



# RESOURCING AND TALENT PLANNING SURVEY 2020

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

The CIPD's *Resourcing and Talent Planning* survey, in partnership with Omni RMS, examines resourcing and talent planning practices and the key challenges organisations are facing. It provides people professionals and their organisations with benchmarking data on important areas such as recruitment costs, employee turnover and retention. The survey for this 2020 edition was conducted online and sent to people professionals and senior HR leaders in the UK. In total, 661 people responded.

## Report

# Resourcing and talent planning survey 2020

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# 1 Foreword from the CIPD

The CIPD's *Resourcing and Talent Planning* survey, in partnership with Omni, is now in its twenty-first year. It is a valued survey with a sample this year of over 650 HR professionals. This is a challenging time for organisations experiencing the continued global impact of the COVID-19 pandemic. On top of that, the UK's transition period for leaving the EU will end on 31 December 2020, bringing with it implications for organisations and recruitment and talent practices.

Our survey shows that COVID-19 has had an abrupt impact on the economy, workforce and resourcing activity: almost a third of organisations have decreased their recruitment activity and over half have put it on hold. Almost two in five anticipate a reduction in their recruitment budgets in 2020–21. In response to this ever-challenging backdrop, our findings suggest the importance of organisations focusing on the following four key areas.

## **Taking a strategic approach to talent management**

The challenging climate, more than ever, requires organisations to take a strategic approach to their talent management and regularly evaluate their practices. Reassuringly, more than three in five organisations take a strategic approach to recruitment as part of a wider talent management/people strategy, but few organisations take a comprehensive data-based approach to improving their resourcing decisions. Few organisations currently collect and use good-quality data to forecast hiring demands, or assess the availability/supply of talent in the market. Furthermore, fewer than two in ten currently measure the return on investment of their recruitment processes.

## **Broadening and diversifying talent pools**

Two in five organisations have recruited a more diverse workforce over the last 12 months compared with the previous year and over half have a formal diversity strategy. However, our findings suggest that most could improve the inclusivity of their recruitment processes through a more comprehensive approach that includes measures to eliminate bias. Our findings also show considerable variation in efforts to attract diverse candidates to board level. Nearly two in five report that their organisation is only slightly active or not at all active in this area. Organisations need to place more focus on ensuring greater diversity throughout their organisations and that diversity and inclusion is a continued focus rather than an ad hoc effort.

## **Developing skills in-house**

The challenging backdrop also means that organisations will need to place more emphasis on developing talent in-house. Skill shortages and lack of relevant experience are common causes of organisations' recruitment difficulties. Encouragingly, many organisations are responding through developing more talent in-house, including upskilling existing employees to fill hard-to-recruit-for positions and sponsoring relevant professional qualifications. Developing talent in-house enables organisations to tailor programmes to meet their specific skill requirements, decrease their reliance on the external labour market and reduce recruitment and retention costs.

## **A considered use of technology**

Finally, organisations are increasingly using technology to attract candidates. The top methods they find effective are their own corporate website and professional networking sites, such as LinkedIn. The proportion using technology to conduct interviews has continued to grow and more organisations are also conducting tests/assessments online. It's important, however, that tech recruitment solutions are tested to make sure they aren't

disadvantaging candidates and that they're accessible to all. While technology itself is not a fix-all, the considered application of appropriate technologies can be hugely beneficial and cost-effective in improving recruitment processes.

Moving forward, organisations need to continue to develop a thorough understanding of their existing talent profile and their current and future requirements. Collecting and evaluating data, and strengthening approaches based on the insights gained, is critical to maximise the effectiveness and efficiency of resourcing strategies. It is also important to join up talent management practices in a strategic way from recruitment through to development, progression and retention.

With the economic downturn intensifying pressure on resources, organisations will face increased impetus to ensure their people investments deliver in terms of performance and retention.



**Claire McCartney,**  
**Senior Policy**  
**Adviser, Resourcing**  
**and Inclusion**

## 2 Foreword from Omni

We are pleased to partner with the CIPD to produce this crucial report that provides invaluable insight into resourcing and talent planning trends at this critical point in our history.

Before the world unwillingly entered into life with COVID-19, the outlook for the UK economy and employment was looking positive, despite uncertainty over Brexit and its anticipated impact. The UK had reached its lowest levels of unemployment since the 1970s, with an applicant-driven market where the choice in roles meant they could command more competitive salaries, flexible working patterns, stronger training support and a full career development plan. Few could predict how our world could change in a matter of months.

This year's report comes at a time when economists are predicting unemployment to rise to between 9.7% and 13.2%, with the impact of Brexit still unclear, IR35 legislative changes imminent, and the effects of globalisation, digitalisation, an ageing workforce and the dynamics of multi-generational workplaces besides. We enter this new world where existing approaches to workforce management are no longer fit for purpose. This report reveals how companies are adjusting their talent strategies to meet the shifting demands rather than simply reverting to the strategies that served them well prior to the last economic crisis.

While there remain areas for continued attention, the findings give insight into the generally progressive practices that enable others to learn, plan and be prepared for the challenges ahead. With the current talent paradox of a surplus of applicants for some roles and a continued shortage in others, it's encouraging to see 'world class' resourcing strategies being increasingly adopted. Going forward, the key areas of focus should include:

- **Strategic resourcing.** Few organisations are taking a data-based approach to resourcing decisions and only measuring traditional KPIs as opposed to those that profit-enable a business and measure ROI.
- **Internal mobility.** Organisations are making significant progress in planning how to fill future leadership and hard-to-fill niche roles. The development of career paths with more inclusive and challenging experiences to enable career growth, greater succession planning management and an increase in early career and mid-career programmes is a positive shift, but the challenge now for businesses is to protect budgets for these enablers for future success.
- **Attraction and retention.** While the use of more diverse and wider attraction strategies was a positive finding, there still appears to be a disconnect between attraction and retention, with few companies using data gleaned from leavers to inform resourcing decisions.
- **Brand and candidate experience.** In our new world, building trust and a lasting culture when so many teams are working virtually is a real challenge for both hiring and engaging employees. The key lesson is to ensure technology is adopted carefully and complements an organisation's brand and values and is optimised with the end-user experience in mind.
- **Inclusion.** Despite some positive findings, it is surprising that only a half of organisations have a formal diversity strategy. While progress is being made in pockets, fully aligning brand, attraction, selection, hiring manager training, onboarding, retention and ongoing career progression will give organisations full visibility of what is and isn't working so they can make informed changes.

Companies and leaders, with their eye on the future, will recognise that the powerful forces shaping our future economy and world of work require them not to pause, but to accelerate. Leaders should reshape their talent strategies now to ensure they attract, develop, and retain the best talent and apply the same rigour, effort and sophistication to resource planning as is given to designing overall business strategy. Developing strategic partnerships to offer expertise, agility and pace while living up to business values and their employee value proposition will be critical during these times.



**Louise Shaw,  
Director Resourcing  
Transformation**



**Martin Wainman,  
Managing Director**

## 3 Summary of key findings

### A challenging climate

- Prior to the COVID-19 pandemic, the UK was experiencing its highest employment rate on record. The median number of permanent (30) and short-term (8) vacancies organisations tried to fill in 2019 is the highest shown in this survey for a decade.
- Nearly three-quarters of respondents report increased competition for talent and changes in the skills needed for jobs. Most experienced recruitment and retention difficulties over the last 12 months. Professionals/specialists and technical posts remain the most difficult positions to recruit for and retain, but more organisations report difficulties recruiting and retaining employees in all role levels compared with previous years.
- COVID-19 has had an abrupt impact on the economy, workforce and resourcing activity: 32% have decreased recruitment activity and 57% have put it on hold. Thirty-nine per cent anticipate a reduction in their recruitment budgets in 2020–21.
- A small proportion of organisations (14% overall, rising to 29% of the public sector) have increased their recruitment activity as a consequence of the pandemic. Nineteen per cent have increased training and 14% have increased their focus on retaining talent. Fifteen per cent of respondents anticipate an increase in their recruitment budget for 2020–21.

### Implications and recommendations for practitioners

With ongoing uncertainty about the continued impact of COVID-19, organisations need to ensure they have the skills required for new ways of working and the agility to keep business-critical operations running through employee shortages or reductions. As we face up to another recession, many organisations will need to manage or reduce workforce costs while ensuring they nurture and retain the talent required to negotiate and recover from the downturn.

Organisations will also need to anticipate and prepare for the continued impact of Brexit on their resourcing and talent planning activities. Employers who employ EU nationals should carry out an audit of their workforce to assess where the future labour and skills shortages may lie and how they might address them. Alongside some of the key recommendations in this report, some low-wage employers may also wish to look at alternatives, such as automation, given the disproportionately large impact the new restrictions will have on their ability to recruit from overseas. Meanwhile, higher-wage employers need to get to grips with the cost, administrative and legal implications of the new system that is due to be introduced in January 2021.

- 1 Develop your workforce planning skills and activities. What are your business-critical roles and are there any gaps that you need to fill or develop people into? Have you got an up-to-date skills inventory?
- 2 What is the ratio you usually work to in terms of external recruitment and internal development?
- 3 What is the ratio you usually work with in terms of permanent versus contingent workforce (contractors or temps)?
- 4 How might these ratios need to change as a response to the challenges of Brexit and the wider economic downturn?
- 5 When thinking about recruitment more specifically, what are the key roles that you need to recruit for and that would make the biggest difference to your business?
- 6 Collect and make good use of resourcing data and evidence to justify spend when budgets are limited.

### **Broadening the pool of potential candidates**

- Organisations are casting the net wider in their search for talent. Forty-one per cent have recruited from a wider geography over the last 12 months compared with the previous year, and 44% have targeted passive candidates in their efforts to reduce recruitment difficulties.
- Many are also turning to candidates from other sectors/industries or those with potential but without experience. In-house training and skill development initiatives enable consideration of a wider pool of candidates. Nineteen per cent offer career returner programmes and 16% mid-career change programmes.
- Forty-one per cent have recruited a more diverse workforce over the last 12 months compared with the previous year. Overall, 52% have a formal diversity strategy, although most take some steps to recruit a diverse range of candidates.

### **Implications and recommendations for practitioners**

It is positive that organisations are taking a more flexible approach to recruitment and taking steps to recruit a more diverse range of candidates through their recruitment processes and skills initiatives. Nevertheless, our findings suggest that most could improve the inclusivity of their recruitment processes through a more comprehensive approach that includes measures to eliminate bias and organisations could be more progressive, with less than a quarter operating policies that go beyond basic legislative requirements on protected characteristics.

Our findings also show considerable variation in efforts to attract diverse candidates to board level. Nearly two in five (39%) report that their organisation is only slightly active or not at all active in this area. The #BlackLivesMatter protests have brought into sharp focus the racial inequalities within our societies and our workplaces. Organisations need to place much more focus on ensuring greater racial and, of course, broader diversity at the very top of our organisations.

- 1 Broaden your pool of potential candidates by varying your recruitment outreach and placing more rigour, consistency and challenge in your recruitment and selection approaches.
- 2 Ask questions about what is critical to the role. People from different industries or backgrounds may have transferable skills and knowledge and can bring fresh insight.
- 3 Build a strategic approach to attracting and developing diverse candidates to fill senior positions. Consider targeting attraction strategies for people with characteristics that are under-represented in particular roles.
- 4 Critically evaluate your organisation brand to see how attractive it is to diverse candidates. What changes can you make to your brand and your culture to help attract, select, develop and retain more diverse employees?
- 5 Evaluate your recruitment activities to assess which are most effective in broadening your talent pools.
- 6 Develop programmes like career returners and mid-career change to help broaden your talent pool and diversify people's skills.

### **Increasing use of technology in the recruitment process**

- Organisations are increasingly using technology to attract candidates. The top methods they find effective are use of their own corporate website and professional networking sites, such as LinkedIn.
- The proportion using technology to conduct interviews (68%) has continued to grow and more organisations are also conducting tests/assessments online (35%, up from 23% in 2017).
- A substantial minority (43%) use applicant tracking systems but there has been lower uptake of other recruitment technologies.



- Respondents report that their use of technology in the recruitment process has resulted in a number of benefits, the most common being increased accessibility for candidates, a speedier recruitment process and improved candidate experience. A fifth, however, believe their use of technology has resulted in a more impersonal candidate experience.

### **Implications and recommendations for practitioners**

While more organisations are turning to technology to attract candidates and facilitate the recruitment process, our findings show that the extent to which they use the range of technologies available varies, as does its results. It's very important that tech recruitment solutions are tested and deployed to ensure they're not disadvantaging candidates and that they're accessible. While technology itself is not a fix-all, the considered application of appropriate technologies can be hugely beneficial and cost-effective in improving recruitment processes, candidate experience and the quality of hires.

It is likely that one of the longer-term impacts of COVID-19 will be a greater utilisation of technology to allow remote selection and onboarding of employees and an increase in homeworking in the future. In addition, with the increased volume of candidates, recruiters can use technology to support the management of a higher volume of candidates. It is therefore important that organisations invest in the right technology and apply lessons learned from their use of virtual recruitment tools and make the process as effective as they can for candidates and the organisation alike.

- 1 Continue to evaluate and improve your use of technology. Ask candidates and hiring managers for feedback and act on that feedback. Provide feedback to candidates, where possible.
- 2 Review the impact of your use of technology in recruitment on the diversity of your hires and the number of suitable versus unsuitable candidates for your positions.
- 3 Consider making better use of tools to enable self-selection such as pre-application assessments, and technologies such as chatbots to potentially reduce the number of unsuitable candidates for roles.
- 4 Ensure that any technology you use emphasises your individual employee value proposition and uses diverse role models.
- 5 Also make sure that your technology is future-proofed as far as possible.

### **A stronger focus on developing skills in-house**

- Skill shortages and lack of relevant experience are common causes of organisations' recruitment difficulties. Many organisations are responding through developing more talent in-house, including upskilling existing employees to fill hard-to-recruit-for positions (69%) and sponsoring relevant professional qualifications (63%).
- Our findings this year also show a small increase in the proportion of organisations offering apprenticeship programmes and intern schemes, and a more substantial increase in the proportion offering post-A-level entry routes.
- Increasing learning and development opportunities is also the most common step taken to improve retention.

### **Implications and recommendations for practitioners**

Developing talent in-house enables organisations to tailor programmes to meet their specific skill requirements, decrease their reliance on the external labour market and reduce recruitment and retention costs. In times of crisis, learning and development activities are often hard hit, precisely when the ability to adapt, learn and improve is particularly imperative.

Our findings confirm that budgets for the year ahead have been affected, with twice as many organisations anticipating a decrease (32%) than an increase (16%) in their talent management budget for 2020–21 – a reversal from previous years. These more straitened

times will require innovative solutions to support new ways of working and enhance employee and organisational effectiveness.

