, reducing time-to-hire, and enabling data-driven decision-making. However, the research also emphasizes the importance of maintaining human judgment, addressing algorithmic bias, ensuring transparency, and creating positive candidate experiences.

The emerging consensus suggests that a hybrid approach, combining AI's analytical capabilities with human insight and empathy, represents the most effective model for modern recruitment practices. Future research should continue to explore the ethical implications of AI in hiring, the development of bias-free algorithms, and strategies for effective AI integration across diverse organizational contexts.

3. METHODOLOGY

Traditional recruitment processes often suffer from biases, inefficiencies, and inconsistencies. The involvement of AI tools aims to mitigate these issues by automating screening, enhancing decision-making, and providing predictive analytics. However, studies show mixed results about AI's effectiveness. While some report better candidate experience and faster hiring cycles, others raise concerns about the opacity of algorithms and the potential for discriminatory outcomes. The pace of technological innovation is often faster than the corresponding development of ethical and regulatory frameworks. Hence, this study provides timely and relevant insights into whether these tools serve their intended purpose in the dynamic HR landscape

Objectives of the Study

1. To examine the role of AI in the recruitment lifecycle.
2. To analyze how AI tools impact recruitment efficiency and cost-effectiveness.
3. To investigate the perception of recruiters and candidates regarding AI-based hiring.
4. To evaluate the challenges and limitations of AI tools in recruitment.
5. To recommend best practices for AI tool implementation in recruitment.

The study employs a **descriptive and analytical research design** using both qualitative and quantitative methods. A mixed-methods approach allows for a comprehensive understanding

of both numerical trends and subjective experiences. The descriptive part focuses on gathering data from a broad audience, while the analytical part interprets the relationships between variables. This design is particularly suitable for exploring technological adoption, behavioral perceptions, and organizational outcomes related to AI.

The target population for this study includes HR professionals, recruiters, hiring managers, and job seekers across India. The sampling unit will focus on organizations utilizing AI in recruitment and individuals who have experienced AI-led hiring. To ensure a representative sample across various industries and company sizes, the study will employ a stratified random sampling technique. The sample frame is drawn from companies operating within the IT, manufacturing, BFSI, healthcare, education, and retail sectors, which were chosen because they represent diverse hiring needs and varying levels of AI adoption, thereby justifying their inclusion for a comparative analysis. A total sample size of 100 respondents is planned, composed of 80 HR professionals in Bangalore

Primary data was collected through structured questionnaires, interviews, and online surveys. Respondents will answer Likert-scale items, open-ended questions, and binary yes/no options to ensure detailed and varied insights. **Secondary Data is collected through** Academic journals, whitepapers, company reports, government publications, articles from SHRM, HBR, McKinsey, Deloitte Insights, World Economic Forum reports, and case studies of companies using AI in recruitment.

4. RESULTS&DISCUSSION

4.1 Demographic Profile and Professional Background

The study comprised 500 participants representing a diverse cross-section of professionals engaged in or affected by AI-driven recruitment processes in India. The demographic analysis revealed that the respondent pool was predominantly composed of individuals aged 18–25 years and 26–35 years, indicating a young, technologically adept workforce that is well-positioned to evaluate contemporary recruitment technologies. This demographic distribution is particularly significant as these age cohorts represent the primary target of modern recruitment efforts and are more likely to have direct experience with AI-enabled hiring systems.

Gender diversity was notably evident in the sample, with 24.7% of respondents identifying as non-binary or third gender, reflecting progressive inclusivity in workplace representation and providing valuable perspectives on AI tool accessibility across gender identities. The

professional distribution of participants spanned multiple sectors, with the majority representing healthcare, education, information technology, and finance industries. These sectors are characterized by high recruitment volumes and early adoption of technological innovations, making them ideal contexts for evaluating AI effectiveness in recruitment.

Furthermore, the experience profile indicated that over 75% of participants possessed less than seven years of professional experience, emphasizing that the findings predominantly capture early-career perspectives. This demographic characteristic is particularly relevant as early-career professionals constitute the primary applicant pool for most organizations and are therefore most frequently subjected to AI-driven screening and assessment processes.

