

COVID-19 Market Snapshot

August 2020

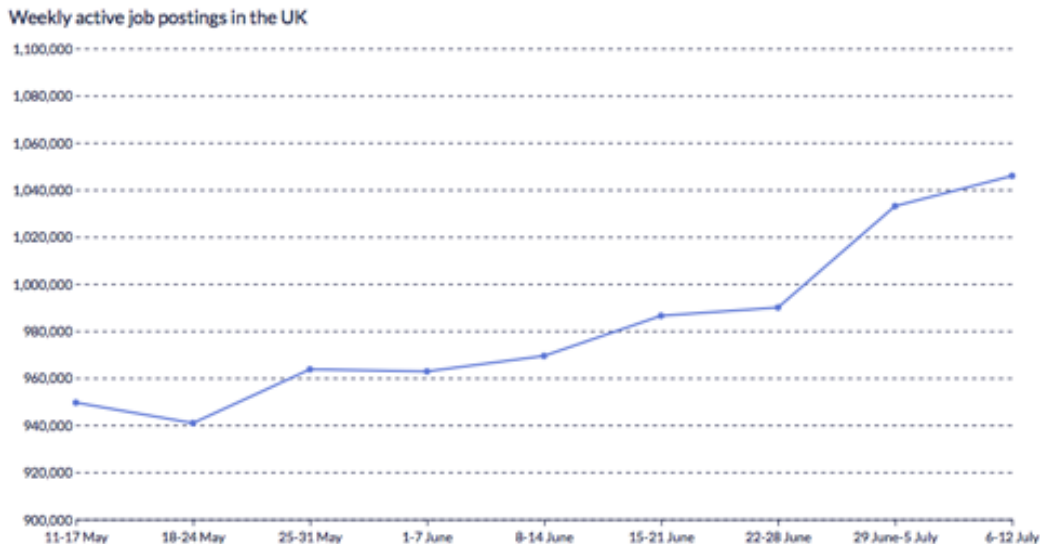


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This document has been collated using reputable secondary sources for Rialto Consultancy clients as a tool to keep them abreast of the current market events impacting the job market. It will be updated bi-monthly.

Weekly job adverts top one million as lockdown eases (17 July)

- The total number of active job adverts was 1.05 million in the week of 6-12 July, up from 990,000 in the final week of June. There were also 106,000 new job adverts posted in the week of 6-12 July, 14,000 more than the week of 22-28 June
- Total number of job postings in the UK grows to 1.05 million
- Rise was most pronounced in north-west England, with 125,000 job postings in early July
- Growth in demand for IT professionals, graphic designers and LGV drivers
- Demand falls for teachers, dentists and fitness instructors



- This increase in job adverts for IT professionals was seen across the UK. Postings for web designers and developers increased by 15.5%, and there was a rise of 6.6% for programmers and software developers. Other job roles which saw growth in job postings included graphic designers (+11.3%), sales administrators (+9.9%), LGV drivers (+9.7%) and carpenters and joiners (+8.5%). There was also a 9.4% increase in demand for clothing designers, potentially in response to non-essential shops reopening and the increase in online shopping during lockdown.
- Meanwhile, demand for both primary and secondary school teachers continued to decrease (by 4.3% and 4.6% respectively), as well as dentists (-7.1%) and fitness instructors (-8.8%).

Overview since lockdown

- Permanent placements and temp billings decline further amid recruitment freezes
- Availability of workers rises at quickest rate since July 2009
- Weak demand for staff leads to downward pressure on pay
- Overall vacancies fell at a substantial pace in May
- Nursing/Medical/Care was the only sector to record higher vacancies.
- The number of active job postings in the UK topped a million in July, with a particular surge in job ads for IT professionals