- 1 Don't take your focus off internal skill development in these difficult times – it will help support retention and hold you in a more competitive position as the wider economic picture starts to slowly improve.<sup>1</sup>
- 2 Protect your budget for strategic learning and development – initially focus on investing in the areas most important to the organisation and in filling potential skills gaps. This investment will help you continue to adapt and improve.
- 3 Think about introducing development opportunities that bring great learning but that don't necessarily cost the earth, such as work-shadowing, mentoring and cross-function project working. You may also like to consider digital options for internal skill development.
- 4 Continue to invest in ways for young people to access opportunities in your organisation such as apprenticeships, traineeships, industry placements and post-A-level routes, and keep up to date with new products and routes.
- 5 Technological change means that employers increasingly depend on highly transferable core skills, such as communication, teamworking and problem-solving. Ensure that skills development programmes address these 'essential' skill gaps as well as technical/job-specific skill gaps.

### How strategic are organisations in their approach to talent management?

- Sixty-five per cent of organisations take a strategic approach to recruitment as part of a wider talent management/people strategy, but fewer (48%) report that their CEO has talent management as a key priority.
- Few organisations take a comprehensive data-based approach to improving their resourcing decisions. Only 14% collect and use good-quality data to forecast hiring demands, and 8% assess the availability/supply of talent in the market. Nineteen per cent currently measure the return on investment of their recruitment processes.
- Positive findings this year show that more organisations are taking steps to tackle retention. Nevertheless, while 83% collect data to identify retention issues within their organisation, only 30% use the data to inform resourcing decisions and even fewer evaluate the effectiveness of retention initiatives.

### Implications and recommendations for practitioners

Organisations need to develop a thorough understanding of their existing talent profile and their current and future requirements. Collecting and evaluating data, and strengthening approaches based on the insights gained, is critical to maximise the effectiveness and efficiency of resourcing strategies. With the economic downturn intensifying pressure on resources, organisations will face increased impetus to ensure their investments deliver, not just in terms of cost per hire but also in terms of performance and retention.

- 1 Align your recruitment strategy with your wider approach to talent and people management.
- 2 Put a range of robust measures in place to assess the return on investment of your recruitment activity (such as cost per hire, performance and turnover rates of new hires as well as overall effectiveness of attraction methods). With recruitment budgets increasingly constrained, it is more important than ever to ensure this is being spent in the most effective way.

<sup>1</sup> The CIPD's *Creating learning cultures: assessing the evidence* report iterates the importance of L&D during COVID-19.

- 3 Take a comprehensive data-based approach to improving all your resourcing decisions. Collect and evaluate data and strengthen approaches based on the insights gained.
- 4 Collect data to identify retention issues and use that data to evaluate the effectiveness of your retention strategies and to inform resourcing decisions going forward.
- 5 Understand the aspirations of your people as this can help target development and aid retention. Make sure managers know and are interested in the development needs and careers of their team members.

## 4 Resourcing and talent practices in the current climate

### Key findings

- There has been a slowdown in recruitment activity in response to the COVID-19 pandemic.
- Our survey findings (one to two months after full lockdown was imposed) also reveal the huge impact on current employees: 10% of organisations report temporary closures of their business, 9% have made redundancies, 18% have reduced employees' working hours, 39% have put employees on paid leave and 8% on unpaid leave.
- A small proportion have increased training (19%) or their focus on retaining talent (14%) as a consequence of the pandemic.
- Nearly three-quarters of respondents report that competition for well-qualified talent has increased over the previous year and almost as many that the skills needed for jobs in their organisation are changing.
- Many have been responding by developing more talent in-house (62%), recruiting from a wider geography (41%) and recruiting a more diverse workforce (41%).

### COVID-19 pandemic's dramatic impact on resourcing activity

Our 2020 survey went live one month after the COVID-19 lockdown. The dramatic impact of the pandemic on resourcing activity is shown in Figure 1. Overall, nine in ten respondents report that COVID-19 has had an impact on their resourcing and workforce planning activities, with private sector organisations most affected (93% compared with 89% of not-for-profit and 85% of the public sector).

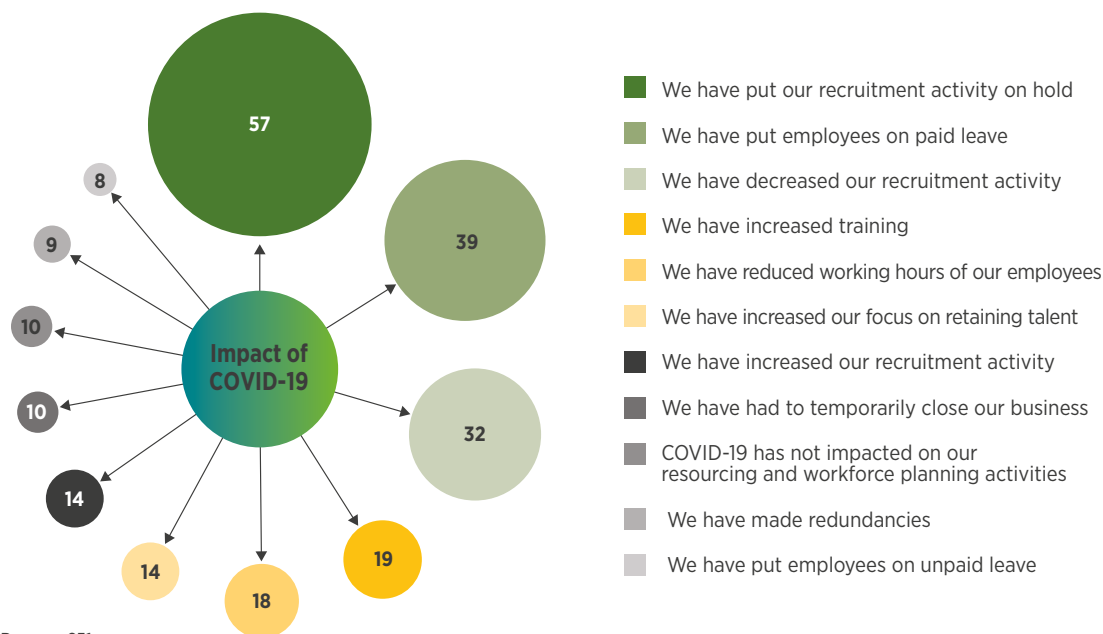
The forced closures of businesses and required rearranging of working patterns have had a significant impact on the workforce. The Government's Coronavirus Job Retention Scheme has helped prevent many redundancies to date, but 12% of private sector respondents report that redundancies have been made (2% of non-profit and 0% of the public sector).

Most report that recruitment activity has been put on hold (57%) or decreased (32%), although a small proportion (14%) have increased recruitment activity in response to the pandemic. Public sector organisations, most likely to still be operating as essential services while coping with increased employee absence, are most likely to have increased their recruitment activity (29% compared with 11% of non-profits and 10% of the private sector).

Around one in five organisations have increased training as a consequence of the pandemic. Organisations need to ensure that employees and managers are equipped with the skills required for new ways of working and that they have adequate transferrable skills to keep business-critical operations running through employee shortages.

Supporting employees and retaining talent throughout the crisis will be key to ensuring organisations are in a good position to adapt and recover. Despite this, only a minority (14%) have increased their focus on retaining talent.

**Figure 1: Impact of COVID-19 on resourcing and workforce planning (%)**



### Organisations developing more talent internally, recruiting more widely

In the months prior to the pandemic, the UK was experiencing its highest employment rate on record.<sup>2</sup> Nearly three-quarters of respondents report that competition for well-qualified talent had increased over the previous year and a similar proportion that the skills needed for jobs in their organisation are changing (Figure 2). Respondents are twice as likely to agree than disagree that the number of unsuitable applicants has grown.

Organisations have responded by developing more talent in-house (62%), recruiting from a wider geography (41%) and recruiting a more diverse workforce (41%). A quarter report that their organisation has replaced some jobs with technology and automation over the past year.

### Growing caution about moving jobs

COVID-19 has already had a significant impact on unemployment and the labour market. Fifty-six per cent of employers believe that candidates are more cautious about moving jobs compared with a year ago. Other [CIPD research](#), which looked at the employee perspective, confirmed that job insecurity is on the rise. Only 13% of respondents said they'd voluntarily quit their job in the next 12 months.<sup>3</sup> Despite this caution, over a third of employers (36%) anticipate increasing difficulties retaining talent.

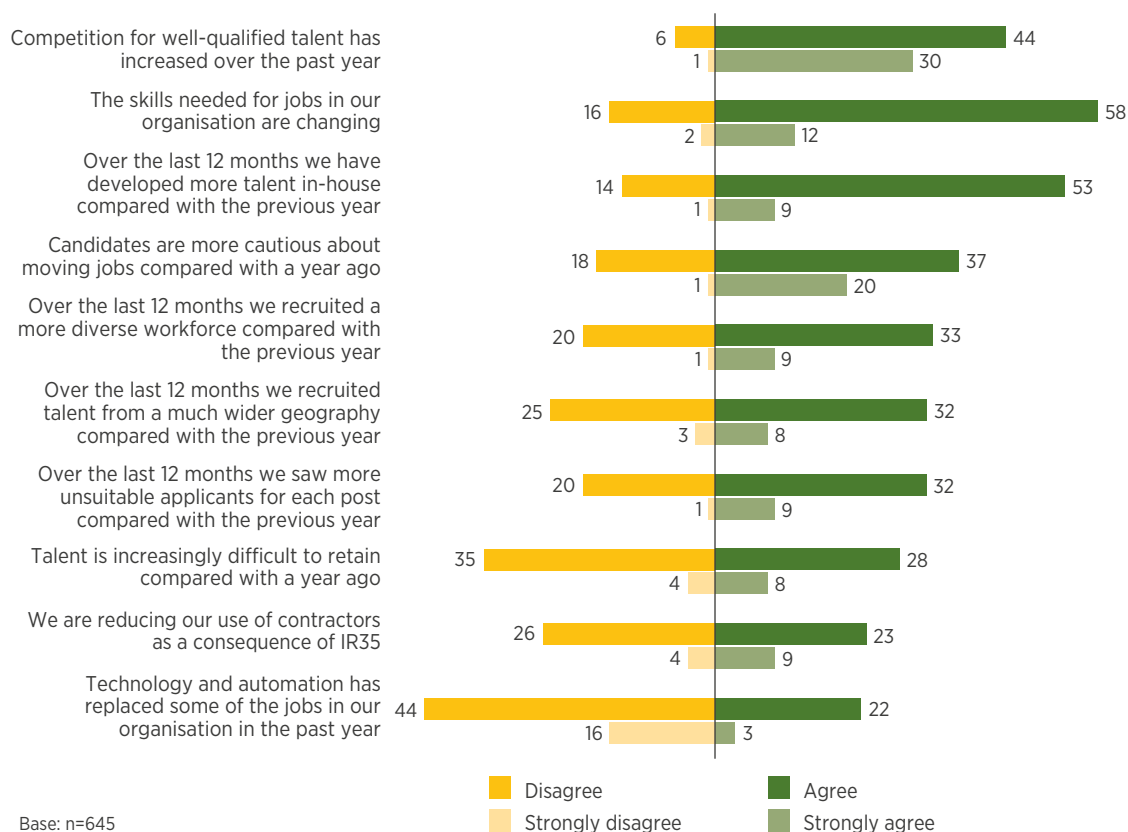
### Reduced use of contractors due to IR35 legislation

The [IR35 legislation](#) (tax legislation designed to combat tax avoidance by workers supplying their services to clients via an intermediary) is also having an impact on resourcing strategies. The legislation was originally due to apply from April 2020 but has now been postponed to April 2021. A third of respondents report they are reducing their use of contractors as a consequence.

<sup>2</sup> ONS. (2020) [Labour market overview](#).

<sup>3</sup> CIPD. (2020) [Impact of COVID-19 on working lives](#). London: Chartered Institute of Personnel and Development.

**Figure 2: Views on the employment market and resourcing (%)**



## 5 Recruiting: the numbers

### Key findings

- The median number of permanent (30) and short-term (8) vacancies organisations tried to fill in 2019 is the highest in recent years.
- The median cost of hiring senior managers (£5,000) has decreased, while the median cost of recruiting other employees has remained the same (£2,000).
- Only 15% of respondents anticipate an increase in their recruitment budget for 2020-21, while 39% anticipate a decrease. Respondents are also more likely to anticipate a decrease in their talent management budgets (32%) than an increase (16%).
- Relatively few organisations collect good-quality data and use it to inform their resourcing decisions, and only 19% currently measure the return on investment of their recruitment processes.

### Recruitment activity increased in 2019

The median number of permanent vacancies organisations tried to fill in 2019 (30 positions) is the highest since 2008 (Table 1). In particular, the number of public sector vacancies has increased over the past few years, although the longer-term pattern of vacancies in this sector fluctuates considerably, partly due to the small sample size as well as substantial variation between organisations. While most organisations report a slowdown in recruitment activity in 2020 as a consequence of COVID-19, the public sector, with high demand for key workers, has been less affected.

The median number of short-term (temporary and interim) vacancies organisations tried to fill (eight positions) has also increased over the years for which we have data (Table 2). The increase is particularly notable in the non-profit sector and the public sector (at least in more recent years).

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

Number of permanent employees	Vacancies in 2019 (2020 survey, n=533)	Vacancies in 2016 (2017 survey, n=432)	Vacancies in 2014 (2015 survey, n=328)	Vacancies in 2013 (2015 survey, n=223)	Vacancies in 2012 (2013 survey, n=422)	Vacancies in 2011 (2012 survey, n=500)	Vacancies in 2010 (2011 survey, n=577)	Vacancies in 2009 (2010 survey, n=442)	Vacancies in 2008 (2009 survey, n=683)
<b>All sectors</b>	<b>30</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>25</b>	<b>25</b>	<b>20</b>	<b>20</b>	<b>30</b>
1-49	4	4	2	2	3	2	3	3	10*
50-249	15	15	20	12	15	15	12	12	
250-999*	40	50	60	35	45	40	45	46	60
1,000-4,999	150	138	200	123	150	120	110	100	300
More than 5,000	550	200	293	380 <sup>a</sup>	600	300	200	550	800
<b>Private sector</b>	<b>25</b>	<b>20</b>	<b>21</b>	<b>10</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>20</b>
1-49	4	4	2	2	3	2	3	3	10*
50-249	15	15	20	16	15	15	12	10	
250-999*	43	50	60	38	44	40	50	45	52
1,000-4,999	108	120 <sup>c</sup>	204 <sup>b</sup>	200 <sup>a</sup>	250	150	150	100	300
More than 5,000	450	150 <sup>c</sup>	250 <sup>b</sup>	260 <sup>a</sup>	550	400	500	850	800
<b>Public sector</b>	<b>88</b>	<b>48</b>	<b>33</b>	<b>25</b>	<b>85</b>	<b>40</b>	<b>30</b>	<b>80</b>	<b>100</b>
<b>Non-profits</b>	<b>21</b>	<b>20</b>	<b>15</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>

\*The categories for the number of permanent employees 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.

