



TREND REPORT

# Hiring Overseas Talent to Tackle the UK Labour Shortage

## Introduction

Today, companies in the United Kingdom find themselves in challenging circumstances. During the last few years, a variety of social, political and economic factors have converged to create the most turbulent labour market in a quarter of a century. Across all industries, employers are having persistent difficulty recruiting and hiring new workers.

The magnitude of the labour shortage is in part underscored by recent data from the Office of National Statistics.<sup>1</sup> In the period between February and April 2022, the number of vacancies in the UK hit a record high of 1.3m—outstripping the total number of people employed for the first time since records began.

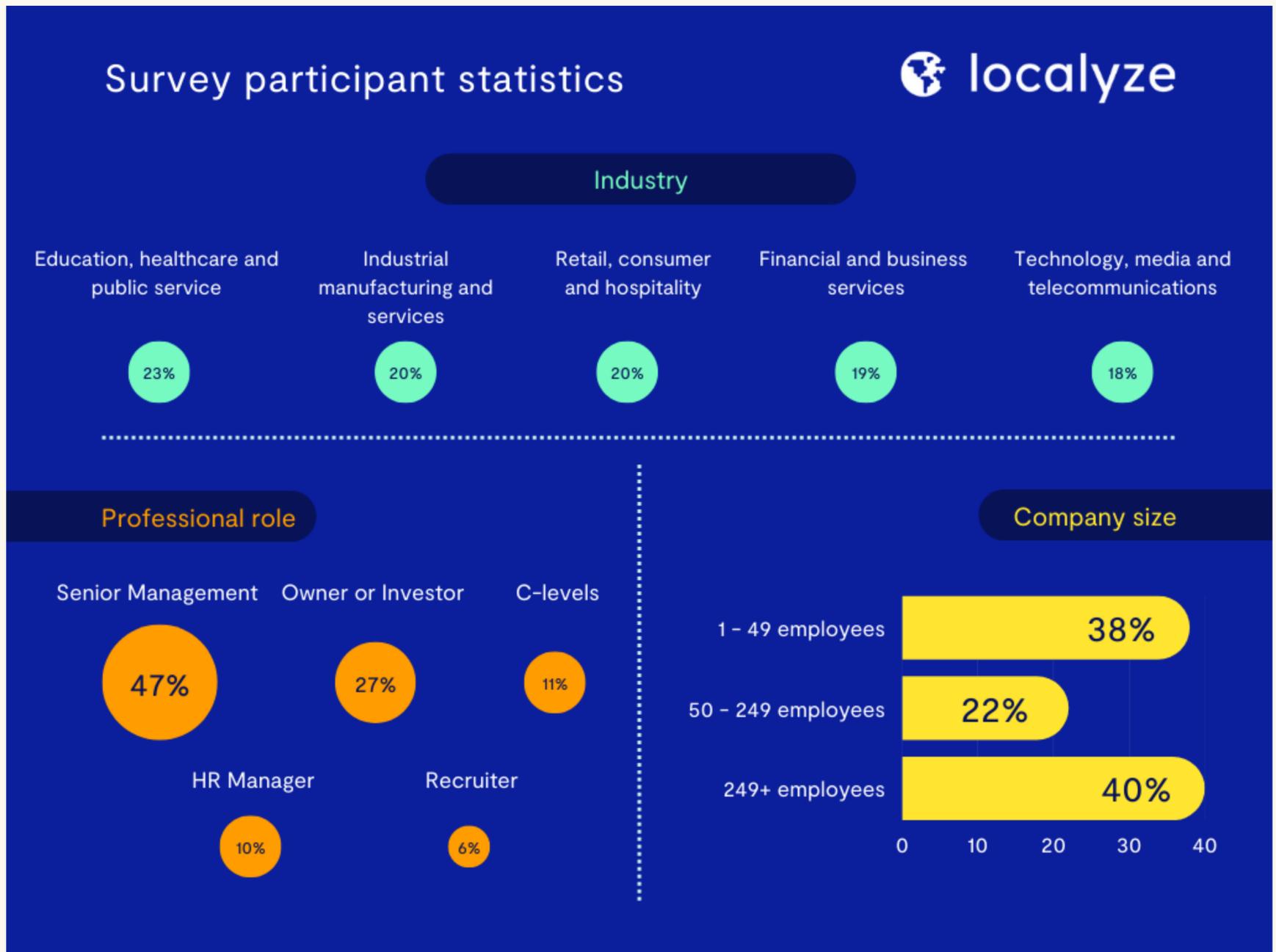
Interestingly, the surge in vacancies is mainly attributable to the fact that the labour force is shrinking. The number of active participants in the workforce decreased by 561,000 or 1.6% between the first quarters of 2020 and 2022, which is greater than the increase in job vacancies of 492,00 over the same period of time.

