CIPD
Championing better work and working lives

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THE ADECCO GROUP

LABOUR MARKET OUTLOOK

VIEWS FROM EMPLOYERS

Summer 2017

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

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Foreword from the CIPD

'On average employers received a median of 24 applicants for the last low-skilled vacancy they tried to fill…'

The quarterly CIPD *Labour Market Outlook* (LMO) provides a set of forward-looking labour market indicators, highlighting employers' recruitment, redundancy and pay intentions for the third quarter of 2017. The survey is based on responses from 1,139 employers.

Employment

According to the report, the demand for labour in Q3 2017 will remain robust. This quarter's net employment balance – which measures the difference between the proportion of employers who expect to increase staff levels and those who expect to decrease staff levels in the third quarter of 2017 – has increased to +27 from +20 over the past three months (Figure 1). This is consistent with official labour market data,[1] which show that employment has increased sharply in recent months. The strength in labour demand growth is highest among private sector services firms (+37).

Labour supply

However, perhaps reflecting the weakness in wage growth (Figure 6), the survey data suggest that the continued strength in labour demand has yet to feed through to recruitment pressures for employers. On average employers received a median of 24 applicants for the last low-skilled vacancy they tried to fill compared with 19 applicants for the last medium-skilled vacancy and eight applicants for the last high-skilled vacancy they sought to fill. Overall, nearly half of the applicants were deemed suitable. Additionally, these figures are broadly consistent with the figures reported in this report in 2014 and 2015, suggesting there is still some slack in the labour market. This is despite the further decline in the unemployment rate, which fell to a record low of 4.5% in the three months to May 2017.[2]

According to economic theory, such a low rate would point to a small degree of slack in the UK labour market. However, closer analysis of the official labour market data illustrates how the fall in the unemployment rate has been mirrored by an increase in supply. And the ability to hire non-UK nationals from the European Union, the Government's welfare reforms and higher participation rates of older workers appear to be key factors that are offsetting the tight labour market conditions.

According to the latest official data, the number of non-UK nationals from the European Union in employment in the UK increased by 171,000 from Q1 2016 to Q1 2017 and by around 900,000 between Q1

[1] ONS. (2017) *UK labour market: July 2017*. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest [Accessed 21 July 2017].
[2] ONS. (2017) *UK labour market: July 2017*. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest [Accessed 21 July 2017].

2013 and Q1 2017. However, there has been some volatility across the past four quarters, while the latest net migration data suggest that it is falling due to an increase in emigration and a reduction in immigration from eastern Europe. The prospect of EU immigration making a net contribution to labour supply therefore appears highly uncertain.

In addition, the official data indicate that the long-term unemployed have been able to move into work more quickly than in the past. According to the most recent data, the number of people who have been unemployed for over 12 months fell sharply in the 12 months to May 2017, down from 460,000 to 380,000 people. At the same time, the number of people who have been unemployed for less than six months has fallen by almost 80,000. As many economic commentators have indicated, this may be due in part to changes in government policy. These include the introduction of and increase in the National Living Wage, that has helped increase the incentive and ability to move from unemployment to employment. However, recent CIPD research[3] indicates that some employers, especially in sectors that employ a high share of EU nationals such as hospitality and retail, are widening or planning to widen their recruitment channels in anticipation of migration restrictions on EU nationals in the years ahead. Continued falls in long-term unemployment may therefore be boosted in the future by changes in company recruitment policy.

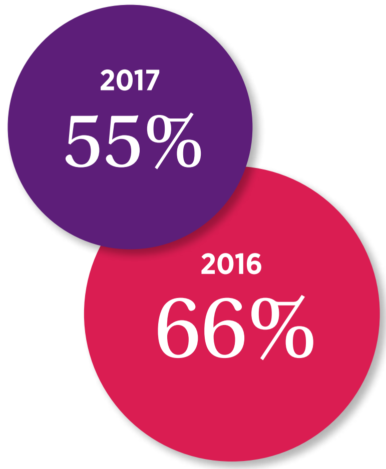
Additionally, the number of people aged 50–64 in employment has increased by around 200,000 during the past year to provide a further labour supply boost.

However, while overall there appears little sign of a widespread labour or skills shortage crisis, the report does highlight labour shortages in various sectors, such as accommodation and food services, and construction. In addition, it seems that recruitment difficulties for high-skilled roles are prevalent in the retail and financial services sectors.[4]

One of the potential outcomes of the continued buoyancy of labour supply across most sectors of the economy is a weakness in wage growth. The summer 2017 *Labour Market Outlook* survey suggests that the outlook for wage growth will remain weak in the year ahead. Median basic pay expectations in the 12 months to June 2018 are 1%, which is unchanged since the previous report.

This is broadly consistent with recent CIPD research,[5] which also indicates that employee pay expectations are muted. It shows that just over half of employees (55%) predicted at the beginning of 2017 that they would receive a pay rise this year, compared with around two-thirds (66%) of employees who reported that they expected one in 2016.

However, there are very tentative signs that wage growth will pick up modestly. The median for all basic pay decisions that have been



Just over half of employees (55%) predicted at the beginning of 2017 that they would receive a pay rise this year, compared with around two-thirds (66%) of employees who reported that they expected to receive a pay rise in 2016.

[3] CIPD. (2017) *Facing the future: tackling post-Brexit labour and skills shortages.* Available at: https://www.cipd.co.uk/knowledge/fundamentals/emp-law/recruitment/post-brexit-skills-shortages [Accessed 21 July 2017].
[4] Care should be taken not to over-extrapolate these findings because of the relatively small sample sizes.
[5] CIPD. (2017) *Employee Outlook.* Available at: https://www.cipd.co.uk/knowledge/fundamentals/people/pay/outlook-pay-pensions-report. [Accessed on 24 July 2017].

undertaken in the first six months of 2017 is 1.5%. The other indication of modest upward pay pressure in the report is the average basic pay expectations indicator, which has risen to 1.7% from 1.5% over the past 3 months. In addition, one factor that may have a marginal positive impact on wage growth is the relatively high share of full-time, high-skilled jobs that have been generated over the past year. If this trend continues, this could provide a very modest boost to productivity and wage growth in the future.

There is nonetheless, little prospect of a sustained recovery in pay over the next year, especially given the UK's very poor recent productivity performance, which ultimately determines firms' ability to offer higher wages to their workers. According to the most recent official data, productivity – as measured by output per hour – fell by 0.5% in Q1 2017.

Additionally, the report also points to other factors that seem to be putting downward pressure on wage growth for some employers. These include various labour costs, such as the recent introduction of the apprenticeship levy and the continued phasing in of the Government's auto-enrolment scheme. The uncertainty around future trading arrangements with the European Union also seems to be dampening wage growth among a minority of employers.

Taking all the evidence together, weak productivity, resilient labour supply, uncertainty over Brexit and the continued rise in non-wage costs relating to employment point to continued weak wage growth in the year ahead. The Bank of England should therefore give more weight to the prospects for pay and productivity than to the rise in employment, and hold off a further interest rate rise in the short term.