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

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

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

**Table 2: Median number of short-term (temporary and interim) vacancies organisations tried to fill, by sector**

	Vacancies in 2019 (2020 survey, n=533)	Vacancies in 2016 (2017 survey, n=432)	Vacancies in 2014 (2015 survey, n=337)	Vacancies in 2013 (2015 survey, n=233)	Vacancies in 2012 (2013 survey, n=422)
<b>All respondents</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>6</b>
Private sector	5	4	3	1	4
Public sector	20	14	7	5	33
Non-profits	10	4	4	2	5

Data is not available prior to 2012.

### Average cost per hire drops for senior managers, but stays level for others

259 respondents were able to provide average costs per hire for senior managers/directors and 226 for other employees with an accuracy of plus or minus 20% (Table 3).

The median cost of recruiting senior managers/directors (£5,000) has fallen in comparison with figures from our last two surveys (Table 3). Nevertheless, it remains considerably more expensive to recruit for senior positions than for other employees, reflecting the higher-cost recruitment and selection methods used.

While recruitment activity has increased over the last few years (Tables 1 and 2), the overall median cost per hire for other employees (£2,000) has not changed (Table 3). This suggests that overall recruitment costs are increasing for many organisations, perhaps



due to the challenges organisations face in recruiting particular skills or investments in recruitment technologies. There are, however, sector differences (Table 3). The median cost per hire has fallen in the manufacturing and production sector and risen in the public sector and non-profit sector. Caution should be taken in comparing these figures, however, due to the small sample size and high variation across organisations (part of which may be attributable to the inclusion of different costs in estimates).

Despite these reservations, it is notable that recruitment costs are consistently lower (for both senior managers/directors and other employees) in the public and non-profit sectors compared with the private sector. Public sector organisations tend to be larger and consequently may benefit from economies of scale, but there are also differences in the recruitment methods used across sectors (see [Attraction strategies](#)).

**Table 3: Median average cost per hire (including in-house resourcing time, advertising costs, agency or search fees) for estimates accurate to +/- 20% (£)**

Occupational group	All	Manufacturing and production*	Private services	Public services*	Not-for-profit*
<b>Senior managers/directors</b>					
<b>2020 survey</b>	<b>5,000 (259)</b>	<b>5,000 (57)</b>	<b>5,000 (120)</b>	<b>3,000 (46)</b>	<b>3,000 (36)</b>
2017 survey	6,000 (143)	7,500 (27)	8,000 (76)	3,000 (18)	5,000 (22)
2015 survey	7,250 (68)	10,000 (9)	7,500 (38)	2,500 (11)	4,000 (10)
2013 survey	5,000 (79)	6,500 (14)	6,000 (41)	5,500 (8)	4,500 (16)
2012 survey	8,000 (105)	10,000 (19)	10,000 (55)	5,000 (11)	6,000 (20)
2011 survey	7,500 (150)	8,000 (33)	9,000 (74)	5,000 (15)	3,500 (26)
<b>Other employees</b>					
<b>2020 survey</b>	<b>2,000 (226)</b>	<b>2,000 (46)</b>	<b>2,500 (108)</b>	<b>1,500 (41)</b>	<b>1,500 (31)</b>
2017 survey	2,000 (160)	3,000 (35)	2,250 (80)	1,000 (24)	700 (21)
2015 survey	2,000 (80)	3,000 (8)	2,000 (47)	1,000 (12)	1,500 (13)
2013 survey	2,000 (82)	1,750 (18)	2,350 (40)	1,500 (8)	875 (16)
2012 survey	3,000 (98)	3,250 (22)	3,000 (49)	2,000 (10)	2,000 (17)
2011 survey	2,500 (150)	3,400 (30)	2,000 (82)	3,000 (14)	1,500 (22)

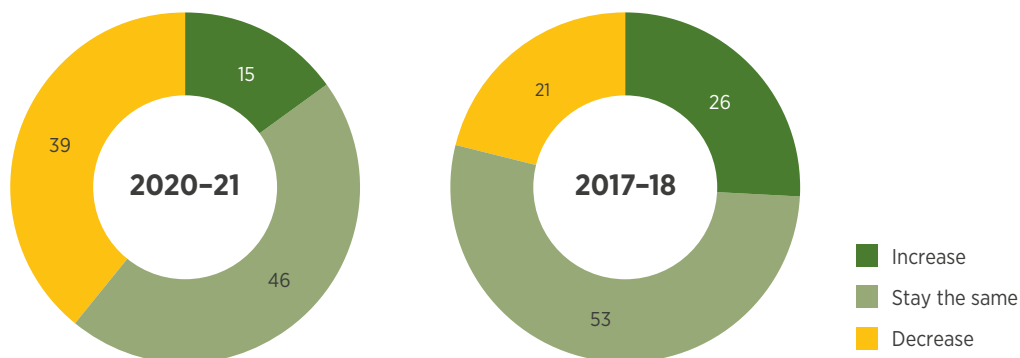
Number of respondents shown in brackets

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

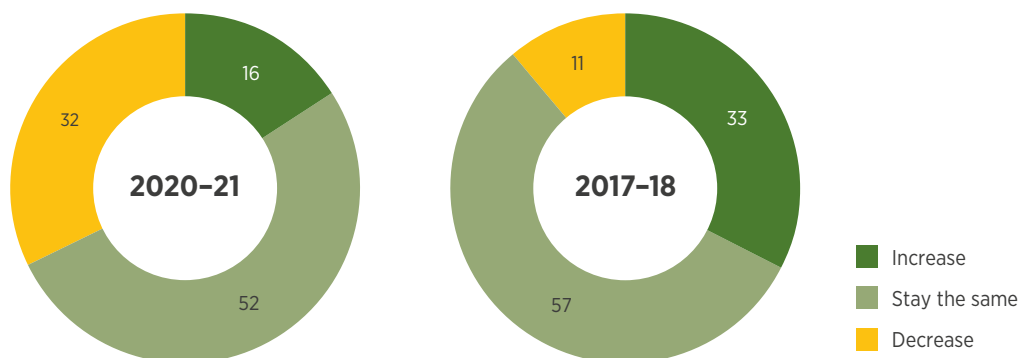
### Reduced recruitment and talent management budgets for 2020-21

The economic outlook is reflected in our findings regarding recruitment and talent management budgets. While around half expect their budgets for 2020-21 to remain the same, the rest are at least twice more likely to anticipate a decrease than an increase. This reflects a marked contrast to the findings from our 2017 survey (Figures 3 and 4).

The private sector is particularly likely to see budget reductions in 2020-21: 44% of private sector respondents anticipate a decrease in their recruitment budget, compared with 35% of non-profits and 22% of public sector respondents; 37% of private sector respondents anticipate a reduction in their talent management budget, compared with 27% of non-profits and 17% of public sector respondents.

**Figure 3: Will your organisation's recruitment budget increase, decrease or stay the same? (%)**

Base: n=563 (2020 survey); n=763 (2017 survey). 'Don't know' responses (similar each year) and those with no anticipated recruitment are excluded from these figures.

**Figure 4: Will your organisation's talent management budget (to attract, identify, develop, engage and retain key employees) increase, decrease or stay the same? (%)**

Base: n=515 (2020 survey); n=667 (2017 survey). 'Don't know' responses (similar each year) and those with no talent management spend are excluded from these figures.

### Nearly three-fifths conduct all recruitment activity in-house

Nearly three-fifths (57%) of organisations conduct all recruitment activity in-house, while 41% use a combination of in-house and outsourced approaches, showing little change from our 2017 and 2015 survey findings. As in previous years, very few outsource all recruitment activity (2%).

### Few firms take a comprehensive approach to data analytics and evaluation

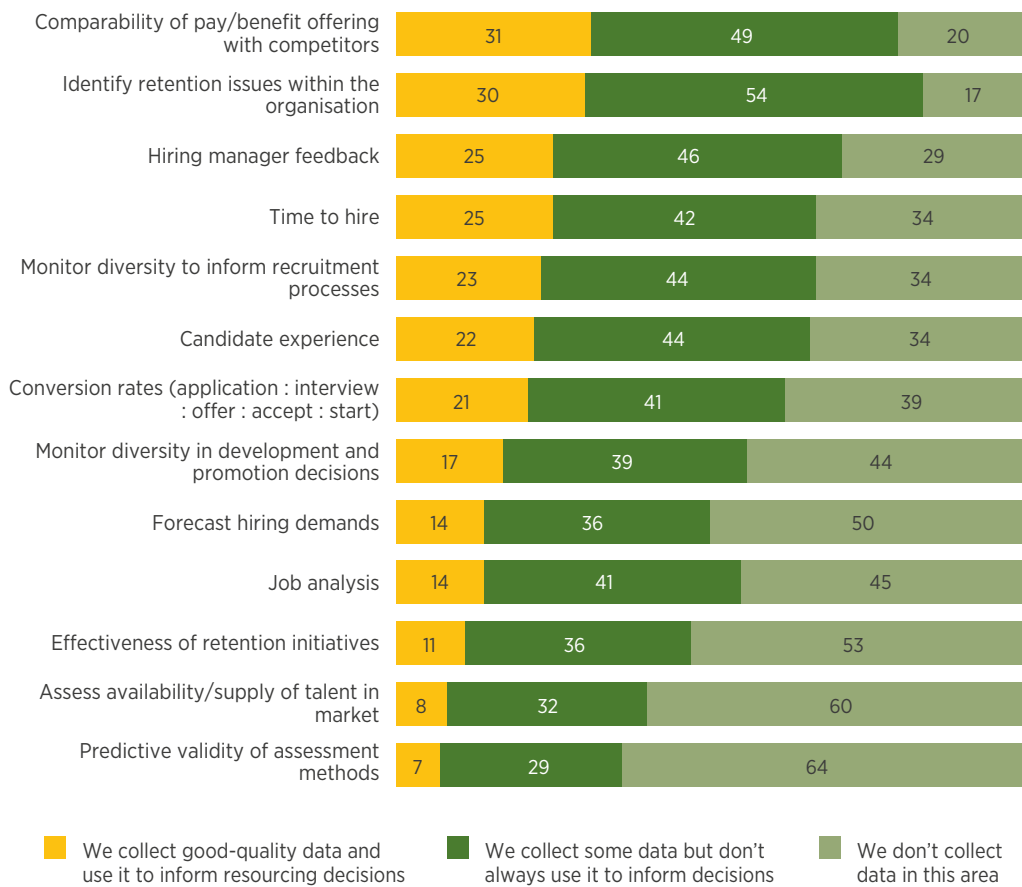
To maximise the effectiveness and efficiency of resourcing strategies, it is critical to collect and evaluate data and then to strengthen approaches based on the insights gained. Our findings show that while the majority of organisations collect some resourcing-related data, far fewer report it is both good quality and used to inform resourcing decisions (Figure 5).

Organisations are most likely to collect data on the comparability of competitors' pay/benefit offerings and to identify retention issues within their organisation, but only three in ten report the data is good quality and used to inform resourcing decisions. Fewer collect data to evaluate and improve the effectiveness of retention initiatives or the predictive validity of their assessment methods.

Larger organisations are somewhat more likely than smaller ones to collect and use data in most of the areas listed in Figure 5. In addition, public sector organisations are more likely than those in other sectors to collect and use data to monitor diversity. They are less likely to collect and use data that compares their pay/benefit offering with competitors.



**Figure 5: Does your organisation collect data in any of the following areas to inform resourcing decisions? (%)**



Base: n=413

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

Only 19% of organisations (2017: 16%) currently measure the return on investment (ROI) of their recruitment processes, although a further 29% say they plan to introduce measures to do this. Private sector services organisations are most likely to measure ROI (25%) and non-profit organisations the least (4% compared with 18% in manufacturing and production and 14% in the public sector).

Showing little change from 2017, most of those that measure ROI measured cost per hire (88%), while 68% measured the turnover rate of new hires and 55% the performance of new hires. Very few include diversity measures in their methods to assess ROI (Figure 6).

**Figure 6: Methods used to measure ROI of recruitment processes (%)**

Base: n=75. Base consists of respondents that measure ROI.

## 6 Attraction strategies

### Key findings

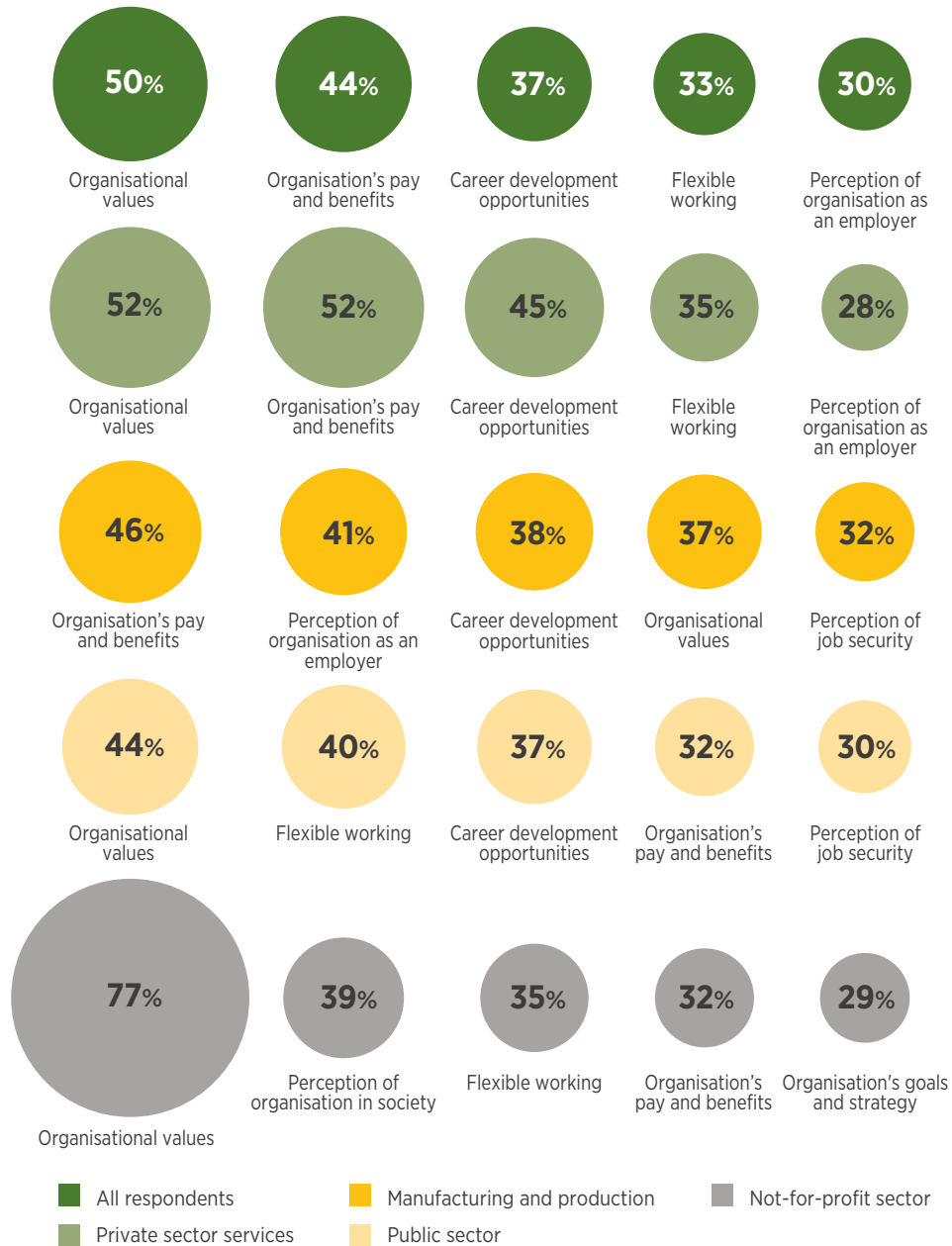
- Organisational values remain the most important element of the employer brand for attracting candidates. Pay and benefits have risen up the rankings to become the second most important element (at least in the private sector).
- Organisations are increasingly using technology to attract candidates. The most effective attraction methods are corporate websites and professional networking sites such as LinkedIn. Nearly a quarter included direct targeting of passive jobseekers among their most effective attraction methods over the last 12 months.
- The majority of organisations take some steps to recruit diverse talent, although only 52% have a formal diversity strategy and most could do more to eliminate bias from their processes.
- We have seen small increases in the proportion of firms offering apprenticeship programmes and intern schemes and a more significant increase in the proportion offering post-A-level entry routes. Nearly a fifth offer career returner programmes to attract and develop talent.

