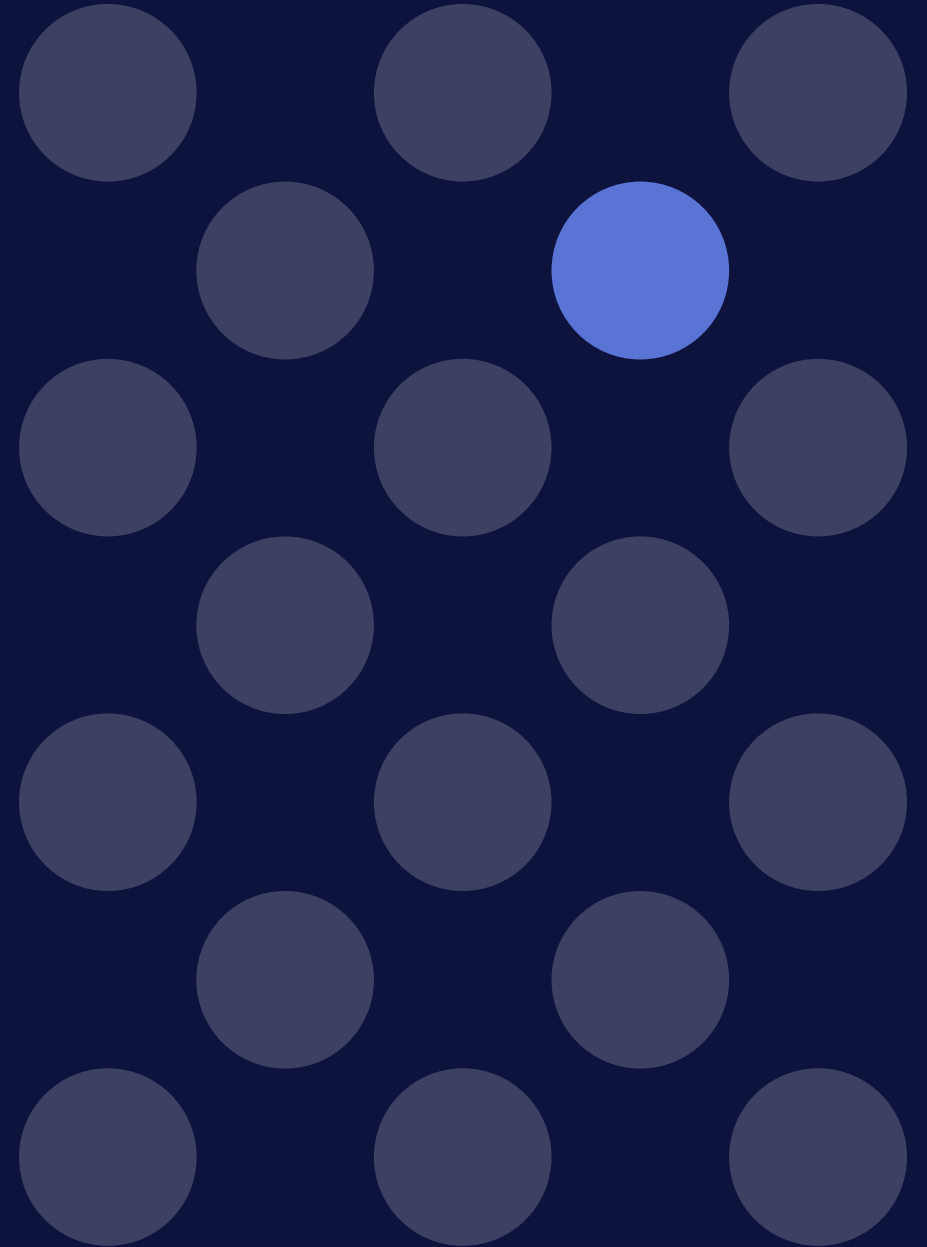




Recruitment
& Employment
Confederation

What does the new labour market mean for us?

Neil Carberry, September 2022



About today...