4.2 AI's Contribution to Recruitment Efficiency and Productivity

The quantitative analysis revealed substantial support for AI's role in enhancing recruitment efficiency. Approximately 50% of respondents concurred that AI significantly improves recruiter productivity, suggesting that AI tools have achieved meaningful penetration in streamlining recruitment workflows. More compelling evidence emerged regarding high-volume resume screening, where 57.69% of participants agreed that AI demonstrates superior effectiveness compared to traditional manual screening methods. This finding aligns with existing literature on AI's capacity to process large datasets rapidly and consistently, thereby reducing the time burden on human recruiters and accelerating the candidate shortlisting phase.

The empirical support for AI's efficiency gains corroborates previous research by Deloitte (2020) and Nasscom and Zinnov (2023), which documented significant reductions in time-to-hire metrics among organizations implementing AI tools. However, the fact that only approximately half of respondents strongly endorsed AI's productivity benefits suggests that effectiveness may vary based on implementation quality, organizational context, and the specific AI tools deployed. The remaining neutral and dissenting responses warrant attention, as they may indicate implementation challenges, insufficient training, or unrealistic expectations regarding AI capabilities.

4.3 The Interplay Between Human Judgment and AI Automation

A critical finding emerged regarding the preference for human involvement in recruitment decision-making. While AI tools garnered acceptance for initial screening functions, 43% of respondents explicitly expressed a preference for human interaction during final interview stages. This finding underscores the continued importance of emotional intelligence, interpersonal communication, and nuanced judgment in hiring decisions—capabilities that

remain predominantly within the human domain.

This preference pattern reflects a broader consensus in the literature that advocates for hybrid recruitment models. The findings support the positions advanced by Nikolaou (2021), Sharma and Singh (2020), and KPMG (2022), all of whom emphasize that while AI excels at data processing and pattern recognition, human recruiters remain essential for assessing soft skills, cultural alignment, and candidate motivation. The persistent demand for human involvement in final hiring stages suggests that complete automation of recruitment processes may be neither desirable nor effective, particularly for roles requiring complex interpersonal skills or significant cultural integration.

The dichotomy between acceptance of AI for initial screening and preference for human involvement in final stages indicates that respondents recognize the complementary strengths of both approaches. This finding has significant implications for organizational recruitment strategy, suggesting that optimal outcomes are achieved through judicious allocation of responsibilities between AI systems and human recruiters rather than wholesale replacement of traditional methods.

4.4 Impact on Employer Branding and Organizational Perception

The study revealed mixed perceptions regarding AI's influence on employer branding. Nearly 47.62% of participants believed that AI implementation positively influences employer branding, suggesting that technological sophistication in recruitment processes signals organizational modernity, innovation, and efficiency to potential candidates. However, 28.57% expressed concern regarding AI's impact on employer perception, while a substantial proportion maintained neutral positions.

These divergent perspectives indicate that AI's effect on employer branding is contingent upon implementation quality and communication strategy. Organizations that transparently communicate their use of AI, demonstrate commitment to fairness, and maintain candidate-centric processes are likely to enhance their employer brand. Conversely, organizations perceived as overly automated, impersonal, or opaque in their AI usage may experience reputational damage. The neutral responses suggest an information gap, indicating that many candidates lack sufficient understanding of how AI tools function in recruitment and how these tools might affect their candidacy—a finding that resonates with concerns about transparency raised by Ajunwa (2019) and Bogen and Rieke (2018).

4.5 AI's Accuracy in Candidate Assessment and Predictive Analytics

Regarding AI's assessment capabilities, approximately 48.75% of respondents agreed that AI

effectively evaluates both technical competencies and behavioural traits. This moderate level of confidence suggests cautious optimism about AI's analytical capabilities, though it also indicates that nearly half of respondents remain unconvinced or uncertain about AI's assessment accuracy. The scepticism may stem from concerns about the validity of AI assessments, particularly for complex behavioural and interpersonal attributes that are difficult to quantify.

More encouragingly, over 50% of participants acknowledged that AI contributes to more data-driven recruitment decision-making and enhances predictive analytics capabilities. This finding indicates recognition of AI's strength in identifying patterns across large datasets and generating insights that inform hiring decisions. The integration of predictive analytics represents a significant advancement over intuition-based hiring, potentially enabling organizations to identify candidates with higher probabilities of success, longer tenure, and better cultural fit.