Two of the main reasons for the UK's shrinking labour force are increases in long-term sickness (139,000) and early retirement (70,000) following the first Covid-19 lockdown. Additionally, the Institute for Employment Studies reports that higher student enrollment rates and fewer migrants also factor prominently into the shortage.<sup>2</sup>

Of these four causes, the one that organisations can most easily and immediately address is the lack of migrants. To counter the worker shortage, employers can expand their recruitment efforts internationally, hire skilled workers from abroad and relocate them to the UK. Logistically, this may seem counterintuitive given the recent overhauls in the immigration system; however, it is one of the most impactful actions a company can take to bolster its recruitment efforts.

The primary purpose of this report, though, is not to outline the merits of international hiring. Rather, it is to discover the extent to which companies in the UK are aware of those merits. To that end, we surveyed 1,500 professionals in the UK across five different industries: Education, Healthcare and Public Service; Industrial Manufacturing and Services; Retail, Consumer and Hospitality; Technology, Media and Telecommunications; and Financial and Business Services.

Specifically, we wanted to get insight from the people who are most commonly involved in the hiring process—senior managers, c-level executives, human resources managers, recruiters and company owners or investors.



We asked them about their experiences with the current labour shortage, the hiring process at their companies, their perceptions of international recruitment and whether or not it is currently part of their hiring strategy.

Based on the survey data, we uncovered three main insights:

1. There is a definite emerging trend of companies hiring and relocating international talent from abroad to work in the UK
2. Organisations that recruit internationally are better positioned to hire for key tech roles
3. Employees are more confident in their employers hiring strategy when it leverages global talent acquisition

It is our hope that the insights in this report will help human resources leaders, talent acquisition teams and other similar professionals to better understand the current recruitment landscape in the UK, the challenges hiring teams face and the way in which global hiring can help mitigate them.

# 1. Less than a quarter of UK companies hire and relocate global talent, but nearly 40% are willing or plan to

There is an emerging trend in the UK of hiring internationally. Though the number of organisations currently doing so is modest, there’s evidently a growing interest and demand. We asked those participating in our survey if their company’s hiring strategy includes hiring and relocating talent from abroad to the UK—24% confirmed that it does.

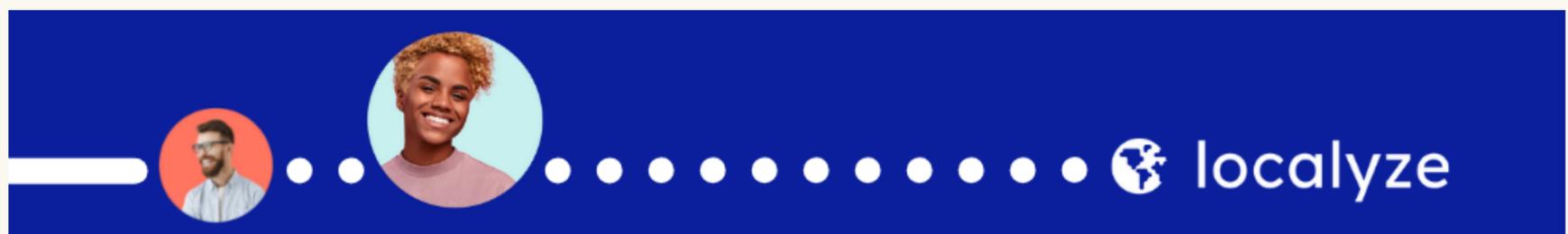


However, 26% of respondents indicated that their company would be open to the idea; 13% of them confirmed their company plans to recruit internationally in the future.

