

AI Isn't the Problem With Recruiting. We're Asking It to Make the Wrong Decision.

A systems analysis of the modern hiring funnel, the constraints driving automation, and a question that may change how we think about recruiting AI.

Samuel Monastra

Foundation Insights | Foundation Building Advisors

August 2026

“Before asking AI whether a candidate should continue, should we first ask whether we have enough evidence to know?”

The Hiring Market Has a Paradox

Employers have access to more applicants, more data and more recruiting technology than at almost any point in history. Yet employers continue to report difficulty identifying talent, recruiters face increasingly complex screening workloads, and qualified professionals can submit application after application without ever reaching a human conversation.

At first glance, those conditions appear contradictory. They may instead be predictable outcomes of a system in which every participant is responding rationally to the constraints immediately in front of them.

Candidates facing low response rates submit more applications. Technology makes submitting those applications easier. Employers receiving more applications increase their use of automated screening. Technology makes screening those applications easier. Candidates learn to optimize resumes and applications for those systems. Employers respond with increasingly sophisticated methods of filtering and evaluating candidates.

Each side improves its ability to process the system. But that does not necessarily mean the system itself is improving.

This distinction leads to a different question: What if artificial intelligence isn't the fundamental problem with automated recruiting? What if part of the problem is the decision we're asking it to make?

1. Start With the Constraint, Not the Technology

Before criticizing automated recruiting, it is important to understand why it exists. Recruiting is fundamentally an information-processing problem. A company may have one open position but hundreds or thousands of potential candidates. Each additional applicant represents information that must somehow be collected, evaluated, compared and acted upon.

Recruiter capacity, however, is finite. There are only so many hours available to review resumes, conduct screenings, communicate with candidates, coordinate interviews and advise hiring managers. Automation is therefore not an irrational corporate decision. It is a rational response to a capacity constraint.

Artificial intelligence promises to increase that capacity substantially. LinkedIn's Future of Recruiting 2025 reports that 73% of talent-acquisition professionals agree AI will change the way organizations hire. Among talent professionals already integrating or experimenting with generative AI, 70% identify improved hiring efficiency as an expected benefit. [1]

Those expectations make sense. If technology can perform repetitive administrative work in seconds that previously required minutes or hours, recruiters can theoretically devote more time to the work where human judgment provides greater value.

The question is not whether recruiting should automate. The question is whether organizations are automating the right work.

2. Efficiency Does Not Automatically Produce Effectiveness

Process improvement requires a distinction that is easy to overlook: efficiency measures how economically a process performs an activity; effectiveness measures whether that activity produces the desired outcome.

A manufacturing operation that doubles production while increasing defects has improved throughput without necessarily improving the business. A customer-service department that reduces average call time while increasing repeat calls may have improved one metric while making the overall system less effective. Recruiting is no different.

A system capable of evaluating 10,000 applications faster than a human recruiting team has achieved a remarkable increase in processing capacity. But that fact alone tells us nothing about whether it selected the right candidates for further consideration.

This distinction becomes particularly important when automation occurs early in a process. An error near the end of a hiring funnel affects relatively few candidates. An error near the beginning can affect thousands. And once someone is removed from consideration, the organization may never discover what it lost.

3. The Resume Is an Information Source, Not the Person

The resume occupies an unusual position in modern recruiting. It is simultaneously one of the most important documents in the process and an inherently compressed representation of the thing being evaluated.

A resume condenses years - or decades - of professional experience into a few pages. Job titles vary between industries. Software platforms differ while performing comparable business functions. Management responsibilities can exist without the word manager appearing in a title. Skills may have been developed through employment, entrepreneurship, education, military service, volunteering or other experience.

Two people capable of performing substantially similar work may describe that capability using entirely different language. That means the hiring system is not initially evaluating the candidate. It is evaluating a representation of the candidate.

