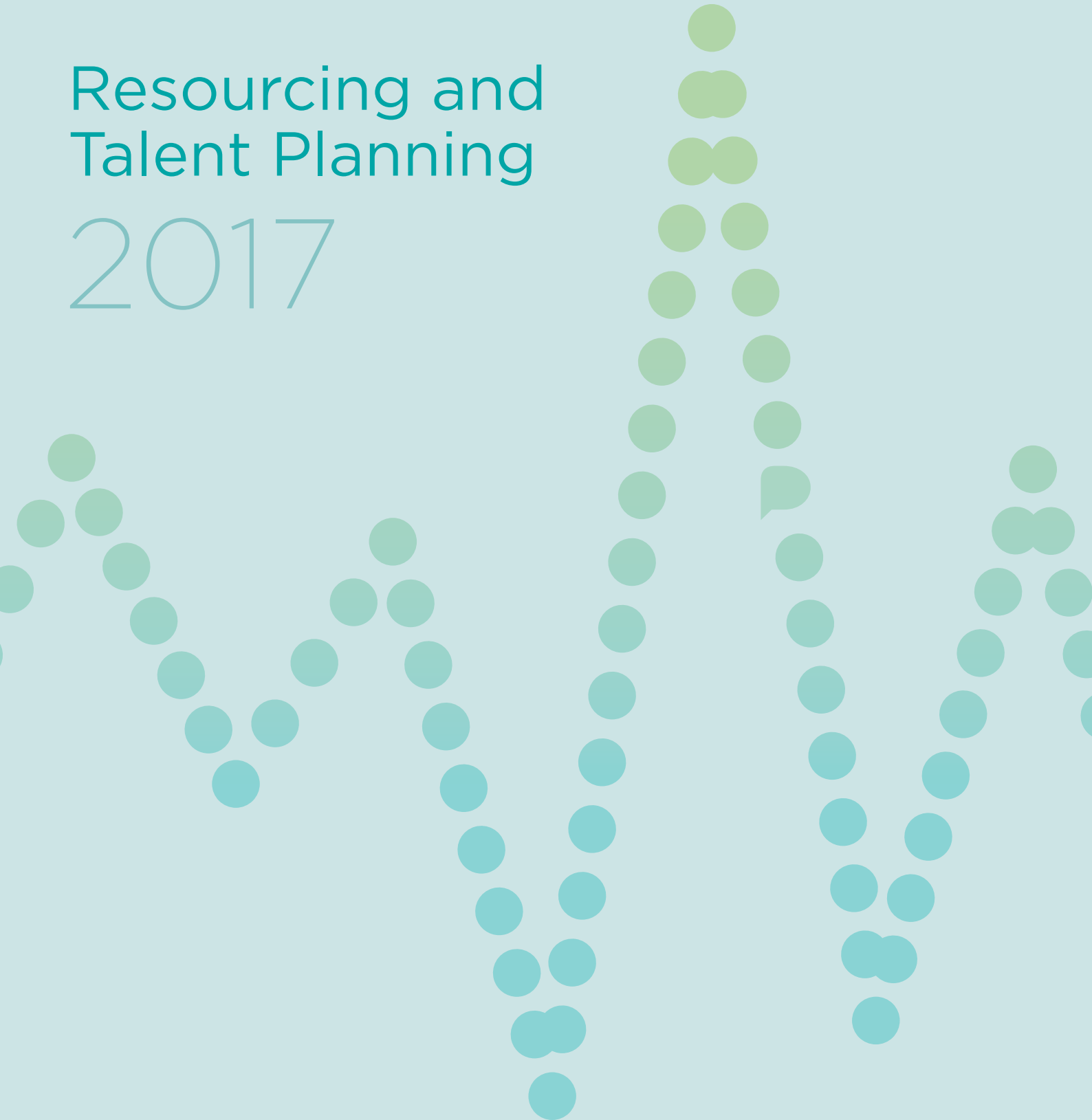


SURVEY REPORT

# Resourcing and Talent Planning 2017



The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

# Resourcing and talent planning

## Survey report 2017

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- resourcing and talent professionals from the CIPD's RTP Forum
- Hays, for their support and commitment throughout the research.

We hope that you find the research useful when considering your own resourcing and talent planning practices.

Please contact us if you have any questions or ideas based on our findings: [research@cipd.co.uk](mailto:research@cipd.co.uk)

# Foreword from the CIPD

The *Resourcing and Talent Planning* survey is now in its twentieth year. It is a valued survey with a sample this year of over 1,000 HR professionals. This research provides HR professionals and their organisations with benchmarking data on recruitment costs, resourcing and talent management practice, employee turnover and retention.

This is a particularly interesting time to be conducting this research given that the past year has seen political and economic changes on a global scale. There have been political surprises in both the UK with the vote to leave the EU and in the US with the success of Donald Trump. Continued political uncertainty looks set to impact the way in which organisations attract and retain talent.

Our survey shows that organisations are currently maintaining a dual focus on recruiting key talent, while also developing more talent in-house. Organisations are experiencing growing competition for talent and are increasingly recognising that the skills needed for jobs in their organisations are changing.

Following the UK's decision to leave the EU, organisations report a greater emphasis on developing existing staff, increased communications and opportunities to listen to employees, as well as more candidate and organisation cautiousness in recruiting. Looking

forward, organisations anticipate the biggest changes in the next three years will be increasing competition for well-qualified talent, developing existing staff and difficulty recruiting senior and skilled employees. It is therefore more important than ever that organisations remain alert to the potential changes and agile in their response to these in order to continue to attract and retain people with the best skills and potential for their business needs.

Reassuringly, there is evidence in the survey of organisations making use of a number of effective recruitment channels. The research also suggests a renewed focus by organisations on building an attractive employer brand and of practices to support the upskilling and development of existing staff. More work, however, is needed when it comes to delivering on diversity, sharpening a focus on retention and measuring the effectiveness and return on investment of recruitment and talent practices (all outlined in further detail in the conclusion).

At the CIPD we believe that HR and L&D professionals should be using Brexit as a stimulus for applying focus to what we should already be doing as an economy and society: to get the fundamentals right, to build a stronger, more productive workforce, and to create workforces that engender growth and inclusiveness.

Moving forward, organisations need to continue to develop a thorough understanding of their existing talent profile and their current and future requirements. Targeting resources effectively will remain a priority through this period of wider economic and political instability. Ongoing monitoring and evaluation will be key to ensure that the methods used to attract, select and retain employees are effective and fit for purpose.

**Claire McCartney**  
Associate Research Adviser, CIPD

# Foreword from Hays

We are pleased to once again partner with the CIPD on this report, which provides invaluable insight into resourcing and talent planning and the current challenges for organisations. Given the wide-ranging political and economic changes the UK has faced recently, this research is particularly pertinent.

We are of course pleased to see that this year's report provides evidence of organisations making greater use of recruitment channels, that recruitment budgets are set to increase and that there is an increasing trend to combine in-house and outsourced recruitment approaches.

Given the vast skills shortages the UK is faced with, targeted recruitment to source these 'hard-to-find' skills will be even more essential, particularly in light of potential changes to immigration. In line with our own research in the *Hays Salary & Recruiting Trends* guide, this survey showed that competition for well-qualified talent has increased and is set to increase further over the coming year as the shortages intensify.

It is therefore encouraging that organisations are placing a renewed focus on improving their employer brands. Given that an organisation's reputation is critical when attracting staff, this shouldn't be underestimated. Organisations should also be looking at what training and development opportunities they offer staff and how they are promoting these to

potential new recruits. This was supported by the survey findings and is likely to grow in importance as professionals focus on career progression and employers want to nurture loyalty.

Despite some positive findings, it is surprising that fewer organisations have a formal diversity strategy and that this number has reduced compared with previous years. It highlights how much progress organisations still have to make before diversity is fully ingrained and they are seeing the benefits, particularly organisations that are in sectors that don't yet reflect the diversity of their customers and are plagued by skills shortages.

We hope this report provides you with useful information to guide your resourcing decisions and look forward to discussing the findings with you.

## **Nigel Heap**

Managing Director Hays UK & Ireland

## **About us**

At Hays, our passion lies in helping people to develop their careers, and employers to grow their organisations with the right people.

Our worldwide team covers 250 offices across 33 countries, with more than 2,000 experts based in the UK. We recruit for temporary and permanent roles for organisations of all sizes, and our global reach combined with local knowledge means we truly understand the needs of those we work with. We provide expertise across a wide spectrum of industries and sectors.

Our market-leading database enables our consultants to search over 4 million candidates globally. We are also the Most Socially Engaged Global Recruitment Company on LinkedIn®, as well as the most followed recruitment company with over 1.5 million followers. These networks give employers access to the widest possible talent pool and increase our chances of finding the right match for your organisation.

Working closely with our customers, we manage the entire recruitment process, carrying out in-depth assessments of candidates to ensure we deliver outstanding results.

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# Summary of key findings

The CIPD's *Resourcing and Talent Planning* survey, in partnership with Hays, examines resourcing and talent planning strategies and the key challenges that organisations face. The 2017 survey report is based on responses from 1,068 people.

*'In 2017, organisations anticipate a greater focus on developing more talent in-house.'*

## Resourcing and talent practices in the current economic and political climate

- In 2016, seven in ten organisations have focused their recruitment and talent practices on recruiting for key talent/niche areas. Almost half have developed more talent in-house and used new media/technology to recruit.
- In 2017, organisations anticipate a greater focus on developing more talent in-house and an increase in both focusing more on retaining rather than recruiting talent and investing more time and effort in the quality of candidates.
- When it comes to views on the employment market, over four-fifths of organisations maintain that competition for well-qualified talent has increased over the past year and nearly two-thirds believe that the skills needed for jobs in their organisations are changing.
- Following the UK's decision to leave the EU, organisations report a greater emphasis on developing existing staff (26%), increased communications to employees about the organisation's strategy (22%), opportunities to listen to employees (21%), and more candidate (20%) and organisation cautiousness in recruiting (21%).
- Anticipated changes include increasing competition for well-qualified talent (72%), developing existing staff (68%)

and difficulty recruiting senior and skilled employees (61%).

- Over a quarter of organisations predict that recruitment in their organisation will increase as a direct result of the apprenticeship levy, with this figure rising further in the public sector and larger organisations.

## Recruiting: the numbers

- Just over a quarter of organisations say their recruitment budgets will increase and a third say their talent management budgets will do the same in 2017-18. Private sector organisations are more likely than the other sectors to say both their recruitment and talent management budgets will increase in 2017-18.
- The median number of permanent (20) and short-term (4) vacancies filled in the last year remains the same as 2014-15.
- The median cost for hiring senior managers/directors has decreased from our last survey and is £6,000. The cost for all employees has remained the same at £2,000.
- Over half conduct all recruitment activity in-house, but there is an increasing trend to combine in-house and outsourced approaches (2017: 44%; 2015: 40%; 2013: 28%).
- Less than a fifth currently measure the return on investment (ROI) of their recruitment activity. By far the most popular method is cost per hire (81%), followed by

the turnover rate of new hires (75%). Half also assess the performance of their new hires as part of their ROI activities. Far fewer assess the quality of source, candidate satisfaction and interviews per hire.

### Attraction strategies

- Organisations are placing a renewed focus on improving their employer brands, with almost nine in ten making efforts to improve it in the last year. Organisational values are seen as most important to attracting candidates, followed jointly by career development opportunities and pay and benefits.
- The most effective methods for recruiting are own corporate websites (74%), followed by professional networking sites (60%), commercial job boards (58%) and recruitment consultants (52%).
- Fewer organisations this year (just over half) have a formal diversity strategy, and this proportion has reduced from previous years. The most common methods used to address diversity issues are monitoring recruitment information to obtain data on demographics (73%), training interviewers to understand what diversity is about (56%) and actively trying to attract talent of all ages (52%).
- Nearly a third of organisations believe that the current system of education is poor at equipping young people with the skills their organisation needs.
- More organisations this year are currently offering and plan to offer apprenticeships, presumably influenced by the introduction of the apprenticeship levy, which requires larger UK employers to fund new apprenticeships.

- Graduate recruitment programmes remain steady, with almost two-fifths operating a structured programme, although fewer have increased their intake compared with 2015.

### Selection and candidate behaviour

- The most popular method of selection this year is competency-based interviews, with just under four-fifths making use of this selection method. However, in general the methods used to select applicants follow a similar pattern to previous years.
- An increasing proportion also make use of distance interviews, such as telephone (65%) and video/Skype (52%), with private sector organisations most likely to use these methods.
- When it comes to candidate behaviour, the majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs, but there is room for improvement in the way candidates communicate with potential employers.

### Recruitment difficulties

- Recruitment difficulties remain substantial for organisations, with three-quarters having recruitment difficulties in the last year.
- A tenth of organisations experience difficulties recruiting for more than 50% of their vacancies.
- Professionals/specialists (64%) are the roles that have been the most difficult to recruit for over the last year.
- Organisations are now most likely to reduce recruitment difficulties by upskilling existing employees to fill hard-to-recruit-for positions.
- However, more than two-fifths (41%) believe the length of their

recruitment process has led to the loss of potential recruits in the last 12 months.

- In the next 12 months, the demand for HR specialists in talent and resourcing (46%) and learning and development (36%) will increase.
- Professionals with leadership (58%), digital (54%) and commercial awareness skills (51%) are likely to increase in demand in the next 12 months.

### Talent management, retention and turnover

- There seems to be a renewed emphasis by organisations on talent management, with over half of CEOs prioritising it and increasing talent management budgets.
- The median rate of labour turnover has increased again since our last survey and sits at 16.5%.
- Despite this increase, over half of organisations do not calculate the cost of labour turnover. Private sector organisations are more likely to calculate this than the other sectors.
- More than four-fifths of organisations had challenges retaining one or more category of staff in 2016, and this represents an increase from previous years; however, just two-fifths of organisations undertook specific initiatives to improve staff retention in 2016.
- The most popular step taken to improve staff retention was through increasing learning and development opportunities (57%). This is followed by an improved induction process (56%) and improved benefits (50%).

# Resourcing and talent practices in the current economic and political climate

Organisations are maintaining a dual focus on recruiting key talent, while also developing more talent in-house. Employers are experiencing growing competition for talent and are increasingly recognising that the skills needed for jobs in their organisations are changing.

Following the UK's decision to leave the EU, organisations report a greater emphasis on developing existing staff, increased communications about the organisation's strategy and opportunities to listen to employees, as well as more candidate and organisation cautiousness in recruiting. Looking forward, organisations anticipate the biggest changes in the next three years will be increasing competition for well-qualified talent, developing existing staff and difficulty recruiting senior and skilled employees.

*'Private sector organisations are more likely than those in the public sector to say that they will develop more talent in-house and focus more on retaining rather than recruiting talent in 2017.'*

## **Resourcing and talent practices in 2016-17**

*A dual focus on recruiting for key/niche talent and developing more talent in-house*

In 2016, most organisations have focused their recruitment and talent practices on recruiting for key talent/niche areas (70%). Almost half (48%) have developed more talent in-house and used new media/technology to recruit (46%). This is similar to the practices implemented in 2015.

*A greater anticipated focus on developing talent internally in 2017*

In 2017, organisations anticipate a greater focus on developing more talent in-house (75%), recruiting for key talent/niche areas (68%) and using new media/technology to recruit (63%). There is also a noticeable anticipated increase in focusing more on retaining rather than recruiting talent and investing more time and effort in the quality of candidates (both up by 22%).

Private sector organisations are more likely than those in the public sector to say that they will develop more talent in-house and focus more on retaining rather than recruiting talent in 2017.<sup>1</sup> Public sector organisations are more likely than the other sectors to say that they will reduce headcount in 2017<sup>2</sup> (unsurprising, given the continued cost saving measures in that sector) and private sector organisations are more likely than the other sectors to say they will *increase* headcount.<sup>3</sup> Finally, when it comes to employing migrants, public sector organisations are significantly more likely than the other sectors to say they currently recruit and anticipate recruiting non-EU migrants.<sup>4</sup> Despite the UK's decision to leave the EU, the proportion of organisations anticipating that they will recruit EU migrants in 2017 is similar to the proportion doing so in 2016, across all sectors.



