

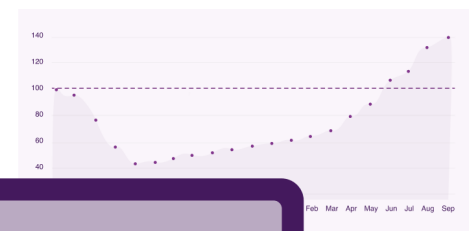
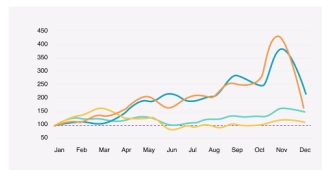
2022: Adapting to the New Normal

What's next for work after Covid-19 and Brexit?

Highlights

- The power is in the hands of candidates
- What industries to keep an eye on this year?
- Adopting a people-first approach

Written in collaboration with labor economist Morgan Raux



– Executive Summary

In the wake of a third year dealing with an unprecedented pandemic that has turned life as we know it upside down, we paint a retrospective portrait of the British labour market during this crisis period and present our educated guesses as to what we can expect for 2022.

In this report, we combine official statistics from the Office for National Statistics with data from Talent.com to give an overview of how the job market has been affected by Covid-19 and Brexit, how labour market tightness has increased in the last two years and how it's projected to keep evolving in 2022.

Key takeaways from this analysis as we step into the new year:

- The British labour market will continue to be weighted in favour of candidates.
- Information, technology and logistics will be key industries in 2022.
- Recruiters will need to adapt to candidate expectations by adopting a people-first approach.

– The impact of Covid-19 on the labour market page 2

With a contagious and mutating virus, plus historical political and economic changes happening in tandem, it's no surprise the British labour market experienced huge disruptions. These disruptions will continue to affect the market and the lives of recruiters in 2022.

– Labour market tightness and its effects on different occupational sectors page 3

We explain what it means when a labour market is tight; i.e. when there are too many jobs and not enough workers. We also find out that sectors that rely on personal interactions or travel have been hardest hit by Covid-19 and know where recruiters will need to focus their energy (and budgets) in 2022.

– What does a tight labour market mean for recruiters? page 6

See how recruiters have responded to the challenges of the last two years through their sponsoring of jobs in different sectors, as well as find insights on remote jobs, and a new increase in the creation of start-ups.

– Tips & Insights for recruiters moving forward page 8

Find quick tips from what to optimize in the hiring process to what may need a refresh in job adverts to target the right candidates while the stiff competition for workers continues. Also discover insights on which industries will keep struggling in the search for workers and which will experience growth.

– The Impact of Covid-19 on the Labour Market

The Covid-19 pandemic affected numerous aspects of people’s everyday lives throughout the globe. In the last two years, UK citizens have had to make changes to their work schedules and habits, shuffled life priorities, as well as the added burden of dealing with the effects of Brexit.

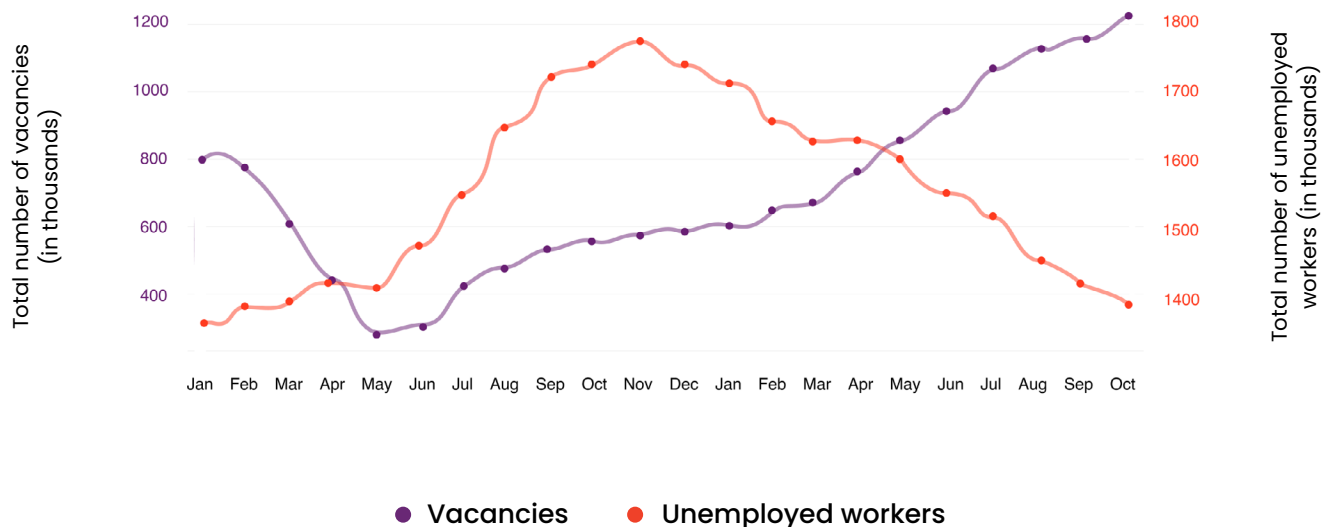
In the case of work life, many career plans were put on hold by the pandemic, as the number of unemployed workers in the UK increased by 30% in 2020. Furthermore, while the effect of Covid-19 on the British labour market took longer to emerge, it has lasted much longer in comparison to other countries.