This is promising not only for companies looking to fill staffing shortages, but potentially for the UK economy, as well. In the Bank of England’s latest Monetary Policy Report (May 2022), the central bank states that they expect inflation to rise to approximately 10% this year—citing the tight labour market as one of the key reasons.<sup>3</sup>

Granted, international recruitment alone will not be able to solve the UK’s labour shortage, but it could prove to be highly effective for companies in some of the industries that have experienced the highest year-over-year increase in total job vacancies.<sup>4</sup>

For example, the table below contains four of the ten industries that fall into this category, as well as a comparison of the estimated number of available talent to fill the vacancies in the UK, the EU, and eight non-EU countries combined.<sup>5 6 7</sup>



Potential talent pools outside of the UK for industries with high vacancy rates

Industry	Yearly Increase (%)	Total Job Vacancies	Potential Talent in UK	Potential Talent in EU	Potential Talent from select non-EU Countries
Hospitality and gastronomy	+296.5% ↑	87,000	1,555,522	8,376,200	14,171,580
Transportation	+127.7% ↑	38,000	1,517,499	10,194,400	40,414,216
Wholesale and retail	+103.6% ↑	5,000	3,796,492	26,498,400	68,698,076
Science and tech	+83.9% ↑	96,000	2,670,838	12,667,700	28,793,831

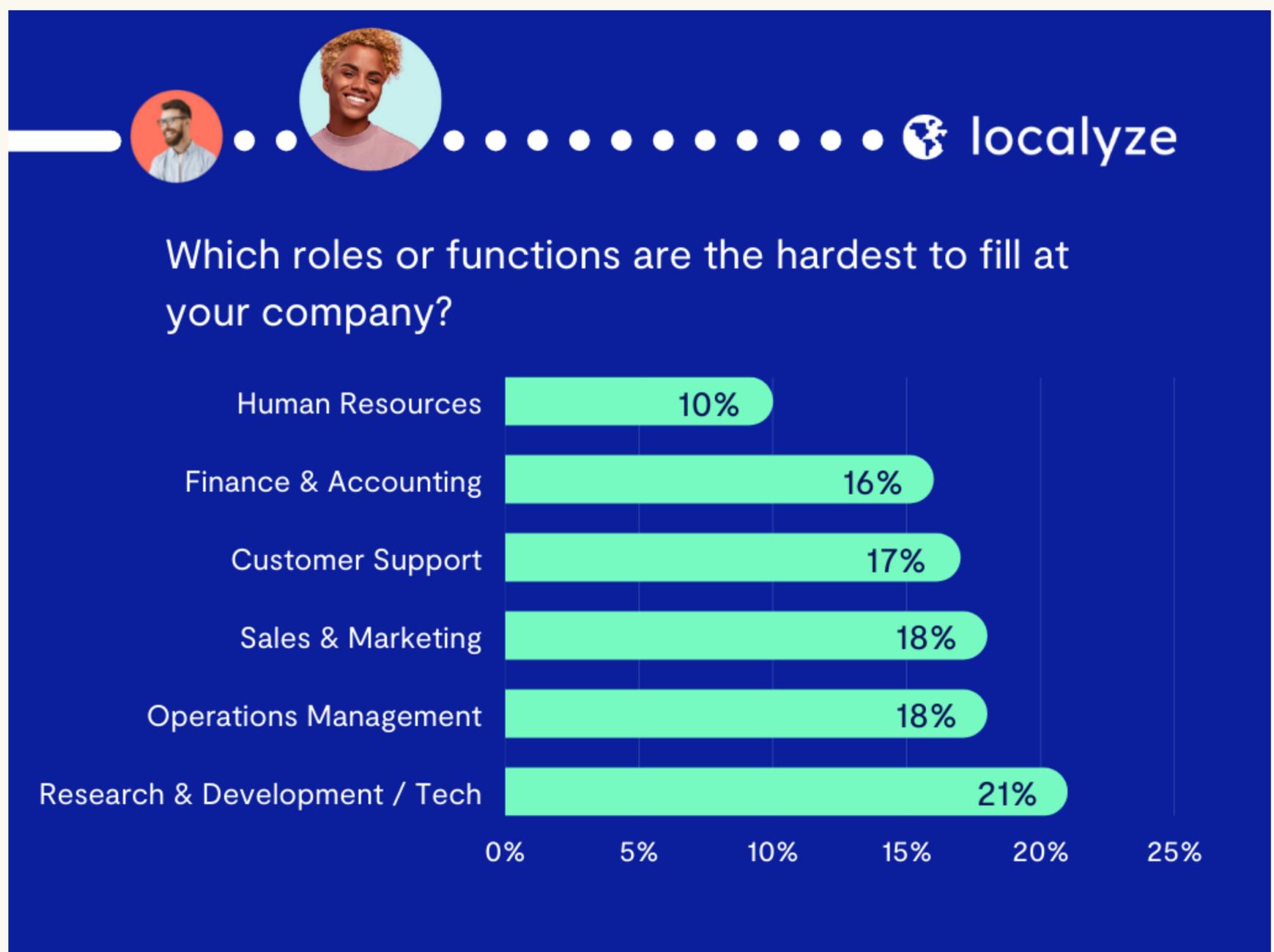
The latter group of countries— Argentina, Australia, Brazil, Canada, India, Mexico, Turkey, and the USA—were chosen as a reference point as they are all members of the G20 and considered to have some of the world’s leading industrialised and emerging economies.

