

# SOLVING THE UK SKILLS SHORTAGE

DELIVERED BY

ROBERT WALTERS



**Totaljobs**







Robert Walters, totaljobs and Jobsite surveyed over 5,000 professionals across the UK to gain insight into key skill shortage trends, the potential impact of Brexit in a global market, changing candidate expectations and the recruitment strategies you need to combat the skills gap.

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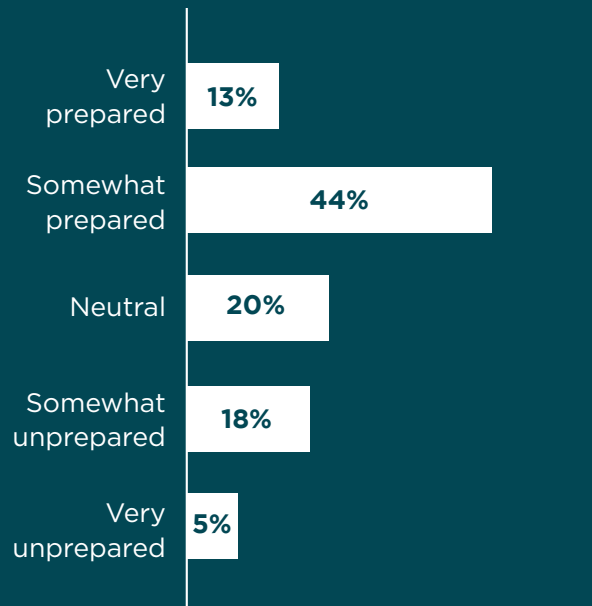
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# KEY FINDINGS

## WHERE WILL THE MOST ACUTE TALENT SHORTAGE BE FELT?



## HOW WELL IS THE UK SET TO COMPETE ON A GLOBAL SCALE?



## KEY INDUSTRIES THAT VALUE A SECTOR SPECIFIC QUALIFICATION



# 78%

OF EMPLOYERS EXPECT THEIR WORKLOAD TO INCREASE THROUGHOUT 2018.

## INDUSTRIES THAT HIGHLIGHTED THEY NEED TO ENCOURAGE MORE FEMALES INTO THE SECTOR





# CHAPTER SHORTAGES ACROSS THE UK

Changes to working culture, candidate expectations and an ageing workforce have left a distinct impact on various industries across the UK. The survey highlights the lasting effects of the recession, with recruitment freezes and reduced graduate intakes during this period leading to shortages in the workforce several years later. Gaps in education and shortcomings in training remain an issue for many employers, with learning and development highlighted as an increasingly important issue across many sectors.

## TO WHAT EXTENT DO YOU ANTICIPATE SKILLS SHORTAGES?

Great extent

17%

Moderate extent

48%

Limited extent

25%

I do not anticipate talent shortages

10%

Almost all industries declared a struggle to find top-tier professionals and numerous businesses were reviewing their talent attraction strategies. Two-thirds of companies expect to face at least a moderate talent shortage in 2018 (**65%**), while **17%** expect to see the issue increase throughout the year.

**60%** of hiring managers across the UK acknowledge that satisfactory candidates are currently applying for their roles, however most highlighted they were concerned about the sustainability of the candidate pool. This resulted in more employers recognising the need to address their policies and recruitment strategies to attract the best in the market.

## TO WHAT EXTENT DO YOU EXPECT TO SEE A SKILLS SHORTAGE?

	The Midlands	East of England	South East	North West
Significant extent	25%	18%	17%	16%

Across the UK nearly one in two businesses expect at least a moderate skills shortage across some, or all, areas of recruitment. On a regional basis, in the Midlands **1 in 4** employers expect a significant skills shortage. London (**38%**) and the North West (**36%**) were the leading regions that expect limited skills shortages next year.

	South East	London	North West	East of England
Moderate extent	52%	48%	48%	45%





The research highlighted the type of role, and seniority, where talent is perceived to be low. The majority of those surveyed (**52%**) felt mid-to-junior manager level positions are likely to be the most difficult to recruit. **37%** of employers anticipate a large gap at a junior level, and only **11%** expect to see a problem at the senior and director level. This is further evidence of the long-term workforce issues following the recession, as the reduction in graduate schemes from businesses has resulted in a talent shortage at the junior management level several years later.

