Demand for Tech Talent

Introduction

At a time when businesses are looking to get back on track following the upheaval caused by the Covid-19 pandemic, seize opportunities and futureproof against upcoming challenges, harnessing technology has never been so important.

Whether born-tech or tech-adapted (those for which technology was not initially core to the business), organisations of all dimensions need access to the right technology talent to succeed. This report investigates technology hiring trends, with insights from Robert Half's expert team of technology specialists, designed to help businesses get ahead when it comes to attracting and retaining top talent.

Foreword

In the past decade, we have seen an explosion of tech start-ups in the UK, revolutionising and even creating new markets. As a result, technology has moved from being a 'nice-to-have' to business critical for established organisations trying to keep up and compete. Technology has opened up exciting new opportunities, and the possibilities are endless – but organisations need the right skills to create, adapt and evolve their offering so they can gain a competitive advantage.

Nearly three-quarters of businesses are currently experiencing a shortage of the in-demand tech skills they need – and with the rapid pace of change, it is unlikely the gap will ever be completely closed. No sooner have you recruited new talent and upskilled existing workers than the next technological jump is already taking hold, so the priority for many leaders is keeping up with the Joneses.

Nevertheless, for most companies hiring tech talent in the past 12 months, the competition in the market has reached unprecedented levels, particularly for roles in information security, software development and cloud computing. As business leaders shift their focus to grow and futureproof their organisations in the wake of the pandemic, the demand for skilled candidates in these areas will only increase.

As a result, candidates are never on the market for long, which raises the question; how do you secure your first choice? Although salaries are increasing rapidly, they are not the only thing to consider; the employees we work with look at the whole package, from remuneration and benefits to corporate values and career progression opportunities.

Organisations no longer have the upper hand when it comes to hiring and recruitment for technology roles, and many hirers are having to adapt to focus on what might have previously been thought of as 'nice-to-haves' as a result.

Setting your business apart in the eyes of candidates is increasingly difficult in today's competitive market. Without understanding what is happening within the hiring market and observing how your competition is responding, it is hard to know where you stand and how to give your business its best chance to secure outstanding talent.

As a talent solutions provider, we are seeing how the fierce war for talent is affecting organisations every day, as well as the expectations of candidates – and sharing those insights can help hirers and jobseekers understand the state of the technology hiring market, both now and looking forward to 2023.

Our new Demand for Tech Talent report identifies the most recent core trends and combines them with the expertise of our tenured technology team, shedding some light on the status quo and the future of work. From trends in skills, attraction and retention, through to bigger themes affecting the industry at the moment, we have the networks and breadth of resources to support businesses to get ahead when it comes to hiring and recruitment.

Craig Freedberg
UK Director, Technology

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Executive summary

Access to skills

72% of organisations have a tech skills shortage

On average employers have hired 151 new tech roles in the past 12 months

IT security, software development and cloud computing talent are the most in demand

Investment in hiring and upskilling

42% of businesses committed venture capital and private equity funding to hiring and recruitment

An estimated 38% of investment capital is spent on recruitment or upskilling

Companies hired an average of 89 new employees after their latest funding round

Impact of remote working

Hybrid working has become more popular than remote working – 60% v 34%

72% of employers are encouraging workers to return to the office

Facetime is crucial for junior workers, corporate culture and identifying issues

Value in brand ethics

90% of interviewing managers have been asked about DEI, ESG or ethics by candidates

78% of employers recognise that investing in ESG aids attraction and retention

Developing and promoting ESG strategies and improving employee experience are the core focus for businesses

Rules of attraction

62% of companies are struggling with employee retention.
Salaries, promotions and corporate culture are employers' main retention aids

67% are finding it hard to attract candidates.
Highlighting progression opportunities, offering share schemes and increasing paid leave are deemed the most effective attraction strategies
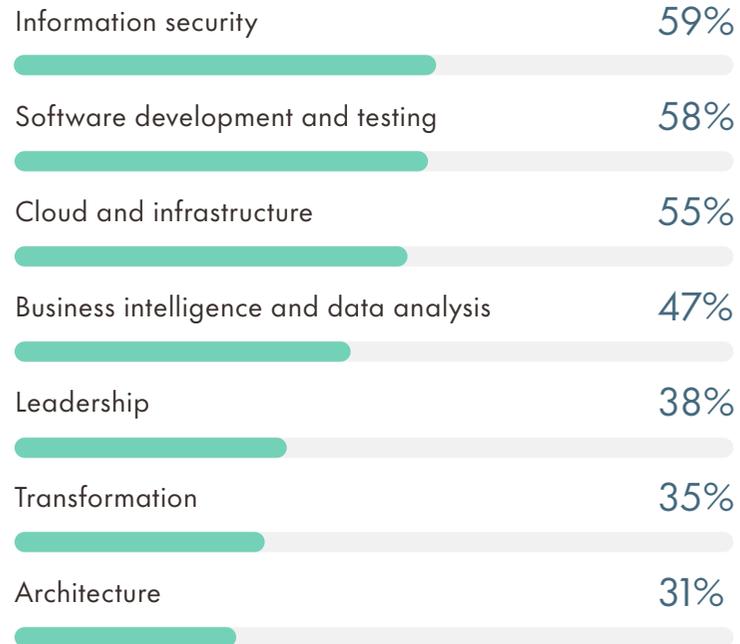
Access to skills