Foreword from The Adecco Group UK and Ireland

The past quarter has once again been a period of change in the UK; June witnessed both the start of Brexit negotiations and a snap election which resulted in a hung parliament. In the employment space, the long-awaited Matthew Taylor review came out mid-July with recommendations about the UK's future employment landscape.

Despite these events, the CIPD/The Adecco Group *Labour Market Outlook* quarterly report reveals a buoyant labour-supply market; the turnaround in net employment balance in the public administration and defence sectors is particularly promising. However, there's an ongoing concern about weak wage growth, so employers need to be mindful of productivity levels to combat this.

Political uncertainties have not translated into a slowdown in hiring intentions. To the contrary, the report demonstrates a rise in the number of employers that are expecting to increase staff levels in Q3 of 2017, a trend that is especially pronounced amongst private sector service firms.

While employers are continuing to recruit, context is important here, and employers and the Government should not become complacent. Without a set post-Brexit immigration policy in place, many employers and EU workers in the UK are still in a state of uncertainty. With No 10 having made it clear that freedom of movement will end after the UK leaves the EU, sectors that depend heavily on non-UK skills, for example hospitality and retail,[6] will certainly face tough talent challenges in the coming months ahead.

We believe the Government needs to invest in measures that will protect tomorrow's economy. This year's introduction of the apprenticeship levy is an encouraging start. While it's too early to judge the effectiveness of this initiative, we hope it will prompt more employers to rethink their talent management strategies. Naturally, in addition to this, more needs to be done in terms of creating courses, both apprenticeship and non-apprenticeship based, that will add the best value to employers and workers.

As in recent quarters, the uncertainty around Brexit negotiations is still a factor for the UK and its labour market. In the face of these unknowns, employers can start to prepare now by monitoring the situation, mapping their workforce and potential future issues, and then putting adequate recruitment and retention contingency plans in place. This will ensure the UK's labour market is in the best possible position moving forward.

Alex Fleming
President of General Staffing,
The Adecco Group UK&I

[6] CIPD. (2017) *Facing the future: tackling post-Brexit labour and skills shortages.* Available at: https://www.cipd.co.uk/knowledge/fundamentals/emp-law/recruitment/post-brexit-skills-shortages [Accessed 21 July 2017].

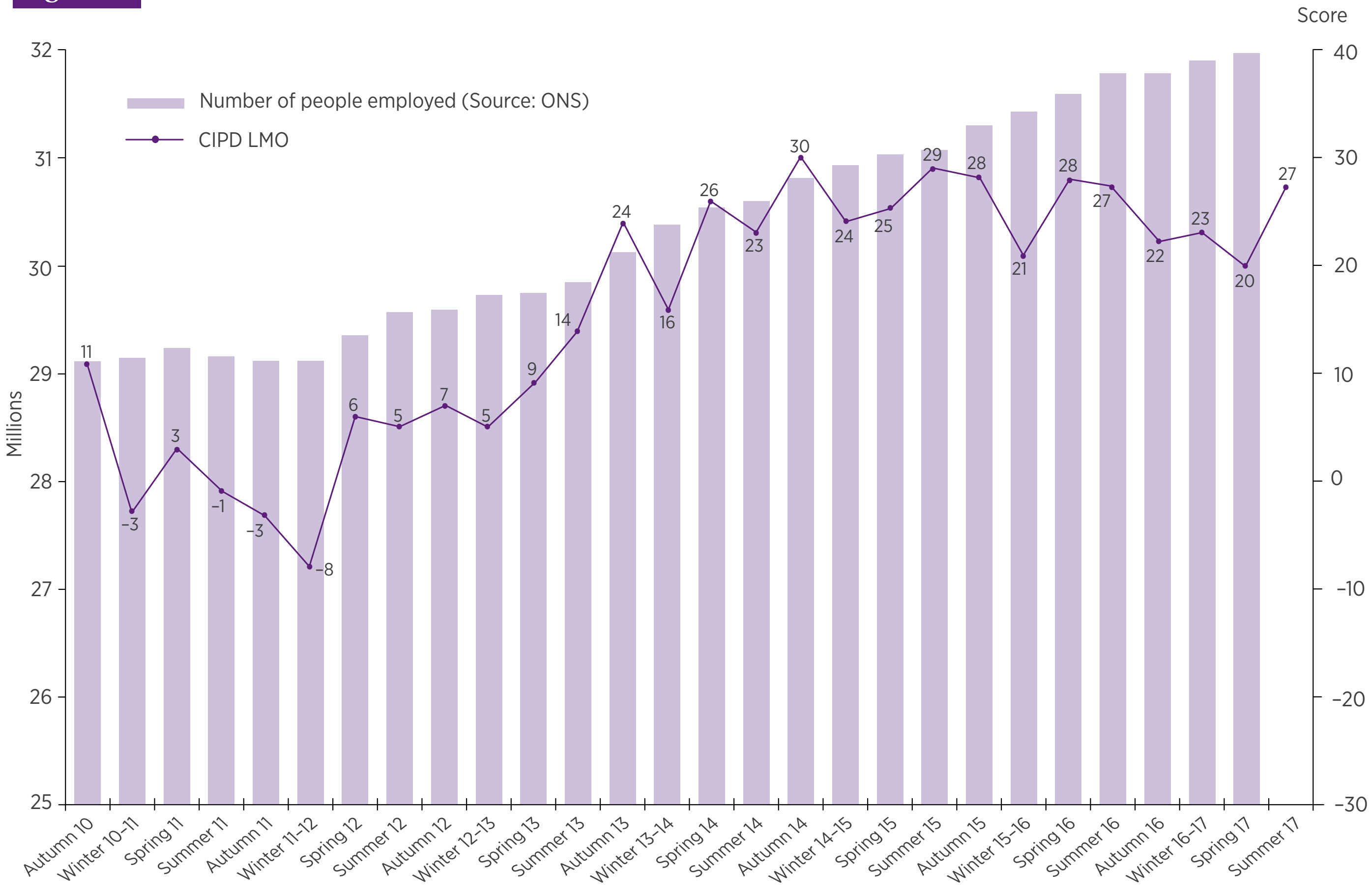
1 Recruitment and redundancy outlook

What is the short-term employment outlook?

This section focuses on the recruitment and redundancy intentions of LMO employers in the third quarter of 2017. This latest report suggests that employment confidence has increased modestly since the previous report.

This quarter's net employment balance – which measures the difference between the proportion of employers who expect to increase staff levels and those who expect to decrease staff levels – has increased to +27 from +20 in spring 2017 (Figure 1).

Figure 1 **Correlation between LFS employment levels[7] and LMO data**



Base: summer 2017, all employers planning to recruit and/or make employees redundant in the next three months (n=689)

How to interpret Figure 1

Figure 1 displays the LMO net employment indicator time series data since autumn 2010 (the purple line).

