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AI Driven Application Tracking System For Precision Hiring: A Development Approach

Suvranil Saha[1], Varnit Singhal[2]

[1]*Department of MBA, International Institute of Business Studies, Bengaluru, India*
[21]*Department of MBA, International Institute of Business Studies, Bengaluru, India*
suvranilsaha82@gmail.com

ABSTRACT

In today's competitive job market, organizations are increasingly seeking smarter ways to attract and select the right talent. Conventional applicant tracking systems (ATS) often rely on generic keyword matching, which may overlook highly suitable candidates whose profiles do not align with rigid keyword structures. This paper presents a development approach for an AI-driven application tracking system designed to enhance precision hiring by generating and refining job description (JD) keywords. The proposed framework leverages natural language processing (NLP) and machine learning algorithms to analyze job roles, industry trends, and candidate profiles in real-time. Instead of relying solely on static keyword sets, the system dynamically learns context-based keywords and evaluates candidate fit holistically. The approach also addresses challenges such as bias reduction, adaptability across industries, and improved recruiter efficiency. By enabling organizations to customize JD keywords intelligently, the model not only ensures higher candidate-job alignment but also enhances fairness and inclusivity in recruitment. The paper discusses the methodology, system design, and potential applications, highlighting how AI can bridge the gap between organizational needs and candidate capabilities. This AI-driven ATS can transform recruitment into a more data-driven, efficient, and human-centered process.

Keywords: Precision Hiring, AI-driven ATS, Job Description Keywords, Recruitment Automation, NLP in HR, Smart Hiring

1. Introduction

Recruitment has always been a critical function within human resource management, as the success of an organization largely depends on its ability to hire the right talent at the right time. In recent years, the hiring landscape has undergone a significant transformation due to the combined influence of globalization, technological advancements, and evolving workforce expectations. Traditional recruitment methods, while structured, often suffer from inefficiencies and fail to capture the nuanced requirements of modern job roles. This is where the concept of precision hiring comes into play, emphasizing accuracy, relevance, and fairness in matching candidates with job requirements.

Conventional applicant tracking systems (ATS) were developed to streamline the hiring process by automating candidate screening through keyword matching. While effective in reducing the recruiter's workload, these systems are often criticized for their rigidity. They tend to favor resumes that align closely with predefined keywords, while disregarding qualified candidates who may have relevant skills but use different terminologies. This lack of adaptability not only reduces the quality of hires but also creates frustration for candidates who are screened out despite their potential suitability. Moreover, organizations risk missing out on diverse talent pools, thereby limiting innovation and inclusivity.

The advent of artificial intelligence (AI) offers a promising solution to these challenges. By integrating natural language processing (NLP) and machine learning (ML) techniques, recruitment systems can move beyond static keyword matching toward more context-aware evaluation. AI-driven systems can analyze large volumes of unstructured data from job descriptions, resumes, industry reports, and even social profiles, to generate dynamic and context-specific keywords. This ensures that candidate evaluation is not only more precise but also adaptable to changing industry requirements.

An AI-driven application tracking system designed for precision hiring can redefine the recruitment process in several ways. First, it enables intelligent keyword development that reflects both technical competencies and soft skills required for a role. Second, it supports bias reduction by minimizing overreliance on rigid filters, thereby promoting diversity in hiring. Third, it enhances recruiter efficiency by automating repetitive tasks and providing actionable insights, allowing human decision-makers to focus on relationship-building and strategic talent management.

This development approach also has broader implications for organizational success. In a rapidly evolving business environment, where skill requirements are constantly shifting, the ability to adapt job descriptions and hiring strategies dynamically is a strategic advantage. Companies that adopt AI-driven ATS for precision hiring can expect not only improved talent acquisition outcomes but also stronger employer branding, as candidates experience a fairer and more transparent selection process.

Integration of AI into ATS represents a forward-looking approach to recruitment. It addresses the limitations of traditional systems while aligning with the goals of modern organizations that value efficiency, inclusivity, and long-term employee engagement. This paper presents a development framework for such an AI-driven system, focusing on keyword generation for job descriptions as the foundation of precision hiring.

2. Literature Review

The concept of precision hiring has gained significant attention in the last decade as organizations increasingly recognize the limitations of traditional recruitment systems. Early studies on Applicant Tracking Systems (ATS) emphasized their ability to automate resume collection and keyword-based filtering (Gonzalez et al., 2015). While these systems improved efficiency, they also introduced the challenge of rigid keyword dependency, leading to the exclusion of potentially qualified candidates. Scholars like Brown and Hesketh (2018) highlighted that such rigidity often creates a “lost in translation” problem, where valuable skills are overlooked simply because candidates use different terminologies or phrasing.

The emergence of Artificial Intelligence (AI) and Natural Language Processing (NLP) in recruitment has opened new avenues for solving these limitations. Research by Upadhyay and Khandelwal (2019) demonstrated how AI-based tools can extract contextual meanings from resumes and job descriptions, moving beyond static keyword matching. Their findings suggested that AI-enabled parsing allows for a deeper understanding of candidate competencies, even when exact keywords are absent. Similarly, LinkedIn’s Global Talent Trends report (2020) pointed out that AI-driven systems significantly reduce recruiter bias, ensuring inclusivity and fairness in shortlisting.

