

Digital Transformation in Human Resources

- Artificial Intelligence (AI) in Talent Acquisition

Programme	Master of Business Administration
Module	Human Resources Management
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What is Digital Transformation in an Organization?

- Adopting and applying the **digital technology to operation process** (Pratt & Boulton, 2023)
- Leveraging people, technology and processes to embrace the new operation models, **improve the business performance and enhance the competitive advantage** (Dynatrace, 2023)
- It can be applied to all Departments and all aspects of the business which includes **Human Resources Management** (Coursera, 2023)
- With widespread digital technology applications in many areas, **Human Resources Management is also undergoing a major revolution and adjusting the HR strategies**

Introduction - AI Talent Acquisition (Recruitment)

- The shift occurs amidst technologies like Artificial Intelligence (AI), Machine Learning (ML), Robotic, CHATGPT, Cloud Computing, Block-chain, Cognitive Technology and Internet of Things (IoT), acting as key change drivers
- This Presentation focuses on **acknowledging changes in Talent Acquisition (Recruitment) via Digital Transformation by using AI**
- **Conventional Recruitment → Resource-intensive and time-intensive process**
- The inclusion of AI in Talent Acquisition **redefines conventional recruitment approach**
- What is AI?
 - **Artificial intelligence** is the simulation of **human minds** by machines, systems or software to perform the cognitive functions including but not limited to **learning, problem-solving and decision-making** (McKinsey & Company, 2023)
 - Programmed to **think, action, and respond**, like a real & live human
- AI for Talent Acquisition
 - **Simplifying** whole recruitment process, saving HR's and Hiring Managers' time and resources, **cost-effective** and **enhancing efficiency** and **quality of hires**

How Does AI Work in Talent Acquisition? (Agouridis, 2023) & (Henkin. 2023)

Steps	Details
1. Analyzing	Understanding the job scope/responsibilities and the background of existing incumbents and precedents to identify education, skill, knowledge and experience needed for the position
2. Job descriptions	Compiling the job descriptions with competencies required based on the analysis result
3. Sourcing	<u>Job Posting</u> – Posting the job advertisement to the most suitable recruitment platforms selected based on the analysis to collect resumes <u>Active Searching</u> – Performing the search through the recruitment boards, different databases, social media platforms and etc.
4. Screening	Identifying the high potential candidates by using different ways including but not limited to: • Resume parsing to evaluate competencies • Studying social media platforms such as Facebook, Instagram, X (formerly called Twitter) and TikTok to analysis behavior patterns and personalities
5. Assessment	Further assessing the shortlisted candidates in different dimension via a wide range of assessment tools such as technical test, aptitude test, personality assessment, communication skill assessment, leadership assessment and even gamified exercise and which tools will be selected is based on the job role and competencies needed
6. Interview	Recruiter here can be AI too and the interviews can be via text-based interactions and video calls which will be recorded for: • Analyzing the candidate's answers, presentation and questions to evaluate his/her strengths, weaknesses, mindset, maturity, personality, insights and etc. • Analyzing the candidate's facial expression, voice and tone to determine his/her emotion, demeanor, attitude, honesty and etc.
7. Recommendation	Producing the reports and the rank of candidates interviewed as well as give the recommendations
8. Machine Learning and Database	The whole experience and data will be stored and learnt via algorithms to imitate the that how a human learns , gradually improving the whole process and the quality of the candidates sourced

Further Automations by AI or/and Other Key Drivers

(XOPA, 2023)

Step		Details
9.	Background and Reference Check	Performing the checking and verifications including but not limited credentials, criminal records as well as monitoring social media to alert any issues before extending the job offer
10.	Offering	Computing the reasonable and competitive remuneration package by doing internal and external benchmarking as well as referring to candidate's existing and expected salary
11.	Employment Contract Drafting	Drafting employment contract by RPA
12.	Creating Profile in HR Information System	Can extract the data of the selected candidate collected in the previous steps and transfer the data to HRIS via interface and/or RPA
13.	Onboarding	Creating the personalized onboarding journey, from introduction of organizational structure and culture to what his/her learning path and career advancement will by in the company

What Benefits can AI bring in Talent Acquisition?

