



Annual survey report 2010

Resourcing and talent planning

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Summary of key findings

The 2010 *Resourcing and Talent Planning* survey (formerly the *Recruitment, Retention and Turnover* survey) contains valuable information on current and emerging trends in people resourcing practice. This annual benchmarking survey is based on 480 respondent organisations from the UK and relates to the period 1 January to 31 December 2009. The year was a challenging one for many organisations as the UK experienced its worst recession since the 1930s. To understand the impact of the economic environment we include a section on resourcing in turbulent times and for the first time this year a new section on workforce planning is included.

Resourcing strategies and objectives

- Fifty-six per cent of survey participants report having a formal resourcing strategy.
- Their top three resourcing objectives were attracting and recruiting key staff (79%), enabling the achievement of the organisation's strategic plan (59%) and meeting the future skills requirements of the organisation (47%).

Recruitment difficulties

- On average there was a considerable decrease in the number of vacancies organisations tried to fill during 2009 compared with previous years.
- Despite the reduction in recruitment activity, and the burgeoning labour market, two-thirds (68%) of organisations experienced recruitment difficulties. This proportion was, however, lower than in the previous year when 81% of respondents reported difficulties.
- Managers and professionals and technical positions were the most difficult vacancies to fill.
- The main reason for recruitment difficulties is reported to be a lack of necessary specialist skills (67%) as in previous years.

Graduate recruitment

- Structured graduate recruitment programmes appear to be on the increase across all sectors.

Thirty-four per cent of respondents reported their organisations operated such programmes, compared with 22% in 2009 and 23% in 2008.

- Only a very small minority (4%) closed their graduate programmes over the last 12 months despite the budgetary pressures of the recession. Two-fifths of organisations reduced their intake onto graduate programmes, reflecting the reduction in recruitment generally, 15% increased their intake and for the remaining 42%, graduate intake stayed the same.
- Nearly one-quarter (23%) of organisations with a structured graduate recruitment programme have an HR-specific scheme. These were most common in very large organisations.

Attracting and selecting candidates

- The most effective methods for attracting candidates were reported to be the organisation's own corporate website and recruitment agencies, although there were significant differences in opinion across sectors.
- Competency-based interviews (78%), interviews following contents of CV/application form (64%) and structured interviews (61%) were, as last year, the most common methods used to select applicants. The use of general ability tests has fallen (27% compared with 44% last year) although

the use of tests for specific skills, literacy and/or numeracy remains constant.

- The median recruitment cost of filling a vacancy was £8,333 for senior managers/directors and £2,930 for other employees.

Resourcing in turbulent times

- Half of the organisations surveyed say the recession is having a negative impact on their resourcing budget for 2010. Unlike last year, when the public sector was less affected, this year they were equally likely to report cuts to resourcing.
- More organisations will be focusing on developing talent in-house and retaining rather than recruiting talent this year compared with last. There are some indications that efforts to reduce recruitment costs will be made as more report they are reducing reliance on recruitment agencies and substantially more expect to use new media/technology to recruit compared with last year.
- Fewer organisations will be implementing a recruitment freeze in 2010 (22%) compared with 2009 (42%). More (65%) expect to continue to recruit key talent/niche areas in 2010 compared with 2009 (53%). Nevertheless the outlook looks much bleaker for the public sector this year, where particularly large proportions are anticipating recruitment freezes (51%) and reducing the number of recruits they hire (68%).
- The volume of applicants for vacancies has increased with the labour market. Seventy-six per cent have noticed an increase in the number of unsuitable applicants and 32% report that there are too many suitable candidates to choose from. At the same time, 41% (compared with 20% in 2009) report that competition for talent is greater as the pool of available talent to hire has fallen sharply.
- Most organisations remained focused on managing talent during the economic downturn, with only 7% reporting that their focus had decreased. However, 48% of respondents report concern that employers are acting too hastily in making people redundant and as a result they will lose too many employees with valuable knowledge and skills.

Diversity

- Overall, 55% of organisations have a diversity strategy.

- The public services sector leads the way in tackling diversity. Ninety per cent of public services employers have a diversity strategy and they are more likely to operate policies that go beyond basic legislative requirements compared with other sectors.

Workforce planning

- Overall, 61% of organisations conduct workforce planning, although it was most common in the public services sector and in larger organisations.
- Twenty per cent of organisations plan for less than one year, 41% for one to two years and only 2% for more than five years.
- The top barriers to workforce planning are fast-changing/unpredictable external (69%) and internal (67%) environments, followed by lack of resources (53%).

Labour turnover

- The median labour turnover rate has decreased over the last few years (2010 survey: 13.5%; 2009 survey: 15.7%; 2008 survey: 17.3%).
- As in previous years, the majority of turnover is attributed to employees leaving voluntarily. The voluntary turnover rate reduced substantially in the manufacturing and production sector (2010 survey: 2.7%; 2009 survey: 7.7%).
- The median turnover rate due to redundancies has not increased dramatically compared with last year, although the proportion of organisations making ten or more redundancies over the past year increased to 33% from 26% in the previous year.

Employee retention

- The proportion of employers experiencing retention difficulties has reduced over the last three years (2010 survey: 55%; 2009 survey: 69%; 2008 survey: 80%).
- Organisations were less likely to take specific steps to address retention last year compared with previous years. The proportion using increased pay reduced to 22% from 42% in 2009.
- Of the most frequently cited actions taken by employers to address retention, improving the people management skills of line managers (42%) and increased learning and development opportunities (35%) were the methods most commonly rated as most effective.

Recruiting employees

This section examines recruitment strategies and activity within UK organisations during 2009, exploring changing trends and developments. It tracks approaches to resourcing and provides a snapshot of organisations' current strategic focus. It examines the extent and nature of recruitment difficulties in 2009 and how employers attempt to overcome these challenges. It also includes developments in graduate recruitment, the most effective methods of attracting applicants and changes in processes for selection. Finally, the costs associated with recruitment are discussed. The next section of this report specifically focuses on how organisations' resourcing activities were affected by the economic downturn.

Resourcing strategies and objectives

Just over half of respondents surveyed report their organisation has a formal resourcing strategy in place, a similar proportion to last year (2010: 56%; 2009: 58%). Larger organisations were more likely to have a formal strategy in place¹ (Table 1). There were no significant sector differences.

Attracting and recruiting key staff remains one of the top three resourcing objectives for over three-quarters of respondent organisations (2010: 79%; 2009: 76%; see Figure 1). Other resourcing priorities include enabling the achievement of the organisation's strategic plan (59%) and meeting the future skills requirements of the organisation (47%).

Table 1: Organisations with formal resourcing strategies in place, by size (%)

All	56
Size – number of employees in UK	
Fewer than 50	44
50–249	46
250–999	58
1,000–4,999	67
More than 5,000	79

Base: 466

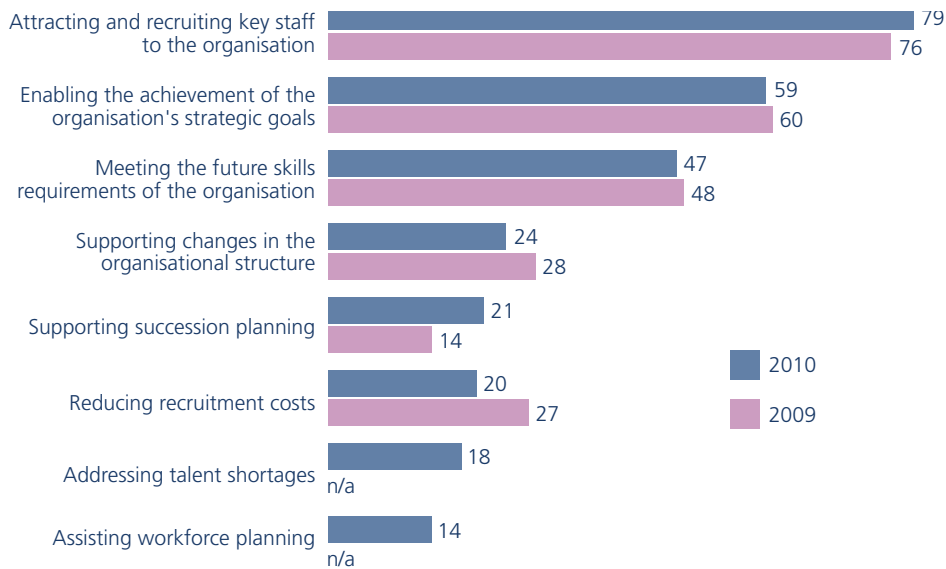
Recruitment difficulties

There was considerable variation in the number of vacancies respondent organisations had tried to fill in 2009 (Table 3). Overall, 1 in 17 respondents reported that their organisations had not tried to recruit at all during 2009, while three in ten had tried to recruit up to ten employees and a similar proportion between 11 and 50 employees. Respondents from the public sector were most likely to report their organisations had attempted to fill a larger number of vacancies² (Table 2 and Table 3). Twenty-two per cent from the public sector had attempted to fill between 101 and 500 vacancies, compared with 13% overall and a further 21% attempted to fill more than 500 vacancies, compared with 8% overall.

