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L5 Associate Diploma in People Management

5HR02

Talent Management & Workforce Planning

UNIT TRAINING MATERIAL

Learning Outcome 01

5HR02
Talent management and workforce planning

About this unit

This unit focuses on the impact of effective workforce planning in considering the development of diverse talent pools and how to contract and onboard the workforce. It also includes analysis of the potential cost to the organisation if this is poorly managed and the tools and interventions required to mitigate this risk.

What you will learn

You will extend your understanding of labour market trends and their significance for workforce planning. You will explain how organisations position themselves and the impact of a changing labour market on resourcing decisions. You will evaluate techniques to support workforce planning and explain approaches to succession and contingency planning, assessing the strengths and weaknesses of different methods of recruitment and selection aimed at building effective workforces. Additionally, you will examine turnover and retention trends, and compare different approaches to developing and retaining talent, looking at how organisations build talent pools. Finally, you will learn about the importance of managing contractual arrangements and onboarding.

6 credits

60 hours total unit time
25 guided learning hours

Level 5

CIPD Associate Diploma in People Management

Learning outcome, assessment criteria and indicative content

1 Understand key contemporary labour market trends and their significance for workforce planning.

1.1 Explain how organisations strategically position themselves in competitive labour markets.

Competitor analysis, strengths and weaknesses of competitors' employee experience; organisational positioning including the characteristics of an employer of choice; attitudes to reward and culture; employer branding; organisational image, ethics and reputation.

1.2 Explain the impact of changing labour market conditions on resourcing decisions.

Changing labour market conditions: differences between tight and loose labour markets; trends in the demand and supply of labour and skills; reasons for trends using analytical models such as political, economic, social, technological, legal, environmental. Resourcing decisions: may be taken in relation to employer branding, recruitment methods, retention strategies, reorganisations, development decisions and long-term planning, critical incidents, national, international and global pressures and crises, changing faces and methods of working.

1.3 Discuss the role of government, employers and trade unions in ensuring future skills needs are met.

Government: in developing skills strategies that may include literacy, numeracy, IT skills, skills development, policies that provide employers with funding for skill development and analysis of future skills needs; supporting changes in workforce requirements and availability.

Employers: role in identifying needs and providing skill development in the workplace through training and development, training programmes such as apprenticeships, role in providing quality work experience placements.

Trade unions: union-led agendas to improve access to learning and training, role of union learning representatives where applicable.

2 Understand the purpose and importance of workforce planning.

2.1 Analyse the impact of effective workforce planning.

Impact of forecasting demand for labour; forecasting internal and external supply of labour; identifying and analysing gaps between supply and demand of labour; strategies to address the gaps between supply and demand.

2.2 Evaluate the techniques used to support the process of workforce planning.

Techniques to forecast demand: managerial judgement, working back from costs, systemic approaches; data used to forecast supply: promotion/demotion rates, transfer rate, employee turnover rate, factors affecting external supply, critical incident analysis.

2.3 Explain approaches to succession and contingency planning aimed at mitigating workforce risks.

Managing contingency and mitigating risk through developing talent pools; use of appraisals in identifying who is interested in progression; assessing current abilities and building development plans to address gaps between current ability, interests and skills, knowledge and behaviours needed to progress; balancing internal progression

with need for fresh ideas from external candidates.

2.4 Assess the strengths and weaknesses of different methods of recruitment and selection to build effective workforces.

Recruitment methods may include internal and external methods, informal and formal methods; advertising through different media such as employment agencies; educational liaison; social media, intranet sites, websites, newsletters, job bulletins, job boards, job centres, etc.

Selection methods may include application screening, selection interviews, ability and personality testing, job references, work samples, trial shifts and assessment centres, etc; how to conduct fair and objective assessment; impact of new and emerging technologies on recruitment and selection; diversity and fair access of opportunities for all; evaluation of the effectiveness, validity and reliability of recruitment and selection practices.

3 Understand the purpose and impact of effective talent management.

3.1 Examine turnover and retention trends and the factors that influence why people choose to leave or remain.

Turnover and retention trends: influencing factors such as ethical issues, cultural expectations, motivational issues, management style issues, job satisfaction and job design, recognition and reward, changes in legislation. Trends in areas such as why people leave or remain in organisations: differences between voluntary and involuntary turnover; differences between avoidable and unavoidable turnover; push and pull factors; statistical analysis such as crude turnover rate, stability analysis, cohort analysis.

3.2 Compare different approaches to developing and retaining talent on an individual and group level.

Definition of talent; approaches to retention may include appraisal, training and development, lateral moves, flexible working and work-life balance, workplace characteristics, fair and equitable reward, career breaks, realistic job previews, job enrichment, etc.

3.3 Evaluate approaches that an organisation can take to build and support different talent pools.

Definition of talent pool; inclusive recruitment and selection approaches; learning and development initiatives including coaching and mentoring; role of performance reviews; use of analytical tools.

3.4 Evaluate the benefits of diversity in building and supporting talent pools.

Enriched perspectives; increased creativity; lower employee turnover; positive impact on employer brand; improved decision-making; improved knowledge and understanding; reduced language barriers; higher engagement; reduced risk of discrimination, awareness of potential pitfalls and difficulties.

3.5 Explain the impact associated with dysfunctional employee turnover.

Costs associated with dysfunctional employee turnover: methods of measuring employee turnover; direct costs such as recruitment and selection costs, time to process leaver and starter, induction and initial training costs; indirect costs such as loss of productivity by leaver and new starter, loss of skills, knowledge and morale in team, loss of return on any investment for the leaver.

4 Understand the importance of managing contractual arrangements and effective onboarding.

4.1 Assess suitable types of contractual arrangements dependent on specific workforce need.

Matching workforce need to contractual arrangements. How work can be delivered through different contracts: employee, worker, contractor; permanent, temporary, full-time, part-time, zero-hours; how work can be delivered and resourced in different ways including the 'gig economy'. Financial terms, work practice terms, behavioural terms, attendance and sickness, reporting.

4.2 Differentiate between the main types of contractual terms in contracts.

Including express terms; implied terms: differences between terms implied in all contracts and terms implied through custom and practice; incorporated terms such as those included in handbooks and incorporated through collective agreements.

4.3 Explain the components and benefits of effective onboarding.

Components: pre-employment information, organisational and departmental information, role information, clarification, expectations, socialisation, support and development availability.

Benefits: purpose of onboarding such as successful integration of new employees and reduced risk of 'induction crisis'; the benefits of an effective onboarding programme, such as introduction to and appreciation of the organisation's culture and norms, improved effectiveness in role, retention and reduced employee turnover.

Books

Baker, T. (2014) Attracting and retaining talent: becoming an employer of choice. Basingstoke: Palgrave Macmillan.

Clutterbuck, D. (2012) The talent wave: why succession planning fails and what to do about it. London: Kogan Page.

Cook, M. (2016) Personnel selection: adding value through people – a changing picture. 6th ed. Chichester: John Wiley.

Guion, R.M. (2015) Assessment, measurement, and prediction for personnel decisions. 2nd ed. Hove: Routledge.

Marchington, M., Wilkinson, A., Donnelly, R. and Kynighou, A. (2016) *Human resource management at work*. 6th ed. London: CIPD Kogan Page. (Forthcoming, 7th ed., November 2020)

Newell Brown, J. (2011) The complete guide to recruitment: a step-by-step approach to selecting, assessing and hiring the right people. London: Kogan Page.

Newell Brown, J. and Swain, A. (2012) The professional recruiter's handbook: delivering excellence in recruitment practice. 2nd ed. London: Kogan Page.

Pilbeam, S. and Corbridge, M. (2010) *People resourcing and talent planning: HRM in practice*. 4th ed. Harlow: Financial Times/Prentice Hall.

Taylor, S. (2018) *Resourcing and talent management*. 7th ed. London: CIPD Kogan Page.

Taylor, S. and Woodhams, C. (eds) (2016) *Human resource management: people and organisations*. 2nd ed. London: CIPD Kogan Page.

Taylor, S. and Woodhams, C. (eds) (2016) *Studying human resource management*. 2nd ed. London: CIPD Kogan Page.

Ungemah, J. (2015) Misplaced talent: a guide to better people decisions. Hoboken, NJ: John Wiley.

Journal articles

Neal, A. and Sonsino, D. (2015) Talent management disrupted. *TD (Talent Development)*. Vol 69, No 9, September. pp30-35.

Sims, D.M. (2014) 5 ways to increase success in succession planning. *TD (Talent Development)*. Vol 68, No 8, August. pp60-65.

