

Report 2024

The Future of AI Recruiting Transformation



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Objective

Assessing the Current State of AI Recruiting Transformation and Adoption

To explore the current level of adoption, benefits, and challenges associated with digital transformation through automation and AI recruitment solutions in North America.



Methodology

Survey Participant Demographics

Leoforce surveyed 273 C-Suite, VP, or Director Level Human Resources and Talent Acquisition professionals from mid-sized companies in North America, with 51% of companies having 201 – 500 employees, and 45% having 50 – 200 employees. 64% of our survey respondents are responsible for vendor discovery, management, and performance analysis, while 33% are key decision makers and have budget authority.



North America

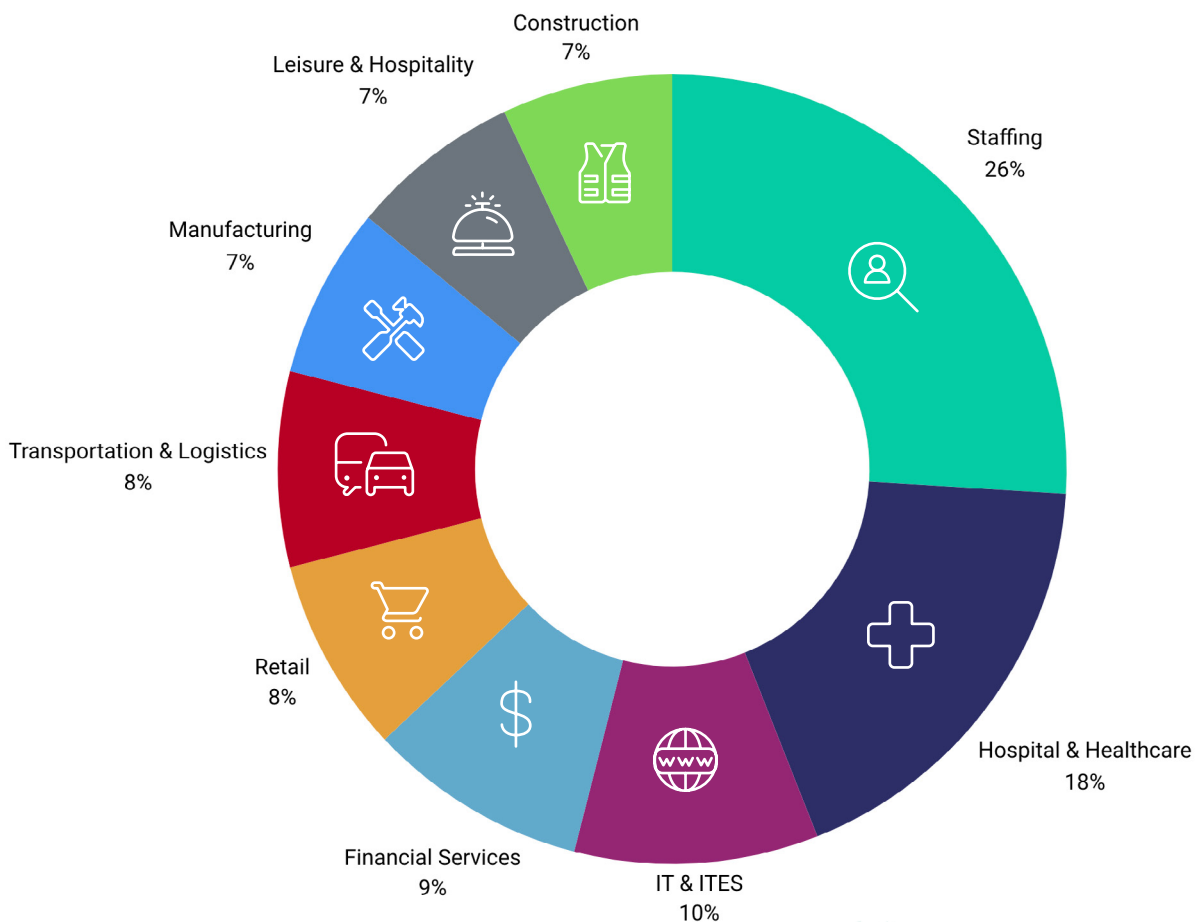
45% - 51%
companies having 201 – 500 employees

64%
companies having 50 – 200 employees

33%
decision makers and have budget authority

Survey Respondent Industry Profiles

To gain an understanding of the current level of adoption by top North American companies from across the industry spectrum of automation and AI recruitment solutions, and to explore the challenges, benefits and likelihood of adoption of digital transformation during peak hiring seasons or for bulk hiring.