Table 2 and Table 3 show the impact of the recession on recruitment activity. The median number of vacancies respondents tried to fill reduced to 20 in 2009 compared with 30 in 2008 and the proportion that did not try to recruit at all rose from 2% to 6%. Nevertheless, Table 3 suggests there have only been slight reductions in the proportion of organisations trying to recruit larger numbers of employees.

More than two-thirds of respondents reported their organisations had difficulty filling some vacancies (68%). While this is a substantial proportion, the

Figure 1: Main objectives of resourcing activities (respondents could select a maximum of three) (%)



Base: 471 (2010 survey), 742 (2009 survey)

Table 2: Median number of vacancies respondents tried to fill by industry sector

	All	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services
2010 survey	20	15	20	20	80
2009 survey	30	20	24	22	100

Base: 442 (2010 survey); 683 (2009 survey)

Table 3: Number of vacancies respondents tried to fill in previous year by industry sector

	All 2010	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services	All 2009 survey	All 2008 survey
0	6	7	7	–	5	2	1
1–10	31	41	32	30	7	28	24
11–50	32	32	30	43	34	34	35
51–100	10	11	9	14	11	12	13
101–500	13	9	13	11	22	16	19
>500	8	1	9	3	21	8	8

Base: 442 (2010 survey); 683 (2009 survey); 486 (2008 survey)

figure is not as high as previous years (2009: 81%; 2008: 86%) and may be attributable to the growth in labour supply during 2009 as a consequence of the recession. There were no significant sector differences and little differences across organisations of different size (Table 4), although very small organisations of fewer than 50 UK employees were less likely to experience recruitment difficulties, probably due to their need to recruit fewer people.²

The most difficult category of staff to recruit, according to our respondents, remains managers and

professionals/specialists (37%). Technical posts were also difficult to fill for over a quarter (28%) of organisations overall, rising to 47% in the manufacturing and production sector (Table 5). One in six organisations had difficulties recruiting senior managers/directors. In general, however, the proportion of organisations reported to have experienced recruitment difficulties has fallen across all employee categories, in line with findings that fewer had any difficulties at all and fewer positions were available to be filled.

Table 4: Organisations experiencing difficulties recruiting for one or more category of vacancy, by organisation size (%)

Total	Fewer than 50 employees	50–249 employees	250–999 employees	1,000–4,999 employees	More than 5,000 employees
68	49	71	78	70	74

Base: 467

Table 5: Categories of vacancy that proved particularly difficult to fill during 2009 (%)

	All 2010	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services	All 2009
Other managers and professionals/specialists	37	36	40	28	34	50
Technical*	28	47	23	18	22	
Senior managers/directors	16	18	18	18	10	26
Services (customer, personal, protective and sales)	5	0	8	13	0	12
Administrative, secretarial**	3	2	2	8	4	12
Manual/craft workers	2	5	1	3	2	13
Other	4	4	3	8	7	9
No difficulties experienced	25	19	24	38	31	19
No vacancies to fill*	6	5	7	0	5	

Base: 468

* New category introduced in 2010 survey. ** Not directly comparable as wording altered

Table 6 gives the reasons respondents cite for their recruitment difficulties. The findings are similar to our 2009 survey. Lack of necessary specialist skills stands out as the most frequently cited cause of difficulties, reported by two-thirds of respondents. Higher pay expectations than the organisation could offer and lack of experience were the next most frequently cited causes of recruitment problems (39% and 36% respectively). A quarter reported that their problems were due to potential candidates' reluctance to move in the current economic climate. Despite the expanding labour market, 15% of respondents reported problems due to no applicants. This was particularly an issue for the public sector (24%), which

was also more likely to report that the image of their sector/occupation was a problem (28%).

Graduate recruitment

This year's survey shows a step increase in the proportion of respondents reporting their organisation operates a structured graduate recruitment programme (Table 7). One-third (34%) reported their organisation has such a programme compared with less than a quarter in the 2009 and 2008 surveys. The majority of respondents from organisations without a recruitment programme for graduates reported that their organisations had never had such a programme/ not had one for some time (96%). Only 4% reported they had closed their graduate recruitment programme in the last 12 months, suggesting that the recession has had little impact on the closure of graduate programmes in the majority of organisations.

Table 7: Organisations operating a structured graduate recruitment programme, by sector (%)

	2010	2009	2008
All	34	22	23
Sector			
Manufacturing and production	35	23	24
Private sector services	37	24	27
Voluntary, community and not-for-profit	18	5	7
Public services	33	23	24

Base: 472

Table 6 shows this increase is observed across all sectors. While a smaller percentage of the voluntary sector organisations in our sample operated a structured graduate recruitment programme, the difference was not statistically significant, possibly due to the low number of respondents from this sector. The data does, however, show a clear relationship with organisational size (Figure 2). Larger organisations were significantly more likely to operate a structured graduate recruitment programme.⁴

Table 6: Reasons for recruitment difficulties (%)

	All	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services
Lack of necessary specialist skills	67	76	64	68	65
Look for more pay than you could offer	39	34	41	36	43
Lack of experience	36	34	38	48	33
Reluctance to move in current economic climate	26	29	29	20	15
No applicants	15	14	11	16	24
Lack of interpersonal skills	12	9	16	4	9
Image of sector/occupation	12	5	11	12	28
Relocation difficulties	8	14	5	12	4
Lack of formal qualifications	4	5	5	4	4
Other	7	7	10	4	2

Base: 330

While the proportion of our sample that have a graduate recruitment programme has increased compared with last year, for over two-fifths (43%) the intake on the programme decreased over the last year. Despite the recession and the reduction in recruitment generally, a further 42% reported graduate intake stayed about the same and 15% reported it had increased.

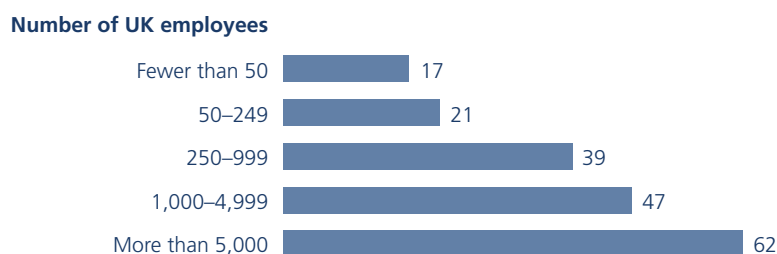
Nearly one-quarter (23%) of organisations with a structured graduate recruitment programme have an HR-specific graduate scheme (Table 8). In general they only recruited a small number of HR graduates last year (Table 9). Such schemes were most common in very large organisations (Table 8).⁵ There were no significant sector differences.

Attracting candidates

According to the sample, the most effective methods of attracting applicants are through organisations' own corporate websites and recruitment agencies (Table 10).

There were, however, significant differences across sectors. The voluntary, community and not-for-profit and public services sectors were most likely to rate their own corporate website as effective,⁶ while respondents from manufacturing and production and the private services sector were about twice as likely as respondents from other sectors to rate recruitment agencies as effective.⁷ This split of sectors was also observed for other methods. The voluntary, community and not-for-profit and public services sectors found specialist journals/trade press,⁸ Jobcentre Plus⁹ and local¹⁰ and national newspaper¹¹ advertisements more effective than the private services and manufacturing and production sectors. While over half of private services respondents found employee referral schemes particularly effective, only 4% of those in the public services did.¹² Interestingly, only 1% of respondents from the public services sector reported that encouraging speculative applications/word of mouth was among their most effective methods, compared with nearly a quarter overall.¹³

Figure 2: Organisations operating a structured graduate recruitment programme, by size (%)



Base: 466

Table 8: Organisations operating an HR-specific graduate scheme, by size (% of those with a structured graduate recruitment programme)

All	23
Number of UK employees	
Fewer than 50	23
50-249	12
250-999	19
1,000-4,999	12
More than 5,000	42

Base: 160

Table 9: Number of HR graduates recruited in 2009 (% of those with HR-specific recruitment schemes)

0	19
1-5	53
11-25	8
26-50	11
51-100	6
Median	3

Base: 36

Table 10: Most effective methods for attracting applications, by industry sector (%)

	All	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services
Own corporate website	63	48	62	78	80
Recruitment agencies	60	78	67	35	31
Local newspaper advertisements	36	33	30	60	46
Employee referral scheme	35	31	52	13	4
Commercial job boards	33	30	38	40	17
Specialist journals/trade press	31	25	27	45	43
Encourage speculative applications/word of mouth	24	29	30	20	1
Jobcentre Plus	23	20	18	38	33
Search consultants	22	32	23	8	15
Links with schools/colleges/universities	18	24	14	15	20
National newspaper advertisements	16	11	8	40	30
Professional networking (such as LinkedIn)	14	13	19	3	4
Apprenticeships	12	20	6	13	20
Secondments	11	6	9	15	21
Local Employment Partnership (LEP)	6	2	6	8	12
Alumni (previous employees)	5	7	6	5	1
Social networking sites (such as Facebook)	3	2	5	0	2
Other	5	3	3	18	5

Base: 464

Despite the growing popularity of social networking sites, such as Facebook, most respondents do not rate them as particularly effective for attracting candidates, although professional networking sites, such as LinkedIn, were among the most effective methods for nearly one in five respondents from the private services sector.

