



REC

Recruitment
& Employment
Confederation

#RECAimHire

Aim Hire

Creating business
advantage through
strong recruitment
partnerships

“It's unwise to pay too much,
but it's worse to pay too
little. When you pay too
much, you lose a little money
– that's all.

When you pay too little,
you sometimes lose
everything, because the
thing you bought was
incapable of doing the thing
it was bought to do.

The common law of business
balance prohibits paying a
little and getting a lot –
it can't be done.”

John Ruskin,
Writer and Philosopher

Aim Hire

Creating business advantage through strong recruitment partnerships

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A photograph of three business professionals in an office setting. A man in a light blue shirt and a dark polka-dot tie is in the center, looking down at a document. To his left is a woman with glasses and a light blue top, also looking at the document. To his right is a woman with dark hair in a blue patterned shirt, looking at the document. The background shows a modern office with a grid ceiling and some blurred office equipment.

Foreword

This guide is designed to help businesses of all sizes and sectors make well informed decisions when procuring recruitment services whether for permanent or temporary positions.

We hope that it demonstrates the value that a strong recruitment relationship can add, and contributes to a better understanding of how you can maximise the benefits of the industry's unique positioning, knowledge and professionalism.

The value of having the right mix of people and skills within your workforce is recognised like never before – rightly so, almost every company will cite access to talent as a priority for their growth prospects. But at a time when all costs are under pressure, we're seeing more firms deprioritise their recruitment partnerships. This short term thinking will sadly harm their ability to get the right people into the right roles, and to retain them.

As an industry body, the REC's role is to uphold quality and standards – **our purpose is to make great work happen.**

As an industry body, the REC's role is to uphold quality and standards – our purpose is to make great work happen. To do this we ask our members to commit to a professional code of conduct in support of this aim – and rigorously assess their compliance. This ensures that our members are maintaining the highest standards and quality when delivering for clients and candidates. But in every industry there are those that cut corners. We'll look at how you can ensure that the partnership you are choosing does not expose you to risk as well as giving you the best possible chance to access the talent you need.

This guide will help you ensure your approach to working with the recruitment industry is best geared towards attracting and retaining the people you need to deliver business growth and stand out from your competitors.



Maxine Bligh
REC Chief Membership and
Innovation Officer



Introduction:

A smart approach to recruitment

Although UK economic growth has stalled in recent years, our labour market has held up like never before. In previous decades, an economic downturn would be matched with a slump in jobs – creating an increased pool for those still looking to hire and reducing pressure on wage inflation.

However, this downturn is different. Why?

Supply.

Firstly, the labour force. There are 600k fewer young people in the labour market than a decade ago.

Lower migration means growth in the non-UK-born workforce is 90k lower per year since 2016. And as born out by ONS statistics there are more people with long-term health conditions preventing them from being economically active. Add an aging population with a million more workers in their 50s than their 20s. Many of these older workers chose early retirement during the pandemic which means employers are up against it when finding the right talent to match their needs. For the first time in more than three years our labour supply post-pandemic is decreasing.

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Add an ageing
population with

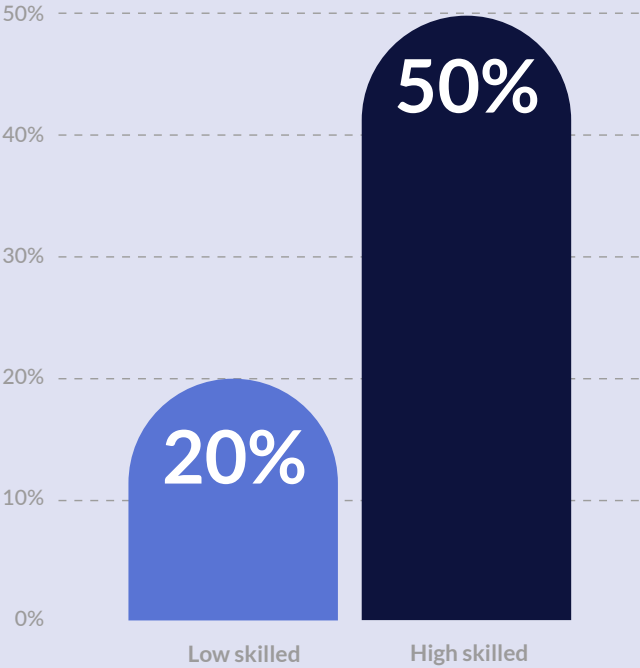
1 million

more workers in their
50s than their 20s

When we look at how the labour market is changing half of all jobs are now deemed 'high skilled', versus one in five 'low skilled'.

