



How Brexit is shaping our talent acquisition ➤ landscape

Introduction and context

This whitepaper has been constructed following a series of one-to-one structured interviews with some of the UK's most prominent talent acquisition professionals. Their views, thoughts and insights have helped shape my perceptions on how Brexit is already proving a key influencer on our talent landscape, throwing up as it does both significant challenges, as well as interesting opportunities. Clearly, Brexit represents something of a moveable feast – it's form, shape, relative hardness, even whether it will actually happen or not, appear anything but certain. Again, such an absence of clarity can make forward planning anything but straightforward. However, I do hope you find the content of the whitepaper interesting and even actionable.

My thanks for their kind and wise participation go to –

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Executive summary

- **More work to date is taking place with internal employee audiences than with external candidate communities** – organisations typically focused their engagement efforts on internal audiences during the period immediately following the referendum vote. Few have engaged with external audiences to understand the extent to which Brexit plays a part in the job-changing process.
- **Waiting and seeing or getting ahead of Brexit?** – clearly, much of Brexit is out of the hands of recruiters. However, do you want to be working for an organisation that is making little or no attempt to grasp the post Brexit landscape or one that's attempting to get in front of this unique event?
- **Brexit is diversity in action** – there can be no more tangible example of diversity than the experience employers extend to EU/overseas employees during a period which must be disconcerting and confusing.
- **Brexit and the overall talent challenge** – whilst it's true that Brexit represents a unique process, it is part of an overall talent picture informed by skill shortages and competitor noise.
- **Is Brexit changing our perception of skills and training?** – one of the positive outcomes of Brexit appears to be an employer willingness to opt for attitude over skills and experience.
- **Are we listening more to internal audiences in the light of Brexit?** – this is likely to differentiate employers – those that listen to both existing internal audiences as well as those leaving the organisation and those that assume and guess.
- **Is Brexit contributing to a fundamental rethink of our approach to employers and employment?** – again, Brexit should not be perceived as an isolated event, it is part of an overall chain of factors likely to completely alter our relationship less with employment but more with employers.
- **The effect of Brexit on your employer brand and that of the Britain** – it's not hard to envisage a near future whereby certain talent pools are put off not by British employers but by Britain itself – when the opposite has worked well for the country (and its employers) for some time.
- **Losing control with Brexit** – with sterling weak and EU economies accelerating, Brexit might lead to a lack of control amongst employers and employees.
- **The opportunities for talent acquisition created by Brexit** – Brexit is likely to test the talent acquisition profession like nothing else – there will be winners and losers and there is no play book to refer to.

The impact to date of Brexit

For an event not formally due to take place until March 2019, Brexit divides opinions like few others. The referendum which triggered Brexit may be nearly 18 months past, yet it is hard to think of something which continues to trigger the emotions and fervours between those on opposing sides of the divide to such a degree.

Consequently, it is perhaps wiser to remain as objective as possible on the subject. However, for something around 15 months away, the impact of Brexit is having an impact all around us today. Figures from the ONS this month suggest that the number of EU citizens migrating to Britain declined by 106,000 to 230,000 in the month ending June 2017. The number of EU citizens leaving the UK rose by 29% in the same time period. Perhaps most relevant to this particular piece, the number of those coming to Britain to look for work has fallen by 43%. delivering the consumer promise.

It would be too binary to conclude that Brexit is the sole reason for such a change in sentiment – and the improving economies of mainland Europe will definitely be an influence – however, whatever the rationale, talent acquisition professionals in the country are facing an increasingly shallow pool.

The number
of those coming
to Britain to
look for work
has fallen by

43%

ONS

Certainly, statistics pointing to the challenges that employers face as Brexit continues to shape the talent landscape are not hard to track down – recruiters Badenoch & Clark suggest that 54% of EU and EEA nationals are considering leaving the UK to find work elsewhere; the Nursing & Midwifery Council, earlier this year, reported a 96% drop in EU nurses registering to work in Britain, and the CIPD indicated that one in five organisations are considering relocating UK operations out of the country or focusing their growth on locations outside the UK.

However, Britain starts from a position of strength. Adecco's Global Talent Competitiveness Index placed the country third in the global list, just below Singapore and Switzerland and above the likes of the US and Australia, praising our flexible labour markets and external openness. Third this year represents the highest-ranking Britain has achieved in the index.

96%
fewer EU nurses
registered to work
in the UK this year
compared to last

Nursing & Midwifery
Council

But if such statistics are all too easily adapted and manipulated, what are employers doing in the face of an impending Brexit?

