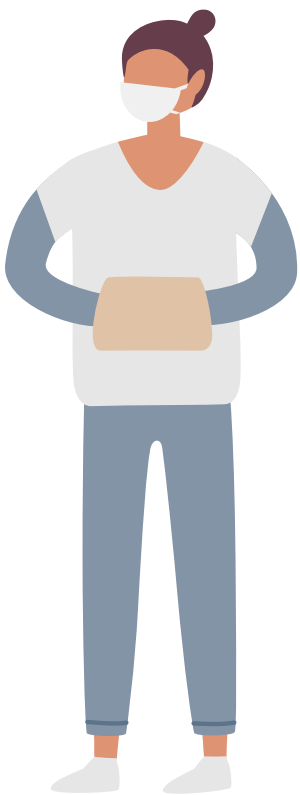


# Tackling Risks in the Recruitment Industry Amid the Covid-19 Crisis and Preparing for the Future



**EXECUTIVE SUMMARY**

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**CONCLUSION**



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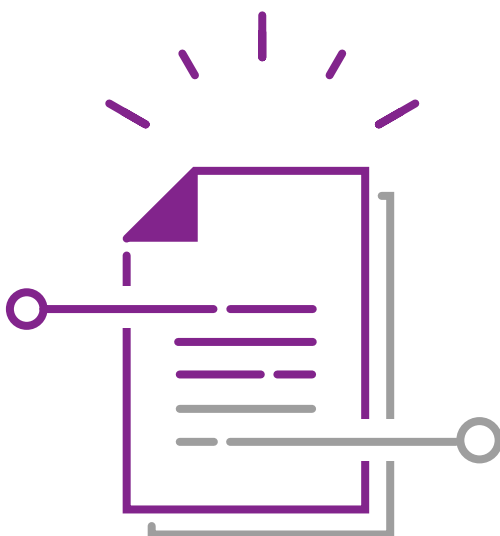
# Executive Summary

Today's labour market is increasingly pessimistic day after day, with the Covid-19 pandemic taking its toll on the economy. Consumer demand has plummeted, affecting business incomes and margins. Supply chains have been disrupted, leaving retail shelves empty, and production lines with material shortages. Stock markets are tumbling down, and businesses fear that they will not be able to get funding from investors.

Business expansion plans, have been replaced by business continuity plans. The worst-affected industries, travel and tourism and their associated sectors, are freezing pay and hiring or making massive layoffs. Even as some companies slash their headcount, others stick to hiring plans or even step up their recruitment. E-commerce, logistics and e-services companies urgently need to increase their workforces, as people carry on with their shopping and other activities on line to maintain social distancing.

Labour market fluctuations create global insecurity in life and the economy but with this pandemic, one of the biggest changes in recruitment is likely to be how the hiring process itself is conducted. In-person meetings for job interviews must now be done remotely by either phone or video conferencing. Many tech companies have been using this approach for some time now. Some parts of the hiring process have taken longer to complete as clients prioritize their actions to manage the Covid-19 situation.

Human resources professionals also participate dynamically in the management of business continuity plans. Consequently, some interview processes have been put off or slowed down for the time being. Onboarding is another process that has now gone virtual. In the absence of face-to-face meetings, more companies are looking for ways to communicate across their organizations. Organizations in the staffing industry essentially discover ways to create new competencies, making strategic changes to business models and possibly their corporate culture.



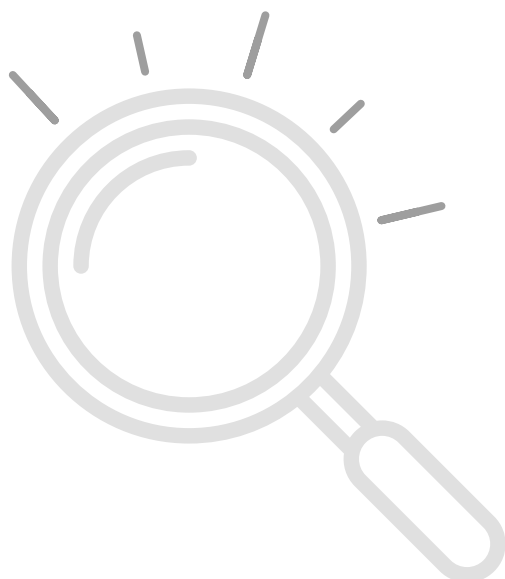
“ In this context, the aim of this research is to provide an in-depth analysis regarding the impact of Covid-19 on the UK recruitment industry.”



