TECH BOOM HELPS TO BOOST JOBS OPTIMISM IN THE CAPITAL

MANPOWERGROUP EMPLOYMENT OUTLOOK SURVEY REVEALS THAT TECH JOBS ARE MAKING UP FOR PESSIMISM IN FINANCIAL SERVICES EMPLOYMENT IN LONDON

- Outlook of +4% for the region, in line with the national outlook
- Tech sector drives hiring confidence
- Candidates value growth and development prospects

12 JUNE 2018: Despite a fall in hiring intentions in the financial services sector, London is one of only three UK regions in which hiring optimism has increased this quarter. Hiring intentions are up two points from the last quarter, to +4%, in line with the national outlook. Growth in the capital is mainly facilitated by the tech sector this quarter, characterised by booming tech start-ups.

The Manpower Employment Outlook Survey is based on responses from 2,107 UK employers. It asks whether employers intend to hire additional workers or reduce the size of their workforce in the coming quarter. It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic statistic by both the Bank of England and the UK government.

Chris Gray, Director of Manpower UK, said: “Regardless of the continued negative trends we are seeing in certain sectors such as finance, which continues to be impacted by Brexit-related uncertainties, London employers are feeling more confident when it comes to hiring, especially in the tech sector. Ranked as the second most connected place for tech in the world, behind Silicon Valley, London has secured its position as one of the world’s foremost tech start-up ecosystems, with the fourth most international workforce in the world.¹ The capital has experienced a larger increase in tech roles than other regions across the UK. We have seen companies such as Deliveroo choose to keep London as their global headquarters, as well as tech firms either moving to or expanding in London like Facebook, which is expected to join Google as part of the big names anchoring the emerging tech hub at King’s Cross.”

“Although we are seeing more openings in the tech industry, we are experiencing a decrease in the number of professionals in the active market with those skills. In addition, we are having more conversations with candidates in existing roles because job adverts are yielding less effective results in the last six months. The biggest drivers in attracting candidates appear to be development opportunities rather than remuneration.”

¹ Tech Nation’s 2018 report
In comparison, the national Outlook of +4% equals the most downbeat hiring prospects since 2012. The Outlook has been dragged down by a fall in hiring confidence in the finance and business services sector, which has plummeted to a nine-year low of -1%.

James Hick, Managing Director for ManpowerGroup Enterprise comments: “This is the first quarter since 2009 – when Britain was in the depths of the financial crisis – that we’ve seen business and financial services employers record a negative outlook. As the UK is a global centre for financial and professional services, if the sector’s shrinking, it’s not good news for UK plc. While financial services only employ 3.5% of workers, it generates about 11% of Government tax receipts. Technological innovations mean banks are now more automated, and we’ve already seen branch closures announced by the likes of RBS and Lloyds, which will cause significant job losses.”

Hick again: “The business services sector is also hugely important to the UK’s economy, accounting for £186 billion (11%) of the UK’s total goods and services produced and employing 4.6 million people – 13% of the UK’s total workforce – in a range of businesses comprising everything from outsourcing companies and estate agents to law firms and accountants. We have seen countless negative headlines about the sector recently, and these are undoubtedly hitting hiring intentions. The shockwaves from Carillion’s collapse are still being felt, and outsourcing company Capita recently carried out an emergency £700m rights issue to pay down its debts and provide some much-needed investment. Elsewhere, the big professional services firms are facing an even greater fight for international talent in the face of Brexit, while the lacklustre property market and increased online competition has hit estate agents such as Countrywide and Foxtons.”

In a gloomy quarter, manufacturing is a particular bright spot. Its Outlook has increased to +7%, and the sector has typically out-performed the national Outlook over the last year. Hick again: “The weak pound may be bad news for UK holiday makers, but it’s proving to be good news for British factories exporting overseas. Some British manufacturers have even been investing in expansion to cope with strong demand. Dairy Crest, the company behind the mature cheddar brands Cathedral City and Davidstow, recently announced plans to invest £85m in the expansion of its cheese factory in Cornwall, with a focus on expanding production to meet growing demand in markets as far afield as the US, China and the Far East.”

In other regions, Yorkshire and the Humber employer hiring confidence has swung from being the least upbeat region to being one of the most optimistic, now at +8%, a seven point increase. The biggest faller this quarter is the West Midlands, down ten points from +9% to -1%, the region’s first negative Outlook since 2012. Employer confidence in the East Midlands is also easing and is now +6%, from +10% last quarter. A picture of declining confidence across the middle of the country is completed by the East of England, with the Outlook at +1%, a nine point drop quarter on quarter, its lowest level in a year. Northern Ireland and Scotland have slipped into negative territory, both sit on -2%. Wales is down one point to +3%.

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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]

Commentary and full details on every sector and region can be found in the survey report at manpowergroup.co.uk/meos, or by calling the Press Office on 0207 404 5959/ manpower@brunswickgroup.com

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 42 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 workforce during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling over 58,000 employers in 43 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
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