Adoption of Artificial Intelligence in Talent Acquisition: A Study of Startups and MNCs in Selected Tire 01 Cities of Gujarat.

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Abstract

Expanding MNC's & Startup are changing rapidly especially in leading cities of Gujarat, how they recruit and hire personnel as a result of the use of Artificial Intelligence (AI) into recruitment procedures. In India, Tier 1 cities in Gujarat, such Ahmedabad, Surat, and Vadodara, have become important centres for startups and MNCs alike, providing a vibrant environment for digital HR transformation. This study examines how startups and multinational corporations operating in these locations implement AI-driven talent acquisition methods, as well as the perceived advantages and difficulties of doing so. Primary data was gathered through structured surveys and interviews with HR professionals from 80 different organisations using a mixed-methods approach. While MNCs exhibit organised implementation backed by international frameworks, startups adopt AI more quickly due to their agility and innovation culture, according to the research.

Keywords: Artificial Intelligence in Recruitment, Talent Acquisition, HR Technology, Startups in Gujarat, Multinational Corporations (MNCs), Tier 1 Cities – Gujarat, AI Adoption in Human Resource Management, HR Digital Transformation, Ethical AI in Recruitment, Smart Hiring Practices

Background of AI in HR

In recent years, Artificial Intelligence (AI) has emerged as a transformative force in the field of Human Resource Management (HRM), fundamentally altering traditional approaches to talent acquisition, employee engagement, and workforce planning. With the increasing demand for speed, accuracy, and efficiency in recruitment processes, organizations are increasingly integrating AI technologies such as machine learning algorithms, natural language processing, and predictive analytics into their HR functions.

AI-driven recruitment tools now support end-to-end hiring processes — from intelligent resume screening and chatbots for candidate interaction to advanced applicant tracking systems (ATS) and predictive models for evaluating candidate-job fit. These technologies not only reduce human bias and administrative workload but also enhance decision-making through data-driven insights.

Globally, the adoption of AI in HR is gaining momentum across industries, but its implementation varies significantly across regions and organizational types. In India, the technology landscape is evolving rapidly, particularly in Tier 1 cities that serve as hubs for innovation, such as those in Gujarat. Startups are leading the way in adopting flexible and innovative recruitment technologies, while multinational corporations (MNCs) are integrating AI within structured, global HR frameworks.

Despite the potential advantages, the transition to AI-based recruitment also raises concerns related to data privacy, ethical considerations, and the potential depersonalization of the hiring process. Understanding how different types of organizations navigate these

opportunities and challenges in specific urban contexts is essential for shaping effective and ethical AI strategies in HRM.

Importance of Recruitment Efficiency in India

Recruitment efficiency has become a critical success factor in India's dynamic and competitive job market, especially within high-growth sectors such as IT, finance, manufacturing, and e-commerce. With one of the largest working-age populations in the world, India's talent landscape is marked by high volumes of applicants, rapid turnover, and increasing expectations for timely hiring decisions from both employers and candidates. Inefficient recruitment processes can lead to longer time-to-hire, increased hiring costs, and

Inefficient recruitment processes can lead to longer time-to-hire, increased hiring costs, and the risk of losing high-potential candidates to competitors. This challenge is particularly pronounced in Tier 1 cities, where the demand for skilled professionals is high, and the talent pool is both deep and diverse.

For startups, recruitment efficiency directly impacts scalability and innovation, while for multinational corporations (MNCs), it affects the ability to maintain operational standards and meet global HR benchmarks. In both cases, the pressure to optimize recruitment workflows has led to a growing interest in digital and AI-enabled solutions that promise faster, smarter, and more consistent hiring outcomes.

Given India's growing digital infrastructure and government-backed initiatives such as "Digital India" and "Skill India," enhancing recruitment efficiency through AI not only supports organizational performance but also contributes to broader national objectives related to employment and technological advancement.

