

LinkedIn Workforce Insights

How has Brexit affected the UK Labour Market over the last three years?



Introduction

LinkedIn has a unique vantage point when it comes to changes in the workforce – through the public profiles of our 630 million members, we're able to look at how changes in the economic environment influence the opportunities that individuals have access to.

In June 2016, we started looking at how the vote for Brexit affected the UK and international workforce, and in 2018 we began surveying recruiters and talent professionals to understand their perspective on the changing labour market.

With Brexit still dominating news headlines three years later, uncertainty around the UK's departure from the EU can be seen to be affecting our economy. Business activity is stalling as spending decisions are delayed

and GDP growth has fallen since the EU referendum vote in 2016. At the same time, employment continues to hit new records, and the number of job vacancies continues to grow.

The report brings together insights from LinkedIn's membership, and the observations of the recruiter community, to show how Brexit has changed the labour market in the United Kingdom in the last few years, and what it means for workers here in the UK.





The UK Economic Context

Despite all the Brexit induced uncertainty, the UK's employment performance has been one of the major economic success stories of recent years. With record levels of people in work and falling numbers of EU workers, it appears most people who want a job in the country already have one.

Increased competition for talent is driving employers to look at pockets of workers who may have previously been sitting on the sidelines of the labour market in order to fill their vacancies. One of the groups benefiting has been women, with the female employment rate reaching a joint all time high.

At the same time, wage growth, after accounting for inflation, has finally returned to pre-referendum levels providing a welcome boost to workers' pay pockets – albeit one that may be short-lived if inflation picks up later in the year.

Mariano Mamertino
Economist, LinkedIn



Finding 1.

Access to EU talent is diminishing

For EU based professionals, Brexit continues to reduce the attractiveness of the UK as a place to look for work.

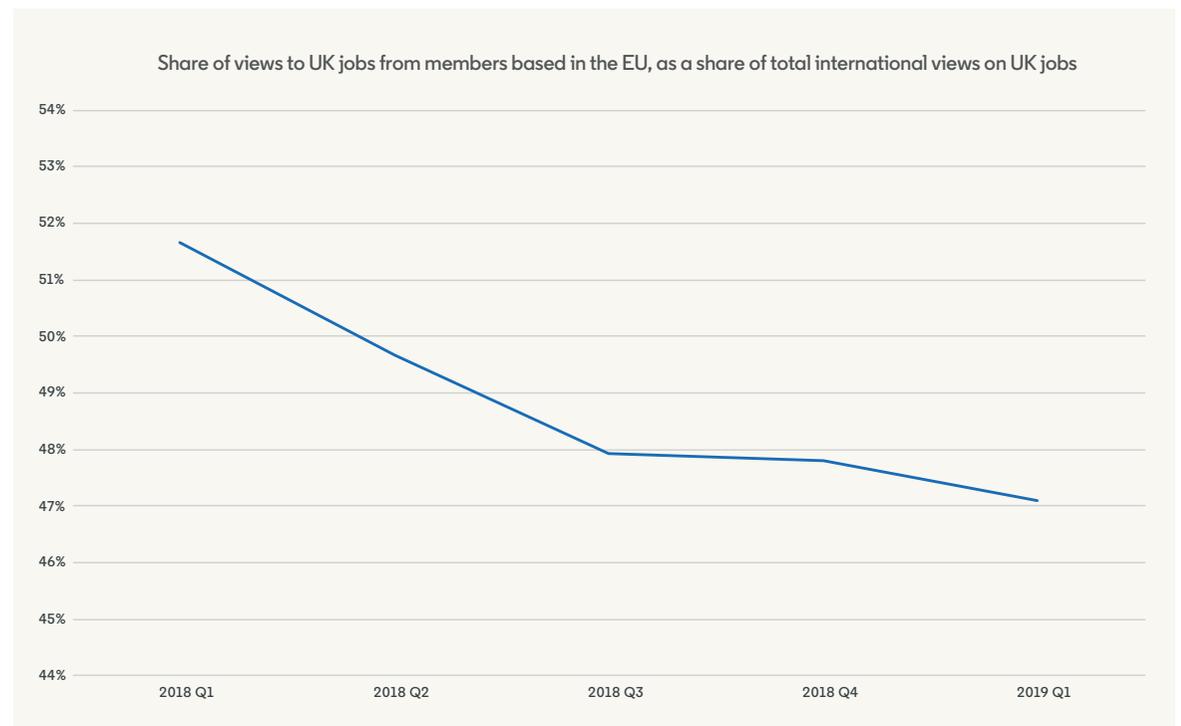
Our analysis shows that the UK is becoming less attractive as a place to work for job seekers from the other EU member countries (the EU27). We looked at the share of international job seeking¹ that came from the EU over time and found that the number of international views of UK jobs from EU 27 countries, which declined after the referendum vote, continues to fall – dropping from 52% in Q1 2018 to 47% in Q1 2019 (as a share of all international views on UK jobs).



