



Annual survey report 2009

Recruitment, retention and turnover

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Summary of key findings

The 2009 *Recruitment, Retention and Turnover* survey report contains valuable information on current and emerging trends in people resourcing practice. This annual benchmarking survey is based on 755 respondent organisations from the UK and relates to the period 1 January to 31 December 2008. Resourcing in turbulent times, insourcing or outsourcing, and welfare-to-work initiatives are the three new sections we have included this year because of their topical relevance.

Resourcing strategies and objectives

- Fifty-eight per cent of survey participants report having a formal resourcing strategy.
- Seventy-six per cent of respondents cite attracting and recruiting key staff to the organisation as the main objective of their resourcing activities. Enabling the achievement of the organisation's strategic goals (63%) and meeting future skills requirements of the organisation (48%) are the second and third most important resourcing objectives according to survey participants.

Recruitment difficulties

- Although there was a dramatic decrease in the number of vacancies organisations tried to fill in 2008 compared with 2007, a high proportion of these organisations still experienced recruitment difficulties (81%).
- The key reason for recruitment difficulties is reported to be a lack of necessary specialist skills (73%).
- Appointing people who have the potential to grow but who currently don't have all that's required for the job role is the most frequently used initiative to overcome recruitment difficulties (74%).
- The most effective recruitment initiative was deemed to be providing additional training to allow internal staff to fill posts (75%).

Attracting and selecting candidates

- By far the most commonly used methods for attracting candidates are through the organisation's own corporate website (78%), recruitment agencies (76%) and local newspaper advertisements (70%).
- Competency-based interviews (69%) and interviews following contents of a CV/application form (68%) are the most frequently used selection methods.
- The average recruitment cost of filling a vacancy per employee is £4,000, increasing to £6,125 when organisations are also calculating the associated labour turnover costs.

Resourcing in turbulent times

- Half of the organisations surveyed say the recession is having a negative impact on next year's resourcing budget and activities.
- Fifty-six per cent of organisations are focusing more on retaining than recruiting talent.
- Four out of ten organisations say they will be recruiting fewer people in 2009 than in 2008.
- Seventy-two per cent of respondents think employers will use the downturn as an opportunity to get rid of poor performers and bring about culture change.

Insourcing or outsourcing?

- Seventy-one per cent of respondents say they will make no changes to their resourcing models in the next three years.
- Increasing efficiency, reducing resourcing costs, being able to tap into expertise they don't have internally and freeing up HR/resourcing professionals to concentrate on more strategic HR activities are the main business drivers for outsourcing resourcing activities.
- Having a better resourcing capability in-house and regaining control of the employer brand and candidates' experience of the organisation are the main reasons for bringing resourcing activities back in-house.

Welfare-to-work initiatives

- Ninety-nine per cent of respondents have heard of Jobcentre Plus but only 20% think it is good or very good at meeting their organisation's resourcing needs.
- Only one in ten organisations had signed up to a Local Employment Partnership.
- Seventy-three per cent of organisations say they have recruited lone parents and 66% have recruited people at or near retirement age.
- Seventy-one per cent of respondents say they would be encouraged to hire people from groups that find it hard to obtain employment if they could offer work trials.

Diversity

- Overall, 60% of employers have a diversity strategy. Public service employers seem to be ahead of the game, with 91% of them adopting a strategic approach to diversity.
- This year more employers are checking that tests they use are valid, reliable and culture-free.

Labour turnover

- The labour turnover rate of 15.7% in 2008 is noticeably lower than the previous year's rate of 17.3%.
- The private sector reports the highest labour turnover rates (16.8%). Although hotel, catering and leisure employers continue to have the highest rate of employee turnover at 34%, this is a decrease on last year's figure of 41%.
- Sixty per cent of employers believe employees' departure from the organisation has a minor, or serious, negative effect on business performance.
- Promotion outside of the organisation (50%) and changing career (49%) remain the most common causes of voluntary turnover.
- Twenty-six per cent of organisations reported making ten or more redundancies in 2008, an increase on the 22% in 2007.

Employee retention

- The number of employers experiencing retention difficulties has decreased from 80% in last year's survey to 69% in this year's survey.
- Organisations are experiencing most difficulty in retaining managers and professionals.
- The most frequently cited actions taken by organisations to address retention are offering increased learning and development opportunities (47%), improving the induction process (45%), increasing pay (42%) and improving selection techniques (42%).
- Seventy-two per cent of respondents say improving line manager HR skills is the most effective method of improving retention, but only 39% report using this method in 2008.

Recruiting employees

This section explores changing trends and developments in recruitment within UK organisations during 2008. As well as tracking the level of activity and employers' approach to resourcing, it provides a snapshot of their current strategic focus and taps into employers' use of initiatives to overcome recruitment difficulties. It also includes information on the trends and changes in attraction and selection methods, and reports on the time and costs associated with recruitment and labour turnover. The next section of this report specifically focuses on how organisations' resourcing activities are affected by the economic downturn.

Resourcing strategies and objectives

Table 1 shows that just over half of those organisations surveyed have a formal resourcing strategy in place (58%). This represents a slight increase on last year (50%). These findings are surprising, given that 76% of employers rank attracting and recruiting key staff to the organisation as one of their top three resourcing objectives (Figure 1). Other resourcing priorities include enabling the achievement of the organisation's strategic goals (63%) and planning to meet the future skill requirements of the organisation (48%).

Recruitment difficulties

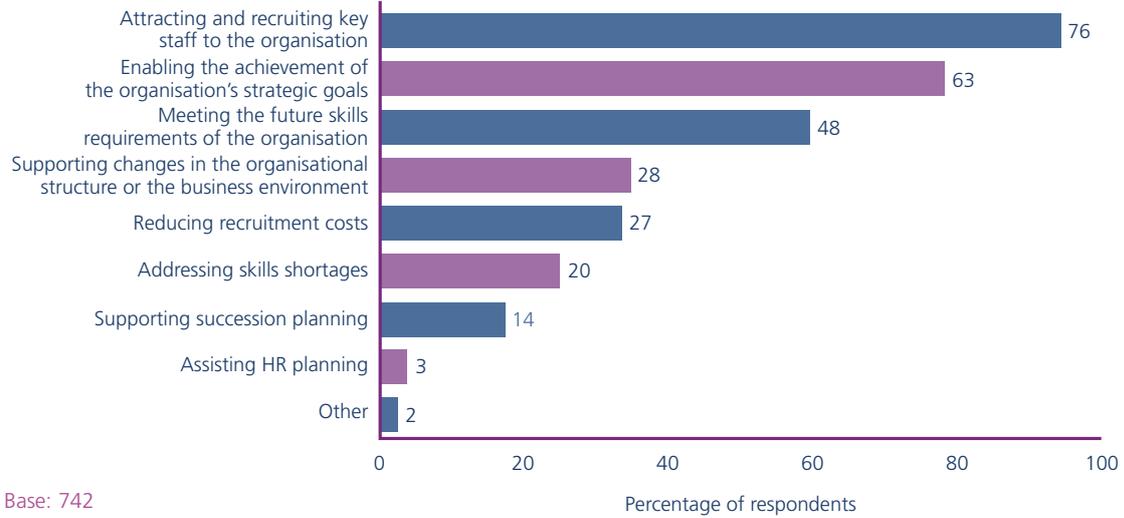
Table 2 shows, by industrial sector, the average number of vacancies respondents sought to fill. In comparison with the previous year, there has been a dramatic drop in the number of vacancies organisations have sought to fill across all sectors. This is particularly evident in the public sector and private sector – where the figures have decreased by 57% and 81% respectively. As this survey looks back at 2008, the decrease is likely to be attributed to organisations beginning to feel the pinch of the recession, particularly in the latter part of the year.

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

All	58
Sector	
Manufacturing and production	56
Voluntary, community and not-for-profit	52
Private sector services	58
Public services	68
Size – number of employees	
Fewer than 250	52
251–500	47
501–1,000	65
1,001–5,000	69
5,001–10,000	78
10,001 or more	78

Base: 747

Figure 1: Main objectives of resourcing activities (respondents were restricted to selecting a maximum of three objectives)



Decreasing recruitment levels or initiating recruitment freezes is a natural response to an anticipated unpredictable economic environment.

Tables 3 and 4 show that the level of recruitment difficulties (81%) reported by organisations remains

high. However, the figures are slightly lower than in the previous year's survey, which may be attributable to the growth in labour supply towards the end of 2008 as redundancies began to be made and more people entered the job market.

Table 2: Average number of vacancies respondents tried to fill during 2008, by industrial sector (mean scores)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services
2009 survey	81	61	57	73	135
2008 survey	270	91	94	380	315

Base: 689 (2009 survey)

Table 3: Organisations experiencing difficulties recruiting for one or more category of vacancy, by industrial sector (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services
2009 survey	81	81	79	85	74
2008 survey	86	89	82	86	82

Base: 586 (2009 survey)

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

	Fewer than 250 employees	251–500	501–1,000	1,001–5,000	5,001–10,000	More than 10,000 employees
2009 survey	83	76	83	78	82	81
2008 survey	80	93	90	90	92	90

Base: 586 (2009 survey)

Table 5: Categories of vacancy that proved particularly difficult to fill during 2008 (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services
Managers and professionals	50	56	38	51	47
Senior managers/directors	26	24	32	28	22
Manual/craft workers	13	20	13	8	11
Administrative/secretarial and technical	12	11	7	11	15
Services (customer, personal, protective and sales)	12	8	15	17	5
Other	9	10	10	7	13

Base: 586

Table 5 highlights which categories of vacancy organisations are having the most difficulty recruiting for. Similar to last year, on average, 50% of organisations have found it hardest to recruit managers and professionals, a figure that rises to 56% in the manufacturing and production sector. Around a quarter of employers across the sectors report finding it difficult to recruit senior managers and directors.

To further investigate the nature of organisations' recruitment difficulties, we asked respondents to specify the reasons why it was hard to fill vacancies (Table 6). The findings are similar to our 2008 survey. By far the most frequently cited cause is a lack of necessary specialist skills (73%), most common in the private (77%) and manufacturing and production (76%) sectors. The next most frequent causes were the candidate having insufficient experience (39%) and higher pay expectations than the organisation could,

Table 6: Reasons for recruitment difficulties (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services	2008 survey
Lack of necessary specialist skills	73	76	67	77	65	70
Insufficient experience	39	39	33	45	28	42
Looking for more pay than you could offer	37	35	34	44	31	44
No applicants	19	17	22	12	34	27
Lack of interpersonal skills	12	12	11	16	4	11
Image of sector/occupation	10	10	13	7	15	15
Applicants unable to accept position due to high cost of living in the area	9	9	6	7	16	7
Other	9	8	11	9	9	9
Lack of formal qualifications	6	8	3	4	12	8

Base: 556

or was prepared to, offer (37%), again particularly common in the private sector (44%).

