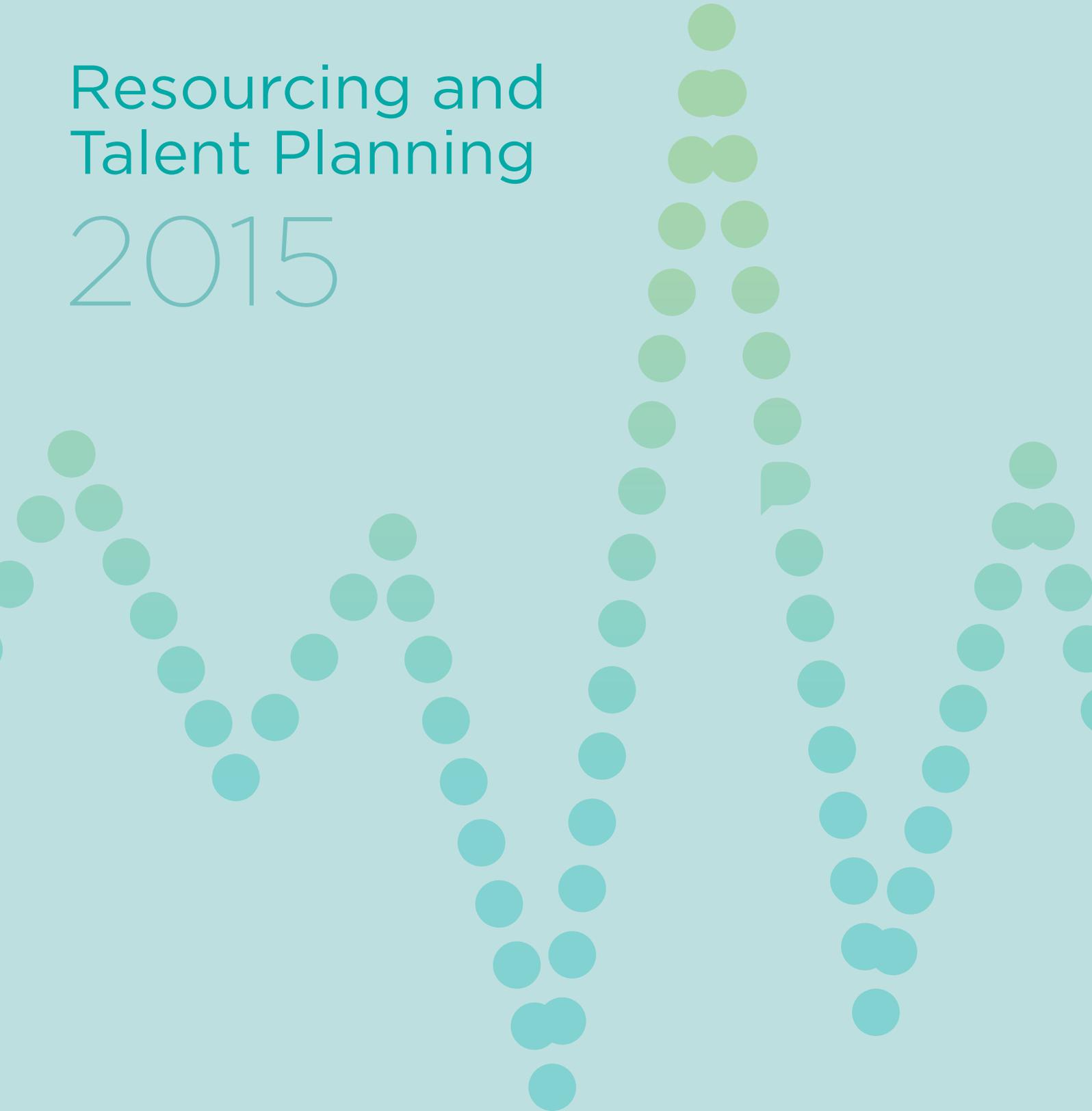


SURVEY REPORT

# Resourcing and Talent Planning 2015



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 135,000 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.

# Resourcing and talent planning

## Survey report 2015

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# Foreword from the CIPD

The *Resourcing and Talent Planning* survey is now in its nineteenth year. It is a valued survey that provides HR professionals and their organisations with benchmarking data on recruitment costs, resourcing and talent management practice and employee turnover.

It is widely known that the ‘war for talent’ remains and that organisations recognise the importance for their continued survival to have the best people. At the same time the advances in technology are changing the skills that organisations need. In this survey, we wanted to understand more about how the improved economic situation might be impacting organisations’ resourcing and talent management strategy and practice. Maybe it’s too early to tell fully, but what is clear from this survey is that organisations continue to recruit for niche talent and that resourcing budgets have increased to help them compete to fill key roles. Some roles, particularly those that are highly specialist or senior, are proving difficult to fill due to lack of skills and experience. At the same time, organisations are concerned about older workers leaving the workplace with valuable skills and with a pipeline of young people who don’t have the necessary skills to fill existing or new roles.

The survey highlights talent management becoming a higher priority for CEOs with an increased focus on talent development and retention planned for 2015, but talent management spend seems on the whole to have stayed the same (51%). We would encourage organisations to continue investment in their people, with a forward-focused view on how their skill requirements may develop in coming years to ensure they have a pipeline of talent, both internal and external, to meet these requirements and help them remain competitive.

I would like to thank the group of CIPD members whose valued experience helped shape the direction of this survey.

**Jessica Cooper**  
**Research Adviser, CIPD**

# Foreword from Hays

We are pleased to partner with the CIPD to produce this market-leading report. It highlights the resourcing trends and issues that are pertinent to HR professionals, their organisations and the wider business community.

As the economy recovers, it is becoming increasingly difficult for employers to find the talented professionals they need to take advantage of growth. The report confirms there is a growing demand for labour, an increase in permanent vacancies and that skill shortages are escalating. Gaps in the talent pipeline over the course of the recession have led to a lack of niche sector, industry and professional knowledge, as well as wider applied workplace skills.

Organisations are increasing recruitment budgets and strengthening their partnerships with external agencies to assist in sourcing the right skills. They are also investing in diversity programmes in order to fill skill gaps. In particular, organisations are focusing their efforts towards ensuring they have an age-diverse workforce by offering effective graduate and apprenticeship programmes. Organisations are also looking at ways to facilitate knowledge transfer across the organisation in order to retain knowledge, which might otherwise be lost with an ageing workforce.

The report highlights that employers now recognise the importance of building a powerful employer brand that will resonate with both future and current employees. With falling unemployment and candidate confidence to move jobs increasing, staff retention is firmly back on the agenda and is a particularly pertinent issue for organisations. Improved pay and benefits is one solution, but it is those organisations which are able to invest in learning and development opportunities in order to promote and retain their most talented professionals that will find themselves at an advantage.

Having an effective talent pipeline in place is the foundation for every successful organisation and finding the right person for a job makes businesses, economies and societies stronger. We hope this report provides you with useful information to help guide your resourcing decisions.

**Nigel Heap**  
**Managing Director,**  
**Hays UK & Ireland**  
**Hays recruiting experts worldwide**

## About us

At Hays, we are the experts in recruiting qualified, professional and skilled people. We power the world of work by truly understanding our customers' needs, locally and globally. We provide deep expertise across a wide spectrum of industries and sectors.

Our worldwide team comprises more than 8,200 recruiting experts across 33 countries, with over 2,200 of these based in the UK. Our people work with job seekers and employers to place the right people in the right jobs; we invest heavily in equipping our staff with the skills to perform to the highest standards while developing their careers. We share ideas, knowledge and experience across businesses and territories to deliver outstanding results.

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# Summary of key findings

The CIPD's *Resourcing and Talent Planning* survey, in partnership with Hays, examines organisations' resourcing and talent planning strategies and practices and the key challenges and issues they face. The 2015 survey report is based on responses from 520 organisations.

## Resourcing and talent management in the current economy

- *Half of CEOs have talent management as a key priority.*
- *Organisations are increasingly looking for talent outside of their organisation – three-quarters are recruiting key talent/niche areas.*
- *There is little change in the proportion of organisations developing more talent in-house or focusing on retaining rather than recruiting.*
- *There is a more positive outlook for resourcing budgets – at least for the private sector.*
- *There is a growing demand for labour – more than half of the private sector expect headcounts to increase in 2015, while two-fifths of the public sector anticipate decreases.*
- *There was an increase in permanent vacancies in 2014 – except in very large organisations. There is also considerable difference across sectors.*
- *The median number of short-term vacancies was higher than in 2013 but lower than the previous year – the median number of short-term vacancies in the public sector remains considerably lower than in 2012.*
- *There is not an obvious trend towards the greater use of a temporary or contract workforce – or an increased desire by employees for this type of employment relationship.*

## Recruitment difficulties

- *Skill shortages are escalating – over four-fifths feel that competition for talent has increased over the past two years. Nearly two-thirds report that the skills needed for jobs in their organisation are changing.*
- *Over three-quarters experienced recruitment difficulties last year – an increasing proportion reported difficulties recruiting all staff categories, although, as in previous years, 'other managers and professionals/specialists' and 'technical staff' were the most difficult staff categories to fill, followed by 'senior managers/directors'.*
- *Lack of specialist or technical skills and lack of sector/industry or general experience were common reasons for recruitment difficulties – although these varied according to the role. A fifth of those who have difficulty recruiting administrative or manual workers report pay is the main concern.*
- *There is little change in the practices employed to reduce recruitment difficulties – sponsoring relevant professional qualifications, up-skilling existing employees and recruiting candidates from different sectors or industries remain the most common practices organisations employ to reduce recruitment difficulties.*

### Employer brand

- *Widespread focus on improving employer brand* – particularly through developing/enhancing corporate websites and making efforts to improve the candidate experience.
- *Organisational values and good working practices are the elements of employer brand most commonly seen to be important for attracting candidates.*

### Diversity

- *Nearly three-fifths of organisations have a diversity strategy* – as in previous years, the most common methods used by organisations to address diversity issues are monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, and so on, actively trying to attract talent of all ages and training interviewers on diversity and the impact of stereotypes.
- *The public sector remains most proactive on diversity* – although a higher proportion of manufacturing and production organisations are actively trying to attract talent of all ages and report they are setting recruitment targets to correct a workforce imbalance.

### An age-diverse workforce

- *Organisations are increasing efforts to recruit all ages* – overall, two-thirds report they are actively trying to recruit all ages and backgrounds, up from 45% in 2011. A quarter are actively trying to recruit workers aged 50+, while nearly a third have increased the number of 16–24-year-olds they employ compared with one year ago.
- *Half are concerned about the skills gap that will be created when older people (aged 50+) leave the workforce* – a similar proportion are consciously

trying to transfer the knowledge of employees over 50 into other parts of the workforce.

- *Most believe that educational institutions equip young people with the skills their organisation needs, at least to a moderate extent* – but over a third (36%) believe they are poor at doing so, up from 27% in 2013.
- *Young people have unrealistic expectations regarding career opportunities* – just 16% agree that young people leave education with realistic expectations about their career.
- *Nearly half of organisations offer apprenticeships* – intern schemes are offered by a third of organisations, while post-A-level entry routes and sponsorship through university are offered by a fifth, similar findings to 2013.
- *There is an increase in organisations' graduate recruitment programmes* – nearly two-fifths operate a structured graduate recruitment programme, an increase on previous years.

### Attracting candidates

- *Organisations are increasingly combining in-house and outsourced approaches* – the proportion that conduct all recruitment activity in-house has dropped from 69% in 2013 to 58% this year.
- *Organisations are developing closer ties with recruitment partners* – while a third of respondents have reduced their use of recruitment partners over the last year, twice as many as in previous years report they have formed a closer partnership with them and consider them integral to attracting top talent.
- *Organisations are increasingly using technology to recruit* – although not as rapidly as anticipated.
- *Corporate websites are among the most effective methods*

*'Skill shortages are escalating – over four-fifths feel that competition for talent has increased over the past two years ...'*

## *‘Nearly half of the private sector increased their talent management spend last year.’*

*for attracting all employee groups – search and recruitment consultants are also among the most effective methods, particularly for more senior roles.*

### **Selecting candidates**

- *Interviews remain the most common selection method – with interviews following CVs/ application forms increasing in use over the last few years. More organisations are conducting interviews by telephone, video or Skype (although virtually all also conduct interviews face-to-face).*
- *The majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs – although this is not always the case. Similar to previous findings, organisations were less positive about the quality and promptness of candidates’ communications.*
- *Recruiting senior managers/ directors remains considerably more expensive than other employees – the median cost per hire was £7,250 for senior managers/directors, an increase on 2013 but a decrease on previous years. For other employees the median cost was £2,000, the same as in 2013 but, as with senior managers, lower than in previous years.*

### **Talent management**

- *There has been an increase in labour turnover in 2014 – reversing the steady decline observed in previous years.*
- *Nearly half of the private sector increased their talent management spend last year – while just a small minority report it decreased. The situation was considerably more mixed in the public and not-for-profit sectors.*
- *More than three-quarters of organisations had challenges retaining staff – similar to findings from the 2013 survey but showing an increase on previous years. ‘Other managers and professionals/specialists’ and ‘technical staff’ were the most difficult roles to retain as in previous years but different retention issues affected different sectors.*
- *Most made specific efforts to address retention through improvements to pay, benefits, learning and development opportunities and improving line managers’ people skills – the proportion attempting to address retention through improved pay and benefits has increased steadily since 2009, back to pre-recession levels (although this was significantly less common in the public sector). Increasing learning and development opportunities and improving line managers’ people skills were also common strategies to improve retention.*
- *Only 15% of respondents report their organisation calculates the cost of labour turnover.*

# Resourcing and talent management in the current economy

Organisations are increasingly looking to recruit external talent, although nearly half are making efforts to develop existing employees. Resourcing budgets are expected to increase in the private sector, although many in the public sector anticipate further reductions. We are seeing growing demand for labour and an increase in the number of permanent vacancies in all but very large organisations. Organisations are experiencing increased competition for talent and escalating recruitment difficulties for all categories of staff, although managers, professionals/specialists and technical positions remain most difficult to fill.

