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Digital Recruitment Challenges: A Comparative Study of Small- and Medium-Sized IT Companies in Chennai, India.

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Abstract: Integration of digital recruitment tools into the existing recruitment systems has become a necessity for attracting talent and reducing both time and cost involved in hiring. However, unlike large enterprises, SMEs face several challenges in adopting digital recruitment systems. Based on the TOE, RBV, and the socio-technical theories, this study presents a comparative investigation of the digital recruitment challenges encountered by small and medium-sized companies in Chennai's IT sector. A cross-sectional survey design was adopted and data were analysed using Garrett scores, Levene's test, Independent-samples t-test, and Hedges' g. The findings reveal that the challenges are primarily foundational for small IT companies. Medium-sized IT companies face scalability and operational barriers. This research is distinctive due to its comparative analysis of the digital recruitment challenges faced by small and medium-sized enterprises, providing context-specific insights for SMEs in emerging markets.

Keywords: SMEs; IT companies; Digital recruitment systems and tools; Challenges

Introduction

Technological advancements have laid a strong foundation for the modern digital era, reshaping business models and significantly influencing society. In recent decades, the advancements of the Information Technology (IT) industry, propelled by significant progress in digital technologies, have initiated a paradigm shift in human resource management, particularly in recruitment. The digital recruitment systems incorporate digital tools into current recruitment frameworks to enable organisations to attract highly skilled talent necessary for business success and assist aspiring candidates to explore more job opportunities. The advent of the internet catalysed a movement popularly known as recruiting revolution (Parry & Tyson, 2008; Okolie & Irabor, 2017). Digital recruitment systems have advanced markedly over the decades, transitioning from rudimentary job board postings in the 1990s to the implementation of "Applicant Tracking Systems (ATS)" in the 2000s, subsequently leading to the advent of social media recruitment in the 2010s, and culminating in the incorporation of AI-powered recruitment systems in the 2020s. Furthermore, the advent of smartphones has significantly changed online recruitment procedures. Due to rising expenses and restrictions of traditional recruitment methods, organisational websites have also been developed (Fred & Kinange, 2016).

Digital recruitment tools significantly impact an organisation's capacity to attract talent (Hosain et al., 2020). They may make the recruitment processes less resource-intensive (Parry & Wilson, 2009) and minimise both the time and cost associated with hiring (Mamatha et al., 2022). They enhance the accessibility of job advertisements, find specialised skills, and streamline hiring procedures using automation and data analytics (Sundararajan & Muhammed, 2024). The data-centric methodology allows organisations to enhance the quality of hire by reformulating recruitment techniques. In particular, AI-powered solutions and social media improve digital recruitment efficiency and streamline the recruitment systems (Black & Van Esch, 2019; Rahman et al., 2022).

Despite these prospective advantages, firms face obstacles in the implementation of the digital recruitment systems. The technological, internal capabilities, legal, ethical, and social challenges encountered by the firms in the technology sector hinder the efficient utilisation of digital tools for recruitment. Numerous studies have examined the challenges of e-recruitment systems which include online job portals and application systems. However, these research works placed less emphasis on the challenges associated with digital recruitment systems (Johan et al., 2024). Furthermore, there is a notable deficiency of empirical research addressing the distinct problems that SMEs in the technology sector have in adopting digital recruitment strategies, particularly in emerging markets such as India. Moreover, these studies focused on digital recruitment challenges faced by small and medium-sized firms collectively, without directly comparing small and medium firms. This study addresses this gap in the existing literature by investigating the differences in the challenges faced by IT-based small and medium-sized enterprises in Chennai in implementing digital recruitment systems.

