Adecco

No such thing as a talent shortage:

How to recruit smarter in 2023

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1. Introduction

If this year has seemed like a struggle for the recruitment and human resources areas of your business, you are not alone. Acquiring and retaining talent in 2023 has not been easy, and senior leaders in organisations of all levels have been struggling to forge a path. Growth in the global economy has been weighed down by stubbornly high inflation, the fallout of the global energy crisis, and policy tightening by central banks. As a result, global growth is forecast to fall from 3.5% in 2022 to 3% in 2023 and 2024, and talent strategies are falling down the priority ladder in favour of financial consolidation. Organisations need to chart a path back to growth and they need skilled workers to do so – but a growing skills gap continues to plague efforts.

The recruitment landscape is becoming increasingly challenging and multifaceted. Companies are finding it difficult to recruit the talent they need but they tend to overestimate the impact of external factors on their struggle. What if the talent scarcity crisis isn't as significant to recruitment as it has been built up to be? What if smart, targeted talent strategies can turn the tides for struggling businesses?

This whitepaper will discuss the impacts of a tight labour market and a sluggish global economy, but also demonstrate that the solutions to these difficulties are well within organisations' field of influence. This complex environment demands a new approach to recruitment and retention: one that prioritises open communication and mutual trust between workers and organisations, and which seeks to boost employability throughout the global workforce through skills and adaptability.

2. Industry insights

It is proving to be another challenging and complex year for the employment sector. Stubbornly high inflation in developing countries is eroding the value of salaries by as much as 15% in some territories, despite unemployment dropping to its lowest level in the OECD since the 1970s. And tight labour markets in large economies continue to act like an anchor, dragging on organisations as job vacancies go unfilled. There were over 1 million vacancies in the UK in April 2023; and in the US, there are 5.6 million more job vacancies than there are available workers.

From ghosting to mismatches on skills, to the stubbornly slow death of the Great Resignation and the silvering of the workforce as people continue to work longer, here are five key trends in the employment sector that we think leaders should be paying attention to.

1. The skills gap persists

Over a third (38.5%) of jobseekers believe that employers have unrealistic or overly specific requirements when it comes to skills and experience. And yet, 6 in 10 workers will need reskilling by 2027 to keep pace with changes in technology and the global economy. There is a clear discrepancy between organisational requirements and the capabilities of job seekers that needs to be corrected.

2. The extent of the Great Resignation is uncertain

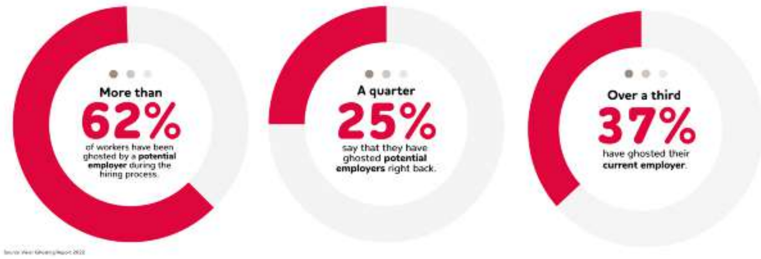
Some commentators claim that the Great Resignation has ended, citing a return to pre-pandemic levels of quitting in high turnover sectors like hospitality. But others are adamant that the Great Resignation is still alive and kicking – over a quarter (26%) of employees surveyed by PwC in June 2023 expected to change roles in the 12 months to June 2024, with younger workers, people who said they were overworked, and those struggling to pay their bills the most likely to switch jobs.

3. The appeal of hybrid working remains strong

By the end of 2023, 39% of global knowledge workers will be working in a hybrid environment. By 2025, over a fifth (22%) of the American workforce (some 32.6 million people) will be working remotely – an 87% increase compared to pre-pandemic figures. Despite the number of fully remote workers falling year on year, the flexibility to split the working week between home and the office remains a key employee expectation.

4. Ghosting on the job market is rife

Ghosting is the act of abruptly cutting off communication without explanation. That's a concern because it means that – at a time when candidates and employees don't know what the other one wants – no one is communicating. More than half (62%) of workers have been ghosted by a potential employer during the hiring process, but a quarter (25%) of job seekers also say that they have ghosted potential employers right back and over a third (37%) have ghosted their current employer.