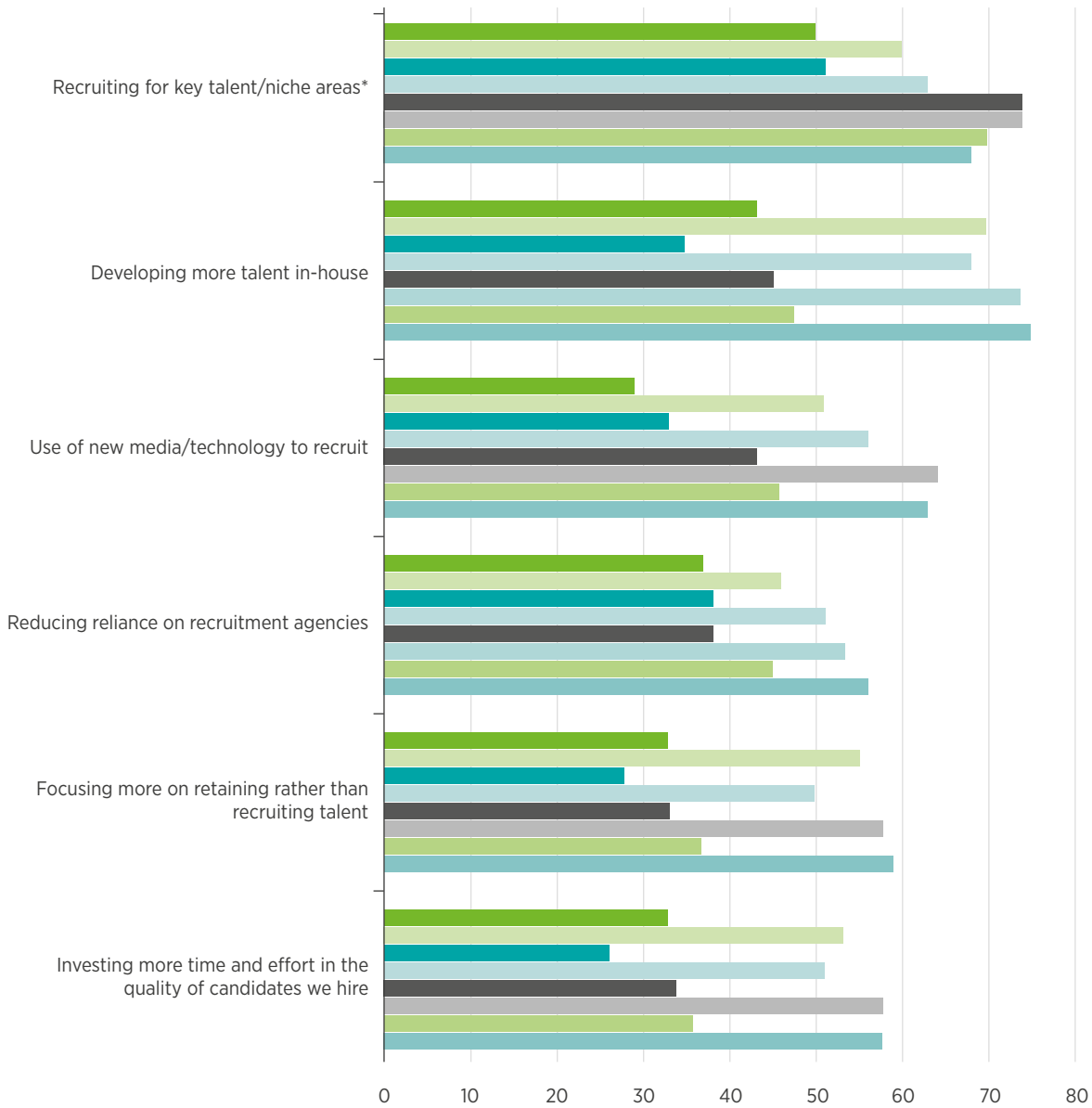
**Table 1: Changes in organisational focus on resourcing and talent practices, by sector (% of respondents)**

		All	Manufacturing and production	Private sector services	Not-for-profits	Public services
*Recruiting for key talent/niche areas	2016	70	66	74	59	70
	2017	68	60	72	60	71
Increasing the number of interim/contract staff recruited	2016	24	21	22	29	29
	2017	19	15	22	19	18
Reducing reliance on recruitment agencies	2016	45	37	49	44	43
	2017	56	58	59	50	50
Use of new media/technology to recruit	2016	46	33	50	44	48
	2017	63	58	67	60	61
Focusing more on retaining rather than recruiting talent	2016	37	34	40	30	34
	2017	59	64	63	54	51
Developing more talent in-house	2016	48	46	50	46	43
	2017	75	77	78	74	68
Investing more time and effort in the quality of candidates we hire	2016	36	31	40	35	31
	2017	58	52	62	60	52
Reducing our headcount	2016	21	21	18	17	27
	2017	17	16	14	12	27
Increasing our headcount	2016	24	20	31	16	18
	2017	34	35	41	27	19
Recruiting EU migrants	2016	16	19	16	10	18
	2017	15	18	14	8	20
Recruiting non-EU migrants	2016	9	8	8	3	16
	2017	10	8	9	7	17
Redeployment schemes to retain talent	2016	14	7	14	12	23
	2017	19	12	17	16	30

Base: 1,068

\*prior to 2017 survey 'continuing to recruit for key talent/niche areas'

**Figure 1: Most common resourcing and talent practices, by survey year (% of respondents)**



Base: 1,068 (2017); 519 (2015); 438 (2013); 501 (2012)

\*Prior to 2017 survey 'Continuing to recruit for key talent/niche areas'

- 2011 implemented (2012 survey)
- 2012 anticipated (2012 survey)
- 2012 implemented (2013 survey)
- 2013 anticipated (2013 survey)
- 2014 implemented (2015 survey)
- 2015 anticipated (2015 survey)
- 2016 implemented (2017 survey)
- 2017 anticipated (2017 survey)

## Views on the employment market

*Organisations are experiencing growing competition for talent and are increasingly recognising that the skills needed for jobs in their organisations are changing*

When it comes to views on the employment market, organisations are most likely to strongly agree or agree that competition for well-qualified talent has increased over the past year (82%), that the skills needed for jobs in their organisations are changing (65%) (with higher numbers still in the public sector and larger organisations reporting this) and that it's an employees' rather than an employers' market currently (56%). Half also agree or strongly agree that they have noticed an increase in the number of unsuitable applicants.

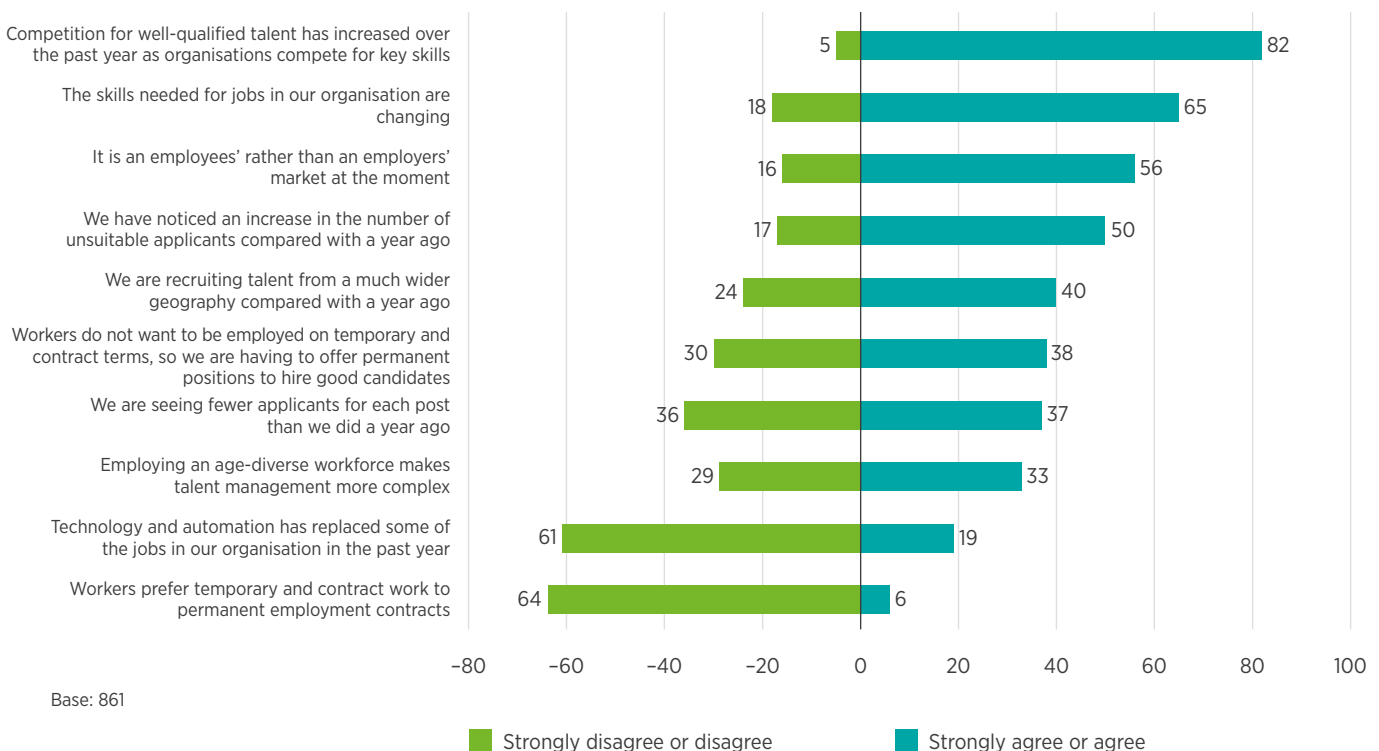
Organisations are most likely to disagree or strongly disagree that workers prefer temporary and contract work to permanent positions (64%) and that technology and automation has replaced some of the jobs in their organisation (61%). But, when it comes to automation, this is more likely to be occurring in larger organisations<sup>5</sup> and is least common in the not-for-profit sector.<sup>6</sup> These findings are similar to our last survey in 2015, with one noticeable difference – more organisations two years ago were recruiting talent from a much wider geography than previously (51%, compared with 40% this year). We can speculate that the UK's vote to leave the EU and its potential impact on the mobility of labour might be impacting this trend already.

## Changes experienced and anticipated following the UK's decision to leave the EU

*Organisations report a greater emphasis on developing existing staff, increased communications and opportunities to listen to employees, and more candidate and organisation cautiousness in recruiting*

We were keen to explore in more detail any experienced and anticipated changes to organisations' recruitment and talent strategies in the light of the UK's decision to leave the EU. Immediate changes experienced by organisations include a greater emphasis on developing existing staff (26%), increased communications to employees about the organisation's strategy (22%), an increase in opportunities to listen to employees (21%) and an increase in both the cautiousness

Figure 2: Views on the employment market (% of respondents)



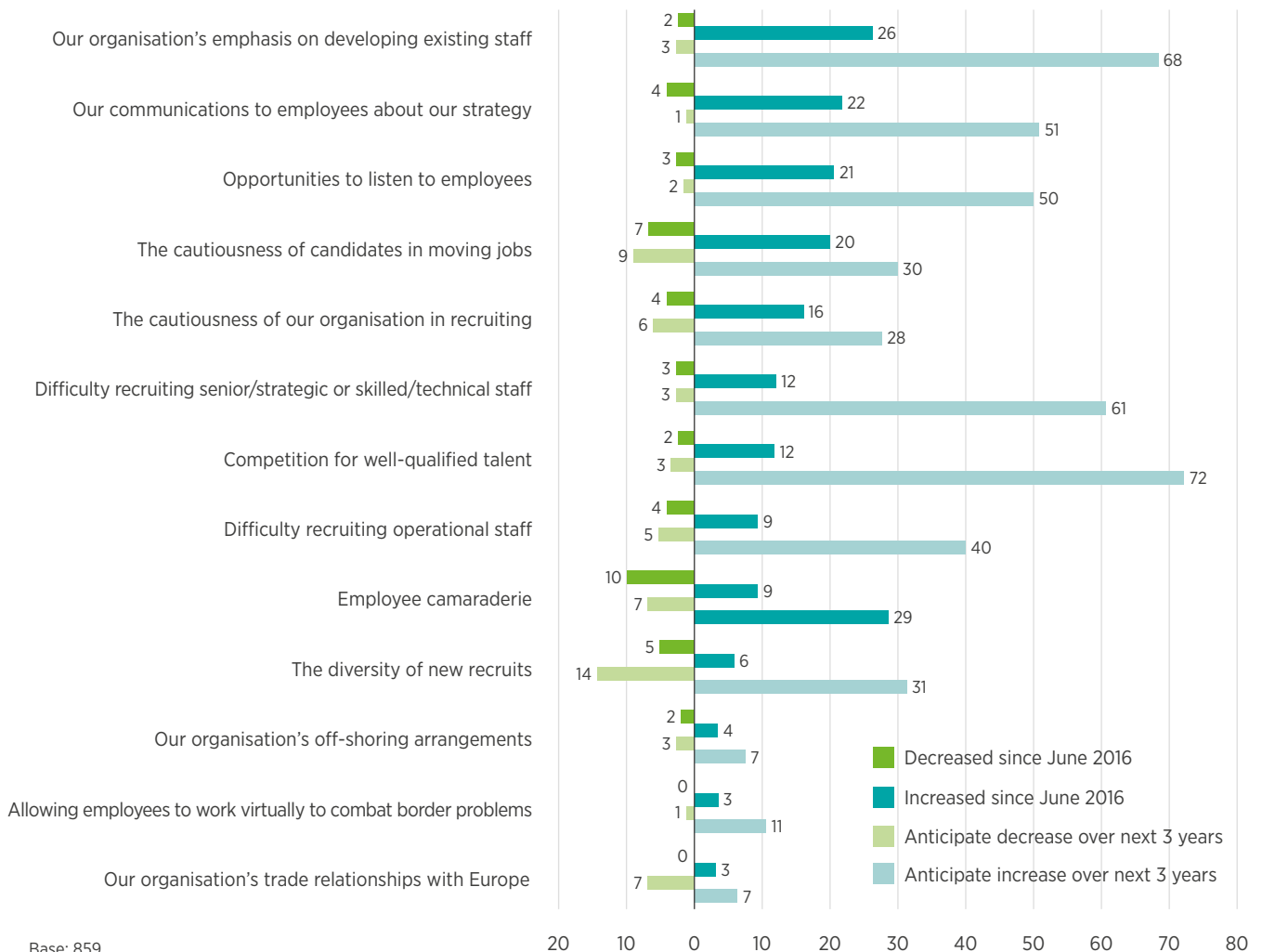
of candidates in moving jobs (20%) and the cautiousness of organisations in recruiting (16%). A tenth suggest employee camaraderie has decreased since June 2016 and 5% also believe the diversity of new recruits has also decreased since that time.

*Anticipated changes include increasing competition for well-qualified talent, developing existing staff and difficulty recruiting senior and skilled employees*

The biggest anticipated changes in the next three years point to: increased competition for well-qualified talent (72%); a further

emphasis on developing existing staff (68%); increased difficulty recruiting senior/strategic or skilled/technical staff (61%). Organisations also anticipate increases to: communications to employees about strategy (51%), opportunities to listen to employees (50%) and difficulties in recruiting operational staff (40%). Organisations have different opinions on the issue of the diversity of new recruits, with 14% anticipating a decrease but almost a third (31%) anticipating an increase over the same period, with larger organisations more likely to anticipate this.<sup>7</sup>

**Figure 3: Changes experienced since June 2016, following the UK's decision to leave the EU, and those anticipated in the next three years (% of respondents)**



Base: 859

## Impact of legislation on recruitment and talent strategies

*Recruitment set to increase as a result of the apprenticeship levy, particularly in the public sector and larger organisations*

The survey also explored the impact of three pieces of legislation on organisations' recruitment and talent strategies. This included the IR35 Intermediaries legislation (introduced in 2000, a tax legislation designed to combat tax avoidance by workers supplying their services to clients via an intermediary), the National Living Wage legislation (introduced in

April 2016 for all working people aged 25 and over) and the apprenticeship levy (introduced in April 2017, a levy on UK employers to fund new apprenticeships).

While the majority of organisations expect their recruitment to stay the same as a direct result of each piece of legislation, over a quarter expect that the apprenticeship levy will lead to an increase in recruitment. Where the National Living Wage legislation is expected to have an impact on recruitment, respondents are split as to whether it will result in an increase or decrease.

Public sector organisations are more likely to say that recruitment will increase as a direct result of the apprenticeship levy (40% say this, compared with 26% of the private sector and 22% of not-for-profits) and larger organisations are more likely to anticipate an increase here as well, being subject to the levy.<sup>8</sup>

Finally, a high proportion of respondents (35%) don't know whether the IR35 legislation will have an impact on their recruitment.

**Table 2: Do you expect your recruitment to increase/decrease/stay the same as a direct result of the following legislation? (%)**

	Increase	Decrease	Stay the same	Don't know	N/A
IR35 Intermediaries legislation	7	4	40	35	15
National Living Wage	9	8	72	5	5
Apprenticeship levy	28	5	49	8	9

Base: 858

# Recruiting: the numbers

Just over a quarter of organisations say their recruitment budgets will increase and a third say their talent management budgets will do the same in 2017-18. The median number of permanent (20) and short-term (4) vacancies filled remains the same as 2014-15. The median cost for hiring senior managers has decreased from our last survey and is £6,000. The median cost for hiring all employees has remained the same at £2,000. Over half conduct all recruitment activity in-house, but there is an increasing trend to combine in-house and outsourced approaches. Finally, less than a fifth currently measure the return on investment of their recruitment activity.

## Recruitment and talent management budgets for 2017-18

### Talent management budgets set to increase more than recruitment budgets

Over half (53%) of organisations say their recruitment budgets will stay the same for 2017-18. The remainder are split between those that will increase (just over a quarter at 26%) and those that will decrease (just over a fifth at 21%). This is less positive than the outlook reported in our 2015

survey, where 35% of budgets were set to increase but where a greater number (24%) also anticipated a decrease.

