RESOURCING AND TALENT PLANNING SURVEY 2021

Report
September 2021

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 160,000 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, workforce planning and retention. This survey was conducted online in May 2021 by YouGov. In total, 1,018 UK-based HR/people professionals responded to the survey.

Report

Resourcing and talent planning survey 2021

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Publication information

(1) CIPD foreword

The CIPD's *Resourcing and talent planning survey*, in partnership with Omni, is now in its twenty-second year. It is a valued survey with a sample this year of over 1,000 UK-based HR professionals.

This year's survey went live in May 2021 as the UK was starting to emerge from its third COVID-19 lockdown and just over four months after the Brexit transition period ended. It explores the impact of COVID-19 and leaving the EU on resourcing activities as well as ongoing trends in resourcing practices and challenges. A number of key themes emerged this year.

Navigating the challenges of the pandemic
The pandemic has had a widespread impact on organisations and the workforce. Two-fifths have had furloughed workers, just over a fifth of organisations have made redundancies, and many more have reduced working hours, put recruitment activity on hold and/or decreased recruitment in response. Recruitment difficulties have also been exacerbated by the pandemic. More than a quarter report logistical challenges in facilitating socially distanced recruitment processes, while almost a third faced challenges onboarding new hires.

Yet competition for talent continues...
Despite the impact of the pandemic and growth in unemployment, almost half of employers believe that competition for well-qualified talent has increased over the past year, and a similar number of employers who attempted to recruit had difficulties attracting suitable candidates. A quarter of organisations also report it is more difficult to recruit employees as a consequence of leaving the EU.

The labour market has changed dramatically in recent months, and we are now seeing a growing crisis in hiring, with very significant skills and talent gaps across many roles.

Attracting returners, focusing on flexible working and work–life balance
Some of the strategies organisations are adopting to attract new employees include appealing to experienced workers through career-returner programmes and mid-career-change programmes, which have both increased compared with last year. We are also seeing a growing focus on flexible working and work–life balance, with a high proportion of organisations advertising at least some vacancies as 'open to flexible working' and over half offering greater work flexibility and improved work–life balance to address both recruitment and retention difficulties.

Carrying over from last year, it continues to be the case that organisations could be more proactive in their efforts to attract and recruit diverse candidates, especially at board level.

Too many organisations taking an ad hoc approach to recruitment
More than two-fifths of organisations say they take an ad hoc approach to recruitment and less than half have a workforce planning strategy based on a robust understanding of current and future workforce needs. Most organisations are also not taking a robust approach to collecting data to inform resourcing decisions. Just over a third collect data to identify skills gaps within their organisation and less than a third to identify future skill requirements.

Taking a more strategic, joined-up approach to recruitment and talent management activities will help organisations to get to grips with their existing talent profile and

their current and future requirements. Collecting and evaluating data, and strengthening approaches based on the insights gained, are essential for supporting the effectiveness and efficiency of resourcing strategies.

More focus needed on talent management and retention

Finally, organisations' focus on talent management has fallen during the pandemic and fewer organisations undertook specific initiatives to improve employee retention in the last 12 months compared with previous years. Even in organisations that reported talent was increasingly difficult to retain, only two-fifths had undertaken retention initiatives.

As the economy improves and recruitment and talent management budgets also fare better, it will be important for organisations to place greater focus on these key areas to help support their post-pandemic recovery.

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

② Omni foreword

We are pleased to partner with the CIPD for the second year to produce this report that provides invaluable insight into resourcing and talent planning trends. The findings and recommendations are crucial for employers and talent professionals navigating the challenges and implementing talent strategies in a world that looks very different from what it did 12 months ago.

Acute talent shortage

Prior to the pandemic, the UK economic outlook was positive, despite uncertainty over Brexit. The nation had reached its lowest levels of unemployment since the 1970s, and few could predict how our world would change in a matter of months. But a year on from the last report, it's become equally hard to believe that just over 12 months ago, economists were predicting unemployment to rise to over 13%. The furlough scheme undoubtedly helped prevent this from happening, with almost 9 million jobs furloughed at its peak.

And what a difference a year makes. This latest report is released during what is proving to be a 'perfect storm'. The delayed impact of Brexit and the sharp drop in overseas workers, along with the reopening of the economy, combined to put significant pressure on business operations through acute talent shortage. Indeed, talent availability has reportedly fallen at the quickest rate on record as unemployment rapidly drops. In the middle of summer 2021, there was around 4.7% or 1.6 million people unemployed, while in the third week of August, there were 1.66 million active job adverts in the UK.[1]

The U-shape bounce-back, suggested as a possible outcome following the pandemic, is now evident. This, coupled with the fall in business travel, increased hybrid working, rise in e-commerce and the aforementioned impact of Brexit, leaves us with the highest

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[1] *Jobs Recovery Tracker: Demand for workers remains high amidst growing worker shortages*, REC Press Release, 3 Sep 2021.

level of labour mismatch in UK history. This is at a critical point in some sectors, such as transport and logistics, and hospitality, manufacturing and construction, where many firms report the worst staffing shortages since the 1990s, with genuine issues such as goods not getting delivered and restaurants unable to open, to name a few. At the same time, issues creating concern in higher-paid and harder-to-recruit sectors, such as finance, IT, accounting and engineering, include record levels of pay increases, buy-back and counter-offers as employers try whatever it takes to retain and secure the best talent. Somewhat counterintuitively, this perfect storm puts the UK's economic recovery at risk.

There is debate about whether these pressures will remain in place in the longer term. We are still operating in unpredictable times, and only time will tell how much the end of furlough and greater candidate confidence will help meet the rising demand for talent. The pre-pandemic challenges of IR35, the effects of globalisation, digitalisation, an ageing workforce, and the dynamics of multi-generational workplaces all also remain.

Report recommendations

Given the reality that we are lacking the right people with the right skills needed for the economy to thrive, this report reveals how companies must adjust their talent strategies to meet the shifting demands rather than simply reverting to those that served them well in the past. Businesses need to retain and upskill their workforce and think creatively about the future of work and how to diversify talent. The winners will be those who are reshaping their talent strategies now to ensure they continue to attract, develop, and retain the best, and who are applying the same rigour, effort and sophistication to resource planning as to designing overall business strategy. Developing strategic partnerships with providers to offer expertise, agility and pace while maintaining business values and enhancing the employee value proposition will be critical during these times.

The findings and recommendations in this report give insight into the generally progressive practices that enable others to learn, plan and be prepared for the challenges ahead.

**Louise Shaw,
Director Resourcing
Transformation**

**Martin Wainman,
Managing Director**

Omni foreword

(3) **Summary of key findings**

Competition for talent despite reduced recruitment and retention activity

- COVID-19 has had an abrupt impact on recruitment activity – 26% of organisations did not attempt to recruit at all in the last 12 months, compared with just 4% the year before. Among those who did attempt to recruit, the median number of permanent (2020: 15; 2019: 30) and short-term (2020: 3; 2019: 8) vacancies fell dramatically in all sectors. However, 21% have increased their recruitment activity as a result of the pandemic.

- Fewer organisations undertook initiatives to improve retention (from 55% the previous year down to 29%) in a year when 40% furloughed staff, 22% made redundancies and 16% reduced working hours.

- Despite the growth in unemployment during the past year, 45% of respondents believe that competition for well-qualified talent has increased over the period, while just 15% disagree. Nearly half (49%) of employers who attempted to recruit had difficulties attracting suitable candidates. A quarter of organisations report it is more difficult to recruit staff as a result of Brexit. 30% say that talent is more difficult to retain compared with a year ago.

- Looking forward, growing confidence in the economy is reflected in our findings that 29% of organisations anticipate an increase in their recruitment budget for 2021–22, while fewer (13%) anticipate a decrease. Respondents are also more likely to anticipate an increase in their talent management budgets (26%) than a decrease (11%).
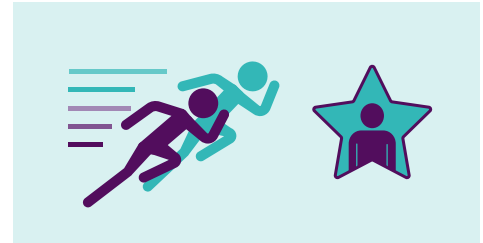
Implications and recommendations for practitioners

With the reopening of the economy, recruitment activity is accelerating at a significant pace. Despite the rise in unemployment in 2020, many organisations are facing considerable recruitment difficulties, particularly in industries that have disproportionately relied on EU migrant workers. The surge in demand for labour caused by the easing of restrictions is likely to level off, and ongoing employment growth will depend on how the economy recovers from the impact of the pandemic. Nevertheless, organisations may find themselves facing skill or labour shortages and need to take action to ensure they can access, develop and retain the talent they need.

1   Take a strategic approach to workforce planning, given both the impact of immigration restrictions and the pandemic. A useful first step might be to carry out a workforce audit, especially for those sectors that are heavily reliant on EU nationals.

2   When thinking about recruitment specifically, consider what are the key roles that you need to recruit for and what would make the biggest difference to your organisation.

3   Collect and make good use of resourcing data and evidence to justify spend when budgets are limited.

4   For those industries affected by a reduction in EU migrant workers, employers should look to invest in both training and reskilling of domestic workers and building career pathways and routes into work for young people.

Efforts to develop and update skills

- A third of organisations report having developed more talent in-house compared with the previous year. Upskilling existing employees is the most common response to recruitment difficulties (57%).

- Nearly half of organisations currently offer apprenticeships and two-fifths offer graduate programmes. Around three in ten offer college-leaver routes or intern schemes – down from nearly two-fifths last year.

- In contrast, more organisations are attempting to attract experienced workers through career-returner programmes (27%, up from 19%) and mid-career-change programmes (21%, up from 16%).

Implications and recommendations for practitioners

Investing in skill development can help organisations maintain a robust talent pipeline, while simultaneously increasing employee engagement and retention. It is encouraging to see increasing efforts to attract experienced individuals back into the workplace through career-returner and mid-career-change programmes, particularly given the context of the past year. The decline in internships and college-leaver routes may not be surprising given the lockdowns and government recommendations to work from home where possible, but with growing youth unemployment, initiatives that tap into this pool of talent can help organisations access and grow the skills they need.

1 Invest in internal skill development wherever possible – it will support retention and hold you in a more competitive position as the wider economic picture continues to improve.

2 Step up your focus on internal mobility throughout your organisation.

3 Develop strategies to attract career-returners and mid-career-changers to help broaden your talent pool and diversify people's skills and experiences.

4 Don't underestimate or make assumptions about the skills your people have and try not to bound people by their job descriptions.

5 Invest in ways for young people to access opportunities in your organisation, such as through apprenticeships, traineeships, industry placements and post-A-level routes, and keep up to date with new products and routes.

Increased focus on flexibility and work–life balance

- 60% of organisations increased homeworking in response to the pandemic.

- 71% of organisations advertise at least some vacancies as 'open to flexible working', 49% advertise at least some as 'open to location', and 27% are recruiting from a wider geography within the UK compared with the previous year.

- 54% are offering greater work flexibility to address recruitment difficulties, a small increase on last year.

- There is an increase in the proportion of employers taking steps to retain employees through improving work–life balance (49%, up from 37% in 2019) and introducing or enhancing flexible working options (48%, up from 43% in 2019).

Implications and recommendations for practitioners

Employers are recognising the growing importance of flexible working to employees. Flexible working arrangements enable organisations to access a wider segment of the labour market, including people who may not want or be able to work regular 9-to-5 hours or at a particular location. Building in flexible working arrangements is not only good for inclusion but supports work–life balance, wellbeing, job satisfaction and loyalty by empowering people to have greater control in their working life.

CIPD survey findings indicate a big shift by organisations when it comes to flexibility with location but less of a focus on other forms of flexible working which allow flexibility over hours. This brings with it the risk of a two-tier workforce, where some can benefit from homeworking and the flexibility that provides, while many workers need to continue to attend their place of work and are afforded little flexibility.