By expanding their recruitment efforts to the European Union (EU and beyond, British employers can significantly increase their access to qualified candidates— across a number of industries and professions. Considering that international recruitment is still an emerging trend in the UK, companies that act now can reap the benefits of being an early adopter and gain a competitive hiring edge.

## 2. Key tech roles are the hardest to fill in organisations that do not hire globally

Respondents were asked which kinds of roles are the most difficult to fill at their companies; the top response was research, development and tech (21%). This is a challenge that most employers in the UK are already familiar with as a result of the ongoing tech skills shortage.

A powerful solution to this problem is global recruitment. Of the above-mentioned respondents, the majority (31%) work for companies that do not yet hire and relocate talent from abroad. Incidentally, more so than other cohorts, this group believes that a lack of qualified candidates in the UK is the biggest detriment to their hiring process.



Primarily, there are two reasons why respondents from this cohort—and the companies they work for—are averse to international recruitment: the perceived costs and time it takes to hire. As we will illustrate, however, companies can recruit and hire foreign talent at a speed and cost that is comparable to domestic recruitment.

For context, let us examine some of the hiring expenses employers can expect to incur when hiring domestically and internationally, as well as the average time it takes for the respective recruitment processes.

Regarding domestic recruitment, the estimates range anywhere from £1,000 to £12,000 depending on the source.<sup>8 9</sup> Several factors influence the end cost, including the type of position for which you are recruiting, whether your company uses an in-house recruiter or external agency, as well as the constituent parts of the process.

Since the average cost can vary so widely, it is important that each organisation track their recruitment and hiring expenses to calculate and monitor cost-per-hire. This allows for smarter decision making and is instrumental in optimising the hiring and recruitment budget.

In the chart below, there are example recruitment costs, both internal and external, that many organisations take into account when determining their cost-per-hire.



In terms of international recruitment, many of the expenses outlined in the table above are also taken into consideration when calculating cost-per-hire. Additionally, there are standard fees that each employer has to pay in order to sponsor and employ non-UK workers.

As an example, we have provided an overview of the main costs companies can expect to incur when sponsoring an employee who is eligible for the Skilled Worker Visa. Note, several of the fees depend on the size of the company, and are set by the Home Office.

## Example international recruitment costs for Skilled Work Visa

Fees	Small company's International recruitment fees	Large company's International recruitment fees
Sponsor Licence	£536	£,1476
Certificate of Sponsorship per worker	£199	£199
Skills Charge	£364 per year	£364 per year
Immigration Health Surcharge	£624 per year	£624 per year
Application Fees (0-3 years)	£625 - £719	£625 - £719
Application Fees (3-5 years)	£1,235 - £1,423	£1,235 - £1,423
External Immigration Support (optional)	£1,500 per case	£1,500 per case

Evidently, there are a few variables that can affect the overall costs associated with sponsoring a Skilled Worker in the UK. A basic estimate amounts to £1,724. To approximate the overall price your organisation will likely pay when recruiting talent from outside of the UK, you can consult the Home Office's [website](#) to see the associated costs for each visa type. This estimate can then be combined with your company's average recruitment costs per new hire.<sup>10</sup>