Talent management budgets appear to be better funded in 2017-18. While over half (57%) expect them to stay the same, this time a third (33%) believe their talent management budgets will increase, with just 11% expecting them to decrease. This is slightly less positive than the outlook reported in our 2015 report,

where 37% of budgets were set to increase and 12% were set to decrease.

Private sector organisations are more likely than the other sectors to say both their recruitment and talent management budgets will increase in 2017-18.<sup>9</sup> In addition, smaller organisations of fewer than 250 employees are more likely than larger organisations to say their recruitment budgets will increase.<sup>10</sup>

Table 3: In 2017-18, will your organisation's recruitment budget...? (%)

	All	Manufacturing and production	Private sector services	Not-for-profits	Public services
Increase	26	23	31	19	21
Decrease	21	21	19	18	28
Stay the same	53	56	50	63	51

Base: 763 (don't know responses excluded)

Table 4: In 2017-18, will your organisation's talent management budget...? (%)

	All	Manufacturing and production	Private sector services	Not-for-profits	Public services	Private sector
Increase	33	32	41	22	19	39
Decrease	11	10	9	8	18	9
Stay the same	57	58	51	70	63	53

Base: 667 (don't know responses excluded)

## Number of vacancies organisations tried to fill

*The median number of permanent and short-term vacancies filled remains the same as 2014-15*

The median number of permanent vacancies organisations tried to fill in 2016 has remained the same as that recorded in the last survey in 2015: 20 positions. There are, however, increases in both public and not-for-profit sector vacancies tried to fill compared with the last survey (Table 5).

As in previous years, the

number of permanent vacancies organisations tried to fill was strongly related to organisation size, regardless of sector. Larger organisations attempt to fill more permanent vacancies; however, in comparison with last year there was an increase in vacancies filled by micro organisations (1-49 employees) and a reduction across all other sized organisations, particularly larger organisations of 5,000 or more employees. Larger organisations are more likely to report that technology and automation is replacing some

jobs. It is also likely that larger organisations, which have more scope for efficiencies, are retaining a focus on costs necessitated by the continued economic uncertainty of the last few years.

The median number of interim/short-term vacancies tried to fill has also stayed the same as the previous survey: four positions. There has, however, been an increase in the number of interim/short-term vacancies in the public sector from 7 in the last survey to 14.

**Table 5: Median number of permanent vacancies organisations tried to fill, by size of organisation and sector**

Number of permanent employees	Vacancies in 2016 (2017 survey, base: 432)	Vacancies in 2014 (2015 survey, base: 328)	Vacancies in 2013 (2015 survey, base: 223)	Vacancies in 2012 (2013 survey, base: 422)	Vacancies in 2011 (2012 survey, base: 500)	Vacancies in 2010 (2011 survey, base: 577)	Vacancies in 2009 (2010 survey, base: 442)	Vacancies in 2008 (2009 survey, base: 683)
<b>All sectors</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>25</b>	<b>25</b>	<b>20</b>	<b>20</b>	<b>30</b>
1-49	4	2	2	3	2	3	3	10*
50-249	15	20	12	15	15	12	12	
250-999*	50	60	35	45	40	45	46	60
1,000-4,999	138	200	123	150	120	110	100	300
More than 5,000	200	293	380 <sup>a</sup>	600	300	200	550	800
<b>Private sector</b>	<b>20</b>	<b>21</b>	<b>10</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>20</b>
1-49	4	2	2	3	2	3	3	10*
50-249	15	20	16	15	15	12	10	
250-999*	50	60	38	44	40	50	45	52
1,000-4,999	120 <sup>c</sup>	204 <sup>b</sup>	200 <sup>a</sup>	250	150	150	100	300
More than 5,000	150 <sup>c</sup>	250 <sup>b</sup>	260 <sup>a</sup>	550	400	500	850	800
<b>Public sector</b>	<b>48</b>	<b>33</b>	<b>25</b>	<b>85</b>	<b>40</b>	<b>30</b>	<b>80</b>	<b>100</b>
<b>Not-for-profits</b>	<b>20</b>	<b>15</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>

\*The categories for number of permanent staff employed in the UK differed slightly in the 2009 survey (250 or less; 251-500, 501-1,000, 1,001-5,000, 5,001-10,000, 10,000+). 2009 categories have been combined where appropriate and otherwise matched with the best corresponding category of 2010/2011.

<sup>a</sup> Fewer than 15 organisations were in this category so the median should be considered with caution.

<sup>b</sup> Fewer than 20 organisations were in this category so the median should be considered with caution.

<sup>c</sup> Fewer than 30 organisations were in this category so the median should be considered with caution.

**Table 6: Median number of interim/short-term and permanent vacancies tried to fill, by sector**

	Vacancies in 2016 (2017 survey, base: 432)		Vacancies in 2014 (2015 survey, base: 337)		Vacancies in 2013 (2015 survey, base: 233)	
	*Interim	Permanent	Short-term	Permanent	Short-term	Permanent
All respondents	4	20	4	20	2	10
Private services	4	20	3	21	1	10
Public sector	14	48	7	33	5	25
Not-for-profit	4	20	4	15	2	10

\*Language changed from short-term to interim in this survey

**Table 7: Is recruitment in your organisation...? (%)**

	All	Manufacturing and production	Private sector services	Not-for- profits	Public services
In-house	54	39	52	75	60
Outsourced	2	1	2	0	3
A combination	44	61	46	25	38

Base: 856

## Recruitment delivery

*Over half conduct all activity in-house but there is an increasing trend to combine in-house and outsourced approaches*

Over half of organisations conduct all recruitment activity in-house (54%). Compared with previous years, organisations are increasingly combining in-house and outsourced approaches (2017: 44%; 2015: 40%; 2013: 28%).

However, organisations in the public and not-for-profit sectors are more likely to continue to conduct all recruitment in-house (Table 7). Very few outsource all recruitment activity (2%).



## Recruitment costs

*The median cost for hiring senior managers has decreased from our last survey to £6,000; the cost for all employees has remained the same at £2,000*

One hundred and eighty respondents provided average costs per hire for senior managers/directors and 222 for other employees. They were asked to indicate how accurate their cost estimates were to examine the validity of estimates. Almost half of estimates (46%) for senior managers and two-fifths (39%) of estimates for other employees were considered to be accurate to +/- 10%, with accuracy to +/-

20% increasing even further (see Table 8). Table 9 shows the median figures for estimates that were believed to be accurate to +/- 20%.

As in previous years, there is considerable variance in the amount organisations spent, part of which may be due to true differences but some of which is attributable to the inclusion of different costs in organisations' estimates and variation in the accuracy of their estimates.

The overall median cost per hire for senior managers/directors is £6,000 and has decreased in comparison with 2015. The

median cost for other employees is £2,000 and is the same as in 2015 and 2013, but lower than previous years. This reduction in costs may reflect the increase in organisations combining in-house and outsourced approaches to recruitment and the use of lower-cost technology-based attraction and selection methods. However, the median cost per hire for senior managers/directors is considerably higher than the median cost for other employees. This reflects the challenges employers face in recruiting more-skilled positions and the higher-cost recruitment methods often used for these positions.

**Table 8: Cost per hire (%)**

		Accurate to +/- 10%	Accurate to +/- 20%
Senior managers/directors	180 gave complete data	46 (82 respondents)	79 (143 respondents)
Other employees	222 gave complete data	39 (86 respondents)	72 (160 respondents)

**Table 9: Median average costs per hire (in-house resourcing time, advertising costs, agency or search fees) for estimates accurate to +/- 20% (£)**

Occupational group	All	Manufacturing and production*	Private services	Public services*	Not-for-profit*
<b>Senior managers/directors</b>					
<b>2017 survey</b>	<b>6,000 (143)</b>	<b>7,500 (27)</b>	<b>8,000 (76)</b>	<b>3,000 (18)</b>	<b>5,000 (22)</b>
2015 survey	7,250 (68)	10,000 (9)	7,500 (38)	2,500 (11)	4,000 (10)
2013 survey	5,000 (79)	6,500 (14)	6,000 (41)	5,500 (8)	4,500 (16)
2012 survey	8,000 (105)	10,000 (19)	10,000 (55)	5,000 (11)	6,000 (20)
2011 survey	7,500 (150)	8,000 (33)	9,000 (74)	5,000 (15)	3,500 (26)
<b>Other employees</b>					
<b>2017 survey</b>	<b>2,000 (160)</b>	<b>3,000 (35)</b>	<b>2,250 (80)</b>	<b>1,000 (24)</b>	<b>700 (21)</b>
2015 survey	2,000 (80)	3,000 (8)	2,000 (47)	1,000 (12)	1,500 (13)
2013 survey	2,000 (82)	1,750 (18)	2,350 (40)	1,500 (8)	875 (16)
2012 survey	3,000 (98)	3,250 (22)	3,000 (49)	2,000 (10)	2,000 (17)
2011 survey	2,500 (150)	3,400 (30)	2,000 (82)	3,000 (14)	1,500 (22)

Number of respondents shown in brackets

\*Caution should be applied in comparing the costs for each sector because of the small number of respondents

The median cost per hire remains considerably lower in the public sector than the private sector (although caution should be applied in interpreting the actual figures because of the small number of respondents in each category). There are often differences in the methods used by different sectors to attract candidates, which may help explain some of the difference. It is also possible that the public sector organisations, which tend to be larger and consequently have higher levels of recruitment, benefit from economies of scale.

### Measuring the impact of recruitment activities

*Less than a fifth currently measure the return on investment of their recruitment activity*

We included new questions in the survey this year to explore the extent to which organisations are effectively measuring the impact of their recruitment activity. If we aren't measuring, evaluating and then strengthening our approaches based on that insight, we are missing a huge opportunity to improve our recruitment and talent strategies. However, less than a fifth (16%) currently measure the return on investment (ROI) of their recruitment processes. A substantial 70% of organisations don't measure ROI, with a further 14% unsure of whether they do or not. There are no significant differences related to sector for these findings, but as you might expect larger organisations are significantly more likely to measure ROI than smaller organisations.<sup>11</sup>

Organisations were also asked about the methods they used for measuring ROI. By far the most popular method is cost per hire (81%), followed by the turnover rate of new hires (75%). Half (50%)

also assess the performance of their new hires as part of their ROI activities. Far fewer assess the quality of source, candidate satisfaction and interviews per hire.

Global research by LinkedIn<sup>12</sup> suggests that in 2017 organisations are looking to focus on more meaningful quality of hire measures. However, only a third (33%) currently believe that they have strong methodologies for assessing these more meaningful measures.

The CIPD and CIMA's Valuing your Talent Framework is a helpful tool for organisations wanting to better measure and report on the value of their people in general. Better people measures support better decisions and ultimately better business.

Figure 4: Methods used to measure return on investment (%)



# Attraction strategies

Organisations are placing a renewed focus on improving their employer brands, with values remaining top of the list of elements organisations believe are most important to attracting candidates. There has been a rise in the use of technology to recruit, with the most effective attraction method chosen by organisations being their own corporate website, followed closely by professional networking sites and commercial job boards. Nearly a third of organisations believe that the current system of education is poor at equipping young people with the skills their organisation needs. More organisations this year are currently offering and plan to offer apprenticeships, presumably influenced by the introduction of the apprenticeship levy, which requires larger UK employers to fund new apprenticeships.

## Employer brand

### *A renewed focus on employer brand*

Most organisations have made efforts to improve their employer brand over the last year (89%). This proportion has increased from an already high 86% in our last survey.

Smaller organisations are less likely to have attempted to improve their brand, but even so, 85% of those with fewer than 250 employees had made efforts to improve their employer brand over the last two years (compared with 92% in 250+ employee organisations).

Organisations that have made efforts to improve their employer brand were most likely to have developed/enhanced their corporate website (63%), improved their candidate experience (47%) and attended career fairs or networking events (44%). Almost a third had made their pay and

Figure 5: Action undertaken in the last two years to improve employer brand (% of respondents)



benefits more competitive (32%). Private sector organisations were more likely to have made their pay and benefits more competitive (38%, compared with 17% in the public and 24% in the not-for-profit sector). Private sector organisations were also more likely than the other sectors to have both monitored and actioned feedback received through other websites/ social media and enhanced their corporate social responsibility.

Organisational values (50%) top

the list once again of elements organisations believe most important to attracting candidates. This is followed jointly by career development opportunities (37%) and an organisation's pay and benefits (37%).

This mirrors what candidates say they are looking for from new roles.<sup>13</sup> Candidates say companies pique their interest if they talk about organisation culture, values and offer career growth.

Sector variations show that the not-for-profit sector is more likely to highlight the elements of values, corporate social responsibility agenda and perception of the organisation in society than the other sectors (Table 10). Private sector organisations are more likely to highlight career development and the use of technology as elements important to attracting candidates than the other sectors.

**Table 10: Which three elements of your employer brand are most important in attracting candidates? (% of respondents)**

Occupational group	All respondents	Private services	Not-for-profit	Public services
Organisational values	50	46	68	52
Career development opportunities	37	43	18	34
Organisation's pay and benefits	37	39	31	32
Working practices, for example flexible working, performance	35	34	33	43
Perception of organisation in the marketplace	26	29	21	19
Organisation's goals and strategy	24	23	28	27
Perception of organisation in society	17	10	37	29
Physical workplace	16	17	14	16
Leadership	12	12	12	12
Employee communications and involvement	9	11	7	6
Corporate social responsibility agenda	7	6	13	7
Use of technology	6	9	1	2
Diversity and inclusion agenda	5	4	5	7
Other: (please specify)	3	3	0	1

Base: 713

### Working with recruitment partners

*The main factor that influences organisations' choice of recruitment partners is 'understanding of our business'*

Just under half (46%) of organisations have reduced their use of recruitment partners over the last 12 months. However, almost a quarter (24%) have formed a closer business partnership with them. Almost a quarter (23%) have also refreshed their preferred supplier list. Private sector organisations are more likely to say that they have reduced their use of recruitment partners and that they have refreshed their preferred supplier list.<sup>14</sup>

Organisations may be more selective in their use of recruitment partners to target limited budgets most effectively. Collaborative relationships with partners are more likely to achieve positive results as they help foster a good understanding of the organisation and its requirements.

Emphasising that point further, the main factor that influences organisations' choice of recruitment partners is their 'understanding of our business' (76%). This is followed by cost (68%), specialist knowledge (67%) and access to highly skilled candidates (67%).

*'The main factor that influences an organisation's choice of recruitment partner is their 'understanding of our business' (76%).'*

**Figure 6: Changes in relationships with recruitment partners over the last 12 months (% of respondents who use them)**



Base: 838

## Effective methods for attracting applications from candidates

*Organisations are increasingly making use of technology to recruit, with an increase in the use of professional and social networking sites*

The most effective attraction method chosen by organisations is their own corporate website (74%), followed closely by professional networking sites (60%) and commercial job boards (58%). More than half also chose recruitment consultants (52%) as their most effective method for attracting applicants and two-fifths chose social networking

sites (40%). If we compare these findings with our last survey in 2015, there is evidence of an increase in organisations believing both professional and social networking sites to be an effective tool for attracting candidates.