Unemployment rates shot up dramatically in March and April 2020 in some countries but then quickly recovered. A similar unemployment spike happened in the UK but only in May 2020 and continued to rise until November of that year before recovery began.

The number of job openings in the UK decreased by 60% at the beginning of the pandemic, between February and May of 2020. That number has increased steadily since then and continues to increase with an interesting rise in vacancies after Brexit went into full effect in January 2021. Therefore, analysing the labour market fluctuations in 2021 in the UK becomes more difficult with both the virus and the political and economic changes happening in tandem.

No matter which phenomenon affected workers and employers more, there is one thing that is certain, both added to the increase in labour market tightness experienced in the country.

Unemployment and vacancies 2020 and 2021 *



* This graph presents the evolution of the total number of unemployed workers in the UK between January 2020 and October 2021. It also details the evolution of the number of vacancies during the same period. Source: Office for National Statistics

– What is Labour Market Tightness?

What we call the labour market is the theoretical place where the supply for jobs meets the demand for jobs. We calculate its tightness level by comparing the number of jobs available (the demand) to the number of professionals available for work (the supply).

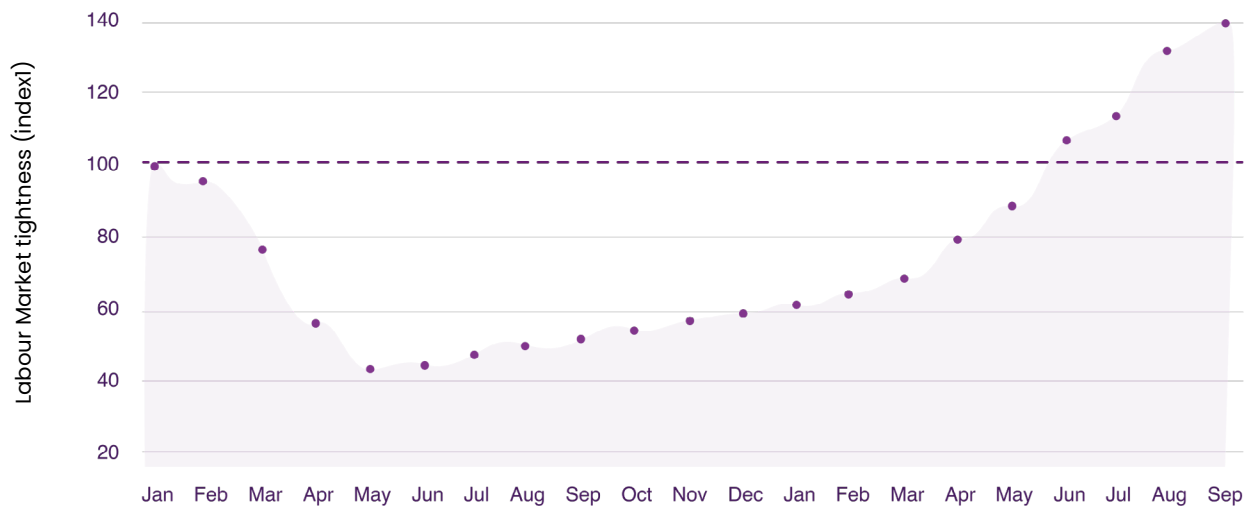
Studying labour market tightness enables us to understand some of the potential causes of unemployment as well as reflects the difficulties encountered by recruiters in filling their vacant roles. The greater the degree of tension, the more challenging it is to find a suitable candidate for a position.