Selecting candidates

In common with previous years' findings, competency-based interviews remain the most common selection method, followed by other methods of interview: following CVs/application forms and structured interviews (Table 11). Fewer respondents this year report they are using general ability tests (27% compared with 44% in 2009), although the use of tests for specific skills, literacy and/or numeracy remains similar to last year.

Recruitment costs

Two-thirds (65%) of respondents report their organisations calculate recruitment costs. This is a substantial increase on the past two years (2009: 53%;

2008: 51%). This shift may simply be a consequence of an increased focus on costs during the recession. Alternatively it may reflect a broader increase in focus on human capital metrics and measurements to demonstrate the value of HR and people management.

Eighty-five per cent of those whose organisations calculate recruitment costs provided cost estimates per hire. There was considerable variance in the amount organisations spent but in general the median figures (Table 12) suggest that organisations spend nearly three times as much on senior appointments as on other employees, reflecting perhaps a general consensus on the importance of good leadership and/or the difficulties reported above of attracting candidates for senior positions.

Table 11: Methods used to select applicants (%)

	2010 survey	2009 survey
Competency-based interviews	78	69
Interviews following contents of CV/application form	64	68
Structured interviews (panel)	61	59
Tests for specific skills	48	50
Telephone interviews	47	38
Personality/attitude/psychometric questionnaire	44	35
Literacy and/or numeracy tests	43	39
Assessment centres	42	35
Pre-application elimination/progression questions	32	n/a
Group exercises	30	26
General ability tests	27	44
Pre-interview references (academic or employment)	16	19
Video CVs	1	n/a
Other	4	6

Base: 473 (2010 survey), 754 (2009 survey)

Table 12: Estimated total cost of recruitment (advertising costs, agency or search fees) per hire (£)

Occupational group	Median	Minimum	Maximum
Senior managers/directors (234 respondents)	8,333	250	100,000
Other employees (262 respondents)	2,930	50	40,000

Case study: Addressing skills shortages at Studsvik UK Ltd through development and management training

Studsvik UK Ltd is a knowledge-intensive service company in the international nuclear technology market, with more than 60 years' experience. The company employs 100 people in the UK. Its operations rely on highly skilled and experienced employees who are qualified in engineering or other technical and scientific subjects – skills that are in short supply in the UK.

The company has various schemes to acquire the skills it requires for its work. It incentivises word-of-mouth recommendations by rewarding existing employees with £500 if they can recommend someone who stays for the required minimum period. Studsvik also maintains a database of previous applicants which can be consulted when a vacancy arises before they need to consider the costs of advertising externally.

In addition to recruiting people with the required skills and qualifications, Studsvik also provides support and training for recent graduates through a strong coaching and mentoring scheme. New recruits are attached to experienced employees who provide dedicated support for two years. A work placement scheme has also led to school-leavers being recruited into the company. Studsvik's most recent initiative is an apprenticeship scheme to build the skills and qualifications of school-leavers.

Studsvik has typically experienced high turnover, in common with other organisations that operate in its industry, as specialised staff tend to move to different projects and companies frequently. Many, but not all, come back to Studsvik.

Studsvik has made efforts to establish itself as an employer of choice through a range of benefits and initiatives to create a favourable working environment. These vary from the provision of fruit in offices, as well as cold drinks, to the creation of new administrative posts to provide support and ease the burden of managers and specialised staff. The company provides child care vouchers and has recently improved its pension scheme for employees. It also promotes sustainability through actively promoting and facilitating cycle-to-work and car-sharing schemes through information boards.

This year, to further reduce turnover, Studsvik has instigated a performance management and development programme for its managers. The programme assesses the experience, qualifications and success in managing teams of individual managers and identifies their development needs. Training and development to address their requirements and help support all aspects of their management portfolio from strategy to emotional intelligence are addressed through monthly sessions. The programme aims to build up managers' skills, knowledge and ability to support retention of key talent.

Information provided by Colin Myers, Human Resources Manager

Case study: Rigorous assessment processes at Herrington & Carmichael

Herrington & Carmichael is a law firm based in Surrey and Berkshire with just under 80 employees. The firm believes that recruiting talented people is key to their success and they invest a lot of time and energy in finding the right people.

Traditionally, recruitment agencies for law firms have focused on candidates' post-qualification experience in the belief that the more experience a person has, the better they are. The HR specialists at Herrington & Carmichael know that this is not necessarily the case. They take a more rounded approach to selection, considering a range of factors to ensure the people they recruit are the best for the job.

Emma Hanney, HR Manager, says: 'The first step is to really clarify what the line manager is looking for. We start with a discussion to think about what exactly they want and we draw up a specific job specification. Previously, job specifications were very generic and prescriptive. They were all-encompassing and not particularly helpful. Now we go beyond the post-qualification experience required to the skills and competencies. We look at what measures could be used to ensure that an employee is doing exactly what is required.'

The firm advertises vacancies, including those for its trainee scheme on its website. Herrington & Carmichael have invested in creating a website that portrays the firm as they want to be seen, by potential clients as well as applicants. The website includes videos to engage people. It avoids the use of 'old school' law jargon, opting instead for modern language and law terms that recent graduates will be familiar with. Feedback suggests the way they portray themselves excites people because they see the firm as forward-thinking and progressive. It has certainly been successful in attracting applicants.

Application forms are screened and people who meet the required criteria are invited to interview. The HR manager and the line manager conduct the first interview based on scripted interview questions. They also use psychometric tests with job-fit assessments linked to the behaviours they are looking for. In addition, they use a practical intelligence test that looks, for example, at people's ability to think quickly. All the testing tools they use are internally benchmarked. The psychometric tests are used to generate interview questions for second interviews so that candidates get the opportunity to discuss any shortcomings.

The selection process for trainee candidates is different because of the number of applicants. People who submit a successful application form are invited to an initial screening where they complete psychometric and practical intelligence tests, receive information about the firm and the trainee scheme and have opportunities to ask questions. Applicants who reach the required benchmark are invited back to a group interview made up of six to eight applicants. Candidates are required to present on a pre-prepared relevant subject and this enables their research and presentation skills to be assessed. They also take turns leading a topic in a group discussion. Assessors examine candidates' ability to ensure everyone gets a say and keep to the topic and this provides indicators of how well they might deal and interact with clients. Following the group processes, a one-to-one interview is conducted with the line manager.

Emma Hanney, HR Manager for the firm, emphasises the importance of line managers' competencies and style for the recruitment and retention of employees and she discusses this with line managers prior to recruitment. 'It is important for managers to discuss how they manage and how they work when they are talking to candidates during the selection process. It is important to make this, and what they would expect of a successful candidate, known from the outset. Then people have a realistic view of what's waiting for them if they get an offer of employment.'

(continued)

Case study: Rigorous assessment processes at Herrington & Carmichael (continued)

The firm's robust approach to selection is reflected in its good retention figures. As Emma Hanney points out, 'Getting the wrong people costs money. They aren't so engaged and this leads to problems with performance, absenteeism and retention. Getting the right people for the job, who fit with the culture and understand how the firm operates is key to our success.'

LawCareers.Net have identified Herrington & Carmichael as a contender in their 'Best Recruitment for Trainees in the small firms' category. This annual awards ceremony will be taking place on 10 June in London.

Information provided by Emma Hanney, HR Manager, Herrington & Carmichael

Resourcing in turbulent times

The economic downturn changed the balance in the supply and demand for labour in 2009 and many employers were forced to reduce costs to survive the challenging environment. This section examines the impact of the recession on resourcing budgets, strategies and activities in 2009. It looks at changes in views on the employment market and the implications for managing talent. Redundancies are looked at in more detail in the labour turnover section.

The impact of the economic climate on resourcing

Despite signs of fledgling economic recovery, the financial environment remains difficult for many organisations and keeping costs low remains a necessity for many. Table 13 shows that the current economic climate has meant over half (53%) of our respondent organisations have reduced their resourcing budget for 2010. Unlike last year, when respondents from the manufacturing and production and private services sector were more likely to report a negative impact of the economic climate on resourcing budgets, this year there were no significant sector differences, as the public sector readies itself for the cuts that are expected to address the UK deficit.

