Attrition, absence and recruitment

Whitepaper

blueArrow

> **The labour market has changed and power has shifted from employers to candidates.**

Paul Burbidge
Sector Head of Support Services at Blue Arrow

Introduction

Blue Arrow supplies contact centre and customer service staff for a wide range of temporary, interim and permanent roles, from first line inbound and outbound agents to team leaders and managers.

Many of the UK's leading brands in retail, finance, banking and telecoms choose us for their temporary and permanent staffing needs.

Contact Babel's "UK Contact Centre Decision-Makers' Guide (2017/18 - 15th edition)" studies the performance, operations, technology and HR aspects of UK contact centre operations.

With data gathered from over 200 contact centre managers and directors, the result is the largest and most comprehensive study of all aspects of the UK contact centre industry.

With staffing accounting for up to 75% of a contact centre's operational cost, issues such as attrition, recruitment and training are always towards the front of any contact centre manager's mind.

Aiming to identify the reasons for the industry's high attrition rate, the survey has been used as the basis for this whitepaper which explores the most valued employee characteristics and examines what staff really want from their contact centre careers.

It also reveals the real reasons people choose to leave their jobs, and more importantly how recruiting the right people and improving the candidate experience can ultimately boost your company's brand value.

CONTACTBABEL

Attrition, Absence and Recruitment

61% of respondents to this year's survey state that the most valued characteristic of a contact centre agent is their ability to listen and empathise with the caller. This ability is seen as far more important than being able to handle stress, multitask, sell effectively or understand complex or technical issues.

While some people naturally have this skill, experience and directed training can maximise it in others. As self-service and other text-based channels handle increasing amounts of straightforward customer interactions, those that are left to be handled by a telephony agent will be of a more complex nature and/or of a type where the customer needs reassurance and empathy (Figure 1).

Figure 1: Most valued characteristic of a contact centre agent
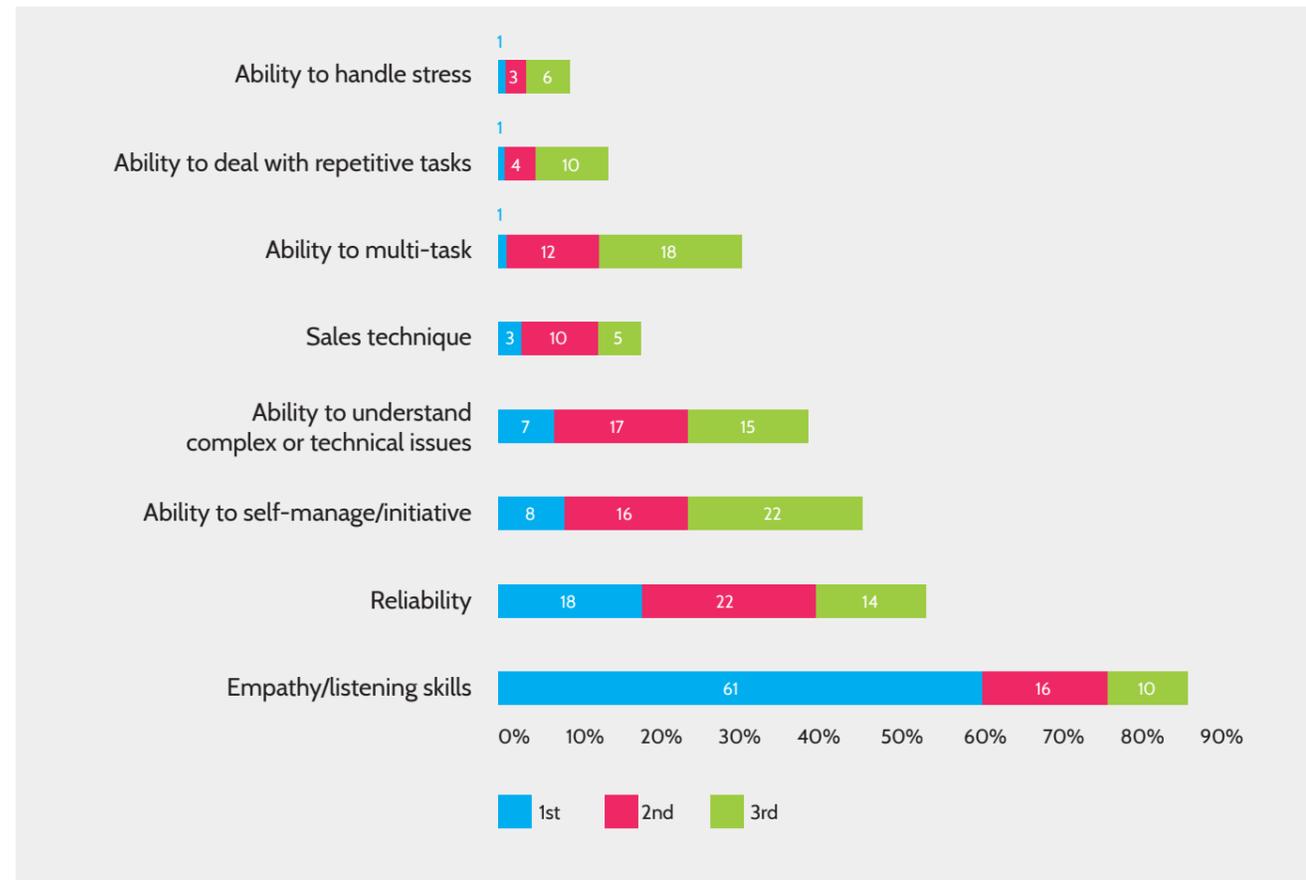
While many operations' attrition and absence rates are not dramatically high, it should be noted that more than half of survey respondents agreed or strongly agreed with the statement "HR issues – attrition, absence, skills and recruitment – are preventing our contact centre from achieving its aims and potential."

