

Annual survey report 2013



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RESOURCING AND TALENT PLANNING

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FOREWORD

For 17 years our annual *Resourcing and Talent Planning* survey has provided HR professionals and their organisations with benchmarking data on recruitment costs, resourcing and talent management practice, employee turnover rates and recruitment practices. This edition includes topical sections on the use of social media in recruitment and trends in employment of young people (16–24 years old). For the first time we have also asked employers about the integrity and candour in candidates' behaviours.

Year on year we observe a fiercer war for talent, seeing the number of organisations reporting competition for well-qualified employees triple since 2009. Professional and technical skills were the hardest ones to find this year, with further difficulties in filling senior management roles. Unsurprisingly employers seek to diversify their resourcing strategies, with an increase in spend on social and professional networking sites, commercial job boards and apprenticeships.

Creative approach to recruitment is already evident in the positive trends in employing younger workers. With nearly three-quarters of organisations having made efforts to improve their employer brand over the last year, we expect positive talent management strategies to offer further improvements in employers' ability to attract and retain sought-after talent.

Ksenia Zheltoukhova
Research Associate
CIPD

We are pleased to partner with the CIPD for the third consecutive year to produce this market-leading report. It highlights the resourcing trends and issues that are pertinent to HR professionals and the wider business community. Finding the right person for a job can transform a business as well as that person's life and having the right person in place has never been more important for organisations.

However, this year's report confirms that we continue to be faced with an employment paradox and shows that the war for talent continues unabated. Despite relatively high unemployment levels, employers in a number of sectors are struggling to find enough skilled and experienced individuals to fill the posts available.

On a more positive note, the report findings show that some organisations are adapting their recruitment processes to become more accessible to younger candidates and are introducing diversity programmes to broaden their talent pool. Many are also working hard to understand the role of social media and are focusing on succession planning. The findings highlight the importance of building a powerful employer brand that will resonate with current and future employees.

Having an effective strategy in place to attract and retain employees is critical to an organisation's success. We hope this report provides you with useful information to help guide your resourcing decisions.

Nigel Heap
UK & Ireland Managing Director
Hays, the leading recruiting expert



ABOUT US

Chartered Institute of Personnel and Development

The CIPD is the professional body for HR and people development. It has over 130,000 members internationally – working in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors.

As an independent and not-for-profit organisation, the CIPD is committed to championing better work and working lives for the benefit of individuals, businesses, economies and society – because good work and all it entails is good for business and society at large, and what is good for business should also be good for people's working lives.

The CIPD brings together extensive research and thought leadership, practical advice and guidance, professional development and rigorous professional standards to drive better capabilities and understanding in how organisations of all kinds operate and perform, and in how they manage and develop their people.

A Royal Charter enables the CIPD to confer individual chartered status on members who meet the required standards of knowledge, practice and behaviours.

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Our recruiting experts deal with 150,000 CVs every month and more than 50,000 live jobs globally at any one time. From FTSE 250 companies and multinationals to SMEs and the public sector, we recruit professionals at all levels across each of our 20 specialist areas, from finance, education and IT to construction, HR, healthcare and banking.

- Local knowledge

We recognise the importance of local knowledge and, more importantly, what organisations want from a recruiting partner. Our consultants work together sharing market knowledge, candidate relationships and employee insight.

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- Deep expertise

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SUMMARY OF KEY FINDINGS

The CIPD's annual *Resourcing and Talent Planning* survey examines organisations' resourcing and talent planning strategies and practices and the key challenges and issues they face. The 2013 survey report is based on 462 respondent organisations from the UK.

The number and nature of vacancies

- The median number of permanent vacancies in small to medium-sized organisations has changed very little over the last few years.
 - The median number of permanent vacancies in large, private sector organisations has increased notably in comparison with the previous two to three years, although it remains below pre-recession figures.
 - The median number of permanent vacancies in large, public sector organisations has also increased over the last two years, despite falls in total public sector employment in this period.
 - The median number of short-term vacancies in the public sector was twice as high as in the private sector for all organisation size categories. The ratio of short-term vacancies to permanent vacancies was also much higher in the public sector.
 - One in four organisations reports that they have reduced their use of agency workers in 2012 compared with 2011, while nearly a fifth have increased their use.
- professional networking (such as LinkedIn) among their most effective methods for attracting candidates. Commercial job boards and apprenticeships are also more commonly among organisations' most effective methods compared with previous years.
- Organisations were more likely to have increased recruitment spend on social and professional networking sites, commercial job boards and apprenticeships and more likely to have decreased spend on national newspaper advertisements and specialist journals/trade press.
 - Nearly three-quarters of organisations had made efforts to improve their employer brand over the last year. The most popular way of doing this was running an employee survey.
 - Interviews remain the most common selection method, with competency-based interviews being the most popular across all sectors. All organisations continue to conduct interviews face-to-face but increasing numbers also use telephone interviews (56%) and nearly a third also use video or Skype interviews.
 - The vast majority of organisations report that most candidates provide accurate CVs, behave with sincerity, and arrive promptly for interviews. They were less positive about the way candidates communicated with the potential employers and candidates' salary expectations.
 - The median recruitment cost of filling a vacancy was £5,000 for senior managers/directors and £2,000 for other employees (adjusting for accuracy), a reduction on previous years.

Attracting and selecting candidates

- More than two-thirds of organisations conduct recruitment activity in-house, while just over a quarter combine in-house and outsourcing approaches.
- As in previous years, the most effective methods for attracting candidates were through corporate websites and recruitment agencies.
- There has been a marked increase this year in the proportion of organisations citing

The use of social media

- Over half of organisations make use of social media in resourcing, although just 19% have a dedicated social media strategy. Nearly three-fifths of those who don't use social media in resourcing believe it would benefit them to do so.
- Just over two-fifths of those who use social media report that someone in their resourcing team has been trained in its use while a quarter have a role dedicated to social media.
- Social media is most commonly used for attracting candidates (86%) and brand building (74%). Only a minority (6%) use social media for screening candidates (previewing online profiles).
- More than four-fifths report that using social media has increased the strength of their employer brand and increased their potential selection pool. Nearly three-quarters report that using social media has reduced their resourcing costs.

Recruitment difficulties

- While three-fifths of organisations that had vacancies experienced recruitment difficulties in the last year, this was an improvement (across all sectors) compared with the previous year.
- Managers and professionals/specialists and technical positions were the most difficult vacancies to fill, followed by senior managers/directors.
- As in previous years, the main reason for recruitment difficulties was a lack of necessary specialist or technical skills. Looking for more pay than could be offered was another common problem across sectors, while lack of relevant sector/industry experience was a particular issue for manufacturing and production organisations.
- Despite high unemployment, one in six reported that an absence of applicants caused, or contributed to, their recruitment difficulties.
- The most common approach for addressing recruitment difficulties was to develop existing employees for hard-to-recruit-for positions. Other common practices, across all sectors, include recruiting candidates from other sectors and industries and sponsoring relevant professional qualifications.

- In little change from last year, one-third of organisations across all sectors report that they have lost potential recruits due to the length of their recruitment process. However, nearly three-fifths of organisations with more than 5,000 employees faced this concern.

Employing younger workers

- Over a quarter of organisations report they are employing more 16–24-year-olds compared with one year ago, a small improvement on previous years' surveys.
- A third of organisations have adapted their recruitment processes to become more accessible to younger candidates, most commonly through schemes to train and develop young people, linking with education institutions and/or greater use of online recruitment and social media.
- Overall a quarter of organisations operate a structured graduate recruitment programme, although this was considerably more common in larger organisations.
- Nearly half of organisations offer apprenticeships (a small increase on last year) and a further 14% plan to introduce them in the next 12 months. At least 31% offer intern schemes and 18% sponsor students through university.
- Just 13% of respondents believe that schools/colleges/universities equip young people with the skills their organisation needs to a great or very great extent. Over a quarter believe that schools/colleges/universities are poor at equipping young people with the skills they need. Manufacturing and production organisations are most likely to report that the education system does not fulfil their skills needs.

Resourcing and talent management in turbulent times

- Half of the public sector and over a third of other organisations surveyed report that the economic climate has had a negative impact on their organisations' resourcing budgets for 2013–14. Only a minority report their budgets have increased. However, a smaller proportion of organisations overall report a decrease in their resourcing budgets compared with previous years.

- Talent management budgets have not been as adversely affected as resourcing budgets. While a fifth of those with talent management spend report it had decreased over the past 12 months, a similar proportion reported it had increased. Again the public sector was most likely to report decreases.
- With the exception of recruitment freezes, which were less common in 2012, there have been few changes in the resourcing and talent practices implemented in 2012 compared with 2011, despite respondents' predictions. Moreover, contrary to expectations, there was a small reduction in the proportion of organisations that developed more talent in-house, focused more on retaining rather than recruiting talent, or invested more time and effort in the quality of candidates they hire.
- Two-thirds report they have noticed an increase in the number of unsuitable applicants, a small reduction on the last few years. The proportion reporting greater competition for well-qualified talent has increased from 20% in 2009 to 62%.

Diversity

- In little change from previous years, nearly three-fifths of organisations have a diversity strategy, rising to four-fifths of public sector organisations.
- The most common methods used to address diversity issues were monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age and so on, and training interviewers to understand what diversity is about and the impact of stereotypes.
- The public sector still leads the way with diversity practices, although the not-for-profit sector is not far behind. The private sector is less likely to have a formal diversity policy; moreover, those private sector organisations that had one used fewer methods on average to address diversity.

Labour turnover

- The median rate of labour turnover has declined steadily since the 2008 financial crisis, although the overall figure masks differences across sectors. Median turnover rates have actually increased slightly in the private services and not-for-profit sectors over recent years.
- There was also considerable variance within sectors. A third of organisations (from all sectors) reported their turnover had increased in 2012, while a fifth reported it had decreased.
- The majority of turnover is attributed to employees leaving voluntarily. The overall median turnover rate of voluntary leavers has not increased compared with last year, except in the private sector, which has also seen the most stable employment growth.

Employee retention

- Retaining employees has become an increasing challenge over the last few years. Just one-fifth of respondents reported they had no retention difficulties in the previous year (2013: 22%; 2012: 34%; 2011: 42%; 2010: 45%; 2009: 31%).
- Managers and professionals/specialists were most difficult to retain as in previous years, particularly in the public sector, where the proportion reporting difficulties for this staff category has increased dramatically (2013: 60%; 2012: 40%; 2011: 25%).
- The proportion of organisations reporting that retaining senior managers/directors was difficult has increased compared with previous years (2013: 15%; 2012: 10%; 2011: 7%; 2010: 9%).
- Most organisations have taken one or more steps to address staff retention in 2012, although one in five reports that no specific retention initiatives were undertaken. Our findings suggest that the focus on retention fell in the immediate aftermath of the financial crisis, but has been creeping back up in the last few years.
- The most common actions to address retention include: improving the induction process, improving line managers' people skills and increasing learning and development opportunities.

RECRUITING EMPLOYEES

This section reports on recruitment strategies and activity within UK organisations during 2012, exploring trends and developments. It starts by examining the number and type of vacancies and goes on to investigate the methods used to attract and select applicants, with a particular focus on the use of social media. The nature of recruitment difficulties and how organisations attempt to overcome these are discussed, including a new area, which looks at how well and ethically candidates behave. Finally, the costs associated with recruitment are discussed.

The number of job vacancies

Permanent vacancies

The number of permanent vacancies organisations tried to fill was strongly related to organisation size,¹ although, as in previous years, there was a considerable variation within and between sectors (Table 1).

Overall, the median number of permanent vacancies in small to medium-sized organisations has changed very little over the last few years (Table 1). In contrast larger organisations, both in

the public and private sector, have experienced considerable shifts. In the private sector the median number of vacancies in large organisations (1,000–4,999 employees) has increased notably in comparison with the previous three years, while remaining below pre-recession figures. The median number of vacancies in very large private sector organisations (>5,000 employees) has also increased considerably in comparison with last year, although it remains dramatically lower than figures from the 2010 and 2009 surveys.

Table 1: Median number of permanent vacancies organisations tried to fill by size of organisation and sector

No. of permanent staff employed in UK	2013 survey (vacancies in 2012)			2012 survey (vacancies in 2011)			2011 survey (vacancies in 2010)		2010 survey (vacancies in 2009)		2009 survey (vacancies in 2008)	
	All	Private services (n)	Public sector (n)	All	Private services	Public sector	Private services	Public sector	Private services	Public sector	Private services	Public sector
1–49	3	3 (58)	0 (3)	2	2	2	3	1	3	2	10*	8*
50–249	15	15 (91)	13 (8)	15	15	9	12	10	10	14		
250–999*	45	44 (59)	40 (25)	40	40	33	50	30	45	50	52	70
1,000–4,999	150	250 (35)	105 (34)	120	150	95	150	55	100	100	300	300
More than 5,000	600	550 (27)	775 (18)	300	400	275	500	150	850	500	800	550

Base: 422 (2013 survey); 500 (2012 survey); 577 (2011 survey); 442 (2010 survey); 683 (2009 survey)

* 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, 10,001+). 2009 categories have been combined where appropriate and otherwise matched with the best corresponding category of 2011/2010.

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In large public sector organisations (1,000-4,999 employees), the median number of vacancies has increased more gradually over the last two years; it remains approximately a third of the figure from the 2009 survey (Table 1). The situation is markedly different, however, for very large public sector organisations, where the median number of vacancies has jumped from 275 in last year's survey to 775 this year. These increases in public sector vacancies (which, while most apparent in very large organisations, can be observed across all but very small organisations) are surprising given ONS estimates that total public sector employment was 313,000 lower in Q4 2012 compared with Q4 2011 and may be down to sampling anomalies and a small sample base. Challenges retaining staff may also be partly responsible and this is explored further below in 'Retaining employees' (page 40).

There were no significant differences between the number of vacancies in London or the south-east and other regions of the UK.²

Short-term job vacancies

This year, for the first time, the survey also asked how many short-term vacancies respondents tried to fill. As with permanent vacancies, the number of short-term vacancies was strongly related to organisation size³ and varied considerably within and between sectors (Table 2). The median number of short-term vacancies was highest in the public sector, where it was double that of the private sector for all organisation size categories. Moreover, the ratio of short-term vacancies to permanent vacancies was much higher in the public than private sector, reflecting the ongoing funding cuts as part of the Coalition Government's measures to reduce the budget deficit.

Table 2: Median number of short-term and permanent vacancies organisations tried to fill in 2012 by size of organisation and sector

No. of permanent staff employed in UK	Private sector		Public sector		Not-for-profit	
	Short-term vacancies	Permanent vacancies	Short-term vacancies	Permanent vacancies	Short-term vacancies	Permanent vacancies
1-49	0	3	0	0*	2	3
50-249	2	15	5	13**	5	18
250-999	10	44	22	40	20	70
1,000-4,999	40	250	78	105	40**	106**
More than 5,000	250	550	500	775	75*	1,850*

Base: 422; * Fewer than 5 respondents in this category; ** Fewer than 10 respondents in this category

Table 3: Did your organisation's use of agency workers in 2012 increase, decrease or stay the same compared with the previous year? (% of respondents)

	Decreased use	Increased use	No change
All organisations	26	18	56
Size			
1-49	13	5	82
50-249	25	16	59
250-999	27	17	56
1,000-4,999	36	27	37
More than 5,000	28	31	41
Sector			
Private sector	24	13	62
Public sector	32	34	33
Not-for-profit	23	13	64

Base: 453

The use of agency workers

The Agency Workers' Regulations came into effect in October 2011, giving agency workers greater employment rights. Overall, one-quarter of organisations report they reduced their use of agency workers in 2012 compared with 2011, rising to a third of large organisations (1,000–4,999 employees).

