ARTIFICIAL INTELLIGENCE IN RECRUITMENT

A RESEARCH BY PEOPLE MATTERS AND ABC CONSULTANTS
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CON- TENTS

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THE WORLD OF WORK IS CHANGING AT A CONSIDERABLE PACE AND SO IS THE TALENT!

Hit by gigantic shifts in business models and the advent of the digital era, organizations are finding themselves competing for talent. Faced with a scarcity of key skills and the rapidly evolving talent demands, firms that do not adapt are likely to fail at attracting talent.

Adopting technology can be seen as the panacea for their challenges. Technology implementation across the HR value chain is helping firms with selecting the right candidate, enabling pre and post-employee engagement and personalization of the recruitment process.

Since the introduction of the Applicant Tracking System (ATS), recruiters and TA professionals have leveraged on technology to find the right talent. However, the priority of TA function is more evolved—they have to build workforce for the future. Hence, the dominant theme today in HR technology is how new-age technology like Artificial Intelligence can help build the future workforce.

Continuing with our endeavor to provide actionable research to our community, People Matters in partnership with ABC Consultants studied how Indian companies are using technology in their Talent Acquisition function. This involved understanding the recruitment priorities and challenges and what kind of technologies the organizations are adopting in different phases of recruitment viz., sourcing, screening, interview, and selection. The main theme of the research delves into how the TA community perceives AI technology in the recruitment space, how mature they are to adopt the technology and whether AI will replace a recruiter.

Findings of the study revealed that balancing the speed and improving the efficiency of the recruitment process is a priority for organizations in 2019-20. However, availability of skills, greater time to hire and inability to correctly measure the performance of a candidate constitutes the top three challenges for TA professionals.

Currently, the adoption rate of AI in recruitment process is less than 20 percent however, when asked about future plans organizations are keen to transform their recruitment process by largely by AI. The report also features expert perspectives adopting domain leaders from leading organizations across various sectors. We are grateful to all the participants who took the survey along with the individuals and organizations who contributed their time and expertise in assisting us in carrying out this study.

We hope that our readers will enjoy reading the findings of this report and will get back to us with their comments and perspectives. We look forward to hearing from them.

ESTER MARTINEZ
CEO & EDITOR-IN-CHIEF, PEOPLE MATTERS
FOREWORD

In the wake of rapid changes in business needs, workforce demographics, technology, lifestyle, and information technologies, the challenges for the Talent Acquisition function have grown manifold. To change constantly yet remain predictable, be agile yet show long term benefits, customize yet standardized – these are some of the demands that are placed in front of the TA function. Balancing all these factors will prove to be a challenge for recruitment professionals.

AI has the ability to establish what a successful employee in a specific position has done, and look for candidates with backgrounds that match up with those workers. It can identify certain qualifications, educational history, work experience, and other factors that suggest a candidate has the background to emulate the top performers in your organization.

We are excited to bring to you this study on Artificial Intelligence in recruitment, which is an effort to uncover how Indian organizations perceive the role of AI in recruitment. The study also challenges the commonly held notions about AI and reflects upon AI-recruiter collaboration.

It was clear from the study that transactional activities like resume collection, candidate matching, and interview scheduling will be handled entirely by AI in the future.

However, activities like negotiation, gauging culture fit, and gauging interpersonal skills will require intervention of humans and cannot be owned entirely by AI. Hence, signaling the importance of human skills and competencies needed for the strategic aspects of recruitment. In fact, 83 percent of the organizations feel that Humans & AI will work together on this journey of attracting and hiring future-ready candidates.

The research found that most organizations feel AI can help in recruitment by improving efficiency during the recruitment process (46 percent), optimizing the search process (39 percent), enhancing human decision making (39 percent), and balancing speed and quality (39 percent).

While, the current adoption rate is still early, in coming years, organizations are expected to invest in AI recruitment technologies in different facets of TA, namely sourcing, screening, and interview & selection.

We trust that the report will make for a useful and enjoyable reading!