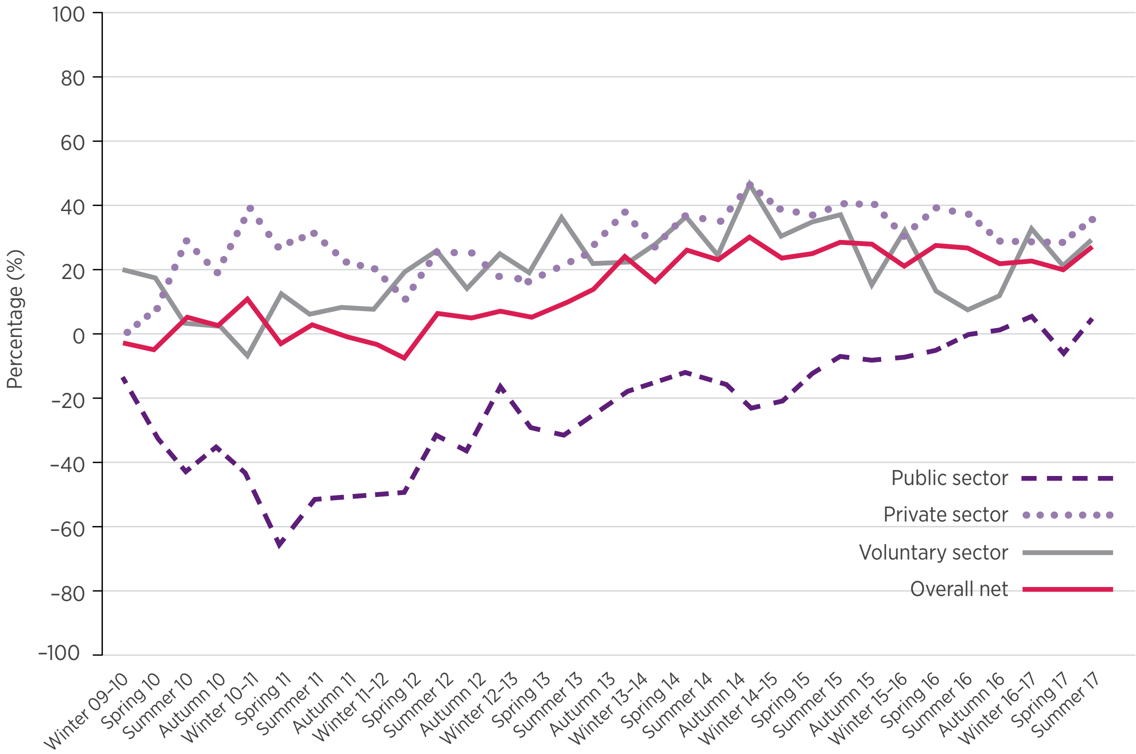
The columns display the trends in official ONS employment levels. The LMO net employment outlook is a forward-looking indicator of how employers feel employment levels will change over the next three months. The corresponding ONS unemployment and employment level is added to replicate this timeframe and show what actually happened to unemployment and employment levels over the same time period.

[7] Labour Force Survey data taken at quarterly intervals based on GB population aged 16+. Winter (November–January), autumn (August–October), summer (May–July), spring (February–April).

As in the spring report, employment confidence is high across much of the private sector. The net employment score for the private sector is +35. Employment confidence in the manufacturing and production sector has fallen modestly from +38 to +33, while employment growth prospects have increased in the private sector services, up from +27 in the spring report to +37.

In addition, the employment outlook for the public sector has improved since the previous report. The net employment balance for the public sector has increased to +5 from –6 since the previous report and is broadly consistent with the trend over the past couple of years (Figure 2). Employment confidence has increased sharply among employers in the public administration and defence sector, which has increased from –16 to +3.

Figure 2 **Overall effect of recruiting new staff and/or making redundancies in next three months, by sector (%)**



Base: summer 2017, all employers planning to recruit and/or make employees redundant in the next three months (total n=689; private n=457; public n=148; voluntary n=84)

Large employers

80%

SMEs

50%

Around four-fifths of large employers (80%) plan to recruit employees in the three months to September 2017 compared with around half (50%) of SMEs, which primarily reflects size effects.

Additionally, employment prospects in the voluntary sector have increased by 7 points since spring 2017, up from +22 to +29, although this indicator has been relatively volatile over the past year (Figure 2). Meanwhile, employment prospects remain positive in the healthcare sector (+12) and the education sector (+5) (Table 1).

What are the recruitment intentions for the forthcoming quarter?

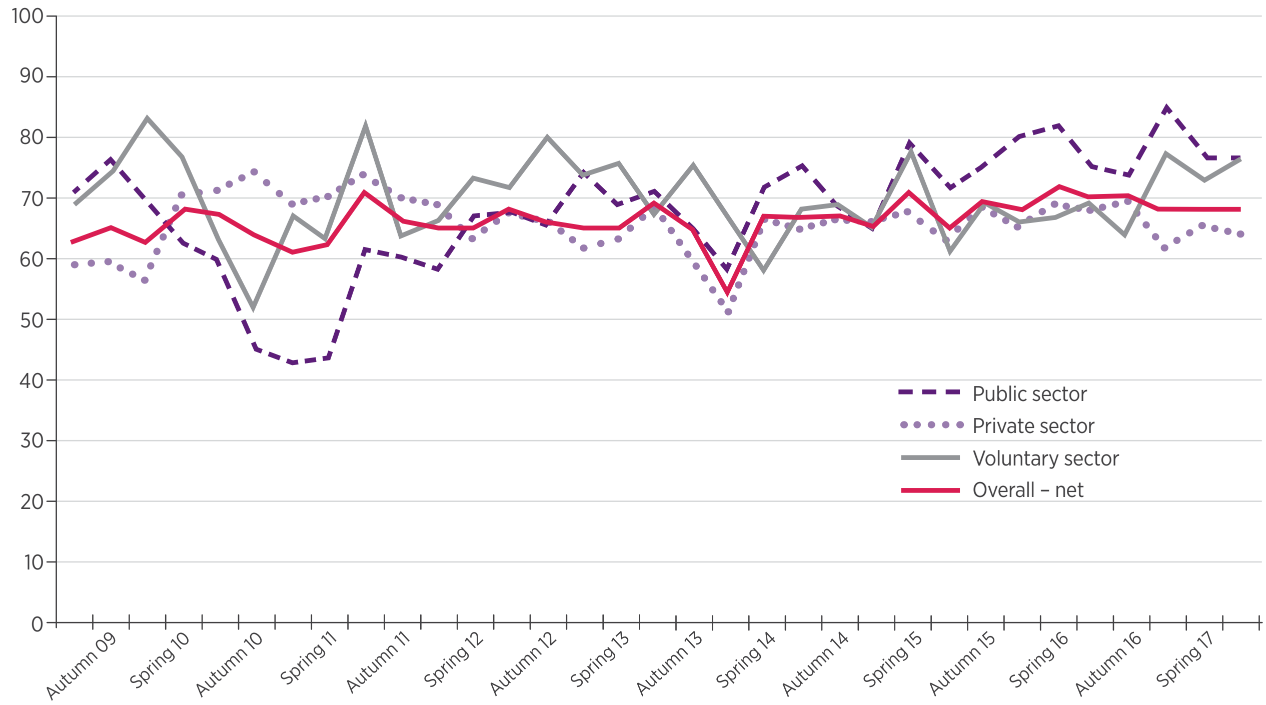
Recruitment intentions among LMO employers are broadly consistent with recent trends. Just over two-thirds (68%) of organisations state that their organisation is planning to recruit employees in the three months to September 2017 (Figure 3). More than three-quarters (77%) of public sector employers plan to recruit employees during the same period, compared with almost two-thirds (64%) of private sector firms and more than three-quarters (77%) of voluntary sector employers. Recruitment intentions are strongest in the healthcare (80%), education (73%) and public administration and defence sectors (72%). Around four-fifths of large employers (80%) plan to recruit employees in the three months to September 2017 compared with around half (50%) of SMEs, which primarily reflects size effects.