### Values remain most important aspect of brand in attracting candidates

Organisational values is ranked the most important element of employer brand when it comes to attracting candidates, as in previous years (Figure 7). Pay and benefits has moved up the rankings from third to second place (2020: 44%; 2017: 37%), perhaps in response to candidates' demands (see **Recruitment difficulties**, also Figure 20). Career development opportunities and flexible working are also among the more important elements for attracting candidates (although career development opportunities are considered less important in the not-for-profit sector: 9% include it among their top three elements).

Other sector differences reflect, at least to some extent, the different nature and purpose of organisations. Not-for-profit organisations are most likely to view their values and the perception of their organisation in society as key for attracting candidates; the public sector and manufacturing and production organisations are more likely to emphasise job security; while the private sector is more likely to emphasise pay and benefits (Figure 7).

**Figure 7: Top 5 most important elements of employer brand for attracting candidates (%)**



Base: n=506. Respondents could select up to three options.

### Increasing use of technology to attract candidates

The most effective methods organisations have found for attracting candidate applications are:

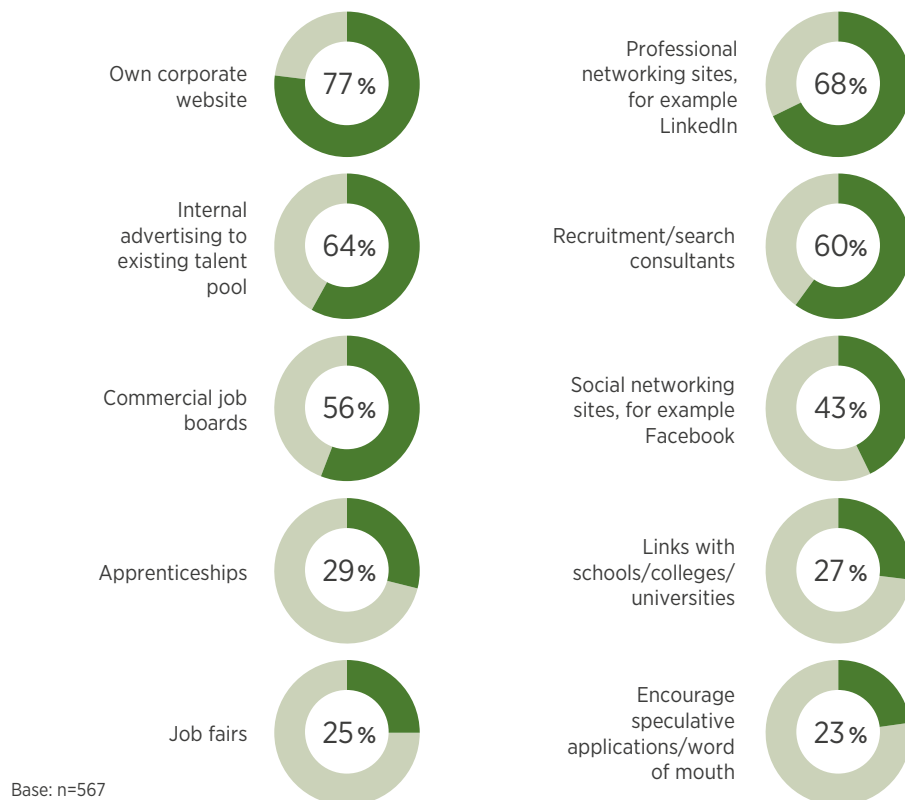
- their own corporate website (77%)
- professional networking sites such as LinkedIn (68%)
- internal advertising to their existing talent pool (64%)
- recruitment/search consultants (60%)
- commercial job boards (56%).

These findings are similar to our 2017 survey, although there are small increases in the proportion of respondents including technological approaches among their effective methods, particularly professional networking sites (68%, up from 60% in 2017). Technology has also facilitated the targeting of passive jobseekers. Exploring this for the first time, we found that nearly a quarter (23%) of organisations include direct targeting of passive jobseekers among their effective attraction methods for the previous year.

In contrast, we have seen a sharp decline in the proportion of respondents including more traditional approaches, such as Jobcentre Plus (8%, down from 15% in 2017 and 19% in 2013) or newspapers, among their most effective attraction methods. Twice as many find online newspapers effective (13%) compared with print newspapers (6%).

There are also considerable sector differences in the attraction methods used by organisations. Private sector organisations are more likely than their public or not-for profit counterparts to include recruitment/search consultants, professional networking sites, direct targeting of passive jobseekers and professional referral schemes among their effective attraction methods, and less likely to include specialist journals/trade press and newspapers. The public sector is more likely to include apprenticeships, job fairs and secondments, and less likely to include professional networking sites and commercial job boards (perhaps because they have their own national job boards, such as NHS Jobs).

**Figure 8: Top 10 effective attraction methods in the last 12 months (%)**



**Table 4: Effective attraction methods in the last 12 months, by sector (%)**

	Private sector services	Manufacturing and production sector	Public sector	Non-profit sector
Own corporate website	75	65	88	84
Professional networking sites, for example LinkedIn	73	62	54	77
Recruitment/search consultants	66	75	47	42
Internal advertising to existing talent pool	65	63	62	63
Commercial job boards	63	58	39	58
Social networking sites, for example Facebook	38	35	53	55
Directly targeting passive jobseekers	30	22	14	12
Encourage speculative applications/word of mouth	28	25	16	16
Links with schools/colleges/universities	28	24	37	16
Professional referral schemes	33	10	3	5
Apprenticeships	24	33	44	22
Job fairs	24	19	38	16
Specialist journals/trade press	15	7	38	33
Secondments	13	12	36	19
Alumni (previous employment)	11	3	10	1
Jobcentre Plus	7	8	9	11
Online newspapers (local or national)	6	9	27	25
Print newspapers (local or national)	2	6	15	5

Base: n=567

### Only half have formal strategy, but most take steps to recruit diversely

Unchanged from 2017, our latest survey found that 52% of organisations have a formal diversity strategy. Public sector organisations are most likely to have a formal diversity strategy (79% compared with 54% of non-profits and 45% of the private sector). Diversity strategies are also more common in larger organisations.

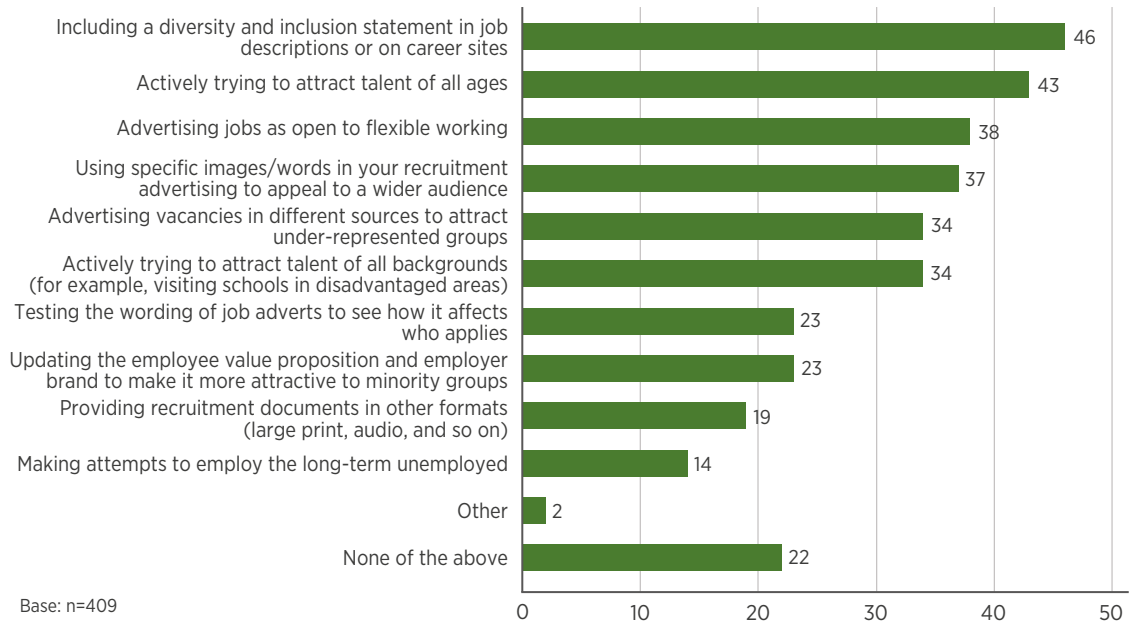
Most take some steps to attract diverse candidates (Figure 9), although many organisations could take a more comprehensive approach. This year's findings show an improvement in the proportion of organisations that are using specific images/words in advertising to appeal to a wider audience,<sup>4</sup> although only a small proportion actually test the wording of job adverts to see how it affects who applies.

Most organisations also take some steps to address diversity issues in their recruitment and selection processes (Figure 10), although again, our findings suggest that diversity is not always high on the agenda. Less than a quarter operate policies that go beyond basic legislative requirements on protected characteristics.

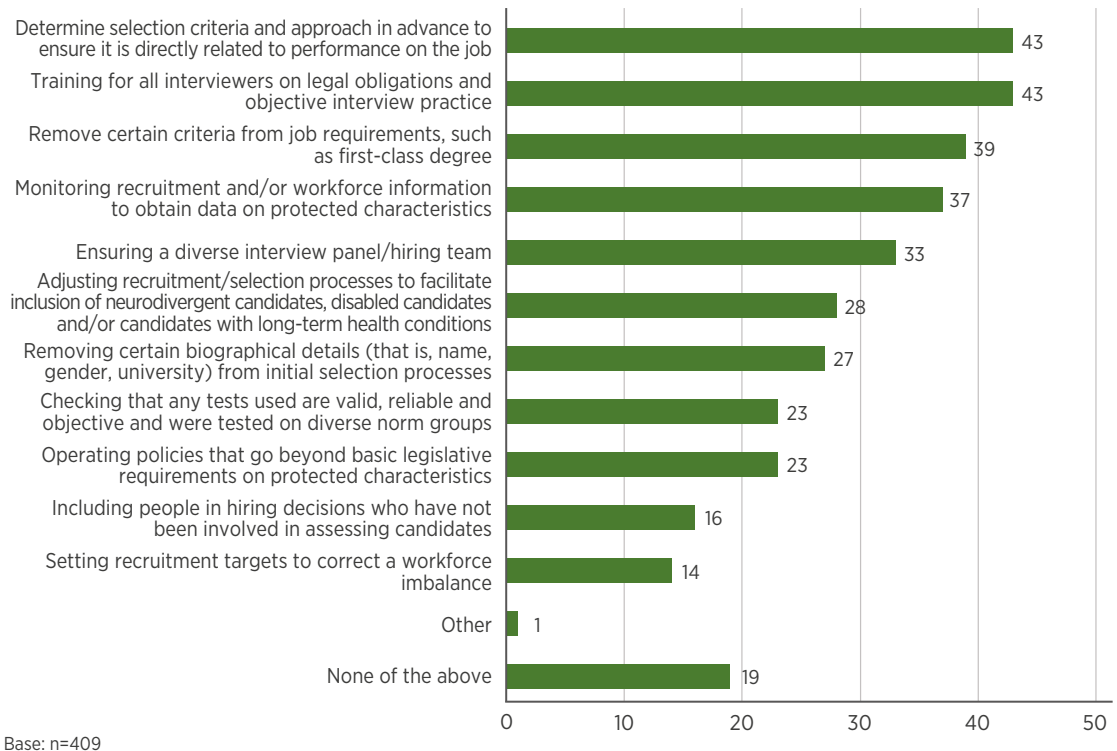
As we've found in previous years, the public sector are most proactive in their efforts to attract diverse candidates and address diversity issues in their selection processes. The private sector are least proactive, particularly manufacturing and production organisations, although larger organisations are more likely to take action than smaller ones.

<sup>4</sup> In previous surveys this question was only asked of those who reported they had a diversity strategy. In 2020, 52% of those **with a diversity strategy** report they use specific images/words in their recruitment advertising to appeal to a wider audience, compared with 37% in 2017 and 40% in 2015.

**Figure 9: Methods used to attract diverse candidates (%)**



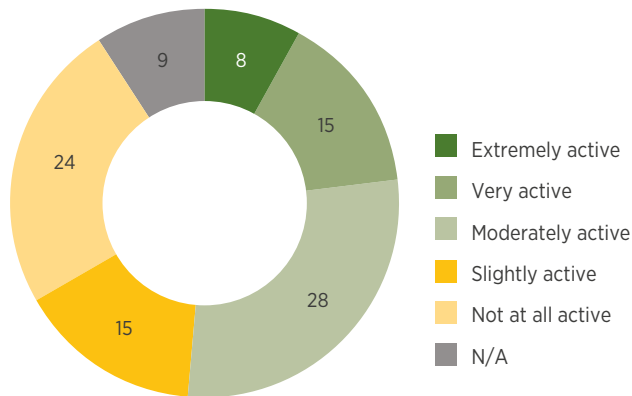
**Figure 10: Methods used to address diversity issues in recruitment and selection processes (%)**



**Efforts to attract diverse candidates to board level varied**

This year we also asked respondents how active their organisation is in its efforts to recruit more diverse candidates to board level. Nearly a quarter report they are extremely or very active, but a similar proportion are not at all active (Figure 11). Again, public sector respondents lead the way, and larger organisations are also somewhat more active in their efforts.