Key journals

Human Resource Management
Available at:
www.cipd.co.uk/knowledge/journals

People Management
Available at:
www.peoplemanagement.co.uk/

Personnel Review

TD: Talent Development
Available at:
www.cipd.co.uk/knowledge/journals

Online resources

CIPD and Hays. (2017) *Resourcing and talent planning 2017*. Survey report. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/strategy/resourcing/surveys

CIPD and CIPD HR-Inform. (2018) *Pre-employment checks: guidance for organisations*. Guide. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/fundamentals/emp-law/recruitment/pre-employment-checks-guide

Davies, G. (2020) *Immigration law changes: for UK employers*. Factsheet. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/fundamentals/emp-law/recruitment/immigration-law-changes

Learning resources

Green, M. (2019) *Employee turnover and retention.* Factsheet. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/strategy/resourcing/turnover-retention-factsheet

Green, M. (2019) *Selection methods.* Factsheet. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/fundamentals/people/recruitment/selection-factsheet

Green, M. (2020) *Recruitment: an introduction.* Factsheet. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/fundamentals/people/recruitment/factsheet

Hesketh, A. (2013) *Valuing your talent: resourceful assets?* Research insight. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/strategy/analytics/assets-report

Recruitment and Employment Confederation, Chartered Institute of Personnel and Development, and Chartered Institute of Procurement and Supply. (2014) *Chain reaction: making recruitment supply chains work.* Research report. London: The Confederation. Available at:
www.cipd.co.uk/knowledge/fundamentals/people/recruitment/supply-chains-report

Weeks, A. (2020) *Talent management.* Factsheet. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/strategy/resourcing/talent-factsheet

Weeks, A., Reilly, P. and Hirsh, W. (2018) *Workforce planning practice.* Guide. London: Chartered Institute of Personnel and Development. Available at:
www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-practice

www.td.org/
Website of the Association for Talent Development (ATD), formerly ASTD, the American association concerned with

Websites

www.acas.org.uk
Website of Acas (Advisory, Conciliation and Arbitration Service)

www.cipd.co.uk/knowledge
Website of the Chartered Institute of Personnel and Development and link to the CIPD's Knowledge Hub, providing resources on 15 key topics in HR and L&D, including factsheets, research reports, guides, survey reports and more, as well as online journals and the HR and L&D Database

www.employment-studies.co.uk
Website of the Institute for Employment Studies

www.equalityhumanrights.com/en
Website of the Equality and Human Rights Commission (EHRC)

www.eurofound.europa.eu
Website of the European Foundation for the Improvement of Living and Working Conditions

www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy
Website of the Department for Business, Energy and Industrial Strategy

www.gov.uk/government/organisations/education-and-skills-funding-agency
Website of the Education and Skills Funding Agency

www.hse.gov.uk
Website of the Health and Safety Executive

www.ico.org.uk
Website for the Information Commissioner's Office, information in relation to data protection

www.investorsinpeople.com
Website for the Investors in People scheme, which offers frameworks for delivering business improvement through people developing talent in organization.

1 UNDERSTAND KEY CONTEMPORARY LABOUR MARKET TRENDS AND THEIR SIGNIFICANCE FOR WORKFORCE PLANNING.

1.1EXPLAIN HOW ORGANISATIONS STRATEGICALLY POSITION THEMSELVES IN COMPETITIVE LABOUR MARKETS.

COMPETITOR ANALYSIS

According to iHire's 2019 Employer Branding Pulse Survey, 59.3% of companies either don't have an employer branding strategy, or don't know if they do. If you fall into that camp, it's time to remedy that ASAP.

The hiring game has changed. Job candidates expect a lot more than a paycheck these days. Crowded job markets mean more competition is fighting for your talent. And public perception about your brand is more powerful than ever. How do you find and keep the best people, and unite them around a shared vision?

Answer: Create an employer branding strategy that helps you communicate who you are, why you're different, and why people should want to work (and keep working) for you.

Before you can do that, however, you need to understand the state of your industry and how you stack up against your competition when it comes to hiring. Here, we'll walk you through the stages of an Employer Competitive Analysis to show you how to get valuable insight that will help you position your employer brand most effectively and attract the best talent.

What Is an Employer Competitive Analysis?

Similar to a traditional competitive analysis, an Employer Competitive Analysis is a simple audit of how your competition presents its employer brand to the world. By looking at everything from their Employer Value Proposition, to their mission, to their

social presence, you can get useful insight into your talent competitors' strengths and weaknesses, how you stack up in comparison, and how you can differentiate yourself.

Step 1: Compile a List of All Competitors

The ultimate goal of this exercise is to understand how others are positioning themselves so that you can use those insights to improve your own employer brand. But that doesn't mean you're just looking at how your competition is failing. You want to see how the most successful brands are doing it, then take pointers from them. For this reason, start by jotting down all the competitors that you can think of in three main categories:

1. **Local competitors:** Who is your direct competition? Who is most likely to poach your talent? One easy way to find these is to look at is LinkedIn's Talent Insights talent flow tool, which shows you which companies people came to you from and left you for. Another way is to keep records in your talent software about people's employers immediately preceding and succeeding their role at your company.

2. **Industry competitors:** Who do you want to be in competition with? What are the larger brands in your industry you'd love to disrupt?

3. **Aspirational competitors:** Who are the brands that you admire? Who has a culture you aspire to? Who attracts the type of talent you wish you had? These brands may not be your direct competition, or even in the same industry, but they may be role models for how you shape your employer brand (e.g., Apple or Warby Parker).

Once you have this list, narrow it down to 10-15 main competitors. (You'll probably want to include one or two of your Aspirational brands in this list.)

Step 2: Start Your Employer Competitive Analysis

Now it's time to research. Note: You can document additional elements in your analysis. Our template simply ensures you cover the basics. Also, remember that you want to document enough to information to give you helpful insight, but not so much that you overwhelm yourself.

That said, you can start by filling in your template. Research one competitor at a time, and document what you observe about their employer brand touchpoints, including their:

- EVP (Employer Value Proposition)

- Brand Heart (purpose, vision, mission, values)

- Website (Career Page, Team Page, About Us, Testimonials)

- Social media accounts (Facebook, Twitter, Instagram)

- Recruiting channels

- Content & messaging

- Benefits

- Career site profiles (LinkedIn, Monster, Indeed, etc.)

- Locations

- Content formats (videos, articles, posts, etc.)

- Brand Positioning

- Review site ratings (Glassdoor)

- Job Descriptions

- Job Ads

- Application technology

Of course, brands aren't necessarily going to identify which messages are which. You can make your best guesses, though. Make note of where brands' websites seem to be

leading your eyes, and you can make some assumptions about the hierarchies of what they're trying to communicate. Pay special attention to the core ideas that a brand seems to be conveying with unique and intentional wording or phrasing, as well as the themes that clearly emerge across different brand statements.

Step 3: Synthesize Your Findings

Once you've collected your data, you can do a high-level analysis of your brands.

- What major trends did you notice? For example, if they all have behind-the-scenes videos and you don't, you might be missing out.

- What do you have in common? How do you differentiate?

- What are their strengths?

- What are their weaknesses?

- Can you tell their brand voice? How are they using it most effectively?

- What gaps did you notice in their messaging? For example, if they focus on their work but don't say much about their values, you may be able to differentiate yourself by leading with your Brand Heart.

- What tools are they using? Are there things that make their application process more effective that you could benefit from too (e.g., auto-forms or personalization)?

- How are they positioning themselves? Where do you fit in?

  Try to boil things down into "points of parity and differentiation." In other words: What are most competitors saying (such that it almost feels like table stakes in your landscape), and what are individual brands saying uniquely?

  With these insights, you should be able to more clearly identify your market position. You may also want to do a quick whiteboard exercise to plot it.
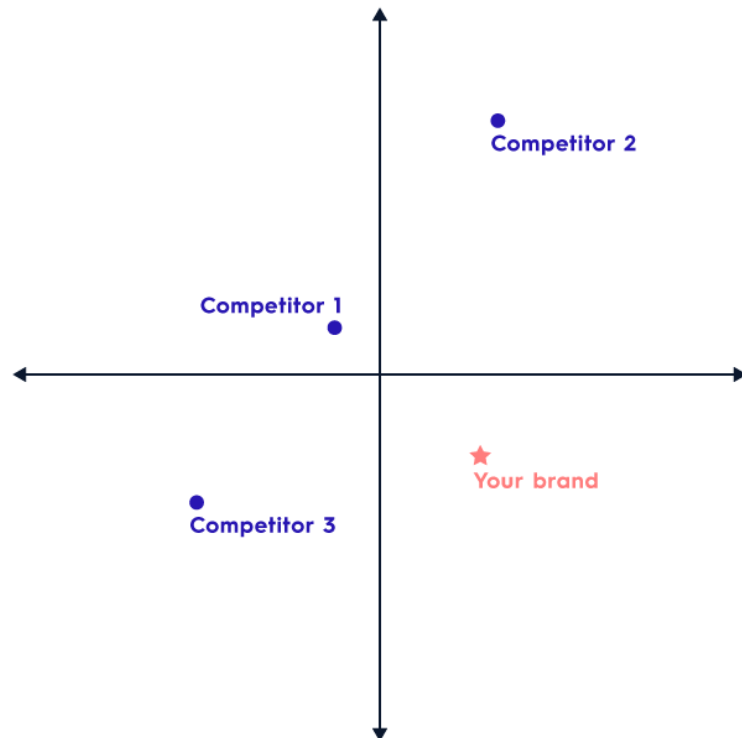
Step 4: Shape Your Strategy

Now that you've completed this exercise, you should have more clarity around your brand's unique traits, feel more empowered to attract the best talent, and be inspired to revamp your employer brand at every level. If you're looking for next steps…

- Complete an employer branding audit. Now that you've looked at your competition, you should look at how your own brand measures up. Follow our guide to do an internal analysis of your brand, based on insight from current and former employees.

- Write your Employer Value Proposition. Your EVP is a powerful tool to entice people to work with you. Find out how to write one that will highlight your unique benefits (and outshine the competition).

- Map your employee journey. Find out how to identify the strengths and weaknesses in your employee experience to improve the journey at every stage.

- Tell stronger stories. Find out how to keep your messaging consistent, and tell interesting stories about your culture.