Public sector organisations are more likely than the other sectors to cite local and national newspapers online or in print and specialist journals/trade print as effective attraction methods, while manufacturing and production organisations are more likely than the other sectors to cite recruitment consultants. Private sector service organisations are

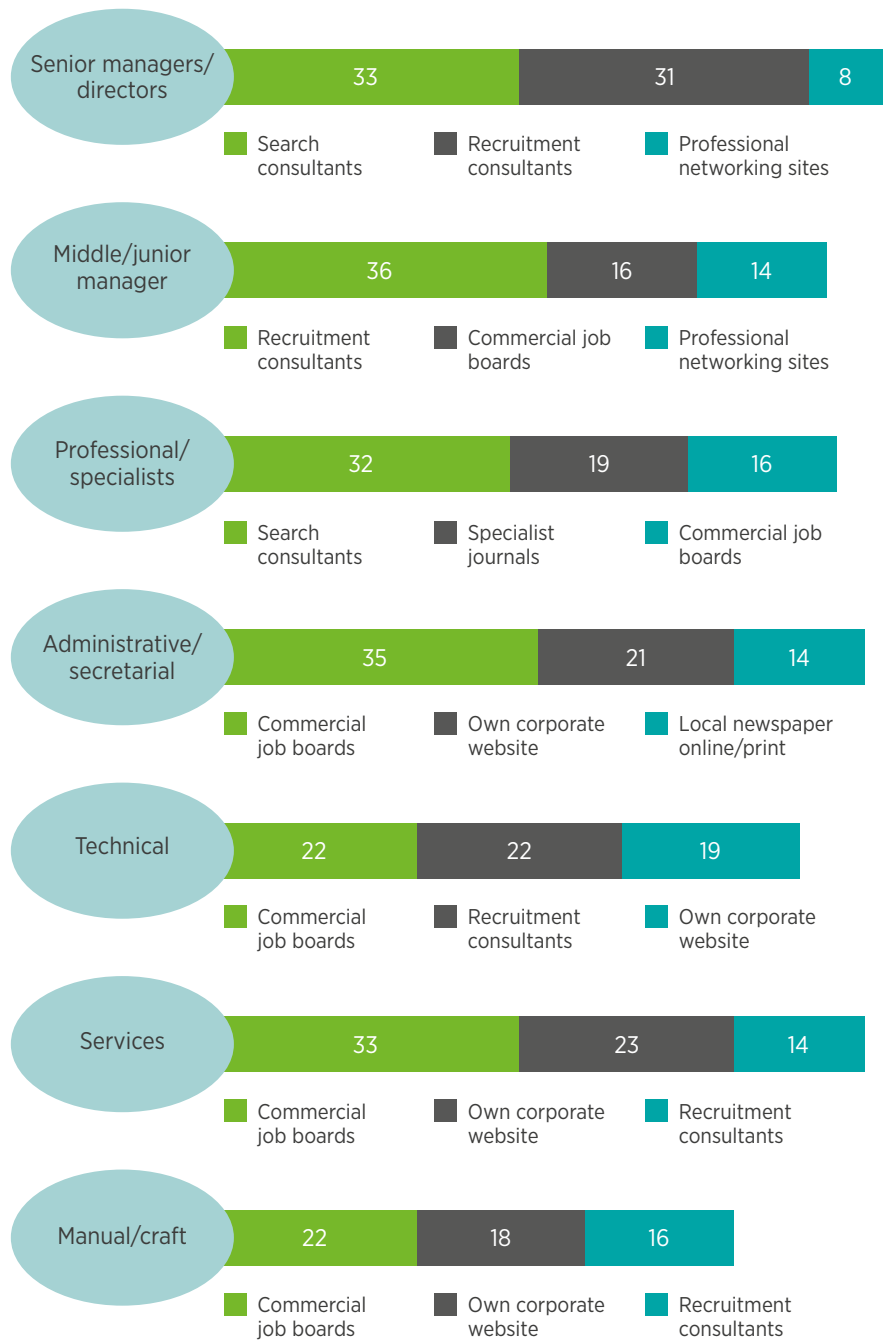
more likely than the other sectors to cite commercial job boards, professional networking sites and professional referral schemes as effective methods for attracting applicants than the other sectors. Finally, not-for-profit organisations are more likely than the other sectors to cite social networking sites and their own corporate website as effective methods.

**Table 11: Effective attraction methods, by sector (% of respondents)**

	All respondents	Manufacturing and production	Private sector services	Not-for-profit	Public services
Own corporate website	74	59	73	83	82
Professional networking sites, for example LinkedIn	60	55	73	40	50
Commercial job boards	58	51	67	53	46
Recruitment consultants	52	68	59	44	30
Social networking sites, for example Facebook	40	31	43	45	38
Apprenticeships	29	35	27	23	34
Specialist journals/trade press	28	22	20	38	45
Links with schools/colleges/universities	28	27	30	27	25
Encourage speculative applications/word of mouth	27	31	31	29	16
Professional referral schemes	26	24	36	14	13
Local newspaper, online or in print	21	17	12	34	39
Search consultants	20	20	20	17	22
Jobcentre Plus	15	15	11	22	22
Secondments	14	8	14	15	19
National newspaper, online or in print	12	2	4	25	32
Alumni (previous employment)	10	8	13	10	6
Links with local organisations making redundancies	8	13	9	8	3
Local Employment Partnership (LEP)	3	3	3	1	4
Other	5	4	4	7	5
Base	820	143	396	106	175

Figure 7 shows a breakdown of the top three effective attraction methods for each employee group. Search and recruitment consultants are seen to be most effective for attracting senior managers/directors, middle and junior managers, and professionals and specialists, while commercial job boards are seen to be most effective for attracting all other employee groups.

**Figure 7: Top three effective attraction methods by different employee groups (% of respondents)**



Base: 820

## Diversity

### Fewer organisations this year have a formal diversity strategy

Just over half of organisations have a formal diversity strategy (2017: 52%; 2015: 58%; 2013: 58%; 2012: 56%). This proportion has reduced slightly from previous years. Public sector organisations are most likely to have a formal diversity strategy (82%) and the private sector the least (43%). Diversity strategies are also more common in larger organisations.

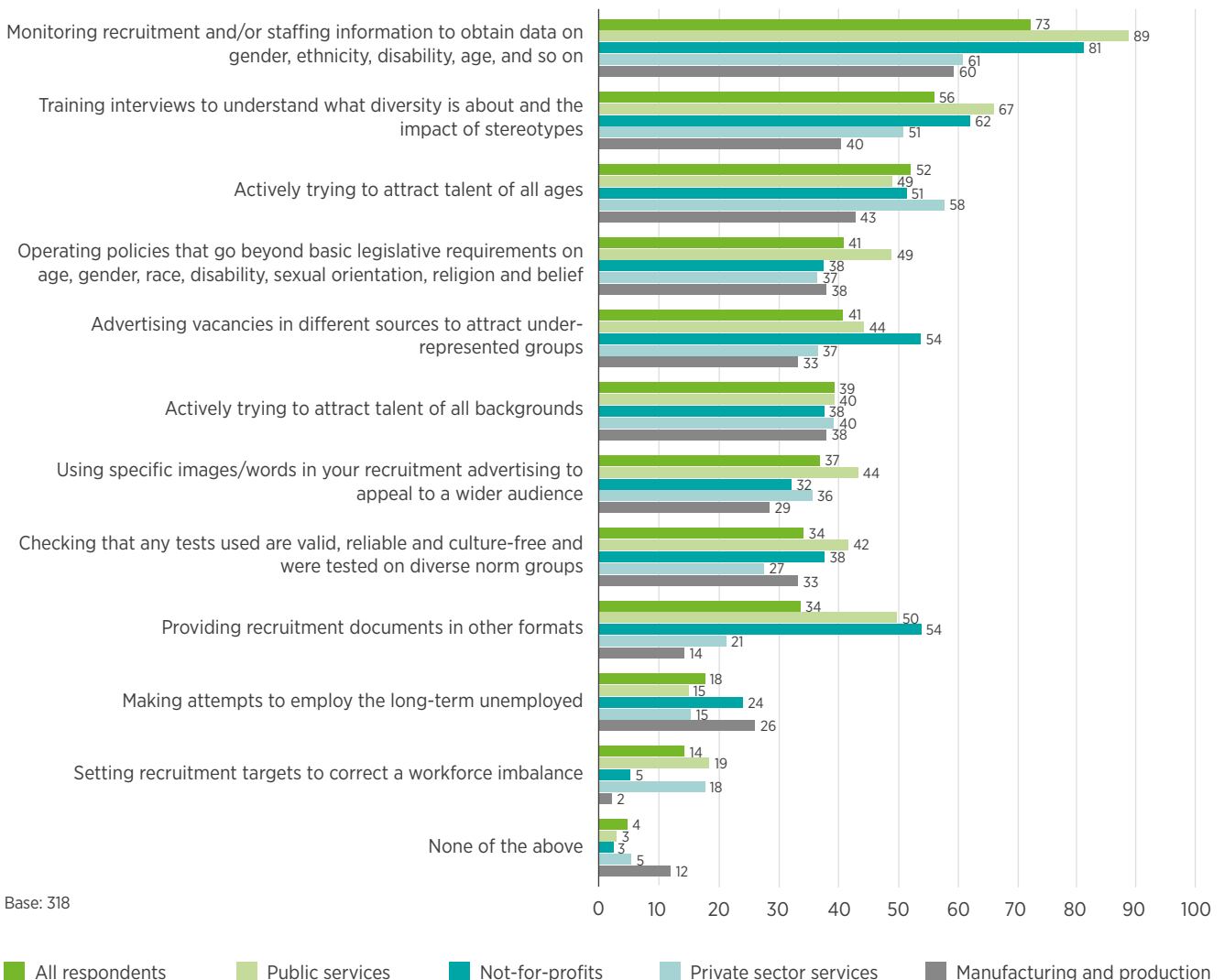
As in previous years, the most common methods used to address diversity issues are monitoring

recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age and so on (73%), training interviewers to understand what diversity is about and the impact of stereotypes (56%), and actively trying to attract talent of all ages (52%). The proportion of organisations monitoring recruitment information has increased slightly, as has the proportion advertising vacancies via different sources to attract under-represented groups and making attempts to employ the long-term unemployed. Most other methods have decreased

compared with 2015. The largest decrease of -13 percentage points is for attracting talent of all ages.

The public sector leads the way in using a range of methods to address diversity issues, including monitoring recruitment information, training interviewers to understand what diversity is about and providing recruitment documents in other formats. The public and private services sectors are more likely than the other sectors to set recruitment targets to correct a workforce imbalance.

Figure 8: Methods used to address diversity issues in organisations (% with formal diversity strategy)





**Initiatives to develop skills**

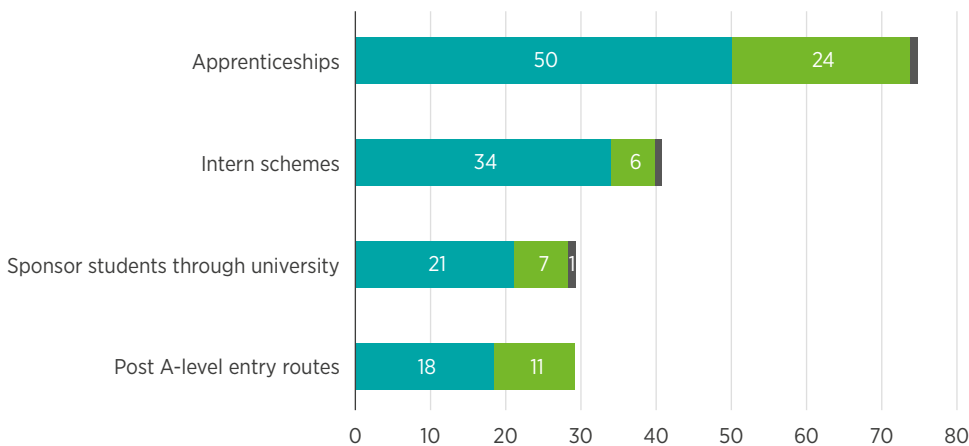
*More organisations this year are currently offering and plan to offer apprenticeships*

Organisations use a range of activities to develop skills and access younger workers. More organisations this year are offering (2017: 50%; 2015: 47%) and plan to offer (2017: 24%; 2015: 16%) apprenticeships. Presumably this has been influenced by the introduction this year of the apprenticeship levy, which requires larger UK employers to fund new apprenticeships (although this research was conducted just before this was introduced). There

are also small increases in those offering intern schemes (2017: 34%; 2015: 32%) and sponsoring students through university (2017: 21%; 2015: 18%). Ongoing research will be required to determine if these changes represent an ongoing trend or simply reflect sampling differences.

Manufacturing and production and public sector organisations are more likely to currently sponsor students through university and offer apprenticeships than those in private services or not-for-profits.<sup>15</sup> All these schemes are more common in larger organisations.<sup>16</sup>

**Figure 9: Initiatives that organisations currently offer, plan to introduce or plan to stop in the next 12 months (%)**



Base: 670

- Currently offer
- Plan to introduce
- Currently offer but plan to stop

## Graduate recruitment programmes

*Graduate recruitment programmes remain steady, although fewer have increased their intake compared with 2015*

Graduate recruitment programmes remain steady, with almost two-fifths (39%) operating a structured programme. Both manufacturing and production and public sector organisations have increased their programmes, and while slightly fewer private sector services and not-for-profit organisations are

operating graduate programmes compared with the last survey, the proportion doing so remains higher than in previous years. Larger organisations are most likely to have graduate recruitment programmes.<sup>17</sup>

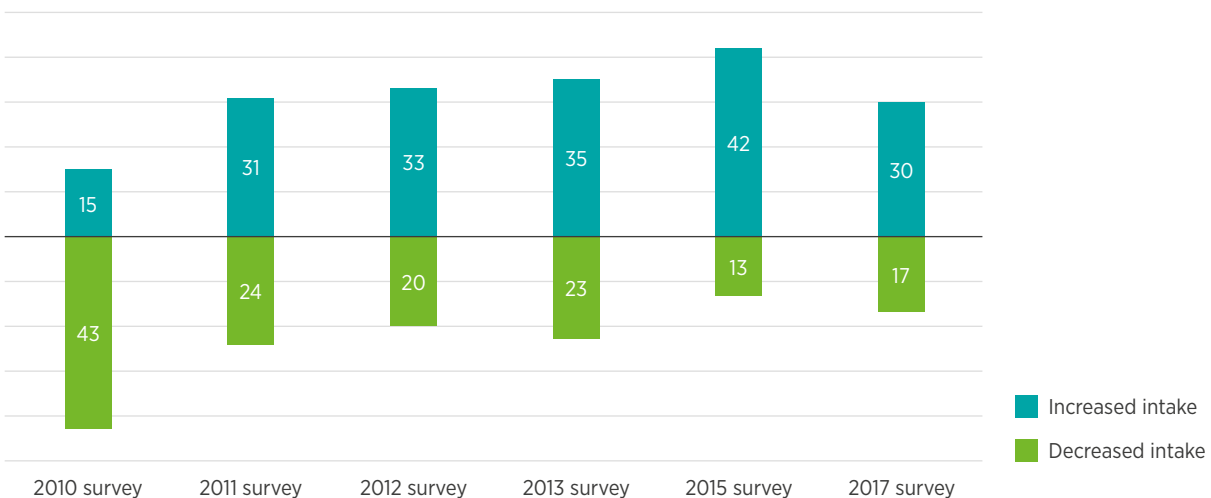
Figure 10 suggests that although graduate intake has increased this year, it hasn't increased as much as in 2015 and more organisations have decreased their intake compared with 2015.

**Table 12: Organisations operating a structured graduate recruitment programme, by sector (% of respondents)**

	2017	2015	2013	2012	2011	2010	2009	2008
<b>All</b>	<b>39</b>	<b>38</b>	<b>24</b>	<b>31</b>	<b>27</b>	<b>34</b>	<b>22</b>	<b>23</b>
Manufacturing and production	40	34	28	44	35	35	23	24
Private sector services	39	41	27	33	29	37	24	27
Public services	52	46	29	32	26	33	23	24
Not-for-profit	14	19	7	6	6	18	5	7

Base: 2017 (659); 2015 (197); 2013 (111); 2012 (162); 2011 (169); 2010 (163); 2009 (166); 2008 (176)

**Figure 10: Changes to intake of graduate recruitment programmes, by year (% of those with structured graduate recruitment programme)**



Base: 659 (2017); 497 (2015); 462 (2013); 521 (2012); 614 (2011); 472 (2010)

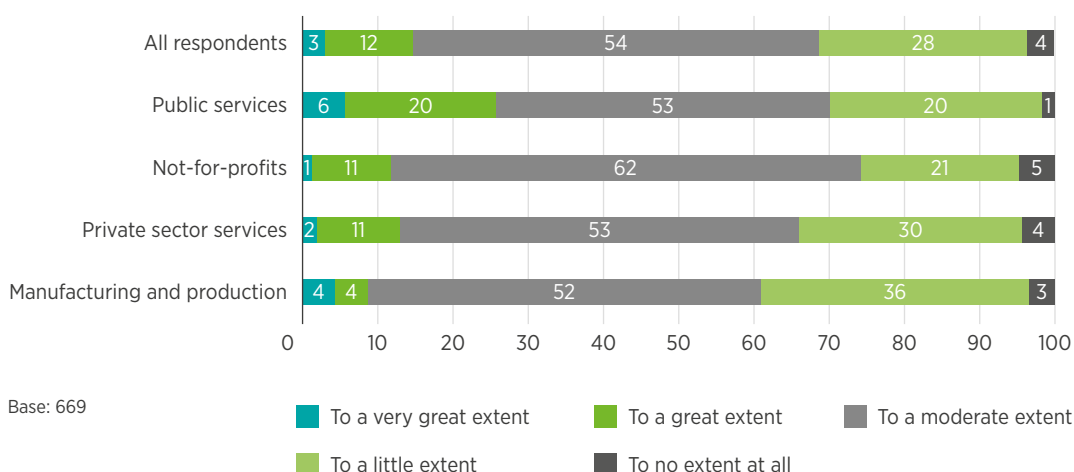
## The role of education in equipping young people for work

Nearly a third of organisations believe that the current system of education is poor at equipping young people with the skills their organisation needs

Just under a third (32%) of organisations believe that schools, colleges and universities are poor at equipping young people with the skills their organisation needs.

Manufacturing and production organisations are most likely to report the education system does not fulfil their skill needs, while the public sector are most positive. Smaller organisations, which often have fewer resources to invest in training, are also more negative.<sup>18</sup>

Figure 11: To what extent do you think schools/colleges/universities equip young people with the skills your organisation needs? (% of respondents)



### The EDITION: going beyond an employer's traditional brand to attract the right talent fit

In 2013 the team at The EDITION embarked on a journey to create a new unique hotel in central London and mark the next chapter in the lifestyle hotel story.

