

WHAT CLIENTS REALLY WANT FROM THEIR RECRUITMENT AGENCIES IN 2024

2024 Insights

RESEARCH REPORT

Compiled By

GENERATE



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THE EMPLOYER NEEDS & CHALLENGES RESEARCH SURVEY 2024



All recruiters know the market has been tough recently, but no one has established the best ways to attract and retain more clients despite current challenges - until now.

Generate surveyed 223 CEOs, Managing Directors and Business Leaders who are looking to expand their businesses this year. This audience, who are in prime position for hiring in the next few months, shared what they're really thinking about in 2024 and how recruitment agencies can support them to improve results for both parties.

This research report details their insights, including:



The surprising differences between the challenges experienced by recruitment agency client businesses according to industry



The most significant problems that recruiters' clients are grappling with day-to-day and long-term



The root causes and hidden factors behind these significant challenges - what's really going on in the market and why



What clients are actively doing to tackle these challenges - and what activities are truly delivering return on investment



How the economic and global climates are likely to impact hiring strategies in the UK going forward.

Read on to discover how your agency can push past hiring freezes and market uncertainty to tap into your clients' real needs and acquire new customers in 2024.

THE GREATEST DEMAND FOR CONTRACT RECRUITMENT – WHERE AND WHY

44% of agency leaders are planning to increase temporary & contract activity in the next year – but will the demand for contract recruitment really match agencies' expectations?

In our survey, more than 1 in 3 clients (36%) said they were only recruiting permanent employees in the next 12 months, whereas 17% said that they were only planning to hire contractors. However, nearly half (47%) are planning to recruit both this year, meaning that a combined 64% of clients will be recruiting contract roles this year.

With almost two thirds of client businesses in the market for contract recruitment, existing contract staffing agencies are set to see demand for temporary and contract hires continue rising in 2024 and 2025.

The popularity of contracting is easily explained by a combination of factors that drive business appetite to reduce short-term costs. With economic pressures and the shortage of skilled talent set to worsen in the next few years, employers are widening their searches and considering new hiring solutions. In the coming year, over 90% of new jobs are expected to be project-based or involve flexible work arrangements. Contract recruiters are perfect partners for clients wanting to deliver necessary outcomes, but maintain an agile team of talent that desires flexibility and maximising their own time and earnings.

Client industry had a marked impact on appetite for contract hiring in the near future. Industries that stated they were much more likely to recruit contractors include Arts & Culture, with 67% of leaders confirming they would be recruiting contractors this year, followed by Retail (55%) and Construction (54%) leaders. Manufacturing business leaders were considerably more likely to recruit contractors (39%) followed by Education (38%) and Health & Social Care (35%). Least likely were Financial Services (30%) and Business Services (17%).

Recruitment agencies have an opportunity to acquire new customers in the coming months, with clear indicators of where to best place their efforts.

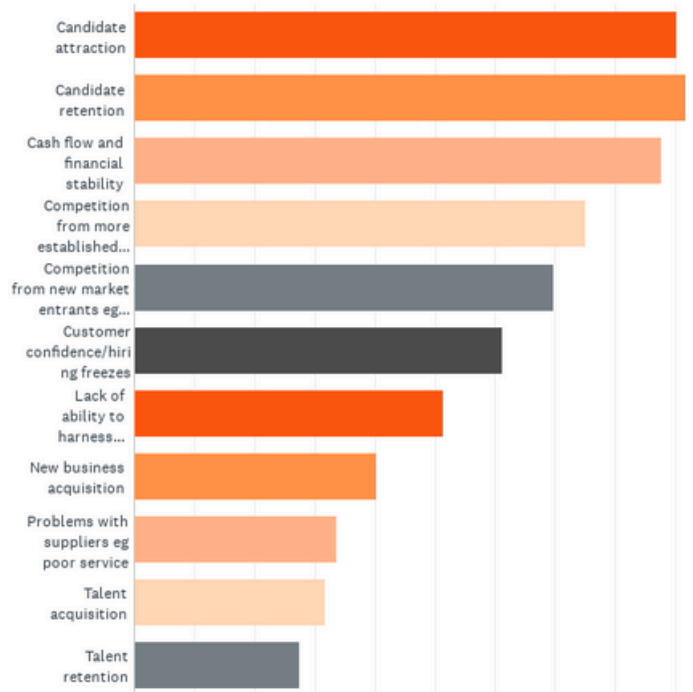


CLIENTS' MOST SIGNIFICANT BUSINESS CHALLENGES OF 2024 & BEYOND

Candidate retention was rated as the most significant challenge faced by all employer businesses this year, with 74% of leaders ranking it as one of their top three business challenges for 2024 and 2025: even higher than candidate attraction in second.

