



The vicious circle of volume recruitment

Caught in a vicious circle, recruiters dealing with high volumes of applications are hiring the wrong people in a desperate bid to fill their frontline roles.

September 2013

HayGroup[®]

survey report

Table of contents

Executive summary	2
Survey findings	3
Numbers of applications	3
Recruitment challenges	4
Lack of assessment	4
Staff turnover rates	5
Perceived drivers of attrition	5
Cost of recruiting for each frontline role	6
Problems caused by attrition	6
Is finding the right people that difficult - or that important?	7
Conclusions	7
Recommendations	8

Survey background

In July 2013, Talent Q conducted a survey of 102 UK organizations that hire 200+ frontline staff each year in sales and customer support roles.

The survey was completed by senior level professionals, including managing directors and HR managers, from organizations in the following sectors/industries: Professional Services, IT & Telecoms, Retail, Catering & Leisure, Healthcare, Manufacturing & Utilities, Architecture, Engineering & Building, Sales, Media & Marketing, Finance, Travel & Transport and Education.

To find out more about the survey, please contact Talent Q at:

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Executive summary

Ever increasing volumes of applicants are causing recruiters to hire the wrong people, which in turn is exacerbating the recruitment problem. To investigate the realities and challenges faced by recruiters, Talent Q have conducted a survey of some of the UK's largest organizations who employ frontline staff in sales, service and customer service roles.

The survey results paint an alarming picture. They show that inadequate recruitment processes have created a 'vicious circle' for recruiters, in which the wrong people are being appointed into frontline roles (37% of respondents in this survey say they knowingly hire unsuitable candidates just to fill a role quickly). And because the expectations of the job do not match the reality of the role, candidates soon leave, creating frighteningly high staff turnover rates. The circle then starts again, as employers seek to hire replacement staff.

The root cause of this vicious circle is an inadequate recruitment process. This report provides clarity on exactly where the deficiencies lie.



- Recruiters don't know what traits they should be looking for in candidates.**

Talent Q assessment data shows that people with the right traits are hard to find. In fact, when looking at two key personality traits related to customer service and selling (*Supportive* and *Influencing*), Talent Q found that only:

 - **40%** of the population are likely to be strong on **customer service**
 - **37%** of the population are likely to be strong on **selling**
 - **12%** of the population are likely to be strong on **both skills**.
- Recruiters are not describing their frontline roles with sufficient accuracy.**

48% of respondents claim that staff are leaving frontline positions because the expectations they have of the job are not matched by the reality of the role.
- Recruiters are being swamped with applications for frontline roles.**

12% of organizations are managing **50,001-100,000** applications per year; 45% receive 51-100 applications per role.
- Half of organizations do not conduct any valid assessment of a candidate's ability or personality, when recruiting in volume.**

Only **51%** of organizations use ability tests to help select the right candidates; only **47%** conduct structured interviews.
- The upshot is that staff turnover rates are reaching unprecedented levels.**

60% of companies with large numbers of frontline staff have an annual attrition rate of more than **20%**. 32% experience **31-50%** staff turnover in frontline roles each year.

And as the economy starts to recover, these problems will increase further as more people will be applying for jobs.

The ongoing recruitment and associated costs involved in managing this situation are a considerable challenge. From the survey, Talent Q estimates that a ‘typical’ volume recruiter will spend more than \$4.6m per year recruiting their frontline roles¹. In larger organizations, this figure will be considerably higher.

Cost isn’t the only factor. A steady rate of attrition causes other significant challenges for volume recruiters, as it can add to the pressure on line managers and lower the morale of the remaining staff.

But there’s also a wider issue here, regarding the impact this has on the public. Customers will invariably receive bad service if the wrong people are recruited into frontline roles. Also, any organization that attracts thousands of applications will inevitably reject more candidates than it appoints. Recruiters must recognize that they are jeopardizing their employer and consumer brands if they do not treat their candidates with due care. High attrition rates can also damage the employer brand. Ultimately, these factors can negatively impact on the performance of the organization.

The conclusion from this survey is that attrition rates can be reduced if recruitment processes are improved, to allow the right people to be hired at the outset. The great challenge when dealing with high volumes of applicants is always to sift out unsuitable candidates to find the ‘needles in the haystack’ (see Talent Q’s separate white paper on this theme²).