However, we don't have enough people in the labour market with the skills in demand. As indicated by the REC and Lightcast's Labour Market Tracker which analyses job postings by sector and area, this is resulting in many firms having vacancies that are hard to fill and a quarter of employers anticipate significant problems filling jobs over the coming year.

Firms have mainly responded to date by raising wages or increasing workloads both of which are unsustainable – particularly in an inflationary climate. We're starting to see some evidence that firms are delaying hiring decisions because they cannot match candidate expectations leading to longer periods with roles unfilled impacting output and productivity.



The longest period people used to stay in roles was around ten years but this has dropped in recent times to around four years.

We're also seeing more than one in ten people never staying with the same employer for more than a year. On top of this, average tenure has decreased with 2-5 years now the most common length of service. Replacing a single employee can take up to 28 weeks and cost over £25K in lost productivity¹, making it a big risk for any business. Fit is increasingly important and recruiters understand this and can be a first window to communicating that with the candidate. In a labour shortages context having a recruiter to sell your company and its culture to a potential candidate gives you an edge.

Yet in this context the value of a strong and trusted recruitment partner is often overlooked as a key lever to pull in your talent acquisition and retention strategies.



Replacing a single employee can take up to **28 weeks** and cost over **£25K** in lost productivity¹

1 Cendex 2023 Labour Turnover Report

A man with grey hair, a full grey beard, and black-rimmed glasses is smiling slightly. He is wearing a dark grey blazer over a light-colored t-shirt. He is seated at a wooden table with two white coffee cups and saucers. The background is a blurred indoor setting with a brick wall and a potted plant. A white semi-transparent box with rounded corners is overlaid on the bottom right of the image, containing text and a handshake icon.

A partnership
approach will pay
dividends



Plan ahead for the best result

The most successful firms have a five-year workforce strategy and investment plan signed off and reviewed by the board annually. It means they know their intentions around recruitment over the longer term and can plan towards this. As part of this they consider the partners who can best help them deliver this strategy.

It's easy to think you don't need recruitment agencies until you are hiring – but taking some time to meet with your (potential) recruitment services and build your relationship outside of a hiring phase will help ensure they really understand your business; and have you in mind year round.

Wouldn't it be nice if great candidates were flagged to you to help you be agile and seize opportunities even when you aren't in a time crunch to replace someone? They can also support and challenge you on your organisational design plans and ensure you are kept up-to-date with the latest insight and thinking on the labour market and trends in the industry. You can then consider this input and advice in your role designs and briefs. Think of recruiters as the professional services consultants that they are. The more you engage in the partnership the more benefits you will reap.

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The current labour market is tight and candidate shortages are the norm – if your recruitment partner fully understands your business – your products and services, your aspirations, your culture – how you stand out compared to your competitors; the more likely they are to find the right fit for your business. It means that as they build their relationships on the candidate side they will have potential matches in mind for you and be considering the right skillsets and profiles even before you are in a recruitment phase. When you are recruiting they can then ensure that candidates' expectations of the role and your business match the reality – making them more likely to both accept the role and stay in it.

Our own research from 2017 shows that a poor hire at mid-manager level with a salary of £42,000 **can cost a business more than £132,000.**

That figure would likely be significantly higher now.



Investing time at the outset is time saved in the long run...

It's easy to send over a job spec and leave the recruiter to it – but in a competitive labour market it's crucial that you build in the time to give the recruiter as much information as possible. That includes a face to face briefing wherever possible (or a call at a minimum) - this offers the recruiter the opportunity to give you realistic feedback on what is available and whether the role brief is realistic. This will also get them thinking about outside the box solutions.

You must also move quickly when the right candidates are identified. Blocking out the time in your diary at the outset for the interview process helps. If you cannot move quickly you risk both losing out on the best candidates and leaving vacancies unfilled.