As such, the contact centre requires different people than has traditionally been the case, with skills and behaviours aligned to the modern customer, and the business's desire to improve the customer experience. With contact centre salaries creeping upward at a glacial rate, finding and keeping people of the right calibre is more difficult than ever.

Attrition

Throughout the studies that ContactBabel has carried out over the years, whether in the US or Europe, staff attrition has consistently been quoted as one of the major worries of contact centre management. Along with staff absences, high levels of unexpected attrition can cripple a contact centre's ability to provide even an acceptable level of service, raising costs and creating a negative customer experience, as well as placing massive stress on those agents who remain at work.

For many years, attrition has been one of the greatest challenges facing the industry, and one which has rarely been addressed with much in the way of a truly radical approach. The recession reduced attrition greatly, but recent years' data shows that this was a temporary respite, with attrition stubbornly remaining above 20% on average, and more than 1 in 5 operations experiencing annual attrition of over 30%.

Staff attrition in small doses can be good for a contact centre, bringing in fresh blood and enthusiasm. However, high levels of staff attrition have some serious side-effects:

- Increased recruitment and training costs
- Decreases the average agent competency as there are so many 'learners'
- Can decrease the quality of the customer experience, as the agent may not know how to answer the query correctly first-time
- Difficult to bring on-board new systems and ideas, as the agents are struggling with what is already in place

- Adverse affect on contact centre performance indicators, including first-time resolution, call transfer rates, queue time and call length
- Bad for the morale of the remaining staff
- Inexperienced staff are more likely to miss cross-selling and up-selling opportunities
- Increased pressure put on team leaders and experienced agents

In the mid-2,000s, staff attrition rates* crept up from the mid-teens to well over 30%. Driven in large part by the drop in alternative employment driven by the widespread economic downturn and banking crisis, attrition dropped sharply for a number of years, slackening to a mean average of 16%.

In 2011, respondents reported attrition rising, to a mean of 21% and median of 15%. In 2012, figures dropped very slightly, to 20% and 12% respectively. In 2013, attrition fell further, to a mean of 17% with the median dropping to only 10%.

However, 2014's figures showed a slight rise in mean attrition, up to 19%, with the median rising to 12%. 2015 showed another increase, to a mean of 22%, with the median rising to 16%, which is around the historical average.

2016 saw a slight drop in the mean, to 21%, with the median also dropping slightly to 15%. 2017 figures show the same mean of 21%, with a median of 16% (Figure 2).