Nearly a fifth of all organisations, however, increased their use of agency workers over this period and the

proportion increased with organisation size (Table 3). The public sector was more than twice as likely as the private or not-for-profit sector to have increased its use of agency workers, although it was also the most likely to have decreased their use. While sample size limits rigorous analysis of public sector subgroups, the findings suggests that public sector health organisations were the most likely to have increased their use of agency workers, while local government was most likely to have reduced their use.

Table 4: Most effective methods for attracting applications, by year and industry sector (% of respondents)

	All 2013	All 2012	All 2011	All 2010	Sector (2013)			
					Manufacturing and production	Private services	Public sector	Not-for-profit
Own corporate website	62	61	59	63	50	56	78	70
Recruitment agencies	49	53	54	60	69	56	29	35
Commercial job boards	38	32	27	33	27	47	33	33
Employee referral scheme	33	35	29	35	41	49	7	17
Professional networking (such as LinkedIn)	31	22	16	14	35	43	15	17
Local newspaper advertisements	29	26	32	36	29	20	33	49
Specialist journals/trade press	24	29	27	31	14	13	47	33
Encourage speculative applications/word of mouth	23	20	25	24	29	25	13	20
Apprenticeships	20	17	11	12	21	19	26	16
Jobcentre Plus	19	20	25	23	21	18	13	29
Search consultants	17	20	15	22	22	18	16	12
Links with schools/colleges/universities	14	16	13	18	12	16	15	10
Secondments	12	10	11	11	4	11	23	10
National newspaper advertisements	12	10	11	16	3	4	32	16
Social networking sites (such as Facebook)	9	8	4	3	0	13	7	10
Alumni (previous employees)	6	7	5	5	8	7	5	1
Links with other local organisations making redundancies*	6	7	7		9	6	6	1
Local Employment Partnership (LEP)	4	3	3	6	0	4	7	3
Other	6	6	5	5	8	3	8	7

Base: 457 (2013); 516 (2012); 604 (2011); 464 (2010)

* New item added in 2011

Attracting candidates

A new question this year explored whether recruitment is conducted in-house or outsourced. More than two-thirds of organisations, regardless of size or sector, conduct recruitment activity in-house (69%). Only a very small minority (3%) outsource all recruitment activity, while just over a quarter (28%) combine in-house and outsourcing approaches.

As in previous years, the most effective methods for attracting candidates were through corporate websites and recruitment agencies (Table 4). Corporate websites were particularly popular in the public and not-for-profit sectors (as well as in larger private sector organisations), while recruitment agencies were more popular in the private sector (particularly manufacturing and production organisations).

Despite their overall popularity, the proportion favouring recruitment agencies has waned slightly since 2010, across all sectors and sizes of organisation (although more so in the public and not-for-profit sectors). Figure 1 shows that nearly two-fifths of organisations have reduced their spending on recruitment agencies, increasing to half of larger organisations (over

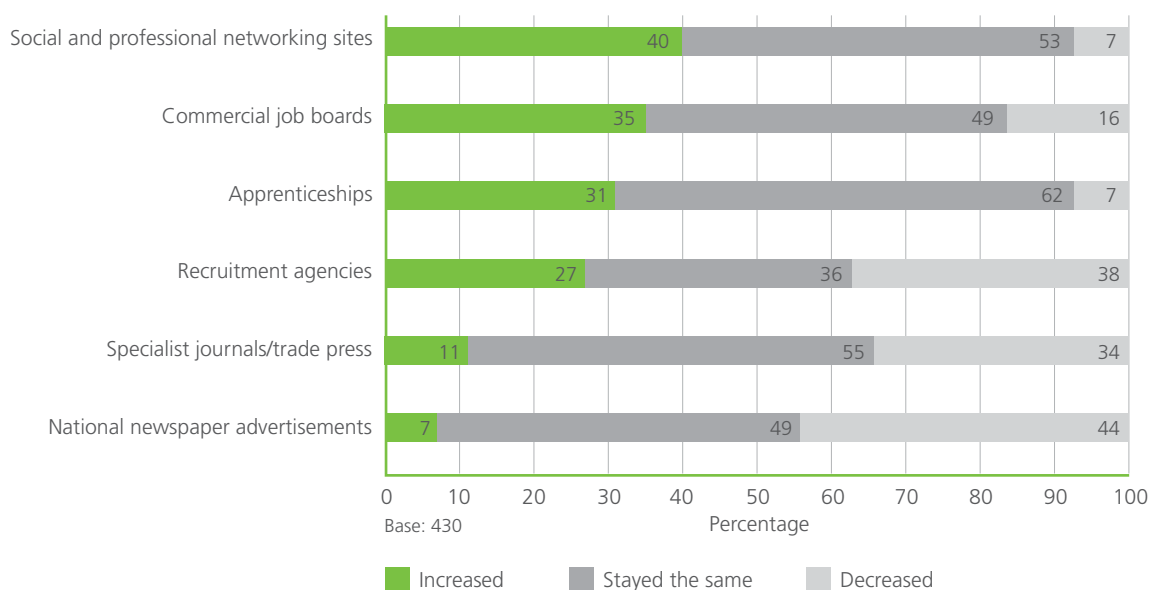
1,000 employees), while just over a quarter have increased spending in this area (one-third of organisations with 50–999 employees).⁴

The current focus on costs may be driving organisations to seek cheaper attraction methods or use recruitment agencies more selectively.

Employee referral schemes were also among the most effective recruitment methods for a substantial proportion of the private sector, although only a minority of the public sector included such schemes in their top methods (Table 4). Similarly, the public sector was less likely to include encouraging speculative applications/word of mouth among their top methods compared with organisations in other sectors. Organisations in the public sector were far more likely to include the press (particularly specialist journals/trade press but also national and local newspaper advertisements) and secondments among their top methods.

Figure 1 shows that two-fifths of organisations increased their recruitment spend on social and professional networking sites over the last year (49% of private services organisations). This reflects the marked increase in the proportion of organisations including professional networking (such as LinkedIn)

Figure 1: Changes in recruitment spend over the past year (%)



among their most effective methods (Table 4). While professional networking remains most popular in the private sector, the increase is noted across all sectors. In contrast, fewer organisations include social networking sites (such as Facebook) among their most effective methods for attracting applicants, although their popularity also appears to be increasing, albeit at a far slower rate.

Commercial job boards and apprenticeships were also more commonly cited among organisations' most effective recruitment methods compared with previous years (Table 4). This is reflected in our findings (Figure 1) that show a third of organisations overall have increased their recruitment investment in these methods, with private sector services organisations most likely to have increased investment in commercial job boards (43%) and public sector organisations in apprenticeships (42%).⁵

While the public sector was the most likely to report it had increased its spend on apprenticeship recruitment, an increasing proportion of private services sector and not-for-profit organisations include them among their most effective methods for attracting applicants compared with last year and a quarter of organisations in these sectors have increased their spending on apprenticeship

recruitment. These findings suggest that government initiatives to boost apprenticeship numbers are succeeding in increasing their popularity beyond their traditional domains of manufacturing and production and the public sector.

More than two-fifths of organisations have reduced their recruitment spend on national newspaper advertisements and a third have reduced their spending on specialist journals/trade press advertising. Public sector organisations were most likely to report they have reduced spending in these areas (59% on national newspapers; 43% on specialist journals/trade press) despite being more likely to include these methods among their most effective for attracting applications.⁶

Larger organisations were most likely to report they had decreased their spend in all the areas listed in Figure 1 with the exception of social and professional networking sites and apprenticeships, where they were more likely to have increased spending. These changes coincide with substantial increases in the median number of vacancies advertised last year (Table 1). The changes reflect the ongoing focus on cost reduction in the current economic climate and a shift from the traditional press to more tailored and web-based methods.

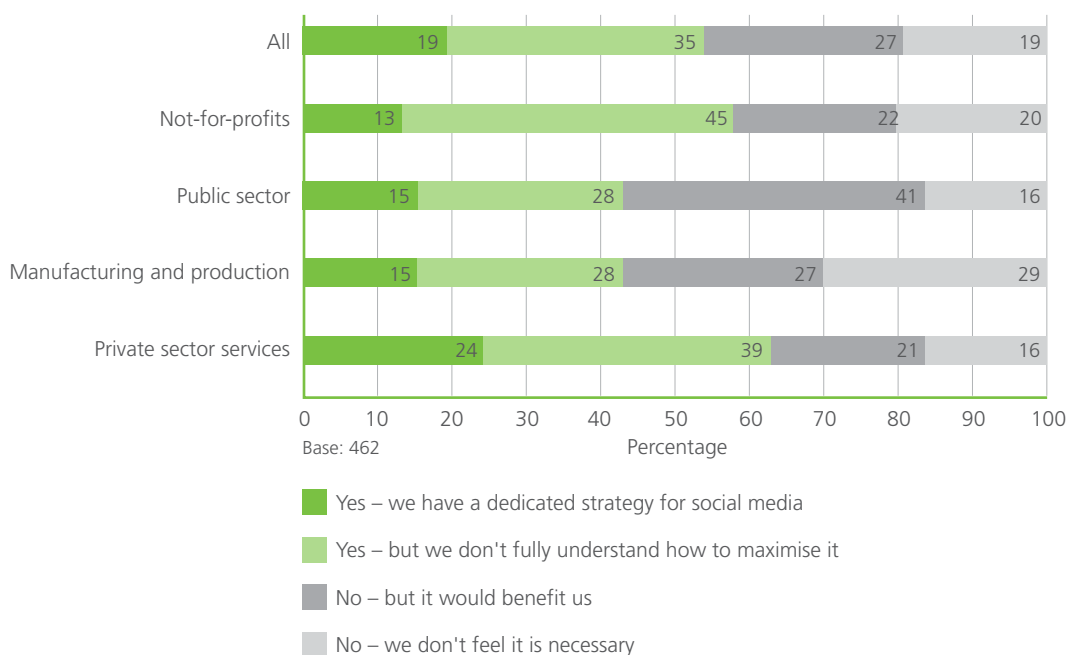
The use of social media

Over half of respondents report their organisation makes use of social media as part of its resourcing strategy, although just 19% report they have a dedicated social media strategy while 35% report that while they use it they don't fully understand how to maximise it (Figure 2). Public sector and manufacturing and production organisations were less likely to use social media in resourcing (public sector 43%; manufacturing and production 44%; not-for-profits 58%; private sector services 63%).⁷

Overall, nearly three-fifths of those who don't use social media in recruiting believe it would benefit them to do so. This was particularly the case in the public sector (Figure 2).⁸ Overall, a fifth report they don't use social media and don't feel it is necessary, although this was more common in manufacturing and production organisations and in smaller organisations (8% of those with more than 5,000 employees; 15% of those with 250–999 employees; 30% of those with fewer than 50 employees).

Just over two-fifths (44%) of those who use social media report that someone in their resourcing team has been trained in using social media for resourcing.⁹ A smaller proportion (25%) have a dedicated role for it, although this is more common in the public and not-for-profit sectors (public sector: 38%; not-for-profits: 33%; private sector: 19%).¹⁰ Organisations with a dedicated strategy for social media were more than twice as likely to have trained employees in its use and have a role dedicated to it (39%) compared with those who use social media but do not fully understand how to maximise it (17%).¹¹ In addition, larger organisations were more likely to have trained someone in using social media and very large organisations (more than 5,000 employees) were also more likely to have someone with a dedicated role (45% compared with 18–24% of organisations in other size bands).¹²

Figure 2: Does your organisation make use of social media as part of its resourcing strategy? (%)



LinkedIn, Twitter and Facebook are the most commonly used social media sites for resourcing (Table 5). The vast majority of the private sector use LinkedIn, while not-for-profit organisations were more likely to use Twitter and Facebook. The public sector was also less likely to use LinkedIn and more likely to use Twitter and Facebook compared with private sector organisations.

Social media is most commonly used for attracting candidates (86%) and brand building (74%). Just under half (46%) of organisations that use it also do so to keep in touch with potential future candidates, while a fifth (21%) use it to keep in touch with alumni. Only a minority (6%) use social media for screening candidates (previewing online profiles). A third of these report social media is an effective screening tool, while the majority report it is neither effective nor ineffective (60%). A very small minority (6%) report it is ineffective as a screening tool.¹³

Using social media as part of a resourcing strategy was reported to bring several benefits (Table 6). More than four-fifths of those who use it report it has increased the strength of their employer brand and their potential selection pool. Nearly three-quarters report it has also increased the volume of candidates received, although a smaller proportion (45%) report it has increased the *quality* of candidates, while one in five report using social media has decreased the quality of candidates.

Nearly three-quarters report that using social media has reduced their costs. More than two-fifths report it has increased the speed of the recruitment process, although one-fifth report it has reduced the speed, possibly a consequence of the increased number of candidates to be considered.

Views were mixed regarding whether social media increases or decreases potential for discrimination,

Table 5: Which social media sites does your organisation use for resourcing? (% of respondents that use social media in resourcing)

	All	Manufacturing and production	Private sector services	Not-for-profits	Public sector
LinkedIn	82	88	90	69	66
Twitter	55	42	50	74	64
Facebook	51	36	45	77	55
YouTube	8	9	8	10	7
Other	8	15	7	3	9
Google+	6	3	5	10	9
Pinterest	2	0	2	3	0

Base: 248

Table 6: How does the use of social media as part of your resourcing strategy affect the following areas?

	Increases	Decreases
Strength of employer brand	84	1
Potential selection pool	83	3
Volume of job applicants	74	6
Quality of candidates	45	19
Speed of time to hire	44	22
Potential discrimination	22	26
Cost	13	71

Base: 223

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although having a dedicated strategy appears to reduce potential discrimination. Those who had a dedicated strategy for social media were more than twice as likely to report it decreases potential discrimination (35%) than increases it (15%). In contrast the views of those who used social media without a dedicated strategy were more mixed regarding its impact on potential discrimination (27% increases, 21% decreases).¹⁴ Currently only a minority of organisations use social media for screening candidates where there is most risk of discrimination (for example, review of candidate pictures and their stated interests such as community or religious groups). A clear policy on how social media should be used in resourcing is important to prevent misuse and potential discrimination claims.

Improving the employer brand

Positioning as an employer of choice plays an important role in attracting the best talent. Nearly three-quarters of organisations had made efforts to improve their employer brand over the last year

(Table 7). Larger organisations were most likely to have taken action, although a fifth of those with more than 5,000 employees had taken no action (Table 7).¹⁵ There were no significant sector differences.