However, the relatively modest majority supporting these propositions suggests that the efficacy of AI assessment tools varies considerably across contexts and implementations. Organizations must ensure that their AI systems are properly validated, regularly calibrated, and tested against actual hiring outcomes to maintain accuracy and credibility.

4.6 Bias Reduction and Cultural Fit Assessment

The study findings indicated that 49.41% of respondents supported AI's potential to reduce human bias in recruitment, while 51.69% believed that AI can effectively predict cultural fit through linguistic and behavioural pattern analysis. These results present a nuanced picture of AI's role in addressing one of recruitment's most persistent challenges—unconscious bias.

The near-even division of opinion reflects the complex and contested nature of bias reduction through AI. While AI systems theoretically eliminate certain forms of human bias by applying consistent evaluation criteria, the literature extensively documents how AI can perpetuate or even amplify bias when trained on historical data that reflects discriminatory patterns (Bogen & Rieke, 2018; Johnson & Murray, 2020). The relatively modest support for AI's bias-reduction capabilities suggests that respondents may be aware of these concerns or have experienced instances where AI systems failed to demonstrate neutrality.

The finding that approximately half of respondents believe AI can predict cultural fit is particularly noteworthy given the inherently subjective and contextual nature of organizational culture. While linguistic and behavioural pattern analysis can provide useful indicators, the assessment of cultural alignment requires nuanced understanding of

organizational values, team dynamics, and individual adaptability—factors that may exceed current AI capabilities. This finding suggests a need for continued research into the validity of AI-based cultural fit assessments and their potential limitations.

4.7 Ethical Compliance, Data Privacy, and Transparency Concerns

Ethical considerations emerged as a significant area of concern among respondents. Approximately 44.58% expressed apprehension regarding data privacy and transparency in AI-driven recruitment systems. This substantial proportion indicates widespread awareness of the sensitive nature of recruitment data and the potential for misuse or inadequate protection of personal information. The concerns align with growing global attention to data privacy, particularly in light of regulatory frameworks such as the General Data Protection Regulation (GDPR) and India's Digital Personal Data Protection Act (DPDP).

Regarding ethical and legal compliance, 51.08% of respondents believed that current AI systems adhere to ethical and legal standards, while 25% expressed scepticism. The presence of a sizeable sceptical minority is significant, as it suggests doubts about the adequacy of current governance mechanisms, audit processes, and accountability structures surrounding AI recruitment tools. These concerns mirror the positions articulated by Ajunwa (2019) regarding the need for transparency tools and legislative reforms to protect applicant rights.

The findings underscore the necessity for organizations to prioritize ethical AI implementation, establish robust data governance frameworks, and communicate transparently with candidates about data usage, algorithmic decision-making processes, and appeal mechanisms. Failure to address these concerns may result in legal liabilities, reputational damage, and diminished candidate trust.

4.8 Perceived Advantages of AI in Recruitment

Respondents identified time-saving and efficiency as the paramount benefits of AI implementation in recruitment processes. This finding is consistent with the primary value proposition of AI tools: the automation of time-intensive tasks such as resumes screening, initial candidate communication, and interview scheduling. Additional perceived benefits included cost reduction, generation of data-driven insights, and elimination of bias, though these advantages were accorded lower priority relative to efficiency gains.

The prioritization of time-saving benefits reflects the practical realities facing recruitment professionals, particularly in high-volume hiring contexts. The ability to process hundreds or thousands of applications rapidly and consistently represents a transformative capability that directly addresses one of recruitment's most significant operational challenges. However, the

relatively lower emphasis on bias elimination, despite its prominence in academic discourse, suggests that practical implementation of bias-free AI remains challenging or that respondents have not yet observed meaningful bias reduction in practice.

4.9 Challenges and Limitations of AI Implementation

The study identified several significant challenges associated with AI implementation in recruitment. Data privacy concerns emerged as the foremost challenge, followed by the perceived lack of human touch in AI-driven processes, algorithmic bias, and overreliance on automated systems. Additional concerns included implementation costs, limited transparency in algorithmic decision-making, and potential job displacement within HR functions.

The prominence of data privacy concerns reflects heightened awareness of data security risks and regulatory requirements. The concern regarding lack of human touch corroborates earlier findings about the preference for human involvement in final hiring stages and aligns with research by LinkedIn Talent Solutions (2019) and Fernandes and Joshi (2022) on candidate experience preferences.

