

SEE THE  
UNSEEN

BE SUPERHUMAN

OLEEO  
INTELLIGENT  
SELECTION

The UK's Recruitment Challenges

See the Unseen



FORMERLY WCN

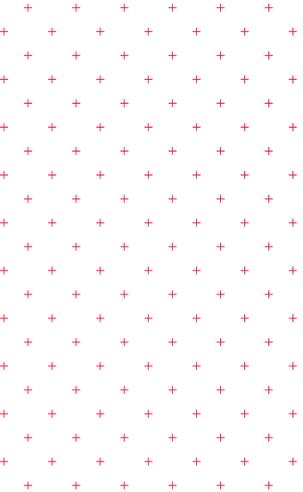


## **ABOUT OLEEO**

Oleeo, formerly WCN, is an award-winning provider of innovative talent acquisition technology. Built using intelligent automation and machine learning, Oleeo's platform helps companies discover unlimited sourcing potential to attract, engage and hire amazing, diverse teams that change the world for the better.

**Oleeo's mission is to help recruiters do that faster and more efficiently than ever before.**

**OLEEO.COM**



## WELCOME

**It is a pleasure to welcome you to our ‘See the Unseen’ report, designed to offer fresh insights to HR teams that are struggling to overcome the many unseen challenges associated with recruitment. The battle for talent has never been fiercer, with the need for superhuman abilities becoming a necessity to compete.**

When people think about recruitment as a cost centre, they often focus on the things they can see, such as their recruitment agency charges or the cost of running their internal team. Less attention is paid to the hidden metrics – staff churn, the time taken for new recruits to start performing or the effectiveness of recruitment at attracting talent that will both stay with an organisation and actually perform. Yet these have a fundamental impact on an organisation’s bottom line, its performance and the workload facing its HR team.

At Oleeo, we firmly believe that HR teams can have both quality and quantity when it comes to searching for top talent; they can maximise their choice by throwing their net ever wider, attracting more applicants to their organisation. At the same time, with the right systems in place, they can effectively and quickly pick their way through these volumes of candidates, finding just the right people they need. However, to do this they need to see and understand where their recruitment is currently going wrong.

So, our report looks at these unseen challenges, the key areas where HR teams are struggling most. It then examines the solutions that are waiting to be discovered, as we believe that technology is the tool that is going to help recruiters explore new sources of talent, understand more about what truly makes talent tick, react quicker and build for the future.

This report is an important step in this process; I hope you find it helpful.

**Charles Higgs**

CEO and Founder | Oleeo

## METHOD

**For the report we analysed the in-depth responses of 117 senior HR decision makers responsible for recruitment in high profile UK businesses. The companies operate in a mix of industry sectors, from financial, manufacturing, education and engineering through to retail, public sector, IT and healthcare.**

What unites these very different businesses is the same set of recruitment challenges - discovering talent that works today and tomorrow; reducing the cost of recruitment; increasing diversity and hiring faster. The survey delved into the heart of these challenges, examining the impact they are having on each business.

The report also draws on content from Oleeo's 'Thrive in a New World of Hiring' report. This analysed over nine million applications to monitor how candidates behave in every possible phase of the recruitment process.

## EXECUTIVE SUMMARY

**HR teams are battling with a myriad of challenges in a bid to find top talent that is right for both their roles and organisations. Many of these are resulting in considerable, often unseen, costs. From employing bad-fit talent to not being able to find talent in the first place, this is costing businesses significantly. Tackling these issues needs to begin with identifying them, so what do they look like?**



**14% of new hires leave within 30 days of starting a role**

### **UK businesses are struggling to identify the right talent for now and the future**

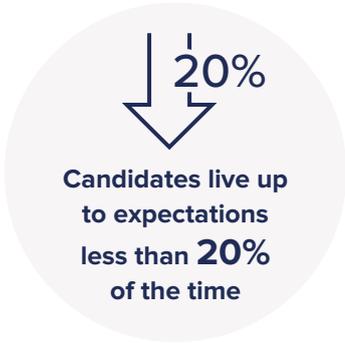
- + Two fifths battle with losing workers, whilst 47% expect to lose over a tenth of their workforce in any given year, suggesting a difficulty in hiring the right person.
- + 14% of new hires leave within 30 days of starting a role, and 39% within the first six months.
- + 31% of HR heads expect a 'long-term' employee to remain in their role for 18 months or less. This means excessive amounts of time and money are being spent on recruitment which fails to find people who will stay with an organisation.

### **The recruitment process itself is full of problems:**

- + HR heads feel that speed to hire is an increasingly common metric used to measure their team's performance, yet compressing this is difficult as they have to deal with 91 touch points in the average recruitment process.
- + 72% feel that competition for top talent is greater, or at least the same, as it was three years ago.
- + The diversity conundrum is still an issue for one in five - 48% are actively looking to improve the ethnic diversity of their employees. More than a third are striving to increase the gender diversity within the workplace, and 33% want a more diverse workforce in terms of education and background.
- + On top of this, many HR teams struggle to find any talent to fill certain roles, with managerial, STEM and IT positions, being the most difficult to recruit for.
- + Reneging is an issue for 94% of UK businesses, with more than three quarters stating that it is as bad, if not worse, when compared to five years ago.



**48% of businesses are actively looking to improve the ethnic diversity of their employees**



**Even when someone is found for and accepts the role, there is a considerable delay until they start delivering and some never do.**

- + 71% state it takes new starters three months or more to get up to speed.
- + Almost half of HR teams believe candidates live up to expectations less than 20% of the time.