Similarly to the 2011 survey, the most popular approaches to improving employer brand were employee surveys and developing online career sites, although employee surveys were even more popular this year (2013: 47%; 2011: 39%).¹⁶ A higher proportion of organisations also report they attend graduate career fairs to improve their employer brand (2013: 23%; 2011: 15%), although this remains less common in the not-for-profit sector.¹⁷ All of these activities were more common in larger organisations.¹⁸

The private sector organisations were more likely to have made efforts to improve their brand through working with charities and least likely to have extended flexible working practices compared with organisations in other sectors.¹⁹

Table 7: Work undertaken over last year to improve employer brand (%)

	All	Sector			Size				
		Private services	Public sector	Not-for-profit	1–49	50–249	250–999	1,000–4,999	More than 5,000
Run an employee survey	47	42	57	53	19	43	50	60	64
Developed an online careers site	27	29	27	17	8	22	28	46	33
Attended graduate careers fairs	23	26	26	9	3	16	28	37	38
Extended flexible working	19	14	30	26	24	12	15	26	28
Worked with charities	14	17	6	11	14	12	12	16	17
Introduced flexible working	9	9	6	14	11	8	5	10	14
Introduced sabbaticals	2	1	2	6	0	3	2	2	2
Other	7	7	4	12	14	7	3	10	5
No action taken to improve employer brand	27	28	24	24	42	31	27	11	21

Base: 447

Case study: Which? – recruiting the right people for the growing areas of business

Which? – the largest consumer body in the UK – has been expanding into new areas of business, including the recently launched and quickly expanding mortgage advice business. As Which? stands for making individuals as powerful as the organisations they deal with in their daily lives, it was essential that this new business area, essentially built from scratch, fits under the Which? brand. One of the biggest challenges was in recruiting people who understood the desire to build a successful commercial business, but would also live the values of integrity, independence and bravery espoused by the organisation.

Kim Brosnan, Director of Talent, argues that despite a fierce war for specialist talent, even smaller-sized organisations must select candidates for their cultural fit, as well as for their skills. *‘When we launched the Which? mortgage advice business, many of the individuals we were interviewing would talk about customer service, but, in many instances, it was just lip service. We interviewed lots of people, and they just weren’t right. And it’s about being brave enough to say they are not right for us because they do not share our values, and not hire them.’*

To ensure that they attract the right candidates, Which? aims to clearly articulate what they stand for at all recruitment stages. The company has undertaken a thorough review of their brand as an employer, consulting with internal and external stakeholders. Being clear about the deal you are offering, Kim says, helps the person in front of you reflect on whether their values align with yours, enabling them to self-select to some extent. *‘Successful recruitment is critical to the success of an organisation, and if you don’t get that bit right, you can spend a lot of time and effort trying to put it right’*

Talent management continues even after the right people are secured into the organisation. Which? employs 500 staff, with many different types of skill-sets for a fairly small organisation to respond to various business needs. Kim emphasises that due to internal silos and lack of understanding of professional areas around the organisation, Which? used to lose employees that they wanted to keep but who thought they had hit the development ceiling in the organisation. The company reviewed and harmonised their reward structure, opting for job families rather than job roles, and gave its people an interactive reward and career management tool to navigate their way around the organisation and plan their internal career. This was also supported by career planning workshops and training for managers on how to get the best from their teams.

Kim estimates that since Which? have brought in a clearer employer proposition, it has been easier to attract talented people, including those from senior jobs in high-powered companies. The change in the turnover rate is positive on the whole, and there has been a 300% increase in internal rotations and secondments. Staff engagement levels are at an impressive 80%. An ongoing challenge is to get the business – specifically managers – comfortable with taking on more junior people and growing and developing them. This way, Kim believes, Which? can provide people with greater career opportunities and retain people for longer.

continued overleaf

Which? case study (continued)

'If you are someone like Accenture or PwC, you've been around for so long, you've got a strong brand that people have a greater understanding of what it might be like to work for you. For a smaller organisation it is hard to compete with that. But why can't we be the Accenture of the social enterprise world? We can't compete on all levels and are unable to provide international career opportunities, but we offer other things which make Which? a brilliant place to work. And it's being clear about what the other things you have to offer are, and articulating it well. Not overselling, but being real with the person in front of you.'

Recruitment difficulties

Three-fifths of organisations that had vacancies to fill experienced recruitment difficulties in the last year. This shows a considerable reduction on previous years that was consistent across all sectors (2013: 60%; 2012: 82%; 2011: 75%, 2010: 68%; 2009: 81%; 2008: 86%). Very small organisations (that have more limited recruitment needs) were least likely to have experienced difficulties (42% of organisations with fewer than 50 employees experienced recruitment difficulties).²⁰ The more vacancies organisations had advertised, the more likely they were to have experienced recruitment difficulties.²¹

As in previous years, managers and professionals/specialists and technical staff were the most difficult staff categories to fill, followed by senior managers/directors (Table 8). Manufacturing and production organisations were particularly likely to report difficulties filling technical positions (57% compared with 33% of private services, 22% of the public and 22% of the not-for-profit sector).²² They were also more likely to report challenges filling manual/craft positions (20% compared with 2–7% of organisations from other sectors). The private services sector had most difficulty recruiting services staff (13% compared with 2–5% of organisations from other sectors).²³ These difficulties reflect the demand for different types of positions within sectors.

Table 8: Categories of vacancy that proved particularly difficult to fill (% of respondents with recruitment difficulties)

	2013	2012	2011	2010
Other managers and professionals/specialists	52	47	48	53
Technical	46	43	43	40
Senior managers/directors	29	29	20	24
Manual/craft workers	8	6	5	3
Services (customer, personal, protective and sales)	7	11	9	7
Administrative, secretarial	3	6	5	4
Other	9	6	8	6

Base: 242 (2013); 400 (2012); 423 (2011); 326 (2010)

In little change from last year, lack of necessary specialist or technical skills remains the most frequently cited cause of recruitment difficulties, reported by three-fifths of respondents across sectors (Table 9). Lack of relevant sector/industry experience is a more common cause for manufacturing and production organisations (75%), although this is less of an issue in the other sectors.

More than two-fifths (44%) reported that candidates were looking for more pay than they could offer (2012: 38%; 2011: 46%; 2010: 39%). This was particularly common for smaller organisations (63% of organisations with fewer than 50 employees cited this as a reason, compared with 25% of organisations with more than 5,000 employees).²⁴ There were no significant sector differences.

The public sector and not-for-profit organisations were twice as likely as those in the private sector to report that the image of their sector/occupation/organisation was a problem. In addition, one in six (across all sectors) reported they had no applicants. This issue did not differ significantly across sectors or organisation size.

Addressing recruitment difficulties

This year a new question asked organisations whether they currently undertake or would consider a range of practices to reduce recruitment difficulties. The most common practice organisations currently employ is to develop existing employees for hard-to-recruit-for positions (Figure 3). Only a small minority report they would not consider this. Other common practices, across all sectors, include recruiting candidates from other sectors and industries and

Table 9: Reasons for recruitment difficulties (% of respondents with recruitment difficulties for one or more category of staff)

	All	Manufacturing and production	Private services	Not-for-profit sector	Public sector
Lack of necessary specialist or technical skills	61	64	63	56	60
Look for more pay than you could offer	44	41	45	47	40
Lack of relevant sector/industry experience	40	75	43	22	21
Reluctance to change jobs in the current economic climate	17	18	19	11	16
Image of sector/occupation/organisation	17	11	12	22	26
Relocation difficulties	17	20	16	8	21
No applicants	16	7	17	22	16
Lack of general experience	12	7	13	11	14
Lack of interpersonal skills	12	11	13	8	12
Lack of formal qualifications	4	5	5	0	5
The impact of the immigration cap	3	5	3	3	2
Other	4	0	2	6	12

Base: 245

RESOURCING AND TALENT PLANNING

sponsoring relevant professional qualifications. Two-fifths report they currently recruit candidates without experience, but with potential, although a further two-fifths would consider doing this.

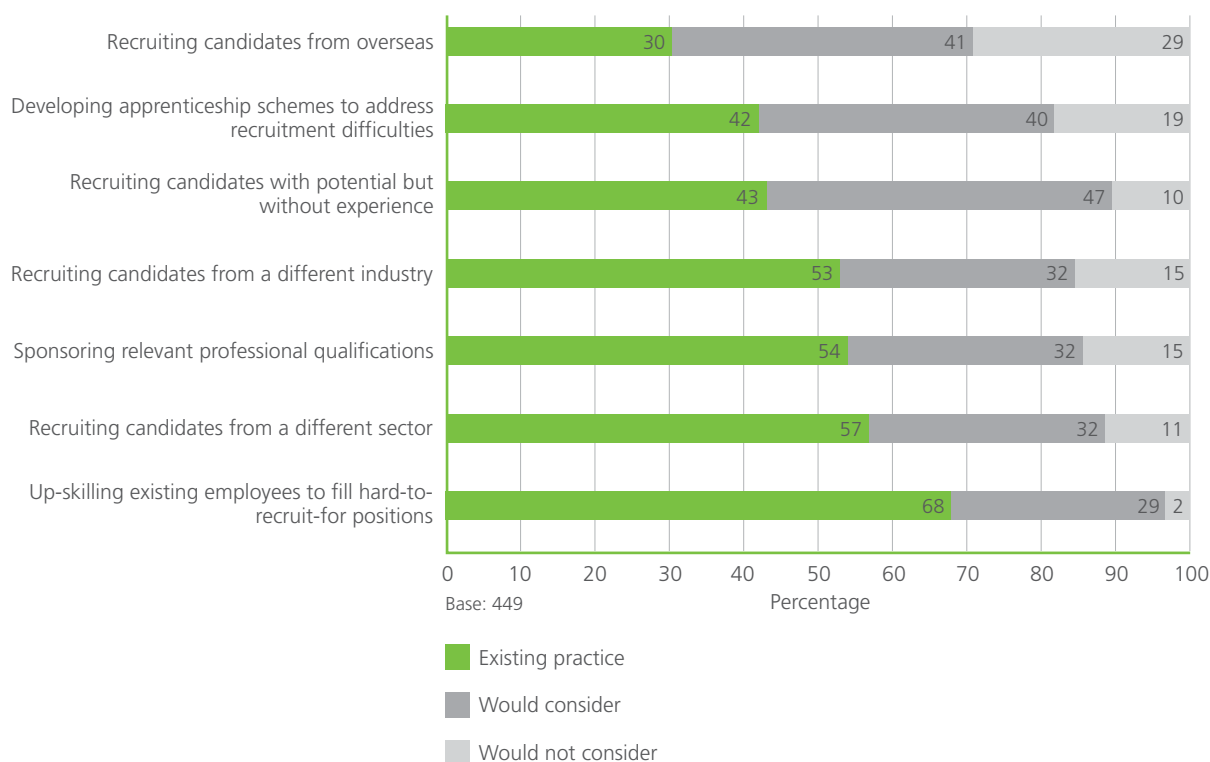
Addressing recruitment difficulties through developing apprenticeship schemes is most common in the public and manufacturing and production sectors (public sector: 56%; manufacturing and production: 45%; not-for-profit: 38%; private services: 35%).²⁵ Less than a third report it is existing practice to recruit candidates from overseas, although a further two-fifths would consider this. Again, organisations in the public sector and manufacturing and production were most likely to do this (public sector: 38%; manufacturing and production: 41%; private services: 27%, not-for-profit: 18%).²⁶

All the practices were more common in larger organisations, which have a greater capacity to develop employees.²⁷ Organisations with fewer than 50 employees were particularly likely to report they would not consider developing apprenticeship schemes (44%).

Length of recruitment process

The length of recruitment processes remains a hindrance for many employers, particularly larger organisations.²⁸ In little change from last year, one-third of organisations across all sectors (2013: 35%; 2012: 33%) report that they have lost potential recruits due to the length of their recruitment process. This rose to nearly three-fifths (57%) of organisations with more than 5,000 employees (32% of organisations with 250–999 employees; 13% of organisations with fewer than 50 employees).

Figure 3: Practices currently undertaken or potentially considered to reduce recruitment difficulties (% of respondents)



Selecting candidates

The methods used to select candidates show a similar pattern to previous years (Table 10). Interviews remain the most common selection method, with competency-based interviews being most popular across all sectors. Interviews following CVs/application forms are also popular, particularly in the private sector (77% compared with 59% in the public sector and 64% in the not-for-profit sector).²⁹

More than half of organisations use tests for specific skills, while just under half use literacy and/or numeracy and general ability tests. Online selection tests are now used by a fifth of organisations, overall, but, as with the use of general ability tests, literacy and/or number tests, assessment centres, personality/aptitude questionnaires and group exercises, they are more prevalent in larger organisations (35% of those with 1,000–4,999 employees and 52% of those with more than 5,000 employees).³⁰

Pre-interview references were used in selection by just over a fifth of organisations overall, but this masks differences between sectors. Nearly two-fifths of the public sector (38%) report that they used them compared with just one-fifth of private sector services (21%), 14% of not-for-profit and 10% of manufacturing and production organisations.³¹

A new question this year looked at how organisations conduct interviews. All organisations that use interviews use face-to-face techniques but a considerable proportion also make use of other methods. Conducting interviews by telephone appears to be on the increase (2013: 56%; 2011: 43%; 2010: 47%; 2009: 38%), although this method varies significantly across sectors (private sector services: 74%; manufacturing and production: 62%; not-for-profit: 43%; public sector: 26%).³² Nearly a third (30%) use video or Skype interviews, rising to 42% of those who recruit from overseas (regardless of size or sector).

Table 10: Methods used to select applicants (%)

	2013 survey	2011 survey*	2010 survey	2009 survey
Competency-based interviews	82	70	78	69
Interviews following contents of CV/application form	71	63	64	68
Tests for specific skills	55	49	48	50
Literacy and/or numeracy tests	45	38	43	39
General ability tests	45	23	27	44
Assessment centres	43	35	42	35
Personality/aptitude questionnaires	42	35	44	35
Group exercises (for example, role-playing)	28	21	30	26
Pre-interview references (academic or employment)	22	9	16	19
Online tests (selection)**	22	n/a	n/a	n/a
Other	6	3	4	6

Base: 460 (2013); 605 (2011); 473 (2010); 754 (2009).

*This question was not included in the 2012 survey

**This response option was added in 2013

Candidates' integrity and behaviour

A new area this year explored the integrity, behaviour and expectations of candidates. While only a minority report that candidates *always* behave with honesty and sincerity and turn up on time for interviews, the vast majority report that they *mostly* do (Figure 4). Greater room for improvement appears to lie in the way candidates communicate with employers. Nearly a quarter report that candidates sometimes or rarely respond promptly to communications and 30% say that they only sometimes, rarely or never communicate well.