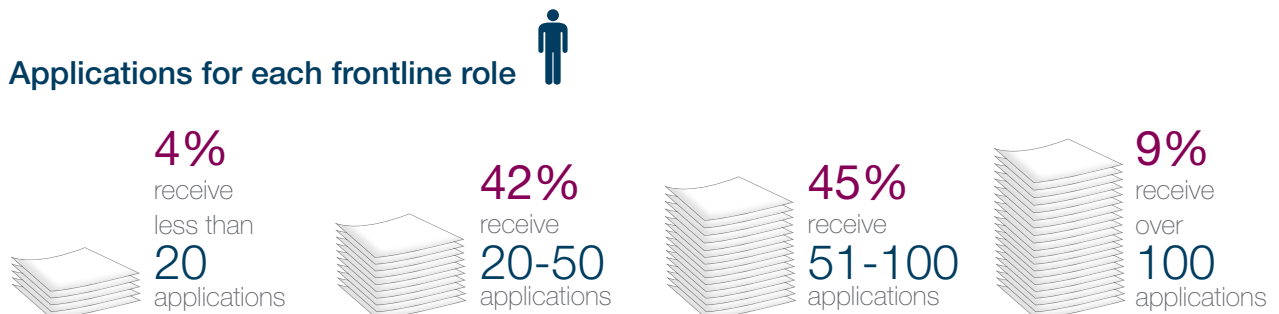
This report presents four key recommendations to help volume recruiters improve their recruitment process:

- Match up the key requirements of the role with a candidate’s competencies.
- Use realistic job previews and situational judgement tests for frontline roles to ensure that the expectations of new recruits match the reality of the job.
- Introduce objective and fair selection methods that can be replicated in every location.
- And finally, ensure that the entire recruitment process is engaging for candidates.

Survey findings

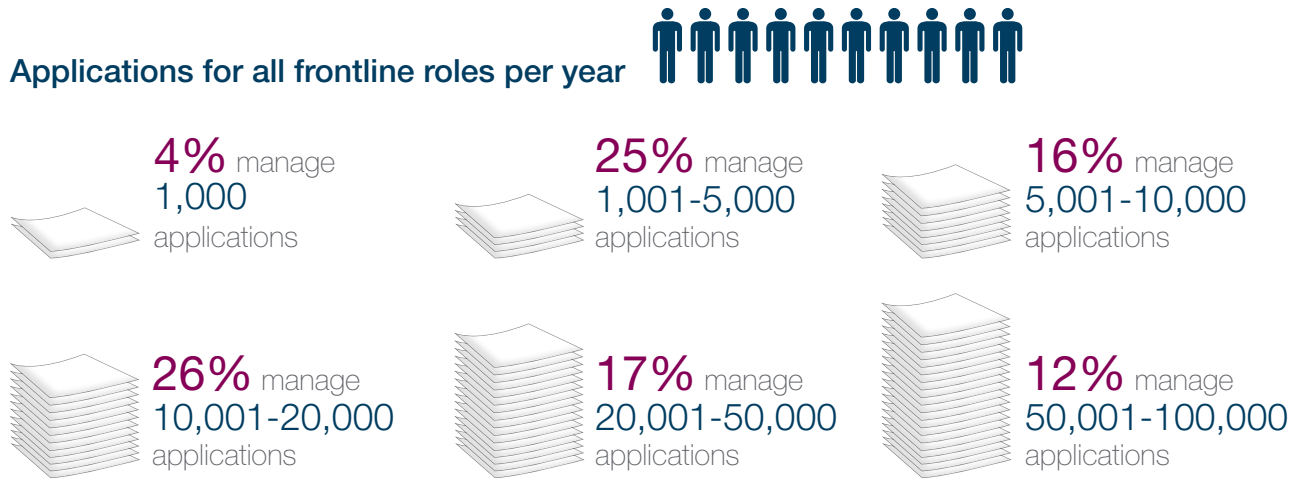
Numbers of applications

The survey results show that recruiters are being inundated with applications for frontline roles.