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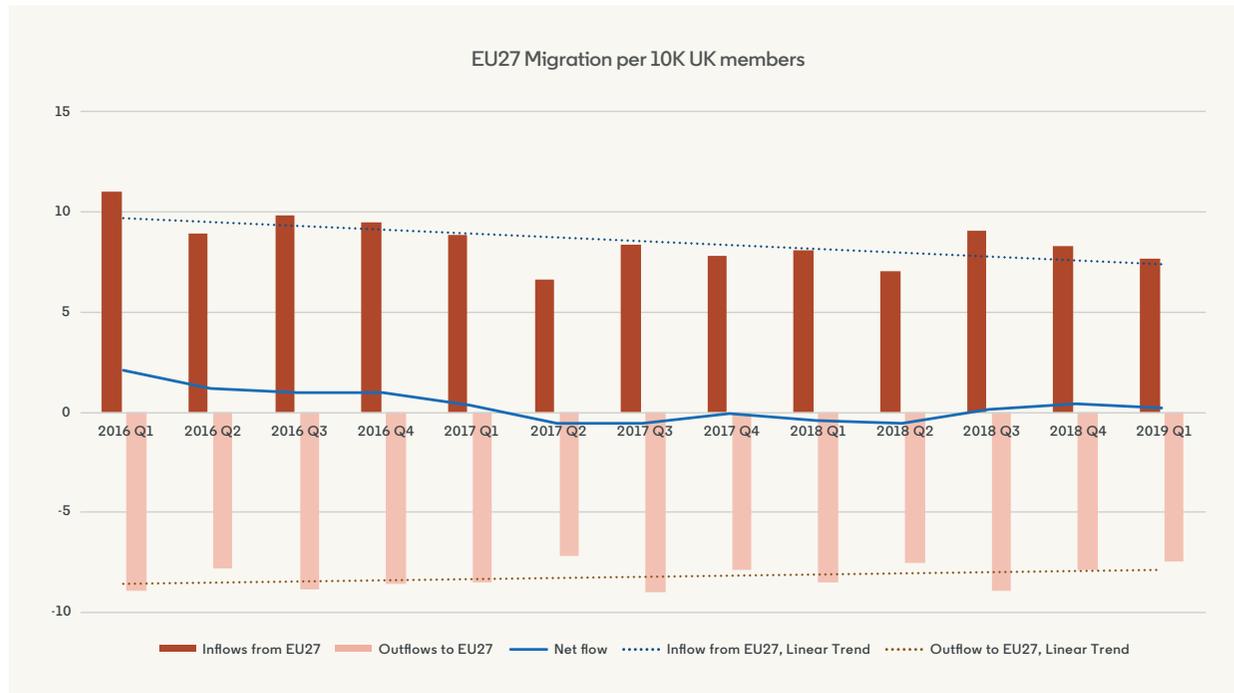
52% in Q1 2018
47% in Q1 2019

Figure 1. EU27 members job seeking into the UK



¹Methodology – International Job Seeking

Figure 2. Migration between the UK and EU27 countries



This decline in interest in UK jobs from members based in the EU27 has been followed up by a real reduction in net migration into the UK from the rest of the EU.

Since Q1 2016, professional migration to the UK from other EU countries has decreased by 30%, as captured by LinkedIn data.

In Q1 of 2016, the UK received 11.0 EU27 members per 10,000 UK members, but by Q1 2019 this had fallen to 7.7 members per 10,000 – a fall of 30% (based on an average membership of 24.5m in the three year period between Q1 2016 and Q1 2019).

These statistics are backed up by sentiment among UK talent professionals: 43% of respondents say the UK is less attractive to candidates from the EU, and 60% say it's negatively impacting the UK's talent brand. 64% say Brexit is creating a skills gap in certain areas due to diminished access to international candidates.

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Finding 2.

