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# AI for Applicant Engagement:

## How to Build Meaningful Conversations and Exceed Your Hiring Goals

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# Introduction

There are endless ways to communicate in today's world, from in-person to digital communication to advanced artificial intelligence (AI) systems. Organizations around the globe use these communication methods as part of their hiring processes to source and retain the talent they need. While layoffs have hit the tech and financial sectors of late, there has been no such slowdown for industries driven by hourly workers, such as retail, hospitality, food service, manufacturing, and transportation.

Signs point to a growing gap between available hourly jobs and the number of workers who can fill them, with quit rates highest for hourly industries in the United States[1], and countries like the United Kingdom, Germany, and France all reporting hourly worker shortages as they entered 2023.[2,3,4] The number of job openings is only growing, with U.S. hourly industries like manufacturing and transportation showing nearly double the number of openings compared to hire rates *(Fig. 1)*.

Employers are quickly adapting to meet worker salary and benefits expectations in an effort to attract applicants. Wages for retail and accommodation jobs in the U.S. have steadily increased since the start of the pandemic, with the median posted pay at $14/hour in March 2020 and a little over $16/hour in February 2023. Bonuses are also on the rise in the healthcare and transportation industries, while education requirements have decreased overall to broaden applicant pools.[5,6]

But regardless of financial incentives, there has been waning focus on how employers choose to interact with applicants in this volatile climate and the impact advancements in conversational AI may have on hiring outcomes.

Fountain examined text interactions between employers and applicants over the span of a year to identify the topics of conversation, applicant sentiment, and how text content and emotion have an effect on hiring outcomes. Our research revealed the following four key pillars employers should keep in mind to ensure optimized communication in their hiring process and successful hiring outcomes:

1. Building mobile-first processes

2. Increasing applicant engagement by providing diverse communication options

3. Forwarding high-impact messages to recruiters when they're needed most

4. Leaning into the network effects of positive brand experiences by investing in holistic communication methods

If you're an employer struggling to find applicants to fill your open hourly roles, let's start with how to meet applicants where they are: on their phones.
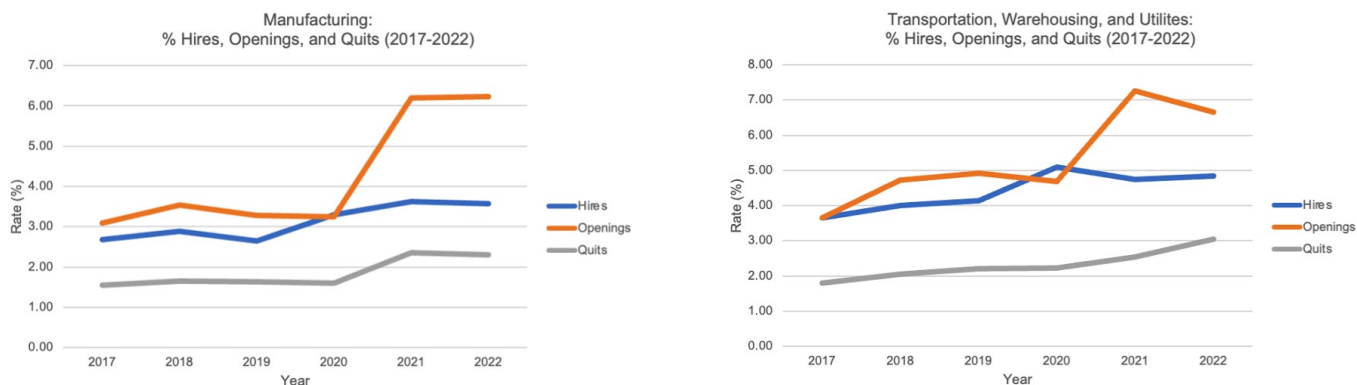


Fig. 1
Source: U.S. Bureau of Labor Statistics, 2017–2022.

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1. Data from U.S. Bureau of Labor Statistics
2. UK ministers consider worker health checks to tackle labour shortages
3. More than half of German companies report labour shortages
4. France Desperately Needs Workers, but the Fixes Could Anger Left and Right
5. Data from Lightcast.io
6. Hiring in a Distributed World

# A mobile-first world

One-hundred and eighty-six million texts. That's the number of text messages sent and received by Fountain's customers (employers) to job candidates in 2022. A staggering 182 million of those were handled by the employer, either through auto-texting features or manual messaging.