2. Literature review

2.1 SMEs and digital recruitment systems

Since small and medium-sized enterprises (SMEs) in the information technology sector work on tight project deadlines, they digitalise their recruitment practices to quickly recruit highly skilled talent. Digital recruitment systems are no longer optional; they are essential for these enterprises particularly when specific technical skills are scarce locally (Shah & Parashar, 2024). Therefore, SMEs in the IT sector are compelled to adopt these recruitment systems even though they lack the required knowledge (Hansen & Bogh, 2021). These enterprises use three different sources of digital recruitment namely, their own websites, commercial job sites, and social networking sites to enhance recruitment efficiency (Nasreem et al., 2016). applicant tracking systems (ATS), Job portals, artificial intelligence (AI) based screening, video interviews and assessment platforms, candidate relationship management (CRM) tools, and chatbots are the recruitment solutions specifically suitable for Indian IT-based SMEs. Although many SMEs in the Indian IT sector have combined different standalone digital tools for hiring, a few have implemented affordable end-to-end recruitment tools that integrate ATS, AI, CRM, and onboarding into a single unified platform.

2.2 Theoretical framework

The present study is grounded in the theoretical perspectives of the "Technological-Organisational-Environmental (TOE)" model (Tornatzky & Fleischer, 1990), the "Resource-Based View (RBV)" theory (Barney, 1991) and the socio-technical theory (Kraut & Resnick, 2012). While the TOE framework provides a holistic explanation of technological, organisational, and environmental constraints, the RBV theory explains why organisations struggle to overcome them. The TOE and Socio-technical systems indicate that the effectiveness of digital recruitment systems is achievable only when social and technical systems are well aligned. Misalignment may lead to social challenges.

2.3. Development of Hypotheses

Technological barriers negatively impact the effectiveness of digital recruitment systems (Tornatzky & Fleischer, 1990). E-recruitment platforms may be difficult to integrate with HR information systems, ATS, and other applications (Strohmeier, 2007; Brown & Johnson, 2021). Furthermore, navigating a digital platform becomes challenging when it is not user-friendly (Braddy et al., 2008). Most SMEs use digital recruitment tools that lack sufficient functionality and storage capacity. These limited customisation options and fragmented systems impede adoption, particularly among the enterprises that lack from technical expertise and financial constraints (Parry & Tyson, 2008). Digital recruitment tools depend on historical data for screening and shortlisting candidates. When the historical data is of poor quality, it may undermine the accuracy and reliability of analytics. SMEs face challenges in consolidating and storing data from multiple platforms. This limits their capacity to analyse recruitment statistics. In particular, small-scale enterprises may encounter different

technological challenges in digital recruitment systems than medium-sized firms, primarily due to the differences in the levels of digital maturity. This discussion leads to the following hypothesis:

H_1: Small and medium-sized enterprises within the IT landscape face significantly different technological challenges in the context of digital recruitment.

The RBV framework suggests that the ability of an organisation to adopt an advanced technology is largely determined by valuable, rare, inimitable, and non-substitutable (VRIN) resources. Internal capability is a valuable resource that is determined by robust infrastructure, digital preparedness, and human and financial resources. Digital recruitment tools such as Applicant Tracking Systems (ATS), online job portals, automated screening systems, and digital assessment platforms are useful when firms possess a robust IT infrastructure and embrace full implementation systems (Kumar, 2020; Mudli & Trivedi, 2020; Nguti & Moses, 2021; Kapoor, 2024).

Adoption of digital recruitment tools requires human and financial resources which a number of SMEs cannot afford. Cost concerns deter continuous automation, affecting long-term HR strategy. Although e-recruitment offers cost savings in the long run, initial implementation is still perceived as expensive (Parry & Tyson, 2008). High maintenance and upgrading costs must be incurred on digital recruitment tools even after initial investment (Chapman & Webster, 2003). This digital readiness is largely affected by complex workflow management, a low level of digital literacy among HR managers, poor coordination between HR and IT teams, and lack of strategic alignment with digital initiatives. Since many small enterprises do not view recruitment as a strategic function, they may face different challenges compared to potentially better-resourced medium enterprises (Venkatachalam & Kannusamy, 2023). Accordingly, the following hypothesis is framed:

H_2: Small and medium-sized enterprises within the IT landscape face significantly different internal capability challenges in the context of digital recruitment.