Consider a position requiring experience with a particular operational software platform. One applicant lists that platform by name. Another has never used it but has spent years operating comparable technology to manage customers, scheduling, inventory, invoicing, reporting and business workflows. The first applicant creates an obvious textual match. Understanding the second requires recognizing the capability represented by the experience rather than merely the terminology used to describe it.

**Missing terminology is not necessarily missing capability.
Correct terminology is not necessarily proof of capability.**

FALSE POSITIVE

The application strongly resembles the desired

FALSE NEGATIVE

candidate, but the underlying capability is weaker than the application suggests.

The application does not strongly resemble the desired candidate, but the underlying capability is stronger than the application suggests.

4. Qualified Candidates Can Disappear Before Human Review

This issue predates today's generative-AI boom. Harvard Business School's Hidden Workers research found that roughly 63% of surveyed employers in the United States, United Kingdom and Germany used a recruitment-management system. Among employers using those systems, more than 90% relied on them to make an initial cut or rank middle- and high-skill applicants. [2]

The research describes how systems intended to reduce large candidate pools can exclude potentially capable workers through criteria such as employment gaps, credentials and other filters. [2]

That exposes an important measurement problem. Organizations can readily measure time to fill, cost per hire, recruiter workload, interview conversion and offer acceptance. It is considerably harder to measure: How many people capable of doing the job were removed before anyone discovered what they could actually do?

Traditional recruiting metrics primarily evaluate the candidates who remain inside the process. Candidates removed early largely disappear from the information hiring managers subsequently see. That creates the possibility of process blindness.

5. Automation Can Scale Assumptions as Easily as It Scales Good Decisions

Recent research makes this issue more consequential. A 2026 Stanford Digital Economy Lab working paper analyzed 3 million applicants submitting 4 million applications, all screened by algorithms from the same vendor. Researchers investigated what they call algorithmic monoculture - similar algorithms generating correlated outcomes across employers. [3]

Among applicants who applied to ten positions, 4% were recommended for rejection from all ten at a rate higher than expected by chance. The study also found racial disparities in algorithmic recommendations. [3]

Those findings need to be interpreted carefully. They do not prove that every automated hiring system behaves similarly. They do not establish that everyone repeatedly rejected was qualified. And they do not demonstrate that AI should be removed from recruiting.

They demonstrate something narrower and more useful: when similar automated systems influence decisions across multiple organizations, the assumptions embedded within those systems can become a systems-level concern rather than simply an employer-level concern.

Automation scales. So can the consequences of the assumptions being automated.

6. Both Sides of the Hiring Market Are Optimizing

Employers are not the only participants responding to technology. Candidates have strong incentives to improve their probability of surviving increasingly automated hiring processes. They tailor resumes. They learn terminology from job descriptions. They use generative AI to improve applications. They can apply to more positions with less effort than previous application methods required.

Employers face the resulting volume and have equally rational incentives to improve screening efficiency. This produces a reinforcing loop:

**MORE APPLICATIONS → MORE SCREENING → MORE CANDIDATE OPTIMIZATION → MORE NOISE →
MORE SCREENING**

7. The Hidden Constraint May Be Signal Quality

Application volume is the visible constraint. But underneath it may be another: signal quality.

A resume once contained information not only about experience but also about a candidate's ability to organize and communicate that experience. Generative AI can now substantially improve presentation. Keyword optimization can increase textual alignment between an application and a job description. Neither necessarily increases the applicant's underlying capability.

At the same time, candidates with substantial transferable capability may describe their experience using terminology unfamiliar to another industry. The result creates two opposing risks.

This suggests that matching alone may become progressively less informative as both sides become better at optimizing the information entering the system. The challenge may therefore be less about processing more information and increasingly about obtaining better information.

VISIBLE CONSTRAINT: APPLICATION VOLUME
POTENTIAL HIDDEN CONSTRAINT: SIGNAL QUALITY

8. Skills-Based Hiring Shows the Difference Between Policy and Process

The movement toward skills-based hiring illustrates this distinction. Many employers have removed degree requirements from positions in an effort to broaden their talent pools and place

greater emphasis on capability. But changing requirements does not automatically change outcomes.