Similarly, candidates' salary expectations are not always realistic. This was particularly an issue for the private services sector, where just half of organisations report that candidates always or mostly had realistic salary expectations (53%), compared with 74% of not-for profit, 67% of public sector and 62% of manufacturing and production organisations.³³

The more vacancies organisations had had over the past year, the more negative they were regarding

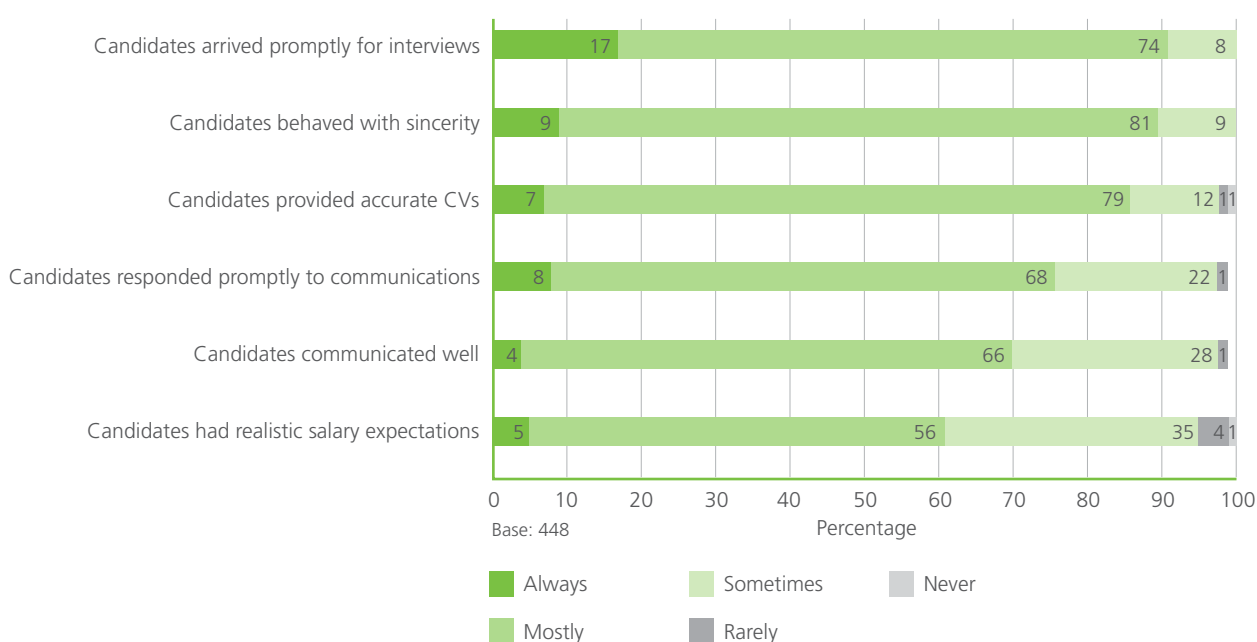
candidates' sincerity, promptness for interviews, response to communications and salary expectations, although the statistical relationships were all small.³⁴

Recruitment costs

In similar findings to previous years, nearly half of organisations (48%) report that they calculate their recruitment costs (39% do not). Larger organisations were somewhat more likely to do so (65% of those with more than 5,000 employees compared with 48% of those with fewer than 50 employees).³⁵ 154 respondents (72% of those that calculate recruitment costs) provided cost estimates per hire.

The overall median cost per hire has reduced in comparison with previous years for both senior managers/directors and other employees (Table 11). There was, however, 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 (see 2011 report) and variation in the accuracy of their estimates.

Figure 4: How would you rate candidates from the last 12 months?



In order to examine the validity of estimates, respondents were asked to indicate how accurate their cost estimates were. Less than half (45%) of estimates for recruiting senior managers/directors were considered to be accurate to plus or minus 10% and nearly three-quarters (72%) to plus or minus 20%. One-third (32%) of estimates for other employees were accurate to plus or minus 10% and two-thirds (69%) to plus or minus 20%. Table 12 shows the median figures for estimates that were believed to be accurate to plus or minus 20%.

These more accurate figures confirm that overall recruitment costs have reduced compared with previous years, particularly for senior positions but also for other employees. The sector analysis, however, shows that reductions have not been noted across all sectors, although caution is required in drawing conclusions due to small respondent numbers. The median cost of recruiting senior managers/directors has fallen considerably in the private sector but shows a

small increase in the public sector. In the not-for-profit sector it has fallen compared with last year but shows an increase on 2011. The median recruitment costs per hire for other employees has fallen in all sectors compared with the last two years with the exception of the private services sector, where it has fallen compared with last year but shows a small increase on 2011.

The general reduction in recruitment costs per hire is consistent with the shift from more traditional, higher-cost attraction methods to lower-cost web-based methods (Figure 1) and the reduction in recruitment difficulties last year.

In previous years we have noted a substantial difference in the median cost per hire of senior managers/directors in the private sector compared with the public and not-for-profit sectors. The reductions noted this year have substantially reduced the sector differences. Recruitment spend on senior appointments remains considerably higher than on other employees.

Table 11: Estimated average cost (advertising costs, agency or search fees) per hire (£)

Occupational group	Median 2013 (no. of respondents)	Median 2012 (no. of respondents)	Median 2011 (no. of respondents)	Median 2010 (no. of respondents)	2013 Minimum	2013 Maximum
Senior managers/ directors	6,000 (141)	8,000 (163)	7,000 (219)	8,333 (234)	400	90,000
Other employees	1,800 (150)	2,500 (182)	2,000 (246)	2,930 (262)	50	90,000

Number of respondents shown in brackets

Table 12: Median average costs (advertising costs, agency or search fees) per hire for estimates accurate to plus or minus 20% (£)

Occupational group	All	Manufacturing and production	Private services	Public sector	Not-for-profit sector
Senior managers/ directors 2013	5,000 (79)	6,500 (14)	6,000 (41)	5,500 (8)	4,500 (16)
Senior managers/ directors 2012	8,000 (105)	10,000 (19)	10,000 (55)	5,000 (11)	6,000 (20)
Senior managers/ directors 2011	7,500 (150)	8,000 (33)	9,000 (74)	5,000 (15)	3,500 (26)
Other employees 2013	2,000 (82)	1,750 (18)	2,350 (40)	1,500 (8)	875 (16)
Other employees 2012	3,000 (98)	3,250 (22)	3,000 (49)	2,000 (10)	2,000 (17)
Other employees 2011	2,500 (150)	3,400 (30)	2,000 (82)	3,000 (14)	1,500 (22)

Number of respondents shown in brackets

EMPLOYING YOUNGER WORKERS

Youth unemployment reduced slightly in 2012 from its record high in 2011. Nevertheless, one in five economically active 16–24-year-olds remains out of work, raising significant concerns about the long-term impact on skills development and the future productivity of the labour market. Here we explore organisations' attitudes towards, and employment of, young people. New questions explore whether employers have adapted their recruitment processes to become more accessible to young job-seekers and their views on how well education equips young people with the skills their organisations need. As in previous years we also examine the use of graduate recruitment programmes and other activities to recruit and develop young people.

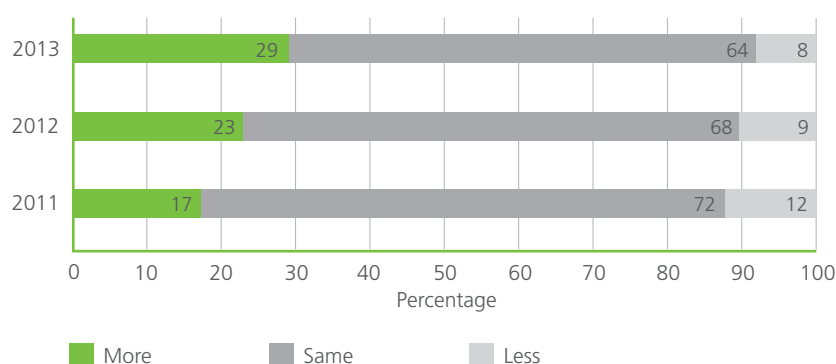
Changes in the employment of young people

More organisations report they are employing 16–24-year olds (29%) compared with one year ago (23%), and only 8% report they are employing fewer younger workers. The figures show a continuing, but small, improvement on previous years (Figure 5).

Public sector organisations were most likely to report that their employment of young

people had both increased (36% compared with 25–27% of organisations from other sectors) and decreased (17% compared with 3–9% of organisations from other sectors).³⁶ The biggest increase was in central government organisations, although respondent numbers are too small for a robust comparison within public sector organisations. The larger decrease may reflect a general reduction in headcount in this sector.

Figure 5: Changes in the employment of 16–24-year olds compared with one year ago (%)



Base: 456 (2013); 512 (2012); 605 (2011)

Efforts to attract younger candidates

A third (33%) of organisations report they have adapted their recruitment processes to become more accessible to younger candidates.³⁷ Larger organisations were most likely to have done so³⁸ and not-for-profit organisations least likely to have adapted their processes (17%; public services: 41%; private sector services 36%; manufacturing and production: 29%).³⁹

In the survey 98 respondents described in their own words how they have adapted their recruitment processes to become accessible to younger people and the impact this has had.

Training schemes

Half referred to schemes to train and develop young people, particularly apprenticeship schemes, which a third had introduced, expanded or adapted. Others had increased or introduced graduate schemes, academies or cadet schemes, made use of programmes such as Get Britain Working or Growth Wales or had simply developed their own training and development programmes. Training young people for specific job requirements was seen to be advantageous in that it enabled a wider pool of potential talent to be accessed, it 'shaped' the skills the organisation needs and helped with succession planning. Just one respondent pointed to the additional costs of the training investment.

'We took a conscious decision to recruit support staff via an apprenticeship route. This has been successful as we have been able to recruit individuals that are a good fit for the organisation, and who have the potential for the firm to develop the skills that we need in our workforce.'

Links with educational institutions

Several organisations were actively making efforts to attract younger employees through links with schools, colleges, universities and training institutions. Their presence at career events and recruitment fairs enabled them to advertise and promote appropriate vacancies. Some offered

work placements or summer jobs to encourage interest in the organisation. Others were also involved in 'supporting the development of necessary skills for CV writing and interview techniques' and 'career discussions'.

'We have worked with the local schools to recruit and find out what young people are looking for then work with local colleges to help train. This has had a positive effect on the workplace, bringing in new people willing to train and work up the ranks.'

Most were positive about their links with educational institutions, reporting they had received a higher number and higher calibre of applicants as a consequence. One organisation, however, reported that while recruitment fairs and engagement with universities had been successful in attracting more staff, many of those new employees left once their training was completed as the organisations could not provide 'the necessary salary increases to retain them once they are trained'. This highlights the importance of ongoing efforts to motivate and reward talent.

Greater use of online recruitment and social media

A fifth referred to their efforts to improve, adopt or increase use of social media (such as Facebook and Twitter) and/or online recruitment methods, which younger people are seen to be more 'in tune' with.

'We have recently introduced a career page and an external portal which enables potential candidates to apply online. This is attracting more interest, particularly from young people.'

Most report that these methods have increased the number of younger candidates applying for jobs. These methods may, however, be more effective for organisations with good brand awareness.

'Potential candidates are very aware of our recruit to retain policy and that we want to be an employer of choice.'

'We are using Twitter and Facebook to advertise all store vacancies, however it doesn't appear to have hit the target audience of younger applicants. We believe this may be due to them not following our brand until after they've joined!'

Adapting selection processes

Several organisations had revised their selection processes to be more favourable to younger candidates. Their examples included: making assessment days less formal; using ability tests that have high pass rates among younger people; using a situational judgement test instead of having a minimum qualification framework; reviewing competencies to make them more accessible to younger candidates; arranging assessment centres for after 4pm so candidates in full-time education can attend; and adapting the way in which younger candidates are interviewed.

The importance of ensuring job fit and supporting first-time workers to adapt to the work environment was also stressed. Work trials and tailored training and probation support was reported to be valuable in reducing the number of leavers in the first six weeks of employment.

'We take them for a tour of the area where they are working and introduce them to the members of the team to see how they react

to the environment. We also have trials for a week to ensure they are happy with the work and environment and we are happy with their attendance and interest in the job.'

Cultural change

One respondent reported that in their organisation HR has been attempting to drive cultural change at a management level to accept the value of younger workers. They reported that they were persisting with this despite it being 'an uphill struggle'.

Graduate recruitment

Overall, a quarter of organisations operate a structured graduate recruitment programme, although not-for-profit sector organisations are far less likely to do so and they are more common in larger organisations (Table 13 and Figure 6).⁴⁰

Similarly to last year, just over a third of those organisations with graduate recruitment programmes had increased their intake over the last 12 months, while a quarter had reduced their intake. There were no significant differences across sectors or sizes of organisation. Just 5% of those without graduate recruitment programmes report they have closed their schemes in the last 12 months (the rest had never had a scheme or not had one for some time).

Table 13: Organisations operating a structured graduate recruitment programme, by sector (% of respondents)

	2013	2012	2011	2010	2009	2008
All	24	31	27	34	22	23
Manufacturing and production	28	44	35	35	23	24
Private sector services	27	33	29	37	24	27
Public sector	29	32	26	33	23	24
Not-for-profit	7	6	6	18	5	7

Base: 521 (2012); 614 (2011); 472 (2010); 752 (2009)

Figure 6: Organisations operating a structured graduate recruitment programme, by size (% of respondents)

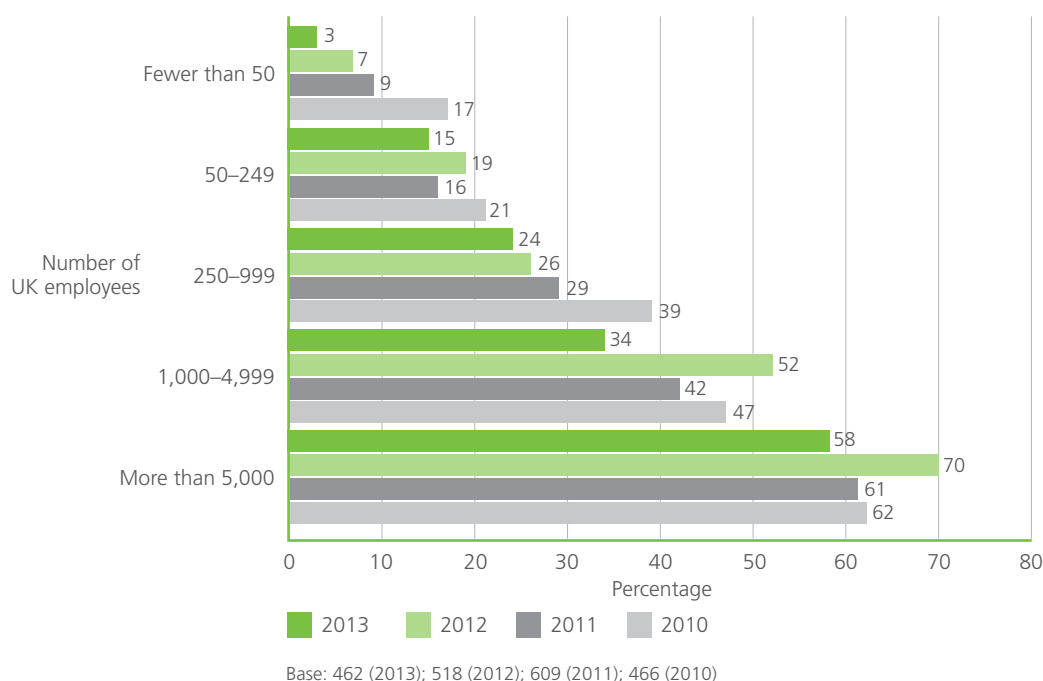


Table 14: Is your organisation considering any of the following activities? (%)

	Currently implemented	Plan to introduce in the next 12 months
Offer apprenticeships	46	14
Offer intern schemes	31	13
Sponsor students through university	18	11
Offer post-A-level entry routes	17	13
None of the above	27	–

Base: 457

Initiatives to develop skills

Organisations use a range of activities to develop skills and access younger workers (Table 14). Apprenticeships are offered by 46% of organisations overall, with a further 14% planning to introduce them in the next 12 months (2012: 41% currently implement, 14% plan to introduce). As in previous years, the manufacturing and production sector and the public sector were most likely to offer apprenticeships (53% and 67% respectively).⁴¹ This year, however, the proportion offering apprenticeships in the public sector has

increased from 58% in 2012 to 67%. Private sector services have also seen a smaller increase in the proportion offering apprenticeships (38% up from 32% last year).

