

Candidate as Customer

Changing attitudes to Recruitment





Introduction - why business as usual isn't working for UK recruiters

Recruiting well is critical to the success of every organisation, as it is the means by which a company acquires its "most valuable assets". However, most recruiters report that finding the right quantity of the right calibre of employees for their business is getting harder. The profile of UK business has changed rapidly over the past 20+ years, with a shift from manufacturing to service industries. The significant growth in this rapidly changing economy has not been matched by growth in the working population, giving rise to the much touted and well recognised 'war for talent'. Given these challenges, it is surprising that the fundamental changes in the economy have not necessarily driven the same type of fundamental changes in the way organisations recruit.

In 2005, PWC research into the global labour market concluded that "the global skills shortage will reach crisis proportions in the next few decades". As the baby boomers retire and the demographic time bomb counts down, organisations are facing rising costs to attract less experienced hires from a diminishing talent pool. In core areas such as Engineering this talent crunch is already being felt in the UK and despite mitigation through migration, future scenarios do not paint a rosy picture.

So if we accept that the 'war for talent' is true, how can organisations justify the continuation of a "business as usual" approach to recruitment? Incremental change focused solely on lowering costs or capitalising on the newest communication channel will not be enough to combat labour market forces. In their research PWC went as far to say "only major changes in the way companies recruit and retain good people will resist (the skills shortage)".

This paper builds on a series of research studies carried out by Reed Consulting into the nature of today's recruitment marketplace, and our experience of partnering with leading organisations to mitigate the challenges faced. Its aim is to explore how attitudes to recruitment can and should evolve to ensure that organisations thrive in the future. At its heart is a belief that in today's candidate-driven market, recruitment processes focussed solely on meeting organisational needs without reciprocating to meet candidate needs will fail. Lessons should be learned from consumer organisations, such that an individual within the UK labour market could find little differentiation between the quality of a brand's candidate experience and a brand's all-important consumer experience.

Context - a buyer's market

- **46% of employers anticipated difficulty in filling vacancies in 2007 (Winter 06/07 CIPD report)**
- **Job vacancies rising - up by 7.7% over the past 12 months (ONS - March '07 data)**
- **Number of people in employment rising - by 147,000 over the year (ONS - March '07 data)**

The labour market is subject to the basic rules of supply and demand. As employer demand rises and candidate supply falls, recruiters find it increasingly difficult to fill their vacancies. While there may not yet be an absolute shortage of workers in the UK, the relative numbers of jobs and jobseekers means that the current jobs market can be categorised as a buyer's market.

In general, UK recruiters have been slow to adapt to these market conditions and have persisted with recruitment strategies more appropriate to a seller's market. A rich and deep talent pool once meant that recruiters could follow recruitment processes centred predominantly on the needs of their business; treating the process as the opportunity for candidates to prove themselves worthy of getting access to "in demand" jobs. Little focus was given to the view of the candidate and how the business might need to prove itself worthy of getting access to "in demand" talent. Understandably, this attitude prevailed because in recent times candidate skills have not been in significant demand and candidates were expected to be, and indeed were, grateful for the eventual offer of a job.

However, the seller's market has gone, and a buyer's market has different dynamics. Gratitude is an unnecessary emotion for candidates in a buyer's market. The new generation of employees has been quick to realise that a job is no longer for life. The decline of a meaningful pension and the disappearance of anything as definite as a guarantee of future security, has removed the key drivers for many to seek long-term employment with one organisation. Emotional contracts between staff and employees are being consigned to history, with today's candidates perfectly comfortable with significant career mobility; more aware of their skills and their market value, and happy to trade these skills in an open market. Against this backdrop, jobs still need to be filled and people are still looking for new employment opportunities. However, it is no longer enough to simply publish a vacancy and wait for the applications to roll in and then take your pick. Just as consumer products do not sell themselves in highly competitive markets, so vacancies will not automatically be "bought" by a savvy talent pool whose need for your

job is reduced because, frankly to this consumer, there are plenty of other products in the market just like yours. This is where the recruiter can learn from the years of experience and billions spent on understanding consumer branding, consumer experience and what motivates a consumer to buy their product.

Learning from Customers

Candidates are both potential employees and customers in another guise. By looking at the way customers behave, and the way in which they buy or are sold products and services, recruiters can develop a clearer understanding of what approach they should consider to recruitment in a buyer's market.

