

2020 was a profound year for the economy at a global, national and local level. 2021 is also set to be an unusual year for the recruitment market too. Rather than the expected mass redundancies, economies around the world are seeing record numbers of vacancies. What is clear is that the pandemic hasn't had the impact on the labour market that was expected. Talk of double-digit unemployment has been wide of the mark.



The reason we haven't seen the levels of unemployment anticipated is of course that governments have put in place employment support schemes - such as the Job Retention Scheme or furlough in the UK - and this has stopped mass redundancies from happening. And the nature of this recession has been different from past recessions, with a very sharp contraction and a very fast recovery. But whilst the expected rates of redundancies haven't materialised, there have been other profound impacts upon how and where we work.

Looking at the current record levels of vacancies, yes, we are hearing of employment growth, including big jobs announcements from tech and cyber security firms, but the vacancies are as much to do with churn than simply employment growth and business expansion. Much of it is companies filling existing positions where people have moved on. Indeed, we have entered a period that has been dubbed 'The Great Resignation'. As return-to-work plans gather steam, more and more workers are rethinking their jobs and lives after COVID.

The Great Migration to remote work during the pandemic has also had a profound impact on when and where people want to work. Instead of heading back to the office people may simply quit their jobs instead. In the US, 4 million people quit their jobs in April alone.

During the lockdowns and in furlough people hunkered down. Now with the recovery gathering there is pent-up demand for people who want to change careers, jobs or lifestyles altogether. Research from Microsoft suggests over 40% of the global workforce are set to resign at some point this year. Just under 40% of UK and Irish workers say they will do the same this year or when the economy is stronger. This is around double what it would typically be and according to the recruitment firm MCS Group, it is a similar story locally too. The next 12 months are likely to see an unusually high level of staff turnover as firms and individuals adapt to the Post-COVID world. We have already started to see this in the latest NIJobs.com Jobs Report.

27 of the 31 employment categories increased the number of job listings in Q2 relative to the previous quarter. During the three months to June, there was a 57% quarterly increase in job advertisements with five times the number of job listings than occurred in Q2 2020. Over 60% of the employment categories recorded their highest number of vacancies to date and there have been more jobs advertised in the first six months of 2021 than occurred in the whole of last year.

Not surprisingly, those employment categories most affected by lockdown restrictions have witnessed the sharpest rebound as those restrictions have been eased. Hospitality (+1,008%); Retailing, Wholesaling & Purchasing (+273%); and Beauty, Hair Care, Leisure & Sport (+150%) recorded the largest quarterly increases in job listings in Q2 2021. In terms of the total number of vacancies, Hospitality has been catapulted from 20th to 2nd in one quarter and knocks IT into third spot. 1 in 4 of the increase in the overall job listings during the latest quarter was accounted for by Hospitality with 1 in 9 of all job listings on the NIJobs.com platform falling within the sector. The number of job vacancies in Q2 2021 for the Hospitality sector was 36 times the number recorded in Q2 last year.

While the Hospitality sector reported the largest increase in job listings in Q2, in terms of overall vacancies, it is put in the shade by Nursing, Healthcare & Medical. The latter saw job listings increase by almost one-third in Q2 to a fresh record high and now accounts for 1 in 5 of all overall job listings.

It is encouraging to see the scale of the demand for roles across a broad range of sectors. The challenge, however, will be filling these roles. Skills shortages are prevalent across the length and breadth of the economy. Prior to Brexit, the EU was a key source of labour that plugged skills shortages in a variety of occupations and sectors ranging from lorry drivers to food processors. But UK firms can no longer tap this resource in the way they once did. Skills shortages are intensifying and are likely to be accompanied by significant pay rises. This is just one of many costs for business that are rising at much faster rates than they would like.

In the months and years ahead, firms in Northern Ireland are going to be engaged in a war on talent - both retention and attracting it. And it's not just a battle with other local employers. It's a war without borders as employees have the potential to work for companies anywhere in the world, based in their own homes, enabled by technology.

There was much talk of the new normal resulting from Covid-19. For companies in a range of sectors, the new normal is going to be high staff turnover and higher wages. It's a seller's market, and the challenge for business is how they are going to create employee loyalty over Zoom. Firms are going to have to focus on differentiating their brand and culture, meeting employee needs and desires for flexibility, and of course competing with wage demands. The first line of attack for companies will be 'the great reconfiguration' i.e. configuring their offices to make them a vastly superior work / collaboration space to the home office. No easy task, given weighed against things like the cost and time savings employees make from not commuting.

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