## WHICH SENIORITY LEVEL WILL BE HIT MOST BY SKILLS SHORTAGES?



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WE ARE SEEING MORE EMPLOYERS NOW CONSIDER CANDIDATES FROM OTHER SECTORS AND INVEST IN A MORE LONG-TERM APPROACH. WITHIN 3-6 MONTHS THESE CANDIDATES ARE MORE THAN CAPABLE OF COMPLETELY UNDERSTANDING THE INDUSTRY. THEIR EXPERIENCE IN WORKING IN OTHER SECTORS IS OFTEN HIGHLY BENEFICIAL AS THEY BRING NEW IDEAS.

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Chris Hickey, Robert Walters CEO – UK, Middle East and Africa

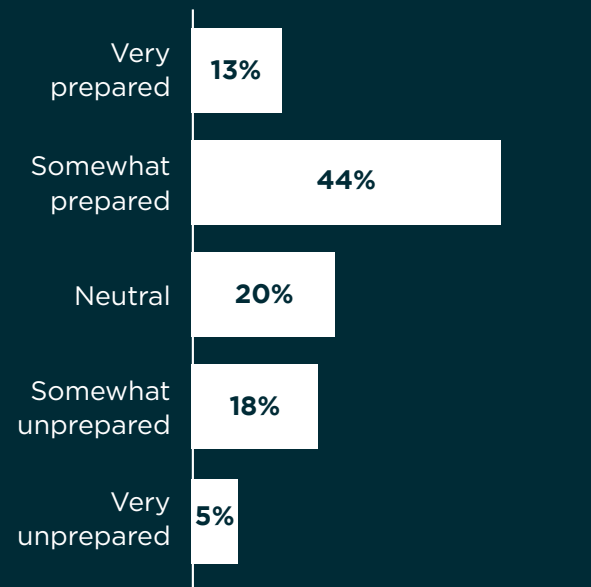


# [ CHAPTER COMPETING ON A GLOBAL LEVEL ]

Employers continue to prepare for the impact of Brexit – although long-term business strategies are difficult to plan until the results of any negotiations are concluded. More restricted movement of labour is expected to impact on the industries that rely on an international workforce (such as banking and financial services) with the competition for top talent remaining high.

Candidate expectations are changing and many professionals increasingly value global career potential. International competitiveness is a key driver of future economic performance and will continue to be a focus for many employers and employees. Only **13%** of professionals believe that the UK is currently fully prepared to compete on a global scale and half of professionals surveyed believe that Britain's departure from the European Union will exacerbate the skills shortage in 2018.

## HOW WELL IS THE UK SET TO COMPETE ON A GLOBAL SCALE?



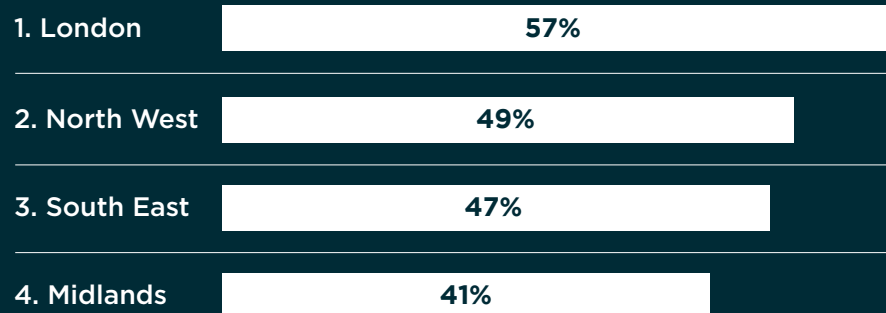
\*<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/november2017>



## REGIONAL OUTLOOK

In London, over half of hiring managers agreed that the skills shortage will get worse when the UK leaves the European Union. Employers in the North West (**49%**), South East (**47%**) and the Midlands (**41%**) closely follow suit.

## LOCATIONS THAT EXPECT TO SEE SKILLS SHORTAGES AFTER BREXIT



The Office of National Statistics (ONS) revealed in the Migration Statistics Quarterly Report: November 2017, that the year following the referendum saw the largest drop in long-term migration to Britain (since recording began). Over three quarters of the fall in net migration is due to EU citizens leaving the UK, while the number of international professionals coming to the UK has also decreased.

# [CHAPTER SKILLS IN DEMAND]

Employers identified many skills in demand across the UK. Four in ten hiring managers said they see a shortage in general professional and soft business skills including efficiency, time-management, problem solving and communication skills, but **26%** expect this shortage to decrease throughout 2018. Almost **60%** of jobseekers recognise these key broad professional skills are needed to succeed in their industry.