Organisations are focusing on different resourcing strategies this year compared with last year, reflecting reductions in budget (Figure 3). An increased

proportion is focusing on developing more talent in-house and retaining rather than recruiting talent. While there has been a slight increase in the proportion who report they are reducing reliance on recruitment agencies, there has been a big shift in the proportion using new media/technology to recruit compared with last year. The importance of effective recruitment is also increasingly recognised, as 48% report they will be investing more time and effort in the quality of candidates they hire compared with 30% in 2009.

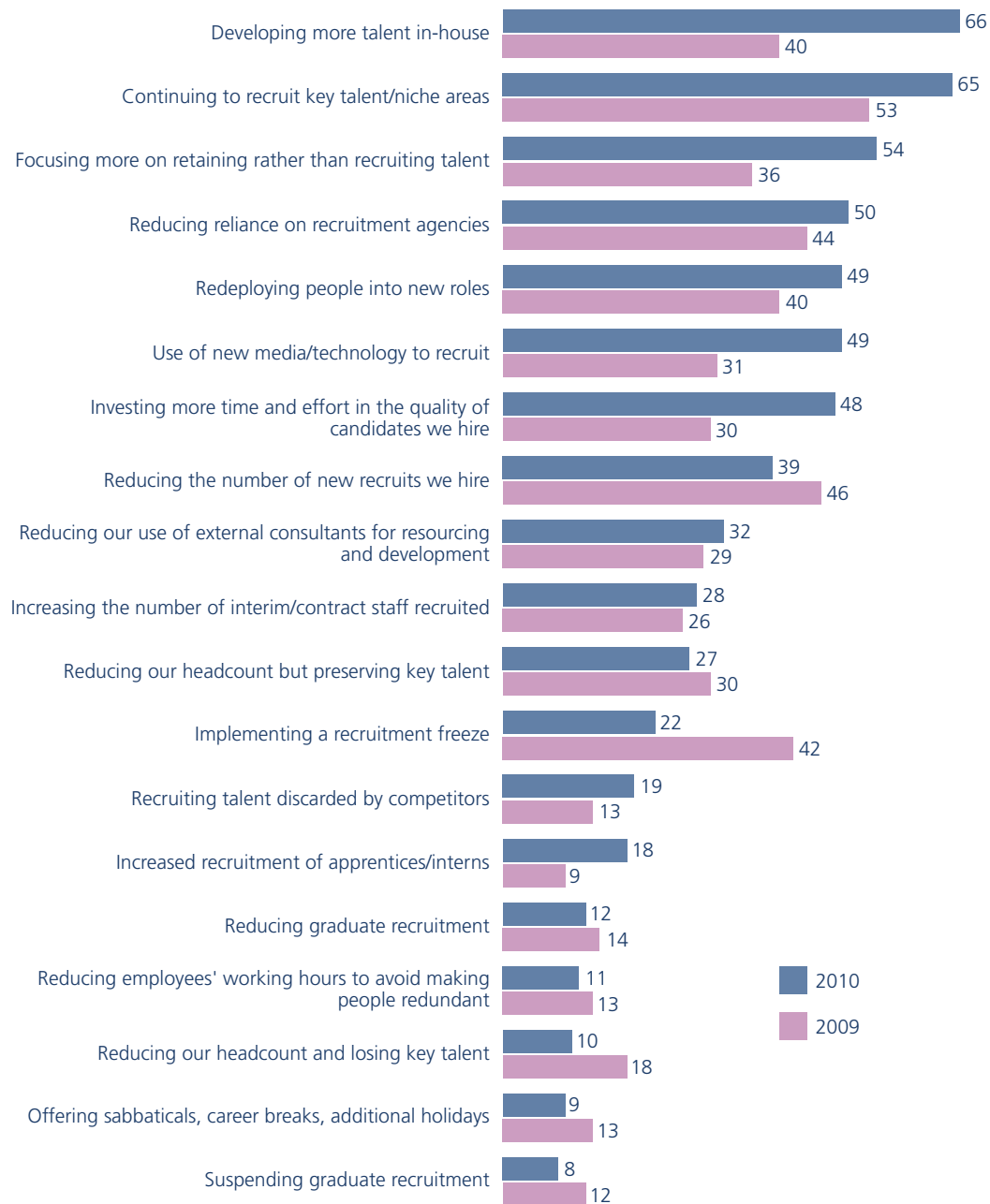
Reflecting positive signs that the economy is recovering, one-fifth report that they will be implementing a recruitment freeze in 2010, half the proportion who reported they did so in 2009. Only a small proportion report they will be reducing or suspending graduate recruitment.

Table 13: Impact of the current economic climate on organisations' resourcing budgets for 2010 (%)

	All	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services
Reduced	53	50	51	61	59
Stayed about the same	37	38	38	34	36
Increased	7	8	8	5	5
Don't know	3	4	3	–	–

Base: 475

Figure 3: Resourcing and talent practices implemented in 2009 and 2010 (% of respondents)



Base: 461

Similar proportions of respondents across all sectors reported recruitment freezes and headcount reductions in 2009. In 2010, the public sector clearly expects to be hardest hit in line with political requirements for efficiency savings and budget cuts to address the fiscal deficit. A higher proportion of public sector respondents reported their organisations would be implementing a recruitment freeze in 2010 (51% compared with 22% overall¹⁴), reducing the number of

recruits they hire (68% compared with 39% overall¹⁵), reducing headcounts and losing key talent (21% compared with 10% overall¹⁶) as well as reducing headcounts while preserving key talent (41% compared with 27% overall¹⁷). They were more likely to redeploy people into new roles (73% compared with 49% overall¹⁸) and increase recruitment of apprentices/interns (36% compared with 18% overall¹⁹).

Views on the employment market

Views on the employment market reflect the increase in unemployment. Figure 4 shows that three-quarters of respondents (76%) have noticed an increase in the number of unsuitable applicants as they have fewer roles to fill. This compares with just over half (54%) in 2009. At the same time nearly a third (32%) feel that there are too many suitable candidates to choose from. This figure rises to 40% in the voluntary, community and not-for-profit sector and 45% in the public sector.²⁰

Despite the increase in the labour market over the last year, 41% of respondents, double that of last year (2009: 20%), report that competition for talent is greater as the pool of available talent to hire has fallen sharply. This substantial increase over a period when the pool of unemployed has risen may seem anomalous, but is likely to reflect increased demand for higher-skilled workers.

The proportion of respondents who believe employers will use the economic downturn as an opportunity to get rid of poor performers and bring about culture change has decreased somewhat from last year (2010: 63%; 2009: 72% agree or strongly agree). This may reflect a slowing in the number of redundancies or disenchantment within some organisations to make the most of this opportunity. There is also concern by nearly half of respondents (48%) that employers are acting too hastily in making people redundant and as a result they will lose too many employees with valuable knowledge and skills.

Many respondents anticipate more flexible working arrangements in the future, with two-thirds agreeing or strongly agreeing that the demand for temporary and contract workers will increase as employers will be

reluctant to take on permanent staff during uncertain times. Forty-five per cent agree or strongly agree that part-time workers will become more appealing to employers looking to cut costs, although it seems this is less likely in the manufacturing and production sector, where only 28% agreed this would happen.²¹

Just over a fifth (22%) agree or strongly agree that employers will look to make older workers over the age of 65 redundant before their younger workers, while two-fifths (41%) disagree or strongly disagree. These are similar findings to last year and evidence perhaps that most employers value older workers.