How Brexit is shaping the employment landscape

Perhaps the immediate response of the great majority of employers engaged with during this research was to reach out and reassure internal talent audiences. When the result of the referendum in June 2016 became clear, employers realised that significant minorities of their workforce – EU and/or overseas workers – were suddenly unsure about their employment status within the UK.

"We reached out to our people immediately – it's just what we do, it's part of our values"

Catherine Schlieben

The heart and the head

This reaching out has touched on two broad areas. On a practical basis, certain employers have worked with their people to provide guidance and advice on their residential status. Employers have paid for legal advisers to visit the workplace in order to shore up residency qualifications. Help and input too has been delivered around finances – one of the indirect implications of the Brexit announcement was the devaluation of sterling against currencies such as the euro. (The pound lost 20% of its value against the euro immediately post the referendum). The money being sent home by EU nationals working in Britain buys less than was the case prior to the vote.

The heart and the head *continued*

In the haste, however, to reach out to employees, organisations need to be cognisant of not making impossible promises. Although many people want to be told that they will have the right to work in Britain after March 2019, this may well not be possible.

"The Vice Chancellor hosted a reception for all our EU staff"

Tracy Wray

"People might have their broader concerns but we make sure they feel part of the Manchester Met family"

Julie Griggs

The communications have often gone further than simple reassurance. It might be easy to conclude that with jobs actually and potentially leaving the country to go overseas, that some of the challenge and stimulation of working in a dynamic economy such as Britain may start to wane. In-demand and mobile talent needs to remain convinced that they will still be presented with challenging work and opportunities to progress in this country as Brexit begins to take shape.

On a more emotive level, employers have gone out of their way to ensure that their people have felt as though they belong, as if they remain indeed important to the organisation – regardless of some of the more sensationalist headlines Brexit has inspired.

At the University of Sheffield, this sense of reaching out to EU and overseas employees came from the very top.

Clearly, the issue of communications is central to much of the challenge facing both external candidate attraction and internal engagement and retention. And striking a balance is key. By over-communicating on the issue of Brexit, employers risk creating a feeling of panic and distress within an employee base. Similarly, too much communication around Brexit – particularly in the absence of something new – runs the risk of news fatigue, whereby employees tune out of messages on such a theme.

Nevertheless, the opposite is the case. A complete absence of Brexit-related communications within an organisation suggests that senior leadership is unaware that this might be a sensitive subject for employees and that it is out of touch and aloof. Developing the point made earlier by Tracy Wray, if openness and honesty are part of the value set of an organisation, there can be no better time to demonstrate such behaviours.

Perhaps the greatest challenge to effective communications rests with the issue that no one knows what sort of Brexit will emerge – soft, hard, delayed – or even if it will happen at all. How can organisations effectively plan for something that appears so treacherous to tie down?

Getting ahead of Brexit

Clearly a sizeable number of organisations have been scenario planning and war gaming potential Brexit people outcomes. This is important, because it can feel as though Brexit has been discussed ad infinitum for around 18 months with little concrete outcome, and that ignoring it is a valid option. Even though there is a clear temptation to wait and see (a very popular response when the subject of Brexit comes up), it is important that organisations and their senior leaders do not give the impression of simply allowing Brexit to happen to them. There is a benefit – both to external stakeholder audiences and to internal employee communities – in being seen to be proactive and to getting out in front of Brexit, rather than simply reacting.

***"We're already seeing
Manchester employers developing
a physical recruitment presence in
the Middle East and the US"***

Ben Gledhill

***"People want to move jobs
with complete confidence in their
new employer – Brexit is undermining
that confidence"***

Catherine Schlieben

In terms of a response to Brexit and its implications, this is a fascinating time to be within talent acquisition. There is no roadmap, there are no guidelines. No company, no individual has been here before. Employers face the challenge of over-reacting and, equally, of under-reacting. Great professionals within talent acquisition are likely to deliver exponential benefits to their organisations. The gap between the stellar performers within this profession and the mediocre is likely to be significant. People who thrive – and who help their organisations thrive through great talent acquisition outcomes – are likely to see their own careers accelerated.

Brexit will create winners and losers – and this applies as much to those within talent acquisition as it does their organisations.

Brexit and diversity

If we are considering Brexit in isolation, then this would be two-dimensional. There is much connectivity between the subject and a number of other important themes impacting talent acquisition.

Nowhere is this more relevant than diversity. For an organisation to go out of its way to suggest diversity and inclusion is important and then to focus insufficient attention to both Brexit-related retention and recruitment, risks sending out mixed messages.

Organisations such as Accenture have a belief in the outcomes of having a diverse internal population, which includes the ability to perceive both problems and solutions from the widest possible perspectives.

