

The Changing Dynamics of Talent Acquisition - An Analysis of Recruitment Trends, Marketing Strategies and Emerging Software and Services

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Executive Summary: The recent widespread changes throughout the industry have led to significant changes in how organizations recruit talent, changes such as: A shrinking talent pool, economic setbacks, competition from web based marketing and opportunities in online recruitment, Social media recruitment etc. These changes have led to HR managers changing their strategies and policies significantly, even to the extent of taking a page from Sales and Marketing tactics. HR Managers, today, face a variety of such issues which they have to face while going about the building of an effective talent acquisition framework. This paper will briefly touch on the following points, assessing the challenges which modern HR structures in organizations face, stating the below points: No matter what the HR needs of an organization, filling up vacancies, expansion of their existing businesses, most organizations in 2014 will find themselves in need of high performing talent. Their success or failure will depend on how well they can combine their HR philosophies, embracing new technologies and their leveraging of core competencies to meld with operational efficiency, especially in the areas of cost management and streamlining the recruitment process. Even though in times of current instability and unemployment, the balance of power has shifted towards recruiters, talented individuals will still remain in high demand and will generally have their choice of employer and the focus will be on the HR departments to promote themselves to the candidates with the right skills and experience. Managers will be required to branch out to cross departmental allies in order to leverage their knowledge and skill in terms of branding and marketing themselves. (1) The gradual change of recruitment towards a more web-based format is irreversible and most organizations will lag in the race for high quality candidates in case of failure to embrace the same technique. (2) The success of HR departments will depend greatly on how well they can leverage internal core competencies. Restrictions on IT spending will ease up and organizations will have to weigh their business scenarios for investing on automating their recruitment processes. Organizations will have to either go for an extension of existing HR management systems, purchasing third party software, outsourcing etc. (3) Even in the case of automation, the best possible scenario will be when the above issues are addressed in the context of a broader framework taking into account the human capital needs of the organization, particularly in relation to succession planning, employee development and performance management.

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Part 1: The changing recruitment landscape

1.1 Changing recruitment philosophies

Of all the different disciplines that come under HR's remit, recruitment has probably experienced the most disruptive change in recent years. Technology advances have played a big part: the rapid growth of web-based recruiting has forced organizations to reappraise their approach to market, while the emergence of social media offers new ways to reach candidates.

Challenging economic conditions have also had a major impact on both budgets and the candidate pool, with high unemployment continuing to influence market dynamics. More fundamentally, however, some of the core philosophies that underpin talent acquisition have started to be questioned.

Firstly, there's been a perceptible shift in the relationship between candidate and recruiter, regardless of short-term economic conditions. In an era of perpetual talent shortages, the reality for many organizations is that they now have to sell the benefits of any vacancy to candidates as much as candidates have to sell their ability to do the job. It's no coincidence that when a particular research carried out a survey of 100 HR managers last year, 85% of respondents agreed that recruitment should be viewed as a sales and marketing exercise, requiring a good corporate image, good marketing skills to identify the best candidates, and good sales skills to encourage them to join. A similar number – 87% - also agreed that HR should actively seek to learn lessons from their colleagues in sales and marketing in order to improve recruitment effectiveness.

This philosophical shift is starting to show itself in a growing recognition about the importance of the candidate 'experience', beginning with the candidate's initial interaction with the prospective employer, which increasingly takes place over the web. Websites need to be smartly designed and easy to navigate, and should also promote both the company and the specific vacancy. Most candidates will expect to be able to carry out transactions over the web – such as submitting job applications – as well as view information. And once an application is submitted, the efficiency of the employer's internal recruitment process will influence the candidate's experience, helping them decide whether this is an organization they want to be part of. Efficiency – and the common courtesy of promptly acknowledging job applications – can tip the balance when high-quality candidates make employment decisions.

There's also a growing understanding that when a high-potential applicant approaches an organization for the first time, it may not result in a hire – but there may be benefits in sustaining a relationship in case future opportunities arise. This approach is sometimes referred to as Candidate Relationship Management – a twist on the concept of Customer Relationship Management, the discipline that governs sales, marketing and customer service activities. By identifying the kinds of roles that a potential candidate might be looking for and sustaining their interest in the company through regular communications, organizations can quickly start up a job-specific dialogue when an appropriate opening comes up.