**Figure 11: How active is your organisation in its efforts to recruit more diverse candidates to board level? (%)**



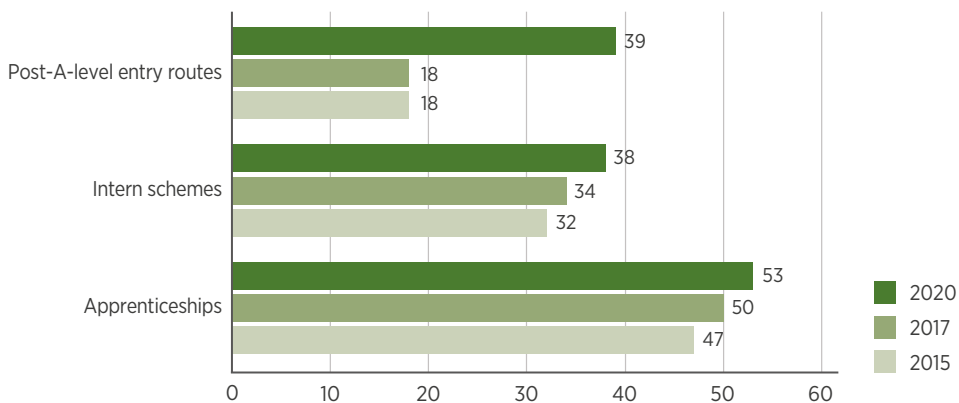
Base: n=371

**More employers offering post-A-level entry routes**

ONS data shows that around a third of 18-year-olds now go to university, but there remains considerable debate around how well young people are equipped with the skills organisations need. Some organisations, particularly larger employers, are responding to talent shortages by developing their own programmes to grow or access the skills they need, often while increasing the diversity of their workforce (for example, by going to younger or inexperienced workers and those who have had career breaks).

Positive findings this year show the proportion of organisations offering post-A-level entry routes has doubled since our last survey (Figure 12). This is particularly encouraging given recent research findings that apprenticeships are increasingly being used to upskill existing employees rather than provide young people with a route into work.<sup>5</sup>

**Figure 12: Changes in the proportion of organisations offering post-A-level entry routes, intern schemes and apprenticeships (%)**



Base: n=402 (2020); n=670 (2017); n=511 (2015)

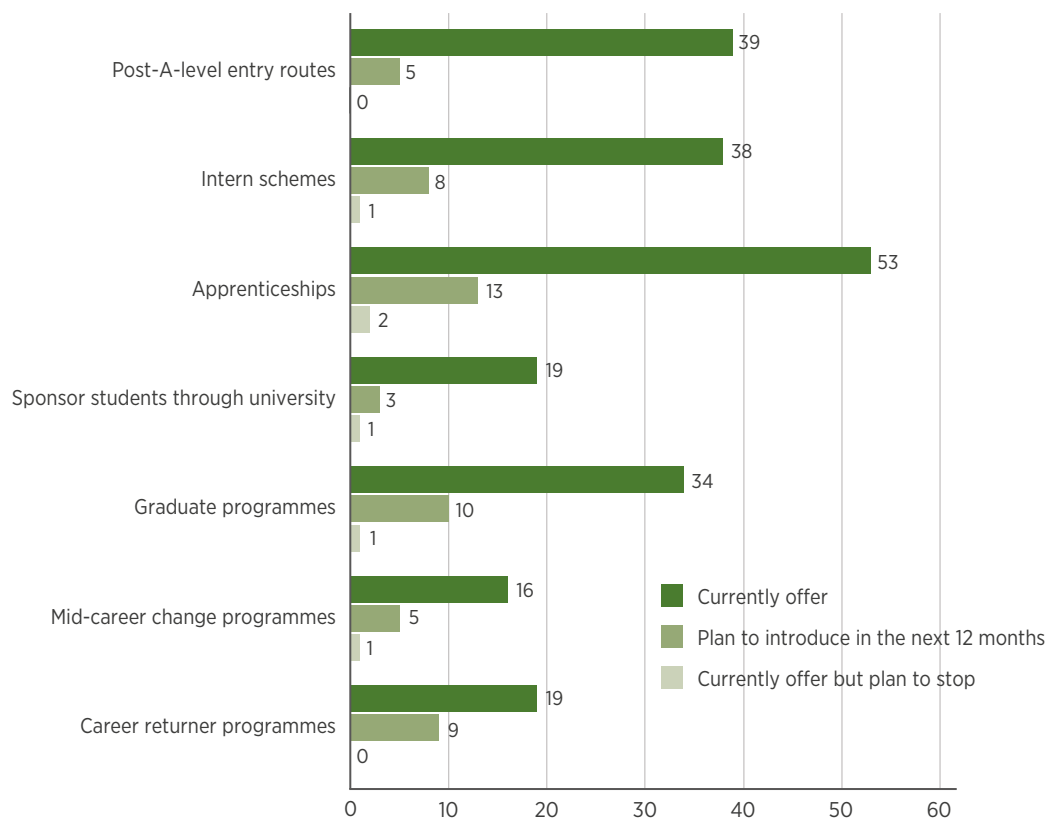
Figure 12 also shows modest increases in the proportion of employers offering apprenticeships and intern schemes. Apprenticeship programmes remain more common in the public (73%) and manufacturing and production sectors (62%) than in private services (46%) or non-profit organisations (40%).

<sup>5</sup> Richmond, T. (2018) *The great training robbery: assessing the first year of the apprenticeship levy*. London: Reform.

This year we also looked at the proportion of organisations offering mid-career change programmes and career returner programmes (Figure 13). The latter are more common in the public sector (37%, compared with 19% of non-profits, 17% of private services and 9% of manufacturing and production). They can be very effective in enabling employers to access a large pool of skilled and experienced individuals through addressing issues such as confidence in returning to work and updating industry knowledge.

All of the initiatives listed in Figure 13 are somewhat more common in larger organisations. At the time of the survey, only a few reported they currently offered but planned to stop these activities, due to the impact of COVID-19 or for other reasons.

**Figure 13: Initiatives that organisations currently offer, plan to introduce or plan to stop in the next 12 months (%)**



Base: n=402



## 7 Selection and candidate behaviour

### Key findings

- The majority of organisations use previous work history/experience, CV/application screening and competency-based interviews in their selection process. Fewer organisations this year are using interviews following the contents of CVs/application forms alone.
- Most organisations also use one or more tests, assessments or exercises in their selection process, although there is a slight decline in the proportion using assessment centres.
- Thirty-four per cent use pre-application assessments (situational job tests), but only 15% are employing tools to enable self-selection (such as realistic job preview or values preview).
- Organisations are increasingly turning to technology to conduct interviews (68%), tests/assessments (35%) and to facilitate other aspects of the recruitment process. They report their use of technology has resulted in a number of benefits, the most common being increased accessibility for candidates, a speedier recruitment process and improved candidates' experience. A smaller proportion believe their use of technology has resulted in a more impersonal candidate experience.
- The majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs/application forms, but there is room for improvement in the way candidates communicate with potential employers.

### Most organisations use a range of selection methods

The majority of organisations use a combination of methods in their selection process, with most including previous work history/experience, thorough CV/application screening and competency-based interviews. Around three-quarters of organisations use some sort of test, assessment or exercise in their selection process (Figure 14).

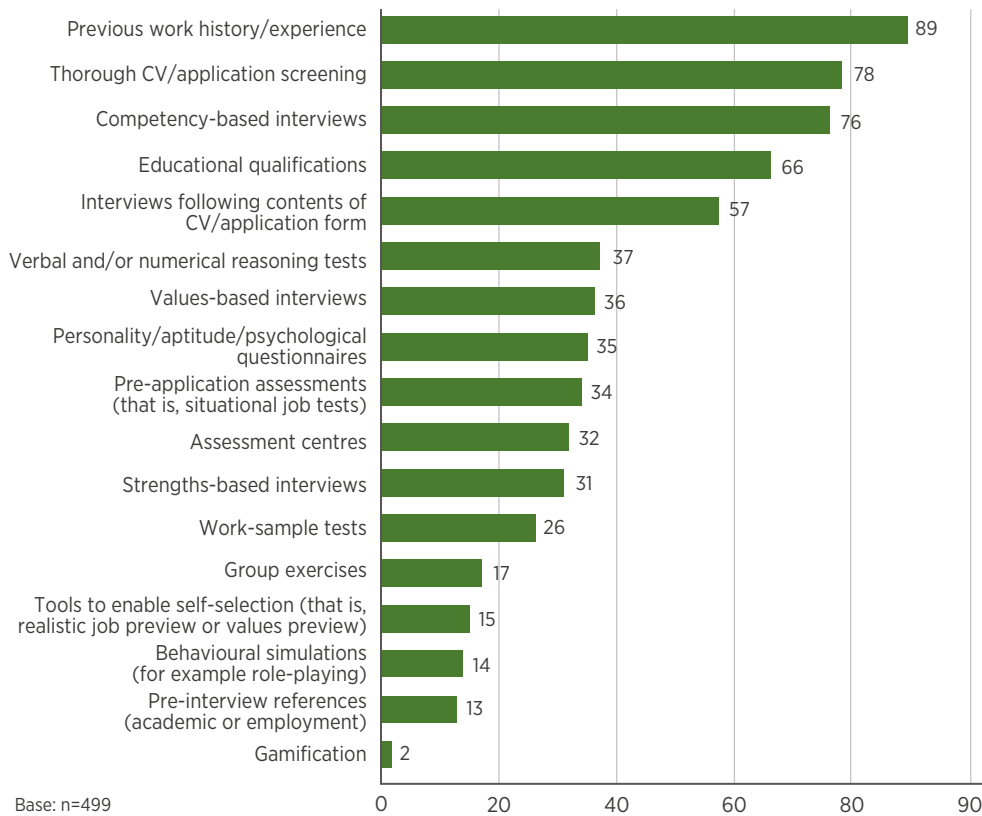
While the use of competency-based interviews remains popular, fewer respondents this year report they conduct interviews following the contents of CVs/application forms (2020: 57%; 2017: 74%). Thirty-six per cent are using values-based interviews and 31% strengths-based interviews.

Of the tests or assessments used in the selection process, 37% use verbal and/or numerical reasoning tests, 35% personality/aptitude/psychology questionnaires and 34% pre-application assessments. Work-sample tests, group exercises and behavioural simulations (for example role-playing) are less common. Larger organisations are more likely to use all of these types of tests/assessments, with the exception of work-sample tests, which are more commonly used in SMEs (32%) than larger organisations (22%).

Slightly fewer organisations this year report they are using assessment centres (2020: 32%; 2017: 39%). These are most commonly used, as in previous years, by the public sector and larger organisations.

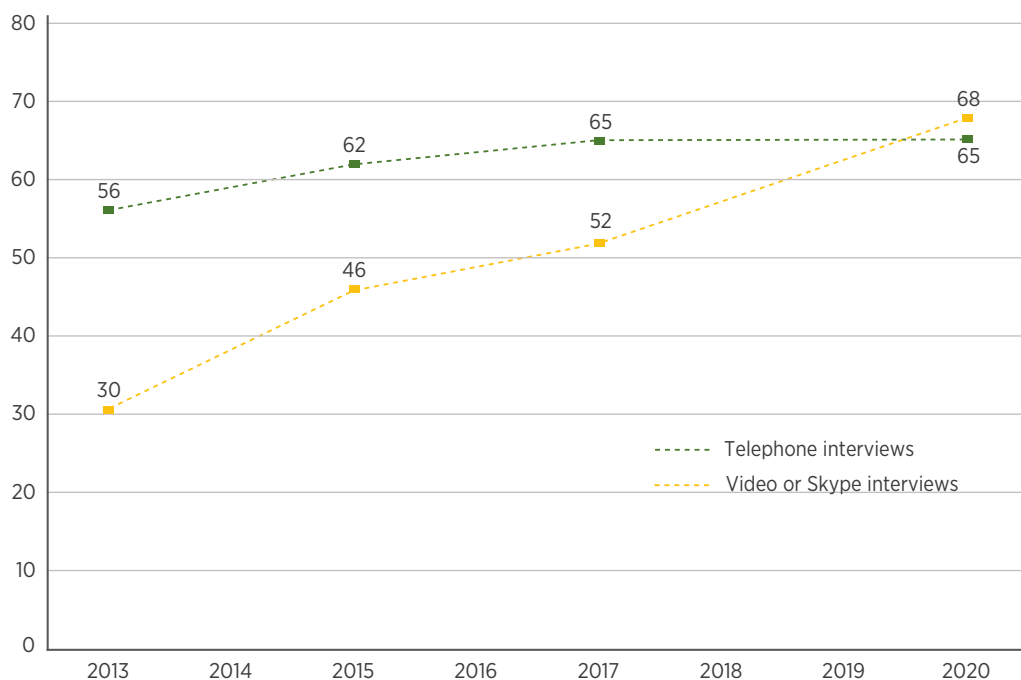
A minority of organisations are making efforts to screen out unsuitable candidates through employing tools to enable self-selection (such as realistic job preview or values preview).

**Figure 14: Methods used to select applicants (%)**



Even before the pandemic, an increasing proportion of organisations were using video/Skype to conduct interviews (Figure 15) such that slightly more organisations now use video technology than the telephone to conduct interviews. Our findings also suggest that more organisations are conducting tests/assessments online (from 23% in 2017 to 35%).

**Figure 15: Proportion of organisations using telephone and video/Skype interviews (%)**



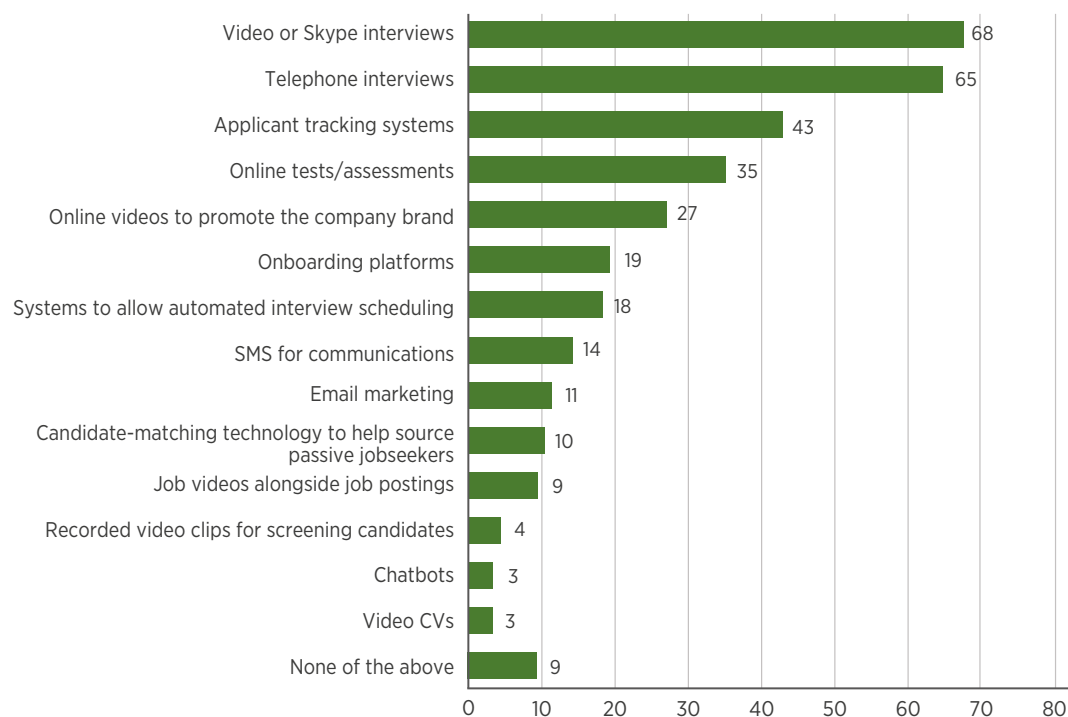
Base: n=496 (2020); n=693 (2017); n=505 (2015); n=460 (2013)

### More than two-fifths use applicant tracking systems

This year, we examined organisations' use of technology in the recruitment process in greater depth (Figure 16). The most common technology used after video/web-based or telephone interviews is applicant tracking systems (43%). Around a fifth use onboarding platforms or systems to allow automated interview scheduling (although the latter is more common in the public sector: 30%, compared with 20% of non-profits and 14% of the private sector).