¹ By analyzing the response data, using the method of group frequency distribution, Talent Q can estimate that an ‘average’ organization will recruit 1,235 frontline staff per year and the cost to recruit each person will be \$3,811. This means that, on average, it is costing volume recruiters \$4,707,105 to fill their frontline roles. (US dollars, at January 2014).

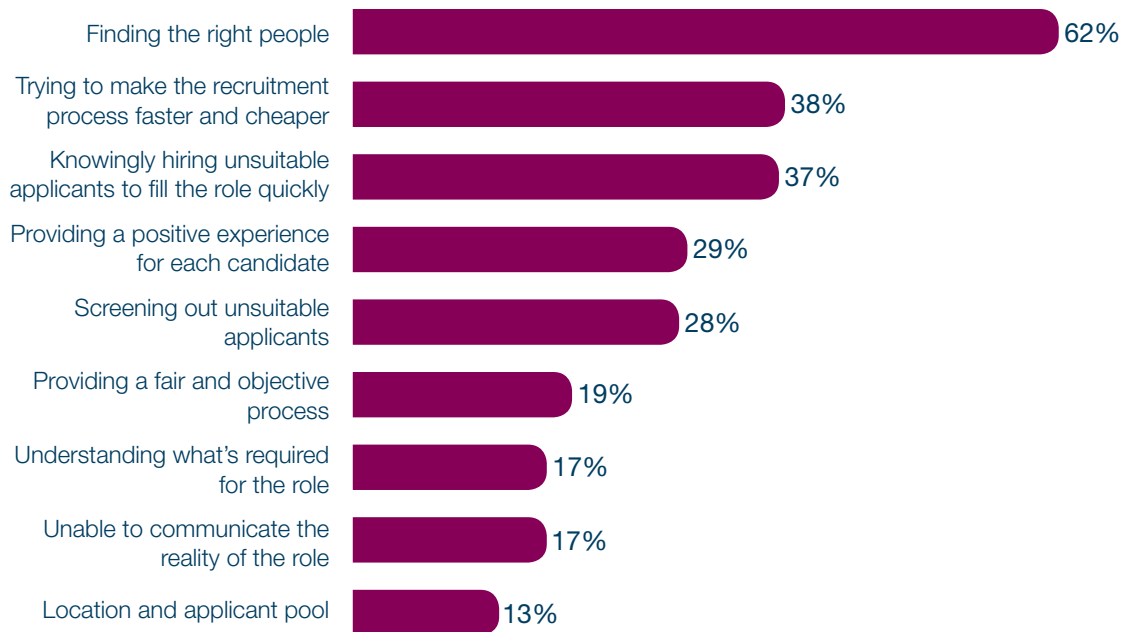
² The ‘Finding needles in the haystack’ white paper is available from the resource library on Talent Q’s website: <https://www.talentqgroup.com/resource-library/finding-needles-in-the-haystack/>



Recruitment challenges

The biggest challenges cited by recruiters in the survey are finding the right people, making the recruitment process faster and cheaper, and knowingly hiring unsuitable applicants in order to fill roles quickly.

What are the biggest challenges you face in recruitment?



Lack of assessment

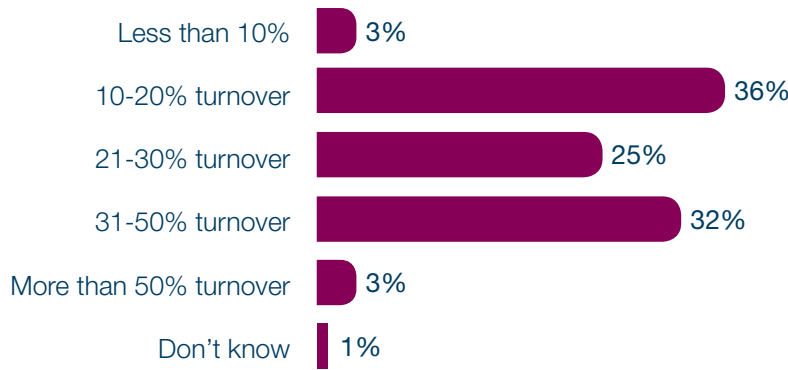
The survey reveals that candidates are not being properly assessed for the skills required in frontline roles. The most commonly used assessments are ability tests, including verbal, numerical and checking tests. However, these are only used by 51% of organizations. Other assessments are used as follows:

- Structured interviews, including competency-based interviews (47%)
- Personality questionnaires (42%)
- Tests for specific skills, such as IT capability (42%)
- Situational judgement tests (35%)

Staff turnover rates

The survey shows that 60% of organizations that recruit high numbers of frontline employees in sales, service and customer support roles, have a staff turnover rate that is greater than 20%.