Overcoming recruitment difficulties

In an attempt to overcome recruitment difficulties, organisations are undertaking a number of different initiatives (Table 7). Appointing people who have the potential to grow but don't currently have all that's required is the most popular initiative (74%) and 71% of respondents rate it as one of the most effective. The initiative most frequently seen to have a positive impact is providing additional training to allow internal staff to fill posts (75%). Compared with 2007, noticeably more organisations in 2008 report taking account of a broader range of candidate qualities

rather than just qualifications when making appointments, using their employer brand as a recruitment tool and providing a realistic job preview in response to recruitment difficulties.

Graduate recruitment

Turning our attention to graduates, Table 8 reveals that in 2008 around a fifth of surveyed organisations ran structured graduate recruitment programmes (22%). Larger organisations are more likely to devise a separate recruitment programme for graduates and such programmes are less likely within the voluntary sector. Comparing the 2009 and 2008 survey findings, there are noticeable, opposing trends between SMEs and larger organisations in the number of graduate

Table 7: Initiatives undertaken in response to recruitment difficulties (%)
(Respondents were restricted to selecting the three most effective and the three least effective initiatives)

	Used during 2008	Least effective	Most effective	Used during 2007
Appointing people who have potential to grow but don't currently have all that's required	74	30	71	75
Taking account of a broader range of qualities, such as personal skills, instead of qualifications, when considering candidates	56	32	68	48
Redefining the job (for example responsibilities, grade)	49	42	58	43
Using the employer brand as a recruitment tool	45	40	60	33
Increasing starting salaries or enhancing benefits package	42	30	71	41
Providing additional training to allow internal staff to fill posts	39	25	75	33
Giving payments to staff for referring candidates	38	50	50	37
Offering flexible working	37	36	65	36
Providing a realistic job preview	32	32	68	22
Changing the way work is organised (for example into teams)	29	46	54	26
Alumni – attracting and recruiting boomerang hires (where employees return after having left the organisation)	18	54	47	N/A
Recruiting in foreign countries and bringing staff here	18	64	36	14
Giving golden hellos (providing an incentive to take the job)	14	71	29	14
Targeting migrant workers from EU accession countries	13	68	32	14
Offshoring	6	71	29	5

Base: 568

recruitment programmes run. The figures suggest that, on average, fewer smaller organisations ran graduate recruitment programmes in 2008 than in 2007. In contrast, the prevalence of such programmes was maintained or increased in larger organisations.

Attracting candidates

The top three most used methods of attracting applicants (Table 9) are through the organisation's own corporate website (78%), recruitment agencies (76%) and local newspaper advertisements (70%). Both

national newspaper advertisements and specialist journals/trade press are reported to be used less in 2008 than in 2007. This year we added three new response options within this question, asking about employers' use of alumni (8%), Local Employment Partnerships (8%) and social networking sites (7%) to attract applicants, all of which received low usage scores. A recent CIPD publication, *'Web 2.0 and Human Resource Management'* – looks at the value of social networking sites to people management.

Table 8: Organisations operating a structured graduate recruitment programme, by sector and by size (%)

	2009 survey	2008 survey
All	22	23
Sector		
Manufacturing and production	23	24
Voluntary, community and not-for-profit	5	7
Private sector services	24	27
Public services	23	24
Size – number of employees		
Fewer than 250	14	12
251–500	13	22
501–1,000	13	24
1,001–5,000	34	27
5,001–10,000	49	51
10,001 or more	73	63

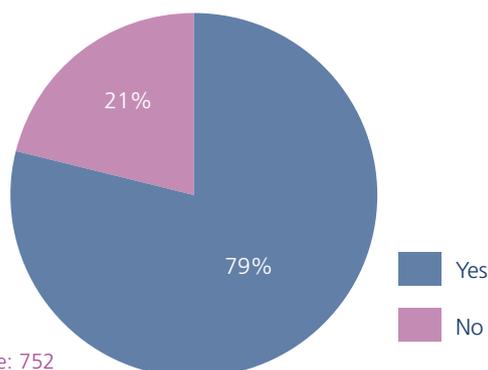
Base: 752

Table 9: Methods used to attract applicants, by industry sector (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services	2008 survey
Own corporate website	78	60	91	77	90	75
Recruitment agencies	76	90	64	80	58	78
Local newspaper advertisements	70	71	93	58	82	74
Specialist journals/trade press	55	52	70	43	75	62
Employee referral scheme	46	50	26	65	7	47
Jobcentre Plus	43	46	62	32	54	45
Links with schools/colleges/universities	34	35	23	37	31	36
National newspaper advertisements	31	18	51	19	62	42
Search consultants	31	37	21	34	24	33
Commercial job boards	29	25	29	36	17	25
Apprenticeships	25	40	20	18	28	21
Secondments	23	16	27	19	39	31
Alumni (previous employees)	8	7	2	12	4	N/A
Local Employment Partnership (LEP)	8	8	14	6	11	N/A
Physical posters/billboards/vehicles	8	7	12	8	11	10
Radio or TV advertisements	7	7	7	5	13	6
Social networking sites (such as LinkedIn)	7	4	1	12	1	N/A
Other	10	8	12	8	18	7

Base: 752

Figure 2: Do you have a policy of advertising all vacancies internally? (%)



Base: 752

Figure 2 shows that 79% of respondents report that their organisations have a policy of advertising all vacancies internally. This figure is identical to the 2008 survey finding, demonstrating there is still room for improvement in this area, given the positive message this practice sends to employees.

Table 10: Methods used to select applicants (%)

Competency-based interviews	69
Interviews following contents of a CV/application form (that is, biographical)	68
Structured interviews (panel)	59
Tests for specific skills	50
General ability tests	44
Literacy and/or numeracy tests	39
Telephone interviews	38
Personality/aptitude questionnaires	35
Assessment centres	35
Group exercises (for example role-playing)	26
Pre-interview referencing	19
Online tests (selection)	17
Other	6

Base: 754

Selecting candidates

When it comes to selecting applicants (Table 10), competency-based interviews are the most common selection method (69%). Ranked second and third are the more traditional methods of interviews – following the contents of a CV/application form (68%) and structured interviews (59%). These three methods were also the most popular in 2007.

Time and cost to fill vacancies

We also explored how long it takes respondent organisations to fill job vacancies, and the estimated costs associated with recruitment and labour turnover. The findings can be found in Tables 11 and 12.

Fifty-three per cent of organisations calculate recruitment costs, which is only slightly up on last year's figure (51%). However, as shown in Table 12 (the number of respondents is shown in brackets) not all of these organisations have supplied figures. Similarly, only 53% of respondents are able to supply the organisation turnover data, which is presented in a

later section. This is surprising given the increased focus on human capital metrics/measurement to demonstrate the value of HR and people management. The Association of Chartered Certified Accountants (ACCA) and the CIPD conducted research examining the levels of disclosure of human capital measurement data that UK businesses provide in their sustainability reports (published April 2009). The key finding from this study was that many organisations view people as a key driver of their sustainability, reporting their human capital management strategy. However, there is still room for improvement in reporting on certain performance areas such as employee retention and the employment of disabled workers, and also in backing up headline statements made with hard evidence or commentary.

Due to the big difference in the number of respondents providing data on recruitment costs compared with those providing data on labour turnover costs, comparisons made must be treated with caution.

Table 11: Average number of weeks to fill a vacancy*

Senior managers/directors	17.1 (703)
Managers and professionals	12.5 (720)
Administrative, secretarial and technical	6.5 (717)
Services (customer, personal, protective and sales)	7.0 (657)
Manual/craft workers	5.9 (633)

Number of respondents shown in brackets

*Time from deciding there was a vacancy to the new employee's actual start date

Table 12: Estimated total cost of recruitment* and labour turnover** per employee

Occupational group	Costs of recruitment (£)	Costs of labour turnover (£)
Senior managers/directors	10,000 (206)	9,000 (11)
Managers and professionals	5,000 (264)	6,500 (16)
Administrative, secretarial and technical	1,545 (258)	3,445 (15)
Services (customer, personal, protective and sales)	1,350 (166)	3,723 (12)
Manual/craft workers	700 (121)	3,150 (8)
All employees	4,000 (308)	6,125 (22)

Median costs shown (number of respondents shown in brackets)

* Advertising costs, agency or search fees

** Vacancy cover, redundancy costs, recruitment/selection, training and induction costs

Resourcing in turbulent times

Organisations' approach to resourcing is being affected by the present economic climate, most fundamentally by the supply and demand of labour. Most employers are experiencing changes to their resourcing budget and have to think more creatively about how to deal with the current resourcing challenges. We were interested to find out about organisations' views of the employment market and the respective changes they are making to their resourcing activities. In the later labour turnover section, we look at redundancies in more detail.

Resourcing implications of the recession

Table 13 shows that the recession is having a negative effect on the future resourcing budget and activities of half of the organisations we surveyed, being most pronounced within the manufacturing and production and private sectors.

Respondents are most likely to say that their organisation is focusing more on retaining rather than recruiting talent (56%). Organisations are investing more time and effort in ensuring the quality of the candidate hired (53%) and developing employees to take on greater responsibility and work (50%). Also, recruitment spend is being reduced by adopting direct resourcing methods (49%).

Forty per cent of organisations are reducing the number of new recruits hired in 2009 compared with 2008. Recruitment is still happening, although it is on a smaller scale. The recent CIPD/KPMG quarterly *Labour Market Outlook* survey report (May 2009) found that 62% of organisations are planning to recruit employees during spring 2009. However, this is 24 percentage points down from spring 2008.

