Finding needles in the haystack

How to benefit your business by screening out unsuitable candidates and focusing your selection process on the right people

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white paper
Table of contents

Executive summary 2
1. The challenges of volume recruitment 2
   Two impediments of current practise 2
   Inefficient process 2
   Inconsistent hiring decisions 3
   Protecting your employer and consumer brands 3
   Alienation 3
   Managing staff turnover 4
   Why do so many people leave? 4
   The impact of high staff turnover 4
2. The lessons from graduate recruitment 5
3. The business case for assessment 5
   Is assessment cost-effective? 6
4. Best practise in volume recruitment 7
5. Assessment solutions 8
6. Conclusion 9
Appendix: Note on author 9
   Alan Bourne, Director of Products & Innovation 9
Executive summary

The ability to recruit the right people - and retain them - is a fundamental success factor for every organization. In this paper, Talent Q explains how to do it when you’re recruiting in volume.

This paper examines the challenges associated with volume recruitment, citing inefficiency and inconsistency as the main impediments of current practise. If your selection process is inefficient, you’re not only wasting money and effort, you won’t be able to make quick hiring decisions, so you may lose out on talented applicants. If you’re not able to deliver a consistent selection process across your organization then applicants of varying quality will be appointed in different areas, which can affect your levels of service and customer satisfaction.

It looks at the effect that a negative candidate experience can have on your employer and consumer brands – including customer alienation and associated loss of reputation and income – as well as revealing the true impact that high staff turnover has on your business.

The paper discusses the solutions to these challenges and highlights the lessons from graduate recruitment, such as knowing what you’re looking for, delivering a timely and efficient process, and providing a positive experience for every candidate. It then outlines the business case for using psychometric assessments as part of an objective and efficient screening process. And finally, it identifies the necessary steps in a best practise approach and provides an overview of the options for volume assessment.

1. The challenges of volume recruitment

The great challenge for volume recruiters is finding needles in the haystack. The right people will be in your applicant pool but you can easily miss them because there are so many unsuitable candidates obscuring your view.

Two impediments of current practise

Employers will use various types of sifting to reduce their pool of applicants to a manageable level. Many will ask ‘killer questions’ before allowing candidates to complete an online application form. Some will then undertake further screening through telephone interviews. Others will use some form of assessment.

Unfortunately, there are two main stumbling blocks in today’s current practise, which lead to poor quality of hire: inefficiency and inconsistency.

Inefficient process

An organization that recruits 200 people per year is effectively undertaking volume recruitment. If the ratio is 20 applicants for each job, then 4,000 candidates will have applied for those positions. Processing those applications, reviewing candidates, identifying the best (and worst) applicants and scheduling and conducting interviews can be an expensive and time-intensive process, particularly if it involves local managers and operational teams.

As the number of applicants increases, the level of efficiency of your process starts to matter. The more efficient it is, the faster and more cost-effective your recruitment will be. If your selection process is inefficient, you’re not only wasting money and effort, you won’t be able to make quick
hiring decisions, so you may lose out on talented applicants. Another key point is that the more you can reduce the time that managers need to spend on selection, the more time they’ll have available for their core job of managing the business.

Are you managing your selection process in the most efficient manner?

Inconsistent hiring decisions

The second issue is the need to embed greater consistency into your recruitment process and support better quality, more effective decision-making. If geographically-spread locations are using inconsistent selection methods, then applicants of varying quality will be appointed in different areas. This can have a negative impact on your levels of service and customer satisfaction. Adopting a more consistent approach will help you to select the right people in all of your sites or locations, and maintain a consistent level of quality in your employee base.

Is your organization recruiting consistently?

Protecting your employer and consumer brands

One of the challenges that many organizations forget when considering the success of their recruitment process is the impact that candidate experience can have on both their employer and consumer brands.

Your consumer brand reflects the reputation of the organization and is designed to appeal to potential and existing customers. Your employer brand essentially portrays your organization as a desirable place of work for potential employees and reflects the psychological benefits of employment. Most organizations are fiercely protective of their consumer and employer brands.

Whilst it’s certainly true that if you treat a candidate well, he or she may become a lifelong customer, it’s also true that if you treat a candidate badly, they can bear a lifetime grudge. So, not only do you need to look after the candidates who are successful in your recruitment process, you also need to think about those that you reject. If you don’t have a good rejection process, it can have a significant impact on the future success of your business.

Alienation

For example, if a large organization receives 200,000 applications for 10,000 vacancies, it has to reject 190,000 people. If you don’t treat these people well, in all of their dealings with you, they can bear a lifetime grudge. Not only can they refuse to give you their custom in the future but they may also ‘bad-mouth’ you to their family and friends. This can be highly detrimental to your brand. With the rise of social media channels and career community sites, such as Glassdoor, The Student Room and WikiJob, disgruntled candidates can discredit your organization to a lot of people very quickly – and that can be catastrophic for your brand.