What is the rate of staff turnover for frontline staff in your organization each year?



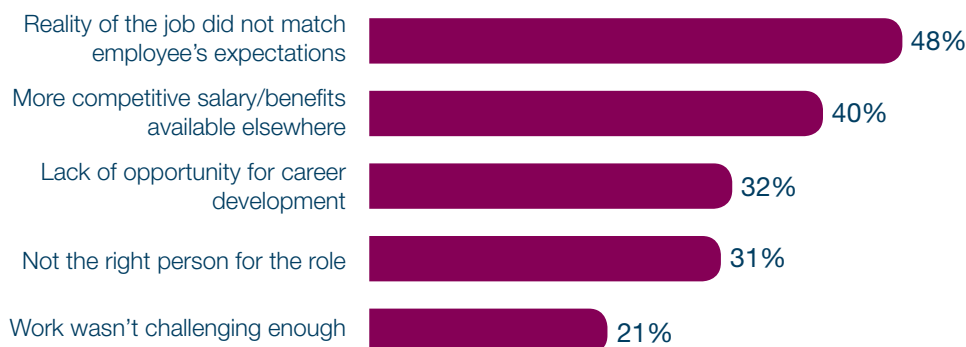
17% of organizations claim that the staff who leave will typically do so in the first six months. A further 31% will then leave the organization before the end of their second year. Only 27% of frontline staff will stay with their employer for longer than two years.

Perceived drivers of attrition

As part of the survey, Talent Q asked respondents what they thought was driving staff turnover. Although it is commonly assumed that 'people leave their manager, not their jobs', only 10% of respondents cited that a poor relationship with their manager was an attrition factor.

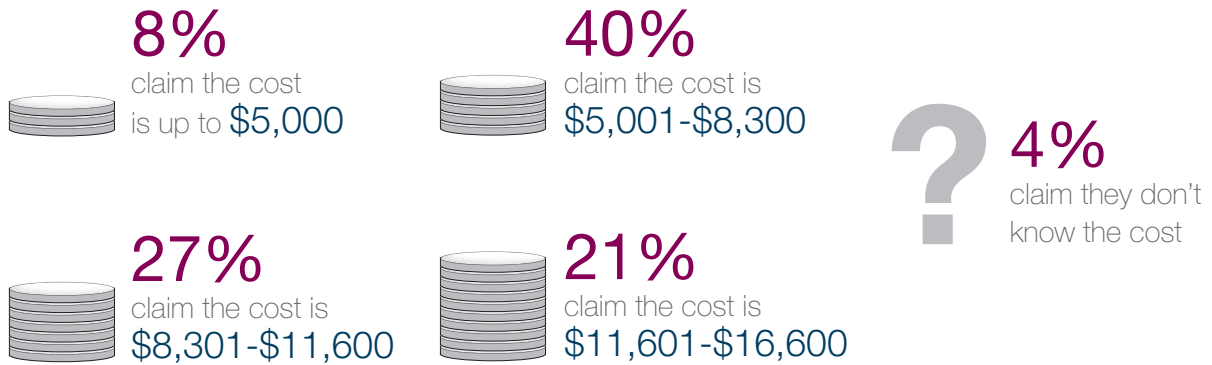
The most common reason given for why people leave (cited by 48% of respondents) was that the reality of the job did not match the employee's expectations. 4% of respondents said that they simply did not know why staff were leaving.

What do you believe is driving staff turnover?



Cost of recruiting for each frontline role

Substantial costs are involved in recruiting frontline staff, including the actual recruitment costs, the opportunity cost for recruiters and the cost of training new recruits.