The identification of algorithmic bias as a major challenge, despite earlier findings suggesting support for AI's bias-reduction potential, indicates sophisticated understanding among respondents that AI systems can perpetuate existing biases. This awareness is crucial for driving demand for more rigorous algorithm auditing, diverse training datasets, and transparent evaluation criteria.

Concerns about overreliance on AI reflect recognition that excessive automation may compromise recruitment quality by eliminating human judgment, intuition, and contextual understanding. This finding supports the emerging consensus around hybrid models that strategically combine AI capabilities with human expertise.

4.10 Synthesis and Implications

The findings collectively paint a picture of cautious optimism regarding AI's role in recruitment. While respondents acknowledge AI's capacity to enhance efficiency, process large volumes of data, and support decision-making, they simultaneously express concerns about privacy, bias, transparency, and the diminishment of human elements in hiring. The preference for hybrid models—leveraging AI for initial screening while preserving human involvement in final decisions—emerges as the dominant perspective.

These findings have important implications for organizations implementing AI recruitment tools. Success appears contingent upon thoughtful integration strategies that respect the complementary strengths of human and artificial intelligence, transparent communication

with candidates, robust ethical frameworks, and ongoing monitoring for bias and effectiveness. Organizations that approach AI implementation with these considerations are more likely to realize the technology's benefits while mitigating its risks and maintaining positive candidate experiences.

The study also reveals gaps in understanding and acceptance that may impede optimal AI utilization. The substantial proportions of neutral responses across multiple dimensions suggest that many stakeholders lack sufficient information about AI capabilities, limitations, and proper usage. This finding underscores the need for education and training initiatives targeting both HR professionals and job seekers to foster informed engagement with AI-enabled recruitment systems.

5. CONCLUSION

This study reveals that Artificial Intelligence is reshaping the recruitment landscape by enhancing speed, accuracy, and data-driven decision-making. The findings suggest that AI tools, particularly in resume screening, initial candidate engagement, and predictive analytics, significantly improve the recruitment process by reducing time-to-hire and improving candidate-job fit.

However, the adoption of AI in recruitment is not without limitations. While nearly half of the respondents appreciate the operational benefits, concerns remain regarding data privacy, algorithmic transparency, lack of emotional intelligence, and the potential for bias if AI systems are trained on flawed datasets. These challenges underline the importance of a balanced, hybrid approach—where AI assists with repetitive, high-volume tasks, and human recruiters retain control over final hiring decisions that require empathy, intuition, and cultural judgment.

The study also highlights a growing awareness among HR professionals and job seekers regarding the ethical and legal implications of AI. Many respondents expressed the need for greater clarity on how AI systems work, how decisions are made, and whether these tools align with labour laws and privacy standards. This shows that for AI adoption to be truly effective, it must be guided by principles of fairness, transparency, and accountability.

In conclusion, AI tools in recruitment present immense potential to modernize and streamline hiring, but their success largely depends on thoughtful implementation, continuous monitoring, and ethical governance. Organizations must embrace AI as an enabler—not a replacement—for human judgment. By doing so, they can achieve greater efficiency while maintaining fairness, inclusivity, and candidate trust in their hiring practices.

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Exploring the Financial Strategies and Investment Choices of Working Professionals.

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Today, the market offers various financial products, including mutual funds and securities. With proper guidance and financial literacy, individuals can effectively utilize these products. Depending on their needs, investments can be made for short or long terms. Investment

represents additional income for further growth in terms of value, as individuals defer current consumption for future benefits. Investment decisions are influenced by considerations of risk and return. Unlike gambling, which involves betting money on uncertain outcomes with the hope of winning, investment is a calculated and strategic process.

In today's financial markets, investing has become a highly intricate task. Many investors don't realize that investing requires both artistic intuition and scientific analysis. Regardless of their education, status, or profession, many people are drawn to the idea of investment. Investment is an economic activity that virtually everyone engages in to some extent. Although the primary goal of investing is to earn profits, not all investors succeed. Those who experience losses often fail to manage their funds scientifically and instead imitate others without proper analysis. All investments carry some degree of risk since risk and return are inherently linked. The key to successful investing lies in maximizing returns while minimizing risks.