1   Use the tagline 'happy to talk flexible working' when recruiting, wherever possible.

2   Support the CIPD's #FlexFrom1st campaign and make the right to request flexible working a day 1 right within your organisation to support fairness and to open up opportunities more broadly.

3   Consider a hybrid approach to working in the future, if your industry, organisation and job roles can support some remote working.

4   Review your flexible working policies and practices to ensure they are fit for purpose and afford choice. What have you learned about flexible working from the pandemic period? What might you do differently now?

5   Engage senior sponsors within your organisation who can role-model and support flexible working.

6   Do you offer flexibility in hours (such as compressed hours, job-sharing or staggered start and finish times) as well as location? This is particularly important for the substantial number of employees who are unable to work remotely and need to attend their physical place of work.

More employers have a formal diversity policy, but work is still needed in attracting and recruiting diverse candidates

- There is an increase in the proportion of organisations with a formal diversity policy (62%, up from 52% in 2020), although most could take a more proactive and comprehensive approach to attracting and recruiting diverse candidates.

- 24% of organisations that attempted to fill vacancies report they recruited a more diverse workforce over the last 12 months compared with the previous year.

- Our findings show considerable variation in efforts to attract diverse candidates to board level. A quarter (25%) of organisations are very or extremely active in their efforts to recruit more diverse candidates to the board, while a similar proportion are not at all active.

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Implications and recommendations for practitioners
While it is encouraging to see an increase in diversity policies, good words and intentions will be seen as lip-service without action and results. Systemic change requires a comprehensive assessment of policies and processes that limit or deter inclusion and diversity and also collective ownership throughout the organisation. The role of line managers involved in hiring decisions is critical, but currently just 68% of organisations report their line managers follow objective assessment and scoring criteria when recruiting, while just over half (54%) provide them with recruitment training.

1 Diversify your recruitment outreach and place more rigour, consistency and challenge in your recruitment and selection procedures.

2 Ensure line managers and all involved in hiring decisions have had recruitment training and follow objective, structured assessment and selection processes that have been designed to maximise fairness, minimise adverse impact on different candidate groups, and include predictive assessment criteria, anchored rating scale and multiple assessors.

3 Build a strategic and proactive approach to attracting and developing diverse candidates to fill senior positions. Engage senior sponsors to help communicate and commit to this strategy.

4 Critically review your end-to-end candidate experience with a diversity lens, ensuring that the entire process is accessible to all and represents your diversity objectives.

5 Critically evaluate your organisation brand (including a review of your online/social media presence) 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?

6 Evaluate your recruitment activities to assess which are most effective in diversifying your talent pools and prepare your organisations that there might need to be a trade-off between reaching greater diversity and increasing time to hire.

Use of recruitment technology is limited by internal skills and resources
• Fewer organisations report they used recruitment technologies last year in line with the decline in recruitment activity. Three-quarters of those who did use technology in recruitment report their use has increased due to the pandemic – 26% to a great extent.

• Overall, 54% use video interviews, 28% online induction processes, 27% online tests/ assessments, 24% applicant tracking systems, and 20% onboarding platforms. Few organisations use artificial intelligence (AI) or machine learning in recruitment processes.

• Those using technology report a number of benefits, the most common being increased accessibility for candidates, although for some this meant increased applications from unsuitable as well as suitable candidates. 37% report the use of technology has helped reduce unconscious bias (to some or a great extent). These
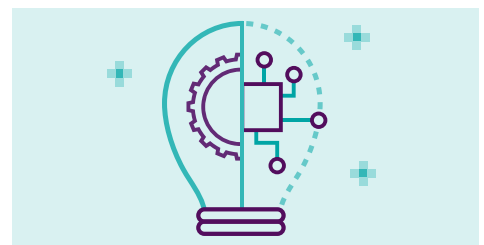
organisations are more likely to report that technology has also increased the diversity and quality of their hires. Nearly two-thirds report it has sped up the recruitment process at least to a small extent.

• More than half, however, report their use of technology has been limited by a lack of internal skills and knowledge and/or resources.

Implications and recommendations for practitioners

Nearly a third of organisations who attempted to recruit last year report an excessive number of applicants to process and nearly two-fifths report receiving more unsuitable applicants for each post compared with the previous year. As in previous years, however, only 14% use tools to enable self-selection. Considered use of appropriate technologies can help organisations process high volumes of applicants efficiently, while simultaneously improving the candidate experience and the quality and diversity of hires.

Technology should not be implemented for its own sake, but our findings suggest that there is considerable scope for more effective use of technologies in recruitment. People professionals need to ensure technologies adopted meet the needs of the organisation, have been robustly tested, and provide a fair and inclusive candidate experience.

1   Assess your internal capability and resource around recruitment technology, upskill and further invest, where necessary.

2   Ensure any recruitment technology adopted meets the needs of your organisation and provides a fair and inclusive candidate experience.

3   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.

4   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 vacancies. Include checks of any automated rejections to ensure that the criteria being used is not unintentionally creating barriers to entry for diverse skills-sets.

5   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.

How strategic are organisations in their approach?

• 30% of respondents report that their CEO has had talent management as a key priority over the last 12 months, down from 48% the previous year.

• Less than half (46%) of organisations have a workforce planning strategy based on a robust understanding of current and future workforce needs. 43% tend to take an ad hoc approach to recruitment.

• Organisations vary considerably in how far ahead they look when planning and taking action on current and future workforce requirements. 28% don't look beyond six months, while only 13% are planning for over three years into the future.
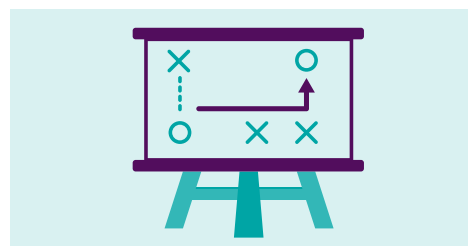
- Few organisations take a comprehensive data-based approach to inform and improve their resourcing decisions. Just 23% collect data to forecast hiring demands and 13% to assess the availability/supply of talent in the market. 13% measure the return on investment of their recruitment activities, while 20% calculate the cost of labour turnover and 27% collect data to identify retention issues.

Implications and recommendations for practitioners

COVID-19 has forced changes to workplace practices and also workforce demands and expectations. Now is a good time to review how well the workforce is equipped to meet organisational goals moving forward and how future skill and labour requirements will be met. Ongoing reviews and evaluations of existing practices, processes and initiatives will be crucial in ensuring better decision-making for the needs of the organisation.

1 Consider whether your organisation places enough focus on talent management. Is it something that has slipped off the radar during the pandemic? Is there more you could be doing to prioritise activity here?

2 Do you have a workforce planning strategy or does your approach to recruitment tend to be more ad hoc? Could you develop a more strategic, planful approach?

3 Consider forming a cross-company committee to help inform your approach to workforce planning.

4 Focus on talent intelligence and consider automating basic administrative activities like interview scheduling.

5 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 Resourcing and talent practices in the current climate

Key findings

- 28% of organisations put recruitment on hold and 16% reduced recruitment activity because of the pandemic. 40% have furloughed staff, 22% made redundancies and 16% have reduced working hours. For 21%, however, the pandemic has resulted in increased recruitment activity and 11% have increased working hours.

- 60% of organisations have increased homeworking and 27% have redeployed staff to different roles in response to the pandemic, yet just 12% report they have increased training.

- A quarter of organisations say it is more difficult to recruit staff due to the UK leaving the EU.

- Just over a fifth report they are reducing their use of contractors due to IR35 legislation.

- 45% of respondents believe that competition for well-qualified talent has increased over the past year while just 15% disagree. Views on whether talent is more difficult to retain are more divided, with 30% agreeing and 28% disagreeing.

Impact of COVID-19 on resourcing activity

This survey was conducted in May 2021 as the UK began to emerge from its third COVID-19 lockdown. Figure 1 shows the widespread impact of the pandemic on organisations and the workforce. Two-fifths have furloughed workers through the UK Government's Coronavirus Job Retention Scheme (CJRS), but even with this support, 25% of the private sector have made redundancies (19% of non-profits and 10% of the public sector) and many more have reduced working hours, put recruitment activity on hold and/or decreased recruitment in response. Overall, 5% say they had to temporarily close their business (12% of voluntary sector organisations).

While the pandemic has resulted in reduced business activity in many sectors, for some, particularly those operating essential services, it has had the opposite effect. Nearly a third (32%) of public sector organisations (19% of the private sector and 21% of non-profits) have increased recruitment in response to the pandemic and 20% have increased working hours for staff (9% of the private sector and 14% of non-profits).

Three-fifths of organisations adapted by increasing levels of homeworking, and larger organisations in particular redeployed staff to different roles. Despite the new ways of working, just 12% increased training in response to the pandemic and 11% increased their focus on retaining talent.

Requesting proof of COVID vaccination

At the time of the survey the Government was running a review to consider whether to introduce a vaccine certificate or passport system, and as part of this whether employers can request proof of vaccination. Twelve per cent of respondents expected their organisation to ask for proof of a COVID vaccination when recruiting new employees in the future (68% didn't, 20% don't know). Asking candidates during recruitment if they have had the vaccine may be justified in certain sectors and job roles where there is a particular health and safety exposure. However, generally, medical information is sensitive data that may be deemed inappropriate to ask for in interviews as employers should avoid asking prospective employees health-related questions. Vaccination policies should take into account the legal aspects (that is, with respect to discrimination claims), as well as provide information on data protection and health and safety duties.

Figure 1: Measures taken in response to the pandemic (%)

Base: n=1,018

Resourcing and talent practices in the current climate
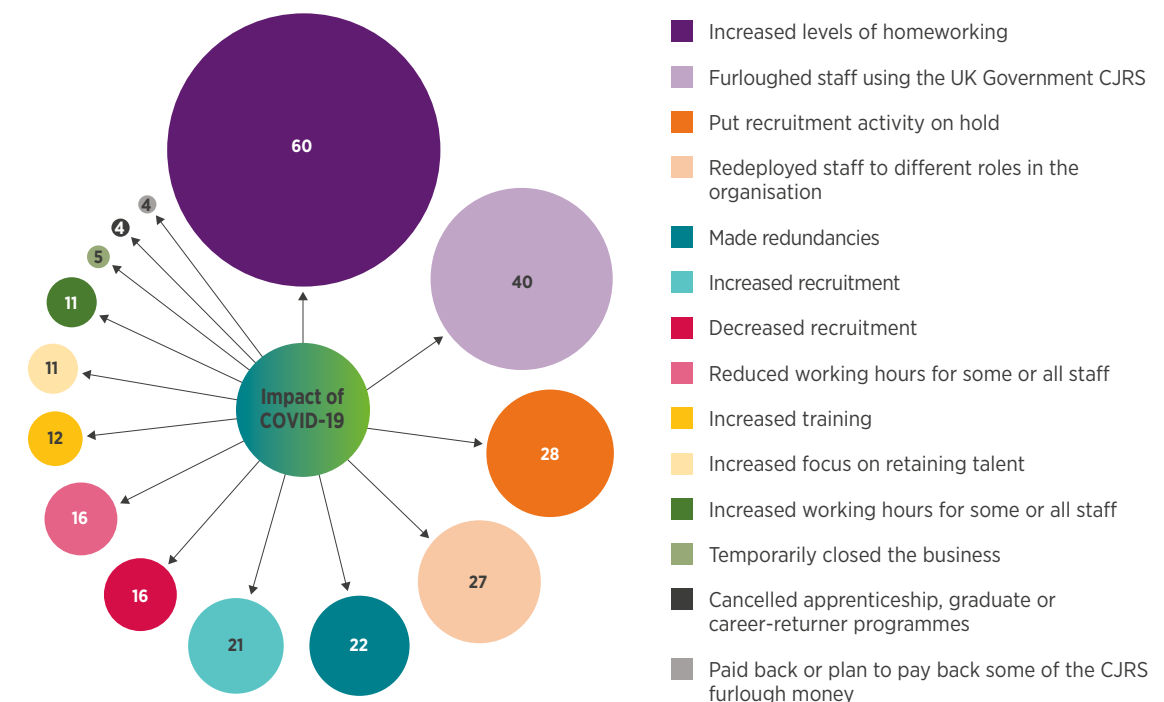
Impact of Brexit

The UK leaving the EU has presented some organisations with additional resourcing challenges (Figure 2). Overall, one in four report reduced ease of recruitment for one or more category of staff and 9% have lost EU nationals to 'a great extent' for at least one category of staff. Two-fifths have lost EU employees at least to a small extent.