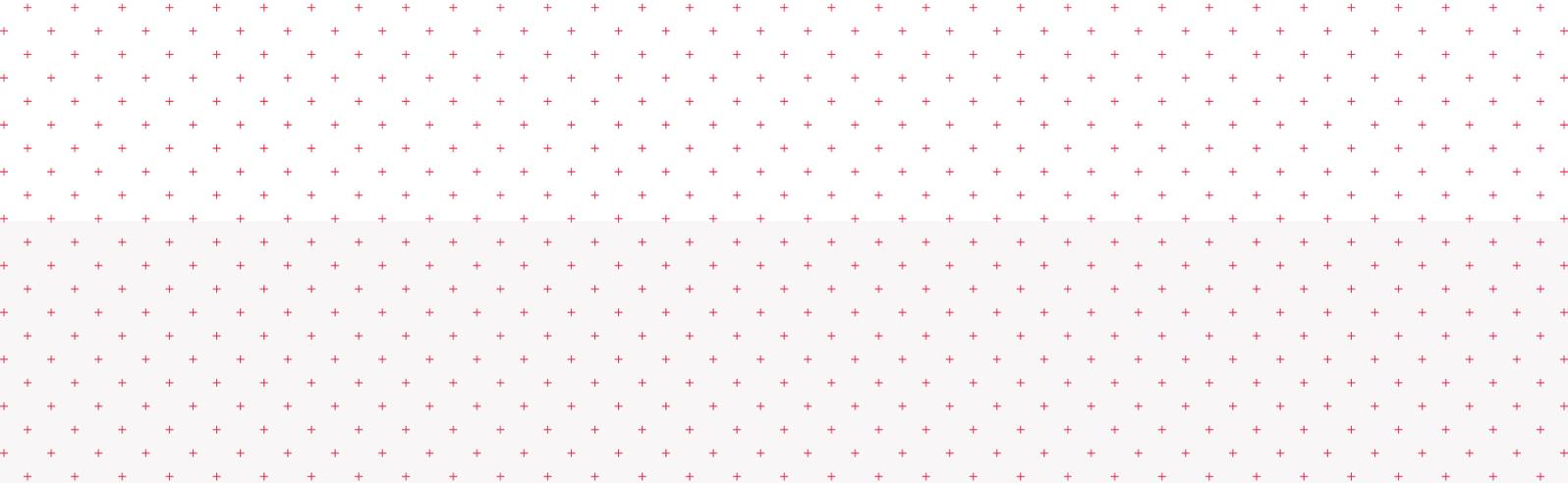
**All this puts a significant, often hidden, cost burden on organisations.**

- + When all costs are factored in - the fee for a recruitment agency, employee training and onboarding costs, loss of productivity and the HR team's time - SME's are wasting an average of £125,347 a year on failed recruitment.
- + In terms of budget share, 54% of HR leaders revealed that 5% or more of their company's turnover is spent on recruitment and 6% spend more than 10% on it.

**Technology is the answer**

- + Proactive companies and early adopters of technologies such as AI are finding top talent faster, keeping them engaged better and identifying those most likely to succeed and stay.
- + 41% of HR heads say automated decision-making will speed up their time to hire, whilst one third feel it will make the decision process more consistent.
- + 39% stated that AI will be most beneficial over the next five years in terms of reducing the risk of missing out on 'hidden gems' of talent. This can be achieved through identifying and then reacting quickly to secure talent.
- + Helping remove bias and predicting the likelihood of an applicant accepting a role are also hailed as future benefits of AI.





01

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# THE CHALLENGES

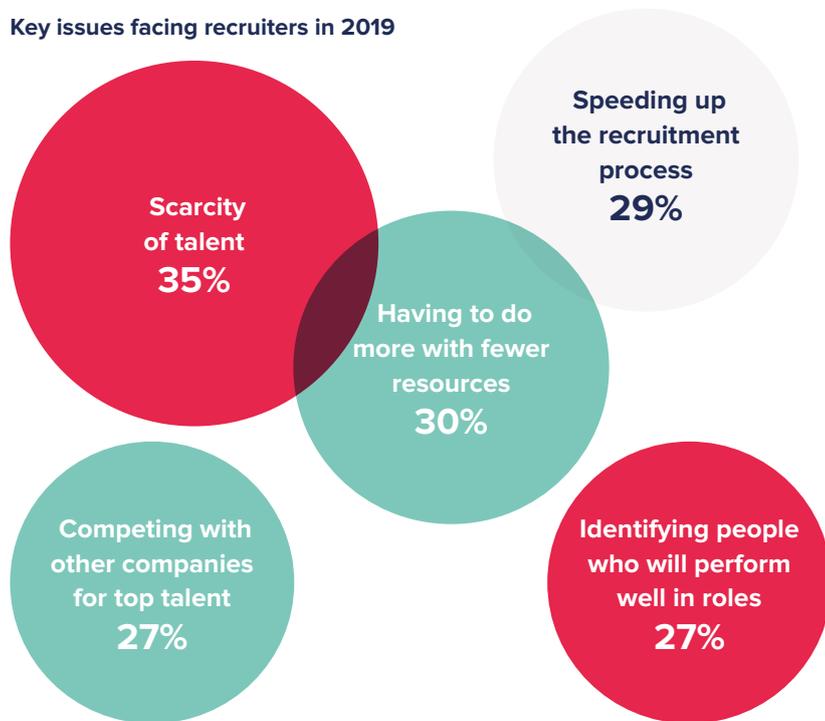


## THE CHALLENGES

In a bid to identify industry best practices and solve key pain points for HR leaders, we first wanted to understand the recruitment-related problems, both seen and unseen, that senior decision-makers face. With this in mind, we asked them what issues keep them up at night. The responses were many and varied, with more than 13 factors being highlighted as firmly on their HR agendas.

In essence, HR leaders face an array of pressures, from scarcity of talent, speed to hire and doing more with less resources, through to competition, engagement and being able to identify the right people.