Implications for talent management

The recession required many organisations to tighten their belts and cut costs. For most organisations, however, the importance of managing talent during difficult times was not lost. Over two-fifths (43%) reported that the current economic situation has led to an increased focus on talent management, while half (50%) reported it remained the same and only 7% that it had led to a decreased focus. Table 14 shows that nearly twice as many respondents (41%) reported they had not reduced their talent management spend due to the economic downturn compared with those who had (23%). The exception to this was in very large organisations with over 5,000 UK employees, where two-fifths (40%) of respondents reported they had reduced overall talent management spend compared with a similar proportion who had not (38%).²²

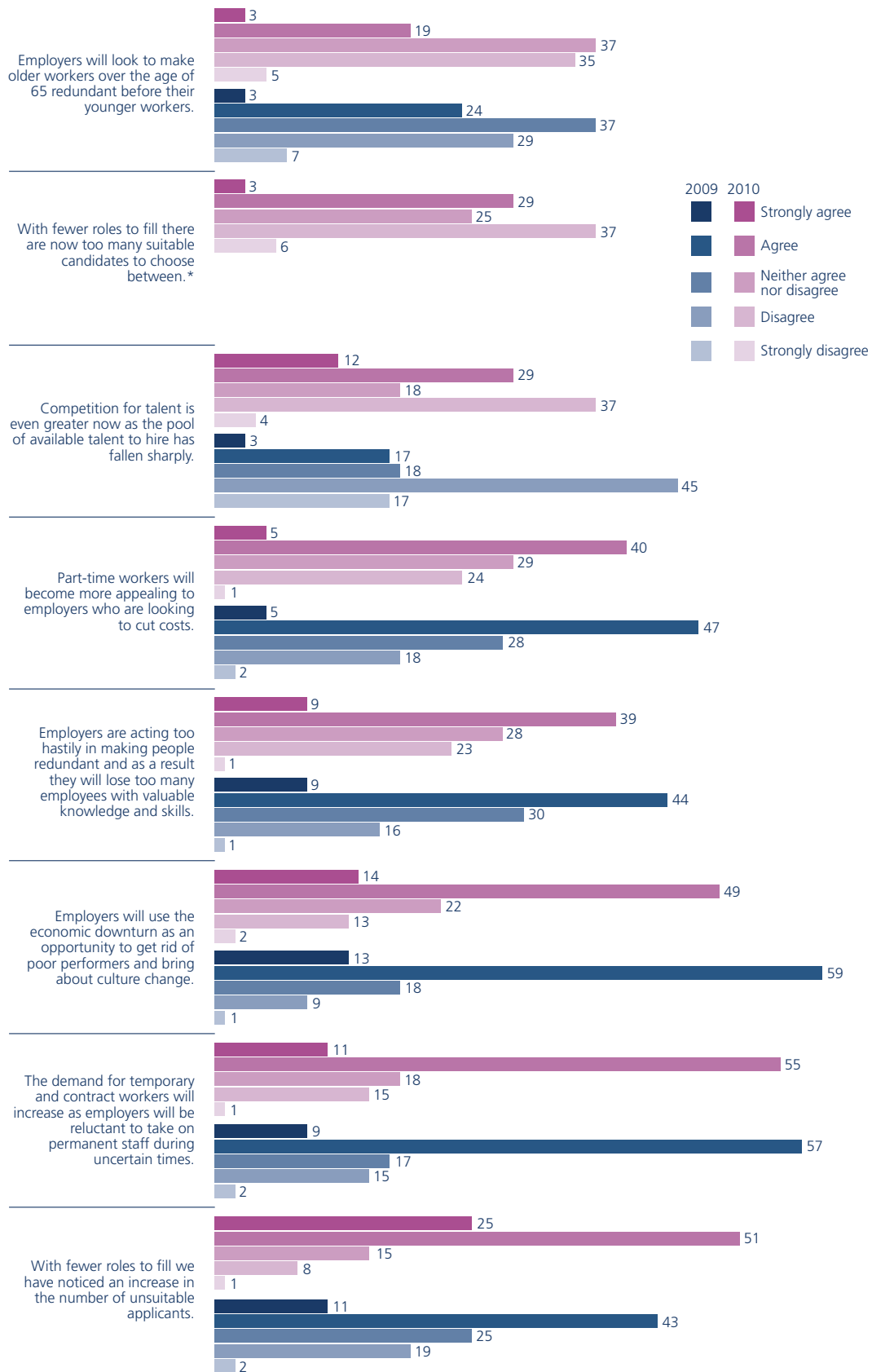
While the economic downturn has had an impact on approaches to reward across the business for three-fifths (61%) of respondent organisations, fewer report approaches to reward for identified talent have been affected (43%).²³ With fewer resources, organisations are being more selective in who they reward.

Table 14: Has your overall talent management spend been reduced due to the economic downturn? (%)

	All	Fewer than 50	50–249	250–999	1,000–4,999	More than 5,000
Yes	23	22	23	18	16	40
No	41	35	38	43	58	38
N/A (no talent management spend)	36	43	39	40	26	22

Base: 471

Figure 4: Views on the employment market (%)



Base: 475

*New category introduced in 2010 survey.

Case study: Reducing recruitment costs and improving candidate experience with an online application tool at Weight Watchers

Weight Watchers is famous across the world for promoting sustainable weight loss and a healthy lifestyle through education and group support. In the UK they have been operating for over 45 years and are the country's fourteenth largest grocery brand, with a thriving online business and magazine.

Weight Watchers employs 185 people in the UK and has 1,800 self-employed leaders who run the Weight Watchers' meetings. In the past the organisation recruited all its employees through agencies, primarily because their small HR team lacked the time to conduct the recruitment process in-house. This all changed in August last year when Weight Watchers launched its online application tool to help streamline the recruitment process.

The decision to move to online recruitment was driven not only by a desire to reduce costs but also to make the most of available technology to improve the candidates' experience and speed up the application process. Leah Queripel, Weight Watchers HR Manager, reports:

'As a progressive brand, Weight Watchers' online application process (delivered by Harbour ATS) is a logical solution that fits perfectly with changing trends and candidates' busy lifestyles. The online application function helps us bring the power of the Weight Watchers brand to our media advertising campaigns. This tool is far superior to the previous hard-to-manage 'email your CV to apply process'; the online applications are much simpler to administer and ideal for measuring the exact return on recruitment spend.

'Now applicants can search for vacancies and apply online through our website via an online tool; they can also register their details if they don't see a current vacancy that matches their skills, expertise or requirements. Online application questions such as, 'Are you eligible to work in the UK?' quickly and automatically filter out unsuitable candidates. Other questions – such as 'How many years' customer service experience do you have?' – can be used to prioritise quality and relevant candidates.

'Last year many organisations were making redundancies which resulted in an increase of candidates looking for roles. We found we were getting a lot of candidates applying for vacancies that may not have been suited to their skills set, with many being overqualified. We were able to use this opportunity to look at the bigger picture. Due to our succession planning we were able to screen candidates not only for the current vacancies but also assess for roles that were going to arise in the near future. The online system has allowed Weight Watchers to build up a database of 250 people, in addition to the 1,600 candidates who have applied for specific roles, who simply register they are interested in working for Weight Watchers should a suitable vacancy arise including their salary requirements, the region and department they are interested in working in.' (Leah Queripel, HR Manager)

Today very few vacancies are advertised through agencies. Switching to an online application process has had numerous benefits. The company estimates they have saved £110,000 since August 2009 on agency fees. Their application process has speeded up and the time taken to process applications reduced. The company also attributes improved retention to the new process: 'When we were using agencies to recruit they would typically contact people in their database to see if they were interested in working for Weight Watchers. Now we have our own database of people who have come to us because they want to work for

(continued)

Case study: Reducing recruitment costs and improving candidate experience with an online application tool at Weight Watchers (continued)

our brand. Many people who have been through our weight loss programme want to work for us because they really believe in our product and want to be a part of a company that has helped transform their lives. If we have no suitable vacancies at the time, the online process allows us to capture their details for the future.’ (Leah Queripel, HR Manager)

The candidates’ experience has also improved. Applicants can access information about the job and the company online.

‘The online tool also allows us to send many communications from “acknowledgement of application” to “invite to interview” and “regret” emails. We have even had a lot of people replying to thank us for these. They tell us it is really nice to hear something back, even if it is “regret”, and that they don’t hear anything from many companies.

‘Our brand has been strengthened by delivering a superior online recruitment process. We’ve been able to tell our employer story to more people and in more places than ever before. Helping us deliver all this is a specialist online recruitment marketing company (called Beyond Interactive Communications). High and completely measurable success rates mean that we’ve built up a strong and productive relationship over time – and we use their advice to fine-tune our advertising strategy. They also offer excellent rates and can report the exact return on our recruitment spend.

‘The new recruitment section on our website is a culmination of our online ambition to be seen as a modern recruiter in touch with changing lifestyle and media trends. The next step for us is to take advantage of the exciting opportunities offered by social media. No longer will recruitment marketing be a one-way conversation. We will be able to engage with and maintain conversations with large audience groups. This gives us an incredible talent pipeline, PR and employer brand management possibilities.’

Information provided by Leah Queripel, HR Manager, Weight Watchers

Case study: Recruiting and retaining social workers at Bracknell Forest Council

Bracknell Forest Council employs 4,000 people in a diverse range of jobs to provide a variety of services to the local area. Recruiting for those jobs can be a challenge. Janet Berry, Recruitment Strategy Manager for the council, reports that for some categories of vacancies they are inundated with applicants but in other areas, social workers being a prime example, there are serious skill shortages.

Bracknell Forest has taken a holistic approach to overcome the skill shortages in this area, focusing not only on recruiting but also on developing and retaining the social workers they employ through a range of complementary initiatives.

