MAJOR PLAYERS

2019

The Future of Recruitment

The Future of Recruitment report was produced by Major Players in conjunction with HR magazine

MAJOR PLAYERS | **HR**

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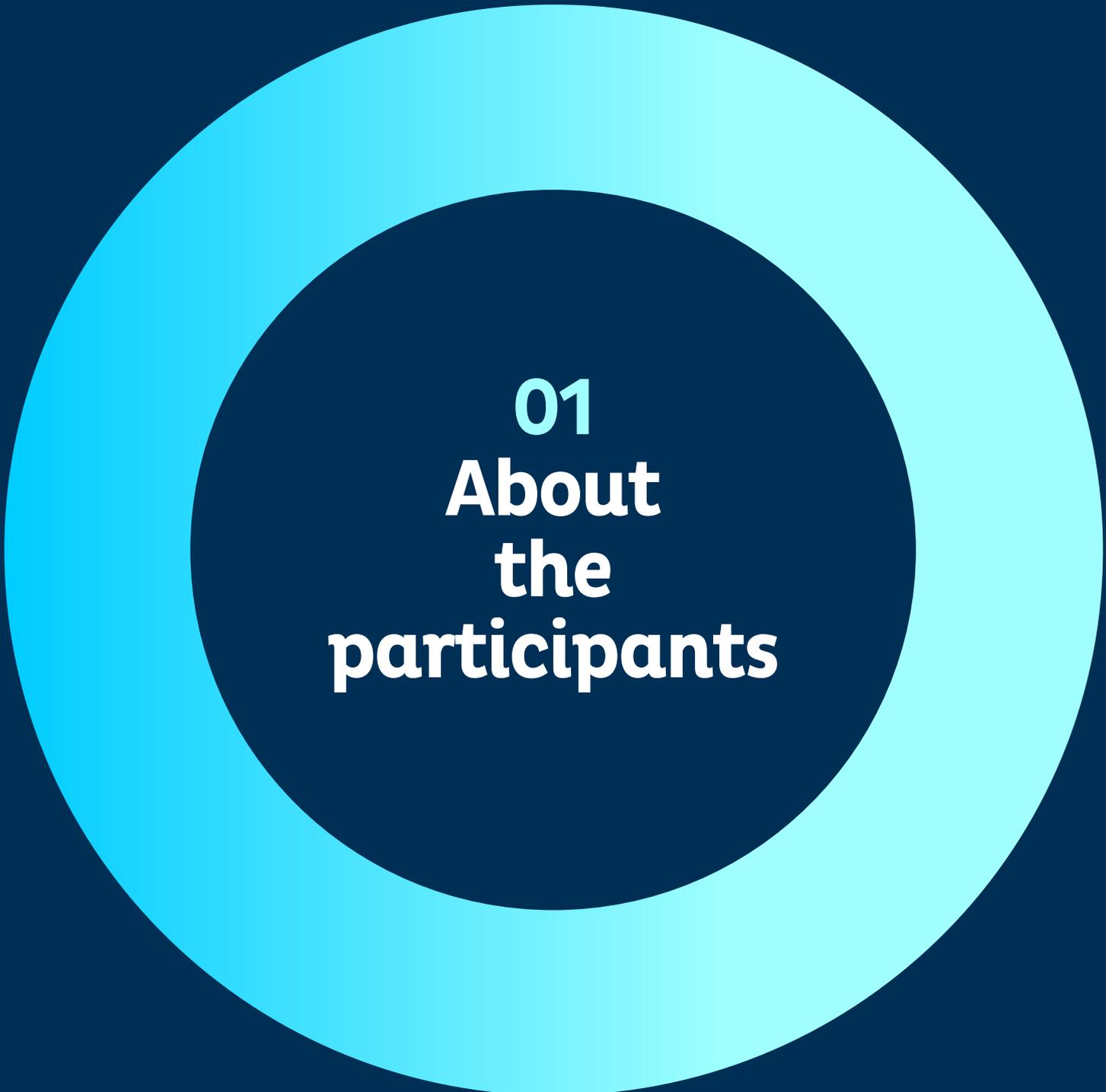
01
About the participants

01 About participants

Job Title

37%

of participants were HR Managers, with the vast majority of participants in key decision making HR and recruitment roles

HR Manager **37%**

HR Director **10.9%**

Head of HR **8.7%**

HR Business Partner **5.4%**

Other (Such as in-house recruiter, talent director, talent manager etc.) **38%**

Industry sector

Almost

100

industry sectors were represented by the participants
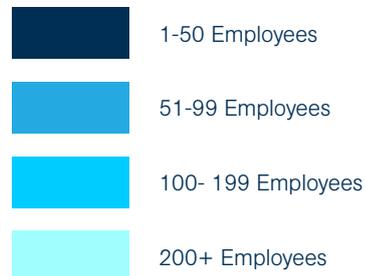
With significant representation from the charity, manufacturing, construction, financial services, education and retails sectors

Business Size

Number of employees

23%

13%

23.6%

40.4%

■ 1-50 Employees

■ 51-99 Employees

■ 100- 199 Employees

■ 200+ Employees

64% of participants come from companies with 100 employees or more. Smaller businesses are less represented in this survey, 23% of participants come from companies with 50 employees or less

02
Executive summary / Main insights

Background

With economic uncertainty and the job market constantly evolving, we have created this report to look at the changing workforce and the future of recruitment. In conjunction with HR Magazine, we surveyed directors, managers and heads of department on recruitment trends, future challenges and finding the right candidate for the role.

In addition we hosted two separate roundtables in conjunction with HR magazine on the Future of Recruitment. One was chaired by Lynda Gratton. Lynda is a Professor of Management Practice at the London Business School and founder of the Hot Spots Movement. She has written extensively on the future of work and the role of corporation, and her eight books have received various awards.

The second was hosted by Liz Nottingham Executive HR Director at RGA. Topics during the discussion included: difficulties in hiring, diversity, skills shortages, the changing workforce and AI. During the discussion many topics overlapped and were very closely related.

02 Main insights

01

About the participants

Participants in this survey include HR directors, managers, and heads of department.

64% of participants come from companies with between 100 and 200 employees. Smaller businesses are less represented in this survey.

"29.1% of participants said that skilled labour and talent shortages are among the biggest challenges they currently face with regards to recruitment."
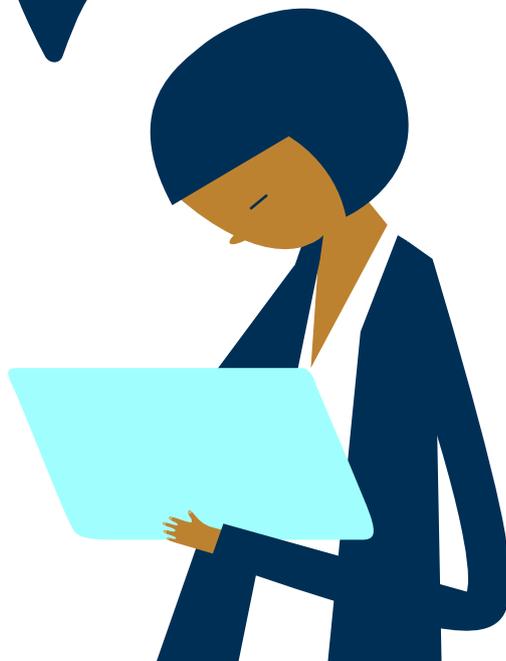
02

Future challenges

29.1% of participants said that skilled labour and talent shortages are among the biggest challenges they currently face with regards to recruitment.

19% of participants claim that finding suitable candidates with the necessary skill sets can be challenging while implementing diversity and inclusion politics.

The reduction of costs in recruitment is mentioned often (18.1%) and was considered to be a general concern for participants.

03

Recruitment Trends – demand versus offer

Overall, vacancies and job offers seem to have evolved hand in hand since January 2018.

The most in-demand roles are digital and IT related, followed by management and sales related roles. It would appear that each sector has its own specific challenges. There is no clear trend, apart from that senior level roles appear to be in slightly higher demand. IT and digital related skills are in greatest demand in most industries. Management and sales skills are also popular.

> "Despite the huge demand for staff nearly three quarters of respondents say they have either one or no dedicated in-house recruitment function"

04

Recruitment Resources and Strategy

Most participants (71.4%) say that they have either no dedicated in-house recruitment team or only one expert, meaning that the majority of recruitment activity is either outsourced or done organically by non-expert employees.

