Challenges and Opportunities in the Adoption of AI in Talent Acquisition and Retention

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Abstract
The adoption of artificial intelligence (AI) in talent acquisition and retention has been transformative, offering significant benefits to organizations looking to attract and retain top talent. Although there are substantial benefits of AI for talent acquisition and retention, still the adoption of AI is low in many organizations. Practically, AI can help attract and uncover qualified applicants who will join and remain in the organization and increase the level of fit between applicants and job or organizations. Talent acquisition and retention is a crucial function of the HR managers and organizations are struggling to get the right talent. Several challenges identified in talent acquisition and retention, which are: technological advancement, balancing automation and human touch, technical expertise and customization, and security and privacy concerns. This paper explores how HR professionals are navigating the challenges and opportunities in identifying, attracting, and retaining top talent to ensure labour needs meet the industry requirement. It is hoped that the proposed conceptual framework may contribute to the body of knowledge as additional references for employers, particularly HR managers.
Keywords: Artificial Intelligence, Talent Acquisition, Retention, Technology

Introduction
The increased use of internet and intranet technology to facilitate human resource management (HRM) processes has turned large organizations to moving towards artificial intelligence (AI) to enhance decision-making and communication. AI systems were originally designed to mimic human cognitive decision processes, and to support and solve well-defined or structured problems (Johnson, Stone & Lukaszewski, 2021). Rapid advancements in human resource (HR) technology continue to evolve, with the integration of AI, machine learning, and analytics. The application of AI usage has tremendously increased over the years and across industries. Specifically, AI provides cognitive insight capabilities to identify traits of high

performing employees and those who have stayed and remained loyal with the organization for a long time (Johnson, Stone & Lukaszewski, 2021). This is where AI-enabled process automation comes in handy. It uses algorithms to find the profiles of qualified candidates and determine which ones should be contacted for interviews. Furthermore, AI is also capable of producing job offer letters for qualified and successful candidates for the available job positions.

HR managers are looking for ways to enhance efficiency and effectiveness in talent acquisition, reducing the repetitive administrative tasks by assisting HR decision-making process. Thus, the use of AI is deemed to be one of the best options (Sattu, Das & Jena, 2024). AI has found to be able to streamline and auto-mate some traditionally labour-intensive processes as it increased the speed and efficiency, improved candidate matching, enhanced diversity and inclusion, better candidate experience and cost savings which leads to higher quality of hire (Guenole & Feinzig, 2018; Johnson, Pillai & Sivathanu, 2020; Stone & Lukaszewski, 2021; Sattu, Das & Jena, 2024). By using AI, resume screening and initial candidate assessments can reduce time-consuming and cost in the long run spent by HR managers in doing repetitive tasks, and thus, identifying the most qualified candidates can be done quickly. In other words, the ability of AI in talent acquisition intelligently has influenced organizations to adopt these tools when the perceived value gained above the cost incurred (Sattu, Das & Jena, 2024; Johnson, Stone & Lukaszewski, 2021).

AI implementation involves a substantial financial investment with the perceived benefits expected in return. To ensure that the investment is worth, managers should take steps to communicate the benefits of AI by providing training and support to employees and increase the likelihood of successful adoption of AI in talent acquisition (Sattu, Das & Jena, 2024). Further, employers may enhance employee retention through effective selection and compensation systems (Johnson, Stone & Lukaszewski, 2021). Therefore, this study aims to explore the challenges faced by HR managers towards adopting AI in talent acquisition and retention.

Literature Review
Technological advancement
Many multinational companies are using AI for managing talent acquisition functions, but some organizations are still considering adoption (Pillai & Sivathanu, 2020). In this technology-driven economy, HR managers should adopt AI for talent acquisition to be competitive and stay relevant. The advent of the internet and other technologies that make it easier for HR managers to attract potential employees has raised competition for talent (Pillai & Sivathanu, 2020). Earlier studies on technology adoption were introduced by Davis (1989) in Theory of Adoption Model (TAM). TAM postulates that the adoption of technology takes place when perceived usefulness in performing the task and ease of technology emerged.
Despite TAM is a popular model for understanding and predicting user acceptance and usage of technology, this model does not consider in the large segment, i.e. social, organizational, or cultural factors. The adoption of AI in talent acquisition seems facing the potential problems arising from technological advancement (Armstrong & Taylor, 2017). Therefore, managers need to understand how technology can leverage fully AI and improve decision-making to support human resource functions (Johnson, Stone & Lukaszewski, 2021).

Balancing Automation and Human Touch

HR managers must find the right balance between automation and maintaining a personal touch in the recruitment process, primarily in addressing data privacy concerns and overcoming technical difficulties. Although AI has become a popular method in recruitment, it has severe limitations. A study conducted by Pillai and Sivathanu (2020) found that the recruiting tool used by Amazon was gender-biased towards women candidates whereby the algorithmic programming preferring men for software development jobs. Thus, organizations should be aware that by incorporating AI into talent management process, the element of low trust in AI decision-making, bias and ethical concerns, and legal risks may become a matter of concern.

In a sense, AI-enabled process automation makes and implements decisions with little human intervention functions (Johnson, Stone & Lukaszewski, 2021). Besides, it is imperative to guarantee the ethical and transparent utilization of AI technology to prevent any possible adverse effects on the candidate experience.