Both candidate attraction and retention were rated more important to business continuity and growth than cash flow, financial difficulties like inflation and the cost of living crisis, and enhanced competition both from large and new competitors.

Which challenges are most significant for your company this year?



Candidate attraction and retention difficulties were reported as almost doubly as impactful as the ability to harness new technologies like Data and AI, and the ability to attract and acquire new customers. With business leaders across the UK and the globe considering emerging technologies and customer acquisition at the heart of their growth strategies, problems with hiring and attrition are easily understood as vital to every company and industry.

Client industry was directly correlated with the most significant challenges experienced, in order of greatest impact from highest to lowest:

Candidate Attraction					
Candidate Retention					
Cashflow & Financial Stability					
Established / Start-Up Competition					
Problems with Suppliers					

THE **ROOT CAUSES** OF EMPLOYERS' BUSINESS CHALLENGES

Whilst client businesses exhibit high levels of awareness around their problems, we also asked them to delve deeper into the 'why' behind each: the root causes of the challenges they face on a daily and long-term basis.

The most frequently mentioned root causes included:

Cheaper products and services offered by competitors

Lack of competitive pay for staff

People structure

High workloads

Lack of skills, particularly tech

Lack of access to finance

Economic difficulties, eg inflation, cost of living

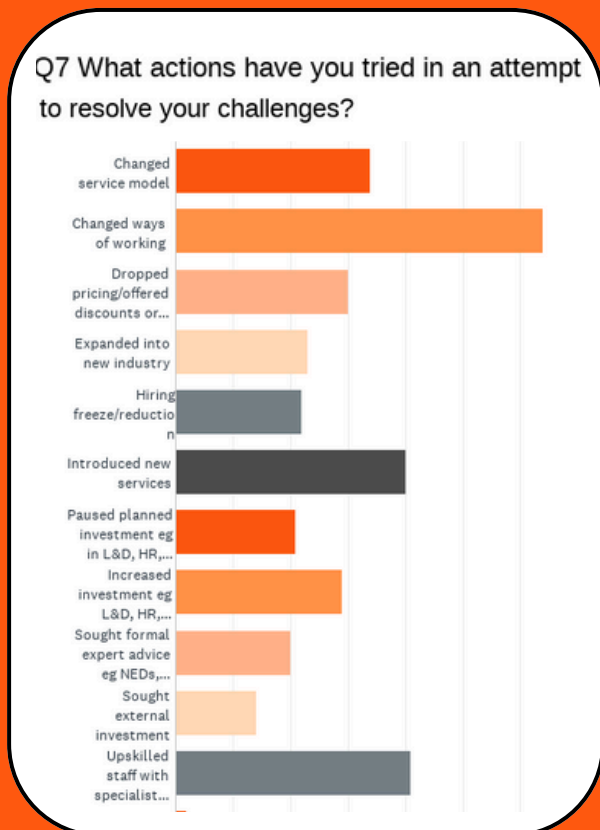
The majority of root causes were those with a direct impact upon talent attraction and retention. Underskilled, underresourced, underpaid, undersupported and overworked staff are not only less productive and less capable of delivering quality products and services, they are also far more likely to leave their employers.

The importance of recruitment consultants in solving employer challenges cannot be denied, with recruitment agencies in prime position to act as strategic growth partners for their clients in 2024 and 2025.



EFFORT VS RETURN: WHAT'S ACTUALLY WORKING FOR CLIENT BUSINESSES

A better understanding of client businesses – how clients have tried to address their greatest challenges, and the impact of the chosen actions on the problem itself – is required to serve as the most helpful recruitment partner.