But if you're not sure how to tell your employer brand story through the right channels, don't worry. We're happy to talk about how we can help you connect with—and keep—the best talent.

What is Employer Branding?

Employer branding is the strategic process that involves creating a unique place of work that attracts the talent whose knowledge and skills are needed to meet the organization's goals and objectives.

Employer branding is about making sure that employees feel good about the place they work. Employees can then be ambassadors for the organization and that "feel good factor" can permeate out to others, notably customers and clients.

Employment branding is a strategic and marketing effort designed to make an organization appealing as a place to work. The targeted marketing effort attempts to shape the perceptions of potential employees, current employees and the public. Successful employment branding should reduce hiring costs and ease the hiring process.

The word 'Employer Branding' may be split up as;
Employer Branding = 'Employer' + 'Branding'

'Employer' means a person or an institution that hires people.

'Branding' means a strategy that allows an organization to differentiate itself from competition and in the process, to bond with their customers to create loyalty. Thus, a position is created in the marketplace that is much more difficult from the competition to poach. A satisfied customer may leave, hut a loyal customer is much less likely to leave.

Just like any other brand, an Employer Brand has value and positioning. Employer branding is critical to build an image in the minds of potential employees and market the company as a 'great place to work'.

The objective of Employer Branding is quite simple. It is a strategy employed by an organisation to create an Employer Value Proposition (EVP) that conveys to desired current and prospective employees why the organisation is unique, appealing and a fantastic place to work in.

Employer Branding gains tremendous importance in times when the talent pool is shrinking and is becoming increasingly difficult to attract and retain talent. It then becomes critical to position the organisation in the minds of the target audience to give it every possible advantage in attracting employees with superior skills and knowledge - a primary source of competitive advantage for any organisation.

Definitions

- *"Employer Branding can be defined as the package of functional, economic and psychological benefits provided by employment, and identified with the employing Company. (Simon Barrow: 1996)*

- *"Employer Branding may be defined as an organic set of convictions an audience holds about a product, candidate idea or organization." (HP: 2002)*

- *"Employer Branding establishes the identity of the firm as an employer. It encompasses the firm's values, systems, policies and behaviours toward the objectives of attracting, motivating, and retaining the firm's current and potential employees." (The Conference Board: 2001)*

Key factors that influence employer branding

- Salary of the employee paid by the employer.
- Employee benefits given by employer.
- Job security.
- Pleasant working atmosphere.
- Work-life balance. (Definite or fixed working hours in the job, but not irregular working hours)

- Career progression opportunities. (Simply means growth in the job by way of promotion linked with increase in remuneration)

Factors That Influence Employer Branding
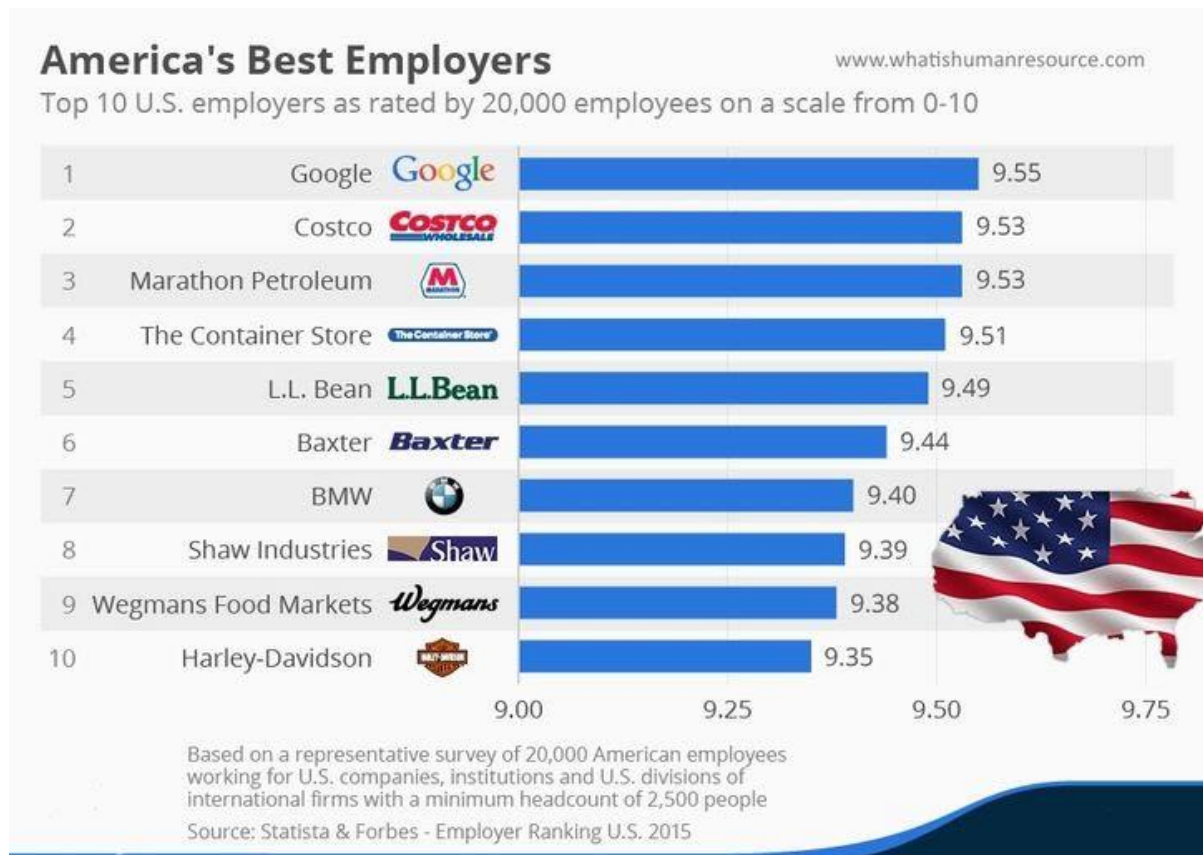

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Any organisation for achieving employer brand name, should focus on above said factors. Employee salary plays a key role in gaining employer brand name by an organisation. Having strong employer brand name helps in not only attracting talented employees, but also helps in retaining talented employees in an organisation. Organisation need not struggle much for recruiting talented employees, if it has employer brand name in the market. Hence employer brand name definitely saves cost for searching talent and also its valuable time which is equal to cost.

According to Alan Price Human Resource Management, 4th edition Book:

"The basis of employer branding is the application of the same marketing and branding practices to a company's human resource activities (specifically, recruitment and retention) as it uses for consumer-targeted marketing and branding efforts. In other words, the business markets its brand image to its staff. And just as customers will cease buying a company's products or services when a promise is unfulfilled, its employees will also leave if the company fails to live up to its employer brand promises."

Some businesses use separate, dedicated employer branding efforts aimed at aligning employees with their organizations' vision and values whereas others pursue this goal as one element of broader corporate branding strategies. "BMW, Apple and Google have all created brands that make it easier for these companies to recruit talented workers and to motivate their employees".

Google emerges world's most attractive employer: Survey

America's Best Employers
www.whatishumanresource.com

Top 10 U.S. employers as rated by 20,000 employees on a scale from 0-10

Rank	Employer	Rating
1	Google	9.55
2	Costco	9.53
3	Marathon Petroleum	9.53
4	The Container Store	9.51
5	L.L. Bean	9.49
6	Baxter	9.44
7	BMW	9.40
8	Shaw Industries	9.39
9	Wegmans Food Markets	9.38
10	Harley-Davidson	9.35

Based on a representative survey of 20,000 American employees working for U.S. companies, institutions and U.S. divisions of international firms with a minimum headcount of 2,500 people

Source: Statista & Forbes - Employer Ranking U.S. 2015

Google continues to be a hot favourite for career seekers as the company has emerged as the world's most attractive employer, for the fourth consecutive year, says a survey. According to global employer branding firm Universum's global talent attraction index "The World's Most Attractive Employers 2012", Google has retained the top position in both categories -- business and engineering -- for the fourth year in a row.

Students are attracted by Google's relaxed and creative work environment, international atmosphere and innovative products. Google offers great benefits and opportunities that are hard for other companies to match," in the business category, Google has blocked the top rank, followed by KPMG in the second place and Procter & Gamble in the third position.

Besides these, according to Economic Times, the world's top 10 employers in the business category include:

- Microsoft India has been adjudged the 'Most attractive employer' for the second year running, in a survey conducted by HR services company Randstad. The Randstad Award 2012 ranked Oracle and TCS second and third, respectively.
- Deloitte
- Ernst & Young
- PricewaterhouseCoopers (PwC)
- J P Morgan
- The Coca-Cola Company
- Goldman Sachs

The 2011 Nielsen survey also showed that the top five dimensions' students considered when it comes to seeking employment were high degree of independence at work, salary package, learning on the job, growth prospects and standing of the company in the market [Employer brand] respectively.

From an analytical study of the above definitions, we may conclude that:

- Employer branding requires alignment of management and HR practices that ensure an employee experience that matches the image portrayed.
- Employer branding necessitates allowing the work environment and experiences to sell corporate image to human resources.
- Employer branding is about effective and coherent talent management system - recruitment, orientation, training and development and performance management.

Thus, employer branding is a solid process based approach to discover and articulate the organization's unique identity, which is connected in compelling ways to the individual identities and aspirations of human resources, both current and potential.