Table 1: **Net employment intentions for the next three months by industry**

Sector	Summer 2017	Spring 2017	% point change
Private sector services (n=331)	+37	+27	+10
Manufacturing and production (n=95)	+33	+38	–5
Healthcare (n=51)	+12	+16	–4
Education (n=72)	+5	–3	+8
Public administration and defence (n=56)	+3	–16	+19

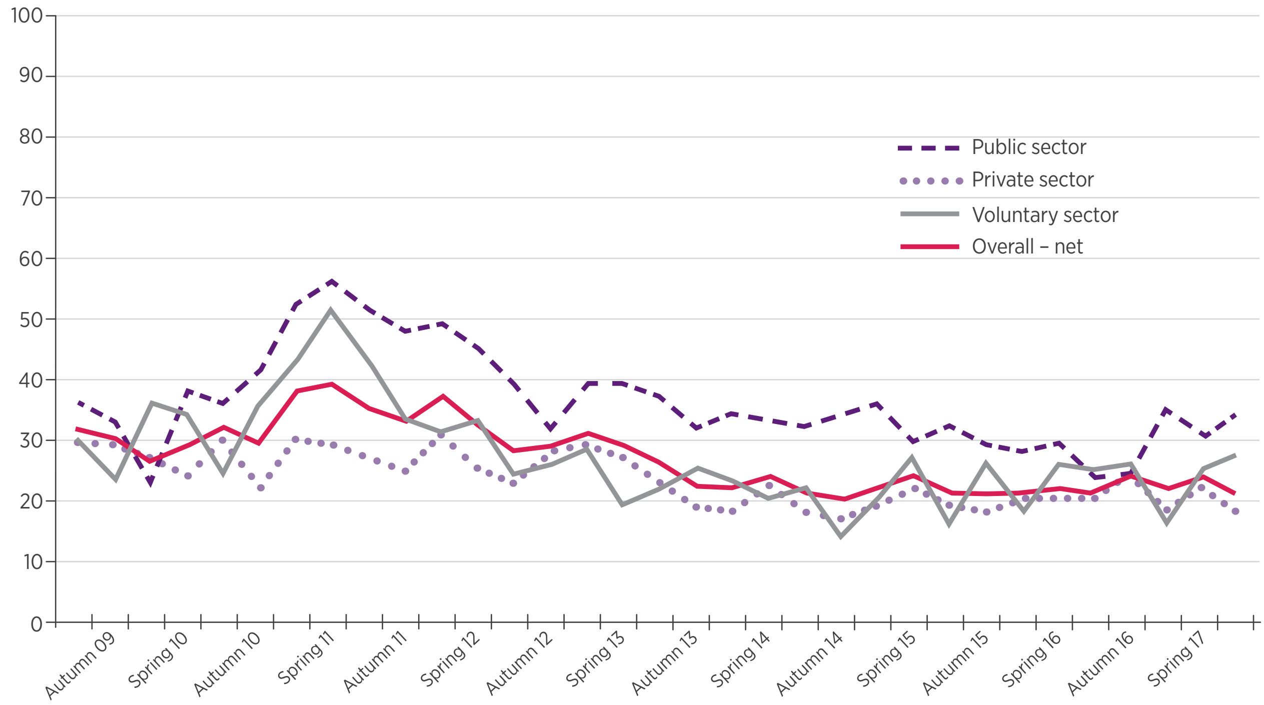
Base: summer 2017, all employers planning to recruit and/or make employees redundant in the next three months

Figure 3 Recruitment intentions, by sector (%)

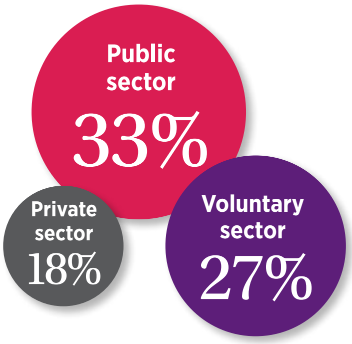


Base: summer 2017, all employers (total n=1,139; private n=841; public n=181; voluntary n=117)

Figure 4 Redundancy intentions, by sector (%)



Base: summer 2017, all employers (total n=1,139; private n=841; public n=181; voluntary n=117)



The proportion of organisations planning to make redundancies remains lower in the private sector (18%) than in the public sector (33%) ... More than a quarter (27%) of voluntary sector organisations plan to make redundancies in Q3 2017.

What is the outlook for redundancies in the third quarter of 2017?

The proportion of LMO employers expecting to make redundancies in Q3 of 2017 is broadly consistent with recent reports (Figure 4). Overall, around a fifth of organisations (21%) are planning to make redundancies over the next three months. The proportion of organisations planning to make redundancies remains lower in the private sector (18%) than in the public sector (33%). Meanwhile, redundancy intentions remain elevated. More than a quarter (27%) of voluntary sector organisations plan to make redundancies in Q3 2017.

Looking at the sub-sectors in more detail, redundancy intentions in the three months to September 2017 are highest among public administration and defence employers (39%). On the upside, redundancy intentions in the education sector have eased off significantly since the spring report, down from 35% to 23%. Redundancy activity also looks set to fall among private sector services, down from 23% to 15%. However, redundancy intentions in the healthcare sector have increased to 27% from 17% since the previous report. In addition, the survey data point to higher redundancy activity in the manufacturing and production sector, up to 26% from 19% in the spring report. Reflecting size effects, redundancy intentions are significantly higher among large organisations (31%) than among SMEs (8%).

How has the number of applicants for roles change during the past three years?

The report also considers the number of applications employers received for the last low-skilled, medium-skilled and high-skilled vacancy they filled. The survey data indicate that the supply of labour is broadly consistent with the data in the autumn 2014 and autumn 2015 reports. This is despite the fall in the unemployment rate to 5.4% according to the latest official labour market data.

Where employers last filled a low-skilled vacancy, they received a median number of 24 applicants for that vacancy. This compares with 25 applicants in autumn 2015 and autumn 2014 reports.