- Chief Executive of the Recruitment & Employment Confederation, the professional body for recruiters with thousands of members in both agency and in-house.
- Acas Council member and recovering Low Pay Commissioner.
- Over 20 years as a policy-maker, commentator and researcher into the UK labour market. Previously MD at the CBI.
- Always up for a chat: @RECNeil

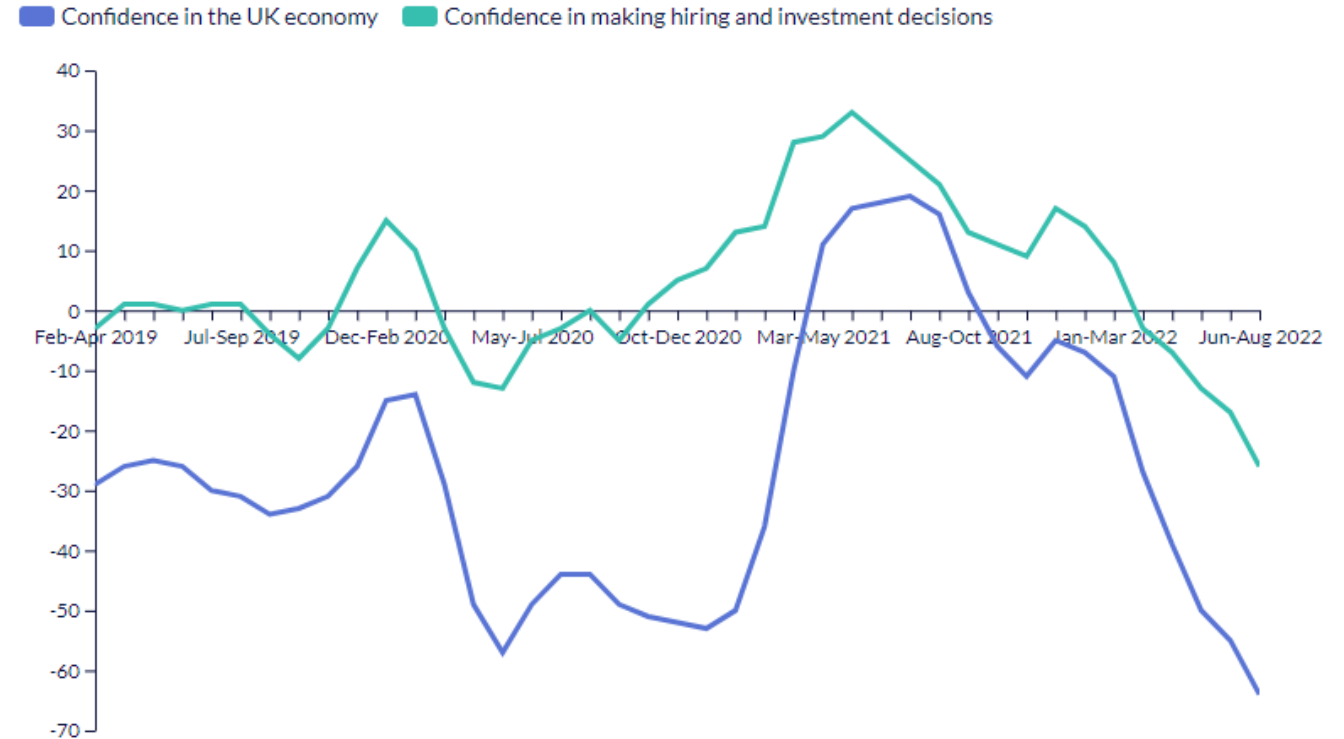


Employer confidence trend at a low

According to our latest survey of employers ([JobsOutlook](#)):

- In June-August 2022, **business confidence in the UK economy** fell by a further 9% from the previous rolling quarter to net: -64, a new record low. At net: -71 in August, the barometer has been in negative territory for 11 months. **Employers' confidence in hiring** also fell by 7% to net: -26, the lowest figure on record since data collection began at the start of 2022.
- **BUT.. Hiring intentions for both permanent staff and agency workers** fluctuated but remained in positive territory....
- **AND our data shows the permanent and temporary markets are still growing!** Decoupling is here? Why?