## Make or buy?

UK employers are now operating in the most buoyant employment market experienced for some time. This is adding to the challenges they face in recruiting and retaining talent and increases the impetus for effective talent management. This year we included a new question to determine whether talent management is prioritised at the highest level. Half report that talent

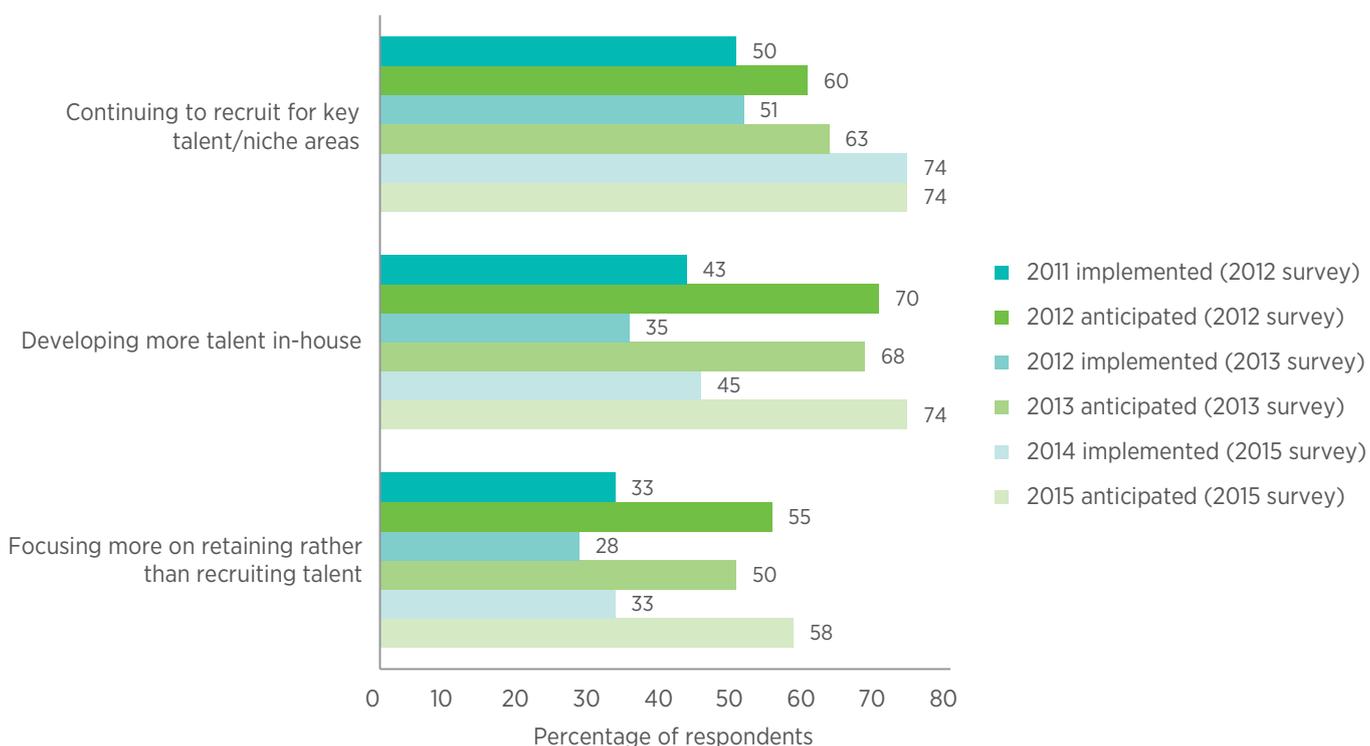
management is indeed prioritised by their CEO, although one in four reported it wasn't. Private sector organisations were most likely to report talent management is prioritised by their CEO!

Nearly half of respondents are making efforts to develop more talent in-house, while just a third are focusing more on retaining rather than recruiting talent. This shows

little change on previous years, despite our repeated findings that higher proportions expect their focus on developing and retaining talent to increase (Figure 1).

At the same time organisations are increasingly looking for talent outside of their organisation. Three-quarters of organisations continue to recruit for key talent/niche areas, a higher proportion than in previous years.

Figure 1: Changes in resourcing and talent practices (% of respondents)



Base: 519 (2015 survey); 438 (2013 survey); 501 (2012 survey)

**The impact of the economic climate on resourcing**

With organisations increasingly looking for talent externally, the outlook for resourcing budgets is also more positive than has been over the last few years (Figure 2). Again, however, there are significant sector differences in resourcing budgets, with the private sector most likely to anticipate increases and the public sector most likely to anticipate a reduction.<sup>3</sup> In addition,

smaller organisations are most likely to anticipate an increase and larger organisations a reduction.<sup>4</sup>

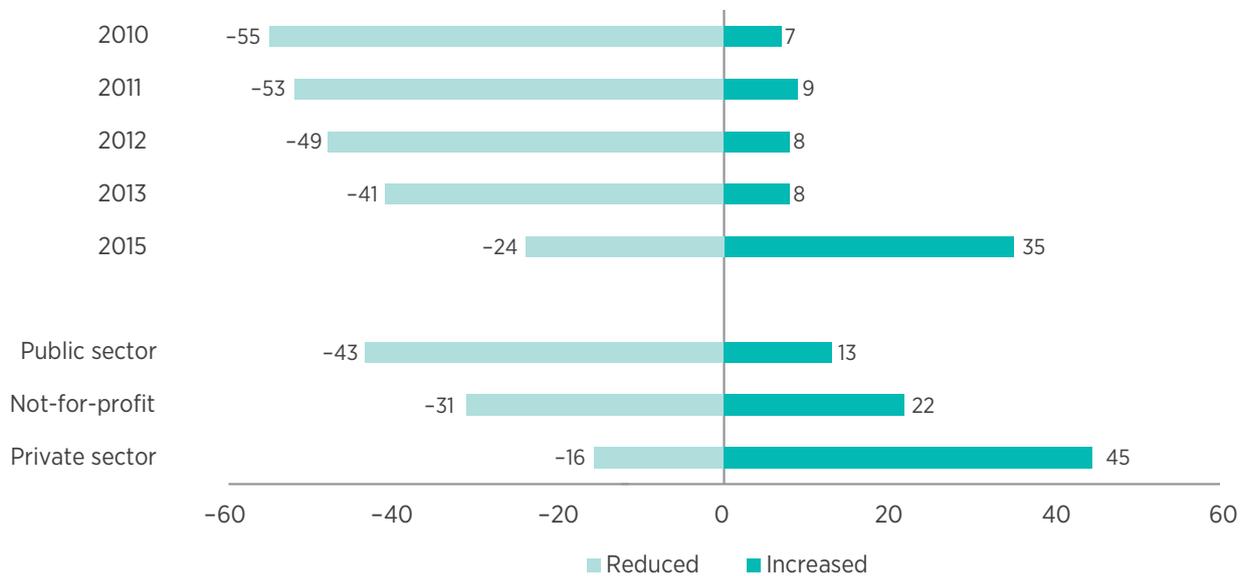
**Growing demand for labour**

In line with wider economic growth, organisations are more likely to have increased than reduced their headcount in 2014 and this is expected to continue (Figure 3). The exception is in the public sector, which faces ongoing budget cuts in efforts to address the deficit.

**Increase in permanent vacancies – except in larger organisations**

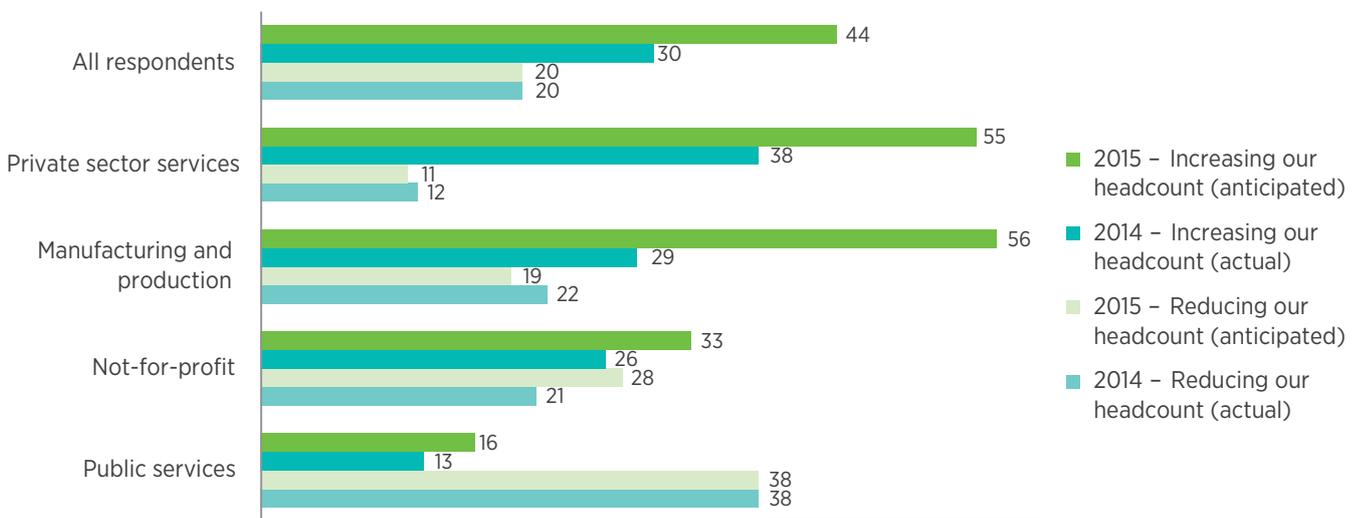
The number of permanent vacancies organisations tried to fill was strongly related to organisation size.<sup>5</sup> Overall, the median number of permanent vacancies in organisations with fewer than 1,000 employees increased considerably in 2014, back to levels similar to those before the economic crisis, and larger organisations with 1,000–4,999 employees also show

**Figure 2: Impact of the current economic climate on organisations' resourcing budgets (% of respondents)**



Base: 441 (2015); 430 (2013); 475 (2012); 572 (2011); 463 (2010); 'Don't knows' excluded for comparability

**Figure 3: Changes in headcount in 2014 and anticipated in 2015, by sector (%)**



Base: 520

an increase on the last few years (Table 1).

There are, however, considerable differences across sectors. The median number of vacancies that the public and not-for-profit sectors tried to fill in 2014 show an increase on 2013 but remain lower than previous years.

Moreover, the median number of vacancies in very large organisations (more than 5,000 employees) remains comparatively low. As noted below (see 'Availability of labour', page 10), larger organisations are more likely to report that

technology and automation is replacing some jobs. It is also likely that larger organisations, which have more scope for belt-tightening and efficiencies, are retaining the focus on costs necessitated by the economic downturn and uncertainty of the last few years.

*Short-term job vacancies – dramatic decline in the public sector*

As with permanent vacancies, the number of short-term vacancies was strongly related to organisation size<sup>6</sup> and varied considerably within and between sectors (Table 2). The median number of short-term vacancies

*'... there are significant sector differences in resourcing budgets with the private sector most likely to anticipate increases and the public sector most likely to anticipate a reduction.'*

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

Number of permanent employees	Vacancies in 2014 (2015 survey, base: 328)	Vacancies in 2013 (2015 survey, base: 223)	Vacancies in 2012 (2013 survey, base: 422)	Vacancies in 2011 (2012 survey, base: 500)	Vacancies in 2010 (2011 survey, base: 577)	Vacancies in 2009 (2010 survey, base: 442)	Vacancies in 2008 (2009 survey, base: 683)
<b>All sectors</b>	<b>20</b>	<b>10</b>	<b>25</b>	<b>25</b>	<b>20</b>	<b>20</b>	<b>30</b>
1-49	2	2	3	2	3	3	10 <sup>b</sup>
50-249	20	12	15	15	12	12	
250-999	60	35	45	40	45	46	60 <sup>b</sup>
1,000-4,999	200	123	150	120	110	100	300 <sup>b</sup>
More than 5,000	293	380 <sup>a</sup>	600	300	200	550	800
<b>Private sector</b>	<b>21</b>	<b>10</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>20</b>
1-49	2	2	3	2	3	3	10 <sup>b</sup>
50-249	20	16	15	15	12	10	
250-999	60	38	44	40	50	45	52 <sup>b</sup>
1,000-4,999	204 <sup>c</sup>	200 <sup>e</sup>	250	150	150	100	300 <sup>b</sup>
More than 5,000	250 <sup>d</sup>	260 <sup>f</sup>	550	400	500	850	800
<b>Public sector</b>	<b>33</b>	<b>25</b>	<b>85</b>	<b>40</b>	<b>30</b>	<b>80</b>	<b>100</b>
<b>Not-for-profit</b>	<b>15</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>

a Only 14 organisations were in this category, so the median should be considered with caution.

b The categories for number of permanent staff employed in the UK differed slightly in the 2009 survey (250 or fewer; 251-500; 501-1,000; 1,001-5,000; 5,001-10,000; 10,001+). 2009 categories have been combined where appropriate and otherwise matched with the best corresponding category of 2010-11.

c Only 19 organisations were in this category, so the median should be considered with caution.

d Only 17 organisations were in this category, so the median should be considered with caution.

e Only 10 organisations were in this category, so the median should be considered with caution.

f Only 11 organisations were in this category, so the median should be considered with caution.

**Table 2: Median number of short-term and permanent vacancies organisations tried to fill, by sector**

	Vacancies in 2014 (2015 survey, base: 337)		Vacancies in 2013 (2015 survey, base: 233)		Vacancies in 2012 (2013 survey, base: 425)	
	Short-term vacancies	Permanent vacancies	Short-term vacancies	Permanent vacancies	Short-term vacancies	Permanent vacancies
All respondents	4	20	2	10	6	25
Private sector	3	21	1	10	4	18
Public services	7	33	5	25	33	85
Not-for-profit	4	15	2	10	5	20

Note: This question was first asked in the 2013 survey.

is highest in the public sector, as would be expected given that public sector organisations tend to be larger.<sup>7</sup> Nevertheless, the median number of short-term vacancies in the public sector has declined dramatically since 2012.

*The trend towards temporary workers is not proven*

We hypothesised that the number of short-term vacancies would be higher than previous years, following several years of economic

uncertainty, an increasing desire for more flexible workforces and the changing nature of workers’ preferences. Our research did not clearly support this. Approximately a third had increased their use of temporary workers, compared with the previous year, while a fifth had decreased their use.

A third of respondents feel they have to offer permanent positions to hire good candidates, although a similar proportion disagrees with

this. Overall, two-thirds disagree that workers prefer temporary and contract work to permanent employment contracts (Figure 4).

**Availability of labour**

The employment market has changed considerably since we last conducted this survey in 2013. This year we included a number of new questions to help us better understand the changing nature of work, demands for labour and the search for talent.