Just over a fifth (22%) have responded by reducing their recruitment of EU staff, while 12% have increased virtual working to combat border problems (Figure 3).

Figure 2: Ease of recruiting and loss of EU nationals due to Brexit (%)

Ease of recruiting / Loss of EU nationals

Senior/strategic or skilled/technical staff

Ease of recruiting: 17, 5, 57, 22
Loss of EU nationals: 5, 12, 14, 69

Operational staff

Ease of recruiting: 16, 6, 59, 20
Loss of EU nationals: 6, 13, 16, 65

Low-skilled roles

Ease of recruiting: 14, 7, 52, 27
Loss of EU nationals: 6, 12, 14, 69

Decreased / Increased / Stayed the same / N/A

To a great extent / To some extent / To a small extent / N/A

Base: n=1,018

Figure 3: Changes experienced due to Brexit (%)

	Decreased	Increased	Stayed the same	N/A
Recruitment of EU staff	22	3	45	31
Our organisation's offshoring arrangements	6	5	27	62
Our organisation's trade relationships with Europe	12	4	35	49
Allowing employees to work virtually to combat border problems	6	12	26	55
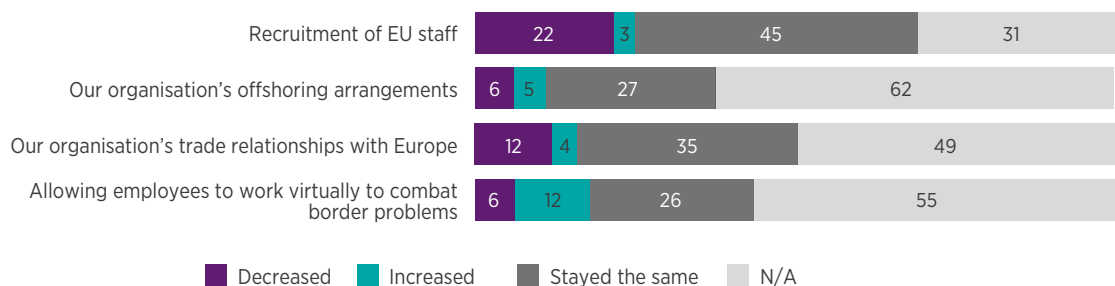
Base: n=1,018

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) was originally due to apply from April 2020 but was postponed to April 2021 due to the pandemic. Just over a fifth (22%) of respondents report they are reducing their use of contractors as a result, while 43% report no change (35% don't use contractors). Larger organisations, who are more likely to use contractors, are most affected.

Competition for well-qualified talent

Despite the rise in unemployment since the start of the pandemic, respondents are three times more likely to agree than disagree that competition for well-qualified talent has increased over the last year (Figure 4). A fifth of those attempting to recruit have, however, seen an increase in the number of suitable applicants (21%), although nearly twice as many report a rise in the number of unsuitable applicants (39%).

A third of organisations are increasing efforts to meet their talent requirements by developing more talent in-house, 27% are recruiting from a wider geography within the UK, and 24% are recruiting a more diverse workforce compared with the previous year. Just under a quarter (23%) say that their organisation has replaced some jobs with technology and automation over the past year.

Respondents are divided on whether talent is more difficult to *retain*, with 30% agreeing and 28% disagreeing. How well employees feel they have been supported through the pandemic is likely to have an impact on retention as the economy improves.

Figure 4: Views on the employment market and resourcing (% of respondents)

*Base: n=1,018 (all respondents); **Base: n=753 (respondents who attempted to recruit over the last year)

⑤ Recruiting: the numbers

Key findings

- 26% of organisations had not attempted to fill any short-term or permanent positions in the last 12 months, compared with just 4% the year before.
- Among those who did attempt to recruit, the median number of permanent (15) and short-term (3) vacancies fell dramatically in all sectors.
- The median cost of hiring senior managers (£3,000) and other employees (£1,000) has also fallen considerably.
- Looking ahead, 29% of organisations anticipate an increase in their recruitment budget for 2021–22, while 13% anticipate a decrease. Respondents are also more likely to anticipate an increase in their talent management budgets (26%) than a decrease (11%).
- Most organisations collect some data to inform their resourcing decisions, but few take a comprehensive approach. Just 13% measure the return on investment of their recruitment processes.

Recruitment activity decreased in the last 12 months

The pandemic has had a clear impact on recruitment activity. Over a quarter of organisations (26%) had not attempted to fill any short-term or permanent positions in the last 12 months, compared with just 4% the year before. SMEs were least likely to have made any attempt to recruit (54% attempted to fill vacancies compared with 89% of larger organisations).[2]

The recruitment activity among those who did attempt to fill vacancies also fell dramatically across all sectors for both permanent and short-term positions (Tables 1 and 2). While, on average, the public sector attempted to fill more permanent and short-term vacancies compared with private and non-profit organisations, it has seen the most notable reduction compared with 2019. There has clearly been a slowdown in recruitment activity, although the longer-term pattern of vacancies fluctuates considerably, partly due to the sample size as well as substantial variation between organisations.

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[2] While larger organisations are more likely to have recruitment activity each year, this decline is not due to sampling differences. In 2020, 95% of SMEs (87% of organisations with fewer than ten employees) had attempted to recruit in the previous 12 months.

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

Number of permanent employees	Vacancies in 2020 (2021 survey, base: 753)	Vacancies in 2019 (2020 survey, base: 533)	Vacancies in 2016 (2017 survey, base: 432)	Vacancies in 2014 (2015 survey, base: 328)	Vacancies in 2013 (2015 survey, base: 223)	Vacancies in 2012 (2013 survey, base: 422)	Vacancies in 2011 (2012 survey, base: 500)	Vacancies in 2010 (2011 survey, base: 577)	Vacancies in 2009 (2010 survey, base: 442)	Vacancies in 2008 (2009 survey, base: 683)
All sectors	**15**	**30**	**20**	**20**	**10**	**25**	**25**	**20**	**20**	**30**
1–49	2	4	4	2	2	3	2	3	3	10*
50–249	5	15	15	20	12	15	15	12	12	
250–999*	12	40	50	60	35	45	40	45	46	60
1,000–4,999	40	150	138	200	123	150	120	110	100	300
More than 5,000	50	550	200	293	380a	600	300	200	550	800
Private sector	**10**	**25**	**20**	**21**	**10**	**18**	**22**	**20**	**20**	**20**
1–49	2	4	4	2	2	3	2	3	3	10*
50–249	5	15	15	20	16	15	15	12	10	
250–999*	10	43	50	60	38	44	40	50	45	52
1,000–4,999	25	108	120c	204b	200a	250	150	150	100	300
More than 5,000	50	450	150c	250b	260a	550	400	500	850	800
Public sector	**20**	**88**	**48**	**33**	**25**	**85**	**40**	**30**	**80**	**100**
Non-profits	**6**	**21**	**20**	**15**	**10**	**20**	**20**	**20**	**20**	**22**

*The categories for the number of permanent employees employed in the UK differed slightly in the 2009 survey (250 or fewer; 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.

a Fewer than 15 organisations were in this category, so the median should be considered with caution.

b Fewer than 20 organisations were in this category, so the median should be considered with caution.

c 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 (with some recruitment activity) tried to fill, by sector

	Vacancies in 2020 (2021 survey, base: 753)	Vacancies in 2019 (2020 survey, base: 533)	Vacancies in 2016 (2017 survey, base: 432)	Vacancies in 2014 (2015 survey, base: 337)	Vacancies in 2013 (2015 survey, base: 233)	Vacancies in 2012 (2013 survey, base: 422)
All respondents	3	8	4	4	2	6
Private sector	2	5	4	3	1	4
Public sector	10	20	14	7	5	33
Non-profits	3	10	4	4	2	5

Data is not available prior to 2012.

Recruitment costs per hire fall

232 respondents were able to provide average costs per hire for senior managers/directors and 174 for other employees with an accuracy of plus or minus 20% (Table 3).

The median cost of recruiting senior managers/directors (£3,000) has fallen over the last few years in all sectors (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.

The overall median cost per hire for other employees (£1,000) has also fallen considerably (Table 3). Falling costs may reflect wider availability of labour and/or more cost-efficient recruitment processes. This year more organisations include professional/employee referral schemes among their most effective attraction methods (see **Attraction strategies**), which may have contributed to the fall in cost per hire.

The median cost per hire remains higher in the private sector compared with the public and non-profit sectors. 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).

Recruiting: the numbers

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	Private services	Public services*	Not-for-profit*
Senior managers/directors				
2021 survey	**3,000 (232)**	**3,000 (174)**	**2,000 (34)**	**1,500 (24)**
2020 survey	5,000 (259)	5,000 (177)	3,000 (46)	3,000 (36)
2017 survey	6,000 (143)	8,000 (103)	3,000 (18)	5,000 (22)
2015 survey	7,250 (68)	9,500 (47)	2,500 (11)	4,000 (10)
2013 survey	5,000 (79)	6,000 (55)	5,500 (8)	4,500 (16)
2012 survey	8,000 (105)	10,000 (74)	5,000 (11)	6,000 (20)
2011 survey	7,500 (150)	8,000 (111)	5,000 (15)	3,500 (26)
Other employees				
2021 survey	**1,000 (174)**	**1,200 (129)**	**1,000 (27)**	**750 (18)**
2020 survey	2,000 (226)	2,500 (154)	1,500 (41)	1,500 (31)
2017 survey	2,000 (160)	2,500 (115)	1,000 (24)	700 (21)
2015 survey	2,000 (80)	2,050 (55)	1,000 (12)	1,500 (13)
2013 survey	2,000 (82)	2,200 (58)	1,500 (8)	875 (16)
2012 survey	3,000 (98)	3,000 (71)	2,000 (10)	2,000 (17)
2011 survey	2,500 (150)	2,500 (114)	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.

Recruitment and talent management budgets set to increase

Approximately three-fifths of respondents anticipate no change to their recruitment or talent management budgets for 2021–22 (Figure 5 and Figure 6). The rest, however, are more than twice as likely to anticipate an increase than a decrease, in marked contrast to last year's findings. These improvements reflect growing employer confidence and employment intentions,[3] as the UK continues with its roadmap out of lockdown, aided by the successful rollout of the vaccination programme.

Last year we found that the private sector was most likely to report budget reductions in 2020–21. Looking ahead to 2021–22, this sector is now most likely to report an increase in both recruitment budget (31% compared with 20% of non-profits and 22% of public sector respondents) and talent management budget (29% compared with 18% of non-profits and 17% of public sector respondents).

Figure 5: Will your organisation's recruitment budget increase, decrease or stay the same? (% of respondents)

2021–22: 13, 29, 58

2020–21: 15, 39, 46

Legend: Increase · Stay the same · Decrease
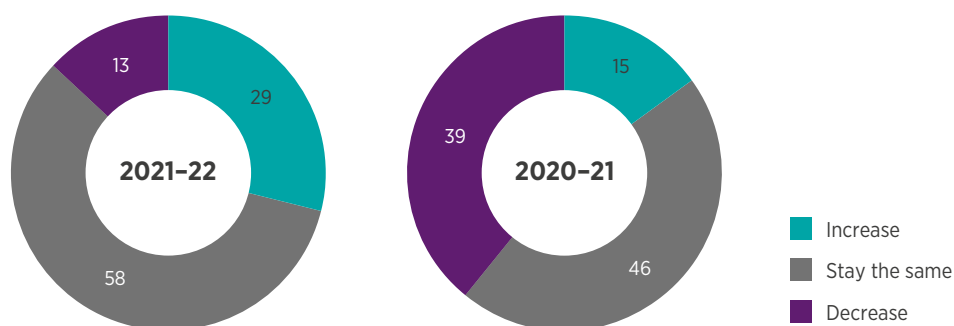
Base: n=762 (2021 survey); n=563 (2020 survey). 'Don't know' responses and those with no anticipated recruitment are excluded from these figures.