SHIV AGRAWAL
MANAGING DIRECTOR, ABC CONSULTANTS
RECRUITMENT TRENDS IN 2019

RESEARCH, EXPERT INTERVIEWS, AND THE PULSE OF THE INDUSTRY HIGHLIGHT THE FOLLOWING TRENDS:

- **Availability of skills is the biggest challenge for organizations.**
- **Balancing speed and quality of hiring emerges as the key to priority for organizations.**
- **Only 14 percent of organizations have the right talent acquisition technology in place to give powerful insights.**
- **New techniques (e.g. social media, video interviews, interview scheduling software) are gaining favor as ways to augment interviews.**
- **Enhancing human decision making is among the top impacts that AI can create on recruitment.**
- **Artificial Intelligence (AI) is not a mature trend, but organizations are optimistic about its impact and will improve its adoption rate.**
Talent acquisition is under a lot of pressure to hire the best candidates in an increasingly tight job market. But within an organization’s HR or recruitment team, there is an added pressure of quality versus efficiency. This means, there is more struggle to find the highest quality candidate, while balancing the potential cost of an unfilled position and extended recruitment efforts.

Balancing the speed and quality of hires emerges as the top priority of TA professionals (53 percent). Improving efficiency of the recruitment process (49 percent) and enhancing the candidate experience (26 percent) completes the suite of top three priorities of the TA function.

Interestingly, these priorities have also emerged as challenges for organizations. While availability of skills (75 percent) remains a universal challenge, time to hire (55 percent) and measuring the performance of a candidate (50 percent) are top difficulties faced by TA professionals.

‘Unavailability of skills’ tops the list of challenges faced by TA professionals. There is a huge gap between the desired skill sets and the skills possessed by candidates. The challenge for businesses today is to get industry ready candidates who can be directly plugged into the jobs.

“IF YOU CAN MEASURE IT, YOU CAN MANAGE IT”
PETER DRUCKER

The challenge hidden in these words is, ‘what to measure’, and this has always troubled HR professionals and specifically TA professionals.
Artificial intelligence is a machine’s ability to have human-like intelligence. Computers can be programmed to learn with data in order to perform a task, and improve at the task as more data pours in. AI is the powerful force behind new technologies from self-driving cars to search engines, and it’s on its way to revolutionizing the talent industry.

Induction of AI in hiring is a watershed moment in the staffing industry. The decisive technology is loaded with tons of amazing features such as Big Data and Predictive Analysis that are making desirable disruptions in the recruitment processes for both corporates and startups. Recruitment is no more a monotonous process for HR professionals as activities like making phone calls to potential customers, shortlisting of the resumes and replying to the applicants through emails are switched to an AI software in digitally transformed organizations.

According to our research, most organizations feel AI can help in recruitment by:

- **Improving Efficiency during the Recruitment Process**: 46%
- **Optimizing the Search Process**: 39%
- **Enhance Human Decision Making**: 39%
- **Balancing Speed and Quality**: 39%

We interviewed experts which led us to conclude that there are a few notions which are binding organizations and employers to adopt AI in recruitment. Few of them were:

- > AI will replace recruiters
- > AI is expensive
- > AI is difficult to implement

Savita Hotrikar, Talent Acquisition Head, ThoughtWorks shares, “There is also a fear that AI tools might just replicate previous hiring decisions and end up making companies homogeneous with the same background skills and thinking.”

While due diligence is required to ensure bias doesn’t creep in the usage of AI and other recruitment tools, we found that the participants of the survey are optimistic about the positive impact that AI can create on recruitment activities like:

1. **Resume Collection**
2. **Candidate Matching**
3. **Interview Scheduling**
4. **Pre-Screening Assessments**
5. **Candidate Sourcing**

*On a scale of 1-5 with 5 being the maximum adoption rate*
HERE ARE SOME OF THE USE-CASES OF AI IN RECRUITMENT:

Bennett, Coleman & Co. Ltd.:

Amit Das, Director-HR & CHRO, Bennett, Coleman & Co. Ltd. shares, “Currently, we have been leveraging AI based tools for our campus engagement and selection programs. We have been able to eliminate the screening time for recruiters by around 80% through deployment of these online AI based adaptive assessments and video interviews.”