Employer confidence trends

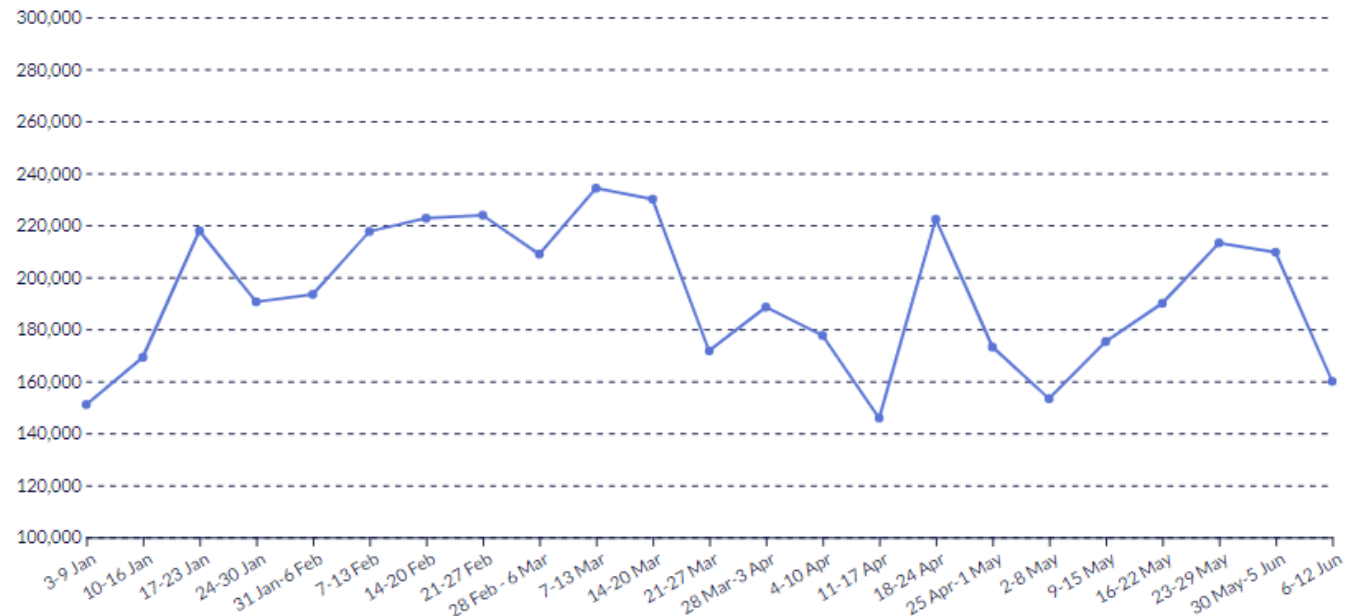


Number of job adverts reaches new high for 2022

- In the week of 6-12 June, there were **1.69 million job adverts** in the UK, a record high for 2022.
- This is despite the number of **new job postings** falling to **160,000** in the week following the Jubilee bank holiday weekend.
- Almost all occupation areas recorded at least marginal increases in job adverts compared to the previous week.

Weekly new job postings

This chart shows how the number of new job adverts being posted in the UK each week has changed in 2022.





How do we understand all this?

Where are we now?

Anyone who tells you that they know where the labour market will be in 12 months shouldn't be trusted....

...but there are some key trends we can identify about how much of this is permanent – requiring big changes from firms – and how much is temporary.



What is the REC analysis?



There are some reasons to believe that the current scale of shortages *may* be temporary:

- The economy has changed shape in the recession, and the labour market takes time to clear, especially in a recession that wasn't caused by a slump in confidence in the first place. Record numbers of people are finding jobs right now.
- Brexit tensions will work through the system as we find a new normal – though that will be a different normal.
- Many workers have held themselves back from the labour market– resting on savings, retirees, ill (long Covid, or caring for people), life changers... they may return faced with this inflation picture. Big issues around long-term sickness.

Big, long-term challenges lie behind this...

- This crisis has exposed fundamental weaknesses that we have all known about for years – skills shortages, and reliance on incoming labour to keep certain sectors going. Changes required to meet these challenges are fundamental: redesigning how we deploy labour and engage staff, as well as new skills systems.
- Demography heightens the scale of the challenge – as baby boomers retire, following generations are smaller by comparison. There were accelerated rates of retirement through crisis in most developed economies.
- It is likely that – for the foreseeable future, workers with the right skills will be in a more powerful position in terms of being able to negotiate or move for the terms and conditions they want. All the more so where hybrid working is concerned – people can now see what is possible.



The key message :

- the tight labour market is here to stay, even if this crisis isn't.