The council 'grows its own' social workers through sponsoring students through university. It has developed strong links with universities and provides bursary schemes to undergraduates in their final year. These provide not only financial support but also work placements so students develop strong links with the council. In exchange, once qualified, beneficiaries are expected to apply for social worker posts with the council and accept a post for a minimum of two years if it is offered. Bracknell Forest also operates a separate social work practice placement scheme for students. This offers support for learning, weekly supervision, a comprehensive induction, training opportunities, the opportunity to spend time with different teams to broaden experience and group mentoring.

The student schemes have been very successful. Many of the council's students go on to become permanent members of staff and this has had a significant positive impact on moving towards the council's objective of ensuring the social worker teams are fully staffed.

Bracknell Forest also places great emphasis on creating a working environment that is conducive to retaining employees.

'We offer an attractive benefits package that includes flexible and remote working, buying and selling annual leave, childcare vouchers and so on but we find, with social workers, retention is more to do with their immediate work environment, their day-to-day work, so we try to focus on their experience at work. We've worked really hard to make sure sections are adequately resourced with permanent, rather than agency staff, so people are working in stable groups. We really focus on providing a supportive environment. It's about respecting, providing a caring environment, listening, taking action on issues that affect their well-being and being seen to take action. This has been helped by a strong management team that provides stability.'

Effective management is obviously key to retaining employees and Bracknell Forest invests in management development across the council as a whole. A supportive culture is also seen to be essential for retaining social workers. Bracknell Forest cultivates this through very strong and regular communication between workers and supervisors and a genuine open-door policy where senior managers sit next to their teams. Practitioner support groups, reflective learning, and supportive mentors provide additional support. The council further demonstrates the value it places on its employees through its commitment to learning and development. As well as formal training, social workers can have mixed caseloads to develop their skills and opportunities for creative decision-making because the focus is on outcomes.

(continued)

Case study: Recruiting and retaining social workers at Bracknell Forest Council (continued)

Bracknell Forest's investment in recruiting and retaining social workers has paid off.

'Our social workers choose to stay for a long time. They provide good quality social work and receive ongoing training. Only rarely do we use agency workers – we'd rather spend the money on our staff.'

Information provided by Janet Berry, Recruitment Strategy Manager

Diversity

This section looks at organisations' approaches to diversity and the methods used to address diversity issues.

This year's findings on diversity are very similar to the previous two years. As shown in Table 15, just over half (55%) of respondents report their organisations have a diversity strategy (2009: 60%, 2008: 55%). Consistent with previous years, the findings suggest that diversity strategies are most common in the public services sector, with 90% of respondents from this sector reporting they have such a strategy.²⁴ Diversity strategies were also more common in larger organisations.²⁵

Table 16 shows the methods used to address diversity issues in organisations. Most organisations (79%) attempt to encourage diversity through monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, and so on, and two-thirds (68%) train interviewers to understand what diversity is about and the impact of stereotypes. Fewer

than half of respondent organisations use the other methods listed, suggesting many organisations could improve their efforts to encourage a more diverse workforce and reap the potential business advantages.

In general the findings are similar to the previous two years; however, this year a smaller proportion (37% compared with 51% in 2009, 48% in 2008) report that they advertise vacancies in different sources to widen interest from under-represented groups. This may be a result of reduced resourcing budgets or simply due to fewer vacancies to advertise as a consequence of the economic downturn. There is some indication of an increasing upward trend in the proportion of organisations providing recruitment documents in other formats (large print, disk and so on). This may reflect the increased use of new media/technology to recruit (Figure 3, page 15).

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

	Yes	No	Don't know
All	55	43	3
Sector			
Manufacturing and production	40	57	3
Private sector services	48	49	3
Voluntary, community and not-for-profit	63	35	3
Public services	90	8	1
Number of UK employees			
Fewer than 50	44	55	1
50–249	41	56	3
250–999	49	46	4
1,000–4,999	71	26	3
More than 5,000	88	11	1

Base: 472

Consistent with previous years, the public services sector leads the way in addressing diversity issues. All of the listed methods used to address diversity issues were more commonly used by organisations from public services than from other sectors (Table 16).

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

	All	Manufacturing and production	Private sector services	Voluntary, community and not-for-profit	Public services	2009 survey	2008 survey
Monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, any other categories	79	71	71	76	96	84	83
Training interviewers to understand what diversity is about and the impact of stereotypes	68	71	64	72	73	68	60
Operating policies that go beyond basic legislative requirements on age, gender, race, disability, sexual orientation, religion and belief	49	37	47	40	63	52	48
Checking that any tests used are valid, reliable and culture-free and were tested on diverse norm groups	42	39	45	16	45	47	34
Providing recruitment documents in other formats (online, large print, audio, and so on)	41	15	25	52	77	37	31
Using specific images/ words in your recruitment advertising to appeal to a wider audience	38	29	31	40	52	42	42
Advertising vacancies in different sources to attract under-represented groups	37	24	31	32	53	51	48
Setting recruitment targets to correct a workforce imbalance	15	12	6	16	31	14	12

Base: 253

Workforce planning

In this year's survey we included new questions on the extent to which organisations conduct workforce planning, the activities they conduct relating to workforce planning, how far ahead they plan and the challenges to implementing workforce planning. This section explores the results.

Table 17 shows that three-fifths of respondents report that their organisation conducts workforce planning; however, there was considerable variation in its use among sectors.²⁶ Eighty per cent of respondents from the public sector reported it was conducted in their organisations compared with 30% of those in the voluntary, community and not-for-profit sector. Larger organisations were more likely to conduct workforce planning than smaller ones.²⁷

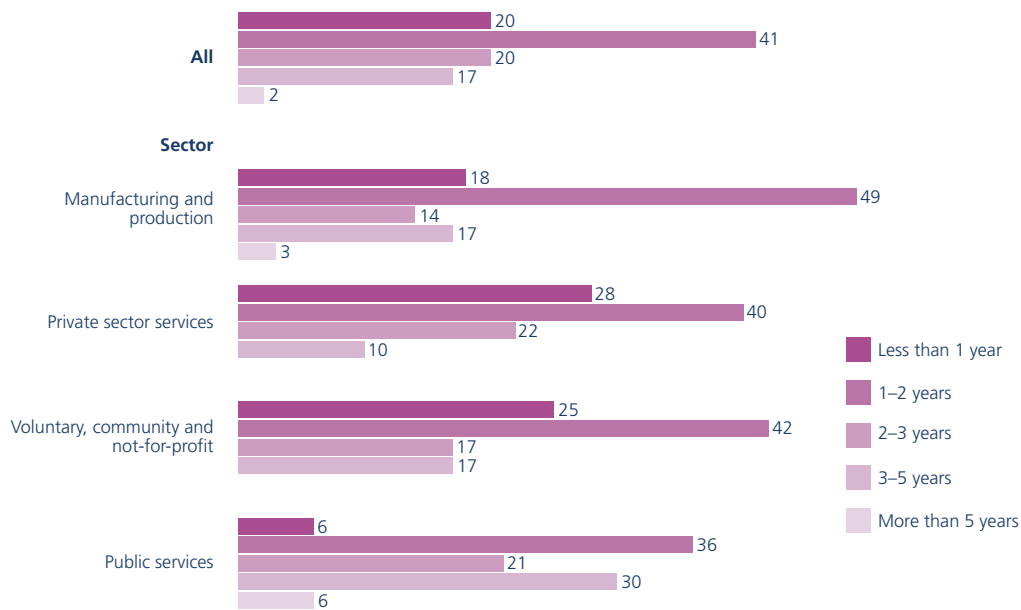
Figure 5 shows that there is considerable variation in how far ahead organisations plan. Overall, of those that conduct workforce planning, one-fifth plan for less than one year (20%), two-fifths for one to two years, one-fifth for two to three years and a similar proportion for three to five years. Only a very small proportion plan for more than five years (2%). The data suggests, however, that public services organisations are more likely to plan for longer periods.²⁸ Nearly twice as many respondents from this sector report that their organisations plan for three to five years.

Table 17: Does your organisation conduct workforce planning?