36.6% of participants say that their recruitment budget has been reduced since last year and 35.4% say that it has had a small increase of less than 5%. Only 3 participants have said that their recruitment budget has been increased by more than 30% since January 2018.

43.5% of participants say that the HR department is in charge of recruitment activities and 31.7% say that recruitment activities are managed by a mix of people across the companies. Some mentioned that they have an in-house recruiter.
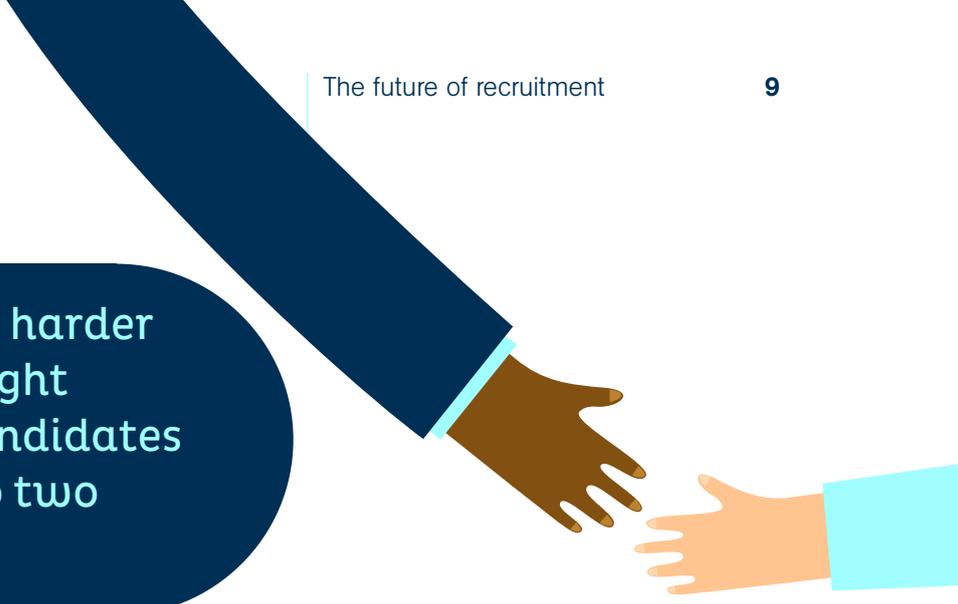
Around 20% of participants hold in equal esteem the cost per hire, turnover rate and performance of new hires to measure ROI. Candidate satisfaction and quality of the source are less valued by participants and only 6% say that the number of interviews carried out to hire a new person is important. It seems that participants do not mind spending time on recruitment activities as long as the ROI is insured and the new hire brings value to the company.

72% of participants say they outsource recruitment activities.

44.1% of participants say that their relationship with their recruitment partners hasn't changed compared to last year. However, 28.9% of participants report that they have reduced partnerships with recruiters and 12.5% say they have formed a stronger partnership. Overall it seems that participants want to maintain good relationships with recruitment partners.

Over

70%

of participants say that they have either no dedicated in-house recruitment team or only one expert

Cost per hire and staff retention/turnover are the most used to measure recruitment success

> "57% say it is harder to find the right calibre of candidates compared to two years ago"

04 (cont)

Recruitment Resources and Strategy

68.6% of participants said that they do not use any recruitment tools themselves. The most popular tools are Linkedin (14%), then ATS systems and internally managed spreadsheets. Few people said that they do not currently use any tool but intend to in the future. Tools mentioned include : Clear Company; Breezy; Bayt; Bamboo HR and People HR.

21.3% of participants do not consider AI to be useful in the recruitment process. One participant said that she had a bad experience using Crystal and preferred to 'stay human'. 25.5% of participants say that they could see AI supporting the application process and 17.4% say it could help the screening process.

Participants seem to value recruitment channels equally. Online job boards are favoured by 17.1% of participants, then comes websites and referrals. Linkedin, recruitment agencies, word of mouth and social media are equally valued but are not the first options chosen by participants. Newspapers are not used.

57.1% of participants say that compared to two years ago, it is harder to find the right calibre of candidates. 36.6% of participants say that there has been no notable change.

Most participants (38.8%) say they prefer to take interviews after CV applications and specific job related tests (probably as part of a structured interview).

Over **12%** of participants say that they have formed a stronger relationship with their recruitment partner

Telephone interviews are still valued and 12.1% of participants say they use them. On the other hand, group exercises/assessments are rarely used as they require more work from employers and could introduce bias to the selection process.

18.2% of participants say they'd rather develop in-house talents instead of looking for new talents. 10.5% of participants say that they will continue to recruit key talents in niche areas and 9.9% say they intend to invest in the quality of candidates over quantity. 7.5% of participants say they would redeploy people into new roles, focus on retaining rather than recruiting and reducing their reliance on recruitment agencies. Overall it seems that, as much as possible, companies want to rely on their own workforce to sustain and grow but they want to keep recruitment practices as part of ongoing business development. Most participants say they intend to focus on in-house training and quality recruitment over quantity, hand in hand with the development of apprenticeship programmes.

"The majority – 60%, believe that recruiting diversity makes a difference to the performance of a business "

05

Finding the right candidate

A lack of skills required for the role (29.8%) and divergence with the company culture (20.5%) are the two main reasons cited by participants to reject a candidate, followed by the lack of experience and higher salary expectations.

06

The Future of Recruitment

Participants do not seem to think that Big Data and AI technology will impact recruitment practices. On the other hand, about 30% of participants believe that a variety of evolutions and innovations will impact recruitment practices and 29.4% say that interview innovation will have a strong impact on recruitment.

56.5% of participants say that investing in diversity when recruiting pays off, 37.9% are more skeptical and said that it might. Overall the opinion on diversity inclusion is positive.

Gender pay gap : Opinion seems to be split evenly on this question. 56.5% of participants say that hiring managers shouldn't refrain from asking for a candidate's previous salary in an interview, whilst 43.5% think that they should. It is not clear whether these answers are related to a political opinion on the gender pay gap or simply related to practical business requirements (e.g. it is important to know a candidate's previous salary in order to make a competitive offer whilst managing financial resources).

07

Work force Engagement

Employee surveys, communal office space and weekly catch-ups are the most cited ways used to engage with the company's workforce.
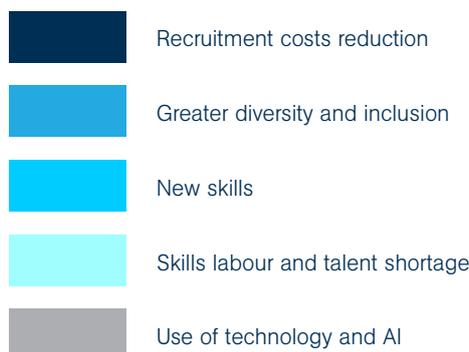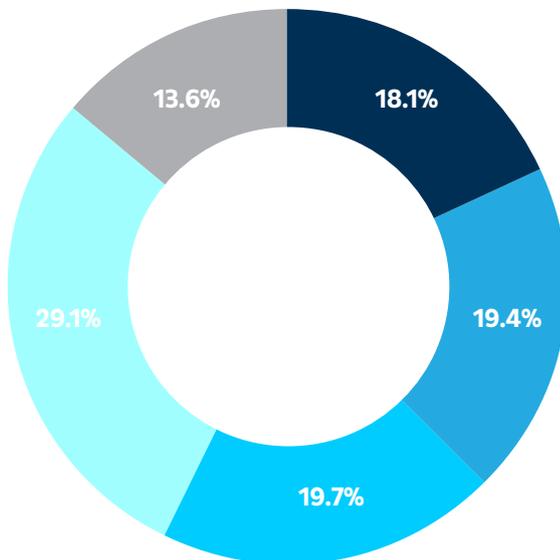
03
Future challenges

03 Future challenges

Q2

What, if anything do you think will lead to the greatest change in your company's hiring procedures over the next five years?

