UK IT Recruitment White Paper
Market trends and the need for specialist niche recruitment agencies

IT Recruitment Market Trends

- High unemployment means a mountain of CVs and responses for every job opening - a real challenge to find the 'diamond in the rough'.
- The best talent will not be sourced by traditional mainstream recruitment methods; with the rise of social networking and online resources taking the lion's share of statistics on successful candidate employment across the IT industry.
- Candidates look to know more about individual job opportunities; through information fed to them by the recruiter and company careers websites before applying.
- Different skills, technology exposure, seniority in experience and aspirations have a diverse effect on job expectations.
- To hire the best talent recruiters and companies must go beyond resourcing the job, managing applications, tracking and scheduling interviews. It is essential to have a seamless process from initial candidate contact right through to their first day and integration into company culture.

Market Growth

With a fairly grim picture on employment figures painted by the UK national press and backed up by recent statistics, it's hard to see the genuine positives in the market. We should however 'expect demand for IT professionals to continue to rise in quarter three' (*London Business School Technology Update 2011*)

The REC Annual Recruitment Industry Trends 2009/10 highlighted a poor set of data from 2009 to 2010. Some statistics and statements to consider*;*

- A drop in turnover for the recruitment industry as a whole from £22billion in 2008/9 to £19.7billion. This represents a 12.4 per cent decrease in overall turnover.
- Permanent placements across the industry turnover fell by 27.6 per cent to £1.9 billion while temporary and contract turnover dropped 10.4 per cent to £17.8 billion.
- Permanent recruitment volumes plummeted across the board by 25 per cent over the year from 582,803 to 436,822.
- There was also a sharp drop in the number of temporary / contract workers who were down 17.7 per cent from 1,068,197 to 879,302.

Newer figures for 2011, although not back to the levels of 2007 and 2008, are positive illustrating growth in private sectors and figures to show vacancies being filled rather than cut;

Source: Office for National Statistics August 2011

- The unemployment rate for the three months to June 2011 was 7.9 per cent of the economically active population, up 0.1 on the quarter.
- The total number of unemployed people increased by 38,000 over the quarter to reach 2.49million.
- In the three months to July 2011, there were 449,000 vacancies, down 22,000 over the quarter. The total number of vacancies is the lowest since the three months to November 2009.
- The whole economy earnings annual growth rate for total pay (including bonuses) was 2.6 per cent for the three months to June 2011, up from 2.3 per cent for the three months to May. The whole economy earnings annual growth rate for regular pay (excluding bonuses) was 2.2 per cent for the three months to June 2011, up from 2.1 per cent for the three months to May. These increases in the growth rates for total pay and regular pay were mainly driven by the private sector.

Source: Chris Grayling (Employment Minister) 2011

- 'we always said that the road to recovery would be choppy. Clearly this has been a difficult few months with a range of one-off factors and a slowdown in the world economy having an impact on the UK. This is why we are focused on taking steps to increase growth, support the economy and encourage businesses to invest and create jobs'

Source: Chris Williamson, Chief Economist at Markit 2011

- 'business confidence clearly needs to rise before employment growth will pick up again, but at the moment the surveys suggest that companies remain worried about economic growth both at home and abroad and are generally erring towards cost-cutting rather than expansion'

Source: REC forecasts that 2011 will be a mixed year for jobs 2011

- 23 per cent of businesses are planning to take on more permanent staff and a further 32 per cent said that they would be growing their temporary workforce.
- Only five per cent of employers were predicting a decrease in their workforce numbers.
- Increasing employer confidence will lead to more opportunities in the private sector and the feedback from professional recruiters confirms that fluidity is returning to many sectors of the labor market.
- Demand for staff is likely to continue expanding in knowledge intensive sectors such as technology and computing.
- Businesses are looking to build greater flexibility into their resourcing which will provide temporary and contact work opportunities.
- Overall, we expect the jobs market to remain in recovery mode with a more marked upturn during the second half of 2011.

Source: Markit/Cips August 2011

- Purchasing managers' index (PMI) rose to 55.4 in July from 53.9 in June. (a figure above 50 indicates growth)
- Employment in the sector had increased during the previous two months.
- The strongest increase in activity in services was seen in the Business Services and IT & Computing sectors.

Source: London Business School Technology Update 2011

- The high volume of roles witnessed in quarter one continued to increase in quarter two.
- Significantly, saw an increase in senior roles as employers sought professionals who could drive IT strategy within the business.
- Developers were also hired in high volumes.
- Increase in the hiring of IT professionals within digital agencies and new media marketing businesses, due to many organisations outsourcing web development.
- Developers and programmers with SEO and PPC (pay per click) skills have been particularly in demand, as companies have focused on improvements in these areas to maximise traffic to their websites.
- The increasing popularity of mobile payments led some businesses to hire developers in this area.
- Growing appetite to update operating systems (for example moving to Windows 2007, Exchange 2010 and Office 2010) and employers recruiting people to implement these changes. With firms not prepared to invest the necessary resources to make these transformations in 2009 and 2010, this was a positive development for the IT industry.
- Across the IT sector, there remained a huge interest in the Cloud as firms investigated the benefits of storing data externally and improving platform infrastructure.
- Organisations were also exploring improvements to their CRM data systems as they focused on transferring these online.
- London remains the logical centre for high-value technology lynchpins responsible for leading development teams
- High quality technology leads in London with C# and Java development experience were sought-after in quarter two.

- During quarter two, SMEs hired in greater volumes than they had done previously and we expect to see increased activity among these businesses.
- With the market now short of candidates, we expect competition for the best IT talent to intensify in quarter three.
- Firms offering the most interesting opportunities will continue to secure high-calibre individuals.
- Investment banks will need solid governance and technology platforms in place for the risk and capital optimisation that new Basel III regulatory standards will require.