	Yes	No	Unsure
All	61	32	7
Sector			
Manufacturing and production	67	28	6
Private sector services	57	36	7
Voluntary, community and not-for-profit	30	63	8
Public services	80	16	5
Number of UK employees			
Fewer than 50	56	36	8
50–249	56	39	4
250–999	58	34	9
1,000–4,999	64	31	4
More than 5,000	77	15	8

Base: 473

Figure 5: How far ahead do you plan? (% of organisations who conduct workforce planning)



Base: 289

Table 18: Activities related to workforce planning carried out by organisations (% who conduct workforce planning)

Succession planning	77
Flexible working	55
Talent management	54
Demand/supply forecasting	50
Skills audit/gap analysis	49
Career planning	44
Multi-skilling	40
Role design	31
Risk management	28
Outsourcing	22
Scenario planning	8

Base: 289

Table 19: What are the top three challenges to implementing workforce planning? (% of respondents whose organisations conduct workforce planning)

Fast-changing/unpredictable external environment	69
Fast-changing/unpredictable internal environment	67
Lack of resources	55
Issues around implementation	43
Lack of skills/knowledge in conducting workforce planning	42
Lack of support from management	21
Lack of support from board level	14

Base: 287

The activities that respondent organisations carry out in relation to workforce planning are detailed in Table 18. Over three-quarters (77%) conduct succession planning, the most common workforce planning activity, while about half use flexible working, talent management, demand/supply forecasting and skills audit/gap analysis for planning. In general there were few significant differences between sectors, although career planning was most

commonly used in the private services sector²⁹ (52% compared with about a third of organisations in other sectors) and flexible working was most common in the public services sector³⁰ (71% compared with 55% overall).

The most common barriers to implementing workforce planning were fast-changing/unpredictable external and internal environments and lack of resources.

Managing labour turnover

Many organisations grapple with labour turnover. The costs associated with labour turnover can be high, where organisations are faced with a loss of skills and knowledge and consequent reduction in productivity as well as the costs of replacing leavers. At the same time, some level of labour turnover is desirable to make room for new employees with different ideas and perspectives to bring fresh approaches to the business. This section examines trends in labour turnover and employee retention.

Our survey suggests that the median labour turnover rate has decreased over the last few years (Table 20). Within their own organisations, two-fifths (41%) of respondents report that labour turnover has decreased during 2009 compared with 2008, while one-third (33%) report it has increased and one-quarter (26%) that it has stayed the same (Table 21). While only one-fifth wanted to increase labour turnover in 2009 (21%), it actually increased for one-third of organisations (33%).

Despite the need for many organisations to make redundancies this past year, the majority of turnover is still attributed to employees leaving voluntarily (Table 22). In a recession, when unemployment is rising, the number of employees leaving organisations voluntarily is expected to decrease. While the median turnover rate for voluntary leavers has not reduced dramatically

compared with figures from the 2009 survey, Table 23 shows that it has reduced substantially for the manufacturing and production sector (2010: 2.7%; 2009: 7.7%). The recession did hit this sector particularly hard and these findings may reflect caution in employees within this sector and their pessimism regarding the prospect of finding alternative employment.

The median turnover rate due to redundancies has not increased dramatically compared with last year. Obviously our sample would not include organisations that folded during the year and the median figure does mask considerable variation within our sample. The proportion of respondent organisations that have made ten or more redundancies over the past year has increased from 26% in 2009 and 22% in 2008 to 33% of this year's sample (Table 24).

Table 20: Median rate of labour turnover (%)

2010 survey	2009 survey	2008 survey	2007 survey	2006 survey
13.5	15.7	17.3	18.1	18.3

Base: 165 (2010)

Table 21: Desires for turnover rate during 2009 and throughout 2010 (% of respondents able to supply turnover data)

	What organisations wanted in 2009	What organisations want in 2010	What happened in 2009
Reduce turnover	41	42	41
Increase turnover	21	20	33
Maintain current turnover rate	38	38	26

Base: 169

Table 22: Median labour turnover rates, by reason for leaving (%)

	2010 survey	2009 survey
Voluntary redundancies	0 (139)	0 (233)
Compulsory redundancies	1.0 (148)	0.5 (261)
Dismissed/left involuntarily (including death in service)	0.9 (137)	1.4 (250)
Fixed-/short-term contracts	0 (124)	0.7 (225)
Retired	0.4 (124)	0.7 (232)
Left voluntarily	8.4 (153)	9.0 (274)

Number of respondents shown in brackets

Table 23: Median labour turnover rates, by industry sector (%)

Sector	All leavers		Voluntary leavers	
	2010 survey	2009 survey	2010 survey	2009 survey
Manufacturing and production	12.4 (44)	15.3 (80)	2.7 (42)	7.7 (75)
Private sector services	14.6 (77)	16.8 (150)	7.4 (71)	10.4 (129)
Voluntary, community, not-for-profit	15.9 (15)	16.4 (38)	10.2 (18)	11.0 (35)
Public services	8.6 (19)	12.6 (52)	5.8 (15)	7.6 (45)

Number of respondents shown in brackets

Table 24: Organisations making ten or more redundancies (% of respondents)

All	33
Sector	
Manufacturing and production	44
Private sector services	33
Voluntary, community, not-for-profit	11
Public services	27

Base: 160

Cost of labour turnover

While this year's findings (see page 10) suggest an increase in the proportion of organisations that calculate recruitment costs, it appears that most organisations do not calculate the cost of labour turnover. Of the respondents who were able to supply turnover data, only 14% reported that they calculate the cost of labour turnover, while over three-quarters (78%) reported they didn't and the remaining 8% reported they didn't know.

Retaining employees

An effective employee retention strategy is important for avoiding the costs associated with a high turnover rate. Moreover, strategic retention objectives that support resourcing and business goals will also strengthen the internal employer brand and therefore contribute to the organisation's ability to attract new talent.

Table 25: Retention difficulties by occupational category (%)

Senior managers/directors	9
Managers and professionals/specialists	27
Administrative, secretarial	7
Technical	20
Services (customer, personal, protective and sales)	12
Manual/craft workers	4

Base: 451

Most of the organisations surveyed experienced difficulties in retaining staff, with fewer than half (45%) reporting they experienced no difficulties in 2009. Nevertheless, this is an increase compared with the findings from last year's survey that 31% had no retention difficulties in 2008 and is likely to reflect employees' increased caution to move jobs during times of economic uncertainty. As in previous years, organisations most commonly had difficulty retaining managers and professionals/specialists (Table 25). There were no significant differences across sectors in terms of recruitment difficulties with the exception of services employees. The voluntary, community and not-for-profit and private services sector were most likely to report difficulties retaining this category of staff, as might be expected given the higher demand for this category of staff in these sectors.

Although most organisations experienced some retention difficulties in 2009, Table 26 shows clearly that organisations did less to address retention issues in 2009 than in previous years, perhaps a result of the impact of the recession on budgets and/or less concern due to the more favourable job market. More than double the proportion of organisations (27%) took no specific initiatives to address retention compared with 2008 (13%) or 2007 (9%). The proportion that used improved pay had decreased the most (22% down from 42% in 2008) and the proportion that used increased learning and development opportunities and improved benefits had also dropped from the previous year. Even lower-cost initiatives, such as improving work-life balance, had reduced compared with the previous year. On a positive note, the most common step taken to address staff retention – improving the people management skills of line managers – was also most commonly rated as most effective.

Table 26: Steps taken specifically to address staff retention (%)

	Used in 2009	Least effective	Most effective	Used in 2008	Used in 2007
Improved people management skills of line managers	42	10	33	39	37
Increased learning and development opportunities	35	5	32	47	46
Improved employee involvement	32	7	27	35	29
Improved induction process	31	11	19	45	45
Improved selection techniques	31	5	27	42	46
No specific initiatives undertaken	27	4	2	13	9
Improved pay	22	9	16	42	53
Created clearer career paths	21	7	15	18	17
Offered coaching/mentoring/buddy systems	20	8	12	24	22
Made changes to improve work-life balance	19	5	18	31	30
Improved benefits	19	7	14	32	36
Better promotion to employees of the employer brand	15	9	7	21	16
Revised the way staff are rewarded so their efforts are better recognised	14	3	13	19	19
Redesigned jobs to make them more satisfying	13	5	9	18	14
Improved physical working conditions	13	7	7	19	12

Base: 431 (2010 survey); 695 (2009 survey); 710 (2008 survey)

Looking forward

2009 was a tough year for UK business. The economic crisis that really hit the UK in autumn 2008 started the longest UK recession since the 1930s. Falling profits, reduced access to credit and increased uncertainty have characterised the year for many organisations. The need to cut costs has led to widespread redundancies, despite the admirable efforts of many to explore alternatives. Unemployment grew, yet not to the extent many originally predicted, as the large international fiscal stimulus boosted the economy.

The external environment is reflected in the findings of the CIPD's annual *Resourcing and Talent Planning* survey (formerly the *Recruitment, Retention and Turnover* survey). The labour turnover rate was lower than in previous years and there was a considerable decrease in the number of vacancies that organisations tried to fill. The changing balance in supply and demand of labour was also evident. Fewer organisations experienced recruitment or retention difficulties compared with previous years. With fewer vacancies available, many organisations experienced a notable increase in the volume of applicants, although significantly more reported the increase was of unsuitable rather than suitable candidates.

Despite the burgeoning supply of labour, many organisations are still experiencing skills shortages. Although the proportion that experienced recruitment problems had decreased compared with previous years, more than two-thirds still had problems filling some vacancies, most commonly due to a lack of required skills. Moreover, twice as many organisations this year report that competition for talent is greater as the pool of available talent to hire has fallen sharply. This suggests that the gap between the skills of the labour force and the needs of employers grew, even as the supply of labour increased.