The TOE framework explains how SMEs are involved in unethical digital recruitment practices inadvertently. Concerns over data privacy and security inhibit such enterprises from fully leveraging the capabilities of digital recruitment platforms (Brown & Johnson, 2021). The implementation of low-cost automated screening tools may have unethical and legal consequences if they unintentionally discriminate on gender basis. Moreover, SMEs find it difficult to comply with data privacy laws (Nasreem et al. 2016). Potential discrimination and ethical dilemma are the challenges associated with the use of digital approaches to recruitment (Nasreem et al., 2016). Without professional ethical systems, SMEs are unable to safeguard the information. Insufficient transparency in decisions leaves candidates uncertain about why they have been rejected. In addition, there is no clear mechanism for appealing automated hiring decisions and this creates a risk of sacrificing human judgment in hiring. Lack of internal accountability discourages fairness and compliance among SMEs. In particular, the lack of in-house skills and high reliance on opaque third-party suppliers hinder small enterprises' ability to comply with the regulatory requirements. Thus, the following hypothesis is proposed:

H_3: Small and medium-sized enterprises within the IT landscape face significantly different legal-ethical challenges in the context of digital recruitment.

TOE and socio-technical models describe the impact of technological changes on social interaction, particularly in online recruiting sites. The advent of online recruitment has increased fraudulent job advertisements, leading to trust deficit in technology (Tabassum et al.,2021). Hiring decisions are made without human touch in digital recruitment systems (Nasreem, et al. 2016), creating concerns of fairness and accountability in the decision-making and hence distrust in technology. Furthermore, less human interaction during hiring may have a negative effect on candidate experience and employer branding. In particular, digital recruitment systems of small enterprises may exclude applicants with a rural or disadvantaged background because of limited access to or familiarity with digital platforms. Poor user experience may result in lower candidate engagement and a

negative perception of employer brand. These small enterprises may struggle in attracting talent because of the low employer brand recognition. Accordingly, the following hypothesis is formulated:

H_4: Small and medium-sized enterprises within the IT landscape face significantly different social challenges in the context of digital recruitment.

3. Methodology

3.1 Research design

The study used a cross-sectional survey to examine the adoption issues of digital recruitment systems in IT-enabled SMEs in Chennai. The effectiveness of this research design in evaluating the perspectives of HR experts, its ability to gather insightful information from a large number of people at once, and its thorough examination of the difficulties these SMEs face with their digital recruitment systems led to its selection.

3.2 Sample design

There are approximately 4000 IT/ITeS companies located in the entire Chennai Metropolitan Area (CMA), especially along OMR, ELCOT, SEZ, TIDEL Park, and DLF IT Park. Using the finite population correction (FPC) formula given by Cochran (2008), the required sample size was calculated to be 351. Due to the absence of a comprehensive official directory of these companies in Chennai, the proportions of small (70%), medium-sized (20%) and large (10%) IT companies were estimated for stratification, using information obtained from professional, business-oriented, and social platforms including Linkedln, Naukri, and Glassdoor as well as reports of NASSCOM, ELCOT, and Chennai IT corridor. The sample was drawn in proportion to each stratum—namely, small, medium, and large IT companies classified based on India's Micro, Small, and Medium Enterprises (MSME) Act to minimise the bias. The researchers employed the purposive sampling method to select the initial group of IT companies that used digital recruitment tools and subsequently snowball sampling to identify additional firms through referrals from the initial group.

3.3 Data collection method

The researchers identified the initial firms adopting digital tools for recruitment through personal contacts and requested them to refer other similar firms to create a chain of referrals. This referral-based approach continued until the sample size of 351 was achieved. In line with 'Key Informant Strategy' (Kumar et al., 1993), the field survey targeted HR professionals working in IT companies in Chennai, Tamil Nadu, as they are expected to have in-depth knowledge of the existing recruitment systems of their IT companies. The survey links were disseminated through email and WhatsApp to 351 HR professionals, including HR managers in small IT firms, heads of HR in medium-sized IT firms, and HR directors in large IT firms. Out of the 351 sampled IT companies adopting digital tools for recruitment, 246 were small, 70 were medium-sized, and 35 were large. The study analysed data from 316 HR professionals at SMEs because it focuses on their concerns.

