

Despite the upsurge in recessionary chatter, Northern Ireland's labour market continues to churn out positive headlines. The ILO unemployment rate in the three months to April stood at 2.6%, just north of Q1 2020's pre-pandemic level (2.5%) and the record low of 2.3% (Sep-Nov 2019). Both the HMRC payrolls data and the Quarterly Employer Survey (QES) posted record employee numbers for May and March 2022 respectively. Meanwhile there is still nothing of note on the redundancy front. From a recession watch perspective there is certainly 'nothing to see here' as far as the local labour market statistics are concerned.



However, the labour market is a lagging indicator of economic activity, so this is all rear-view mirror stuff. The economic outlook at home and abroad has darkened and this is evident in the marked deterioration in local business conditions in June according to the Ulster Bank Northern Ireland PMI. Although employment was the one indicator in the latest PMI survey that continues to record robust rates of growth.

The number of job vacancies listed on the NIJobs.com platform rose by almost 1% in the latest quarter (Q2 2022). While the number of listings was 14% below last year's record high - which coincided with the lifting of lockdown restrictions in Q3 2021 - it still marked the best Q2 for vacancies. Job listings in the latest quarter were 67% above the corresponding pre-pandemic quarter (Q2 2019) and over five times the lockdown low of Q2 2020. Almost 60% of the employment categories (18 out of 31) actually saw more positions advertised in the latest quarter than in Q1 2022. The three sectors that saw the largest numerical gains in the latest quarter were: Hospitality, Legal and Education, Childcare & Training. Meanwhile the sectors that reported the largest numerical gains in job openings in Q2 were Nursing, Healthcare & Medical; Social, Charity & Not For Profit; and Secretarial & Admin.

Eight of the thirty-one employment categories posted their highest number of job openings to date in Q2 2022. These included:

- Construction, Architecture & Property
- Graduate & Apprentice
- HR
- Legal
- Marketing
- Motoring
- Tourism, Travel and Airlines
- Production, manufacturing and materials

The most significant employer of the aforementioned is the Production, manufacturing and materials category accounting for almost 1 in 20 of all vacancies - the eighth highest employment category. Northern Ireland's manufacturing sector has outperformed its counterparts in Great Britain with the NI Protocol cited as one important tailwind behind

the robust output and employment performance. For example, Northern Ireland manufacturing employment stood at a 19-year high in March 2022. This continues to be reflected in the record number of job openings in Q2 2022.

The 8 employment categories posting record highs in Q2 still account for fewer than 1 in 5 of all listings. The top 5 employment categories account for 42% of all vacancies. Four of these - IT, Hospitality, Accountancy & Finance, and Sales - continued to record robust levels of hiring significantly above pre-Covid levels. The Hospitality sector saw a 20% quarter-on-quarter increase in job openings in Q2 2022. IT, which was the top employment category before the pandemic began, has witnessed its best five quarters to date during the last five quarters. IT jobs still account for 1 in 11 of all listings.

Nursing, Healthcare & Medical was only ranked thirteenth for the number of job listings before the pandemic (Q2 2019). Since COVID-19 arrived on the scene, however, the employment category has been ranked number one for the number of advertised vacancies. One in seven of all of the job vacancies advertised on the NIJobs.com platform fell under the Nursing, Healthcare & Medical category. This is well down on the peak of 1 in 4 of all vacancies in Q1 2021 and highlights some level of success in filling positions over the last twelve months.

Only two of the thirty-one employment categories advertised fewer vacancies in Q2 2022 relative to the corresponding pre-pandemic quarter in 2019. These are Social, Charity & Not For Profit; and Customer Service / Call Centres. This underscores how buoyant the recruitment market currently is.

So Q2 / Q3's labour market could be as good as it gets. A deterioration in the labour market and higher unemployment are invariably viewed as a bad thing, however this is not necessarily the case. An economic slowdown and a modest increase in unemployment

should help to alleviate some of the problems local employers face in the current red-hot labour market such as skills shortages and wage pressures. A fresh wave of Covid infections has added to these ongoing staffing pressures alongside the threat of industrial action.

Given that CPI inflation is running at a 40-year high, wage rates rather than unemployment rates are receiving more focus than normal. Northern Ireland's median pay for employees increased by 6.6% y/y in May, a significant increase but well below the current CPI rate of 9% y/y. The gap between inflation and average earnings is expected to widen, reflecting the cost-of-living squeeze, and this doesn't factor in the reduction in after tax earnings following the recent increase in National Insurance Contributions. Unlike previous recessions, talk of widespread job losses and significant rises in unemployment is conspicuous by its absence. Instead, the cost-of-living squeeze trumps fears of a recession / higher unemployment. Normally, during times of recession the negotiating power of employees is weak. Not so this time around with widespread skills shortages shifting the balance of power towards employees rather than employers. This has resulted increasingly in threats of industrial action but little in the way of strikes so far. Against this backdrop, the war on talent means many firms are engaged in an arms race of pay increases and benefits improvements to attract and retain staff. Flexible working continues to be one incentive within the wider arsenal offered by leading employers. Despite talk of a looming recession and a cost-of-living crisis, as far as job openings are concerned - employees have never had it is good.

Commenting on the latest NIJobs Job Report with Ulster Bank, Sam McIlveen, General Manager at NIJobs.com, said: "Our latest Job Report shows that while the recruitment surge has eased back, the number of job openings remains consistently high. Many employment categories, such as IT, continue to lead the way. The investment of global players reflects the local talent we have available in Northern Ireland. Companies are offering a wide selection of roles, with opportunities at every level, so it is undoubtedly an employee's market.

“With a large number of roles on offer, we surveyed over 1,000 jobseekers to examine trends around motivation and sentiment in the local market. It is no surprise that increases in inflation and the cost of living means that many are evaluating the steps they can take to ease financial pressures. Almost 90% of those interviewed said that the cost of living is making them consider a job move, with three quarters planning a job move within the next six months. At the moment, we are experiencing vigorous job seeker activity with job applications above where they were this time last year.

“It is positive news for the local market as the number of job openings won’t slow anytime soon; however, employers must give careful consideration to the current climate when competing for talent.

“The cost of living crisis is having a negative impact on employees’ wellbeing, and rising business costs for employers may mean that above-inflation pay rises are not always an option. There are other benefits that can attract and retain your workforce if you are trying to tackle the cost of living.

“Our survey indicated that transport is often the biggest expense so companies may wish to subsidise this in a small way. Offering financial planning support, contributions to pensions and life/health insurance and making flexible working a key part of the role could help offset additional costs for employees.”

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