Performance-Based Matching:
Using Machine Learning to Quickly Find Recruiters with Proven Success

Despite the hype, effectively matching candidates to jobs directly is still years away, but an alternative approach—leveraging external recruiter performance data—provides an accurate predictor of success for landing A+ candidates fast.

By Ken Lazarus, CEO, Scout Exchange

Technology has improved efficiency of many recruiting processes—video interviewing accelerates applicant screening; social recruiting tools expand targeted candidate reach, and next-gen Applicant Tracking Systems automate employer responses and help with compliance. But despite undeniable progress, and the ability to search job boards and resume databases like LinkedIn, the process of finding great people is still really difficult and time consuming.

If only there were a perfect algorithm to instantly find the best candidate for every job. There would be no more sorting, deciphering, and ranking resumes—no more need for laborious human intervention—leaving plenty of time to focus on more fulfilling and strategic HR initiatives. For years, this magical "resume to job matching" algorithm has represented the 'Holy Grail' for corporate talent acquisition (TA) leaders.

But even with dozens of much-hyped resume matching solutions and hundreds of millions of dollars invested in the technology, there is still no generally applicable solution for effectively matching candidates to jobs directly.

SUCCESSFUL MATCHING REQUIRES LARGE AMOUNTS OF (OBJECTIVE) DATA

For any matching algorithm to be truly effective, the data being matched needs to be objective and there needs to be a lot of it. In the case of corporate recruiting, you need millions of objective resumes (ideally, with quantifiable assessment and/or skills test results) and millions of accurate and well written job descriptions for the technology to "learn" and therefore predict successful matches. Acquiring this volume of objective data will take many years.

To be clear, the problem with today's candidate matching technology is not with machine learning technology. The issue is a lack of viable information with the two elements being matched: candidate resumes and employer job descriptions.

This article addresses fundamental data deficiencies that prevent existing resume matching tools from being effective, while introducing an alternative approach—leveraging external recruiter performance data—to create an accurate predictor of success for landing A+ candidates fast.

RESUMES ARE NOT OBJECTIVE

The first blocker to resume matching success is the fact that resumes are not objective. For over 60 years, the resume has served as the primary starting point to evaluate candidates, but even with good of intentions, resumes are at best highly subjective. Since our first entrance into the working world, we've been trained that resumes must present our absolute best professional selves to potential employers. More often than not, resumes include inflated titles, cherry picked or exaggerated accomplishments or serious cases of truth stretching. In fact, a 2017 survey from Robert Half found that 50% of job seekers flat out lie on their resumes. Ultimately, the resume is really a personal advertisement, with every detail spun to put the candidate in the most favorable light. This is human nature and not likely to change anytime soon.

Next, there is the issue of varying skill interpretation. For example, "proficiency" in Microsoft Excel means different things to different people. To one person, it may mean knowing how to sort data by columns and to someone else it can mean the ability to create advanced Pivot tables. Without some sort of assessment test, it's impossible to objectively define "proficiency," whether it be with Excel or most other skills.

Lastly, an increasing number of candidates stuff their resumes and LinkedIn profiles with attention grabbing keywords (including verbatim language from job specs) in hopes of gaming an ATS or other key word matching system. This introduces further noise to the process and contributes to "false" matches.

JOB DESCRIPTIONS ARE NOT ACCURATE

The second blocker to resume matching success is the poor quality of most job descriptions. When you think about your current job and then compare it with your actual job description, if there is one, you might get a good laugh. This is because, when a job gets translated to the black and white of a text description, nuances, and sometimes important and not so subtle responsibilities, get left behind. This is mostly due to not prioritizing the time needed to write a good job specification, but it's also because writing a good job description is actually really hard. Often, the job description companies use is one that has been around for years or something found in a quick web search, with a little customization then added for the specific role, manager and employer. It's no wonder that important skills or requirements get left off or diluted, which makes hiring against the job specifications very difficult, if not impossible.