Larger organisations are more likely than SMEs to use all the technologies shown in Figure 16, with the exception of telephone interviews, candidate-matching technology to help source passive jobseekers and video CVs.

**Figure 16: Use of technologies in the recruitment process (%)**



Base: n=496

### Technology has improved accessibility, speed and candidate experience

The use of technology in the recruitment process has resulted in a number of benefits for organisations. The most common benefit is increasing accessibility for candidates, followed by a speedier recruitment process and an improved candidate experience (Figure 17).

These latter two items were moderately related, as might be expected.<sup>6</sup>

For many organisations, technology has also resulted in a wider pool of applicants – both suitable and unsuitable. Currently, only two-fifths report their use of technology has enabled them to screen out unsuitable applicants to a large or moderate extent. Wider adoption of tools to enable self-selection, pre-application assessments and technologies such as values previews and chatbots could be beneficial in helping reduce the number of unsuitable candidates.

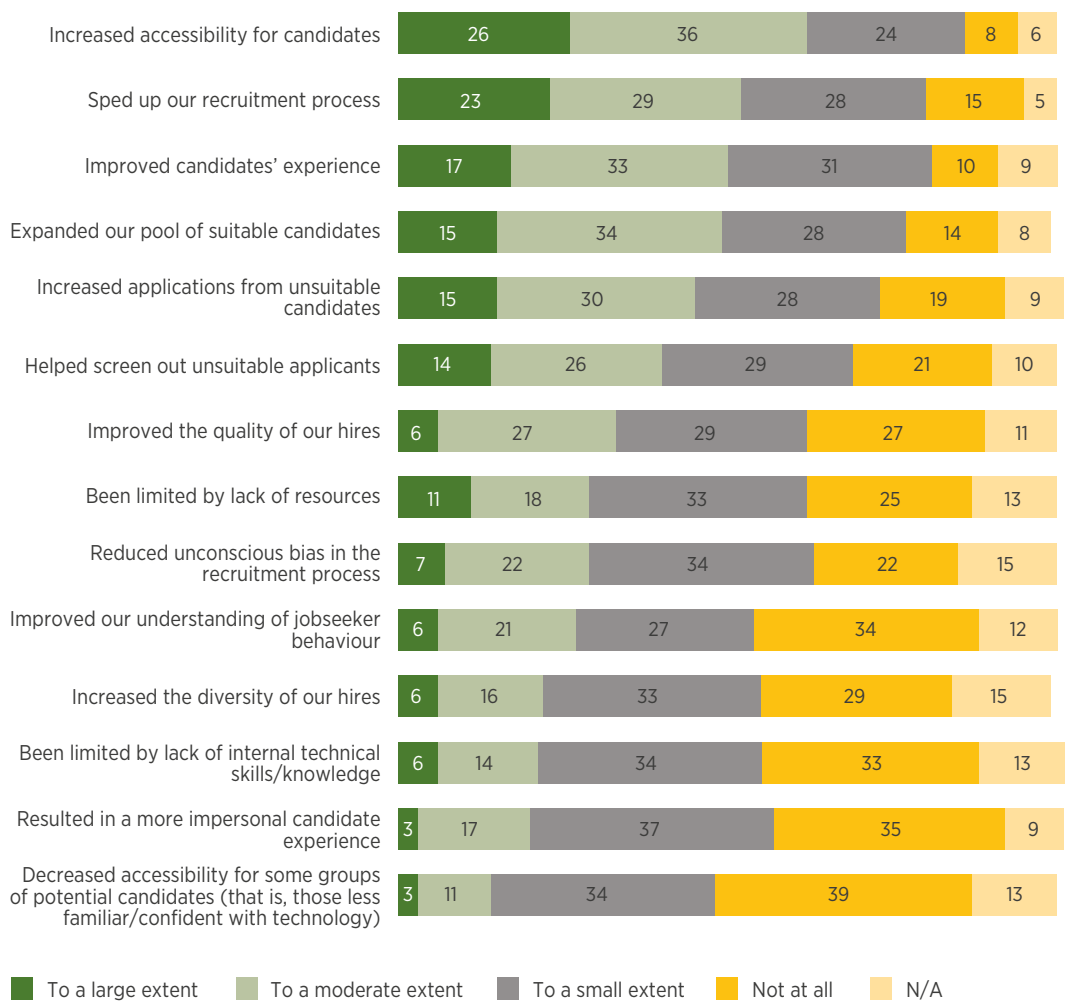
Use of technology has helped reduce unconscious bias to a large or moderate extent according to 28% of respondents. These organisations are more likely to report that technology has increased the diversity of their hires.<sup>7</sup>

<sup>6</sup> Kendal's tau b = 0.56, p<0.001, n=359.

<sup>7</sup> Kendal's tau b = 0.48, p<0.001, n=318.

Only a third report their use of technology has improved the quality of their hires, at least to a moderate extent, while 27% report this has not been the case at all. A fifth believe it has resulted in a more impersonal candidate experience and 14% report decreased accessibility for some groups of potential candidates, at least to a moderate extent. A substantial minority believe their use of technology has been limited by lack of resources and/or internal skills and knowledge.

**Figure 17: To what extent has your organisation’s use of technology in the recruitment process...? (%)**



Base: n=404

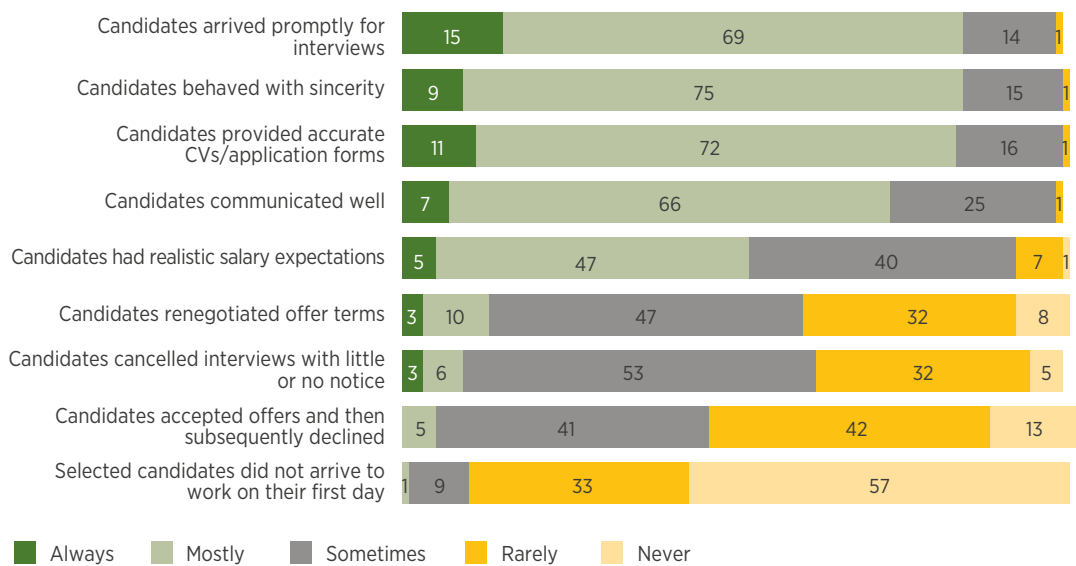
**Candidate behaviour generally positive but good communication not universal**

Our findings on candidates’ behaviour are very similar to findings from 2017 and 2015. The majority of respondents report that candidates always or mostly arrive promptly for interviews, behave with sincerity and provide accurate CVs/application forms (Figure 18). However, there is room for improvement in the way candidates communicate with potential employers. One in four organisations say candidates only communicated well ‘sometimes’. Just over half of respondents report that candidates always or mostly had realistic salary expectations, which may imply in some cases there is also room for improvement in employers’ communications.

Three-fifths report that candidates renegotiated offer terms at least some of the time, although this was considerably more common in the private sector, where only a third report this is rarely or never the case compared with over half for the public sector (52%) and non-profits (56%).

Most employers also have some experience of candidates cancelling interviews with little or no notice, with only 37% reporting this occurred 'rarely' or 'never'. Just under half (46%) have at least sometimes experienced candidates accepting offers and then subsequently declining, while one in ten report that selected candidates have sometimes not arrived to work on their first day. The more vacancies organisations had tried to fill, the more likely they were to have experienced some negative candidate behaviour.

**Figure 18: How would you rate candidates from the last 12 months? (%)**



Base: n=492

## 8 Recruitment difficulties

### Key findings

- Seventy-three per cent of those who made efforts to recruit over the previous 12 months experienced difficulties.
- Once again, professionals/specialists top the list of most-difficult-to-fill positions, followed by technical posts, mainly due to skill shortages and candidates looking for more pay than could be offered.
- All roles were more difficult to recruit for compared with previous years. More than twice as many organisations report difficulties recruiting middle and junior managers, most commonly due to lack of relevant sector/industry experience and pay expectations.
- Many organisations are turning to training and development to address their recruitment challenges. Many are also expanding their range of potential candidates, including those without experience and through targeting passive candidates. Only 25% currently offer better pay and benefits to address their recruitment difficulties, although a further 48% would consider doing so.

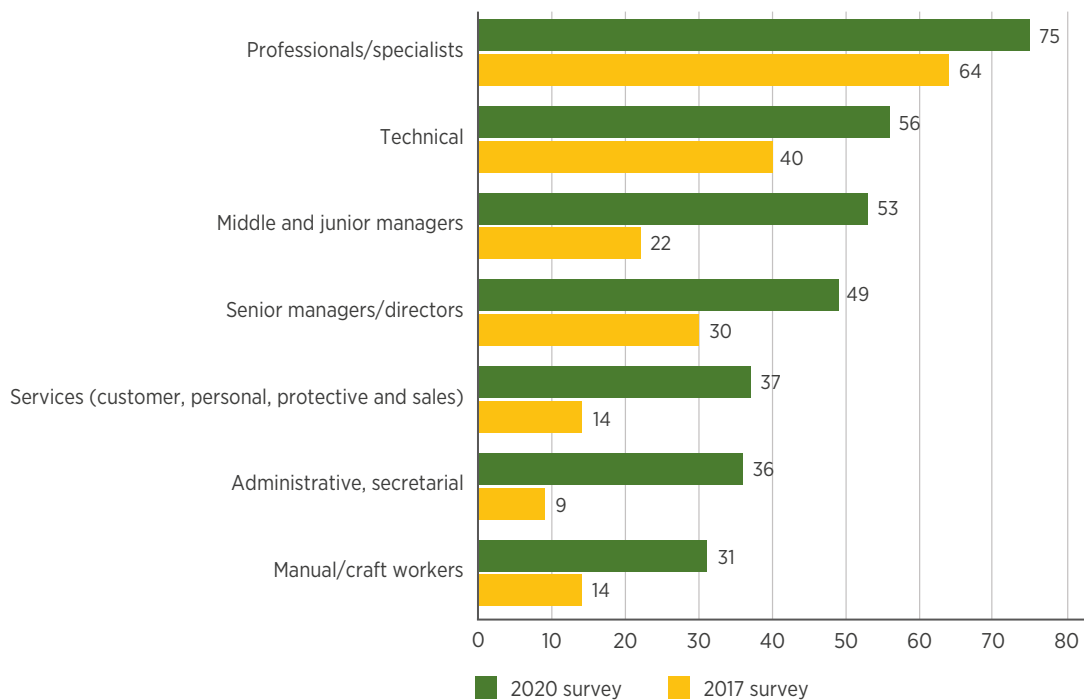
**Most had recruitment challenges, mainly from skill shortages and pay expectations**

Around three-quarters of those who made efforts to recruit over the previous 12 months experienced difficulties, regardless of sector or size (2020: 73%; 2017: 75%). While this proportion is similar to the last survey, Figure 19 suggests that all roles have become more difficult to fill. Once again professionals/specialists top the list of most-difficult-to-fill positions, followed by technical posts, both mostly attributed to skill shortages and candidates looking for more pay than could be offered (Figure 20).

About half of those with recruitment difficulties report challenges recruiting middle and junior managers (53%) and senior managers/directors (49%), a big increase compared with 2017 (Figure 19). Organisations give a variety of reasons for their difficulties in recruiting managers/directors, but most common are lack of relevant sector/industry experience and pay, closely followed by lack of specialist/technical skills for middle and junior managers.