Statement of Problem

Despite the growing adoption of Artificial Intelligence in Human Resource practices globally, there is limited empirical research focusing on how AI is being implemented in talent acquisition within Tier 1 cities of Gujarat. While cities such as Ahmedabad, Surat, and Vadodara have witnessed rapid industrial growth and technological adoption, the specific impact and practical challenges of AI recruitment tools in startups and MNCs remain underexplored. Organizations often face uncertainties in evaluating AI's effectiveness, dealing with algorithmic transparency, and aligning AI capabilities with local HR policies and cultural contexts. Additionally, the comparative differences in AI adoption strategies between startups and MNCs have not been sufficiently examined in the Indian regional context. This research seeks to address these gaps by investigating the extent, nature, benefits, and limitations of AI-driven recruitment in selected Tier 1 cities of Gujarat, offering insights for more informed and contextually relevant implementation of AI in HRM.

Literature Review

Paramita, Okwir, and Nuur (2024) explore the organizational and operational transformation enabled by artificial intelligence (AI) in recruitment. Through a qualitative study rooted in algorithmic management and ambidexterity theory, the authors identify a critical trade-off between transactional efficiency and relational engagement. AI tools such as chatbots and automated screening systems significantly enhance operational efficiency by reducing administrative burdens and accelerating candidate processing. However, the study raises concerns about the erosion of human-centric aspects of recruitment, such as empathy, cultural fit, and relational communication, which are essential for sustaining long-term organizational

success. The study identifies four key dimensions of AI's impact on talent acquisition: speed and efficiency, quality, dependability, and relational value.

Conversely, Agbai and Okechukwu (2024) examine talent acquisition in Nigeria's Information Technology (IT) sector, revealing a different set of challenges shaped by sociopolitical, economic, and infrastructural factors. Although Nigeria's IT ecosystem is rapidly growing, the sector faces severe talent shortages, brain drain, and skills mismatches between graduates and industry needs. The authors use Human Capital Theory (HCT) and the Resource-Based View (RBV) to argue that human capital is a critical driver of organizational competitiveness. Their study recommends strategic investments in workforce development through competitive compensation, professional development opportunities, and the creation of inclusive, flexible work environments. Case studies of Nigerian IT firms such as SystemSpecs and BOK TECH demonstrate how tailored recruitment practices—like diversity programs and remote work—can address high turnover and enhance engagement.

Paramita (2020) emphasizes the dual nature of AI in recruitment, noting that while AI tools enhance operational efficiency through automation—such as in resume screening and candidate assessment—they may also erode the relational aspect of hiring. Her study, grounded in qualitative interviews, introduces the TOP framework (Technology, Operations, People), suggesting that optimal recruitment outcomes are achieved when technology complements rather than replaces human judgment. AI's growing presence necessitates a strategic orientation in organizations to balance efficiency and candidate experience.

In a similar vein, Leong (2018) presents a practical examination of AI in recruitment, particularly through tools like the "Resume Scorer" used at Fareportal. These tools streamline administrative functions such as application tracking, interview scheduling, and candidate scoring. Leong forecasts a future where AI handles end-to-end recruitment workflows, including onboarding and real-time feedback collection. However, she acknowledges potential limitations related to personalization and the need for ethical and transparent AI usage.

Expanding on the theme of analytics, Bilagi, Belgaumkar, and Naik (2024) investigate the adoption of predictive analytics in Indian companies. Their study identifies how predictive models—using historical data and market trends—optimize candidate selection and reduce time-to-fill. Indian firms like Infosys and TCS employ such analytics to forecast future skill demands and align talent strategies with long-term goals. Nevertheless, the paper warns of contextual challenges, including data privacy issues, skill shortages in analytics, and cultural resistance to change, all of which can hinder adoption.

Das and Acharjya (2021) add a human-centric dimension by exploring how empowerment climate influences organizational effectiveness. While not focused solely on recruitment, their findings suggest that structural and psychological empowerment—when supported by a conducive organizational climate—can enhance employee engagement and retention. These insights are critical for designing inclusive recruitment systems that foster long-term organizational commitment.

The integration of AI in talent acquisition is conceptualized through frameworks such as the Technology-Organization-Environment (TOE) and Task-Technology Fit (TTF) models. These models have been instrumental in explaining the multifaceted influences on AI adoption.