Figure 2: Historical mean UK agent attrition
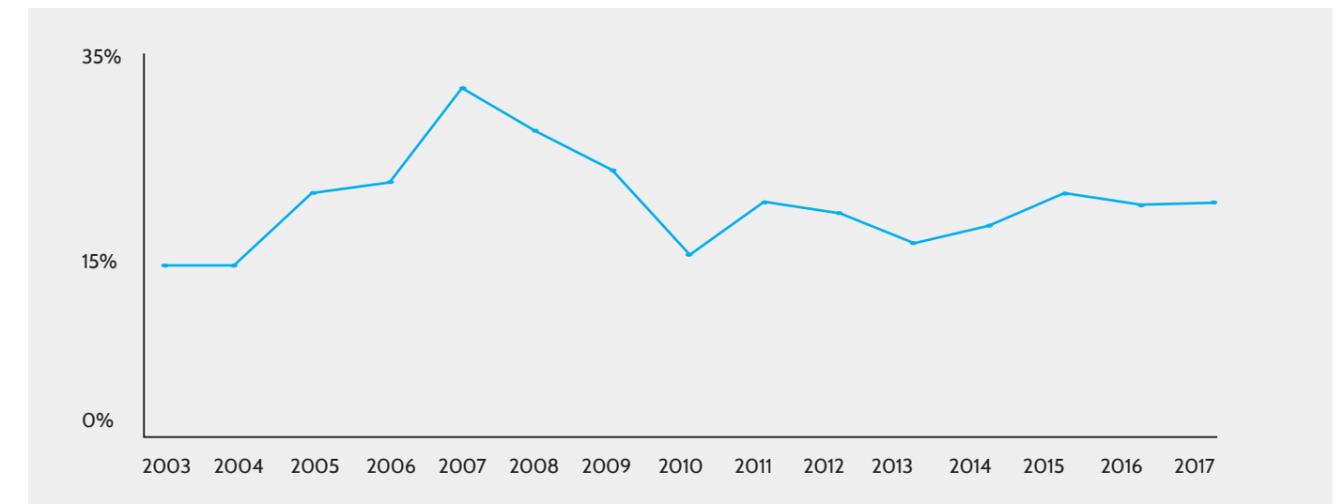
*Attrition rate: the total number of agents leaving the contact centre in a 12-month period, divided by the average number of occupants during the same 12-month period, expressed as a percentage.

There is a very wide spread of attrition rates across the industry, with 21% of respondents having to deal with attrition rates of over 30%.

11% of contact centres report exceptionally low levels of attrition, at less than 5% (Figure 3).

One of the difficulties with tracking metrics such as attrition over time is that the companies responding to the research programme may be different year-on-year, meaning comparing like-for-like is difficult. As such, the question was asked, "How does your current attrition rate compare with 12 months ago?", giving a consistent view of changes at a company level.

49% of respondents say that there has been little real change, 23% say that attrition has increased, with 24% saying it has decreased. This suggests that there is little real change in attrition across the industry, supporting the previous finding that the overall attrition rate is the same as 2016 (Figure 4).

The reduction of attrition has two main factors - that the successful candidates are suited to, and competent for the work which they will undertake, and that the work and conditions in which they find themselves will be conducive to a long-term stay.

Solution providers experienced in analysing attrition state that understanding the 0-to-90-day attrition data is critical to being able to reduce attrition. Most organisations believe that a very significant proportion of their annualised attrition occurs in the first 90 days after recruitment. This strongly suggests that there are often errors made in the type of people employed, who are all but doomed to failure by their unsuitability for the task. Businesses should collect information on the sorts of behaviour and characteristics of people likely to do well in each role - preferably analysing the people who are successful in the roles already - and pre-screen applicants against those criteria.

Getting a high proportion of the right sort of people through the doors and onto the induction course can greatly reduce early attrition: attrition is something that should be focused upon at the recruitment stage, rather than leaving it until the candidates are already in the business before noticing the problems (Figure 5).

