HCI
Acquire the Right Talent

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Human Capital Management Cloud

TALENT SOURCING WITH ARTIFICIAL INTELLIGENCE (AI): MAXIMIZING TALENT POOLS AND RECRUITER PRODUCTIVITY

CHALLENGES FOR EMPLOYERS IN A CANDIDATE-DRIVEN MARKET

Carmen is a recruiter with 14 years of experience working for medium-sized and large organizations in their HR and talent acquisition functions. She loves her job, especially building connections with candidates. She cannot recall a time when the competition for top talent was as fierce as it is right now. Her organization is facing skills gaps in critical roles that are aligned to the business' new product innovation strategy.

In today's economy, the power has shifted to the job seeker. The U.S. unemployment rate is the lowest in a decade at 4.1 percent.[1] Candidates have the advantage, and organizations are feeling the pressure to attract world-class talent. The competition to find top talent continues to be a challenge, as evidenced by 46 percent of employers reporting difficulty in filling jobs.[2] This is good news for job seekers, but makes for tough times for recruiters and hiring managers looking to get the best people first.

In this study[3], HR and recruiting professionals echo Carmen's sentiment. They report the following indicators have increased over the previous year. How can you build a world-class workforce under these conditions?
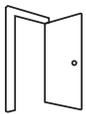
55%
report increased numbers of open positions

48%
report increased time to fill critical positions

53%
report increased starting salaries for new hires

31%
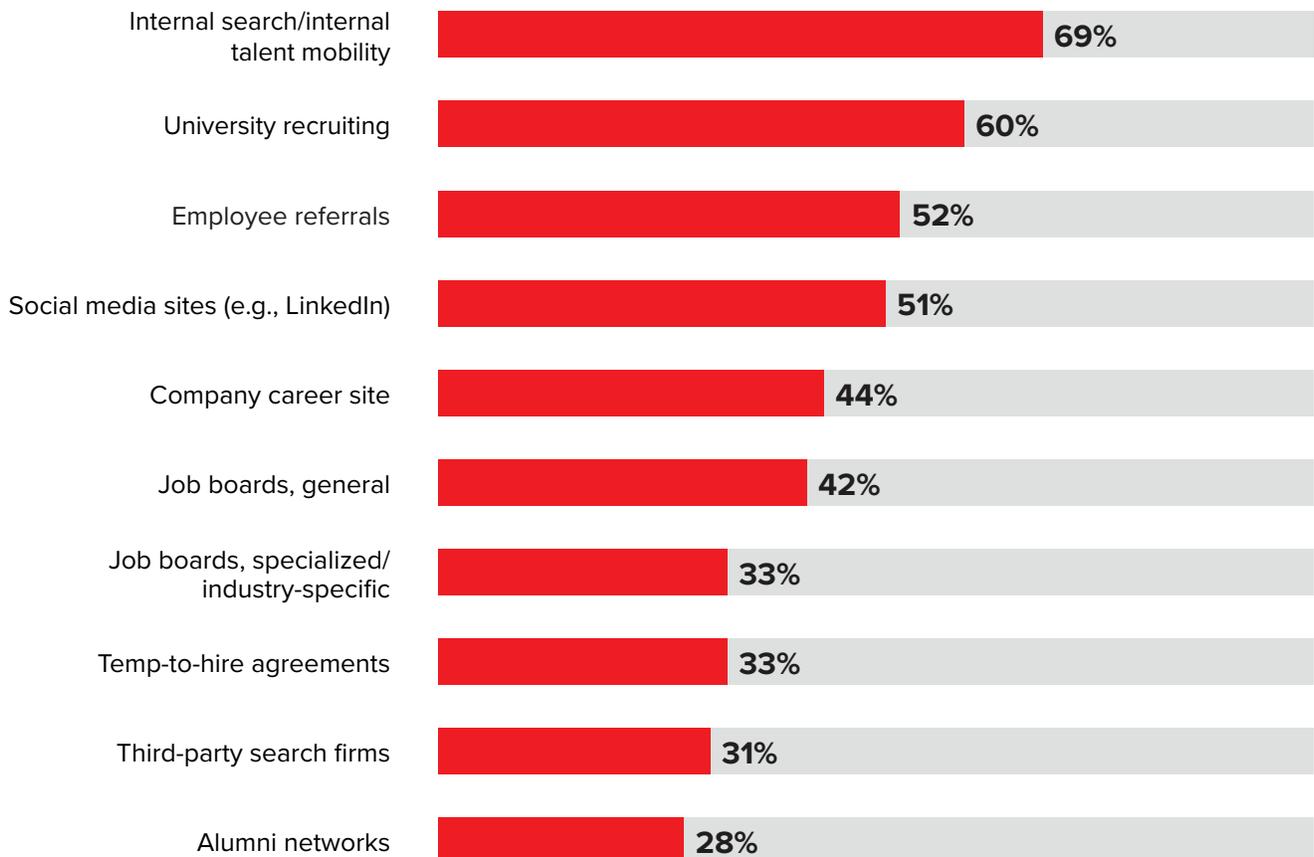report increased candidate rejections of offers