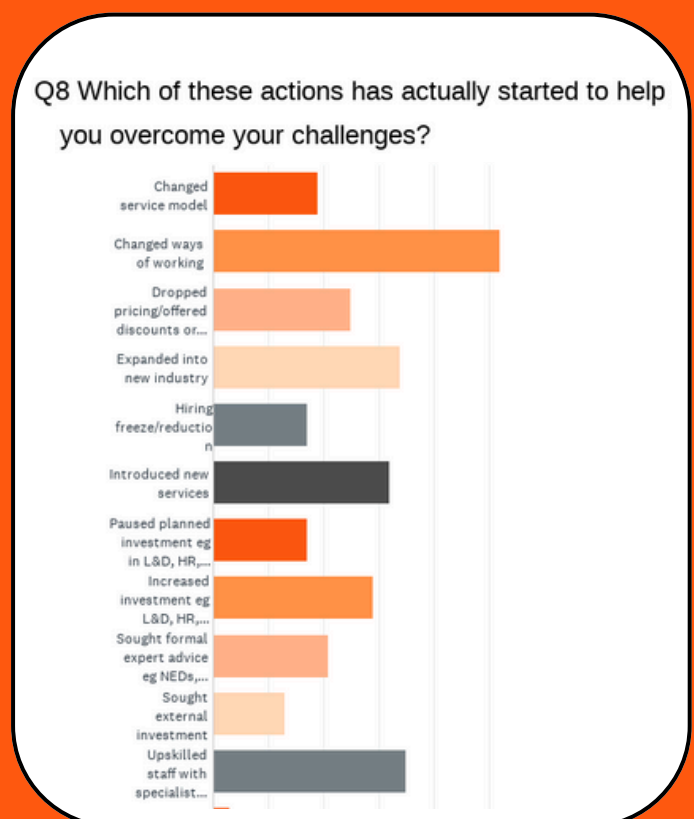


Changing ways of working produced good results, however markedly lower than expected with one third of leaders stating that this option worked for them, and expanding into a new industry was more popular than expected.

Less effective tactics were hiring freezes and reductions. Whilst saving on overheads in the short-term, a smaller labour force than needed increased workload for existing employees and reduced productivity, resulting in employee absence and attrition, therefore preventing growth and innovation.


Almost half (48%) of all clients made major changes to their ways of working, such as introducing new processes, communication, management and leadership, in an attempt to tackle some of their greatest problems. The second most popular actions were tied between introducing new services and investing in upskilling staff, both at 28%.

Although there were clear trends in what business leaders believed would help their organisations, there were differences between this belief and the impact actually felt upon organisational success. Upskilling staff was the most effective tactic despite being almost half as popular as the most chosen tactic, with the majority of leaders who invested stating a marked impact.



Pausing planned investment also failed to deliver positive impact on urgent challenges for the same reasons.

The effectiveness of tactics deployed also varied slightly across different industries, with the following reported as the most impactful by sector in order of greatest impact:

Introducing New Services	  
Expanding Into New Industries	   
Increasing Investment	  
Changing Ways of Working	    
Offering Pricing Flexibility	 
Changing Service Model	
Upskilling Existing Staff	 
Seeking Expert Advice	



Across sectors, employers are looking within at their own capabilities and efficiencies - rather than externally for expert advice and financial help - to optimise success.

Client businesses are seeing success from these changes, but recruitment agencies have a clear opportunity to fill the gap of external support in the form of people management, talent development and workforce growth expertise.

THE PLAN: HOW EMPLOYERS ARE **PREPARING TO SOLVE** THEIR BUSINESS CHALLENGES IN 2025

All business leaders reported deploying a number of different tools to tackle their challenges, with additional actions planned for the next 12 months to incorporate learnings from existing changes and anticipate new opportunities. In their own words, employers' most popular planned problem-solving activities for the coming year included:

Investing in new technologies

Offering flexible working

Investing in new hiring strategies

Increasing advertising to attract talent

Training for existing staff

Increasing spend on marketing

Widening product / service ranges

Changing recruitment providers

The appetite to increase spend on advertising to attract talent, and more generally on marketing activities, are welcome news for recruiters who can harness this interest to help clients build their employer brands.

The investment in training and flexible working provide excellent foundations for recruiters to help drive a positive employer brand image for candidates who have for too long been forced into an office return, long hours and lack of career development by existing employers.