3.4 Research instrument

The researchers obtained valuable inputs from academics and HR professionals to design a well-structured questionnaire. A pilot study was carried out with 25 HR professionals to evaluate the usability of the questionnaire, and minor revisions were made before finalising it. The final questionnaire covered profiles of IT companies and HR professionals, and SMEs' digital recruitment concerns. The questionnaire included six technological challenges, ten internal capability challenges, five legal-ethical challenges, and four social challenges in the adoption of digital recruitment systems.

3.5 Method of data analysis

Garrett mean scores were computed to evaluate and prioritise the digital recruitment challenges. Independent-samples t-tests were used to determine if Chennai's small and medium-sized IT companies faced different challenges. Levene's test checked for variance equality between groups and Welch's t-test was used if the assumption was not met. Hedges' g was calculated to find the effect size, showing the magnitude of the difference in standardised Garrett mean scores between groups.

4. Results

Table I illustrates the rankings of digital recruitment challenges based on Garrett mean scores.

TABLE 1 Rankings of Digital Recruitment Challenges Faced by SMEs in IT Sector in Chennai

Sl. No.	Challenges	Small-sized enterprises		Medium-sized enterprises	
		Mean Score	Rank	Mean Score	Rank
1.	**Technological challenges**	**283.16(246)**		**271.33 (70)**	
	i) Integration issues	65.39(236)	I	64.63(60)	I
	ii) Lack of advanced analytics	58.28(237)	II	52.67(64)	III
	iii) Data management and storage issues	55.06(232)	III	56.05(64)	II
	iv) Limited customisation	48.57(237)	IV	48.53(62)	IV
	v) Poor user interface and experience	36.00(230)	V	41.62(66)	V
	vi) Fragmented system	35.04(224)	VI	38.11(63)	VI
2.	**Internal capability challenges**	**483.40(246)**60.97(238)		**463.61 (70)**	
	i) Cost concerns related to upgradation and maintenance of digital tools		I	63.24(62)	I
	ii) Limited digital proficiency among HR professionals	56.71(238)	II	40.06(67)	IX
	iii) Inadequate IT infrastructure	56.25(238)	III	46.70(66)	VI
	iv) Lack of strategic HR vision	53.68(244)	IV	53.52(67)	IV
	v) Low perceived relative advantage	51.57(242)	V	50.61(66)	V
	) Poor cross-functional coordination between HR and IT departments	49.52(242)	VI	57.14(63)	III
	vii) Resistance to change	46.56(242)	VII	36.06(67)	X
	ii) Poor change management practices	40.86(241)	VIII	46.17(64)	VII
	) Limited budget for training	40.44(236)	IX	43.02(65)	VIII
	Complex workflow management	38.90(239)	X	61.71(66)	II

3.	**Legal-ethical challenges**	**242.57(246)**		**227.61 (70)**	
	i) Limited compliance expertise	58.44(238)	I	60.30(61)	I
	ii) Data privacy and protection issue	56.46(235)	II	57.02(65)	II
	iii) Poor transparency in hiring decisions	52.02(226)	III	51.65(63)	III
	iv) Bias and unfairness in hiring decisions	45.76(234)	IV	41.52(60)	V
	v) Risk of ignoring human judgment in hiring	42.95(234)	V	43.14(65)	IV
4.	**Social challenges**	**180.05(246)**		**176.91(70)**	
	i) Weak employer brand recognition	57.99(225)	I	57.71(63)	I
	ii) Trust deficit in technology	50.44(225)	II	46.45(60)	III
	iii) Digital divide and exclusion	46.75(220)	III	50.61(61)	II
	iv) Perceived loss of human touch	42.90(224)	IV	43.55(66)	IV

Source: Authors' own work based on field data. Figures in brackets represent number of HR professionals reported.