Views on the employment market

The results in Table 15 (on page 14) are of particular interest as organisations' predictions of how they think the employment market will change will influence their resourcing decisions. Seventy-two per cent of respondents agree or strongly agree that employers

Table 13: Impact of the recession on organisations' future resourcing budget and activities in the next year (%)

	All	Manufacturing and production sector	Voluntary sector	Private sector	Public services sector
Negative	50	59	35	55	38
Neutral	31	26	40	30	35
Positive	13	10	18	10	18
Don't know	6	5	7	5	9

Base: 751

Table 14: Approaches to resourcing organisations have considered implementing or have implemented to recession-proof the organisation (%)

	Already implemented	Considered but not implemented	Would consider	Would not consider
Focusing more on retaining talent rather than recruiting talent (653)	56	15	27	2
Investing more time and effort in the quality of candidate we hire (594)	53	10	32	5
Focusing on developing existing employees to take on greater responsibility and work (683)	50	12	36	2
Increasing our usage of direct resourcing methods (such as e-recruitment) to help reduce our recruitment spend (597)	49	12	24	15
Reducing the number of new recruits we hire in 2009 compared with 2008 (630)	40	10	33	18
Reducing our headcount due to a downturn in business (642)	36	12	35	17
Investing more time and effort in our talent management strategy and activities (582)	34	19	40	7
Implementing a recruitment freeze in 2009 (678)	30	20	25	26
Reducing the number of graduates we hire in 2009 compared with 2008 (427)	30	10	22	39
Investing more on developing and leveraging our internal employer brand rather than our external brand (519)	26	17	40	17
Reducing employees' working hours to avoid making people redundant (610)	13	14	44	29
Restructuring and redeploying people into new roles (659)	4	29	11	56

The number of respondents to each option is shown in brackets.

will use the downturn as an opportunity to get rid of poor performers and bring about culture change in their organisation. Sixty-six per cent of respondents feel the demand for temporary and contract workers will increase with organisations' reluctance to take on permanent staff at the moment.

What is reassuring from a diversity point of view is that only 27% of respondents agree or strongly agree that organisations will make older workers (over-65s) redundant before younger workers.

Despite a supposedly greater pool of available talent in the marketplace, 54% maintain that with fewer roles to fill they have noticed an increase in unsuitable applicants. This links to earlier findings where organisations reported difficulties in recruiting for key posts.

There is concern that making redundancies without considering the implications for the business could mean valuable knowledge and skills will be lost. Fifty-three per cent of respondents feel this is an issue, agreeing or strongly agreeing about this potential risk. Given that Table 14 states that 36% of organisations have reduced their headcount in 2008, and that redundancies have continued into 2009, it is likely that this is a problem faced by many.

Table 15: Views on the employment market (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Competition for talent is even greater now than it was 12 months ago as the pool of available talent to hire has fallen sharply	3	17	18	45	17
With fewer roles to fill we have noticed an increase in the number of unsuitable applicants	11	43	25	19	2
Employers will use the economic downturn as an opportunity to get rid of poor performers and bring about culture change	13	59	18	9	1
Employers are acting too hastily in making people redundant and as a result they will lose too many employees with valuable knowledge and skills	9	44	30	16	1
The demand for temporary and contract workers will increase because employers will be reluctant to take on permanent staff during uncertain times	9	57	17	15	2
Part-time workers will become more appealing to employers that are looking to cut costs	5	47	28	18	2
Many employers will look to make older workers over the age of 65 redundant before their younger colleagues	3	24	37	29	7

Base: 746

Insourcing or outsourcing?

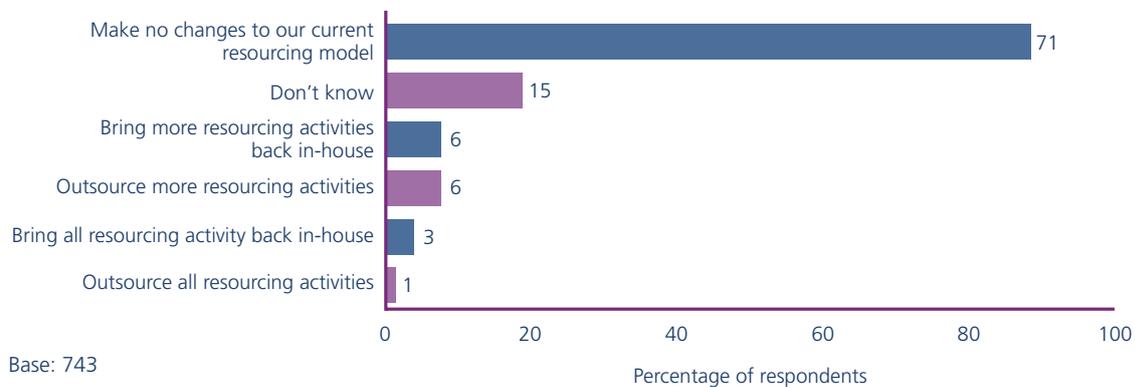
Last year's survey examined organisations' use of recruitment agencies. This year we have asked questions about insourcing and outsourcing more generally to see how organisations' decisions have been affected by the economic downturn.

We asked respondents to tell us how they think their resourcing model may change over the next three years. As Figure 3 shows, 71% of respondents say they predict their current resourcing model will not change.

We asked those organisations that intend to make changes to their resourcing model about what they plan to change (Figure 4). The most popular activities that

organisations intend to bring back in-house are recruitment advertising and attraction (46%), candidate sourcing and screening (42%) and selection and assessment (41%). Surprisingly, the first two of these activities are also the most popular choices for outsourcing, along with temporary staffing. This suggests that some organisations are saving costs by insourcing these activities while others have relationships that make it more cost-effective to outsource them.

Figure 3: Organisations' plans for their future resourcing model over the next three years (%)



Focusing on those organisations that say they are outsourcing some of their resourcing activities to external providers, we wanted to examine the reasons for their decisions (Figure 5). The most common reason for outsourcing is to increase efficiencies (38%). Thirty-five per cent of respondents say they outsource some of their activities to reduce resourcing costs and 31% say outsourcing allows them to tap into expertise they do not have internally.

Similarly, we asked organisations that intend to bring resourcing activities back in-house about why they are planning these changes (Figure 6). The most common reasons are that their resourcing capability in-house is better (45%) and they want to regain control of their employer brand and candidates' experience of the organisation (38%). For more information on employer branding, see the CIPD factsheet and guide, which provide practical advice for organisations at www.cipd.co.uk/factsheets

Figure 4: Resourcing activities organisations plan to outsource or bring back in-house (%)

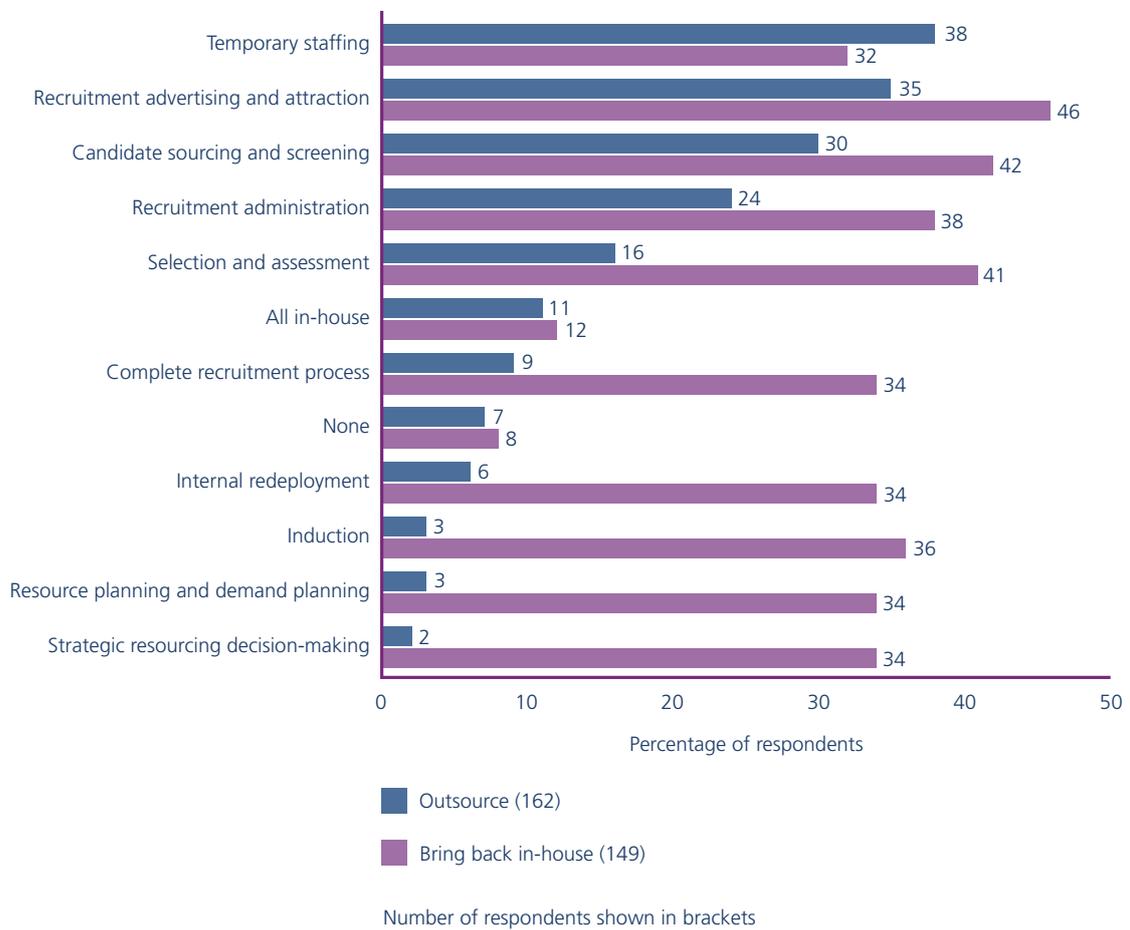


Figure 5: Key business drivers for organisations outsourcing their resourcing activities to an external provider (%) (respondents were restricted to selecting a maximum of three drivers)