$$\text{Labour Market Tightness} = \frac{\text{Jobs}}{\text{Unemployed Workers}}$$

Definitions:

- Labour market = Interactions between supply, demand and the wage rate
- Demand = Number of jobs available
- Supply = Number of people available to work

Labour market tightness in 2020 and 2021 *



One of the first consequences of Covid-19 on the UK labour market was a 60% drop in tightness. This was followed by a slow rebound in the subsequent months until finally catching up to pre-Covid levels by June 2021. With the added influence of Brexit on the British labour market there has also been a decrease in supply of mid to low-skilled EU workers according to the [European Central Bank](#). This only exacerbated the fierce competition between recruiters to fill their vacant positions.

* This graph shows the evolution of labour market tightness in 2020 and 2021. The value of labour market tightness is indexed at 100 in January 2020. Source: Office for National Statistics

– Which occupational sectors have been most affected by Covid-19?

Let’s take a closer look at how four sectors, particularly affected by the pandemic and Brexit have fared in 2021.

By using data provided by Talent.com we divide the number of job offers published on the site by the number of users interested in these positions through their activity on the site (clicks). The lower the number of clicks, the less interested workers are in the job openings and the tighter the race to secure them as candidates.

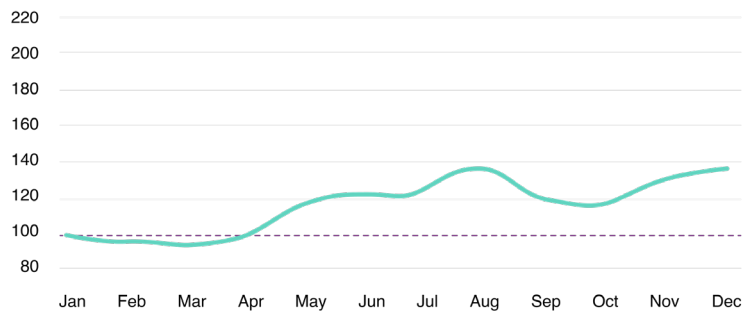
$$\text{Talent.com Data Measurement of Labour Market Tightness} = \frac{\text{Jobs}}{\text{Clicks}}$$

Pre-Covid, labour market tightness among business and financial, and STEM occupations were already high. With Brexit, analysts expected an increase in tightness for these high-skilled occupations partly because of the large number of foreign workers in these jobs. As predicted, beginning in March 2021, **business and financial** occupations experienced a 40% increase in tightness and **STEM** occupations up to a 60% increase.



Occupations in this category include financial and business services, administration and clerical, supervision and support services.

Labour market tightness *

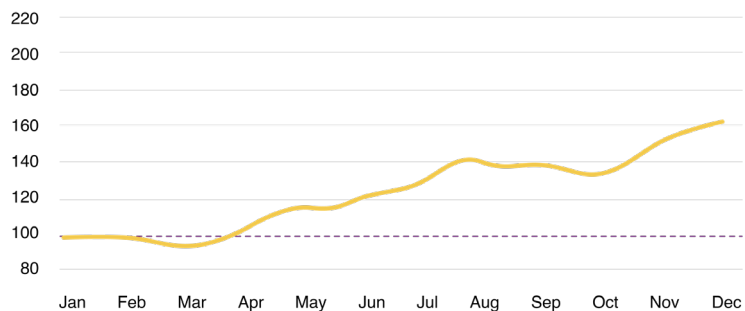


● Business and financial occupations



The Professional category largely consists of jobs that can be work-from-home, such as management, business and financial, legal, and media occupations.