Secondly, the dramatic impact of the global economic recession is likely to keep management attention closely focused on value, even as recovery gets underway. For all the best intentions of HR, recruitment drives in boom years tend to be a mix of planned strategic initiatives and ad hoc responses to sudden vacancies. All of this changed dramatically in the wake of the credit crunch, when recruitment drives were replaced by swinging job cuts and cost-cutting. Those experiences won't be quickly forgotten, and as the cycle turns to recovery, cash-conscious companies will continue to demand tangible value from their talent acquisition investments. Many organizations will seek to apply the same comprehensive approach to recruitment that they use for capital investment, planning their requirements and assessing talent acquisition in the context of broader business need. Recruitment is also more likely to be approached as part of a broader talent management strategy encompassing workforce planning, employee development, performance management, and succession planning and contractor management

Meanwhile, as the global cycle starts to shift towards recovery, macroeconomic conditions continue to dominate the recruitment landscape. The conundrum of a downturn, of course, is that more talent becomes available at a time when organizations can least afford to hire. Worse, when they do look to hire – if only to fill critical vacancies – they find themselves battling to contend with high volumes of applications in a race against nimbler competitors. The need for speed, always a key factor in recruitment, intensifies in a downturn, when applicants are more anxious than usual to secure a position against a backdrop of unemployment and job insecurity, and less likely to wait for multiple offers. Now, as the focus starts to switch from survival to growth, more organizations are looking to take advantage of talent acquisition opportunities. The challenge they face is working out how to identify the highest-quality talent, how to reach out to it – and how to snap it up in the most efficient way, without increasing overhead, before competitors beat them to it.

1.2 The broader talent management picture

Increasingly, talent acquisition is being approached as one component of a broader talent management strategy, inseparable from other key HR disciplines. As outlined in a report published last year, effective talent management starts in the boardroom – not with a discussion about people, but with agreement on business objectives. Ideally, these goals will be cascaded down the corporate hierarchy to subsidiaries, divisions, departments and individuals as part of a corporate-wide performance management strategy. In turn, departmental and individual performance metrics will be adjusted, setting the context for all decisions about employee development, performance appraisals, compensation – and recruitment.

Once these business objectives have been set, the talent management cycle kicks off with a workforce planning initiative, typically incorporating four principle steps:

1. Assessing workforce needs by analyzing the skills and competencies required for each part of the business, including new business development
2. Analyzing existing skills and competencies
3. Carrying out a gap analysis to identify areas of need
4. Planning skills acquisition through performance measurement, employee development, recruitment and succession planning, accompanied by effective use of contractors

It's particularly important that all the components of the skills acquisition phase – performance measurement, employee development, recruitment and succession planning – are tackled in

conjunction with one another. Take employee development, which is a mini talent management cycle in its own right. It starts with a performance appraisal, where an individual's strengths and weaknesses are assessed and training needs identified: this in turn feeds learning programs and career planning. In many organizations, the link between identifying training need and fulfilling it gets broken, which ultimately can lead to unnecessary talent acquisition in the future. Similarly, succession planning tends to be approached from a blinkered perspective, with many organizations primarily focusing on senior management. But effective succession planning isn't merely about what happens next in the boardroom: it's about identifying which roles are critical to the organization, regardless of seniority. Most organizations have multiple key person dependencies at even relatively junior levels, from an account manager who's developed a strong personal relationship with a key client, to specialist staff who understand the intricacies of individual systems and processes. By identifying critical roles and mapping potential successors, organizations can ensure that they tailor their employee development and recruitment programs to meet business priorities.

Contractors are also part of the equation as a tactical option to fill short-term vacancies or project-based needs. This too is a people management discipline in its own right, albeit one that's rarely given the focus it merits. For one thing, contractor costs represent a significant overhead, one that's often subject to very limited central control. Just as important, high-quality contractors represent key human capital assets, and should be managed with a similar eye on retention and development. Some HR systems enable organizations to store contractor records in the same database as employees, with details of their competencies, projects they've worked on and where relevant, managers' performance assessments.

1.3 On-premise and outsourced options

While recruitment planning is best approached in the context of a broad talent management strategy, it will often be executed as a standalone activity. It is after all a discrete process: data is fed in at the beginning of the recruitment cycle; output data is passed to the HR management system and other business systems once a candidate has been selected, and in between, it's a standalone set of processes. The discrete nature of the process helps explain why recruitment lends itself particularly well to a hosted services or Software as a Service (SaaS) outsourcing model³. In a SaaS set-up, the vendor runs and manages the software on its own IT infrastructure, and users access it over the internet, in much the same way that they would work with an in-house server.