He further shared that the company has started using an AI based recruitment marketplace, which acts as an aggregator for recruiters across the globe. This has not only augmented the existing basket of sourcing channels, but has drastically reduced the hiring cost.

ThoughtWorks:

ThoughtWorks is using an externally available AI platform which is more of a candidate aggregator that can match resume to the job descriptions. And while recruiters shortlist candidates, the algorithm learns and provide better results.

Savita Hotrikar, Talent Acquisition Head at Thoughtworks shares, “You can teach the tool what you want. We are also looking at experimenting with a tool which will help us look into our own database as we have lakhs of resumes. So, this will be an effort to utilize people who have already come to you and have interacted with you.”

One of the interesting findings from this research also reveals that activities like negotiation, gauging culture fit and gauging interpersonal skills will be least benefited with the introduction of AI. Hence, signaling the importance of human skills and competencies required in the strategic aspects of recruitment.

In fact, 83 percent of the organizations feel that Humans & AI will work together in this journey of attracting and hiring future-ready candidates.
As the world of work evolves, TA practitioners will need to evolve their hiring strategy too. With the evolving business priorities, the talent has progressed too and hence, companies would have to rethink about the adoption of technology to maximize the efforts.

While reskilling and upskilling is one of the ways to empower recruiters to be ready for the future, various studies and experts believe it is also imperative to offer recruiters access to the right recruitment tools and technologies to create impact on recruitment activities. The study reveals that 34 percent of companies do not have the right technology for the hiring process. The good news is that 61 percent of the organizations have revealed that their investment in TA tools and technologies is going up this year.

Further, understanding the perception about TA function from the lens of leadership and line managers, it was found that while the leaders understand that the function of TA is absolutely imperative to achieving the business goals, a mindset shift is required at the managerial level as for them TA is still a tactical support to the business.

Amit Das, Director-HR & CHRO, Bennett, Coleman & Co. Ltd. shares, “Recruiters just need to be aware of the changes that follow and hone their skills in areas that Artificial Intelligence can’t easily take over, i.e. work that requires a high degree of imagination, creative analysis, and strategic thinking. For recruiters, the key skills would include empathy, creativity, relationships and persuasion. Thus, in future when AI becomes an integral part of recruitment, we may not see recruiters competing with machines for jobs, but rather, they will be more free to unleash their imagination, creativity, strategic and relationship building abilities to connect and influence the candidates.”
**CONCLUSION:**

AI IS A HUGE STEP FORWARD FOR TALENT ACQUISITION, BUT IT WILL NEVER FULLY AUTOMATE IT. COMPANIES STILL NEED PEOPLE — PEOPLE TO PERSUADE AND NEGOTIATE, TO UNDERSTAND CANDIDATE NEEDS, AND TO BUILD COMMUNITIES AND CULTURES.

Today’s hiring trends are making the transactional recruiters redundant. To stay relevant professionally, you have to embrace the technology. Let Artificial Intelligence do your tedious tasks so you can focus on building relationships with candidates and managers.

Key findings from the survey reveal that:

- AI can help in recruitment by improving efficiency during the recruitment process (46 percent), optimizing the search process (39 percent) and enhancing human decision making (39 percent).

- The current adoption rate is still early, however, it is expected to mature in the coming years. Some of the notions which are binding organizations and employers to adopt AI in recruitment are: AI will replace the traditional recruiters, AI is expensive, and AI is difficult to implement.

- 83 percent of the organizations feel that Humans & AI will work together in this journey of attracting and hiring future-ready candidates.

- Negotiation, gauging culture fit and determining interpersonal skills will be least benefited with the introduction of AI, hence, signaling the importance of human skills and competencies required in the strategic aspects of recruitment.
Amit Das, Director-HR, Bennett at Coleman & Co. Ltd.

James Job, Senior Vice President at Hinduja Global Solutions

Mayukh Maiti, Executive Vice-President (HR) at Tata Capital

Savita Hotrikar, Talent Acquisition Head, ThoughtWorks
DEVELOP THE RIGHT COMPETENCY TO FOSTER AI-DRIVEN RECRUITMENT

AI cannot thrive by creating insecurity in the minds of recruiters for loss of jobs. Hence, organizations have already started to develop the right competency to instill a digital mindset, and indulging in right conversations fostering the adoption of AI technology.