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



Base: 520

The majority of organisations report that competition for talent has increased over the past two years (Figure 4). Competition for talent is most commonly seen to be increasing in the private sector, where more recruitment is taking place (86% report that competition for talent is greater now compared with 73% of the public sector and 72% of not-for-profits).<sup>8</sup> This trend may be exacerbated by the growth in employment, but it also reflects changes in organisations that are resulting in a growing demand for specific or technical skills that are not readily available in the labour market. A quarter of organisations report that technology and automation is replacing some jobs in their organisation, but this is more common in larger businesses, which are also most likely to report

that the skills needed for jobs in their organisation are changing.<sup>9</sup>

Organisations are twice as likely to agree than disagree that it is an employees' rather than an employers' market at the moment. Many, particularly large organisations, are responding to skill shortages by recruiting from a wider geography.<sup>10</sup>

### Recruitment difficulties

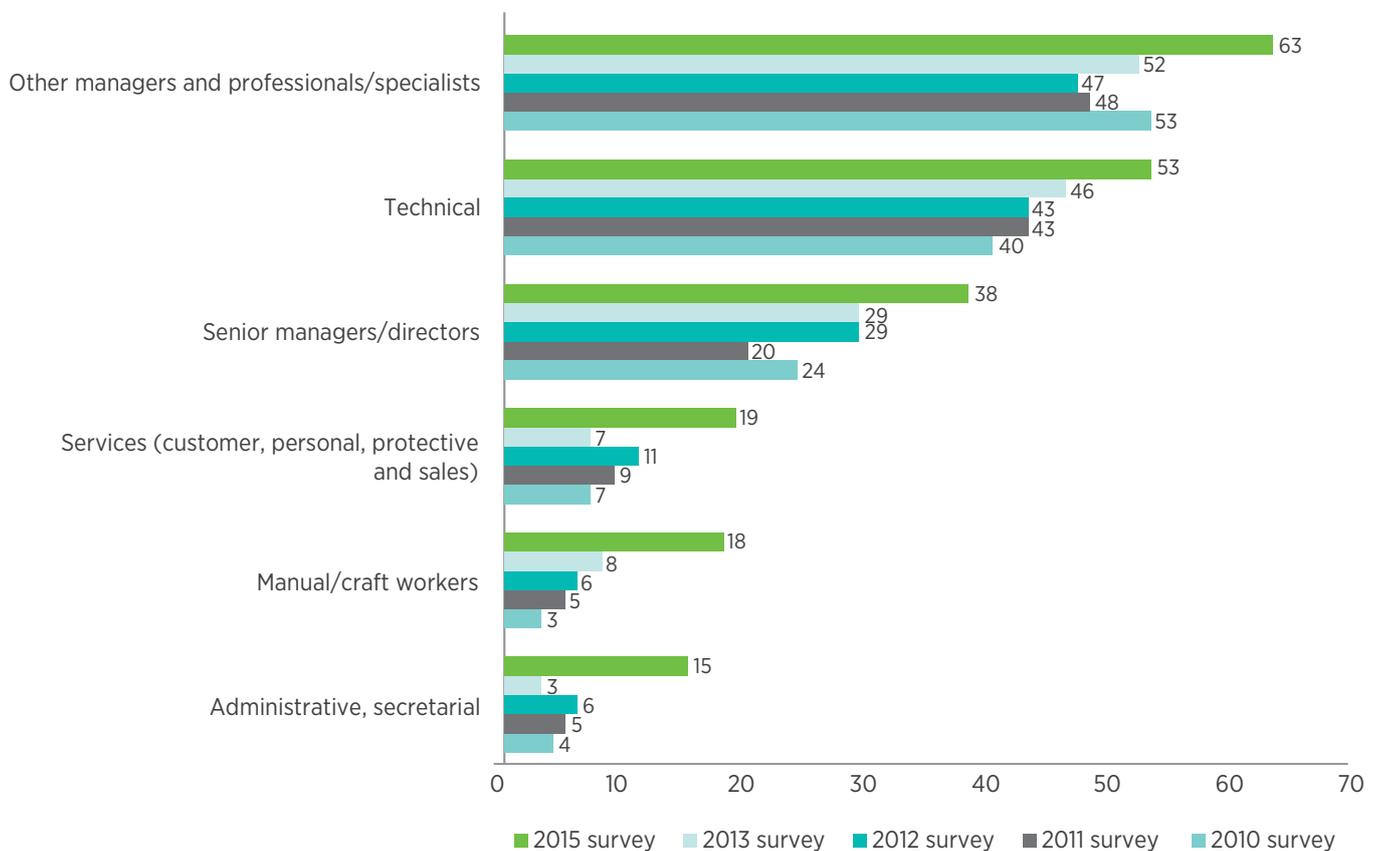
Over three-quarters of organisations that had attempted to fill vacancies experienced recruitment difficulties in the last year, regardless of sector (2014: 78%; 2013: 60%; 2012: 82%; 2011: 75%; 2010: 68%; 2009: 81%; 2008: 86%). Very small organisations (which have more limited recruitment needs) were least likely to have experienced difficulties (58% of

organisations with fewer than 50 employees experienced recruitment difficulties).<sup>11</sup> The number of vacancies organisations attempted to fill did not have a significant impact on whether or not they had experienced recruitment difficulties, except in organisations with fewer than 50 employees.<sup>12</sup>

### All staff categories more difficult to fill

As in previous years, 'other managers and professionals/specialists' and 'technical staff' were the most difficult staff categories to fill, followed by 'senior managers/directors'. A higher proportion of respondents reported difficulties in this survey recruiting all staff categories compared with previous years (Figure 5).

Figure 5: Roles/skills that proved difficult to recruit for in the last year (% of respondents with recruitment difficulties)



Base: 335 (2015); 242 (2013); 400 (2012); 423 (2011); 326 (2010)

*‘Over three-quarters of organisations that had attempted to fill vacancies experienced recruitment difficulties in the last year.’*

Manufacturing and production organisations were particularly likely to report difficulties filling manual/craft positions (42% compared with 22% of not-for-profits, 13% of private services and 9% of the public sector).<sup>13</sup> The private services sector and not-for-profits had most difficulty recruiting services staff (24% and 22% respectively compared with 11% of manufacturing and production and 8% of the public sector).<sup>14</sup> These difficulties reflect the demand for different types of positions within sectors.

top reasons for all staff categories except service staff, where lack of experience (both sector/industry and general) is more commonly an issue. Lack of relevant sector/industry experience is also a common cause of difficulty in recruiting senior and other managers, professionals and specialists. A fifth of those who have difficulty recruiting administrative or manual workers report pay as the main concern.

The main reasons for recruitment difficulties vary according to the role (Table 3). Lack of specialist or technical skills, however, is among the

**Table 3: Primary reason for recruitment difficulties by role (% of respondents with recruitment difficulties for each category of staff)**

	Senior managers/directors	Other managers and professionals/specialists	Administrative, secretarial	Technical	Services (customer, personal, protective and sales)	Manual/craft workers
Lack of specialist or technical skills	16	32	16	50	10	22
Lack of relevant sector/industry experience	25	19	12	11	18	10
Looking for more pay than you could offer	11	13	22	13	13	19
No applicants	8	9	10	6	10	16
Looking for a better package than you can offer	7	7	6	5	11	7
Lack of general experience	5	6	14	2	18	9
Reluctance to change jobs in the current economic climate	4	3	4	3	0	2
Image of sector/occupation/organisation	10	2	2	2	6	5
Relocation difficulties	3	1	4	1	0	2
Reluctance to leave current organisation	3	1	2	2	0	0
Lack of formal qualifications	0	1	0	1	2	5
Lack of interpersonal skills	3	0	6	2	8	2
The impact of the immigration cap	0	0	0	1	0	0
Other	4	3	2	2	5	2

Base: 331

**Figure 6: Practices currently undertaken or would be considered to reduce recruitment difficulties (% of respondents)**



Base: 506

**Addressing recruitment difficulties**

As we found in the last survey, the most common practices organisations employ to reduce recruitment difficulties include sponsoring relevant professional qualifications, up-skilling existing employees and recruiting candidates from different sectors or industries (Figure 6).

Many of the practices are more common in larger organisations. Here organisations are focusing on developing apprenticeship schemes, sponsoring professional qualifications, recruiting candidates from different sectors and industries, recruiting candidates

from overseas, outsourcing activity to other organisations and partnering with other organisations to fill the skill gap.<sup>15</sup> In addition, very small organisations (fewer than 50 employees) were less likely to be up-skilling existing employees to fill hard-to-recruit-for positions.<sup>16</sup>

Not-for-profit organisations were less likely than those from other sectors to recruit from overseas to address their difficulties (17% compared with 34% of the private and 43% of the public sector),<sup>17</sup> 29% reported they would not consider this practice (in comparison with 21% of the private sector and 25% of the public sector).

# Attracting employees

We are seeing widespread focus on improving the employer brand, particularly through developing/enhancing corporate websites. An increasing proportion of organisations are actively trying to recruit people of all ages and backgrounds. Young people are seen to have unrealistic expectations regarding career development and an increased proportion of organisations believe that educational institutions are poor at equipping young people with the skills their workplace needs. Many organisations use a range of activities to develop skills and access younger workers.

## Employer brand

### *Widespread focus on improving employer brand*

Most organisations have made efforts to improve their employer brand over the last two years (86%). Smaller organisations are less likely to have attempted to improve their brand, but even so, three-quarters of those with fewer than 50 employees had made some efforts and 85% of those with 50–249 employees had done so (compared with 90% of larger organisations).<sup>18</sup>

Across all sectors, developing/enhancing corporate websites was the most common action taken to improve employer brand, by two-thirds of organisations overall, followed by efforts to improve the candidate experience, attending career fairs or networking events and making changes to their value proposition (Figure 7).

Figure 7: Action undertaken in the last two years to improve employer brand (% of respondents)



Base: 517

## Case study: L'Oréal – their people are worth it!

**L'Oréal is the world's number one beauty company, present in 130 countries, five continents, employing over 77,000 people globally and 3,500 in the UK and Ireland. By 2020 the group aims to recruit 1 billion new consumers globally as part of its universalisation strategy.**

Pivotal to the group's success is its culture of innovation and entrepreneurialism. The belief that people rather than processes fuel ideas is a mantra that allows L'Oréal to attract and retain the best talent.

Catrin Roberts, Recruitment Director for L'Oréal UK&I, explains: *'We find talent are equally attracted to our position as industry leader of 28 different beauty brands, as they are to our fast-moving innovative culture. We're clear we want people who are bold, daring and creative – people who have an innovative flair and believe "nothing is impossible".'*

Alongside world-leading brands, L'Oréal realises that as part of the company's attraction and retention strategy are its CSR commitments. The group's sustainability commitment for 2020 – *'Sharing beauty with all'* – revolves around producing, living and developing sustainably. Clear targets have been set for 2020 to reduce CO<sub>2</sub> emissions by 60%, to enable 100,000 people from underprivileged communities to access work and to give employees access to health care, social protection and training, wherever they are in the world.

*'People are becoming savvier about CSR. They want to know what we're committing to, and what we're doing to give back to our communities. We support over 250 charities at L'Oréal UK&I alone,'* explains Negin Lankarani, Graduate & Intern Manager.

Diversity plays a huge part in L'Oréal's ability to recruit a range of talents, with the company believing that a diverse workforce is key to promoting a creative and innovative environment. The company actively works to attract a gender balance by supporting the Male Undergraduate of the Year Programme, encouraging an agile approach to working, and it also works with the Army Career Service to offer individuals work experience opportunities to support their integration back into the world of work following serious or life-changing injuries. As Negin Lankarani states, *'it's not about a one-size-fits-all approach, it's about offering a whole range of different initiatives to create an inclusive environment ... that's what our experienced hires as well as our interns and graduates want and expect from us.'*

L'Oréal also strives to create opportunities for young people coming from diverse social and academic backgrounds through industrial placements, internships and graduate management trainee schemes.

Every year they recruit over 100 industrial placements, including summer internships, and over the last two years they have offered over 70% of the management trainee places to previous interns. The management trainee scheme is a 12-month rotational programme where individuals get to experience different divisions and functions within the business. All management trainees have a structured training programme and receive an HR sponsor throughout their time on the programme. Their performance and development on the scheme is frequently tracked, ensuring that top talent is recognised and retained.

L'Oréal offers tailor-made career paths across 28 of its international brands because, as Catrin Roberts explains, *'people have different needs and wants at different points in their career and as a company we need to be flexible and agile to meet the individuals' needs.'* Career paths are tailored to meet people's competencies and aspirations to promote mobility within country as well as at group level across the different divisions and functions. Regular appraisal of performance where technical skills, key job accountabilities and behavioural competencies are evaluated is fundamental to supporting individuals with their next step and designing a development plan that supports their longer-term career aspirations.

*‘Most organisations have made efforts to improve their employer brand over the last two years (86%).’*

*Organisational values and working practices attract candidates*

Organisational values and good working practices are the elements of employer brand most commonly seen to be important for attracting candidates (Table 4). There are, however, variations across sectors. The public sector is significantly more likely to include their working practices among their most important attractors, while not-for-profits are more likely to include their organisational values.<sup>19</sup> Private sector organisations are more likely to include the perception of the organisation in the marketplace and least likely to include the perception of the organisation in society among their top brand attractors.<sup>20</sup>

**Diversity**

In little change from previous years, nearly three-fifths of organisations (58%) report they have a formal diversity strategy. Public sector organisations are most likely to have a formal diversity strategy (87%) and the private sector the least (47%).<sup>21</sup>

Diversity strategies are also more common in larger organisations (regardless of sector).<sup>22</sup>

As in previous years, the most common methods used to address diversity issues are monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age, and so on, actively trying to attract talent of all ages and training interviewers on diversity and the impact of stereotypes (Figure 8). An increasing proportion of organisations are actively trying to attract talent of all ages and backgrounds.<sup>23</sup>

*The public sector remains most proactive on diversity*

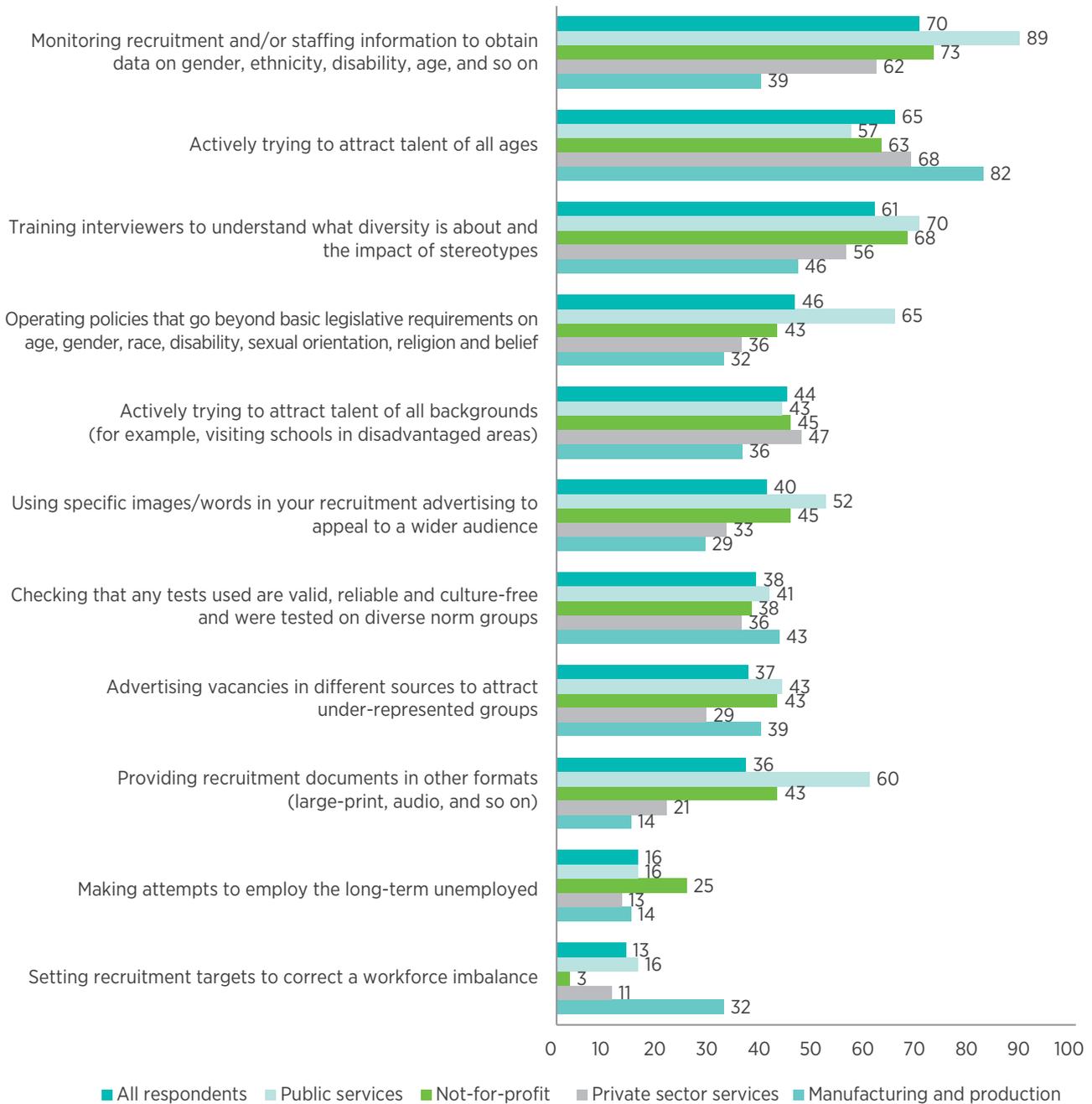
The public sector still leads the way in using a range of methods to address diversity issues (Figure 8). Nevertheless, a higher proportion of manufacturing and production organisations are actively trying to attract talent of all ages and set recruitment targets to correct a workforce imbalance.