A key strand of literature focuses on keyword development for job descriptions. Studies by Hausdorf and Duncan (2017) showed that the language of job postings plays a critical role in attracting diverse candidates. For example, gendered language in job ads can unintentionally discourage certain applicants. This aligns with the work of Gaucher et al. (2011), who found that biased wording contributes to skewed applicant pools. More recent approaches propose AI-supported JD optimization, where algorithms dynamically suggest neutral and role-appropriate keywords to attract a wider, qualified audience.

Machine Learning (ML) applications in recruitment have also been studied extensively. Van Esch, Black, and Ferolie (2019) demonstrated how predictive analytics can forecast candidate success by analysing past hiring data and performance indicators. Their research suggested that combining structured ATS data with unstructured sources (e.g., LinkedIn profiles, project portfolios) enhances hiring precision. This builds upon the framework by Chamorro-Premuzic et al. (2016), which advocated for “big data recruitment,” leveraging multi-source analytics to improve decision-making.

Another critical area in the literature involves bias reduction and inclusivity. Research by Cowgill (2018) indicated that poorly designed AI systems can perpetuate existing biases if trained on skewed datasets. However, carefully designed AI-driven ATS, as discussed by Raghavan et al. (2020), can actively mitigate bias by balancing datasets and employing fairness-aware algorithms. These findings highlight the importance of ethical AI design in recruitment applications.

From a systems development perspective, several studies propose frameworks for AI-driven ATS. For example, Dhamija and Bag (2021) outlined a hybrid approach integrating machine learning with recruiter feedback to continuously refine keyword models. Their system demonstrated improved alignment between job requirements and candidate skillsets, supporting the argument that AI-based keyword development must be iterative and adaptable. Additionally, practical applications in corporate contexts, such as IBM's Watson Talent Framework, illustrate the viability of AI in large-scale recruitment environments (IBM, 2020).

Overall, the literature suggests a clear transition from rule-based ATS to AI-driven, context-sensitive recruitment systems. The main consensus is that keyword development for job descriptions is central to achieving precision hiring. However, existing research also underscores the challenges of ensuring fairness, transparency, and adaptability in these systems. By integrating NLP, machine learning, and recruiter insights, the next generation of ATS can bridge the gap between organizational needs and candidate potential.

3. Methodology

For our research purpose we have used secondary dataset of AI job market. The research employed a structured approach to analyze the relationship between job attributes, AI adoption, and labor market outcomes using the provided dataset of 500 job entries. The dataset included attributes such as job title, industry, company size, location, AI adoption level, automation risk, required skills, salary, remote-friendliness, and job growth projections. Data pre-processing involved cleaning and categorizing fields to ensure consistency across attributes. Key performance indicators (KPIs) were defined to capture critical insights into the job market. These included (i) average salary by AI adoption level, (ii) distribution of automation risk, (iii) percentage of remote-friendly jobs, (iv) distribution of job growth projections, and (v) top industries ranked by average salary. Descriptive statistics were used to compute these KPIs, and aggregation techniques allowed comparison across categories. Results were presented in tabular form to highlight significant patterns and support interpretation.

4. Discussion

KPI	FINDINGS
Average Salary by AI Adoption Level (USD)	High: 87,583.42; Medium: 92,139.14; Low: 93,353.60
Automation Risk Distribution (%)	Medium: 34.6%; High: 33.8%; Low: 31.6%
Remote-Friendly Job Distribution (%)	Yes: 50.2%; No: 49.8%
Job Growth Projection Distribution (%)	Growth: 33.8%; Decline: 33.8%; Stable: 32.4%
Top 5 Industries by Average Salary (USD)	Finance: 94,355.47; Entertainment: 94,291.23; Education: 93,798.52; Energy: 92,763.94; Healthcare: 91,688.50

[1]The analysis highlights several important dynamics in the evolving job market. First, the average salary does not necessarily increase with higher levels of AI adoption. In fact, jobs with low AI adoption show slightly higher salaries

[1] https://github.com/sensiboi/AI-driven-ATS-system/tree/main

(USD 93,353.60) compared to high AI adoption roles (USD 87,583.42). This indicates that while AI adoption brings efficiency, it may also create downward pressure on compensation by automating certain functions and shifting value toward strategic rather than operational roles.

Second, the automation risk distribution is fairly balanced, with medium-risk roles forming the largest share (34.6%). This implies that while some positions remain relatively secure, a significant proportion of jobs face disruption risk, emphasizing the importance of continuous skill development and adaptability in the workforce.

Third, the nearly equal split in remote-friendly jobs (Yes: 50.2%, No: 49.8%) indicates that remote work has now become an established standard rather than a niche option. This suggests that organizations are increasingly open to hybrid work models, enhancing inclusivity and expanding global hiring opportunities.

Fourth, job growth projections are evenly distributed across growth (33.8%), decline (33.8%), and stable (32.4%) categories. This indicates a transitional job market where certain industries are rapidly expanding due to digitalization, while others face stagnation or decline under automation and globalization pressures.

Finally, the industry-level analysis reveals that Finance, Entertainment, and Education offer the highest average salaries. These sectors appear resilient to automation risks, as they combine technical expertise with creativity, regulatory compliance, or human-centered interaction, making them less replaceable by AI. Overall, the findings suggest that precision hiring should focus on aligning skills with emerging high-value domains while accounting for risk and growth projections.

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