## QUALIFICATIONS

There is an increase in demand for sector specific qualifications. **48%** of those surveyed said a qualification relating specifically to professionals' work is most important. Only **21%** believe a university degree is most important, and **16%** believed experience is more critical than a specific qualification.

## KEY INDUSTRIES THAT VALUE A SECTOR SPECIFIC QUALIFICATION:



**44%**

Technology & Digital



**50%**

Human Resources



**65%**

Accounting & Finance

**38%**

OF EMPLOYERS HIGHLIGHT A LACK OF GENERAL BUSINESS  
SKILLS IN CANDIDATES.



“

**ALTHOUGH THERE IS AN INCREASE IN DEMAND FOR GENERAL PROFESSIONAL SKILLS, INDUSTRY-SPECIFIC SKILLS ARE STILL WHAT MANY EMPLOYERS ARE LOOKING FOR FIRST IN POTENTIAL STAFF. HOWEVER, INNOVATIVE HIRING MANAGERS ARE STARTING TO RECOGNISE THE VALUE OF TRANSFERABLE SKILLS.**

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Lee Allen, Sales Director, Jobsite





## THERE IS AN INCREASE IN DEMAND FOR SECTOR SPECIFIC SKILLS

Despite the importance of broader business skills, industry specific skills are still important to growing teams and increasing revenue.

With the implementation of new GDPR regulations, both human resources **(50%)** and banking and financial services **(59%)** employers stated that compliance-based roles are currently most in demand.

As companies look to drive growth in 2018, several industries also identified strategic analysis and systems implementation as top priorities.

For many industries including accountancy and finance, banking, manufacturing, HR and procurement, the skills most in demand in 2018 are a continuation of where the most prominent shortages have been felt in previous years. However, there is clear competition for talent with often between **40-60%** of businesses highlighting demand for a particular skill across most areas of work.

With so many businesses looking for candidates from similar backgrounds businesses need to be creative in both their recruitment and attraction strategies.

## INDUSTRIES WITH THE BIGGEST YEAR-ON-YEAR CHANGE IN WHAT SKILLS ARE IN DEMAND

### BANKING & FINANCIAL SERVICES



**2017**  
Compliance  
advisory



**2018**  
Compliance  
advisory

### HUMAN RESOURCES



**2017**  
Compliance &  
regulation

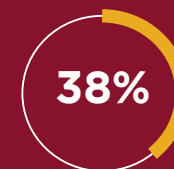


**2018**  
Compliance &  
regulation

### ACCOUNTING & FINANCE



**2017**  
Analysis



**2018**  
Analysis

Cyber security professionals have been most in demand within the technology sector for the past several years, with **36%** of hiring managers saying it was a focus in 2017. Employers expect a shift though, with **41%** saying business intelligence and data management professionals will be most in demand in 2018 due to advances in technology and the benefits of transparent and instantaneous dashboard reporting.

## TOP 3 PROFESSIONS WITH A SKILL MOST HIGHLY IN DEMAND

### 1. SALES

**68%** Customer service skills

### 2. BANKING & FINANCIAL SERVICES

**59%** Compliance advisory

### 3. MARKETING PR & COMMUNICATIONS

**39%** Strategy

# [ CHAPTER CHALLENGES TO RECRUITMENT ]

## LACK OF SKILLS

In 2018 demand for skilled professionals will continue to increase, further stretching existing talent pools. With competition to secure top-tier staff growing, employers are facing challenges to their recruitment strategies. Many employers say that the most prominent challenge they face is a lack of sufficient experience in candidates.



Four in ten employers say candidates lack the right technical skills, and **38%** highlight a lack of broader business skills including communication, team work, time-management and proactivity.

## COMPETING FOR CANDIDATES

Competition for candidates (**32%**) and professionals having too high salary expectations (**32%**) are also significant hindrances to recruitment.



This is reflected in candidates' responses as well. **49%** of women and **46%** of men say their biggest barrier to finding their next role is low salary and benefits packages offered by prospective companies.