38%
report increased voluntary turnover in critical positions

SOURCING STRATEGIES FOR QUALITY HIRES

We have more access to information about potential candidates now than at any other time in history. However, this greater availability presents recruiters with a paradox: while technology helps sourcing and recruiting processes, they also dramatically increase recruiter workloads. Recruiters have become inundated with applications due to additional sources of hiring and easier application processes, resulting in decision-fatigues around choosing who is best for each role.

However, it is important to consider that sourcing strategies designed to produce a high volume of candidates are different from those used to find quality hires. In our research, we found that job boards and employee referrals were the most common sources of hire. But internal hires, university recruiting, and employee referrals were rated as the most effective sources of quality hires.

FIGURE 1

Percentage of respondents rating the sourcing strategies they use as "Very Effective" and "Extremely Effective"

Source	Percentage
Internal search/internal talent mobility	69%
University recruiting	60%
Employee referrals	52%
Social media sites (e.g., LinkedIn)	51%
Company career site	44%
Job boards, general	42%
Job boards, specialized/industry-specific	33%
Temp-to-hire agreements	33%
Third-party search firms	31%
Alumni networks	28%

Carmen, the recruiter mentioned earlier, has access to these talent pools but has had difficulty managing them. She has more openings than time to fill them. She needs help sorting candidates and making decisions for each role. Technologies have increased the size of her talent pools and the amount of candidate information she has to work with. Fortunately for Carmen, tomorrow's technology is available today. She can use artificial intelligence (AI) to recruit candidates through internal hires, university recruiting, and employee referrals.

RECRUIT FROM WITHIN

In today's job market, where career growth is a top priority for all generations, internal mobility practices are powerful tools for increasing employee engagement and retention.[4] In addition, redeploying employees who are familiar with workplace culture, processes, and people, the organization can reduce time to proficiency and decrease recruiting costs.

A common challenge with internal hiring is that HR professionals, recruiters, and hiring managers are often unaware of the strengths and weaknesses of their internal talent pools. Recruiters and hiring managers often have little insight into the skill sets or career aspirations of existing employees, and no way to access this information. In addition, valuable employees are not alerted to available or potential new opportunities.

Carmen has access to talent profiles. She can see job performance history, current skills, areas for development and growth, and the career objectives for the talent in her organization. Using AI, she can align skills and people with current openings. AI matches patterns based on previous data, which is beneficial for understanding how well a candidate matches with the profiles of current top performers in the role. Using data from high-performers, Carmen can evaluate a list of potential internal candidates and make a prediction about their future performance.

Internal candidates are automatically matched to open positions and are alerted about the opportunities. Carmen can allocate her time speaking directly to the best internal candidates rather than spending countless hours searching for them behind a screen. Commitment to internal mobility practices and the features offered through AI, from the business and HR leaders, has reduced time to hire by several weeks. In addition, it has contributed to significant reductions in high-performer turnover.

OPTIMIZE UNIVERSITY RECRUITING

For companies with more than 10,000 employees, 10 percent of new hires come from university recruiting efforts, including career fairs, social media outreach, and internship programs. The competition for top candidates within these talent pools is strong and organizations need to stay ahead of their competition.

Carmen is responsible for managing university relationships and recruiting. With AI, she can quickly and efficiently determine which universities provide the strongest applicants and focus her efforts at those sites. Armed with a job description and students' applications, AI can surface and stack rank the top ten candidates. Since she knows whom to target, she can spend more time building relationships with those students. With this intelligence, Carmen's organization gains a competitive edge in this tight labor market.