**According to 2022
LinkedIn research:**

Understanding how to
optimise the job recruitment
process can shorten the
hiring cycle by

60%

while improving the
quality of your talent.

Here is an example of what can be achieved.

CASE STUDY

Dial A Ride Scarborough and
their recruitment partner
KD Recruitment

Dial A Ride Scarborough

is a small charity that provides community transport to help the elderly and those with mobility difficulties access car journeys at reduced costs. This charity is predominantly run by circa 40 volunteers and operates 13 vehicles.

KD Recruitment

is a REC member based in Scarborough that specialises in talent and resourcing strategies for a number of sectors including Accountancy and Finance, HR and Marketing amongst others.

Dial A Ride staff had no recruitment training and had always struggled with bringing the right people in. Although volunteer led they still need a small number of employed staff to manage operations. Since 2000 they had been a team of three within the office and the requirements of the roles had changed.

The Chair of their board initially reached out to Kelly Dunn of KD Recruitment as their General Manager was retiring in the summer of 2022. Kelly went to meet with the retiring general manager Julie, and Colin the Chair of the board within 24 hours of them reaching out to discuss their needs, challenges and opportunities. She was able to support them with a new recruitment process, advising them on how to manage an internal promotion of Tim Lawson from Deputy Manager to the new General Manager. This resulted in Kelly looking to backfill his position for a new deputy. From taking the job to the offer stage, Kelly worked closely with the Chair of the board to coordinate every stage of the process across a six week period. Keeping the board of trustees and all of the candidates involved up-to-date on every step.

In July 2023, Tim Lawson then reached out to Kelly again for help to grow the team as he was now looking to retire himself, so within a few hours, Kelly had gone straight down to their offices to discuss the needs of the client again and see how she could build a strategy bespoke to their needs. This included looking at how the roles and responsibilities might need to be re-shaped to deliver what the organisation needed in the future. One of the aims was to take pressure off the new manager and expand capacity.

After twenty years of retaining existing staff, the priority was to find people as dedicated to the charity as Tim and Julie, the previous manager had been. Without the right person to come in and replace the existing manager, operations would have come to a halt. Kelly's suggestion was to restructure the existing team, redefine job roles and look at recruiting an additional administrator to job share with

the existing person to give more capacity to the new manager coming in. She assessed how timescale, candidate availability, culture and person fit needed to come together to keep operations going. She was able to do this by having an offsite meeting with Tim and members of the board of trustees, so they could discuss openly what the future of the charity should look like and worked back from there. She advised Tim to speak to the existing employees separately to understand their aspirations and strengths and developed four new job descriptions based on all this insight and forward planning.

Without Kelly's collaborative and detailed approach, the outcome could have been much less effective.

The deep dive into the ethos and ambitions of the organisation, and the research into the views of existing staff helped bring a new perspective to creating a long-term staffing plan to keep the charity's doors open.

The uniqueness of this being a volunteer led charity meant that keeping them in the loop about the recruitment process and making sure they felt they could work with the new team members was crucial. Kelly

ensured that the volunteers were able to meet the candidates so they could trust they would feel supported by them. The final piece of the puzzle for the plan to work was getting the board onside with the new strategy, which Kelly did. The two new staff members are thriving and the future operations at the heart of community service have been maintained.



Kelly had gone straight down to their offices to discuss the needs of the client again and see how she could build a strategy bespoke to their needs.

This is an example of the bespoke tailored support recruiters can offer clients.



How to spot a
good quality
recruitment partner

High standards



You should expect high standards from your recruitment partner.

REC member firms undertake a biannual compliance test to ensure their understanding of, and adherence to, employment law and standards. The assessment covers a range of topics; from contracts, regulations and data, to health and safety, as well as key processes and procedures. Recruitment companies make significant investments in their own processes, knowledge and development to ensure they meet these standards.



Members are also bound to uphold the ethics in our Code of Professional Practice.

As part of that we investigate and address any complaints against our member companies and take proportionate and swift action.

Look for the mark of quality



Firms that do not adhere to this code or don't pass the compliance assessment are expelled from membership.

As such you can know with confidence that if you are using an REC member for your recruitment the firm is operating to the highest professional conduct. And look out for REC Audited status – an additional mark of quality that shows the business practices of the firm have been inspected in person.

