SMACking Talent Acquisition

By infusing human capital management processes with social, mobile, analytics and cloud technologies, companies can hire the right people at the right time – and then keep them.
Executive Summary

As workforce demographics shift and average employee tenure shrinks, the competition for hiring the best job candidates is fierce and getting more so every day. As such, human capital management (HCM) directors and recruitment professionals face a host of challenges, including:

• Difficulty attracting “best fit” job candidates to the organization.

• Inability to reach candidates that fit job profiles for critical roles at the moment of need.

• Frustration of desirable candidates due to complex processes.

• Misalignment of localized recruitment and hiring processes with the needs of a global organization.

• Inflated cost-per-hire or inability to assess talent acquisition costs.

The millennial generation (or “digital natives”) grew up with social and mobile technology and led the way in adopting these technologies. But today, job hunters across demographic groups often begin their interactions with employers via the social Web, where they expect to become familiar with the employer’s culture and “brand,” learn about available job opportunities and even directly engage with employers.

To cost-effectively transform talent acquisition processes – including talent forecasting, candidate assessment, job profiling and interacting with desirable candidates – organizations need to leverage solutions based on social, mobile, analytics and cloud technologies (the SMAC Stack™). The advanced capabilities of the SMAC Stack are critical to realizing a return on investment on talent acquisition
transformation initiatives and are key to helping organizations jump ahead of their competitors by attracting and retaining the right employees.

This white paper offers a prescription for modernizing key talent acquisition processes, including pre-assessment surveying, candidate sourcing, candidate assessment, pre-hiring and onboarding.
The War for Talent

Sign of the times: The list of companies with the highest employee attrition rates include an array of the highest profile and best-performing companies in existence today, including Amazon and Google, according to a recent report from PayScale. Even for these iconic brands, median employee tenure rates are about one year, according to the report. If these high-flyers can’t retain their largely millennial employee base with their lavish benefits and flexible work styles, one wonders, what company can?

To resolve the new retention issues that they face, employers need to look toward the front end of their talent management lifecycle.

There is no question that millennial workers have a different mindset from their predecessors about employment and what they expect from the workplace (see sidebar, page 5). To resolve the new retention issues that they face, employers need to look toward the front end of their talent management lifecycle. Talent management comprises three areas: talent acquisition; talent development and deployment; and workforce engagement and retention (see Figure 1). While challenges exist in all three phases, many companies struggle at the very beginning of the cycle. For instance, they fail to conduct adequate pre-hire assessments, and they spend too little time creating job profiles and formal competency frameworks.

Skipping these critical steps will lead to hiring and retention problems down the line, which can result in escalating costs. This is particularly true when you consider the high cost of recruiting and hiring talent, which can equal $3,500 per new hire in indirect and direct costs for U.S. companies, even at the entry level. If companies
Quick Take

The Mood of Millennials

With millennials entering the workforce, employers need to offer flexible new approaches to getting work done, as well as understand emerging market needs. A recent Cognizant survey of millennial workers revealed several insights about the new workforce (see Figure 2), including the following developments:

- Millennials value career growth far more than training opportunities or work-life balance programs, and they equate international work opportunities with career growth.
- Millennial employees are looking for a greater say in their day-to-day activities.
- This demographic is less brand-loyal than its older counterparts.
- To hire best-in-class talent, companies are seeking candidates across the globe to form virtual teams.
- Virtual employees are looking for more than just a phone call to stay connected with each other.

The Millennial Mindset

A recent Cognizant survey revealed the following about millennial attitudes about employment.

The survey was conducted in 2012-2013, using Survey Monkey to field an online questionnaire of over 1,000 college students’ attitudes toward employment.

Source: Cognizant Community Survey, 2013

Figure 2
with high attrition rates could extend average tenures by just a year, they could reduce costs significantly and improve overall business performance.

Talent scarcity – particularly in areas such as technology and engineering – is another trend driving HCM and human resources executives to rethink their talent management strategies. According to ManpowerGroup’s 2013 Talent Shortage Survey, 35% of employers report difficulty in filling jobs due to a lack of available talent – the biggest shortage since the start of the global recession. And more than half of employers now believe that talent acquisition is increasingly competitive, compared with just 20% in 2009, according to a survey by the Chartered Institute of Personnel and Development (CIPD). The talent shortage will only grow as the first wave of baby boomers hits retirement age; according to Scot Melland, CEO of Dice Holdings, even if baby boomers delay retirement, there aren’t enough younger workers to take their places.

An aging workforce and shrinking talent pool is a prevalent global challenge. A February 2013 report by the Canadian news journal The Globe and Mail reported that for the first time in Canadian history, retirees will outnumber people entering the workforce in the country this year.

The Changing Face of Talent Acquisition

Meanwhile, talent acquisition itself has changed radically in recent years, brought about by the always-on connectivity of the mobile Web and proliferation of social media use, among other developments. Roughly one-half of all U.S. organizations, according to published reports, have decreased their spending on recruiting agencies and turned to newer tools, such as professional networking sites, social media and CRM tools, as lower cost alternatives to help build their brands as employers and attract job candidates.