Technology is always evolving, which means that both businesses and employees must constantly adapt their plans and skills so that they can take advantage of the latest developments.

However, the astronomical pace of technological change is currently outpacing organisations' abilities to upskill, leaving 72 per cent with a crippling skills shortage – and generating unprecedented levels of hiring and recruitment activity in tech.

Almost all (96%) tech leaders, within born-tech and tech-adapted companies, have hired new employees in the past 12 months – an average of 16 per SME, and 151 for each large enterprise. But the gap between supply and demand is piling on the pressure, resulting in rapidly rising salaries and a competitive hiring environment, which is standing between businesses achieving their objectives and ambitions in the months ahead.

Both technical and soft skills (particularly problem-solving, creativity and communication) are lacking in the market, leaving both growing and established tech organisations unable to seize opportunities and futureproof against emerging challenges and threats.

Which roles has your organisation hired for in the past 12 months?

Role	%
Information security	59%
Software development and testing	58%
Cloud and infrastructure	55%
Business intelligence and data analysis	47%
Leadership	38%
Transformation	35%
Architecture	31%

Tech-adapted companies (those for which technology was not initially core to the business) are more likely to have hired cloud and infrastructure staff, as they continue to transform their organisations.

Meanwhile, born-tech firms, which were built around technology, are focused on hiring business intelligence workers, who can identify areas for improvement and growth.

Which roles are the hardest to hire for?

- Architecture
- Leadership
- Cloud and infrastructure

"While these roles were the hardest to hire across all organisations, software development roles are much harder for tech-adapted companies to fill. Many born-tech companies have built their own tech stack, which presents an engaging opportunity for DevOps talent – it allows them to be more creative, and offers better opportunities for progression, so tech-adapted companies will often need to find a way to make up for that when it comes to making candidates an offer."

Phil Boden,
Director of Permanent Placement Services

Rules of attraction

In an increasingly tight candidate market, where employers are struggling to find the skills they need, retaining existing staff and attracting the best candidates becomes essential.

While the threat of a 'Great Resignation' seems to have passed in the UK, the competition for workers is resulting in higher salaries and fully comprehensive bonus and benefits packages, which are turning the heads of even the most loyal or tenured employees.

More than two-thirds (69%) of tech leaders have noticed an increase in the number of employees resigning in the past 12 months, which is preventing businesses from achieving their goals, as well as decreasing productivity and quality.

Customer experience and pushed deadlines are the two most common impacts experienced by the businesses struggling to retain staff, while 31 percent say that revenues and profits are suffering.

Organisations recognise that replacing talent can be a costly business, so many are taking urgent steps to keep valued employees in their ranks and to attract the new talent they need to plug gaps and drive growth.

62 percent of businesses are struggling with retention. What are they doing to prevent staff losses?

38%   are increasing salaries and reviewing pay brackets

35%   are promoting workers

35%   are focusing on improving corporate culture

Two-thirds (67%) are finding it hard to attract candidates. What approach is the most effective?

24%   highlighting opportunities for progression

16%   offering an equity or share scheme

15%   increasing paid holiday or offering sabbaticals

Businesses are doing all they can to hold onto their best talent, but it is not always easy when there is an exciting new challenge just around the corner – and the biggest and hippest names are winning out. Large organisations and born-tech businesses can rely on their brands to secure the best candidates, and many of these are also in a stronger position to compete with SMEs or tech-adapted companies on salaries both for existing employees and new joiners.

Has your organisation been making more counteroffers to retain staff over the past six months?

Large organisations   **35%**

SMEs   **24%**

"We have seen an extraordinary rise in the number of counteroffers being made over the past 12 months, as businesses do everything they can to hold onto their best talent – but not everyone can afford it. While larger organisations are better placed to compete, the outcome will almost certainly be the same, as most who stay with the business will have left within six months."