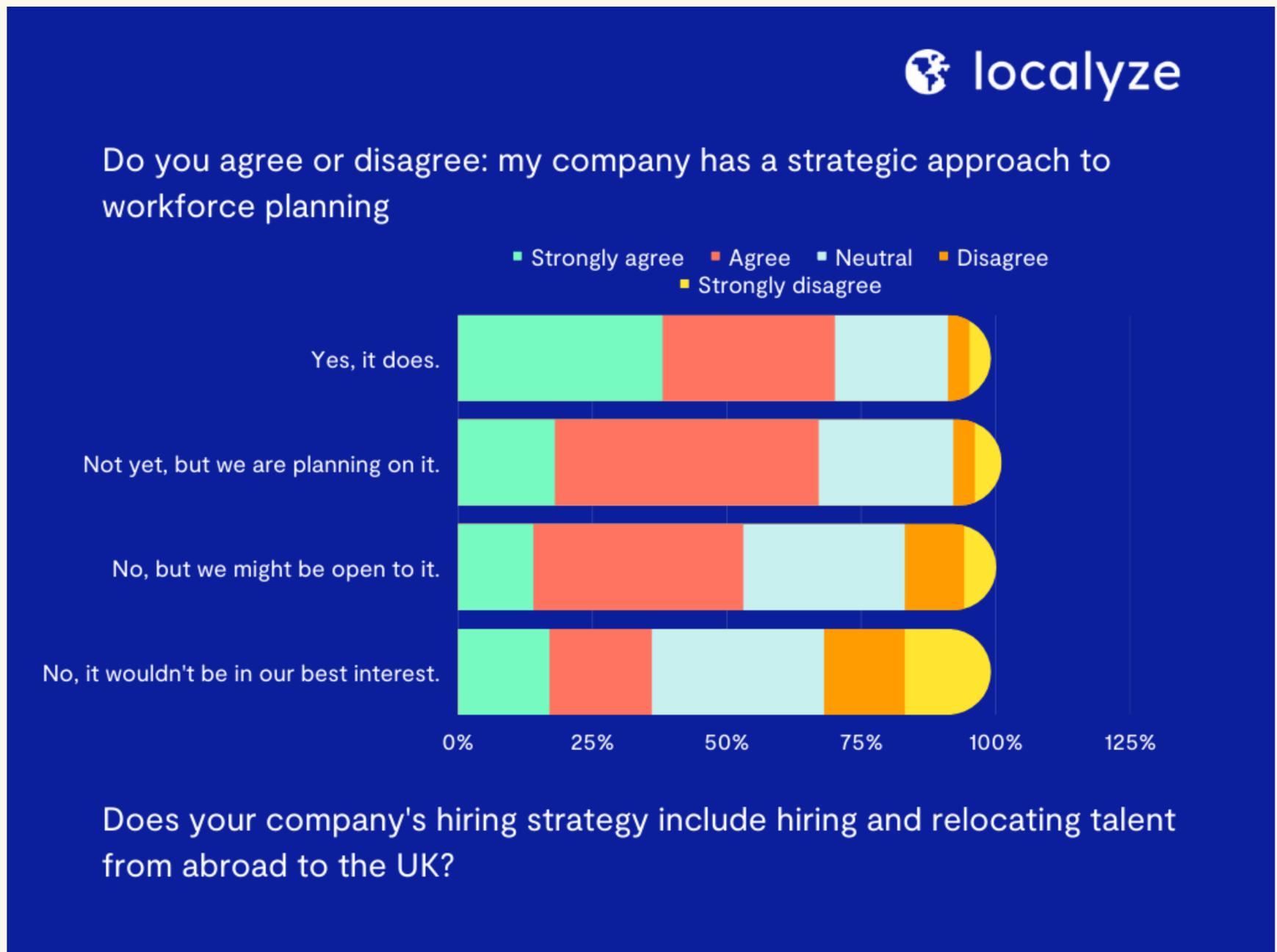
Additionally, when weighing the respective costs of domestic and international recruitment, it is advisable to also calculate the [cost-of-vacancy](#), or the amount of money your company could potentially lose due to an unfilled position.

Under normal circumstances, the average amount of time the Home Office needs to process visa applications is three weeks, though this depends on the type of visa and potentially other extenuating circumstances.<sup>11</sup> For quicker service, companies do have the option of fast tracking applications for a fee. The exact cost, which can be found on the Home Office's site, depends on the type of visa. For comparison, the average length of the job interview process in the UK is 27.5 days.<sup>12</sup>

Ultimately, the cost of international recruitment is quite comparable to what employers can expect domestically. And in terms of time-to-hire, it is actually quicker. By hiring and relocating overseas talent, companies can more efficiently increase their headcount, maximise productivity and minimise the costs that come with vacancies—all of which are essential in maintaining growth and ensuring long-term business resilience.