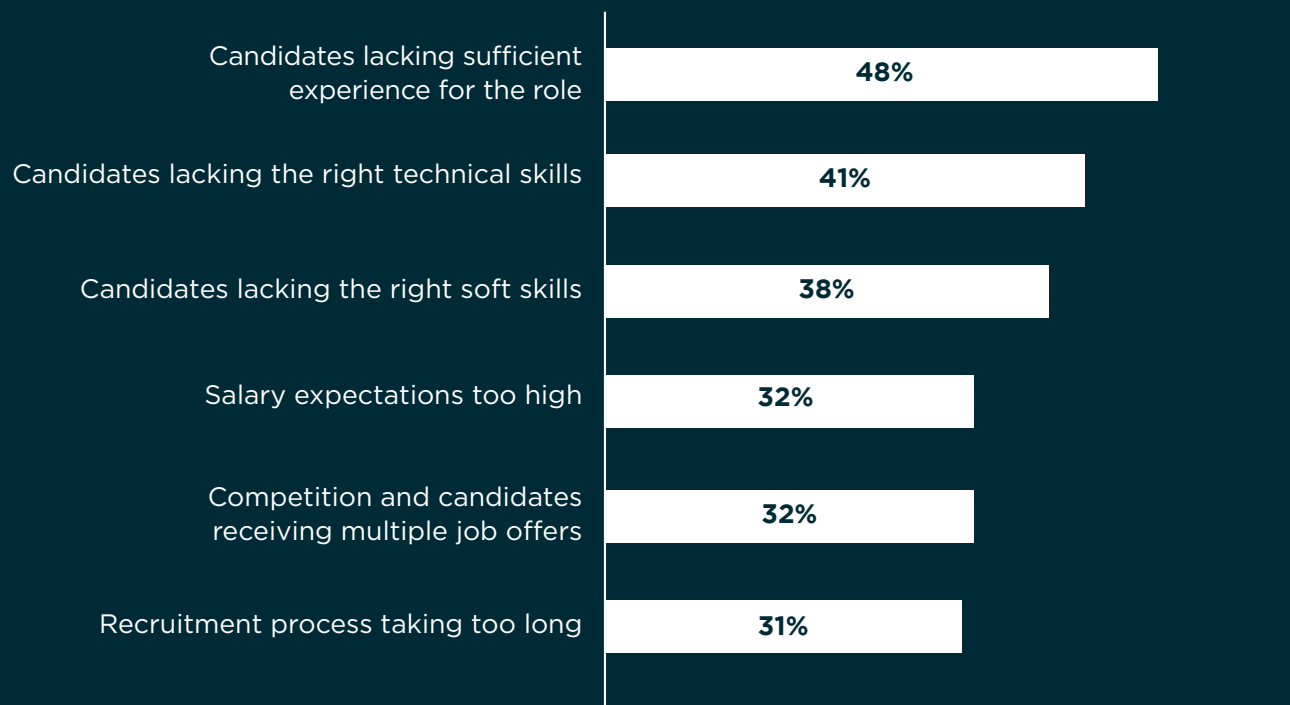
## LONG RECRUITMENT PROCESSES



**44%** of jobseekers say recruitment processes take too long, compared to only **31%** of clients, highlighting a disconnect between candidates' expectations and companies' recruitment strategies.