- The availability of candidates rose for the first time since April 2013, with the rate of expansion the steepest since November 2009.
- The most severe falls in demand for staff were seen for permanent and temporary workers in the private sector.
- Nursing/Medical/Care was also the only sector to register higher demand for short-term staff during April. In contrast, record falls were seen across all nine remaining categories. Secretarial/Clerical and Hotels & Catering recorded the most severe declines.
- Firms cancelled or postponed plans to take on new staff. Great uncertainty over the outlook underpinned the first reduction in overall vacancies for over a decade
- Softer, but still steep, falls in permanent placements and temp billings
- Quickest rise in staff supply since start of 2009
- Starting pay continues to fall as vacancies decline further
- redundancies and furloughed workers led to the steepest increase in labour supply since January 2009, with temp candidate numbers rising at a record pace
- Recruitment consultancies signalled a softer decline in hiring activity at the end of the second quarter.
- Steepest rise in staff supply since global financial crisis
- Demand for staff remained historically weak during June
- June data showed softer, but still sharp, decreases in demand for staff in both the private and public sectors.
- Blue Collar was the only monitored category to register higher demand
- The number of employees in the UK on payrolls is down around 650,000 compared with March 2020.

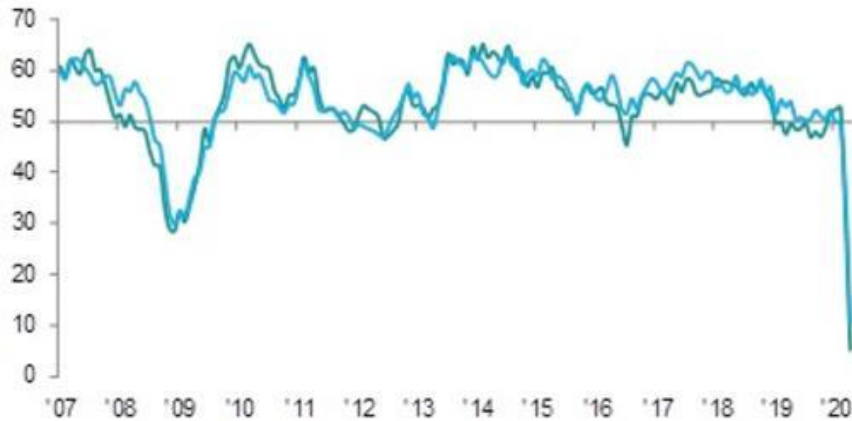
LEADERSHIP AND PROFESSIONAL HIRING TRENDS

Recruitment consultancies signalled a softer decline in hiring activity at the end of the second quarter.

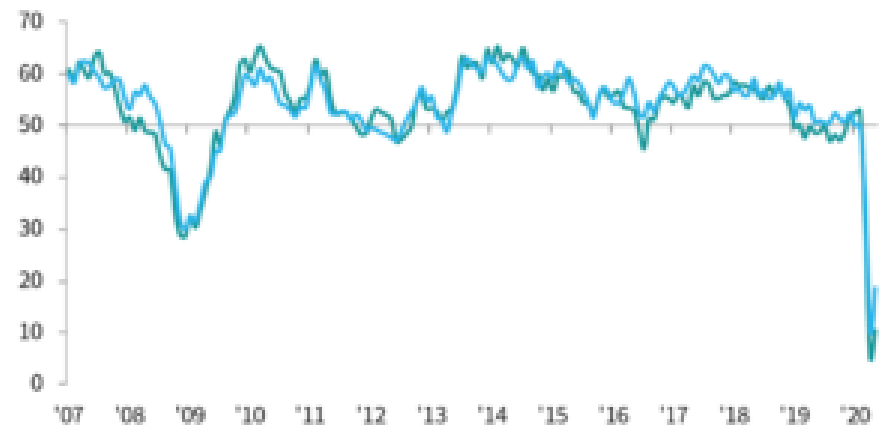
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Permanent Placements Index / Temporary Billings Index