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[3] CIPD. (2021) _Labour Market Outlook – Spring 2021_. London: Chartered Institute of Personnel and Development.

Recruiting: the numbers

Figure 6: Will your organisation's talent management budget (to attract, identify, develop, engage and retain key employees) increase, decrease or stay the same? (% of respondents)
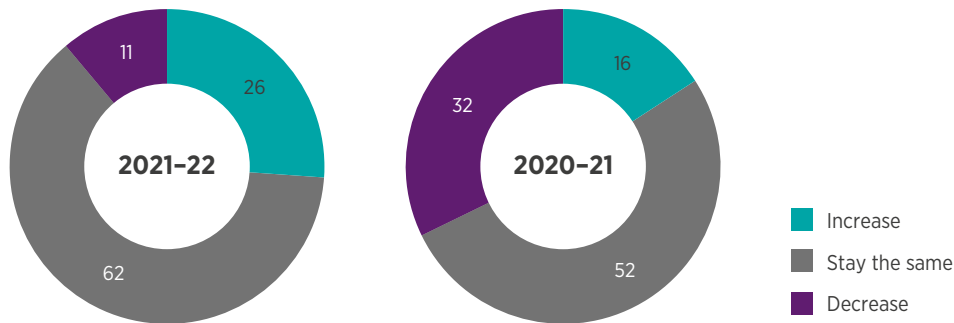
Base: n=677 (2021 survey); n=515 (2020 survey). 'Don't know' responses and those with no talent management spend are excluded from these figures.

Three-fifths conduct all recruitment activity in-house

In similar findings to last year, approximately three-fifths of organisations (61%) conduct all recruitment in-house. Just over a third (35%) use a combination of in-house and outsourced approaches, while very few outsource all recruitment activity (4%).

Few organisations take a comprehensive approach to data analytics and evaluation

Effective resourcing decisions require robust consideration and evaluations of existing initiatives, processes and issues. Our findings show that most organisations collect some data to inform their resourcing decisions, but few take a comprehensive approach (Figure 7).

Approximately a third of organisations collect data on the candidate experience, the comparability of competitors' pay/benefit offerings or to monitor diversity. Fewer monitor the retention of new hires, time to hire, conversion rates or the predictive validity of assessment methods. Just 12% collect data to evaluate and improve the effectiveness of retention initiatives.

Larger organisations are more likely than smaller ones to collect data in all of the areas listed in Figure 7. In addition, private sector organisations are less likely than those in other sectors to collect and use data to monitor diversity.

Figure 7: Does your organisation collect data in any of the following areas to inform resourcing decisions? (%)

Base: n=1,018

Few measure return on investment of their recruitment
Only 13% of respondents say their organisation measures the return on investment (ROI) of their recruitment processes, although a further 14% say they plan to introduce measures to do this (22% don't know if they do or not). Larger organisations are more likely to measure ROI (18% compared with 7% of SMEs).

As last year, the most common methods used to measure ROI are cost per hire, the turnover rate of new hires and the performance of new hires (Figure 8). Just over a fifth (22%) evaluate the engagement of new hires.

Figure 8: Methods used to measure ROI of recruitment processes (% of respondents that measure ROI)

Method	%
Cost per hire	62
Turnover rate of new hires	56
Performance of new hires	56
Cost of turnover	44
Success of talent pipeline	40
Effectiveness of attraction methods	37
Interviews per hire	26
Engagement of new hires	22
Don't know	9
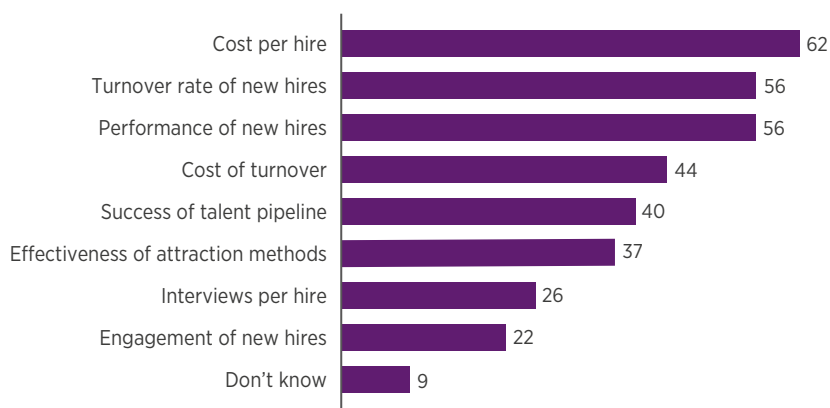
Base: n=133

⑥ Attraction strategies

Key findings
- Corporate websites and professional networking sites such as LinkedIn remain the most effective attraction methods, although fewer say these were effective compared with last year. In contrast, more organisations include professional/employee referral schemes among their most effective methods.
- 71% of organisations advertise at least some vacancies as open to flexible working and 49% advertise at least some as 'open to location'.
- There is an increase in the proportion of organisations with a formal diversity policy (62%), although most could take a more comprehensive approach to attracting and recruiting diverse candidates.
- Nearly half of organisations offer apprenticeship programmes. The proportion offering post-A-level entry routes or intern schemes has fallen compared with last year, while more are offering career-returner programmes and mid-career-change programmes.

Corporate websites and professional networking sites remain most effective attraction methods
The most effective methods for attracting candidate applications in the 12 months to May 2021 are:

- their own corporate website (54%)
- professional networking sites such as LinkedIn (46%)
- recruitment/search consultants (41%), and
- internal advertising to their existing talent pool (41%).

These were also the top four most effective attraction methods identified in our 2020 survey. This year, however, coinciding with the earlier decline in recruitment activity, there has been a notable decrease in the proportion of respondents reporting any attraction method has been effective (Figure 9). It is noteworthy that the only method that more say is effective this year compared with last is professional/employee referral schemes. These may have been particularly useful for organisations that needed to recruit urgently during the pandemic. There has also been no decrease in the proportion reporting that encouraging speculative applications/word of mouth has been effective.

As in previous years, there are considerable sector differences in the attraction methods used by organisations (Table 4). Private sector organisations are more likely than their public or not-for profit counterparts to include recruitment/search consultants, direct targeting of passive jobseekers, and professional referral schemes among their effective attraction methods, and less likely to include their own corporate website, specialist journals/trade press, newspapers, and secondments. The public sector is least likely to include professional networking sites and encouraging speculative applications/word of mouth among their most effective methods.

Figure 9: Effective attraction methods in the last 12 months (% of those that attempted to recruit)

Attraction method	2021 survey	2020 survey
Own corporate website	54	77
Professional networking sites, for example LinkedIn	46	68
Recruitment/search consultants	41	60
Internal advertising to existing talent pool	41	64
Professional/employee referral schemes (for example 'refer a friend')	31	19
Social networking sites, for example Facebook	25	43
Advertising roles as open to flexible working arrangements*	24	0
Encourage speculative applications/word of mouth	23	23
Commercial/industry-specific job boards	22	56
Apprenticeships	21	29
Links with schools/colleges/universities	18	27
Secondments	16	18
Directly targeting passive jobseekers	15	23
Specialist journals/trade press	13	20
Newspapers (online or print, local or national)	9	16
Collaborating with other employers/sectors*	8	0
Job fairs (including virtual)	7	25

*Not asked in 2020
Base: n=753 (2021); n=567 (2020)

Attraction strategies

Table 4: Effective attraction methods in the last 12 months, by sector (% of those that attempted to recruit)

	Private sector services	Public sector	Non-profit sector
Base	*541*	*158*	*54*
Own corporate website	50	65	66
Professional networking sites, for example LinkedIn	50	33	48
Recruitment/search consultants	48	23	24
Internal advertising to existing talent pool	38	44	55
Professional/employee referral schemes (for example 'refer a friend')	38	9	18
Social networking sites, for example Facebook	23	23	45
Advertising roles as open to flexible working arrangements	19	30	53
Encourage speculative applications/word of mouth	24	13	37
Commercial/industry-specific job boards	21	20	38
Apprenticeships	19	26	26
Links with schools/colleges/universities	17	24	14
Secondments	12	25	27
Directly targeting passive jobseekers	18	6	13
Specialist journals/trade press	7	26	28
Newspapers (online or print, local or national)	6	18	13
Collaborating with other employers/sectors	6	11	20
Job fairs (including virtual)	8	8	2

Most advertise some vacancies as open to flexible working

One in five organisations advertise all job vacancies as open to flexible working and an additional 51% do so for at least some jobs (Figure 10). SMEs are most likely to report they do not advertise any jobs as open to flexible working (28% compared with 15% of larger organisations). In addition, regardless of size, private sector organisations are also somewhat less likely to advertise jobs as open to flexible working compared with those in the public or non-profit sectors.

Nearly half of organisations (49%) advertise at least some vacancies as 'open to location' (Figure 10). Again, SMEs are less likely than larger organisations to do this (57% don't compared with 36% of larger organisations). There are no significant sector differences.

Figure 10: Advertising vacancies as open to flexible working and open to location (%)

Does your organisation advertise any job vacancies as 'open to flexible working'?

Does your organisation advertise any job vacancies as 'open to location'?

- Yes – for all vacancies
- Yes – unless there is a good reason not to
- Yes – sometimes – depends on the requirements of the hiring manager
- No vacancies are advertised as open to flexible working
- Don't know

- Yes – for all vacancies
- Yes – unless there is a good reason not to
- Yes – sometimes – depends on the requirements of the role and hiring manager
- No – vacancies are advertised as being required at a certain location/office
- Don't know

Base: n=1,018

Majority have a formal diversity strategy, but more could take comprehensive action

Over three-fifths of organisations (62%) report they have a formal diversity strategy, up from 52% in 2020. The increase is noted in all sectors, although, as in previous years, public sector organisations are most likely to have a formal diversity strategy (84% compared with 71% of non-profits and 55% of the private sector). Diversity strategies are also more common in larger organisations (Figure 11).

Figure 11: Organisations with a diversity strategy, by size (number of employees) (% of respondents)

Size	%
Fewer than 10	23
10–49	32
50–249	42
250–999	64
1,000–4,999	83
5,000 or more	92
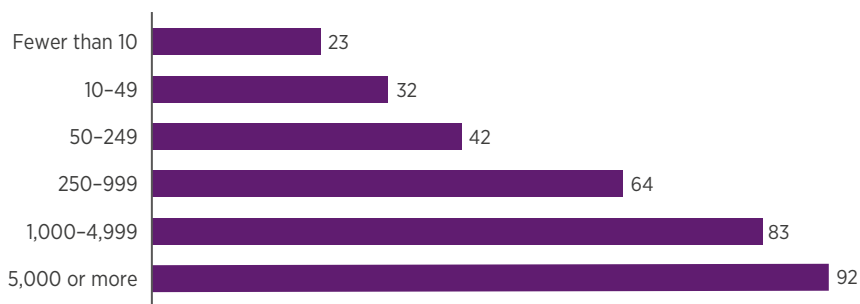
Base: n=918 (excludes those who don't know)

Overall, just over two-thirds of organisations (69%) take some steps to attract diverse candidates (Figure 12) and a similar proportion (66%) have measures to address diversity issues in their recruitment and selection processes (Figure 13). The public sector, non-profits and larger organisations are most proactive.

Although more organisations this year report they have a formal diversity strategy, we have not seen an increase in the use of methods to attract and recruit diverse candidates, despite our findings that organisations with a formal diversity strategy are more likely than those without to use all of the methods listed in Figures 12 and 13. The general downturn in recruitment activity over the past year is likely to be at least partly responsible, as many have not made efforts to recruit any talent.

Nevertheless, it is disappointing that even among large organisations with more than 1,000 employees, less than two-thirds (64%) include an inclusion and diversity statement in job descriptions or on career sites, less than half (47%) train all interviewers on legal obligations and objective interview practice, and just 30% operate policies that go beyond basic legislative requirements on protected characteristics.