Techniques that leading companies are incorporating into their talent acquisition strategies include increasing job flexibility, leveraging analytics tools to predict staffing needs and validate employment plans, enabling virtual teams with technology, conducting candidate assessments via video and recruiting where candidates are located (see Figure 3).

Initiatives to redefine talent acquisition are greatly aided by the application of SMAC technologies.

Trends Force a Rethink of Talent Management

<table>
<thead>
<tr>
<th>Key Trends</th>
<th>Elements of a Redefined Strategy</th>
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<tbody>
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<td>Employee loyalty on the decline</td>
<td>Enable flexibility to improve employee satisfaction</td>
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<td>Competition for talent on the rise</td>
<td>Leverage technology to drive retention</td>
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<td>Sources for talent are shifting</td>
<td>Use analytics to predict staffing needs</td>
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<td>Unsuitable applications clutter the process</td>
<td>Enable a boundaryless workplace</td>
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<tr>
<td>Cost of hiring remains high</td>
<td>Go to where the candidates are</td>
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</tbody>
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Figure 3
Social Media

Employers are discovering that “relationship-centric” acquisition strategies are at the heart of talent discovery (see Figure 4). According to Dice’s Melland, this entails identifying and nurturing qualified candidates — for example, by using the social Web and networking with online communities — and staying engaged with them over time to develop pools of talent “that can be drawn upon as needed,” he says.7

Leveraging social tools can move organizations ahead of their peers in winning the competition for the best global talent. An example is TiVo’s social recruiting strategy.8 As a relatively small organization with big-brand recognition, TiVo wanted to create a recruitment process that would attract candidates who exemplified the strengths of its own culture. This entailed creating a candidate experience that incorporated elements of its corporate identity, from its career site to the e-mail templates used for candidate-to-employer communications. TiVo also leverages social recruiting software that not only enables sourcing from social networks and niche sites frequented by desired talent, but also encourages employee referrals by easing the process of sending job application invitations to employees’ social networks. Today, one-third of new hires now come through referrals, meeting TiVo’s goal of attracting workers who really “get” the company brand and understand its culture.

The Cloud

The cloud also offers many opportunities for transforming talent acquisition. Cloud-based delivery of software applications, for example, can help companies consolidate disparate talent management systems. These nonintegrated systems can lead to data integrity issues and frustration for job-seekers needing to fill out duplicate entries for two different jobs. Moving a dozen applications to one or two in the cloud greatly streamlines maintenance and cuts costs for IT. Furthermore, consolidating onto the cloud can potentially help normalize business processes across systems.

Applications based in the cloud can help clarify internal-facing processes, as well. Our clients report receiving thousands of resumes for a single job posting, and yet they have no efficient way to screen these large volumes of candidates because

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**Employer Branding Enables Better Relationships**

<table>
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<tr>
<th>Workforce Requirements</th>
<th>Sourcing Strategies</th>
<th>Candidate Success Profile</th>
<th>Target Talent Supply</th>
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</table>

Figure 4
they did not create job profiles or competencies. Cloud-based apps that incorporate social tools and can be accessed via mobile devices can help. Many companies are seeking assistance around building the right job competencies, understanding their job profiles and leveraging social, mobile and analytics to identify and attract the right candidates.

Additionally, cloud-based applications are opening the door to capabilities that previously would have been unaffordable, such as pre-assessment testing. Long known as an effective practice for candidate selection, preassessment testing was validated in 1998 in a landmark study that proved a link between economic gains and improved hiring methods. According to the study, a company with 1,000 retail or contact center associate hires could generate a $15 million annual pretax profit improvement (i.e. 1,000 x $15,000/year) by leveraging preassessments that contained predictive validity measures. These measures might include general aptitude scores tied to job profiles, job knowledge tests and a variety of other structured assessment job predictors. Today, the cloud puts preassessment within reach for most companies by cutting the cost – traditionally $300 to $500 per assessment – by 75% or more.

Analytics

Analytics is also fueling innovative approaches to candidate sourcing, including the following:

- **Forecast workforce requirements:** Predictive analytics provide deep insight into the business’s recruitment needs — who is needed, where they are needed, when they are needed — even before business managers realize them. Different forecasting simulations based on historical demand and economic scenarios will help the business remain flexible over time and realign with changing needs. These forecasts can range from projecting short-term demand for hourly employees to projecting workforce demand for the next five to 10 years.

- **Conduct root cause analysis of attrition:** The recruitment function can use data modeling to analyze and understand the factors contributing to employee attrition and then act pre-emptively to build mitigating factors into competency profiles for new roles.

- **Target available talent supplies:** Organizations can use qualitative and quantitative information to build a detailed map of the supply of talent in a particular locale, in order to better visualize talent pool availability and employability; talent pool size and fresh graduate supply; skill pool by industry; and trends and forecasted reports for future supply expectations.

- **Define candidate success profiles:** Using predictive modeling, employers can match the right candidate to the right job by identifying the traits that distinguish high performers. Potential candidates can be matched against a list of predictors of performance generated from current employee data. Success profiles can also include predictors of the candidate’s likelihood of accepting a job offer.