Organisations are consequently making efforts to hold onto and grow the talent they have. Despite widespread cuts to resourcing budgets, most organisations remained focused on managing talent during the recession and many preserved the rewards for identified talent rather than all employees. Structured graduate recruitment programmes also appear to be on the increase across all sectors compared with previous years.

Looking forward, economic predictions forecast slow growth in the UK economy in 2010. In the private sector companies are finding ways to restore profitability and fewer organisations expect to reduce their headcount or freeze recruitment compared with 2009. The spring 2010 CIPD *Labour Market Outlook* report shows signs of positive net recruitment intentions for the private sector.

The public sector, however, anticipates significant budget cuts to address the national debt. Many organisations in this sector expect to implement recruitment freezes, headcount reductions and reductions in the number of new recruits.

Resourcing budgets are expected to remain tight across all sectors and organisations will need to continue to adopt innovative strategies and approaches to resourcing. Organisations should look to many of the

case study examples included in this report for inspiration as well as the CIPD's recent research into creative talent management practices in difficult times (*Fighting Back Through Talent Innovation*).

A strong focus on recruiting, developing and retaining talent will be essential for ensuring long-term profitability.

Recommendations

Some of the recommendations from our recent talent management research should be particularly helpful for organisations when thinking about their resourcing and talent planning strategies:

- Consolidate the people management skills of your line managers to identify, assess and develop talent effectively (such as performance management, giving feedback and having effective conversations, coaching and engaging your people).
- Develop pivotal roles and opportunities for stretch assignments that are well supported.
- Maintain a proactive and consistent approach to performance management.
- Simplify and embed talent management processes and anchor development to the needs of the business.
- Support and engage employees through the uncertain economic climate – communicate what is happening and why, keep an ear to the ground to gauge the general mood of employees and support the 'survivors' of the business.
- Pay attention to your organisation's skills shortages and develop different possibilities for building up knowledge and experience in these areas.
- Maintain momentum around your employer brand and, even if not currently recruiting, keep talent warm for the future.

Background to the survey

This survey was carried out in March and April 2010 and relates to the period 1 January to 31 December 2009. It was sent to a sample of UK-based HR professionals in the public, private and voluntary sectors. In total 480 people responded to the survey.

To ensure the survey's validity it underwent a piloting process with our Recruitment Steering Committee. Guidance was also sought from this committee about topical areas to include in this year's survey, in addition to the annual benchmarking questions.

Demographics

Respondents predominantly worked for private sector organisations, but the other sectors were represented (Table 27).

Table 27: Breakdown of respondent organisations by industrial sector (%)

Manufacturing and production	23
Private sector services	50
Voluntary, community and not-for-profit	9
Public services	18

Base: 463

Most respondents work in small to medium-sized organisations, in terms of the number of UK-based employees, but larger organisations were also represented (Table 28). One-third of respondents (35%) also had global responsibilities.

Table 28: Breakdown of sample by organisation size – permanent employees in the UK

Fewer than 10	4
10–49	12
50–249	34
250–999	20
1,000–4,999	15
More than 5,000	16

Base: 467

Labour turnover

A total of 166 survey respondents were able to supply all the information for us necessary to calculate labour turnover on a whole-organisation basis.

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

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

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

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

Note on statistics and figures used

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

'Average' in the report is used to refer to the statistical mean where the data is normally distributed. However, the median is used in cases where the distribution is significantly skewed. When the median is used it is noted.

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

Chi-square (χ^2) tests are used to examine whether differences between groups such as industrial sectors are significant or likely to be due to chance. We report on statistics at the generally accepted level of significance, $p < 0.05$.

Further sources of information

Diversity

Our diversity publications, *Managing Diversity and the Business Case* (2008), *Diversity in Business: A focus for progress* (2007) and *Managing Diversity in Practice: Supporting business goals* (2007), provide practical advice and guidance for organisations.

www.cipd.co.uk/bookstore

Employer branding

Read our *Employer Branding* factsheet at

www.cipd.co.uk/factsheets

Employee retention and turnover

The latest CIPD factsheet provides advice on measuring employee turnover, investigating why people leave and improving retention.

www.cipd.co.uk/factsheets

Induction

Read our revised factsheet, which provides guidance on establishing and running induction programmes.

www.cipd.co.uk/factsheets

Labour market

The CIPD/KPMG quarterly *Labour Market Outlook* survey reports on the latest trends in the UK labour market from an employer perspective.

www.cipd.co.uk/surveys

The *Employee Outlook* survey provides the contrasting employee view of workplace issues and trends. The May 2009 issue looks particularly at employee attitudes to the challenges posed by the recession.

www.cipd.co.uk/surveys

Talent management

Read our talent management reports looking at talent issues in a recession/difficult economic climate:

The War on Talent? (2009)

Fighting Back Through Talent Innovation (2009)

Opening up Talent for Business Success (2010) also looks at the importance of integrating talent management and diversity.

www.cipd.co.uk/research

Workforce planning

Read our new research on workforce planning at

www.cipd.co.uk/research

To stay up to date with the latest research from the CIPD, go to www.cipd.co.uk/research

Sign up to receive our e-newsletter at

www.cipd.co.uk/cipdupdate

Acknowledgements

The CIPD is very grateful to those organisations and individuals who gave their time to take part in this research. They include:

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- Members of the Recruitment Forum Steering Committee for their input into the survey design and assistance in piloting the questionnaire.
- All those who shared examples of their organisation's practices.

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

Endnotes

¹ Chi square = 30.1, df = 4, p < 0.001, n = 462

² Chi square = 50.2, df = 15, p < 0.001, n = 434
(5 cells (20.8%) have expected count less than 5
undermining the robustness of this statistic. The
minimum expected count is 2.22).

³ Chi square = 18.4, df = 4, p < 0.001, n = 467

⁴ Chi square = 52.8, df = 4, p < 0.001, n = 466

⁵ Chi square = 14.0, df = 4, p < 0.01, n = 160 (1 cell
(10.0%) has expected count less than 5
undermining the robustness of this statistic. The
minimum expected count is 3.01).

⁶ Chi square = 22.6, df = 3, p < 0.001, n = 463

⁷ Chi square = 57.9, df = 3, p < 0.001, n = 463

⁸ Chi square = 11.9, df = 3, p < 0.01, n = 463

⁹ Chi square = 12.6, df = 3, p < 0.01, n = 463

¹⁰ Chi square = 17.3, df = 3, p < 0.01, n = 463

¹¹ Chi square = 42.4, df = 3, p < 0.001, n = 463

¹² Chi square = 74.4, df = 3, p < 0.001, n = 463

¹³ Chi square = 29.8, df = 3, p < 0.001, n = 463

¹⁴ Chi square = 47.9, df = 3, p < 0.001, n = 463

¹⁵ Chi square = 39.6, df = 3, p < 0.001, n = 463

¹⁶ Chi square = 15.3, df = 3, p < 0.01, n = 463

¹⁷ Chi square = 10.4, df = 3, p < 0.05, n = 463

¹⁸ Chi square = 23.2, df = 3, p < 0.001, n = 463

¹⁹ Chi square = 25.6, df = 3, p < 0.001, n = 463

²⁰ Chi square = 14.837, df = 6, p < 0.05, n = 460

²¹ Chi square = 20.59, df = 6, p < 0.01, n = 462

²² Chi square = 25.46, df = 8, p < 0.01, n = 462

²³ Chi square with continuity correction = 182.66,
df = 1, p < 0.001, n = 454

²⁴ Chi square = 57.4, df = 3, p < 0.001, n = 450
(‘Don’t know’ responses not included as expected
cell count too small)

²⁵ Chi square = 57.2, df = 4, p < 0.001, n = 454
(‘Don’t know’ responses not included as expected
cell count too small)

²⁶ Chi square = 33.0, df = 6, p < 0.001, n = 461
(1 cell has expected count of less than 5
undermining the robustness of this statistic. The
minimum expected count is 2.6)

²⁷ Chi square = 16.5, df = 8, p < 0.05, n = 465
(3 cells have expected count of less than 5
undermining the robustness of this statistic. The
minimum expected count is 4.52).

²⁸ Chi square = 32.8, df = 12, p < 0.05, n = 280
(8 cells (40.0%) have expected count less than 5
undermining the robustness of this statistic. The
minimum expected count is 0.26).

²⁹ Chi square = 8.2, df = 3, p < 0.05, n = 280

³⁰ Chi square = 12.2, df = 3, p < 0.01, n = 280

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Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ
Tel: 020 8612 6200 Fax: 020 8612 6201
Email: cipd@cipd.co.uk Website: www.cipd.co.uk

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