5. Unretirement is on the rise

The number of workers who retire and then re-enter the job market (a phenomenon known as "unretirement") is increasing modestly. A relatively new phenomenon, unretirement has been picking up pace since the Covid-19 pandemic. New data shows signs of more and more people aged 50 – 64 returning to the workforce, and the rate of unretirement could continue to grow as a tight labour market and rising inflation push more people back into work. In the UK, 1.7 million pre-retirees are expecting to push back their retirement indefinitely in light of rising living costs. It's very much the same story in the US where 80% of Americans say their financial situation is causing them anxiety. In total, 43% of Americans cannot put any money into savings after paying expenses.

Some of these trends have their roots in the coronavirus pandemic, but others have been driven by more recent events. **Steep inflation is devaluing salaries while energy and food prices are driving up living costs** – these are two major pressures for job seekers. Organisations are also struggling to juggle their own costs in parallel with increasingly complex employee expectations and a more diverse workforce than ever before. These trends have created multiple, often compounding challenges that are fuelling changes in the behaviours and desires of both job seekers and organisations. Addressing these challenges is a strategic imperative for leaders seeking to build employability in their organisations.

3. Strategies for building employability

Each of the trends presented in the previous section, and the challenges they have created, need to be met with robust strategies designed to build sustainable employability within the workforce.

Talent mismatch is a serious challenge, but it isn't unavoidable or irremediable. It can be overcome by implementing consistent and thorough talent strategies.

Organisations should build the following actions into their employment strategies to create a future-focused employee base that will help them to thrive in the future of work.

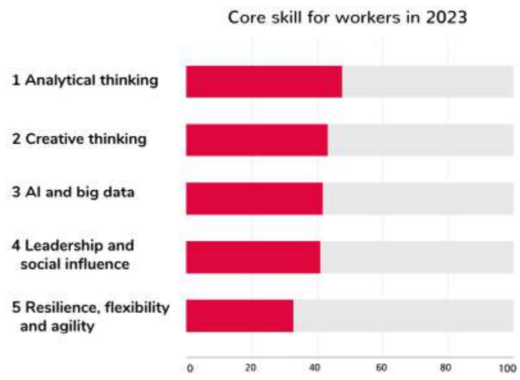
1. Shine the spotlight on skills

Skills transformation looms large on the list of worries for workers and organisations alike. Workers need help to meet the high skill demands of employers and the future of work, but there isn't enough support. Skills inequity is on the rise – over half (53%) of employees say that their job requires specialist training, up from 49% a year ago.

Leaders need to address the widening skills gap at pace and reinforce the urgency of skills development within their senior leadership teams. Employers should perform skills gap analyses at the team and department level to understand where they're falling short and implement reskilling/upskilling initiatives. Such initiatives are not only a great way to bolster and retain existing talent, but they are also great levers to attract new talent. Only 37% of global workers are satisfied with their company's training and upskilling opportunities, while 34% of those looking to change jobs in the next 12 months are doing so for better access to employable skills.

The need for digital and technical skills is evident, but employers should pour considerable effort into boosting soft skills too. Analytical thinking, resilience, and open-mindedness to innovation rank amongst the most in demand skills of 2023, and they will be key to a thriving future workforce.

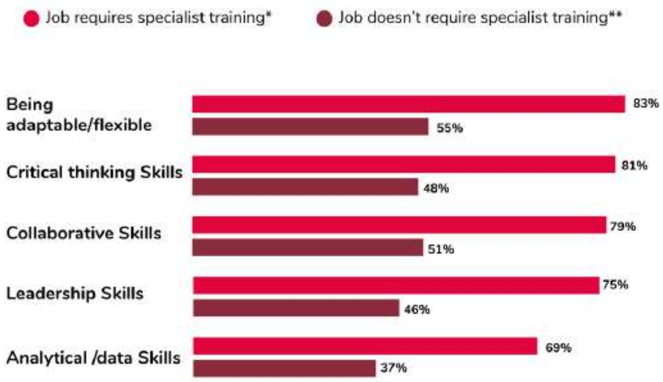
Core skills in 2023



Source: World Economic Forum, Future of Jobs Survey 2023

The specialisation gap affects how employees view skills

Question: How important will the following skills be to your career in the next five years?



* Based on respondents who selected 'moderately agree' or 'strongly agree' that their job requires specialist training (n=28,638)

** Based on respondents who selected 'moderately disagree' or 'strongly disagree' that their job requires specialist training (n=5,726)

Source: PwC's Global Workforce Hopes and Fears Survey 2023

2. Communicate openly and regularly with everyone

Lacklustre communication is stifling the efficiency and equity of the recruitment ecosystem at all levels. Employers need to communicate openly and regularly not only to keep candidates engaged, but to edge out the competition as well. Everyone should be talking to each other to understand what each party needs and how they can help each other thrive, but employers need to make the first move.