Hiring has become more efficient. Recruitment has evolved into Talent Acquisition. Technology has permeated all aspects of the hiring process. In short, the recruitment landscape has been through and is still undergoing a tremendous disruption. Owing to the immediate need to respond to the ongoing shifts in the market and business, the immediate priorities for the Bennett, Coleman & Co. Ltd. would be:

- **Hire future ready talent:** The pace with which media and entertainment industry is evolving, it is very important to find the right talent with futuristic competencies, who can be nurtured to drive our future business growth.

- **Find new talent catchment areas:** We have been hiring from different industries like FMCG and telecom in the past because these industries are very close to how we work. However, increasingly our business is evolving and we need to hire more people who can engage in solutioning with our customers. To find these people we need to keep looking at industries with skill adjacencies and tap into that talent pool.

- **Find the right talent:** Instead of wasting our effort, time & resources on trying to hire the best talent, quest to find best talent, our endeavor has always been to find the right talent with the right culture fit, who will join, learn, grow and stay with the organization.

**ROLE OF AI IN RECRUITMENT**

Artificial Intelligence has enormous potential when it comes to recruiting. It should not be used to cut jobs, but to streamline, automate and transform a significant part of the recruiting workflow, especially the repetitive, high-volume transactional tasks, which will make recruiters far more productive. Let me borrow from Tim Urban’s blog *Wait but why* named 100 blocks a day: Assuming that most people sleep 7-8 hours per night, Urban theorizes that everyone has roughly 1,000 minutes each day to “spend”. These 1,000 minutes can be split into 100 “10-minute blocks” of time. For most people, roughly half of these blocks will be spent working. Today, between 30-35 percent of these “work” blocks of recruiters are wasted. If AI can take away data entry and administrative tasks, the “busy-work” recruiters will be able to use this time to engage with potential hires. With more time spent on candidate engagement, recruiters will be able to improve candidate experience, assess and select the right candidates, advise businesses better, and in turn drastically improve the hiring effectiveness.

**IMPLEMENTING AI**

Organizations have already started developing the right competency to instill a digital mindset, and indulging in the right conversation to foster the adoption of AI technology, with an intent to create a harmonious relationship between humans and machines, which will redefine the future productivity metrics at workplace.

Currently, we have been leveraging AI based tools for our campus engagement and selection programs. We have been able to eliminate the screening time for recruiters by around 80 percent through deployment of these online AI based adaptive assessments and video interviews. We have also started using an AI based recruitment marketplace, which acts as an aggregator for recruiters across the globe. This has not only augmented our existing basket of sourcing channels, but has drastically reduced the hiring cost.

**AMIT DAS**

DIRECTOR-HR & CHRO AT BENNETT, COLEMAN & CO. LTD.
THE WAY FORWARD

There are good reasons to be optimistic about the introduction of AI in recruitment. AI will only augment a recruiter’s role by allowing them to move up the recruitment value chain. Recruiters just need to be aware of the changes that follow and hone their skills in areas that Artificial Intelligence can’t easily take over, i.e. work that requires a high degree of imagination, creative analysis, and strategic thinking. In future when AI becomes an integral part of recruitment, we may not see recruiters competing with machines for jobs, but rather, they will be more free to unleash their imagination, creativity, strategic and relationship building abilities to connect and influence the candidates.
An important shift that has happened in the recruitment function is how recruitment aligns itself with the business goals and how effective partnerships can be built. The function has figured out how it is going to help the business more effectively. The other stark shift we have observed is how the candidates are treated as customers. These shifts make it important that recruitment aligns itself to the business, to the candidate and to the markets and then works out its overall strategy rather than just look at empty positions and the need to fill those.

Recruitment teams need to play close attention towards meeting stakeholder preferences, business needs and candidate needs. Recruitment strategies have to respond to their company’s needs holistically with a focus on employer branding and sustainable practices to attract the right candidate.