### 3. Employees are more confident in their employers when they have a global talent acquisition strategy

Companies that recruit internationally reap not only the rewards of having access to a larger talent pool, but greater team member confidence, as well. The same is true of companies that aren't currently hiring overseas talent, but have plans to do so.

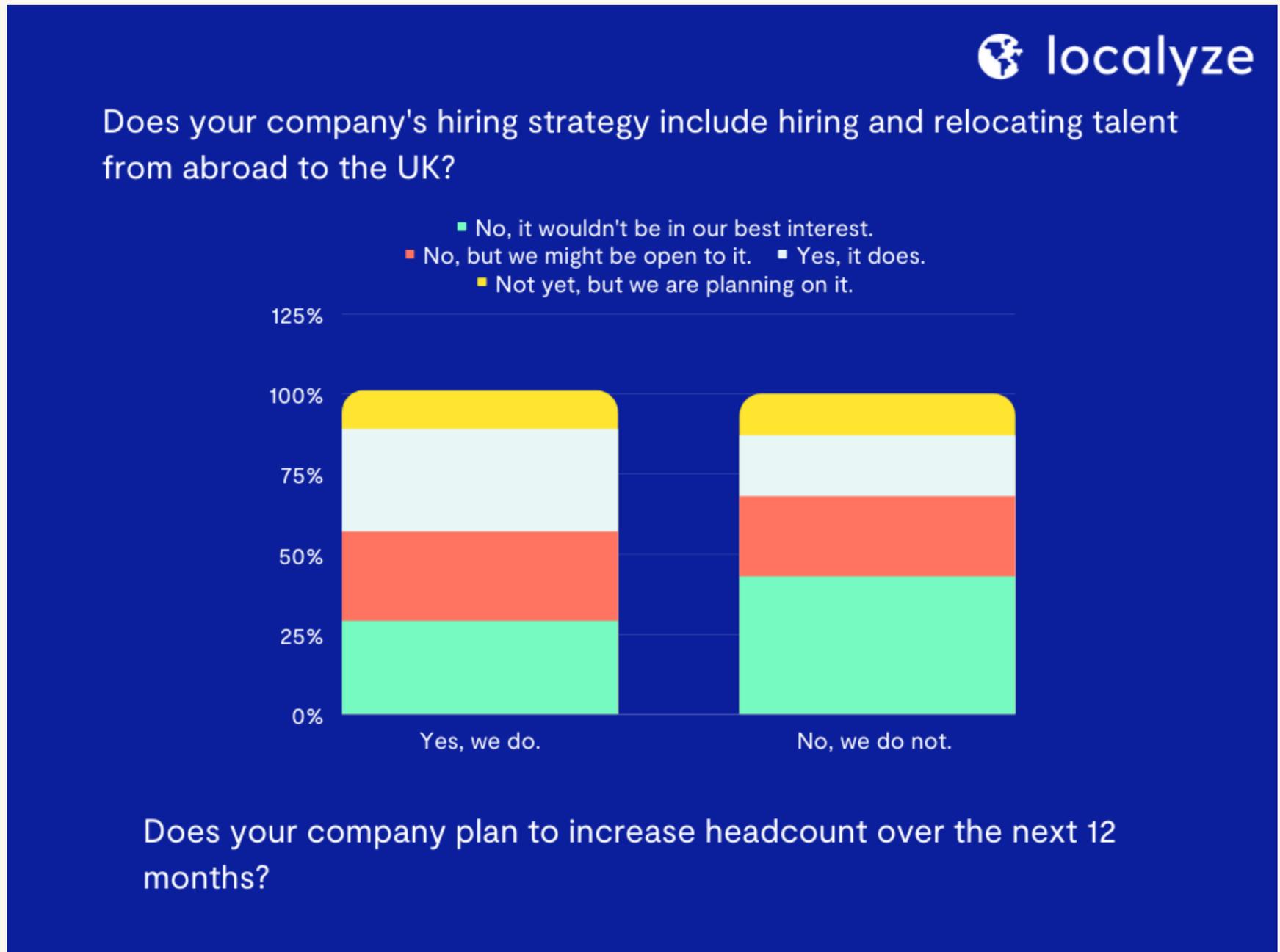


We found this out by cross-analysing responses to the following two questions:

1. Does your company's hiring strategy include hiring and relocating talent from abroad to the UK?
2. Do you agree or disagree: My company has a strategic approach to workforce planning that addresses current and future hiring needs.