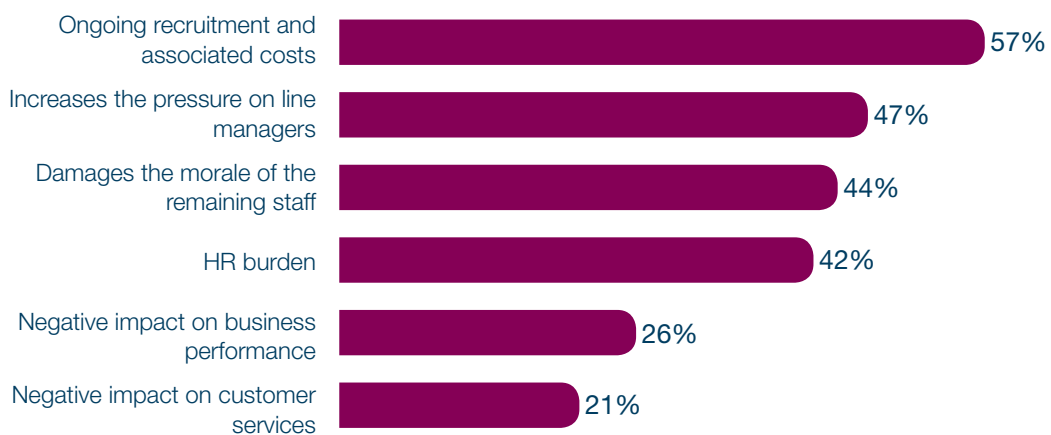


Using group frequency distribution, Talent Q can estimate that the average cost to recruit each employee for a frontline role is \$3,811. Given that organizations are recruiting, on average, 1,235 frontline staff per year, this means that it will cost a typical volume recruitment organization over \$4.7m to fill its frontline roles. In larger organizations, this figure will be considerably higher.

Problems caused by attrition

According to the survey, high levels of staff turnover create specific problems for an employer, including ongoing recruitment costs, increased pressure on line managers and damage to the morale of remaining staff.

What problems arise as a result of high staff turnover?



Is finding the right people that difficult - or that important?

It's not surprising that 62% of organizations reported 'Finding the right people' as the biggest challenge in recruitment. In fact, having the right people is probably the biggest competitive advantage that any business can have - with 'customer service' and 'increasing sales' being top of most companies business objectives. So for the key frontline positions looked at in this survey, who are 'the right people'? For most frontline roles, we immediately think of someone who is able to serve our customers well and create a positive experience. Organizations realize that it's the happy customers that return, so many businesses actually aim to exceed customer expectations.

The first key trait for frontline employees is a strong service orientation. However, with only 4 in 10 people possessing the customer-focused traits that we so desire, it is surprisingly easy to get this wrong without a valid and effective selection process. The ability to 'up-sell' at the point of sale also figures highly in most retail organizations' strategies, and yet this is often overlooked in the recruitment process. Many businesses need people that can ask 'up-sell' questions: 'Can I interest you in some coffee with your dessert?', 'Would you like a newspaper with your bagel?'. However, the ability to up-sell is even more rare than customer focus, with only 37% of the population likely to be comfortable doing this.

In reality, most organizations are looking for the perfect combination of a frontline employee who can provide both excellent service to customers whilst also up-selling to them during the process. But alarmingly Talent Q's assessment data shows that only 12% of the population demonstrate this combination of traits – so no wonder it's so hard to find them! And as so many organizations aren't actually assessing people for these key traits before employing them, the statistical odds are very high that they will recruit unsuitable people, therefore perpetuating the recruitment demands – all at the probable expense of losing customers and not maximizing sales.

Conclusions

The survey findings reveal that there are some serious challenges associated with volume recruitment. Employers are caught in a vicious circle and unsuitable people are being recruited into frontline roles. Fundamentally, this is because the recruitment process, in many organizations, is inadequate.

Recruiters are not describing their available frontline roles with sufficient accuracy. As a result, they are being swamped with applications. They don't know what traits they should be looking for and half of them are not assessing candidates for the skills required in the role. Consequently, staff turnover rates have reached unprecedented levels.

An annual attrition rate of over 20% (and in some cases up to 50%) is an alarming statistic for any organization. If large numbers of people are leaving each year, then large numbers of other people need to be recruited to replace them.