Because of the standalone nature of the recruitment process, it can be shifted in its entirety to a SaaS model without significantly disrupting other HR operations. At the end of the process, the data outputs from a SaaS recruitment service can be fed into the organization's core HR management system, and specific process steps – such as a job acceptance – can trigger other processes, such as onboarding.

This approach has a number of advantages. From a technology perspective, it removes the need for organizations to install, manage and upgrade the recruitment software – and because the vendor manages upgrades centrally, customers will always have access to the most up-to-date software. In addition, because the service is internet-based, it can be accessed by employees from anywhere, including when they work from remote offices or from home.

From a financial perspective, meanwhile, customers may be able to bypass capital expenditure restrictions and avoid heavy upfront costs, since SaaS fees are usually charged on a subscription basis rather than via an upfront license fee.

Typical concerns for customers going down the hosted services route center on getting assurances about privacy, data security and uptime. Customers will also want to know that the service can be effectively integrated with their existing HR management system.

1.4 New forms of measurement

As recruitment strategies and tactics shift to meet today's talent acquisition demands, so the metrics that high-performing organizations use to monitor their recruitment performance are also evolving.

The key operational metrics that have long been the staple diet of HR reporting remain unchanged: HR will continue to report on statutory requirements such as workforce diversity, and efficiency metrics such as the number of outstanding vacancies or 'days to hire'. At the same, however, there's a growing need to shift away from measuring HR's internal workings towards a more business-focused stance – one where effectiveness is as important as efficiency. If 'days-to-hire' is an HR efficiency metric, for example, recruitment effectiveness might be measured in terms of the quality of people hired. Similarly, days-to-hire averages might be broken down by their business impact: if the average hire is 70 days but it takes 180 days to fill a senior position in sales that suggests recruitment resource could be better targeted. Financial pressures mean that recruitment costs are also likely to come under closer scrutiny going forward. In the past, most HR functions have been content to record the direct costs associated with recruitment advertising. Increasingly, however, the focus will also fall on the indirect costs, such as the

time spent by HR or line managers in the recruitment cycle. These kinds of metrics will become increasingly important as HR teams start to experiment with newer forms of recruitment such as social media, where the biggest overhead is resource. As has repeatedly pointed out, HR functions have been slow to adopt metrics that go beyond conventional operational factors.

In a survey of HR managers carried out by Experts in 2008, for example, 82% of respondents said they reported on time/days to hire – but only 7% drilled down to analyze the root cause of delays. Measurement of time to productivity for new hires was even poorer, with only one interviewee reporting on it at the time of the survey. Likewise, only 5% of respondents reported on the retention rate of new hires (such as first-year turnover of high quality candidates).

The level of reporting on the effectiveness of different sources of candidates was also low. Only 7% of respondents analyzed the average cost of hire by source (such as newspaper or web adverts) and only 3% measured the quality of applicants by source.

These findings were reinforced by a survey of 100 HR directors carried out by in 2012. Four out of five respondents said they were good at generating core HR metrics such as days/time to hire. But the number who were good at reporting on direct recruitment costs (such as adverts or agency fees) fell to two thirds – and those claiming to be good at reporting on indirect recruitment costs (such as time spent by HR or line managers) fell to 56%. Given reporting trends over the last decade, there's little evidence to suggest that there will be a sudden surge in business-centric recruitment reporting – what's more likely is a steady increase in take-up. What is clear, however, is that high-performing organizations will look for measurement systems that reflect the more strategic approach they take to talent acquisition – which means recruitment effectiveness becomes just as significant as recruitment efficiency.

Part 2: Managing the fundamentals

2.1 The business case for automation

Few requests for IT investment stood up to scrutiny during the height of the global financial crisis, but amid signs of economic recovery, the business case for investing in software and services to support recruitment activities is more likely to get a fair hearing, particularly if it's built on solid returns. Certainly, as a discrete investment, recruitment automation offers a number of potential benefits including:

Reduced costs: Reducing the time spent by line managers, recruiters and HR administrators on the recruitment cycle brings a direct cost saving, triggered by measures such as:

- Automating manual workflows
- Implementing self-service for HR, managers, employees and candidates
- Receiving applications through pre-designed web forms, which reduces rekeying and associated errors and also standardizes applications to make comparisons easier
- Automated filtering of CVs