Labour market tightness *



● STEM occupations

* These graphs present the evolution of labour market tightness in four group of occupations: Business and financial occupations, STEM, Transportation and material moving occupations, Food preparation and serving occupations. The values of labour market

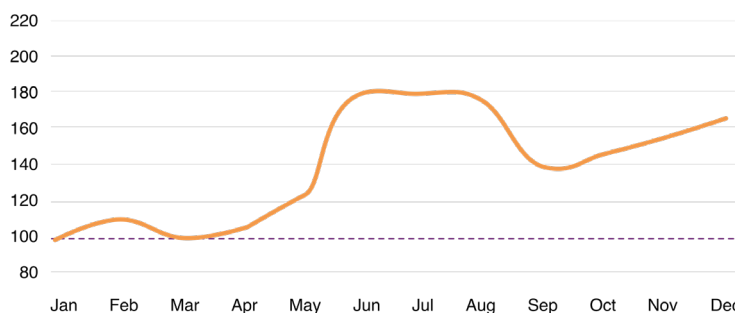
While labour market tightness increased in high-skilled jobs, it is mid to low-skilled sectors that experienced the biggest increases. Prior to Brexit, the transportation industry as a whole was responsible for employing more than 400,000 migrant workers.

Since Brexit, finding overseas staff has become more difficult, and costs and delays have swelled for the logistics sector. Therefore, an 80% increase in labour market tightness in **transportation and material moving** occupations is unsurprising with these obstacles piled on top of the issues of moving goods during a pandemic.



Occupations that provide services to move people or goods, as well as transportation infrastructure.

Labour market tightness *



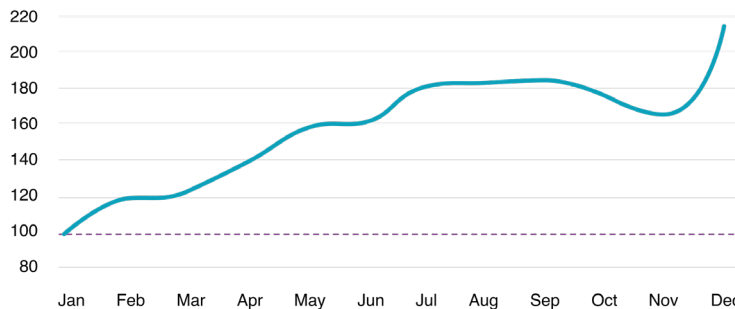
● Transportation and Material Moving occupations

Similarly, the hospitality industry employs many immigrant workers, so with new recruiting challenges thanks to Brexit coupled with the devastating effects Covid-19, it's understandable that the **food preparation and serving related sector** saw an increase of 120% in labour market tightness. This trend will likely continue well into 2022.



Occupations associated with providing food and drink to customers.