According to human resource consultants Hewitt Associates, there are five steps to develop a strong employer brand:

1) Understand your organisation
2) Create a 'compelling brand promise' for employees that mirrors the brand promise for customers
3) Develop standards to measure the fulfillment of the brand promise
4) 'Ruthlessly align' all people practices to support and reinforce the brand promise
5) Execute and measure.

Why Is Employer Branding Important for Business Performance

Kelly Barcelos is a progressive digital marketing manager for Jobsoid – Applicant Tracking System. She is responsible for leading the content and social media teams at work.

Employer branding has evolved from just a marketing buzzword to an integral element for business growth. According to research, 75% of job seekers consider an employer's brand before they even apply for a job. And 96% of employers believe that their employer reputation and brand have an impact on their business revenue. Many companies all over the globe are taking note of these numbers and are continuously striving to develop their employer brand to attract a

better quality of talent. Because if they don't work on their employer branding, they would be sabotaging their hiring efforts, making it more challenging to hire the best talent.

Why is employer branding important for a company and why more organizations should invest in it?

1) Attracts Quality Candidate

Research says a strong employer brand attracts 50% more qualified applicants.

When your organization has a solid reputation in the market, you have no problem in attracting the best people for the job. Moreover, you spend less time reaching out to qualified people as the applications pour in.

2. Reduces Cost Per Hire

When your company has a reputation for being a top employer in the market, candidates approach you directly, and these candidates are a better fit since they already know what the company stands for and what is expected from them.

With the increased inflow of qualified candidates, you tend to spend less time and lesser money on sourcing the right people for your open roles. The money you save can be reinvested in further enhancing the employer brand or in product development to get ahead of the competition.

3. Enhances Employee Experience

Employees who work for top employers take pride in their work. They are generally more motivated and enthusiastic. Highly motivated employees are great assets to the employer. They are more productive, and that translates into better business growth, ensuring higher revenue and increased financial stability of the company. While a financially stable company makes employees feel secure in their jobs, it also becomes attractive to potential candidates.

4. Increases Employee referral rate

If your current employees are happy working with you, they become your brand ambassadors. They spread positive reviews, opinions, and statements about you, making you an ideal employer. The more your employees talk positively about you, the more referrals they generate.

5. Improves company perception on social media

Your brand is what other people say about you when you're not in the room. So, when these people talk good about you on social media channels, people reading about you on these channels form a positive opinion about you. So, when the time comes, they won't think twice about approaching you for a job directly.

1.2 EXPLAIN THE IMPACT OF CHANGING LABOUR MARKET CONDITIONS ON RESOURCING DECISIONS.

CHANGING LABOUR MARKET CONDITIONS

Recruitment is an important function of the Human Resource Management in an organization, and it is governed by a mixture of various factors. Proactive HR Professionals should understand these factors influencing the recruitment and take necessary actions for the betterment of the organization.

When the market condition changes, the organization also needs to monitor these changes and discover how it affects the resources and analyze these functions for making recruitment an effective process.

We have Internal Factors as well as External Factors that influence the recruitment process. In this chapter, we will be discussing these factors in detail.

Internal Factors

Organizations have control over the internal factors that affect their recruitment functions. The internal factors are:

- Size of organization
- Recruiting policy
- Image of organization
- Image of job

Size of Organization

The size of the organization is one of the most important factors affecting the recruitment process. To expand the business, recruitment planning is mandatory for hiring more resources, which will be handling the future operations.

Recruiting Policy

Recruitment policy of an organization, i.e., hiring from internal or external sources of organization is also a factor, which affects the recruitment process. It specifies the objectives of the recruitment and provides a framework for the implementation of recruitment programs.

Image of Organization

Organizations having a good positive image in the market can easily attract competent resources. Maintaining good public relations, providing public services, etc., definitely helps an organization in enhancing its reputation in the market, and thereby attract the best possible resources.

Image of Job

Just like the image of organization, the image of a job plays a critical role in recruitment. Jobs having a positive image in terms of better remuneration, promotions, recognition, good work environment with career development opportunities are considered to be the characteristics to attract qualified candidates.

External Factors

External factors are those that cannot be controlled by an organization. The external factors that affect the recruitment process include the following −

- Demographic factors − Demographic factors are related to the attributes of potential employees such as their age, religion, literacy level, gender, occupation, economic status, etc.

- Labor market − Labor market controls the demand and supply of labor. For example, if the supply of people having a specific skill is less than the demand, then the hiring will need more efforts. On the other hand, if the demand is less than the supply, the hiring will be relative easier.

- Unemployment rate − If the unemployment rate is high in a specific area, hiring of resources will be simple and easier, as the number of applicants is very high. In

contrast, if the unemployment rate is low, then recruiting tends to be very difficult due to less number of resources.

- Labor laws − Labor laws reflect the social and political environment of a market, which are created by the central and state governments. These laws dictate the compensation, working environment, safety and health regulations, etc., for different types of employments. As the government changes, the laws too change.

- Legal considerations − Job reservations for different castes such as STs, SCs, OBCs are best examples of legal considerations. These considerations, passed by government, will have a positive or negative impact on the recruitment policies of the organizations.

- Competitors − When organizations in the same industry are competing for the best qualified resources, there is a need to analyze the competition and offer the resources packages that are best in terms of industry standards.

WHY EMPLOYEE RETENTION IS IMPORTANT

Employee retention is a critical issue as companies compete for talent in a tight economy. The costs of employee turnover are increasingly high — as much as 2.5 times an employee's salary depending on the role. And there are other "soft costs": lowered productivity, decreased engagement, training costs and cultural impact.

The payoff for organizations that focus on employee retention is well worth the time and investment, according to the Society for Human Resource Management (SHRM). Increased performance, better productivity, higher employee morale and improved quality of work, not to mention a reduction in turnover, are all organizational benefits.

The bottom line is that by focusing on employee retention, organizations will retain talented and motivated employees who truly want to be a part of the company and who are focused on contributing to the organization's overall success, according to SHRM.

Employee retention rates

LinkedIn data from 2017 shows a worldwide turnover rate of 10.9 percent; the tech sector showed the most volatility with 13.2 percent turnover rate, based on LinkedIn member data.

Certain areas within the tech sector showed even higher turnover rates, which could indicate an increased demand for these skills, according to LinkedIn.

"The computer games (15.5 percent), Internet (14.9 percent), and computer software industries (13.3 percent) drove tech turnover the most — but those rates pale in comparison to the churn you see within particular occupations," according to Michael Booz, writing for the LinkedIn Talent Blog. "User experience designers had extremely high turnover at 23.3 percent (they're also extremely in-demand), with both data analysts and embedded software engineers at 21.7 percent. In fact, embedded software engineers receive the most InMails per person of any occupation in North America," Booz says.

EMPLOYEE RETENTION STRATEGIES
How can you increase retention rates? You should start at the very beginning of the recruitment process.

1. Recognize retention starts with recruiting

"Retention starts right from the beginning, from the application process to screening applicants to choosing who to interview," says Dan Pickett, CEO of Nfrastructure, an infrastructure, managed services and network services firm. "It starts with identifying what aspects of culture and strategy you want to emphasize, and then seeking those out in your candidates."

Nfrastructure currently employs about 300 people, with a retention rate of greater than 97 percent — almost unheard of in the IT industry; or any industry, for that matter. It's a statistic Pickett's proud of, and one each member of the company works hard to maintain, he says.

"It's an increasing returns model; the longer someone's with your company, the more productive they become over time," he says. "You have to look at this as a long game, and take steps to ensure you're doing it right by making sure each employee is completely engaged with and part of the company's ongoing success."

2. Identify candidates who'll stay the course

How can you choose candidates that are more likely to stay? There are some key indicators right on their resume, says Pickett. First, he says, look for candidates with longevity at their previous jobs.

"You're looking beyond what's written on the resume. Have they worked at a company for many years through ups and downs? That speaks to loyalty, perseverance, engagement," he says. "You should also look for someone who plays team sports, who has committed to volunteer or other activities outside of work — that can help tell you that they are invested in a cause, a team, a sport, yes, but also that they have the mindset to stick with something they really care about."

Job-hoppers are something of a gamble, he says. While they might just be looking for the right place to land, Pickett says a candidate "who's had, say, ten jobs in twelve years is going to be really difficult to retain for any company."

3. Provide ongoing education and clear paths to advancement

Promoting from within not only provides a clear path to greater compensation and responsibility, it also helps employees feel that they're valued and a crucial part of the company's success.

Of course, promotions go hand-in-hand with employee development and education, and this should be another tool in your retention arsenal, says Pickett. Whether by corporate training to help foster the acquisition of new skills, new technologies or new processes or through tuition reimbursement from outside courses, furthering your employees' education can help them feel valued and invested in the company, he says.

According to new research from the Consumer Technology Association (CTA), high-skills training (80 percent) and professional development programs to hone soft skills (74 percent) are perceived among the top benefits for retaining employees' services over the next five years.

"Learning cannot just be an afterthought — it must be a core focus of any strong organization," says Kevin Griffin, an IT advisor at Falco Enterprises and former CIO of GE Capital. "When learning is part of your culture, it doesn't stand out as something outside the norm. For example,

a learning-focused organization doesn't just hold periodic learning events or workshops separate from the day-to-day work. Instead, learning is integrated in every project or task, and employees are encouraged to dive in and learn by doing, asking questions when they hit roadblocks. "

A focus on education is also key to higher retention rates, says Griffin. A commitment to training is seen by employees as an investment in their worth and a powerful incentive to stay at the company, he says.