The EDITION wanted to attract future guests from specific sectors such as music, fashion, art, and the entertainment world. The HR team could not therefore rely on previous hiring, training and engagement strategies within the company, as the hotel wanted to target employees from within these same sectors who shared the interests of the hotel guests. The team would then train and develop the technical skills required to ensure each guest received an authentic, personalised service when visiting the hotel.

#### Key challenges

However, this approach was not without its challenges, with some of the key potential barriers including:

- The hotel had no employer brand presence in the UK market at the time of opening.
- The hotel was set to compete with the high-end luxury and lifestyle established brands.
- The hotel had to initially attract and hire 250+ new employees ready for the opening who had interests from within the creative class sectors.

## The EDITION (continued)

### Strategy overview

The HR team (known as the Employee Experience Team) set out a three-year talent management strategy to achieve their objectives, with key highlights including:

- a new innovative talent strategy to attract potential employees from the creative class sectors to hospitality (250 new employees needed to be hired for the opening in a short period of time, with this increasing to 350 within six months)
- the creation of a unique lifestyle orientation experience for future EDITION employees
- the implementation of a technical training programme across the different departments to ensure that great levels of service are received by every guest
- the creation of an employee engagement strategy to emotionally engage the talent hired
- the development and management of the talent to help support the growth of future EDITION hotel openings across the world.

More specifically, the talent strategy was delivered in four phases:

**Phase 1** – positioning EDITION in the local market to attract the right talent:

The Employee Experience Team created a set of targeted recruitment marketing campaigns that were used to create excitement about the new brand in the sectors they aimed to attract talent from.

**Phase 2** – create bespoke cutting-edge talent events to attract the right talent:

The Employee Experience Team created a set of talent events where like-minded people were exclusively invited to attend and find out more about EDITION.

**Phase 3** – implement a never-seen-before orientation and on-boarding training strategy:

The team created a unique orientation experience and designed a ten-day ‘countdown’ prior to opening.

**Phase 4** – maintain the culture and hiring strategy following the hotel opening:

To maintain its bespoke hiring strategies, the Employee Experience Team continues to host unique talent events and employee orientations in its own nightclub/unique spaces.

Constant service and training evaluations also take place to support the hotel’s guest service goals and financial targets. Finally, an employee-led engagement group was created to utilise the talent of the ‘creative class’ and create monthly events for employees.

### Results

The EDITION overachieved on both the budgeted financial sales and profit targets. The impressive results included:

- the highest revenue-generating restaurant in the entire company
- meeting the Gallup Guest Service Engagement Index goals and firmly placing the hotel in the top quarter of the Ritz Carlton Service Index benchmark table
- employee engagement results which have demonstrated a score of 76% and 81% – higher than the company’s UK benchmark
- achieving seventh place at the 2016 UK Hotel and Caterer best places to work in hospitality listings
- being awarded ‘Best Hotel in the UK’ in 2015 at the annual industry Catey awards, which are seen as the Oscars of the hospitality world for the UK
- being shortlisted as a finalist at the CIPD People Management Awards and winning the HR Team of the Year at the industry Catey awards.

# Selection and candidate behaviour

The most popular method of selection this year is competency-based interviews. However, in general the methods used to select applicants follow a similar pattern to previous years. An increasing proportion also make use of distance interviews such as telephone and video/Skype. The majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs, but there is room for improvement in the way candidates communicate with potential employers.

## Selection

*The most popular method of selection this year is competency-based interviews*

Competency-based interviews have overtaken interviews following the contents of CV/application forms in popularity this year. However, in general the methods used to select applicants follow a similar pattern to previous years. Third and fourth most popular are tests for specific skills (53%) and general ability tests (41%). Fewer organisations in

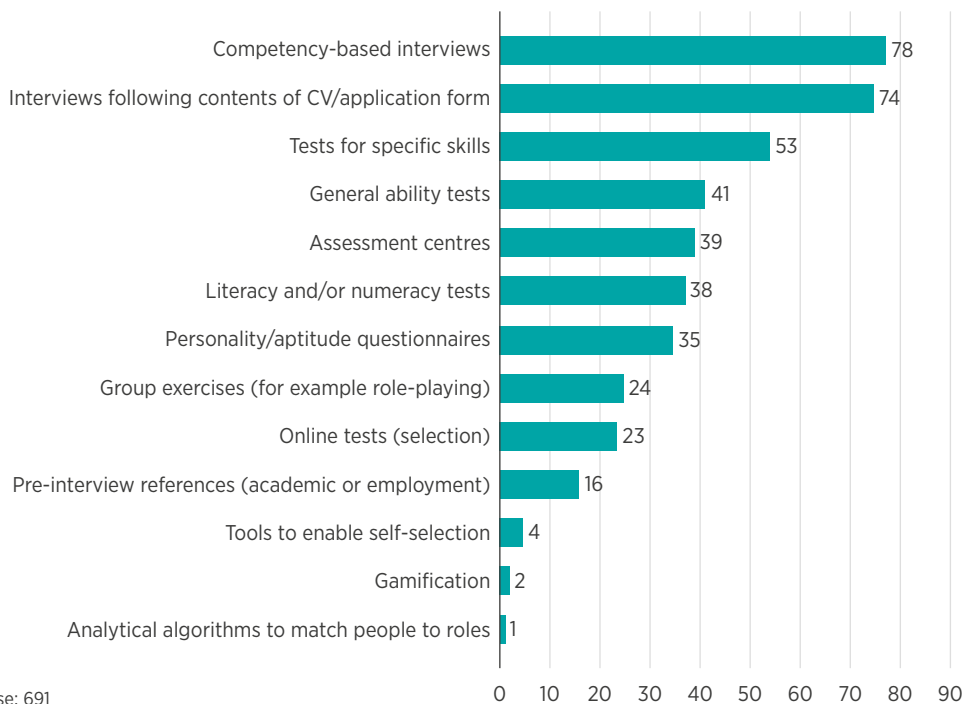
this survey compared with 2015 are making use of literacy and/or numeracy tests (38%, compared with 45%). Very few organisations use gamification and analytical algorithms to match people to roles.

Public sector organisations are more likely than the other sectors to use the following for selection – assessment centres, literacy and/or numeracy tests, tests for specific skills, online tests and pre-interview references. Private sector

organisations are more likely than the other sectors to use interviews following the contents of CV/application forms for selection.

Larger organisations are more likely to use most of the selection methods listed apart from interviews following the contents of CV/application form and tests for specific skills.

Figure 12: Methods used to select applicants (%)



Base: 691

**Table 13: Selection methods, by survey year (% of respondents)**

	2017 survey	2015 survey	2013 survey	2011 survey*
Competency-based interviews	78	77	82	70
Interviews following contents of CV/application form	74	83	71	63
Tests for specific skills	53	52	55	49
General ability tests	41	47	45	23
Assessment centres	39	38	43	35
Literacy and/or numeracy tests	38	45	45	38
Personality/aptitude questionnaires	35	36	42	35
Group exercises (for example role-playing)	24	27	28	21
Online tests (selection)**	23	24	22	n/a
Pre-interview references (academic or employment)	16	22	22	9
Tools to enable self-selection***	4	3	0	0
Gamification***	2	1	0	0
Analytical algorithms to match people to roles***	1	1	0	0
Other	2	5	6	3

Base: 691 (2017); 505 (2015); 460 (2013); 605 (2011)

\*This question was not included in the 2012 survey. \*\*This response option was added in 2013. \*\*\*This response option was added in 2015.

**Table 14: As part of your interview process do you make use of...? (by region) (% of respondents)**

Occupational group	All respondents	UK region/country	Whole of UK	Overseas
Face-to-face interviews	99	98	99	100
Telephone interviews	65	57	77	88
Video or Skype interviews	52	46	57	79

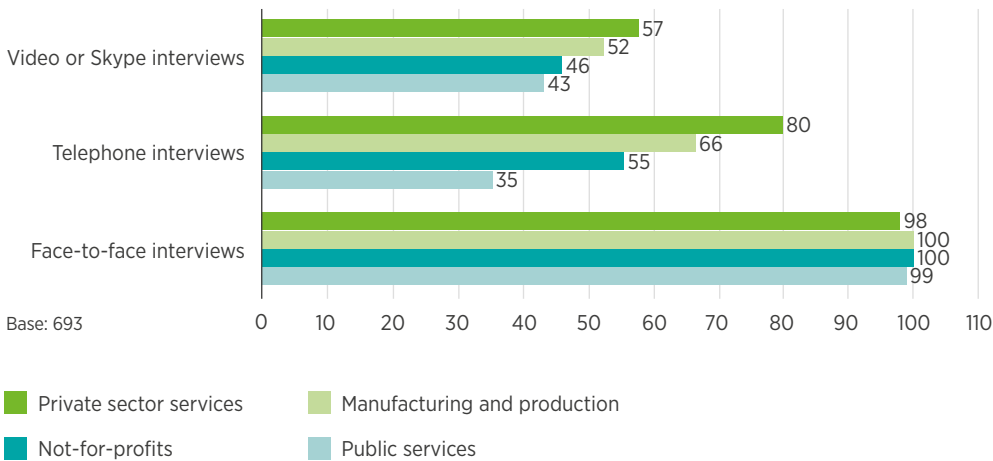
Base: 693

### Increasing use of distance interviews

Practically all organisations that undertake interviews use face-to-face techniques (99%), but an increasing proportion also make use of distance techniques such as telephone (2017: 65%; 2015: 62%; 2013: 56%) and video/Skype (2017: 52%; 2015: 46%; 2013: 30%).

Organisations that are responding for overseas operations are more likely to use telephone interviews and video or Skype interviews compared with those who are responding for the UK only or a UK region (Table 14). There are also significant sector differences, with the private sector more likely to use telephone and video/Skype interviews than the other sectors.

**Figure 13: As part of your interview process, do you make use of...? (by sector) (% of respondents)**



**Candidate behaviour**

*The majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs, but there is room for improvement in the way candidates communicate with potential employers*

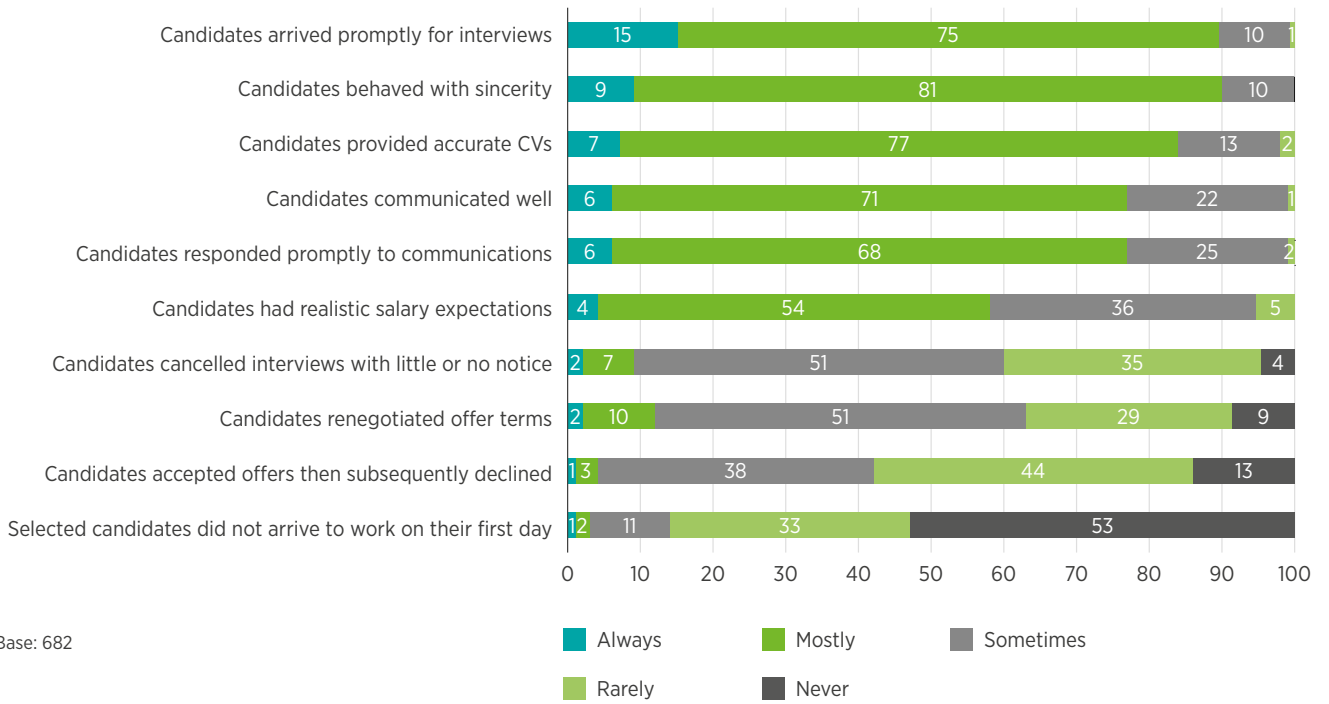
The behaviour of candidates is very similar to previous findings from the 2015 survey. The majority arrive promptly for interviews, behave with sincerity and provide accurate CVs, although this is not always the case. There is more room for improvement in the way candidates communicate with potential employers. A quarter felt that candidates ‘sometimes’ responded promptly to communications and just over a fifth that candidates ‘sometimes’ communicated well. Over half felt that candidates ‘sometimes’ cancelled interviews with little or no notice, with a further 9% saying they always/mostly do.

Public sector organisations are more likely to say that candidates cancelled interviews with little or no notice (73% said always/ mostly or sometimes compared with 56% in the private sector and 62% in the not-for-profit sector).<sup>19</sup> Private sector organisations are more likely to say candidates renegotiated offer terms (67% said always/mostly or sometimes compared with 57% in the public sector and 48% in the not-for-profit sector).<sup>20</sup>

Smaller organisations were significantly less likely to report that candidates cancelled interviews with little or no notice, accepted offers and then subsequently declined, and that selected candidates did not arrive to work on their first day.<sup>21</sup>

*‘There is more room for improvement in the way candidates communicate with potential employers.’*

**Figure 14: How would you rate candidates from the last 12 months? (% of respondents)**





# Recruitment difficulties

Recruitment difficulties remain substantial for organisations, with three-quarters having recruitment difficulties in the last year. A tenth of organisations experience difficulties recruiting for more than 50% of their vacancies. Professionals/specialists (64%) are the roles that have been the most difficult to recruit for over the last year. Organisations are now most likely to reduce recruitment difficulties by upskilling existing employees to fill hard-to-recruit-for positions. However, more than two-fifths (41%) believe the length of their recruitment process has led to the loss of potential recruits in the last 12 months. Professionals with leadership, digital and commercial awareness skills are likely to increase in demand in the next 12 months.

## Recruitment difficulties remain substantial

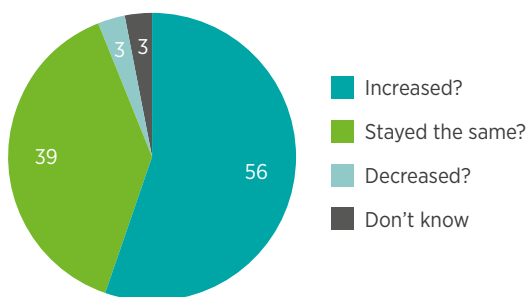
Recruitment difficulties remain substantial for organisations, with three-quarters having recruitment difficulties in the last year (2016: 75%; 2014: 78%; 2013: 60%; 2012: 82%; 2011: 75%; 2010: 68%; 2009: 81%; 2008: 86%). Recruitment difficulties are consistently high across sectors. Very small organisations (with more limited recruitment needs) were least likely to have experienced difficulties

(53% of organisations with fewer than 50 employees experienced recruitment difficulties).

To investigate this issue further, organisations were asked whether the percentage of hard-to-recruit-for jobs had increased, decreased or stayed the same in the last 12 months. Nearly three-fifths (56%) said they had increased, while almost two-fifths said they had stayed the same (39%) and just 3% that they had decreased.