Why is this the situation? To be done right, job descriptions require substantial thought and time from the hiring manager, who is usually busy and doesn't prioritize this "administrative" task. As a result, job descriptions often end up being written largely by someone on the TA team. Obviously, even the most experienced internal recruiter—often responsible for filling up to ten different positions at once, can't possibly have all of the most current information needed for every job. And, often times, TA is just as overloaded with work as everyone else.

This dilemma is further validated by results from an iCIMS study which revealed 61% of hiring managers believe recruiters have, at best, a "low to moderate" understanding of the jobs for which they recruit. Conversely, the study found that 51% of recruiters believe hiring managers "should do a better job communicating what they are looking for in a candidate" and "provide more relatable examples."

Not surprisingly, inadequate job descriptions result in applications from unqualified candidates. A Glassdoor survey revealed that over 50% of applicants fail to meet basic job description qualifications and "more than two-thirds (67%) of recruiters believe retention rates would be higher if candidates had a clearer picture of the job from the start.

According to Jen (Picard) Dewar (former exec at Bright.com – whom LinkedIn acquired for their machine-learning job-to-job seeker algorithm), poorly done job posting is the #1 reason employers aren't getting quality job applicants. She notes that many job descriptions lack important elements such as a straightforward job title, a clear overview of the position, separate lists of required skills, qualifications and nice-to-haves, as well as compensation, and location information.

THE CRITICAL ROLE OF EXTERNAL RECRUITERS, PARTICULARY SPECIALISTS

Given the above-mentioned challenges that make recruiting so time consuming, companies have long turned to external search firm recruiters for help, especially for the most critical and difficult to fill positions.

91% of placements come from **specialty recruiters**

But with over 20,000 staffing and recruiting companies in the U.S. alone, there is an overwhelming choice of external resources for candidate sourcing, screening and matching. And while most will promise to find the best people for all of your roles, research proves otherwise. In fact, analysis from a massive database of search firm recruiter placements over 18 months shows that that 91% of successful placements come from specialty recruiters.

WHAT IS A SPECIALTY RECRUITER?

Specialty recruiters are external search firm recruiters who focus on particular job type, category, industry and/or geographic region. Through years of experience, these recruiters have become experts in their specialty, and they typically possess the following qualities:

- Strong understanding of hard and soft skills required (despite poorly written job descriptions)
- Trusted relationships with both passive and active candidates
- Ability to screen applicants down to a small slate of the most qualified candidates
- Proven track record of success (quality candidates delivered quickly)

While the advantages of specialty recruiters are clear, until recently, there has been no easy way for employers to locate and assess the right search firm recruiter for every job. Consequently, most employers resort to using search firm recruiters "who they know," or a search firm recruiter recommended by colleagues. This is obviously not optimal, but seems like an easier alternative to searching blindly online or sitting through sales pitches from untested vendors. As a result, most employer/search firm relationships are not ideally matched, which makes for dissatisfying and frustrating experiences. It's no wonder people have sought technological solutions to match candidates to jobs and bypass search firm recruiters completely. But, since such technology does not exist, many employers now rely on a new and innovative approach called marketplace recruiting that has proven to be reliable and very successful.

scout
Find the Best

> *"Seeing the quality of submissions delivered by marketplace recruiters made me realize that many of our 'preferred' vendors weren't delivering enough solid candidates."*
>
> – VP of Talent Acquisition,
> Healthcare Employer

EMERGENCE OF THE RECRUITMENT MARKETPLACE

Over the past few years, the emergence of new "recruitment marketplaces" have made it possible for employers to quickly find the right specialty search firm recruiters to provide great candidates and fill their open positions. Combining a sort of "intelligent crowdsourcing" and machine learning technology, these marketplaces offer a new, data-driven way to successfully match employers with the specialty search firm recruiters who are most qualified to help fill particular jobs. Similar to the marketplaces created by Airbnb and Uber/Lyft, which find the best room for your stay or the driver best able to take you from point A to point B, recruitment marketplaces find the best search firm recruiter to fill your job. Of course, as with all marketplaces, certain elements are required for success.