April

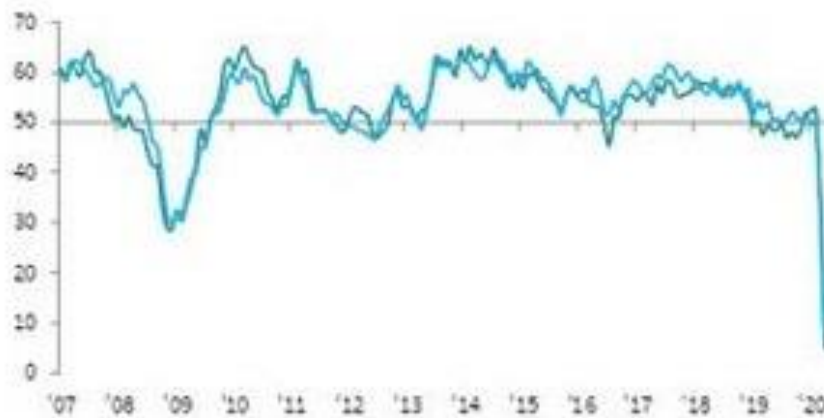


May



June

50.0 = no change

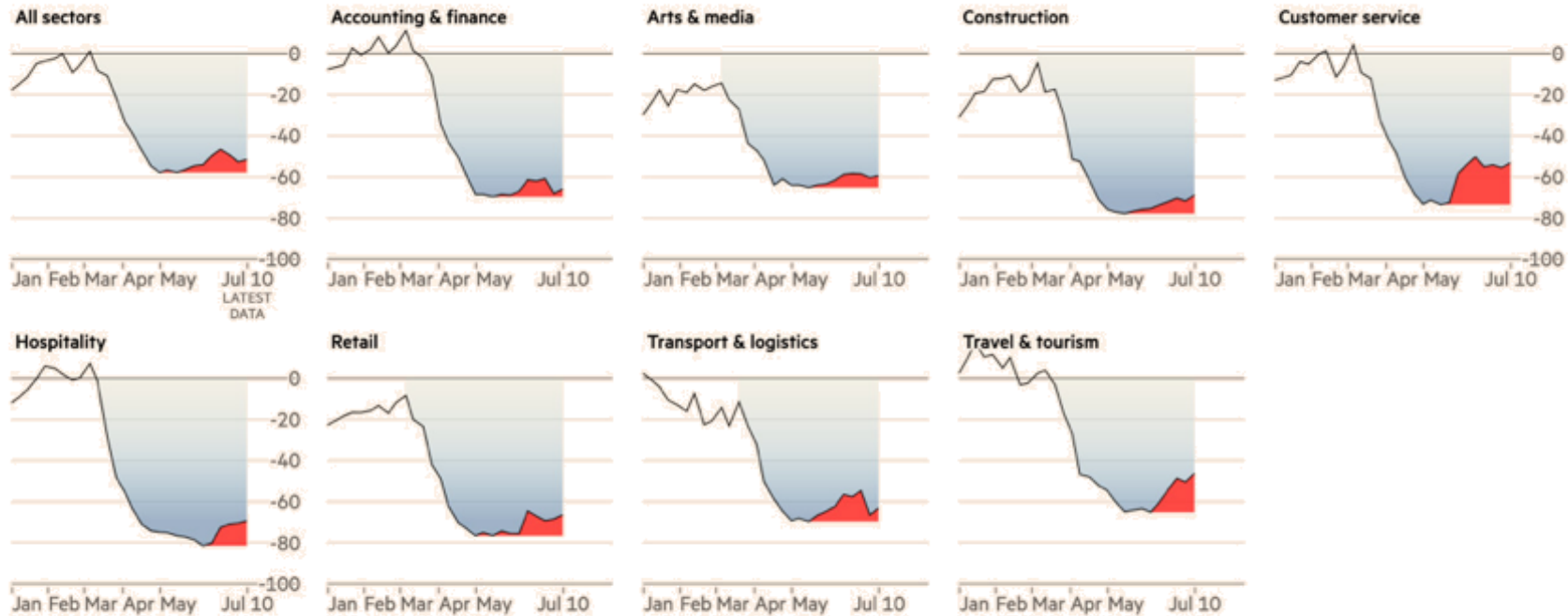


LEADERSHIP AND PROFESSIONAL HIRING TRENDS

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Consumer spending is still way below typical levels. however, job vacancies are showing signs of recovery after a sharp collapse