Future of hiring
Process

"Nearly a third say that skilled labour and talent shortages are amongst the biggest challenges they are currently faced with"

18.1%
19.4%
19.7%
29.1%
13.6%

■	Recruitment costs reduction
■	Greater diversity and inclusion
■	New skills
■	Skills labour and talent shortage
■	Use of technology and AI

29.1% of participants said that skilled labour and talent shortages are amongst the biggest recruitment challenges they're currently faced with. The areas that appear to pose most of the problem are tech, digital and finance. There are too few qualified people to fill available positions. The majority of participants (around 19%) said that finding suitable candidates with the necessary skills will be challenging, while also implementing diversity and inclusion politics. The reduction of recruitment costs is also mentioned often (18.1%) and is a general concern for participants.

Some companies are still very elitist in terms of the level of education they expect from candidates. They will only consider candidates from certain universities with desirable degrees. One participant worked for a company that only employed candidates from Oxford or Cambridge This is hampering diversity. For example, when recruiting, investment banks favour candidates who are a member of a rugby team, thus prioritising male candidates from higher socio-economic backgrounds.

04
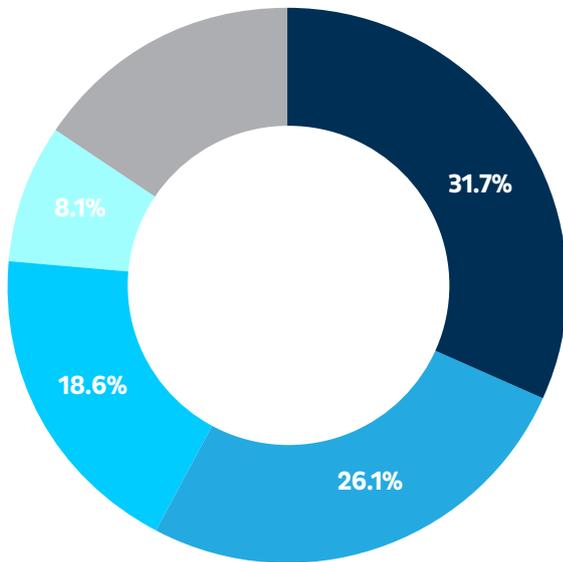# Recruitment Trends : offer versus demand

04 Recruitment Trends : offer versus demand

Q3

Have your recruitment requirements increased since last year?

Recruitment requirements trend
Amount of vacancies

31.7%

26.1%

18.6%

8.1%

"87% of companies have increased their recruitment requirements. In addition 57% have more vacancies than last year"

87% of companies have increased their recruitment requirements. (based on the approximate number of vacancies this year versus last year)

31.7% of participants say that the number of vacancies available for recruitment has increased by 5-10% since January 2018, 26.1% say that it has increased by less than 5%.
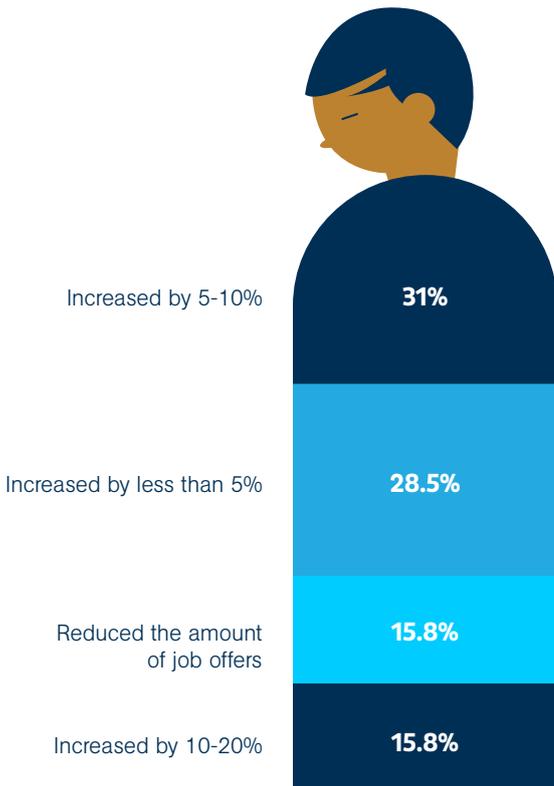
Increased by between 5-10%

Increased by less than 5%

Increased by between 10-20%

Reduced by more than 10%

Others

04

Q4

Have the number of job offers increased or decreased since last year?

Recruitment trend
Amount of job offers

Increased by 5-10% — **31%**

Increased by less than 5% — **28.5%**

Reduced the amount of job offers — **15.8%**

Increased by 10-20% — **15.8%**

Overall the number of job offers has increased by 85%, which is a very good barometer of demand for staff. 31% of participants say that the number of job offers has increased by 5-10% since January 2018 and 28.5% say that job offers increased by less than 5% since January 2018.

Overall, vacancies and job offers seem to have evolved hand in hand since January 2018.

Q5

Are you currently recruiting and if so what are the most challenging job titles to fill?

A variety of roles are cited. All participants gave different answers. Within given titles we can find :

- Senior roles
- Technology related roles
- Chefs
- Support workers
- Sales
- Administration Motion designers
- Head of strategy
- Account managers

The most in demand roles are digital and IT related, then management and sales. It seems that each sector has its own specificity, there is no general trend to observe apart from senior level roles which seem to be in slightly higher demand.

Q6

What skills within your business are in greatest demand?

Top 5 :

- Digital and IT related (e.g. developers, CAD, data specialist, etc) (cited by 31 ppl)
- Management (various) (cited by 16 ppl)
- Sales (cited by 15 ppl)
- Teaching (cited by 6 ppl)
- Support workers

11.1% Management

18.5% Technology

11.1% IT
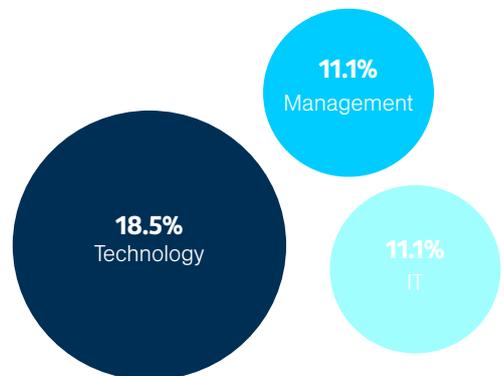
Again IT and digital skills are the most sought after across various industries. Management and sales skills are also popular.

05
Recruitment resources and strategy

05 Recruitment resources and strategy

Q7

Do you have an in-house recruitment and talent management team?

In-house recruitment and talent team
Team size

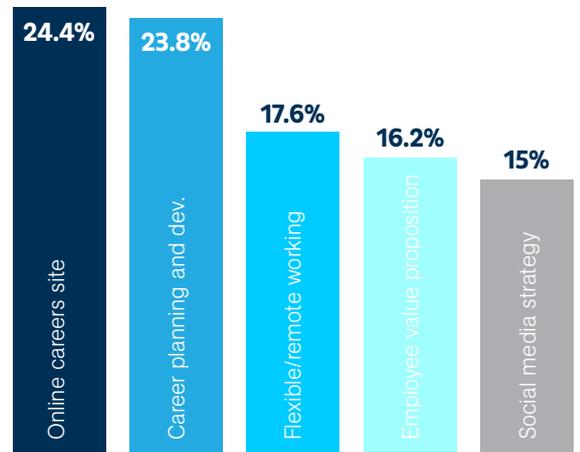"Shockingly nearly three quarters of HR have no dedicated in-house or recruitment team or only one person."

"Meaning the majority of recruitment is done through HR or line managers."

Most participants (71.4%) say that they have either no dedicated in-house recruitment team or only one expert, meaning that the majority of recruitment is either outsourced or done organically by non-expert employees.

Q8

How do you tackle improving employer branding?

Employer branding strategy
Branding improvement

- 24.4% — Online careers site
- 23.8% — Career planning and dev.
- 17.6% — Flexible/remote working
- 16.2% — Employee value proposition
- 15% — Social media strategy

Participants say that they firstly focus on online career services and career planning and development opportunities. Then they focus on flexible working and employee value proposition. Social media seems to be favoured by customers rather than potential employees and sabbaticals are very unpopular within participants.

Values based hiring is a way to look at different types of candidates using company values around hiring and recruiting people that mirror those shared values. Companies need a strong recruitment process when interviewing people based on their capabilities. So if 'resilience' is a value, then you have to make sure that testing is done on that.

05

Q9

Who is in charge of recruitment activities?