### Key issues facing recruiters in 2019



- + Coping with the manual workload involved in hiring decisions - 24%
- + Moving fast enough to recognise and win the best talent - 24%
- + Reducing staff churn - 19%
- + Eliminating bias from the recruitment process - 13%

Many of these issues have real business and cost implications, which remain unseen or quantified. To remedy this, we examined some of the key challenges in more detail.

02

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STAFF

TURNOVER

## STAFF TURNOVER

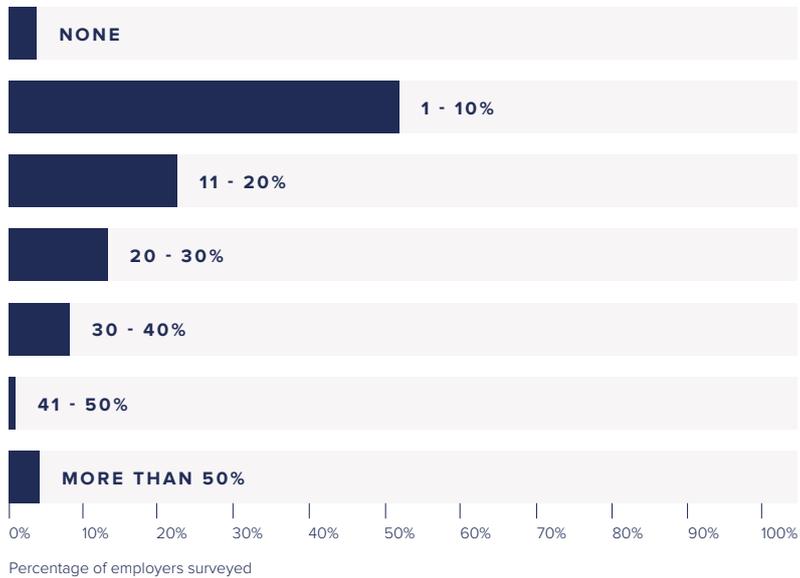
We wanted to start with the churn of staff. Nearly two fifths of HR leaders (19%) stated that it is a major issue for them, often having to spend huge amounts of time and money recruiting for the same roles over and over again. It is easy to see why, as 47% expect to lose over a tenth of their workforce in any given year, and we calculated that on average the companies studied lose 14% of staff within a typical 12 month period.

However, for some it's a more significant issue than this, with 13% stating that they expect to lose 30% or more of employees each year, with a further 8% predicting they will lose between 30-40%.

Indeed, few are not affected by churn; just 3% of recruiters predict they will lose no staff members in a typical year.

Whilst some staff turnover is to be expected, especially in sizeable businesses, these figures signify how disruptive staff turnover potentially is, and how difficult many companies find it to hire the right person for role. This problem stems from not being able to see the talent that truly fits for the future of the business.

Percentage of employees who leave in a typical year



HR leaders expect to lose **30% or more** of employees each year

Just **3%** of recruiters predict they will lose no staff members in a typical year.

## + NEW EMPLOYEES

**Staff turnover is directly affected by how long each new employee typically stays with a company - with people routinely leaving after say, three years, clearly less of an issue than staff leaving after just one month.**

However, our research has found a clear problem in employees passing typical probation periods in their roles, which is a dilemma for organisations when it comes to talent quality. According to the leading senior HR decision makers, 14% of new hires leave within 30 days of starting. A further 13% will likely leave within three months and 12% within six months. Therefore nearly two fifths (39%) of new employees leave their new job within just half a year of starting it.

This not only suggests that the hiring process is being largely ineffective in finding the right person for the job, but also that HR teams are spending excessive amounts of time and money on repeatedly recruiting, onboarding and training the wrong people. This is not an issue of finding talent, but knowing how to identify the right talent.

### How long employees stay within a role



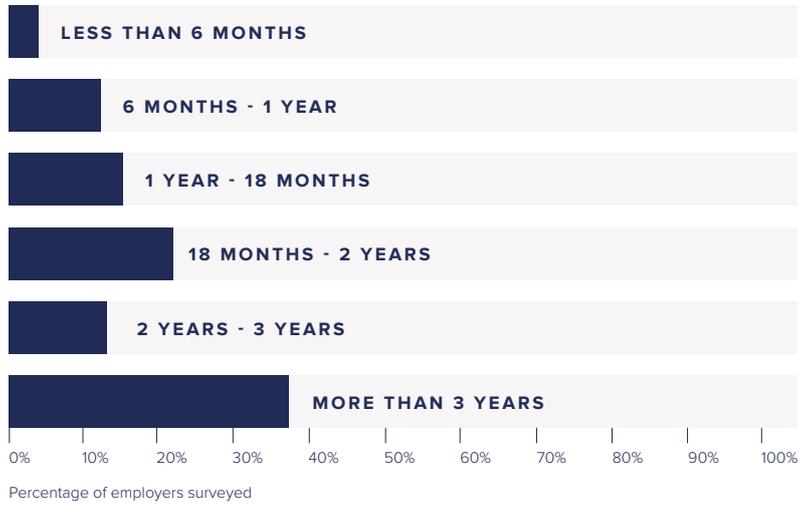
## + EXISTING EMPLOYEES

New starters are obviously not the only reason for staff churn, HR heads also need to think about the existing employees and how long they are likely to stay in their roles. 31% only expect an employee to remain in their role for 18 months or less, with 16% suggesting it is more likely to be less than one year. Indeed, what this data shows is that some companies are struggling to identify people who are not only suited for the role but are likely to stay with the company for any useful length of time.



**14%** say it takes between 9 months to a year for an employee to get up to speed

**Likely time frame an employee stays in a role**



**+ GETTING UP TO SPEED**

We have already mentioned the ramifications that staff turnover has on a business in terms of the recruiting process, but it also has a huge impact on its operating levels. 71% of HR professionals feel that it will take a new starter three months or more to be fully up to speed and producing the same level of work as the person they are replacing, with 14% saying it takes between 9 months to a year. Having staff underperforming or learning on the job for such a significant period of time will inevitably have an impact on colleagues, and the bottom line.