Consumer facing industries realised many years ago that in competitive markets the inherent benefits of their products could be relatively easily copied. As a result they turned first to advertising and then to branding to create a distinctive position in the market. Relatively recently, recruiters have adopted creative and innovative advertising to stand out in the crowded market and have begun to develop the "Employer Brand".

However, fast forward to the modern day consumer and what you find is an individual that understands the way advertising works, consumes media selectively and is wary of advertising messages. This hesitation comes from their experience of brand positioning through marketing and advertising proving, upon consumption, to be simply a veneer - all the promises made were broken by the actual experience itself. Furthermore, as information technology makes the world a more transparent place, today's consumer is better informed than ever before, putting brands under far greater scrutiny. People still have brands they love, showing loyalty and affinity to products and services where they buy into the brand, but the cost to generate this loyalty has increased significantly.

Today's consumers now expect to be engaged in a dialogue, to have their voice heard and see organisations responding to their needs. They validate brand promise through wide social networks and information portals. Phenomena such as YouTube, MySpace, blogs, and the ever increasing popularity of consumer champions such as Uswitch, Tripadvisor, Moneysupermarket *et al*, provide consumers with product information and routes to disseminate such information never previously available. As a consequence, empowered consumers now make informed choices for those brands they feel aligned to

and are consistent and true to their requirements. "Veneer" marketing will be exposed and as such the new champions for consumers are those brands where the relevant brand promise is matched by a consumer focused experience - where the way the organisation treats its customer is as important as the way the actual product performs.

“66% of job applicants don't receive a response!”

Today's consumer success stories are of those organisations that recognise these issues and repeatedly deliver against their promises in a way that exceeds the customer need and expectation. For example, Tesco's strategy of 'every little helps' and Amazon's one-click ordering both improve the buyer experience and inspire strong customer preference in competitive markets. All consumers recognise those organisations that "walk the walk" as well as "talk the talk" - little wonder really that "it does what it says on the tin" is instantly recognisable and has meaningful resonance in respect of brand values matching deliverables with even the most DIY-phobic.

For a candidate, recruitment is the first experience of the employer brand. If that doesn't sell the organisation well, then in a buyer's market, strong candidates will vote with their feet.

The National Consumer Council 2006 research report "The Stupid Company" criticises companies for being impersonal, incompetent and ineffectual in dealing with customers. It highlights how empty promises and misleading advertising may attract high levels of interest but are ultimately counter-productive if the customer experience does not deliver.

As marketers are realising that a consumer brand alone without a fantastic consumer experience will not deliver success, HR professionals need to look at these learning points and ensure that employer brand promise and recruitment experience are aligned.

How many HR professionals can say that they are likely to be future winners in the recruitment market because they apply this ethos to recruitment?

Features of the consumer experience likely to generate winners in the consumer market (NCC, 2006):

- Providing continuity and ownership
- Showing respect and honesty
- Giving the personal touch
- Providing aftercare

Features of the candidate experience provided by organisations recruiting in the buyer's market in 2007 (Reed research):

- Not responding to applications
- Not giving feedback on why a candidate was not selected
- Advertising jobs that then 'disappear'
- Failing to give information about the organisation and role
- Taking too long between application, interview, assessment and offer

The recruitment experience today

In researching the UK graduate community in 2006, Reed Consulting found that 66% of respondents had applied for jobs and received no response from the recruiter. Organisations spend huge sums of money attracting the best graduates to their business. With alarming statistics such as this, one begins to wonder how effective this expenditure is and what the impact on the organisation adopting this behaviour might be, both on meeting recruitment targets and the candidates' view of the organisation and its brand. Furthermore, if this is how organisations treat "valued" graduates, how might they be treating candidates for roles with less perceived prestige, for which undoubtedly greater volumes of candidates apply?

To today's job seeker this kind of apparent disregard for them and the effort they have made to apply for a role, and subsequent failure to engage in dialogue is marked with considerable dissatisfaction. More than a third of UK Graduates say that they avoid products and services offered by a company that disappointed them in the recruitment process. Assuming that a graduate sub-population is unlikely to be significantly different in its response to such poor treatment, this data indicates that up to a third of the population seeking employment may have had a poor experience and may use this experience as a reason not to buy products and services from such organisations. The financial consequences of this failure from UK recruiters to recognise the impact they might have on consumer behaviour are potentially enormous, and certainly likely to be of interest to the many boardrooms in the UK currently asking questions about the value HR and Resourcing departments play in the evolution of their businesses.