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Introduction:

Harnessing AI for the Next Wave of Talent Acquisition

As the next wave of technology in talent acquisition emerges, traditional recruiting methods continue to become less efficient and more obsolete. The influx of AI driven recruitment tools has many hiring leaders and recruiting teams shining a spotlight on the entire recruiting lifecycle emphasizing the time-consuming, manual processes associated with traditional talent acquisition workflows, sparking an urgency to digitally evolve.

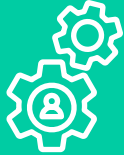
Not just a digital transformation, more precisely, AI driven digital transformation. But before we break down how AI technology is changing the game in talent acquisition, what challenges it aims to solve, and the current level of adoption in North America, let's define what digital transformation in recruitment really means.

Digital Transformation in Recruitment

Digital transformation in and of itself refers to the process by which businesses integrate technology into various areas to create new customer experiences, improve processes, or increase efficiency and productivity. According to the International Data Corporation (IDC), global investments in the field of digital transformation is forecasted to reach an astronomical \$3.4 trillion by 2026. In the HR industry specifically, the global AI recruitment technology market was valued at \$630.54 million in 2023 and predicted to rise to \$839.52 by 2030.

Clearly, there is an AI recruiting revolution happening and if you're late to the game, you stand to be left behind as legacy recruiting methods become a thing of the past and digital transformation becomes the key to successful recruitment in the future. But to truly understand what AI driven digital transformation really means for recruiters and key decision makers in hiring organizations, let's take a closer look at the myriad of use cases and tangible benefits that accompany a successful AI driven recruiting technology.

Use Cases for AI Driven Recruitment Technology



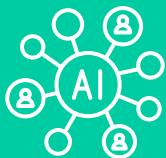
Automate Candidate Sourcing – Recruiters spend an average of 13 hours (or 1/3 of their workweek) sourcing candidates for a single role. This is where AI driven recruiting technology can be a game-changer for its ability to help recruiters rapidly identify ideal candidates based on job-specific attributes. AI algorithms can automatically screen and filter hundreds of resumes in minutes streamlining the sourcing process.



Customize Candidate Outreach and Communication – In a candidate driven, fiercely competitive hiring landscape, leveraging AI driven recruiting tools can be the difference between getting to top talent before your competition and getting nowhere fast. With AI powered chatbots, digital recruiting assistants, generative AI and more, the potential for tailoring communication and accelerating outreach is incredible.



Strengthen Diversity Hiring Initiatives – Diversity hiring comes with unique challenges including unconscious bias, lack of data when it comes to developing an effective DEI strategy, and insufficient tools for sourcing a more diverse talent pipeline. AI recruiting tools with capabilities such as candidate masking and diversity indicators enable hiring teams to source diverse talent more effectively while simultaneously removing human bias.

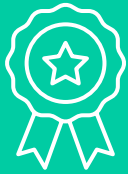


Enable Candidate Rediscovery – Lack of data visibility from disconnected technology channels also presents challenges in terms of candidate rediscovery. AI driven recruiting technology empowers recruiters and HR teams to utilize a direct sourcing recruiting model to rediscover talent in their own ATS who may have otherwise slipped through the cracks.



Specialized and High-Volume Hiring – Survey respondents indicated it took them 60 to 100 days to fill open roles, and in some cases with specialized, hard-to-fill roles – more than 100 days. With the right AI driven solution, companies can discover and engage top talent faster to meet their bulk hiring needs and fill niche roles that require unique, job-specific skill sets.

Benefits of AI Recruiting Adoption and Digital Transformation



Improved Recruiter Productivity and Performance – AI sourcing tools screen and filter hundreds of resumes in minutes, not hours, maximizing efficiency by narrowing the options to the best-fit candidates enabling recruiters to shift the focus from sourcing to building a rapport with top talent.



Reduced Sourcing Costs – In this instance, time really is money. When sourcing time goes from 13 hours a week to minutes, recruiters can fill more roles faster, generating more revenue by accelerating their productivity. But AI driven recruiting technology can also consolidate sourcing channels, eliminating the need to pay per channel or per user, resulting in substantial savings in sourcing costs.



Enhanced Candidate Experienced – With powerful features for automating and customizing candidate communication with personalized outreach, AI recruiting tools can dramatically boost engagement driving an optimized candidate experience that increases offer acceptance rates and fosters stronger candidate relationships.