In considering a new recruitment partner it is good practice to ask them about their compliance regime and how they uphold the highest standards in their recruitment practices.

This will ensure that you are not inadvertently working with a supplier who is cutting corners, opening up your own risk by association.



Offering support and advice beyond the brief



A good quality recruitment service has significant knowledge, insight and intelligence.

They should be able to share this knowledge to help ensure you fill your roles with the right people. They are attuned to trends in candidate behaviour and expectations, market value and the terminology and phrasing that can turn a fine role description into a great one. They are literally interviewing hundreds of candidates every week! Yet clients can often be reluctant to take on board this advice.

As an example:

Recruiters are at the forefront of thinking about and implementing best practice around EDI hiring practices.

All organisations have a business and ethical imperative to ensure hiring practices ensure equal opportunities for job seekers and are inclusive. This is something all good recruiters will bake into their processes for you. In a tight labour market it becomes even more important to recruit from the largest talent pool.

It helps get the best candidates for the role and helps create a diverse culture needed for achieving great bottom line results. Research by McKinsey in 2020 found that companies in the top quartile of gender diversity on executive teams were 25 percent more likely to experience above-average profitability than peer companies.

Candidates are savvier than ever about wanting to work for values-driven companies.

Those from minority communities especially will be looking for signs of company culture around inclusiveness as an indication of their ability to progress there if hired. Using a recruiter with good EDI credentials will give you an advantage with your candidates and enlighten you about best practices. Many REC members are at the forefront of inclusive recruitment practices and are being supported by us to enhance these approaches to keep pace with client and candidate expectations.

Gaining and harnessing input and feedback from your recruitment partner can be a key lever to getting your roles filled.



5

5 things you can do
to maximise the relationship with
your recruitment partner

5 things you can do to maximise the relationship with your recruitment partner

1 In selection **Look for marks of quality**

An REC member logo or affiliation to another professional body. Audited status shows a premium level of compliance.

Awards nominated for or won will reflect areas in which they excel.

Ask questions about the firm's compliance regime and how they invest in professional development.

2 In commissioning **Think about the longer term talent needs**

Look beyond just the roles you are hiring for in the short-term. The more you can consider your organisational plans over the long term and plan it into your recruitment strategy the better your outcomes will be.

3 **Treat it as a partnership not as a transaction**

Those firms that look at their recruitment services as a partner to what they're trying to achieve and design this into their approach to organisational planning get better outcomes than those that look at each hiring phase as a one off transaction.

The more your recruitment partner can get to know and understand your business the better matches they will make. Understand the fee structure and appreciate what goes into the service beyond the candidates they put in front of you.

4 **Invest time in the recruitment process**

Use the meeting to explain your organisational design and potential future needs, the time to outline your requirements and discuss the job description.

Don't forget to block out the diary time for interviews and decision making in advance.

5 **Be open to advice and compromise**

Take on board feedback – whether it's about pay or the skillset required, a high standard recruiter will know what's needed to fulfil the brief and what your competitors are doing to gain an advantage. This is where keeping up with the Jones helps.



Quality doesn't
come cheap: can you
afford the risk?

We know that when budgets are tight there will be pressure to drive down costs on your recruitment services. The firms that operate to these high standards can't and don't work at a loss. They would rather charge more than cut corners.

There is a big difference between value and price. A lowest-cost option that doesn't work out, will end up costing you more.

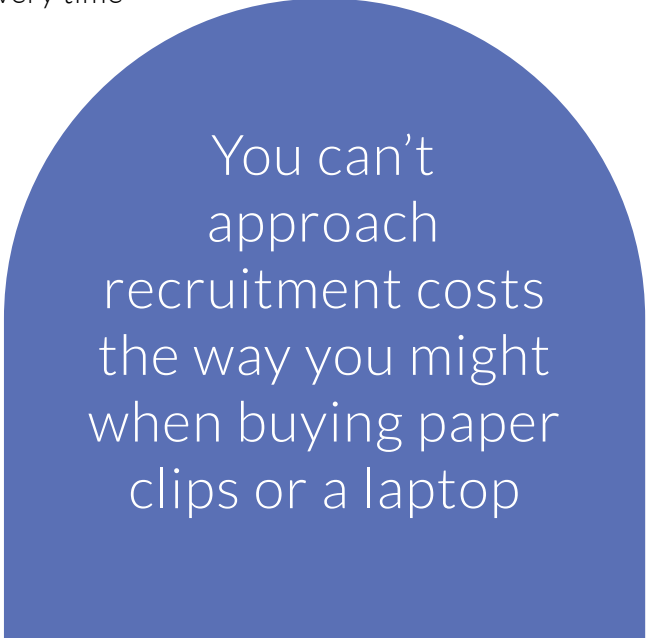
When dealing with people, you are not dealing with a commodity. You can't approach recruitment costs the way you might when buying paper clips or a laptop – where there is a single replicable spec that needs to be met every time and if it is, the product works.