Figure 12: Methods used to attract diverse candidates (% of respondents)

Method	%
Including an inclusion and diversity statement in job descriptions or on career sites	40
Actively trying to attract talent of all ages	36
Advertising jobs as open to flexible working	33
Advertising vacancies in different sources to attract under-represented groups	23
Actively trying to attract talent of all backgrounds (for example, visiting schools in disadvantaged areas)	22
Using specific images/words in your recruitment advertising to appeal to a wider audience	22
Updating the employee value proposition and employer brand to make it more attractive to minority groups	18
Providing recruitment documents in other formats (large print, audio, and so on)	17
Testing the wording of job adverts to see how it affects who applies	16
Making attempts to employ the long-term unemployed	9
Other	2
None of the above	31

Base: n=835 ('don't know' responses excluded)

Figure 13: Methods used to address diversity issues in recruitment and selection processes (% of respondents)

Method	%
Training for all interviewers on legal obligations and objective interview practice	30
Determine selection criteria and approach in advance to ensure it is directly related to performance on the job	25
Removing certain biographical details (that is, name, gender, age, university) from initial selection processes	25
Ensuring a diverse interview panel/hiring team	24
Remove certain criteria from job requirements, such as first-class degree	23
Monitoring recruitment and/or staffing information to obtain data on protected characteristics	22
Operating policies that go beyond basic legislative requirements on protected characteristics	20
Adjusting recruitment/selection processes to facilitate inclusion of neurodivergent candidates, disabled candidates and/or candidates with long-term health conditions	19
Including people in hiring decisions who have not been involved in assessing candidates	15
Checking that any tests used are valid, reliable and objective and were tested on diverse norm groups	15
Setting development and promotion targets	11
Setting recruitment targets to correct a workforce imbalance	11
Other (please specify)	1
None of the above	34

Base: n=820 ('don't know' responses excluded)

Mixed efforts to recruit diverse candidates to the board

In similar findings to last year, a quarter of organisations are very or extremely active in their efforts to recruit more diverse candidates to the board, while a similar proportion are not at all active (Figure 14). Public sector and larger organisations are somewhat more active in their efforts.

Figure 14: How active is your organisation in its efforts to recruit more diverse candidates to board level? (% of respondents)

- Extremely active — 8
- Very active — 17
- Moderately active — 25
- Slightly active — 12
- Not at all active — 23
- N/A — 14
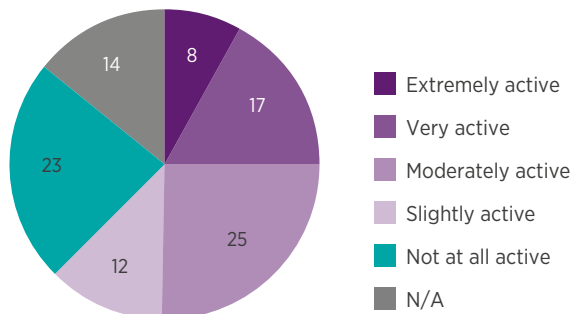
Base: n=863 ('don't know' responses excluded)

More employers offering career-returner and career-change programmes

Despite the rise in unemployment, many organisations still struggle to recruit talent, an issue that is likely to be compounded by the reopening of the economy, changing skill requirements and reduced access to EU labour. In-house talent development programmes can help organisations grow and access the skills they need, often while increasing the diversity of their workforce.

Attraction strategies

Figure 15 shows that nearly half of organisations currently offer apprenticeships and two-fifths offer graduate programmes. Compared with last year, fewer organisations currently offer post-A-Level entry routes or intern schemes, although there is an increase in the proportion offering career-returner programmes and mid-career-change programmes (Figure 16). These can be very effective in enabling employers to access experienced individuals, through updating skills and industry knowledge and addressing issues such as confidence in returning to work.

All of the initiatives listed in Figure 15 are more common in larger organisations.

Figure 15: Initiatives that organisations currently offer, plan to introduce or plan to stop in the next 12 months (% of respondents)
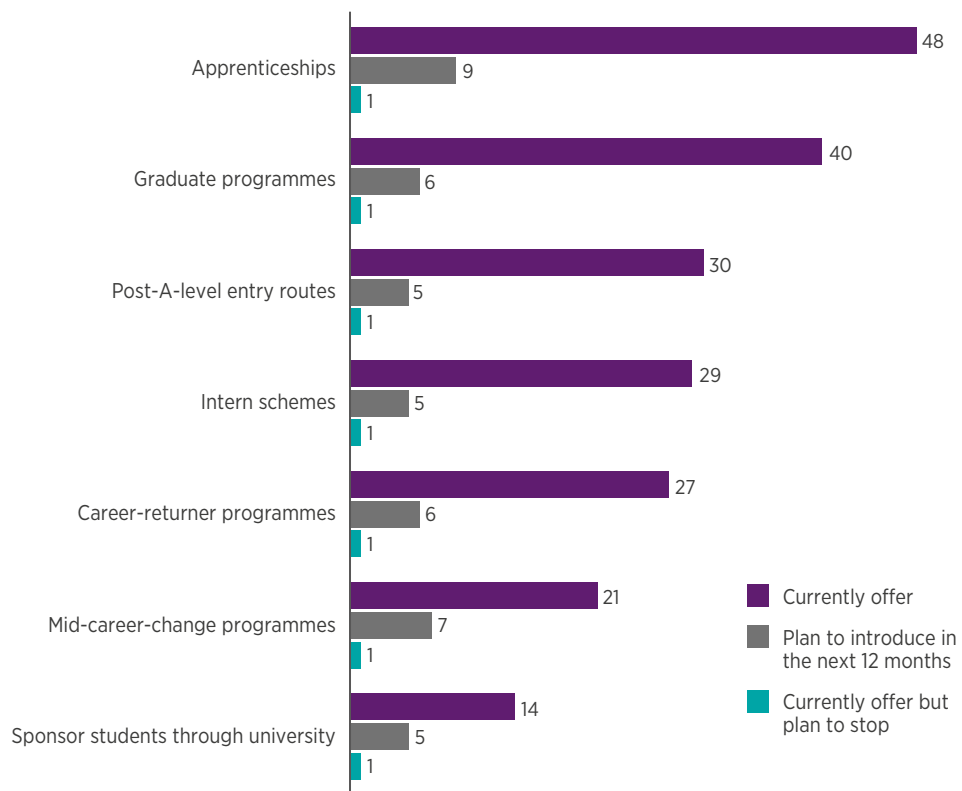
Base: n=1,018

Figure 16: Changes in initiatives currently offered (% of respondents)
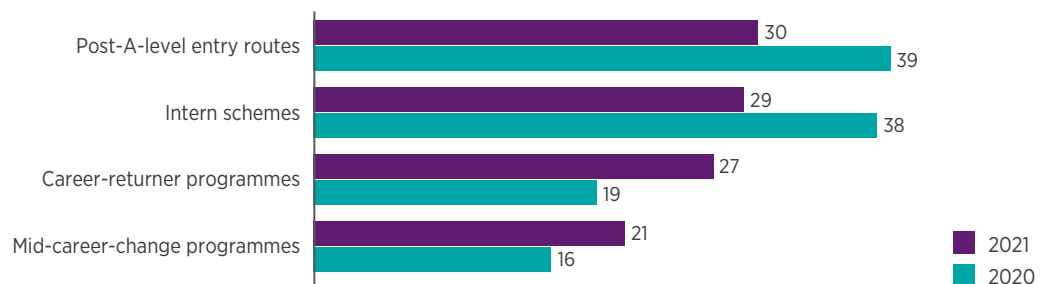
Base: 2021: n=1,018; 2020: n=402

Attraction strategies

⑦ **Selection processes**

> **Key findings**
> - The majority of organisations use previous work history/experience, CV/application screening and educational qualifications in their selection processes. Competency-based interviews remain the most popular, although fewer report using them this year and there is an increase in the use of strengths-based interviews.
> - Just 68% of organisations say their line managers follow objective assessment and scoring criteria when recruiting. 54% of organisations provide line managers with recruitment training.
> - The proportion using pre-application assessments (36%) and tools to enable self-selection (14%) is similar to last year, although nearly two-fifths of organisations received more unsuitable applicants for each post.
> - Three-quarters of organisations say their use of technology in the recruitment process has increased as a consequence of the COVID-19 pandemic. The most commonly reported benefit of technology use was increased accessibility for candidates. More than half, however, say their use of technology has been limited by a lack of internal skills and knowledge and/or resources.

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 educational qualifications among their methods, as in previous years. Larger organisations are more likely to use most of the methods listed in Figure 17.

Competency-based interviews remain the most popular, although fewer report using them this year (60%, down from 76% in 2020). Similarly, fewer report using interviews following the contents of a CV/application form (49%, down from 57% in 2020), continuing the decline noted last year. In contrast, the use of strengths-based interviews (while less common overall) has increased (38%, up from 31% in 2020).

Around two-thirds of organisations use some form of test, assessment or exercise in their selection process (Figure 17). The use of pre-application assessments remains similar to last year, although the use of verbal and numerical reasoning tests, assessment centres and work-sample tests has declined, no doubt at least partly due to the pandemic and reduced recruitment activity.

Despite our findings (Figure 21) that nearly two-fifths of organisations received more unsuitable applicants for each post last year, there has been no change in the proportion making efforts to screen out unsuitable candidates through tools to enable self-selection (14%).

Figure 17: Methods used to select applicants (%)

Method	%
Previous work history/experience	82
Thorough CV/application screening	72
Educational qualifications	68
Competency-based interviews	60
Interviews following contents of CV/application form	49
Strengths-based interviews	38
Values-based interviews	38
Pre-application assessments (that is, situational job tests)	36
Verbal and/or numerical reasoning tests	28
Other aptitude assessments	27
Assessment centres	22
Personality/psychological questionnaires	22
Work-sample tests	18
Group exercises	15
Tools to enable self-selection (that is, realistic job preview or values preview)	14
Other	2

Base: n=1,018

More than half use video interviews

Just over half of organisations use video interviews in the recruitment process and 44% use telephone interviews. Around a quarter use online tests/assessments and applicant tracking systems (Figure 18). The proportion using any of these technologies has fallen compared with last year, probably at least partly due to reduced recruitment activity, as three-quarters of those who use technology in the recruitment process say their use has increased as a consequence of the pandemic (Figure 19).

This year, for the first time, we explored the use of online induction processes, given the increase in remote working. Over a quarter (28%) report using these (Figure 18), although public sector and non-profits are more likely to do so than private sector organisations (public: 38%, non-profits: 37%, private: 25%). In similar findings to last year, a fifth use onboarding platforms. Larger organisations are more likely to use all of the technologies listed in Figure 18.

This year we also looked at the use of AI or machine learning technologies – only 7% of SMEs and 22% of larger organisations say they use these in their recruitment processes (Figure 20).

