



DEMAND FOR SKILLED TALENT 2022

SEPTEMBER 2022



The factors driving demand

The hiring outlook in the UK is positive for the rest of 2022, with 90% of UK employers planning to hire this year, up from 66% in 2021. However, according to a new report from recruitment firm Monster titled [Flexible Future: UK Hiring Outlook 2022](#), challenges such as skill shortages threaten to disrupt the future of work.

First and foremost, the good news. The global hiring outlook for 2022 is optimistic – and has improved from last year. More than half of employers (52%) intend to replace/backfill positions, while 41% plan to hire for new positions. This is an increase from 2021 expectations of 47% and 35%, respectively.

However, challenges such as skill shortages threaten to derail the future of work. In addition, the pandemic and numerous 2021 lockdowns prompted many people to reconsider their work-life balance. According to a [Microsoft Work Trend Index](#), 41% of people are likely to consider leaving their jobs within the next year, a trend dubbed "[The Great Resignation](#)" by the media.



The hiring outlook for 2022

While employers want to hire, their confidence in finding the right fit continues to fall for the third year. The big takeaway is hiring managers and recruiters bracing for stiff competition when finding new talent.

"The marketplace is infinitely more competitive, and employers are willing to spend more money to attract talent," Scott Gutz, CEO at Monster. *"Plus, we've got this situation where there are not as many candidates, and they're moving around so quickly, so we're not only concerned about the ability to acquire, we're also concerned about the ability to retain."*

The following industries are most likely to increase hiring for new positions:

- Automotive 60%
- Engineering 57%
- Retail 56%
- Insurance/Real Estate 55%

While 10% of small businesses anticipate hiring freezes in 2022.



Challenges After the Pandemic

Employers identify the following as their top three anticipated challenges for the next five years:

- Finding qualified candidates
- Heightened competition
- Work-life balance
- Unrealistic salary expectations
- Virtual recruiting

Recruiters are having difficulty even before speaking with a candidate.

2022 top three pain points before the interview,

1. Finding qualified candidates
2. Quickly identifying candidate matches
3. Candidate screening and evaluation

Employers' biggest challenge last year was evaluating candidates during the interview.



Competition

Recruiters are preparing to make some adjustments to remain competitive over the next three years. In some cases, this entails being proactive and anticipating what candidates will want and require.

What is the most important global initiative for attracting talent and remaining competitive? Changing jobs to be more flexible or remote. This is in addition to more traditional factors such as benefits and salary.

However, candidate scepticism that employers will not keep their promises overshadows these efforts.



Top changes that businesses are making to stay competitive over the next three years:

- Change roles to be more adaptable - 37%
- Increase in benefits and perks – 35%
- Provide skilled training; increase salary and wages (tied) - 32%

Employers identified the following as the most effective resources for locating qualified candidates for their most recent 3-5 hires:

1. Personal connection (34%)
2. Job board postings (29%)
3. Candidate online profiles (28%)
4. Networking (27%)
5. Company/career site posting (27%)
6. Resume database searches (24%)



Set the right priorities

Finding the right fit is the goal of both the employer and the candidate, but the [Monster's Future of Work survey](#) shows a gap between what employers want to do in 2022 and what candidates want to do.

For example, recruiters emphasise remote flexibility (44%), but it is not a top priority for job seekers (24%). Instead, candidates want salary stability, which employers place lower on their priority list.

Employers may be trying to anticipate what candidates will want after an unusual pandemic year, or... maybe they're off the mark. Time will only tell.

Candidates are looking for positions with:

1. Salary security/equitable compensation (6% points higher than 2021)
2. Additional financial compensation in addition to salary
3. Medical benefits
4. Work schedule flexibility (Down 6% points from 2021)
5. Paid time off (PTO)

Employers are making plans for:

1. Healthcare benefits
2. Paid time off (PTO)
3. Flexible work schedules
4. Remote flexibility
5. Salary protection/fair compensation



Analysis

As you can see, recruiters and candidates agree on flexible work and paid time off, but their other top priorities don't match. Financial compensation outside of salary - the third most desired by candidates - does not appear on employers' lists. Again, employers are less likely to be concerned about salary protection when candidates truly seek it.

Skills training and development are also on candidates' wish lists but not employers' to-do lists. Nevertheless, more than one-quarter (22%) of candidates want it.

Older job seekers are more likely to concentrate on:

- Compensation
- A secure environment
- A workplace where they can interact with others

Younger job seekers are more concerned with:

- Job flexibility
- Opportunities for professional advancement
- Developing long-term marketable abilities

The trend to watch: 27% of candidates say they want to work in a caring environment.



Top factors that make candidates stand out

FACTOR	2021 Ranking	2022 Ranking
Interview Presence	1	1
Internship/relevant work experience	2	2
Skills match*		3
Any prior work experience	6	4
Culture fit	3	5
Experience with tech/platform	4	6
Leadership experience	5	7
College or university degree	7	8
Social media presence	11	9
Volunteer experience	8	10
Willingness to take lower pay	9	11
GPA/grades	10	12

*Skills match wasn't included in 2021

You can see that degrees and GPA/Grades are becoming less important. As well as, less emphasis on culture fit, tech platform experience, and leadership.