RECRUITMENT PRIORITIES OF HGS:
For HGS, forming a TA strategy that takes into account the necessary business priorities and building ways to attract the right candidates is very crucial. Second, we are looking at to bring a strong ability to forecast changes in our talent needs. Especially, since we are involved in hiring in large numbers, accurate prediction is important. We are currently involved in hiring 1500 to 2000 people a month. Hence, in order to create a pipeline that matches our business’ skills requirements, the forecast has to be robust.

Third priority is to use the latest technology to enhance our current technological structure. It will also enable us to use AI recruitment technology better.

ADOPTING AI IN RECRUITMENT
Businesses today understand the importance of AI and it is not just recruitment but various other functions that are looking at how AI can support their initiatives. As far as recruitment is concerned, there is a huge support that AI brings in, especially when you are hiring in large volumes. Right from sourcing candidates to bringing in right resumes, to assessments and subsequent steps, if AI is effectively used, it can provide a huge advantage to organizations. AI can further improve the candidate experience by providing real-time feedback to them as they progress through the recruiting funnel. AI can make recruiting easier and quicker. It can improve the recruitment process and help with those mundane tasks that no one appreciates. Allowing AI to assist you in the recruiting process can give you the time to focus more on hiring the right person for the job versus the tasks necessary to make it happen.

In a nutshell, AI serves both candidates and employers as both are searching for the perfect fit. As automation advances, and new-age technologies like AI are leveraged, employers and candidates will increasingly focus on what matters most – a mutually great fit.
THE SHIFT FROM QUANTITY TO QUALITY HIRING: AI IN RECRUITMENT

As AI takes over more manual tasks, some functions of a recruiter’s role may disappear. However, new, higher-value, more fulfilling human roles will emerge in recruitment.

Earlier, before the economic downturn, companies were growing fast and hiring at warp speed. The goal at many organizations was to hire people into positions to keep up momentum, and there was pressure on hiring teams to deliver volume. Quantity mattered, and organizations partnered with staffing firms — sometimes multiple firms — to fill those jobs. That frenetic hiring came to a screeching halt when the economy plummed, as many companies had layoffs or hiring freezes. The companies experienced measured growth. As they slowly climb their way back to prosperity, many organizations are in desperate need of additional staff to help reinforce their overworked employees and tackle those projects that were put off until the economy stabilized. There is a new pressure being felt by hiring managers, not for high volume, but for high results and much targeted talent.

Talking about our industry, the finance industry, this targeted talent includes people with digital skills. It is absolutely imperative to acquire digital skills to achieve transformation programs and to have a competitive advantage over the players in this domain. Another priority area includes managing the churn. It is no news that BFSI sector experiences a large churn. We are taking active measures to control the churn by improving the hiring speed.

One of the measures that we adopted to manage attrition is implementing AI to predict the churn patterns. This has helped us immensely in accelerating our hiring efforts and freeze the position in minimum possible time once there is a vacancy.

AI IN RECRUITMENT

HR has been a late adopter when it comes to adopting and implementing AI technology. While there has been a considerable awareness about the technology, the adoption is still in its nascent stage.

While the adoption is low, AI technology has a lot of benefits attached to it. The AI tools we use have helped us considerably speed up our hiring process. Not only the quantity, it has helped us in improving the quality of hire and reducing the recruitment error. Once AI learns which factors make someone a successful or unsuccessful employee in a role, it can continuously tweak what it searches for and shortlist the highest quality candidates for you.

AI has also proved to be instrumental in enhancing the role of a recruiter. An AI algorithm can take a large quantity of data, for example, hundreds of resumes, and quickly screen and find the best 10 percent of applicants based on your own historical hiring decisions. Similarly, it can be used to automate many of the mundane tasks that eat up recruiter’s time.

MAYUKH MAITI
EXECUTIVE VICE-PRESIDENT (HR) AT TATA CAPITAL
ENABLING RECRUITERS TO BE STRATEGIC PLAYERS: AI IN RECRUITMENT

Today the recruiter can do more meaningful work than just sit around all day pushing papers.