Jobseekers want communication throughout the hiring process, including in the stages between initial and secondary interviews and during periods of review (e.g., while background checks are conducted), so hiring managers should be prepared to take a high-touch approach to communication or risk losing candidates to competitors who keep their doors open.

Candidates are demanding more data than ever before, especially on job descriptions: salary, annual leave allowance, medical coverage, mental health support, training opportunities, flexible working arrangements, and more all need to be front and centre. If candidates can't see this information, they'll simply walk away. This has been the subject of lively debate in the US where some states have made salary transparency a legal requirement. In the EU, a pay transparency directive came into force in the summer of 2023, giving member states have three years to transpose it into their national legislation.

Effectively engaging employees once they are hired is paramount for retention, and employers should communicate with their people regularly to show that they care. Opportunities for training and internal moves, professional development and salary increases are all crucial, but employers also need to talk about and act on employee wellbeing, especially as the cost-of-living bites and inflation increases financial hardship.

3. Embrace flexible working

Flexibility is the new normal for many employees and they aren't afraid to go after it. 59% of workers either already have flexibility in their role or are actively seeking out jobs that have it. Even though fully remote work is on the decline, hybrid setups are rapidly gaining ground as a favourite among workers. Organisations need to act on this trend because, if they can't secure the arrangements they want, employees are more than willing to leave for better flexibility.

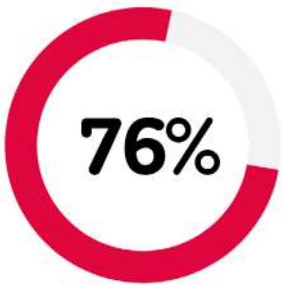
Employers need to fully embrace flexible ways of working. It's not just about offering two days working from home or setting core hours of 10am to 4pm. Workers want a suite of flexible options and the freedom to choose the ones that matter most. Extended parental leave, part-time work, job sharing, compressed hours, phased retirement and other options should all be offered and made easily accessible. Embracing flexibility is also a signal to workers that their employer trusts them to get the job done, which leads to better retention and satisfaction at work.

4. Welcome silver workers with open arms

Retirement has never been a guaranteed exit from the labour market, but rising costs and an abundance of job vacancies are drawing more silver workers back into the world of work – by 2031, workers over the age of 55 will represent a quarter of the workforce in the G7. That is presenting new challenges for organisations that are ill-equipped to meet the needs of this growing workforce segment, or that are unaccustomed to coordinating an age-diverse employee base. Organisations need to recognise that there are distinct advantages to be gained from employing older workers if they can properly accommodate them.

Older workers tend to be less concerned about salary and more interested in meaningful work, flexible arrangements and opportunities for skill development – three quarters (76%) say they want respectful and purposeful roles, while two thirds want their employer to show sincere interest in them as a person. Employers can meet these needs by providing meaningful training for older employees that focus on digital and technical skills and giving them lots of opportunities to interact with workers across the organisation. Older workers are often highly skilled professionals with deep knowledge of their industries, so employers should also encourage them to mentor younger colleagues and act as subject matter experts.

Acting on these four key areas should be a strategic imperative for leaders and organisations who are serious about building employability within their own employee bases and the wider workforce. But there's another crucial angle to driving employability: the importance of diversity, equity and inclusion. DEI needs to be at the heart of every employment strategy to ensure that the future of work welcomes everyone.



76% of silver workers in the US
who would recommend their company to others say,
"My work has special meaning: this is not 'just a job'."

Source: Harvard Business Review, 2022

4. The importance of diversity, equity and inclusion

Diversity, equity and inclusion (DEI) is an essential component of organisational success when it comes to talent strategies. Everyone deserves to be included in the future of work – ensuring that no one gets left behind in the transformations to come is a moral and a strategic necessity for future-focused companies. The importance of DEI for building employability is underscored in three key areas: branding; talent retention; and equitable hiring.

- **Organisational branding and perception**

DEI initiatives underscore an organisation's commitment to cultivating an inclusive work environment.

Demonstrating a genuine dedication to diversity not only enhances a company's image but also resonates with potential candidates.

In an age where corporate reputation is scrutinised more than ever, an organisation's stance on DEI can significantly influence its public perception. Prospective employees are drawn to organisations that not only acknowledge the significance of diversity but also take tangible steps to incorporate it.