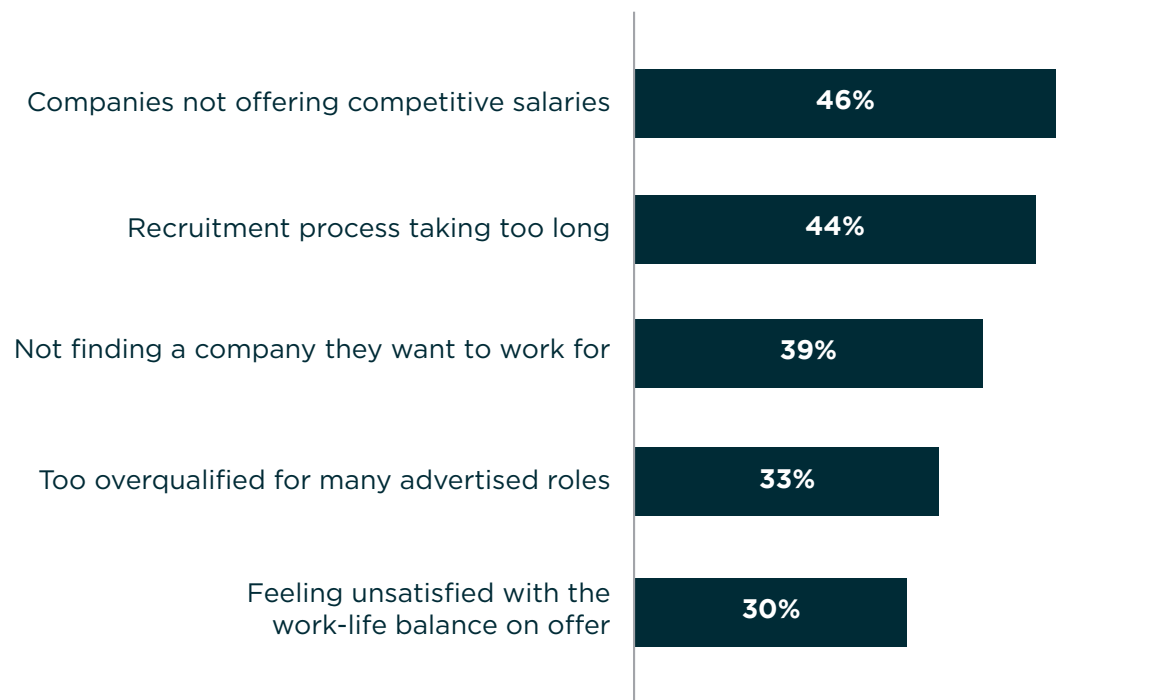


## WHAT ARE YOUR TOP RECRUITMENT CHALLENGES?



In addition, **20%** of businesses highlighted challenges with recruitment budgets as a significant recruitment hurdle. **15%** of candidates turned down offers because of a perceived lack of work life balance and **14%** of businesses said they faced frequent recruitment challenges with candidates getting buy-backs and receiving multiple offers. With several sectors highlighting skills shortages we expect multiple offers and buy backs to become more of an issue as businesses compete for the best talent.

## WHAT DO JOBSEEKERS SAY ARE THE TOP CHALLENGES TO FINDING NEW ROLES?



Nearly half of candidates highlighted a frustration with recruitment processes taking too long. Interestingly just under a third of candidates also highlighted a perceived lack of work-life balance as a reason to not be attracted by a role and over a third highlighted not finding a company they wanted to work with.

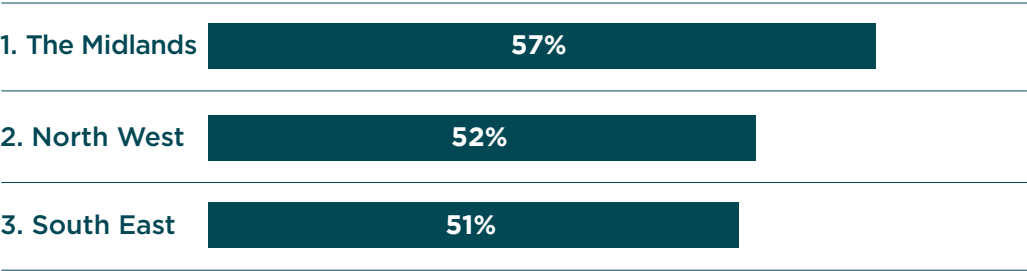
This shows more needs to be done by businesses in their attraction strategies, being more proactive around advertising and selling the benefits of working for the business. Flexible working is increasing in importance, business that offer the right balance between work and home are attracting top-tier candidates.

# REGIONAL OUTLOOK


In London, the biggest recruitment challenge is meeting the salary expectations of top-tier professionals **(90%)**, also reflected by candidates’ sentiments **(48%)**.

Employers in the North West also highlight salary expectations as a recruitment challenge **(45%)**, but the most important challenge faced in the region is candidates’ overall lack of experience **(52%)**. The lack of experienced candidates is felt most prominently in the Midlands **(57%)**. Employers in the South East **(51%)** and the East of England **(50%)** also recognise this as a main challenge.

## TOP 3 REGIONS WHERE CANDIDATES LACK EXPERIENCE





A smiling man with a beard and dark hair is looking at a tablet computer. He is wearing a grey t-shirt. In the background, there is a blurred office environment with other people and windows. The image is partially covered by a dark red overlay on the right side.