Year-on-year % change in online UK job ads, by sector: contraction → recovery

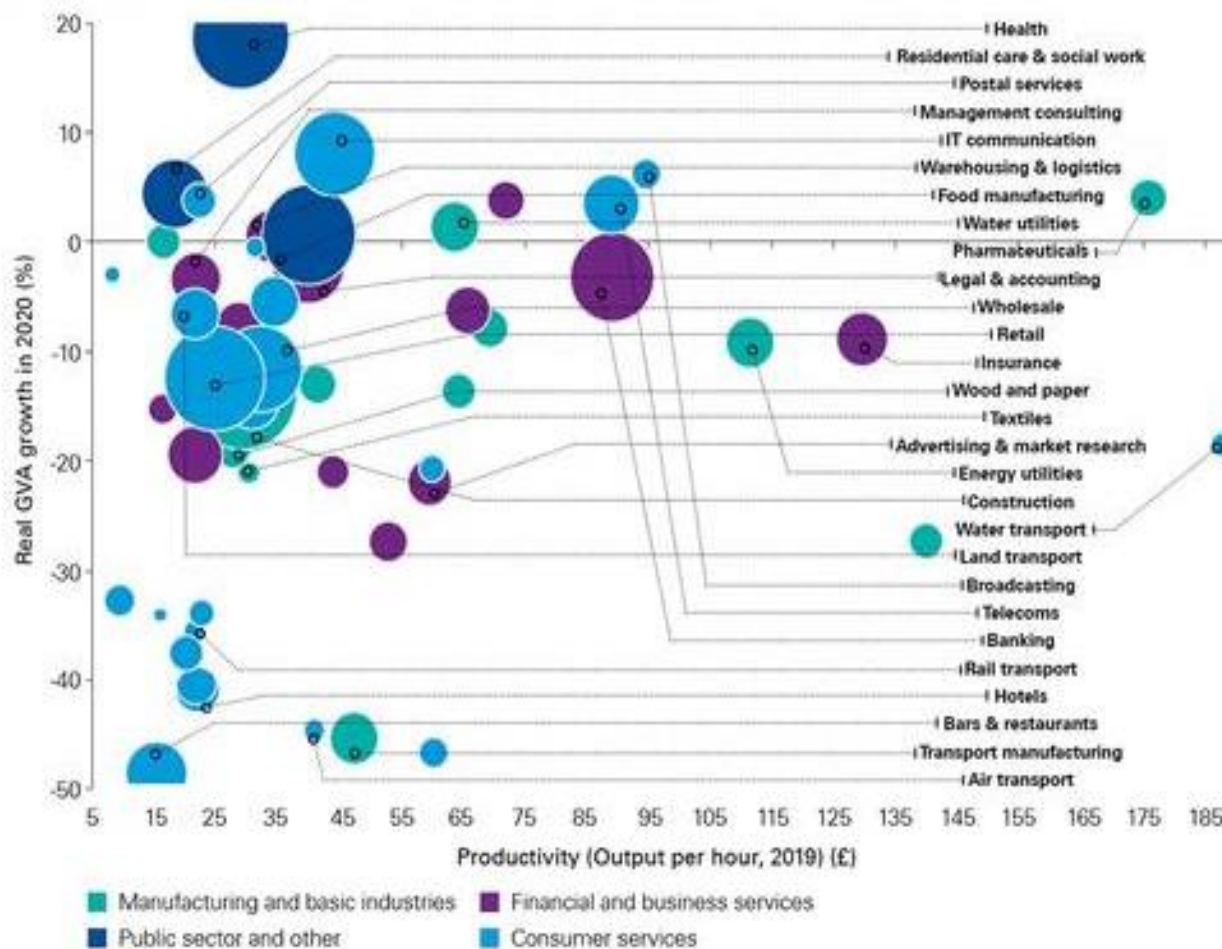


Source: Adzuna
FT graphic: John Burn-Murdoch / @burnmurdoch
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Sectoral divides