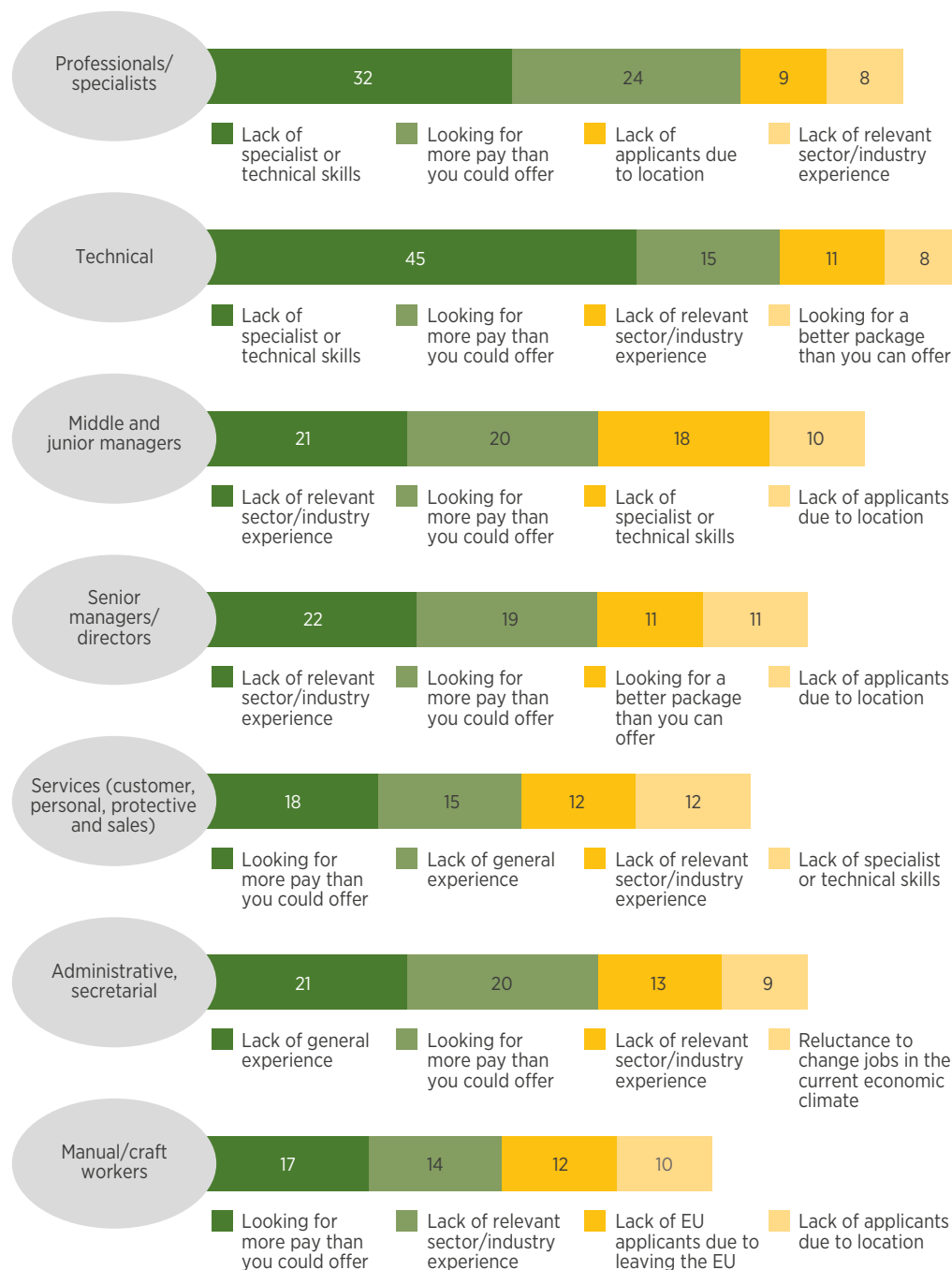
Findings this year also show a substantial increase in the proportion of organisations struggling to recruit administrative/secretarial positions, service roles and manual/craft workers. Difficulties recruiting these categories of employee were most commonly attributed to pay and lack of relevant sector/industry or general experience.

**Figure 19: Roles/skills that have been difficult to recruit for over the previous year (%)**



Base: n=356 (2020 survey); n=505 (2017 survey). Base consists of respondents who have experienced recruitment difficulties.

**Figure 20: Top 4 reasons for recruitment difficulties by role (%)**



Base: n=356. Base consists of respondents with recruitment difficulties for each role.

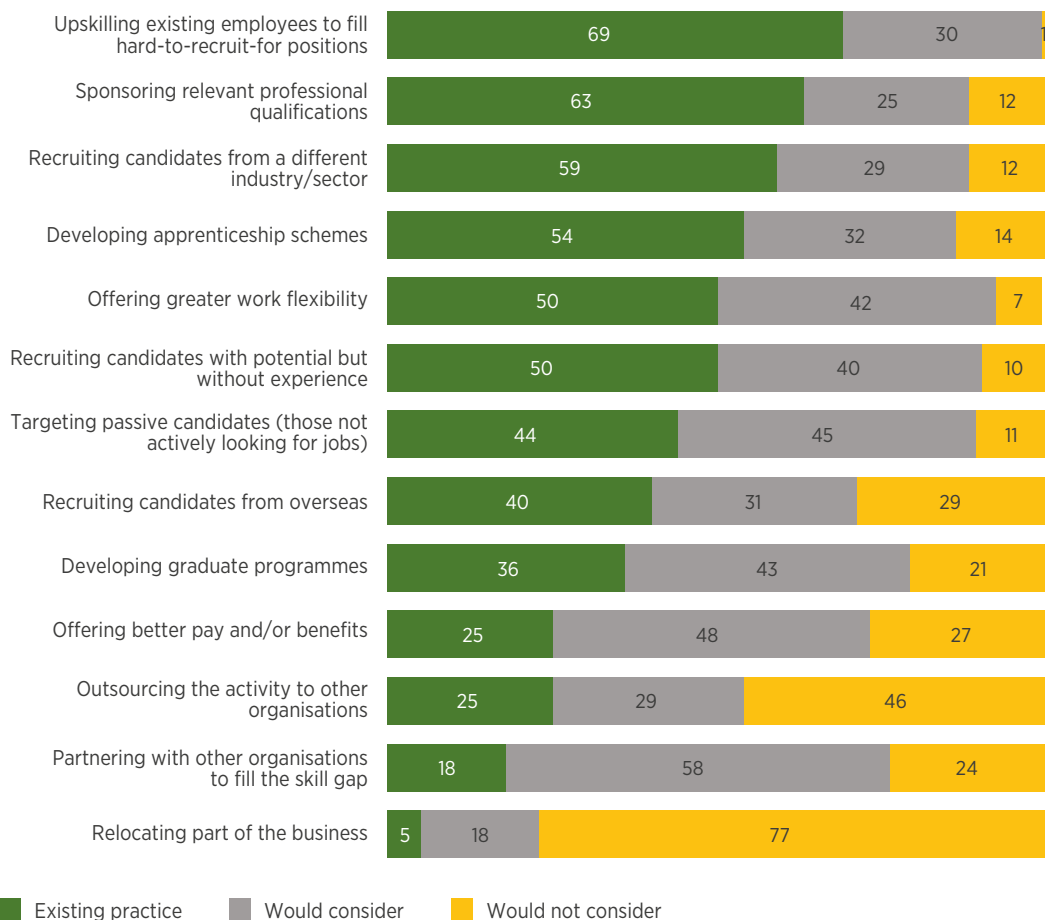
**Firms addressing recruitment difficulties through training and development**

Our findings above show that skills shortages and lack of relevant experience are common causes of organisations’ recruitment difficulties. It is positive to note, therefore, that many organisations are turning to training and development to address these issues (Figure 21). Upskilling existing employees to fill hard-to-recruit-for positions is the most common practice employed by organisations (69%), followed by sponsoring relevant professional qualifications (63%). Reflecting our findings in the **Attraction strategies** section, more organisations report they have developed apprenticeship schemes to address recruitment difficulties (Figure 22). Again, this is more common among public sector and larger organisations. The Apprenticeship Levy, which came into effect in April 2017, is likely to have contributed to this increase.

Figure 22 also shows that more organisations are addressing recruitment difficulties through outsourcing activity to other organisations and partnering with other organisations to fill skills gaps. We have also seen a small increase this year in the proportion of organisations that are addressing recruitment difficulties through expanding their search and recruiting candidates from overseas. The extent to which more stringent immigration criteria deters organisations from pursuing this policy in the future remains to be seen.

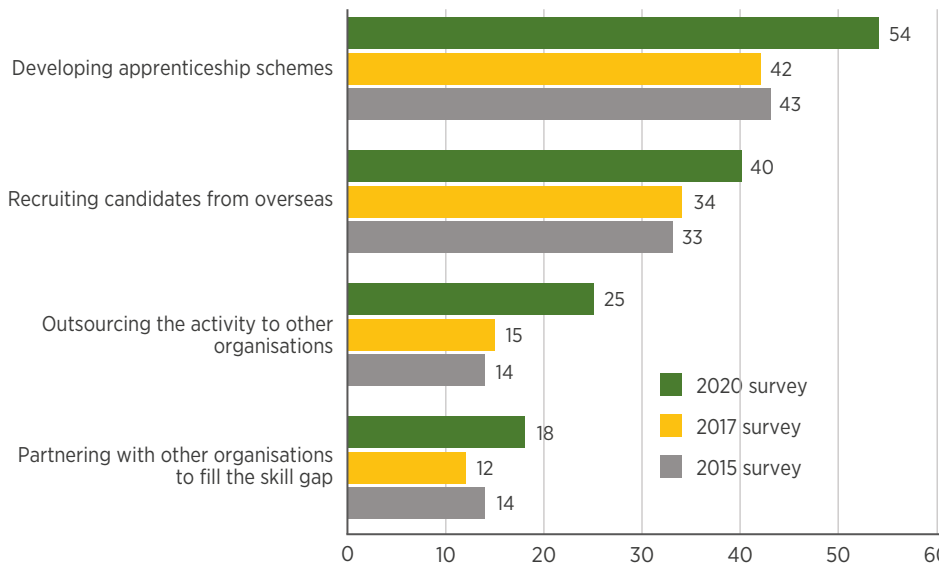
Figure 20 shows that pay is a common cause of recruitment difficulties. While only a quarter are currently attempting to address recruitment difficulties through offering better pay and benefits, a further 48% would consider doing so. This is less common, however, in the public sector, which may be more constrained by externally set budgets and pay scales (10% of the public sector are currently offering better pay and benefits to address recruitment difficulties compared with 30% of the private sector and 22% of non-profits). Public sector organisations, along with non-profits, are more likely to offer greater work flexibility to address recruitment difficulties (65%, compared with 68% of non-profits and 42% of the private sector).

**Figure 21: Practices undertaken to reduce recruitment difficulties (%)**



Base: n=361. Base consists of those that experienced recruitment difficulties in the past year.



**Figure 22: Changes in practices undertaken to reduce recruitment difficulties (%)**

Base: n=361 (2020); n=506 (2017); n=506 (2015). Base consists of those that experienced recruitment difficulties in the previous year.

## 9 Talent management, retention and turnover

### Key findings

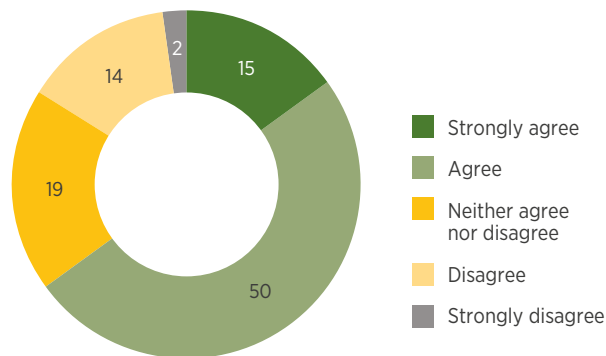
- Two-thirds of organisations take a strategic approach to recruitment as part of a wider talent management/people strategy.
- The median rate of labour turnover for 2019 (16%) is similar to the rate for 2016.
- Less than a fifth of organisations say they calculate the cost of labour turnover.
- The majority of organisations experienced retention difficulties of some sort in 2019. Echoing our findings on recruitment difficulties, there has been a small increase in the proportion reporting difficulties retaining most categories of employees, with organisations most commonly experiencing difficulties retaining 'professionals/specialists', followed by technical employees.
- Fifty-five per cent of organisations took measures to improve employee retention in the last 12 months, up from 37% in the 2017 survey. The most popular steps taken are increasing learning and development opportunities, increasing pay and, in a substantial increase from the last survey, revising the way employees are rewarded so their efforts are better recognised.

### Two-thirds take a strategic approach to recruitment

This year we looked at whether organisations take a strategic approach to recruitment: 65% agree or strongly agree that their approach to recruitment is connected to a wider talent management/people strategy (Figure 23), with larger organisations most likely to agree.

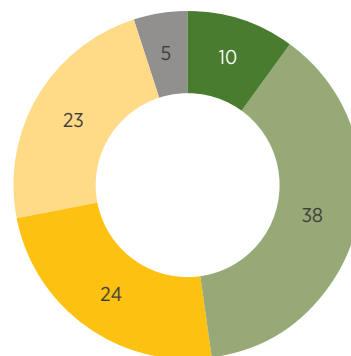
Fewer organisations (48%) agree that their CEO has had talent management as a key priority over the last 12 months (Figure 24). This is a decline on previous years (2017: 54%; 2015: 50%), despite the high level of recruitment and retention difficulties.

**Figure 23: Our approach to recruitment is connected to a wider talent management/people strategy (%)**



Base: n=645

**Figure 24: Over the last 12 months, our CEO has had talent management as a key priority (%)**



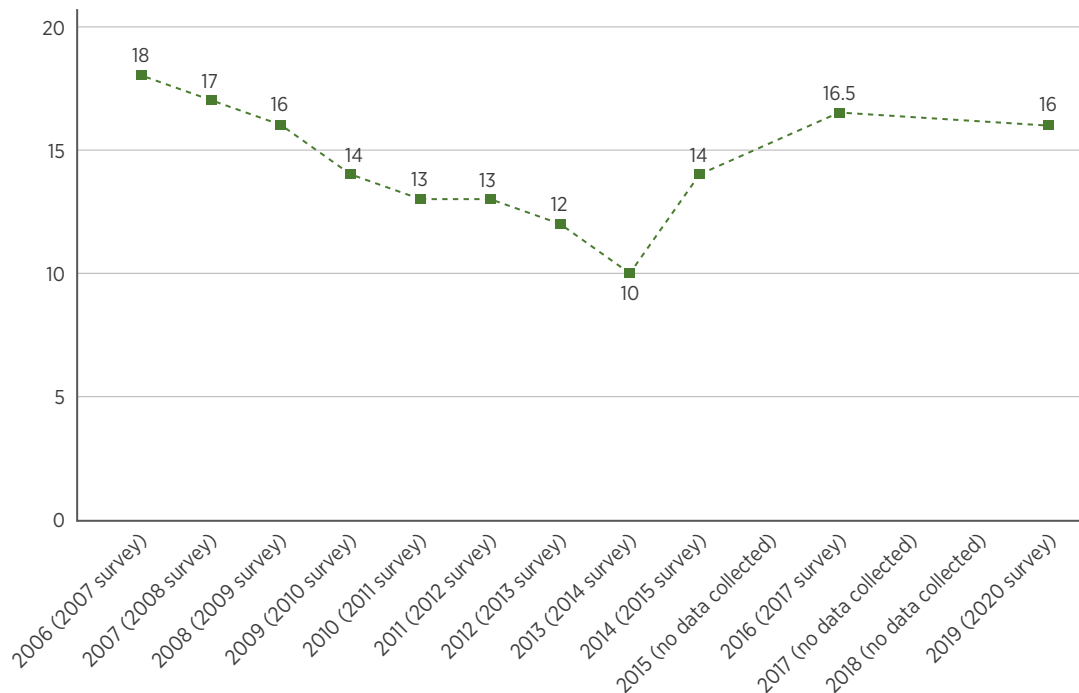
Base: n=645

**No change in the median rate of labour turnover**

Overall, 104 respondents gave complete figures for calculating their labour turnover. There is considerable variation across organisations, but the median rate of labour turnover in 2019 (16.0%) is very similar to our findings for 2016 (16.5%) and the figures prior to the 2008–09 recession (Figure 25).