It is amazing to consider that in order to remove this risk, something as simple as an acknowledgement of receipt of the application and a response indicating the outcome of their application may be all that is required. Is that really too much to ask by a candidate? And just as importantly, is it too much to give from an employer?

In the same research, more than 20% of graduates had refused a job offer because they were unhappy with the organisation's recruitment process. 90% of these dissatisfied candidates tell family and friends of their poor experience, and are therefore likely to influence this enlarged population with negative feelings about the organisation. This is a very clear sign of things to come. If the right people for your business don't like what they see, they will vote with their feet and exercise the customer's right to choose an alternative no matter how compelling the recruitment campaign or carefully crafted

brand proposition. Furthermore they will propagate this dissatisfaction, compounding the problem.

With the power and immense reach of new media, it is now quite possible for one dissatisfied individual to tell many thousands of other potential/existing customers about their negative experiences with a particular organisation or product. There are numerous examples already in the consumer space and it can only be a matter of time before we see dynamic feedback on the recruitment process. Indeed Vault.com has a library of information on companies submitted by the people who work for them or have been interviewed by them. Recruitrank on Jobsite gives advertisers direct feedback on the candidate experience and publishes the best performing companies on the site each day.

In the absence of recruitment processes optimised to meet the needs of the candidate as well as the business, recruiters will lose good candidates from their process. This process will then have to reach that much further and work that much harder to fulfil, resulting in increased costs from attraction to induction, longer timescales to deliver, and increasing pressure to accept lower calibre individuals to meet targets. One can only speculate here on how this last point may be a causal factor in attrition problems with UK businesses.

First impressions count

It is estimated that UK employers spend approximately £1.4 billion every year trying to attract candidates through recruitment advertising. With such a large sum at stake, it is vital that this investment creates not just a campaign that delivers the required volume and quality of applications, but that it is the first point of contact in a professional and positive relationship between employer and candidate.

“Failure to respond to a call in 30 seconds results in 29% of applicants hanging-up”

Despite the growth in online recruitment, most organisations provide candidates with a phone number to contact the organisation, either to apply directly or seek further information. This may be through a dedicated recruitment hotline or through direct contact with the HR department.

The initial call that a candidate makes into an organisation is critical. In 2007, Reed Consulting investigated attitudes of active job seekers to this first response and established that a poor first impression could be the end of the process for many.

The survey found that candidates making their first call to an organisation would only wait a short period of time to speak to someone before giving up on trying to make contact. If candidates are not answered or are put “on hold” for more than 30 seconds, 29% will simply put the phone down. This figure rises to 65% if they are left waiting over a minute. The graph below (Fig. 1) shows how many candidates will be lost as the length of time they are made to wait increases.

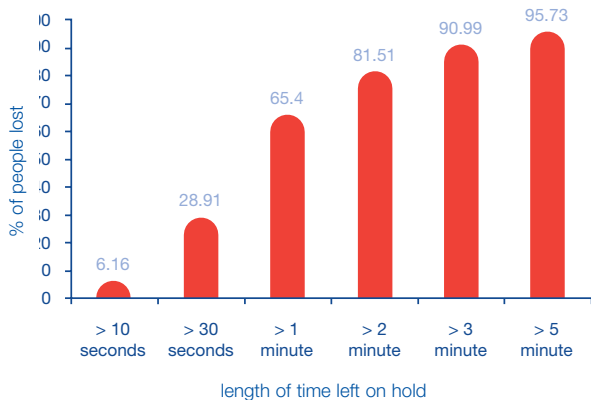


Fig 1. Percentage of candidates who are lost to a recruiter as the length of time they are left on hold increases

As can be seen in the chart, within one minute almost two-thirds of the applicant population have hung up. In a buyer's market, candidates can exercise a preference for those firms that appear to value their call more highly by ensuring that it is answered in a timely manner.

Yet it doesn't have to be this way. Careful campaign planning, resource scheduling and an efficient recruitment process can help organisations of almost every size generate and manage a quality candidate response that reduces loss through matching demand and resources. Intelligent recruitment design and the availability of on-demand expertise to ensure 100% capture and management of candidate applications is

undoubtedly a major factor in the growth of flexible outsourcing seen in recent years. The outsourced model ensures that organisations do not need a disproportionate resource overhead in order to avoid this candidate loss and deliver a quality brand-aligned candidate experience.