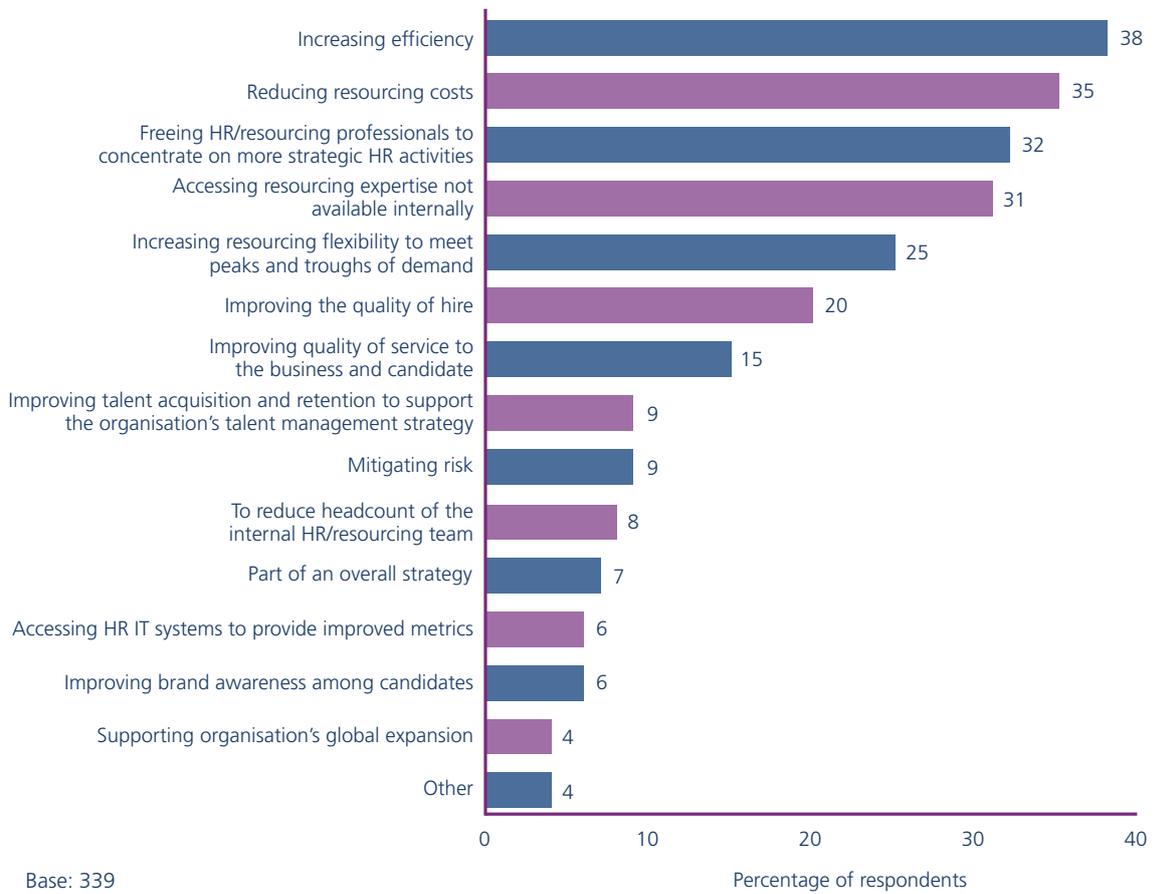


Figure 6: Key business drivers for organisations bringing resourcing activities back in-house (%) (respondents were restricted to selecting a maximum of three drivers)



Welfare-to-work initiatives

As the global recession continues, the number of organisations making redundancies continues to rise. The Government has launched a number of initiatives to get people back into work. These initiatives aim to provide positive support for both employers and job-seekers and to give a boost to the economy. This section is a new addition to the survey, given its topical relevance.

Working with Jobcentre Plus, the Government is helping employers to fill vacancies by offering a recruitment subsidy and access to training. This scheme also helps job-seekers, especially those who are finding it hard to get work in the current job market. Jobcentre Plus provides help to employees early on, before redundancies are made, through its Rapid Response Service.

There are also a range of other initiatives:

- Local Employment Partnership (LEP) initiatives see employers working in partnership with the Government to get disadvantaged jobseekers back into work.
- Train to Gain is the national skills service that provides support and advice for employers to increase the skill level of their employees to meet the challenges facing their organisations.
- Skills brokers are part of Train to Gain's offering, giving free advice on skills and training to businesses, tailored to their needs.
- Business Link gives practical advice and information to businesses. It operates in partnership with government experts and business support organisations.

To find out more about these initiatives, please see the links provided in the further reading section.

We asked respondents which of these initiatives they have heard of and how they think the initiatives could meet their organisation's resourcing needs (Table 16). The majority of respondents (99%) have heard of Jobcentre Plus, although only 20% think it is good or very good at meeting their organisation's resourcing needs.

Only 10% of respondents say their organisation has signed up to an LEP, and of these, 55% have recruited via an LEP (Figure 7). Figure 8 reveals the actions those organisations who have signed up to an LEP have taken. However, we must err on the side of caution in generalising from these results due to the small sample size. The most commonly reported action organisations report taking as part of their LEP is reviewing their recruitment process (51%). The next two most popular actions taken are conducting work trials (44%) and carrying out pre-employment/in-work training (42%).

Table 16: Government initiatives respondents have heard of and their ability to meet the organisation's resourcing needs (%)

	Heard of	Very good	Good	Average	Poor	Very poor
Jobcentre Plus	99	3	17	36	27	17
Business Link	82	3	22	46	20	9
Train to Gain	80	4	21	39	24	12
Local Employment Partnerships (LEPs)	63	3	15	42	26	15
Skills broker	47	5	16	34	28	18

Base: 740

Figure 7: Has your organisation...

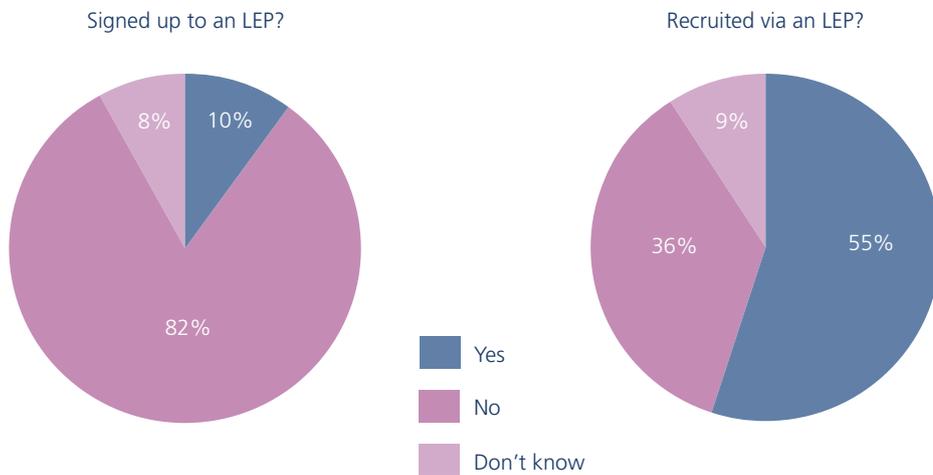


Figure 8: Actions taken as part of an LEP

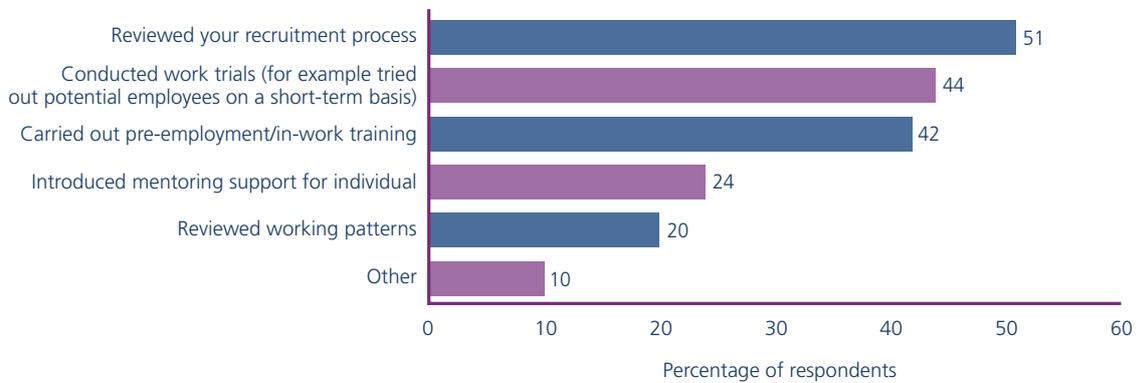
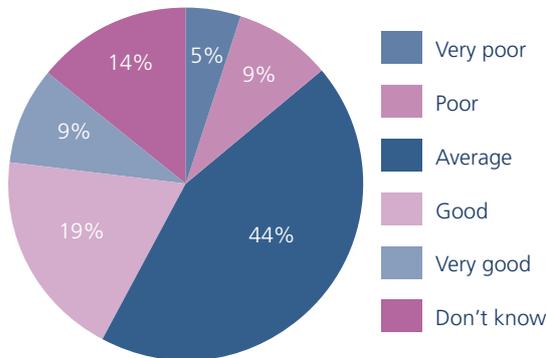
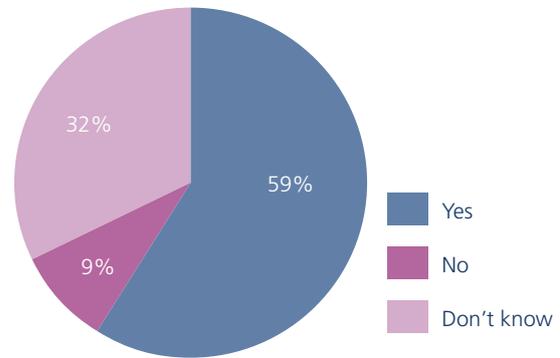


Figure 9: How organisations rate the quality of people recruited through their LEP (%)



Base: 43

Figure 10: Would you recruit through an LEP again? (%)



Base: 44

Of those organisations that report they have recruited through their LEP, on the whole they rated the quality of recruits as average or above average, with only 14% saying the quality was poor or very poor (Figure 9).

Of those organisations who have recruited via an LEP already, 59% say they would do so again, whereas 32% reserve judgement (Figure 10).

Given that some of the government initiatives to get people back to work specifically target groups that find it hardest to obtain employment, we asked all respondents whether they have recruited or considered recruiting from any of the groups in Table 17. Seventy-three per cent of respondent organisations say they have already recruited lone parents and 66% say they had recruited people at or near retirement age. Organisations are most reluctant to hire homeless people or those with a history of drug or alcohol problems.