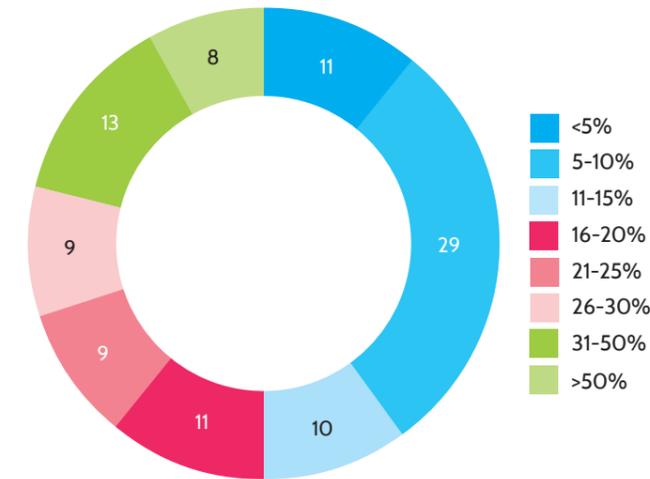> " In a candidate-short market where demand continues to outstrip supply, it's crucial that we understand what 'the right sort of person' looks like and wants from their work life balance. "
>
> **Paul Burbidge**
> **Sector Head of Support Services at Blue Arrow**

Figure 3: Agent attrition rate ranges

- <5%
- 5-10%
- 11-15%
- 16-20%
- 21-25%
- 26-30%
- 31-50%
- >50%

Figure 4: Agent attrition change over the past 12 months

- Increased
- No major change
- Decreased
- Don't know
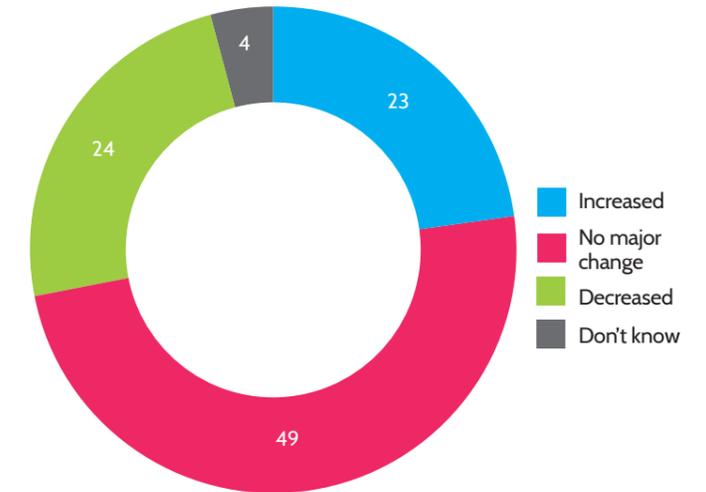
Figure 5: Proportion of new agents leaving within the first 6 months

- 0-10%
- 11-25%
- 26-50%
- Over 50%
- Don't know

Looking at the causes for attrition, the stress of the work and the repetitive nature of some contact centre activity were cited as key by a significant proportion of respondents in survey carried out ten or more years ago. While they remain important, contact centres seem to be giving a collective shrug by consistently putting 'just the wrong type of person for the job' into no.1 position, as if there's nothing they can do about it.

Psychometric and competency testing at the recruitment stage – whether in-house or through a recruitment agency – and the assessment of behaviour and character will go a long way to stopping the wrong type of person for the job at source, with consistent support especially within the early stages of the role being vital to reducing short-term attrition (Figure 6).

Figure 6: Reasons for agent attrition (ranked in order) – aggregated data

1 Just the wrong type of person for the job

2 Lack of promotion or development opportunity

3 Repetitive work

4 Low pay

5 Excessive pressure or stress

6 High numbers of temporary/seasonal staff

7 Competition from other contact centres

8 Abusive or unpleasant calls

9 Poor working environment and conditions

Interestingly, in an industry which outsiders often deem as a dead-end job, the lack of opportunity to move up the career ladder is marked on average as being the second-greatest cause of staff attrition.

As for other causes, much of the repetitive work is increasingly being alleviated by using self-service (whether voice-driven or web-based), and the blending of tasks (especially inbound digital and voice, rather than inbound / outbound voice) has been shown in many previous reports to show a positive correlation with lower levels of attrition.