The results of the Garrett ranking technique indicate that cost concerns related to upgradation and maintenance of digital tools are the primary internal capability challenge for both groups. Limited digital proficiency among HR professionals emerges as the second major internal capability challenge for small IT companies in Chennai. The results also indicate that complex workflow management is the second major internal capability challenge faced by medium-sized IT companies. Integration issues are the primary technological challenge for both small and medium-sized companies in Chennai. Lack of advanced analytics and data management issues emerge as the second and third major technological challenges for small and medium-sized companies respectively. HR professionals perceived limited compliance expertise as a primary legal-ethical challenge for SMEs in the technology domain, followed by data privacy and protection issues. Weak employer brand recognition is the primary social challenge for IT-enabled SMEs in Chennai. For small IT companies, the second major social challenge is a trust deficit in technology, whereas for medium-sized companies, it is the digital divide and exclusion. The results of Levene's test, Independent-samples t-test, and Hedges' g are presented in Table 2.

TABLE 2 Results of Levene's test, Independent-samples t-test and Hedges' g

Sl. No.	**Challenges**	**Std. Dev. (Small Firms)**	**Std. Dev. (Medium Firms)**	**Levene's statistic**	**t**	**df**	**g**
1.	**Technological challenges**	**35.416**	**45.382**	**6.184***	**2.01***	**94.0**	**0.312**
	i) Integration issues	12.607	12.571	0.158	0.413	294	0.06
	ii) Lack of advanced analytics	13.795	13.414	0.496	2.90**	299	0.41
	iii) Data management and storage issues	11.470	14.504	7.21**	0.503	85.92	-0.08
		15.087	14.151		0.020		

	iv) Limited customisation v) Poor user interface and experience vi) Fragmented system	12.064 13.653	15.671 16.371	0.120 17.83** 2.344	2.69** 1.509	297 88.26 285	0.003 - 0.43 -0.21
2.	**Internal capability challenges** i) Cost concerns related to upgradation and maintenance of digital tools ii) Limited digital proficiency among HR professionals iii) Inadequate IT infrastructure iv) Lack of strategic HR vision v) Low perceived relative advantage) Poor cross-functional coordination between HR and IT departments vii) Resistance to change ii) Poor change management practices) Limited budget for training Complex workflow management	**27.678** 18.300 15.358 17.121 14.184 12.324 16.213 15.574 16.131 20.775 19.777	**56.190** 16.790 17.486 15.450 14.535 12.418 16.156 12.196 17.265 21.169 15.033	**40.27** 1.016 2.279 2.282 0.004 0.299 0.050 6.325* 0.198 0.053 8.14**	**2.85** 0.885 7.60** 4.09** 0.082 0.565 3.33** 5.85** 2.31* 0.880 10.14**	**78.75** 298 303 302 309 306 303 131.69 303 299 133.64	**0.55** -0.13 1.05 0.57 0.01 0.08 -0.47 0.70 -0.32 -0.12 -1.21
3.	**Legal-ethical challenges** i) Limited compliance expertise ii) Data privacy and protection issue iii) Poor transparency in hiring decisions iv) Bias and unfairness in hiring decisions v) Risk of ignoring human judgment in hiring	**32.786** 14.964 14.256 14.123 12.918 13.615	**40.492** 16.457 13.327 12.399 13.314 13.121	**12.99** 2.381 1.262 2.192 0.305 0.155	**2.83** 0.846 0.284 0.189 2.256* 0.098	**96.20** 297 298 287 292 297	**0.43** -0.12 -0.04 0.03 0.33 -0.01
4.	**Social challenges** i) Weak employer brand recognition ii) Trust deficit in technology iii) Digital divide and exclusion iv) Perceived loss of human touch	**26.093** 14.822 15.145 16.472 15.178	**32.056** 14.088 16.776 15.180 15.876	**6.102** 1.008 3.308 2.362 0.479	**0.750** 0.132 1.774 1.645 0.302	**96.51** 286 283 279 288	**0.11** 0.02 0.26 -0.24 -0.04

Source: Authors' own work based on field data.

* indicates five per cent level of significance.