Decreased Employee Turnover with Higher Quality Candidates – The average cost of one bad hire is approximately \$15,000, with executive roles costing a company as much as 213% of their annual salary. With powerful features for assessing candidate relevancy for a role, the right AI recruiting tool goes beyond simple keyword matching to score and rank candidates based on hundreds of attributes to determine the likelihood of candidate success, leading to better job matches with more compatible candidates.

While each benefit highlighted above can make a positive difference in recruiting, finding the AI technology tool that enables your organization to realize all the above is a compelling reason for companies to drive AI adoption and digital transformation in recruitment. Still, it's essential to explore the current state of the recruiting landscape and to understand specifically where AI recruiting technology fits into the equation and what processes it can transform.



The Current Recruiting Landscape

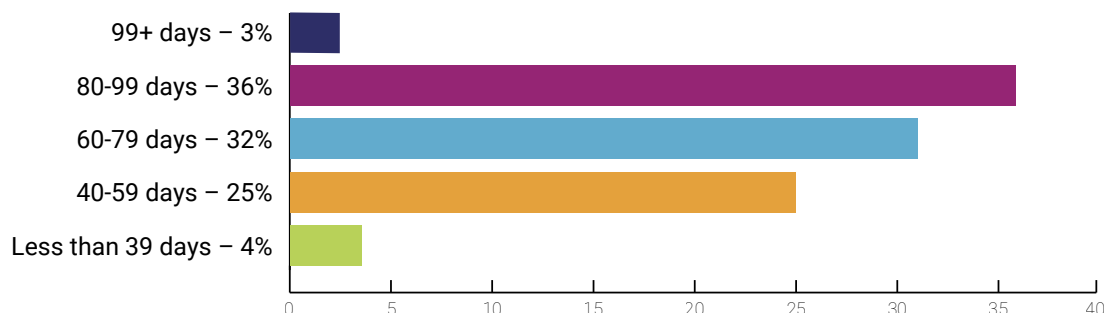
It's also important to delineate the two primary components that make up the recruiting workflow – the process of identifying and sourcing talent and the process of vetting and engaging candidates. In the current talent acquisition landscape, recruiters spend more time on the sourcing component and significantly less time on building the kind of rapport with candidates that helps fill open roles.

Q: What percentage of time do your recruiters spend on sourcing vs recruiting?



While each aspect of the recruiting process is critical, the manual sourcing aspect is more time-consuming, which can make it difficult to fill key roles quickly, resulting in extended time-to-fill and decreased efficiency.

Q: On average, how long does it take for your recruiters to fill a job across different roles using the current HR tech at your disposal?

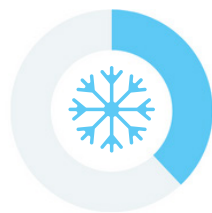


The inefficient, manual processes of traditional sourcing are further exacerbated during peak hiring seasons when talent acquisition teams face even more pressure to fill roles quickly.

Seasonal Trends Impact on Recruiter Workloads

There are several factors that impact seasonal hiring trends including holidays, uncertain political climates, economic downturns, and spikes in demand that impact industries such as construction and tourism in different locations.

Q: What are your peak hiring periods with the most job openings?



38% Winter
October – December



34% Spring
January – March



15% Summer
April – June



13% Fall
July – September

Q: During peak hiring season when the recruiter has maximum job requisitions to work on, which part of the talent acquisition process contributes to a longer time to fill? (Multiple choice)



46%
Sourcing



31%
Reviewing & Shortlisting
Candidates



19%
Engaging & Nurturing
Candidates



4%
Hiring (Interviewing,
assessments, etc.)

Q: Which part of the talent acquisition process respondents chose to automate to speed up time to submit and fill rates during busy season:



46%
Sourcing



31%
Reviewing & Shortlisting
Candidates



14%
Engaging & Nurturing
Candidates

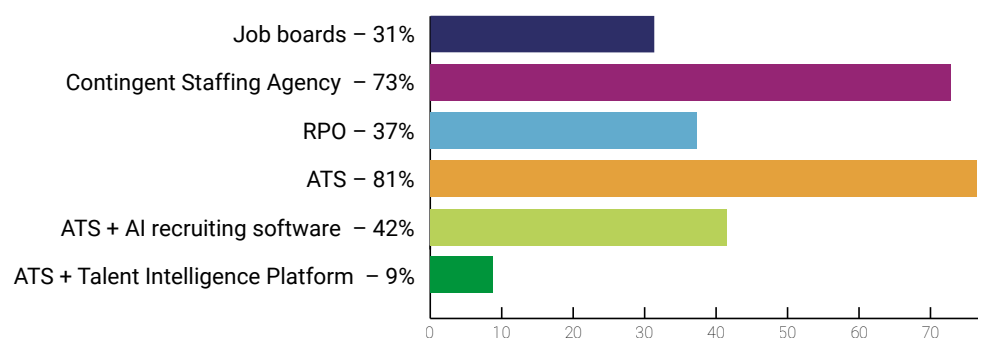


4%
Hiring (Interviewing,
assessments, etc.)

What HR Tech Solutions are Currently in Play

Some corporations continue to use in-house recruitment solutions relying solely on different job boards, and complex multi-platform candidate outreach processes. Staffing agencies and RPOs can help streamline recruitment significantly but can be a rather costly investment in the long run. ATS tools by themselves help automate administrative tasks but need more real AI and people analytics power to deliver results and true digital transformation.

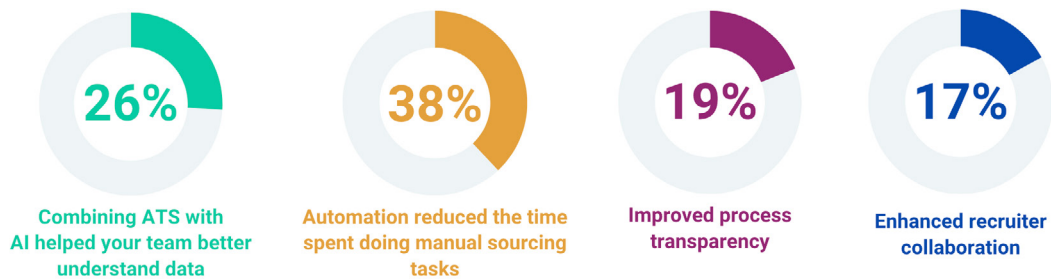
Q: What HR tech solutions is your recruiting team currently dependent on for high-volume hiring?



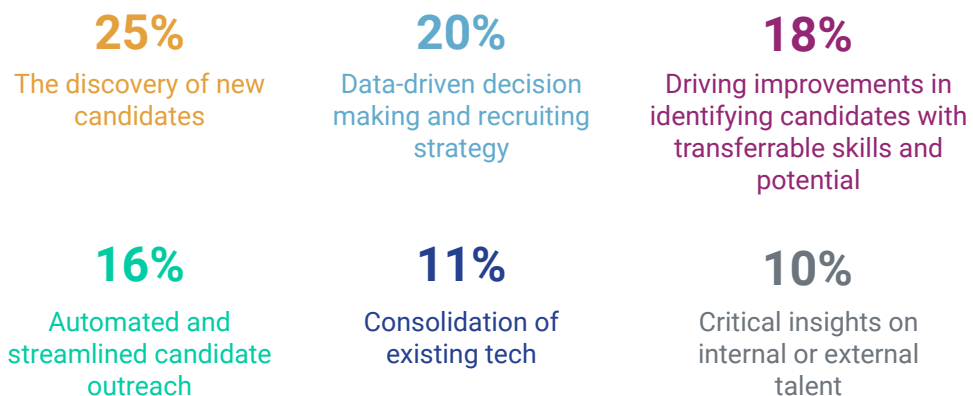
Only 19% of the companies surveyed use some form of AI recruiting software or a talent intelligence platform. These early adopters who realize the advantages of investing in AI and digital transformation in recruiting are seeing the results both in profits as well as efficiency gains.

To gain a better understanding of the benefits of AI driven recruiting transformation both with and without talent intelligence in the equation, we asked both groups of companies who had invested in AI recruiting software + an ATS or AI and a talent intelligence platform about the top benefits they've experienced because of recruiter automation and digital transformation.

Q: What are the top benefits you're seeing using AI + recruiting software?



Q: What are the top benefits you're seeing using AI + a talent intelligence platform?