Nearly a third currently offer internship schemes, while less than a fifth sponsor students through university or offer post-A-level entry routes. The use of these activities is similar to last year and does not vary significantly across sectors, although all are more common in larger organisations.⁴²

The role of education institutions in equipping young people for work

Over a quarter of organisations believe that schools, colleges and universities are poor at equipping young people with the skills they need (Figure 7). Over a fifth believe education equips young people with the skills required by their organisation to a small extent and an additional 5% to no extent at all. Half as many believe that education equips young people with the skills their organisation requires to a very great (2%) or great extent (11%).

Manufacturing and production organisations were most likely to report the education system does not fulfil their skill needs (Figure 7).⁴³ Public sector organisations were the most positive, but there was considerable variation within this sector. Over half of public sector educational organisations felt that young people were equipped to a great or very great extent, compared with a fifth of those in health, 14% of those in central government, 10% of those in local government and 24% of those in other public services.

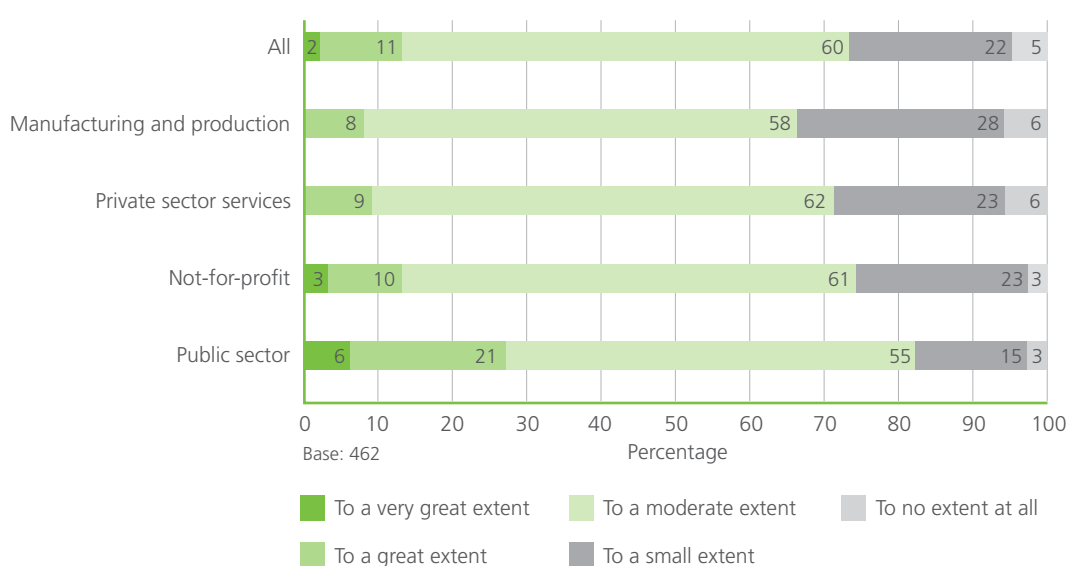
Ninety-six respondents gave suggestions as to what more schools/colleges/universities could do to better equip young job-seekers.

Workplace/life skills

The most common response concerned better development of workplace or 'life' skills. Nearly half of respondents suggested schools/colleges/universities should teach young people what is expected of them in the workplace or 'office etiquette'. This included basic skills such as timekeeping (the 'need for reliability', the 'ability to organise themselves'), dress codes, work ethic and the need to 'do what they are told', as well as office skills such as telephone techniques, customer service skills and interpersonal skills, including respect for colleagues and teamworking skills.

Several respondents suggested that education focuses too much on theory and academic excellence while job-seekers (and organisations) would benefit from more practical skills, more general business knowledge and a practical understanding of how business works.

Figure 7: To what extent do you think schools/colleges/universities equip young people with the skills your organisation needs? (% of respondents)



'The working hard ethic, respect, timekeeping, acceptable work behaviour, problem-solving, proactivity, ability to organise themselves, desire for work – these are key work skills that university courses seem to forget – they concentrate too much on theoretical knowledge and don't prepare youngsters for the workplace, so it is a shock for some.'

'Introduce a Work Ready Course as part of the syllabus for most first degrees as well as in the curriculum at schools, using industry managers as part of the programme delivery.'

Basic skills

One-quarter of respondents felt schools, colleges, and universities need to improve basic literacy, numeracy and communication skills. They complained of 'poor written English' and 'poor literacy, numeracy and communication skills from the majority of younger candidates, even those at degree level'.

'Our training budget has increased due to lack of basic literacy, numeracy and communication skills from potential entry- and graduate-level candidates. We now have to include [appropriate training] within our induction training programme.'

Vocational/technical skills

A smaller proportion of respondents felt that students should be offered more technology courses and vocational modules.

Careers advice

Over a third felt educational institutions should provide more careers advice. This included developing practical skills in writing CVs/ applications and preparing for interviews and assessment centres. Suggestions included developing competency-based interview techniques, researching companies prior to interview and developing a greater understanding of what employers want.

Many also felt schools, colleges and universities could do more to inform young people of different careers and opportunities available, including different career pathways such as apprenticeships. Some felt schools focused too much on preparing students for higher education rather than providing them with a realistic assessment of 'what is out there in terms of employment' and routes to access real jobs. As well as a more 'realistic view of types of job roles that are common', several comments suggested that job-seekers also needed more 'realistic managing of expectations around starting roles and levels of salary.'

'Help young job-seekers be realistic about what's on offer and that they have to work hard/be committed and be patient (that is, not expecting everything to come to them on a silver platter).'

'Students leave university and expect to walk into a high-level £30k per year role, when in reality they have little experience.'

As well as a greater understanding of 'what is out there', comments also suggested that careers services should also aim to build the self-awareness of job-seekers.

'To put more time and emphasis into the curriculum for those nearing the completion of studies to gain a much better understanding of themselves, their preferences, natural areas of strengths, learning style. [These services should provide] any other tool that can build their self-awareness in order to help them make informed choices when considering employment options and ask important questions at the interview stage to check out whether the proposition being offered is the right one for them. Too often big brand names hold undue credibility with young job-seekers when they personally and professionally may be better off with smaller, less-known employers.'

Work experience

A quarter of organisations highlighted the need for schools, colleges and universities to promote and/or incorporate work placements/internships for students, 'to gain skills often overlooked in college', gain a better understanding of the world of work and improve their understanding of their suitability for particular careers.

Link with and listen to organisations

One in eight suggested that educational institutions should do more to link with employers for a variety of reasons. These included organising work placements and assisting with careers advice, but just as importantly improving understanding (for the curriculum as well as for individual job-seekers) of what employers really want and need.

'Listen to what industry has to say!'

'Get the views of SME employers, rather than just the big organisations, to get a better idea of what the average employer really wants and needs. A massive percentage of employers in this country are SMEs.'

'Connect a) curriculum, b) teachers, c) governors, with reality. The gap between what's needed and what's provided is yawning, yet not difficult to fix.'

DIVERSITY

Discrimination in the recruitment process against people due to age, disability, gender reassignment, marriage/civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation is prohibited under the Equality Act 2010 (with the exception of valid occupational requirements). Moreover, there are strong arguments for the organisational benefits of recruiting people from a wide range of backgrounds, ages and life experiences. This section examines organisations' approaches to diversity, including the use of formal diversity strategies and the methods used to address diversity issues in recruitment and selection processes.

In little change from previous years, nearly three-fifths of organisations report they have a formal diversity strategy (2013: 58%; 2012: 56%; 2011: 52%; 2010: 55%; 2009: 60%; 2008: 55%). Public sector organisations were most likely to have a formal diversity strategy and the private sector the least (Table 15). Diversity strategies were also more common in larger organisations (regardless of sector).⁴⁴

As in previous years, the most common methods used by organisations to address diversity issues were monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, and so on, and training interviewers to understand what diversity is about and the impact of stereotypes (Table 16).

Table 15: Does your organisation have a formal diversity strategy? (%)

	Yes	No	Don't know
All	58	34	8
Sector			
Manufacturing and production	50	42	8
Private services	47	43	10
Public sector	79	13	8
Not-for-profit	70	28	3
Number of UK employees			
Fewer than 50	45	46	9
50–249	48	47	5
250–999	59	34	7
1,000–4999	68	22	10
More than 5,000	82	8	10

Base: 462

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Three-fifths report they actively try to attract talent of all ages, maintaining the increase noted last year compared with 2011. While a smaller proportion actively tries to attract talent of all backgrounds (38%), this is a substantial improvement on last year (17%). In contrast, the proportion who actively attempt to recruit the long-term unemployed has fallen considerably compared with last year, back to 2011 levels (Table 16).

The public sector still leads the way with diversity practices, although the not-for-profit sector is not far behind. Not only are these sectors more

likely to have a formal diversity policy, but they are more likely than private sector organisations to use a range of methods to address diversity, including monitoring recruitment and/or staffing information; training interviewers to understand diversity; operating policies that go beyond basic legislative requirements; checking that tests used are valid, reliable and culture-free; advertising vacancies in different sources to attract under-represented groups; and providing recruitment documents in other formats. The public sector was also most likely to actively attempt to attract talent of all backgrounds (Table 16).⁴⁵

Table 16: Methods used to address diversity issues in organisations (% with formal diversity strategy)

	2013 survey	2012 survey	2011 survey	2010 survey	Public sector (2013)	Not-for- profit (2013)	Private sector combined (2013)
Monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, and so on	78	83	78	79	96	85	64
Training interviewers to understand what diversity is about and the impact of stereotypes	62	67	57	68	76	61	53
Actively trying to attract talent of all ages*	60	59	45	–	56	52	66
Operating policies that go beyond basic legislative requirements on age, gender, race, disability, sexual orientation, religion and belief	48	47	39	49	68	57	32
Checking that any tests used are valid, reliable and culture-free and were tested on diverse norm groups	46	37	36	42	56	43	40
Advertising vacancies in different sources to attract under-represented groups	43	41	31	37	56	52	33
Providing recruitment documents in other formats (online, large-print, audio, and so on)	40	39	39	41	60	57	22
Using specific images/words in your recruitment advertising to appeal to a wider audience	38	33	29	38	45	35	34
Actively trying to attract talent of all backgrounds (for example, visiting schools in disadvantaged areas)**	38	17	–	–	50	33	32
Making attempts to employ the long-term unemployed*	21	52	19	–	24	24	17
Setting recruitment targets to correct a workforce imbalance	14	12	9	15	20	9	13

Base: 268 (2013); 281 (2012); 312 (2011); 253 (2010)

*new item added in 2011, **new item added in 2012

RESOURCING AND TALENT MANAGEMENT IN TURBULENT TIMES

The year 2012 was a period of stagnant growth for the UK economy. Nevertheless, private sector employment grew, aided by muted pay growth, a growth in part-time employment and employers' reluctance to lose skilled workers while they attempted to grow or recover in current market conditions. Weak economic growth is projected to continue and it is unclear whether private sector employment will continue to offset the contraction in the number of public sector workers and the projected expansion of the UK workforce.

This section examines the impact of the economic environment on resourcing budgets, strategies and activities. Organisations' views on the employment market and the implications for talent management are explored.

The impact of the economic climate on resourcing

The sluggish economic environment means many organisations remain focused on costs. Half of public sector organisations and over a third of private and not-for-profit organisations report that their

resourcing budgets for 2013–14 will reduce as a consequence of the economic climate (Table 17), although this shows an improvement compared with the last few years (Figure 8). Only a minority report their budgets have increased.

Table 17: Impact of the current economic climate on organisations' resourcing budgets (% of respondents)

	2013	2012	2011	2010	Private sector 2013	Public sector 2013	Not-for-profit 2013
Reduced	39	47	49	53	34	53	37
Stayed about the same	48	41	36	37	51	35	56
Increased	7	7	8	7	9	6	4
Don't know	6	5	7	3	7	6	3

Base: 458 (2013); 517 (2012); 615 (2011); 475 (2010)

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Figure 8: Percentage of organisations reporting that the economic environment has resulted in a reduction in their resourcing budget (% of respondents)

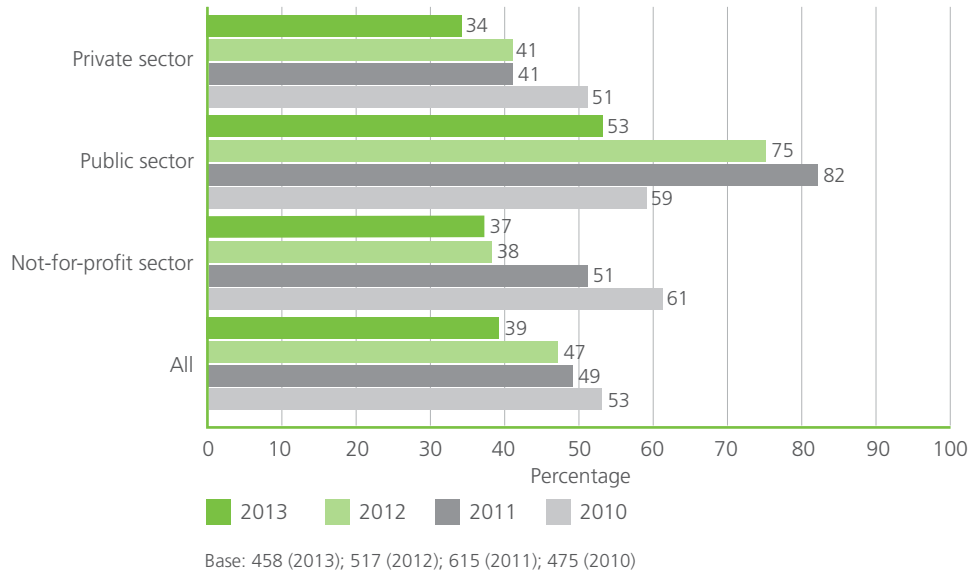


Table 18: Changes to overall talent management spend in the last 12 months (% of respondents with talent management spend)

	All		Private sector		Public sector		Not-for-profit	
	2013 survey	2012 survey	2013 survey	2012 survey	2013 survey	2012 survey	2013 survey	2012 survey
Increased	23	31	27	33	15	18	13	31
Decreased	21	12	19	10	30	24	17	8
Remained the same	56	57	53	56	55	59	69	60

Base: 345 (2013); 418 (2012)