**Time to get up to speed**



03

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**THE  
RECRUITMENT  
PROCESS**

## + THE RECRUITMENT PROCESS

**From the moment a member of staff leaves, or a new job position is identified, the recruitment process kicks into gear. This takes a huge amount of time, with a host of potential issues for HR leaders to overcome in order to find a top quality candidate, in the right time frame.**

With increasing pressures placed on recruitment teams, due to the churn problems we've identified, it is no wonder that many (30%) feel they have to do more than ever with less resources and 21% have to deal with huge volumes of applications. A further 24% worry about having to keep up with the manual workload involved in hiring decisions, but just how significant is this?

Well, according to our recent 'Thrive in a New World of Hiring' report, there are an average of 91 different touch points that need to be performed in the recruitment process. Depending on how many of these touch points are still manually operated, the time taken to make sure each is ticked off could be huge. In order to collate this data we collaborated with Hiring and Technology Advisor, Bill Boorman, to analyse more than nine million applications made to 25 companies based in the UK, USA and APAC. When you look at the figures in more detail, it is possible to identify the highest and lowest number of touch points from the companies we interviewed – these are 134 and 40 respectively.

What this suggests is that, for many recruiters, the hiring process can be long, drawn out and resource-sapping. This is not something that can be solved by throwing more resources at it, but being able to make more of the resources already available.

## + SPEED TO HIRE- THE NEED FOR LIGHTNING REACTIONS

The complexity of the recruitment process is likely to be an unwelcome additional pressure for the 29% of HR heads for whom accelerating the recruitment process is a key issue. Especially as more than one in three (36%) say speed to hire is a key measure upon which their team is judged.

Given this fact, it's not surprising that according to our study, 23% are trying to get faster at hiring. However, 53% are concerned that the pressure to get quicker at hiring people means they risk missing out on the best candidates. This is possibly due to the application window being open for less time. As a result, less time is earmarked for analysing each candidate's skillset and cultural fit with an organisation; instead recruiters only have time to look at educational background and previous employment.



**24% worry about having to keep up with the manual workload involved in hiring decisions**



**36% say speed to hire is a key measure upon which their team is judged**

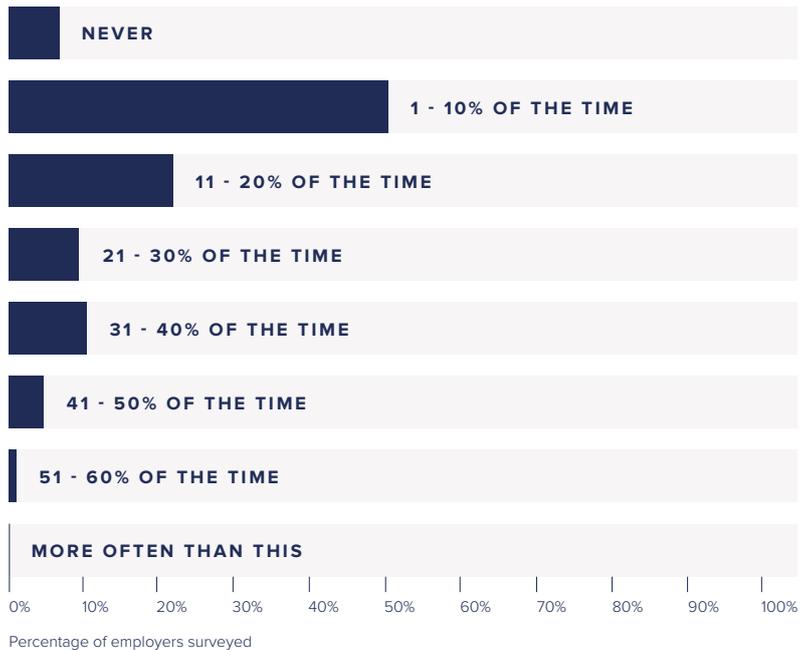


Speed to hire pressures may also result in companies making do with a smaller application pool as this will be faster to process with limited resources. However, a smaller pool obviously has knock-on implications in terms of the diversity of talent organisations have to draw on – a key issue which we explore on page 17.

### + THE NEED TO MINIMISE RENEGING

Another issue HR heads are faced with, both from a cost and time point of view, is renegeing – which refers to a situation where the applicant goes back on an accepted job offer in order to take another role. The vast majority of companies we studied (94%) face this problem. For them it typically happens 15% of the time, with 6% suggesting that it happens for 40% or more of their hires, making the scale of the problem clear to see.

#### Reneging rates



We also analysed the current level of renegeing compared to five years ago, with 79% suggesting that it is as bad, if not worse, now. Indeed, 43% stated that renegeing is more of a problem now than it has ever been.

When you factor in the need for recruiters to be quicker at finding the very top talent, whilst also covering the average 91 touch points, renegeing is a major issue. The resources that go into finding the ‘right candidate’ are huge, if they renege at the very last minute, causing the process to start again, it can be a bitter pill for companies to swallow.

