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“The Great Resignation” has given way to “The Big Stay”, as staff turnover and vacancies set to decline

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Workers are increasingly staying put in their current jobs and more employers are holding steady on staffing levels as the labour market slows, according to the CIPD’s latest Labour Market Outlook report. The survey shows more than half (55%) of employers are looking to maintain their current staff level – the highest level since winter 2016/17.

The CIPD’s new report, based on a quarterly survey of 2,009 employers, also cites data from the ONS vacancy survey and analysis on turnover from the Labour Force Survey, with all indicators pointing to lower staff attrition in 2024 and trends returning to pre-pandemic levels.

In response to this employment context, the CIPD is calling on employers to focus on upskilling opportunities to retain and develop their existing workforce.

Fewer employers are expecting staff levels to increase in the coming months, continuing the downward trend in workforce growth expectations. The CIPD’s Labour Market Outlook found that 30% of employers expect staff levels to increase in the next three months, down from 37% twelve months ago. Its net employment balance – which measures the difference between employers expecting to increase staff levels in the next three months and those expecting to decrease staff levels – has fallen from +22 to +19.

Upskilling the existing workforce is currently the most common employer response to hard-to-fill-vacancies (52%), while 36% of employers are increasing the duties of existing staff. Increasing pay, however, remains a popular option to address hard-to-fill vacancies with 41% of employers using this approach in the past six months.

James Cockett, labour market economist for the CIPD, the professional body for HR and people development, said: “When the economy reopened post-pandemic, turnover and vacancy levels rose in response to the hot recruitment market. Now, the so-called ‘Great Resignation’ is well and truly over and has been replaced by ‘The Big Stay’, with more people opting for job stability. Falling staff turnover and vacancies also mean the balance of power in the labour market is moving in the direction of employers and away from workers.

“Based on the trends in our report, there’s likely to be further falls in both turnover and vacancy levels in 2024. Employers will need to look forward and factor in this lower attrition when making decisions around staffing levels and the future of their workforce. We are now entering a more stable period, as recruitment trends bounce back to pre-pandemic levels.

“In this context, it’s even more important that employers invest in existing staff through upskilling and development opportunities. Skills are vital to meeting both current and future business demands and employers need to consider what skills need to be developed now, in order to create successful and productive workforces in future.”

Despite the evidence of a less dynamic and competitive labour market, the CIPD’s survey shows employers’ basic pay increase expectations for the next 12 months have not fallen since our previous survey and remain at 4% overall. These sit at 4% in the private and voluntary sectors and 3% in the public sector.

Cockett continues: “There has been no change in pay increase expectations since last quarter. However, the gap between public and private pay awards continues, with the rate of inflation now sitting between these two figures.

“While employers pay rise expectations remain above pre-pandemic levels, we would expect them to adjust their plans for pay rises in the coming months, as inflation falls and the labour market continues to slow.”

The latest Labour Market Outlook report surveyed 2,009 employers in March and April 2024 about their approaches to pay, staffing levels and addressing vacancies. Other key findings include:

UK employers continue to have hard-to-fill vacancies

- 37% of employers report hard-to-fill vacancies. Over half (52%) of public sector employers report hard-to-fill vacancies, compared to 33% in the private sector. Hard-to-fill vacancies are most prevalent among employers in education (58%).
- One in five (20%) employers expect significant problems in filling vacancies the next six months. This rate increases to two in five (39%) in the public sector.

Workforce growth expectations vary significantly across different sectors

- The net employment balance is just +3 in the public sector, compared to +24 in the private sector, demonstrating the gap between public and private sector employment intentions.

- Employers in the public sector are twice as likely as those in the private sector to decrease their total staff level over this period (19% v 9%). Overall, 11% of UK employers are looking to decrease staff levels in the next three months.

Read the report

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