

# Morgan McKinley London Employment Monitor - December 09

Monitoring the pulse of the City jobs market

Morgan McKinley Survey Finds Significant Increase in Financial Services Hiring Expected in 2010

## 2010 Financial Services Hiring Market Outlook

- A survey of 124 HR and line managers within London's financial services industry found that 82.9% of respondents believe that hiring across the sector will increase in 2010, while 16.2% thought hiring levels would stay the same as 2009
- Over half of those surveyed (52.2%) stated that it is more difficult to find good candidates with the right skills and experience compared to this time last year
- 'Remuneration' (60.9%) and 'poaching of employees by competitors' (45.2%) were cited by respondents as the main personnel challenges that businesses will face this year
- Only 5.2% stated that handling redundancies would be one of the main personnel challenges in 2010 • Under half of respondents, 46.1% reported that the 50% tax levied on bonuses this year will make it more difficult to attract talent to the City.

## December 2009 City Jobs Market Review

- As anticipated, December 2009 financial services hiring levels in London fell month-on-month by 48% due to the end of year holiday period • Compared to the same month of the previous year (December 2008) however, the number of new job vacancies in the City rose by 24%
- The number of people looking for new positions in December 2009 fell by 43% compared to November 2009 and saw a 12% decline on the same month the previous year
- The average City salary rose by 3% compared to December 2008 to £50,858.

## 2010 Financial Services Hiring Market Outlook

A hiring market outlook survey by global professional recruiter, Morgan McKinley, of 124 HR and line managers in financial institutions across London, reveals that recruitment levels are set to rise this year. Of those surveyed, 90% expect business activity to increase in the City throughout 2010 and 82.9% stated that hiring volumes will also rise.

The survey also revealed that over half (52.2%) of those surveyed admitted that it is now more difficult to find good candidates with the right skills and experience compared to a year ago. Although less than a quarter (23.5%) identified talent shortages as the main personnel challenge for 2010, remuneration (60.9%) and

the poaching of staff by competing financial institutions (42.5%) were the two most popular responses.

As a number of institutions announce bonuses this week, our survey found that close to half (46.1%) of respondents expect the 50% tax on bonuses to make it slightly more difficult (38.1%) or much more difficult (8%) to attract or retain talent, underpinning some of the compensation and reward issues hiring managers cited that they will face in 2010.

Andrew Evans, Managing Director of Morgan McKinley's financial services division comments:

"These survey results reinforce the view that confidence continues to return to the City and in turn the jobs market, with 82.9% of hiring managers surveyed expecting recruitment volumes to be up on 2009 levels. Also, it is very telling that only 5.2% of respondents believe that handling redundancies will be the main personnel challenge for this year but 42.5% believe that competitors poaching staff will be a significant challenge.

"Our findings also highlight that over half of those surveyed are already finding it difficult to source professionals with the right skill set. This is particularly the case for those who are skilled in change and project management as businesses plan to place greater emphasis on organisational change this year. This insight from our survey provides a far more positive outlook for the financial services employment market in 2010 compared to this time last year and indicates that there is likely to be an upward trend in job vacancies throughout Q1 and potentially beyond."

### **Seasonal factors impact December 2009 hiring ahead of expected rise in 2010**

December 2009 hiring levels showed an increase of 24% compared to December 2008, rising from 1,827 to 2,268. However, due to seasonal factors coming into play in December, when hiring and job hunting traditionally slow down in the City, new job vacancies fell by 48% from 4,347 to 2,268 compared to the previous month, November 09. This seasonal drop in job volumes is consistent with the pattern experienced in previous years.

The number of professionals starting their job search fell by 43% from 7,690 in November 2009 to 4,390 in December 2009.

The average salary across the City in December 2009 was £50,858, which was a

3% increase on the same time last year and a month-on-month decline of 1.3% from £51,512 in November 09.

Andrew Evans, Managing Director of Morgan McKinley's financial services division comments:

“As we anticipated last month, seasonal factors had a significant impact on recruitment activity in December 09 as hiring slowed over the Christmas holiday period and professionals stayed put in anticipation of bonus announcements in the new year. Despite this month on month decline, activity levels at the end of November and start of December highlight that recruitment did maintain the pattern of general upward momentum that we have experienced over the last year. This is reinforced by the 24% increase in new job vacancies from December 08 to December 09, indicating that the City jobs market is continuing to recover from what looks to have been the lowest period of the downturn, at the end of 2008.

“The positive outlook has continued at the start of 2010 underlined by hiring activity in the first two weeks of the year. There has been a significant uplift in new job vacancies in January 2010 compared to the start of January 2009. With respondents in our 2010 hiring market outlook, anticipating a substantial increase in business activity and recruitment across the City this year, the financial services employment market looks set to offer more opportunities for professionals looking to change jobs this year.”