Again, the ability and enthusiasm of an employer to reach out to key strands of its people base and to understand their issues, concerns and frustrations and to try to create effective solutions feels consistent with all work done under the diversity name.

“Accenture has a fundamental belief in inclusion and diversity – Brexit and how we engage with EU/non-EU nationals should be viewed through such a lens”

Adrian Love

“We are about innovation and adopting the different thought processes which come as a result of diversity and differing perspectives”

Adrian Love

Brexit and diversity *continued*

Interestingly, some of our research participants saw Brexit as representing a potential source of workplace tension. The same arguments that play out across heated on-line forums also take place in staff canteens. There was too an interesting anecdote of how different ages perceive Brexit as having different implications. Whilst the middle aged and established professionals might view Brexit as a blow to their stock options and house prices, their younger colleagues were more concerned about whether Brexit might mean having to relocate their careers in mainland Europe to ensure progression and stimulation.

There is clearly another strand to diversity. Increasingly, organisations want their workforce to reflect their customer base (or in the case of universities, their student base). If an organisation wishes to reach out and associate with European clients or students, an absence of employees from such a background feels disadvantageous, culturally as well as linguistically.

"It's important that all our people continue to feel as though they belong to the university"

Tracy Wray

We might extend this again. Organisations such as Accenture have a belief in the outcomes of having a diverse internal population. If a worse-case scenario Brexit denies them of some key EU/overseas talent, this is likely to impact on their ability to perceive both problems and solutions from the widest possible perspective.

If some of the ramifications of Brexit are, or should be, inseparable from an organisation's other initiatives across the diversity space, there are other ways in which Brexit does not exist in isolation.

Brexit and talent shortages

There is much to challenge the talent acquisition profession in early 2018 with or without Brexit. Unemployment is running at a 40 year low of 4.2%, creating key skill shortages in some highly documented talent pools, such as digital, online marketing, engineering, nursing, cyber security, etc. According to Adzuna, there are 1.23m advertised vacancies in the economy and there are 279,000 more people in work than was the case this time last year. In terms of the candidate market vs the employer market, Universum suggests this is currently 92% weighted towards the candidate.



"The talent market is weighted 92% towards the candidate today"

Universum

"Brexit is not an isolated issue – it has close relationships with the on-going war for talent"

Sue Warman

Although an event such as Brexit is utterly unique, its impact is likely to simply add to the challenges of organisations seeking both to recruit and to retain. The background to Brexit is self-contained but it will only add to the issues of skill shortages and a highly competitive labour market.

Brexit and training

One of the more controversial and uncomfortable points to emerge from these interviews was the view that Brexit represents something of a wake-up call for domestic businesses. Britain has long been criticised for a lack of investment in training, apprenticeships and the debate between business and higher education as to what constitutes a work-ready graduate.

The apparent shortfall of young talent ready for the workplace has meant that employers have been only too keen to take on board available and, often, cheap EU/overseas employees. In fact, Britain's attractiveness as a career destination – the language, the relatively buoyant economy and the flexible labour market – has, in theory, dis-incentivised investment in training.

This is clearly a devil's advocate position, but it does possess a hint of truth.

Perhaps it is no coincidence that with Brexit on the horizon, employers are looking at alternative hiring channels. The Institute of Student Employers reported last month that the number of apprentice jobs filled this year had gone up by 11,000 or 19%. And this was not necessarily at the expense of graduate jobs, whose numbers increased, if less sharply, by 1% to just over 20,000 amongst ISE member organisations.

The number of apprentice jobs filled this year up by 11,000 or **19%**

The Institute of Student Employers

"We are becoming increasingly aware that recruiting for exact skill sets is less and less possible, we have to take more responsibility for creating those skill sets ourselves"

Catherine Schlieben

One of the interesting threats that Brexit potentially brings with it is around complacency. Without exposure to and the scrutiny of geographically diverse, global talent, British professionals risk growing complacent and unchallenged. This is likely to compound the country's already woeful productivity figures. The more Britain invests in training and development, the more likely we are to mitigate such threats.

Our interviewees felt that Brexit was likely to see a shift in hiring attitudes, with employers increasingly less able to take on board 'oven ready' candidates and that this would fuel a drive to recruiting for competency and attitude rather than skills and experience.

Brexit and training *continued*

Perhaps, too, it is no coincidence that the Department of Education is hosted its first ever Skills Summit (in late November), bringing together educational experts with employers such as Dyson, Amazon, PWC and Deloitte. This is building on the government's industrial strategy whitepaper which seeks to create a significant investment in skills through genuine partnership between business and government.