04

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SEEING  
THE RIGHT  
TALENT FOR  
TODAY AND  
TOMORROW

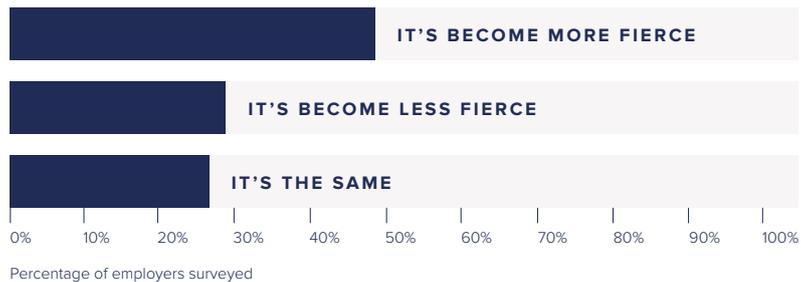
## SEEING THE RIGHT TALENT FOR TODAY AND TOMORROW

**47%** felt that the competition for the best applicants is more fierce than it has ever been

The increasingly competitive nature of hiring and attracting top talent was highlighted as a top challenge, with 72% of those questioned stating that the battle for the best candidates is greater, or at least the same, as it was three years ago.

In fact, nearly half (47%) felt that the competition for the best applicants is more fierce than it has ever been. This makes the issue of reneging even more problematic, not only because companies are fighting to find the very best talent, but also because they are 'wasting' so much time on the wrong candidate and by the time they realise this, the better suited talent has gone elsewhere.

### The battle for top talent compared to five years ago

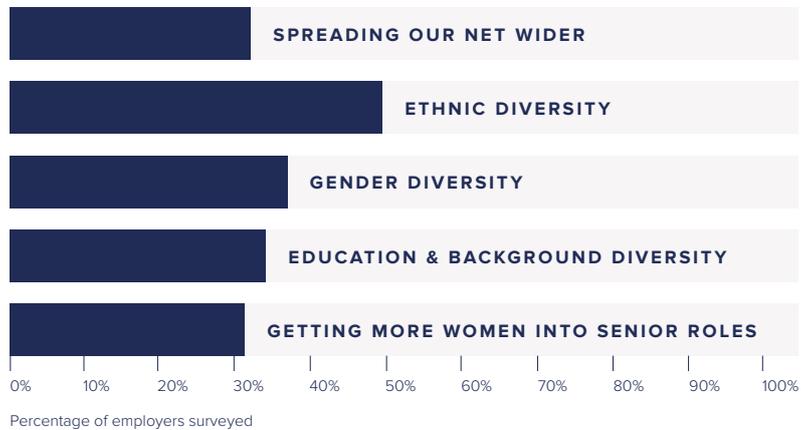


### + DISCOVERING AND RECRUITING DIVERSITY

Diversity and eliminating bias are still issues for almost one in five (19%) HR heads, with gender, ethnicity and educational background causing huge challenges. When asked how they are trying to tackle this, 48% stated that they are actively looking to improve the ethnic diversity of their employees. Over one third (36%) are striving to increase the gender diversity within the workplace, and 33% want a more diverse workforce in terms of education and background. A further 31% of recruiters are simply spreading the net wider to get as big a demographic into their talent pipeline as possible, whilst 30% are specifically focusing on getting more women into senior roles.

Diversity and eliminating bias are still issues for **19%** of HR heads

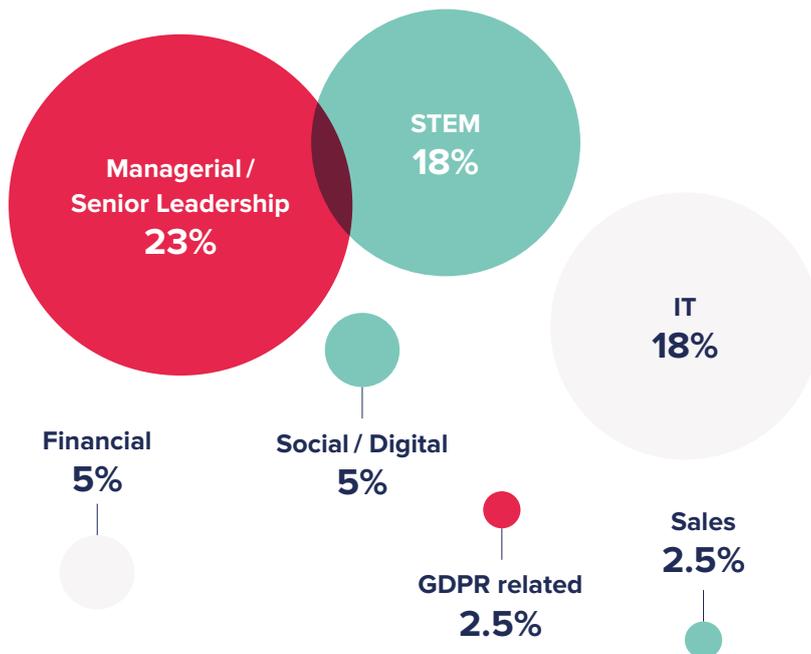
### Improving organisational diversity



### + KNOWING WHERE TO LOOK FOR THE RIGHT TALENT

Away from the challenges of recruiting a more diverse workforce, many are simply struggling to find any talent to fill certain roles. For instance, 23% stated that managerial and senior-leadership positions are the most difficult to recruit for. Beyond this, a lack of quality STEM candidates and IT recruits concern 18% of the HR heads studied. Whilst Oleeo’s recent Thrive report showed that applications for roles have doubled in the last two years, these figures show that it is not always easy to source and engage top talent, especially when it comes to certain, specific roles.

