

The State of the Labour Market

REED IN PARTNERSHIP'S CHIEF EXECUTIVE RECENTLY DELIVERED A HIGH PROFILE SPEECH TO THE TREASURY

During his speech at a recent Treasury conference, Chris Melvin focused on two key issues surrounding the economic downturn. Firstly, he addressed the impact of the recession on our labour market, and secondly, the steps being taken to 'recover' from the current economic state compared to previous recessions.

Beginning by outlining the significant impact the recession has had on young people, Chris said that over 900,000 are currently unemployed – that represents 40% of the total unemployment figure in the UK. Of these young people, nearly 500,000 are currently claiming Jobseeker's Allowance.

Chris also cited graduates as being at risk, many of whom are being forced to "lower their horizons" due to the job shortages and high competition.

Many are settling for entry-level jobs that would otherwise

be occupied by school and college leavers, which pushes them further out of the labour market. He went on to explain that "many of these customers have become disillusioned and believe there is little chance of them securing paid employment."

The worst affected sectors were manufacturing, with 66% of companies having to make redundancies, while the services industry made a 57% cut in staff numbers. The public sector was the least affected by the recession.

The change in attitude during the previous recession was duly noted, with "'a level of co-operation... between employers and staff" said to be helping in minimising job losses.

Although a number of companies have been under duress to make redundancies in an attempt to stay afloat, greater emphasis is being placed on retaining more experienced personnel.



With the economy said to be stabilising in late 2009, signalling an economic resurgence, the welfare to work campaign is proving pivotal in getting people back into work and gradually putting an end to the volatility of the job market.

The Reed Group has recently announced an unprecedented amount of visits to the reed.co.uk website, with more than 4.6 million visits since the start of the year.

More so, a staggering 296,000 visits were recorded in a single day, and Chris, although confident in an upturn of the economy, believes that the onus is on HR departments reluctant to hire permanent staff – further highlighting what he termed a 'fragile recovery' process.

Nonetheless, Reed hopes to build on their recent successes to increase their efforts to revive the UK job market into the near future.

Employers today are choosing to recruit people with experience. At the same time, many young people who genuinely want to work are losing confidence and giving up as their time on benefits increases. We now have a large number of people who have never had the chance to work.