Over 60% of job applications are now completed via mobile phone, with even higher rates for hourly industries like gig companies, at 86%, and transportation, at 76%.[7] So far in 2023, Fountain applicants have submitted an average of 13,000 applications per day via mobile phone vs. 4,000 applications per day from desktop computers —a difference of 111%. This trend will only gain ground so employers must be technologically proactive to establish mobile-first relationships.

Applicant communication is trickiest in the hourly space, where recruiters aren't always at a desk in their corporate headquarters. In many cases, "recruiters" for hourly workers are actually store managers and shift leaders who are busy on the shop floor with customers and balancing many responsibilities. It's easy for applicant communication to break down since these hiring managers are not always at their desks. Companies without mobile-optimized processes are even more likely to see applicant drop-off.

We found a negative correlation between the time it takes to hire and the number of hires, meaning the faster you hire, the more applicants you'll land for your open roles. The same relationship exists for texting applicants: The faster an employer responds to an applicant's text message, the more hires they achieve overall *(Fig. 2)*.

While the answer may seem obvious (i.e., respond to texts faster, hire more people), the solution isn't.

Applicants are rejected for a number of reasons, like failing background checks or lacking appropriate transportation to fulfill their job duties, but we found the most common reason for rejection in the past six months was applicant unresponsiveness, which means resolving the issue of slower responses in the hourly hiring space will only solve part of the problem *(Fig. 3)*. Employers who focus on speed may find a majority of applicants have already "ghosted" the process anyway. The truth is applicants who encounter issues or have questions about the hiring process need immediate responses or else employers run a high risk of losing them.
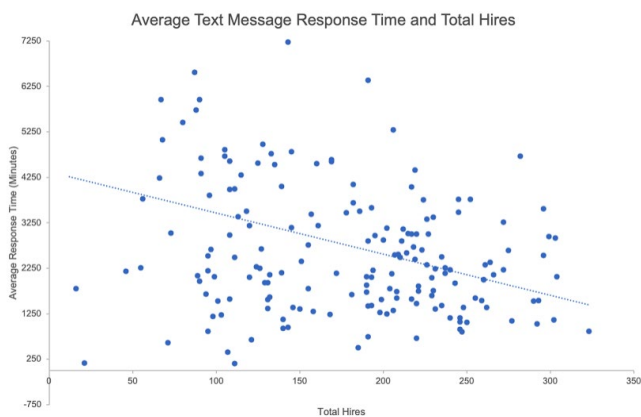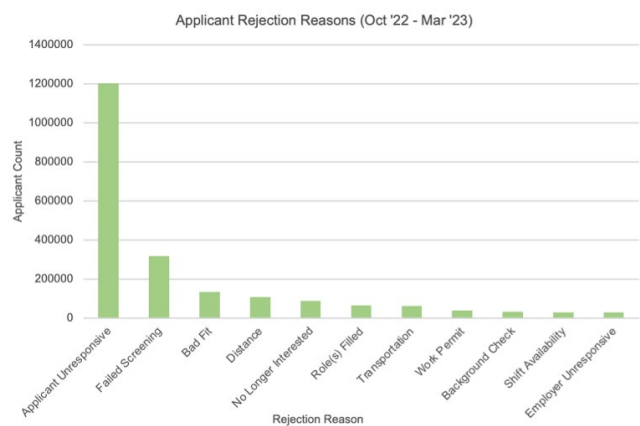


Fig. 2
Source: Fountain data, 2022–2023.



Fig. 3
Source: Fountain data, 2022–2023.

7. COVID-19 Impact on Recruitment: Mobile Apply Rates Overtake Desktop for the First Time Ever

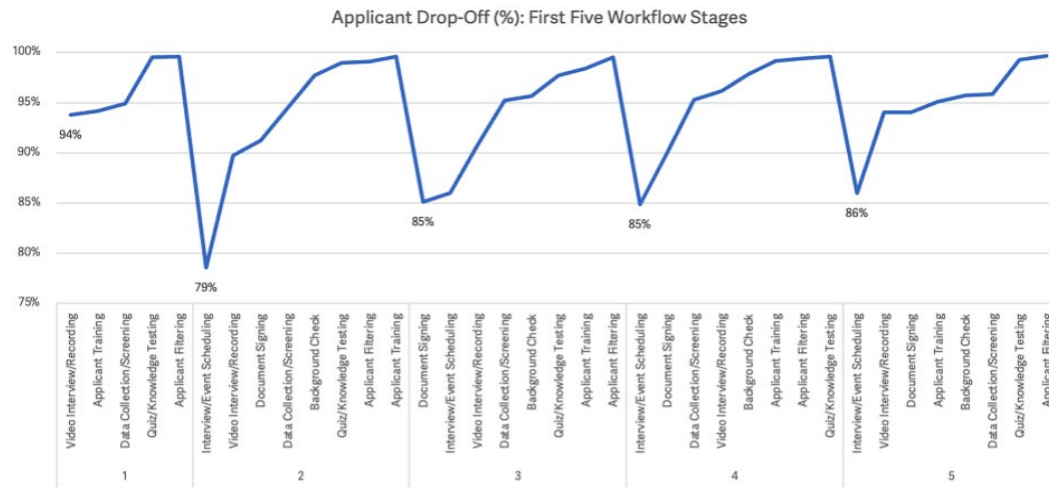Applicant Drop-Off (%): First Five Workflow Stages