"Investing in your employees' education can help retain talent and intellectual property at a time when there's stiff competition for both," says Griffin. "The need for new skill sets and evolving roles are in demand at rapidly growing rate, so putting someone on a career path that doesn't have any room to develop is not only a career-limiting move for the employee, but a business-limiting move for the company."

4. Offer the right benefits

Benefits and perks play a large role in keeping employees happy, engaged and healthy. But benefits can go far beyond healthcare coverage and paid sick leave. You also should consider offering stock options or other financial awards for employees who exceed performance goals or who stay with you for a predetermined time period, says Pickett. Nearly nine in 10 companies (88 percent) view incentive compensation and bonuses as key to retaining employees in the next five years, according to the CTA.

Flexible work schedules, the opportunity to work remotely and generous paid leave policies also go a long way toward helping employees feel they are valued well beyond what they contribute at the workplace, says Change.org's global head of Human Resources David Hanrahan. Hanrahan's company, an online social change platform, recently announced it will offer up to eighteen weeks of paid parental leave for all employees, and adds that Change.org is encouraging other firms to do the same.

Hanrahan argues that, if employees are not offered leave, or are forced to return to work because they cannot afford unpaid leave, "is the employee fully engaged at work or are they distracted and resentful?" That distraction and resentment can build, and can often drive an otherwise satisfied employee to consider other options.

Here, the CTA's findings resonate, as flexible working arrangements ranked fourth among the top benefits for retaining talent, behind health insurance, bonuses, and paid time off.

5. Be transparent and open

Creating open communication between employees and management can help foster a sense of community and a shared purpose, says Pickett. Regular meetings in which employees can offer ideas and ask questions as well as "open-door policies" that encourage employees to speak frankly with their managers help employees feel they are valued and that their input will be heard, he says.

"I also open up my own personal network of former colleagues, friends, networking contacts to any other employee that wants to network and talk to someone at other companies and in other industries," Pickett says. "I set them up to talk with each other, and then I leave them alone. Without me there, I feel I can convey a sense of trust so employees and fellow leadership can learn and grow from others outside my company."

6. Leverage technology

Another approach is to use an employee polling tool like David Niu's TINYpulse, which sends out a single question to a company's workforce at pre-set intervals and then tallies results anonymously.

"Everyone knows that the business changes more than once a year, and so do people," Niu says. "Our tool lets businesses send one highly targeted question at pre-set intervals — maybe monthly, or even weekly — so that HR can identify issues early on and rectify them." For example, he says, some companies using the tool have asked, "What is one process that, if eliminated, could make you more productive?"

It's then up to company leadership to act on that feedback or explain why that action might not be possible, Niu says.

"You have to be open and transparent and be able to say what you can and can't commit to," he says. "But just the fact that the employees are being heard, that they are being listened to is

important and can improve retention, even if there's no way the company can address their challenges at the moment."

7. Put data (and AI) to work

Organizations have incredible amounts of employee data available — why not use it to identify who's most likely to leave, why, and then take steps to prevent that, says Dave Weisbeck, CSO at workforce analytics software firm Visier. While on the surface, an employee's departure may seem obvious or to fit a pattern, but using AI and advanced analytics can help pinpoint underlying factors that contribute to attrition, ones that might not be as obvious as you thought.

"Commute time, for example, isn't as big a factor in people's engagement, happiness and their chances of leaving a job as distance to family," Weisbeck says. "If your commute is an hour and a half each way and you have a family at home, you're not necessarily dissatisfied with the commute; it's the time you're not spending with your family. So, organizations could add more flex time. Remote work opportunities. Anything that could help address that pain point."

A more extreme example he offers is an employee who grew up in North Carolina and whose family still lives there, but who now lives and works in Portland, Oregon.

"In that situation, commute time isn't even in the equation; it's a bigger disconnect. Between travel time for holidays and vacation and trip expenses, the time zone issues — people in those situations are more likely to leave," Weisbeck says. "We've seen client companies address these issues by relaxing their vacation and travel policies; helping employees purchase airline tickets and so forth."

8. Be prepared for turnover

Of course, sometimes turnover is inevitable, says Nfrastructure's Pickett. Organizations must be prepared to lose star talent, especially if they have the opportunity to move into their dream job, he says.

Acquiring talent in a candidate-led market

The impact of Brexit has been felt by many companies since the referendum in June 2016 – long before the UK's official exit from the European Union on 31st January 2020. The uncertainty

that hung over the UK in that time has undoubtedly impacted recruitment decisions across many industries, both inside and out. Businesses have been cautious about investing in projects and resource, and likewise, candidates have been cautious about seeking new job opportunities. A survey by Glassdoor found that around two thirds of employees say they're not planning on looking for a new job until the job market looks more positive.

With this in mind, recruitment is becoming increasingly difficult. And that means it's even more important to make sure your talent attraction and acquisition process is strong – not only so you entice people to work for you but so you keep them engaged during the application process and avoid drop outs

Keeping up with compliance

This year sees the introduction or amendment of a number of laws affecting contractors, and perhaps none are more prominent than the reforms to IR35 or 'off-payroll worker legislation' taking place in the private sector. From 6 April, responsibility for determining the IR35 status of an off-payroll assignment will shift from the limited company contractor providing the service to the end client receiving it. And the risks of not handling the legislation changes correctly are potentially huge:

- Financial: fines of over 50% on top of contractors' pay for incorrect determinations
- Operational: delays to critical projects due to loss of resource
- Legal: potentially put your company in the firing line for litigation with HMRC or workers
- Reputational: damage your reputation and restrict the flow of off-payroll talent into your business

On the same date, amendments to the Agency Worker Regulations (AWR 2010) also come into effect. These amendments surround the 'Swedish derogation' exemption, which means that employers are exempt from providing equal pay and conditions to agency workers who are employed under a permanent contract of employment through the temporary work agency and are paid by the agency for periods in between assignments. From 6 April 2020, the Swedish derogation exemption will be removed, meaning that once agency workers have satisfied the 12-

week qualifying period, they will be entitled to equal pay and conditions to those workers who are engaged directly by the employer.

And if they weren't enough to contend with, from 6 April 2020, all new employees and workers will have the right to a 'statement of written particulars' from their first day of employment. As you may know, currently, the terms only have to be provided within two months of employment commencing (for employees who have been continuously employed for more than one month) and this does not apply to workers (which will include many PAYE/Umbrella contractors).

The challenges presented by these big legislative changes are best overcome by being as prepared as possible in advance of the new tax year to ensure your hiring processes remain compliant in the long-term.

Creating a compelling employee experience

Under the continuous pressure of hiring the people your business needs quickly, your business may not have invested much time, or indeed money, into the employee experience or your Employer Value Proposition (EVP).

Stakeholders within some businesses may even see it as a 'nice-to-have' rather than a crucial part of your ongoing strategy. But here's why they are wrong: a positive employee experience improves your bottom line.

Research from Massachusetts Institute of Technology (MIT) shows that enterprises with a top-quartile employee experience, not only achieve twice the innovation and double the customer satisfaction,but they also have 25 percent higher profits than organisations with a bottom-quartile employee experience.

But if you're still not convinced, you should be aware that other companies are. According to Deloitte's Global Human Capital Trends survey (2019), 84% of respondents rated "employee experience" as an important issue and 28% identified it as one of the three most important issues their organisation faced in 2019.

With recruitment becoming more challenging in 2021, it's all the more important to have processes in place to assess and enhance the experience you offer throughout an employee's career at your company; from job application stage, all the way through to the leaving process.

After all, aside from seeing a positive financial difference to your business, a good employee experience can only stand to improve your ability to attract and retain staff.

Utilising a flexible workforce

There are currently 5 million self-employed people in the UK, according to the latest labour market figures from ONS, and this flexible way of working looks set to rise, despite new tax legislation coming into effect in April for limited company contractors. And whilst more and more people are opting for the flexible lifestyle that contracting offers, benefits can also be gained by those looking to hire additional resource. Aside from offering a temporary solution to a fluctuation in workload, contractors can add a new dimension to your business, by bringing a fresh perspective to your business challenges, using their experience from a variety of assignments.

Even if your preference is to make a permanent hire, when it comes to hiring niche skills, opening up your recruitment to include contract workers will widen the talent pool available to you, giving you the greatest chance of sourcing the best talent.

But if your experience of hiring contingent workers is limited, or you've struggled to attract or manage temporary resource effectively before, it can seem a daunting prospect to make contingent working part of your overall workforce strategy.

Another way of plugging a gap in resource is to outsource a complete package of work. Rather than having to hire and manage multiple contractors to take on a project, you can instead outsource the entire project to a company which will pull a team together and deliver the outcomes you need based on an agreed timescale and budget. The other benefit is that the responsibility for delivering that piece of work is taken on by the outsourcing company, mitigating your risks of not delivering.

Adopting Gen Z into the workforce and making the most of baby boomers

A new generation is entering the workforce and it's time to adjust your approach to recruitment and employee experience to capitalise on the skills this valuable talent pool can bring to your business. Born between 1996-2010, Generation Z is the first truly digital generation. Estimated

to be 36% of the workforce, Gen Z can be characterised by a pattern of communication preferences and predictable behaviours which you can tap into.

Firstly, they care about which company they work for: a company with a strong social purpose is the kind they'll be looking to build a career within.

Secondly, when they're looking for work, they're likely to check out all of your online platforms to evaluate your business; but forget Facebook, this age group is more interested in YouTube, Snapchat and Instagram. Reading online reviews on platforms like Glassdoor will also inform their decision making process about whether to take a job at a particular company.