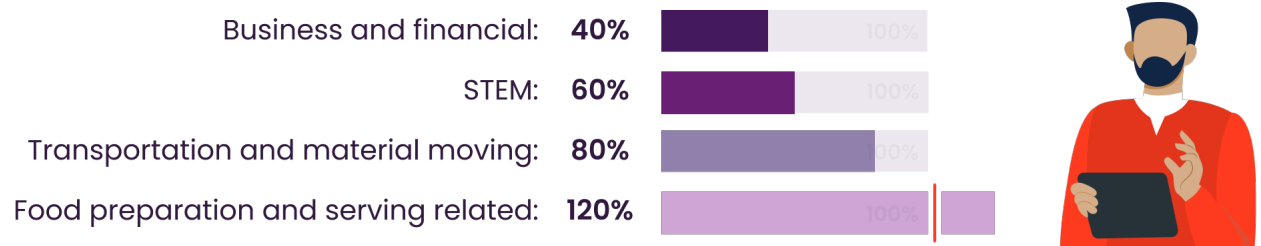
Labour market tightness *



● Food preparation and serving occupations

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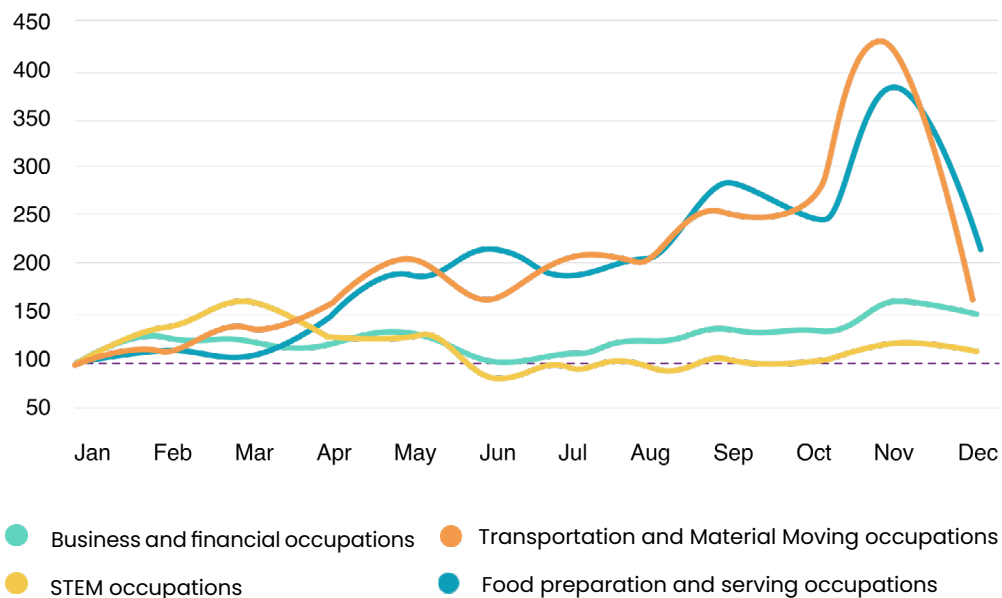
One last sector of note is **healthcare**. In 2021 alone, the market tightened by 50% for these jobs. This is a significant rise especially when considered in relation to the already large increase that took place in 2020 during the initial months of the pandemic. As this sector contains a mix of high and low-skilled jobs, Brexit has also undoubtedly had an effect, on top of pandemic burnout resulting in a [high number of resignations in the industry](#).



— What does a tight labour market mean for recruiters?

By looking at how recruiters are sponsoring their jobs on Talent.com, we can provide insights on their behavioral responses to the shifting labour market in 2021 to inform strategies for 2022.

Average sponsoring expenditures per ad *



Surprisingly, sponsoring expenditures in business, financial and STEM occupations increased only slightly, if at all. This could be explained by the fact that spending in these industries was already high in 2020. Healthcare jobs saw a slight decline in spending throughout the year. This may also be due to the intense changes of the previous year.

This graph presents the evolution of sponsoring expenditures per ad made by recruiters in four group of occupations: Business and financial, STEM, food preparation and transportation occupations. The values are indexed at 100 in January 2021. Source: Talent.com

On the other hand, when we look at the food and transportation industries, we see that sponsoring expenditures have skyrocketed in 2021. This result is consistent with the large increase in labour market tightness resulting from the effects of both the pandemic and Brexit.

A Surge in Remote Jobs

Since January 2020 in the UK, there has been a +259% increase in the number of remote jobs advertised on Talent.com. Remote work and flexibility are now key factors in the competition for candidates.

According to the estimations of Noura Dadzie, VP of Sales in the UK & International Markets at Talent.com, about a third of companies are looking at new ways to structure and present their employee perks to offer a greater level of work flexibility. Employers who fail to follow suit risk losing out on potential candidates, especially in the most competitive industries.

Hybrid and remote jobs are here to stay. According to [a survey of 2,000 companies the UK](#), most employers are planning to allow employees greater flexibility on where and when they do their jobs.

A Start-Up Boom

A desire for flexibility is discernible across corporate spheres and is one of the main reasons behind the surge in self-employment and business creation. [New data from Business Leader](#) indicates that an increasing number of people in the United Kingdom have started their own businesses throughout the year. In fact, nearly 80 new UK business were created every hour in 2021.

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To some capacity, we will see similar shifts and trends on this as we saw during the financial crash in 2008. Thousands of new businesses and start-ups emerging, but a large portion are likely to fail within three years. Those that succeed will go on to do great things and offer great new employment opportunities.

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Noura Dadzie

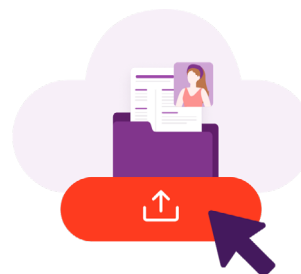


VP Sales UK & International
Markets at Talent.com

– Tips for recruiters moving forward

As the pandemic and Brexit continue to create this labour shortage in the UK, it's important for recruiters to work more efficiently than ever to attract the candidates they need. Here are the top tips our experts recommend implementing in your 2022 recruitment plan.