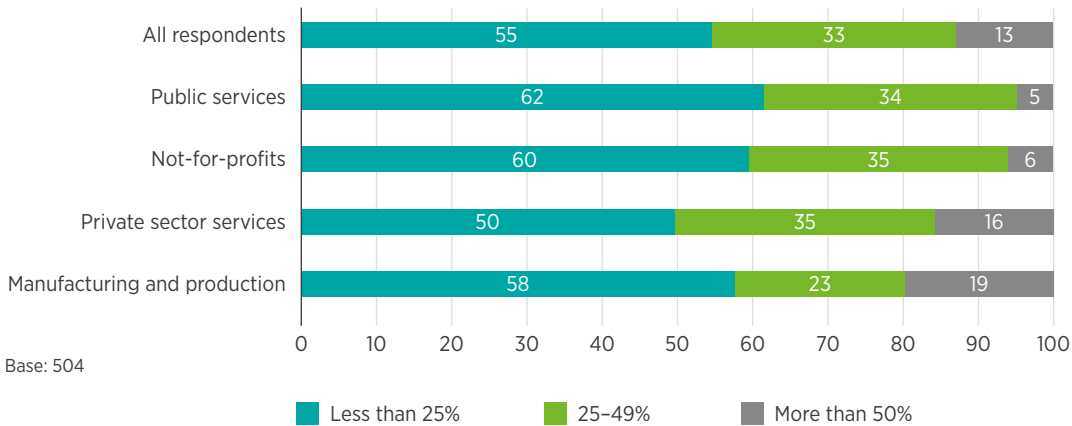
*‘Recruitment difficulties remain substantial for organisations, with three-quarters having recruitment difficulties in the last year.’*

Figure 15: Over the past 12 months, has the percentage of hard-to-recruit-for jobs in your organisation...? (%)



Base: 505

**Figure 16: Over the past 12 months, what percentage of vacancies have you experienced difficulties recruiting for? (% of respondents)**



*‘Professionals/specialists (64%) are the roles that have been the most difficult to recruit for over the last year because of a lack of specialist or technical skills.’*

When asked to calculate the percentage of vacancies that organisations had experienced difficulties recruiting for (for example those that have taken longer than average or that remain unfilled), over half said less than 25%, with a third saying 25-49% of vacancies and more than a tenth saying more than 50% of vacancies. Manufacturing and production organisations and private services are more likely than the other sectors to have experienced difficulties filling more than 50% of their vacancies. Only a minority experienced difficulties filling all their vacancies (2% overall).

*Professionals/specialists (64%) are the roles that have been the most difficult to recruit for over the last year*

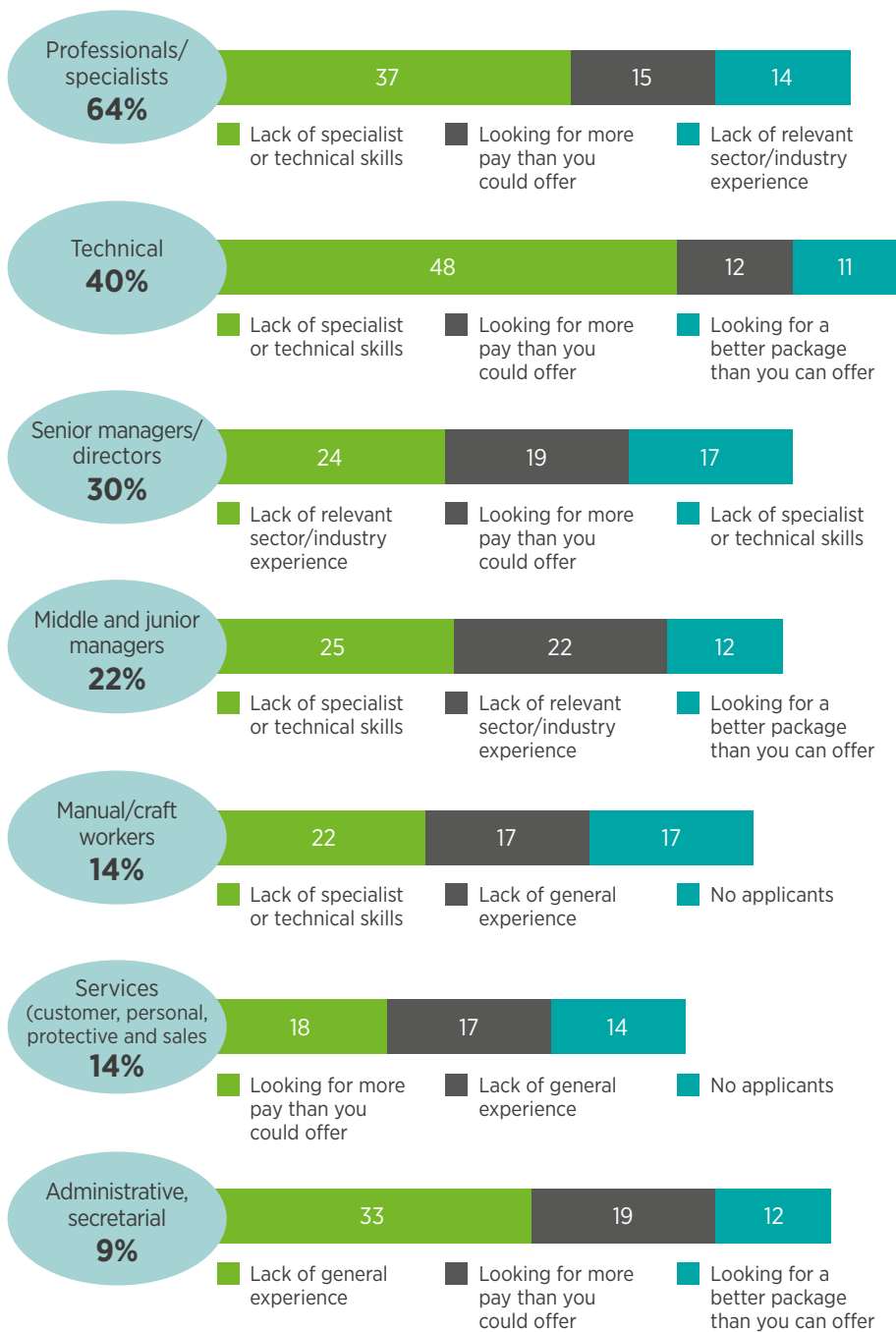
Professionals/specialists (64%) are the roles that have been the most difficult to recruit for over the last year because of a lack of specialist or technical skills, looking for more pay than could be offered and a lack of relevant sector/industry experience. This is followed by technical roles (40%) because of a lack of specialist or technical skills, looking for more pay and a better benefits package than could be offered. Almost a

third have struggled to recruit senior managers/directors (30%) over the last year because of a lack of relevant sector/industry experience, looking for more pay than could be offered and a lack of specialist or technical skills.

Public sector organisations were particularly likely to report difficulties filling professional/specialist positions (78%, compared with 68% not-for-profit, 61% private sector services and 52% manufacturing and production). Manufacturing and production organisations were particularly likely to report difficulties filling technical (67%, compared with 39% private sector services, 34% public sector and 27% not-for-profit) and manual/craft workers (33%, compared with 11% private sector services, 11% public sector and 7% not-for-profits).

Finally, not-for-profit organisations were particularly likely to report difficulties filling service roles (21%, compared with 7% in the public sector, 16% in private services and 8% in manufacturing and production). These difficulties reflect the demand for different types of positions within sectors.

**Figure 17: The roles/skills that have been difficult to recruit for over the last year and the three most common reasons for each (% of respondents)**



Base: 505

### Addressing recruitment difficulties

*Organisations are now most likely to reduce recruitment difficulties by upskilling existing employees to fill hard-to-recruit-for positions*

In a change from our previous survey, organisations are now most likely to reduce recruitment difficulties by upskilling existing employees to fill hard-to-recruit-for positions. The previous most popular choice for this – sponsoring relevant professional qualifications – has now been pushed down to second place. This is followed by recruiting candidates from a different sector and a different industry. It is also encouraging to see that organisations continue to be open-minded when it comes to recruiting candidates with potential but without experience (given lack of experience is often cited as a reason for recruitment difficulties).

Organisations in the public sector are more likely to be recruiting candidates from overseas than the other sectors (51%, compared with 32% in the private sector and 17% in the not-for-profit sector). The public and manufacturing and production sectors are more likely to be developing apprenticeship schemes in response to recruitment difficulties (52% and 55% respectively, compared with 32% in the not-for-profit sector and 37% in the private services sector). The public sector is also more likely to be partnering with other organisations to fill the skills gap (24%, compared with 9% in the private sector and 10% in the not-for-profit). Finally, private sector organisations (including manufacturing and production) are more likely to be targeting passive candidates than the other sectors (54%, compared with 27% in the public sector and 18% in the not-for-profit sector).

Many of the practices are more common in larger organisations, including developing apprenticeship schemes, sponsoring relevant professional qualifications, partnering with other organisations, recruiting from overseas, targeting passive candidates and recruiting candidates from a different industry.

**Figure 18: Practices currently undertaken or would be considered to reduce recruitment difficulties (% of respondents)**



### Length of recruitment process

More than two-fifths (41%) believe the length of their recruitment process has led to the loss of potential recruits in the last 12 months. Public sector organisations are more likely to say this (54%, compared with 34% not-for-profit organisations and 38% of all private sector organisations).<sup>22</sup> Larger organisations are also more likely to say this than smaller organisations.<sup>23</sup>

### Demand for professionals

*In the next 12 months, the demand for HR specialists in talent and resourcing and learning and development will increase*

Organisations were most likely to say that in the next 12 months the marketplace demand for HR talent and resourcing specialists (46%) and learning and development specialists (36%) would increase.

They were least likely to say the demand for generalist HR professionals would increase.

Private services organisations were more likely to say that diversity and inclusion specialists would increase in demand in the next 12 months (45%, compared with 35% in the public sector and not-for-profit sector and 29% in manufacturing and production). Smaller organisations of fewer than 250 employees were more likely to emphasise an increase in generalist HR professionals (33%, compared with 22% for 250+ employees).

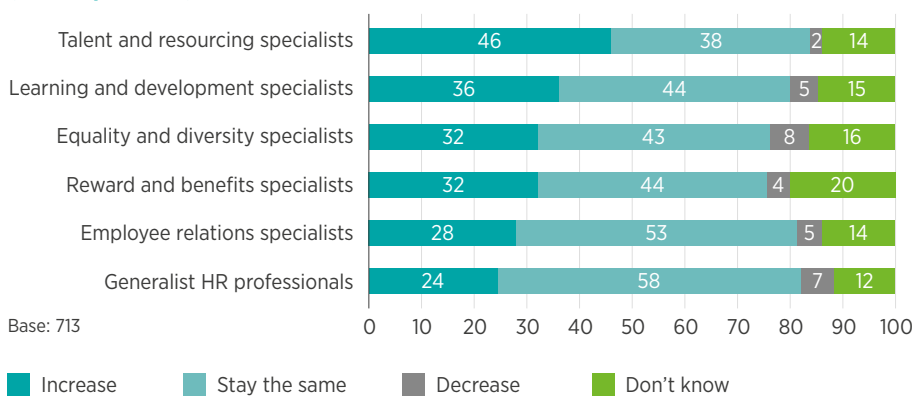
*Professionals with leadership, digital and commercial awareness skills are likely to increase in demand in the next 12 months*

When it comes to professionals with specific skills, leadership

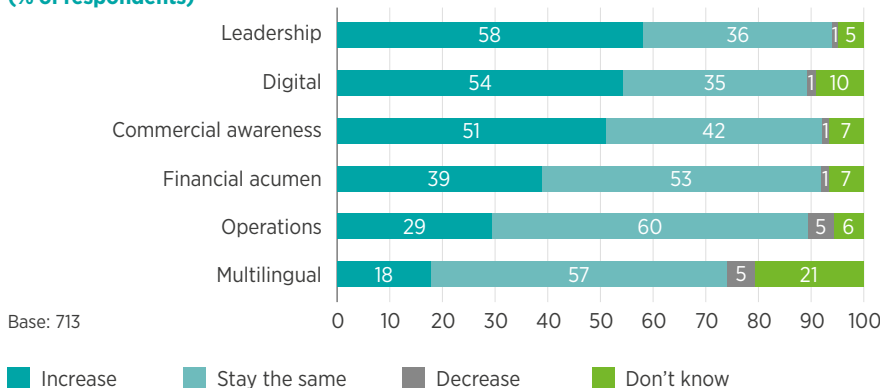
(58%), digital (54%) and commercial awareness skills (51%) were seen to be more likely to increase in demand in the next 12 months.

Manufacturing and production organisations were more likely to say that professionals with operational skills would increase in demand in the next 12 months (40%, compared with 31% in the private services sector, 26% in the not-for-profit and 27% in the public sector). Finally, larger organisations of more than 250 employees were more likely to say that professionals with financial acumen would increase in demand in their organisations in the next 12 months (46%, compared with 36% in organisations with fewer than 250 employees).

**Figure 19: Marketplace demand in the next 12 months for HR professionals in your organisation (% of respondents)**



**Figure 20: Marketplace demand in the next 12 months for professionals with the following skills (% of respondents)**



## At UCLH success starts with U – overcoming skill shortages in healthcare

University College London Hospitals NHS Foundation Trust (UCLH) provides first-class acute and specialist services in five hospitals across London. Its vision is to deliver top-quality patient care, excellent education and world-class research.

In partnership with University College London (UCL), the organisation is one of the country's five biomedical research centres. They bring together some of the UK's world-renowned medical research centres and hospitals. In 2014, they were named as the safest hospital in the NHS, and the NHS patient surveys of 2015 and 2016 show they are one of the very highest rated providers of NHS care in the UK.

The NHS faces high vacancy rates for key professional staff, including nurses and doctors. This is likely to be further exasperated by the fallout from the changes associated with the UK's vote to leave the EU. UCLH has proactively bucked this trend and recruited great staff in innovative ways, as Ben Morrin, Director of Workforce, explains:

*'Our strategy for recruitment and retention has enabled us to find and keep the best staff in a competitive national and international market to ensure that we continue to improve our patient experience and outcomes.'*

UCLH's strategy is premised on three consecutive steps:

### 1 Market research with their own staff

This research highlighted a lack of promotion opportunities: nurses anecdotally reported being able to get more-senior posts more easily elsewhere and over a third of such staff were seeking to live outside of London within one to two years of promotion.

It also revealed that vacancy levels and a high reliance on temporary staffing was putting excessive pressure on permanent staff to provide cover.

### 2 In-depth analysis of the resourcing market into the NHS

UCLH's new strategy has relied upon analysing, listening and involving staff, union representatives and university partners to design and apply positive actions that have addressed formerly high vacancy and turnover rates by:

- a new 'starting at UCLH' policy, bringing together seven other policies, thus reducing the policy that staff and managers have to read by 80%; this policy is now being adopted by other London trusts as a model framework by the NHS
- proactive progression initiatives to rotate and promote talent and redesign roles
- attendance at job fairs across the UK with a clinical team, providing assessments and interviews on the day – so offers can be made within four hours of meeting the candidate
- weekly nurse assessment centres where candidates undertake a robust practical and theoretical assessment followed by a values-based interview
- becoming the first NHS employer in the capital to sign up as a London Living Wage Employer – *guaranteeing the Living Wage for all staff*
- a 'Good Deed Feed' – following a staff suggestion, a mechanism for enabling staff to publicly recognise and thank one another for demonstrating UCLH's core values on their intranet's home page
- the development of a *learning passport* for staff, providing bespoke learning packages and senior mentoring support to target steps to secure promotion within 12–24 months.

### 3 Applying their learning to achieve wider and sustained benefit for the NHS

UCLH was keen to ensure that their learning enabled tangible value to their NHS neighbours too – hence shared learning around their strategy and recent work lobbying government regarding their findings.

## At UCLH success starts with U (continued)

### Outcomes and successes

UCLH's vacancy rate has reduced from 16.5% to 6.4%. This is particularly impressive given that the Royal College of Nursing states that the average vacancy level in London is 17%, and the improvement at UCLH is the highest reported in the NHS in the last year.

UCLH has dramatically increased its nursing and midwifery appointments – 551 extra nurses and midwives in post within one year. They have also dramatically increased their temporary staff savings as a direct result of filling vacancies, with a £3.1 million annual saving in 2015/16. In February 2017 they had their highest ever intake, with over 350 staff joining in that month alone.

The introduction of innovative retention initiatives, including a *careers clinic*, has resulted in a high proportion of individuals being retained in a new role rather than leaving UCLH – with learning passports now available for all who use the clinic.

UCLH's approach has also achieved wider benefits for the NHS, such as:

- nurse-led media interviews being cited as 'head-turning' before the Government's decision to suspend visa controls last autumn
- being on the verge of a 0% vacancy position for nursing assistant posts, therefore enabling UCLH to utilise their talent pool to fill vacancies in other London trusts
- using their analytical tool to assess changing trends in where 105,000+ NHS staff live and lobbying work on behalf of London's NHS.

In 2016, UCLH won the CIPD's People Management Award for *Best Recruitment and Talent Management Initiative* for their outstanding work in this area. As Ben Morrin, Director of Workforce, concludes:

*'Winning a CIPD award has given us renewed impetus to excel in retention, recruitment and talent management. Our staff are designing and leading great work to retain and recruit the clinicians, scientists and managers modern healthcare shall rely upon in the future.'*

# Talent management, retention and turnover

There seems to be a renewed emphasis by organisations on talent management, with over half of CEOs prioritising it and increasing talent management budgets. The median rate of labour turnover has increased again since our last survey and sits at 16.5%. Despite this increase, over half of organisations do not calculate the cost of labour turnover. More than four-fifths of organisations had challenges retaining one or more category of staff in 2016, and this represents an increase from previous years; however, just two-fifths of organisations undertook specific initiatives to improve staff retention in 2016.