# Key Findings

From the research that we have conducted, we highlight the most important findings that will transform the recruitment industry during 2020:

- Global working hours are predicted to be 10.5 percent lower in the second quarter than in the pre-Covid-19 period.
- It is more likely that younger workers were employed in industries that have shut down during the pandemic.
- The unemployment rate is expected to fall gradually after climaxing in the second quarter; yet, in the last quarter of 2020, it will only fall to 8.1 percent.
- Recruiters around the world are turning to video conferencing systems such as Zoom, Skype and Microsoft Teams to conduct candidate interviews.
- Confidence in hiring and investment decisions fell by 21 percent.
- The Temporary Billings Index, adjusted for seasonal factors, revealed a decrease in billings earned from short-term employment for the third consecutive month.
- Permanent employee vacancies declined faster than temporary vacancies, though reduction rates were moderate in both cases.



# Structure of the Report

The remainder of the e-book is organised as follows:

**T**he first chapter provides an overview regarding the impact of Covid-19 on the world of work. Basically, this chapter analyses the effects of the virus on different groups of employees and reveals how its outbreak will change the labour industry forever.

**M**oving along to the second chapter, we provide an analysis of the consequences of the pandemic in the UK recruitment industry and its subsectors, namely the graduate recruitment and both permanent and temporary employment.

**T**he third chapter provides a comprehensive analysis of how the UK recruitment industry is responding to the coronavirus crisis. Furthermore, we discuss about the steps that recruiters should take during this period and the areas on which they should focus.

**F**inally, the fourth chapter presents the possible future scenarios whilst providing an in-depth analysis to recruitment agencies on how to deal with the coronavirus aftermath. It also distinguishes the best practices that recruiters should follow to optimize employer branding and improve the hiring process.





# CHAPTER ONE

The COVID-19 Crisis and the  
Global Labor Market





## 1.1 How is COVID-19 affecting the world of work?

The current crisis is completely different from previous recessions. The pandemic crisis has just turned into an economic and labour market shock, which not only has an effect on supply, but on demand as well. Production disruptions, at first in Asia, have now extended to worldwide supply chains. All companies, regardless of their size, face serious challenges. <sup>1</sup>

The aviation, tourism and hospitality industries are experiencing major sales declines, insolvencies and job losses. It will be especially difficult for small and medium-sized enterprises (SMEs) to maintain business operations. <sup>2</sup>

Following travel bans, border closures and quarantine measures, many employees are unable to commute to their workplaces or carry out their jobs, creating a knock-on effect on business activities. In many countries, consumers are reluctant to buy goods and services. Obviously, due to the current climate of uncertainty and fear, businesses are likely to delay investments, purchases of goods and hiring.

Unless they obtain assistance from the government, many companies may go bankrupt. Countries that rely heavily on the service sector, having higher rates of informality and inadequate protection against employment termination recorded numerous job losses. Disruptions in trade and global supply chains had an adverse impact on emerging economies long before the lockdown expanded. The decline in commodity prices around the world will further weaken the trade position of exporting countries and decrease employment in the export industry, which in turn drives down fiscal revenue.