Thamina Salam
Business Manager -nTechnology

Impact of remote working

While remote working is widely touted to be the 'holy grail' – and one of the silver linings of the pandemic – the reality is much more complicated.

During the pandemic, but outside periods of official lockdown, more than half (52%) of businesses were working remotely, but now this has reduced to just a third (34%) – with more employers wanting teams back in the office at least some of the time.

For most employers, it is not a lack of trust or worries about productivity that are driving a move to hybrid or even full-time office working, but retention and attraction concerns.
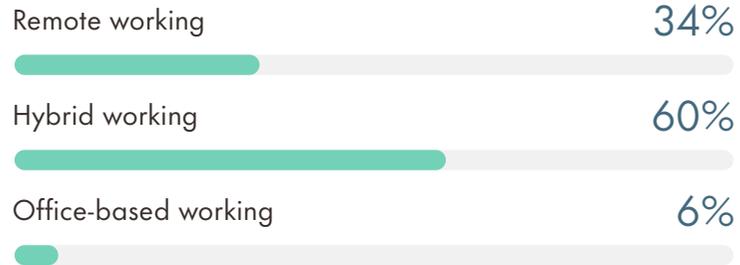
The lack of face time with employees is making it harder to engender loyalty, create a sense of community, and to monitor levels of staff satisfaction – all of which are crucial to retaining staff, especially in a competitive market.

At the same time, remote working is not for everyone. Many people may not wish to be in the office full time but still value coming together with their team once or twice a week. Everyone is different, and so flexibility is essential for attracting the best talent.
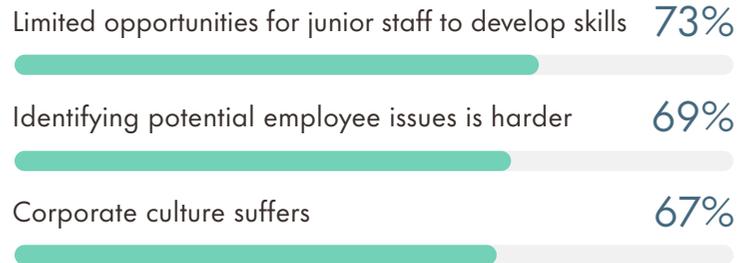
When it comes to working arrangements, businesses should focus on balance – measuring the organisation's needs with employee desires – and for most, it seems that hybrid working is the best compromise to both attract and retain loyal employees.

Hybrid working is the most common working option with little change expected in 2023

Remote working — **34%**

Hybrid working — **60%**

Office-based working — **6%**

What are the negative impacts of remote working?

Limited opportunities for junior staff to develop skills — **73%**

Identifying potential employee issues is harder — **69%**

Corporate culture suffers — **67%**

76% agree that hybrid working is a compromise that works for everyone

38% are trying to encourage more workers to go into the office

31% are relinquishing office space

"The progression and skills development of junior workers is something for organisations to keep an eye on. Many junior workers are telling us that they are not able to acquire skills as quickly when working remotely, and therefore may not progress through the organisation in line with their expectations. For the most ambitious employees, the risk of stagnating will be unacceptable and they will start looking for new roles that can offer more opportunities."

Oliver Price,
Technology Solutions Director

Managed technology solutions

Whether you are hiring for one role or one hundred, Robert Half can find the right solution for you. Our tenured technology team has a broad network of exceptional candidate contacts. In addition, our bespoke solutions deliver consulting support and the talent you need at scale, in-house or outsourced, interim or permanent, so that you are in the best position possible to seize the digital opportunities ahead.

Investment in hiring and upskilling

Two-thirds (66%) of the tech leaders we spoke to reported that their organisation has received venture capital or private equity funding in the past five years, and with growth as one of the primary ambitions, their spending plans have clear implications for recruitment and hiring.

Whether just starting out or well-established, increasing headcount is one of the most common ways businesses can achieve growth. Hiring new talent can help to broaden capabilities, enhance productivity and ultimately boost outputs and revenue – but it is important to choose the right talent.

Businesses' progress on their journey impacts the types of roles they create following significant financial investments. For a smaller or younger company, the focus is more likely to be on business intelligence and leadership – the roles that can solidify future direction and identify new opportunities.

On the other hand, a larger or more established firm would likely prioritise cloud computing and information security, which would provide the infrastructure to grow without risking customer experience or data safety.

Hiring is not the only way to increase skills within an organisation. Businesses are also investing capital from funding rounds into upskilling and training their existing workforce, which aids with retention and attraction, as well as helping to drive the company forward.

How do employers spend investment capital?