Table 17: Groups of people from which employers have recruited or considered recruiting (%)

	Already recruited	Considered but not recruited	Would consider	Would not consider
Lone parents (706)	73	3	25	1
People at or near retirement age (701)	66	7	27	3
Unemployed people (708)	62	4	35	0
People with few or no qualifications (692)	56	5	26	14
Disabled people (702)	55	8	37	1
Migrant workers (674)	46	8	37	10
People with a history of mental illness (654)	26	10	50	14
Ex-offenders (662)	21	12	45	22
New Deal participants (619)	19	10	65	6
Long-term Incapacity Benefit claimants (644)	12	12	54	22
People with a history of drug or alcohol problems (644)	11	6	40	43
Homeless people (639)	5	7	51	37

Number of respondents for each response option is shown in brackets.

Figure 11: What would encourage you to recruit from the groups in Table 17? (%)



We then asked people what might encourage their organisations to recruit from these groups. The most popular option is work trials (71%) where organisations can hire individuals on a short-term, trial basis. The next most appealing options are to have external support, including government support, with training after hiring

the applicant (50%), having external mentoring support for the employee (46%) and easily available back-up support and guidance to address individual issues (46%).

The Aspire Housing Group case study below features their apprenticeship scheme and their use of work trials.

Case study: Apprentice scheme at Aspire Housing Group

The Aspire Housing Group is a non-profit-making social landlord, based in Newcastle-Under-Lyme, which employs 420 people. The organisation manages the housing stock in the local area, of which they took ownership from the borough council in January 2000. They manage, maintain and improve the housing stock, renting and leasing properties.

As part of their social inclusion agenda, Aspire Housing has always employed apprentices, also valuing the business benefits of doing so. The apprenticeships they offer are closely aligned to the organisational needs identified through their workforce planning, enabling them to fulfil anticipated skill requirements. In 2008 they acquired PM Training, a social enterprise providing young people with the skills and training they require to obtain employment. Through this acquisition, Aspire Housing was able to further develop its apprenticeship scheme, targeting young people from disadvantaged backgrounds from the local area, particularly those with whom PM Training was already working.

'Apprenticeships bring a wealth of benefits to the company. They ensure that our workforce have the skills and qualifications that Aspire needs now and in the future. Apprentices receive on-the-job training so are able to contribute to the business whilst learning. They are also highly motivated and committed to the business and therefore stay with us and often progress through the company. Since the training is specific to Aspire Housing they learn about our business processes, can address skills gaps and fill vacancies which are difficult to recruit for.' Ele Morrissey, Head of Organisational Development

(continued overleaf)

Case study: Apprentice scheme at Aspire Housing Group (continued)

Apprentices are recruited through external applications as well as via PM Training. Candidates are invited to meet with Aspire Housing for an informal discussion about the role, determining whether the applicant is suitable and whether they are keen to pursue employment. Rather than following a formal written application process, an informal discussion facilitates a two-way dialogue. Successful candidates are offered a four-week unpaid trial, which again benefits both parties. The apprentice gets to experience the job first-hand and Aspire Housing is able to further assess suitability. Line managers meet weekly with the apprentice during the trial to provide support and address any issues directly as they arise. Each apprentice has a mentor as well as a line manager. The mentoring system provides further support for the apprentice as well as allowing the mentor to develop managerial skills.

'I've been an apprentice mentor for almost a year and it's been challenging at times, but extremely rewarding, to see a young person settle into work and grow. Supporting a young person with no skills is an extremely important role. There is a distinct difference between the role of a mentor and a line manager. The line manager's role is to create a plan of learning and development and to assign work, whereas my role is to oversee their development as an individual.' Sue Cawley, Payroll Manager

Currently there are 15 apprentices, 11 in vocational trades and 4 within business administration. The apprenticeship schemes last for between two and three years and provide people with the opportunity to obtain knowledge and skills on the job at the same time as working towards a National Vocational Qualification (NVQ). The importance of providing continuous development opportunities is emphasised. For example, one employee has completed his apprenticeship and gone on to study for an HND, which Aspire Housing is encouraging and funding.

Looking forward, there are plans to develop the apprentice scheme further, enabling youngsters to develop generic trades. They are also trying to attract female applicants to construction-type vacancies, which have traditionally been male-dominated. Initiatives include providing work experience for local schoolgirls, holding career events and working with local schools and colleges.

Information provided by Ele Morrissey, Head of Organisational Development

Diversity

With regard to diversity, not much has changed since we surveyed last year. Table 18 highlights that 60% of respondents possess a diversity strategy, which is a 5% rise on last year's survey. The findings suggest that diversity strategies are most common in the public services sector, with 91% of respondents in this sector saying they have such a strategy.

Table 19 indicates that the methods used by organisations to encourage diversity are similar to those used in 2008, with the exception of the practice of checking that tests used are valid, reliable and culture-free. Thirty-four per cent of respondents report using this method in the 2008 survey to encourage diversity, whereas in 2009 this figure increased to 47%. Although 84% of respondent organisations say they do monitor recruitment and/or staffing information, there is still room for improvement on the other activities to encourage a more diverse workforce, given the business advantages to be gained.

The CIPD has carried out a considerable amount of research on diversity and our website provides information and resources in this area. A CIPD publication (2008) – *Managing Diversity and the Business Case* – provides research evidence to link diversity to business performance.

Two CIPD reports published in 2007 – *Diversity in Business: A focus for progress* and *Managing Diversity in Practice: Supporting business goals* – offer employers help in assessing how they manage diversity and determining where they need to focus their attention to ensure that diversity has a positive impact on business performance.

Table 18: Does your organisation have a formal diversity strategy? (%)

	All	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services
Yes	60	45	64	52	91
No	37	50	33	44	7
Don't know	4	5	4	4	3

Base: 752

Table 19: Methods used to address diversity issues in organisations (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services	2008 survey
Monitoring recruitment and/or staffing information to gain data on gender, ethnic origin, disability, age and so on	84	69	94	76	97	83
Training interviewers to understand what diversity is about and the impact of stereotypes	68	56	70	60	79	60
Operating policies that go beyond basic legislative requirements on gender, disability, sexual orientation, religion and belief	52	44	58	47	61	48
Advertising vacancies in different sources to widen interest from under-represented groups	51	31	64	43	67	48
Checking that any tests used are valid, reliable and culture-free and are tested on diverse norm groups	47	40	42	44	57	34
Using specific images/words in your recruitment advertising to appeal to a wider audience	42	36	47	40	48	42
Providing recruitment documents in other formats (large print, disk and so on)	37	17	43	22	60	31
Setting recruitment targets to correct a workforce imbalance	14	6	15	5	29	12

Base: 419

Managing labour turnover

Labour turnover is inevitable, yet it is an area of focus for most employers who are looking to reduce it. Where it is high, organisations face a loss of knowledge and skills and their ability to meet business objectives comes under threat. However, working environments with very low turnover tend to become stale and business growth can be limited. This section of our survey examines trends in labour turnover and employee retention.

Labour turnover rates

Our current survey shows a median labour turnover rate of 15.7% – a noticeable decrease on last year’s figure (Table 20). The findings suggest that the majority of turnover is attributed to employees leaving voluntarily (Table 21). It seems likely that in the current economic situation, given the slow job market, the number of people leaving organisations voluntarily will decrease further.

The CIPD *Employee Outlook* survey report (May 2009) found that 75% of employees plan to stay with their employer for the foreseeable future, although a third say they would like to change jobs. As the *Employee Outlook* survey report suggests, employees are more likely to stay put in their current jobs during this economic downturn, being pessimistic about the prospect of finding new employment.

Table 20: Aggregated rate of labour turnover (%)

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

Base: 307 (2009 survey)

Table 21: Labour turnover rates, by reason for leaving (%)

Voluntary redundancies	0 (233)
Compulsory redundancies	0.5 (261)
Dismissed/left involuntarily (including death in service)	1.4 (250)
Fixed-/short-term contracts	0.7 (225)
Retired	0.7 (232)
Left voluntarily	9.0 (274)

Rate shown is median turnover, by reason, of all organisations supplying this information (number of respondents shown in brackets).

Table 22 examines labour turnover rates for all leavers and voluntary leavers by industrial sectors. Sample sizes are small in some sector groups (that is, fewer than ten) so results must be interpreted carefully. The findings suggest that turnover has almost halved within the retail and wholesale sector when compared with last

year's survey. Although the hotel, catering and leisure industry remains one of the sectors with the highest level of labour turnover, the 'all leavers' finding in this category of 34% has fallen compared with the 41% turnover rate reported in last year's survey.

Table 22: Labour turnover rates, by industry sector (%)

	All leavers	Voluntary leavers
Manufacturing and production	15.3 (80)	7.7 (75)
Agriculture and forestry	(0) ^a	(0) ^a
Chemicals, pharmaceuticals and oil	10.0 (4)	4.3 (4)
Construction	17.8 (10)	10.1 (8)
Electricity, gas and water	12.6 (4)	7.4 (4)
Engineering, electronics and metals	17.0 (18)	10.0 (17)
Food, drink and tobacco	26.8 (5)	11.9 (4)
General manufacturing	14.8 (17)	5.3 (15)
Paper and printing	(0) ^a	1.9 (1)
Textiles	10.8 (3)	5.9 (3)
Other manufacturing and production	16.5 (20)	7.5 (20)
Private sector services	16.8 (150)	10.4 (129)
Professional services	13.8 (46)	10.7 (37)
Finance, insurance and real estate	16.6 (21)	10.2 (17)
Hotels, catering and leisure	34.0 (10)	15.8 (8)
IT services	21.6 (15)	14.2 (15)
Call centres	34.0 (2)	19.2 (2)
Media and publishing	22.9 (6)	11.6 (6)
Retail and wholesale	17.4 (17)	9.7 (12)
Transport, distribution and storage	10.7 (10)	5.1 (10)
Communications	22.9 (3)	13.0 (3)
Other private services	20.0 (24)	9.5 (23)
Voluntary, community, not-for-profit	16.4 (38)	11.0 (35)
Care services	16.8 (4)	13.8 (4)
Charity services	20.3 (10)	13.2 (9)
Housing association	17.1 (14)	8.2 (13)
Other voluntary	14.7 (10)	10.0 (9)
Public services	12.6 (52)	7.6 (45)
Central government	4.4 (4)	4.1 (3)
Education	15.0 (14)	8.6 (12)
Health	11.4 (10)	6.2 (9)
Local government	13.7 (14)	9.7 (12)
Other public services	10.3 (10)	7.0 (9)

Median labour turnover rate shown (number of respondents shown in brackets)

^a indicates data analysis was not possible because of fewer than five respondents in this category

Table 23: Labour turnover rates,* by occupation (%)

Senior managers/directors	0 (92)
Managers and professionals	14.4 (89)
Administrative, secretarial and technical	15.7 (96)
Services (customer, personal, protective and sales)	11.5 (54)
Manual/craft workers	12.1 (50)

*Median labour turnover rate shown (number of respondents shown in brackets).