**Table 4: Which three elements of your employer brand are most important to attract candidates? (% of respondents)**

	All respondents	Private sector	Not-for-profit	Public sector
Organisational values	53	49	68	55
Working practices, for example flexible working, performance management	49	45	51	60
Perception of organisation in the marketplace	39	48	15	30
Organisation’s goals and strategy	38	36	47	36
Perception of organisation in society	28	22	45	35
Physical workplace	22	24	15	22
Employee communications and involvement	16	18	16	9
Leadership	14	17	9	10
Use of technology	9	12	1	5
Corporate social responsibility agenda	7	7	11	7
Diversity and inclusion agenda	4	2	4	12
Other	3	3	1	4

Base: 520

**Figure 8: Methods used to address diversity issues in organisations (% with formal diversity strategy)**



Base: 255

**An age-diverse workforce**

As noted above, the proportion of organisations that are actively trying to attract talent of all ages is increasing (2015: 65%; 2013: 60%; 2012: 59%; 2011: 45%). A new question this year found that a quarter of organisations across all sectors and sizes are actively trying to recruit workers aged 50+. Nearly a third (32%; 2013:

29%) have increased the number of 16–24-year-olds they employ compared with one year ago. Just 10% (2013: 8%) report they employ fewer younger workers.

Overall, a third of organisations are employing a much more age-diverse workforce compared with two years ago. Manufacturing and production organisations are most

likely to be doing so.<sup>24</sup> Organisations are split regarding whether or not this makes talent management more complex, with 28% agreeing it does and 30% disagreeing.

*The value of older workers*

A new question this year explored concerns regarding the potential loss of skills when older people (aged 50+) leave the

## Case study: Timpson Group (Timpson & Max Spielmann)

Timpson is a family-owned multi-service operation, best known for their 1,300+ branches repairing shoes, jewellery, watches, cutting keys and photo services in Ireland and the UK, where they employ over 3,500 people.

Timpson does not have an HR department but a colleague support team with similar functions, explains Louise Plevin, Colleague Support Advisor at Manchester. They assist and help area managers, the area teams and also colleagues with regards to any issues.

Timpson uses the word 'colleagues' rather than 'staff' or 'employees' with a view to building and maintaining a collaborative and supportive working environment far from traditional hierarchies.

Diversity is a value deeply rooted into their culture.

Age diversity within the organisation is wide, as they hire young people wanting to work straight after college but also long-serving colleagues that are nearing retirement age.

They are also an ex-offender-friendly employer, as 10% of their workforce is composed of colleagues with criminal records. Women- and age-friendly policies and practices are also in place.

To cater for the diverse workforce, Timpson offers agile solutions such as flexible working or homeworking. These are potentially open to anyone and have been successfully adopted by women returning from maternity leave or colleagues with caring responsibilities for older relatives.

From a diversity perspective, any recruitment strategy set in stone is avoided, as well as formal diversity metrics, in order to be open to any business need and brilliant candidate.

*'What really matters is the attitude and the personality of our colleagues,'* says Louise. Avoiding positive and negative discrimination to create an inclusive environment is considered important. Branches have clear guidelines and training is provided, but they also need to be flexible while filling vacancies in order to ensure the best match.

*'It's about finding the right colleagues that are going to operate in a branch comfortably. The right person could be anybody from any walk of life and with any sort of background,'* she specifies. Successful candidates are then provided with technical training to ensure they have the right set of skills.

Performance is measured through customer feedback and branch figures, with the colleague support team providing insight on turnover and other factors to each area. High-performing colleagues are rewarded accordingly. Branches are composed of only one or two people, therefore it is easier to monitor their performance and recognise the people responsible for their success.

Timpson's recruitment strategy is business-proofed; they want to ensure that every single time a customer visits a branch, they are provided with great service by great colleagues.

workforce. Overall, just over half of organisations that responded in the survey are concerned about the skills gap that will be created, but this rises to two-thirds of those in manufacturing and production and the public sector.<sup>25</sup>

Just over half are consciously trying to transfer the knowledge of employees over 50 into other parts of the workforce. Manufacturing and production organisations are particularly likely to be doing this (73% compared with half of those in other sectors).<sup>26</sup> Those who are

concerned about the skills gap that will be created when employees aged 50+ leave are most likely to be proactive in attempting to transfer their knowledge to other parts of the workforce.<sup>27</sup> Nevertheless, 29% of those who have concerns about the skills gap are not consciously

trying to transfer knowledge to other parts of the organisation.

*The role of education institutions in equipping young people for work*

Over a third (36%) believe that schools, colleges and universities are poor at equipping young people with the skills their organisation needs, up from 27% in 2013 (Figure 10). The private sector are most likely to report the education system does not fulfil their skill needs, while the public sector are more positive.<sup>28</sup> Smaller organisations, which may have fewer resources to invest in training, are also more negative.<sup>29</sup>

*Young people have unrealistic expectations regarding career opportunities*

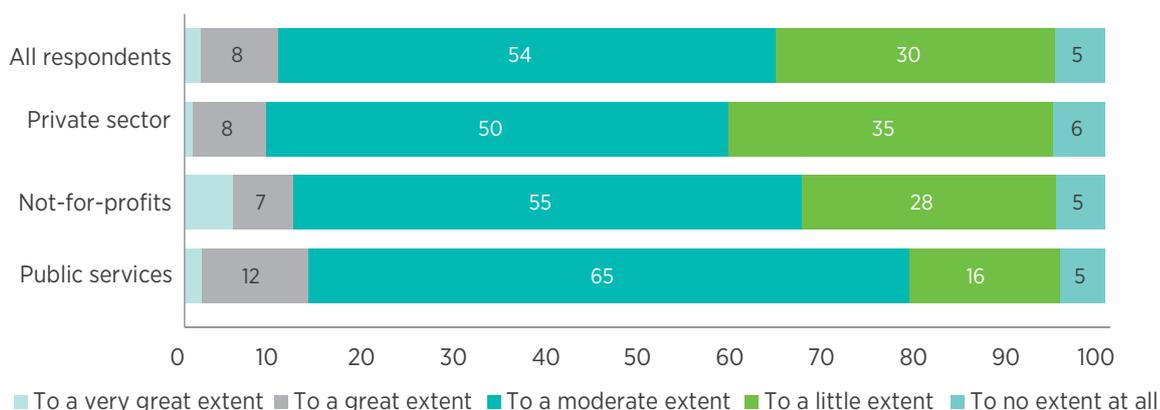
A new question this year examined how realistic young people’s career expectations are when they leave school, college or university. Just 16% of respondents agree that young people leave with realistic expectations about their career. Four times as many disagree (65%), while 19% don’t know. Respondents in manufacturing and production and the public sector were slightly more positive (just over a fifth agreed young people have realistic career expectations and just over half disagreed).<sup>30</sup>

*Initiatives to develop skills*

Many organisations use a range of activities to develop skills and access younger workers (Figure 11). In similar findings to 2013, apprenticeships are offered by 48% of organisations overall (including the 1% who plan to stop using them), although they are more common in manufacturing and production and public sector organisations (62% and 57% respectively).<sup>31</sup>

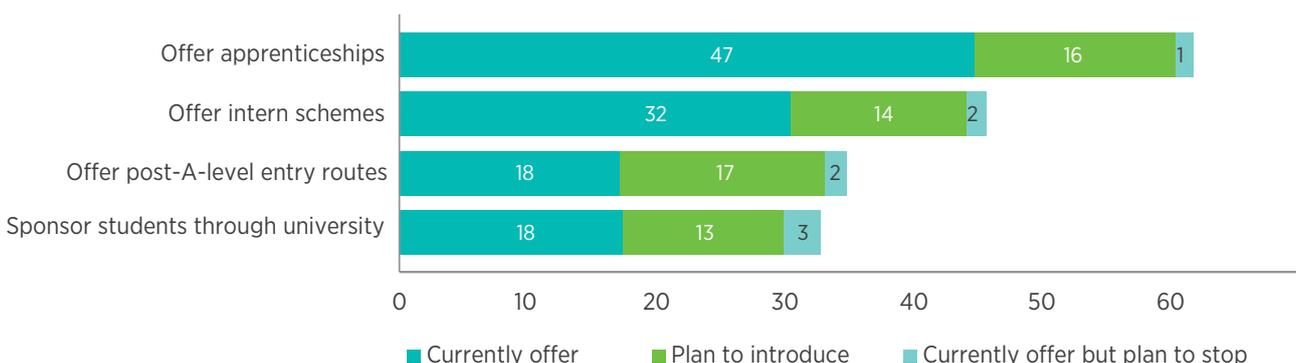
A third currently offer internship schemes, while a fifth sponsor students through university or offer post-A-level entry routes. All these schemes are more common in larger organisations.<sup>32</sup>

**Figure 10: To what extent do you think schools/colleges/universities equip young people with the skills your organisation needs? (% of respondents)**



Base: 520

**Figure 11: Is your organisation currently implementing or planning to introduce any of the following activities? (%)**



Base: 511

**Table 5: Organisations operating a structured graduate recruitment programme, by sector (% of respondents)**

	2015	2013	2012	2011	2010	2009	2008
All	38	24	31	27	34	22	23
Manufacturing and production	34	28	44	35	35	23	24
Private sector services	41	27	33	29	37	24	27
Public services	46	29	32	26	33	23	24
Not-for-profit	19	7	6	6	18	5	7

Base: 497 (2015); 521 (2012); 614 (2011); 472 (2010); 752 (2009)

**Increases in graduate recruitment programmes**

Overall, nearly two-fifths of organisations operate a structured graduate recruitment programme. This shows an increase on most previous years, mainly due to increases in the public and not-for-profit sectors, although structured graduate programmes remain considerably less common in the latter (Table 5).<sup>33</sup> Larger

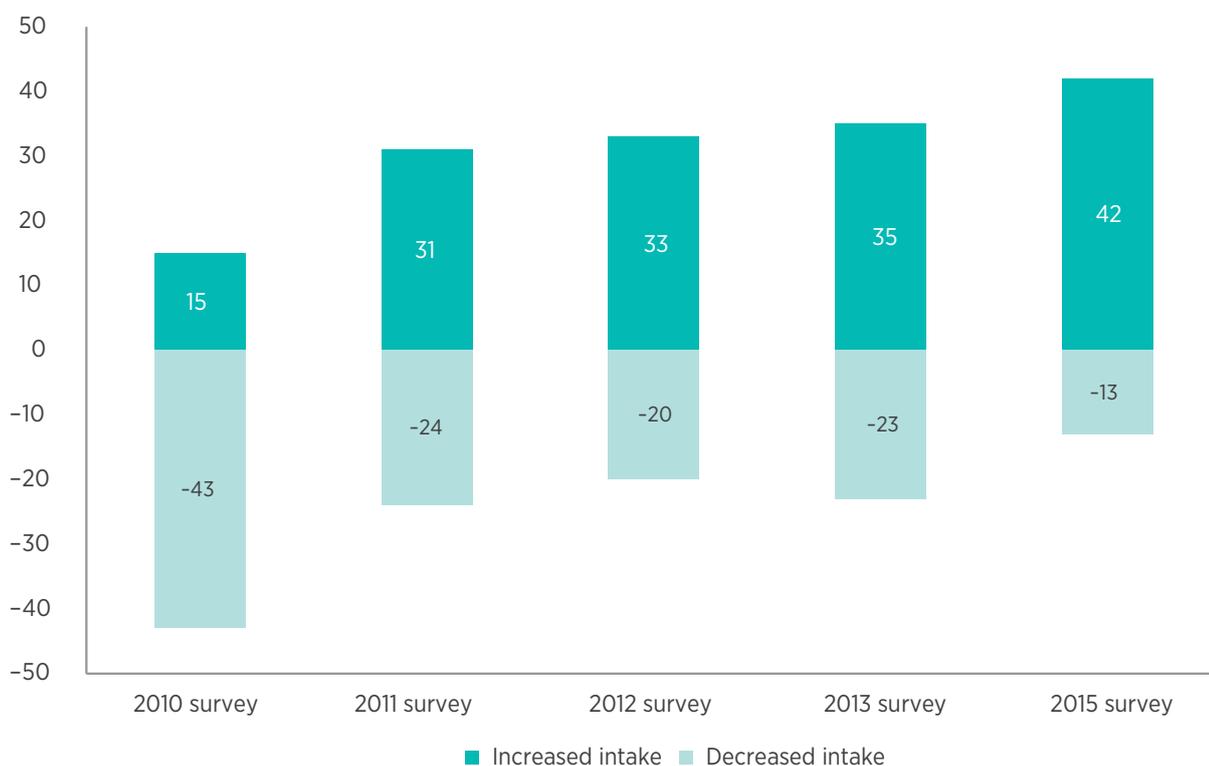
organisations are most likely to have graduate programmes.<sup>34</sup>

Figure 12 suggests that intake onto graduate programmes has also increased. Two-fifths (42%) of those with graduate recruitment programmes have increased their intake over the last 12 months, while 13% have reduced their intake. Private sector organisations were most likely to have increased

their intake (49% compared with 31% of non-profits and 26% of the public sector). There were no significant differences across sizes of organisation.

Just 3% of those without graduate recruitment programmes report they have recently closed their schemes.