Research from Harvard Business School and the Burning Glass Institute found that removing degree requirements from job postings often produced much smaller changes in actual hiring than the change in postings might suggest. [4]

That raises a systems question: If an organization changes who it says it is willing to hire but does not materially change how it recognizes capability, has the hiring system actually changed?

Intentions matter. Policies matter. But processes produce outcomes. A skills-first strategy can only reach its full potential if the process itself can recognize relevant capability when that capability appears in unfamiliar forms.

9. Perhaps the First Question Is Wrong

This brings us to the central hypothesis. Many recruiting technologies attempt, in one form or another, to answer a question resembling: How well does this applicant match what the employer is seeking?

That is a useful question. But at the earliest stages of recruiting, the organization possesses incomplete information. And incomplete information creates an important possibility: the available evidence may not justify either confidence or rejection.

That suggests another question may deserve to come first: Do we have enough job-relevant evidence to make this decision?

The difference appears small. From a systems perspective, it may not be.

Missing information can represent many things. Sometimes it represents a genuine lack of qualification. Sometimes it reflects differences in terminology, industry, career path or how experience was represented. And sometimes an application that appears exceptionally strong may represent capability less accurately than the evaluator assumes.

The important principle is not that candidates should receive the benefit of every uncertainty. Nor is it that automated screening should disappear. It is simply this: uncertainty and disqualification are not necessarily the same state.

How recruiting systems should respond to that distinction is a much larger design question - one involving technology, assessment science, economics, employment law, privacy, bias and organizational governance. That implementation deserves substantially more scrutiny than can responsibly be addressed by changing a few screening rules.

DO WE HAVE ENOUGH JOB-RELEVANT EVIDENCE TO MAKE THIS DECISION?

10. The Role of AI Deserves Reconsideration

Artificial intelligence offers recruiting organizations enormous processing capacity. The strategic question is where that capacity creates the greatest value.

If AI is used exclusively to help organizations process greater application volume, the industry may continue improving throughput without resolving the information-quality constraint underneath it.

A different design principle may therefore deserve investigation: instead of evaluating recruiting AI only by how efficiently it reduces workload, we should also evaluate whether it improves the quality of information available when consequential decisions are made.

That does not prescribe a particular system. It establishes a different performance objective.

Any alternative approach should have to prove itself. It should preserve or improve recruiting efficiency. It should be auditable. It should respect employment law and candidate privacy. It should be examined for unintended bias. And most importantly, it should demonstrate through controlled testing that it improves candidate identification rather than merely adding another technological layer to the process.

The burden of proof belongs with the proposed improvement.

11. Human Judgment Is a Resource

One of automation's greatest benefits is reducing repetitive human work. But it does not follow that every human decision represents inefficiency. Some decisions require context. Some require judgment. Some require interpreting incomplete or conflicting information.

Good process design does not automate simply because automation is possible. It determines where automation creates greater value than human effort and where human attention creates greater value than automation.

LinkedIn's 2025 recruiting research describes AI as a way to streamline repetitive work while allowing recruiters to spend more time on strategic activities such as relationships, candidate experience and advising hiring managers. [1]

Government agencies are examining related risks. The U.S. Equal Employment Opportunity Commission has warned that algorithmic employment tools can screen out people with disabilities when the characteristics measured by a tool do not accurately reflect the person's ability to perform the job. [5]

The appropriate response is not fear of automation. It is disciplined system design.

12. The Metric We Rarely See

Recruiting organizations measure many things: time to fill, cost per hire, applicant volume, interview-to-offer ratio, offer acceptance and retention. Those metrics matter.

But another question is much harder to answer: Who did we never meet?

Who had comparable experience under a different title? Who had relevant technology experience but not with the preferred platform? Who possessed the capability but described it using another industry's language? Who looked imperfect on paper but could have performed exceptionally well?

And on the other side: who looked perfect on paper but could not substantiate the capability the application appeared to demonstrate?