Investment involves 'sacrificing something now in anticipation of future gains,' implying three dimensions: time, creation or exchange of assets with a profit motive, and the employment of funds to generate additional income or increase in value. An investor must part with their funds, converting them into monetary assets or claims on future money with the expectation of a return. This return compensates for deferring current consumption, parting with money or liquidity, and taking on risk. The risk encompasses concerns regarding the return on investment, the waiting period, costs of retrieving funds, the safety of the funds, and the variability of returns.

"Sacrifice of certain present value for some uncertain future value."

Sharpe/Alexander

Developing nations, such as India, face a monumental challenge in securing adequate capital to support their development endeavors. These countries often struggle to escape the vicious cycle of poverty characterized by low income, limited savings, insufficient investment, and scant employment. With a high capital-output ratio, India requires substantial investment rates to achieve significant growth. Since the advent of economic planning, investment has been prioritized as the key driver of economic progress and national income enhancement.

Statement of Problem:

The financial market offers various investment products like securities and mutual funds. While Indians are habitual savers, they often prefer bank products like FDs, RDs, and savings accounts. This study aims to understand financial product preferences and raise awareness about diverse investment options.

Scope of the Study:

This research focuses on understanding the investment behavior of salaried employees, emphasizing their preferences and increasing awareness about the different investment avenues available to them.

REVIEW OF LITERATURE

The investment behaviors of salaried employees towards different investment avenues have been extensively studied by researchers and institutions globally. Various studies have examined their preferences for financial products and their financial literacy.

Sunita Totala (2016) conducted a study titled "Investment Preferences of Salaried Persons of Indore," focusing on age, income, and financial literacy. She discovered that individuals with an income range of 2-5 lakh and 5-10 lakh tend to invest more compared to high-net-worth individuals. Additionally, graduates showed more interest in investments than postgraduates, and many people took higher risks to achieve better returns, often motivated by tax benefits.

Deepak Sood and Dr. Navdeep Kaur (2015) investigated the "Savings and Investment Pattern of Salaried Class People" in Chandigarh. Their findings revealed that most people avoid extravagant lifestyles, opting for moderate living standards instead. Savings were primarily directed towards children's education, marriage, and other life goals.

Neha S. Shukla (2016) studied the investment preferences of working women in North Gujarat. Her research showed that working women preferred various investment sources, with no significant correlation between education level and investment decisions, but a notable relationship between age, income level, and investment choices.

Dr. I. Samuel Sundar Singh (2016) explored the preferred investment avenues among salaried individuals in Kanyakumari District, Tamil Nadu. The study highlighted a preference for bank deposits due to their safety, with many respondents saving for future needs such as children's education, home purchases, and retirement. Data was analyzed using personal interviews, percentage methods, and Chi-square tests.

Dr. Muthu Meenakshi M. (2017) examined investors' perceptions towards different

investment avenues. The study found that most investors considered all avenues risky, with a preference for bank deposits due to future planning needs. The study suggested increasing awareness about mutual funds to help investors diversify their investments.

Mr. C. Sathiya Moorthy and Dr. K. Krishna Murthy (2017) researched investment patterns and awareness among salaried class investors in Tiruvannamalai District, Tamil Nadu. They found that most respondents preferred high-return investments with minimal risk. Factors such as education level, age, and family size significantly impacted investment decisions. Data was collected via a close-ended questionnaire and analyzed using Chi-square tests.

Mr. Million Assefa and Dr. Durga Rao P.V. (2018) investigated financial literacy and investment behavior among salaried employees in Sodo Town, Ethiopia. Their study concluded that proper resources, financial knowledge, and government incentives attract investors to the secondary market. Ethiopians preferred traditional and safe investments, such as government bonds, due to a lack of secondary market infrastructure and knowledge about securities.

OBJECTIVES & NEED OF THE STUDY

Objectives:

➢ To investigate how the income level of salaried individuals influences their investment decisions.
➢ To explore the various financial products available for investment.
➢ To analyze how the risk factors associated with financial products impact investment decisions.
➢ To examine the importance salaried employees place on personal finance.

Results and Discussions:

H_0: There is no significant relationship between income level and awareness of investment.

H_1: There is significant relationship between income level and awareness of investment.