- Many professional services, including accounting, legal, and management consulting services have adapted to working from home and as such, KPMG expect will be shielded from the worst effects of the lockdown and will shrink by up to 10%, below the economy average.
- Banking, one of the UK economy's largest sectors, could see a modest fall of around 3% this year.

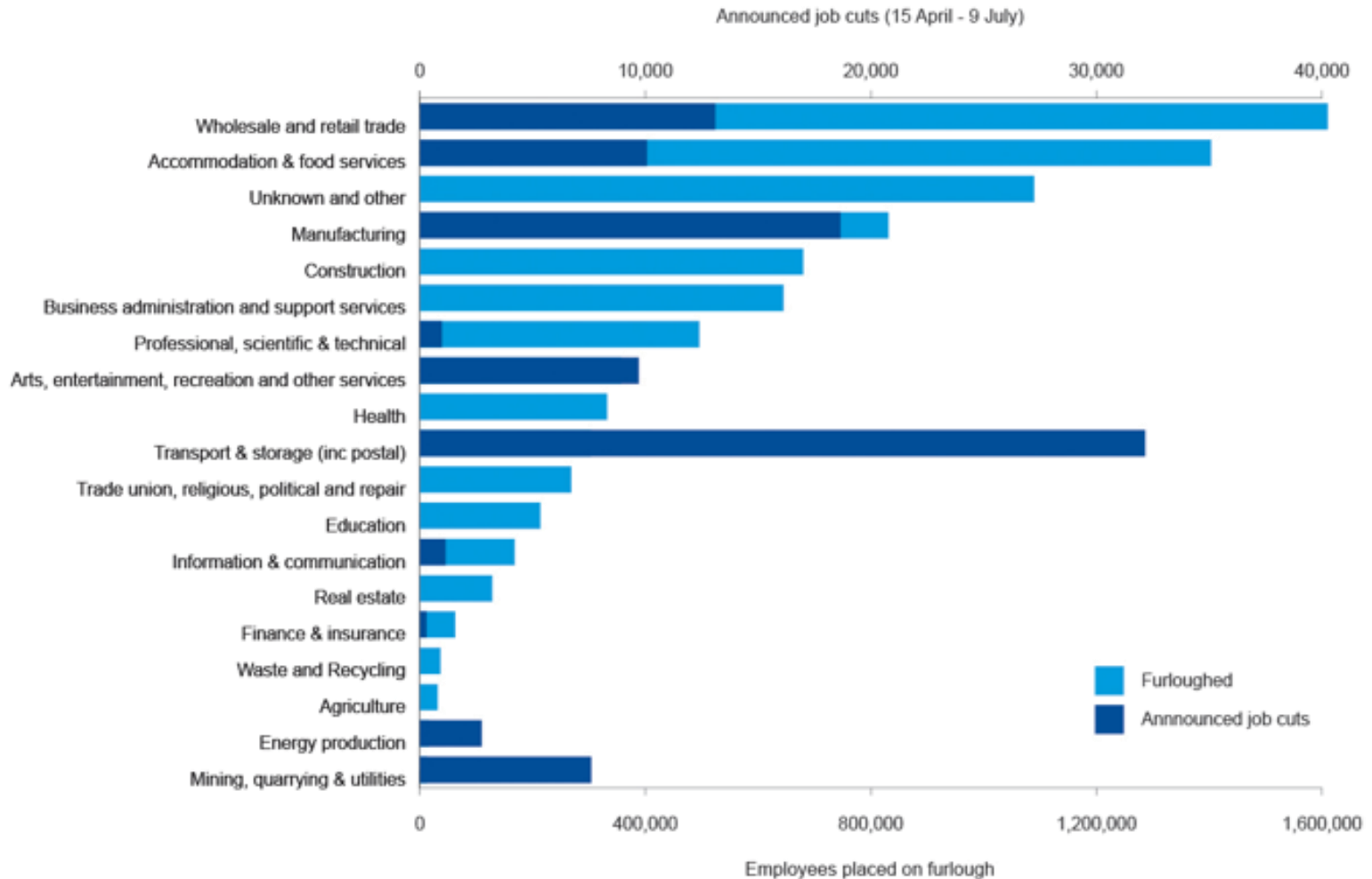
Performance by sector in 2020



SECTOR PERFORMANCE

100k redundancies between 19 April and 9 July 2020

- Redundancy announcements in the press between 19 April and 9 July reported that over 100,000 jobs have been lost already. These job losses are concentrated in manufacturing, transport, retail and hospitality industries



Winners, losers and inbetweeners by sector

Winners

- These sectors have found themselves serendipitously on the right side of history. By applying a basic level of competence, they should thrive. The natural strategy for these companies is to aggressively invest in opportunities and growth

Losers

- For the losers, their managements will need a Herculean effort to pull them through the crisis. Even if they succeed, many will be to cut costs, de-risk operations and be ready to return when conditions improve

Inbetweeners

- These sectors will probably struggle if they continue as is. Many companies will fail, though a few will adapt their business models to take advantage of new and emerging opportunities. In some cases, this will build a solid foundation for continued success

Ecommerce marketplaces

Pharma

Logistics / delivery

Video Conferencing,
streaming, gaming

Airlines, Transport & Cruise Lines

Tourism

Oil & Gas

Investment Banking

Traditional Retail

Professional Sports &
Entertainment

Cinemas

Banking

Healthcare

Manufacturers

Education

Covid-19 and Brexit – the impact on industry, jobs and skills

Structural Impact

- Covid-19 will simply exacerbate pre-existing weaknesses in our economy, namely too great a reliance on a low wage, low productivity, low road model in too many sectors and a poor record of investment in plant, equipment, R&D and skills.
