



Guide to Hiring in an Economic Downturn

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Introduction

The UK economy is in for a bumpy ride.

Investment bank Goldman Sachs has forecast a 1.2% contraction in the country's economy over the next 12 months in its 2023 macro outlook. And the UK will experience one of the worst recessions among the G7 group of the world's most advanced economies, according to UK-based economists surveyed by the Financial Times.



Inflation rose steeply in 2022 but expected to level out in 2023 while the cost of living seems to be on a neverending upwards trajectory.

With this economic shift, businesses can expect to see an impact on their recruitment and hiring practices. Not only will they need to properly assess and predict future sourcing needs, it will become more challenging than ever to entice nervous permanent workers away from secure roles.

However, there are plenty of opportunities available for savvy organisations. Retaining and upskilling existing workforces can help fill talent gaps and Employee Value Proposition will play a more important role than ever, forming the basis of any attraction or retention strategy.

To help navigate this tumultuous time, we've put together this guide to help you plan and execute an effective recruitment strategy. As always, the team at QS Recruitment is here to provide advice and support for all your temporary and permanent recruitment needs.

Why It's More Important Than Ever to Plan



Challenge 1

• Demand Outstripping Supply

The ongoing skills shortage shows no signs of slowing down, with organisations competing to attract and retain workers from a small pool. Staff turnover is still high, with reports showing that 63% of employers say staff turnover and the loss of skilled workers is impeding growth plans.

Public sector roles in particular, such as teachers and nurses, will remain in high demand – regardless of economic conditions.

Challenge 2

• Candidate Hesitancy to Move Roles

It's no surprise to know that employees will be more cautious to change roles, with job security and financial safety considered top priorities. Now more than ever, employees will wait until they have a firm, appealing offer on the table before considering the jump to another organisation.

It may be a case of “better the devil you know” when it comes to trusting that an existing employer will support them in the long run – both professionally and financially.

Challenge 3

• Counteroffers on the rise

Coupled with candidate hesitancy is the increased prevalence of counteroffers with many employees making the most of their bargaining power. These situations can be tricky to navigate for employers who want to keep top talent and avoid starting new hiring processes.

Statistics also show the majority of employees who accept counteroffers end up leaving their organisation within 6 to 12 months. Reasons for leaving may extend further than simple pay negotiations, and employees can become frustrated when they don't see changes in areas such as work/life balance, culture and other benefits.





Challenge 4

• Impact of Brexit and Reduction in Foreign Workers

With the end of EU free movement laws, many industries have found it more difficult to recruit workers compared to pre-Brexit times – particularly those trying to fill lower-skilled jobs.

An ONS report showed that nearly half (46%) of businesses in Transport and Storage and more than a third of businesses in Administration (40%) stated a lack of EU applicants was a reason why they were unable to fill vacancies. Further to this, the Institute for Government notes that the number of HGV drivers who were EU nationals fell by 37% between March 2020 and 2021.

Challenge 5

• Shifts in Wages

With salaries already experiencing an upsurge in response to the rising cost of living, employers also need to bear in mind the increase to the National Living Wage (NLW) from 1st April 2023.

The NLW, which applies to all workers aged 23 and over, will increase by 92 pence (9.7%), from £9.50 to £10.42 per hour. In line with the Low Pay Commission's (LPC) recommendations, the Government has also announced the National Minimum Wage will increase for younger workers.

The following will be introduced on 1st April 2023:

a £1 increase for those aged 21-22	from £9.18 to £10.18 per hour
a 66p increase for those aged 18-20	from £6.83 to £7.49 per hour
a 47p increase for those aged 16-17	from £4.81 to £5.28 per hour
a 47p increase in the apprentice rate	from £4.81 to £5.28 per hour

• Challenge 6

Ongoing impacts of COVID-19

The effects of the pandemic on the workforce are many and varied, with reports showing demand for labour has recovered faster than labour supply. Employees returning to work after long COVID need additional support and employers must manage ongoing employee desire for flexible working practices such as remote and hybrid working with operational delivery.

