

Employers ‘wasting hundreds of thousands’ on inefficient hiring & retention practices

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Organisations are wasting hundreds of thousands of pounds on inefficient hiring and retention as they throw money at skills shortages without measuring return on investment (<https://www.omnirms.com/knowledge-hub/how-to-calculate-your-recruitment-return-on-investment/>). That’s according to new data from resourcing transformation expert, Omni RMS, and the CIPD, the professional body for HR and people development.

The latest edition of the Resourcing and talent planning (<https://www.omnirms.com/knowledge-hub/cipd-resourcing-and-talent-planning-report-2024/>) report revealed that less than a quarter of organisations (24%) currently measure the return on investment of their hiring activity, while less than a third (31%) of those who are aware of turnover data at their organisation report they calculate the cost of labour turnover.

According to Omni, this could be costing employers hundreds of thousands of pounds every year. The company’s Recruitment Cost Calculator (<https://www.omnirms.com/rpo-recruitment/recruitment-cost-calculator/>) – a tool which measures the full cost of hiring and retention for UK businesses – revealed that a company hiring 100 people per annum could lose upwards of £500k per year in hiring and replacement costs (based on average turnover rates of 34%* and average salaries of £35,500 for permanent employees).

With the Resourcing and talent planning report also revealing that 32% of private sector organisations anticipate increasing their recruitment budgets this/ next year as skills shortages rage on, the problem will only be exacerbated.

Louise Shaw, Managing Director at Omni RMS (<https://www.omnirms.com/>) commented:

“It’s astounding that, so few companies are tracking the return on investment in their recruitment activity. People are the largest expense for most organisations and failing to track and monitor where inefficiencies are having a detrimental impact on budgets will have a huge impact. The cost of a wrong hire goes beyond recruitment cost, though. It also disrupts business performance as well as existing team morale which has the potential to increase attrition rates further. That does, in turn, put further pressure on budgets to replace lost talent.

“It is critical that organisations track the effectiveness of their hiring activity. If they are seeing high levels of turnover they need to understand where the inefficiencies along the hiring process are – be it with how they attract, select or onboard. The challenge is that many organisations lack the skills and tech to measure data that goes beyond the traditional one such as time to hire which is irrelevant when there is a revolving door. At Omni, we see so many organisations throwing money at a problem – namely skills shortages – because they’re unsure of the solution. But this does more harm than good. As we begin to see glimmers of improvement in the recruitment landscape, companies need to have a talent strategy that allows them to optimise resources, make data-driven decisions and, perhaps more importantly, justify their investment.”

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About Omni RMS

Omni RMS is an award-winning resourcing transformation specialist dedicated to helping organisations transform their approach to hiring and shift the dial in recruitment effectiveness. They help organisations to make recruitment work and enhance the value that TA teams bring to the overall business, driving growth. www.omnirms.com/

The CIPD has been championing better work and working lives for over 100 years. It helps organisations thrive by focusing on their people, supporting our economies and societies. It's the professional body for HR, L&D, OD and all people professionals – experts in people, work and change. With almost 160,000 members globally – and a growing community using its research, insights and learning – it gives trusted advice and offers independent thought leadership. It's a leading voice in the call for good work that creates value for everyone. www.cipd.org

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,016 UK-based people professionals. Fieldwork was undertaken between 4 April 2024 and 22 April 2024. The survey was carried out online. The figures have been weighted and are representative of UK employers by business size and sector.

*34% employee turnover -

<https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/>