Imagine if you’ve created 190,000 disgruntled candidates in a year because you treated them badly when they applied for a job. If each of them tells ten other people about their bad experience, you’ve potentially alienated 1.9 million people. Scale that up over a ten-year period and it becomes 19 million people. That’s a serious brand problem.

But let’s say each of those people would have spent just $17 with your organization in that ten-year period. You’ve then lost out on $315m of income. That’s a serious business problem.

Spotlight: retail

- The retail sector attracts twice the national average number of applicants per role (Total Jobs, 2012)
- One fifth of rejected job applicants shun retail employers and shop elsewhere (The Telegraph, 2010)
- Retailers recently reported an average turnover rate of 67% for part-time store workers (Hay Group, 2012)
Supermarkets run this kind of analysis to uncover the ‘lifetime value’ of their customers. If the average person’s weekly supermarket spend is $185, then in a year that equates to $9,643. Over a lifetime of say 50 years, that’s $482,140. If that supermarket treats 50 candidates poorly during their job application process - and they take their custom elsewhere as a result - it adds up to over $24m in lost revenue. And that’s without them telling anyone else!

The simple message is that you don’t want to alienate your job applicants. Treating them well and maintaining their future business are important priorities – after all, recruitment is by its very nature as much a rejection process as a hiring one.

Managing staff turnover

High employee turnover is a global problem in organizations that have large numbers of frontline, customer-facing and service roles. Organizations – such as those in retail, call centers, hospitality, emergency services and transport – can find themselves on a never-ending recruitment treadmill; constantly looking for new staff to replace the leavers.

Why do so many people leave?

Essentially, poor decisions in the recruitment process contribute significantly to high staff turnover. If new recruits are not suited to the required tasks – a square peg in a round hole – they have little chance of success. They’ll either leave of their own accord or the employer will terminate their contract. If people are leaving because the job was not what they expected it to be, then the organization has not clarified the role sufficiently or ensured the right fit between the candidate and the role.

If organizations are able to fill their job roles, they’ll claim that their recruitment process is working. If they subsequently find that people are leaving so soon after being recruited, they’ll describe it as an attrition problem. But it’s not. It’s a recruitment problem.

Alarmingly, some organizations admit that 50-60% of employees who leave every year do so within three months of being appointed. Think about that for a moment. It strongly suggests that organizations are recruiting the wrong people.

The impact of high staff turnover

A PricewaterhouseCoopers research study in 2010\(^1\) found that the cost of replacing a member of staff equates to approximately a year of that person’s salary, reflecting all costs associated with lost skills and productivity, as well as the cost of recruiting and training their replacement. Given that staff resignations in the UK were averaging 10.4%, and the average salary was $41,400, the study concluded that the UK’s inability to retain staff was costing British businesses up to $70 billion each year.

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\(^1\) Failure to retain competent employees costing UK businesses up to $70bn a year, PwC research, 4 Oct 2010, http://www.ukmediacenter.pwc.com

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**Spotlight: call centers**

- The average attrition rate in call centers is 20% per year (ContactBabel, 2012)
- 50-60% of call center attrition occurs in the first 90 days (ContactBabel, 2012)
- The ‘wrong person for the job’ is the number one reason given for attrition (ContactBabel, 2012)

**Spotlight: hospitality**

- At 23%, the hospitality sector has one of the highest UK labor turnover rates (People 1st, 2011)
- One in three organizations report the length of their recruitment process has led to the loss of potential recruits (CIPD, 2011)
- $55m per annum is lost on ongoing recruitment in the hospitality sector (People 1st, 2011)
Put simply, staff turnover matters. Not only does an organization lose out on the potential return on investment it could have gained from the leaver, it also has to endure crippling disruption, with overstretched colleagues having to take on an increased workload until a new replacement can be found and brought up-to-speed. This can:

- Increase the pressure on managers.
- Damage the morale of the remaining staff.
- Negatively impact performance and the level of service provided.
- And, ultimately, decrease the quality of the customer experience.

While the economic downturn may have artificially reduced staff turnover rates, the problem hasn’t gone away. Disgruntled ‘grin and bear it’ employees may simply be staying with their organizations, biding their time until the economy recovers and new employment opportunities present themselves – a phenomenon known as ‘ghost turnover’.

Without addressing the causes of staff turnover, the never-ending recruitment treadmill will continue to run, finding people who are unlikely to succeed or add value to the organization.