(Agouridis, 2023) & (Henkin. 2023)

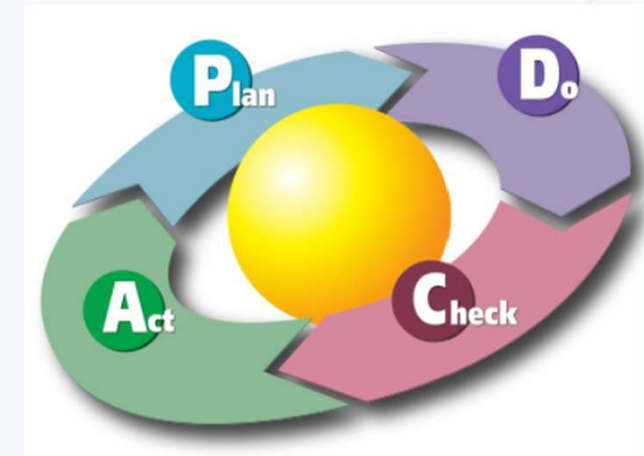
Benefits		Elaborations
1.	Improve Efficiency and Productivity	• Eliminating the time-consuming manual works • “Always on” performing the process • Reaching the broad range of talent sources within quickly
2.	Optimize the Candidates’ Experience	• Engaging and personalized experience → Brand building to attract the top-tiers
3.	Overcome the Human Unconscious Bias and Personal Preference	• Objective analysis without any emotions and sentiments → Building a diverse and inclusive workforce
4.	Reduce Human Errors	• Minimizing the manual work such that human errors can be avoided
5.	Perform the Adjustment Continuously to Market Dynamics and Experience Gained	• Via Machine Learning (ML)
6.	Perfecting the Matching	• Continuous improvement by Machine Learning • Data-driven decision making

Challenges and Risks (Gero, 2023), (HR.com, 2019) & (The Brussels Times, 2022)

AI	"AI" Bias	May have bias itself if the training data used to develop AI algorithms is biased	Need to invest to work out bias mitigation strategies for training data
	Privacy Concerns	Involving of collecting and analyzing the candidates' personal and confidential data	- Need to implement the cybersecurity measurements - Need to maintain the transparency that how the data is used and protected
	Negative Candidates' Experience	Lack of human interactions which lead to dehumanization	- Need to get the balance between AI usages and human interactions - Maintain personalized touches in some stages
HR	HR Knowledge and Skill Gap	Lack for technical know-how and do not know how to leverage AI tools with talent acquisition	Need to train up themselves
	Budget Concerns	Lack of concrete understanding about AI application in talent Acquisition and its Return on Investment	Need to realize the business benefits and value delivered by AI and explain them to management to get the buy-in
Candidate	AI for Talent Acquisition (TA) vs. Candidate who uses AI - Impact on the Talent Matching	VMock: AI-based resume optimization tool Interviewing.IO: Platform for interview simulation Interview Warmup (released by Google): Tool for having the chance to practice answering more specific questions of fields selected Mya: Personalized interview tips, guidance and strategies for specific role in the specific company AI Apply: Real-time response and support during the interview	Strengthen AI's (Recruiter) ability to expel those candidates who are using AI * <u>It is a loop</u> AI for TA learns to expel Candidates who use AI  AI for Candidates learn to deceive AI for TA
	Missing/Hidden Good Talents	Some specific talents may be still left behind in digital transformation	Need to use back the traditional recruitment approach when necessary

How to Get Started? (Agouridis, 2023), (Bulsuk, 2009) & (Henkin, 2023)