The ability to manage high volumes in times of high unemployment, the average volume of applications for each post increases, putting considerable stress on organizations that rely on manual processes. To deal with high volumes, organizations face a difficult choice of throwing more resource at the problem – which increases costs – or arbitrarily reviewing selected applications, which increases the chances of missing high-quality applicants

Faster response: During high unemployment, the speed at which organizations can filter job applications, screen candidates (e.g. for the ineligibility to work in the UK), manage the interviewing process, carry out background checks and make offers can make the difference between a successful hire and losing a high-quality candidate to a competitor

Improved Productivity: Automating process and data management enables new recruits to get up to speed more quickly

Process standardization: By managing workflows throughout the recruitment process, organizations can extend best practices across all hiring programs

Improved employee referral processes: Referrals are a highly cost-effective sourcing strategy. Organizations can improve the effectiveness of their referral program by automating key processes such as candidate submission and referral fee pay-out

Improved reporting and analysis: One by-product of automation is that it generates a central store of electronic data for analysis, enabling organizations to improve recruitment efficiency and effectiveness, focus their efforts on filling critical roles, identify the most cost-effective sources and reduce spend on agencies

2.2 Distinctions between software and service offerings

Recruitment software comes in many different guises, offered both for conventional on-premise systems and through outsourcing arrangements. Most HR Management Systems contain some level of recruitment capability, although often at a fairly rudimentary level – it may be centered, for example, on an Applicant Tracking System that enables organizations to capture applicant details, schedule interviews, monitor the process of applications and

carry out basic reporting. HRMS providers and third party specialists frequently offer additional modules with expanded capability, such as self-service for HR and managers. Web-based recruitment provides a third tier of capability, enabling organizations to post jobs, accept job applications online and in some cases, provide candidate self-service – in effect, re-centering the recruitment process around the candidate and driving the entire process from the candidate experience. These capabilities may be provided either as on-premise software or as a SaaS outsourced service. Key questions to consider when assessing the capability of a system or service include:

- How effectively does it help you manage applicant data? For example:

1. Can data from your website and job boards be easily entered into the system or service? In some cases, suppliers will offer pre-built integration with third party sites

2. How easily can you configure it to filter applicants? For example, can you ask an upfront question to determine whether they are eligible to work in the UK? Does the system support CV filtering, for example, through keyword searches – and if so, how advanced is the keyword search capability?

3. Will you receive the information you want? For example, can you choose whether to enable applicants to submit a CV or fill in a form, and how easy is it to change the data requirements at a later date if your information needs change?

Does the provider offer pre-built integration to other third party services – for example, to service providers that offer reference checks?

How easy is it to define – and just as importantly, amend – workflows to suit your working practices? Flexibility and ease of use for business users rather than IT specialists are key differentiators

What controls are built into the workflows? Can they be set up so that alerts are automatically issued to HR if pre-defined parameters are breached - for example, if a deadline is missed?

Is the web-based applicant-facing capability fully integrated with the system managing your internal processes? It's not uncommon to find organizations accepting CVs electronically through a web portal, and then printing them out and rekeying them into a back-end system

2.3 Self-service

Self-service capability is an important component of data and process automation, underpinning many of the efficiency gains that HR systems offer today. While some continue to perceive it largely as an administrative capability – allowing employees to change their personal details and view HR information – it in fact extends across every

people management discipline. In the recruitment field, it touches all participants – including HR administrators, recruiters, line managers, external agencies and candidates – and helps automate key transactions. At the beginning of a recruitment cycle, HR or line managers can create requisitions online, scan the database of existing candidates and view applicant information as responses come in. As the process moves on to the interview phase, some systems and services enable organizations to enter interview summaries through templates, eliminating another paper-based step. When a hiring decision is made, job offers can be generated from pre-defined templates (ensuring policy requirements are met) and on acceptance, the system should be able to trigger the necessary onboarding processes. Throughout, those involved in the recruitment process should be able to check on progress online and receive automated status updates.

It's important to keep in mind that adopting self-service shifts part of the control over process management from HR administrators to managers, so it may require some modification to existing recruitment working practices. As with any change management project, HR will need to be able to demonstrate that the new approach brings tangible benefits to affected parties, usually in the form of streamlined processes, tools that give managers greater control over their own recruitment activities, and improved visibility into the overall cycle.

Externally, self-service underpins Candidate Relationship Management, enabling job applicants to enter their CV or application online, and then track the progress of their application throughout key stages of the recruitment cycle.

