

Applicant Tracking System: A Definitive Pillar of Support for Employer Branding

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ABSTRACT

Human resource management practices have undergone a significant transition as a result of information technology, including how data is collected, used, stored, and shared. Further, it allows organisations to keep track of all their human resources data. Organisations should ensure a well-established procedure to evaluate the pool of candidates because wrong onboarding may wreak havoc on the recruitment strategy. Particularly for entry-level jobs, organizations receive a large number of applications, and organisations take more weeks or months to proceed with the screening and shortlisting of top-notch candidates, which may negatively affect employer branding. Therefore, Applicant Tracking Systems (ATS) can handle thousands of applications promptly, however, there is a dearth of research focusing on the impact of ATS and employer branding.

The purpose of this study is to identify the influence of ATS on employer branding.

Further, we have used the theory of job signalling to identify the opportunities and challenges of implementing the ATS for Small and Medium scale organisations in Sri Lanka. The data were collected from 413 school leavers and fresh graduates in Sri Lanka. Moreover, twenty-three (23) managers in SMEs took part in semi-structured interviews. Content analysis and Structural Equation Modelling (SEM) were performed to identify the association between ATS and employer branding. The findings of the study showed a positive association between ATS and strong brand image with the theory of job signalling. Further, the study showed the opportunities and challenges of implementing an ATS by SMEs to ensure employer branding. Consequently, the paper synthesises the findings from the works of literature related to the organization that is currently in the process of implementing an ATS. Theoretical and practical implications are provided in ATS and employer branding with job signalling theory.

Keywords - Applicant tracking system, Employee branding, job signalling theory, Artificial Intelligence

1. INTRODUCTION

In this turbulent world, Human resource management ensures the identifying, attracting, and retaining top-notch human resources that lead to achieving corporate goals and objectives. However, most organizations are facing multiple severe challenges when they recruit, select, and onboard top-notch candidates for job openings. Recruitment is the process of finding people who are interested in joining a group or organization, whether as employees or as clients. Therefore, in this modern world, there are technological tools to support this.

There is a growing concern to ensure employer branding in organizations (Berthon et al., 2005). To ensure an employer branding organizations are trying their best to provide a positive candidate experience. Organizations are involved in recruiting top-notch talent regularly or as per their needs. Many organizations still practice the long-way traditional methods of recruitment and selection processes resulting in high costs and days. Therefore, spending organizational resources in that way has created many issues. Further, the major reason behind the days and days-long process of recruitment is mainly due to the use of outdated application posting methods and manual methods of screening the applications one by one.

Moreover, there are multiple issues with the traditional recruitment processes; there are difficulties in screening the large sets of applications received by the candidates, communicating the results, and finding the best-qualified candidates for the position by comparing and sorting the most suitable candidates. Further, the involvement of organizational politics and other external influences by the government rankers affects the recruitment process because of the flexible adjustments that can be carried out easily with the traditional methods of screening applications resulting in selecting not the qualified but only the candidates who have contacts and favouritism. Therefore, recruitment management systems are playing major roles in recruitment and selection.

1.1 Problem Statement

The selection of the right person for the right job has become challenging due to the large number of competitive candidates available in the current context. The higher number of students that are passed out within a year has created a huge challenge concern in selecting the most talented. In addition, the organization's level of ability in reaching the candidates, and their names that has created among the job seekers is an issue that needs to be addressed.

1.2 Aims and Objectives

The main purpose of this study is to identify the effectiveness of the applicant

tracking system to overcome the issues that could arise during the sorting and screening of a large number of applications that carry similar skills and qualifications by reducing time and cost wastage. Further, this study focuses on addressing two objectives: (1) To identify the impact of ATS on employer branding and (2) To identify the role signalling theory plays in the relationship between ATS and employer branding. Moreover, the research opts to find means of eliminating the hindrances that could occur during the recruitment process because of certain mismanagement practices favoring or political interventions.