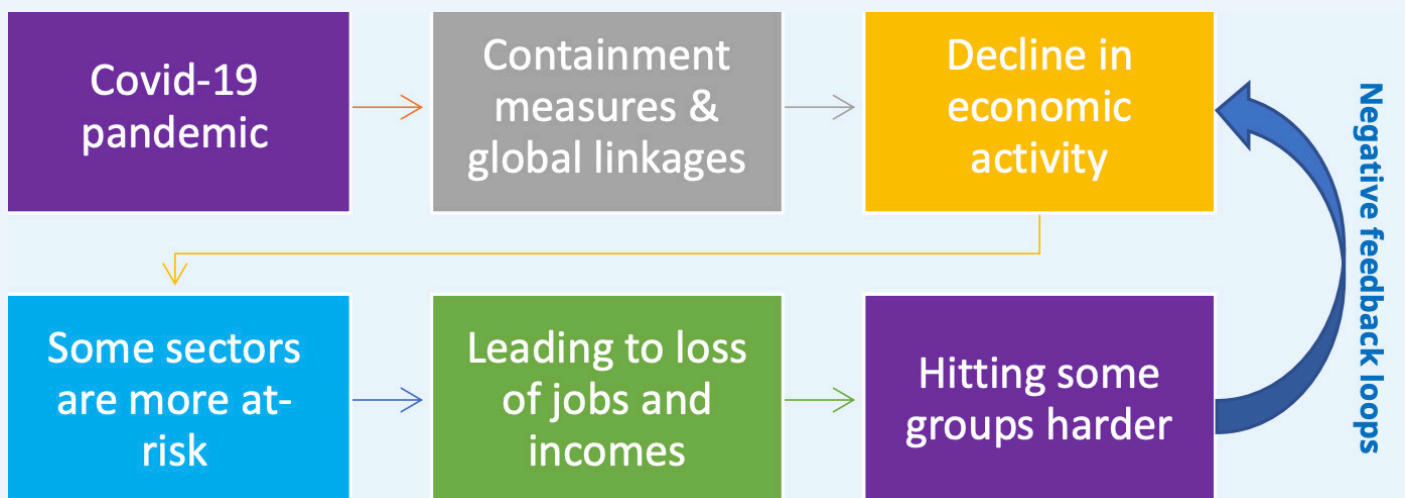


1. Global Health News Wire, (2020). How Covid-19 kills

2. ILO, (2020). Rapid Diagnostics for Assessing the Country Level Impact of COVID-19 on the Economy and Labour Market.

The consequences on businesses, jobs and wages will worsen if appropriate steps are not taken, all the more so given that workers in those countries had less security and lower salaries to begin with. Moreover, these countries are characterized by an unpredictable labour market and the micro-enterprises that operate in the informal economy.<sup>4</sup>

Figure 1.1 | In all countries, the health crisis has been an economic and labour market shock. ILO, (2020). Rapid Diagnostics for Assessing the Country Level Impact of COVID-19 on the Economy and Labour.<sup>3</sup>



Covid-19 may result in wide-ranging consequences for the labour market. In addition to the immediate health concerns of workers and their families, the epidemic and subsequent economic shocks will affect the world of work in three main dimensions:

3. ILO, (2020). Rapid Diagnostics for Assessing the Country Level Impact of COVID-19 on the Economy and Labour Market.

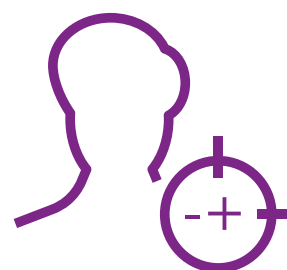
4. ILO, (2020). A policy framework for responding to the COVID-19 crisis

- » The number of jobs (with both unemployment and underemployment);
- » The quality of employment (e.g., salaries and social security access); and
- » The impact on various individuals that are more vulnerable to negative outcomes in the labour market.

The recession triggers an unparalleled decline in economic activity and working time. According to the ILO, the estimated loss of working hours in the first quarter was 4.5% which is the equivalent to about 130 million full-time workers on a 48-hour workweek in relation to the pre-crisis period (the last quarter of 2019). The expected job losses in different regions are inconsistent in the first quarter of 2020. While the number of working hours in the first quarter of this year has decreased by 6.5% in Asia and the Pacific, in relation to the last quarter of 2019, all other major regions have seen declines of less than 2%.<sup>5</sup>

This pattern in the labor market is closely connected to the timing of the outbreak and social distancing measures across various regions in the world. International trends of lost working hours in the first quarter of 2020 are influenced primarily by the significant effect of Covid-19 during that period in China. The decline of working hours in the second quarter is much worse than initially predicted. Based on the projections made on April 22, global working hours are 10.5% lower in the second quarter of 2020 than in the last quarter of 2019. This is equal to 305 million full-time workers, which indicates a substantial improvement in the ILO's previous estimate of 195 million full-time workers (a 6.7% loss of working hours).

In addition to the availability of new data, for the first three weeks of the second quarter, two main factors led to significant changes. First, in many countries where such measures have already been implemented, the prolongation of strict containment caused a cumulative impact on work activities. Secondly, several countries closed down workplaces.<sup>6</sup>