NOTE: With these behaviours in mind, you may need to adapt your approach to talent attraction if you want to appeal to this candidate pool.

Retirees as resource

At the other end of the spectrum are the baby boomers. Another valuable segment of your workforce. These are the people born between 1946 and 1964 who are now in their early 50s to mid-70s. And whilst retirement used to mean the end of your working life, now it is more fluid, giving people the option to keep a hand in the working world whilst also experiencing the traditional benefits of life post-work.

Certain industries like engineering are known for their ageing workforce and the skills gap it has deepened as too many engineers leave the bottom of the funnel and not enough new talent comes into the top.

But with retirees willing to take on part-time work or fixed term projects, all is not lost. According to the Bureau of Labor Statistics, the fastest growing demographic in the workplace are those aged 65 or older. So if your business hasn't previously considered utilising this talent pool, it could be time to have another think.

Embracing AI & robotics to increase hiring efficiencies

Did anyone ever put their hand up for more administrative work? Unlikely. And yet it's estimated that managers spend 54% of their working day undertaking administrative tasks (Harvard Business Review). When it comes to the hiring process, administrative tasks can take

up a lot of time. From writing job descriptions to sourcing candidates, interviewing to job offer, onboarding to payroll, there are lots of stages to the process which could benefit from at least some automation.

From virtual assistants which respond to voice commands to set up meetings, to more intuitive software that helps you better track applicants throughout the hiring process; there's a lot of technology out there that could free up your time. It's just a case of knowing which technologies to invest in to ensure you'll get a return on investment.

Combatting the talent recession

Certain industries, the effect of recession is particularly profound. The fast pace of technology adoption over the past 20 years has left a shortage of digital skills behind, with organisations in Fintech, Engineering and Defence struggling to obtain the critical resource they need within cloud, AI & robotics and cyber security. A survey by ESG found that 53% of organisations are experiencing a problematic shortage of cyber security skills; a percentage which has risen since from 42% in their 2015-16 survey.

In UK infrastructure, investment in huge, long-term transformational projects like HS2, Thames Tideway and the Heathrow expansion keeps coming, which is great for engineering professionals and construction workers but not so good for the organisations hiring for such projects who are competing for talent. To put it into context, EngineeringUK estimates that 124,000 engineers and technicians are required every year to meet current and future demand for 'core engineering' roles to 2024.

Whilst there's no simple solution to a skills shortage, opening up your recruitment strategy to new pools of talent can certainly help, as can taking a 'total talent' mentality to your workforce planning. This means looking at the whole lifecycle of talent within your organisation including new hires (both flexible and permanent), internal mobility, redeployment and development, robotics and artificial intelligence, skills gap analysis, workforce planning and even alumni support.

1.3 DISCUSS THE ROLE OF GOVERNMENT, EMPLOYERS AND TRADE UNIONS IN ENSURING FUTURE SKILLS NEEDS ARE MET.

Automation is transforming the way we work. The World Economic Forum calls this change the Fourth Industrial Revolution which is characterized by a "fusion of technologies that is blurring the lines between the physical, digital and biological spheres." In short, technology is disrupting nearly every industry, at a pace that has never happened before.

This pace of change means that employers need to take a proactive role in ensuring they have a workforce equipped with the skills of the future. To accomplish this, employers first need to understand the skills they will need to remain competitive and innovative. Then, they need to understand how best to prepare and train their current workforce, as well as prepare to source, recruit and hire the talent of the future. In this post, we'll share the top skills of the future, how technology is changing the way we work and explore ways organisations can prepare for the workforce of the future.

Skills of the Future

According to the World Economic Forum, the top ten skills you need to thrive in the Fourth Industrial Revolution have shifted in the last several years, prioritising complex problem solving, critical thinking and creativity as the top three skills and adding emotional intelligence to the list.

The following ten skills are listed as the most in demand for employers by 2020:

1. Complex problem solving
2. Critical thinking
3. Creativity
4. People management
5. Coordinating with others
6. Emotional intelligence

7. Judgment and decision making
8. Service orientation
9. Negotiation
10. Cognitive flexibility

This list reflects the fact that robots can complete many tasks faster than humans, but the machines still lack creativity and emotional skills. As technology takes on more of the workload, the most in-demand employees will be those who possess the skills that computers cannot replicate. However, the need also increases for workers who have the skills to use, build and innovate the technology of the future.

Understand what we mean by skills in the workplace, UK skill levels and the government's skills policy.

Organisations play a key role in increasing the skill levels of their workforce. Alongside other factors, this can be key in improving productivity and economic growth. To ensure sustainable and effective talent and succession planning, organisations need to understand their current and future business needs. But they must also remain aware of the wider skills context and policy environment in the countries in which they operate.

What do we mean by skills and why are they important?

In today's competitive and fast-changing world, the skills and capabilities of the workforce are vital to economic sustainability and growth. Workplace skills include the ability to:

- Write and understand reports.
- Perform numerical and analytical tasks.
- Use computers to help solve problems.
- Carry out job-specific technical tasks.

There's a growing recognition that 'essential skills' are vital. These are the widely transferable skills such as communication, team working and problem-solving that all workers need in modern workplaces. They are fundamental to enable people to work together effectively, as well

as how they engage with customers and other external stakeholders. These skills apply to all jobs even though new technologies are changing some technical aspects of work. Currently, there's no universal framework to give education providers and employers a common definition and understanding of these skills. That's why the CIPD joined other leading organisations, to create an Essential Skills Taskforce to champion a united approach. The Taskforce has now completed its work and launched a clear framework for assessing and developing these essential skills to provide individuals and employers with the tools they need to succeed in the future workplace.

Skills are not the same as qualifications, although they are often treated interchangeably. However, the process of gaining a qualification undoubtedly builds on and improves skills. Qualifications also provide specialist knowledge and they signal a wide range of desirable attributes to employers. These complement, but are distinct from, the generic skills we use in the workplace. Both qualifications and skills matter, as a workforce with a low level of qualifications is also one likely to have low levels of skills.

Skills are important for:

- Economic growth and prosperity - The economic prosperity of a country depends on how many people are in work and how productive they are in the workplace. Better use of skills available in the workforce alongside increased investment in skills and training, has been shown to improve productivity. Growth in productivity and prosperity build the conditions for improvements in real earnings, creating a 'virtuous' cycle.
- Individuals and organisations - For the individual, skills determine their employment and earning potential. For organisations, skills are vital to meeting both current and future business demands. To be successful and competitive, businesses must ensure their talent management and succession planning take into consideration what skills need to be sourced, nurtured, developed and retained now, in order to create successful and productive workforces of the future.

To tackle the UK's underlying skills deficit, it's not enough to focus on initial education and training. The vast majority of the 2030 workforce are already in work. Employers must understand the importance of investing in and improving the skill levels of employees,

including learning 'in the flow' of work, in-house development programmes and coaching. It's important that these activities are underpinned by a culture where learning is not only embedded, but encouraged across every level of the organisation.

The current skills situation in the UK

At a national level, too many UK businesses are built around low-skilled, low value jobs. Employers often design and structure work in a way that limits their staff's use of skills resulting in skills-to-job mismatches and stagnant productivity. The UK also suffers from poor basic skills, weakness in the vocational education system and low investment in workplace training.

Research for our report Making the UK's skills system world class shows that whilst the UK performs well internationally on the provision of high level qualifications, with a large proportion of the workforce educated to degree level, we record only mediocre to poor scores on most other measures. A high proportion of our workforce has poor literacy, numeracy and computer skills, and evidence suggests that employers are training less and investing less in their workforces than two decades ago.

Improving how skills are both developed and used is at the heart of addressing the UK's low productivity level and the associated high proportion of low-skilled and low-paid jobs in the economy. This needs better leadership and management capabilities, and better people management practices. CIPD'S report Over-skilled and underused: investigating the untapped potential of UK skills found that more than one third of workers have the skills to cope with more demanding duties than they currently have. At the opposite end of the scale, one in ten said they lacked all the skills needed to do their job effectively. Reducing this skills mismatch would help improve UK productivity. Analysis by the OECD suggeststhat average labour productivity could be increased by as much as 5% if the level of skills mismatch in the UK was brought into line with OECD best practice levels.

Organisations, in particular SMEs, need support to invest and develop their HR and people management capability to enable them to invest in their workforce's skills and make best use of existing capabilities.

It could be argued that successive governments have focussed on expanding the high education system at the expense of further and vocational education. The OECD has identified a gap in the UK in terms of the provision of intermediate and technical level skills. Whilst the UK government has prioritised increasing the number of apprentices, the overall budget for post-16 provision has experienced significant funding cuts.

CIPD'S Over-qualification and skills mismatch research highlighted the issue of graduate over qualification. The government has estimated that 75% will not earn enough to fully repay their student loans, while too few young people consider vocational routes into work such as apprenticeships. While the current government is pushing for a bigger focus on apprenticeships, they are still often seen as a poor relation to higher education.

The nature and key aims of the UK's skills policy
The UK's skills policy needs to address the following challenges:

- Upgrade skill levels.
- Raise the demand for skills among employers.
- Improve the quality apprenticeships, further education and skills training.
- Encourage better working practices with an emphasis on developing and enhancing skills, and the experience at work.
- Improve leadership and people management competencies.

Skills policy in the UK is devolved which means that any policy initiatives are entirely the remit of the devolved administrations in Scotland, Wales and Northern Ireland, and only of the UK government when it comes to England.