Given the £1.4 billion spent on recruitment advertising, losing 29% of the applicant pool by not responding to a call within 30 seconds is the equivalent of UK organisations wasting £406m of their recruitment advertising spend each year. Clearly this a phenomenal amount of money and effectively avoiding this cost by addressing the root cause would be one of the most effective financial efficiencies a business can deliver.

Technology to the rescue?

A response to candidate leakage caused by a failure to manage this first contact effectively has been to get technology to do the work of a real person. While in principle this can ensure all calls are answered, the research study shows that from a candidate perspective the use of automated telephony technology to replace direct person-to-person contact is regarded with quite significant caution by candidates.

Interactive Voice Recognition (IVR) is a growing trend in automated candidate response handling and interviewing (Fig. 2). It is used to record a candidate's response to a series of pre-recorded questions given over the telephone. It is not necessary for there to be anyone else other than the candidate involved in the interview. The responses can then be reviewed at a time convenient to the organisation and a decision can be made on the candidate's suitability for the role. It is also possible to make IVR available 24 hours a day 7 days a week should the organisation wish.

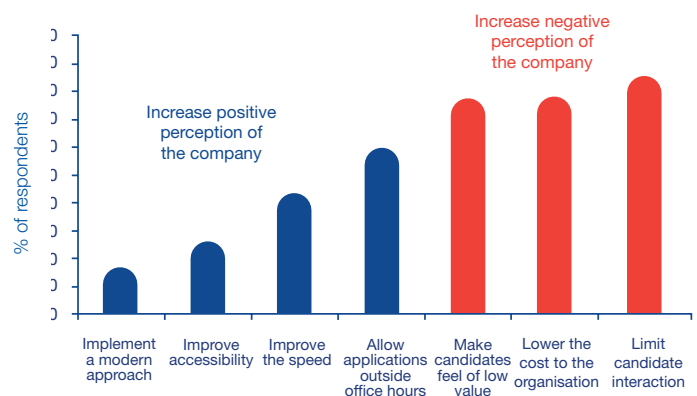


Fig 2. Candidate perception of IVR in the recruitment process

On balance, candidates clearly see such technology as a negative development in the recruitment process. 82% of respondents felt it gave limited ability for the candidate to interact with the recruitment process and the organisation. 77% of respondents saw it as a cost saving measure for the organisation's benefit, and 75% said such a medium for interviewing indicates they were not valued by the organisation. It was clear that the respondents felt the only real benefit to themselves would be accessibility outside of normal working hours, but this did not offset their substantial concerns.

Candidates were then asked about their anticipated levels of engagement, should they find themselves participating in an hour long interview using different delivery methods. Specifically, candidates were asked how likely they were to discontinue an interview and hence leave the recruitment process, having sat through 30 minutes of an hour long interview (Fig. 3).

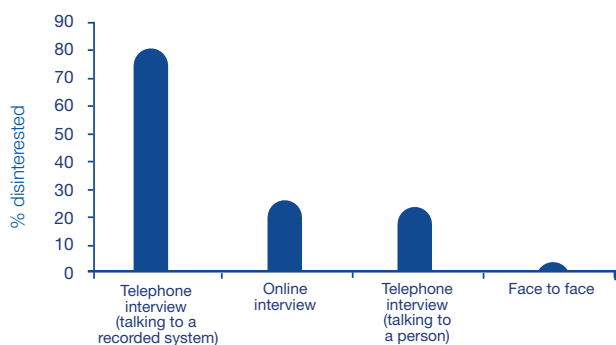


Fig 3. Level of disengagement after 30 minutes of an hour long interview

As would be anticipated, very few candidates will disengage from a face to face interview, but the reality of modern day recruiting, especially for large organisations, is that such interviewing is labour-intensive and costly. However, clearly it is the favoured interview method for candidates. Any other delivery method will lead to a reduction in the numbers of candidate engaging through the process, and will lead to attrition. The greater the level of technology "enabling" and the more people are removed from the process, the less favourable candidates view the outcome. It can be deduced from this data that a) interviews that are not conducted face to face should be kept short to avoid candidates simply withdrawing from the process, and b) technology adoption will only provide benefits to organisations if you have any candidates left in your process to employ.

