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UK EMPLOYERS PLAYING TALENT TETRIS TO PLUG SKILLS GAPS – IT’S TIME TO MOVE FASTER

- *The UK Net Employment Outlook cools compared to Q3 to +27%, but employers hiring intentions remain positive*
- *Financials and Real Estate (+36%) and Information Technology (+34%) lead with the strongest hiring appetite*
- *A quarter of employers (24%) say they are more willing to hire candidates who don't meet all of their technical skills requirements to overcome talent shortages*

Tuesday 12 September 2023 (London, UK) UK employers indicate hiring confidence remains positive for every sector in the fourth quarter 2023, with a slight decrease of two percentage-points since last quarter to +27%, according to the latest ManpowerGroup Employment Outlook Survey (MEOS).

MEOS is based on responses from 2,030 UK employers and asks if they intend to hire additional workers, maintain current headcount, or reduce the size of their workforce in the coming quarter (October to December 2023). It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic indicator by both the Bank of England and UK Government.

“Organisations are presently engaged in a game of ‘talent Tetris’, where they’re having to make careful but quick decisions about who to hire, which skills gaps to prioritise and what hiring costs to hold back on until the wider economic situation improves”, says Chris Gray, Director, ManpowerGroup UK. “Employers need to move faster – turning the positive hiring intentions into actions and tangible decisions around recruiting and upskilling – is going to be the best way to address skills and productivity gaps and avoid potential stagnation.”

“Businesses have had to navigate high inflation, industrial action, and broader changes in employee demands over the course of this year and looking ahead to the last quarter these factors are all adding more pressure to make the right hiring choices. Employers are behaving and thinking differently in order to ‘win the game.’ Nearly half (47%) of all UK employers believe work-life balance is the most important driver of increased workforce productivity. At the same time, around a quarter (24%) are more willing to recruit those who don’t meet all technical skills requirements.”

The latest MEOS survey shows that UK employers are widening their talent pools to respond to skills shortages. More than a third (36%) say they are willing to hire older applicants who are seeking new employment or a change in their careers. A quarter (25%) say they have been more willing to hire candidates who have been unemployed due to caregiving responsibilities, with a similar amount (23%) more willing to hire long-term unemployed applicants.

The sector reporting the greatest increase in its hiring intent compared to last quarter Transport, Logistics and Automotive, with growing +15% and a +27% rise year-on-year,

bringing its overall Outlook for Q4 2023 to +31%. This strong Outlook is matched by Healthcare and Life Sciences (also +31%), while the two highest Outlooks for any UK sector this quarter are reported in Financials and Real Estate (+36%) and IT (+34%).

“The hiring confidence boost in Transport, Automotive and Logistics is being driven by the transition to EV (Electric Vehicles) which is creating new jobs in areas such as manufacturers, fleet operators and infrastructure specialists. Businesses have a deadline to work towards in the 2030 sales ban on new petrol and diesel vehicles which is growing the demand for new skills in the market, the sector needs to be ready to phase out conventional vehicles and switch to an electric-powered network. Let’s also not forget the ‘day-to-day’ roles emerging across the entire supply chain for EVs, upskilled mechanics, extra parts, changes to car insurance plans the knock-on effect is potentially highly positive for the labour market”, says Gray.

When asked what is most important to them outside of technical skills when selecting a new employee, almost half (45%) of UK employers choose communication, collaboration and teamwork skills. The next set of skills most in-demand are reasoning and problem-solving (26%), resilience and adaptability (24%), accountability and reliability (24%), critical thinking and analysis (24%), followed by initiative-taking (23%) and creativity (22%).

“The Talent Shortage is a long-standing and growing phenomenon in the UK, and as we play ‘talent Tetris’ to find the right fit, employers are looking for ‘human’ skills over ‘hard’ skills which can be taught to the right candidate with the right attitude. Communication, reasoning and resilience are the fundamentals to a great applicant now while businesses try to navigate how tech and automation will increasingly play a greater role in the workplace.” Adds Gray.

The survey also asked UK employers how they anticipate their employee headcount will change over the next 12 months. Nearly half (47%) anticipate an increase in their permanent talent; 43% anticipate an increase in their contracted / temporary talent; and, 28% expect to see a rise in gig workers. Gray continues: “Employers want to get the right skills into their workforce, if they can’t find a permanent candidate they’ll happily look to contingent. And if their sector would usually take on a temporary workforce but they’re not able to fill the gaps we’re seeing the switch to a permanent offering happening more and more.”

Looking at the UK regions, West Midlands (+33%), East Midlands (+32%), Yorkshire and Humber (+31%), London (+30) and the North East (+30%) report the highest hiring intentions. The South East (+14%), Northern Ireland (+20%), and Wales (+16%) have reported notable declines on the quarter, although they still remain positive.

UK Hiring Plans by Industry, Region, and Employer Size:

- Across sectors we see: Transport, Logistics & Automotive (+31%), Communication Services (+23%), Consumer Goods & Services (+22%), Energy & Utilities (+25%), Financials & Real Estate (+26%), Health Care & Life Sciences (+31%), Industrials & Materials (+26%), Information Technology (+34%)
- Across regions we see: East Midlands (+32%), East (+24%), London (+30%), North East (+30%), North West (+21%), South East (+14%), South West (+23%), West Midlands (+33%), Yorkshire & Humber (+31%), Northern Ireland (+20%), Scotland (+20%), Wales (+16%)
- Across employee sizes: Micro [1-9 employees] +19%, Small [10-49 employees] +22%, Medium [50-249 employees] +31%, Large [250+ employees] +28%.

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NOTES TO EDITORS

A 'Net Employment Outlook' is calculated by subtracting those employers who plan to reduce staffing levels from those who plan to hire staff. A positive result indicates that more employers plan to increase rather than decrease staffing levels; a negative result reflects the opposite. [% increase - % decrease]. For international comparisons and visual library with graphs, visit manpowergroup.com

Commentary is based on seasonally adjusted data where available. Full survey results for each of the 41 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found in the ManpowerGroup Press Room at www.manpowergroup.com/meos. In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Web site at: <http://www.manpowergroup.com/press/meos.cfm>

Note that in Quarter 2 2008, the Survey adopted the TRAMO-SEATS model for seasonal adjustment of data. As a result, you may notice some seasonally adjusted data points change slightly from previous reports. This model is recommended by the Eurostat department of the European Union and the European Central Bank, and is widely used internationally.

About the Survey

The world leader in innovative workforce solutions, ManpowerGroup releases the ManpowerGroup Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforces during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling 40,700 employers across 41 countries and territories. The survey serves as a bellwether of labour market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report, the *Monthly Monitor*. ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine where labour markets are headed.

About ManpowerGroup

ManpowerGroup® (NYSE: MAN), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing, and managing the talent that enables them to win. We develop innovative solutions for hundreds of thousands of organizations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people across a wide range of industries and skills. Our expert family of brands – Manpower, Experis, and Talent Solutions – creates substantially more value for candidates and clients across more than 75 countries

and territories and has done so for 75 years. We are recognized consistently for our diversity – as a best place to work for Women, Inclusion, Equality, and Disability, and in 2023 ManpowerGroup was named one of the World's Most Ethical Companies for the 14th year – all confirming our position as the brand of choice for in-demand talent.

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