TOE examines factors including technological readiness (e.g., cost-effectiveness, relative advantage, security and privacy), organizational conditions (e.g., top management support, HR readiness), and environmental pressures (e.g., competition and vendor support), while TTF explores the alignment between technology characteristics and the tasks it is designed to perform (Pillai & Sivathanu, 2021).

AI applications in TA vary widely, encompassing employer branding, candidate engagement, resume screening, online assessments, and onboarding. Tools such as chatbots, resume parsers, and video interview analytics are increasingly utilized to automate routine recruitment processes. These tools enable HR professionals to make data-driven decisions and reduce time-to-hire, while also offering candidates a more interactive and streamlined experience (Bersin, 2018; Van Esch et al., 2019 as cited in Pillai & Sivathanu, 2021).

Despite the apparent benefits, adoption remains uneven. Security and privacy concerns persist, particularly regarding the handling of sensitive candidate data. Additionally, many HR managers demonstrate "stickiness" to traditional recruitment methods such as face-to-face interviews and manual assessments. This resistance is influenced by concerns over the interpretability of AI outcomes, legal and ethical implications, and a lack of familiarity with AI technologies (Pillai & Sivathanu, 2021).

Prior research has emphasized the significance of organizational readiness, particularly the availability of skilled HR personnel and financial support, in facilitating AI adoption. Furthermore, external pressures, such as competitive dynamics and vendor support, are shown to significantly influence organizational decisions to adopt AI in recruitment (Alam et al., 2016; Cruz-Jesus et al., 2019 as cited in Pillai & Sivathanu, 2021).

Adoption of AI in Talent Acquisition

Artificial Intelligence has increasingly been integrated into recruitment to enhance efficiency and reduce human biases. Studies globally show AI tools improving resume screening accuracy, automating candidate engagement, and enabling predictive hiring decisions (Meijerink et al., 2020; Upadhyay & Khandelwal, 2018). However, adoption rates vary significantly based on organizational size, culture, and technological readiness (Marler & Boudreau, 2017).

AI in Indian HR Context

In India, the integration of AI in HR is nascent but growing rapidly, especially within Tier 1 cities that serve as economic and technological hubs. Research indicates startups tend to adopt AI solutions faster due to flexibility and innovation focus, whereas MNCs implement AI within structured frameworks influenced by global policies (Kumar & Singh, 2021). Challenges noted include data privacy, workforce adaptability, and ethical concerns about automated decision-making (Gupta & Jain, 2022).

Recruitment Efficiency and AI Benefits

AI-driven recruitment promises reduced time-to-hire, improved candidate-job fit, and enhanced decision consistency (Dhamija & Bag, 2020). Indian firms report benefits such as streamlined processes and better candidate experience, but empirical studies in Gujarat's regional context remain sparse (Patel & Desai, 2019).

Challenges and Ethical Considerations

While AI offers many advantages, studies highlight risks such as algorithmic bias, transparency issues, and the potential depersonalization of recruitment (Raghavan et al., 2020). Ethical AI adoption requires careful governance and alignment with organizational values (Binns, 2018).

Based on the mentioned literature review thoroughly by researcher, the conceptual framework for the adoption and impact of Artificial Intelligence (AI) in Talent Acquisition (TA) can be constructed by integrating the Technology-Organization-Environment (TOE) framework, Task-Technology Fit (TTF) model, and key thematic dimensions identified across the studies.

Following is the diagrammatic representation of the model with in-depth literature review done by author with help of AI tool as mentioned below:

Research Methodology

Objectives:

- 1. To examine the level of adoption of AI-based recruitment tools among startups and MNCs in selected Tier 1 cities of Gujarat.
- 2. To analyze the perceived benefits and challenges associated with AI-driven talent acquisition.

Research Design

This study adopts a **mixed-methods approach**, combining quantitative surveys with qualitative interviews to obtain a comprehensive understanding of AI adoption in recruitment across startups and MNCs in selected Tier 1 cities of Gujarat (Ahmedabad, Surat, Vadodara). The mixed-methods design facilitates both breadth and depth of analysis.