- There is the risk that in uncertain times many employers will try to increase their use of contingent labour – labour by the hour – and as a result the gig economy, with all the problems this brings, not least for young people trying to achieve a secure footing in the labour market, will grow.
- Brexit might drive the re-shoring of work, as firms seek to simplify and shorten their supply chains in order to reduce border controls and tariffs.
- Many firms will be cash starved and unable or unwilling to make new investments in digital technologies (or indeed anything else).

Employment Impact

- Indications suggest we are heading for a youth unemployment crisis on a scale unseen since the early 1980s.

Education & Skills

- Graduate unemployment and under-employment will put graduate earnings under renewed pressure particularly for those who have to trade down in the labour market to get a job. This, in turn, will reduce repayments to the Student Loan Company

New Jobs & Employer Skills

- A key medium-term impact of Covid-19 and Brexit will be increasing reluctance by employers to offer secure employment and investment in skills.

Issues for Post-16 Policy Makers

The following policy actions are needed:

- Economic development and business improvement 'sector recovery plans' will be required for key industries.
- a clear set of employer rights, roles and responsibilities with regard to education and training
- Action is urgently required to develop a high-quality sub-degree route, as exists in many other developed countries.
- An integrated all-age careers, advice, guidance and labour market transitions support service will be required, not just to deal with the immediate unemployment crisis, but to facilitate a more dynamic and inclusive labour market.
- The policy vacuum around adult skills and lifelong learning finally needs to be filled

WHAT THE ANALYSTS ARE SAYING

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The uncertainty around the pandemic will linger and rebuilding confidence in the UK jobs market will take time

“Despite an inevitable further drop in hiring activity for permanent and temporary staff, it is encouraging to see they both fell at softer rates than seen in April and May. However, the air of uncertainty around the COVID-19 pandemic will linger – and rebuilding confidence in the UK jobs market will take time.”