**Talent Acquisition for Today’s Workplace**

Companies that excel at talent acquisition work with SMAC technologies to understand exactly who their targeted workforce is and reinforce their relationship with this desired talent pool. A good example is Nike, Inc. When the consumer brand giant decided to improve its talent acquisition in China, for example, it used a team of 11 recruiters in China working alongside more than 15 agencies to interface with a cloud-based recruitment system. According to *HR Magazine*, the on-demand system enriches the candidate experience by integrating external career sites with Nike’s internal site and also helps the talent acquisition team better screen, select
Quick Take

SMAC Talent Acquisition in the Real World: Case Studies

We worked with a large food distribution company that used seven nonintegrated systems to support its HCM processes. Over time, the disparate systems led to frustrations due to poor data quality, duplicate data, manual generation of reports and an overall poor user experience. The company also needed to decrease its operational costs by reducing the number of full-time employees required to support the various applications, licenses and training.

We advised the company on a strategy and design for integrating its human capital processes and systems. In addition to creating a Web home page to function as a one-stop shop for all employees’ HR needs, we also embedded features such as videos, tutorials and self-help materials into the envisioned HCM solution.

The key elements of this project are expected to include:

- Integrated HCM processes.
- Consolidation of multiple talent management systems down to one.
- Simple user interface and greater employee use of self-service.
- Better insight through robust reporting tools.
- Improved data integrity.
- Learning management system (LMS) installed throughout the organization.
- Succession planning for critical roles and visibility throughout the organization.
- Greater employee participation and empowerment.
- Effective and efficient business execution.

Home Cooking

We have also worked to transform our own talent acquisition processes. Following years of significant growth, we implemented a cloud-based applicant tracking system (ATS) to help identify, manage and onboard targeted job candidates and to smooth the process for candidates and new hires (see Figure 5). The ATS functions as a strategic repository and communication tool for candidate relationship management, enabling us to source, mine and hire new employees. Key elements of the ATS include:

- Support for multiple languages.
- Improved recruiter productivity.
- Reduced operational costs.
- Enabling of strategic service initiatives to attract high-caliber candidates in the external market.
- Ability to interface with social channels, including job boards, online communities and executive search firms.

Social Recruitment

Oracle HCM / Taleo helped Cognizant grow from less than 10,000 employees to over 160,000 employees worldwide
and manage a large volume of applications through a highly standardized recruitment workflow. The end goal is to build talent communities and stimulate direct applications.

As this example shows, technology alone does not deliver business results; success lies in coupling technology with HCM process transformation to deliver measurable business results, including rapid onboarding and increased efficiency. The SMAC Stack is driving this revolution on the system side: Social is becoming the new norm for attracting talent and interacting with candidates; cloud-based solutions are providing an intuitive user interface and nimble extensibility; and adding analytics to HR processes allows for better decision-making and achievement of high-impact results.

Transforming talent acquisition processes to take advantage of these advanced capabilities is the critical path for achieving results and return on investment. Figure 6 illustrates a fully automated talent acquisition lifecycle, along with the ideal process flow.

Next Steps
To begin transforming your talent acquisition processes via SMAC, consider the following steps:

• Assess the current state of your talent acquisition processes, including recruitment forecasting, candidate sourcing and onboarding.

• Conduct one or more talent management surveys to identify how successful your company is in its hiring practices.

• Analyze which area(s) will yield the biggest impact.

The ability to attract and retain the right employees is fast becoming a market differentiator. Organizations that can infuse their talent acquisition processes with social, mobile, analytics and cloud technologies will be ahead of the pack in attracting the best candidates.
Footnotes


About the Authors

James (Jimmy) Livingston is a Vice President in Cognizant Business Consulting, guiding strategy services for clients in the retail, travel and technology spaces. He specializes in business transformation, using enabling technology to drive strategy, business process reengineering, and portfolio migration to leading-edge technology platforms. In most industries today – where a focus on innovation, consumers, fiscal discipline and operational excellence is paramount – the effective use of IT is a critical component of the enterprise value chain that has a substantial and lasting impact on business performance. James developed the Future of Work readiness diagnostic, analysis and strategy framework called the Cognizant Index of Future Readiness. Using this approach, he helps clients prioritize opportunities, rapidly execute implementation plans and build an environment to enable the Corporate Operating Model using technologies such as social, mobile, analytics and cloud. He can be reached at James.Livingston@cognizant.com | Linkedin: http://www.linkedin.com/pub/jimmy-livingston/9/94a/545.

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Cognizant’s Enterprise Application Service (EAS) takes a customer-focused approach to helping clients enable end-to-end business processes and deploy intuitive, new-age enterprise platforms to drive efficiency, innovation and profitable growth. Along with its global EAS ecosystem, Cognizant’s robust Human Capital Management (HCM) Practice helps companies address their most critical workforce challenges through an advisory and consultative approach, leveraging both on-premises and cloud-based HCM solutions.

Our 1,200-person HCM team uses tools that leverage SMAC technology – including pre-assessment capabilities, diagnostics and an acceleration toolkit that provides initial benefits in four to six weeks – to optimize the talent acquisition process for our clients. For more information, go to www.cognizant.com/cloud.

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