** indicates one per cent level of significance.

Welch's t-test indicates that technological challenges significantly differ (t = 2.011, df = 94.0 , p = 0.047) between small and medium-sized IT companies. A Hedges' g of 0.312 reveals a small effect size, reflecting that technological challenges were noticeably higher in small IT companies (M_1= 283.16 ,SD_1= 35.416) compared with medium-sized companies(M_2= 271.33, SD_2= 45.382) in Chennai. Internal capability challenges are perceived differently (t=2.849, df=78.75, p=0.006) between small and medium-sized IT companies in Chennai. Specifically, small IT companies reported higher mean score for internal capability challenges (M_1 = 483.40, SD_1=27.678) compared with medium-sized companies (M_2 = 463.61, SD_2=56.19), suggesting that the intensity of internal capability challenges is not uniform across organisations. A Hedges' g of 0.55 reflects a moderate effect size, implying that internal capability challenges were substantially higher in small IT companies compared to medium-sized companies.

Legal-ethical challenges significantly differ (t=2.830, df = 96.20, p=.006) between small and medium-sized IT companies. A Hedges' g of 0.43 indicates a moderate size effect, indicating that legal-ethical challenges were substantially higher in small IT companies (M_1 = 242.57, SD_1 = 32.786) compared with medium-sized companies (M_2=227.61, SD_2=40.492). There was no significant difference (t=0.750, df=96.51, p=0.455) in social challenges in the adoption of digital recruitment tools by small and medium-sized IT companies. Further, a Hedges' g=0.11 indicates a very small size effect, highlighting that the intensity of social challenges is almost uniform across organisations.

Lack of advanced analytics, poor user interface and user experience, limited digital proficiency among HR professionals, inadequate IT infrastructure, poor cross-functional coordination between HR and IT departments, resistance to change, poor change management practices, complex workflow management, and bias and unfairness in hiring decisions differ significantly between small and medium-sized IT companies in Chennai. Furthermore, the effect sizes were larger for the following challenges: i) complex workflow management (g=-1.21), ii) limited digital proficiency among HR professionals (g=1.05), and iii) resistance to change (g=0.70).

Chart 1: Bar Chart Showing the Effect Sizes (Hedges'g)

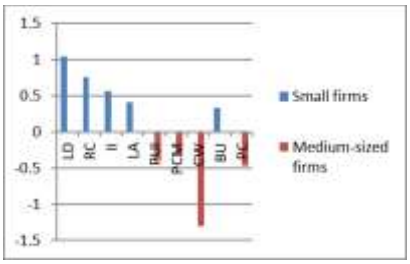
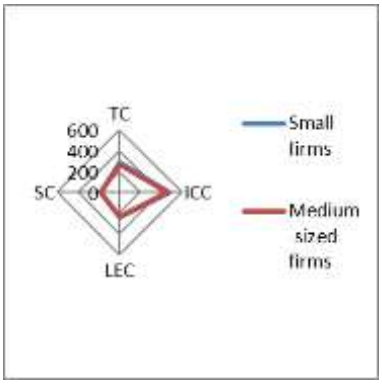


Chart 2: Radar Chart for Four Major Challenges



Source: Authors' own work based on field data

i) LD – Limited digital proficiency ii) RC – Resistance to change iii) II – Inadequate infrastructure iv) LA – Lack of advanced analytics v) PUI – Poor user interface and user experience vi) PCM – Poor change management practices vii) CW – Complex workflow management and viii) BU - Bias and unfairness in hiring decisions ix) PC – Poor cross-functional coordination between HR and IT departments. x) TC—Technological challenges xi) ICC—Internal capability challenges xii) LEC—Legal-ethical challenges and xiii) SC—Social challenges

5. Discussion

Integration issues, cost concerns related to upgradation and maintenance of digital recruitment tools, limited compliance expertise, and weak employer brand recognition are the primary challenges for SMEs. This suggests that these enterprises lack adequate knowledge in aligning, upgrading and maintaining new recruitment software for ATS, CRM, job portals, and video interview platforms. The findings also indicate that HR generalists lack knowledge of labour laws and digital regulations. These common barriers highlight that technological integration, financial sustainability, and compliance expertise are not size-specific, but are structural issues requiring industry-level interventions. These challenges call for policy support, continuous training, branding initiatives, cost-effective solutions, and expert guidance for ensuring compliance within the digital recruitment systems.