Fig. 4
Source: Fountain data, 2023.

It's simply not viable to expect hiring managers to oversee all applicant communication, even when they're mobile-optimized and respond quickly. Most importantly, there's no easy method for hiring managers to identify where their involvement is most valuable.

Employers lose between 15% and 20% of their pool when applicants are asked to **meaningfully engage** in activities like scheduling interviews or on-site days; recording a video or participating in a video interview; and/or signing documents.

Employers shouldn't write off these applicants as disengaged because they've already made the effort to pass initial screenings. So why do they leave the process?

We examined applicant drop-off in the first five stages of our common hiring workflows and saw a clear pattern: There's minimal applicant loss for screening questions, basic data collection, and knowledge tests, which are all related to easy type-and-click functions *(Fig. 4)*.

# Conversations where they matter

First, employers should consider that applicants at these drop-off points are being asked for a **higher level of commitment**, often before they've had a chance to ask questions, report issues, or understand if they're truly a good fit for the role related to scheduling, pay, benefits, and location.

In an ideal scenario, the applicant would be allowed to ask questions or provide feedback **at any point** in their application and receive an immediate, guaranteed response.

However, the choice of whom they're speaking to also matters. For instance, disengagement may occur because applicants feel uncomfortable or anxious expressing directly to recruiters any sensitive mental and physical health barriers and may leave the process to avoid potential judgment or negative feedback.[8] In this case, automated modes of communication, like a conversational "bot", might be preferable.

Conversational artificial intelligence (or conversational AI) is beneficial from the employer side because allows them to reply quickly and accurately to repetitive questions and tasks, and apply automated re-engagement techniques for idle applicants, ultimately saving hiring managers tons of time.[9] But should employers really add another piece of technology on top of an already highly modernized hiring process?

Digitization of hiring has led to a proliferation of tools that apply only fractionally to different parts of a very wide-ranging hiring process, from sourcing to posting jobs, to reviewing applications and interviewing, to offers and onboarding. We argue that many of the tools meant to improve hiring efficiency actually do the opposite when strung together, and they ultimately increase the already-wide communication gap between applicants and employers, especially if employers implement conversational AI without maintaining any human element.

The evolution of AI in the hiring process is already widespread but mistrusted by the public, and for good reason. Harvard Business School, in partnership with Accenture, found 27 million "hidden workers" in the United States alone, many of whom have been pushed out of employment by overly exacting bots seeking precise keywords and resumes without employment gaps.[10]

Beyond bots for filtering, though, there is now an explosion of conversational AI technology that's designed to interact via browser, text, or instant message and mimic human engagement. This technology relies on natural language processing (NLP) techniques that train what's colloquially referred to as a "chatbot" on reams of internet text to understand and answer questions.

Chatbots built during the first wave of NLP AI in 2016 were meant to resolve the engagement issue for businesses. Unfortunately, these "bots" are only as good as their programming, which has huge limitations.[11] It's easy to find stories online about disastrous customer service responses by a bot pre-programmed to recognize a limited range of scenarios. Additionally, the cost of a negative bot interaction can lose companies as much as 30% of their users, along with poor reviews that live online in perpetuity.[12]

Conversational AI technology built even just one year ago is already outdated compared to recent iterations like ChatGPT, which exploded into the mainstream in 2023. It can be argued that in the hiring space—and particularly the hourly worker space—an AI recruitment assistant with outdated programming is worse than having no conversational automation whatsoever, and it will not resolve the key engagement issue that will save those 15% to 20% of applicants from leaving the hiring process.

But what about advanced conversational AI with up-to-date language models and the ability to function far beyond the simple Q&A?