The quality of a recruiting system cannot ultimately be understood solely through the people it successfully hires. Somewhere in the measurement problem is another question: How good are the decisions that determine who never gets considered?

That is difficult to measure. But difficult-to-measure constraints are often where meaningful process improvement begins.

WHO DID WE NEVER MEET?

13. This Is a Hypothesis, Not a Declaration

This analysis does not establish that recruiting is broken. It does not establish that artificial intelligence is making hiring worse. And it does not establish that one alternative model would outperform the systems organizations use today.

The evidence supports something more restrained: recruiting organizations face legitimate capacity constraints. Automation provides genuine efficiency benefits. Applications are imperfect representations of capability. Automated systems can produce consequential screening outcomes. And greater processing capacity does not automatically resolve the quality of the information being processed.

From those observations comes a hypothesis: Recruiting outcomes may improve if AI is evaluated not only by how much work it removes from recruiters, but also by whether it improves the quality of evidence available when hiring decisions are made.

That hypothesis should not be accepted because it sounds reasonable. It should be challenged - by recruiters, talent-acquisition leaders, industrial-organizational psychologists, technology developers and candidates - and ultimately evaluated against data.

Because the objective is not to build recruiting technology capable of making more decisions. The objective is to build a hiring system capable of making better decisions.

The Question Behind the Question

Artificial intelligence has given organizations extraordinary new processing capacity. Candidates increasingly possess many of the same capabilities. Neither development is likely to reverse.

The strategic question facing recruiting leaders is therefore not simply whether AI belongs in hiring. It is whether we have designed its role around the actual constraint.

If the constraint is not merely application volume but also the quality of information available when early decisions are made, then improving recruiting may require a different relationship between automation, evidence and human judgment.

That possibility leads back to the question at the center of this analysis: Before asking AI whether a candidate should continue, should we first ask whether we have enough evidence to know?

The answer is not yet proven. But the question is worth testing.

And sometimes meaningful process improvement begins there - not with a better answer, but with realizing that we may have been asking the wrong question.

About Foundation Insights

Foundation Insights, a division of Foundation Building Advisors, examines real-world business and operational problems through systems analysis, research and structured reasoning. We identify constraints, challenge underlying assumptions and develop practical, testable approaches to improving how organizations operate and make decisions.

Editorial standard: Evidence is cited. Analysis is identified as analysis. Hypotheses are identified as hypotheses. Conclusions should not claim more than the evidence supports.

References

- [1] LinkedIn. The Future of Recruiting 2025: How AI Redefines Recruiting Excellence. LinkedIn Talent Solutions, 2025. <https://business.linkedin.com/hire/resources/future-of-recruiting>
- [2] Fuller, Joseph B., et al. Hidden Workers: Untapped Talent. Harvard Business School / Accenture, 2021; and Harvard Business School Working Knowledge, “How to Tap the Talent Automated HR Platforms Miss.” <https://www.library.hbs.edu/working-knowledge/how-to-tap-the-talent-automated-hr-platforms-miss>
- [3] Bommasani, Rishi, Sarah Bana, Kathleen A. Creel, Dan Jurafsky, and Percy Liang. Algorithmic Monocultures in Hiring. Stanford Digital Economy Lab, Working Paper, May 26, 2026. <https://digitaleconomy.stanford.edu/publication/algorithmic-monocultures-in-hiring/>
- [4] Fuller, Joseph B., Christina Langer, and Matt Sigelman. Skills-Based Hiring: The Long Road from Pronouncements to Practice. Harvard Business School / Burning Glass Institute, 2024. <https://www.hbs.edu/managing-the-future-of-work/research/Pages/skills-based-hiring.aspx>
- [5] U.S. Equal Employment Opportunity Commission. The ADA and AI: Tips for Workers. 2022. <https://www.eeoc.gov/sites/default/files/2022-07/ADA%20and%20AI%20Worker%20Tip%20Sheet.pdf>