# [ CHAPTER FIVE COMBATING SKILLS SHORTAGES ]

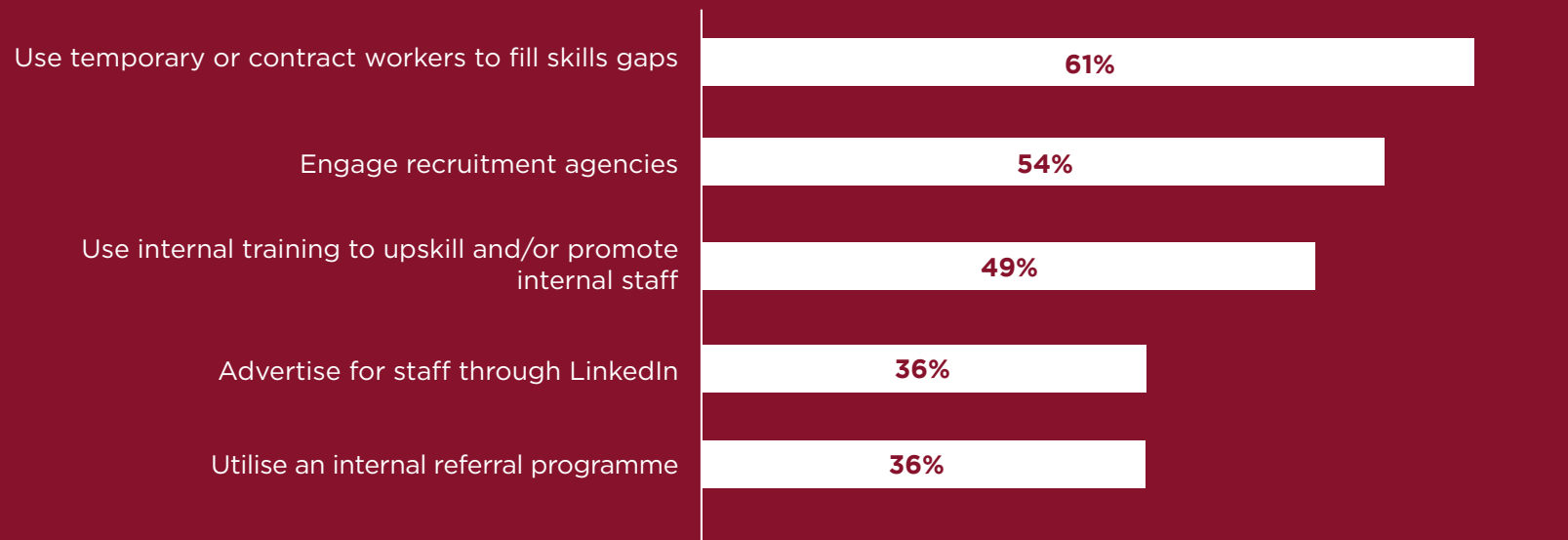
## STANDING OUT AGAINST COMPETITORS

With evident discrepancies between what many employers are paying, and candidates' expectations, increasing compensation packages to reflect market rate, or higher, can help you stand out against the competition. Many employers benchmark salaries and gather market and competitor information before deciding on a role's salary banding, but being flexible in the negotiation process once you have a preferred candidate will also help to ensure you don't lose talent.

More companies are beginning to implement new working initiatives and provide enhanced benefits packages, increased professional development and fast-track career progression programmes, to boost their company's attractiveness. Career progression remains a significant driver for candidates, ensuring candidates are aware of the opportunities should be a focus during any interview process.

Businesses also need to be aware of the competition for candidates with a smooth recruitment process. An interview is not just a candidate selling themselves, but instead is a two-way street, with most high-calibre candidates enjoying a choice of new roles. This means that employers are also obliged to sell themselves to prospective employees during the interview process.

## TOP 5 STRATEGIES CURRENTLY USED TO COMBAT SKILLS SHORTAGES



In addition to the above, other strategies highlighted by businesses to fill skills gaps include: headhunting from similar businesses **(28%)**, looking for professionals willing to relocate **(23%)**, and using external training companies to upskill existing staff **(28%)**. Over a quarter of businesses also highlighted they were now considering candidates from other industries that have transferable skills and this is an area we would expect to see more businesses look towards as they accept candidate pools are extremely short in some areas.



## RECRUITMENT PROCESSES



As mentioned in the last chapter, **44%** of jobseekers and **31%** of senior hiring managers say recruitment processes can take too long.

Employers can combat this and ensure they have a smooth and streamlined recruitment processes to ensure they secure the top talent. Successful hiring often follows a planned and streamlined process. However flexibility around the interview and offer stage (E.g. around areas such as pay, benefits and flexible working) will greatly reduce the risk of losing a preferred candidate during the process.

Many hiring managers say they engage with recruitment companies to source top-tiered professionals (**54%**), helping to decrease the time and effort spent searching for new employees and to tap into the passive candidate market and a more extensive network.

## USING TEMP AND CONTRACT PROFESSIONALS



**6 in 10** senior employers state they currently use temp or contract workers to fill skills gaps. This gives more flexibility across a workforce, allowing a business more control on a recruitment budget whilst tapping into top-tier contractors that are specialists in what they do.

## UPSKILLING CURRENT STAFF



An often overlooked remedy to tackle skills shortages is to improve the output and the capacity of current employees through training, learning & development and internal promotions. Current employees offer a ready-made pool of talent equipped with both industry insight and an in-depth knowledge of the company. Despite this, less than half of companies look to upskill current staff (**49%**).