2. LITERATURE REVIEW

2.1 Application Tracking System

Application Tracking Systems (ATS) have emerged as an indispensable tool in the modern recruitment process, streamlining the process of recruiting talent and enhancing efficiency and effectiveness. ATS provides a set of solutions designed to manage, organize, and analyse job applications (Ahmed & Adams, 2010) and candidate data. The implementation of the ATS aids recruiters in automating various tasks such as parsing resumes, matching applicants' profiles to the defined job descriptions (Ndlela, 2020) and specifications of the organization, and facilitating communication between stakeholders (Pathak, 2019). Moreover,

ATS not only expedites the initial screening processes but also supports maintaining compliance with hiring regulations by maintaining all the required standards of evaluation criteria (Laumer et al., 2015) as expected by the organization. Additionally, ATS contributes to a reduction in manual labor and administrative overhead, allowing human resource professionals to allocate more time to strategic decision-making and personalized candidate interactions (Tessema et al., 2017).

2.2 Employer Branding

Employer branding is particularly impacted in the digital world, where job seekers have access to varied forms of information and news through online platforms. Therefore, the strategic handling of employer branding is quite essential. The presence of social media, company websites, and employee review sites like Glassdoor allow candidates to gain insights into an organization's working environment, values, employee experiences, and many more regarding the organization which makes applicants motivated to get into that organization under any circumstances (Lievens & Slaughter, 2016). Therefore, ATS that emphasises employer branding through customized application interfaces and personalized communication contributes to a more engaging candidate experience (Breaugh & Starke, 2000). This alignment between ATS and employer branding is essential for fostering a

positive impression of the organization, even before a candidate sets foot in the door for an interview with that particular organization.

Employer branding not only attracts suitable candidates but also contributes to increased employee engagement and retention rates (Berthon et al., 2005). Because the candidates who come with a good impression builds their career plan for further years with that organisation. The congruence between the promises made during the recruitment process and the actual work experience enhances job satisfaction and commitment (Berthon et al., 2005) Thus, integrating ATS capabilities with a strong employer brand can have far-reaching effects, from the initial candidate attraction phase to long-term employee engagement and tenure.

2.3 Theory of Job Signaling

With the concept of job signaling, the candidates are providing the skills, qualifications, and other varied requirements to the potential job employers through various signals, such as educational qualifications, job experiences, and personal characteristics (Market et al., 1973; McCracken et al., 2016). The implementation of the ATS with the integration of employer branding strategies has created a sense of comprehensive understanding of the Theory of Job Signaling in contemporary recruitment practices.

The Application Tracking System acts as a competitive tool that bridges the gap between the skills and qualifications of the candidates as well as the requirements of a specific organization (Potočnik et al., 2021). Moreover, the congruence between the signals candidates convey through their applications, ATS-enabled evaluations, and employer branding constructs a more accurate and holistic understanding of candidate suitability. As candidates signal their abilities through qualifications and experiences (Kumari et al., 2019), there are ATS that aids in streamlining the evaluation process (Hemalatha et al., 2021), enabling recruiters to place their application in the right place while supporting them assess and align to the real job specification of the organizations.

It is evident that the integration between the ATS, employer branding, and the theory of job signalling plays a major role in shaping the modern recruiting process (Dermody, 2002; McCracken et al., 2016). Moreover, with the proper flow of the signals, ATS supports the efficient and accurate assessment of candidate suitability, where employer branding strategies are focused while enhancing the perception of the organization as an appealing employer (Lievens & Slaughter, 2016).

3. METHODOLOGY

This study is predominantly designed as a pragmatism study utilising both qualitative and quantitative methods; to

conduct a critical analysis of the necessity of ATS in addressing the challenges associated with the conventional manual screening and shortlisting of job applicants. Both primary and secondary data have been utilised in the current study. Secondary data pertaining to recruitment management systems, concepts, and models have been documented in various sources such as international journals, publications, conference papers, ATS market data, and websites.

Primary data were collected by conducting a semi-structured interview and through a questionnaire survey. Semistructured interviews took place based on a purposive sampling method, targeting SMEs in Sri Lanka that had experience with tracing app adoption. This approach was chosen to ensure the inclusion of relevant and knowledgeable participants from SME including Union Assurance, hSenid Mobile, Pioneer House Learning, Citizens Development Business Finance PLC, Taco Bell, Capital Alliance Ltd, and three small-scale organizations. Twenty-three (23) participants in SMEs took part in semi-structured interviews (Table 01) and evaluated their readiness toward ATS, and content analysis was performed to identify themes. The objective was to assess the fundamental requirements that ATS must fulfil to ensure an efficient, effective, and equitable recruitment process for employees across all domains.