HOW EMPLOYERS WANT TO RECEIVE SUPPORT FROM PROVIDERS

Business leaders stated that the most helpful ways the UK government could act to support them through their most significant challenges this year were:

-  Generally improving the economy
-  Increasing immigration to welcome skilled labour
-  Supporting apprenticeships and skills development
-  Reducing tax for smaller businesses
-  Training, upskilling and education grants/support
-  Investment in equipment and tech, particularly AI

Businesses are clearly well informed about their many routes to talent acquisition, development and retention, and have specific ideas for the ways in which the government can aid them. When asked about one action that recruitment providers could take to support them, employers responded with:

-  Support with flexible work visas
-  Introducing new services to train talent as well as find it
-  Working more closely with SMEs, listening to businesses
-  Help with training and upskilling
-  Improving recruitment processes by shortening time to hire and reducing recruitment costs

With much crossover between requests for government support and for recruitment support, and with most areas relating to talent, recruiters have the opportunity not only to build better services for clients, but to step in where the government currently has no plans to invest.

The support for immigration rule changes, apprenticeship creation and investment in technology signifies an opportune ramp-up of recruitment in the year ahead. Many of the IT roles required by 2030 remain unknown due to the evolution of emerging tech, and the implementation and management surrounding these technologies will require additional skills in operations and leadership. Recruitment agencies are ideally positioned to anticipate a wide range of hiring needs, and set up to deliver on these by building the close relationships and guidance that employers are asking for.

WHAT CLIENTS **REALLY WANT**: THEIR PERSONAL & PROFESSIONAL GOALS

Despite the many challenges on the road ahead to business growth, employers reported optimism with multiple professional goals, the most popular being to:

Expand into new markets

Increase staff retention

Increase profit

Grow customer base

Increase productivity

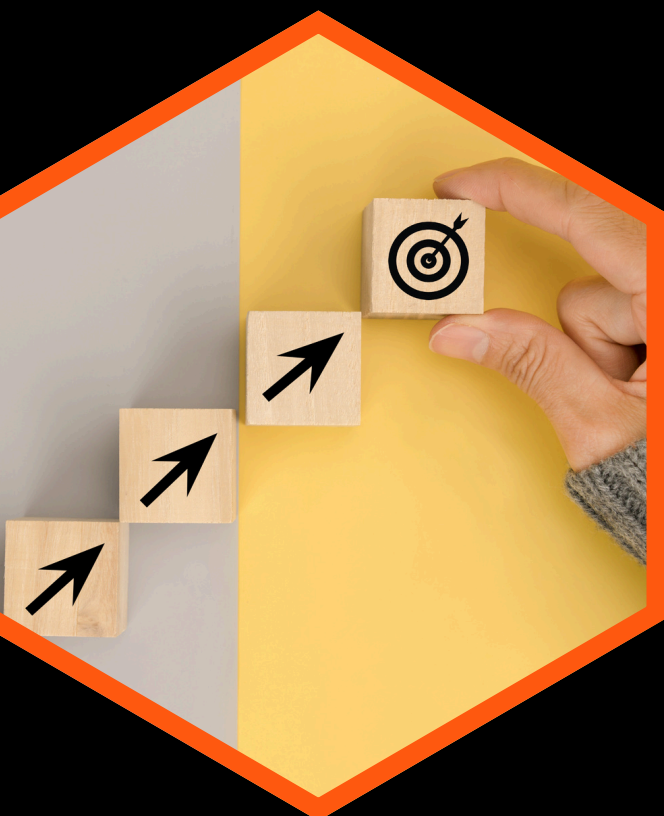
Business leaders' personal goals are closely aligned to the success of their businesses, with appetite to improve both their working and home lives by:

Spending more time with family

Buying/upgrading a house

Developing new skills

Becoming financially stable including paying off a mortgage or debts



With talent acquisition and retention at the core of both client challenges and their drive to achieve success, recruitment agencies can position themselves as strategic partners offering both long-term value and immediate impact on business growth.

Whilst recruiters are core to the growth of employer organisations, the impact of talent attraction upon the personal wellbeing and success of clients as individuals cannot be ignored as an opportunity to build decades-long partnerships at the heart of clients' work and lives.

HELP YOUR CLIENTS SOLVE THEIR NUMBER ONE CHALLENGE WITH GENERATE

As recruiters, you know that talent attraction challenges are best solved with the best partner – and the same is true with talent retention. We provide contractor candidates with on-time payment and expert solutions for any problem, through expert personal services instead of poor automated experiences, to guarantee that your clients never lose a candidate again.

CONTRACTOR MANAGEMENT DONE DIFFERENTLY

We specialise in:

- payroll management
- outsourced contractor engagement
- international services, and
- Construction Industry Scheme (CIS)

Position yourself as a lifeline to your clients with the payment partner behind the best recruiters.



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