This rings especially true for Gen Z workers – 30% of today's graduate recruits will not work for a company that lacks diversity in its workforce. The reverse is true, too. Around one third of Gen Z workers will choose to work for an employer that prioritises diversity and inclusion.

A reputation for inclusivity can set an organisation apart as an employer of choice, attracting top-tier talent seeking alignment with progressive values.

- **Attracting and retaining the best talent**

Organisations that prioritise DEI showcase a commitment to social responsibility, which resonates with candidates seeking workplaces that mirror their personal values. Considering 23% of workers worldwide looking to leave their jobs in the next 12 months are looking for a better values match with their employer, and only 58% are satisfied with their company's position on major societal issues, this is not to be underestimated.

Candidates who engage with their employers' societal values are more likely to be engaged, committed, and driven, resulting in higher job satisfaction and productivity. In fact, 32% of global workers believe being happy in their job and enjoying their work describes a successful working life. A further 29% believe a successful working life means being passionate about their work. In a competitive job market, organisations that espouse good DEI values are better positioned to attract and retain individuals whose career choices are deeply intertwined with their ethical and social beliefs.

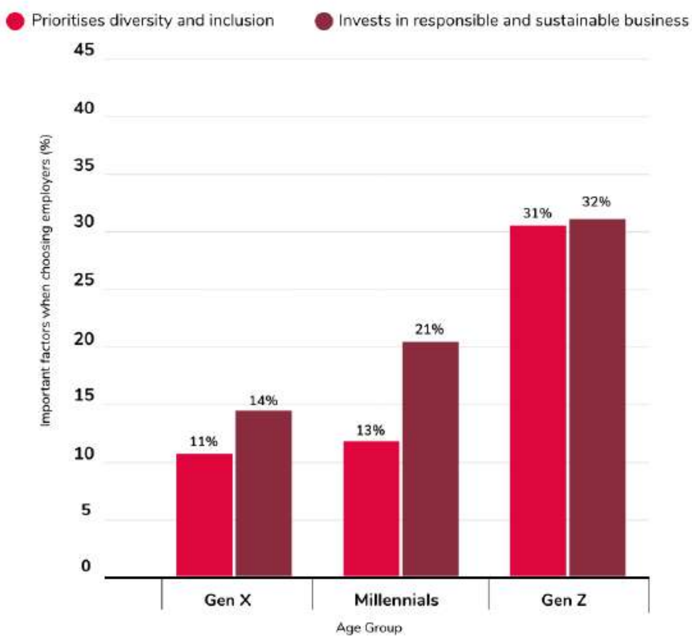
- **Unlocking new talent pools**

Traditional talent acquisition approaches can inadvertently limit the candidate pool by favouring certain demographics or backgrounds. DEI-centric strategies cast a wider net, tapping into historically marginalised talent pools and reaping the rewards they can provide. In some countries, diversity is encouraged and stimulated by legislation, but companies should strive to bolster the diversity of their teams for the sake of the competitive advantage it gives them.

A focus on DEI expands the range of perspectives and experiences within an organisation, fostering innovation and creativity. A heterogeneous workforce brings varied problem-solving approaches, enhancing adaptability in a rapidly changing business landscape. Teams with neurodivergent professionals, for example, can be 30% more productive than those without, while companies with gender-diverse boards produce higher quality products.

By embracing DEI, organisations gain access to diverse viewpoints that can yield groundbreaking solutions to complex challenges.

I want to work for a company that...



Source: Sensu EmployerBrand Report
Research Carried out January 2022

5. Adaptability will win the future

It has been a difficult year for talent acquisition and retention, but the solution is within reach of employers. Organisations should be investing heavily in attracting and retaining workers that will set them up for success in the future of work. The difficulties of 2023 do not need to represent the future of recruitment. Our recommendations for building employability provide a firm foundation upon which leaders can build and craft great talent strategies. A focus on building the skills that will define the future of work is evident – most organisations will need to marry technical expertise with strong soft skills. But open communication, a willingness to embrace flexibility and the ability to manage a more diverse workforce will also be key capabilities for future-focused businesses.

Adaptability and open-mindedness are crucial in the face of a rapidly changing recruitment landscape, and Adecco stands ready as a trusted partner to leaders and organisations looking to build employability within their workforces. Our permanent recruitment solutions can help leaders and organisations find the right employees in a competitive market. We offer a personalised and flexible approach to the recruitment process from end to end, beginning at sourcing and going right the way through to employee aftercare once contracts are signed. Get in touch today if you need support to build talented, specialised teams that are fully prepared for the future of work

Adecco Permanent Recruitment

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