5. ILO, (2020). ILO Monitor: COVID-19 and the world of work.

6. ILO, (2020). ILO Monitor: COVID-19 and the world of work.

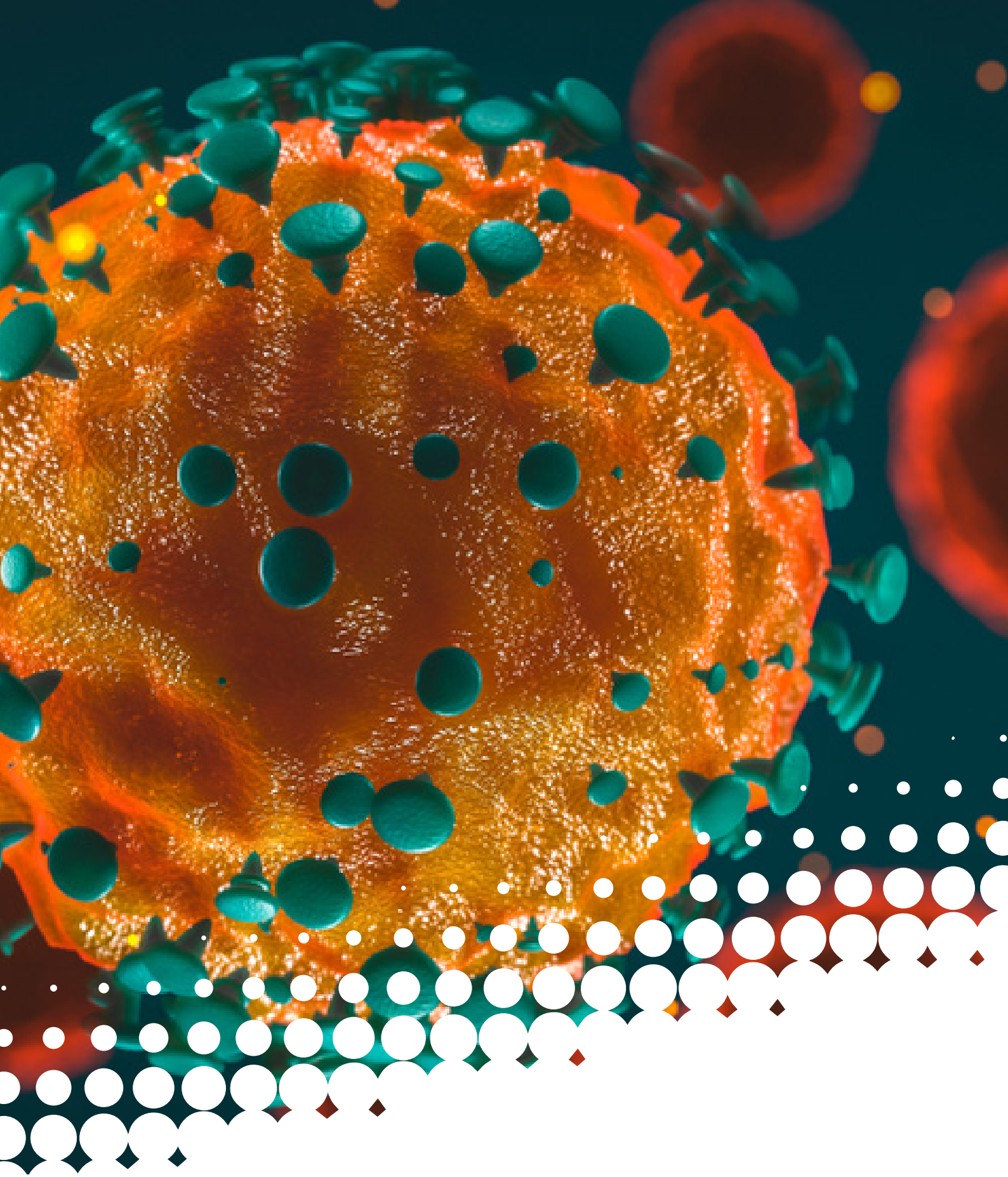


Even before the Covid-19 crisis, structural shifts – such as the adoption of automation and the move towards clean energy – were underway to reshape the labour market and increase demand for specific skills. Technological developments were supposed to bring about large-scale market disruptions for specific workplace positions. Demand for the administrative roles, for instance, was expected to decline.

The Covid-19 crisis is introducing a new paradigm of three-dimensional reskilling. First, physical distancing brought about online replacement of traditional formats, demanding creativity in delivering effective training to adhere to the newly imposed context. Second, to understand those skills, rapid reskilling involves much shorter interventions and a different method. In many cases, microcredits would replace traditional degrees. Third, a crisis of such a scale imposes more weight on common good of society as opposed to concentrating on a single company's competitive advantage. Collaboration to provide industry-level reskilling opportunities, however, is becoming a competitive requirement for businesses in the new era.<sup>104</sup>



104. McKinsey, (2020). How to rebuild and reimagine jobs amid the coronavirus crisis.



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