> "43.5% of participants say that the HR department is in charge of recruitment activities"
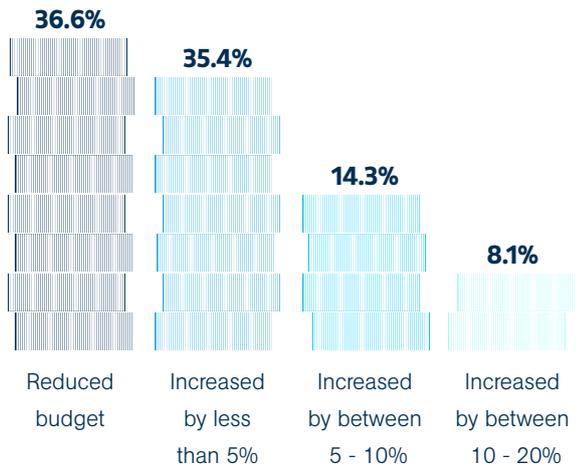
> "31% say it's managed by a mix of people across the business"

Q10

Has your recruitment budget increased or decreased this year compared to last year?

Recruitment budget
Recent spending trends

36.6% **35.4%** **14.3%** **8.1%**

| Reduced budget | Increased by less than 5% | Increased by between 5 - 10% | Increased by between 10 - 20% |

36.6% of participants say that their recruitment budget has been reduced since last year and 35.4% say that is has had a small increase of less than 5%. Only 3 participants have said that their recruitment budget has been increased by more than 30% since January 2018.

Q11

Who takes primary responsibility for recruitment?
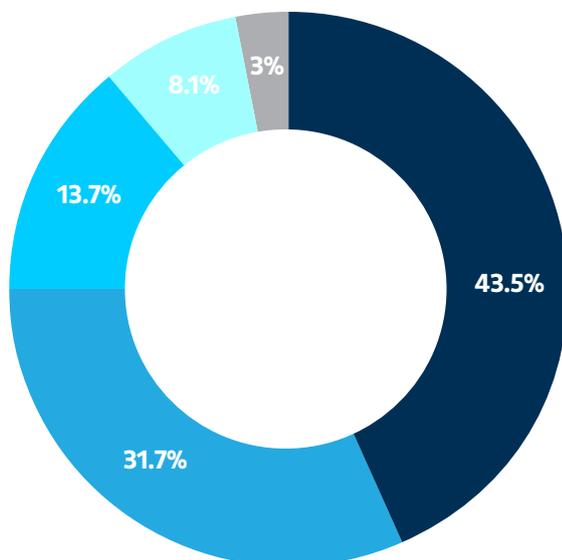
3%
8.1%
13.7%
43.5%
31.7%

43.5% of participants say that the HR department is in charge of recruitment activities and 31.7% say that recruitment activities are managed by a mix of people across the companies. Some mentioned that they have an in-house recruiter.
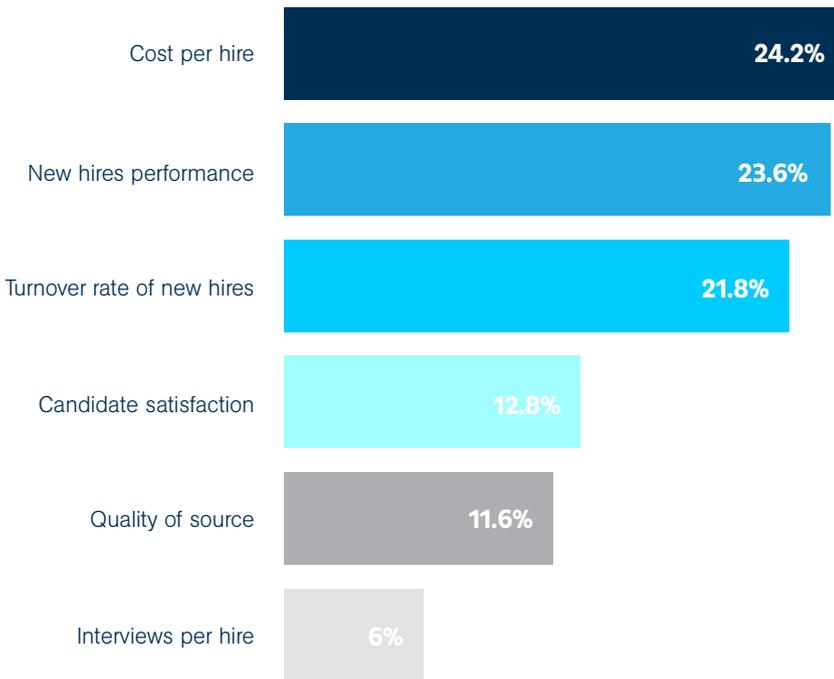
- Mostly HR
- A mix of people across the company
- In-house recruiter
- Mostly Line Managers
- Others

05

Q12

Which of these methods do you use for measuring return on investment?

ROI measurement
What's important

Cost per hire	**24.2%**
New hires performance	**23.6%**
Turnover rate of new hires	**21.8%**
Candidate satisfaction	**12.8%**
Quality of source	**11.6%**
Interviews per hire	**6%**

Around 20% of participants equally value the cost per hire, turnover rate and performance of new hires to measure ROI. Candidate satisfaction and quality of the source are less valued by participants and only 6% say that the number of interviews carried out to hire a new person is important. It seems that participants do not mind spending time on recruitment activities as long as ROI is insured and the new hire brings value to the company.
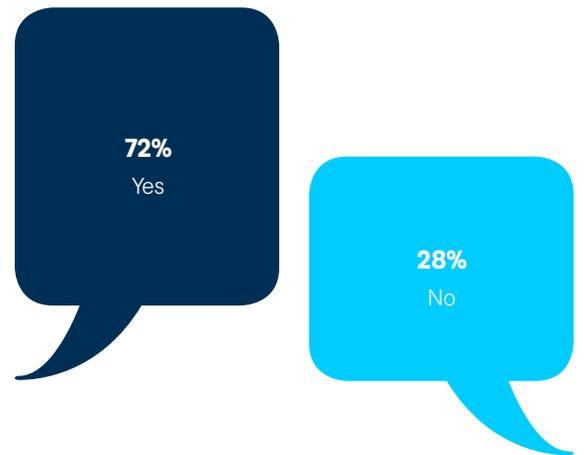
"Cost per hire, the performance of new hires and staff turnover is the most favoured methods to measure recruitment ROI and success"

Q13

Do you currently use recruitment agencies to help source talent?

Recruitment outsourcing
Do you use a recruitment agency?

72%
Yes

28%
No

72% of participants say they outsource recruitment activities
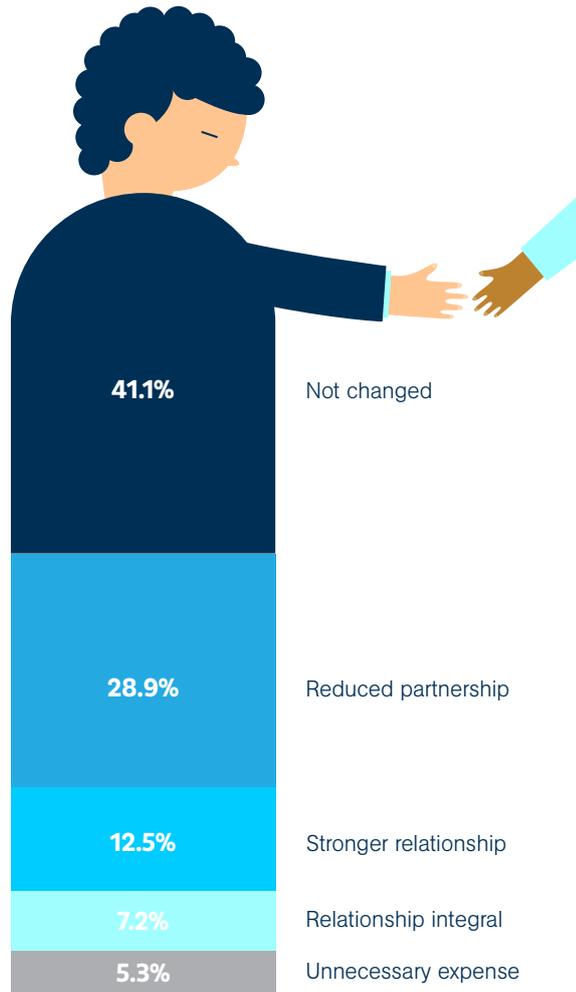
Recruitment Agency

05

Q14

Has your relationship with recruitment partners changed compared to last year and if so how?