8. Best practices to avoid unresponsive candidates
9. Artificial intelligence will help determine if you get your next job
10. Hidden Workers: Untapped Talent
11. Chatbots are becoming more efficient, the results couldn't be better
12. One Negative Chatbot Experience Drives Away 30% of Customers

# Engagement at the right time

Let's go back to our 2022 figure of 186 million texts. We found that 9 million of those were managed manually by a recruiter. At three seconds per text, that's 343 days of texting—nearly an entire year. Of course, the time factor lessens when considering the total recruiter count and the spread across hundreds of customers, but let's examine how many of those texts actually needed recruiter involvement.

We sampled just over 2.5 million texts sent by Fountain employers and applicants in 2022. NLP techniques were applied to applicant messages, which made up 19% of the total messages examined, and categorized into groups describing message intent and then labeled as "actionable" or "non-actionable."

Actionable messages defined any applicant text where the applicant requested help, faced technical hurdles, asked a question, or provided an application update, while all other categories were classified as non-actionable. Of the nearly 500,000 applicant texts sent, **we found only 30% were actionable.**

To put this another way, **recruiters only needed to be manually involved with the applicant 30% of the time**, while the remaining 70% largely involved data- and file-collection tasks that are handled by AI. That's the difference between 11 months of texting versus only three, time that could be focused on other key areas of the business.

The distinction between advanced conversational AI and a basic chatbot lies in that 30% of actionable messages. When we consider messages that are **actionable**, what we really mean is that the applicant is **engaged**. Employers can definitely utilize a chatbot to handle all messaging, but consider the value-add in a situation where the applicant asks to speak with a hiring manager and advanced conversational AI immediately puts them in touch.

In this way, hiring managers are only responding to high-impact escalations where their time is valuable, while applicants build confidence in the hiring process with the ability to choose the mode of communication that works best for them.

We examined the correlation between time spent in the hiring workflow and total messages sent. There was an unsurprising positive-trending relationship between total texts sent by the applicant and their time in the workflow, meaning the more texts sent, the longer it took the applicant to move through the hiring process.

This relationship reverses when segmenting actionable vs. non-actionable messages *(Fig. 5)*. Higher levels of actionable messages led to a decrease in processing time. **In other words, applicants are processed faster when they are more engaged**.
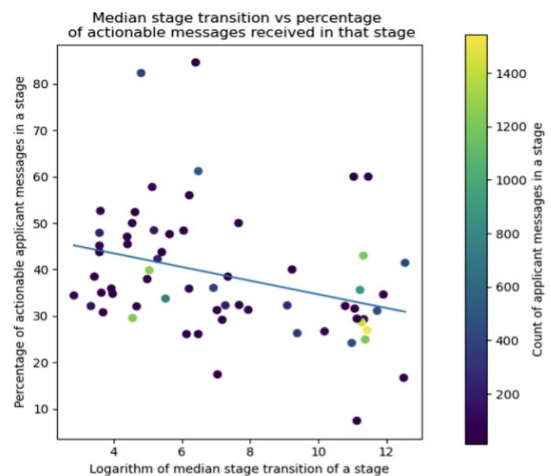


Fig. 5
Source: Fountain data, 2022.

What's most validating for the incorporation of advanced conversational AI into the hiring process is that our examination looked at instances where recruiters were only aided by preset auto-messaging. AI that can identify when the applicant would benefit from human interaction combined with the speed at which a recruiter can resolve applicant asks means **the hiring process overall will be exponentially more efficient**.

We argue that recruiters aren't slow to respond to applicants. They're **made** less efficient when automation is unable to target exactly when they're needed the most. Any conversational AI technology built even a year ago will likely miss the mark for improving efficiency, and in fact, increase the chances an employer will lose out on the most proactive applicants.

This is a cost-heavy problem for the hourly worker industry, where available labor is scant and employers have limited time windows to capture the best applicants.

# Creating positive brand perceptions

Employers with a strong brand strategy must also consider how an applicant's overall experience with a brand will promote employee retention and attract future applicants. Employers want their staff to tell their networks about the amazingly easy experience they had during their hiring process. This is essential in any competitive labor market. First impressions matter, and for an applicant, a positive hiring process will equate to a satisfied and ultimately retained employee who encourages others to apply.

In other words, emotions matter in the hiring process.

As part of our analysis, we examined the emotional sentiment of our sample of applicant text messages and tested differences in expressed sentiment between applicants who were eventually hired compared to those who were rejected. The sentiment was divided into positive, negative, and neutral buckets.

Overall, applicant messages were largely neutral in tone. Nearly 25% of messages skewed negatively and around 5% leaned positively. Segmenting by eventually "hired" versus "rejected" applicants showed a significant difference in the amount of expressed negativity. Applicants who were ultimately rejected were over two times more likely to send a text with a negative sentiment *(Figs. 6, 7)*.