The approach to skills policy in each of the four nations within the UK is different. However there are some common core themes and approaches including:

- Improved careers advice (for example, all age career services).
- Simplified and responsive further education (FE).
- Increasing the number of apprenticeships.

- Increased employer involvement in the skills system.
- Raising the demand for skills through increased employer ambition.
- Targeted support for skill-development in SMEs.

KEY POLICY DEVELOPMENTS

The main development in skills policy in England recently has been the focus on apprenticeships and technical education.

Apprenticeship reforms in England date back to 2012 and the Richards Review which made recommendations to simplify the system and 'put employers in the driving seat'. These included developing new employer-led apprenticeship standards and reforms to apprenticeship funding.

A key aspect of this policy was introducing the apprenticeship levy in April 2017 which sees employers with a wage bill of over £3 million pay 0.5% of their total pay bill. The levy was designed to boost the number of apprenticeships and overall expenditure on training, Yet our research shows that fewer than a third of levy paying employers say it has led them to increase the amount they spend on training. This is down from 45% in July 2017, showing confidence in the levy has dwindled since it was introduced. There's also concern that the research shows the design of the current levy is incentivising employers to use their funds in counterproductive ways, with a fifth of employers surveyed saying they use their levy money on training which would've happened anyway, to accredit existing skills, or that it has directed funds away from other forms of more appropriate training.

In light of these findings, we are calling for the apprenticeship levy to be replaced with a broader training levy. This would enable organisations to fund both apprenticeships and other forms of accredited training which are better suited to their needs.

We have also raised concerns that the apprenticeship system is not functioning as well as it could for young people. The majority of apprenticeships are allocated to existing employees over new labour market entrants, with an increasing proportion of opportunities going to those aged 25 and over. The introduction of the apprenticeship levy has tended to intensify long-running trends, with many employers concentrating their investment on existing employees

through, for example, professional and managerial apprenticeships. This underscores the need to rebalance the apprenticeship system so that young people can access a greater share of apprenticeship opportunities.

The government is also reforming technical education as result of the Sainsbury Review of Post-16 skills. The broad objectives are to create a system that supports learners in achieving sustained skilled employment and meets the skills needs of a changing economy. In particular, the reforms aim to streamline a complex system of overlapping qualifications into a common framework of 15 routes – or T-Levels – which group occupations together in a two-year college-based programme with a high-quality work experience placement, aligned to apprenticeships. Our Reforming technical education research uncovered a worrying lack of awareness amongst employers about the new qualifications, highlighting the need for greater employer engagement and consultation if the reforms are to be successful

Improved technical education has the potential to narrow the UK's technical skill gap, but Government intervention and employer awareness are critical to its success. The skills and capabilities of the workforce are vital to economic sustainability and growth. But while the UK has a high proportion of degree-qualified individuals, there is a substantial gap to other countries in intermediate technical skills, with the OECD ranking the UK 24th out of 33 nations. This has serious implications for productivity as the UK faces a chronic shortage of technician-level skills.

Furthermore, young people seeking to develop their technical and vocational skills face a confusing array of qualifications, many of which are not linked to the needs of employers. To help address these issues, the government is introducing new T Level qualifications to provide a vocational pathway for young people to learn technical skills as an alternative to A Levels.

However, CIPD research in 2018 found that only four in ten employers had heard of T Levels and their planned implementation, highlighting the need for significant further communication and engagement with organisations on this critical issue. Unless employers recognise and value T levels, it will prove difficult to persuade young people to take these new qualifications.

The UK has a highly skilled workforce, with 42% of the population educated to degree level or above. However, many graduates end up in non-graduate jobs, with OECD data showing the UK as having one of the highest rates of over-qualification internationally.

Meanwhile, the UK system is inadequate at providing intermediate and technical skills, with technical, post-secondary awards accounting for only 2% of qualifications gained. This evidence suggests that the UK has over-expanded its higher education system, relative to demand, and there is a clear need to strengthen alternative routes and provide a better balance between vocational and technical skills and academic qualifications.

Currently, the non-academic route is over-complex, fragmented, and difficult to navigate, with over 13,000 different qualifications, many of which fail to provide individuals with the skills they need for the 21st century. In recognition of these challenges, the technical education route is being reformed in England, with new employer-led T-Level qualifications being developed to streamline the existing system and to provide a vocational pathway for young people to learn technical skills as an alternative to A Levels. The first T Levels are being rolled out in in 2020, with all qualifications across 15 pathways available by 2023.

Overall, the CIPD is supportive of the regime and has conducted research showing that employers are also highly supportive of the reforms in principle, viewing them as potentially beneficial for young people's employability.

However, there are hurdles to overcome if these qualifications are to prove successful. In particular, it's essential that employers are aware of and engaged with the reforms. Work placement by employers is a key component of successful delivery, as is employers' recognition of the value and opportunity provided by this new source of talent.

But the CIPD's survey of 2,000 employers found that only 40% had heard of T Levels and their planned implementation. In addition, the majority of employers said that the 45-day work placement (315 hours) would not be feasible, while others said they could provide them but only if there was financial support to do so. The CIPD welcomes the launch of the Employer Support Fund pilot to test whether financial support can increase the number of industry placements offered.

Create an awareness-raising campaign for T Levels targeting employers.

- Ensure employability or essential skills are embedded in a consistent manner across all T-Level routes.
- Make adequate coordination, support and guidance available for employers to help them get ready to offer T-Level work placements.
- Consider whether financial incentives may be appropriate to increase employer engagement with work placements, particularly for SMEs.
- Provide high-quality work experience placements to help young people build their understanding of the world of work and their essential skills.
- Review recruitment practices to ensure that managers are not using a degree as a screening process when recruiting for jobs that don't require a university education.
- Work with schools and colleges to build more routes into work for young people, including school leaver programmes, T-Level students, traineeships and apprenticeships.

T Levels: what they are

T Levels are new courses which follow GCSEs and are equivalent to 3 A levels. These 2-year courses, which launched September 2020, have been developed in collaboration with employers and businesses so that the content meets the needs of industry and prepares students for work, further training or study.

T Levels offer students a mixture of classroom learning and 'on-the-job' experience during an industry placement of at least 315 hours (approximately 45 days).

Essential skills
CIPD's point of view on essential skills, including actions for Government and recommendations for employers.

With more employers preferring essential skills to specialist skills when recruiting candidates, CIPD is helping education providers and employers develop an understanding of what these skills are, and how workers can build them in the workplace.

There is growing recognition that the development of essential or 'employability' skills, such as teamwork, presenting and problem-solving, are crucial in preparing young people to make the transition from the classroom to the workplace. They are also critical to enabling workers to progress and adapt if necessary, as they re-skill or upskill in response to changes in technology, work, or employment.

Although essential skills are fundamental to people working effectively together in organisations (as well as to how they engage with customers and other stakeholders), there's currently no universal framework to enable education providers and employers to have a common understanding of these skills, nor is there help for workers to build these skills for the modern workplace.

Recent CIPD research found that, when recruiting, an increasing majority of employers prefer candidates with 'employability' skills and a broad understanding of their sector, rather than those specialist skills and knowledge required for specific vacancies. It is critical that young people can demonstrate these when entering the workplace and that individuals are supported to develop these skills throughout their working lives.

Currently, there is no universal framework to enable both education providers and employers to have a common understanding/definition of these skills, nor is there help for workers present and future to build these skills for the modern workplace. Numerous reports and frameworks have been presented by a range of organisations in an attempt to address this problem, resulting in multiple and sometimes conflicting definitions and solutions. This has created a confusing and fragmented landscape for employers, young people, employees and educators alike.

That is why the CIPD, along with a number of influential and respected organisations, have come together as the Essential Skills Taskforce to champion a united approach in developing a clear, measurable and authoritative framework to define the assessment and development of

essential skills, and to provide individuals and employers with the tools they need to succeed in the future workplace.

Government should ensure core essential skills are embedded in a consistent manner across all T-Level routes and within apprenticeship standards.

Design interview questions that allow hiring managers to understand the extent to which applicants possess key essential skills.

Ensure that competency and development frameworks include the core essential skills required for the modern workplace and that workplace training helps develop and embed these. Ensure people managers encourage and enable employees to use these soft skills, such as problem solving, creativity and teamwork by providing appropriate support and autonomy.

Apprenticeships and investment in training

CIPD's point of view on apprenticeships and investment in training, including recommendations for both Government and employers

Apprenticeships are an asset to any organisation, yet their potential in England remains unfulfilled. As such, Cipd calls for the apprenticeship levy to include accredited training aligned to industrial strategy priorities, while supporting government reforms towards an employer-led system with standards demonstrating occupational competency.

England has suffered a long-term and substantial decline in employer investment in training over past decades. The government's introduction of the apprenticeship levy in 2017 aimed to address this by spurring the increase of both the quantity and quality of apprenticeships, as well as employer spending on training.

However, apprenticeships in England are still not delivering in terms of quality of skills and experience they provide. Four in ten apprenticeships are created only at intermediate level,

which places England behind the best systems in Europe, where nearly all apprenticeships are at advanced or higher levels.

Apart from being concentrated at lower levels, the current system is not sufficiently providing an accessible pathway to work for young people, with most apprenticeship places going to existing employees and older apprentices. This is compounded by a bureaucratic and inflexible levy which is not tailored to employers' skills requirements.