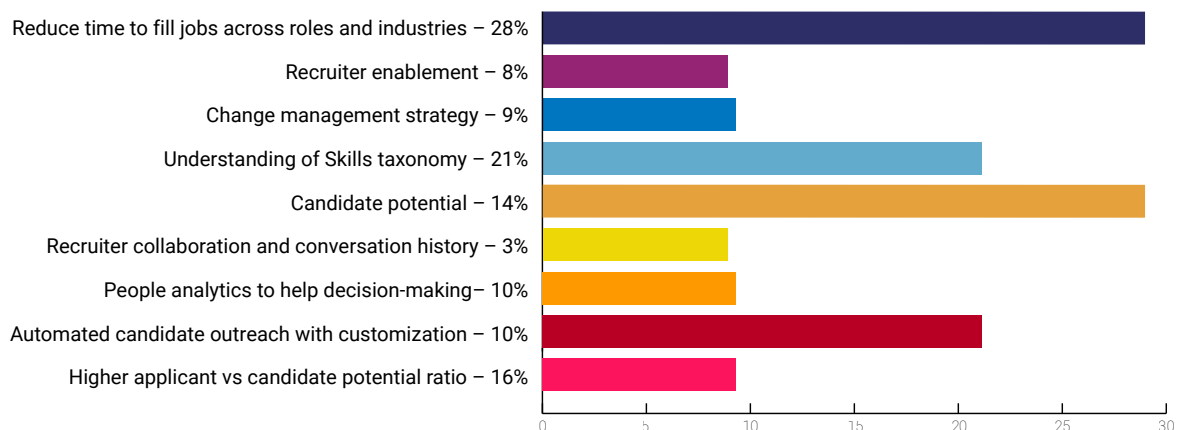
Companies who are combining their ATS with a talent intelligence platform are maximizing ROI on their investment by leveraging AI to automate powerful, advanced searches to find and rank candidates based on their likelihood of success - enabling recruiters to engage with the best talent out there before the competition.

Talent Intelligence Takes AI Recruiting to New Heights

Speaking of talent intelligence ... like all technology, there are many things that differentiate one technology tool from the next. In terms of AI recruiting technology, there are AI recruiting platforms, and there are AI powered talent intelligence platforms.

If you're asking yourself what the difference is, think of it like this – there are industry leading HR tech companies who have added an extra layer of value to an AI recruiting tool empowering recruiters to make smarter hiring decisions backed by real-time data around critical areas such as skill set distribution, potential learnable skills, location specific data, education, qualifications and more. An AI talent intelligence platform is a power-packed, end-to-end solution that enables a recruiter to not just source, screen and engage candidates the right way but also to become a strategic thinker.

Q: For companies who are considering investing in a talent intelligence solution, what ROI do they expect to get from their investment?



Barriers to AI Driven Digital Transformation in Recruitment

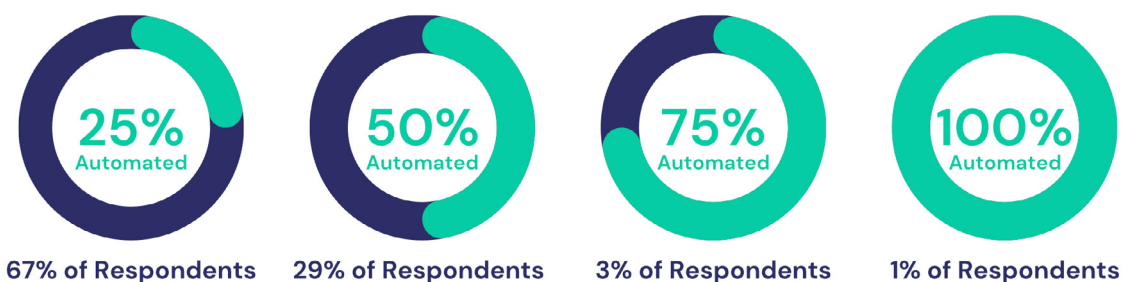
Despite the very real benefits and multiple applications for AI driven recruiting technology across the recruiting ecosystem, there are still companies who have yet to make the leap to AI digital transformation. Here's what survey respondents reported regarding the current status of recruiter automation and investment in digital transformation in their organizations.

Q: Has your company increased its' investment in automation and AI recruiting solutions in the past 2 years?