Evolution of recruitment
Partners relationship

41.1% Not changed

28.9% Reduced partnership

12.5% Stronger relationship

7.2% Relationship integral

5.3% Unnecessary expense

44.1% of participants say that their relationship with their recruitment partners hasn't changed compared to last year. However, 28.9% of participants report that they have reduced partnerships with recruiters and 12.5% say they have formed a stronger partnership.

Overall it seems that participants want to maintain good relationships with recruitment partners, however, these relationships seem to be fragile and sometimes difficult to maintain, due to competition and price increases, which push people into considering alternative solutions.

Q15

Are you using tools to build talent pools, if so which ones?

Recruitment tools
To build talent pools

68.6% No

13.9% Linkedin

5.1% ATS system
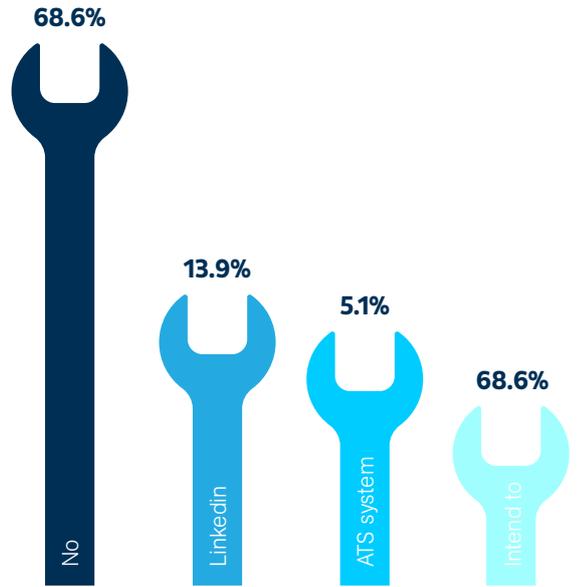
68.6% Intend to

68.6% of participants say that they do not use any recruitment tools. The most popular tools are Linkedin (14%), then ATS systems and internally managed spreadsheets. Few people said that they do not currently use any tools but intend to in the future.

Tools mentioned :
- Clear Company
- Breezy
- Bayt
- Bamboo HR
- People HR
- Oracle HCM Cloud
- Kepner Tregoe
- Hired
- Google Hire
- Thomas International
- Talent Management 9 Box Grid
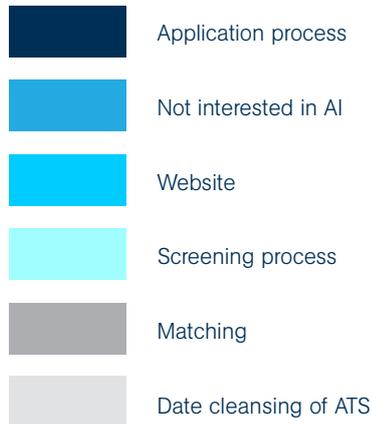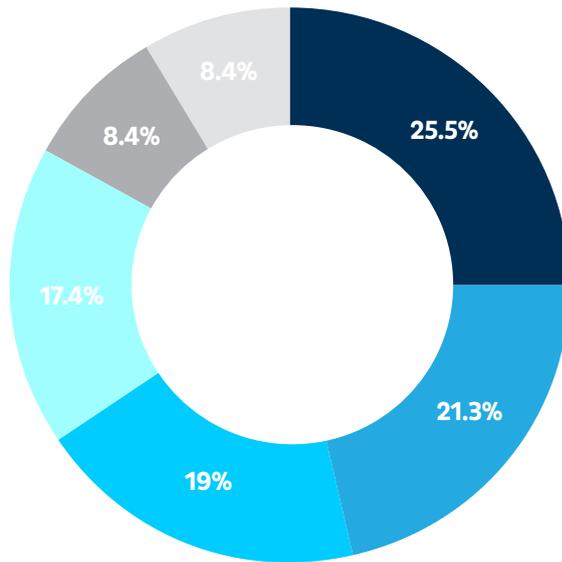- EPLOY
- Easyweb
- E Teach

05

Q16

Where do you see automation and AI assisting your recruitment?

The future of AI in recruitment
Applications of AI technology

- 25.5%
- 21.3%
- 19%
- 17.4%
- 8.4%
- 8.4%

Legend:
- Application process
- Not interested in AI
- Website
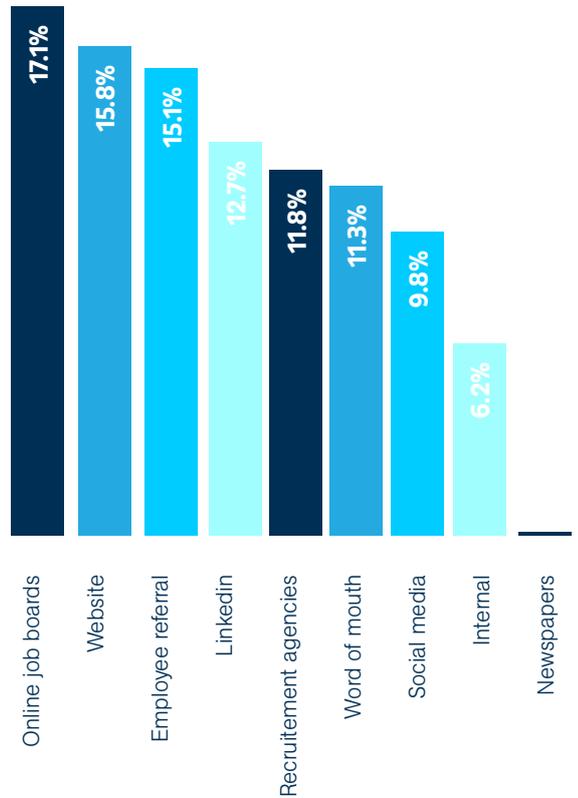- Screening process
- Matching
- Date cleansing of ATS

AI has been suggested in order to filter skills you don't have in your business. It can help companies to look internally for high performing employees and could really help with hiring. However, there is an inherent fear of using AI due to people feeling that they are being made redundant. 21.3% of participants do not consider AI to be useful in the recruitment process. One participant said that she had a bad experience using *Crystal* and preferred to 'stay human'. 25.5% of participants say that they see AI supporting the application process and 17.4% said it could help the screening process.

Q17

Which channels do you find most effective?

Channels strategy
Based on effectiveness

- Online job boards — 17.1%
- Website — 15.8%
- Employee referral — 15.1%
- Linkedin — 12.7%
- Recruitment agencies — 11.8%
- Word of mouth — 11.3%
- Social media — 9.8%
- Internal — 6.2%
- Newspapers

Participants appear to use various channels for recruitment. The most popular channels are online job boards, favoured by 17.1% of participants, then comes websites and referrals. Linkedin, recruitment agencies, word of mouth and social media are valued equally but are not the first options chosen by participants. Newspapers are not used.

> "25% of HR say that they see AI supporting the application process"
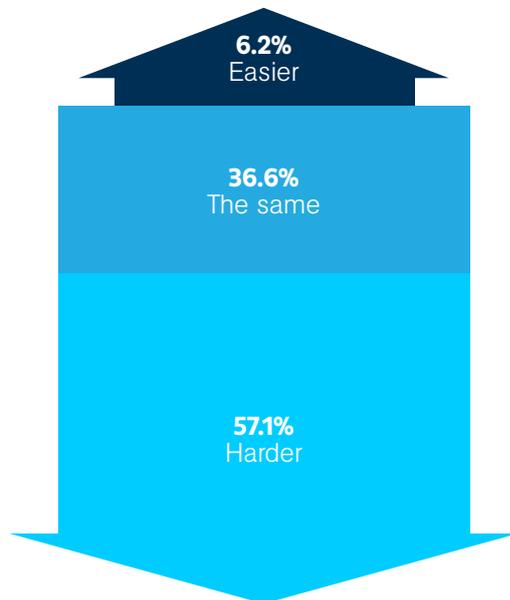
06
Finding the right candidate

06 Finding the right candidate

Q18

Is it easier or harder to find the right calibre of candidate compared to two years ago?