Remember that these applicants were *ultimately* rejected but not *definitively* rejected. This calls to mind a chicken-and-egg scenario: **Were they rejected because they expressed more negative sentiment overall, or were they not hired for other reasons, and that influenced their emotional responses?**

Understanding the timeline of negative expression goes beyond the scope of this white paper, but let's consider the broader implications. Our hypothesis posits that most applicants don't start their application from a negative place, but their negativity **compounds** in situations where they face technical barriers, need information beyond the scope of AI, or desire a fully human process.

Employers who don't utilize conversational AI and who can't identify and pass on actionable messages to a hiring manager risk negative brand perception by applicants, an increased pool of rejections, and a downstream negative impact on hiring managers who interact with growing amounts of applicant negativity. Other obvious consequences are manager burnout, slower response times, and unmet hiring goals.
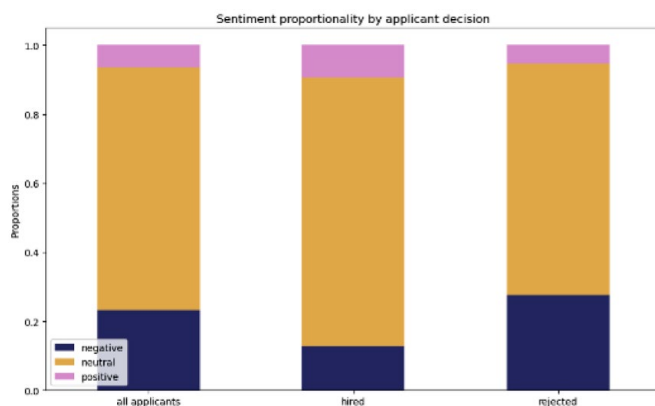


Fig. 6
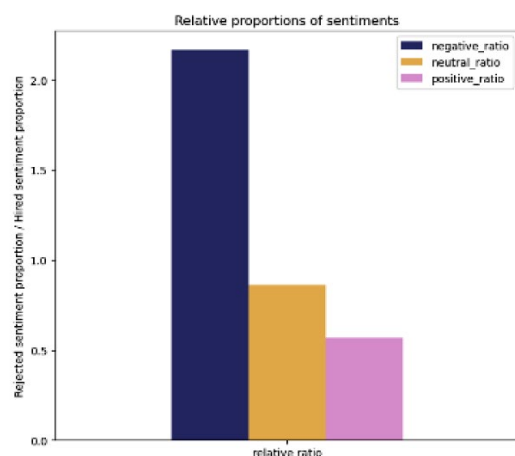Source: Fountain data, 2022.



Fig. 7
Source: Fountain data, 2022.

# Own the conversation

Hiring hourly workers will remain challenging for the foreseeable future, and employers must evaluate whether their modes of applicant interaction are fully optimized. Communication clearly matters during the hiring process, but technology—particularly conversational AI—is not a blanket solution to keeping applicants engaged.

We propose that the *how* and *when* of applicant engagement matter most to ensure successful hiring outcomes. A combination of seamless technology and human touchpoints will be key for employers to navigate hourly hiring in 2023 and beyond.

We've identified four key engagement guidelines employers should follow to optimize their hiring process:

1. Use mobile phone communication (i.e., text messaging)

2. Provide communication options for applicants that include conversational AI as well as the human touch of recruiters

3. Utilize conversational AI that can forward high-impact messages directly to recruiters when their input is most valuable

4. Guarantee positive brand experiences by using flexible and holistic hiring software designed for hourly workers and includes the most advanced conversational AI technologies

Meeting worker expectations for salary and benefits is only part of the picture in today's hourly hiring market. Employers must consider the relationship they build with applicants from day one. Technology is undoubtedly an essential partner in efficient hiring, but only when optimized to build better conversations and serve applicants in the manner and at the time that works best for them.

Employers who implement conversational AI into their hiring process should always keep the door open to human interaction. Those who balance technology and the human touch are more likely to win in the current market and reap the benefits for years to come.

# About Fountain

Fountain is the market leader in high volume hourly hiring. The company's all-in-one Labor ATS provides a fast, frictionless experience that helps qualified candidates find the right role in the right location, and guides them from apply to start in days, not weeks. Backed by an automated workflow that is specific to an organization's hiring needs, Fountain's seamless applicant experience helps save hiring and operations teams time and resources. Hundreds of customers use Fountain's solutions to hire over 3 million workers annually in more than 75 countries. Learn more on Fountain's website or connect via Twitter, LinkedIn, or the Fountain blog.