2.4 Completing the acquisition cycle: onboarding

The final stage of the recruitment process is to smooth the new employee's path into the organization and enable them to become fully productive – a step often known as onboarding. It's a process that touches multiple business functions, since hiring a new employee involves setting up a suitable workspace; ensuring that PCs, laptops, telephones and other mobile devices are available and configured; putting relevant data into security and associated front-of-house systems; enabling access to software applications and services; and ensuring that payroll, benefits and associated systems are up-to-date.

These requirements are often managed manually and as a series of discrete steps, and as a result, the onboarding process can be time-consuming and disjointed. Process automation and integration both help: for example, a hiring decision might automatically trigger a series of related onboarding activities. But successful onboarding is also driven by

more strategic issues relating to an organization's broader people management IT strategy. In conventional IT set-ups, employee data tends to be stored in multiple systems, an approach that's prone to error, involves extensive duplication and is difficult to centrally manage. An alternative approach is to create one central store for employee data – most logically, within the HRMS – and use this to feed other systems whenever data changes. This kind of centralized approach is more efficient and also enables speedy data change (since data only needs to be changed once in the central store). As well as improving the efficiency of the onboarding process, it can also make a significant difference at the other end of the employee lifecycle, when IT and security systems need to be rapidly updated in the event of an involuntary termination.

Part 3: Web-based recruitment

3.1 Informational and transactional activities

Web-based recruitment is rapidly becoming a standard business requirement, and most organizations now recognize that they need to provide some level of applicant interface on their website. At the very least, this will include the ability to accept job applications online. It can extend to more sophisticated self-service capabilities where candidates are able to submit applications and track their progress online.

Splits web-based recruitment into two categories:

Informational and promotional, where the web is used as a means of displaying information about vacancies on the customer's website or third party sites (including details of open posts and job descriptions) and marketing the organization (including corporate information, employee testimonials, video walk rounds and employment policies).

Transactional: where candidates are able to submit applications online and track the progress of their applications. From the employer's perspective, transactional capability may include screening and filtering of initial applications. Take-up of web-based recruitment is still relatively slow today, with much of the emphasis still on informational components such as posting jobs. At the transactional level, only 13% of organizations enabled internal and external candidates to submit job applications online, although 38% planned to do so within 12 months. Similarly, just less than one in ten companies surveyed enabled internal and external candidates to track the progress of their application online, with 20% planning to do so within 12 months.

The trend, however, is going in one clear direction. The survey showed that over the next two years, the vast majority of respondents – 86% - will

actively encourage applicants to abandon paper-based applications and apply for jobs over the web. Similarly, 72% agreed that it's reasonable for companies to require candidates to apply for jobs online, rather than by mail or phone. Whether employers drive this change or simply react to applicant demand remains to be seen: certainly, for many Generation Y applicants, the notion of sending a paper CV is hopelessly outdated.

3.2 The business case

From a business case perspective, the potential benefits of web-based recruitment include:

Improved talent acquisition, based on the ability to identify high performers and beat competitors to their signature.

This stems from:

- Improved sales and marketing capability, including the ability to extend the reach of recruitment campaigns and market the employer's organization on the web

- Enhancing the employer's brand in the shape of a modern website, which is particularly important for recruiting among a younger talent pool

- Speed of response, aided by the ability to filter applicants, standardize information (e.g. through online forms) and centralize data

- Significant cost and efficiency gains from handling applicant information electronically. Replacing traditional recruitment processes – where hiring organizations mail out application forms to interested parties – brings significant cost and speed benefits

3.3 Social media: the resource factor

Recruitment via social networking sites such as Facebook or LinkedIn is still greeted with some skepticism in the HR community. According to Experts, opinion is sharply divided among HR managers about the potential benefits, with 38% of respondents agreeing that social media sites provide a great way to reach potential new recruits – and 26% disagreeing. At their most effective, Experts argue that social media effectively becomes a way of both automating and extending two key components of recruitment, employee referrals and candidate relationship management. In addition, it provides a means to extend the employer's profile. What is still to be determined is how effective social media is as a means of sourcing candidates, what rate of return they might stabilize at, and whether they're more suitable for specific industries or certain roles. Even though participation in social media is usually free, it's important to keep track of the cost of time spent by HR or recruiters in marketing on and monitoring sites, which can significantly increase overall recruitment costs.

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