James Stewart, Vice Chair at KPMG

Technology is obviously proving resilient but we have also seen hiring activity in finance, HR and digital marketing during the pandemic.”

Ann Swain, chief executive of the Association of Professional Staffing Companies

- “The good news is I think the recession is over, the Covid-19 recession is over, barring another second wave, a major second wave, or real serious policy errors – the recovery will be a slog until there’s a vaccine or therapy that’s distributed and adopted widely.”

Mark Zandi, chief economist at Moody’s Analytics

- “While there are signs that the worst declines are behind us, today’s figures show that it will be a while yet before we see job placements growing month on month. That’s no surprise, as businesses are focusing on bringing furloughed staff back to work, or making redundancies where they cannot be avoided. Recruiters will be key to helping those who lose their roles find new work – there are always vacancies out there for jobseekers, though they are at a lower level than normal right now.
- “Action on skills will also be vital to getting people into growing sectors – including a more flexible approach to levy-funded training.”

Neil Carberry, Chief Executive of the REC

WHAT THE ANALYSTS ARE SAYING

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Recruitment marketing activity will continue to be a useful lead indicator to predict how and where the economy is adapting to market conditions

- As the economy re-opens, but subject to social distancing, impaired productivity and profitability in the 'in-person' services sector pose the main risk to the UK jobs market. The CJRS has provided a bridge to that point. Yet, the risk at that stage will be that businesses try to restore their average profitability by shedding 'marginal' jobs.
- Some survey data suggest that these jobs at particular risk amount to 10% of all job

Andrew Benito is a visitor at NIESR - July

- it's positive to see a continued rise in job posting activity over the last 2 weeks in certain sectors, locations and occupations – albeit this is of course tempered with a significant rise in redundancies and claimant counts across a number of UK industries.
- “The next 2-3 months are going to be critical to understand the true impact of the furlough scheme and wider government support programs. We believe recruitment marketing activity will continue to be a useful lead indicator to predict how and where the economy is adapting to market conditions – however it's also crucial to understand changes in the supply side of the labour market in parallel. “Recruiters will play a key role in the months ahead as we all try to keep Britain working!”

Matthew Mee, Director, Workforce Intelligence at Emsi

- “Business confidence has slowly been rising as lockdown measures have eased – though the recovery has a long way to go. This is reflected in these job postings figures. While many businesses are facing tough decisions on staffing this week, there are other firms where hiring is still happening, and their numbers are growing. It is encouraging that we are seeing indications of growth for roles like IT professionals and designers, which will be critical for many firms as they adapt to meet the challenges of a changed market.
- “However, we are not out of the woods. The economy will not return to normal levels for some time. Firms are looking to government for further guidance on how they can begin to open up more fully, including returning to offices – as long as it's safe to do so. This would deliver a further boost in confidence and get Britain's world-leading services industries going.”

Neil Carberry, Chief Executive of the REC

Executive roles in the current market have reduced significantly, across all sectors except a very few

This should not mean you cease building and developing your personal brand and value.

"While you may be tempted to put your job search on hold during the coronavirus outbreak, this would be a mistake"

Other people who continue their job search may land the job that was right for you if you continued"

"This too shall pass - There will be an end to this."

"If you take yourself out of the process, someone else may take that opportunity you would get"

Johnny C Taylor Jr
President and Chief Executive Officer of
The Society of Human Resource Management

Be ready to tell your Covid-19 story. Where were you, what did you contribute?
What insights can you share? What learning and development have you focussed on?

Global pandemic aside and regardless of a recession, it's always a good idea to build resiliency into your career to safeguard yourself when faced with disruptions in the job market.

Building your skillset

The only constant in our workplaces is change, and professionals who commit to updating their skills are the ones that will be most adaptable in a post-coronavirus job market.