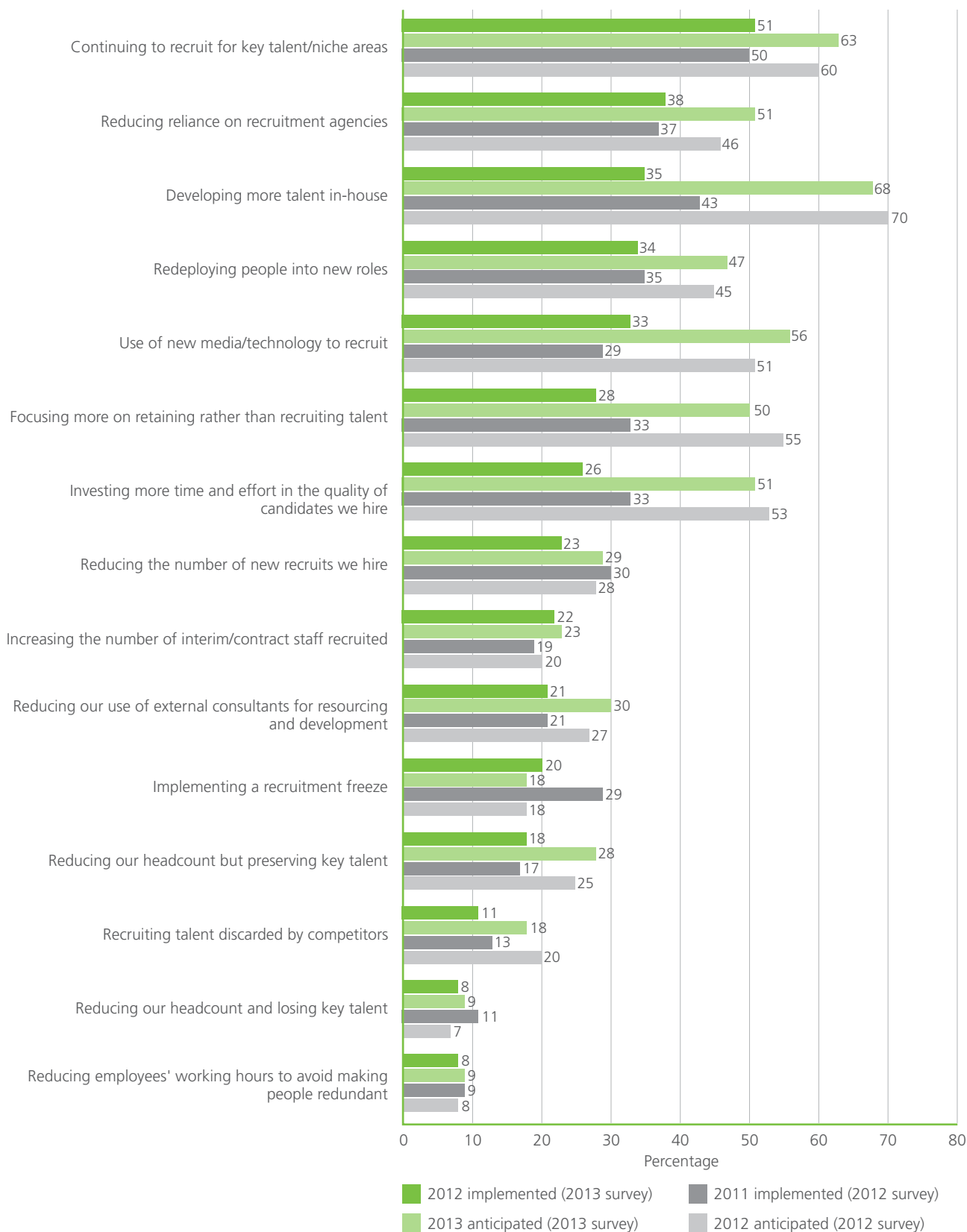
Talent management budgets

Talent management budgets have not been as adversely affected as resourcing budgets generally. While a fifth of those with talent management spend report that they had decreased over the past 12 months, a similar proportion reported they had increased it. This echoes last year's findings where many reported the challenging economic situation had led to an increased focus on talent management. Nevertheless, in this year's survey more organisations across all sectors report decreases in talent spend compared with last year and fewer report increases (Table 18).

Changes in resourcing and talent practices

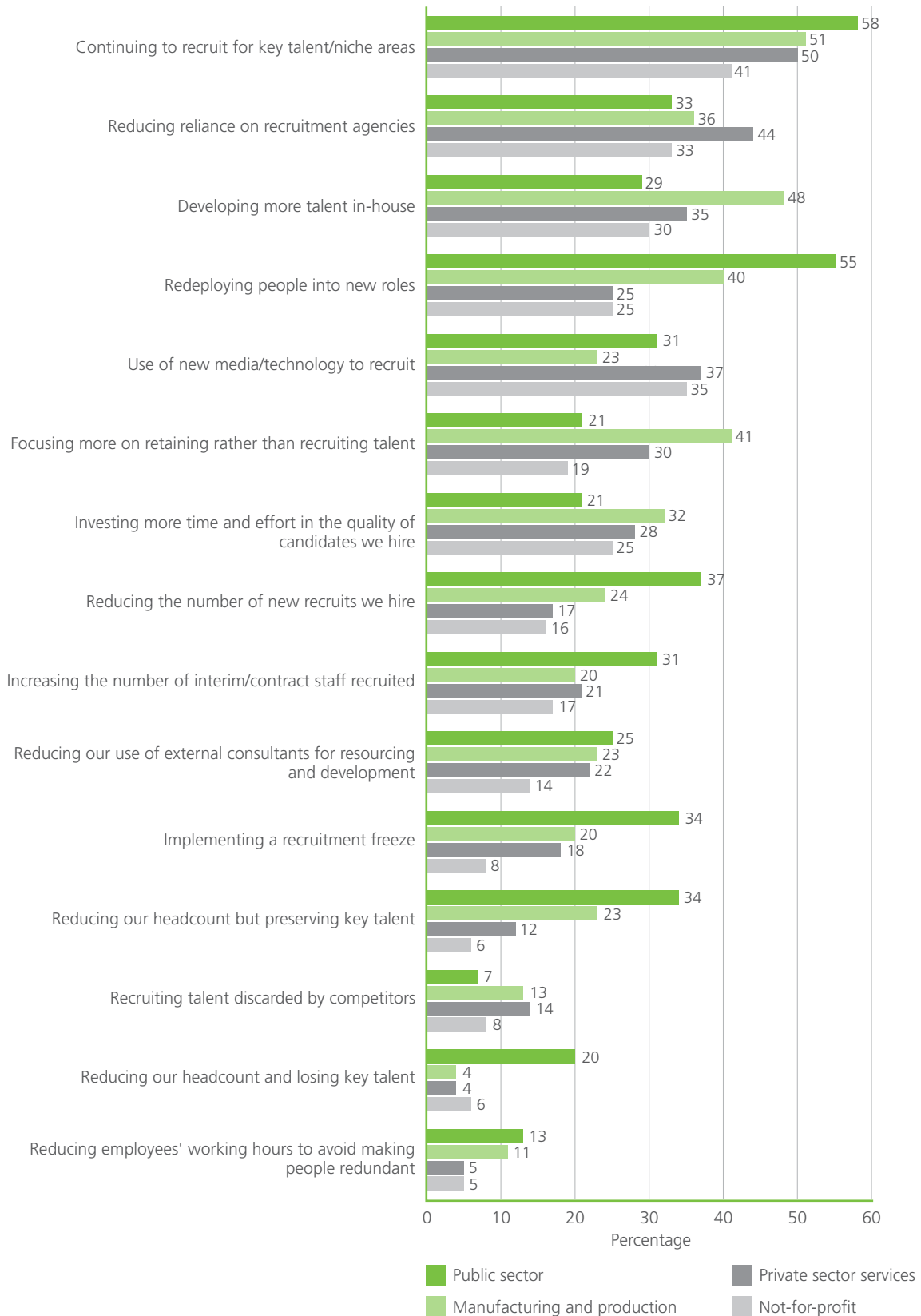
Figure 9 compares the 2013 and 2012 survey findings about the resourcing and talent practices that have been implemented and those anticipated for the year ahead. The findings show that practices implemented in 2012 are more similar to those implemented in 2011 than those predicted for 2012. This challenges the accuracy of respondents' predictions. Realising intentions may take more time, be more challenging or suffer interruptions due to changing circumstances.

Figure 9: Resourcing and talent practices implemented in 2012 and those likely to be implemented in 2013 and 2012 (% of respondents)



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Figure 10: Resourcing and talent practices implemented in 2012, by sector (% of respondents)



The main exception is in the proportion anticipating a recruitment freeze. Fewer organisations implemented a recruitment freeze in 2012 (20%) compared with 2011 (29%) in line with predictions. Contrary to expectations, there was a small reduction in the proportion that had developed more talent in-house, focused more on retaining rather than recruiting talent or invested more time and effort in the quality of candidates they hire.

Most practices remained remarkably similar in 2012 to 2011. Half of organisations continued to recruit for key talent/niche areas (regardless of sector) and many continue to focus on costs, particularly in the public sector. The public sector was most likely to have implemented a recruitment freeze, reduced their headcount (both preserving and losing key talent), reduced the number of new recruits hired, redeployed people into new roles and reduced employees' working hours to avoid making people redundant (Figure 10).⁴⁶

Views on the employment market

Over two-thirds of organisations report they have noticed an increase in the number of unsuitable applicants over the last year (Figure 11). While the figure remains high it shows a small decrease on the last few years, reflecting the fall in unemployment during 2012.

The growth in employment may also be responsible for the small increase in the proportion reporting that competition for well-qualified talent is even greater now, as the pool of available talent to hire has fallen sharply (62%). Nevertheless, competition for talent is not related

just to employment trends. Figure 11 shows a threefold increase in the proportion reporting that competition is greater since 2009, despite considerably lower unemployment then. The rate of change in today's organisations appears to be driving a growing mismatch between the skills businesses need and those they find readily available in the labour market. As we have found in previous years, this issue is particularly pertinent in the private sector (67% report that competition for talent is greater now compared with 56% of public sector and 49% of not-for-profits).⁴⁷

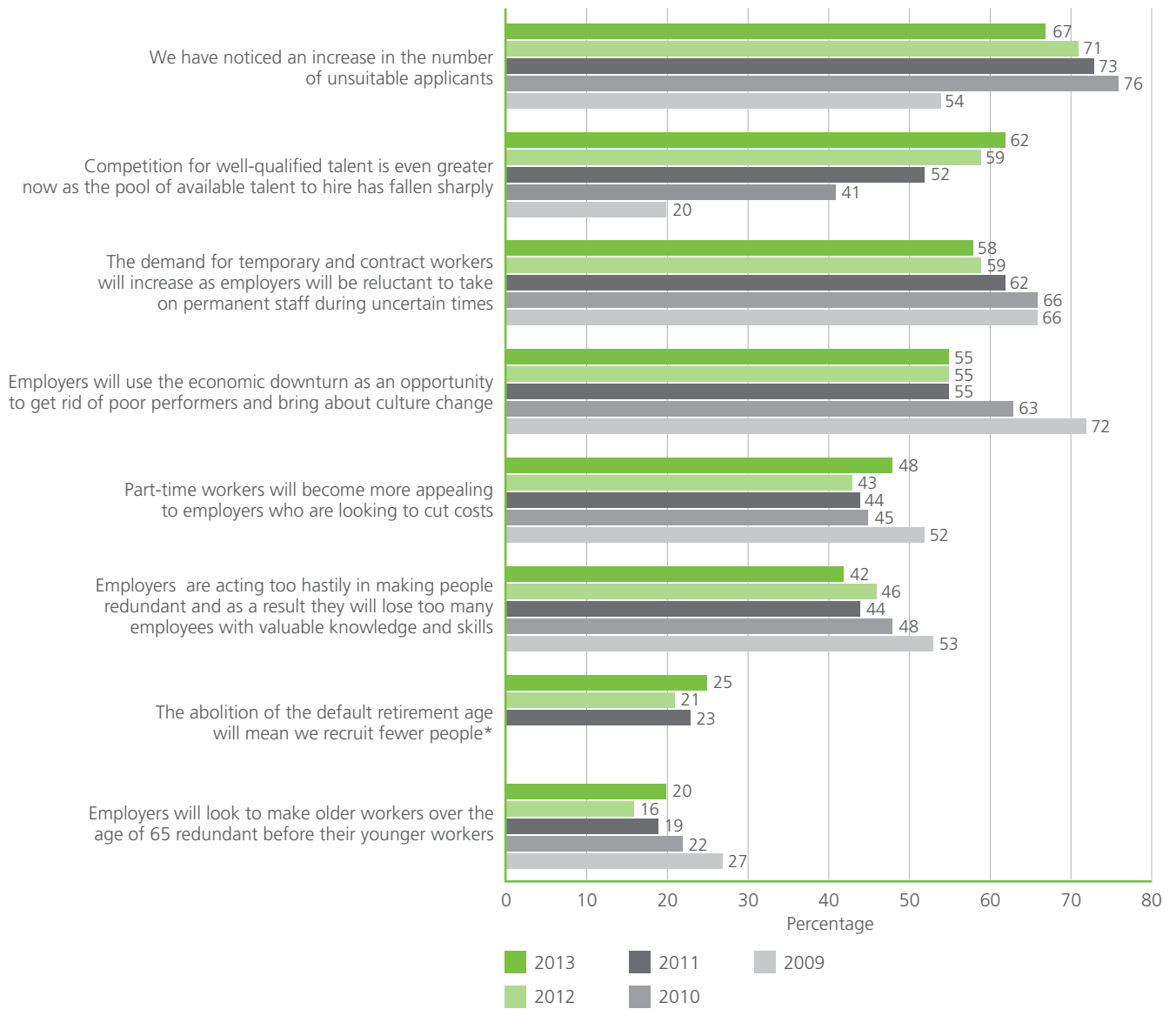
More than half of respondents believe that employers will use the economic downturn as an opportunity to get rid of poor performers and bring about culture change. At the same time, two-fifths agree that employers are acting too hastily in making people redundant and as a result they will lose too many employees with valuable knowledge and skills. This was less of an issue, however, for the manufacturing and production sector (29% agree or strongly agree compared with 42% of private sector services, 43% of not-for-profits and 49% of the public sector).⁴⁸

Three-fifths believe that the economic environment will increase demand for temporary and contract workers while half believe that part-time workers will become more appealing to employers who are looking to cut costs, views that are substantiated by figures from the ONS.

In little change from previous years, a quarter agrees that the abolition of the default retirement age (DRA) will mean they recruit fewer people as a consequence.

RESOURCING AND TALENT PLANNING

Figure 11: Views on the employment market (% agreeing or strongly agreeing)



Base: 454 (2013); 511 (2012); 607 (2011); 475 (2010); 746 (2009)

* Item added 2011

Case study: Cable & Wireless Worldwide – adjusting to the new ways of working

As a multinational business and now part of the world's second-largest mobile company, Vodafone, there is still an ongoing war for talent for Cable & Wireless Worldwide. Wayne Searle, Global Head of Organisational Development and Talent at Cable & Wireless Worldwide (CWW), explains that the company must bring in people who are genuinely 'customer-obsessed'.

This, of course, presents challenges to spotting job candidates who are technically competent and value-driven. Wayne gives three tips for talent planning, and explains how these are implemented in CWW.

1 Focus on talent capability and diversify your talent attraction strategy

CWW thinks about the capability it needs, where it exists, and what it needs to do to make it work. In the context of short-term projects and tight deadlines, it is not always possible to build talent internally; organisations have to look at multiple markets to identify the best skills.

Using social media to recruit is one way to reach out to rare talent; however, Twitter and Facebook – while easy to use and appealing – required a strategic development of a community of individuals interested in the company; using these platforms for just job postings was not good enough. CWW then partnered with LinkedIn to approach individuals in niche skill areas, even headhunting them from competitors, and eventually fulfilling 80% of direct recruitment through their website. By contacting candidates 'with the right message at the right time', CWW saved £1 million in recruitment costs in the UK alone.

Curiously, however, the same approach was not feasible in India, where the volume of applications even for basic jobs is measured in thousands, leading to high processing times. In that market the best way to recruit was a referral-based one, with 73% of posts filled through referrals.