Technical Expertise and Customization

Identifying highly qualified applicants from a large pool of applicants is one of the challenges faced by the organization. For many organizations, implementing AI in talent acquisition might be an affordable alternative. As this is HR-specific technology, HR readiness is imperative for the adoption of HR technology (Pillai & Sivathanu, 2020). The availability of budget, skills and resources may influence the decision to adopt AI for talent acquisition. By automating the screening of resumes, enhancing the applicant experience, eliminating prejudice, utilizing predictive analytics, and ultimately saving money and time, AI may make the talent acquisition process more economical (Sattu, Das & Jena, 2024).

However, implementing AI technologies requires technical expertise and customized solutions. Therefore, organizations need to invest in platforms that integrate seamlessly with existing systems and provide necessary support and training to HR teams.

Security and Privacy Concerns

The use of AI in talent acquisition frequently raises concerns among job searchers, particularly with regards to privacy and security concerns in safeguarding their data (Satu, Das & Jena, 2024; Low, Chen & Wu, 2011; Benlian & Hess, 2011). Security is one of the predictors of the adoption of AI in performing human resource functions (Pillai & Sivathanu, 2020). AI systems may be vulnerable to cyber security risks, compromising the recruitment process's integrity and leading to lack of trust among candidates. Therefore, managers should exercise caution while leveraging AI technology during talent acquisition as privacy and security matter contribute to innovation resistance (Sattu, Das & Jena, 2024). Pillai and Sivathanu (2020) emphasized that AI needs to be secure enough to protect personal data and maintain the privacy of all related information.

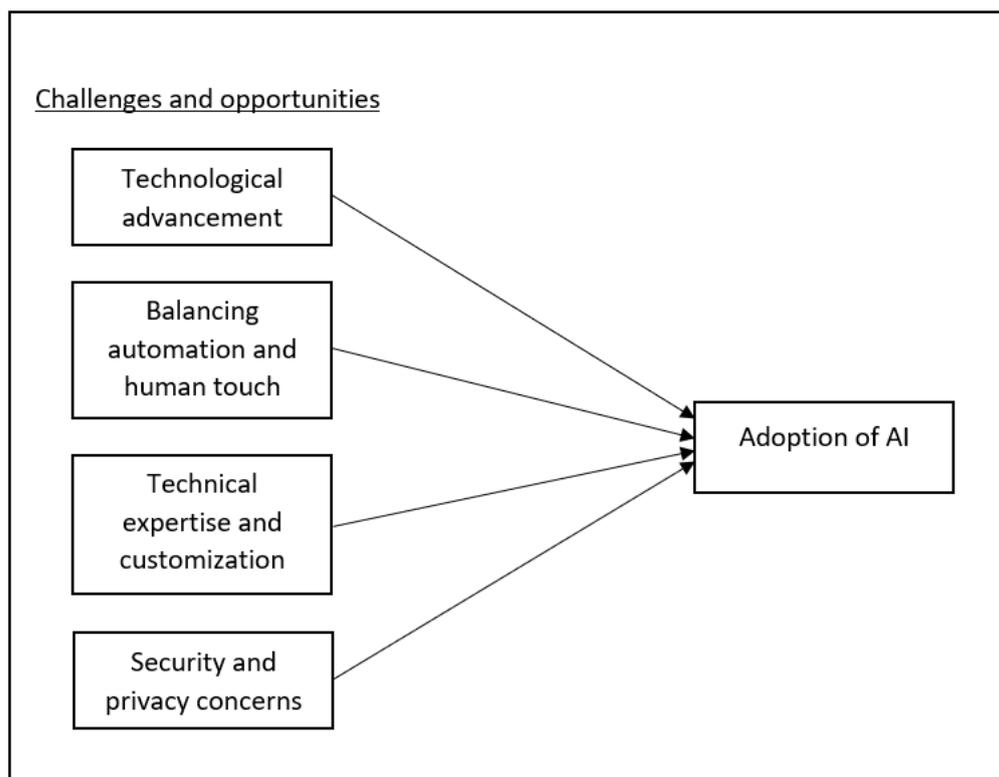**Conceptual Framework for Adoption of AI**

Figure 1.0: The proposed conceptual framework

Conclusion

In this paper, the researchers considered the use of AI may enhance hiring process and retention of employees. The use of AI tools across industries prompted researchers and practitioners to discover and determine many aspects impacting the adoption of AI in various functional processes at the organizational level, because of the widespread usage of AI technologies in numerous industries. Despite the challenges in the adoption of AI, it has the potential to transform talent acquisition into effective hiring practices. This study conceptually proposed the (1) technological advancement, (2) balancing automation and human touch, (3) technical expertise and customization, and (4) privacy and security issues become matter of concerns in adopting AI in talent acquisition and retention.

Besides, the proposed framework is intended to assist the employers to understand and gain useful insight on the current hiring practice. While AI offers significant benefits in talent acquisition and retention, organizations must carefully plan their integration strategy, address challenges, and be mindful of future trends and ethical considerations. By doing this, they can harness AI's potential to improve their methods for attracting and retaining top people in the organization. Lastly, this study strongly proposed that HR managers should adopt AI during talent acquisition. Besides, future researchers are suggested to expand the TAM by recommending challenges as intervening variables in this study.

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