2. The lessons from graduate recruitment

Ironically, some organizations that struggle with volume recruitment will put considerable effort into their graduate recruitment programs. In volume recruitment, the emphasis is on quantity, whereas in graduate recruitment, it is seen to be on quality.

Graduate recruitment is traditionally managed through a centralized process; the aim is to pick out high performers who have the potential to develop into future leaders. Volume recruitment is typically undertaken through a localized process; the aim is often to screen out unsuitable applicants so that recruitment efforts can be focused on the people who will be sufficiently content and resilient to undertake repetitive work, with only limited opportunities to climb the career ladder.

Despite the differences between graduate and volume recruitment, best practise principles for the two are surprisingly similar. You need to know what you’re looking for, your process needs to be timely and efficient, and you have to provide a positive experience for every candidate.

With any form of recruitment, you want to get it right first time, as often as possible. Given that organizations are overwhelmed with applicants for every vacancy - and that the proportion of unsuitable candidates is increasing - there is now an even greater need for an objective and efficient screening process to help you find the people best suited to the role. This is particularly true when you’re recruiting in volume.

3. The business case for assessment

In light of the challenges faced by organizations dealing with high volumes of applicants, many are asking: is there a better way to do it?

Psychometric tests that assess for ability, behavior, motivation and competency can quickly and objectively eliminate unsuitable candidates. If they are used in the early stages of the selection process, then fewer but better suited candidates will make it through to the final stage.
By screening out unsuitable candidates early on, significant costs can be removed from volume hiring processes, substantially reducing the cost per hire and minimizing the disruption and expense associated with hiring the wrong people. Through a combination of smart technology and intelligent assessment, organizations can process applications faster and make quicker hiring decisions.

Is assessment cost-effective?

If you consider how many applications your organization receives, how you sift out people at each selection stage and roughly what it costs per hour to manage the whole process, including conducting the interviews, you should be able to estimate the total cost of your selection process.

The worked example below outlines the like-for-like costs and savings associated with a more traditional approach compared to one using psychometric assessments, such as our Aspects volume assessment solution. The model assumes labor costs of those involved are the same across both approaches and is based on an HR Advisor salary being in the region of $50,000 and uses the example of a call center supervisor being the recruiting manager, also with a salary in the region of $50,000.

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<th>Traditional approach</th>
<th>Aspects</th>
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<tr>
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<td>3,000</td>
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Online killer questions

Traditional approach

Candidates assessed | % sifted out | Cost per head | Cost per stage |
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<tr>
<td>Total cost</td>
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Aspects

Ability Numerical & Checking

Styles

Telephone interview (competency-based)

Half-day assessment center

Positions offered
As shown in this example, by screening out more candidates in the early stages, significant costs can be removed from volume hiring processes. The cost per hire when using psychometric assessments, such as Aspects, is 43% less than when using less robust, more costly screening methods such as telephone interviews and CV screening.

This shows how high quality assessments can more than pay for themselves just through the savings they’ll create in your selection process.

But the benefits multiply considerably when you factor in:

- The quality of the candidates that you hire will improve, leading to higher customer satisfaction levels and ultimately improvements in business performance.
- Your new recruits will be better suited to the job, so your attrition rate will reduce.
- Because the successful applicants will have the right abilities and the right behavioral fit, they are more likely to be more engaged in their work and more likely to collaborate effectively with colleagues.
- Your selection process will become faster and more efficient, which apart from saving you money has the additional advantage that candidates are less likely to drop out of it.
- Your managers will be freed up to spend less time on selection and more time in the business.

4. Best practise in volume recruitment

So, how should you proceed? A best practise approach is to:

- **Know what ‘good’ and ‘bad’ look like.** The starting point is to understand what kind of person you are looking for. The best way to do this is to analyze the skills, behavior and characteristics of good performers in your organization in order to create a ‘profile’ of an ideal candidate.

- **Provide a behind-the-scenes look at the role and the organization before people apply, showing exactly what to expect, warts and all.** Let them consider whether they are right for your organization, whether they feel aligned with your values and whether they’re really right for the role. Some people may have a misguided perception of what the role will actually entail. Share specific details about what they’ll be asked to do and give examples of the situations they may encounter. Tell them straight, otherwise you’re in danger of creating false expectations, which may lead to employee dissatisfaction and even resignation.

- **Use valid, reliable and objective assessments early in your process to screen your applicants against your profile of a good performer.** Essentially, you want to weed out unsuitable candidates as soon as possible. The later stages of your selection process will inevitably be more labor-intensive (and expensive), so if you can limit the candidate pool to the right people, you’ll reduce the numbers who go through to the remaining stages of the process, which in turn will reduce the cost. However, in aiming to reduce your applicant pool as quickly as possible, it is important to ensure that you don’t introduce unnecessary hurdles or employ unfair criteria. In deciding which assessments to use, only select those that assess characteristics critical to the role. It is also important that cut-off scores are not set too high, as this could not only reject those people who are actually capable of performing well in the role, but could also result in unfair discrimination.

