

FIGHT FOR TALENT BEGINS NEW CHAPTER AS WORKERS RESIST CALLS TO RETURN TO THE OFFICE

- UK hiring Outlook remains strong but begins to cool with +25% of employers intending to hire
- Employers phase out remote work offers to new candidates – but existing workers are pushing back
- Banking & Finance sector leads UK with an Outlook of +45%
- As the cost-of-living hits record highs, London moves in line with the rest of UK with an Outlook of +28%

Tuesday 13 September 2022 (London, UK) – The UK Net Employment Outlook has fallen to +25% for Q4, a decline of eight percentage-points on Q3, and a decrease of six percentage-points year-on-year according to the latest ManpowerGroup Employment Outlook Survey (MEOS). Whilst hiring confidence remains positive across all sectors, new candidates are faced with less bargaining power as employers prioritise retaining their existing workforce.

The survey is based on responses from 2,030 UK employers and asks if they intend to hire additional workers, maintain current headcount, or reduce the size of their workforce in the coming quarter (October to December 2022). It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic indicator by both the Bank of England and the UK Government.

“Employers are keen to get people back into the office, however employees still have a lot of bargaining power,” says Chris Gray, Director at ManpowerGroup UK. *“Over the last 12 months we have seen employers offer unprecedented benefits, from hefty signing bonuses to fully remote working, in order to attract skilled candidates. However, as demand for new workers cools, candidates are less able to secure these benefits – but many existing employees don’t want to give them up. One of our clients saw 75% of employees decline new contracts that didn’t guarantee remote work. This leaves employers engaged in a balancing act of keeping their existing employees happy while phasing out remote work for new candidates.”*

“We’re seeing a shift from candidates holding all the cards to employers now having the leverage to ask candidates to come into the office – at least some of the time. Existing employees are more likely to have the bargaining power to retain their home working benefits, but new candidates will increasingly see pandemic-era benefit offers in the rear-view mirror.”

The Banking, Finance, Insurance, and Real Estate sector leads the pack with a Net Employment Outlook of +40%, a decline of nine percentage-points on Q3 and nine percentage-points year-on-year. This is the second consecutive quarter the Banking, Finance, Insurance and Real Estate sector has recorded the strongest employment Outlook in the UK.

Gray explains: *“Across the UK we are seeing a decline in hiring Outlook, but our data shows this is mainly driven by a shift from making new hires to retaining existing employees, rather than an uptick in layoffs. This is especially true in the Banking, Finance, and Insurance sector, which has recorded a one-third increase in employee retention plans and no increase in layoffs. This is a trend we’re seeing across nearly all sectors and is evidence that despite employers trying to phase out working from home, employees are being retained – a sign employee bargaining power remains strong.”*

Employers in London report an Outlook of +28% for Q4, a decline of 13 percentage-points since last quarter. In Q1, the data showed that London was the region least likely for employers to ask employees to work in the office full-time. Empty office space in London has increased by 51%¹ since the start of the pandemic, indicating that working from home continues to be popular despite increases in the cost of living making working from home more expensive.

Gray continues: *“As remote work grew in popularity during the pandemic, we saw more and more people move away from big cities such as London and adjust to life without a daily commute. Meanwhile, employees who remain within commuting distance are reluctant to return to the office full-time and our data shows they have the bargaining power to hold on to these benefits. However, new contracts increasingly require candidates to be within commutable distance of the office and commit to coming into the office at least one day per week – with the possibility of that number going up in future.”*

“As household energy bills hit record levels, trends may shift slightly with existing employees keeping their options open where possible to maintain their bargaining power. Decisions on whether to go back into the office will be based on individual circumstances. This is especially true for employees who moved away from big cities where commuting is most costly.”

Gray concludes: *“Despite the shift in power from candidates to employers, the fight for talent is still firmly underway, and employers need to meet candidates half-way to attract the best talent. That means offering sustainable benefits like increased annual leave and flexible working arrangements alongside increases in pay.”*

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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

¹ <https://www.bloomberg.com/news/articles/2022-08-22/london-s-available-office-space-hits-highest-level-for-15-years>



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 over 70 years. We are recognized consistently for our diversity - as a best place to work for Women, Inclusion, Equality and Disability and in 2022 ManpowerGroup was named one of the World's Most Ethical Companies for the 13th year - all confirming our position as the brand of choice for in-demand talent.