## UTILISING STAFF RECOMMENDATIONS



Utilising current employees to help identify potential staff members is a highly effective recruitment strategy. Only **36%** of employers currently have an internal referral programme within their organisation, prompting employees to recommend people they know.







## PROMOTING TRANSFERABLE SKILLS

Our research highlights that **63%** of workers believe that if a company were to be more open to transferable skills, and promote roles cross-divisionally, it would be an effective way to encourage professionals to pursue careers in their industry.

However, while candidates would like this option, only **18%** of employers believe this would be an effective strategy.

## PROMOTING DIVERSITY

With diversity a keen focus of UK organisations, many industries are looking to make real strides towards re-dressing gender imbalances. **12%** of female jobseekers, and **19%** of employers, stated that offering gender-specific education to women interested in their field will positively affect candidates' interest and increase professionals in their industry.

## INDUSTRIES THAT HIGHLIGHTED THEY NEED TO ENCOURAGE MORE FEMALES TO WORK IN THE SECTOR



Technology  
& digital



Legal



Manufacturing  
& engineering

## APPRENTICESHIP LEVY

Many candidates believe that to help promote careers, companies should partner more effectively with local universities to educate students on potential career paths and offer more work placements or apprenticeships **(48%)**. More needs to be done to link education with work, with businesses working more closely with schools and universities to promote some of the careers available, particularly across areas where a degree in the area of work is not necessarily a requirement.

The implementation of the Apprenticeship Levy to help spur digital and trade skills is one way the Government is trying to help decrease skills gaps and promote knowledge acquisition.

The levy, an initiative which could potentially ease the task of getting skilled professionals into junior roles, earmarks a portion of companies' taxes to a fund, which businesses can then use to offer apprenticeship training in their business. Focusing on junior and entry-level roles, apprentices can gain the skills and knowledge needed to have a successful career – while adding real-time value to organisations through their work.

Despite the potential benefits of the initiative, our research shows that the majority of employers are not aware of the scheme. That coupled with a lack of awareness from candidates, is serving to hinder its success. **24%** of jobseekers said the roles they are looking for are more senior than the roles offered in the Apprenticeship Levy. Only **4%** said the levy had helped them find roles in the last 12 months.

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**JUNIOR AND ENTRY-LEVEL PROFESSIONALS ARE EXTREMELY VALUABLE TO ORGANISATIONS. THEY CAN HELP EASE THE WORKLOAD WHILE BRINGING A FRESH APPROACH AND EAGERNESS TO LEARN TO A ROLE. BUSINESSES WOULD BENEFIT BY TAKING ADVANTAGE OF THE APPRENTICESHIP LEVY, AND BUILDING A PIPELINE OF TALENT FOR THE FUTURE.**

”

John Hough, totaljobs Sales Director



# [ CHAPTER SIX MANAGING RISING WORKLOADS ]

**78%** of employers expect their company's workload to increase throughout 2018. To manage this, **22%** of professionals would increase individual responsibilities and workload across the current team, or hire interim professionals to temporarily fill skills gaps. Only **10%** would prolong recruitment until a suitable permanent employee was found, and just **4%** would decline work or projects if the workload became too busy.

Another popular strategy is internal training and upskilling junior staff, which can not only add to the knowledge and skill base of a department, but also aid productivity and boost retention.

## HOW WOULD YOU MANAGE AN INCREASE IN WORKLOAD?

Increase the workload across the current team	22%
Hire interim professionals to temporarily fill skills shortages	22%
Upskill junior staff to take on additional workload	19%
Outsource to an external supplier	13%
Look for an innovative automation or non people-focused solution	11%
Prolong recruitment until a suitable permanent candidate is found	10%
Decline jobs or certain projects	4%

**78%**  
OF EMPLOYERS  
EXPECT THEIR  
WORKLOAD TO INCREASE  
THROUGHOUT 2018.

## WAYS JOBSEEKERS LOOK FOR NEW ROLES



**75%**

Using online  
job boards



**72%**

Using a recruitment  
agency/consultant



**59%**

Searching for roles  
through LinkedIn

**46%** of jobseekers surveyed stated that they would work in a temporary, contract or interim position while searching for a permanent role.

**30%** would study for a professional qualification, or upskill themselves to help enhance their career prospects by linking themselves to what employers are looking for in potential employees and making themselves a more attractive candidate.