- **Help your candidates to prepare for your assessments.** Always explain to candidates why you are using psychometric assessments, what’s involved, how they relate to the job, what you’ll do with the data and how they can prepare for the experience. Some assessment providers offer free practise test opportunities, such as Talent Q’s candidate support site ([www.trytalentq.com](http://www.trytalentq.com)), where candidates can find practise tests and advice on completing ability and personality tests, as well as guidance on preparing for interviews.
• **Ensure the process is engaging for candidates.** Delivering a well-designed, attractive and efficient selection process can enhance your employer brand. At each stage, communicate with candidates and let them know the status of their application. Many assessment companies provide ‘automatic reporting’ functionality, which gives feedback on the assessments completed. Use these reports to give feedback to candidates who have been unsuccessful in their application, ideally highlighting where they were strong against the required competencies and where they were weak, with suggested development points. Treat candidates in the same way you treat customers. In many cases, they will be your customers.

• **Use targeted, competency-based interviews.** Creating interview guides based on an individual’s competency scores will enable line managers in each of your locations to ask candidates a series of questions focused on the key competencies required for the job. The guides help your managers explore areas of apparent concern and collect the necessary competency-based evidence to facilitate a selection decision. Using targeted, competency-based interviews will embed greater consistency into your recruitment process and support better quality, more effective decision-making.

Ultimately, you want to deliver a centrally-supported recruitment process that ensures local managers are able to choose from a pool of potential candidates, all of whom are a strong fit with the culture and values of the organization and the competencies required for the role.

5. **Assessment solutions**

Online assessments specifically designed for use in volume recruitment are now available. The choice of which assessments will work best for you depends on the skills and abilities you require in your candidates. The options include:

• **Realistic job previews (RJP):** These provide applicants with an indication of their likely fit with the organization and the role before the start of the recruitment process. They are designed to give applicants a positive and engaging experience, irrespective of whether they decide to proceed with their application. This helps reinforce the organization’s brand and reduces the number of unsuitable applicants, whilst at the same time allows organizations to portray a realistic picture of the job.

• **Ability tests:** Verbal and numerical reasoning tests, and clerical checking tests, can be used to quickly and efficiently assess a candidate’s abilities. The latest versions of these tests are ‘adaptive’ – which means each time a question is answered by a candidate, their answer then determines whether the next question is harder or easier, so candidates get different question combinations.

• **Personality/competency questionnaires:** These types of assessment measure a candidate’s likely behavior in the workplace, and can be used early in the selection process for competency-based screening. These are most effectively used when you’re looking for specific behaviors, such as teamwork, or personality traits, such as customer-orientation.

• **Situational judgement tests (SJT):** Using text, video clips or 2D/3D animation, SJTs can be tailored to individual organizations to deliver a realistic assessment experience that closely reflects the environment in which the candidate will be working. Designed to assess specific competencies required for the role, they present candidates with a selection of real-life scenarios and a selection of actions to choose from. The candidate’s job is to decide which of these options is the most effective course of action in the given situation.
• **Skills tests**: If you’re looking for specific base skills, such as IT, customer service or office/administration skills, we’d recommend using skills tests. These allow you to evaluate the proficiency of a candidate in a specific knowledge and skills area in order to assess their suitability for a role.

6. **Conclusion**

The great challenge for volume recruiters is to find needles in the haystack. The right people will be in your applicant pool but you can easily miss them because there are so many unsuitable candidates obscuring your view.

If you can find the most suitable candidates, they’ll perform better, they’ll be more engaged, your customers will be happier and your bottom line will improve. What’s more, you’ll avoid the expense and disruption of recruiting the wrong people.

High quality assessments, specifically designed for volume recruitment, can benefit your business by screening out the unsuitable candidates and enabling you to focus your selection process on the right people.

**Appendix: Note on author**

**Alan Bourne, Director of Products & Innovation**

Alan is a co-founder of Talent Q. He has been involved in the development of their psychometric assessments and now leads their product and innovation activities including product development, management of their existing portfolio, and customized assessment solutions.

Prior to Talent Q, Alan worked internally as a psychologist with Royal Mail Group, having begun his career initially with SHL. He has worked with a wide range of clients and partners across multiple territories and sectors including Citi, Royal Bank of Scotland, Merrill Lynch, ArcelorMittal, Royal Mail Group, Orange and Britvic. Drawing on both his research background and industry experience, Alan focuses on delivering solutions which are both innovative and meet practical business needs.
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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