Furthermore, the proliferation of apprenticeship standards has raised concerns over the number of narrow and/or overlapping standards which lack occupational breadth and restrict the extent to which apprentices gain transferable skills.

Apprenticeships are an asset to any organisation and bring significant benefits to businesses, individuals and the wider economy. At their best they provide a structured route into the labour market for young people, enabling them to progress in their careers and, at the same time, providing employers with a motivated and engaged workforce with the technical skills they need.

However, the quality and accessibility of some apprenticeships in England raise concerns. Currently, two-thirds of apprenticeships are going to existing employees and individuals aged over 19, meaning the role apprenticeships should have as a route into employment for young people is not being fulfilled. Additionally, half of all apprenticeship starts in 2018 were only at Level 2 (GCSE level), leaving England considerably behind the best systems in Europe, where nearly all apprenticeships are at advanced or higher level (equivalent to Level 3, A-Level, and above).

These challenges are compounded by an inflexible apprenticeship levy which forces employers to consider apprenticeships as a way of delivering all forms of workplace training. While apprenticeships are an important and valuable form of training for many people and businesses, they are also rigid and expensive programmes that don't always meet employers' skills or workforce development demand. As such, the CIPD is calling for a broadening of the levy into a

wider training levy, to include other forms of accredited training that are aligned to industrial strategy priorities.

The CIPD supports recent government reforms towards a more employer-led system with standards demonstrating occupational competency. However, we view with caution the rapid rise in the number of new apprenticeship standards and the implications about their quality.

Currently, there are 500 new apprenticeship standards approved for delivery and many more under development. This compares to just 200 apprenticeship occupations in Austria, 320 in Germany, 230 in Switzerland and just 100 in Denmark. The National Audit Office reported that by 2020 there may be as many as 1,600 standards in place, compared with 240 apprenticeship frameworks.

This rapid proliferation raises concerns over narrow and/or overlapping standards which lack occupational breadth and restrict the extent to which apprentices gain transferable skills.

The government's Institute for Apprenticeships and Technical Education (IfATE) should review all Level 2 standards, and ensure there is a clear and justifiable rationale for their introduction relative to a Level 3 qualification.

The IfATE should remove any narrow and overlapping standards, ensuring that core and transferable skills are embedded in a consistent way and described using an agreed common language.
Government should reinstate the requirement for apprenticeship standards to include a qualification, membership of professional body, or a licence to practise.

Government should develop an apprenticeship access fund along the lines of the Higher Education Access Fund to target and support disadvantaged young people.

To ensure that the apprenticeship levy leads to an overall increase in employer training effort, the levy should be adapted into a more flexible training levy. Apprenticeships should be integrated into workforce planning and aligned with business need and growth strategies.

Apprenticeships should be targeted at areas where there are clearly identified skills gaps and shortages or future areas of growth.

Apprenticeships should offer a training route to a skilled role. Employers should invest in high-quality apprenticeships which provide the most value to both the individual and the employer. The minimum for an apprenticeship is 12 months; however, most high-quality apprenticeships take longer to complete, sometimes up to four years.

Recruitment strategies should aim to maximise equality and diversity in apprenticeship programmes.

Employers should do due diligence when choosing a provider. Getting a quality training provider is critical in ensuring off-the-job training elements match an organisation's needs while being both job-specific and transferable. Employers should provide practical support and guidance, including regular meetings with line managers and additional mentors, to support apprentices and apprenticeships.

Policy recommendations

Provide the right mix of skills for the labour market

1. For vocational programmes beyond secondary level, share the costs between government, employers and individual students according to the benefits obtained.

2. Provide a mix of VET training places that reflect both student preferences and employer needs. Achieve this through the provision of workplace training and through planning and incentive mechanisms.

3. Engage employers and unions in curriculum development and ensure that the skills taught correspond to those needed in the modern workplace.

4. Through VET systems, provide young people with the generic, transferable skills to support occupational mobility and lifelong learning, and with the occupationally-specific skills that meet employers' immediate needs.

5. Ensure all students in vocational programmes have adequate numeracy and literacy skills to support lifelong learning and career development. Identify and tackle weaknesses in this area.

Reform career guidance to deliver well-informed career advice for all

1. Develop a coherent career guidance profession, independent from psychological counselling and well- informed by labour market information.

2. Provide adequate resources for guidance and pro-active delivery.

3. Ensure an independent base to support objective career guidance.

4. Provide good sources of information about careers and courses.

5. Build a comprehensive framework of guidance through partnership with employers.

6. Ensure that career guidance initiatives are properly evaluated.

Ensure teachers and trainers combine good workplace experience with pedagogical and other preparation

1. Deliver sufficient recruitment of teachers and trainers for VET institutions, and ensure this workforce is well-acquainted with the needs of modern industry. To this end:

- Encourage part-time working, with trainers in VET institutions spending some of their time in industry.

- Promote flexible pathways of recruitment. Facilitate the entry of those with industry skills into the workforce of VET institutions through effective preparation.

2. Provide appropriate pedagogical and other preparation for trainers (including the supervisors) of interns, trainees and apprentices in workplaces, adapting the level of preparation to the nature of the workplace learning being provided.

3. Encourage interchange and partnership between VET institutions and industry, so that vocational teachers and trainers spend time in industry to update their knowledge, and vocational trainers in firms spend some time in VET institutions to enhance their pedagogical skills.

Make full use of workplace learning

1. Make substantial use of workplace training in initial VET.

2. Ensure that the framework for workplace training encourages participation by both employers and students.

3. Ensure workplace training is of good quality, through an effective quality assurance system, and through the provision of a clear contractual framework for apprenticeships.

4. Balance workplace training by other provision (*e.g.* training workshops in schools) where other learning environments work better, or if workplace training is not available.

5. Devise effective responses to the current economic downturn, to sustain workplace training, and cope with increased demand for full-time VET.

Support the VET system with tools to engage stakeholders and information to promote transparency

1. Engage employers and unions in VET policy and provision and construct effective mechanisms to that end.

2. Systematically engage with employers, trade unions and other key stakeholders to develop and implement qualification frameworks. Strengthen quality assurance throughout the VET system to support qualifications frameworks.

3. Adopt standardised national assessment frameworks to underpin quality and consistency in training provision.

4. Strengthen data on the labour market outcomes of VET, and provide the institutional capacity to analyse and disseminate that data.

New task force launched to set out the skills workers need for the future

For the first time, leading organisations from the education and employment sectors have come together to agree a universal framework for essential skills

Students might still rest their hopes of landing their dream job on the A-level results they receive tomorrow, but qualifications are only part of the story for employers.

Employers are placing more emphasis on essential skills, like teamwork, presenting and problem-solving, but these are often difficult to assess at the recruitment and selection stage.

In response, leading organisations from the education and employment sectors (the CIPD, The Careers & Enterprise Company, Business in the Community, the Gatsby Foundation, EY Foundation and the Skills Builder Partnership) have come together for the first time to agree a universal framework for essential skills.

It will build on the Skills Builder Framework, already used by over 700 organisations, and set out the skills needed to thrive at work, as well as how these can be assessed and developed. It can be used by students, workers and employers.

The benefits of the universal framework for essential skills include:

• Making educators aware of the skills employers want and need so they can ensure students are well equipped to join the workforce

• Helping employers to hire the right people and providing candidates with a better idea of the skills required to succeed in a role

• Showing what progression looks like for each of these different skills so that   employers can map out how to upskill or reskill their workers.

Employers are taking a more rounded approach when assessing people's skill set given the increasing use of technology in the workplace. While they recognise that automation can replace repetitive roles, it can't compete with humans when it comes to more creative and complex tasks which require these essential skills.

Matthew Taylor, the RSA's chief executive and champion of this project, called for a framework like this to be introduced in his review of Modern Working Practices.

Employers from a range of different sectors will be consulted about the framework and it will go through several development stages. The final version is expected to be published in spring 2020.

Sir John Holman, Chair of the Essential Skills Task Force, said:

"If you ask employers what they are looking for in the people they hire, they increasingly specify essential skills like communication and teamwork. They take for granted that employees must have sound educational qualifications, and what makes the difference is the higher order essential skills which a machine cannot offer.

"By producing a universal framework of essential skills that are clear, measurable and authoritative, we will give employers a toolkit that they can use to select and train the employees they need to succeed in tomorrow's workplace. Equally importantly, it will be a toolkit that schools, colleges and universities can use to help the students develop these skills."

Matthew Taylor, Chief Executive of the RSA, said:

"With the nature of work continuing to evolve, it is challenging to predict exactly what technical abilities and skills will be needed in years to come. However, there's growing recognition that

the core skills, which are essentially human and behavioural, will be vital in almost all jobs and roles.

"The work of the task force is an important step towards achieving a common understanding of these essential skills from education right through to our workplaces. Establishing a framework and a common language for these skills is vital in creating the clarity we need to achieve more productive, high-performing workplaces that enable people whatever their backgrounds to feel engaged and empowered in their jobs.''

Christine Hodgson, Chairman of Capgemini in the UK, Chairman of The Careers & Enterprise Company and a trustee of Business in the Community, said:

"As an employer, we want to make sure we're recruiting people with the right skills to thrive in the 21st century workplace. But without a common language and shared understanding, it can be difficult for employers to identify easily or communicate what they're looking for. And it's harder for schools to make sure they're focusing on developing the right skills. By helping schools, young people and employers all pull in the same direction, this work will help us prepare young people for the fast-changing world of work."

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