**Figure 12: Changes to intake of graduate recruitment programmes, by year (% of those with structured graduate recruitment programmes)**



Base: 497 (2015); 521 (2012); 614 (2011); 472 (2010)

# The recruitment process

Organisations are increasingly turning to external agencies to assist with certain elements of recruitment, particularly for attracting top talent. The use of new media/technology to recruit is also increasing. Corporate websites are considered one of the most effective methods of attracting candidates and more organisations are conducting interviews through telephone or video/Skype, as well as face-to-face. The majority of candidates arrive promptly for interviews, behave with sincerity and provide accurate CVs. Employers were less positive about the quality and promptness of candidates' communications.

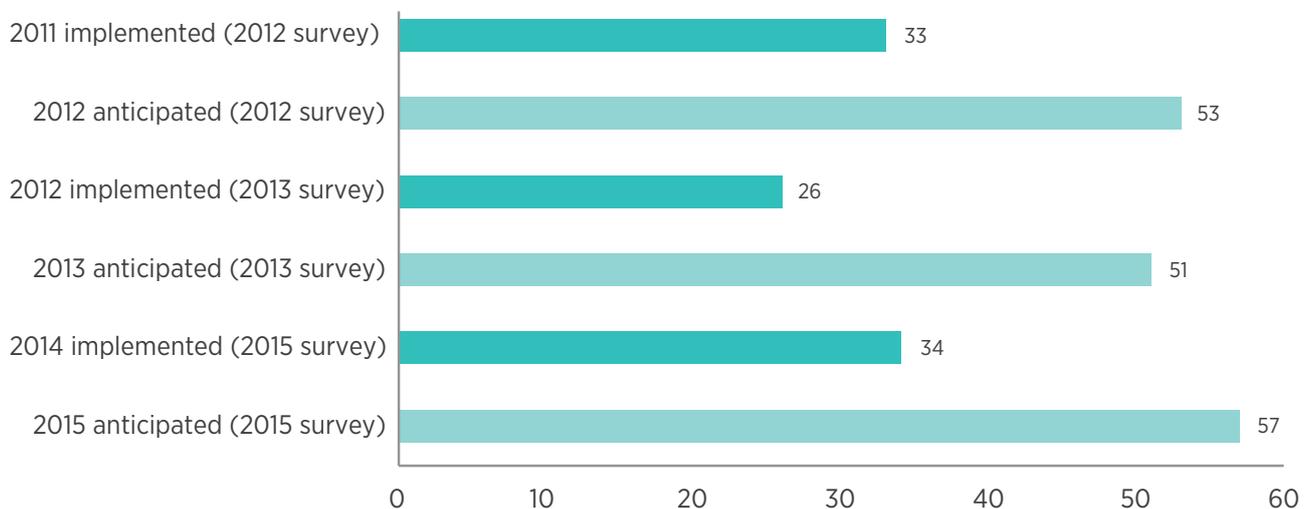
A third of organisations report that in 2014 they invested more time and effort in the quality of candidates they hired, similar to previous years. More expect to do so in 2015, but our previous surveys suggest that expectations are not always put into practice (Figure 13).

## Sourcing candidates

Organisations are increasingly combining in-house and outsourced approaches.

There has been a fall in the proportion that conduct all recruitment activity in-house from 69% in 2013 to 58% this year. Only a very small minority (2015: 2%; 2013: 3%) outsource all recruitment activity, but there has been an increase in the proportion that combine in-house and outsourced approaches (2015: 40%; 2013: 28%). This increase is observed in all sectors except the public sector, where 70% (as in 2013) still conduct

**Figure 13: Organisations who state they are/intend to invest more time and effort in the quality of candidates as part of their resourcing processes (% of respondents)**



Base: 520

all recruitment activity in-house. Manufacturing and production organisations are least likely to conduct all recruitment activity in-house (38% compared with 59% of private sector services, 62% of not-for-profits and 70% of the public sector).<sup>35</sup>

**Closer ties with recruitment partners**

While a third of respondents have reduced their use of recruitment partners over the last 12 months, twice as many organisations as in previous years report they have formed a closer partnership with recruitment partners and consider them integral to attracting top talent (regardless of sector or size) (Figure 14 and Table 6). Organisations may be more selective in their use of recruitment partners to target limited budgets most effectively and attract the skills they need. Collaborative relationships with partners are more likely to achieve positive results as they help foster a good understanding of the organisation and its requirements.

The most common factors that influence choice of recruitment partners are access to highly skilled candidates (64%) and cost (60%, rising to 87% of the public sector).<sup>36</sup> More than half also prioritise specialist knowledge (56%) and existing relationships (52%).

**Increasing use of technology to recruit**

The use of new media/technology to recruit is increasing, although not as rapidly as anticipated (Figure 15). Corporate websites are commonly ranked among the three most effective methods for attracting candidates for all employee groups (Table 6). Commercial job boards are also among the top methods for middle managers, specialist, technical, professional employees and team members/administrative employees. In addition, a quarter or more include professional networking sites (such as LinkedIn) among their top methods of attracting higher-level candidates. Social networking sites (such as Facebook) are seen to be less effective.

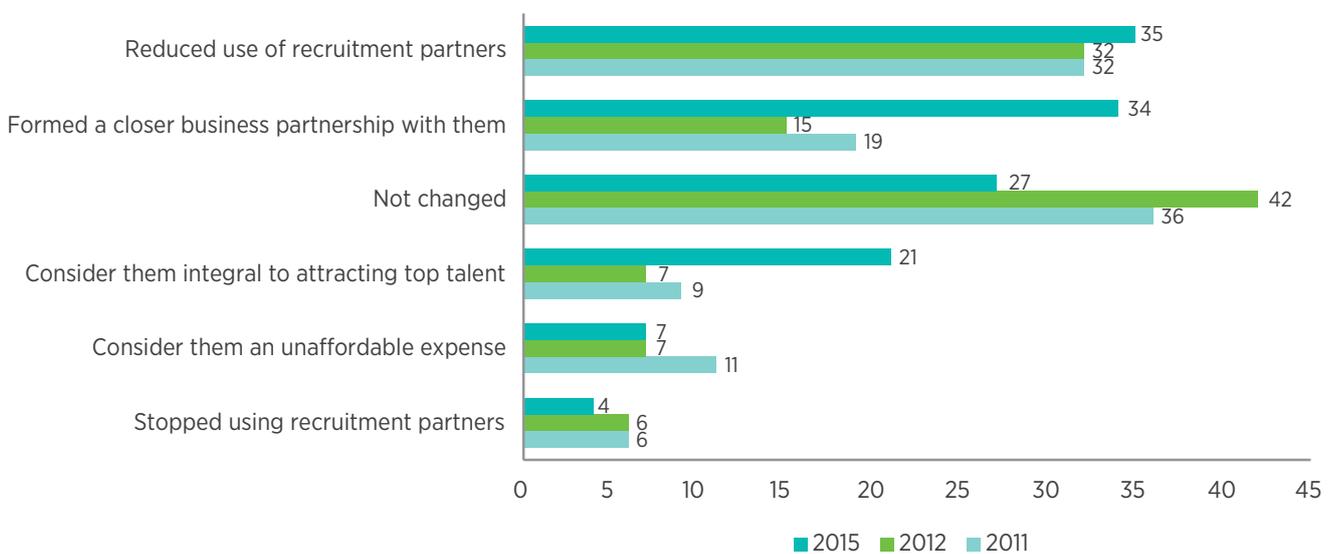
**Sector differences**

As in previous years, corporate websites are particularly popular in the public and not-for-profit sectors, as are national and local newspapers and specialist journals/trade press. The private sector are more likely to favour recruitment consultants (particularly manufacturing and production organisations) and professional networking sites. Private services organisations are most likely to favour professional referral schemes, while manufacturing and production organisations are most likely to rank speculative applications/word of mouth among their most effective methods for attracting manual workers.

**Selecting candidates**

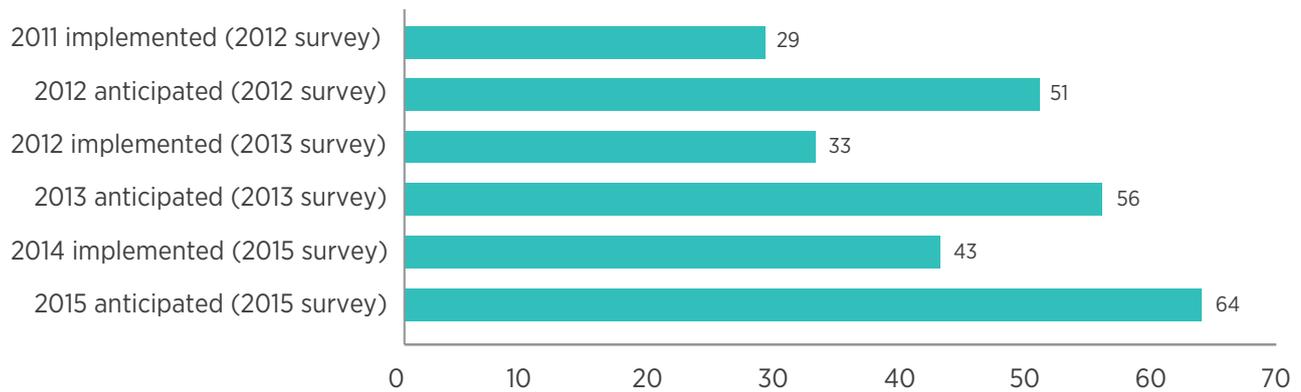
The methods used to select candidates show a similar pattern to previous years (Table 7). Interviews remain the most common selection method, with interviews following the content of CVs/application forms increasing in popularity over the last few years across all sectors, although

**Figure 14: Changes in relationships with recruitment partners over the past 12 months (% of respondents who use them)**



Base: 214 (2015); 513 (2012); 604 (2011)

**Figure 15: Use of new media/technology to recruit (% of respondents)**



Base: 519 (2015 survey); 438 (2013 survey); 501 (2012 survey)

**Table 6: Most effective methods (top three) for attracting applications for different employee groups (% of respondents)**

	Strategic business leaders (senior managers/directors) Base 272	Operational team leaders (middle management/team leaders) Base 252	Specialist/technical/professional employees Base 237	Team members/administration/secretarial employees Base 250	Manual operations/shop floor employees Base 183
Search consultants	43	10	9	2	2
Recruitment consultants	39	46	46	31	21
Own corporate website	36	52	48	58	54
Professional networking sites, for example LinkedIn	28	27	23	12	7
Specialist journals/trade press	17	14	23	1	1
National newspaper	17	7	7	4	3
Commercial job boards	13	29	31	33	21
Professional referral schemes	9	9	8	8	7
Encourage speculative applications/word of mouth	8	8	9	14	25
Alumni (previous employees)	4	4	2	2	1
Secondments	4	6	4	4	2
Social networking sites, for example Facebook	3	4	7	10	7
Local newspaper	2	10	8	22	33
Links with local organisations making redundancies	2	2	3	2	3
Jobcentre Plus	1	1	4	13	21
Apprenticeships	0	0	2	8	11
Local Employment Partnership (LEP)	0	0	0	0	1
Links with schools/colleges/universities	0	1	5	6	8

they remain most widely used in the private sector (89% compared with 70% of the public sector and 72% of not-for-profits).<sup>37</sup>

Just over half of organisations use tests for specific skills, while just under half use general ability and literacy and/or numeracy tests, although the use of all these tests is more prevalent in larger organisations.<sup>38</sup> Larger organisations are also more likely to use personality/aptitude questionnaires, online tests, assessment centres and group exercises.<sup>39</sup> Only a small minority are making use of tools to enable self-selection, to go through a process to select themselves out of the recruitment

process. Also, only a small minority of organisations are using analytical algorithms to match people to roles or gamification in selection, which are considered to be new, innovative ways of selecting candidates.

Pre-interview references are used by just over a fifth of organisations overall, rising to 37% of the public sector (19% of the private sector, 15% of not-for-profits).<sup>40</sup>

#### *Increasing use of distance interviews*

Virtually all organisations that use interviews use face-to-face techniques, but an increasing proportion also make use of telephone interviews (2015: 62%;

2013: 56%; 2011: 43%; 2010: 47%; 2009: 38%) and video or Skype (2015: 46%; 2013: 30%).<sup>41</sup>

Organisations that recruit from overseas are more likely (and increasingly so) to use video or Skype interviews than those who recruit nationally (2015: 71% vs. 36%;<sup>42</sup> 2013: 42% vs. 30%). Telephone interviews are also more common among those who recruit from overseas (71% vs. 60%).<sup>43</sup> In addition, private sector organisations are particularly likely to use telephone interviews (private sector services: 78%; manufacturing and production: 69%; not-for-profit: 44%; public services: 29%).<sup>44</sup>

**Table 7: Methods used to select applicants (% of respondents)**

	2015 survey	2013 survey	2011 survey*	2010 survey	2009 survey
Interviews following contents of CV/application form	83	71	63	64	68
Competency-based interviews	77	82	70	78	69
Tests for specific skills	52	55	49	48	50
General ability tests	47	45	23	27	44
Literacy and/or numeracy tests	45	45	38	43	39
Assessment centres	38	43	35	42	35
Personality/aptitude questionnaires	36	42	35	44	35
Group exercises (for example role-playing)	27	28	21	30	26
Online tests (selection)**	24	22	n/a	n/a	n/a
Pre-interview references (academic or employment)	22	22	9	16	19
Tools to enable self-selection***	3	n/a	n/a	n/a	n/a
Analytical algorithms to match people to roles***	1	n/a	n/a	n/a	n/a
Gamification***	1	n/a	n/a	n/a	n/a
Other	5	6	3	4	6

Base: 505 (2015); 460 (2013); 605 (2011); 473 (2010); 754 (2009)

\*This question was not included in the 2012 survey

\*\*This response option was added in 2013

\*\*\*This response option was added in 2015

## Case study: Xtravirt

Xtravirt is a leading independent provider of enterprise virtualisation solutions, delivering data centre, workspace and cloud transformational solutions to customers throughout the UK and internationally. Their consulting organisation is partnered with organisations such as VMWare, Citrix and Microsoft and is recognised globally for contributions to the industry and community.

This highly specialised small business (50–100 employees) has grown exponentially since it was founded eight years ago and relies on the deep expertise of its consultants. *'We have an extremely high calibre of candidates, the best ones on the market,'* explains Mike Jones, Talent Acquisition Manager at Xtravirt.

Talent acquisition and planning is at the core of their business strategy and three years ago Xtravirt requested and undertook the shift from external agencies to in-house recruitment.

In a limited talent pool, the biggest challenge is to find highly skilled people with a wealth of expertise who also have the right attitude. Talent shortages need to be overcome with a streamlined process managed by a specialist who knows the nature of what they do, the type of people they need, the engagement requested and understands the technology and company's background.