PDCA	Elaborations
Plan	- Not necessary to adopt AI for all steps of the recruitment process at once or even finally - Start from one to two areas selected based on the implementation plan; which may start from the easiest, the critical step and etc.
Do	- Do the research and evaluate different AI tools/platforms to identify the one which is the best fit for the company based on budget, requirements and goals. - Train up the HR professionals and hiring manager how to use - Carefully consider the balance between AI usages and human interactions - Issues of security, privacy, compliance and etc. should be taken into considerations - Implementation
Check	Reviews the results and collect the feedbacks from different users to identify areas which can be adjusted and improved
Act	Based to the results in “Check” to work out the improvement and proceed



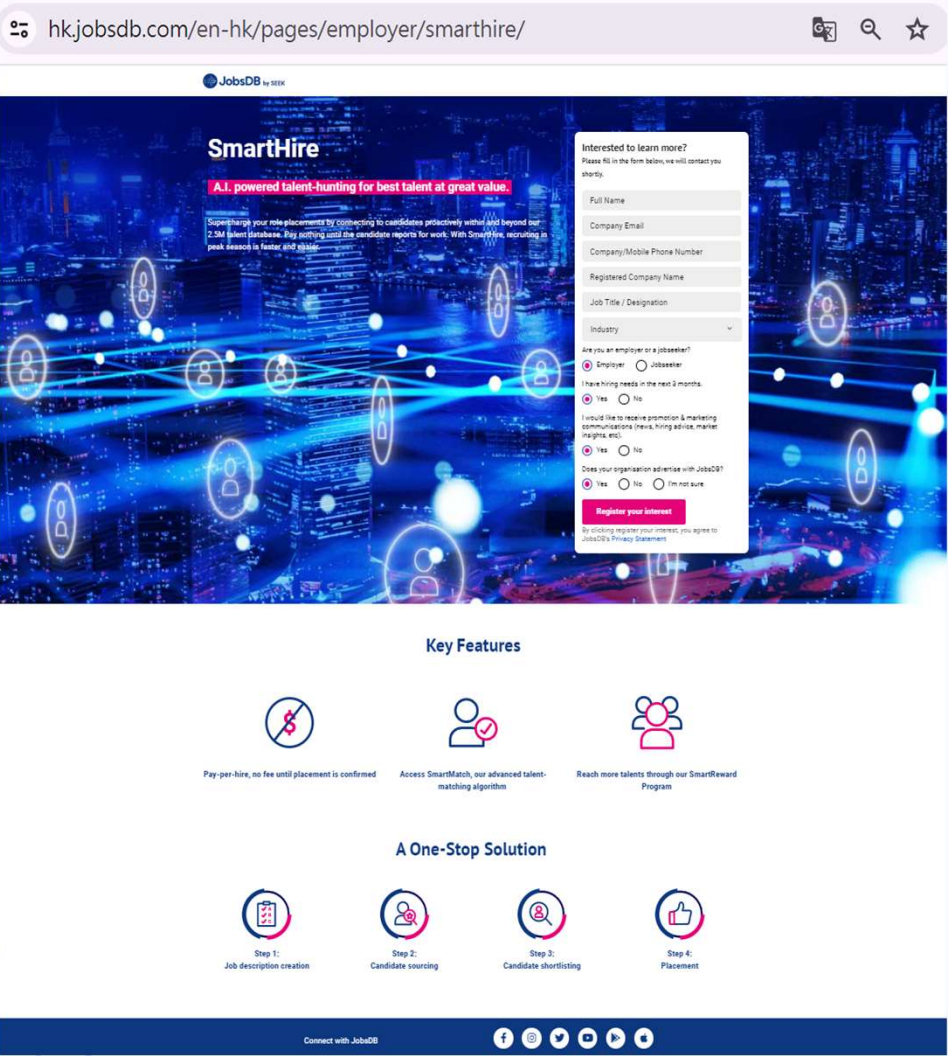
Bulsuk (2009)

Successful Case - Electrolux Group (Global Home Appliance Manufacturer)

(Phenom, 2023)