The DoE hosted the first ever Skills Summit this winter

And for our research participants, this is typical of one of the more positive outcomes of Brexit. Employers are behaving with less insularity and are seeking to reach out to stakeholders such as government, the CBI and education. Again, Brexit represents unchartered waters for all parties and greater collaboration between such entities feels hugely positive.

"Whilst organisations have perhaps understandably kept a low profile in terms of government, the need to influence the agenda is likely to grow and grow"

Ben Gledhill



Listening organisations

Again, the uniqueness of Brexit means that employers cannot, or should not, assume they know the current mindset of their employee base. Whether their people are concerned about having to return to their home location, in some cases, or worried that jobs and departments might be relocating to centres such as Paris, Frankfurt or Dublin, the research group felt that organisations should go out of their way to listen to their people. And whilst several had conducted pulse surveys and focus groups in the immediate aftermath of the referendum, there was less of this activity currently taking place. Exit data is rarely either collated or subsequently actioned by employers – it feels, however, as though there has never been a more important time to understand the rate and cause of people leaving an organisation.

“Organisations that don’t operate robust exit interviews make themselves more vulnerable than usual”

Neil Cox

Changing our relationship with work

One of the more philosophical and potentially far-reaching implications of Brexit is the view that it will combine with people's reactions to and relationship with the gig economy, job hopping, AI, robotics and zero hours contracts to further drive a fundamental shift in an individual's relationship with employers and employment. We are working from home, we are working from coffee shops, we are freelancing, we are crossing international boundaries, we are contracting with multiple employers. Again, Brexit should not be considered in isolation. Brexit and the additional ambiguity and uncertainty it brings with it, fuels a fundamentally different partnership with employing organisations.

*"The world of work
will completely reinvent itself
and Brexit is a contributory
driver to this"*

Sue Warman

In the increasing absence of long term career stability with one employer, will individuals be taking on more and more responsibility for owning their own careers with whichever organisation either pays them more, offers more interesting work or who can facilitate better their next career move? Will individuals be scrutinising in ever greater detail what a particular project or a particular employer or even a particular country do for their careers?

Ironically, is Brexit a contributory factor in individuals taking more control over their careers?

*"Will one of the
implications of Brexit mean that
people see their careers are more
portable than ever before?"*

Julie Griggs

Britain's employer brand

It is unlikely that the employer brand and EVP of any domestic organisation will not be touched to some degree by Brexit. Organisations are likely to make use of the fact they are creating new trading partnerships outside the EU or that they are establishing a new supply chain in the middle east or that they are investing significantly in apprenticeships and training.

(Interestingly, do those employers that cannot feasibly move – a university has to retain its geographical base, for example – appear safer employment prospects than those organisations which either are able to relocate or indeed which are threatening to do so).

Largely regardless of an organisation's sector, there is likely to be a need to articulate how Brexit's challenges have been addressed and its opportunities harnessed. Failure to reflect that it is happening and that plans have been made accordingly might suggest a naivety or vulnerability.

"We need to ensure that the UK remains a secure and stable choice for talented EU nationals post Brexit"

Fiona Tice

Perhaps more complex is the employer brand or standing of the country. For those individuals who have portable careers they can take to multiple locations – bankers, lawyers, teachers, digital professionals, infrastructure engineers – it might be challenging to make the case that Britain remains as positive an employment option as was the case pre Brexit. If jobs are already moving to other European centres, does this mean that opportunities and potential are also leaving the country? (Organisations may be forced to follow the talent, if that talent is increasingly less prevalent in Britain).

"It is unlikely that the UK's own employer brand will not emerge damaged from Brexit"

Neil Cox

"It's about an organisation's ability to communicate to their employee base that they continue to add value, interest and challenge to ambitious professionals"

Charlotte Johns

Brexit and a loss of control

Ironically, one of the main arguments for Leavers was around the construct of regaining control from Brussels. From several angles, it can feel as though an impending Brexit signals a loss of control from an employment perspective. For many professional employees, particularly those based in the south east (away from the typical Brexit heartlands), it can feel as though they have no connection whatsoever with the drivers and motivations that inspired Brexit.

Similarly, one of the implications of Brexit has been a significant devaluation of the pound. What this means is that British organisations are now far more likely to be the acquired than the acquirers in any M&A activity. Whilst not in itself necessarily a bad thing, there is clearly more control for the acquirer than the acquired during such processes.

Finally, there has been an absence of thought leadership in the 18 post-referendum months. Few business leaders are shaping and directing the debate. The closest to this we have seen have been threats and posturing around organisations potentially leaving the country. For Leavers and Remainers alike, the time for debate should be over, the decision has been made, it should be about regaining as much control as is feasible and planning for what Brexit brings with it.