Fifty per cent of their workforce has been hired through online channels, ranging from job boards to social media platforms such as LinkedIn, Google+ and Twitter, which have been used to attract candidates and direct them to job ads on the company website. Social media helps broaden the message thanks also to shares and re-tweets by employees and word of mouth. Exploiting the wider network of current employees, who are well known in the industry, and among their colleagues, is essential according to Xtravirt.

Their employee referral scheme and internal contact database helps them secure the remaining 50% of the workforce.

Xtravirt has a strong reputation in the virtualisation and cloud industry and as an employer which is leveraged when it comes to talent acquisition. Their candidates, who are in high demand in the market, know that this is one of the best companies to work for, according to Mike Jones. They get exposure to a wide range of work and projects and can use their skills to the fullest. Training plans and opportunities for progression are provided, to ensure they continually update their knowledge and skills.

Their presence on social media is further enhanced by a 'social media welcome', where new hires are introduced to colleagues and clients through posts on social media. *'This is our way of welcoming new employees to Xtravirt and informing the wider community that they have joined the company. Our people are spread across the territory, as consultants are often based on client sites or work from home, therefore using social media helps bring the Xtravirt community together,'* explains Jainie Morar, Marketing Assistant, who is responsible for social media monitoring.

*'Regarding the use of social media, the best advice I can give is to use it as a tool. Don't rely on it 100%, otherwise you won't find the best candidates. Social media is a great addition to the recruitment cycle, but you still need some of the traditional methods such as referrals,'* suggests Mike Jones.

*‘The use of new media/technology to recruit is increasing, although not as rapidly as anticipated.’*

**Candidates’ integrity and behaviour**

The behaviour of candidates is very similar to previous findings from the 2013 survey. The majority arrive promptly for interviews, behave with sincerity and provide accurate CVs, although this is not always the case (Figure 16). Greater room for improvement appears to lie in the way candidates communicate with potential employers. A quarter feel they only ‘sometimes’ respond promptly to communications or communicate well and nearly two-thirds report that, sometimes at least, they cancel interviews with little or no notice. Private sector organisations were particularly likely to report that candidates do not always communicate well

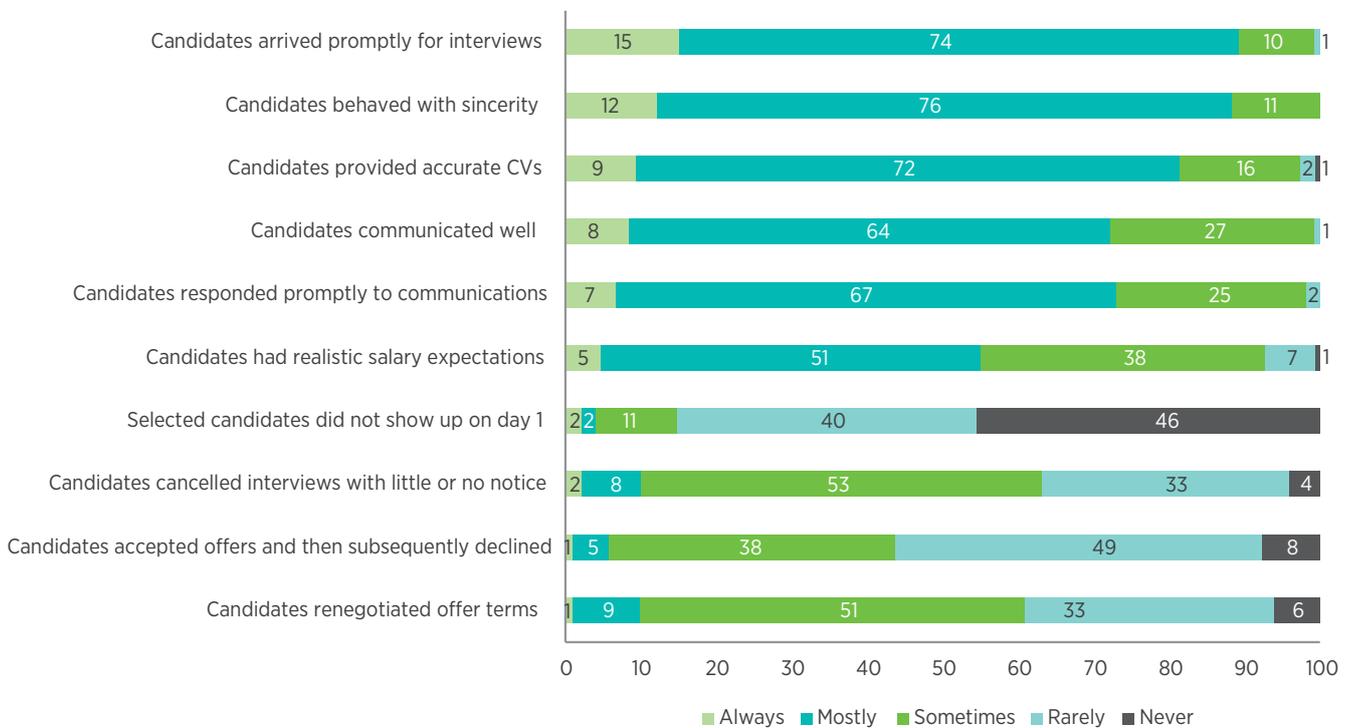
(68% report they always or mostly communicate well compared with 83% of the public sector and 78% of non-profits).<sup>45</sup>

The more vacancies organisations had had over the past year, the more likely they were to have experienced candidates not showing up on day one, accepting offers and then declining them, renegotiating offer terms and lack of promptness in candidates’ communications.<sup>46</sup>

**Recruitment costs**

Ninety-two respondents provided average costs per hire for senior managers/directors and 172 for other employees. They were asked to indicate how accurate their cost estimates were to examine

**Figure 16: How would you rate candidates from the last 12 months? (% of respondents)**



Base: 503

the validity of estimates. A third of estimates for recruiting senior managers/directors were considered to be accurate to +/-10% and nearly three-quarters (74%) to +/-20%. One-third of estimates for other employees were also accurate to +/-10%, while two-thirds (68%) were accurate to +/-20%. Table 8 shows the median figures for estimates that were believed to be accurate to +/-20%.

As in previous years, there is considerable variance in the amount organisations spent, part of which may be due to true differences but some of which is attributable to the inclusion of different costs in organisations' estimates (see 2011 report) and variation in the accuracy of their estimates.

The overall median cost per hire for senior managers/directors has increased in comparison with 2013, but remains lower than in previous years. It is considerably higher than the median cost for other employees. This reflects the challenges employers face in recruiting more-skilled positions and the higher cost methods (that is, search and recruitment consultants) they use (Figure 6).

The median cost for other employees is the same as in 2013 but, as with senior managers, remains lower than in previous years. This may reflect the shift towards lower-cost, technology-based attraction and selection methods.

The median cost per hire remains considerably lower in the public sector than the private (although caution should be applied in interpreting the actual figures because of the small number of respondents in each category). As noted above, there are significant differences in the methods used by different sectors to attract candidates, which may help explain some of this difference. It is also possible that public sector organisations, which tend to be larger and consequently have higher levels of recruitment, benefit from economies of scale.

**Table 8: Median average costs (advertising costs, agency or search fees) per hire for estimates accurate to +/-20% (£)**

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

Number of respondents shown in brackets

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

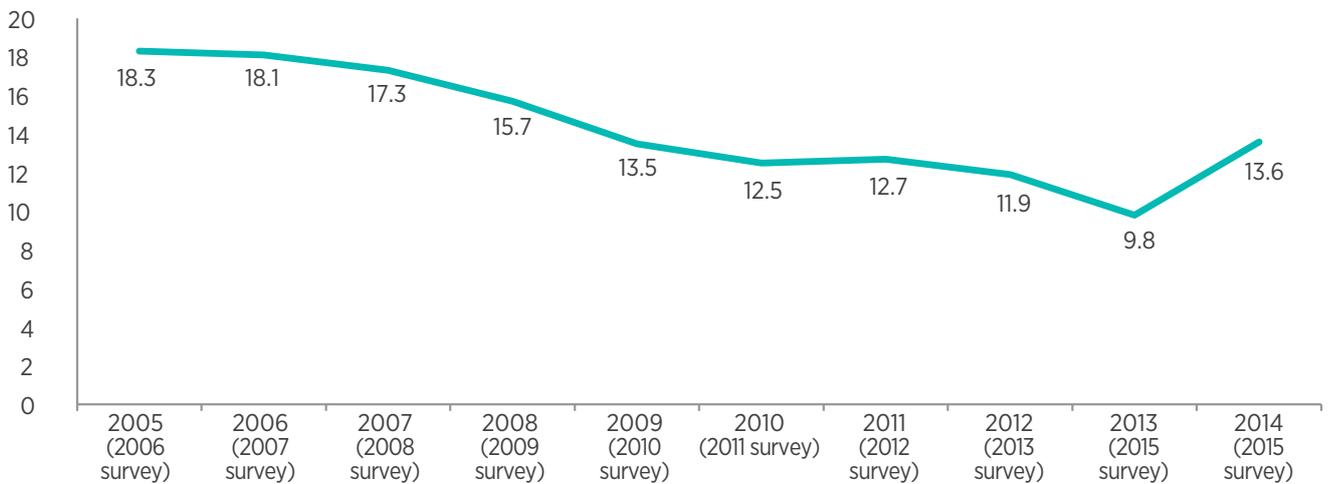
# Talent management

The median rate of labour turnover increased in 2014, reversing the decline observed in previous years. The private sector were twice as likely to have increased their talent management spend than the public or not-for-profit sectors. More than three-quarters experienced challenges retaining staff. Most have taken steps to address retention, with an increased proportion doing so by improving pay and benefits.

Figure 17 suggests that the median rate of labour turnover increased in 2014, following a steady decline. The median figures do, however, mask considerable differences between organisations.

As in previous years, the majority of turnover is attributed to employees leaving voluntarily (Table 9). The increase in turnover shown in Figure 17 is not reflected in the figures in Table 9, which are based on a small sample and are over-representative of smaller organisations.<sup>47</sup>

Figure 17: Median rate of labour turnover (%)



Base: 77 (2014: 2015 survey); 72 (2013: 2015 survey); 95 (2012: 2013 survey); 143 (2011: 2012 survey); 175 (2010: 2011 survey); 165 (2009: 2010 survey); 307 (2008: 2009 survey)

Table 9: Median labour turnover rates, by reason for leaving

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

Base: 48 (2014: 2015 survey); 50 (2013: 2015 survey); 82 (2013 survey); 138 (2012 survey); 154 (2011 survey); 274 (2010 survey); 153 (2009 survey)

### Talent management spend

One-fifth of organisations (predominantly smaller organisations<sup>48</sup>) don't have a talent management budget. Of those that do, twice as many private sector organisations compared with non-profits or public services report an increase in their talent management spend over the last 12 months.<sup>49</sup> Moreover, only a very small minority of private services organisations

report a decrease, while the situation was considerably more mixed in the public and not-for-profit sectors (Figure 18). In addition, talent management spend was more likely to have increased in organisations where the CEO has talent management as a key priority.<sup>50</sup>

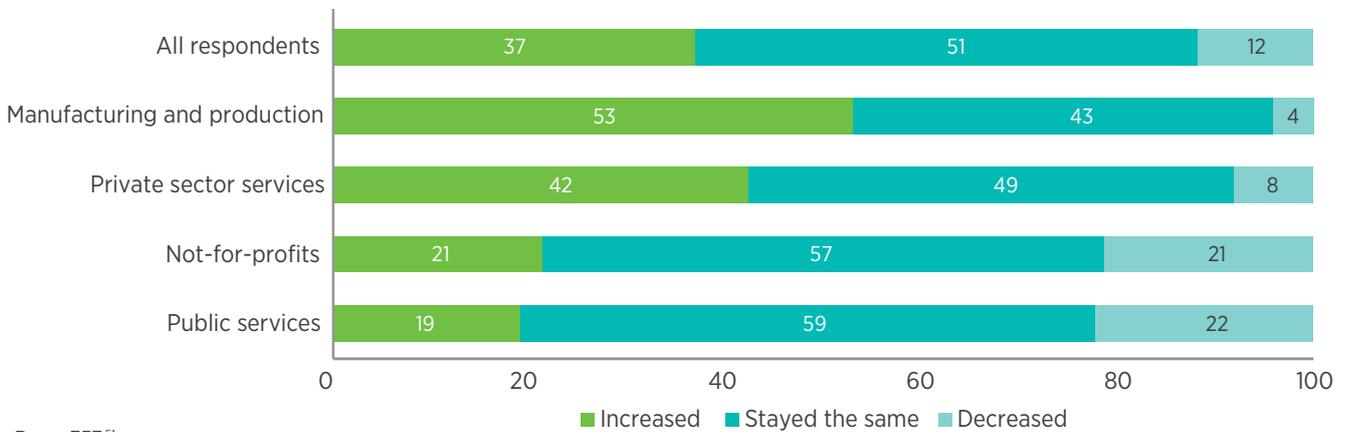
### Retaining employees

More than three-quarters of organisations had challenges

retaining one or more category of staff in 2013-14 (77%; 2012: 78%; 2011: 66%; 2010: 58%; 2009: 55%; 2008: 69%). Larger organisations were more likely to have experienced retention challenges.<sup>52</sup>

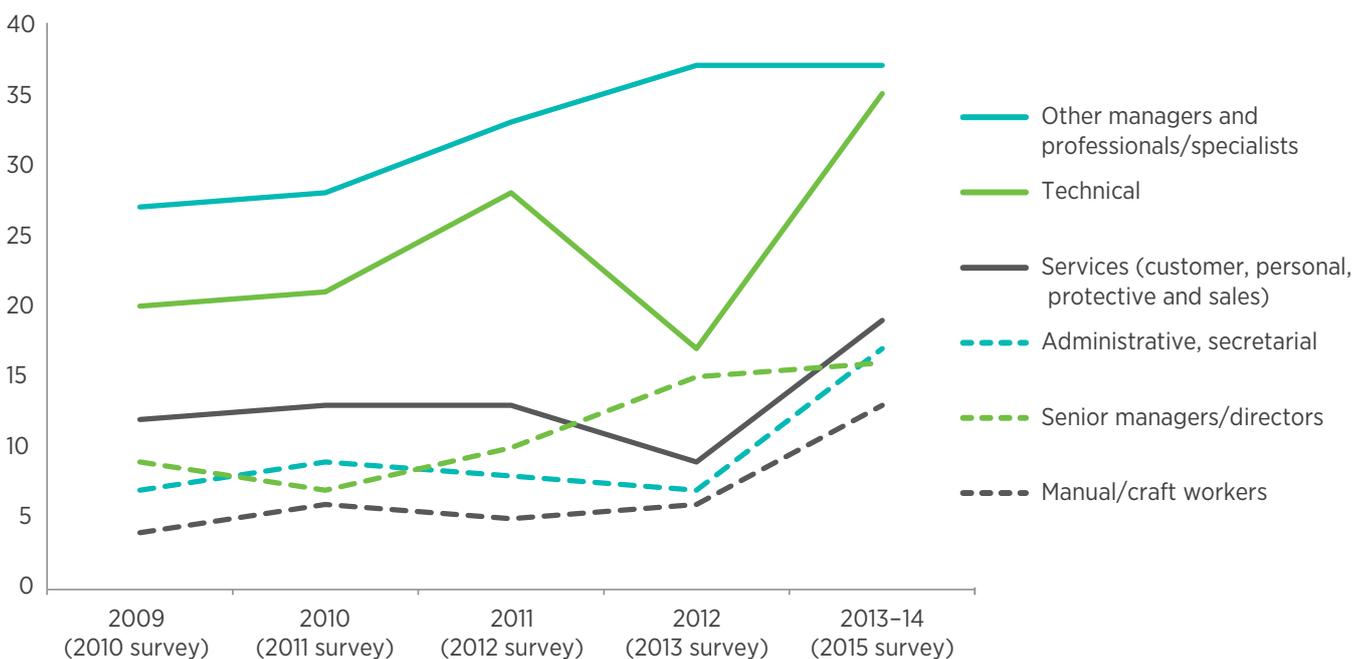
Figure 19 suggests a general increase in retention challenges for all categories of staff over the last few years.<sup>53</sup> As in previous years, organisations from all sectors

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



Base: 357<sup>51</sup>

Figure 19: Retention difficulties, by occupational category and year (% of respondents)



Base: 280 (2015 survey); 426 (2013 survey); 491 (2012 survey); 601 (2011 survey); 451 (2010 survey)

most commonly report retention challenges for 'other managers and professionals/specialists' and 'technical staff', paralleling the categories of vacancy that most commonly prove difficult to fill.

