

Pay rises in the tech sector outstripping UK averages despite vacancy decline

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The average earnings in the IT sector have increased at a greater rate than the wider UK economy, despite a slowdown in hiring, indicating a continued struggle with skills shortages. That's according to the latest Robert Half Jobs Confidence Index (JCI) – an economic confidence tracker produced in partnership with the Centre for Economics and Business Research (Cebr).

According to the data published earlier this month, average weekly earnings in IT were up 11.1% -above the growth noted across all UK industries (8.2%). The JCI also indicated that earnings in the sector were 74.1% higher than the average wages reported across all other sectors.

While the report does reveal a 40.5% annual decline in vacancies, which is indicative of businesses reigning in hiring as layoffs were reported across the sector, the increase in earnings suggests that employers are still using financial incentives to attract the best talent. With uncertainty still rife, firms are also seemingly turning to temporary resources to fill demand, rather than committing to permanent headcount increases, with the share of employees with a temporary work arrangement growing by 0.5 percentage points.

Craig Freedberg, Regional Director at Robert Half, commented:

“It's been a difficult year for the technology sector so far, with layoffs reported by a number of leading brands. However, this has largely been the result of over-ambitious recruitment activity during less uncertain economic times. We're finding that demand for the best tech talent remains rife – particularly with SME and growing businesses – but skills shortages are continuing to plague the sector.

“We haven't seen the influx of talent into the market that we might have expected following redundancies, but we are beginning to see a greater reliance on temporary and contract tech experts. This trend is likely to continue while uncertainty remains. What is perhaps the most notable trend, though, is the significantly high levels of pay that workers are able to command as the skills crisis continues. With wages on an unsustainable upward trajectory, employers are going to need to look at alternative means of attracting tech talent.”

Ends

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