The adoption of technology within recruitment processes has been driven primarily by two factors. Firstly

technology has gone some way to addressing the organisational need for accessing meaningful information about the progress of a recruitment campaign. Such management information provides confidence intervals over campaign success and gives insight into how processes can be further optimised. However, the key driver for most organisations to purchase technology for use in recruitment is to reduce costs. Recruiters talk about "enabling" technology and how processes are easier and speedier with the advent of telephony and IT systems supporting their activities. Whilst undoubtedly technology has given visibility to recruiters of inefficient processes, and given candidates information and application accessibility previously not available, all recruiters should ask themselves one question - if you applied to two organisations as a candidate and only got to speak to one of them during the recruitment process because technology was "enabling" the other organisation not to have to speak to you, how would you feel about it? Enabled or disabled?

It should be noted that candidates are not negative about all technologies, but rather those that dehumanise the recruitment process. In the same way as customers, candidates expect that their application will be given due consideration and a 'personal touch'. Where technologies such as mobile phones and emails increase accessibility in the process, research shows that candidates will rapidly embrace them. Organisations need to be very clear about why they adopt technology. Technology use is more commonplace in the US, but different labour market dynamics present a different set of circumstances under which technology adoption by a candidate population in a seller's market is a necessity. In current UK labour market conditions, candidates do not have to adopt technology. There are plenty of good jobs for talented people, and these talented people do not have to adopt technology that only benefits the organisation using it. Retailers often use the "clicks and bricks" phraseology to describe an online and off-line retailing strategy. Even though online is clearly the cheapest route to market, retailers know that most consumers want an offline presence within their buying experience. Recruiters should take note of this, and discard the bricks at their peril.

Who assesses whom?

Organisations have long talked about prospective candidates and developing their talent pool. However, today's job seekers talk about prospective employers and building a network of potential job opportunities. This shift in the balance of power will gain pace as the

buyer's market strengthens. Barring a major recession or further expansion in the scope of offshoring arrangements, UK recruiters must recognise that this situation is the new reality of the market.

The change in the balance of power is at its most noticeable once candidates have made it through the first round stage of the process. Organisations now start to invest time and resources in specific candidates that are likely to be considering a number of opportunities. As the recruitment process progresses, it is vital to retain candidate engagement and use the opportunity to allow for a mutual assessment of fit with the role. This enables both sides to be sure a hiring decision is right, and uses the recruitment process to create early employee engagement. Such engagement can have a significant impact on early stage attrition for new hires, thereby reducing costs and lowering the overall volume of recruitment required.

For many roles and levels of recruitment into an organisation, the assessment centre has long been used to reduce candidate shortlists, with organisations adopting a "test environment" to examine how individuals react in a number of situations and probe behind their CV. The terminology "assessment centre" leads to connotations of school examinations, and there being pressure on the candidate to reach a certain benchmark, or "pass mark".

It could be argued that the "assessment centre" has had its day, if viewed in this traditional sense. Forward-thinking organisations are turning towards using such centres as an opportunity for "assessment" of both the candidates suitability for the organisation, and the organisations suitability for the candidate. Candidates are still put through their paces, with many traditional assessment centre exercises such as role plays, group exercises and competency-based interviews carried out. However, by discarding the assessment centre terminology, organisations using "Experience Days", with a clear message to the labour market that on this day the organisation is being assessed just as much as they are, have found huge benefit in this reciprocal approach. Key to those benefits has been a higher candidate success rates through lower process fall out rates, reduced attrition once in the role, and therefore the reduced need to recruit. Here real cost benefits have been derived, and through something as simple as showing candidates that they are valued. In a market where good candidates are in short supply, making them feel valued would seem the obvious approach to take for all recruiters.

It's all in the timing

At the end of a recruitment process, candidate feedback is vital to creating a positive experience for all candidates, whether the candidate has been successful or not. In a limited talent pool where the performance of recruiters will be discussed just as much as the performance of candidates, it pays to retain goodwill and build an ongoing reputation as a candidate focused employer.

Providing feedback is a critical element in maintaining this goodwill and the reputation of your organisation. This obvious statement made, it is astounding how many organisations invest little or nothing in providing feedback, especially to those candidates that have failed.

Additionally, the speed with which results are passed to candidates is key. Some organisations follow the "the quicker the better" route, whilst others feel for one reason or another that they can make a decision in their own time.

Both strategies can have potentially negative outcomes. Reed Consulting research (Fig. 4) indicates that the optimum response point is between 2 and 3 days, after which time the candidate perceptions of professionalism fall dramatically.