### Difficulty fulfilling certain roles



## + WHAT THEY SEE IS NOT ALWAYS WHAT THEY GET

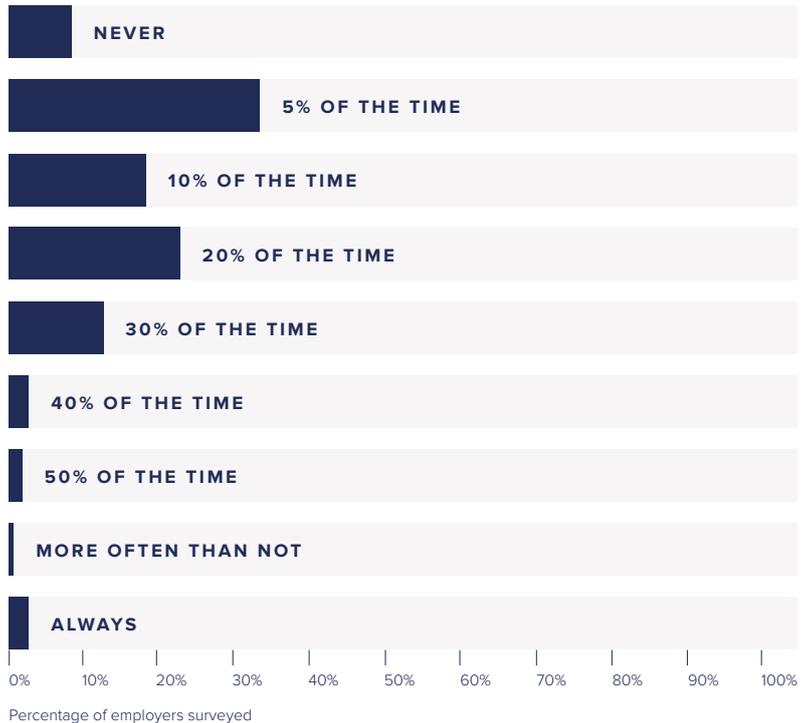
As we have already seen, recruiters face a series of challenges just to get a suitable applicant through the door and then transition them from a candidate to employee. However, even then the issues don't appear to end for some. Many then have to deal with the problem of those new recruits not being up to the job. Whilst this is not a concern for all, it is a significant problem for some. In fact, almost half (45%) believe new employees live up to expectations less than 20% of the time.

Furthermore, with 71% feeling that it takes three months or more for an employee to get up to speed, it may be some time before a company realises that a team member is not the right fit and isn't going to be suitable for the role.

This illustrates how crucial it is that the right hire is made in the first instance, ensuring budget and time are not wasted in hiring, onboarding, training and managing the wrong candidate.

Almost half  
**(45%)** believe new  
employees live up  
to expectations less  
than **20%** of  
the time

### Likelihood of new starter not performing role well as expected



05

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THE COST  
OF NOT SEEING  
THE UNSEEN

## THE COST OF NOT SEEING THE UNSEEN

We can now appreciate the challenges that recruiters and HR teams face – staff churn, time for employees to be up to speed, renegeing, many touch points in the lengthy recruitment process and cost to hire, but what impact do they have on the cost of recruiting new employees?

### + COST PER HIRE

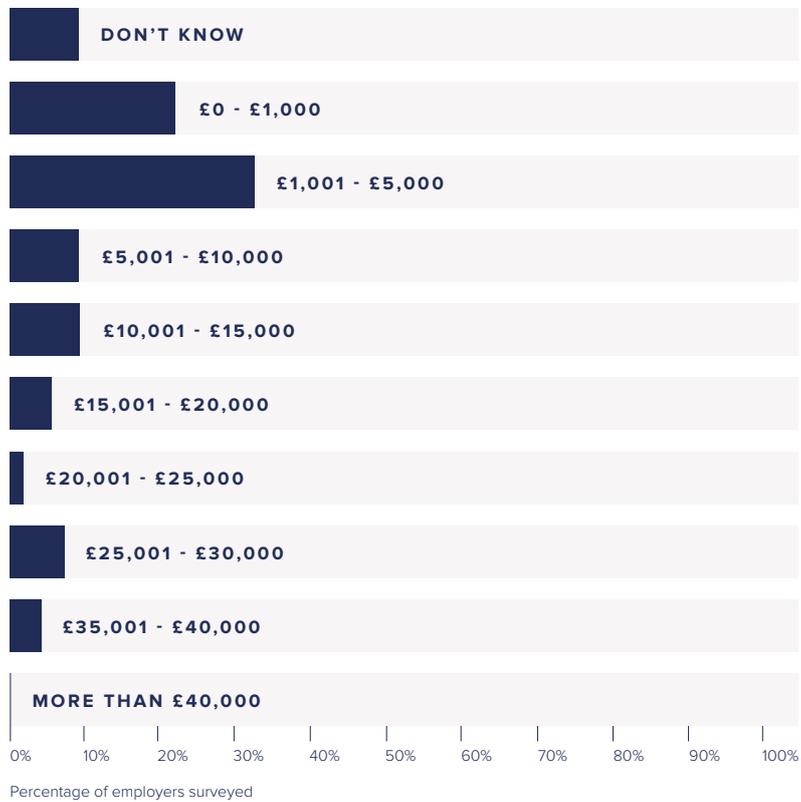
When constantly hiring for the same roles due to high volumes of staff turnover, it is easy to appreciate the time spent by recruiters finding new talent to fill the same void. What's not often fully appreciated is the cost of this process.

**It's not just the 'seen' costs that need to be factored in, for example the fee for a recruitment agency, it is also crucial to remember the 'unseen' costs too. These include, but are not limited to, employee training and onboarding costs, loss of productivity and the HR team's time. When the respondents were asked to consider all of these factors to gauge how much it therefore costs to recruit an employee for a typical £25,000 per annum role, 5% suggested it was as much as £40,000, a further 29% said that is certainly over £10,000, with 21% suggesting it is less than £1,000.**

When you consider that, according to the research, 39% of employees are likely to leave within the first six months of starting a new job, and for some it can cost up to £40,000 to fill the vacancy, this is a huge amount of money being wasted in a cyclical fashion.

Obviously, not everyone incurs this cost. Analysing all of the data, we found that the average cost per hire, taking into account all of the associated costs – HR team’s time, recruitment costs, training and onboarding costs, and loss of productivity, is £9,183. However, even at this more modest average, an SME employing 250 people that is losing 14% of its staff each year, only to see 39% of new employees leave within six months, is likely to be wasting approximately £125,347 on failed recruitment per annum.