COVID also saw an increase in early retirement (people in their 50s and 60s), many who experienced a windfall in wealth during the pandemic, ongoing health issues or changing attitudes towards work.

• Challenge 7

Overcoming Generation Stereotypes

Gen Z workers continue to face criticism for their so-called lack of work ethic, despite a recent report showing they are the happiest at work and even the hardest working. Soon to become the most populous generation on Earth, and with so much talk about quiet quitting and The Great Resignation, it's important for employers to adapt their approach to employee engagement, whether for temporary or permanent staff, and to suit all demographics.





Solution 1

• Creating and Embedding a Strong EVP

Compensation, learning and development opportunities and progression are still key motivators for candidates and employees, but businesses now need to do more to attract and retain top talent. Following the pandemic and with an impending recession, savvy employers are assessing the true value they are offering their staff and what sets them apart from the competition.

Employee Value Proposition is “the value and offerings supplied by a company in exchange for the skills, competencies and experiences that an employee provides to the business”. It underpins an employer’s relationship with its existing employees and those it wishes to attract.

How to Build an Engaging EVP:



Audit Your Existing Offering

Review your existing employment brand and collate what you are currently offering current and prospective employees. This should include compensation, benefits such as flexible working and career development, company culture/values and work environment.



Ask Your Employees

Conduct a survey that asks your current workforce what they like about working for the organisation, what motivates them to stay and improvements they’d like to see. Businesses can also collate themes from exit interviews to find out why employees left.



Craft and Test Your EVP

Draft your EVP (or EVPs if you are developing versions based on different candidate profiles e.g. graduates versus experienced workers) in a succinct way. Ensure it reflects the information gathered in the previous two steps. Consider sharing with current employees in a focus group for feedback to see if it accurately reflects what it’s like working for your business.



Communicate and Embed Your EVP

Make sure your EVP is shared with all existing employees and promoted through internal and external platforms such as your intranet, website, social media profiles and strategic documents.



Monitor and Evaluate

An EVP evolves as your business and its employees evolve. You should be ready to evaluate it annually so that it remains relevant.

Solution 2

• Focus on Retention

Your EVP should be seen just as much a tool for retaining employees as attracting them. As part of your research, there's an opportunity to brainstorm strategies focussed on keeping your best people.

We know employees are looking for more flexibility, recognition for their work and a positive work environment but it can sometimes be challenging for businesses to know how to turn these concepts into something tangible.

Some ideas include:

- ✓ Creating a culture of appreciation
- ✓ Promoting your company's values and purpose
- ✓ Creating and promoting advancement opportunities
- ✓ Offering training and development to support upskilling and cross-skilling
- ✓ Reviewing and improving your onboarding process
- ✓ Providing ongoing management training and support to everyone overseeing teams
- ✓ Identifying areas that could be reasons to leave e.g. employee stress and burnout



Solution 3

• Recruitment Marketing

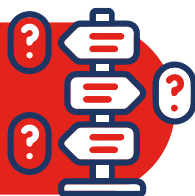
Recruitment marketing is a tool for promoting your brand to existing and prospective employees. It can help position you as an employer of choice in your market, and stand out from the competition. This is important in times of economic turmoil, because you want to be the preferred company to work for if a top candidate is deciding between two job offers.

You can promote your business as an employer of choice through a range of different channels including owned (your website and your social media channels), paid (through Google ads or paid social media campaigns) and earned (through PR or leveraging business relationships/partnerships).

Consider content such as profiling top employees, showcasing reward and recognition programmes, sharing testimonials from happy customers and promoting your values and your leadership team.



How to Effectively Plan Your Recruitment



• Resist a Hiring Freeze

It's natural to think the best way to weather an economic storm is to put all hiring activity on hold. You won't be adding to your overheads with new salaries and recruitment costs, and surely can get by with skeleton staff?



In fact, hiring freezes can do more harm than good and actually put businesses at risk of stalling growth and retaining staff. Your team could face burnout from the impact of an under-staffed workforce and you could also provide your customers with a sub-par product or service delivery.