Figure 18: Use of technologies in the recruitment process (% of respondents)

Technology	%
Video interviews	54
Telephone interviews	44
Online induction processes	28
Online tests/assessments	27
Applicant tracking systems	24
Onboarding platforms	20
Online videos to promote the company brand	20
Email marketing	15
Job videos alongside job postings	9
Candidate-matching technology to help source passive jobseekers	9
SMS for communications	9
Recorded video clips for screening candidates	6
Video CVs	6
Other type of technology	4

Base: n=1,018

Figure 19: To what extent has your use of technology in recruitment increased due to the pandemic? (% of those that use technology)

Extent	%
To a great extent	26
To some extent	33
To a small extent	16
Not at all	25

Base: n=718

Selection processes
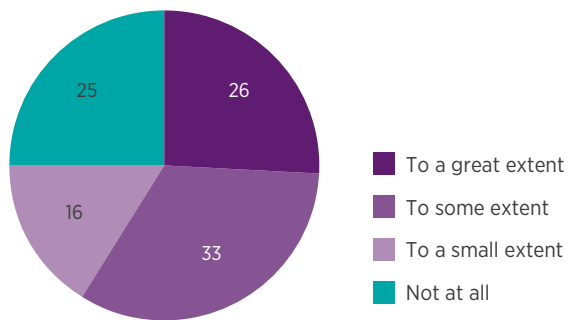
Figure 20: Use of AI or machine learning in recruitment processes (%)

Category	Value
Workforce planning: eg, predictive analytics for workforce analysis	7
Screening: eg, AI to shortlist candidates based on a job description	5
Sourcing: eg, AI to interpret job requirements and scan databases or the open web for relevant candidates	5
Onboarding: eg, document generation, AI to build relationships through networking analysis, feedback analysis	4
Talent pool management: eg, AI to search databases for relevant past applicants to re-engage	4
Selection: eg, AI analysis of interview responses to see how applicants fit hiring criteria; chatbots for first-stage interviews	4
Scheduling: eg, automatically aligning candidate and hiring team schedules for available connection	4
Management information: eg, predictive analysis for resourcing effectiveness	3
Communications: eg, chatbots to respond to jobseekers' questions	3
Attraction: eg, AI to write job descriptions that appeal to candidates	3
Other	2

Base: n=1,018

Technology has increased accessibility for candidates

The use of technology in recruitment has resulted in benefits for organisations, in particular increasing accessibility for candidates (Figure 21). It has led to more applications from both suitable and unsuitable candidates. Currently, only two-fifths report their use of technology has enabled them to screen out unsuitable applicants to some or a great extent. Wider adoption of technologies to assist with this would be beneficial.

Nearly two-fifths (37%) report the use of technology has helped reduce unconscious bias (to some or a great extent). These organisations are more likely to report that technology has also increased the diversity and quality of their hires.[4]

Our findings suggest that there is considerable scope for more effective use of technologies in the recruitment process. More than half (54%) report their use of technology has been limited by a lack of internal skills and knowledge, at least to a small extent, and a similar proportion that it has been limited by a lack of resources (55%).

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[4] Reduced unconscious bias and improved diversity of hires: Kendall's tau b = .56, p<.001, n=718; Reduced unconscious bias and improved quality of hires: Kendall's tau b = .54, p<.001, n=718.

Selection processes

**Figure 21: To what extent has your organisation's use of technology in the recruitment process...?
(% of those that use technology)**

	To a great extent	To some extent	To a small extent	Not at all
Increased accessibility for candidates	12	40	24	24
Increased applications from unsuitable candidates	10	26	25	39
Sped up our recruitment process	10	29	25	37
Improved candidates' experience	9	31	28	33
Helped screen out unsuitable applicants	8	32	28	32
Reduced unconscious bias in the recruitment process	8	29	21	43
Been limited by a lack of resources	7	21	26	45
Expanded our pool of suitable candidates	7	36	24	33
Improved the quality of our hires	7	28	25	41
Increased the diversity of our hires	5	27	22	47
Improved our understanding of jobseeker behaviour	5	27	25	43
Been limited by a lack of internal technical skills/knowledge	4	26	24	46

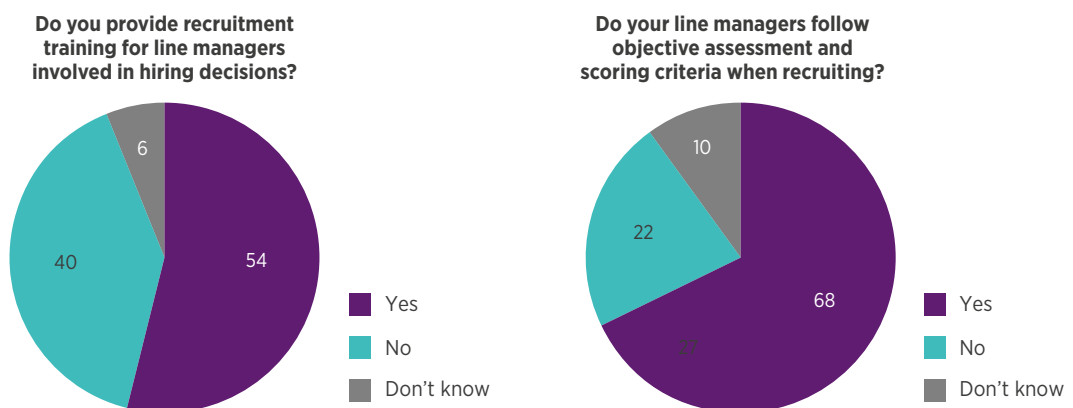Legend: ■ To a great extent ■ To some extent ■ To a small extent ■ Not at all

Base: n=718

Just over half provide recruitment training for line managers

The role of line managers involved in hiring decisions is critical, not just in terms of acquiring key talent but also in shaping the candidate experience, promoting the company brand, and creating an inclusive working environment. Following objective assessment and scoring criteria helps reduce bias and enable a fair assessment of candidates. Nevertheless, just 68% of respondents report their line managers do this when recruiting and only 54% of organisations provide recruitment training for line managers involved in hiring decisions (Figure 22).

These overall figures mask considerable differences between sectors and organisations of different sizes. Larger organisations, and those in the public and voluntary sector, are far more likely to report that they provide recruitment training for line managers and that they follow objective assessment and scoring criteria when recruiting (Figures 23 and 24). Nevertheless, nearly one in ten (9%) organisations with 250 or more employees report that line managers do not follow objective assessment and scoring criteria, and over a fifth (22%) do not provide them with recruitment training.

Figure 22: Recruitment training and the use of objective assessments when recruiting (%)

Do you provide recruitment training for line managers involved in hiring decisions?

- Yes: 54
- No: 40
- Don't know: 6

Do your line managers follow objective assessment and scoring criteria when recruiting?

- Yes: 68
- No: 22
- Don't know: 10

Base: n=1,018

Selection processes

Figure 23: Do you provide recruitment training for line managers involved in hiring decisions? (%)

SMEs

	No	Yes
All respondents	64	30
Private sector	69	27
Pubic sector	42	49
Non-profit sector	51	38

>250 employees

	No	Yes
All respondents	22	71
Private sector	25	67
Pubic sector	13	84
Non-profit sector	17	78

■ No   ■ Yes
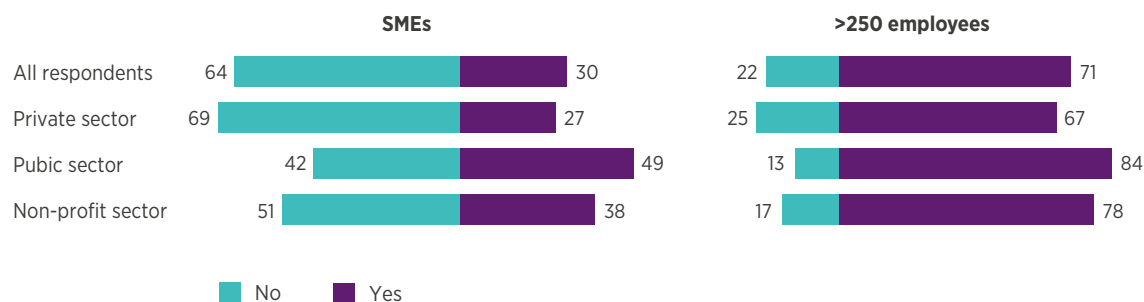
Base: n=2,018

Figure 24: Do your line managers follow objective assessment and scoring criteria when recruiting? (%)

SMEs

	No	Yes
All respondents	40	50
Private sector	46	43
Pubic sector	7	88
Non-profit sector	20	74

>250 employees

	No	Yes
All respondents	9	81
Private sector	10	77
Pubic sector	5	92
Non-profit sector	4	87

■ No   ■ Yes
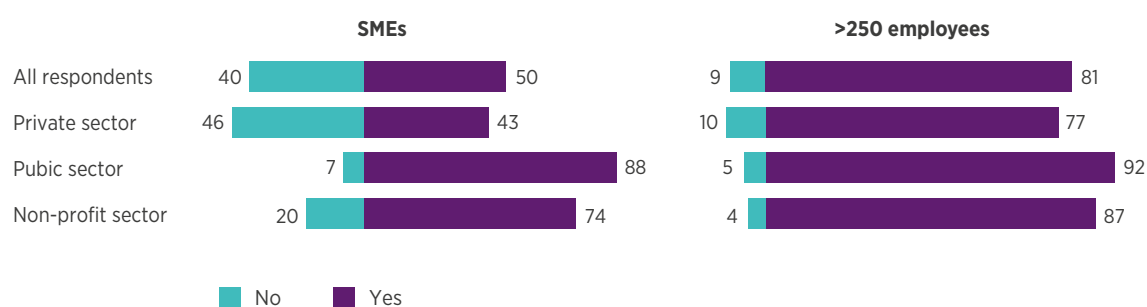
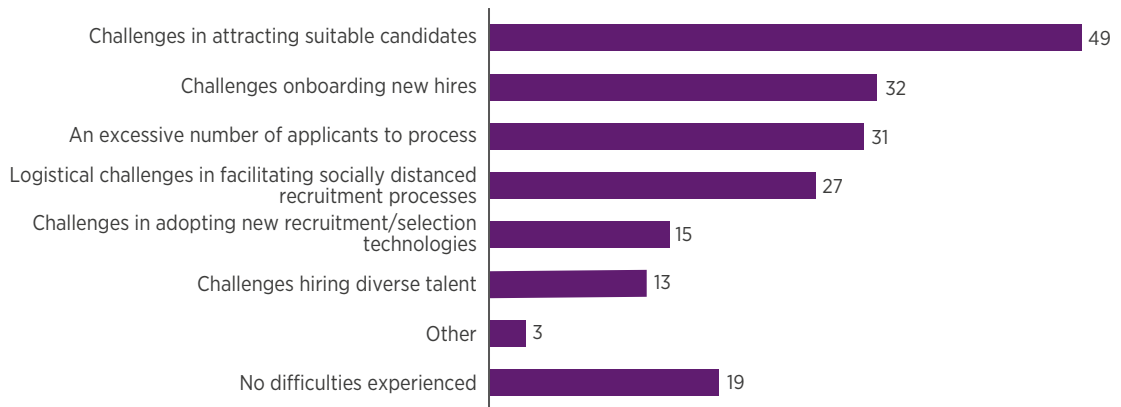Base: n=2,018

⑧ Recruitment difficulties

Key findings
- 81% of those who made efforts to recruit in the last year experienced difficulties. The most common challenge was attracting suitable candidates (49%), while 31% had an excessive number of applicants to process.
- Recruitment difficulties were exacerbated by the pandemic. 27% report logistical challenges in facilitating socially distanced recruitment processes, while 32% faced challenges onboarding new hires.
- Many organisations are turning to training and development to address their recruitment difficulties, most commonly through upskilling existing employees (57%). 54% are offering greater work flexibility.

Half experienced challenges attracting suitable candidates

Over four-fifths of those that had attempted to recruit in the previous 12 months experienced difficulties (Figure 25). Nearly half (49%) experienced challenges in attracting suitable candidates, while three in ten had an excessive number of applicants to process. Over a quarter report logistical challenges in terms of facilitating socially distanced recruitment processes, and the pandemic is also likely to have contributed to the challenges of onboarding new hires (32%).

Figure 25: Recruitment challenges experienced in the last year (% of those who attempted to recruit)

Challenge	%
Challenges in attracting suitable candidates	49
Challenges onboarding new hires	32
An excessive number of applicants to process	31
Logistical challenges in facilitating socially distanced recruitment processes	27
Challenges in adopting new recruitment/selection technologies	15
Challenges hiring diverse talent	13
Other	3
No difficulties experienced	19

Base: n=753

Firms addressing recruitment difficulties through training and greater flexibility

Many organisations are turning to training and development to address their recruitment difficulties. As last year, upskilling existing employees is the most common response (57%), while half are developing apprenticeship schemes, 45% sponsoring relevant professional qualifications, 44% developing graduate programmes, and 29% mid-career/career-returner programmes. The public sector and larger organisations across all sectors are most likely to use these approaches.