Table 1. Interview Data

| Respondents | Interview time | Designation |
|--------------------|-----------------------|--------------------|
| 1,2,3,4,15 | 25 Mins | Talent Acquisition |
| 5,6,7,16,19 | 15 Mins | Assistant Manager |
| 8,9,17,18 | 30 Mins | HR Executive |
| 10,11,12 | 20 Mins | Founder Deputy |
| 13,14,20 | 15 Mins | General Manager |
| 21, 22, 23 | 15 Mins | Owner |

Source: Based on Interview data (2023)

The online self-administered questionnaire was developed based on the literature, and five point Likert scale ranging from unconcerned (1) to very concerned (5). The employer branding scale was adapted from Highhouse et al., (2003); Van Hoye et al. (2013) with three dimensions: employer image, symbolic attributes, and employer attractiveness. Perceptions of ATS scale were developed based on semi-structured interviews. Finally, job signalling was measured with individual-level and organizational-level market signals from recruitment activities (Highhouse et al., 2003). The theoretical framework is shown in annexures (Figure 01). Convenient sampling was used to collect from 413 school leavers and fresh graduates in Sri Lanka yielding an 82.6% response rate from online self-administered questionnaires and it was pre-tested and revised. Respondents' demographic information was collected

for gender, age group, job category, education, and marital status. Collected data were analysed using SPSS and AMOS for structural equation modelling (SEM) to identify the association between ATS and employer branding. Further, the theory of job signalling was used to identify the opportunities and challenges of implementing the Applicant Tracking System for Small and Medium scale organisations in Sri Lanka.

4. RESULTS AND DISCUSSION

Model 01: according to the analysis, 65% of respondents believed that their organization was ready for an ATS, while 35% indicated that they might not be prepared for such a transition. This distribution suggests that a significant portion of organizations recognize the potential benefits of an ATS in managing their recruitment efforts. Moreover, SIXER Tech (ATS) simplified the MAS Management Trainee Programme, streamlining initial virtual screenings and capturing trainee personality and confidence effectively (1,2,3). Nevertheless, job seekers need immediate gratification from their job search, and they are more mobile than ever; 41% in bed, 38% while traveling, and 30% at work. Moreover, job seekers use 10% of their time to surf jobs on a daily basis (Alexander, Durai, and Keetticka, 2017). Therefore, hiring managers can publish advertisements easily and it is at their fingertips, as well as provide seamless communication with candidates.

According to the content analysis, we have identified the issues pertaining to the manual recruitment and selection process and the readiness for ATS. Therefore, the majority of the participants confirmed that the current Human Resource staff is exhausted when they shortlist applicants, sometimes they take weeks and months to process the shortlisting process due to a shortage of staff. Moreover, nearly 60% of the candidates have quit their application process because of its complexity and lengthiness (4,6,7,15) in the process. Further, they have stated that there is high turnover due to the economy of the country, therefore ATS might be a good remedy to address it.

It is identified that 65% of respondents believed that their organization is ready for an ATS, while 35% indicated that they might not be prepared for such a transition. This distribution suggests that a significant portion of organizations recognize the potential benefits of an ATS in managing their recruitment efforts (9,10,11,12,20). However, a substantial minority remains cautious, possibly due to concerns about implementation challenges or budget constraints (21,22,23). 55% of respondents expressed difficulties in tracking and reporting HR and legal compliance (Wijesinghe & Wickremeratne, 2020), indicating potential gaps in their current processes. Conversely, 45% of respondents seemed

to have a relatively smoother experience in this regard.

ATS made the hiring process easier, streamlining candidate selection through their Automated Candidate Screening System, saving us time and ensuring efficiency (12,13,5,8,18). In addition, “Rooster Technology” is another major Applicant Tracking System that has marked its name in many candidates and companies. However, a substantial minority remains cautious, possibly due to concerns about implementation challenges or budget constraints. These findings underline the necessity for organizations to enhance their compliance tracking systems and invest in training or technology to address these challenges

Model 02: The descriptive statistics of the study were 67% male and 33% female school leavers or fresh graduates. The age group of 18 to 24 was 71% and 25 to 30 was 29%. Moreover, the majority of people were employed either in part-time or permanent job positions. 80% of the candidates are not happy with the status updates they receive during the recruitment process and say that they would not re-apply to a company that did not notify them of their application status and they have commented negatively, “That’s how they treat their employees” highlights the link between the process of recruitment and employer branding. Table 02 shows the descriptives and correlation analysis of the study.