Finding the right candidate
Camparing to 2 years ago

6.2%
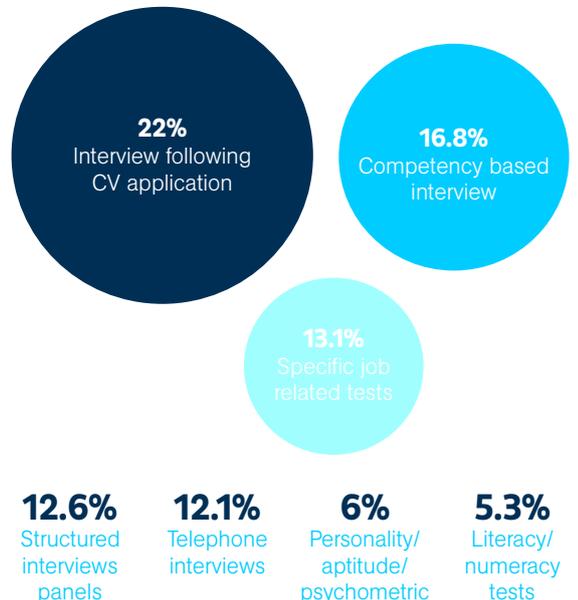Easier

36.6%
The same

57.1%
Harder

57.1% of participants say that it is harder to find the right calibre of candidates compared to two years ago and 36.6% of participants say that there has been no notable change. There are huge gaps of skilled talent within the UK workforce. Companies are repeatedly returning to the same recruitment pool and therefore lacking fresh talent. Employers are encouraged to look at transferrable skills and be flexible on recruitment criteria. Candidates who are able to transition are valuable.

Q19

What methods do you use for selecting a new candidate?

Candidates
Selection processes

22%
Interview following CV application

16.8%
Competency based interview

13.1%
Specific job related tests

12.6%
Structured interviews panels

12.1%
Telephone interviews

6%
Personality/ aptitude/ psychometric

5.3%
Literacy/ numeracy tests

Most participants (38.8%) say that they prefer to conduct interviews after CV applications and specific job related tests (probably as part of a structured interview). Telephone interviews are still valued and 12.1% of participants say they use them. On the other hand, group exercises/assessment are rarely used as they require more work from employers and can cause bias in the selection process.

06

Q20

Which resourcing and talent practices did you implement in 2017-2018?

Sourcing
Practices
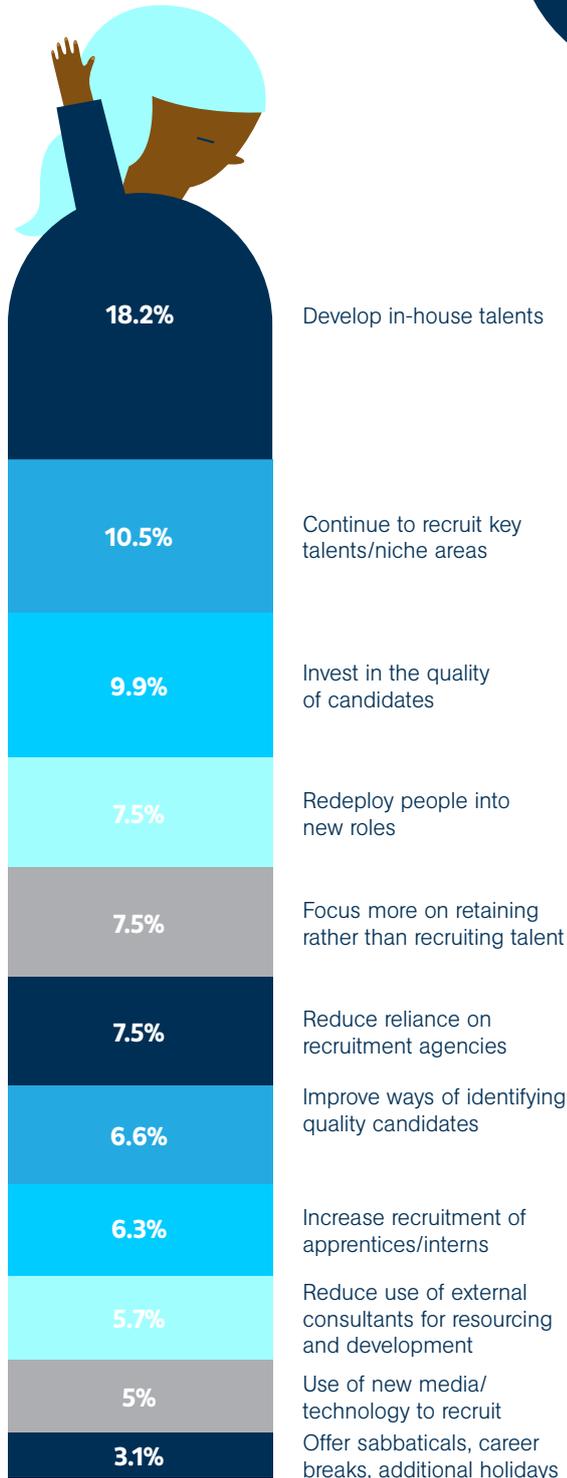
"The majority of clients want to develop in-house recruitment to improve overall hiring"

%	Practice
18.2%	Develop in-house talents
10.5%	Continue to recruit key talents/niche areas
9.9%	Invest in the quality of candidates
7.5%	Redeploy people into new roles
7.5%	Focus more on retaining rather than recruiting talent
7.5%	Reduce reliance on recruitment agencies
6.6%	Improve ways of identifying quality candidates
6.3%	Increase recruitment of apprentices/interns
5.7%	Reduce use of external consultants for resourcing and development
5%	Use of new media/ technology to recruit
3.1%	Offer sabbaticals, career breaks, additional holidays

18.2% of participants said they'd rather develop in-house talent instead of looking for new talent. 10.5% of participants said that they will continue to recruit key talent in niche areas and 9.9% said they intend to invest in the quality of candidates over quantity. 7.5% of participants said they would redeploy people into new roles, focus on retaining rather than recruiting and reduce their reliance on recruitment agencies. Improving ways of identifying quality candidates was also mentioned as well as increasing the recruitment of apprentices and interns and reducing the use of external resources.

To combat skills shortages, some companies in the US are training their own employees as there are not enough people on the market. Apprenticeships are also a great way to plug the skills gap. Companies should think about working with colleges and building apprenticeships with colleges. It's been suggested that children just aren't aware of the jobs that are available to them. Especially if they are from low socio-economic backgrounds. Careers advice in schools is generally bad and as a result we are facing an epidemic of lost Einsteins. We suggest that companies go to grassroots level and educate children on what careers are available.

Overall it seems clear that, as much as possible, companies want to rely on their own workforce to sustain and grow but that they want to keep recruitment practices as part of ongoing business development. Most participants say they intend to focus on in-house training and quality recruitment over quantity, hand in hand with the development of apprenticeship programmes. They want to be able to do this independently as much as possible without the help of recruitment agencies.

06

Q21

What are the most common reasons for rejecting a candidate?

Reasons
for rejecting candidates
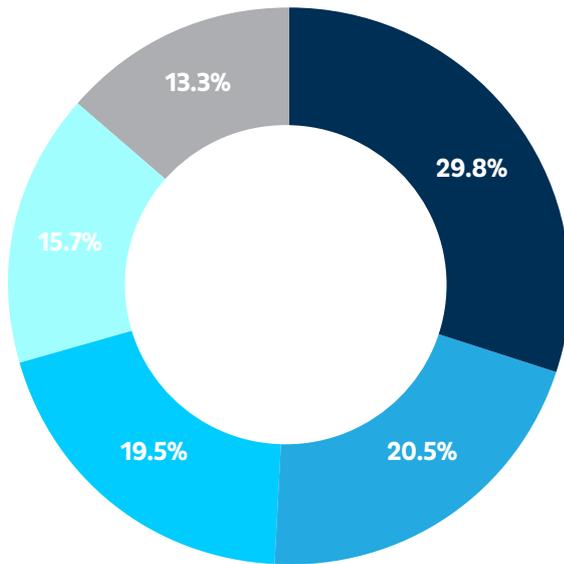
■	Lacking specialist/technical skills
■	Unsuitable within company culture
■	Lack of experience
■	Higher salary expectations
■	Lack of interpersonal skills