Absence

In a tightly-run operation like a contact centre, where costs and performance are closely managed, significant levels of staff absence can cause major problems with contact centre performance and the customer experience. Even just a slight increase in absence rates can mean a major difference to how well the contact centre performs on that day. Staff end up overworked and stressed, and more likely to take time off as a result. Morale suffers, which increases staff attrition, overwork and thus, further absence.

Short-term (no-show) absence is the average number of agent days lost through short-term sickness and unauthorised absence as a percentage of contracted days annually.

Long-term absence includes long-term sickness, maternity leave, sabbaticals and other long-term absences where the business is able to expect and plan for the absence. This is not included in this report.

The mean average for staff absence is 6.8%, with a median of 4.9%, similar to 2016's figures (Figure 7).

Figure 7: Short-term agent absence rate ranges

Legend:
- <3% (21)
- 3-5% (23)
- 5-7% (20)
- 7-10% (11)
- 10-15% (12)
- 15% and over (13)
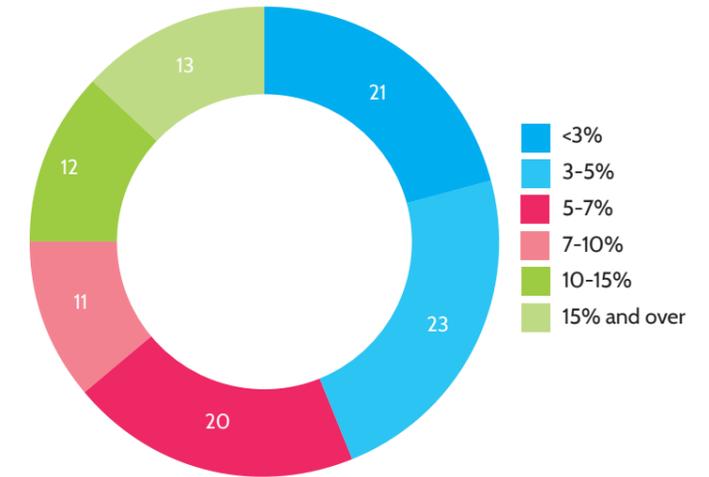
" Work-life balance, location and stability are cited as the UK's key drivers for candidate attraction and restricted career opportunities, poor people management and lack of recognition as the key drivers for attrition.[1] "

Paul Burbidge
Sector Head of Support Services at Blue Arrow

[1] Source: CEB/Gartner Global Talent Monitor Q2 2017

"Recruitment processes must be effective, simplified and shortened to offer the best possible candidate experience. This experience needs to be carried on through induction and on-boarding, training through to everyday management."

Paul Burbidge
Sector Head of Support Services at Blue Arrow

Recruitment

Contact centre managers were asked for their experience of how effective a number of recruitment methods were. There is a definite pattern: the closer you get to the candidate (through competency based assessments, personality tests and face-to-face/telephone interviews), the more likely the recruitment team is to make the right decision. The average contact centre role is changing into something requiring higher skills – a high level of IT, business and communication abilities are needed in many contact centres now and this trend will certainly continue – yet agent salaries are not taking this into account. Coupled with this is the popular view of contact centres as career dead-ends, not helped by the biased and erroneous media view of contact centres (and by extension, their employees) as an unpopular and unloved part of modern life. Improving the contact centre "brand" is a vital part of the industry's future success, which will feed directly into the recruitment process.

While most contact centres do not admit to having problems with staff recruitment, many of the same operations have problems with staff attrition, although this is temporarily less of an issue. The case could be made that high-attrition operations do have a problem with recruitment, but they just don't realise it. Having filled their job roles, the recruitment process is deemed to have been a success, but how many of these new recruits turn out to be no-shows, leave before the induction course is complete, or shortly into the job? These recruits are gauged to be part of the attrition problem, when in fact, they are indicative of a recruitment problem. As such, businesses should try harder to understand what skills and attributes successful agents are already demonstrating in this role - empathy, resilience, reliability, sales technique, technical capability, etc. - and seek to recruit more people with this specific factors and behaviours.