2 Accommodate the transient workforce

In this brave new world the best employee might not always be the one willing to work 9 to 5. Modern organisations have to accept that different generations will have different expectations of a job, and will increasingly have to put up with employees being empowered to decide where and when they work. Some individuals will still want a traditional career path, but many would be happy to join discrete projects for limited periods of time. Setting corporate boundaries – for example, bans on social media in the workplace – might detract this talent from an organisation. 'Measure people on productivity, not the time they spend in the office', says Wayne. 'The more flexible you are, the more likely you are to be able to choose the best candidates.'

continued overleaf

Cable & Wireless Worldwide case study (continued)

3 Start communicating your values at the recruitment process

Wayne says too few organisations think about the candidate experience of, and genuine corporate fit of, prospective employees. The recruitment process is the right moment to ensure the candidate's and the organisation's values are aligned, and to connect the recruits emotionally to the organisation so that there is a lower rate of turnover in the longer term. A set of company values and behaviours has been a big part of our selection criteria in the recruitment process.

'Good experience through the recruitment process counts double in the grand scheme of things. An interview is a two-way conversation; it is as much pitching the organisation, as assessing the technical and behavioural characteristics of the candidate.' With this philosophy CWW ensures that 95% of offers made get accepted.

MANAGING LABOUR TURNOVER

This section explores the impact on labour turnover of increased employment growth in an uncertain economic environment. We explore trends in turnover rates and how organisations are approaching the issue of employee retention.

Figure 12 suggests that the median rate of labour turnover has declined steadily since the 2008 financial crisis. This decline has not, however, been noted across all sectors (Table 19). Median turnover rates have actually increased slightly in the private services and not-for-profit sectors over recent years and have been bumpy in the public sector.

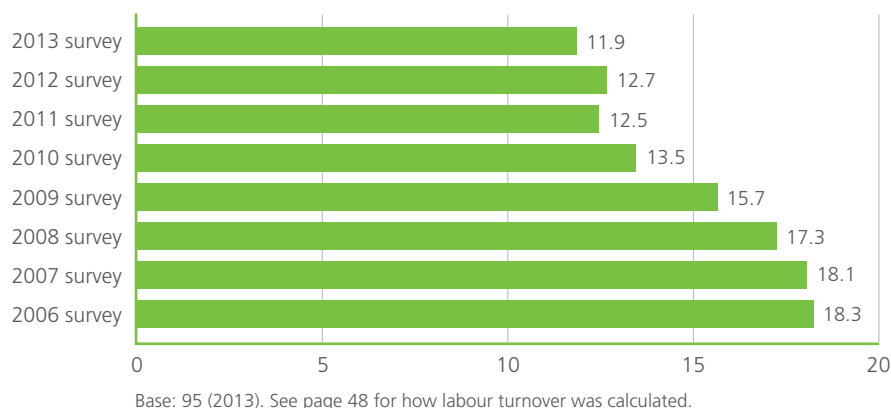
The median figures mask differences between organisations and within sectors. A third (34%) of organisations (from all sectors) reported their turnover had increased in 2012 compared with 2011, while a fifth (19%) reported it had decreased. Changes in turnover were not significantly different across sectors or sizes of organisation.

As in previous years, the majority of turnover is attributed to employees leaving voluntarily (Table 20). The rise in employment during 2012

has not, however, increased the overall median turnover rate of voluntary leavers compared with the previous year and it remains lower than in the 2010 and 2009 surveys. This might reflect ongoing caution in the labour market, although analysis of voluntary turnover rates for different sectors suggests that it has actually increased in the private services sector, which has seen the most stable growth.⁴⁹

Two-fifths of organisations that provided reasons for leaving had made one or more redundancies in 2012. There has, however, been a reduction since the immediate aftermath of the financial crisis in the proportion reporting large-scale redundancies. One in ten (10%) reported they had made more than ten redundancies in 2012 compared with 14% in 2011, 12% in 2010, 33% in 2009, 26% in 2008 and 22% in 2007.

Figure 12: Median rate of labour turnover



RESOURCING AND TALENT PLANNING

Cost of labour turnover

Just one in six (16%) respondents reports that their organisation calculates the cost of labour turnover (2012: 17%; 2011: 13%; 2010: 14%). Nearly two-thirds reported they did not (63%), while a further 21% did not know if they did so or not. Larger organisations were more likely to calculate the costs of labour turnover but, once this was taken into account, there were no significant sector differences.⁵⁰

Retaining employees

Retaining employees has become an increasing challenge over the last few years. Just over one-fifth of respondents (22%) reported they had no retention difficulties in 2012 (2012 survey: 34%; 2011 survey: 42%; 2010 survey: 45%; 2009 survey: 31%). Very small organisations (fewer than 50

employees) were least likely to have retention challenges (53%)⁵¹ but there were no significant differences across sectors.

Most retention difficulties were focused on higher-skilled categories of staff, paralleling the key categories of vacancies that prove difficult to fill (Table 21, Table 8). Nearly two-fifths report retention difficulties for managers and professionals/specialists, although this is a particular issue for public sector organisations, who were twice as likely as those from other sectors to report retention difficulties for this category of staff. Moreover, the proportion of public sector organisations reporting difficulties for this staff category has increased dramatically (2013 survey: 60%; 2012 survey: 40%; 2011 survey: 25%). Retaining key talent in a sector hit by

Table 19: Median labour turnover rates, by industry sector (%)

	All leavers					Voluntary leavers*				
	2013 survey	2012 survey	2011 survey	2010 survey	2009 survey	2013 survey	2012 survey	2011 survey	2010 survey	2009 survey
Manufacturing and production	8.0 (20)	9.5 (25)	9.3 (38)	3.1 12.4 (44)	3.1 15.3 (80)	3.1 (20)	4.5 (23)	3.7 (35)	2.7 (42)	7.7 (75)
Private sector services	16.3 (46)	16.1 (75)	13.8 (96)	14.6 (77)	16.8 (150)	11.8 (38)	8.9 (71)	8.7 (82)	7.4 (71)	10.4 (129)
Public sector	9.4 (10)	10.1 (16)	8.5 (28)	8.6 (19)	12.6 (52)	4.2 (6)	1.9 (16)	3.4 (10)	5.8 (15)	7.6 (45)
Not-for-profit	15.2 (19)	13.0 (16)	13.1 (11)	15.9 (15)	16.4 (38)	6.6 (18)	7.6 (26)	7.0 (24)	10.2 (18)	11.0 (35)

Number of respondents shown in brackets

*'Voluntary leavers' refers to those who elected to leave the organisation voluntarily. It does not include voluntary redundancies, retirees or those who left as fixed or short-term contracts ended.

Table 20: Median labour turnover rates, by reason for leaving (%)

	2013 survey	2012 survey	2011 survey	2010 survey	2009 survey
Voluntary redundancies	0	0	0	0	0
Compulsory redundancies	0	0	0	1.0	0.5
Dismissed/left involuntarily (including death in service)	1.3	0.6	0.7	0.9	1.4
Fixed-/short-term contracts	0.4	1.7	0	0	0.7
Retired	0.1	0.5	0	0.4	0.7
Left voluntarily	7.3	7.8	6.6	8.4	9.0

Base: 82 (2013); 138 (2012); 154 (2011)

ongoing budget cuts and pay freezes alongside the stressors of widespread reforms is clearly a challenge.

Retaining senior managers/directors is not as common a problem as retaining other managers and professionals/specialists. Nevertheless, this also appears to be an increasing issue, with small increases in the proportion of public sector, private sector services and not-for-profit organisations reporting retention difficulties for this staff category compared with last year.

More positively, fewer organisations, across all sectors, report difficulties retaining technical staff compared with last year.

Addressing retention

Most organisations have taken one or more steps to address staff retention in 2012, although (as last year) one in five (21%) reported that no specific retention initiatives were undertaken (with no significant differences across sectors or sizes of organisation).

The most common methods used to address retention in 2012, as in previous years, were to improve the induction process (45%), improve line managers' people skills (42%) and increase learning and development opportunities (40%).

Improving employee involvement and selection techniques were also among the more common methods used (Table 22).

Table 22 suggests that the focus on retention fell in the immediate aftermath of the financial crisis, but has been creeping back up in the last few years. The proportion of organisations taking steps to improving their induction process, work-life balance and the way staff are rewarded have returned to pre-recession levels. The proportion of organisations taking steps to improve pay and benefits has also increased in recent years, although it remains less common than in 2007, as many organisations remain more focused on costs. Low-cost initiatives such as coaching/mentoring/buddy systems show a gradual increase in popularity.

Public sector organisations have increased their focus on retention compared with last year. More have taken steps to address retention (79% compared with 63% in the 2012 survey), with increases noted in almost all the methods listed in Table 22. In particular, more public sector organisations improved their induction process (48% in 2012 compared with 33% in 2011), offered coaching/mentoring/buddy systems (37% up from 26% in 2011), improved line managers' people skills (49% up from 41% in 2011) and

Table 21: Retention difficulties by occupational category (% of respondents)

	2013 survey	2012 survey	2011 survey	2010 survey	Manufacturing and production	Private sector services	Public sector	Not-for- profit
Managers and professionals/ specialists	37	33	28	27	30	31	60	30
Technical	17	28	21	20	36	24	19	13
Senior managers/directors	15	10	7	9	9	16	20	11
Services (customer, personal, protective and sales)	9	13	13	12	8	20	8	6
Administrative, secretarial	7	8	9	7	3	9	14	14
Manual/craft workers	6	5	6	4	15	8	4	5

Base: 426 (2013); 491 (2012); 601 (2011); 451 (2010)

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increased pay (15% up from 6% in 2011). The latter, however, remains substantially less common in the cash-strapped public sector (15% compared with 37–41% in other sectors).⁵²

In general, the methods most commonly used to address retention are those considered most effective (Table 22). The exception relates to improving the induction process, which was most commonly used but only included in their top three methods by 16% of respondents. This method clearly targets the retention of new employees only, which may explain the

discrepancy. It can be a low-cost way of preventing new employees leaving within the first few months and is likely to have additional benefits in terms of aiding orientation and early productivity.

As in previous years views regarding the effectiveness of increased pay are mixed. Moreover, while its use has increased, fewer this year rank it in their top three most effective retention methods compared with the last two years (2013: 27%; 2012: 37%; 2011: 34%). Clearly retention methods need to be targeted towards organisation and employee requirements and preferences.

Table 22: Steps taken specifically to address staff retention (%)

	2013 survey (used in 2012)	2012 survey (used in 2011)	2011 survey (used in 2010)	2010 survey (used in 2009)	2009 survey (used in 2008)	2008 survey (used in 2007)
Improved induction process	45	43	38	31	45	45
Improved line managers' people skills	42	46	39	42	39	37
Increased learning and development opportunities	40	47	38	35	47	46
Improved employee involvement	38	39	34	32	35	29
Improved selection techniques	36	37	30	31	42	46
Improved pay	34	28	27	22	42	53
Offered coaching/mentoring/buddy systems	31	28	24	20	24	22
Made changes to improve work–life balance	29	21	17	19	31	30
Improved benefits	27	27	21	19	32	36
Improved physical working conditions	23	16	15	13	19	12
Revised the way staff are rewarded so their efforts are better recognised	21	20	18	14	19	19
Created clearer career paths	19	22	18	21	18	17
Better promotion to employees of the employer brand	18	18	18	15	21	16
Redesigned jobs to make them more satisfying	15	16	11	13	18	14
Increasing use of counter-offers*	4	5	4	–	–	–
No specific initiatives undertaken	21	19	23	27	13	9

Base: 459 (2012 survey); 559 (2011 survey); 431 (2010 survey); 695 (2009 survey); 710 (2008 survey)

* New item added in 2011

Table 23: Most and least effective retention methods (top 3, % of respondents)

	Most effective	Least effective
Improved line managers' people skills	31	13
Increased learning and development opportunities	29	9
Increased pay	27	21
Improved selection techniques	26	9
Improved employee involvement	20	11
Improved benefits	19	15
Made changes to improve work-life balance	18	10
Improved induction process	16	13
Offered coaching/mentoring/buddy systems	14	14
Revised the way staff are rewarded so their efforts are better recognised	11	5
Created clearer career paths	9	8
Redesigned jobs to make them more satisfying	9	9
Improved physical working conditions	7	14
Better promotion to employees of the employer brand	3	13
Increasing use of counter-offers	1	18

Base: 294

LOOKING FORWARD

Following another challenging year of stagnant growth, official data signal a more positive start for 2013 with better than expected growth in private sector services and a return to marginal growth in manufacturing. Nevertheless, the recovery is still expected to be weak and uneven. The public sector faces continuing cuts and the economic climate remains tough.

A more buoyant employment market is likely to add to the challenges employers face in retaining talent, particularly when ongoing austerity limits their ability to offer higher pay and benefit packages. The public sector in particular has seen dramatic increases in the proportion reporting difficulties retaining managers and professionals/specialists. Ongoing budget cuts in this sector, frozen or limited pay increases and the additional stress of widespread reforms mean the public sector's retention challenges are unlikely to diminish.

Increased competition for skills

The proportion of organisations which report that competition for well-qualified talent is greater now has increased threefold from 20% in 2009 to 62% this year, reflecting a growing mismatch between the skills organisations need and those available in the labour market. Lack of necessary specialist or technical skills was the most common reason given for recruitment difficulties, with managers/professionals/specialists and technical staff particularly difficult to recruit and retain.

Few employers report that schools, colleges and universities equip school-leavers with the skills their organisation requires to any great extent, which is likely to exacerbate the deficit unless addressed. Nearly a third attempt to overcome recruitment challenges by recruiting overseas,

while two-fifths are developing apprenticeships schemes. The most common response, however, is to up-skill existing employees. Not only does this avoid additional recruitment costs and capitalise on existing organisational knowledge, it also allows organisations to tailor the skills acquired to existing and future organisational needs and is likely to promote engagement and retention.

Rise of social media/online recruiting

Pressures on resourcing budgets have contributed to the rise of online recruitment methods and the use of social media for resourcing. Organisations' corporate websites were most commonly considered to be the most effective method of attracting candidates and there was a marked increase this year in the proportion, including professional networking (such as LinkedIn) among their most effective methods.

Organisations have increased their investment in social and professional networking sites and commercial job boards and decreased recruitment spend on national newspapers and printed publications. Recruitment costs per hire have fallen. Not only do nearly three-quarters of those who use social media report that it reduces costs, but the vast majority are also positive regarding its impact on the potential selection pool and employer brand.

At the same time, just 19% report they have a dedicated social media strategy, while 35% report that while they use it, they don't fully understand how to maximise it. Just over two-fifths (44%) of those who use social media report that someone in their resourcing team has been trained in using social media for resourcing. Some difficulties that organisations face in using social media highlight the importance of having a clear social media strategy that takes into account employer brand, as well as resourcing opportunities.

Youth employment

Despite improvements in employment figures over the last year, youth unemployment remains a pressing concern, as one in five economically active 16–24-year-olds remains out of work. Our findings provide little optimism for swift progress on this issue although there were some positive trends: a third of respondents have adapted their recruitment processes to become more accessible to younger candidates; the use of apprenticeships has increased slightly; and over a quarter of organisations report they are employing more 16–24-year-olds compared with one year ago, a small improvement on previous years' surveys.