Table 24: Labour turnover, by occupational group by categories of turnover rates (%)

	Turnover			
	0%	1–10%	11–20%	21%+
Senior managers/directors (92)	52	10	21	17
Managers/professionals (89)	23	16	29	33
Administrative, secretarial and technical (96)	17	16	25	43
Services (customer, personal, protective and sales) (54)	28	20	22	30
Manual/craft workers (50)	24	24	18	34

The number of respondents for each occupation is shown in brackets.

Table 23 shows reported labour turnover rates by occupation. To understand the distribution of the results, further detail is shown in Table 24. (For example, 52% of organisations report 0% turnover of senior managers, 10% report 1–10% turnover.)

Redundancies

We are getting a consistent message from the media about organisations making redundancies and although Table 21 shows that only a small proportion of labour turnover in 2008 was due to redundancy, it is anticipated that this figure will be higher for 2009. We asked respondents about the redundancies their organisations had made to get a clearer picture of what happened in 2008.

As a proportion of aggregate turnover, just over a quarter of respondent organisations made more than ten people redundant in 2008 (26%). Table 25 highlights that these results are slightly higher than last year's survey.

The factors influencing decisions to make ten or more redundancies are shown in Figure 12. Reorganised working methods, reductions in expenditure and the economic downturn remain the key causes. As this survey looks back at 2008, it is interesting to look at the findings alongside the CIPD/KPMG quarterly *Labour Market Outlook*, which provides more recent data, asking organisations about their activities in spring 2009. Thirty-seven per cent of respondents report they are planning to make redundancies over the next three months. However, 52% of these organisations say the planned redundancies will affect less than 3% of the workforce. The *Labour Market Outlook* found that 40% of the redundancies affected those in managerial and professional positions. Redundancy intentions have risen more steeply in the public and voluntary sectors for spring 2009 than at any point in the past year. This suggests that the impact of the recession is only now being felt by these sectors.

Table 25: Respondents making ten or more redundancies (%)

2009 survey	26
2008 survey	22

Base: 728 (2009), 298 (2008)

Figure 12: Factors influencing redundancy decisions (1= not important, 5 = very important)

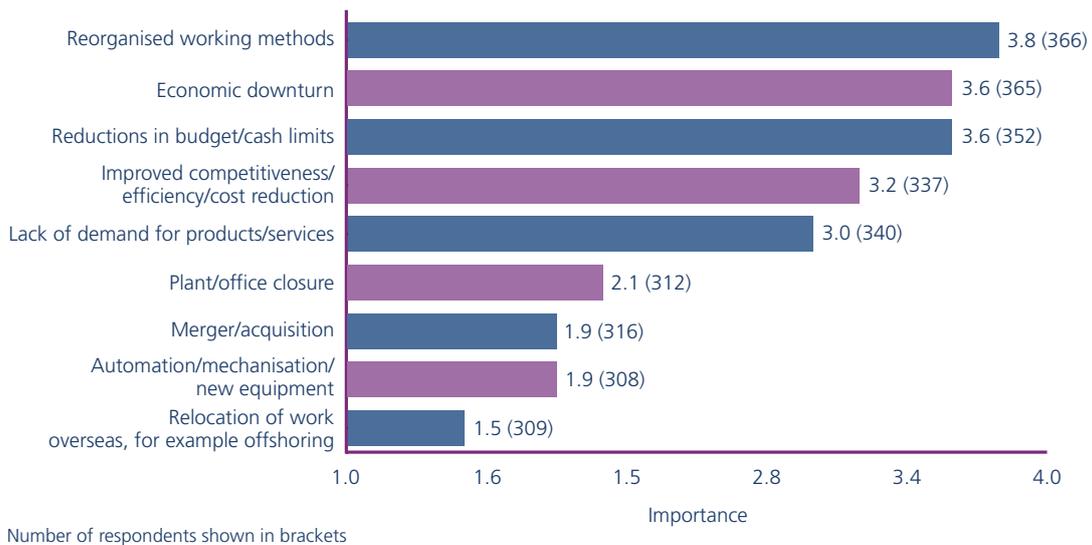
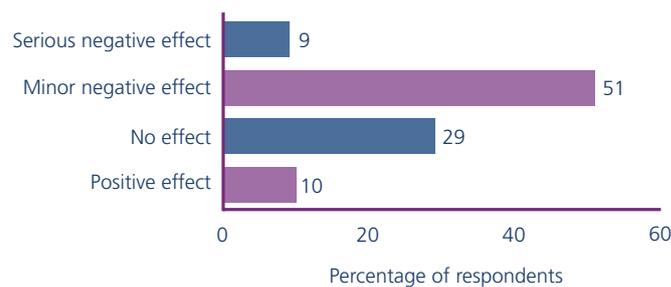


Figure 13: Effect of the level and nature of labour turnover on organisational performance (%)



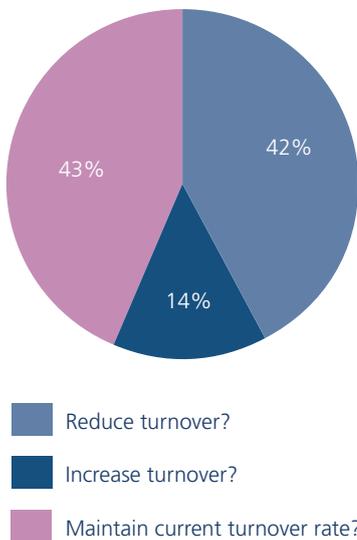
Base: 733

Labour turnover and organisational performance

We sought to capture employers' views on how an organisation's labour turnover impacts its business performance and how organisations plan to influence turnover during 2008 (Figures 13 and 14). Fifty-one per cent report a minor negative effect of labour

turnover on organisational performance with only 10% saying their level of labour turnover has a positive impact. In 2008, the majority of organisations aimed to either maintain their current turnover rate (43%) or reduce their turnover (42%).

Figure 14: During 2008, did your organisation want to... (%)

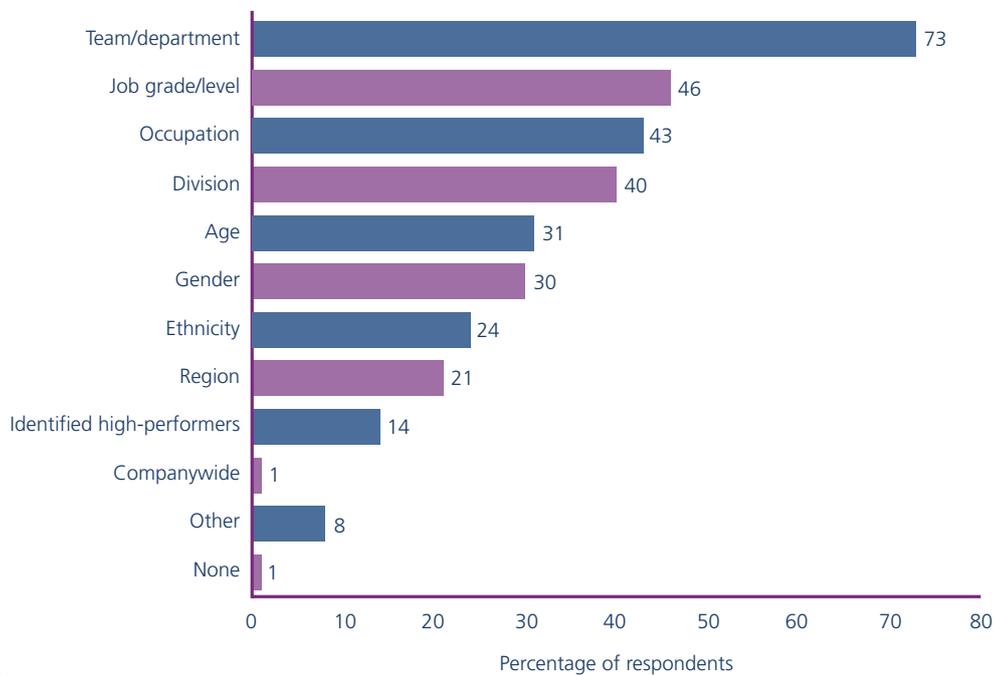


Base: 735

Our survey also asked some more detailed questions regarding the approaches organisations take to collecting and analysing labour turnover data (see Figure 15). It is most commonly calculated by team/department (73%) and organisations are still unlikely to drill down to uncover the level of turnover among their identified high-performing staff, with only 14% of respondent organisations doing so.

In an increasingly knowledge-based economy, human capital is fast becoming the most valuable business asset. Labour turnover is one measure of human capital reporting, among others, that can provide a powerful business case in influencing senior management decisions and agenda. The latest guidance in this area can be found in our human capital factsheet and research, available to download at www.cipd.co.uk/factsheets

Figure 15: Approaches taken by organisations to collecting and analysing data relating to labour turnover (%)



Base: 617

Why and when people leave

Ninety-five per cent of participants taking part in the survey explore the reasons why people leave the organisation voluntarily. Exit interviews conducted by HR or line managers remain the most popular method for gathering this information (Figure 16), despite the fact that organisations may receive a truer picture from an anonymous exit survey or employee attitude survey.

You can refer to the Northamptonshire Police case study on page 34, which highlights how they have integrated the feedback they received from both leavers and new hires into their recruitment process.

We drilled down into the key reasons for employee turnover in organisations (Figure 17). We must bear in mind that this is HR's view of why employees leave. In line with the 2008 survey, the two most common reasons are for promotion outside of the organisation (50%) and for a change of career (49%).

Consistent with the times we are in, the number of people leaving due to redundancy has noticeably increased since last year, with 36% reporting this as a reason for people leaving their organisation this year compared with 22% in last year's survey. Similarly the number of people citing retirement as a reason for employees leaving in the 2008 survey (19%) has increased to 34% in 2009.

Table 26 examines the patterns associated with leavers' length of service. Again, due to the small number of respondents answering this question, the results should be treated with caution. The findings suggest that around a fifth of new starters leave the organisation within the first six months (19%), which emphasises the need for organisations to look at the strength of their induction process in helping people integrate into the workplace quickly and effectively. The CIPD's revised factsheet on induction is a good starting point for employers that are planning to redesign or implement a new induction programme.