Meanwhile, employers report a modest increase in the number of applications for medium-skilled roles compared with the autumn 2015 and autumn 2014 reports.

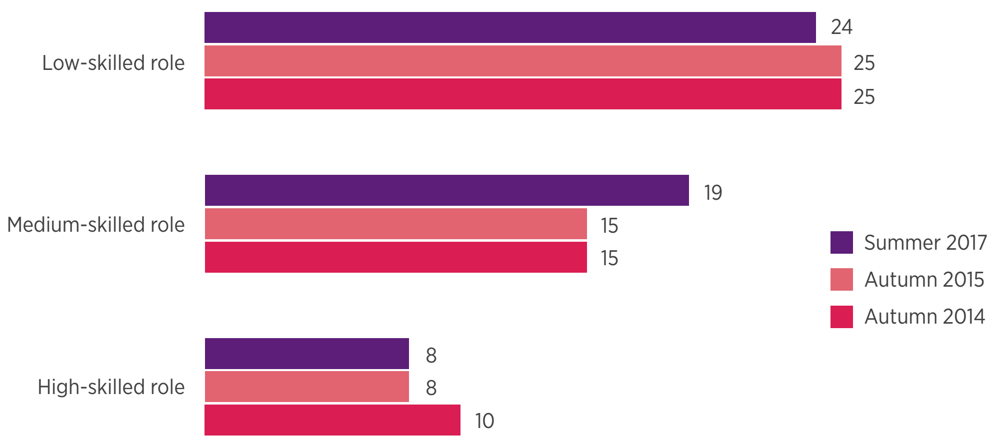
Table 2: **Redundancy intentions, by industry (%)**

Sector	Summer 2017	Spring 2017	% point change
Public administration and defence (n=70)	39	41	–2
Education (n=98)	23	35	–12
Healthcare (n=65)	27	17	+10
Manufacturing and production (n=168)	26	19	+7
Private sector services (n=621)	15	23	–8

Base: summer 2017, all employers

On average, employers received a median number of 19 applications for the last medium-skilled role they advertised compared with 15 applications in 2014 and 2015. At the same time, employers received a median number of eight applications for the most recent high-skilled role they advertised for, which is broadly consistent with the previous 2014 and 2015 reports. Overall, nearly half of all the applicants were deemed suitable. LMO employers reported that half of applicants were suitable for low-skilled and high-skilled vacancies. Meanwhile, two in five (40%) of candidates that applied for medium-skilled roles were reported to be suitable.

Figure 5 **Median number of applications received for most recent vacancy – by skill level**



Base: summer 2017, all employers who have had vacancies in those roles

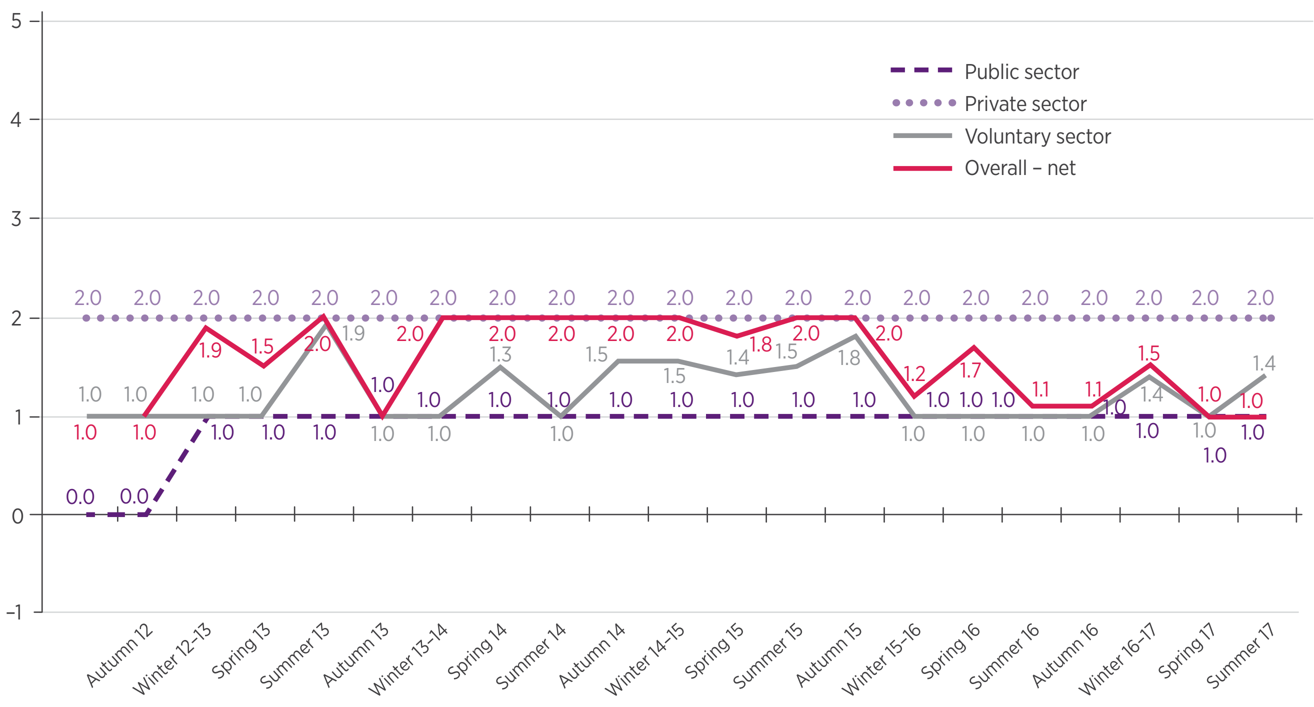
2 Pay outlook

What is likely to happen to wage inflation in the next 12 months?

As in the spring report, employers' median basic pay increase expectations in the 12 months to June 2018 is 1%. Consistent with findings from previous reports, median basic pay increase expectations are higher in the private sector (2%) than in the public (1%) and voluntary (1.4%) sectors (Figure 6). This is consistent with recent CIPD research,[8] which also points to a relatively depressed outlook for pay as far as employees are concerned. The survey data indicates that over half of employees (55%) predicted at the beginning of the year that they would receive a pay rise in 2017, down from around two-thirds (66%) who reported that they expected to receive a pay rise in 2016. Meanwhile, the median basic pay award among employers that have conducted a pay review in 2017 is 1.5%. Consistent with the basic pay projections, median basic pay awards carried out in the first half of 2017 are higher in the private sector (2%) than in the public sector (1%).