Figure 20 shows that retention of some categories of staff is more of a problem in some sectors than others. Not-for-profits are more likely than other sectors to have experienced difficulties retaining administrative/secretarial staff, the private sector more difficulties with technical staff and manufacturing and production with manual/craft staff.<sup>54</sup> The public sector were least likely to experience retention problems with services staff.<sup>55</sup>

#### Increased focus on retention

In the years following the economic crisis of 2008, there was a reduced focus on retention, although most took some steps to retain staff. Our latest findings suggest that efforts increased again in 2013-14, with just 12% of organisations not engaging in any specific retention initiatives (although direct comparison is limited as this question covered two years) (Table 10). In particular, more organisations made efforts to

retain staff through improving pay and benefits, improving work-life balance and increasing their use of counter offers (although the latter was still used by a minority).

The public sector, however, is less likely to have made efforts to improve retention (21% did not engage in any initiatives, as in the 2013 survey).<sup>56</sup> The impact of public sector cuts and pay freezes is apparent as they were significantly less likely to have improved pay (28% compared with 56% of the private sector and 49% of not-for-profits) or benefits (24% compared with 44% of the private sector and 33% of not-for-profits).<sup>57</sup>

In addition, private sector organisations were significantly more likely to have made efforts to improve retention through better promotion of the employer brand and the private services sector through creating clearer career paths.<sup>58</sup>

Some initiatives were more common in larger organisations, including increasing learning and development opportunities, improving line management's people skills, improving selection

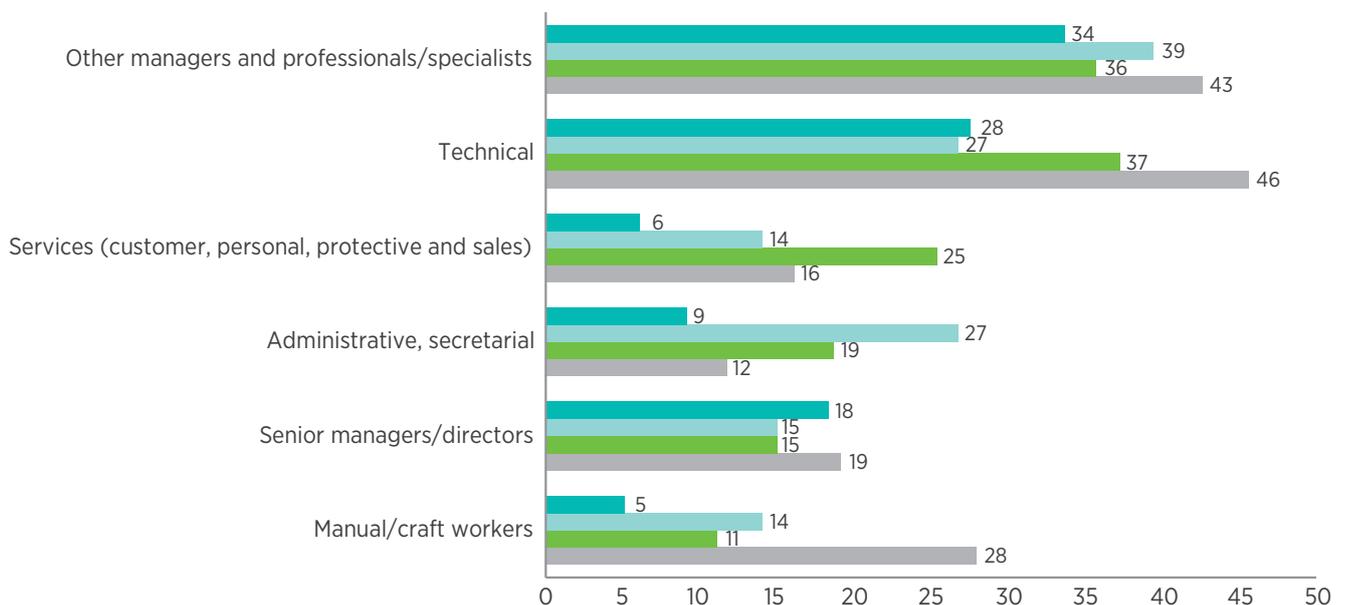
techniques, offering coaching/mentoring/buddy systems, and increasing use of counter offers.<sup>59</sup>

The two methods most commonly used to address retention, increased pay and increased learning and development opportunities, are also those considered most effective (Table 11). Increased pay is also, however, most commonly ranked among organisations' least effective retention methods. Clearly for retention initiatives to be effective, they need not only to meet their objectives (that is, efforts to improve line management's people skills need to make improvements), but they also need to be targeted towards organisation and employee requirements and preferences.

#### Cost of labour turnover

In similar findings to previous years, just 15% of respondents report that their organisation calculates the cost of labour turnover. Nearly three-quarters reported they do not (72%), while a further 13% did not know if they do so or not. Larger organisations were more likely to calculate the costs of labour turnover.<sup>60</sup>

Figure 20: Retention difficulties in 2013-14, by occupational category and sector (% of respondents)



Base: 336

■ Public services ■ Not-for-profits ■ Private sector services ■ Manufacturing and production

**Table 10: Steps taken specifically to address staff retention (% of respondents)**

	2008 survey (Used in 2007)	2009 survey (Used in 2008)	2010 survey (Used in 2009)	2011 survey (Used in 2010)	2012 survey (Used in 2011)	2013 survey (Used in 2012)	2015 survey (Used in 2013 and 2014)
Improved pay	53	42	22	27	28	34	50
Increased learning and development opportunities	46	47	35	38	47	40	49
Improved line managers' people skills	37	39	42	39	46	42	45
Improved selection techniques	46	42	31	30	37	36	40
Improved induction process	45	45	31	38	43	45	39
Improved employee involvement	29	35	32	34	39	38	38
Improved benefits	36	32	19	21	27	27	38
Made changes to improve work-life balance	30	31	19	17	21	29	36
Offered coaching/mentoring/buddy systems	22	24	20	24	28	31	29
Created clearer career paths	17	18	21	18	22	19	26
Revised the way staff are rewarded so their efforts are better recognised	19	19	14	18	20	21	23
Improved physical working conditions	12	19	13	15	16	23	22
Better promotion to employees of the employer brand	16	21	15	18	18	18	22
Redesigned jobs to make them more satisfying	14	18	13	11	16	15	20
No specific initiatives undertaken	9	13	27	23	19	21	12
Increasing use of counter offers*	-	-	-	4	5	4	12

Base: 476 (2015 survey); 390 (2013 survey); 459 (2012 survey); 559 (2011 survey); 431 (2010 survey); 695 (2009 survey); 710 (2008 survey)

\* Item added in 2011

**Table 11: Most and least effective retention methods (% of respondents)**

In top three most effective methods		In top three least effective methods	
Increased pay	34	Increased pay	12
Increased learning and development opportunities	33	Improved induction process	9
Improved selection techniques	25	Improved employee involvement	9
Made changes to improve work-life balance	24	Increasing our use of counter offers	9
Improved line management's people skills	23	Improved physical working conditions	8
Improved benefits	22	Improved line management's people skills	8

Base: 336

# Conclusions

**The past year has seen the record broken for the most people in work at any point in the UK's history. This is good news for the economy, but the strong labour market is adding to the recruitment challenges organisations face, as many, at least in the private sector, attempt to increase their headcount. The upturn in the economy has also resulted in increased turnover. Presumably individuals who were reluctant to move in more unsettled times are now considering other opportunities.**

Changes in the nature of jobs are further exacerbating demand for key skills and the vast majority of organisations are experiencing increased competition for talent. More skilled roles (managers, professionals/specialists, and technical staff) remain most difficult to fill and retain, although an increasing proportion report difficulties filling all staff categories. At the same time, half of organisations are seeing an increase in the number of unsuitable candidates. These trends highlight the increasing imperative for organisations to focus more strongly on their recruitment and talent management strategies. Many are responding to their challenges through a range of strategies:

## **Widening the search for skills**

Half of organisations are recruiting from a much wider geography and an increasing proportion are actively trying to attract talent of all ages and backgrounds. There is, however, variation in how proactive organisations are in ensuring attraction and selection methods are unbiased (for example, two-fifths don't train interviewers in diversity issues and three-fifths don't check that tests used are unbiased). The shortage of skills has increased the impetus for organisations to ensure that hidden biases do not prevent talent from joining the organisation. Processes

and systems should be regularly reviewed to ensure that any bias is removed.

## **Increased use of technology to recruit**

We are seeing an increase in the use of new media/technology to attract candidates. Corporate websites are among organisations' most effective methods for attracting candidates and many also find commercial job boards and professional networking sites (such as LinkedIn) very effective. Social networking sites (such as Facebook) are considered less effective.

Organisations are also increasingly conducting interviews by phone or video/Skype, although most also still use face-to-face interviews, perhaps at latter stages or for particular categories of vacancy. There has been little change, however, in the proportion using technology in other phases of selection, such as online selection tests or tools to enable self-selection. These methods can offer cost-effective ways to speed up and automate processes.

## **Widespread focus on improving employer brand**

Competition for talent is increasing the need for organisations to position themselves as an employer of choice and our findings point to a widespread focus on improving the employer brand. As part of

these efforts, nearly half have made efforts to improve their candidate experience. The rise of social media has heightened the importance of leaving a positive impression of the company, as one negative experience can instantly be relayed to a wide number of people.

### **Developing skills in younger workers**

Few employers agree that the current education system is meeting their skill requirements to any great extent. Many are responding with approaches to develop skills and access younger workers, including apprenticeship and intern schemes, post-A-level entry routes and sponsoring students through university. These initiatives are, however, less common in smaller businesses, although these organisations are most negative regarding how well equipped young people are when they leave education.

These findings highlight the need for closer links between employers and schools. Larger organisations are often seen to be in a better position to do this, but initiatives such as the CIPD's Learning to Work and Inspiring the Future programmes help provide opportunities to smaller organisations ([cipd.co.uk/learningtowork](http://cipd.co.uk/learningtowork)).

### **Developing talent in-house**

As the mismatch between the skills available in the labour market and those required by organisations grows, businesses need to get better at building and developing their existing talent to meet their current and future requirements. As well as reducing reliance on the external labour market and the associated recruitment costs, developing existing talent has the additional benefit of allowing organisations to tailor the skills

acquired to meet their specific needs while promoting engagement and retention. Our findings suggest that organisations recognise the value of developing talent but many fail to act. Year-on-year higher proportions anticipate they will develop more talent in-house, but our findings show little change in the proportion that actually do so.

### **Increased focus on retention**

Organisations are stepping up their focus on retention (at least in the private and non-profit sectors), particularly through improving pay and benefits. The stronger labour market means they will have to work harder to keep their skilled employees. The public sector, which faces ongoing pay freezes and reduced budgets, may need to step up their efforts to avoid a talent drain as those who were prepared to sit out more turbulent times start to look for jobs elsewhere. Smaller resourcing budgets may prohibit financial incentives, but other approaches such as increasing learning and development opportunities and improving line managers' people skills remain popular. Moreover, views regarding the effectiveness of pay in retaining staff are mixed. Recent CIPD research, *Show Me the Money! The behavioural science of reward*, emphasises the value of non-financial and intangible rewards (such as recognition and praise) in ensuring employees feel valued and appreciated.

The key to maintaining engagement and improving retention is understanding employees' needs and preferences and designing a reward structure that is flexible enough to take account of these. Ongoing monitoring of engagement, reasons for leaving and the effectiveness of retention strategies is vital to ensure resources are directed most effectively.

Of course, an effective retention strategy needs to start with finding the right candidates. Our findings show that two-fifths are making efforts to improve their selection and induction processes in their efforts to address retention. Organisations need to provide adequate information about the organisation and role requirements so that applicants can self-select out where appropriate. This is not only important for reducing the number of unsuitable applicants, but also for managing the expectations of successful candidates who might leave if the job does not meet their aspirations.

### **Looking forward**

Many organisations are making efforts to meet the increasing recruitment and retention challenges they face, but our findings also suggest a year-on-year mismatch between organisations' intentions (that is, to focus more on improving recruitment, retaining and developing staff) and what is actually put into practice. It is not clear whether this mismatch occurs because these processes are not prioritised or adequately resourced or for other reasons. What is clear is that organisations that fail to prioritise talent management risk losing out as demand for key skills escalates.

Moving forward, organisations will need to develop a solid understanding of their existing talent profile and their current and future requirements. Targeting resources effectively will remain a key priority, despite the more positive outlook for resourcing budgets (at least in the private sector). Ongoing monitoring and evaluation will be key to ensure that the methods used to attract, select and retain employees are effective.

# Background to the survey

**This survey was conducted in March and April 2015. It was sent to a sample of UK-based HR professionals from a wide range of organisations. In total, 520 people responded to the survey.**

The CIPD *Resourcing and Talent Planning* survey (formerly known as the CIPD *Recruitment and Retention* survey) has been running since 1997. The survey, last conducted in 2013, examines organisations' resourcing and talent planning strategies and practices and the key challenges and issues they face. This year it consisted of 29 questions completed through an online questionnaire.

The majority of questions remain the same as in previous years, to provide useful benchmarking data on topics including recruitment practices, difficulties and costs, selection methods, diversity strategies, the impact of the economic climate on resourcing and talent planning practices, labour turnover and retention strategies. This year we also included a range of new questions reflecting how changes in the economy and the labour market might impact on organisations' recruitment and retention strategies. We also explored in more depth how employer brand helps attract candidates.