Some candidates are such a good cultural fit that it's less important to match them to a particular job than it is to find a job within the organization that suits them. AI can help with this too, matching their skills, qualifications, and profiles to business functions and job areas in which they are likely to excel. Some organizations use a rotational program in which new recruits try a number of roles their first year to select the best fit.

Not all of Carmen's university recruiting efforts result in immediate new hires; most students will end up in her talent pool. With AI, Carmen's organization can improve the experience of these passive candidates by providing stories of young professionals who are excelling at the company and by updating them about other positions. By monitoring her talent pool, she will learn who is a good fit and who is not, rather than using her time pursuing candidates who aren't a match for the job.

As machine learning gets better at making predictions, recruiters can vet candidates on the likelihood they will align with the culture, accept the position, stay engaged, and perform well. AI has reduced biases that are all but guaranteed to affect human decision-making. Before using AI for university sourcing and recruiting, Carmen favored her alma mater. But with her new tools, she discovered that hires from that specific university were more likely to have higher turnover and lower performance ratings. Using that information, Carmen adjusted her strategy and relied on data over her gut feelings and biases.

CAPITALIZE ON EMPLOYEE NETWORKS

Referred candidates have higher job satisfaction and performance and lower turnover than employees recruited via other sources.[5] Organizations are optimizing their referral programs to lower recruitment costs and find candidates who are stronger cultural fits. They are increasing the number of high-performers by having high-performers refer others from their networks. Twenty-nine percent of HR professionals report an increase in the use of employee referrals compared to last year. Overall, 16 percent of new hires over the past two years were employee referrals.
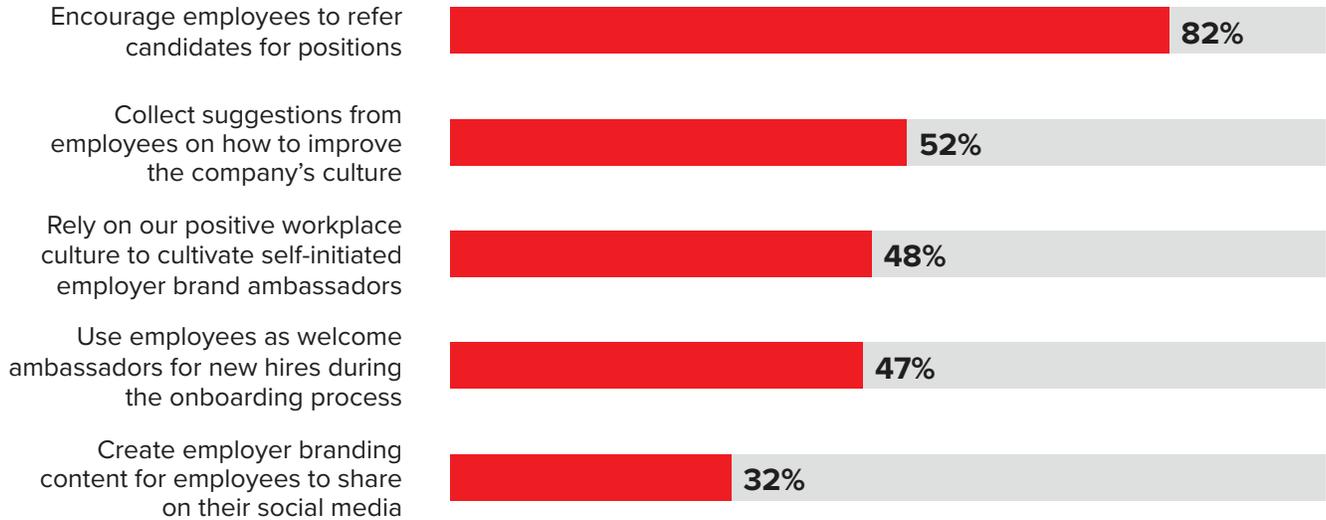
Before Carmen's organization invested in a formal referral program, she often felt like referrals were more of a burden than a benefit. She wasn't sure how well the referred candidate would perform, or what his or her potential cultural fit would be, because she did not know the performance level of the referrer. Since she didn't know the quality of each referral, she wasn't sure how much time she should dedicate to following up with each referred candidate. As a result, she gave each referred candidate a high-touch experience even when it turned out they weren't a fit. The process left Carmen feeling overstretched and overwhelmed.