Figure 16: Methods used to investigate why people leave (%)

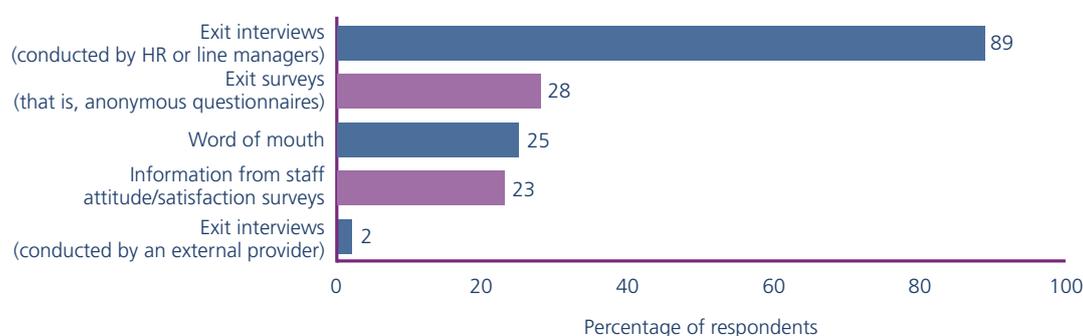
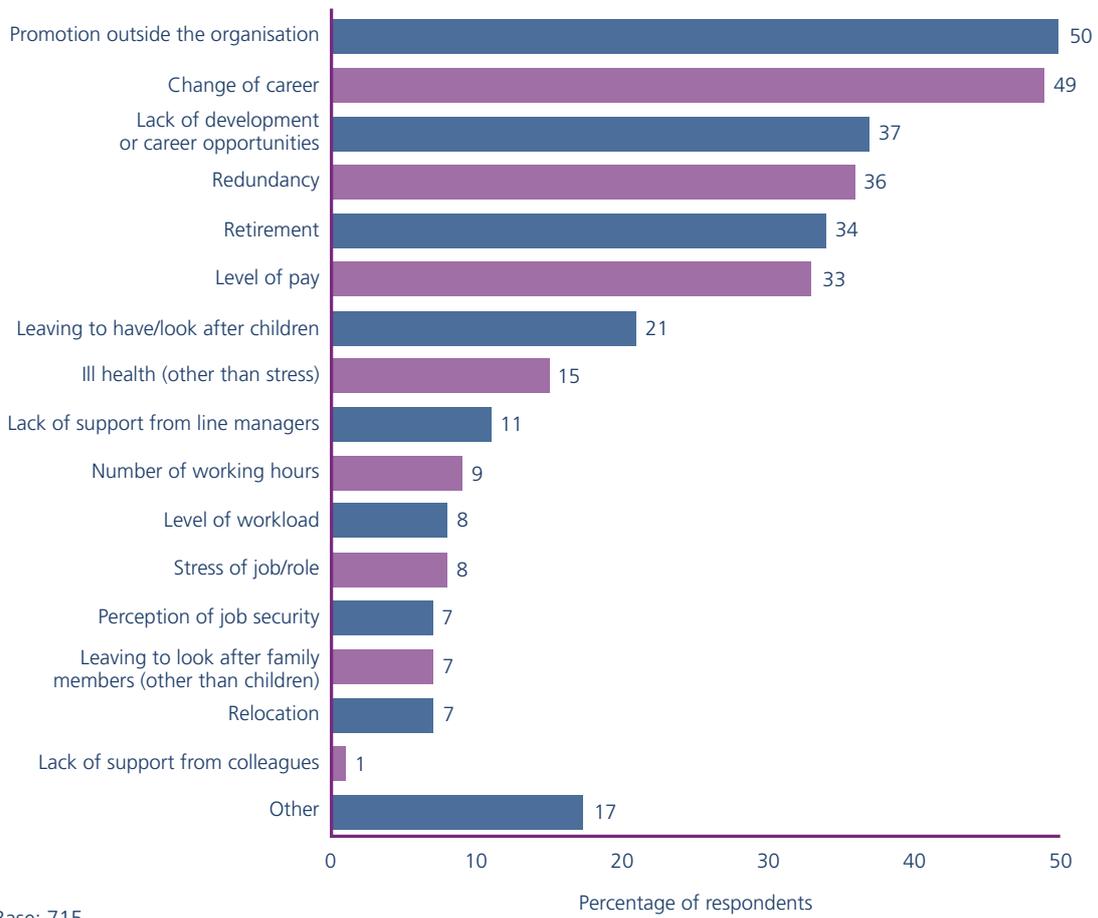


Table 26: Job tenure – leavers' length of service (%)

	2009 survey	2008 survey
Percentage of leavers with 0–6 months' service	19	22
Percentage of leavers with 7–23 months' service	29	31
Percentage of leavers with 2–5 years' service	25	27
Percentage of leavers with over 5 years' service	24	20

Average base: 207 (2009), 203 (2008)

Figure 17: Key reasons for employee turnover (%)



Retaining employees

Developing an employee retention strategy is one step organisations can take to avoid high levels of turnover. As well as keeping costs under control, cleverly thought-out retention objectives that support resourcing and business goals will also strengthen the internal employer brand and therefore contribute to the organisation's ability to attract new talent.

Most organisations report experiencing difficulties in retaining staff, with only 31% saying they experienced no difficulties in 2008. Managers/professionals is the category of workers organisations are most likely to experience difficulties retaining (see Table 27).

Given organisations' general endeavour to decrease turnover, we asked respondents what measures their organisations were taking to address staff retention. The most common steps taken were offering increased learning and development opportunities (47%), improving the induction process (45%), increasing pay (42%) and improving selection techniques (42%).

What is surprising is that 72% of respondents rate improving line management HR skills as the most effective method of addressing staff retention, but only 39% of organisations used it in 2008. Similarly, 74% of respondents rate revising the way staff are rewarded so their efforts are better recognised as being very effective, but only 19% adopted this strategy in 2008.

Table 27: Retention difficulties, by occupation (%)

	Total	Manufacturing and production	Voluntary, community and not-for-profit	Private sector services	Public services
Senior managers/directors	7	4	7	6	12
Managers/professionals	30	26	27	31	33
Administrative, secretarial and technical	16	14	16	15	21
Services (customer, personal, protective and sales)	17	13	19	24	10
Manual/craft workers	14	24	13	10	12

Base: 718

Table 28: Steps taken specifically to address staff retention in 2008 (%)

	Used during 2008	Least effective	Most effective	Used during 2007
Increased learning and development opportunities	47	20	81	46
Improved induction process	45	33	67	45
Increased pay	42	29	71	53
Improved selection techniques	42	18	83	46
Improved line management HR skills	39	29	72	37
Improved employee involvement	35	33	67	29
Improved benefits	32	35	65	36
Made changes to improve work-life balance	31	28	72	30
Offered coaching/mentoring/buddy systems	24	48	52	22
Better promotion to employees of the employer brand	21	58	42	16
Improved physical working conditions	19	53	47	12
Revised the way staff are rewarded so their efforts are better recognised	19	27	74	19
Redesigned jobs to make them more satisfying	18	33	67	14
Made changes in the way the organisation approaches career management	18	53	47	17
Offered secondments	15	61	39	17
Better publicised levels of pay and conditions	15	68	32	14
No initiatives undertaken	13	83	17	9
Removed age-related policies and practices	13	80	20	26
Increased diversity of staff	11	70	30	11
Offered flexible bonus	8	43	57	10
Used recruitment/induction bonuses	8	72	28	10

Base: 695 (2009 survey), 710 (2008 survey)

Case study: Integrating feedback from leavers and new hires at Northamptonshire Police

Northamptonshire Police employs 2,600 people and is committed to delivering the best possible quality police service to the county. On a daily basis they undertake operations and activities that ensure the work they do represents value for money and makes a positive difference to customers' quality of life.

The key to Northamptonshire Police's success is the quality of their people. Within their Force Communications Centre, they have redesigned their recruitment process in an effort to increase retention and make more effective hiring decisions. To attract a broader range of suitable applicants within this area of the organisation, they successfully streamlined and simplified their attraction and selection methods. They integrated the feedback they received from both leavers and new hires, about their experience of the organisation, into their recruitment process.

Sarah Brophy, HR Officer within HR Operations, reports, 'Through our exit interviews people from the Force Communications Centre were giving us valuable information about why they were leaving the organisation.' This constructive feedback prompted changes to the way new staff were recruited. The key message coming through from leavers was the importance of giving applicants, as Brophy describes, 'a true picture of the role; a real flavour of it'. To bring the jobs alive, current staff were involved in podcasts for the website, talking about their role and what they enjoyed about working for the organisation. In addition, a one-hour shadowing experience was incorporated into the application process. To enable people to enter the police force with their eyes open, an open discussion was included in the interview about the realities of the job and the need to work shift patterns. These initiatives have been well-received by candidates who reported that they had 'an insight into life in the force and an obvious feeling of team support' and 'a feel for the environment in which I would be working'.

To broaden their potential applicant pool, Northamptonshire Police reassessed how they advertised job roles within the Force Communications Centre. By changing from advertising roles in local papers to having features on local radio stations they have widened their target audience. Candidates for roles in this area of the organisation tend to be quite young and so advertising on a radio station with a listener profile of the over-40s means they are reaching people from different age brackets. Some of the other initiatives in place to enable them to attract a more diverse range of applicants include offering part-time positions to make the role more appealing to women and working closely with the force's minority recruitment officer.

Northamptonshire Police has also used the intelligence they were receiving from their staff in the communications centre as a starting point for rethinking and simplifying the application process. A self-sufficient micro-site was developed to make navigation of the police website easier, with the application process broken down into three easy steps. This action helped to ensure that candidates were not screened out based on the quality of their written application form, which does not tap the skills required in the job. For example, job roles in the contact centre require excellent verbal communication skills, with employees spending 90% of their time on the telephone.

Everyone who goes through the recruitment process is asked to give feedback about their experience as a candidate, including where they heard about the role and what they thought about the recruitment process. For Brophy, more effective hiring decisions are made through bringing the job alive for people and making recruitment a two-way process. On the whole, feedback is positive and as a result of the initiatives, there has been a noticeable increase in suitable applications, particularly from traditionally under-represented groups.