The larger effect size associated with poor digital skills among HR generalists indicates a significant internal capability gap that restricts the effective application of the existing technology. Overall, resistance to change has been viewed as the seventh internal capability challenge. Nonetheless, it is stronger in small IT firms than in medium-sized firms in Chennai. This implies that the small IT firms might be reluctant because they have poor change management habits and they are afraid of interfering with current procedures. Barriers such as absence of advanced analytics and poor IT infrastructure have an intermediate level of impact, indicating that small IT businesses are less technologically prepared. The smaller effect of bias and unfairness in hiring decisions highlights bad governance and low standardised practices in recruitment. Accordingly, policies should promote awareness, motivation, and digital skills in the HR generalists so that small firms can consider digital recruitment as an instrument to attain efficiency and effectiveness in the recruitment processes.

Complex workflow management has been perceived as the second internal capability challenge for medium-sized IT companies. The larger effect size indicates that medium-sized enterprises struggle to coordinate the multiple stages of recruitment, the different digital recruitment tools, and stakeholders involved in the recruitment systems. It highlights that clarity in role responsibilities and process standardisation may be lacking, making digital recruitment more resource-intensive and prone to errors. The moderate effect size associated with poor cross-functional coordination between HR and IT departments demonstrates structural and communication gaps, leading to ineffective integration of digital tools. Poor change management practices emerge as the seventh internal capability challenge for medium-sized IT companies. However, their pronounced effect size suggests that medium firms struggle with leadership alignment, employee engagement, and a structured transformation strategy. Poor user interface and user experience are ranked as the fifth technological challenge. However, its moderate effect size indicates that this challenge is more pronounced in medium-sized enterprises. The medium-sized companies need to prioritise user-centred design in the recruitment tools to overcome the issues in usability. Moreover, the scalability and operational challenges require standardisation of processes, clear role definition, and investment in an integrated recruitment platform to enable medium-sized IT firms to overcome these barriers.

HR professionals perceive internal capability, technological, and legal-ethical challenges as more severe in small IT companies than in medium-sized companies. Technological challenges exhibited a small effect size. However, internal capability and legal-ethical challenges demonstrated a moderate effect size, revealing a noticeable and practically significant difference in mean scores between the two groups, with small IT

companies reporting a higher mean score. The implication is that medium-sized enterprises may have comparatively better resources, infrastructure, and compliance mechanisms. In contrast, small enterprises struggle more because of limited expertise, inadequate technological infrastructure, and poor regulatory awareness. HR professionals reported that small and medium-sized IT companies face similar social issues in digital recruitment systems. Factors such as employer branding, trust in technology, the digital divide and exclusion, and loss of human touch may pose comparable difficulties regardless of company size, indicating that these challenges are not influenced by organisational scale but are industry-wide concerns.

6. Conclusion

This study highlights that both small and medium-sized IT companies in Chennai face persistent challenges in integrating digital recruitment tools with the existing HR systems. Cost concerns, limited compliance expertise, and weak employer brand recognition emerged as barriers faced by SMEs in Chennai's IT sector. These findings indicate that digital recruitment solutions are still perceived as resource-intensive and regulatory knowledge remains insufficient across SMEs, limiting their competitiveness in the talent market. For small IT companies, the challenges are primarily foundational, arising from limited resources, inadequate infrastructure, resistance to change, and a shortage of digital skills among HR generalists. In contrast, medium-sized IT companies encounter scalability and operational barriers, such as complex workflow management, usability concerns with recruitment tools, and poor cross-functional coordination. This distinction underscores that while small IT firms struggle to build digital readiness, medium-sized IT firms face difficulties in process redesign and system optimisation.

7. Areas for future research

Future research could use a mixed-method approach—combining a cross-sectional survey with case studies—to evaluate the severity of digital recruitment challenges as this study is cross-sectional. To gain a comprehensive understanding of these challenges, future research could examine various sectors beyond the technology sector.

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