Since Carmen's organization already has the other critical components of a successful referral program—simplicity, incentives, clear communication, and senior leader support—with the addition of AI she can now achieve the maximum benefit from referrals. She has reduced her effort for each submission because AI gives her a likelihood of fit prediction about how well the new hire will perform and align with the company culture.

The referral program is driven by employees' active participation. The best employees make the best brand ambassadors, and their influence can be used to draw awareness and excitement for an employer brand. Neural network technologies can identify the top performers and best influencers within an organization. Those individuals can then be encouraged to post about the company and promote it with their personal and professional networks. This empowers employees to be the best marketers for their organizations.

FIGURE 2

What is your organization doing to turn your employees into employer brand ambassadors? *(Select all that apply.)*

Category	Percentage
Encourage employees to refer candidates for positions	82%
Collect suggestions from employees on how to improve the company's culture	52%
Rely on our positive workplace culture to cultivate self-initiated employer brand ambassadors	48%
Use employees as welcome ambassadors for new hires during the onboarding process	47%
Create employer branding content for employees to share on their social media	32%

HOW TO MAXIMIZE TALENT ACQUISITION EFFORTS

Technology with AI capabilities has significantly helped Carmen meet her challenges for sourcing, recruiting, and hiring. In addition to using these tools, the following recommendations can maximize any recruiter's effort in this tight labor market.

Create a magnetic culture

No new hire wants to be part of a process where the hiring manager and recruiter over-promised but ultimately under-delivered. Strong talent acquisition practices are predicated on strong cultures. Work with your business and HR leaders to ensure that your employer brand is an accurate representation of what is happening inside your organization.
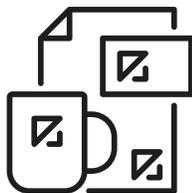
Highlight your employee experience through employer branding efforts

The strongest candidates are inundated with information from your competitors and will quickly decide how they feel about your brand. While the number of channels to promote employer branding has grown exponentially, talent acquisition professionals should understand each audience, the intent of the message, and where different content works best.
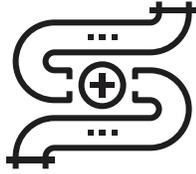
Nurture your best pipelines

Recruiters need to identify and maximize their best sources for quality hires. This requires identifying criteria for quality of hire, which typically is formed using manager surveys, performance reviews, and tenure. HR professionals need to measure the quality of hire in each sourcing channel to determine how much effort to invest in these pipelines.

Rely on your best to bring in the brightest

Employees are the best marketers for your organization. In our study, 85 percent of HR professionals agree that employees are their best marketing tool. Employer brand ambassadors should be encouraged and rewarded for personal outreach with new hire referrals. Guidelines for employee referral programs need to clearly outline the incentives, eligibility, and participation requirements.
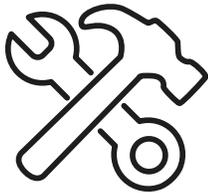
Use tools so recruiters can spend more time on building relationships

To successfully build a world-class workforce, organizations need to optimize their talent acquisition processes with technology and AI that streamline sourcing and hiring practices. Recruiters no longer need to spend time sifting through resumes while memorizing quality hire criteria. They can rely on tools to help make decisions, freeing up time that can be spent building relationships with candidates. Automating candidate identification can help recruiters manage their workloads and source tomorrow's best talent, today.

ENDNOTES

1. US Bureau of Labor Statistics. (2018). Retrieved from https://data.bls.gov/timeseries/LNS14000000

2. Manpower Group. (2016). Retrieved from https://www.manpowergroup.us/campaigns/talent-shortage/assets/pdf/2016-Talent-Shortage-Infographic.pdf

3. Distributed in the spring of 2017, 219 HR professionals completed a survey about their talent sourcing and employee referrals practices. Eighty percent of the respondents' organizations are headquartered in North America. Eighty-two percent are at or above the manager level.

4. Filipkowski, J., Ruth, M., & Heverin, A. (2017). Building a coaching culture with millennial leaders. *Human Capital Institute*. Retrieved from http://www.hci.org/hr-research/building-coaching-culture-millennial-leaders

5. Van Hoye, G. (2013). Recruiting through employee referrals: An examination of employees' motives. *Human Performance*, 26(5), 451-464.

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HCI Human Capital Institute

At HCI, we believe that strategic talent management is the only long-term, sustainable competitive advantage left today, and that most organizations around the world are struggling in this critical area. At our best, we change both paradigms and practices, and enable executives to make better, faster decisions than they could on their own.

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