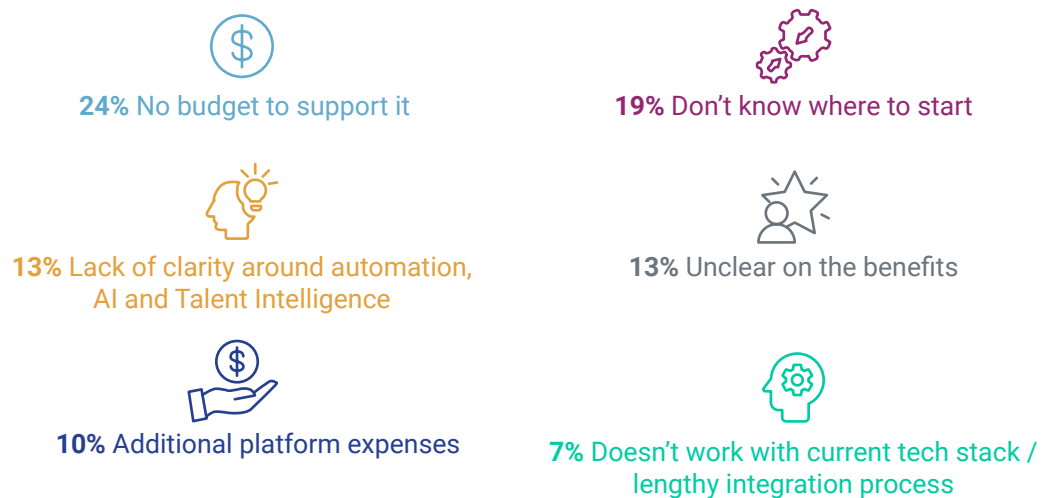


Even the organizations who are using AI aren't fully embracing automation with the majority stating only 25% of their recruiting process are automated.

Q: How automated is the hiring process in your company?



Q: Why are companies still hesitant to invest in an AI-powered HR tech or talent intelligence platform?



As we move into and through 2024, these bottlenecks and barriers to adoption will require a unified approach from organizational leadership as traditional recruiting methods continue to fall short and AI technology becomes more and more critical to effective workforce planning. A fundamental understanding of the importance of people analytics and talent intelligence will be instrumental for talent acquisition professionals to stay ahead of the curve.

Talent Intelligence – Not a Cost Factor, It's A Gain Factor

Talent Intelligence can bring the power of accuracy, proactive planning, efficiency, and engagement in the entire chain of recruitment. Right from the beginning of the funnel to the very last drop of onboarding the perfect candidate, AI can assist recruiters in compelling ways:

- Approaching the right segments and pools based on historical and future-oriented data on talent – demand and supply
- Eliminating unnecessary areas of human involvement. Chatbots, AI recruiting assistants - can ease the burden on recruiters with quick and helpful collaboration with candidates
- Empowering recruiters and decision-makers with new insights and nuances of candidates – through social media data, unstructured data, market analytics, and job analytics
- Deepening of engagement and brand association between the employer and prospective employees
- Injecting timeliness, precision, efficiency, and effectiveness by streamlining masses of data and processes quickly and efficiently

An AI Driven Future

According to our survey, 81% of companies in 2024 will invest in AI driven recruiting solutions to automate and streamline their recruiting process. What remains to be seen is which AI solutions will rise to the surface and deliver the ROI organizations of all sizes, from every industry hope to achieve by investing in AI driven digital transformation. Solutions powered by AI that empower recruiters to get back to the business of connecting with candidates on a very human level, leaving the tedious tasks to the technology itself.

Introducing Leoforce

The home of Arya, the revolutionary AI sourcing and talent intelligence platform leveraging advanced AI and predictive analytics to provide a deeper, multidimensional understanding of people, jobs, and what makes them compatible. Arya's proprietary AI has been continually learning from successful recruiting patterns and ideal candidate profiles for more than 10 years empowering recruiters to source, screen and engage the talent most likely to succeed faster and more cost effectively than any other AI recruiting tool on the market.

Achieve Unparalleled Recruiting Outcomes with Arya's Unrivaled AI and Talent Intelligence

Arya combines advanced AI and predictive analytics to provide a deeper, multidimensional understanding of people, jobs, and what makes them compatible. Using 300+ parameters and seven multidimensional data points to understand and assess candidate relevancy, Arya scores and ranks talent for compatibility, *simultaneously sourcing candidates from 70+ channels for 90% of jobs in 23+ languages across more than 150 industries – in under 5 minutes, reducing candidate review and shortlisting time by 50%.

Applicants on Demand – AI Driven True Pay Per Performance Recruiting Service

Automate high-volume hiring, eliminate the burden of sourcing from your team and get AI qualified, human-vetted applicants delivered directly to your ATS with zero upfront costs and predictable, pay per qualified applicant pricing. No more commission fees to third-party staffing agencies, just flexible sourcing at scale – when you need it.

Learn More About Leoforce's AI Solutions

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