It's more about work experience, interviews and social presence.

Getting back to work

The pandemic has altered how work is done for the foreseeable future. According to [Monster's Future of Work survey](#), both employers and candidates have different ideas about how this new world of work will look. While nearly half of employers believe hybrid work is the way of the future and that pivoting in that direction will give them a competitive recruitment and retention advantage, candidates and employees have different ideas.

Work has changed, but how much?

43% of employers believe hybrid is the way of the future, giving them a recruiting advantage and helping them retain talent. However, a higher percentage of UK recruiters claim that flexible work arrangements help them keep talent (48%).

Employers are more willing to negotiate scheduling

- 53% will allow for workdays from home
- 41% would allow people to choose and change their working hours
- 35% will enable employees to select their own schedule outside of regular business hours, but it must be consistent



Skills Gap

Whether it's because of the pandemic or not, employers reported having a more challenging time filling positions due to skills gaps than they did a year ago.

IT and strategic planning were identified as the top two hard skills gaps, while teamwork and communication were identified as the top two soft skills gaps.

To bridge the gap, employers indicated they are more open to hiring and training candidates with transferrable skills (63%). However, the issue is that half of the employers believe job seekers need to improve their ability to articulate transferable skills.



The most important abilities that employers seek

Soft Skills	Hard Skills
Teamwork/collaboration	Information technology
Communication	Strategic planning
Problem-solving/critical thinking	Operations

The most significant gaps: for hard skills, there is a perfect match with desired skills.

Soft Skills	Hard Skills
Communication	IT
Problem solving/critical thinking	Strategic planning
Reliability	Computer and operations skills (tied)

White-collar industries face skill shortages in the most sought-after areas, particularly communication (soft) and information technology (hard).

The most significant gap for blue-collar employers was in reliability, which they ranked as the second most important soft skill.

Diversity, equity, and inclusion

Because of the global social justice movements, global employers made new diversity, equity, and inclusion (DEI) initiatives a top priority in 2020-2021.

Employers and candidates worked hard, having conversations to raise awareness and beginning to plan their DEI agendas.

This year a shift toward programme implementation, with nearly four out of ten employers citing their top DEI priority is to build a diverse workforce.



From Education to Implementation

In 2021, 37% of employers reported that they did not have a diversity and inclusion strategy.

DEI's top priorities are:

1. Employee education (42%)
2. Gender pay disparities (40%)
3. Increasing the diversity of the workforce (34%)

Candidates expect to learn more about a company's DEI efforts than ever, according to 37% of employers in 2022. This figure rises to 47% among Gen Z recruiters.

DEI's top priorities are:

1. Increasing the diversity of the workforce (39%)
2. Gender pay disparities (36%)
3. Establishing a system/process (for example, mentorship programmes) (28%)

Different Generations Approach to Recruiting

The importance of building a diverse workforce is emphasised by 53% of Gen Z recruiters. And, to make it happen, 67% are increasing their outreach to outside organisations with diverse talent pipelines.

Boomers are the most vocal advocates for gender pay equity (46% vs 36% globally).

Millennials are more likely than other generations to say that publicising inclusive HR policies is a top method for recruiting diverse talent.

The landscape of SMB

Making It Personal

Personal connections were cited as the most effective resource for finding quality candidates for their last 3-5 hires by four out of ten Small Medium Businesses (SMBs).

Their Equipment

For candidate conversations, 68% of SMBs prefer to use the phone (vs 63% overall). Resume feeds are an effective online job board tool for 27% of SMBs.

The SMB Hiring Strategy

To stay competitive, 35% of SMBs said the most significant change they made this year was raising salaries and wages. 35% said they are more open to candidates who lack job-related skills because they are willing to train them.



The answer is Simplicity

For over 18 years, Simplicity has supplied market-leading recruitment finance and back-office solutions to start-up and expanding recruitment businesses. We solely operate in the recruiting sector. Therefore, we understand your challenges and how to overcome them. We offer the; funding, team, and technology to get you started and assist the growth of your recruitment business, whether you are seeking a temporary or permanent recruitment finance solution.

Our Finance Solutions provide recruitment businesses with 100% cash upfront on temporary and permanent placements. Our unrivalled staff will handle your client's due diligence and credit checks, process payroll and pay all of your employees each week. In addition, we release your profit margin each week, invoice your clients and chase clients for late payments.

Simplicity can improve your cash flow, reduce your admin and provide you with the support you need from the offset. Leaving you free to pursue new business, find top talent, and engage in other revenue-generating activities.



KEEP IT SIMPLE. GET IN TOUCH.

To find out more about our recruitment solutions, please contact us on 01594 888518 or email sales@simplicityinbusiness.com



simplicity[™]
For faster smarter **growth**



The Aspen Building
Vantage Point
Mitcheldean
Gloucestershire
GL17 0DD

✉ sales@simplicityinbusiness.com

🌐 www.simplicityinbusiness.com

☎ 01594 888518



This eBook is meant as a guide only and is the opinion of the Simplicity team following many years of working with recruitment businesses. However, this does not constitute professional advice or direction and the final decisions made in relation to any new business are the responsibility of the business owner and/or director. Simplicity does not accept responsibility for any outcome based on the opinions given in this document.