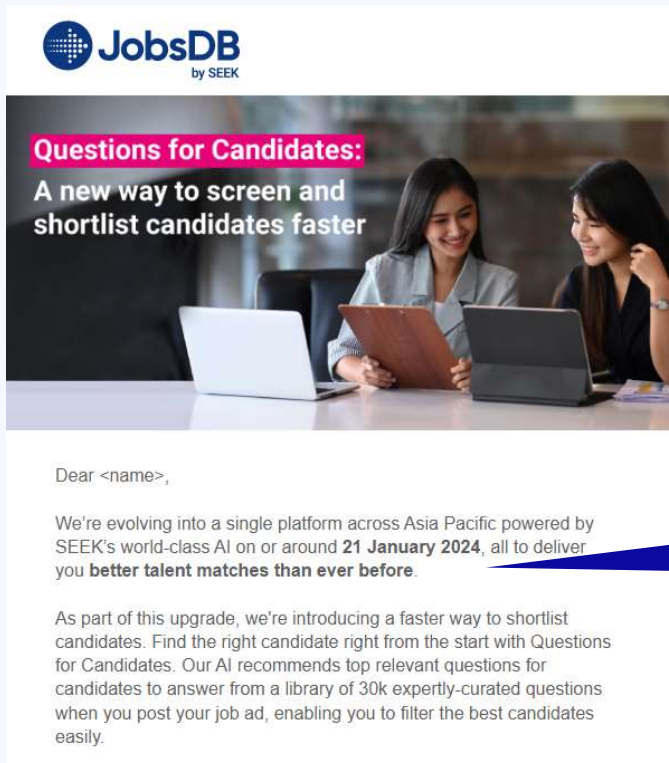
Challenges	• Talent Shortage • HR tools used could not meet the level of innovation and reinvention which the Group's image has been built since 1920s
3 Key Objectives Identified to Maintain a Competitive Hiring Edge	• To digitalize the recruitment processes to enhance the experience for hiring managers, recruiters, employees and candidates • To drive internal mobility and to reduce silos • To reduce cost and time to hire as well as to improve the quality of candidates
Solutions	<u>Phenom Intelligent Talent Experience Platform</u> • Career Site, Talent Marketplace, Phenom CRM, Phenom Campaigns, Phenom Video Assessments, Phenom AI Scheduling, Phenom Referrals
Results (with 6 months)	• Application conversation rate increased by 84% • Incomplete applications decreased by 51% • Time to hire decreased by 9% • Recruitment time saved by 20% by using Phenom Video Assessments • Time saved by 78% via Phenom AI Scheduling “ Phenom serves as valuable collaboration tool in the hiring process and builds the foundation for a holistic internal and external talent experience” commented by Anja Ullrich, Global Talent Acquisition Director, Electrolux Group (2023)
What's Next?	• Leveraging segmented and targeted outreach to attract top-tier and quality candidates • Expanding internal mobility

(JobsDB by SEEK, 2023)



AI Talent Acquisition Platform Example in Hong Kong

- AI Talent Acquisition in HK is still not too common
- HR employers can start plan and try to experience AI Talent Acquisition via “**SmartHire**” provided by **JobsDB by SEEK** which is the most popular recruitment platform used by employers and job seekers in HK



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Conclusions

- The introduction of AI in Talent Acquisition marks a new era of efficiency, data-driven decision-making and a transformed different parties' experience.
- AI in Talent Acquisition is one the example of Digital Transformations and Digital Transformations can help to drive organizations into the digital future, notably transforming HR functions.
- The emphasis on change is crucial for organizations to navigate new challenges in an ever-changing technological environment.
- HR Professionals must adopt a growth mindset, change strategies, and embrace new technologies in order to keep up with the rapid pace of technological advances.
- By referring to AI Talent Acquisition in growth and innovation, organizations can prepare for an unpredictable digital future.
- To succeed, companies must continue to improve HR processes and establish a corporate culture that encourages growth and innovation.

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