A lack of the skills required for the role (29.8%) and divergence with the company culture (20.5%) are the two main reasons cited by participants to reject a candidate, followed by lack of experience and higher salary expectations.
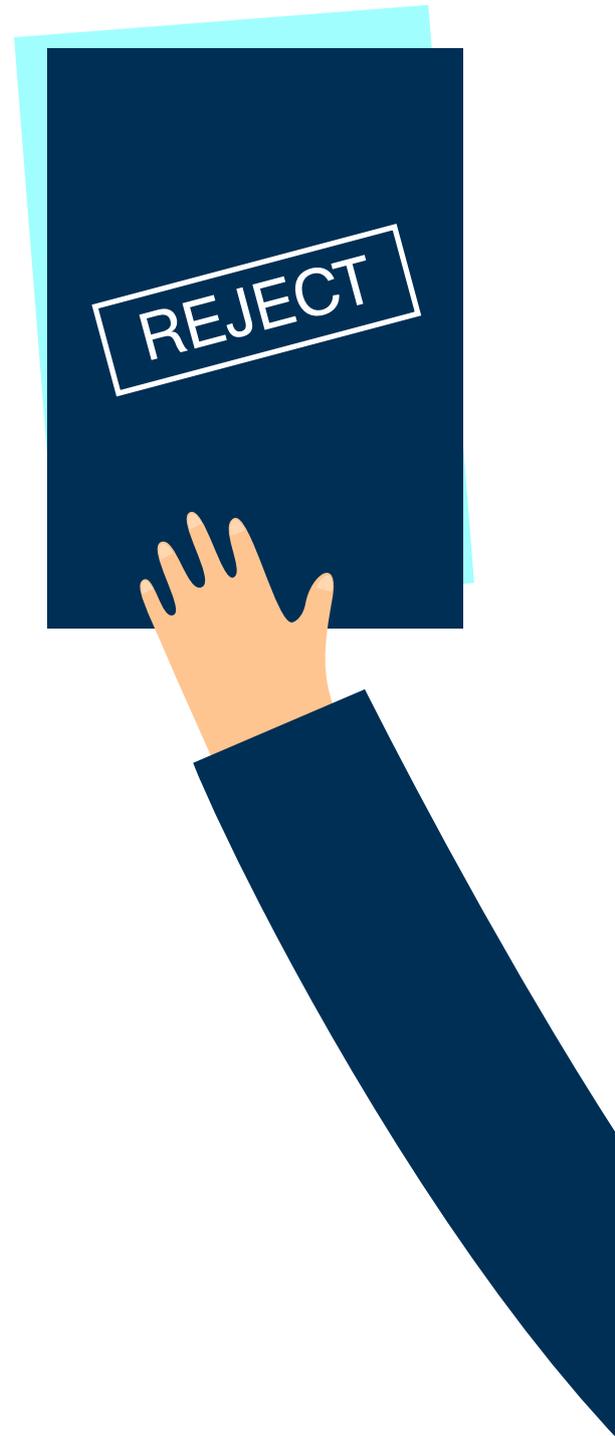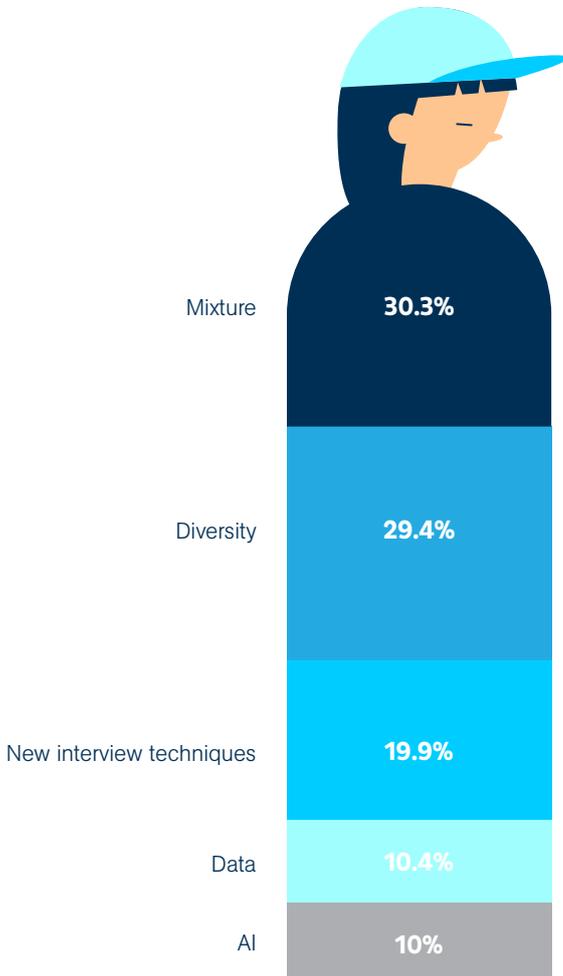
07
The future of recruitment

07 The future of recruitment

Q22

What have you found to be the biggest trends in shaping the future of hiring?

Future trends
Shaping the future of hiring

Mixture **30.3%**

Diversity **29.4%**

New interview techniques **19.9%**

Data **10.4%**

AI **10%**

Participants do not seem to think that Big Data and AI technology will impact recruitment practices. On the other hand, about 30% of participants believe that a variety of evolutions and innovations will impact recruitment practices and 29.4% say that interview innovation will have a strong impact on recruitment.

Q23

Do you think investing in diversity when hiring pays off?

Diversity
Investment
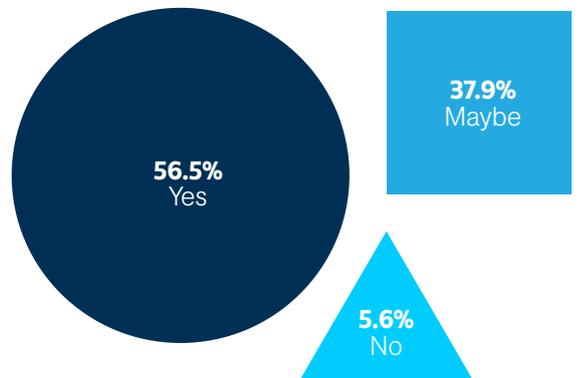
56.5%
Yes

37.9%
Maybe

5.6%
No

56.5% of participants say that investing in diversity when recruiting pays off, 37.9% are more skeptical and say that it might. Overall the opinion on diversity inclusion politics at work is positive.
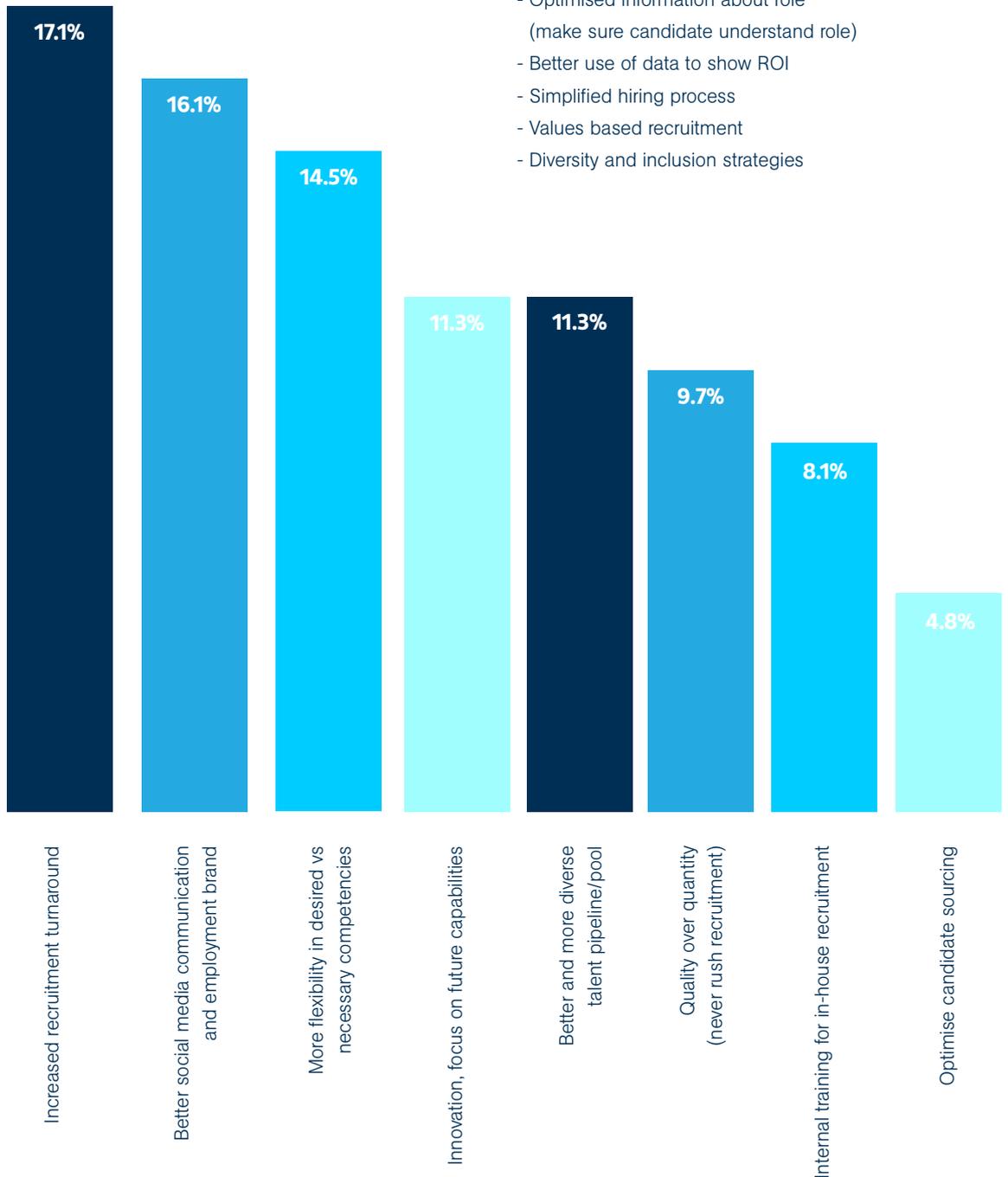
07