Information provided by Sarah Brophy, HR Officer within HR Operations at Northamptonshire Police

Looking forward

What a difference a year makes. This time last year, the jobs market was showing remarkable resilience in the face of the credit crunch. Redundancy rates were at an all-time low while employment levels were at an all-time high. However, the mood among employers and HR professionals changed abruptly as the nature of the downturn forced companies to start cutting costs last summer. Many did this by reining in recruitment and exploring alternatives to redundancy while others were forced to make redundancies. However, when stock markets tumbled around the world following the collapse of Lehman Brothers last autumn, the jobs market followed suit as the demand for our products and services weakened and the supply of credit dried up. The story in the past year is one that has seen HR professionals' concerns about pay inflation and retention replaced by the need to cut costs and maintain morale amid redundancies and pay freezes.

This sequence of events is reflected accurately in the CIPD's annual *Recruitment, Retention and Turnover* survey, a survey of UK employers that uniquely looks at the inter-relationships between redundancies, recruitment and labour turnover trends. The labour turnover rate is noticeably lower than the previous year and there was also a dramatic decrease in the number of vacancies organisations tried to fill.

Interestingly, the number of recruitment difficulties remained largely unchanged during 2008. This could be because the full impact of the downturn had not been felt last year, but the report also suggests that despite having a greater pool of available talent in the marketplace, organisations were experiencing an increase in unsuitable applicants and a lack of necessary specialist skills.

In the light of the downturn, next year's report should show even lower levels of labour turnover and fewer organisations reporting recruitment difficulties as the number of unemployed continues to grow rapidly, although difficulties around specialist skills may still continue. Indeed the special focus section, 'Resourcing in turbulent times', shows that over half of organisations surveyed say the recession is having a negative impact on next year's resourcing budget and plans and that more organisations are likely to focus on retaining rather than recruiting talent.

At the time of writing, the official job statistics show that the number of unemployed in the UK had increased by a quarter of a million during the first quarter of 2009. This is startling enough. But unlike this survey and the official national statistics, which both report on what has already taken place, the CIPD/KPMG quarterly *Labour Market Outlook* gives us a snapshot as to what we might expect in the short term and beyond. The report suggests that the outlook for jobs will become bleaker still. The report measured organisations' employment intentions, that is, the difference between the proportion of employers who expect recruitment and/or make redundancies to increase total staff levels and those who expect this to decrease total staff levels. This figure has fallen ten points from last quarter to -19, illustrating that redundancies are outnumbering recruitment.

In addition, two-fifths (40%) of organisations have contingency plans to make redundancies in the next year. This, together with the future need to cut jobs in the public sector to address the high level of public debt, has led the CIPD to forecast that UK unemployment will peak at 3.2 million in the second quarter of 2010. This would represent an increase of 1 million compared with the current official figure.

The debate as to whether migrant workers in the UK will return to their native countries as the recession develops will be another driver in labour supply in the next few years. However, as recent figures from the *Labour Market Outlook* report also show, more organisations say that they are employing migrant workers now compared with a year ago than those who say they are employing fewer. Such findings underline the positive impact that many employers perceive migrant workers have on their organisation.

The competition for jobs will thus become even more intense in the next year. The era of the candidate's market has therefore been turned on its head. Many HR professionals will undoubtedly welcome the opportunity to recruit from a wider and higher-quality pool of talent. However, the economic and social impact of unemployment gives HR an opportunity to deliver on its social responsibilities too.

Gerwyn Davies, Public Policy Adviser, CIPD
May 2009

Background to the survey

This survey was carried out in February and March 2009 and relates to the period 1 January to 31 December 2008. It was sent to a sample of HR professionals in the public, private and voluntary sectors with a response rate of 7.6%.

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

A profile of the location of survey respondent organisations is provided in Table 29 and Figure 18.

Table 29: Location of staff in respondents' organisations (%)

Whole UK	25
London	21
South-east England	24
Midlands	16
North-west England	13
South-west England	12
Yorkshire/Humberside	8
Scotland	9
North-east England	8
East of England	6
Wales	6
Northern Ireland	5

Base: 755

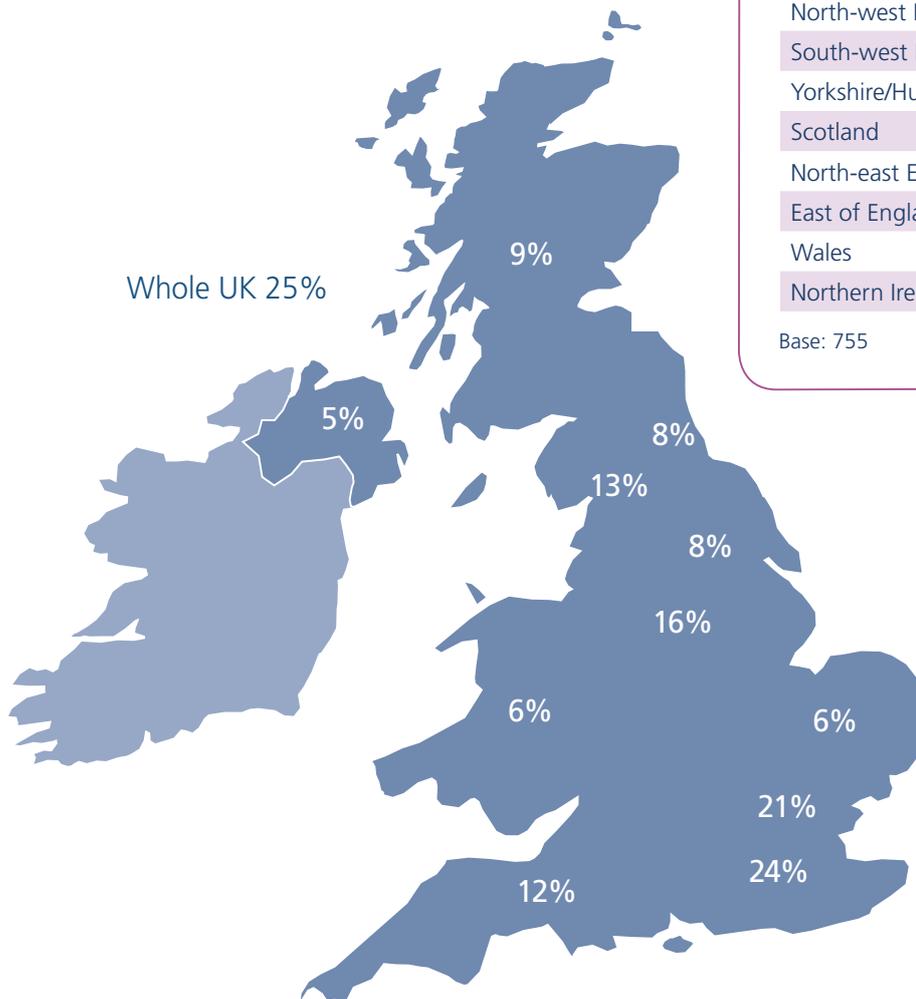


Figure 18: Location of staff in respondents' organisations (%)

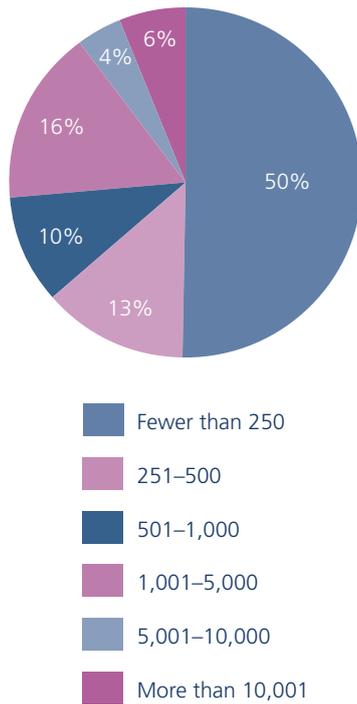
Table 30: Breakdown of respondent organisations, by industrial sector (%)

Manufacturing and production	25
Private sector services	49
Voluntary, community and not-for-profit	12
Public services	21

Base: 755

Figure 19 shows a breakdown of the survey sample by organisation size.

Figure 19: Breakdown of sample, by organisation size – UK employees (%)



Base: 754

Labour turnover

A total of 374 survey respondents were able to supply all the information for us necessary to calculate labour turnover on a whole-organisation basis – in keeping with the previous year's survey.

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

Labour turnover =

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

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

However, 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.

'Average' in the report is used to refer to the statistical mean where the data is normally distributed. However, the median is quoted in the cases where the distribution is significantly skewed. When the median is used, it is noted. In cases where the group sample sizes are small (that is, fewer than ten), the results should be interpreted with caution.

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

Further sources of information

Diversity

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

www.cipd.co.uk/bookstore

Labour market

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

www.cipd.co.uk/surveys

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

www.cipd.co.uk/surveys

Web 2.0

The 2008 discussion paper – *Web 2.0 and Human Resource Management* – examines how web-based technologies are affecting HR. We invite you to share your views and ideas on this topic at

www.cipd.co.uk/researchinsights

Human capital reporting

The CIPD conducted research with ACCA into human capital reporting, *Human Capital Management: An analysis of disclosure in UK reports* (2009). Obtain a copy of the report at

www.cipd.co.uk/researchinsights

Our *Human Capital* factsheet (2008) provides practical advice and guidance on measuring and reporting human capital.

www.cipd.co.uk/factsheets

Employer branding

Read our *Employer Branding* factsheet at

www.cipd.co.uk/factsheets

Employee retention and turnover

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

www.cipd.co.uk/factsheets

Induction

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

www.cipd.co.uk/factsheets

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

Sign up to receive our e-newsletter at

www.cipd.co.uk/cipdupdate

Welfare-to-work initiatives

For further information about the government initiatives to get people back into work and the services available to businesses, please see the links below. The Learning and Skills Council and the Department for Work and Pensions also provide useful information about these initiatives.

www.jobcentreplus.gov.uk

www.businesslink.gov.uk

www.lsc.gov.uk

www.dwp.gov.uk

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- members of the Recruitment Forum Steering Committee for their input into the survey design and assistance in piloting the questionnaire
- Plus4 Market Research Ltd for data input, analysis and tabulation
- all those who shared examples of their organisation's practices.

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

We explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

We produce many resources on recruitment issues including guides, books, practical tools, surveys and research reports. We also organise a number of conferences, events and training courses. Please visit www.cipd.co.uk to find out more.



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