Instantaneous responses are not trusted - with more than half of candidates feeling that such a time interval indicated that not enough care had been taken in assessing their performance. Similarly, tardy feedback also gives candidates a negative feeling about the recruiter. The majority of the survey population felt that the absence of interview results after 5 days indicated that the organisation was inefficient, did not value their application, and had potentially already decided they

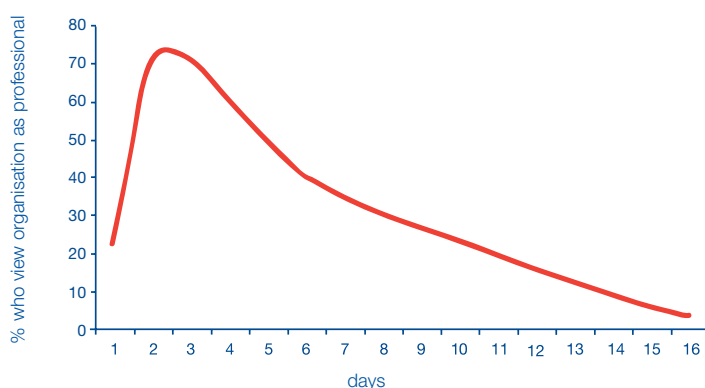


Fig 4. Optimum response times to deliver candidate feedback

were unsuitable but had not shown the courtesy of communicating this position to the candidate.

This data again shows the demands likely to be placed on recruiters to meet candidate needs if the aim is to add value to the candidate experience. Of particular note here is the impact technology can have. Most applicant management systems allow for multi-channel communication strategies driven to programmable timescales. Many set as a default, instantaneous communications to candidates once a decision has been made. This default position may cause problems, however the flexibility offered by technology, if used correctly, will enable recruiters to communicate with candidates how and when desired.

Conclusion - Treating candidates like customers, a way forward

Whatever the current circumstances surrounding recruitment in your organisation, the adoption of a candidate-centric approach to recruitment will add value. Employer Branding and a more inclusive approach to recruitment marketing can help to expand the talent pool and widen attraction, but for organisations to thrive, the recruitment processes that sit behind these market messages need to deliver.

Treating candidates as customers means creating a recruitment process in which they are recognised as individuals and treated with value. It is as much about the organisation selling its benefits to the candidate as the candidate proving they have what it takes to work with that company. For too long, an aspect of brand arrogance has existed amongst many top employers. Viewing recruitment as a one way process is a great example of this arrogance. Changing mentality towards a candidate-centric recruitment process delivers results.

An irony exists in that every recruiter knows exactly how to offer a candidate-centric recruitment process and understands its value. Find an organisation that hasn't used this approach when recruiting a senior manager, board member or CEO, and you'll find a very unsuccessful one. The disappointing reality is that the lower the level of recruitment carried out within an organisation, the further away you get from a candidate-centric approach. Why? Because traditionally the lower the level of recruit, the easier they were to find. Tightening labour markets, falling unemployment, strong economic

growth and a greater choice of employment opportunities make this somewhat of a tradition of the past. The greatest Chief Executive on the planet cannot deliver results if they have no workers to make that delivery a reality, because those workers are employed by a competitor whose recruitment process showed they were valued and wanted rather than a commodity.

Questions to ask yourself?

- Is my employer brand and recruitment advertising reinforced or undermined by the recruitment experience?
- What would it cost to answer all candidate calls within 30 seconds compared to the costs of losing 30% of my candidates from the recruitment process?
- Does my recruitment technology help my candidates and give them what they need, or does it just help me?
- How would I feel going through our current recruitment process, would I want to join my organisation?
- Is my recruitment process balanced in what it provides my organisation and what it provides to a candidate?
- When was I last truly satisfied as a customer - how can I apply that experience into our recruitment process?

• **About Reed Consulting**

Reed Consulting is the specialist HR Consultancy and Outsourced Services provider of the Reed family of companies.

Comprising four specialist practice areas - Recruitment Process Outsourcing, Graduate Recruitment, Assessment Services and Transition Services - Reed Consulting has over 450 CIPD/BPS qualified staff throughout the UK and is one of the fastest growing HR services companies in the UK.

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Mark has worked closely with some of the UK's leading brands to develop e-enabled Managed Service resourcing models and a successful Recruitment Process Outsourcing offering to meet growing market demands. Mark's remit within Reed covers all aspects of Resourcing Managed Services, with a clear focus on delivering client solutions with both a qualitative and bottom-line benefit.

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