The other indication of modest upward pressure on pay is the report's

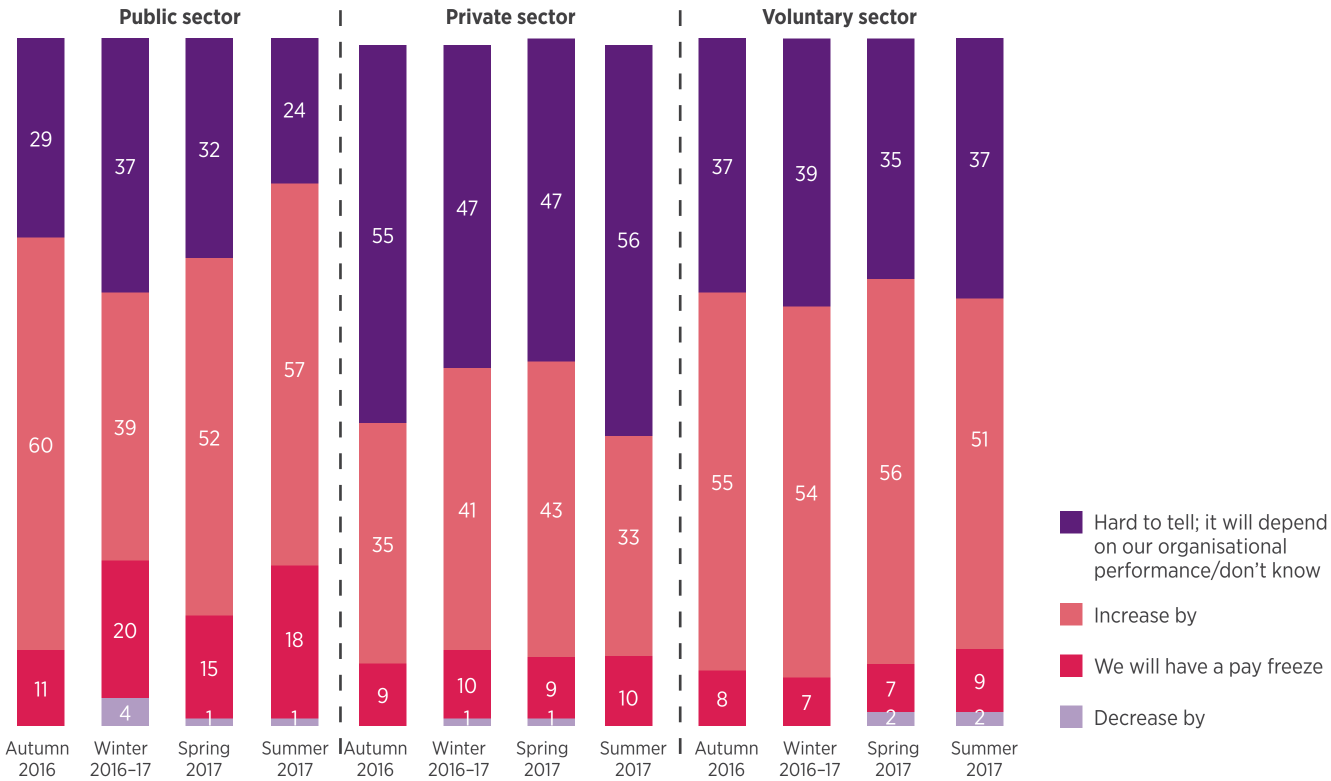
Figure 6 Average predicted annual basic pay awards (median), by sector



Base: summer 2017, all employers who report an expected increase, decrease or pay freeze in the next 12 months (total: n=322; private: n=189; public: n=85; voluntary: n=48)

[8] CIPD. (2017) *Employee outlook.* Available at: https://www.cipd.co.uk/knowledge/fundamentals/people/pay/outlook-pay-pensions-report [Accessed 24 July 2017].

Figure 7 Likelihood of a basic pay increase, decrease or pay freeze, by sector (%)



Base: summer 2017, all employers who expect a pay decision in the next 12 months (total: n=870; private: n=617; public: n=151; voluntary: n=102)

average basic pay expectations indicator, the report's less preferred measure, which shows that basic pay expectations have increased modestly to 1.7% from 1.5% since the spring report.

Two-fifths of employers (40%) who are planning to make a pay decision in the next 12 months expect basic pay to increase at their organisation during that timeframe, compared with around one in ten who intend to freeze pay (12%). One per cent of employers expect average basic pay to decrease in the next 12 months. It is perhaps no surprise that almost a fifth (18%) of public sector employers expect to freeze pay in the year ahead compared with around one in ten (10%) private sector employers (Figure 7).

However, it should be noted that close to half (48%) of employers report that they do not know how their organisation's basic pay will be affected with the next pay decision, or that it is too hard to tell and will depend on their organisational performance; so some care should be taken not to over-extrapolate from the data.

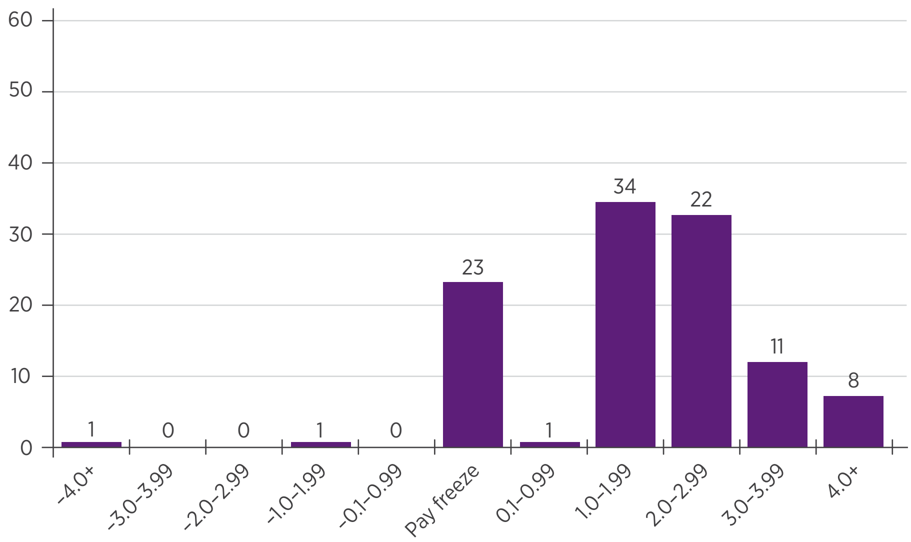
The survey data indicates that just over a third (34%) plan to give a basic pay increase of 1–1.99% in the year ahead among those employers that can specify what their basic pay expectations are. Meanwhile, over a fifth (22%) anticipate a basic pay increase of 2–2.99%, and a similar proportion (22%) of employers expect to freeze pay. Additionally, just over one in ten employers expect basic pay to increase by 3–3.99% (11%). Eight per cent of employers anticipate basic pay rising by 4% or more in the 12 months to May 2018.

What are the key factors behind employers' basic pay decisions?

Employers that report at least matching the Bank of England's inflation rate target of 2% in their basic pay award say that affordability is the key factor behind their decision. Other key reasons include the 'going rate' of pay elsewhere (33%) and the rippling effect of the National Living Wage (25%). It also seems that external labour market and economic conditions are putting upward pressure on pay for some organisations. Consistent with recent LMO reports, around a quarter (25%) of employers expect basic pay to rise by 2% because of recruitment and retention pressures and the current rate of inflation (Figure 9).