While these findings suggest gradual movement in the right direction, the significance of their impact on youth unemployment remains questionable. Young people are seen to lack relevant skills,

workplace etiquette and knowledge about occupations. Our findings substantiate recent CIPD research, *'Employers are from Mars, Young People are from Venus: Addressing the young people/ jobs mismatch'*, which calls for a stronger focus on careers guidance in schools and government support for greater collaboration between employers and schools.

Conclusion

Organisations cannot afford to wait for an improved climate to address current and future resourcing and talent management issues. Cost pressures require that recruitment processes are honed for efficiency and advance the employer brand. Most candidates will continue to apply for other vacancies after making an application, so timely and engaging communications are essential. Technology offers new ways to speed up and automate processes, reduce costs and keep applicants informed.

Perhaps the most pressing concern for future growth is the skills deficit, not only for basic workplace and specific technical skills but also for management and leadership skills, which are essential for engaging, motivating, coaching and developing people in the workplace. Strategic planning and immediate attention is required if they are to attract, retain and develop the capabilities they need. Smaller resourcing budgets mean that many will need to be creative in how they approach these challenges. Competitive rates of pay may be high on the priority list for job-seekers and employees, but other benefits (training, development, career prospects, flexibility, rewarding work and so on) are also important and can shift the balance. Organisations have a critical role to play in developing capabilities and require a strong focus on aligning their resourcing, talent planning and management strategy with their future business needs.

BACKGROUND TO THE SURVEY

This survey was conducted in March and April 2013. It was sent to a sample of UK-based HR professionals in the public, private and not-for-profit sectors. In total 462 people responded to the survey.

This is the seventeenth annual CIPD *Resourcing and Talent Planning* survey (formerly known as the CIPD's *Recruitment and Retention* survey). The survey examines organisations' resourcing and talent planning strategies and practices and the key challenges and issues they face. The survey consists 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 climate on resourcing and talent planning practices, labour turnover and retention strategies. This year, we also explore in more depth the recruitment of younger workers, how organisations attempt to address recruitment difficulties, how ethically candidates behave and the use of social media in resourcing.

Sample profile

Respondents predominantly worked for private sector organisations. Nearly half worked in private sector services (2013: 45%; 2012: 51%; 2011: 52%) and a further 17% in manufacturing and production (2012: 18%; 2011: 19%). Nearly a quarter (23%) worked in the public sector, a slight increase on previous years (2012: 18%; 2011: 16%). The voluntary, community and not-for-profit sector was represented in similar proportions to last year (Table A1).

Table A1: Breakdown of respondent organisations, by industry sector (%)

	Number of respondents	%
Manufacturing and production	78	17
Agriculture and forestry	1	0
Chemicals, oils and pharmaceuticals	9	2
Construction	7	2
Electricity, gas and water	5	1
Engineering, electronics and metals	12	3
Food, drink and tobacco	13	3
General manufacturing	5	1
Mining and quarrying	0	0
Paper and printing	3	1
Textiles	0	0
Other manufacturing/production	23	5
Private services	210	45
Professional services (accountancy, advertising, consultancy, legal, etc)	59	13
Finance, insurance and real estate	37	8
Hotels, catering and leisure	8	2
IT services	20	4
Call centres	4	1
Media (broadcasting and publishing, etc)	7	2
Retail and wholesale	10	2
Transport, distribution and storage	16	3
Communications	3	1
Other private services	46	10
Public sector	105	23
Central government	14	3
Education	27	6
Health	27	6
Local government	20	4
Other public services	17	4
Not-for-profit organisations	69	15
Care services	9	2
Charity services	23	5
Housing association	16	3
Other	21	5

Base: 462

Respondents represent organisations of all sizes in a similar distribution to last year (Figure A1). They were based across the UK. Most referred to a particular region in their responses (with London and the south-east particularly well represented as would be expected) while a quarter referred to the whole of the UK (see Table A2).

Figure A1: Breakdown of sample by organisation size – permanent employees in the UK

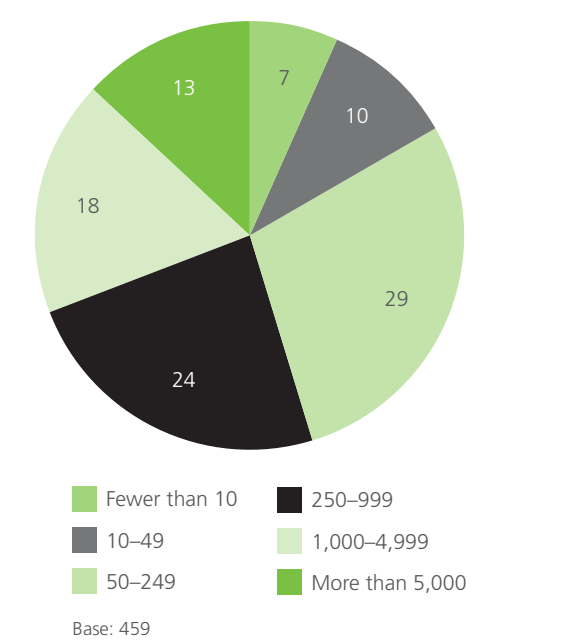


Table A2: Main region covered by the reply

	%
East Anglia	5
East Midlands	5
West Midlands	4
North-east of England	2
North-west of England	6
South-west of England	9
Yorkshire and Humberside	4
South-east of England (excluding London)	15
London	16
Scotland	6
Wales	2
Northern Ireland	0
Whole of UK	24

Base: 455

Calculation of labour turnover

A total of 95 survey respondents were able to supply all the information necessary to calculate labour turnover on a whole-organisation basis.

This report uses the standard ‘crude wastage’ method to calculate the rate of turnover. This method is calculated as follows:

Labour turnover =

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

(‘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.

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. Due to rounding, percentages may not always total 100.

sectors are significant or likely to be due to chance. Spearman's Rho correlation (Rho) is used to examine relationships between variables. We report on statistics at the generally accepted level of significance, $p < 0.05$.

Chi-Square (χ^2) tests are used to examine whether differences between groups such as industrial

- ¹ Rho = 0.81, $p < 0.001$, $n = 422$
- ² Other regions of the UK were combined for this analysis due to small sample size in each region. Organisations that operated across the UK were excluded.
- ³ Rho = 0.72, $p < 0.001$, $n = 378$
- ⁴ There were no significant sector differences.
- ⁵ Sector and recruitment spend on commercial job boards: Chi Square = 20.7, $df = 6$, $p < 0.01$, $n = 397$; Sector and recruitment spend on apprenticeships: Chi Square = 24.6, $df = 6$, $p < 0.001$, $n = 389$
- ⁶ Sector and recruitment spend on national newspapers: Chi Square = 23.3, $df = 6$, $p < 0.01$, $n = 415$
- ⁷ Chi Square = 15.7, $df = 3$, $p < 0.01$, $n = 462$
- ⁸ Chi Square = 28.0, $df = 9$, $p < 0.01$, $n = 462$
- ⁹ There were no significant sector differences.
- ¹⁰ Chi Square = 8.1, $df = 2$, $p < 0.05$, $n = 251$
- ¹¹ Trained someone in the resourcing team in using social media: 69% of those who have a dedicated strategy for social media compared with 30% of those who use it but don't fully understand how to maximise it; have a dedicated role for social media and resourcing: 39% of those who have a dedicated strategy for social media compared with 17% of those who use it but don't fully understand how to maximise it.
- ¹² Size and training in social media for resourcing: Rho = 0.17, $p < 0.01$, $n = 248$; Size and dedicated role for social resourcing: Chi Square = 11.3, $df = 4$, $p < 0.05$, $n = 249$
- ¹³ 35 people responded to this question.
- ¹⁴ Chi Square = 7.1, $df = 2$, $p < 0.05$, $n = 222$
- ¹⁵ Rho = -0.20, $p < 0.001$, $n = 445$
- ¹⁶ This question was not included in the 2012 survey.
- ¹⁷ Chi Square = 8.9, $df = 2$, $p < 0.05$, $n = 447$
- ¹⁸ Size of organisation and employee surveys: Rho = 0.27, $p < 0.001$, $n = 445$; Size of organisation and developing online careers site: Rho = 0.22, $p < 0.001$, $n = 445$; Size of organisation and attend graduate career fairs: Rho = 0.28, $p < 0.001$, $n = 445$
- ¹⁹ Worked with charities: Chi Square = 8.5, $df = 2$, $p < 0.05$, $n = 447$; extended flexible working: Chi Square = 14.9, $df = 2$, $p < 0.01$, $n = 447$
- ²⁰ Chi Square = 13.2, $df = 4$, $p < 0.05$, $n = 413$
- ²¹ Permanent vacancies and recruitment difficulties: Rho = 0.21, $p < 0.001$, $n = 394$; Short-term vacancies and recruitment difficulties: Rho = 0.19, $p < 0.001$, $n = 385$
- ²² Chi Square = 9.1, $df = 3$, $p < 0.05$, $n = 242$
- ²³ Sector and manual/craft positions: Chi Square = 13.7, $df = 3$, $p < 0.01$, $n = 242$; Sector and services staff: Chi Square = 8.9, $df = 3$, $p < 0.05$, $n = 242$
- ²⁴ Rho = -0.14, $p < 0.05$, $n = 243$
- ²⁵ Chi Square = 17.6, $df = 6$, $p < 0.01$, $n = 437$
- ²⁶ Chi Square = 15.7, $df = 6$, $p < 0.05$, $n = 442$

- ²⁷ Size and up-skilling existing employees to fill hard-to-recruit-for positions: Rho = 0.26, $p < 0.001$, $n = 447$; Recruiting candidates from a different sector: Rho = 0.23, $p < 0.001$, $n = 443$; Recruiting candidates with potential but without experience: Rho = 0.14, $p < 0.01$, $n = 440$; Developing apprenticeship schemes to address recruitment difficulties: Rho = 0.34, $p < 0.001$, $n = 435$; Sponsoring relevant professional qualifications: Rho = 0.15, $p < 0.01$, $n = 444$; Recruiting candidates from a different industry: Rho = 0.20, $p < 0.001$, $n = 440$; Recruiting candidates from overseas: Rho = 0.17, $p < 0.001$, $n = 441$
- ²⁸ Rho = 0.31, $p < 0.001$, $n = 454$
- ²⁹ Chi square = 13.8, $df = 2$, $p < 0.01$, $n = 460$
- ³⁰ Size of organisation and use of: Online selection tests, Rho = 0.30, $p < 0.001$, $n = 457$; general ability tests, Rho = 0.19, $p < 0.001$, $n = 457$; literacy and/or number tests, Rho = 0.28, $p < 0.001$, $n = 457$; assessment centres, Rho = 0.36, $p < 0.001$, $n = 457$; personality/aptitude questionnaires, Rho = 0.13, $p < 0.01$, $n = 457$; group exercises, Rho = 0.26, $p < 0.001$, $n = 457$
- ³¹ Chi Square = 23.2, $df = 3$, $p < 0.001$, $n = 460$
- ³² Chi Square = 65.2, $df = 2$, $p < 0.001$, $n = 456$
- ³³ Chi Square = 12.1, $df = 3$, $p < 0.01$, $n = 444$
- ³⁴ Total number of permanent vacancies and: candidates behaved with sincerity, Rho = 0.10, $p < 0.05$, $n = 413$; candidates arrived promptly for interviews, Rho = 0.12, $p < 0.05$, $n = 415$; Candidates responded promptly to communications, Rho = 0.14, $p < 0.01$, $n = 412$; Candidates had realistic salary expectations, Rho = 0.10, $p < 0.05$, $n = 413$
- ³⁵ Rho = 0.13, $p < 0.01$, $n = 395$
- ³⁶ Chi Square = 24.6, $df = 6$, $p < 0.001$, $n = 452$
- ³⁷ 10% of respondents didn't know. They are excluded from this analysis.
- ³⁸ Rho = 0.18, $p < 0.001$, $n = 412$
- ³⁹ Chi Square = 9.9, $df = 2$, $p < 0.01$, $n = 414$
- ⁴⁰ Size: Rho = 0.36, $p < 0.001$, $n = 459$; Sector: Chi square = 13.2, $df = 3$, $p < 0.01$, $n = 462$
- ⁴¹ Chi Square = 29.7, $df = 6$, $p < 0.001$, $n = 547$
- ⁴² Size and: use of apprentices, Rho = 0.33, $p < 0.001$, $n = 455$; sponsor students through university, Rho = 0.20, $p < 0.001$, $n = 455$; offer intern schemes, Rho = 0.17, $p < 0.001$, $n = 455$; offer post-A-level entry routes: Rho = 0.21, $p < 0.001$, $n = 455$; none of the above, Rho = -0.32, $p < 0.001$, $n = 455$
- ⁴³ Chi Square = 25.4, $df = 6$, $p < 0.001$, $n = 462$
- ⁴⁴ Rho = 0.28, $p < 0.001$, $n = 423$ (Don't know responses excluded).
- ⁴⁵ Monitoring recruitment and/or staffing information: Chi Square = 33.0, $df = 2$, $p < 0.001$, $n = 268$; training interviewers to understand diversity: Chi Square = 12.0, $df = 2$, $p < 0.01$, $n = 268$; operating policies that go beyond basic legislative requirements: Chi Square = 29.6, $df = 2$, $p < 0.001$, $n = 268$; checking that tests used are valid, reliable and culture-free: Chi Square = 6.0, $df = 2$, $p < 0.05$, $n = 268$; advertising vacancies in different sources to attract under-represented groups: Chi Square = 13.7, $df = 2$, $p < 0.01$, $n = 268$; providing recruitment documents in other formats: Chi Square = 37.0, $df = 2$, $p < 0.001$, $n = 268$; actively trying to attract talent of all backgrounds: Chi Square = 8.5, $df = 2$, $p < 0.05$, $n = 268$
- ⁴⁶ Implemented a recruitment freeze: Chi Square = 18.0, $df = 3$, $p < 0.001$, $n = 438$; Reduced headcount but preserved key talent: Chi Square = 29.5, $df = 3$, $p < 0.001$, $n = 438$; Reduced headcount and lost key talent: Chi Square = 9.2, $df = 3$, $p < 0.05$, $n = 438$; Reduced the number of new recruits hired: Chi Square = 16.5, $df = 3$, $p < 0.001$, $n = 438$; Redeployed people into new roles: Chi Square = 31.5, $df = 3$, $p < 0.001$, $n = 438$; Reduced employees' working hours to avoid making people redundant: Chi Square = 8.5, $df = 3$, $p < 0.05$, $n = 438$
- ⁴⁷ Chi Square = 19.3, $df = 4$, $p < 0.01$, $n = 454$
- ⁴⁸ Chi Square = 13.4, $df = 6$, $p < 0.05$, $n = 450$
- ⁴⁹ A more rigorous sector analysis is prevented by small sample sizes (particularly in the public sector)
- ⁵⁰ Rho = 0.21, $p < 0.001$, $n = 350$ (Don't know responses excluded).
- ⁵¹ Chi Square = 254, $df = 4$, $p < 0.001$, $n = 422$
- ⁵² Chi Square = 18.7, $df = 3$, $p < 0.001$, $n = 413$



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We hope that you find the research useful when considering your own recruitment and retention practices. Please contact us if you have any questions or ideas based on our findings (research@cipd.co.uk).



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