Yet, for the last couple of decades – partly driven by a unique period of loose labour supply that has now ended – businesses have been able to hand too much control over how they hire to procurement professionals focussed only on initial cost. Not productivity or business success. Not retention. Not inclusion. The value of which has all been outlined in this guide.

Of course, businesses must look for value – but the bargain basement is not usually where you will find it. You wouldn't hire the cheapest lawyer for a critical case, or the cheapest accountant for the audit of a major firm. Price is an issue – but value must be the overall judgement.

Our Recruitment and Recovery report showed company Chief Executives get this – they identified the quality of their people as second only to the quality of their product in driving success.

If people are your greatest asset – start behaving like they are.



You can't approach recruitment costs the way you might when buying paper clips or a laptop

Tips on the best ways to get value out of the process:

Be prepared to look at new and different approaches.

And accept that the up-front costs may be higher but longer-term costs and benefits will be better.

Acknowledge that, especially in the temporary market, you want to be compliant.

Work out what the full cost of employment is for a temp.

That includes holiday pay, National Insurance, Apprenticeship Levy, and Pensions if they opt-in. Then remember that agencies have to also add the costs of legal compliance, and their work to find the candidate, before they make any money.

How sustainable are the terms you are offering? And worse, are there practices you are driving that may lead to you having a non-compliant supply chain? A cheap solution may quickly turn into an expensive one when it is your brand being featured in the news.



How not to do things.

The mess of the NHS frameworks in England provides a cautionary tale for why a better approach is needed. In an attempt to control costs, on-framework agency costs were capped in 2016 – not, in itself, a bad practice if set at the right level and regularly reviewed.

But those rates have been left to wither on the vine, in the interests of “saving money”. The result has been a huge growth in much more expensive, but less measured, provision, by NHS Banks and off-framework agencies. NHS England is paying far more than it needed to, for a less sustainable service, because of the way it chose to “save money”.

Offer exclusivity.

In permanent hiring especially giving your recruitment partner exclusivity on the role will likely get you the focussed prioritisation you want.

Don't delay payment.

Low interest rates are a thing of the past. Short-term debt that was more sustainable at 2% is unbearable at 8 or 10%.

If you value the work a business partner does – pay them properly, and on time.

This last point is not only about partners – but also the large firms who run managed service provision (MSP) on temporary work or recruitment process outsourcing (RPO) for permanent work. Too often, organisations have signed lowest-price deals on these contracts, which haven't delivered because they can't at that price. Organisations that are hiring then come back to the market seeking a better service – but if they aren't willing to increase spend on the service that unsustainable cost cycle replicates. As a result of this, many large firms unnecessarily squeeze second tier suppliers in a way that damages the sustainability of the MSP or RPO model.

In conclusion

It is wise to remember that the candidates that appear in front of you when you are recruiting are just the tip of the iceberg. Behind each candidate presented is a full process of desk research, sifting, interviewing, candidate preparation and matching – often days of work for multiple researchers. And under that sits the time and investment they have put into their own contact building, knowledge base, market understanding and compliance regime.

Every business will say that its people are the foundation of – and critical to its success. Recognise that in your approach to hiring. Recruitment at its best is a highly valuable expert service – recognise as it as such and invest for your success.

To find an
REC compliant
recruiter in your area
go to our website
**[rec.uk.com/
memberdirectory](https://rec.uk.com/memberdirectory)**



Recruitment
& Employment
Confederation

The Recruitment & Employment Confederation is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower UK recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy.

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