

The employed recession: businesses that fail to prioritise talent will struggle to survive

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The UK is in the midst of an employed recession where the economic climate is tough but skills are in short supply. According to a recent report by APSCo OutSource – the trade association for Recruitment Process Outsourcing, Managed Service Providers, Statement of Work and Managed Projects – businesses need to strike the right balance between cutting costs and retaining, growing and attracting skills.

As part of its newly launched OutSource Knowledge Hub – which brings together insight from experts across Adecco UK&I, Allegis Global Solutions, AMS, LinkedIn, Page Outsourcing, Magnit and Resource Solutions – APSCo OutSource has analysed how businesses can best survive an employed recession.

According to the Hub, there are five immediate actions that employers need to focus on in the current environment to stay ahead of the curve:

- Don't let fear-mongering influence decisions: The knee-jerk approach to cost and resource cutting that happened at the start of the pandemic and in previous recessions has had a long-term detrimental impact on economic growth. During this employed recession, businesses need a skills-led strategy, rather than a procurement-led approach.
- Focus on the skills agenda: Maintaining a focus on skills growth is crucial even in a tough economy. Companies need to focus on redeploying and retraining resources rather than losing them altogether in order to bolster crucial skills that are in increasingly short supply.
- Stop ignoring what candidates are saying: Authenticity is key in today's economy and employers need to not only show that they are listening to what talent pools are saying, but are also making tangible changes as a result.
- Accept that flexibility is here to stay: Demand for flexibility won't go away, regardless of the preferences of the C-Suite. Firms need to embrace fluid working styles rather than trying to shoe-horn candidates into old-fashioned setups that simply won't work.
- Change leadership styles: Leading and inspiring a workforce that's more flexible requires a new management style that's led by a 'trust contract' where staff are given the autonomy to choose how and where they work.

Melanie Forbes, Managing Director, APSCo OutSource, commented:

“For the first time ever, the talent acquisition and outsourcing market is facing a scenario where it isn’t reflecting broader economical trends. History has shown that a sudden contraction of the recruitment market is a precursor to economic uncertainty, recession or a financial crash. In the final quarter of 2022, the UK economy – and indeed many global markets – were facing high inflation rates and economic instability. In comparison, demand for talent remained above pre-Covid levels while skills shortages were still being widely reported. In this climate, we’re all facing a rebalancing of the workforce where talent commands more control of when, where and how they work.

“The year ahead may be an uncertain one, but there’s one fact we can all agree on: the ball is very much in the court of talent. As businesses face a rebalancing of the workforce during the employed recession, those that keep talent top of the list of priorities will be the ones to bounce back stronger.”

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Press contact

Vickie Collinge

vickie@bluesky-pr.com

01582 790 705