Chi – Square Table:

Sl No	Income	Awareness	Unawareness	Total
1	<300,000	7	9	16
2	300,000-500,000	15	22	37
3	500,000-700,000	48	12	60
4	>700,000	7	-	7
	Total	77	43	120

Chi – Square Test:

O	E	$(O - E)$	$(O - E)^2$	$\dfrac{(O - E)^2}{E}$
7	10.27	-3.27	10.69	1.04
9	5.73	3.27	10.69	1.87
15	23.74	-8.74	76.39	3.22
22	13.26	8.74	76.39	5.76
48	38.5	9.5	90.25	2.34
12	21.5	-9.5	90.25	4.20
7	4.49	2.51	6.30	1.40
0	2.51	-2.51	6.30	2.51
				22.34

Expected Frequency:

$$(1, 1) = \frac{(16*77)}{120} = 10.27$$

$$(1, 2) = \frac{(16*43)}{120} = 5.73$$

$$(2, 1) = \frac{(37*77)}{120} = 23.74$$

$$(2, 2) = \frac{(37*43)}{120} = 13.26$$

$$(3, 1) = \frac{(60*77)}{120} = 38.50$$

$$(3, 2) = \frac{(60*43)}{120} = 21.50$$

$$(4, 1) = \frac{(7*77)}{120} = 4.49$$

$$(4, 2) = \frac{(7*43)}{120} = 2.51$$

$$\text{Degree of freedom} = (r-1)(2-1)$$
$$= (4-1)(2-1)$$
$$= 3*1$$
$$= 3$$

0.05 level of significance value = 7.815

Conclusion:

Chi – square calculated value = 22.34 which is greater than 0.05 level of significance i.e. 7.815.

∴ H_0 is rejected.

Q2.

H_0: There is no significant relationship between gender and awareness of investment.

H_1: There is significant relationship between gender and awareness of investment.

Chi – Square Table:

Gender	Awareness	Unawareness	Total
Male	48	18	66
Female	39	15	54
Prefer not to say	0	0	0
Total	87	33	120

Chi – Square Test:

O	E	$(O - E)$	$(O - E)^2$	$\frac{(O-E)^2}{E}$

48	47.85	0.15	0.0225	0.0005
18	18.15	-0.15	0.0225	0.0012
39	39.15	-0.15	0.0225	0.0006
15	14.85	0.15	0.0225	0.0015
				0.0423

Expected Frequency:

$$(1, 1) = \frac{(66*87)}{120} = 47.85$$

$$(1, 2) = \frac{(66*33)}{120} = 18.15$$

$$(2, 1) = \frac{(54*87)}{120} = 39.15$$

$$(2, 2) = \frac{(54*33)}{120} = 14.85$$

Degree of freedom $= (r-1)(2-1)$

$$= (2-1)(2-1)$$

$$= 1*1$$

$$= 1$$

1 degree of freedom @ 0.05 level of significance = 3.841.

Conclusion:

Chi – square calculated value = 0.0423 which is lesser than 0.05 level of significance i.e. 3.841.

∴ H$_0$ is accepted.

Q3.

H$_0$: Investment decision made by salaried person is independent on risk factor.

H$_1$: Investment decision made by salaried person is dependent on risk factor.

Chi-Square Test:

O	E	$(O-E)$	$(O-E)^2$	$\dfrac{(O-E)^2}{E}$
25	24.75	0.25	0.0625	0.0025
20	20.25	-0.25	0.0625	0.0031
31	31.9	-0.9	0.81	0.0254
27	26.1	0.9	0.81	0.0310
10	9.35	0.65	0.4225	0.0452

| 7 | 7.65 | -0.65 | 0.4225 | 0.0552 |
| Total | | | | 0.1625 |

Expected Frequency:

$$(1, 1) = \frac{(45*66)}{120} = 24.75$$

$$(1, 2) = \frac{(45*54)}{120} = 20.25$$

$$(2, 1) = \frac{(58*66)}{120} = 31.90$$

$$(2, 2) = \frac{(58*54)}{120} = 26.10$$

$$(3, 1) = \frac{(17*66)}{120} = 9.35$$

$$(3, 2) = \frac{(17*54)}{120} = 7.65$$

Degree of freedom $= (r - 1)(2 - 1)$

$$= (3 - 1)(2 - 1)$$

$$= 2*1$$

$$= 2$$

Level of significance $= 5.991$

Conclusion:

Chi-square calculated value = 0.1625 which is less than level of significant value = 5.991.

$\therefore H_0$ is accepted.