*‘Over half of organisations report that talent management is prioritised by their CEO (54%).’*

## **Talent management**

*A renewed emphasis on talent management*

Over half of organisations report that talent management is prioritised by their CEO (54%). This represents a slight increase on the figure in 2015 (50%). However, just over a fifth report it isn't prioritised (2017: 21%, 2015: 25%). Private sector organisations are most likely to report that talent management is prioritised by their CEO,<sup>24</sup> as are larger organisations.<sup>25</sup> These findings, combined with the increase in talent management budgets reported earlier in the report, suggest a renewed emphasis on talent management by organisations.

## **Labour turnover**

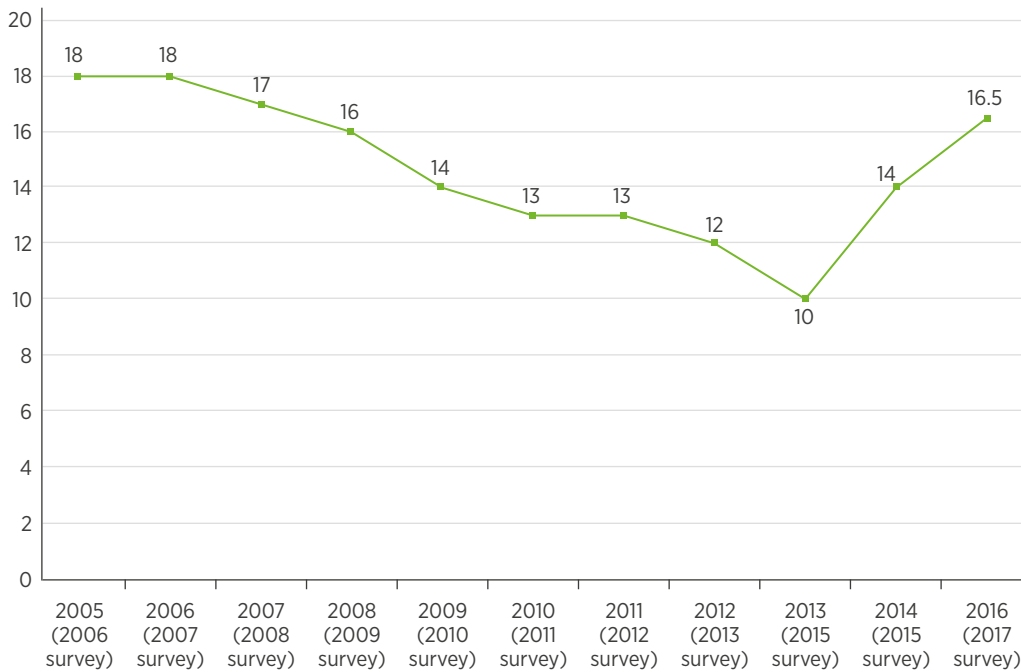
*The median rate of labour turnover has increased again since our last survey and sits at 16.5%*

The median rate of labour turnover continued to increase further in 2016 from 2014, following a steady rate of decline between 2005 and 2013. The median figures do, however, mask considerable differences between organisations.

As in previous years, the majority of turnover is attributed to employees leaving voluntarily. However, caution must be applied here as the findings are based on a small sample of organisations.



**Figure 21: Median rate of labour turnover (%)**



Base: 157 (2016: 2017 survey); 77 (2014: 2015 survey) 72 (2013: 2015 survey); 95 (2012: 2013 survey); 143 (2011: 2012 survey); 175 (2010: 2011 survey); 165 (2009: 2010 survey); 307 (2008: 2009 survey); 347 (2007: 2008 survey); 390 (2006: 2007 survey); 377 (2005: 2006 survey)

**Table 16: Median labour turnover rates, by reason for leaving**

	2016 (2017 survey)	2014 (2015 survey)	2013 (2015 survey)	2012 (2013 survey)	2011 (2012 survey)	2010 (2011 survey)	2009 (2010 survey)	2008 (2009 survey)
Voluntary redundancies	0	0	0	0	0	0	0	0
Compulsory redundancies	0	0	0	0	0	0	1	0.5
Dismissed/left involuntarily (including death in service)	1.2	0.7	0.2	1.3	0.6	0.7	0.9	1.4
Fixed-/short-term contracts	0.7	0	0	0.4	1.7	0	0	0.7
Retired	0	0	0	0.1	0.5	0	0.4	0.7
Left voluntarily	10.0	5.5	5.6	7.3	7.8	6.6	8.4	9

Base: 135 (2016: 2017 survey); 48 (2014: 2015 survey); 50 (2013: 2015 survey); 82 (2012: 2013 survey); 138 (2011: 2012 survey); 154 (2010: 2011 survey); 274 (2009: 2010 survey); 153 (2008: 2009 survey)

### Cost of labour turnover

Just over a quarter calculate the cost of labour turnover (28%), with over half of organisations saying they don't (56%). This represents an increase on previous years (2015: 15% calculated costs and 72% did not). Private sector organisations are more likely to calculate the cost than organisations in the public and the not-for-profit sectors. Larger organisations were also more likely to calculate the costs of labour turnover.<sup>26</sup>

### Retention difficulties

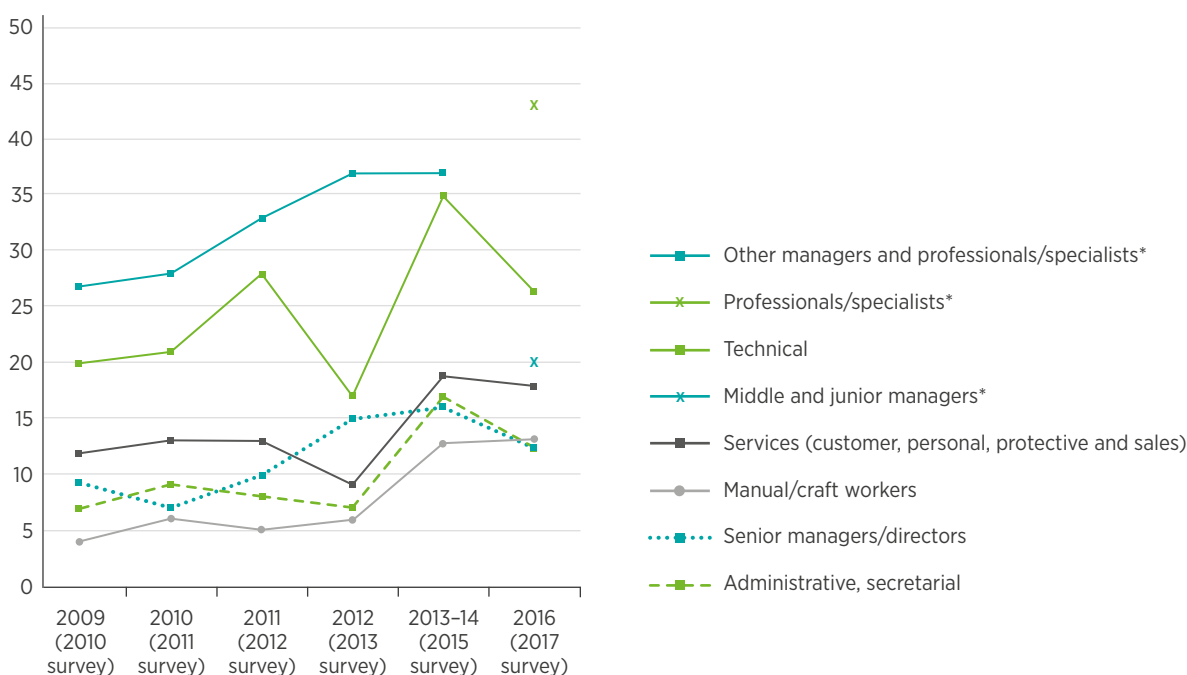
*Retention difficulties are on the rise*  
More than four-fifths of organisations had challenges retaining one or more category of staff in 2016, and this represents an increase from previous years (2016: 84%; 2014: 77%; 2012: 78%; 2011: 66%; 2010: 58%; 2009: 55%; 2008: 69%).

Figure 22 suggests a general increase in retention challenges for all categories of staff over the last few years, although there are signs of this tapering off this year for several categories. Organisations from all sectors most commonly report retention challenges for professionals/specialists, with the exception being manufacturing and production, which reports the biggest retention challenges for technical staff. These findings parallel the categories of vacancy that most commonly proved difficult to recruit for. Figure 23

**Table 17: Do you calculate the cost of labour turnover? (% of respondents)**

	All respondents	Manufacturing and production	Private sector services	Not-for-profits	Public services	Private sector combined
Yes	28	33	32	20	20	32
No	56	53	54	69	55	54
Don't know	16	14	14	11	25	14
Total	672	114	332	87	139	446

**Figure 22: Retention difficulties, by occupational category and year (% of respondents)**



Base: 663 (2017 survey); 280 (2015 survey); 426 (2013 survey); 491 (2012 survey); 601 (2011 survey); 451 (2010 survey)

\*In the 2017 survey, the 'Other managers and professionals/specialists' category was split into two separate categories: 'Professionals/specialists' and 'Middle and junior managers'

shows that retention of some categories of staff is more of a problem in some sectors than others. Public sector organisations are more likely than other sectors to have experienced difficulties retaining professionals/specialists, senior managers/directors and administrative/secretarial staff. The private sector was more likely than the other sectors to experience difficulties retaining service staff and manufacturing and production more likely than other sectors to experience difficulties retaining manual/craft staff.

### Retention strategies

*Relatively few organisations undertook specific initiatives to improve staff retention in 2016; those that did focused on increased learning and development, an improved induction and improved benefits*

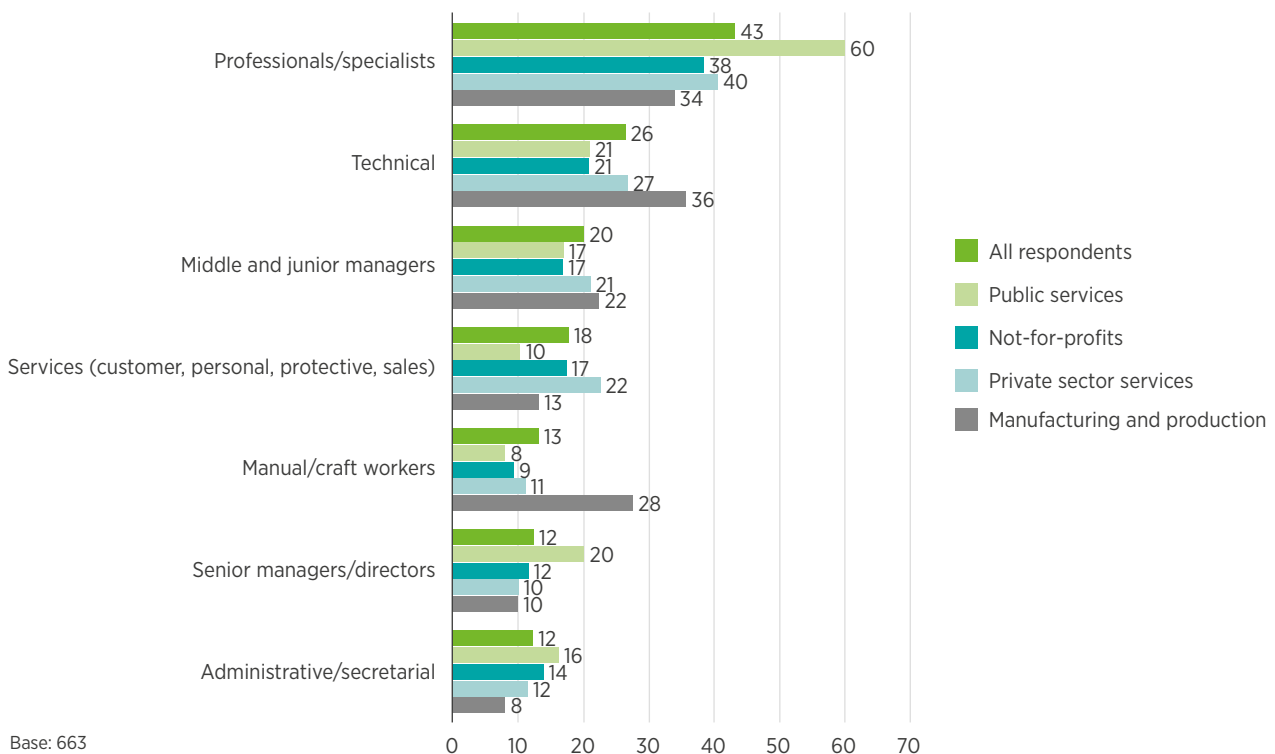
Almost two-fifths (37%) of organisations undertook specific initiatives to improve staff retention in 2016, with private sector organisations more likely to do so than public and not-for-profit organisations.<sup>27</sup>

The most popular step taken to improve staff retention was through increasing learning and development opportunities (57%). This is followed by an improved induction process (56%) and improved benefits (50%). This contrasts to some extent with

strategies adopted in 2015, where more organisations made efforts to retain staff through improving pay, increasing learning and development opportunities, and improving line manager people skills.

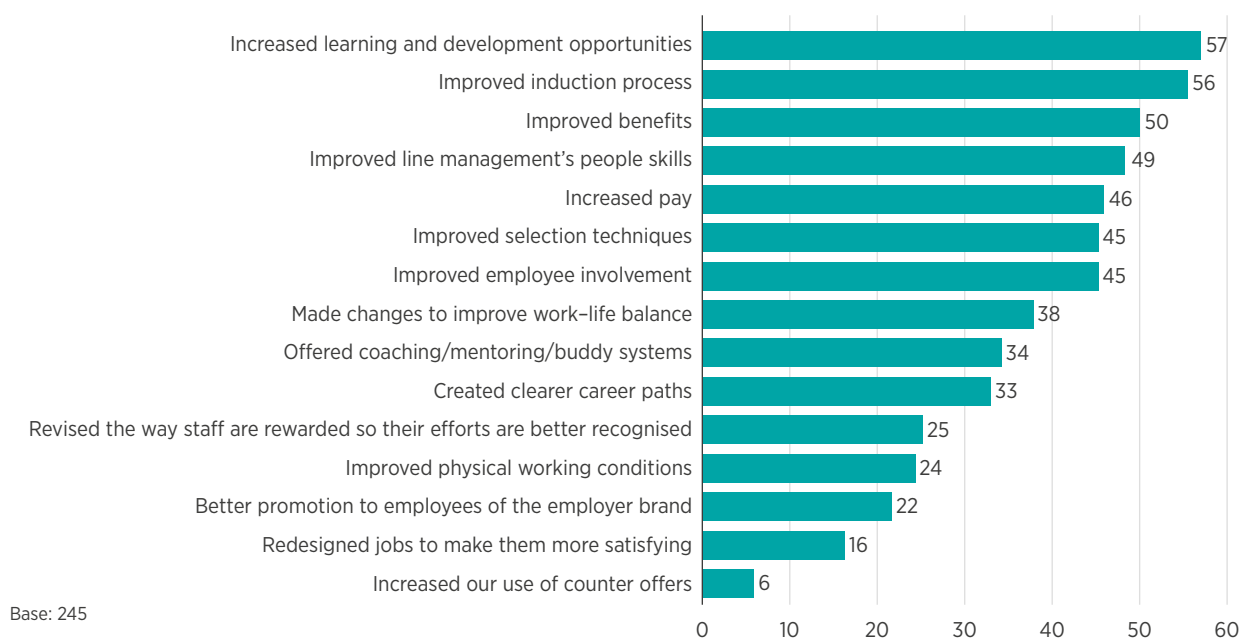
Private sector organisations were more likely to have taken the steps to improve benefits than the other sectors.<sup>28</sup> Manufacturing and production organisations, however, were least likely to have taken the steps to implement coaching/mentoring/buddy systems than the other sectors<sup>29</sup> (and these were also more likely to be implemented in larger organisations<sup>30</sup>). Finally, not-for-profit organisations were more likely than the other sectors to have taken steps to redesign jobs to make them more satisfying.<sup>31</sup>

**Figure 23: Retention difficulties, by occupational category and sector (% of respondents)**



The three methods most commonly used to address retention – increased learning and development opportunities, improved induction process and improved benefits – are also those considered most effective, in the top six strategies chosen (Table 18). However, top of the least effective methods is also an improved induction process, followed by improved selection techniques and improved employee involvement.