## Sample profile

Respondents represent organisations of all sizes (Figure A1). In a similar distribution to previous years, half work in the private services sector, a fifth in the public sector and the rest are evenly split between manufacturing and production and non-profit organisations (Table A1).

As in previous years, most refer to a particular UK region in their responses (with London and the south-east particularly well represented), while over a quarter refer to the whole of the UK (see Table A2). A minority refer to countries or regions outside of the United Kingdom.

## Calculation of labour turnover

A total of 77 survey respondents were able to supply all the information necessary to calculate labour turnover on a whole-organisation basis for 2014 and 72 for 2013.

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

Labour turnover =

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

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

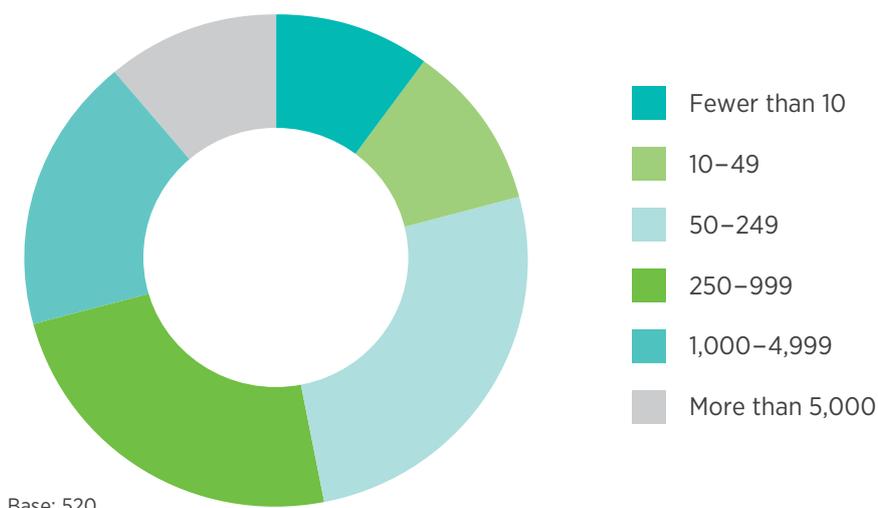
Readers should be aware that this method has some shortcomings. For example, it takes no account of the characteristics of the workforce or the length of service of the leaver.

**Table A1: Profile of respondents, by industrial sector**

	Number of respondents	%
<b>Manufacturing and production</b>	<b>73</b>	<b>14</b>
Agriculture and forestry	2	0
Chemicals, oils and pharmaceuticals	7	1
Construction	10	2
Electricity, gas and water	1	0
Engineering, electronics and metals	21	4
Food, drink and tobacco	13	3
General manufacturing	2	0
Mining and quarrying	2	0
Paper and printing	1	0
Textiles	0	0
Other manufacturing/production	14	3
<b>Private services</b>	<b>267</b>	<b>51</b>
Professional services (accountancy, advertising, consultancy, legal, etc.)	77	15
Finance, insurance and real estate	34	7
Hotels, catering and leisure	10	2
IT services	31	6
Call centres	4	1
Media (broadcasting and publishing, etc.)	5	1
Retail and wholesale	18	3
Transport, distribution and storage	9	2
Communications	7	1
Other private services	72	14
<b>Public sector</b>	<b>104</b>	<b>20</b>
Central government	12	2
Education	43	8
Health	20	4
Local government	18	3
Other public services	11	2
<b>Voluntary, community and not-for-profit sector</b>	<b>76</b>	<b>15</b>
Care services	4	1
Charity services	18	3
Housing association	16	3
Other	38	7

Base: 520

**Figure A1: Profile of respondents, by organisation size (number of permanent employees)**



**Note on abbreviations, statistics and figures used**

Voluntary, community and not-for-profit organisations are referred to throughout the report as ‘not-for-profit’.

‘The private sector’ is used to describe organisations from manufacturing and production and private sector services. These two groups are combined where there are no significant differences between their responses.

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

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

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

Chi-Square ( $\chi^2$ ) tests are used to examine whether differences between groups such as industrial sectors are significant or likely to be due to chance. Spearman’s Rho correlation ( $\rho$ ) is used to examine relationships between variables. We report on statistics at the generally accepted level of significance,  $p < 0.05$ .

**Table A2: Main region covered by the reply (%)**

Region	Percentage (%)
East Anglia	3
East Midlands	4
West Midlands	4
North-east of England	3
North-west of England	6
South-west of England	7
Yorkshire and Humberside	4
South-east of England (excluding London)	12
London	13
Scotland	3
Wales	3
Northern Ireland	1
Whole of UK	27
EMEA (Europe, Middle East and Africa)	7
Asia Pacific	1
North America	0
Channel Islands	1

Base: 520

# Endnotes

- 1 55% of the private sector, 39% of not-for-profits and 40% of the public sector:  $\chi^2 = 12.7$ ,  $df = 4$ ,  $p < 0.05$ ,  $n = 520$ .
- 2 Organisations that were continuing to recruit for key talent/niche areas were more likely to report their resourcing budget would increase in 2015–16:  $\rho = 0.19$ ,  $p < 0.001$ ,  $n = 441$ .
- 3  $\chi^2 = 48.4$ ,  $df = 4$ ,  $p < 0.001$ ,  $n = 441$ .
- 4  $\rho = 0.23$ ,  $p < 0.001$ ,  $n = 441$ .
- 5 2014:  $\rho = 0.76$ ,  $p < 0.001$ ,  $n = 328$ ; 2013:  $\rho = 0.75$ ,  $p < 0.001$ ,  $n = 223$ .
- 6 2014:  $\rho = 0.55$ ,  $p < 0.001$ ,  $n = 257$ ; 2013:  $\rho = 0.50$ ,  $p < 0.001$ ,  $n = 180$ .
- 7 Sample size did not permit valid comparison of sectors by size.
- 8  $\chi^2 = 17.4$ ,  $df = 4$ ,  $p < 0.01$ ,  $n = 520$ .
- 9 Organisational size and technology and automation is replacing jobs:  $\rho = 0.14$ ,  $p < 0.01$ ,  $n = 520$ ; organisational size and the skills need for jobs in our organisation is changing:  $\rho = 0.13$ ,  $p < 0.01$ ,  $n = 520$ .
- 10  $\rho = 0.13$ ,  $p < 0.01$ ,  $n = 520$ .
- 11  $\chi^2 = 27.6$ ,  $df = 4$ ,  $p < 0.001$ ,  $n = 431$ .
- 12  $\rho = 0.34$ ,  $p < 0.01$ ,  $n = 74$ .
- 13  $\chi^2 = 27.0$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 335$ .
- 14  $\chi^2 = 10.5$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 335$ .
- 15 Developing apprenticeship schemes:  $\chi^2 = 34.4$ ,  $df = 8$ ,  $p < 0.001$ ,  $n = 470$ ; sponsoring professional qualifications:  $\chi^2 = 26.6$ ,  $df = 8$ ,  $p < 0.001$ ,  $n = 466$ ; recruiting candidates from different sectors:  $\chi^2 = 29.7$ ,  $df = 8$ ,  $p < 0.001$ ,  $n = 469$ ; recruiting candidates from different industries:  $\chi^2 = 19.3$ ,  $df = 8$ ,  $p < 0.05$ ,  $n = 468$ ; recruiting candidates from overseas:  $\chi^2 = 28.5$ ,  $df = 8$ ,  $p < 0.001$ ,  $n = 469$ ; outsourcing activity to other organisations:  $\chi^2 = 19.7$ ,  $df = 8$ ,  $p < 0.05$ ,  $n = 442$ ; and partnering with other organisations to fill the skill gap:  $\chi^2 = 22.3$ ,  $df = 8$ ,  $p < 0.01$ ,  $n = 449$ .
- 16  $\chi^2 = 18.4$ ,  $df = 8$ ,  $p < 0.05$ ,  $n = 479$ .
- 17  $\chi^2 = 14.1$ ,  $df = 4$ ,  $p < 0.001$ ,  $n = 469$ .
- 18  $\chi^2 = 13.5$ ,  $df = 4$ ,  $p < 0.01$ ,  $n = 517$ .
- 19 Working practices:  $\chi^2 = 7.5$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 520$ ; organisational values:  $\chi^2 = 8.4$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 520$ .
- 20 Perception of the organisation in the marketplace:  $\chi^2 = 31.6$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 520$ ; perception of the organisation in society:  $\chi^2 = 19.3$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 520$ .
- 21  $\chi^2 = 49.8$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 453$  (Don't know responses removed for comparability).
- 22  $\rho = 0.23$ ,  $p < 0.001$ ,  $n = 453$  (Don't know responses excluded).
- 23 Backgrounds – 2015: 44%; 2013: 38%; 2012: 17%; Ages: 2015: 65%; 2013: 60%; 2012: 59%; 2011: 45%.
- 24 Manufacturing and production: 45% compared with 26% of private services, 33% of not-for-profits and 37% of the public sector:  $\chi^2 = 19.0$ ,  $df = 6$ ,  $p < 0.01$ ,  $n = 520$ .
- 25  $\chi^2 = 17.9$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 520$ .
- 26  $\chi^2 = 12.1$ ,  $df = 3$ ,  $p < 0.01$ ,  $n = 520$ .
- 27  $\chi^2 = 69.4$  with continuity correction,  $df = 1$ ,  $p < 0.001$ ,  $n = 520$ .
- 28  $\chi^2 = 14.7$ ,  $df = 4$ ,  $p < 0.01$ ,  $n = 520$ .
- 29  $\rho = 0.21$ ,  $p < 0.001$ ,  $n = 520$ .
- 30  $\chi^2 = 8.8$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 423$  (Don't know responses were removed from the  $\chi^2$  analysis as a smaller proportion of private services organisations reported they don't know).
- 31  $\chi^2 = 15.3$ ,  $df = 6$ ,  $p < 0.05$ ,  $n = 511$ .
- 32 Use of apprentices:  $\rho = 0.32$ ,  $p < 0.001$ ,  $n = 504$ ; sponsor students through university:  $\rho = 0.18$ ,  $p < 0.001$ ,  $n = 503$ ; offer intern schemes:  $\rho = 0.18$ ,  $p < 0.001$ ,  $n = 503$ ; offer post-A-level entry routes:  $\rho = 0.24$ ,  $p < 0.001$ ,  $n = 502$ .
- 33  $\chi^2 = 15.9$ ,  $df = 3$ ,  $p < 0.01$ ,  $n = 497$ .
- 34 Size:  $\rho = 0.36$ ,  $p < 0.001$ ,  $n = 497$ .
- 35  $\chi^2 = 19.0$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 518$ .
- 36  $\chi^2 = 11.2$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 214$ .
- 37  $\chi^2 = 25.7$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 505$ .
- 38 Tests for specific skills:  $\rho = 0.09$ ,  $p < 0.05$ ,  $n = 505$ ; general ability tests:  $\rho = 0.20$ ,  $p < 0.001$ ,  $n = 505$ ; literacy and/or numeracy tests:  $\rho = 0.19$ ,  $p < 0.001$ ,  $n = 505$ .
- 39 Personality/aptitude questionnaires:  $\rho = 0.13$ ,  $p < 0.01$ ,  $n = 505$ ; online tests:  $\rho = 0.25$ ,  $p < 0.001$ ,  $n = 50$ ; assessment centres:  $\rho = 0.31$ ,  $p < 0.001$ ,  $n = 505$ ; group exercises:  $\rho = 0.16$ ,  $p < 0.001$ ,  $n = 505$ .
- 40  $\chi^2 = 16.7$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 505$ .
- 41 This option was not included prior to 2013.
- 42  $\chi^2 = 48.4$ , with continuity correction,  $df = 1$ ,  $p < 0.001$ ,  $n = 457$ .
- 43  $\chi^2 = 4.6$ , with continuity correction,  $df = 1$ ,  $p < 0.05$ ,  $n = 457$ .
- 44  $\chi^2 = 87.2$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 499$ .
- 45  $\chi^2 = 9.7$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 501$ .
- 46 Total number of permanent vacancies and selected candidates not showing up on day one:  $\rho = 0.25$ ,  $p < 0.001$ ,  $n = 317$ ; candidates accepted offers and then subsequently declined:  $\rho = 0.24$ ,  $p < 0.001$ ,  $n = 316$ ; candidates renegotiated offer terms:  $\rho = 0.14$ ,  $p < 0.05$ ,  $n = 318$ ; candidates responded promptly to communications:  $\rho = -0.16$ ,  $p < 0.01$ ,  $n = 332$ .
- 47 Only 5 respondents gave turnover data for the public sector, so a meaningful sector comparison is not possible.
- 48  $\rho = 0.13$ ,  $p < 0.01$ ,  $n = 447$ .
- 49  $\chi^2 = 29.7$ ,  $df = 6$ ,  $p < 0.001$ ,  $n = 357$ .
- 50  $\rho = 0.24$ ,  $p < 0.001$ ,  $n = 357$ .
- 51 Overall, 73 respondents (14%) didn't know how their talent management spend had changed. They are excluded from these figures for comparability across sectors.
- 52  $\rho = 0.23$ ,  $p < 0.001$ ,  $n = 489$ .
- 53 Although this year's survey asked about retention challenges in the last two years and previous surveys about the last one year, reducing direct comparability.
- 54 Administrative/secretarial staff:  $\chi^2 = 10.9$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 489$ ; technical staff:  $\chi^2 = 8.5$ ,  $df = 3$ ,  $p < 0.05$ ,  $n = 489$ ; manual/craft staff:  $\chi^2 = 20.1$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 489$ .
- 55  $\chi^2 = 19.0$ ,  $df = 3$ ,  $p < 0.001$ ,  $n = 489$ .
- 56  $\chi^2 = 8.2$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 476$ .
- 57 Pay:  $\chi^2 = 24.2$ ,  $df = 2$ ,  $p < 0.001$ ,  $n = 476$ ; benefits:  $\chi^2 = 14.2$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 476$ .
- 58 Better promotion to employees of the employer brand:  $\chi^2 = 9.3$ ,  $df = 2$ ,  $p < 0.01$ ,  $n = 476$ ; Created clearer career paths:  $\chi^2 = 9.3$ ,  $df = 2$ ,  $p < 0.05$ ,  $n = 476$ .
- 59 Increased learning and development opportunities:  $\rho = 0.11$ ,  $p < 0.05$ ,  $n = 476$ ; improved line management's people skills:  $\rho = 0.16$ ,  $p < 0.001$ ,  $n = 476$ ; improved selection techniques:  $\rho = 0.09$ ,  $p < 0.05$ ,  $n = 476$ ; offered coaching/mentoring/buddy systems:  $\rho = 0.16$ ,  $p < 0.001$ ,  $n = 476$ ; and increased use of counter offers:  $\rho = 0.10$ ,  $p < 0.05$ ,  $n = 476$ .
- 60  $\rho = 0.22$ ,  $p < 0.05$ ,  $n = 82$  (Question was only asked of respondents who were able to provide turnover data. Don't know responses excluded).



# CIPD

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