Worst of all, when the company recovers you might find that you've been left behind by competitors who continued to operate during challenging times. Instead, we recommend you recruit more strategically rather than put a hold on hiring altogether.

• Look at Organisational Design

Before you start filling any existing vacancies, it's worth taking a look at your overall business structure. The standard process is to wait until someone leaves a role before automatically plugging that gap. But is that role still required? It could be worth stopping to consider where that role sits within the business, and whether it is a replacement you require, or perhaps some different or additional skills. There could be other areas to invest and consider reallocating the responsibilities differently, and grow another part of your business.

An organisational design review starts with looking at your business plan and goals for the next few years. Perhaps you want to focus on growing your existing customer base by expanding into new regions or maybe you want to enhance the customer experience for your existing clients. Each option would mean a different people and growth strategy.

• Conduct a Skills Gap Analysis

As a follow-on to an organisational design review, it can also help to do a skills gap analysis across your team or organisation. This involves mapping all of the skills you currently have within your workforce- regardless of whether employees are actively using those skills or not. For example, you might have a sales employee who has experience in technology but doesn't need to use it in their current role.

Your skills gap analysis can help identify areas where you can make the most of hidden or underused skills within your team, find areas for upskilling and finally decide which skills need to be brought into the business from outside.



• **Crunch the Data**

With all of this data and insight at your fingertips, you can now rank open positions into high, medium and low priority. This is the perfect antidote to a hiring freeze – it's more strategic, based on organisational goals and considers your existing workforce before jumping straight into recruitment.

This stage is also when you can consider different types of employment needed for each role. Could you consider contractors or temporary staff to help fill short-term needs? This can also help you avoid the overhead costs involved with hiring permanent staff such as ongoing salaries, pension costs and National Insurance.

In the end, you're looking to hire the right amount of people with the right skills in the right place at the right time.

• **Implement a Robust Recruitment Process**

Candidate experience is key when hiring during an economic downturn. As job seekers hold the balance of power, it's important to focus on ensuring the recruitment process is as streamlined and enjoyable as possible.

One key component to this is reducing time to hire. Top candidates won't want to participate in long, drawn-out recruitment processes with several stages. Instead, you can review each stage of your hiring process and look for efficiencies, get your budget approvals done upfront, book out time in the diaries of decision makers, organise panel interviews or assessment events rather than multiple one-on-ones. And don't forget the recruitment process is part of your EVP so this is the first impression your prospective employee has of working with your company.

You should also consider that you might receive a higher volume of applications than usual. It's important to ensure your recruitment team is prepared to take on bigger volumes, particularly at the initial screening stage.

Finally, you should review where investing in your recruitment is worthwhile. For example, advertising roles on social media and job boards can be an expensive exercise if not done in a strategic, targeted way. Take counsel from other businesses in the area if you are well-networked, or consider working with an experienced recruitment partner who can help you tap into an existing pool of active and passive candidates. It's highly likely these candidates have been pre-vetted and checked. Not only does this save you time and money, it can also reduce risk.

• Broaden Your Talent Pool

It can be tempting to profile your dream candidate and then try to find a person who matches all of their attributes. The challenge is that person might not exist or if they do, they might not be the best cultural fit for your team or organisation.

Instead, it's worth considering applicants who may be less experienced but demonstrate a positive attitude and a willingness to learn. This includes looking at graduates or people early in their careers, parents returning to work after raising children and workers reaching retirement age.

Final Steps



So, there you have it – our top tips and advice for seeing your business and your people through times of economic hardship. While the future is uncertain and there are no guarantees, we hope this guide can kickstart some conversations within your organisation and help you to plan your recruitment more strategically.

You should also know the team at QS Recruitment is here to talk through your specific challenges, whether you're looking for temporary resource or permanent staff. As a driving, warehousing and office recruitment agency for the East Midlands and South Yorkshire, our team puts your success as our priority.

For advice and information, you can call us or speak to your dedicated Recruiter to strike the right balance when hiring in an economic downturn. **Contact QS Recruitment today!**