Recruitment has traditionally been about asking the question "Can the applicant do the job?". Having the skills to carry out the task is obviously important, but most skills can be learned, and in an environment such as a contact centre - where both tasks and environment are not suited to everyone - other factors are perhaps more important. This is borne out by consistent research findings, which indicate that the main reason for staff attrition was that they were just the wrong type of person for the job.

Firstly, the business must understand the competencies, characteristics and behaviours that are most suitable for the contact centre positions that they are trying to fill, for example:

- empathy
- dependability
- customer focus
- problem-solving
- the ability to understand and follow instructions
- a focus on a goal.

Successful agents will also require some hard skills, although many of these are more easily-learnt. Through judging competencies objectively, and using a combination of processes (for example, telephone and face-to-face interviews, with upfront psychometric analysis to determine the likelihood of the prospect being a long-term success in the contact centre), the business reduces the risk of high attrition and growing costs, and can focus upon its strategic goals.
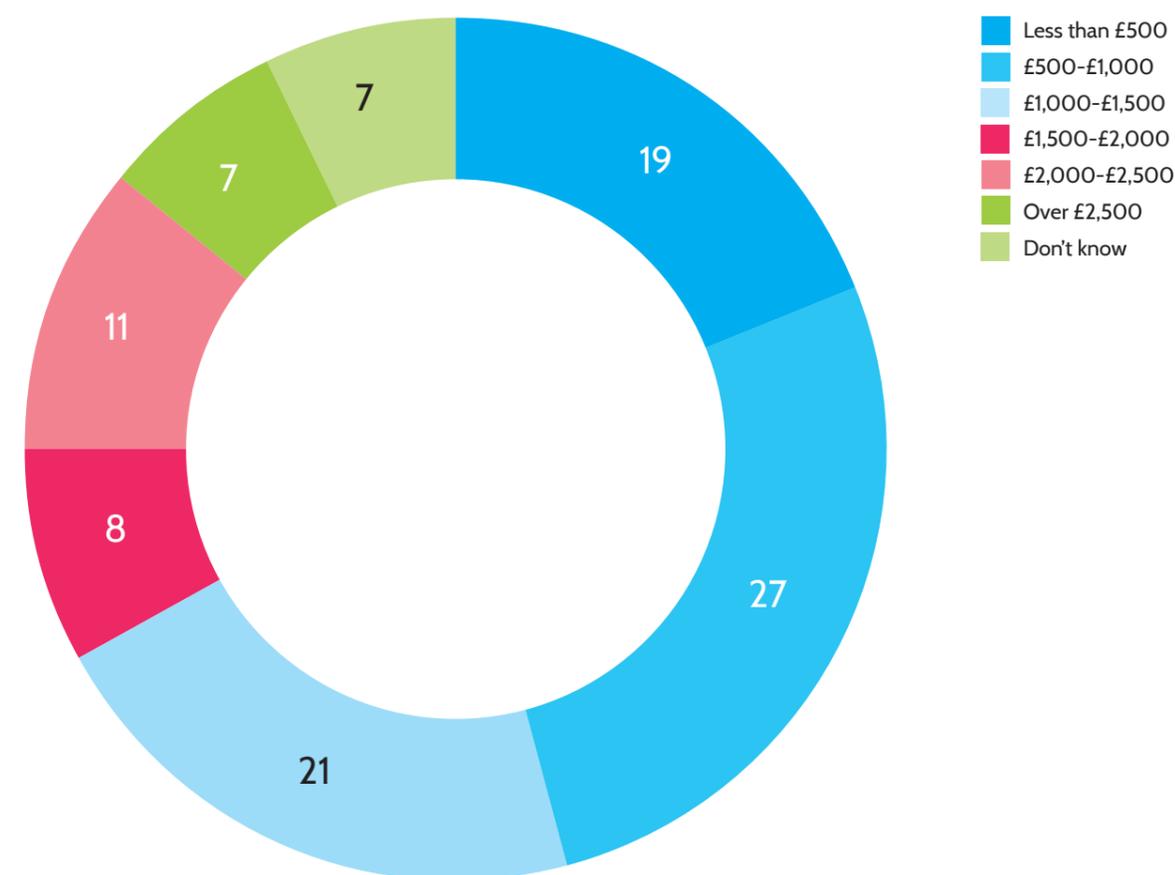
The most effective form of recruitment method is consistently said to be a face-to-face interview, with assessment centres, contact centre simulations and skills-testing also effective. There is a definite split between how directly the company interacts with the candidate and how successful the recruitment method is. Those that keep the candidate at arm's length – through standard application forms and CVs – have a lower success score, with studies having shown that half of applicants admit to stretching the truth on their CVs, and 10% lie outright.