Q24

What strategies need to be adapted when hiring to meet demand?

There was a lot of very interesting insights on this question. Participants mentioned the following goals most frequently :

New strategies
To implement

Other :
- Proactivity rather than reactivity
  (i.e. employer to set the rules)
- Cost efficiency strategies
- Better apprenticeship practices
- Reduce reliance on external recruitment agencies
- Better trained managers
- Better employee rewards and value system
  (not just salary
- Improvement offers (flexible packages)
- Optimised information about role
  (make sure candidate understand role)
- Better use of data to show ROI
- Simplified hiring process
- Values based recruitment
- Diversity and inclusion strategies

	17.1%	16.1%	14.5%	11.3%	11.3%	9.7%	8.1%	4.8%
	Increased recruitment turnaround	Better social media communication and employment brand	More flexibility in desired vs necessary competencies	Innovation, focus on future capabilities	Better and more diverse talent pipeline/pool	Quality over quantity (never rush recruitment)	Internal training for in-house recruitment	Optimise candidate sourcing

08
# Workforce engagement

08 Workforce engagement

Q25

How do you engage and connect to your workforce?

Employee surveys, communal office space and weekly catch-ups are the most cited ways used to engage with the company's workforce.

Workforce
Engagement

> "Engagement surveys are still key to understanding how employees feel about the company, leadership and culture"

27%
Employee surveys

22.2%
Communal office spaces

21.5%
Weekly catch-ups

15.6%
Team building exercises

13.7%
Forums
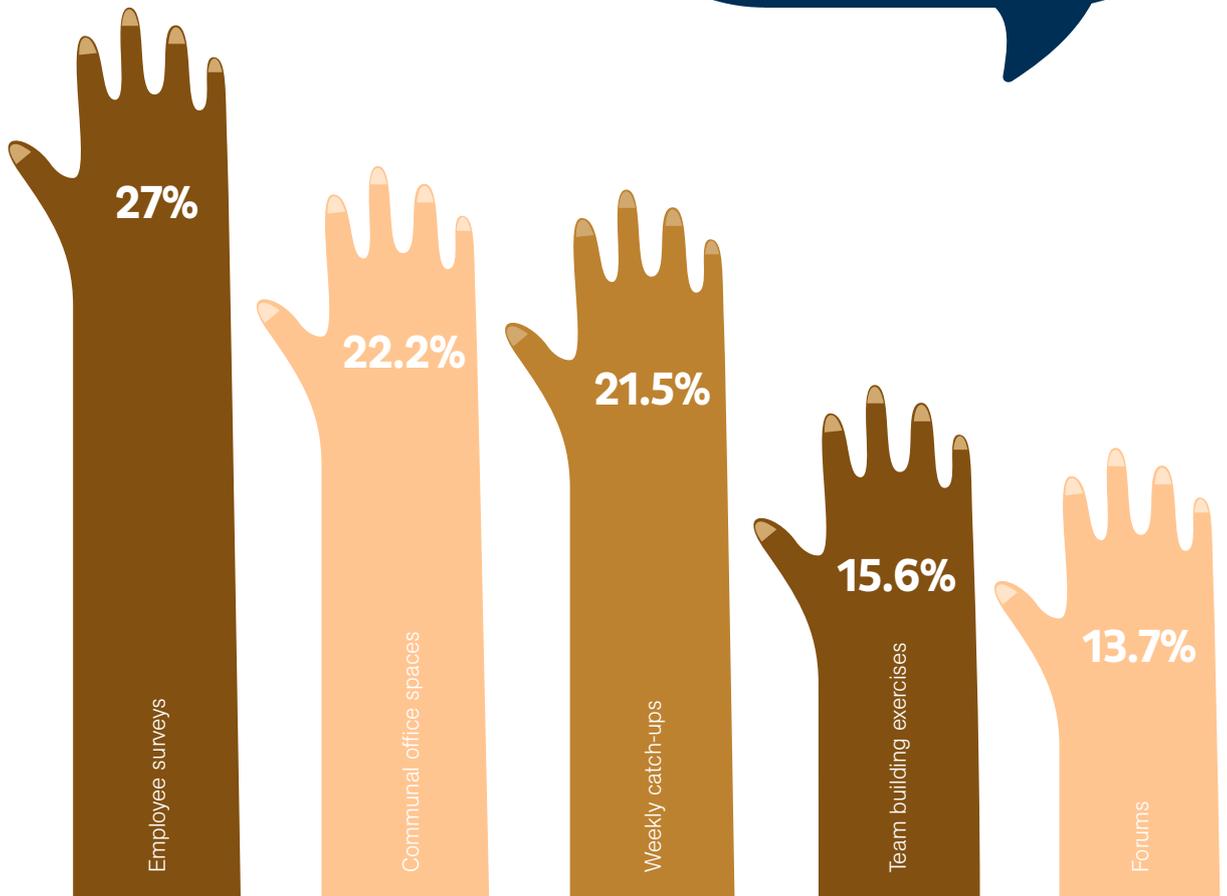
**09
Close the
gender
pay gap**

In the US it is illegal in many states to ask a candidate for their salary in an interview. Major Players feels this can help evaluate someone based on their skills, ability and potential rather than 'pigeon-holing' them based on their current salary.

Earn Your Worth is an initiative from Major Players that is asking companies to stop asking for current pay when hiring.

Earn your worth

09 Close the gender pay gap

Q26

It seems that when both men and women take time off, it can result in a reduction in salary of up to 30%. We must work to destigmatise taking a career break to have children, for both men and women.

Recruitment agencies are great at helping companies improve diversity and at filling 'difficult to fill' positions. This is because they reach a wider pool of candidates that are open to various brands.

Do you think hiring managers should refrain from asking candidates for their previous salary in an interview to avoid pigeon-holing a candidate based on their previous job?

56.5%
Yes

43.5%
Yes

Opinion seems to be split on this question. 56.5% of participants say that hiring managers shouldn't refrain from asking for a candidate's previous salary in an interview whilst 43.5% think that they should.

However, due to the format of the question (no comments section available), it is not clear whether these answers are related to a political opinion on the gender pay gap or simply related to practical business requirements (e.g. it is important to know a candidate's previous salary in order to make a competitive offer whilst managing financial resources).

Joanne Lucy-Ruming, MD, Major Players, explains "We feel divulging current or previous salaries can be a big contributing factor for women not reaching pay parity with their male counterparts. Potential employees should be assessed on their experience and skills, not what they've been paid previously."