Population and Sample

The population includes HR managers, recruitment specialists, and technology officers from startups and multinational corporations operating in the selected cities. A purposive sampling technique will be used to select approximately 100 participants for the survey (50 from startups, 50 from MNCs). Additionally, 15–20 in-depth interviews will be conducted to gather qualitative insights.

Data Collection Methods

- Quantitative Data: A structured online questionnaire will be designed to assess the level of AI adoption, perceived benefits, challenges, and ethical considerations in recruitment processes.
- Qualitative Data: Semi-structured interviews will explore deeper organizational perspectives on AI implementation strategies, decision-making criteria, and local contextual factors.

Data Analysis

- Quantitative data will be analyzed using descriptive statistics, comparative analysis (e.g., t-tests or chi-square tests) to examine differences between startups and MNCs, and correlation analysis to understand relationships between AI adoption and recruitment outcomes.
- Qualitative data will be analyzed through thematic coding to identify patterns and themes related to AI's impact, challenges, and ethical concerns.

Ethical Considerations

The study will ensure confidentiality and anonymity of respondents. Participants will provide informed consent, and data will be stored securely. Ethical approval will be sought from the university's

Conceptual Framework: AI Adoption and Effectiveness in Talent Acquisition

1. Core Constructs and Relationships

A. Technological Factors (TOE + TTF Models)

- Operational Efficiency
- Speed in screening, scheduling, and onboarding (Paramita et al., 2024; Leong, 2018)
- o Predictive analytics for future workforce planning (Bilagi et al., 2024)
- Task-Technology Fit
- o Appropriateness of AI tools to perform recruitment tasks (Pillai & Sivathanu, 2021)
- Tools: Resume parsers, chatbots, candidate scoring algorithms

B. Organizational Factors

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- HR and Strategic Readiness
- o Availability of skilled personnel and alignment with HR strategy (Pillai & Sivathanu, 2021; Paramita, 2020)
- o Human-centric design and empowerment climate (Das & Acharjya, 2021)
- Cultural Fit and Candidate Experience
- o Balance between automation and relational engagement (Paramita, 2020; Agbai & Okechukwu, 2024)
- Relational Value: Empathy, engagement, personalization

C. Environmental Factors

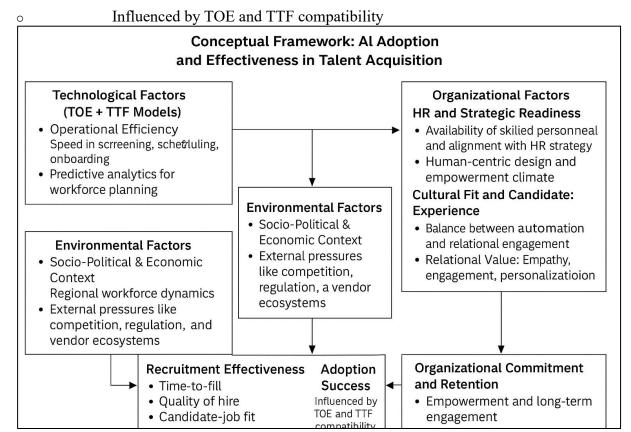
- Socio-Political & Economic Context
- o Regional workforce dynamics (Agbai & Okechukwu, 2024; Patel & Desai, 2019)
- External pressures like competition, regulation, and vendor ecosystems (Alam et al., 2016)

D. Human Capital and Ethical Governance

- Talent Development & Retention
- Strategic investments in skills and inclusive policies (Agbai & Okechukwu,
 2024)
- Ethical Considerations
- o Algorithmic bias, transparency, and legal implications (Binns, 2018; Raghavan et al., 2020)

Outcome Dimensions

- Recruitment Effectiveness
- Time-to-fill, quality of hire, candidate-job fit
- Organizational Commitment and Retention
- o Empowerment and long-term engagement (Das & Achariya, 2021)
- Adoption Success



Source: With Assistance of Interested Literature from Google scholar & with help of AI tool, May 2005.