"The focus of the debate, then, is about how to make the best of Brexit, rather than continuing to rail against"

Tracy Wray

The case for talent acquisition at the top table

If we put to one side arguments about NHS buses and the like, then one of the positive aspects of the Brexit question has been the importance placed on employment. This then leaves the door open for talent acquisition professionals to make the case for recruitment at the highest levels. It's a matter of debate, then, as to how seriously the C-suite generally take recruitment – is it taken for granted, regardless of the relative strength of the prevailing labour market?

*"It is important
that the people implications
of Brexit are being talked
about at the top table of
all employers"*

Adrian Love

Brexit represents the opportunity for the recruitment community to make a compelling, unarguable business case that what they are doing has never been as important, never been as mission critical. For those organisations whose success depends on their ability to successfully recruit academics, lawyers, digital marketers, coders, bankers and engineers, there has rarely been such a high profile opportunity to illustrate how competitive this market is. That such candidates have the choice not only to work for competitive organisations and competitive industry sectors but, increasingly for competitive countries.

Summary

It is hard to underestimate the recruitment and retention challenges thrown up by Brexit.

*“...retaining access
to EU migrant labour is fundamental
not just to organisational success but to
the survival of many businesses
and services”*

CIPD

However, it does not exist in isolation. From a talent acquisition perspective, it should be viewed in the round alongside unemployment at historical lows and on-going and pre-existing skill shortages. It can be all too easy to adopt a 'wait and see' approach to the form and shape the final Brexit settlement will adopt. However, such a policy will be likely to see an employer slip behind those organisations that are being more proactive around the subject. Few observers can detect much in the way of thought leaders around Brexit – if they do exist, their voices are being drowned out by the fractious, zero sum comments of Leavers and Remainers. There is much to be said for those who are scenario planning and war gaming, who are listening to the concerns and issues of their people, who are analysing why employees are leaving and responding accordingly. That are already forging recruitment links in non-EU locations.

There is too an opportunity for the talent acquisition profession. The impact and implications of Brexit are likely to bring with them clear winners and losers. Those talent acquisition leaders who navigate the storms of Brexit are likely to make a significant difference to their organisations and their own careers. Much rests too on the ability of such people to make the case for resourcing at the highest levels – Brexit provides them with the platform, it is for innovative and credible talent acquisition professionals to make it clear just how important – and just how difficult – successful recruitment is in the face of Brexit.

The rewards are clear. But so are the challenges. Brexit is likely to contribute to a fundamental shift in the way candidates – all of us – perceive both employers and employment. It is likely to drive more individual accountability and ownership within candidate audiences. It is up to great talent acquisition professionals to persuade such audiences that their organisation continues to provide challenge, progress, purpose and opportunity – as well as handling the potential objections that Britain is not the flexible, value adding location it has been.

Suggested actions

- To what extent do internal talent pools continue to feel welcome within your organisation? This represents diversity in action and it's important messages of empathy and support come down from the top;
- There's rarely been a more important time to be a listening organisation. Where are the hearts and minds of your people? Does EU talent feel as though they belong? Does domestic talent fear they'll be working in Frankfurt or Dublin soon?
- Why are people leaving your organisation? Does it touch on Brexit and what your organisation might or might not be doing to reassure them of the future? How formal is your exit process – or are you allowing important, actionable management information walk out of the door?
- To what extent is the organisation engaging with educators and government? How proactive is your organisation being? Doing nothing is unlikely to fill your employees full of confidence?
- What are the competition doing? Are they looking at new talent pools both domestically and internationally? Has their message to such audiences changed?
- What are external talent audiences looking for today? Is Brexit a factor for them? To what extent is your current messaging delivering what they are looking for?
- To what extent do you see Brexit as an opportunity? Or do you see only downside?
- There has never been a more important time to make the case for talent acquisition at the top table. Does your C-suite understand some of the likely key people outcomes?
- Ultimately, much like the referendum itself, talent acquisition professionals have a choice. They and their organisation can get out in front of Brexit. They can make the resourcing and people challenges clear to senior audiences, they can listen to internal sentiment and grasp the external perception of their organisation. They have the chance of wresting back control – a control based on topical insight and intelligence. For Brexit – and other key influencers such as robotics, AI, flexible working, and the Uber-isation of the workforce – is presenting new challenges, solutions for which do not lie in existing play books.

If you'd like to talk about this or any other subject touching on employee and candidate audiences, the employer brand and the employee value proposition, then please feel free, contact Neil Harrison on **07834 312 148** or email **Neilharrison237@gmail.com**