**Figure 24: Steps taken to improve staff retention in 2016**  
 (% of respondents whose organisations have undertaken specific initiatives)



**Table 18: Most and least effective retention methods (% of respondents)**

Most effective methods (top 3 chosen)		Least effective methods (top 3 chosen)	
Improved benefits	32	Improved induction process	16
Increased learning and development opportunities	32	Improved selection techniques	11
Increased pay	28	Improved employee involvement	10
Improved line management's people skills	26	Offered coaching/mentoring/buddy systems	10
Improved induction process	24	Improved physical working conditions	10
Improved selection techniques	24	Increased learning and development opportunities	9

Base: 225

# Conclusions

**The past year has seen political and economic changes on a global scale. Political surprises have dominated, starting in the UK with the vote to leave the EU followed by a divisive US election campaign and the success of Donald Trump. Further political upsets may follow across Europe. We are witnessing a rise in populism and anti-establishment sentiments, with a spotlight firmly placed on nationalism and immigration issues. Political uncertainty looks set to impact the way in which organisations attract and retain talent.**

**In the UK, the labour market is showing stronger job creation and a drop in unemployment, but wage growth has not kept pace with inflation. With Brexit negotiations under way, further uncertainty is likely. Organisations therefore need to remain alert to the potential changes and be agile in their response to these in order to continue to attract and retain people with the best skills and potential for their business needs.**

## **A challenging context**

More organisations than ever before in this survey believe that competition for well-qualified talent has increased in the last year. This, coupled with the fact that the skills needed for jobs in organisations are changing and evolving, means that recruitment difficulties are at increasingly challenging levels.

To put this into perspective, three-quarters of organisations experienced recruitment difficulties in the last year and a tenth had trouble recruiting for more than 50% of their roles. On top of that, the uncertainty that has been caused by the UK's decision to leave the EU is already being felt on the ground by recruitment and talent professionals, with around a fifth noticing an increased cautiousness in prospective candidates and around the same proportion seeing evidence of an increased cautiousness in organisations' recruitment. Three-fifths of organisations also

anticipate that, as a result of the UK's decision to leave the EU, in the next three years they will experience increased difficulty in recruiting senior and skilled/technical employees, and two-fifths anticipate increased difficulty in recruiting operational staff.

## **How organisations are responding**

These contextual challenges highlight the increasing imperative for organisations to focus more strongly on their recruitment and talent management strategies. Many are responding to these issues through a range of approaches.

### *Building effective recruitment channels*

Technology is helping organisations to build effective recruitment channels, with corporate websites, professional networking sites and commercial job boards seen as the most effective channels overall.

*'More organisations than ever before in this survey believe that competition for well-qualified talent has increased in the last year.'*

## *‘Organisations need to sharpen their focus on retention in the light of increased recruitment difficulties and competition for talent.’*

There is also a growing trend for organisations to combine in-house and outsourcing activities as part of their recruitment delivery. This appears to help organisations to widen their recruitment channels and access quality candidates. Search and recruitment consultants, for instance, are rated as the most effective channel for attracting senior and middle managers and professionals/specialists, while in-house channels such as company websites, professional networking sites and access to job boards are seen as effective attraction channels for several other roles. However, if organisations do work with recruitment partners, it is pivotal that they are just that, a partner, and have a clear understanding of the organisation’s business.

### *A renewed focus on employer brand*

Competition for talent is increasing the need for organisations to position themselves as an employer of choice, and our findings point to a widespread focus on improving the employer brand. Organisations recognise that values are increasingly important to candidates and employees alike and that they should be at the heart of their brands. Most organisations focusing on improving their employer brand have improved their corporate website, recognising that this is often the first point of contact with potential candidates and a highly effective recruitment channel. Almost half have also improved their candidate experience. This is particularly important given the lasting impression a poor candidate experience can create and the fact that candidates are often also consumers. With the increased popularity of and transparency provided by platforms such as glassdoor, one negative experience can be substantially amplified.

### *Upskilling and developing talent in-house*

As the mismatch between the skills available in the labour market and those required by organisations grows, businesses need to get better at building and developing their existing employees to meet current and future needs. As well as reducing reliance on the external labour market and associated recruitment costs, organisations can tailor their development to meet the specific skill requirements of their organisations and anticipate the skills needed as roles continue to evolve and change.

This year’s findings suggest an increased focus on talent management in general, with over half of CEOs prioritising it and talent management budgets set to increase more than recruitment budgets. A quarter of organisations are already developing existing staff following the UK’s decision to leave the EU and the possible anticipated reduction in labour mobility. The top plan for organisations trying to overcome recruitment difficulties going forward is to upskill existing employees to fill hard-to-recruit-for positions.

Few employers agree that the current education system is meeting their skill requirement to any great extent. Many are responding with approaches to develop skills and access younger workers through apprenticeships, intern schemes, post-A-level entry routes and sponsoring students through university.

### **But more work is needed in the following areas...**

Despite the development of the above strategies, organisations will need to up their game in the following areas to further strengthen their recruitment and

talent strategies and continue to secure the people with the skills and potential to help their organisations thrive.

### *Delivering on diversity*

The proportion of organisations with a formal diversity strategy in place is slightly down on previous years. In the light of ever-increasing competition for talent and recruitment difficulties, organisations need to broaden rather than restrict their potential pool of candidates. The most common method used to address diversity issues is the monitoring of recruitment/staffing information to obtain data on gender, ethnicity, disability, age and so on. While this can be useful, if that data is not used and evaluated as part of recruitment and talent strategies, it can become meaningless. A number of the other methods used to address diversity has decreased in practice this year, with the biggest decrease being in organisations seeking to attract talent of all ages. While we have seen that many organisations are making progress in developing the skills of younger employees, it's important that they don't take their focus away from talent of *all* ages.

### *Measuring effectiveness and return on investment*

Less than a fifth currently measure the return on investment of their recruitment activity. If organisations aren't measuring, evaluating and then strengthening their approaches based on that insight, they are missing a huge opportunity to improve their recruitment and talent strategies.

For the few organisations that do measure the return on investment of their recruitment activity, by far the most popular method is cost per hire, followed by the turnover rate of new hires. Half are also looking

at the more meaningful measure of the *performance* of their new hires as part of their ROI activities. Far fewer assess candidate satisfaction. This again is a missed opportunity as it would help provide the information organisations need to improve their candidate experience. It is also important to gather feedback from candidates about the length of the recruitment process, given that two-fifths of organisations believe the length of their recruitment process has led to the loss of potential recruits in the last 12 months.

### *Sharpening their focus on retention*

Finally, organisations need to sharpen their focus on retention in the light of increased recruitment difficulties and competition for talent. Labour turnover has increased again in this survey and sits at a median figure of 16.5%. Despite this increase, very few organisations measure labour turnover so are unaware of the true cost to their business. More than four-fifths of organisations had challenges retaining one or more category of staff in 2016, and this represents an increase from previous years; however, just two-fifths of organisations undertook specific initiatives to improve staff retention in 2016.

### **Looking forward**

With the political changes afoot, there is the potential for major changes to occur in the future to employment law, immigration and the ability to bring the right skills into businesses. At the CIPD we believe that HR and L&D professionals should be using Brexit as a stimulus for applying focus to what we should already be doing as an economy and society: to get the fundamentals right, to build a stronger, more productive workforce, and to create workforces that engender growth and inclusiveness.

Moving forward, organisations need to continue to develop a thorough understanding of their existing talent profile and their current and future requirements. Targeting resources effectively will remain a priority through this period of wider economic and political instability. Ongoing monitoring and evaluation will be key to ensure that the methods used to attract, select and retain employees are effective.

# Background to the survey

**This survey was conducted in February and March 2017. It was sent to a sample of UK-based HR professionals from a wide range of organisations. In total, 1,068 people responded to the survey.**

## Background to the survey

The CIPD *Resourcing and Talent Planning* survey (formerly known as the CIPD *Recruitment and Retention* survey) has been running since 1997. The survey, last conducted in 2015, examines organisations' resourcing and talent planning strategies and practices, and the key challenges and issues they face. This year it consisted of 37 questions completed through an online questionnaire.

The majority of questions remain the same as in previous years, to provide useful benchmarking data on topics including recruitment practices, difficulties and costs,

selection methods, diversity strategies, the impact of the economic and political climate on resourcing and talent planning practices, labour turnover and retention strategies. This year we also included a range of new questions reflecting how potential changes in the economy and the labour market relating to the UK's decision to leave the EU might impact on organisations' recruitment and retention strategies. We also explored in more depth how employer brand helps attract candidates and how employers measure the return on investment (ROI) of their recruitment activities.

## Sample profile

Respondents represent organisations of all sizes (Figure 25). In a similar distribution to previous years, almost half work in the private services sector (48%), just over a fifth in the public sector (22%) and the rest are split between manufacturing and production (17%) and non-profit organisations (13%) (Table 19). As in previous years, most refer to a particular UK region in their responses (with London and the south-east particularly well represented), while over a quarter refer to the whole of the UK (see Table 20). A minority refer to countries or regions outside of the United Kingdom.

## Calculation of labour turnover

A total of 157 survey respondents were able to supply all the information necessary to calculate labour turnover on a whole-organisation basis for 2017. This report uses the standard 'crude wastage' method to calculate the rate of turnover. This method is calculated as follows:

('Leavers' include those leaving the organisation on a permanent basis by way of voluntary or involuntary severance, redundancies or retirements, but does not include internal transfers.)

Readers should be aware that this method has some shortcomings. For example, it takes no account of the characteristics of the workforce or the length of service of the leaver.

$$\text{Labour turnover} = \frac{\text{Number of leavers in a set period}}{\text{Average number employed in the same period}} \times 100$$

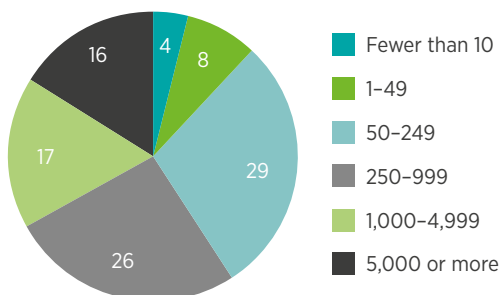


**Table 19: Profile of respondents, by industrial sector**

	Count	%
<b>Manufacturing and production</b>	<b>183</b>	<b>17</b>
Agriculture and forestry	2	0
Chemicals, oils and pharmaceuticals	22	2
Construction	15	1
Electricity, gas and water	4	0
Engineering, electronics and metals	45	4
Food, drink and tobacco	26	2
General manufacturing	13	1
Mining and quarrying	7	1
Paper and printing	5	0
Textiles	4	0
Other manufacturing/production	40	4
<b>Private sector services</b>	<b>511</b>	<b>48</b>
Professional services (accountancy, advertising, consultancy)	127	12
Finance, insurance and real estate	70	7
Hotels, catering and leisure	37	3
IT services	45	4
Call centres	9	1
Media (broadcasting and publishing, etc)	14	1
Retail and wholesale	46	4
Transport, distribution and storage	32	3
Communications	11	1
Other private services	120	11
<b>Not-for-profits</b>	<b>141</b>	<b>13</b>
Care services	25	2
Charity services	37	3
Housing association	30	3
Other	49	5
<b>Public services</b>	<b>233</b>	<b>22</b>
Central government	27	3
Education	73	7
Health	49	5
Local government	34	3
Other public services	50	5

Base: 1,068

**Figure 25: Profile of respondents, by organisation size (number of permanent employees) (%)**



Base: 1,068

**Table 20: Main region covered by the reply**

	Count	%
East Anglia	33	3
East Midlands	57	5
West Midlands	43	4
North-east of England	20	2
North-west of England	78	7
South-west of England	83	8
Yorkshire and Humberside	35	3
South-east of England (excluding London)	109	10
London	138	13
Scotland	56	5
Wales	23	2
Northern Ireland	23	2
Whole of UK	283	26
EMEA (Europe, Middle East and Africa)	71	7
Asia Pacific (which includes Oceania)	7	1
North America	4	0
Latin America and the Caribbean (Caribbean, Central America)	0	0
Channel Islands	5	0
Total	1,068	100

Base: 1,068

### Note on abbreviations, statistics and figures used

Voluntary, community and not-for profit organisations are referred to throughout the report as ‘not-for profit’. ‘The private sector’ is used to describe organisations from manufacturing and production and private sector services. These two groups are combined where there are no significant differences between their responses. Some respondents did not answer all questions, so where percentages are reported in tables or figures, the respondent ‘base’ for that question is given.

The median is used instead of the statistical mean in cases where the distribution is significantly skewed.

With the exception of labour turnover rates, all figures in tables have been rounded to the nearest percentage point. Because of rounding, percentages may not always total 100.

Chi-Square ( $\chi^2$ ) tests are used to examine whether differences between groups such as industrial sectors are significant or likely to be because of chance. Spearman’s Rho correlation ( $\rho$ ) is used to examine relationships between variables. We report on statistics at the generally accepted level of significance,  $p < 0.05$ .

# Endnotes

- 1 Developing more talent in-house in 2017: 68% of the public sector, 78% of the private sector and 74% of not-for-profits:  $\chi^2 = 9.1$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 1,068$ ; Focusing more on retaining rather than recruiting talent in 2017: 51% of the public sector, 64% of the private sector and 54% of not-for-profits:  $\chi^2 = 14.1$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 1,068$ .
- 2 27% of the public sector, 15% of the private sector and 12% of not-for-profits:  $\chi^2 = 19.9$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 1,068$ .
- 3 40% of the private sector, 27% of not-for-profits and 19% of the public sector:  $\chi^2 = 35.94$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 1,068$ .
- 4 Currently recruit non-EU migrants:  $\chi^2 = 19.7$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 1,068$ . Anticipate recruiting non-EU migrants:  $\chi^2 = 14.6$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 1,068$ .
- 5  $\rho = 0.24$ ,  $p < 0.001$ ,  $n = 856$ .
- 6  $\chi^2 = 14.2$ ,  $df = 6$ ,  $p < 0.05$ ,  $n = 856$ .
- 7  $\rho = 0.10$ ,  $p < 0.05$ ,  $n = 745$ .
- 8  $\rho = 0.18$ ,  $p < 0.001$ ,  $n = 708$ .
- 9 Recruitment budget:  $\chi^2 = 13.1$ ,  $df = 4$ ,  $p < 0.05$ ,  $n = 763$ ; Talent management budget:  $\chi^2 = 28.9$ ,  $df = 4$ ,  $p < 0.001$ ,  $n = 667$ .
- 10 Recruitment budget:  $\chi^2 = 8.8$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 763$ .
- 11  $\rho = 0.18$ ,  $p < 0.001$ ,  $n = 596$ .
- 12 ABBOT, L. BATTY, R. and BEVEGNI, S. (2016) *Global Recruiting Trends 2016 [online]*. LinkedIn. Available at: [https://business.linkedin.com/content/dam/business/talentsolutions/global/en\\_us/c/pdfs/GRT16\\_GlobalRecruiting\\_100815.pdf](https://business.linkedin.com/content/dam/business/talentsolutions/global/en_us/c/pdfs/GRT16_GlobalRecruiting_100815.pdf) [Accessed 20 March 2017].
- 13 Ibid.
- 14 Reduced use of recruitment partners:  $\chi^2 = 16.2$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 838$ ; Refreshed their preferred supplier list:  $\chi^2 = 7.8$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 838$ .
- 15 Sponsor students through university (34% of manufacturing and production, 26% of the public sector, 18% of private services and 9% of not-for-profits:  $\chi^2 = 33.9$ ,  $df = 6$ ,  $p < 0.001$ ,  $n = 670$ ); Apprenticeships (61% of manufacturing and production, 68% of the public sector, 39% of private services and 46% of not-for-profits:  $\chi^2 = 33.9$ ,  $df = 6$ ,  $p < 0.001$ ,  $n = 670$ ).
- 16 Apprenticeships:  $\chi^2 = 59.2$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 670$ ; Intern schemes:  $\chi^2 = 20.9$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 670$ ; Sponsor students through university:  $\chi^2 = 10.9$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 670$ ; Post-A-level entry routes:  $\chi^2 = 20.7$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 670$ .
- 17  $\rho = 0.39$ ,  $p < 0.001$ ,  $n = 659$ .
- 18  $\rho = -0.14$ ,  $p < 0.001$ ,  $n = 669$ .
- 19  $\chi^2 = 12.2$ ,  $df = 4$ ,  $p < 0.05$ ,  $n = 678$ .
- 20  $\chi^2 = 16.9$ ,  $df = 4$ ,  $p < 0.01$ ,  $n = 673$ .
- 21 Candidates cancelled interviews with little or no notice:  $\rho = -0.16$ ,  $p < 0.001$ ,  $n = 678$ ; Candidates accepted offers and then subsequently declined:  $\rho = -0.25$ ,  $p < 0.001$ ,  $n = 677$ ; Selected candidates did not arrive to work on their first day:  $\rho = -0.33$ ,  $p < 0.001$ ,  $n = 674$ .
- 22  $\chi^2 = 13.1$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 701$ .
- 23  $\rho = 0.34$ ,  $p < 0.001$ ,  $n = 701$ .
- 24  $v = 10.5$ ,  $df = 4$ ,  $p < 0.05$ ,  $n = 854$ .
- 25  $\rho = 0.09$ ,  $p < 0.01$ ,  $n = 854$ .
- 26  $\rho = 0.15$ ,  $p < 0.001$ ,  $n = 564$ .
- 27  $\chi^2 = 9.0$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 663$ .
- 28  $\chi^2 = 7.1$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 245$ .
- 29  $\chi^2 = 8.8$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 245$ .
- 30  $\rho = 0.17$ ,  $p < 0.05$ ,  $n = 245$ .
- 31  $\chi^2 = 9.8$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 245$ .



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