

NEW SKILLS-BASED APPROACH TO HIRING NEEDED IN 2024, ADVISES MANPOWERGROUP UK

- ManpowerGroup UK calls on employers to focus on skills and potential as opposed to traditional hiring practices based on job titles and formal qualifications.
- Reflecting on the publication of its latest global talent shortage insights and UK-wide Employment Outlook Survey for Q1 2024, ManpowerGroup reports skills gaps across all sectors have reached an 18-year high.
- National employer hiring intent for Q1 remains steady at +27%* - led by Financials and Real Estate (+38%), IT (+33%) and Communications Services (+33%) – despite ongoing high inflation and economic uncertainty.
- A new vision is needed to ensure increased economic participation rates, more engaged and inclusive workforces and an uptick in innovation and productivity during the year ahead

London, 12 December, 2023: Data from the latest ManpowerGroup Employment Outlook Survey of UK hiring managers indicates that cross-sector skills gaps have reached a record 18-year high of 80% nationally, whilst hiring plans for Q1 2024 remain cautious-yet-steady, quarter-on-quarter, with a net hiring intent of +27%* - evidence which supports the need to evolve current hiring practices if UK businesses are to remain competitive, both domestically as well as internationally.

“An inhibiting paradox has long afflicted the UK job market – namely, a loosening of hiring demand on one hand contrasting with record long-term job vacancy volumes on the other,” observes Michael Stull, Director at ManpowerGroup UK.

“The persistent mismatch between the skills employers are looking for and the abilities candidates have – for specialist positions, in particular - presents employers across Britain with a stark choice: either continue fishing in the same pond in the same way for skills that are scarce or try a new approach by adopting skills-based hiring. The former keeps us on a continued path towards economic stagnation in 2024, whilst the latter has potential to alleviate talent shortages, drive innovation and create more diverse workforces – even in the face of stiffening economic headwinds.”

2023 has been a year of adjustment, with many organisations applying headcount reductions as a correction for the unprecedented over-hiring rates seen over the past two years.

Stull observes: “UK businesses are struggling. There is an understandable air of caution going into the New Year as belts tighten amidst a perfect storm of high inflation, cost of living increases, flat projected growth rates and low consumer confidence. That said, as ManpowerGroup’s Employment Outlook Survey has demonstrated over the past three quarters, the UK job market is increasingly divided into two, with demand for mid-level, white collar roles waning whilst vacancy rates for specialists across multiple sectors and geographies remain consistently high.”

The sectors showing the greatest hiring propensity going into the January – March period are Financials and Real Estate (+38%), IT (+33%) and Communications Services (+33%). More than a quarter of UK employers (27%) have identified IT & data skills as being most in-demand, with 18% requiring administration / office support skills and 17% looking for engineering skills.

Regional variances are also evident. Amongst the 2,100 employers surveyed by ManpowerGroup UK throughout October, those based in the North West, East Midlands, London and Northern Ireland indicate the strongest hiring intent next quarter (ranging from 32% to 43%), whilst the appetite for new hires in Wales (+14%), the South East (+22%) and the East of England (+23%) is lower – a delta which reflects the varying impacts of a cooling national economy.

What is skills-based hiring?

“Skills-based hiring is as much a state-of-mind as it is a practice,” advises Michael Stull. “As we describe in more detail in **this blog**, employers need to look beyond formal qualifications and devise a more holistic definition of ‘experience’. *Potential* becomes the key consideration here. A new matrix of technical and human skills criteria is needed, one that encourages companies to stop looking for the ‘perfect’ candidate and instead focus on the motivational, learnability and employability quotients of their workers. This approach will not only lower vacancy rates but increase participation rates across all age groups and lead to a more diverse and engaged workforce overall.”

Alongside this, employees also need to rethink their approach to skills development. Keeping up with new technologies, understanding the associated skills shifts and having conversations with their line managers about any reskilling or upskilling needs has arguably never been more important or timely than over the months ahead.

Stull concludes: “ManpowerGroup UK invites employers spanning all sectors, government agencies, the wider recruitment industry as well as educational and training institutions to explore and quantify exactly what this shift towards skills-based recruitment and career development will entail.

“If we can collectively articulate a vision for UK plc which better aligns skills with available roles then we will likely see increased economic participation rates, more engaged and inclusive workforces and an uptick in innovation and investment – all with the aim of ensuring increased productivity throughout 2024 and beyond.”

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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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