Research and development — 44%

Recruitment and hiring — 42%

Upskilling and training — 40%

Marketing and brand — 38%

Business expansion — 35%

Mergers and acquisitions — 31%

Repaying debts — 28%

20% Proportion of capital spent on upskilling and training

18% Proportion of capital spent on hiring and recruitment

89 The average number of new hires made using investment capital

Value in brand ethics

Environmental, social and governance (ESG) concerns have been steadily rising up the agenda, both inside and outside the boardroom, and it is now a critical part of the hiring process.

Candidates are increasingly interested in hearing about company ethics, corporate values, and ESG activity. In fact, nine in 10 (90%) tech leaders who have personally interviewed a candidate in the past 12 months have been asked about the organisation's impact, what it stands for and how it supports staff.

Traditional organisations are now contending with younger, purpose-driven firms that were built on ESG principles – leaving some on the back foot. With many candidates now using corporate values and ethics as a deciding factor between two otherwise well-matched organisations, it is no longer something that can be glossed over.

Fortunately, most businesses (78%) recognise that having strong corporate values is essential for retaining and attracting talent. Many are developing initiatives that enable them to 'do the right thing', because employees care more about ethical behaviour and citizenship than they did 12 months ago (76%).

Being seen to do the right thing is not enough to convince potential employees of an organisation's ethics, and any perceived greenwashing will be met with cynicism, so it is crucial that businesses make their plans transparent and measurable if they want to secure the best talent.
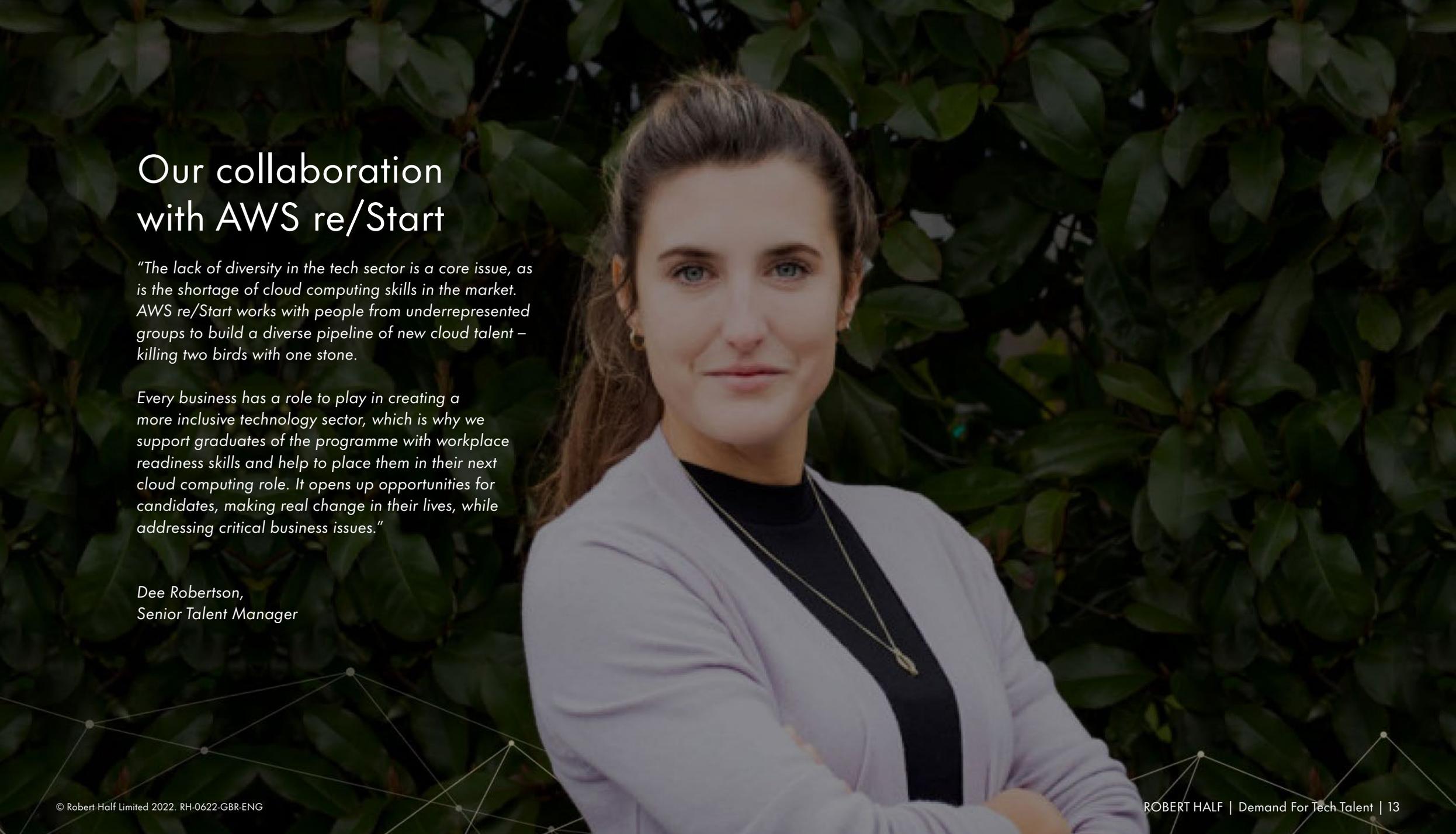
What actions are your organisation taking on ESG?