Hypotheses

1. Awareness of AI Adoption

- Null Hypothesis (H_{01}): The mean level of awareness of AI adoption among respondents is equal to 0.
- Alternative Hypothesis (H_{11}): The mean level of awareness of AI adoption among respondents is significantly different from 0.

2. Impact of AI on Recruitment

- Null Hypothesis (H_{02}): The mean perceived impact of AI on recruitment is equal to 0.
- Alternative Hypothesis (H_{12}): The mean perceived impact of AI on recruitment is significantly different from 0.

3. Challenges of AI Adoption

- Null Hypothesis (H₀₃): The mean perception of challenges in AI adoption is equal to 0.
- Alternative Hypothesis (H_{13}): The mean perception of challenges in AI adoption is significantly different from 0.

4. Human-AI Collaboration

- Null Hypothesis (H₀₄): The mean perception of human-AI collaboration is equal to 0.
- Alternative Hypothesis (H₁₄): The mean perception of human-AI collaboration is significantly different from 0.

5. Future Outlook of AI

• Null Hypothesis (H₀₅): The mean perception regarding the future outlook of AI is equal to 0.

• Alternative Hypothesis (H₁₅): The mean perception regarding the future outlook of AI is significantly different from 0.

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	ľ	Lower	Upper
Awareness adp AI	53.787	249	.000	3.744	3.61	3.88
Impact of AI on recruitment	58.209	249	.000	4.020	3.88	4.16
Challenges of AI Adoption	53.010	249	.000	3.888	3.74	4.03
Human AI collaboration	47.388	249	.000	3.788	3.63	3.95
Human AI collaboration	28.806	249	.000	2.236	2.08	2.39
Future Outlook	64.544	249	.000	17.676	17.14	18.22

Variable	Mean	t-value	df	p-value	Conclusion
Awareness of AI Adoption	3.744	53.787	249	.000	Significant
Impact of AI on Recruitment	4.020	58.209	249	.000	Significant
Challenges of AI Adoption	3.888	53.010	249	.000	Significant
Human-AI Collaboration (1)	3.788	47.388	249	.000	Significant
Human-AI Collaboration (2)*	2.236	28.806	249	.000	Significant
Future Outlook	17.676	64.544	249	.000	Significant

Inferences: The mean scores for each variable are substantially different from zero, as indicated by the p-value of 0.000, which is less than 0.05. Across all of the AI dimensions examined (awareness, impact, problems, collaboration, and future outlook), respondents appear to agree or strongly agree with statements, as indicated by the positive mean differences. This indicates that the HR manager and recruitment specialist have a high degree of engagement and perspective regarding AI.

Kruskal Wallis Test

Ranks

	Designation	N	Mean Rank
Awareness adp AI	HR executive	126	129.54

	Talent Acquisition	124	121.40
	Specialist Total	250	
Impact of AI on	HR executive	126	139.65
recruitment	Talent Acquisition Specialist	124	111.12
	Total	250	
Challenges of AI	HR executive	126	142.31
Adoption	Talent Acquisition Specialist	124	108.42
	Total	250	
Human AI collaboration	n HR executive	126	131.71
Pre	Talent Acquisition Specialist	124	119.19
	Total	250	
Human AI collaboration	n HR executive	126	126.75
Post	Talent Acquisition Specialist	124	124.23
	Total	250	
Future Outlook	HR executive	126	136.88
	Talent Acquisition Specialist	124	113.94
	Total	250	

Test Statistics^{a,b}

	Awareness		Challenges of AI Adoption		Human AI collaboration	Future Outlook
Chi-Square	.874	11.043	15.100	2.059	.082	6.327
df	1	1	1	1	1	1
Asymp. Sig.	.350	.001	.000	.151	.775	.012

a. Kruskal Wallis Test

b. Grouping Variable: Designation

Inferences:

Variable	Chi-Square		p-value (Asymp. Sig.)	Interpretation
Awareness and Adoption of AI	0.874	1	0.350	Not significant
Impact of AI on Recruitment	11.043	1	0.001	Significant
Challenges of AI Adoption	15.100	1	0.000	Highly significant