- **Easy application process:** Ideally, users should be able to apply for your jobs in a few clicks (or even taps, since [most applications are sent through mobile devices](#)). Make sure your job adverts are engaging, easily readable and posted on multiple job boards as well as on your career page to maximize visibility. With an applicant tracking system, you can then easily filter through applications and get the ball rolling with a select few.



- **Source passive candidates:** Widen your candidate pool by adopting a proactive strategy towards [sourcing passive candidates](#). Reach out to them through different platforms and channels, build your employer brand, your social media presence and your employee referral program to entice these qualified individuals to your company.



- **Enhance DE&I strategies:** In the UK, just like in many other parts of the world, recruiters and job seekers have an increasing regard for [diversity, equity and inclusion](#). There are many technological tools that can help you improve your diversity initiatives, from job description editor tools to comprehensive [diversity recruitment platforms](#).



- **Know the target audience:** Collect information and build an ideal candidate persona to fine tune your hiring strategy towards the candidates you really need. Also, make sure your job descriptions are optimized for search: this can mean for example inserting keywords in the title, or synonyms in the description.



— Final Thoughts on What's Next for 2022

Industries likely to struggle with recruitment due to Covid and Brexit in 2022 are manufacturing, retail, hospitality, travel and healthcare.

Noura Dadzie



VP Sales UK & International
Markets at Talent.com



Transportation, logistics and warehousing are booming all over the UK. These industries show no signs of slowing down for too long. In the second half of 2022 we are very likely to see a rise year over year on both job adverts and hires, particularly for delivery drivers and warehouse workers.

The UK population is loving the comfortability and convenience of shopping online for groceries, takeout meals, and clothes so it's unlikely these trends will fade quickly, even post-Covid.



The IT and tech industry also showed steady growth for most of 2021. As this industry was heavily digitalized before the pandemic, it didn't experience the same challenges as other sectors did.

With the relatively easy transition from in-person to remote work, along with an increased need for this technology and these skills, these industries will likely continue to experience growth in the coming years.

Power in the hands of candidates

In a candidate-driven market, workers are often in the driver's seat during negotiations as they have their pick of employment. This means recruiters must be competitive in their search, utilizing new tools or hiring strategies.

While a competitive salary remains [the number 1 priority](#) for candidates looking for a job, a significant portion can also be swayed by other benefits and perks. As a recruiter in 2022, it will be important to highlight the employer value proposition in job adverts and target different aspects towards different markets. For example, [younger job seekers are more likely to engage](#) with job adverts offering work-from-anywhere policies or student loan repayment assistance.



While there is currently [no general legal requirement](#) for employers to be transparent about pay in the UK, candidate scarcity is likely to prompt an increasing number of companies to disclose salaries directly in job adverts. Doing so has many advantages: it gives an edge over the competition, it shows transparency, it aligns with candidate expectations, and saves everyone's time.

Getting the virus under control

Ultimately, the real way back to a semblance of normal and balance in the labour market is to get the virus under control. Resolving uncertainty will help increase worker search effort to answer the already high demand for labor.

"The speed at which different countries will recover from the pandemic will largely depend on vaccination rates. Countries who have a high willingness to vaccinate and the means to, will find their economy recovering a lot faster." says Noura Dadzie. According to [YouGov](#), the UK currently has the highest willingness to vaccinate (94%) amongst the population in Europe.

Prioritizing People

With record numbers of open positions and the pandemic still wreaking havoc, recruiters and HR professionals are all the more concerned with building and maintaining a company culture which prioritizes people. Whether that means a stronger focus on flexibility or an unwavering dedication to the company mission, having a people-first approach will help attract and retain talent in 2022.



The logo for talent.com features the word "talent" in a bold, purple, lowercase sans-serif font. A small orange square is positioned to the left of the "t", and a small orange dot is placed above the "t". The ".com" is in a smaller, purple, lowercase sans-serif font to the right of "talent".

Find the right talent faster.

