

Latest ONS statistics: Unemployment and pay take a tumble as skills gap worsens

Submitted by: BlueSky Public Relations Ltd

Tuesday, 19 July 2022

The latest data from the Office for National Statistics (ONS) reveals that the UK's unemployment and economic inactivity rates have decreased from March to May 2022, exacerbating the already critical talent shortages. In response, AMS (formerly Alexander Mann Solutions) has urged businesses to place more emphasis on internal hiring strategies.

The ONS also revealed that, when adjusted for inflation, total pay fell by 0.9% and regular pay fell by 2.8% in the three months to May, which is certainly cause for concern given that CPI inflation hit a 40-year record of 9.1% in May and is expected to reach as high as 11% later this year.

Steve Leach, Managing Director, UK & Ireland, at AMS commented:

"With unemployment and economic inactivity rates on the decline, it's inevitable that the skills gap will continue to widen. Rather concerning, the ONS statistics also reveal that wages are dropping when adjusted for inflation. With firms seemingly no longer using financial incentives to attract and retain talent, greater reliance on other skills strategies will be needed."

"In my opinion, a lot of firms are overlooking a significantly valuable source of skills: their current talent. Identifying where internal mobility opportunities lie provides an opportunity for individuals to progress their career and move into higher salary brackets, which will not only help with filling the skills gap but also aid staff retention rates, particularly during the cost-of-living crisis."

"As many talent acquisition leaders know all too well, there is no quick fix for the UK's skills shortage, but opening positions up internally as well as implementing upskilling or reskilling programmes for current staff will really benefit businesses as well as the economy as a whole. A lack of career opportunity is regularly cited as the reason that people leave their current employer so ensuring companies are looking at their internal employee population will have a swift impact on skills deficits."

"What is clear, though, is that employers aren't doing all they can to maximise internal hiring opportunities and a new approach to internal hiring is required. With uncertain times still ahead, we need to change our corporate cultures so that managers are not only encouraged to seek out external talent but also when they develop and progress their existing staff."

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