The relatively few contact centres using personality testing tend to report high levels of success through this method, reflecting the awareness that it is the type of person at least as much as what they can do that is crucial to being a successful agent. Many contact centres employ large numbers of recent university graduates, whose biodata and work experience may not show much of the applicants' abilities. In such cases, getting a better scientific idea of what makes the candidate tick, and being quite sure about their personality traits will reduce the high risk associated with recruiting straight from higher education.

By tracking the in-job performance of applicants who scored either well or poorly in pre-job assessments, businesses can improve their ongoing recruitment techniques. For example, agents who have high assessment test scores often have higher revenue-per-call ratios, lower average call lengths and lower attrition rates than those who scored lower in pre-job character and personality assessments. The behaviours, personality traits and characteristics that a top agent is most likely to have can then be identified, and the results fed back into the top of the recruitment process. This allows the recruitment process to seek out the types of people who have already been proven to succeed in that role (Figure 8).

Figure 8: Agent recruitment cost ranges

Legend:
- Less than £500
- £500-£1,000
- £1,000-£1,500
- £1,500-£2,000
- £2,000-£2,500
- Over £2,500
- Don't know

Values: 19, 27, 21, 8, 11, 7, 7

> " It's time to take a holistic and worker-centric view of how we compete for 'the right sort of people'. These people have choices and so competing for them in the same way our brands compete to acquire and retain customers is a good place to begin. "
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> **Paul Burbidge**
> **Sector Head of Support Services at Blue Arrow**

Language skills

55% of respondents stated that they had the ability to serve customers in a language other than English.

The public sector and housing respondents were most likely to be able to do so, with the manufacturing and insurance sectors the least.

Two-thirds of large contact centres had multilingual capabilities, compared to 57% of mid-sized operations and 46% of small contact centres. Service-focused operations were much more likely to have multilingual skills than sales contact centres (62% vs 25%).

The main European languages were best served, with French, German and Spanish spoken in over one-quarter of operations.

11% of respondents used an on-demand translation service from a third-party where required (Figure 9).

Figure 9: Apart from English, in which languages can your contact centre serve your customers?

Language	Proportion of respondents
German	31%
French	29%
Spanish	27%
Dutch	18%
Italian	18%
Portuguese	18%
Punjabi	16%
Gujarati	16%
Hindi	15%
Urdu	15%

Language	Proportion of respondents
Welsh	13%
Swedish	13%
Polish	13%
Bengali	11%
Arabic	9%
Gaelic	7%
Tamil	7%
Mandarin	5%
Latvian	2%
Korean	2%
Use a third-party translating service	11%

Salaries

New agent salaries are reported to have increased by a little under 2% (similar to last year's rise), and there was close to a 4% increase reported in the salaries of experienced agents (against 3% last year).

At a team leader level, the salary increase was substantial at nearly 5%, and respondents' average contact centre manager salaries showed an increase of 2.6% after last year's fractional decline of 0.1%.

Against a 12-month UK wage rate increase of 2.1%[2], the contact centre sector seems to be generally holding its ground (Figure 10).

Figure 10: Contact centre salaries and changes

Role	2017 mean avaerage salary	Change 2016-2017
New agent	£17,438	+1.7%
Experienced agent	£20,370	+3.9%
Team leader/supervisor	£26,142	+4.8%
Contact centre manager	£40,348	+2.6%

[2] https://www.theguardian.com/business/live/2017/aug/16/uk-wages-and-jobs-data-set-to-show-cost-of-living-squeeze-continuing-business-live

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