**Typical cost per hire (for £25,000 per annum employee)**

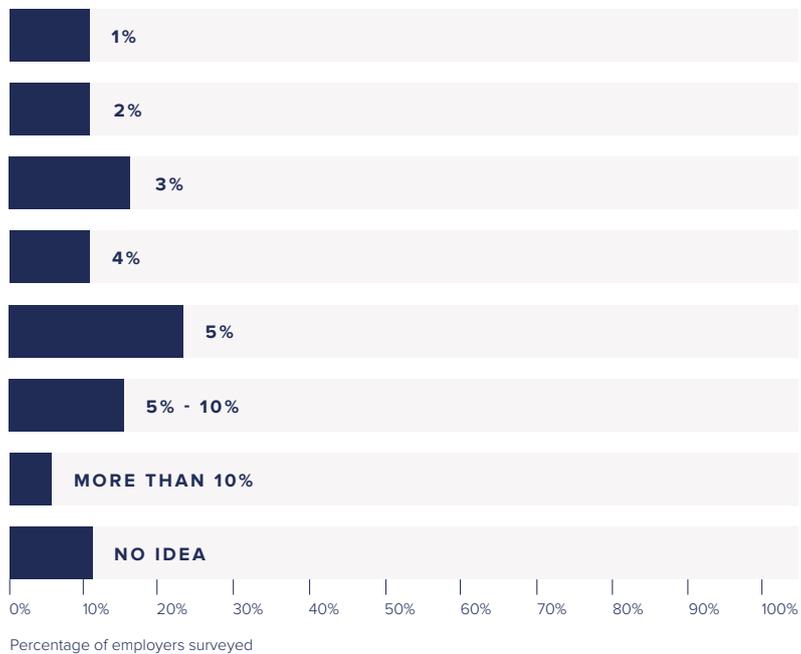


## + BUDGET SHARE

Over half (54%) of the senior decision makers studied revealed that 5% or more of their company's turnover is spent on recruitment and 6% spend more than 10% on it.

This can be viewed two ways; either this is substantial backing from UK businesses keen to invest in finding ways to attract the very top talent, or this is precious revenue often being needlessly spent by some companies due to the high levels of renegeing and staff turnover which they face. If the latter is the case, the upside is that it's an area where significant savings could be made, if the many recruitment issues and problems identified were tackled.

### Percentage of annual turnover spent on recruitment



**54%**  
of decision makers reveal **5% or more** of their company's turnover is spent on recruitment

06

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**WHY  
RECRUITMENT  
NEEDS  
TECHNOLOGY  
IN ORDER TO  
EVOLVE**

# WHY RECRUITMENT NEEDS TECHNOLOGY IN ORDER TO EVOLVE

The report has highlighted the scale of the problem facing recruiters, but is there an answer? There is a growing acceptance of the essential role of technology in recruitment, not as a replacement for human abilities, but as an enhancer. With the use of increasingly sophisticated AI, finding talent that truly fits is becoming easier to achieve.

HR heads felt that more than **30%** of their recruitment process is already based on data

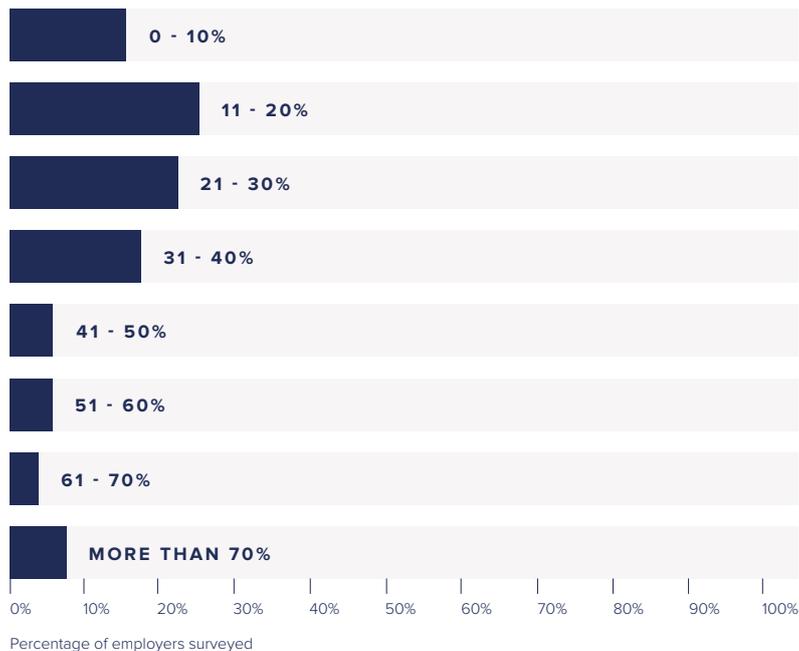
## + THE NEED TO DEAL IN DATA

With an average of 91 touch points to manage for each hire, huge volumes of applicants to engage with, and masses of data to utilise and then understand, technology is inevitably playing a key role in helping teams tackle a data mountain. In fact, two fifths of the HR heads interviewed felt that more than 30% of their recruitment process is already based on data.

Delving further into the statistics shows that 17% claim that 50% or more of their hiring process is being data driven. There is still a small number (15%) who are resisting the data revolution, only having 0-10% of their recruitment process being data driven, however, they are the minority.

  
15% are resisting the data revolution

Percentage of recruitment practices that is data driven



The research suggests that the more proactive companies and early technology adopters are reaping the benefits; technology is helping them across the board, in terms of finding the top talent faster, keeping this talent engaged better and selecting candidates who are more likely to succeed and stay within the role – all priorities for over one in four of the HR heads.