As in previous years, the majority of turnover is attributed to employees leaving voluntarily. However, caution must be applied here as the findings are based on a small sample of organisations and there is considerable variation between them (Table 5). Turnover due to redundancies is expected to increase in 2020, given the economic impact of COVID-19.

**Figure 25: Median rate of labour turnover**



Base: n=104 (2019: 2020 survey); n=157 (2016: 2017 survey); n=77 (2014: 2015 survey); n=72 (2013: 2015 survey); n=95 (2012: 2013 survey); n=143 (2011: 2012 survey); n=175 (2010: 2011 survey); n=165 (2009: 2010 survey); n=307 (2008: 2009 survey)

**Table 5: Median labour turnover rates, by reason for leaving**

	2019 (2020 survey)	2016 (2017 survey)	2014 (2015 survey)	2013 (2015 survey)	2012 (2013 survey)	2011 (2012 survey)	2010 (2011 survey)	2009 (2010 survey)	2008 (2009 survey)
Voluntary redundancies	0	0	0	0	0	0	0	0	0
Compulsory redundancies	0	0	0	0	0	0	0	1	0.5
Dismissed/left involuntarily (including death in service)	1.2	1.2	0.7	0.2	1.3	0.6	0.7	0.9	1.4
Fixed-/short-term contracts	0	0.7	0	0	0.4	1.7	0	0	0.7
Retired	0	0	0	0	0.1	0.5	0	0.4	0.7
Left voluntarily	10.1	10.0	5.5	5.6	7.3	7.8	6.6	8.4	9

Base: n=101 (2019: 2020 survey); n=135 (2016: 2017 survey); n=48 (2014: 2015 survey); n=50 (2013: 2015 survey); n=82 (2012: 2013 survey); n=138 (2011: 2012 survey); n=154 (2010: 2011 survey); n=274 (2009: 2010 survey); n=153 (2008: 2009 survey)

### Less than a fifth calculate the cost of labour turnover

Only 18% of respondents report they calculate the cost of labour turnover (68% don't, while 14% didn't know if they do or not). Larger organisations are somewhat more likely to calculate the cost of turnover, but there were no significant sector differences.

### Most experienced some retention difficulties

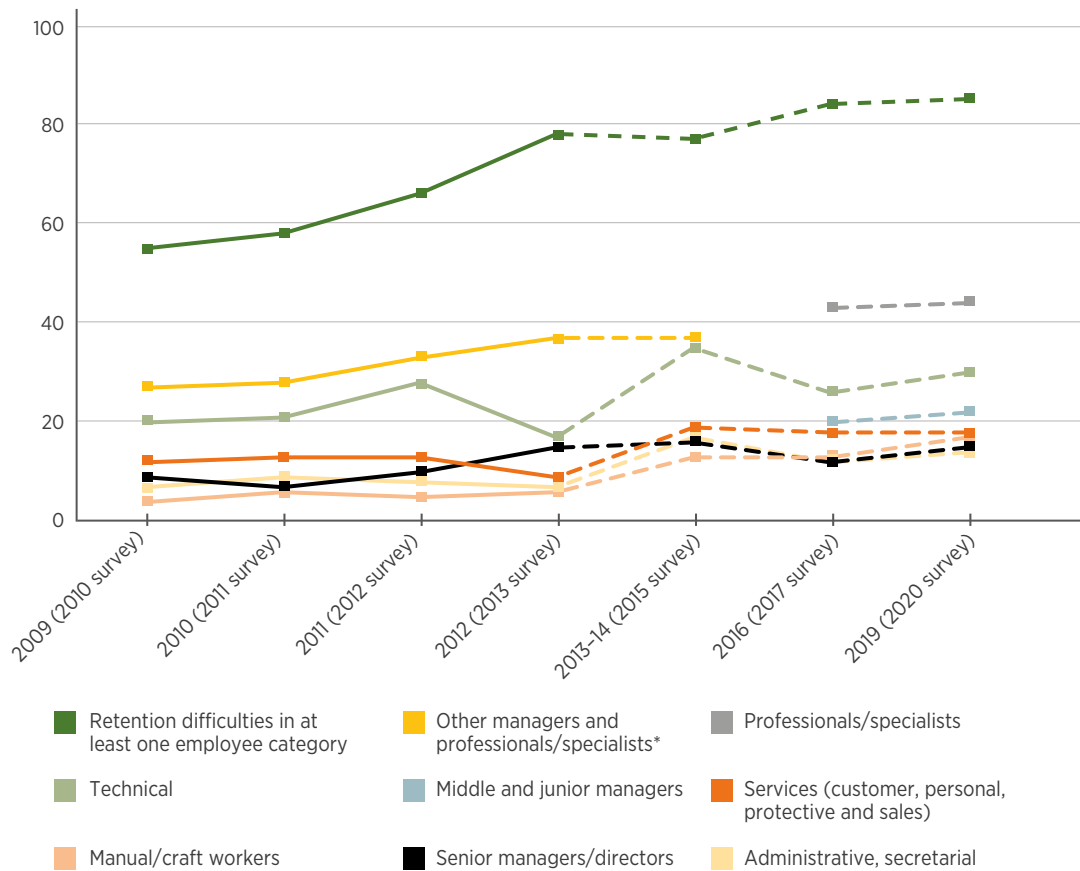
Regardless of size or sector, the vast majority of organisations (85%) experienced retention difficulties of some sort in 2019.

There has been a small percentage increase in the proportion of organisations reporting retention difficulties for most categories of employees in 2019 compared with 2016 and a more general upward, though fluctuating, trend over the last decade (Figure 26).

'Professionals/specialists' remain the category of employees most difficult to retain, followed by technical employees – the same categories that organisations most struggle to recruit for. Public sector organisations are particularly likely to report difficulties retaining professionals/specialists (65%, compared with 39% of the private and 42% of non-profit organisations).

As in previous years, retention of manual/craft workers is a particular issue in manufacturing and production organisations (35%, compared with 19% of non-profits, 11% of private sector services and 10% of the public sector).

**Figure 26: Retention difficulties, by occupational category and year (%)**



Base: n=385 (2020 survey) n=663 (2017 survey); n=280 (2015 survey); n=426 (2013 survey); n=491 (2012 survey); n=601 (2011 survey); n=451 (2010 survey)

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

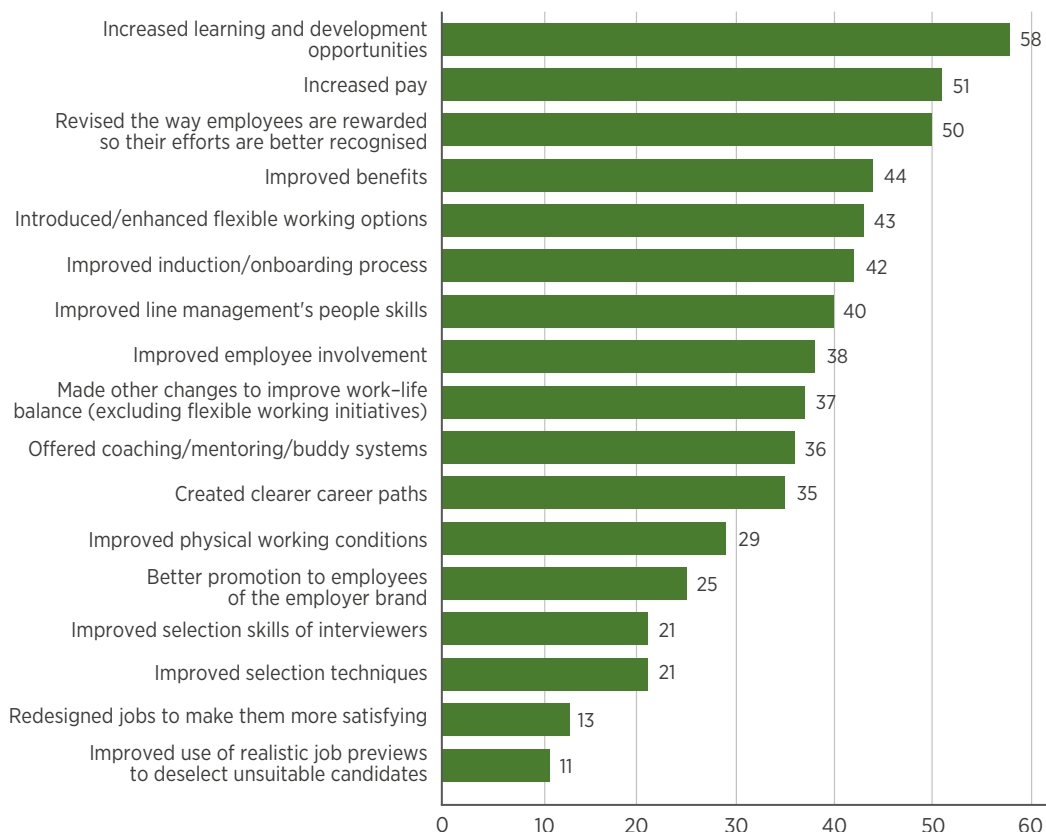
### More organisations are making efforts to address retention

Over half (55%) of respondents report their organisation undertook specific initiatives to improve employee retention in the last 12 months, up from 37% in the 2017 survey.

Increasing learning and development opportunities remains the most popular step taken to improve employee retention (Figure 27). Increasing pay and improving benefits also remain among the most common approaches used, although public sector organisations were far less likely to adopt either of these tactics (only 19% of the public sector increased pay and 16% improved benefits).

Across all sectors, we have seen a significant increase in the proportion of organisations taking steps to promote retention through revising the way employees are rewarded so their efforts are better recognised (2019: 50%; 2016: 25%).

Fewer organisations take steps to improve retention through improving their recruitment and selection processes to ensure the suitability of the candidates they recruit, although 42% took steps to improve their induction/onboarding process.

**Figure 27: Steps taken to improve employee retention in 2019 (%)**

Base: n=207. Base consists of respondents whose organisations have undertaken specific initiatives.

## 10 Background to the survey

**This survey was conducted between mid-April and the end of May 2020. It was sent to a sample of UK-based people professionals and senior HR leaders from a wide range of organisations. In total, 661 people responded to the survey.**

The CIPD *Resourcing and Talent Planning* survey (formerly known as the CIPD *Recruitment and Retention* survey) has been exploring organisations' resourcing and talent planning strategies and practices and the key challenges and issues they face since 1997. The survey was last conducted in 2017.

The survey attempts to capture new trends and developments in resourcing practices and challenges while providing useful benchmarking data. This year's survey went live one month after the start of the COVID-19 lockdown in the UK and included new questions to assess the impact of COVID-19 on resourcing activities. As in previous years, however, many questions refer to practices and issues experienced 'over the last 12 months', so reflect a timeframe mostly unaffected by the pandemic.

### Sample profile

The sample profile is almost identical to the previous survey in 2017. Respondents represent organisations of all sizes (Figure 28). Two-thirds work in the private sector (48% in private services and 18% in manufacturing and construction), just over a fifth in the public sector (21%) and 13% in non-profit organisations (Table 6).

### Calculation of labour turnover

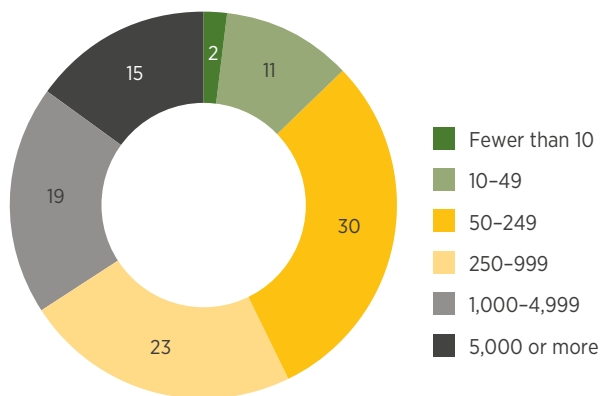
A total of 104 survey respondents were able to supply all the information necessary to calculate labour turnover on a whole-organisation basis for 2020. This report uses the standard 'crude wastage' method to calculate the rate of turnover. This method is calculated as follows:

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

\* 'Leavers' refers to employees who, for any reason, have left the organisation on a permanent basis, and include those taking up employment elsewhere, retirees, redundant employees and those dismissed. It 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.

**Figure 28: Profile of respondents, by organisation size (number of permanent employees) (%)**



Base: n=661

### Note on abbreviations, statistics and figures used

Voluntary, community and not-for profit organisations are referred to throughout the report as 'non-profit organisations'. 'The private sector' is used to describe organisations from manufacturing and production and private sector services. These two groups are combined where there are no significant differences between their responses.

Some respondents did not answer all questions, so where percentages are reported in tables or figures, the respondent 'base' for that question is given.

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

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

Appropriate statistical tests are used to examine whether differences or relationships between groups (such as sector or organisation size) are significant or due to chance. These include Chi-Square ( $X^2$ ) tests, Spearman's Rho correlation ( $\rho$ ) and Kendal's Tau (T).

**Table 6: Profile of respondents, by industrial sector**

	Count	%
<b>Private sector</b>	<b>436</b>	<b>66</b>
Accommodation and food services	22	3
Arts, entertainment and recreation	11	2
Construction	28	4
Education	14	2
Financial and insurance	34	5
Health	24	4
Information and communication	41	6
Primary industries (agriculture, forestry, fishing, mining and quarrying)	7	1
Professional and business services (legal, accounting, architectural and engineering, advertising and market research)	65	10
Manufacturing	65	10
Real estate	10	2
Transportation and storage	14	2
Utilities (electricity, gas, water, sewage, waste management)	15	2
Wholesale and retail	28	4
Other	58	9
<b>Public sector</b>	<b>142</b>	<b>21</b>
Accommodation and food services	2	0
Construction	1	0
Education	36	5
Financial and insurance	1	0
Health	34	5
Information and communication	3	0
Professional and business services (legal, accounting, architectural and engineering, advertising and market research)	1	0
Public administration	40	6
Manufacturing	1	0
Transportation and storage	2	0
Utilities (electricity, gas, water, sewage, waste management)	1	0
Other	16	2
Unspecified	4	1
<b>Not-for-profit sector</b>	<b>83</b>	<b>13</b>
Accommodation and food services	1	0
Arts, entertainment and recreation	2	0
Construction	2	0
Education	11	2
Financial and insurance	2	0
Health	21	3
Primary industries (agriculture, forestry, fishing, mining and quarrying)	1	0
Professional and business services (legal, accounting, architectural and engineering, advertising and market research)	3	0
Manufacturing	1	0
Real estate	1	0
Transportation and storage	1	0
Utilities (electricity, gas, water, sewage, waste management)	3	0
Other	33	5
Unspecified	1	0

Base: n=661



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