The use of all the practices listed in Figure 26 has declined compared with last year, although the proportion that report they 'would consider' each practice has increased to compensate. It is likely that some organisations would have halted training and development programmes during the pandemic and, with fewer positions to fill, there was less need to cast the net wider and attempt to recruit from different industries, overseas and so on. There has, however, been a small increase in the proportion offering greater work flexibility (2021: 54%; 2020: 50%). Offering flexibility has the benefit of opening opportunities to a wider segment of the labour market who may not be able to work regular hours or in a particular location, as well as attracting talent who enjoy the benefits of more flexible working practices.

Figure 26: Practices undertaken to reduce recruitment difficulties (% of those that experienced difficulties in the past year)

Practice	Existing practice	Would consider	Would not consider
Upskilling existing employees to fill hard-to-recruit-for positions	57	38	5
Offering greater work flexibility	54	36	10
Developing apprenticeship schemes	50	32	17
Sponsoring relevant professional qualifications	45	38	17
Developing graduate programmes	44	33	23
Recruiting candidates from a different industry/sector	43	43	14
Recruiting candidates with potential but without experience	40	49	11
Recruiting candidates from overseas	30	40	31
Developing mid-career/career-returner programmes	29	54	17
Offering better pay and/or benefits	29	45	26
Increasing investment in recruitment/selection technologies	28	49	23
Targeting passive candidates (those not actively looking for jobs)	27	48	25

Base: n=612

Recruitment difficulties

⑨ Talent management and retention

Key findings
- 30% of respondents report that their CEO has had talent management as a key priority over the last 12 months, down from 48% the previous year.
- Just one fifth report they calculate the cost of labour turnover.
- 29% of organisations undertook specific initiatives to improve staff retention in the last 12 months, down from 55% the previous year. These most commonly focused on improving support for employee wellbeing (57%), improving work–life balance (49%), introducing or enhancing flexible working options (48%), and improving support for homeworkers (43%).

Focus on talent management has fallen during the pandemic
Just 30% of organisations report that their CEO has had talent management as a key priority over the last 12 months (Figure 27). This represents a substantial fall compared with previous years (2020: 48%; 2017: 54%). Clearly, the immediate challenges of the pandemic will have demanded CEOs' focus and attention. Nevertheless, as the economy improves, the retention of the talent required for organisations to recover and thrive will depend, at least in part, on how well it was managed through the crisis.

Figure 27: Over the last 12 months, our CEO has had talent management as a key priority (% of respondents)

- ■ Strongly agree
- ■ Agree
- ■ Neither agree nor disagree
- ■ Disagree
- ■ Strongly disagree
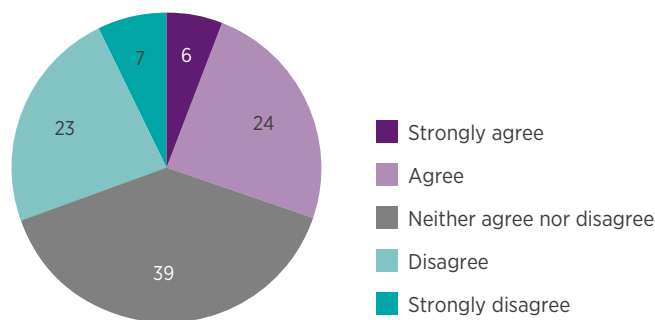
Base: n=1,018

One fifth calculate the cost of labour turnover
Just 20% of respondents say they calculate the cost of labour turnover (54% don't), although a quarter don't know if they do or not. Larger organisations are somewhat more likely to calculate the cost of turnover, although public sector organisations are less likely than the private sector to do so (public sector: 13%, private sector: 23%, non-profits: 17%).

Fewer organisations are making efforts to address retention
Fewer organisations undertook specific initiatives to improve staff retention in the last 12 months compared with previous years (2021: 29%, 2020: 55%; 2017: 37%). Even in organisations that reported talent was increasingly difficult to retain (Figure 4), only two-fifths (40%) had undertaken retention initiatives (compared with 21% of those who weren't experiencing increasing retention challenges).
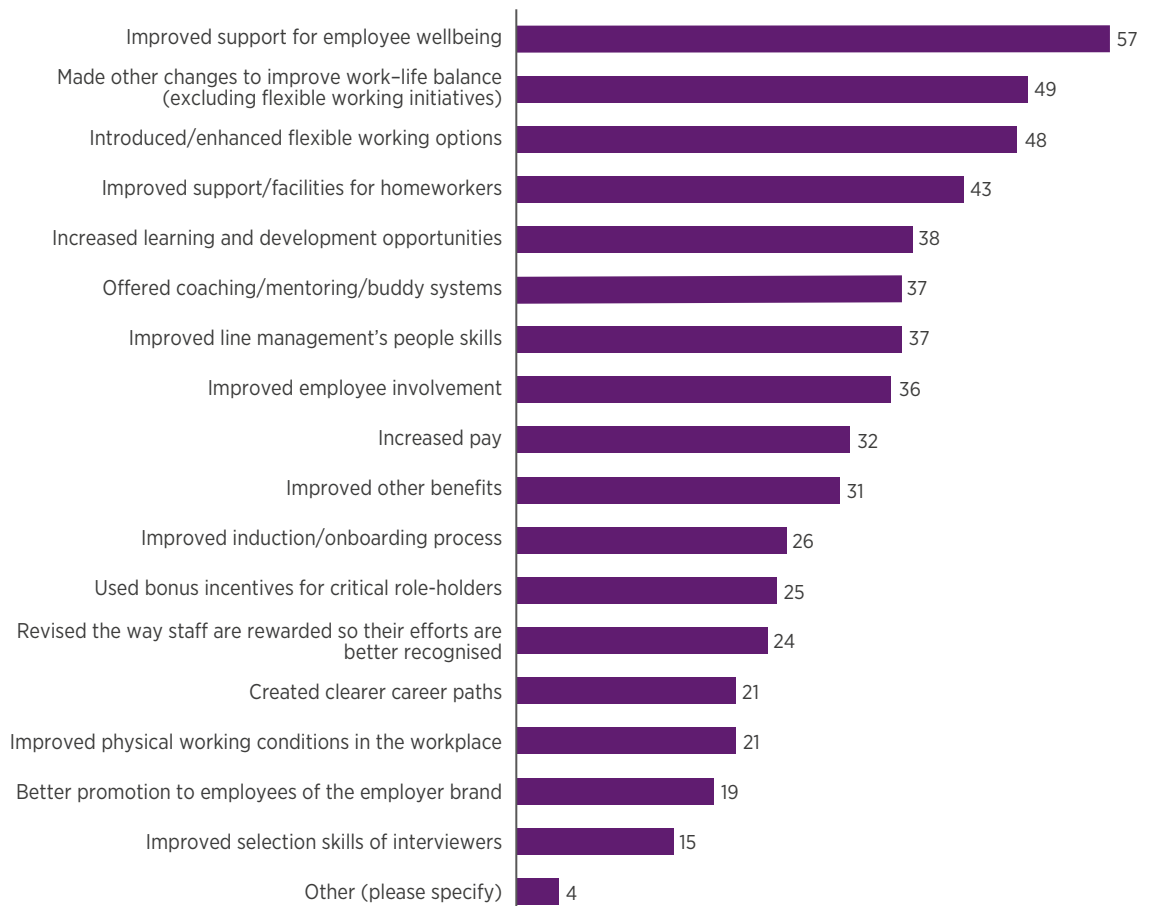
Improved support for employee wellbeing

Efforts to improve retention in 2020 most commonly focused on improving support for employee wellbeing (Figure 28). This is encouraging given the huge impact that the pandemic, repeated lockdowns and new ways of working have had on employees' physical and mental health. Compared with the previous year, more organisations have taken steps to retain employees through improving work–life balance (49%, up from 37%) and introducing or enhancing flexible working options (48%, up from 43%). Over two-fifths have improved support/facilities for homeworkers.

Fewer organisations focused retention initiatives on increasing learning and development opportunities, pay, or reward processes compared with last year. While organisations may have understandably been focusing efforts on the immediate challenges posed by new ways of working, it is important not to neglect other factors of working life which support employees' general wellbeing and commitment as they move forward.

A small proportion of organisations took steps to improve retention through improving the selection skills of interviewers (15%) or their induction/onboarding process (26%). Nearly two-fifths (37%), however, offer coaching/mentoring/buddy systems to support retention, rising to 59% of the public sector (34% of the private sector, 24% of non-profits).

Figure 28: Steps taken to improve employee retention in 2020 (% of respondents whose organisations have undertaken specific initiatives)

Step	%
Improved support for employee wellbeing	57
Made other changes to improve work–life balance (excluding flexible working initiatives)	49
Introduced/enhanced flexible working options	48
Improved support/facilities for homeworkers	43
Increased learning and development opportunities	38
Offered coaching/mentoring/buddy systems	37
Improved line management's people skills	37
Improved employee involvement	36
Increased pay	32
Improved other benefits	31
Improved induction/onboarding process	26
Used bonus incentives for critical role-holders	25
Revised the way staff are rewarded so their efforts are better recognised	24
Created clearer career paths	21
Improved physical working conditions in the workplace	21
Better promotion to employees of the employer brand	19
Improved selection skills of interviewers	15
Other (please specify)	4

Base: n=296

⑩ **Workforce planning**

Organisations vary in how far ahead they look for workforce planning

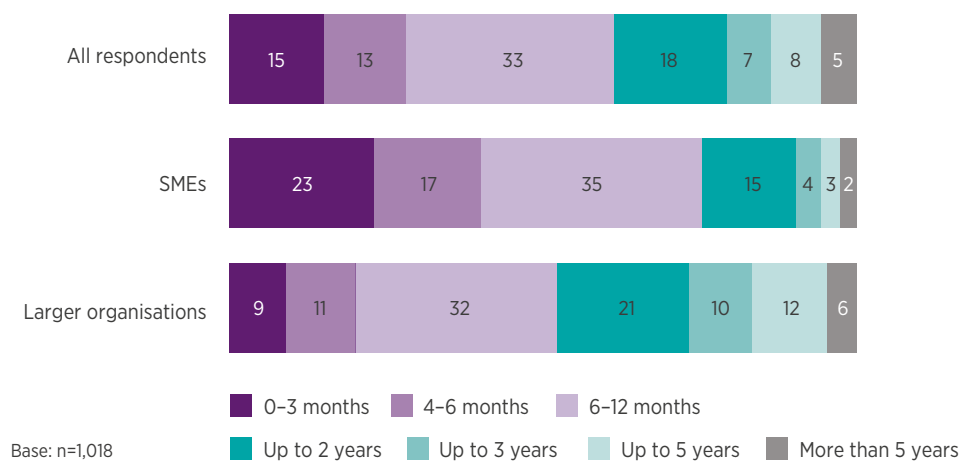New questions this year explored approaches to workforce planning. Figure 29 shows that organisations vary considerably in how far ahead they look when planning and taking action on current and future workforce requirements. Over a quarter of organisations (28%) take a relatively short-term approach (up to six months), while 13% are planning for over three years into the future. Larger organisations are more likely to have a longer-term outlook.