These organisations are also better-placed to benefit from new developments such as automated decision-making, which, according to those interviewed, could transform the recruitment process.

### + LETTING MACHINES LEARN TO ACT FOR US

When asked how automated decision-making would help them, 41% said it would speed up their time to hire. One third felt that it would make the decision process more consistent, whilst 31% think that it would reduce the manual aspect to their roles. Eliminating errors (30%), freeing up time to spend on good candidates (28%) and reducing bias (28%) also polled well as key benefits.

#### Benefits of introducing automated decision-making



When asked how automated decision-making would help them, **41%** said it would speed up their time to hire

## + ARTIFICIAL INTELLIGENCE

AI is the key to tackling many of the challenges identified in this paper, as well as being the means to truly automate and deal with the amount of data necessary to compete. With this in mind, the respondents were tasked with predicting how AI and machine learning will change their own recruitment practices over the next five years. 39% predicted that AI will most benefit them in terms of reducing the risk of missing out on ‘hidden gems’ of talent, which of course is a key element of AI’s current success. By widening the search, it is now more possible than ever to have both quantity and quality within the recruitment process.

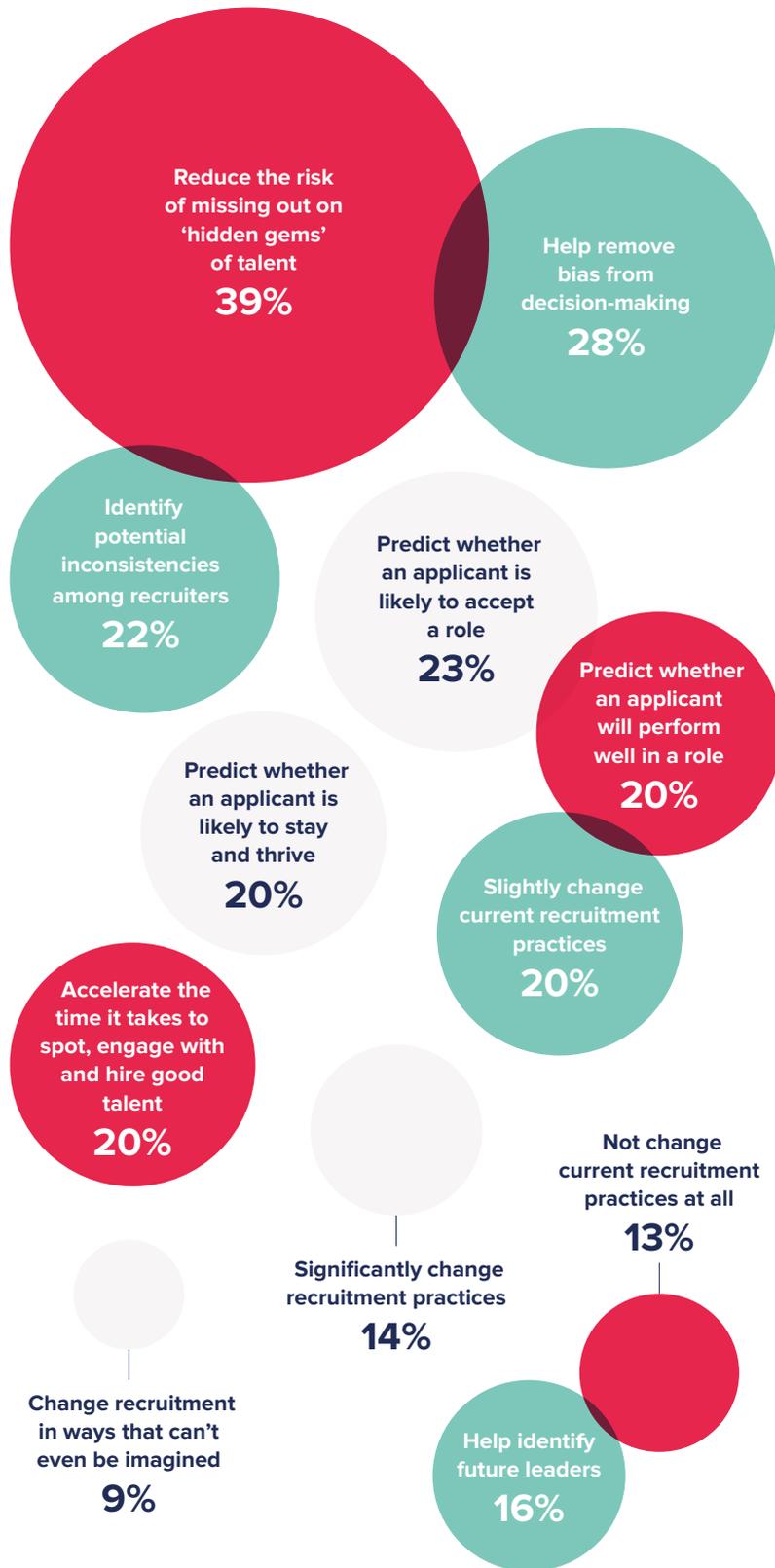
Helping remove bias from the decision making process (28%), predicting the likelihood of an applicant accepting a role (23%), identifying potential inconsistencies among internal recruiters (22%) and predicting whether an applicant will perform well in a role (20%) were all selected, making up the top five predictions. Also included in the listing was identifying whether an applicant is likely to stay and thrive in their role (20%), accelerating the time to spot, engage with then hire top talent (20%) and recognising future leaders (16%).

Those expecting to wait five years to see AI make a difference will be those that will be left behind. The issues that we have identified in this paper are impacting businesses today, and to truly thrive, businesses need to embrace the technology of today. AI is going to be the difference between human and superhuman resources.



**39% predicted that AI will most benefit them in reducing the risk of missing out on ‘hidden gems’ of talent**

How will AI change recruitment practices over the next five years?





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