UK migration to countries outside of the EU has fallen

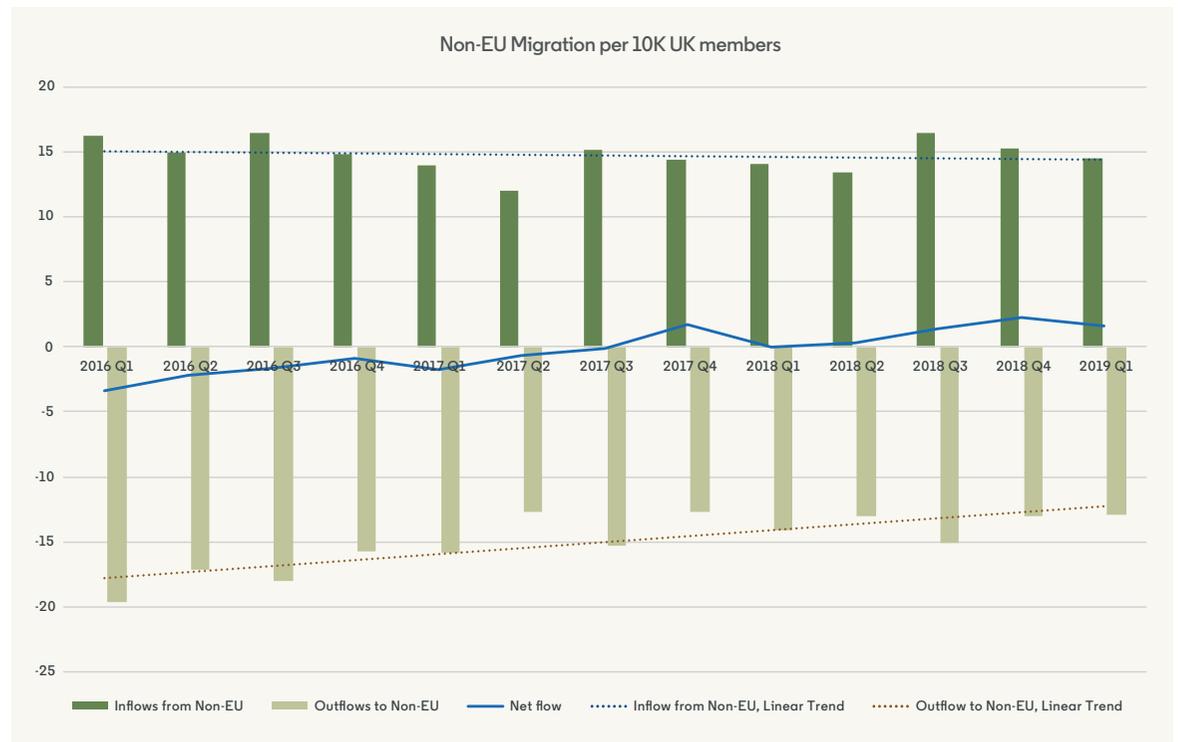
While LinkedIn insights shows that migration from EU 27 countries has fallen since 2016, the share from non-EU countries into the UK has remained steady. However, there has been a 34% drop in the share of UK to non-EU migration flows – from 19.7 to 12.9 members per 10,000 (again, based on an average membership of 24.5m in the three year period between Q1 2016 and Q1 2019).



Over three years professional migration from the UK to non-EU countries has declined

34%

Figure 3. Migration between the UK and non-EU countries



Finding 3.

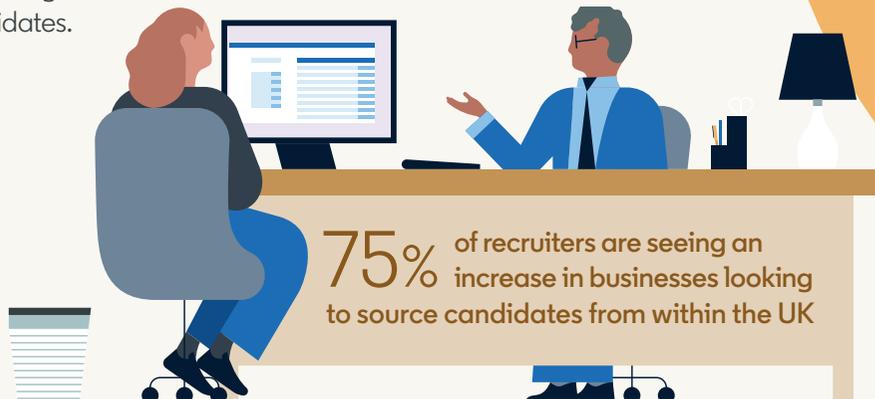
Recruiters have refocused on talent already in the UK

Faced with a smaller talent pool due to record levels of employment and diminished access to EU professionals, many organisations are considering how to compete for the best talent already in the country: three quarters (75%) are seeing an increase in businesses looking to source candidates from within the UK rather than internationally. Across many industries, increased competition for talent means that businesses are boosting their employee benefits and offering more flexible working opportunities to attract candidates.

