

UK Recruiters Say Job Market Strong In Mar/Apr

marketnews.com

By Grethe Schepers

LONDON, May 11 (MNI) - UK recruiters say vacancy levels continued to rise in March and April and are confident this strength will last into the summer, but pay growth no longer seems to be accelerating even in the City of London.

Skill shortages are intensifying across the board and constitute a common problem for all recruiters, but inflows from Eastern Europe appear to be diminishing both in industry and childcare.

In the City of London, vacancy numbers continue to outpace the availability of skilled financial services workers, said Robert Thesiger, chief operating officer Europe of the Imprint group, the international recruitment group which includes the banking and financial services recruitment specialist Morgan McKinley.

"Pressures on the financial services job market are continuing with the gap between supply and demand showing little sign of contracting in the near future," Thesiger said.

Demand is continuing to outweigh supply across the board, he said, adding this mirrors developments in other global financial centres. Newly qualified accountants as well as skilled derivatives, compliance and operations professionals across the middle and back office are particularly in demand, he noted.

This shortage of qualified candidates means salaries for the talented few will continue to rise fast, although somewhat slower than in recent years, Thesiger said.

Morgan McKinley's research showed that employers expected salaries to rise by approximately six to ten percent in 2007, below the increases of the past three years.

"The key here is that it is the top performers and those most sought after in the current market who are seeing the highest salary increases, it is not across the board wage inflation," Thesiger said.

Retail recruitment has lost none of its vigour either following a strong start to the year, although wage pressures in this sector remain very contained.

Kate McCarthy, founder and managing director of McCarthy Recruitment, a country-wide retail recruitment agency, said recruitment was "absolutely" still going strong in March and April, even for the time of the year.

"I'd certainly say it's a real positive shift upwards at the moment. As far as our normal market is concerned the business is absolutely there and people are actively recruiting," she said.

"This is partly because the economic is not quite suffering as much as the media would like us to think all the time," McCarthy continued.

"Also I think there's an element of the fact that it's very much a candidate-driven market place."

The shortage of excellent experienced retail managers was persisting, McCarthy explained, and this was the case across the country.

As for the different areas of the sector, fashion retailers were still struggling, partly because of severe competition but also because seasonal patterns are fading as winters become warmer.

"In the way people buy we used to have very defined seasons but that has got diluted. It's almost like we've got a continuous sale in fashion. And I do think that has an impact on recruitment," McCarty said.

The spring season is traditionally a very good one, however, for DIY and homeware stores, as opposed to Christmas, which is when most other retailers have their peak trading period, while food retailers' business is more constant.

McCarthy expected the growth in vacancies to last over the summer, although she did not see a further pick-up. This would lead up to another peak in September, which is the busiest pre-Christmas period for hiring in retail.

At Central European Staffing, client demand for Eastern European workers continues to rise, particularly for heavy industry positions, said Managing Director Agnes Wrodarczyk.

CE Staffing recruits mainly Polish white collar workers, skilled technical staff and engineers for clients all over the UK.

Wrodarczyk earlier told MNI that it was becoming increasingly hard to find qualified candidates as many of those willing to travel are already in the UK and wages are rising in workers' home countries. This trend has strengthened again over the spring, she said.

Wrodarczyk did not see much evidence of workers from the new EU countries replacing Polish candidates, partly because Romanians for example still need work permits. She did think, however, that there was some impact on the black market from these workers.

She, too, reported that skill shortages are intensifying further. The industries CE Staffing recruits for are likely to see additional demand ahead of the 2012 Olympics, but Wrodarczyk said she was not seeing that demand yet. Any Olympics-related demand is likely to put further stress on the sector when it does emerge.

All this is keeping the market for childcare busy. Oliver Black, director of Tinies Nannies, said demand for nannies picked up in March and April and was ahead of the year-ago level.

Black's agency runs one of the largest childcare franchises in the UK with branches across the country.

People always have "lots of thought processes" over Christmas, Black said, which typically results in a more lively market in the first quarter. But childcare vacancies were up roughly 8% on the year as well, he added.

Black expects the market for private childcare in families to remain buoyant over the rest of the year, although he warned that interest rate rises do have a knock-on effect on childcare demand as they reduce people's disposable income.

Demand for nursery workers, on the other hand, is likely to see some consolidation over the rest of the year but this market is in need of some consolidation in any case, Black added.

Black noted the "very big growth" in part time working and job sharing, resulting in rising demand for part-time childcare. Such positions are particularly difficult to fill, he said.

Following a period of large pay increases for private childcare as the number of people looking for nannies steadily rose over the past few years, pressure on salaries is now easing, Black said.

"What we see now with the EU and an influx of people from abroad who've got great childcare skills is that wages are stabilising, if even stagnate a bit. Which is good for the market," Black said. "So many people from Eastern Europe have already come in that it is now easing off a little."

Pay rises were more or less in line with the 3.5% level that is emerging from most pay surveys recently, he added.

April unemployment and March average earnings data are due for release at 0930GMT on May 16.

Editor's Note: Reality Check stories survey sentiment among business people and their trade associations. They are intended to complement and anticipate economic data and to provide a view into specific sectors of the economy.