Developing a clear ESG strategy **43%**

Making information on ESG more accessible **39%**

Strengthening HR programmes and policies **39%**

Creating employee network groups **38%**

Making changes top improve employee experience **37%**

Reviewing procurement processes and suppliers **33%**

Hiring new staff to aid with DEI and ESG activity **33%**

Which of the following have you been asked about by job applicants in the past 12 months?

46% ESG policies, including diversity, equity and inclusion

40% Ethics and corporate values

32% Sources of funding

22% Negative publicity about the organisation

Our collaboration with AWS re/Start

"The lack of diversity in the tech sector is a core issue, as is the shortage of cloud computing skills in the market. AWS re/Start works with people from underrepresented groups to build a diverse pipeline of new cloud talent – killing two birds with one stone.

Every business has a role to play in creating a more inclusive technology sector, which is why we support graduates of the programme with workplace readiness skills and help to place them in their next cloud computing role. It opens up opportunities for candidates, making real change in their lives, while addressing critical business issues."

Dee Robertson,
Senior Talent Manager

Working with Robert Half

Technology unlocks opportunities for all organisations – but for businesses to achieve their goals, whether that is growing the company or introducing new systems to improve productivity, they need skilled talent.

At Robert Half, we offer a world-class talent solutions service that helps businesses and candidates to connect, delivering results that benefit everyone. From cloud computing to DevOps to transformation, from junior staff just starting out to senior leadership positions, interim or permanent, our team is here to help.

Our expert talent solutions managers use Robert Half's own technologies and systems, as well as their own established networks and years of experience to advise clients and candidates, and ultimately match some of the world's most exciting businesses with brilliant talent. As a business with integrity, which puts people over profit, we take pride in getting it right for everyone.

Opening up opportunities for businesses and candidates sits at the heart of what we do. For businesses, we exist to source the talent needed to meet crucial objectives. For candidates, we find their next great role, and help them to develop their skills along the way.

Through our testing and training programmes, and through programmes like AWS re/Start, which support people from underrepresented groups to get into the tech sector, we actively work to address critical talent shortages and increase diversity within technology across the UK.

We are committed to changing lives and supporting businesses to achieve their full potential, but don't take our word for it. Here is what our clients and candidates have to say about us:

"We had been unable to find suitable candidates for a Compliance Analyst role and turned to Robert Half for support. I was very pleased to be presented with four quality candidates very quickly. All had been through the AWS re/Start program. I was impressed with the level of practical experience the candidates had gained in cloud technology.

Data Protection Officer,
Swiss Post Solutions Limited

★ ★ ★ ★ ★

"I was looking for a 'needle in a haystack' role which would pay me away from my current position. Robert Half found what i consider to be my ideal role in the IT sector. Highly recommended Robert Half for anyone looking for a new role, especially in IT."

Julia Symons,
IT Manager

★ ★ ★ ★ ★

To connect with our team, visit
roberthalf.co.uk/technology

We are always seeking new ways to support both the organisations and candidates we work with. In collaboration with our sister-consultancy Protiviti, we can also provide full-service outsourced teams and tailored project-based solutions – our latest initiative to help businesses address their talent gaps.

Contact us to find out more:
roberthalf.co.uk/employers

Methodology

Robert Half commissioned Opinium Research Ltd to conduct an online survey of 750 technology managers and directors with hiring responsibilities between 9-16 May 2022. The sample included leaders from SMEs and large enterprises, both born-tech (those built around technology) and tech-adapted (those who pivoted to include technology within the organisation).

The results from this survey were paired with expert insights from Robert Half's UK technology team, which works with hirers and job seekers to provide access to new skills, and opportunities on a daily basis. By sharing their experiences of the market, we can help more businesses and candidates identify their next steps and improve the process for everyone.

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