SAVITA HOTRIKAR
HEAD OF TALENT ACQUISITION AT THOUGHTWORKS

The IT sector in recent times has got a favorable boost and job growth is prevalent in the market. Startups and companies both have seen an uptake in demand for IT skills. There is high demand of IT skills and a change in the type of skills that are in demand today as compared to what it was earlier.

A key force that has been shaping the recruitment function is the old demand and supply balance. As the demand for different skills rises, their supply also changes. So, there is a shift in how recruitment function is looking at hiring the right candidates. It is no longer the case where you post a job and pray for a response. It is a more active conversation and recruiters have a lot more information available with them. Even candidates today are more aware of their options and they know what they want. Millennials have a different approach to work and all that has changed how you build your recruitment strategies.

We are also witnessing a multi-generational workforce that is available today. Across different generations, talent considerations differ. This brings in different aspirations and outlook to work and the recruitment function has to evolve and adapt to address the demands of all these different categories of people.

PRIORITIES & CHALLENGES

1. We have a high demand, so hiring numbers are also on the higher side than it was in the past. So, practically we have to scale up.

2. Creating the right leverage mix. Hiring for leadership roles and building the right mix of senior technical people across leadership roles is our priority and doing so effectively is crucial.

3. Focus on diversity and inclusivity within the workforce. We are strongly focused on D&I and so in our efforts to meet our high hiring numbers and hiring for senior leadership roles, we have to see how to still remain diverse in our hiring. Inclusivity is also important as we look at making the company more inclusive for LGBTQI and transgender communities. A key part of recruitment priority is to establish a balance between focusing on D&I without compromising on the quality of hires.

The vibrancy of the IT jobs market today and rising demands of new skills brings its own set of challenges with it. People who have ten years plus of experience may not have the proficiency in latest technologies like blockchain and AI and robotics. Similarly, we need to look for candidates who have the right skills required for digital transformation. Data engineers and data scientists are also important talent areas where we want to hire. The problem is that many others too are hiring for similar profiles. It’s often difficult to find people with the exact set of skills. The competition for such skills is also high as everyone is looking for such talent.

Being able to put the right brand message across, hiring the right set of talent, managing D&I, having people over policy and keeping our culture intact has been our way of working and recruitment should reflect that while also bring in highly qualified talent. Balancing all these factors will prove to be a challenge.
ADDITION OF AI

The IT sector in recent times has got a favorable boost and job growth is prevalent in the market. Startups and companies both have seen an uptick in demand for IT skills. There is high demand of IT skills and a change in the type of skills that are in demand today as compared to what it was earlier.

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About People Matters

People Matters is a new-age, niche media organization with a vision to be a pivotal thought leader in the arena of people and work. We focus on providing the world of talent and work with a plethora of insights that enable talent professionals to have an intellectual point of view and the ability to make decisions that create a big impact.

We bring the talent fraternity abreast with new ideas, trends, technological innovations, expert viewpoints and new pathways that raise its collective consciousness and help in finding all the answers pertinent to people and work. And, we believe, that when talent professionals have all the answers, they themselves become the answer to the questions and challenges the world of talent faces from time to time.

About ABC Consultants

Founded in 1969 by Dr Bish Agrawal, ABC Consultants is the pioneer of organised recruitment services in India. Over the years, we have acted as preferred talent acquisition partner to multinationals and leading Indian businesses to emerge as the leading recruitment brand nationally. This combined with our role as trusted consultants for Indian professionals translates into our core capability - Building Careers. Building Organisations.

ABC’s roots in management consulting enable us to bring a unique approach to recruitment at the middle and senior management levels.

We recruit across various industry segments for multinational corporations as well as leading Indian business houses and have helped shape the careers of over 1,65,000 professionals over our 50 year history.

Our network includes 9 offices spread across 8 major Indian cities. We have over 465 consultants who have over 2800 man years of experience with leading Indian and international companies and operate within domain-specialist teams spread across the country, providing customized recruitment solutions across 24 industry practices.

ABC is proud of its long standing relationships in the industry and the fact the 75% of our business is in the form of repeat business from existing clients is testimony to the quality of work we do.