This refocusing on domestic talent means more opportunities for those workers on the so-called 'sidelines' of the British labour market, as employers extend their search into sometimes neglected pools of labour (such as those who are not currently in the workforce). At the same time, it could also lead to an increased risk of skills shortages, and potentially higher costs to businesses and other employers.

Take a closer look at the robust employment numbers from the ONS and you will see a labour market getting close to working at full capacity. At the same time, our analysis shows both a continued drop in the share of EU professionals interested in jobs in the UK and a drop in those moving here, while recruiters are consistently reporting that the perception of the UK as a good place to find work has been hit. Fast forward a few months and this may take an extra toll on British businesses that are already reporting skills shortages in certain areas.

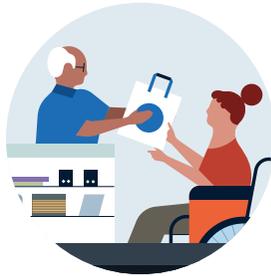
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75% of recruiters are seeing an increase in businesses looking to source candidates from within the UK

So what do these findings mean for businesses?

A record level of people in work and reduced access to candidates from the rest of the EU means that employers have to draw from a talent pool that is getting smaller and smaller. These are some of the ways they told us they are attracting the best talent:



A. Wage growth to counter competition

Employers are having to go to greater lengths to appeal to candidates: half (54%) of talent professionals report that businesses are increasing salary offers to recruit the right people from within the UK, and 43% report that businesses are giving existing employees salary increases to prevent them looking elsewhere.



B. Increasing workplace benefit offers

At the same time, businesses are looking at more modern ways of standing out from the crowd, not only to appeal to new hires, but to keep the talent they have already. Almost half of respondents (49%) reported that businesses they work with are increasing benefit offers, such as pension contributions, to recruit the right people in the UK, and 41% are offering candidates more flexible working opportunities in order to make their organisations more attractive to candidates.



C. Strengthening talent brand to appeal to new professionals

The desire to access the widest spread of the workforce possible also extends to business' strategies for approaching younger workers. Rather than rely solely on proven talent with lots of experience, employers are looking for less experienced candidates who can be moulded. Nearly half (45%) of talent professionals are seeing an increase in the number of graduate programmes on offer, while a similar number (40%) have noticed a bump in the number of internships.

Methodology

Data in LinkedIn Workforce Insights is drawn from the anonymised and aggregated profile information of LinkedIn's 630 million members around the world, and are validated against comparable measurements from Eurostat and the Office of National Statistics.

This analysis represents the world seen through the lens of LinkedIn data. As such, it is influenced by how members choose to use the site, which can vary based on professional, social, and regional culture, as well as overall site availability and accessibility. These variances were not accounted for in the analysis.

Job seeking behaviour

In our job views analysis, a “non-EU job view on a UK job” is measured as job page views for jobs located in the UK where the member's profile location is outside of the UK in another non-EU country. Similarly, a “EU job view on a UK job” is measured as job page views for jobs located in the UK where the member's profile location is outside of the UK in another EU country.

Professional migration

In our migration analysis, members who indicate a change in the location of their place of employment on their profile are considered a migrant. For this report, we created an analysis pool of members who had indicated that they moved job location to the UK from another EU/non-EU country or to another EU/non-EU country from the UK each quarter. We then indexed this number against the number of LinkedIn members in the UK over the same period.

Recruitment Sentiment Survey

The Recruiter Sentiment survey is based on the responses of 600 in-house HR professionals (CHRO, Head of HR and Senior HR Managers) and agency recruiters (heads of recruitment businesses and Senior Recruiters) in the UK. Respondents are from across seven regions (Scotland, North England, Midlands, London, South England, Wales and Northern Ireland) and seven sectors (corporate services, finance/banking, software & IT services, manufacturing, media & communications, public sector, retail). The survey is to outline the hiring trends and recruiters' confidence in their ability to fill available roles in the UK.