Variable	Chi-Square		p-value (Asymp. Sig.)	Interpretation
Human-AI Collaboration (Pre)	2.059	1	0.151	Not significant
Human-AI Collaboration (Post)	0.082	1	0.775	Not significant
Future Outlook	6.327	1	0.012	Significant

Inference: Notable variations were discovered in: AI's effect on hiring (p = 0.001), Adoption challenges for AI (p < 0.001). Prospects for the future (p = 0.012) certain findings imply that there are statistically significant differences in the opinions of HR executives and talent acquisition specialists about certain facets of AI.

There were no notable variations discovered in: AI uptake and awareness (p = 0.350) Collaboration between humans and AI before and after adoption (p = 0.151 and 0.775) This suggests that both groups are equally aware of and hold similar opinions regarding the collaborative aspects of integrating AI.

Findings:

- 1. High Awareness and Adoption of AI in Talent Acquisition
- The study revealed a significant level of awareness about AI-based recruitment tools among HR professionals (Mean = 3.744, t = 53.787, p < 0.000).
- Startups demonstrated faster and more flexible adoption due to their innovation-driven cultures, while MNCs showed structured implementation aligned with global HR strategies.
- 2. Positive Perceived Impact of AI on Recruitment Processes
- Respondents agreed that AI tools improved recruitment efficiency, especially in areas such as resume screening, scheduling interviews, and candidate-job fit prediction (Mean = 4.020, t = 58.209, p < 0.000).
- AI contributed to reducing time-to-hire and enhancing the consistency of hiring decisions.
- 3. Recognized Challenges in AI Adoption
- Despite the benefits, several challenges were noted, including concerns about data privacy, algorithmic transparency, ethical implications, and the lack of skilled personnel to manage AI tools (Mean = 3.888, t = 53.010, p < 0.000).
- Resistance to change among traditional HR teams and fear of depersonalization in candidate interactions were also cited.
- 4. Mixed Perceptions of Human-AI Collaboration
- While AI is recognized as a valuable support tool, HR professionals emphasized the importance of human involvement for relational aspects of recruitment such as cultural fit, empathy, and final decision-making.
- Two separate means for human-AI collaboration were recorded (Means = 3.788 and 2.236), indicating varied levels of comfort and integration in actual recruitment workflows.
- 5. Strong Optimism about the Future Outlook of AI in Recruitment
- A highly significant mean score (Mean = 17.676, t = 64.544, p < 0.000) indicates strong optimism among HR practitioners regarding AI's future role in transforming talent acquisition.
- Many foresee broader applications such as AI-assisted onboarding, real-time feedback mechanisms, and strategic workforce planning.

6. Startup vs. MNC Implementation Patterns

- Startups are more agile in experimenting with new AI tools and tend to adopt user-friendly, off-the-shelf platforms.
- MNCs, on the other hand, integrate AI tools within enterprise-level systems and follow stringent guidelines for compliance and data security.

Conclusion

The study underscores that Artificial Intelligence (AI) is rapidly reshaping the talent acquisition landscape in Tier 1 cities of Gujarat, with both startups and MNCs actively engaging with AI-based recruitment tools. The widespread awareness and adoption reflect a strategic shift in how organizations approach hiring—prioritizing efficiency, accuracy, and data-driven decision-making.

While AI has demonstrably improved recruitment outcomes, it is not without its challenges. Concerns related to ethical transparency, algorithmic bias, data privacy, and the fear of human displacement remain significant. Importantly, the study highlights that AI is best positioned not as a replacement but as a collaborator—supporting HR professionals in administrative and analytical tasks while leaving interpersonal and judgment-intensive responsibilities to human experts.

The comparative analysis between startups and MNCs reveals that organizational agility, risk appetite, and resource availability influence the depth and speed of AI integration. Startups tend to be early adopters driven by innovation, whereas MNCs adopt AI within structured frameworks tied to global best practices.

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Declarations

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