What can we do?

Staying downstream will require adaptations

- Going to market to “buy” established talent will lead you to find a higher rate of individualism in what it takes to land the right candidates
- Your offer will need to adapt to new circumstances – on pay, but especially on conditions. Managerial skill-sets a big challenge.
- The balance of essential and desired in hiring may need to be reassessed, challenging into the business. A huge opportunity for “grow” models



Getting upstream brings opportunity

- Helping with retention – the triumph of an employee relations approach...
- ...which will also make new hiring easier.
- Labour as scarce resource – a more strategic planning framework.



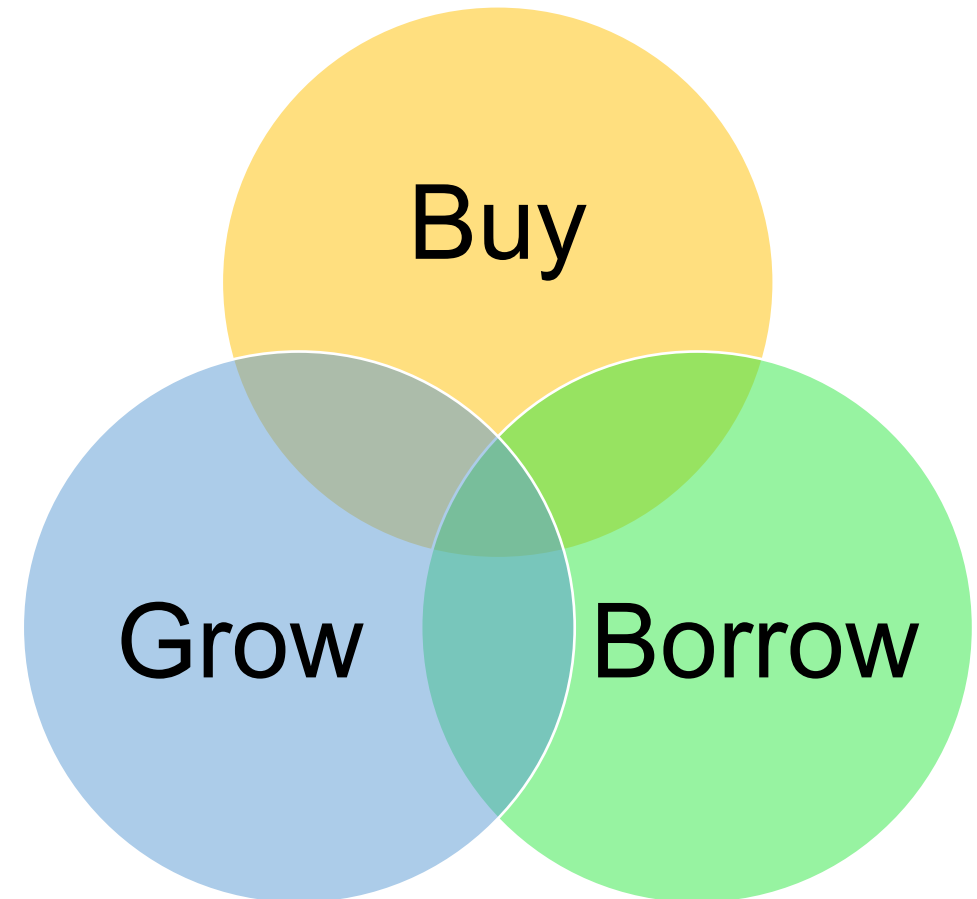
What will make the difference?

- Pay
- Hours - what flexibility can you explore?
- Managerial behaviour
- Workplace culture and support levels
- Approach to learning
- Attitude to hybrid – and the trust levels associated with it
- Consistency
- Things that make their life simpler
- Collective thinking
- The simple stuff – are the loos clean?
- How YOU react at a moment of pressure.



So where now?

- Chief Execs told us that people issues were second only to the quality of their product as a contributor to their success.
- Any reasonable reading of UK business over the past 20 years would suggest that is talk, not action. Can we change that?
- There were already signs of this being possible pre-pandemic, but challenges now have created a new pressure – the risk is that solutions adopted reflect the idea of a short-term crisis, rather than a long-term change.
- We can take this on. Winning the battle will add value over the long-term!



The last word....