Network

One thing that remains important in a post-coronavirus job market is the depth of your professional network. If you're still under stay-at-home orders, it's a great opportunity to update your LinkedIn profile to ensure your personal brand reflects the type of network you wish to attract

Embrace gig work

Did you know that the majority of Google's workforce is made up of temporary or independent contractors? One prediction for the post-coronavirus job market is that rather than look for full-time employees, businesses will continue to rely on gig workers—consultants, independent contractors, on-demand workers, freelancers, and more—who accept assignments on a temporary basis. Are you prepared for the gig economy or ready to adapt to this new reality?

Improve your online presence

In addition to updating your LinkedIn profile, now is also a good time to improve your online presence. This includes activities such as creating your own website.

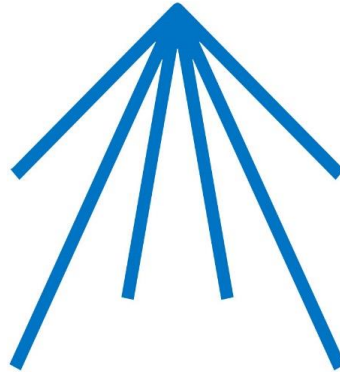
The top 10 job search changes that you need to prepare for

- You will have to wait longer to get a job. With few job openings at most companies due to shutdowns, recruiters will be let go, so there will be fewer recruiters to handle applicants. And with nearly 1 in 5 typical workers facing reduced hours or lost jobs, the volume of applications may literally double.
- Your resume will have to be customized and perfect. With as many as 300 applicants per open job, the competition will be intense. “The passing score” of the resume screening software will be set extremely high.
- You will need to excel at video interviews - Most candidates simply won’t do well during their video interview. To improve your chances, you will have to spend hours preparing, including learning the functionality of the many technology variations.
- You will need to be prepared for automated interviews. The sudden increase in the applicant per recruiter ratio will likely also mean that more firms will require candidates to go to at least one automated interview. The questions are asked by a software package or a chatbot.
- You need a memorable competitive advantage to stand out. I find that only recruiters know this, but applicants should also be aware that with such a high volume of resumes and interviewees for a single job, even the best and the most qualified candidates are hard to remember
- Showing intense interest in this job will become critical.
- Be prepared to show that you can work at home. Just like the rest of us, at least initially, a percentage of new hires will likely be required to work from home. Be prepared to show that you know the remote work technology that they use. Also make it crystal clear that you have the work habits, the discipline, the electronic communication skills and the motivation needed to work remotely.
- Be prepared to answer the “are you rusty” question. It’s unfair, but applicants need to realize that many hiring managers are prejudiced against the unemployed because they are afraid their skills may be outdated. As a result, if you’ve been out of work for even a month, don’t volunteer it. However, you also need to be prepared to convince the interviewer that your skills are 100% up-to-date and that you won’t need costly additional training or extra ramp-up time.
- You will need to be tolerant of slow responses. The sudden rise in the unemployment rate has “the power shifted back to the company.”
- You may be asked if you have been tested for the virus.

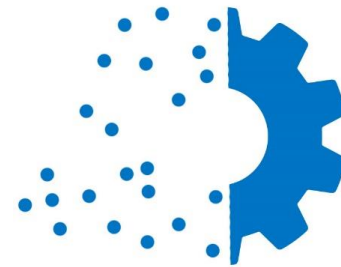
- Recruitment Industry Trends report - REC
- LinkedIn – commentary from LinkedIn's chief economist and other LinkedIn expert opinion blogs
- ERE.net
- People Management Magazine
- Adzuna
- Reuters
- The Guardian
- Onrec.com
- Forbes
- FT.com
- Cityam.com
- FWI.co.uk
- Indeed job board
- Onrec and KPMG report [click here](#)
- TechCrunch
- McKinsey [click here](#)
- KPMG UK economic outlook – [click here](#)



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