Among LMO employers who predict that average basic pay will increase at their organisation by less than 2%, or not increase at all, over four in ten employers (42%) say that the key reason why they cannot match the inflation rate target is restraint on public sector pay. Other key reasons include affordability (24%), the National Living Wage (14%) and wage costs associated with employment, such as the Government's auto-enrolment pension scheme (11%). Additionally, around one in ten employers (11%) say that uncertainty about the UK's future trading arrangement with the European Union is acting as a brake on basic pay growth in their organisation.

Figure 8 **Distribution of forward-looking basic pay settlements (%)**



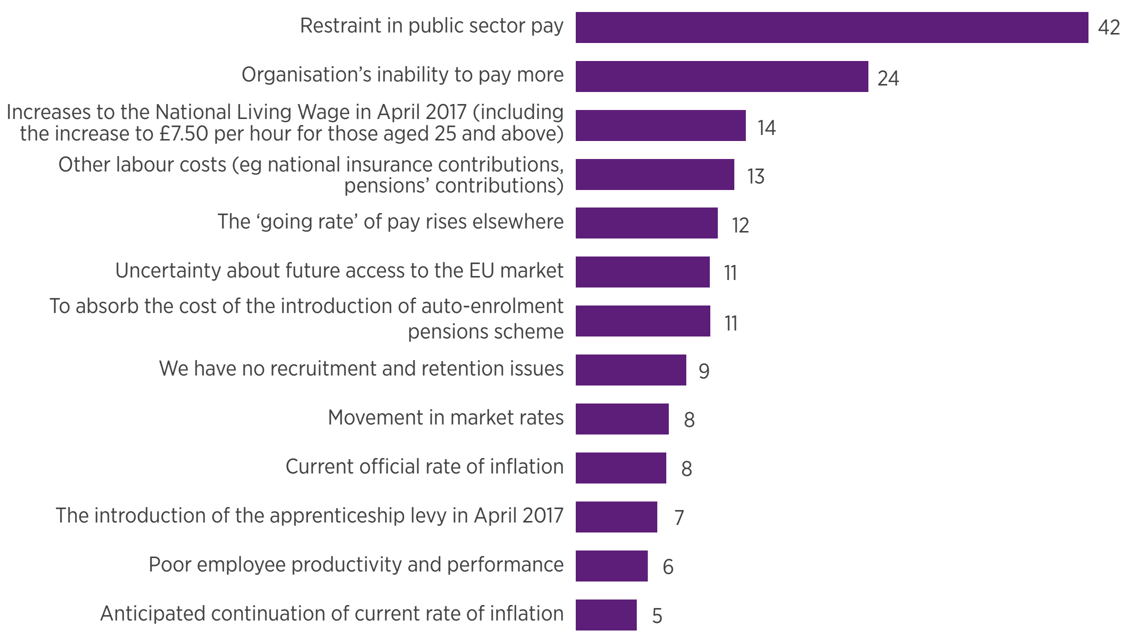
Base: summer 2017, all employers who report an expected increase, decrease or pay freeze in the next 12 months (n=436)

However, it is perhaps no surprise that there are key differences across sectors. Restraint on public sector pay is a key factor behind sluggish pay growth among almost three-quarters of public sector establishments (72%). Meanwhile, the key reasons behind relatively weak wage growth in the private sector include increases to the National Living Wage (23%), uncertainty about access to the single market (21%), the Government's auto-enrolment scheme (21%) and affordability (21%).

Figure 9 **Top ten causes for increase in average basic pay by 2% or more (%)**

Base: summer 2017, all employers who expect their organisation's basic pay will increase by 2% or more (n=193)

Figure 10 **Key factors that are currently restricting organisations' ability to match the inflation rate target of 2% (%)**



Base: summer 2017, all employers who expect their organisation's basic pay will increase by less than 2%, be frozen, or decrease (n=247)

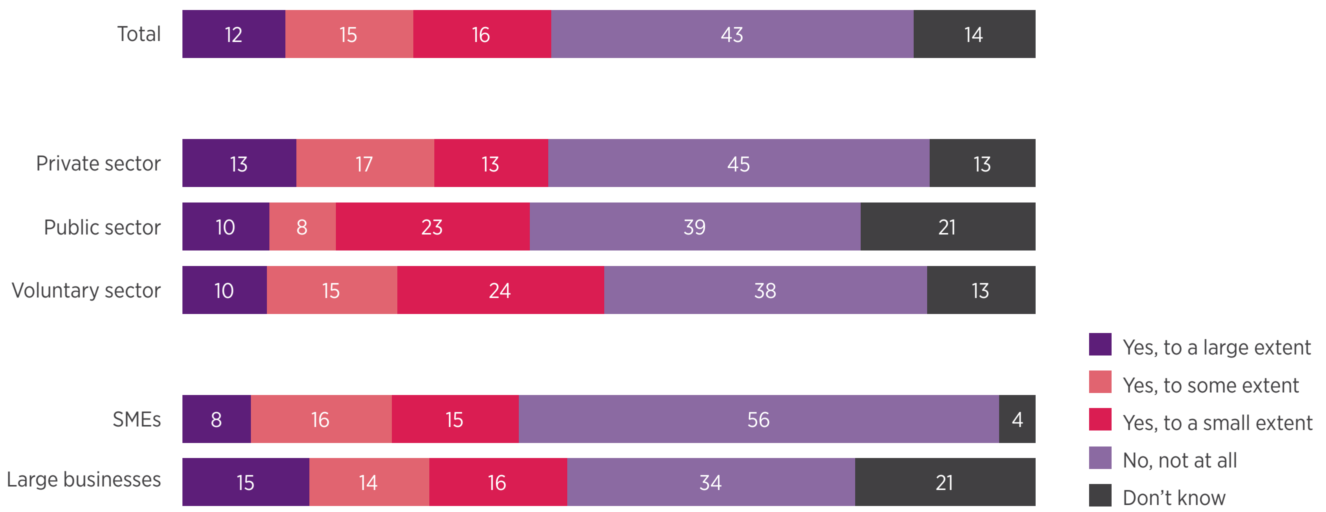
How has the increase in the National Living Wage affected organisations' wage bills?

The National Living Wage (NLW), which came into effect in April 2016, continues to increase the wage bill for many employers. More than four in ten employers (43%) report that their wage bill has seen an increase, and the same proportion (43%) has seen no effect.

Around one in six private sector employers (17%) and voluntary sector employers (15%) report that their wage bill has increased to some extent compared with less than one in ten public sector establishments (8%). However, almost one in four public sector organisations (23%) say that the wage bill has increased to a small extent at their organisation compared with just 13% of private sector employers. Overall, the private sector has seen slightly more employers experience no impact (45%), compared with a similar share (43%) who have seen an impact. Just over two-fifths (41%) of public sector employers have seen an impact compared with just under two-fifths (39%) who haven't. Smaller establishments with fewer than 250 employees seem to be less affected, with more than half (56%) reporting no effect compared with 39% that have seen an increase.