Respondents working for companies that hire and relocate talent from outside of the UK expressed the most confidence in their organisation's talent acquisition strategy. In fact, they were twice as likely to "strongly agree" that their company has a strategic approach to workforce planning than participants whose companies do not recruit internationally and do not have plans to do so.

Furthermore, employees who work in organisations that recruit internationally were the least likely to “strongly agree” that their company does not have a strategic approach to workforce planning. One very likely reason for this cohort’s high level of confidence is the fact their employers, more so than others, plan to increase headcount over the next twelve months.



This confidence may also be explained by the myriad benefits of having globally diverse teams, such as increases in employee satisfaction, retention and innovation.<sup>13 14</sup> Naturally, a company’s ability to develop a workplace culture in which these benefits can be realised is dependent upon its ability to hire the right people. Undoubtedly, those that succeed in doing so are also able to build a culture of trust in their ability to hire strategically.

## Final conclusion

One of the biggest obstacles for employers in the UK is the ongoing labour shortage, which shows no signs of abating. While some of the root causes, such as the pandemic, are clearly beyond the control of employers, companies do have one powerful tactic at their disposal. Hiring and relocating talent is the most clear cut and direct means of bolstering the workforce—both in the short- and long-term.

For the time being, international recruitment may be an emerging trend among British employers, but in all likelihood that won't be the case for very long. As more and more companies realise the benefits of global talent acquisition—in the UK and elsewhere—the competition for skilled workers across the globe will only become more pronounced.

Companies that act swiftly can seize the opportunity to tap into the global talent pool—before international recruitment becomes an industry standard—and hire the candidates they need to remain competitive and relevant. And considering the fact that global hiring is comparable to domestic hiring in terms of cost, and slightly faster on average in terms of time-to-hire, the reasons for not doing so are few and far between.

## Research

The survey referenced in this report was conducted using Google Surveys between the dates of 5 May and 18 May, 2021.

The total sample size was 1,501. The figures have been weighted and are representative of all ages and genders in the United Kingdom.

A public link to the survey can be found [here](#).

Detailed information on Google Surveys' methodology can be found [here](#).

## Disclaimer

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## Appendix

<sup>1</sup> Office for National Statistics. (2022, April 12). [Vacancies and jobs in the UK: April 2022](#).

<sup>2</sup> Institute for Employment Studies. (n.d.). [Labour Market Statistics](#), May 2022.

<sup>3</sup> Bank of England. (2022, May 5). [Monetary Policy Report – May 2022](#).

<sup>4</sup> Office for National Statistics. (n.d.). [Dataset VACS02: Vacancies by industry](#).

<sup>5</sup> Office for National Statistics. (n.d.). Dataset EMP13: [Employment by industry](#).

<sup>6</sup> [European Centre for the Development of Vocational Training](#).

<sup>7</sup> Data obtained from [ILOSTAT](#), [U.S. Bureau of Labor Statistics](#), [Statistics Canada](#), and the [Australian Bureau of Statistics](#).

<sup>8</sup> CIPD. (2021, September 3). [Resourcing and talent planning survey 2021](#).

<sup>9</sup> Accounts Legal. (2019, November 28). [Average Employee Replacement Cost is £12,000 for SMEs](#). Accounts and Legal.

<sup>10</sup> The fee for external immigration support is based on the approximate cost of relocation support, provided by Localyze, for one non-UK candidate.

<sup>11</sup> The Home Office is currently reporting delays in the average waiting time, as they are prioritising applications from Ukrainian refugees.

<sup>12</sup> Glassdoor. (n.d.). [30+ HR and Recruiting Stats for 2020](#).

<sup>13</sup> BCG. (2021, September 14). [Inclusive Cultures Have Healthier and Happier Workers](#).

<sup>14</sup> Deloitte. (n.d.). [Inclusive Mobility: How Mobilizing a Diverse Workforce Can Drive Business Performance](#).



## About Localyze

Localyze is the all-in-one platform that makes it easy to manage your global mobility needs in one simple place. We can support with every global mobility challenge you are facing, from relocating new hires to visa changes, postings and transfers between offices. By combining the power of our platform with a team of global mobility experts and partners, we have all bases covered when it comes to employing and managing talent internationally.

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