**57%**

Looking for roles that  
use transferable skills



**46%**

Working in a  
temporary, interim  
or contract position



**20%**

Searching for roles  
through social media



A man with a beard and glasses, wearing a dark suit, white shirt, and a striped tie, is looking down at a smartphone he is holding in his hands. He is sitting at a desk with a laptop in front of him. The background is slightly blurred, showing what appears to be a modern office or library setting with wooden shelves.

# [ CHAPTER SEV- REACHING TOP-TIER PROFESSIONALS ]

To ensure they secure top talent, it is important employers look at their full recruitment strategy and make sure to use a mix of traditional and innovative approaches to reach skilled professionals.

## JOB BOARDS



In 2018, job boards will continue to be a leading tool for candidates, with three in four jobseekers highlighting it as their primary means of looking for their next role.

By working with job boards to ensure they understand the needs of the role and the ideal candidate profile, hiring managers and internal HR can have more success with a highly targeted campaign.

Through nationwide brand awareness, advanced online targeting, email and banner ad campaigns to engage millions of candidates, job boards are often a potential candidate's first port of call towards finding a new job, making them a useful source for employers.

Many job boards will have a dedicated account manager that is available to give advice on potential salary expectations, what job titles are most searched and tools to increase a role's visibility for targeted jobseekers.



## PARTNERING WITH A RECRUITMENT AGENCY



Recruitment agencies can be one of the best ways to streamline your hiring strategy and make sure you are cutting through the average applications to see the best potential employees.

**73%** of professionals said they work with recruitment companies to find their next career step, yet only **54%** of employers said they work with recruitment agencies to combat skills shortages.

Consultants work to understand the desired candidate profile and a company's culture, to target a company's ideal candidate. Through a multi-platform strategy of headhunting, targeted advertising, and utilising their database and network, a recruitment consultant can provide you with a shortlist of suitable professionals with the specific skills needed, saving both time and resources.

“

**HAVING A FULL RECRUITMENT STRATEGY INCLUDING ADVERTISING, HEADHUNTING, REFERRALS, PARTNERING WITH A RECRUITMENT AGENCY, UTILISING STAFF RECOMMENDATIONS AND PROMOTING ROLES THROUGH SOCIAL MEDIA ENSURES A COMPANY IS USING ALL AVAILABLE TOOLS TO REACH TOP-TIER CANDIDATES.**

”

Chris Hickey, Robert Walters CEO – UK, Middle East and Africa

## SOCIAL MEDIA



Social networking sites are advantageous for hiring managers who use them for posting jobs as well as researching candidates.

Nearly **20%** of jobseekers also highlighted that they look for roles on alternative social media platforms such as Twitter, Facebook and Instagram. Only **12%** of hiring managers say this is a strategy they use to promote their positions.

As the use of social media continues to grow in importance, and more professionals choose to profile their skills and experience on multiple platforms, employers will benefit by implementing it into their recruitment strategy.

## WAYS YOU CAN USE SOCIAL MEDIA TO STRENGTHEN YOUR RECRUITMENT STRATEGY

1. Increase brand awareness through social communication
2. Post your jobs to a targeted audience
3. Create a network of potential employees
4. Search for potential employees who work for competitors
5. Ask current employees to highlight jobs to their networks
6. Search for candidates through “keywords” in their profiles

# [ CHAPTER KEY CONCLUSIONS ]



Skills shortages are evident in almost every industry across the UK, with **65%** of employers expecting to face at least a moderate shortage in 2018.



Only **13%** of professionals believe the UK is currently fully prepared to compete on a global scale and half of professionals believe that Brexit will exacerbate the skills shortage.



Although **40%** of hiring managers say they see a shortage in general business skills, **26%** expect this shortage to decrease in 2018.



**48%** of employers say having a sector specific qualification is important for a candidate, yet businesses would benefit greatly from recognising the value of transferable skills to help boost their staff.



Shortening recruitment processes, upskilling staff, recognising transferable skills and utilising staff recommendations are key ways employers can secure top-tier professionals.



Employers state candidates' salary expectations being too high as a significant challenge to recruitment. Being flexible with compensation packages but also offering enhanced benefits and career progression will help attract candidates.



Almost **80%** of employers expect their team's workload to increase in 2018. To manage this, **22%** say they are going to increase the responsibilities of their current team or will hire interim or temp professionals to fill the skills gaps.



Have a full recruitment attraction strategy. Look at posting on job boards, partnering with a recruitment agency, utilising staff recommendations, headhunting, social media and a full advertising plan.



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