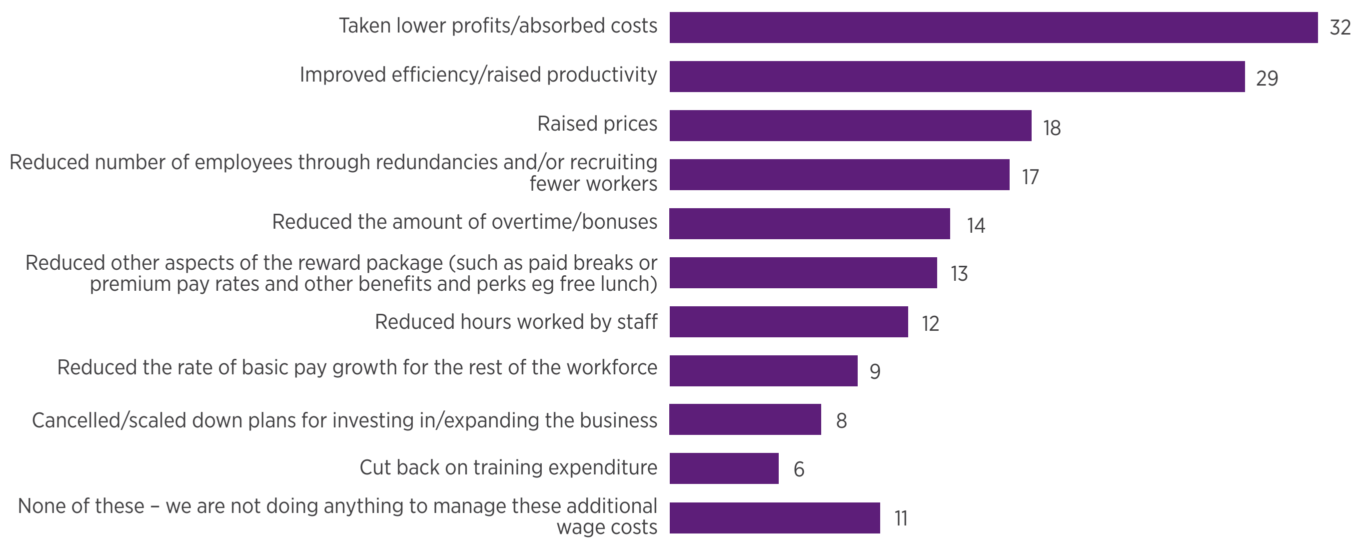
Among the LMO employers who said that the National Living Wage increased their organisation's wage bill, over eight in ten (85%) are planning to do something to manage these additional wage costs in the year ahead. One in three (32%) plan to take lower profits and/or absorb the costs, around three in ten (29%) plan to manage this through improved efficiency/raised productivity, and one in five (18%) say that they will pass on the cost to the consumer. It is perhaps no surprise that the rise in wage costs associated with the National Living Wage looks set to weigh on labour demand more heavily in the public sector than in

Figure 11 Impact of the increase in the National Living Wage (%)



Base: all employers (total: n=1,139; private sector: n=841; public sector: n=181; voluntary sector: n=117; SMEs: n=688; large businesses: n=451) the private sector given that they cannot pass on the additional costs to the consumer. More than a quarter (28%) of public sector employers say that they will look to reduce the size of their workforce compared with just under one in six (14%) private sector employers. Perhaps reflecting the low share of low-skilled jobs that have been generated over the past year, almost a fifth (19%) of low-wage employers report that the NLW increase has curbed labour demand growth. More than a third of large organisations (34%) are likely to manage the higher wage costs through improved efficiency or higher levels of productivity than SMEs (21%). Meanwhile, 7% of SME employers are likely to manage the additional wage costs through employing a larger share of the workforce on atypical employment contracts, such as zero-hour contracts, compared with 1% of large establishments.

Figure 12 **Impact of the increase in the National Living Wage (%)**



Base: all employers who said that the National Living Wage increased their organisation wage bill (n=404)

How would organisations respond to a further increase in the National Living Wage in 2018?

Half (52%) of LMO employers would respond in some way if the Government were to increase the National Living Wage in April 2018 from £7.50 to £7.80. Around one in three (31%) say that they would do nothing. Smaller establishments (1–249 employees) are more likely than large business employers to say they would not do anything to manage these additional wage costs (42% compared with 24%).

Around one in seven establishments (15%) plan to manage the additional wage costs in 2018 by taking lower profits and/or absorbing the costs. Just over one in ten employers (13%) plan to manage this through improved efficiency/raised productivity, while just over one in eight (12%) intend to offset the higher costs by reducing the number of employees through redundancies and/or recruiting fewer workers. However, the rise in wage costs associated with an additional increase in the National Living Wage looks set to weigh on labour demand for a fifth (20%) of low-wage employers.

Figure 13 Impact of a future increase in the National Living Wage (%)

Base: all employers (total: n=1,139; private: n=841; public: n=181; voluntary: n=117)

Additionally, there is some variation across sectors. Around one in five firms (20%) and voluntary sector organisations (16%) report that they plan to manage future increases by taking lower profits or absorbing costs. At the same time, just under one in ten public sector employers (9%) report that they plan to absorb the cost.

Meanwhile, around one in seven public sector employers plan to raise productivity or improve efficiency to meet the higher costs associated with the National Living Wage increase, compared with around one in eight (13%) private sector firms. However, just one in twenty voluntary sector establishments (5%) plan to offset the cost with higher productivity or improved efficiency.

When asked who they think should have ultimate responsibility for making the decision to set the annual National Living Wage increase, more than four in ten (42%) employers say that the Low Pay Commission is best placed to make the decision compared with just under four in ten (37%) employers who say that the Government is better placed.

Sample and method

Survey method

The fieldwork for the LMO survey is managed by YouGov Plc and this survey has been conducted using the bespoke YouGov online system administered members of the YouGov Plc UK panel who have agreed to take part in surveys and the CIPD membership.

The survey is based on responses from 1,139 HR professionals and senior decision-makers. The sample is targeted to senior business leaders of senior officer and above.

An email was sent to each respondent from the YouGov sample who are selected at random from the base sample according to the sample definition, inviting them to take part in the survey and providing a link to the survey. The survey was carried out online and fieldwork was undertaken between 15 June and 7 July 2017.

Weighting

The quarterly LMO survey is sampled from the YouGov panel of senior decision-makers from UK businesses. The data is weighted to be representative of the UK public and private sector business population by size of employer and sector. Rim weighting is applied using targets on size, sector drawn from business population estimates for the UK and regions 2016.

The delivered sample is drawn across all business sizes and in total 688 unweighted responses are received from Small and Medium Enterprises (SMEs) and 451 from large employers (250+ employees).

Table 3: **Respondent profile**

Variable	Unweighted n	Weighted %
Size		
2–49	534	28
50–249	154	13
250+	451	59
Sector		
Public	181	21
Private	841	73
Voluntary	117	6

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