Limitations:

- The first limitation of our study is, we are considering only salaried employees as the respondents for our study. And our research will be limited to a small part of salaried people.

- The study is limited to time and respondents of Karnataka.

- Due to paucity of time and resources, a countrywide survey was not possible hence only Ropar city has been taken for the study.

- Since a smaller sample was chosen so it may not be a true representative of the population under study.

- The possibility of the respondent's responses being bisected not be ruled out.

- Due to the lack of source data, the majority of the study was limited to data that was published online.

- The information given by the respondents might be biased because some of them might not be interested in the given correct information.
- Some of the respondents could not answer the questions due to a lack of knowledge.
- A portion of the survey participants expressed reluctance to divulge information.

Findings of the study:

Following findings are generated from the study:

- It was found that the 55% respondents of the study are male population and 45% are female population.

- It was found that the major population of investors are below 30 years i.e. 49% and 33% are of 30-40 years and the rest 18% are of more than 40 years.

- 56.67% of investors are private employees and 23.33% of investors are public employees.

- The majority of respondents i.e. 50% earn income between 5-7 Lakh per annum. It means the majority of investors are below 30 years having income between 5-7 Lakh.

- The majority of investors i.e. 42% of investors are graduates and 32% of investors are postgraduates.

- The above pie chart shows that 17% of investors were aware of shares, 29% were aware of bank deposits, 17% insurance, 13% post office savings, 10% real estate/gold, and 15% were aware of mutual funds.It means the majority of people are aware of bank deposits followed by insurance.

- From the above table, it was found that 54% of respondents invest monthly, 12% yearly, and 10% of respondents invest quarterly. Thus, it can be stated that the majority of investors invest monthly in a different type of altered nature.

- From the above chart, it was found that 52% of respondents invest <10% of their income 42% of respondents invest 10%-20% of their income and 6% of respondents invest >20% of their investment avenue. It clearly shows that the majority of investors invest <10% of their income.

- From the survey, it is found that 24% of investors withdraw their money 62% of respondents wait to see if their investment improves and start generating funds.13% of respondents invest more in it.It can be stated that the majority of investors would likely wait to see whether investment improves or can invest more funds.

- From the above chart, 16% of respondent save their money for children education 28% of respondent's retirement purpose 29% respondents for home purchase 7% respondents for their children marriage 17% respondents in health care 2% respondents for personal 2% respondents save their money for social objectives 1% of their money for asset acquisition. It clearly stated that the majority of investors save their money for the home purchase.

➢ Most investors know about every investment opportunity that is out there. They make more than one investment. Most investors enjoy bank deposits, insurance, and post office savings. They also like diverse investment choices.

➢ The goal of maximum investors is for their money to increase quickly.

➢ For most people, saving money for the future is their primary motivation for investing.

➢ In addition to their own choices, friends and family might have an impact on an investor's investing selection.

➢ Monthly investments are made by maximum investors.

➢ Various investment policies are held by Maximum Investors.

Recommendations:

Following are the recommendations of the study:

1. The various investment tools which are mostly preferred by the investors are bank deposits, post office savings, etc. Therefore, there should be a variety of additional ways to raise knowledge about the possibility of other tools and instruments that might be more advantageous for investors.

2. The investors consider various factors while investing risk, return, liquidity, etc. there should be rational thinking o that the investor can know that at what point of time they need capital appreciation instead of the risk and when they need return instead of liquidity

3. The preferred period of investment by the investors depends upon the need of the investor that whether they want to have early and high returns or wants to have stable returns, most probably the long period is suitable because the returns are high and safety is also there.

4. The satisfaction level of various investors is different due to the different investment alternatives they opt for. If they will be aware of each type of alternative and the

worth of the alternatives then investing as per that their satisfaction level will also be high.

5. Investors should have complete knowledge of all the alternatives.

Conclusion:

After the analysis and interpretation of data we conclude that investors are very well aware about investment which is available to them but still there is some investor where they prefer to invest their money into bank deposit insurance. This analysis of data reveals that investors considers safety of principal as their major consideration and other investment which is less found in this project and lessconsidered by the investor.

Here, investors know about share market, mutual funds which investors thought it is high risk. They hesitate to invest in it. They're not prepared to take big chances.

This research concludes majority of people save their money to meet their future needs like retirement,children's marriage, health care.

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