According to Table 02, there was a positive relationship between ATS and signalling ($r = 0.617$), while ATS had a positive relationship with employer branding ($r = 0.712$). Furthermore, there was a moderate positive relationship between signalling and employer branding ($r = 0.445$).

Table 2. Descriptives and Correlation

| | Mean | SD | Correlations | |
|--------|------|------|--------------|------|
| | | | 1. | 2 |
| Male | 0.67 | | | |
| Female | 0.33 | | | |
| 1 ATS | 2.65 | 1.17 | | |
| 2 Sign | 2.79 | 1.01 | .617* | |
| | | | .000 | |
| | | | .712* | |
| 3 EB | 3.59 | 0.91 | .445** | |
| | | | .000 | .000 |

Note: ATS – Applicant Tracking System, Sign. – Signalling, EB – Employer Branding

Source: Sample survey (2023)

Parametric assumptions were tested to ensure the appropriateness of statistical tools. Therefore, it ensures that data are normally distributed and linear. There was no significant multicollinearity issue. Moreover, Harman’s single-factor test was performed to identify the CMB issue. It ensures that there is no single-factor issue.

According to the measurement model data, AVE ensures the convergent validity of the model. The composite

reliability values of each construct are more than 0.7. and researchers achieved the optimum level of discriminant validity. CMIN/DF value is 1.747 which is less than the threshold value. Therefore, this study is considered an acceptable model fit for the CFA model. The RMSEA value of less than 0.06 reflects a good fit. RMSEA value ensured the adequate fit of the measurement model of the data. CFI, NFI, and TLI are important to measure the measurement model fit of incremental indices. CFI (0.896) and TLI (0.892) are almost close to 0.9 which is the threshold value. All the indices reflect the goodness of the model. According to the Structural model output data emphasized the positive relationship between ATS and employer branding and all the values were significant under 95% confidence level.

5.CONCLUSION AND IMPLICATION

This study's aim was to identify the need to develop a reliable, accurate, and efficient ATS to support people who have the same skillset and network together while offering a fair recruitment experience and ensuring employer branding. There are loopholes in the manual recruitment process such as the accuracy of shortlisting candidates, and the ignorance of the hiring managers to send the regret email to those who are not selected during the shortlisting process. However, in ATS, the candidates who do

not match the expected qualifications of the organization's job post will automatically receive regretful messages (Alexander et al., 2017). Further, notifying the status of the application process will aid in promoting the employer branding. The finding of the study shows that ATS positively relates to ensuring employer branding. Larger organizations widely use ATS to give better candidate experience, however, there are few small and medium-scale organizations that use ATS.

The adoption of ATS in companies have achieved numerous, benefits by many companies and the popular ATS that many companies adopted SIXER Tech, and AI integrated candidate screening tool. Further, ATS should ensure the trustworthiness and safety of candidate data. This study also determines the role the theory of job signalling plays in ATS and employer branding, it allows candidates to determine the quality of employer before joining to the organization. Further, it has modern communication channels such as email, social media, and mobile app to influence candidates attraction.

Applicant tracking systems will provide benefits in many different aspects when considering both the organization as well as the candidates. Theoretical implications are the use of the theory of signalling to identify the importance and usefulness of ATS while ensuring employer branding. Practical implications of the study are organizations can provide

better candidate experience, prompt communication, mobile application; easy for candidates to use and navigate with their mobile devices, chatbot assistants in multiple languages, and encourage applicants from international borders. Moreover, ATS allows video interviewing for remote jobs while matching job descriptions and job specifications based on artificial intelligence-based tools. Further, it ensures a standardized candidate assessment, which may lead to mitigating all the recruitment biases and unfairness.

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ANNEXURES

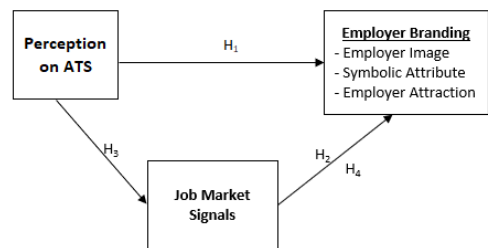


Figure 1. Theoretical Framework
Source: Survey Data (2023)