Figure 29: How far ahead does your organisation look when planning and taking action on current and future workforce requirements? (%)
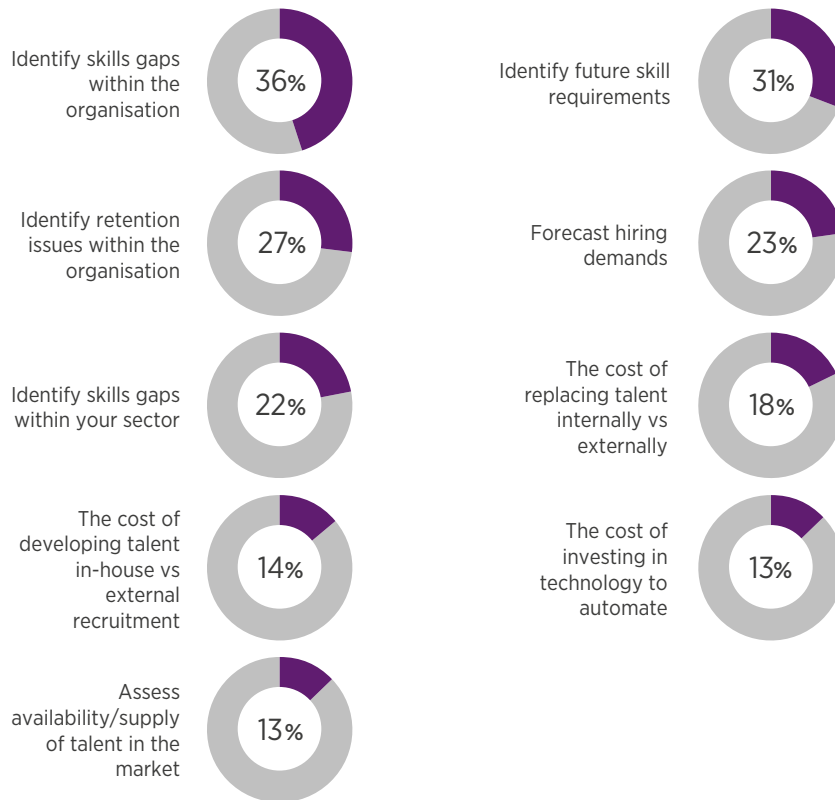
	0–3 months	4–6 months	6–12 months	Up to 2 years	Up to 3 years	Up to 5 years	More than 5 years
All respondents	15	13	33	18	7	8	5
SMEs	23	17	35	15	4	3	2
Larger organisations	9	11	32	21	10	12	6

Base: n=1,018

Just over a third collect data to identify skills gaps

Good-quality data is essential for effective planning. Nevertheless, Figure 30 suggests that most organisations are not taking a robust approach to collecting data to inform resourcing decisions. Just over a third collect data to identify skills gaps within their organisation and less than a third to identify future skill requirements. Approximately one in four collect data to identify retention issues or forecast hiring demands and less than one in seven to assess the availability/supply of talent in the market.

Larger organisations are somewhat more likely than smaller ones to collect data in all of these areas, although, even in large organisations, the figures are disappointingly low. For example, less than half of organisations with more than 1,000 employees collect data to identify skills gaps within their organisation (46%) and fewer collect data in the other areas listed.

Figure 30: Does your organisation collect data in any of the following areas to inform decisions? (%)

Identify skills gaps within the organisation — 36%

Identify future skill requirements — 31%

Identify retention issues within the organisation — 27%

Forecast hiring demands — 23%

Identify skills gaps within your sector — 22%

The cost of replacing talent internally vs externally — 18%

The cost of developing talent in-house vs external recruitment — 14%

The cost of investing in technology to automate — 13%

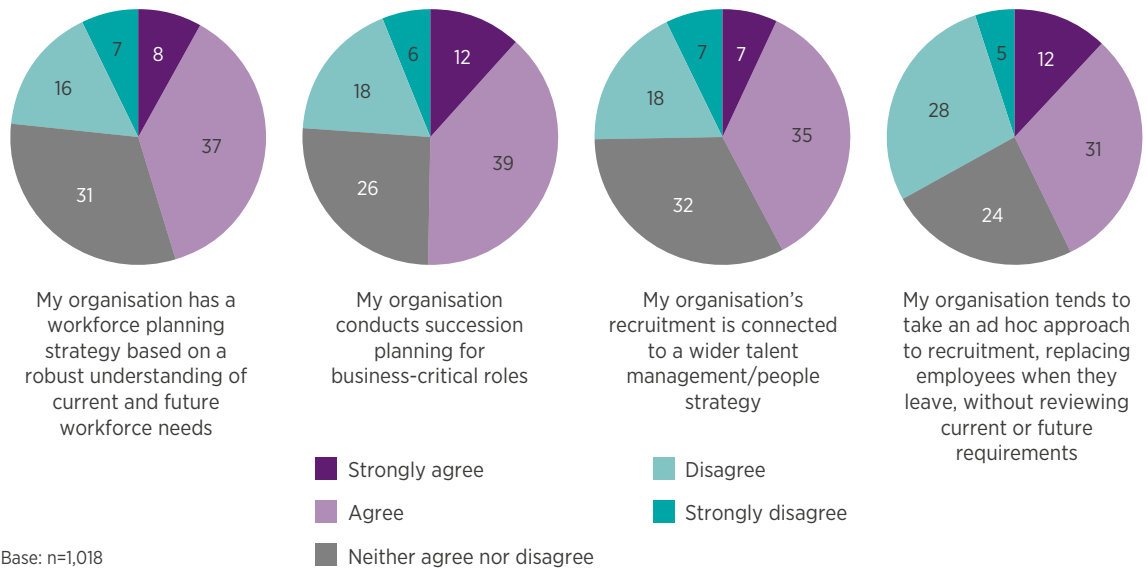Assess availability/supply of talent in the market — 13%

Base: n=1,018

Over two-fifths take an ad hoc approach to recruitment

Figure 31 shows that organisations are divided in how strategic they are. Over two-fifths (43%) tend to take an ad hoc approach to recruitment, while a similar proportion (43%) report that their recruitment is connected to a wider talent management/people strategy. Less than half (46%) have a workforce planning strategy based on a robust understanding of current and future workforce needs.
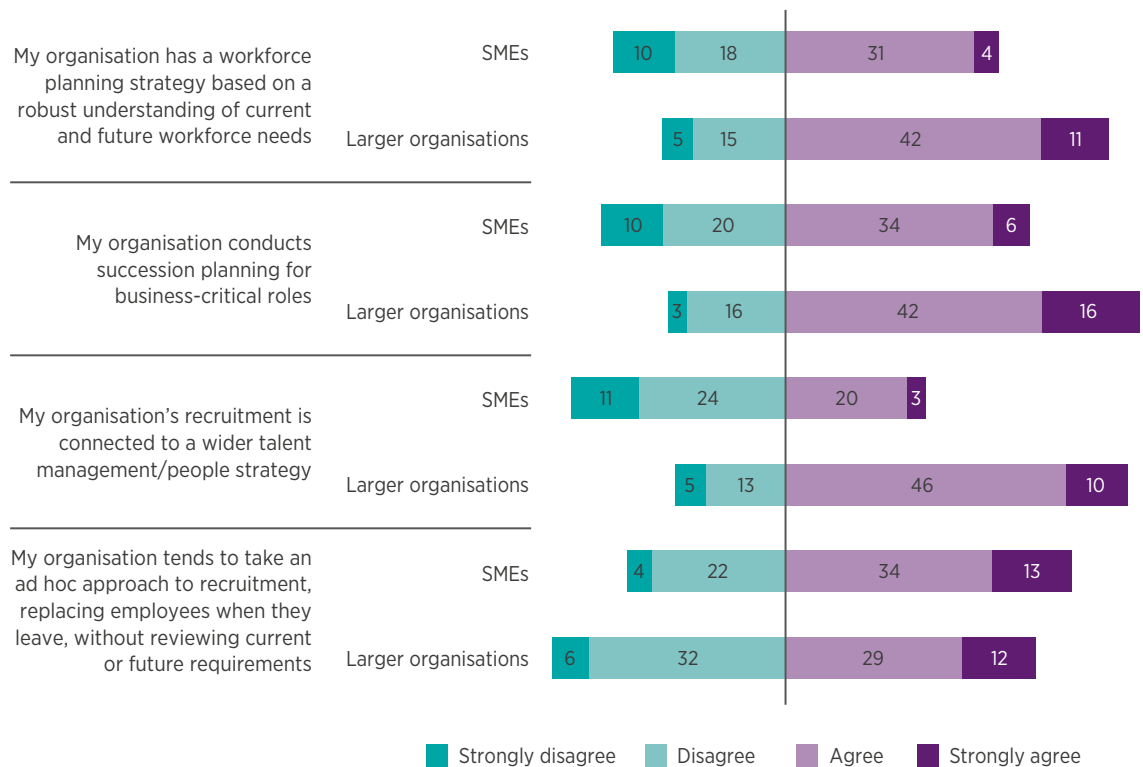
Overall, just over half agree or strongly agree that their organisation conducts succession planning for business-critical roles, although this is more common in the private sector (54%) than in the public (40%) or non-profit organisations (45%).

Larger organisations are more likely to take a strategic approach, while smaller organisations are more likely to take an ad hoc approach (Figure 32).

Workforce planning

Figure 31: Approach to resourcing and workforce planning (%)

My organisation has a workforce planning strategy based on a robust understanding of current and future workforce needs

8 — Strongly agree
37
31
16
7

My organisation conducts succession planning for business-critical roles

12
39
26
18
6

My organisation's recruitment is connected to a wider talent management/people strategy

7
35
32
18
7

My organisation tends to take an ad hoc approach to recruitment, replacing employees when they leave, without reviewing current or future requirements

12
31
24
28
5

- **Strongly agree**
- **Agree**
- **Neither agree nor disagree**
- **Disagree**
- **Strongly disagree**

Base: n=1,018

Figure 32: Approach to resourcing and workforce planning, by size (%)

My organisation has a workforce planning strategy based on a robust understanding of current and future workforce needs

SMEs: 10 | 18 | 31 | 4
Larger organisations: 5 | 15 | 42 | 11

My organisation conducts succession planning for business-critical roles

SMEs: 10 | 20 | 34 | 6
Larger organisations: 3 | 16 | 42 | 16

My organisation's recruitment is connected to a wider talent management/people strategy

SMEs: 11 | 24 | 20 | 3
Larger organisations: 5 | 13 | 46 | 10

My organisation tends to take an ad hoc approach to recruitment, replacing employees when they leave, without reviewing current or future requirements

SMEs: 4 | 22 | 34 | 13
Larger organisations: 6 | 32 | 29 | 12

- **Strongly disagree**
- **Disagree**
- **Agree**
- **Strongly agree**

Base: n=1,018

36

(11) **Background to the survey**

This survey was conducted online during 6–22 May 2021 by YouGov UK plc. In total, 1,018 UK-based HR/people professionals 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.

This year's survey went live in May 2021 as the UK was starting to emerge from its third COVID-19 lockdown and just over four months after the Brexit transition period ended.

Sample profile

This year's sample was selected from the YouGov UK plc panel and the figures were weighted to be representative of the UK business population by size and sector (Table 5). Consequently, the size and sector breakdown differs from previous years when the sample was taken from the CIPD membership base. In particular, this year's sample has a higher proportion of respondents from the private sector and a lower proportion from the voluntary sector. It has a higher proportion of small (<50 employees) and very large organisations (>5,000 employees) and fewer organisations with 50–999 employees. These sample differences are taken into account when comparing this year's data with previous years.

Table 5: Profile of respondents

Size of organisation (number of permanent staff)	Unweighted base	Unweighted base %	Weighted base	Weighted base %
Fewer than 10 (excluding sole traders)	202	20	155	15
10–49	184	18	141	14
50–249	200	20	132	13
250–999	114	11	156	15
1,000–4,999	119	12	162	16
5,000 or more	199	20	272	27
Total	*1,018*	*100*	*1,018*	*100*
Sector				
Private	763	75	764	75
Public	169	17	183	18
Voluntary	86	8	71	7
Total	*1,018*	*100*	*1,018*	*100*
Industry				
Primary industries	26	3	26	3
Manufacturing and construction	132	13	132	13
Wholesale and retail	86	9	82	8
Information and communications	133	13	140	14
Hospitality and leisure	55	5	51	5
Finance and insurance	74	7	83	8
Business services	88	9	80	8
Professional services	27	3	27	3
Public administration	64	6	80	8
Education and health	173	17	166	17
Third sector	50	5	41	4
Other	97	10	96	10
Total	*1,005*	*100*	*1,005*	*100*

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.

'SMEs' (small and medium-sized enterprises) refers to organisations with up to 249 permanent employees (excluding sole traders who did not take part in the survey due to relevance). 'Larger organisations' refers to organisations with 250 or more permanent employees unless otherwise stated.

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

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 (p) and Kendall's tau (T).

CIPD