With a mixed view of the recruitment industry markets overall and statistics that illustrate high unemployment and low figures on available jobs, there is only one real growth area. The IT, future technology and business services sector has a certain level of separation from the rest of the jobs market and does show growth.
- 'the future for technology professionals looks bright' (*London Business School Technology Update 2011*)

Emerging Technologies
It's not just public and private sector hiring companies that cannot afford to sit back and get beaten to market by their competition. UK Recruiters have to move with the times too.
Traditional recruitment methods still have their place, but the use of technology in web based online applications and social networking has come to the fore.

The recruitment strategy and process for attracting skilled and relevant candidates has been dictated by emerging technologies. As expected, IT industry professionals are the largest sector take up and user of new technology. Attraction/sourcing, screening, interviewing and selection have been streamlined with the growth of recruitment applications and integration of Web 2.0 features.

- The onset of recruitment applications has taken control of the candidate management process
  - Taleo
  - StepStone Solutions
  - Workstream
  - Kenexa
  - HRsmart
  - Ceridian
- Corporate careers website
- More effective online advertising
  - Job boards
  - LinkedIn
  - Twitter
  - Facebook
  - Google+
- Video interviewing
- Instant messaging
- Online testing

Continuous Improvement
As the IT recruitment market becomes more challenging for the employer to source skilled professionals and for candidates to find their next role, there has to be a pragmatic approach to recruitment strategy.
Source: London Business School Technology Update 2011
- We witnessed a shift in the reasons IT professionals were looking for new roles in quarter two. Previously candidates may have been interested in better salaries or change of industry; in quarter two they were primarily motivated by the nature of the work.
- Specifically, candidates were looking for an exciting role that allowed them the opportunity to make an impact on the business.

- Consequently, firms recruiting for opportunities involving the most interesting projects attracted the best talent in the market. Most notably, key transformation and change work (CRM and Cloud related-projects in particular) proved most popular.
- The market became increasingly short of candidates in quarter two, which meant professionals could afford to be selective when making career decisions.

With the current state of UK IT employment; skilled and in-demand candidates are in a position to be able to make considered choices on their motivation for a change in job.

Source: Global Sourcing and Strategy Online Survey Q4 2010

- Top 10 terms on motivations for employees   (<45yrs old)
  1. Interesting work   (84%)
  2. Ability to control own work   (75%)
  3. Work/life balance   (71%)
  4. Employee development   (66%)
  5. Bonuses for specific accomplishments   (66%)
  6. Base Salary   (64%)
  7. Relationship with boss   (62%)
  8. Mastery   (52%)
  9. Non-financial recognition   (43%)
  10. Job security   (40%)

For the recruitment process to be a success it's essential that both employer and potential employee see the benefits of working together. The Interview process isn't just for a company to assess and make a decision on a potential new employee. Candidates are looking to find their next 'interesting work' and despite popular thinking in the current market, it isn't all about the money or job security. The employer is being interviewed too. They must portray themselves in the best light throughout the recruitment cycle to have a shot at the best available talent. As such, it is vital for the recruiter (both internal and agency) to manage expectations. They should have the ability to not only handle change, but effectively improve on their existing recruitment process in order to meet the needs of both the business and the candidate as the dynamics of the IT recruitment market adjusts.

A reliable and efficient recruitment process can only be achieved through effective business and candidate engagement, with a continuous workflow leading to successful hires.

Client/Business Engagement

It is the recruiters' responsibility to ensure that the full details for the client requirement are gathered and all necessary information is clear and understood. This is only achievable through direct contact with the client and a close business relationship to truly understand the need.

Recruiter and business will be able to openly discuss realistic timescales, either setting milestones or choosing a more iterative approach for the individual requirement. It's this stage when the recruiter can prove their worth with market feedback, drawing on experience to manage client/business expectations vs. current market trends.

On a role by role basis, the business and recruiter must consider their options (candidate availability, skills required, remuneration available, workable timescale, interview availability, testing, information/reference checks, initial immersing) and devise the most suitable recruiting process.

Recruiter business engagement is essential for the client to keep informed of the candidate status. Engagement enables the recruiter to maintain the relationship whilst building a clear picture of market trends and avoids losing good people to the competition. The collaboration between client/business and recruiter is vital to predict and react to recruitment market trends and quality vs. quantity of both jobs and candidates.

The client/business must feel comfortable working with their recruiter. Regular open and honest contact will instil confidence to trust and empower the recruitment team to work effectively.

Engaging with Qualified Candidates

The recruiter is the first contact for the majority of candidates and can be viewed as the figurehead for the client/business. It is the recruiter (internal or agency) whom is responsible for guiding the candidate right the way through from on boarding to integration into company culture.

From first contact, candidates look to their recruiter as an extension of the company itself and view their actions as an illustration of company views, actions, process and expected culture. The most effective recruiter will conduct themselves with professionalism, providing an exceptional level of service.

As the candidate application progresses, the recruiter will be the one to guide the candidate through the process. Ensuring all details for a requirement are understood and giving the candidate confidence to perform to their best. The recruiter is responsible for building a rapport, not just with regular contact and updates on the process, but with empathy for the candidate's needs. In the current market, the most talented candidates are likely to have multiple opportunities available to them and the trusted recruiter will know each opportunity, at each stage and the preferred candidate option. This knowledge will enable the recruiter to advise the company when to make a considered decision to modify the recruitment process if required in order to hire the best talent.

A trusted recruiter is invaluable in the process of engaging top candidates. They have the ability to focus company recruiting strategy on optimizing candidate relationships.

Recruiting today is about an inviting, straightforward experience which integrates a specialist recruitment agency and in doing so creates a much faster and effective hiring process.