The problem isn't just the resultant cost of this (which averages \$4.7m per year), it is also the business implications. These include increased workloads, increased stress and damage to morale, for the remaining staff. What's worse is that attrition has a negative impact on customer service levels and on the overall performance of the business. Not to mention the fact that recruiters are having to deal with an overload of applications for the available positions.

Most worrying is that there appears to be a grudging acceptance of this situation among organizations that employ large numbers of sales, service and customer support personnel. Recruiters know that attrition happens but they're clearly under intense pressure to fill the available roles. Surely that's the only explanation for why 37% of respondents knowingly hire unsuitable applicants to fill roles quickly.

Once you appoint the right people, it's likely that they'll perform better, they'll stay longer, they'll be more engaged, your customers will be happier, your recruitment costs will be reduced and your bottom line will improve.

Recommendations

The good news is that recruiters can break out of the vicious circle by improving their recruitment process. Here are Talent Q's four recommendations:

1 Match the key requirements of the role with a candidate's competencies

Recruiters need to understand what traits and competencies are key to success in a role. They can then target candidates who fit that profile. The right competencies are likely to include a combination of customer service and selling. If employers can recruit candidates who are at least 'average' in these two traits, they can then provide training to further up-skill those individuals accordingly.

3 Review which assessments you're using – and when you're using them.

There are two secrets to effective volume recruitment. One is to screen out unsuitable applicants as early in your process as possible. The other is to create an efficient and consistent process that can be replicated in every location, so that local hiring managers can make better quality and quicker hiring decisions. If you use inconsistent selection methods across different sites, then applicants of varying quality will inevitably be appointed.

Objective assessment can help with both of these aspects. Use ability tests, personality questionnaires and situational judgement tests to screen out unsuitable applicants early in your process, so you can focus your attention on those who are well-matched to the role. That way, you can create a pool of potential applicants, all of whom are a strong fit with the culture and values of your organization and with the competencies and traits required for the role. Ensure your hiring managers then conduct standardized, competency-based interviews to select the final candidates.

2 Be clear upfront about the reality of the job, good and bad!

A realistic job preview (RJP) is a short 'self-selection' assessment which allows an applicant to evaluate whether the demands of the role and culture of the organization which they are applying for are a good fit for them. They are typically part of the careers section of a company's website and can be completed before applying for a role. Surprisingly, 76% of respondents in this survey say they use RJP's in their recruitment process. If this is true, those RJP's are not working effectively, as a key finding from this survey is that people are leaving frontline roles because the reality of the job does not meet their expectations.

A clear advantage of having an effective and accurate RJP is that it can prevent your application process from being cluttered up with unsuitable applicants. If you are honest about the skills, behavior and characteristics you are looking for, and what the role will involve - before people apply - then candidates can self-select whether or not they want to proceed. That way, they won't be joining with false expectations.

4 Ensure the process is engaging for candidates.

Essentially, recruitment is a rejection process as well as a hiring one, as you will reject more people than you'll recruit. It is therefore important to provide a positive experience for every candidate. If you alienate applicants by treating them badly, you can not only lose their future custom, they may also 'bad-mouth' you to their family and friends. That can be highly detrimental to your employer and consumer brands.

Find out more

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About Talent Q and Hay Group

Hay Group and Talent Q work in partnership to help organizations across the world implement rigorous and cost effective assessments. Our worldwide strategic alliance allows us to deliver flexible, high quality, client-focused talent management solutions, which provide unbeatable value for clients and a great experience for candidates.

Talent Q design and deliver online psychometric assessments, training and consultancy, to help organizations make better, more informed decisions about their people. With a passion for innovation and a practical approach to solving talent management challenges for clients, Talent Q has been first to market with a number of new initiatives and approaches in the assessment industry.

Hay Group, a global management consultancy with 85 offices across 47 countries, has been helping organizations to execute strategy through their people for over 70 years. Hay Group employ over 2,600 people across the world, and have clients from the private, public and not-for-profit sectors across every major industry.

Find out more

To find out more about Hay Group and Talent Q, or to discuss how we can help you better manage your volume recruitment process, please contact us:

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