ELEMENTS REQUIRED FOR SUCCESS

Liquidity/Critical Mass: There must be enough search firm recruiters to work on every job type in every geography, and enough jobs for all recruiters to work on.

Low Transaction Cost: The platform interface must be intuitive and easy to use. All transactions should be handled using one standard contract to eliminate the need to negotiate separate contracts for each relationship. Employers must have seamless access to post jobs via ATS for maximum efficiency and accuracy.

Efficient Matching: Algorithms must be capable of accurately aligning each job with recruiter performance variables such as job type (e.g. sales or software development), geographic location, industry expertise (e.g. healthcare, banking), cultural style, prior company relationships, and other factors.

Effective Reputation System: User ratings must be assigned for both employers and search firms to build trust and ensure transparency. Comprehensive privacy, reliability and security, validated by external SOC 2 audits, is imperative.

Data Collection & Analytics: All marketplace activity and transaction information (i.e. time to fill, cost per hire, average fee, total spend, etc.) must be tracked to measure results, determine key success indicators and drive improved recruiting results.

BENEFITS TO EMPLOYERS

Provided a recruitment marketplace includes the aforementioned elements, results are inspiring to even the most pessimistic employers. Typical employer users receive more higher quality candidates, enabling them to fill positions 40% faster and achieve 32% higher fill rates.

In fact, after one year of using a recruitment marketplace, employers typically find that nearly 50% of their successful placements come from marketplace recruiters—new search firm recruiters introduced via the marketplace.

When 50% of your hires are being made by people you've never met before, the matching must be doing something right, no?

In addition to quality and speed, marketplace users benefit from improved efficiency as a result of streamlined vendor management and reduced administrative requirements, as well as a 33% reduction in average placement fees.

Sources of Successful Hires After One Year

47% - Marketplace Recruiters

53% - Preferred Search Firm Vendors

FEE PAID

33% SAVED

BENEFITS TO SEARCH FIRM RECRUITERS

While sometimes skeptical at first, search firms using recruitment marketplaces are quick to realize the benefits. Most appealing is that they gain immediate access as an approved vendor to premier employers they would not have previously been able to work with. The only requirement for getting matched to new marque employers is good performance, thereby dramatically reducing their new business development cost. And, by staying focused on the jobs in their specialty and getting instant access to qualification and other important data, search firm recruiters are able to dramatically increase their efficiency, fill more positions and make more money.

> *"I've now got a whole new avenue to market my existing talent pool, plus the opportunity to place more candidates in my sweet spot."*
>
> – Sr. Technical Recruiter,
> IT Staffing Agency

THE NETWORK EFFECT

Just as seen with the evolution of consumer marketplaces, as more and more participants enter the recruitment marketplace, more data is captured and acted upon, which continually improves the experience. This "network effect," helps make predictions for job-to-recruiter matches more and more accurate, thus attracting more employers and external recruiters to participate.

scout
Find the Best

Billions of data points from thousands of recruiters and job postings allow.....

Improved matching algorithms to find the specialized recruiter which leads to.....

recruitment marketplace

More Employers and Search Firm recruiters who provide....

Marketplace success which attracts.....

While no one disputes that having the right talent in the right role is a make-or-break success factor for any business, most people acknowledge that great people are not easy to find. Thankfully, advances in marketplace dynamics and machine learning technology make it possible to find and engage specialty search firms with proven success in sourcing and recruiting hard-to-land candidates. And with the right external recruiters in place, internal TA professionals can spend less time on low value administrative tasks and more time focusing on high value activities such as interviewing candidates and ensuring a great hire for each position.

www.goscoutgo.com

scout
Find the Best