



**IS THE UK SKILLS
SHORTAGE**
impacting your
customers' experience?

Foreword

Employers and employees are facing a plethora of problems in the modern job market.

From an employee perspective, many people in the UK are dealing with rising costs at home due to soaring inflation. This stress is compounded by burnout at work, causing many to rethink their priorities.

From the employer side, many businesses are also feeling the pinch. They're also facing a tight labour market where it's increasingly difficult to get the talent they need, resulting in stunted economic growth.

Amid the myriad of issues facing the employer/employee dynamic, it's easy to forget the ultimate losers could be the consumer.

The fact is that all the volatility of the job market is likely to be having a detrimental impact on customer experiences. And this at a time where many consumers depend on support services to help with their own issues related to the cost-of-living crisis.

In this whitepaper, we examine the status quo of employment, how labour shortages are adding unprecedented pressures and challenges on employers, and most importantly, how businesses today can find a fundamental solution to those ever-increasing challenges.

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Introduction



With [1 in 5 workers worldwide considering leaving their positions in 2022](#), the great resignation was in full swing across the globe.

Whichever way you want to spin the great resignation, as the ‘great reflection’ or ‘great transition,’ for example, it shouldn’t be denied that a monumental shift took place in the workplace.

In the UK, we have not quite seen the same resignation rates as in the US, where the term ‘great resignation’ first appeared. During the pandemic, [just under 5% of UK workers left their jobs](#), the second highest rate in Europe behind Germany.

Yet, we are beginning to see signs of further upheaval.

In fact, according to a [study in 2022 by PwC](#), almost a fifth of UK workers said they were planning to leave their jobs within 12 months.

Alongside commentary of the great resignation, we also see references to the ‘great exhaustion.’

According to a [survey by Asana](#), 42% of workers surveyed said they had experienced extreme burnout. While these two phenomena may naturally be linked, overly correlating the two may be an oversimplification of the circumstances.

Employees are not simply quitting because they are tired. There’s more to the picture.

So, how do we explain the current situation? What does it mean for businesses and consumers? Is there an opportunity to be found in these trends?

Let’s explore.

The great exhaustion and great resignation have created unprecedented problems and opportunities

➤ An underlying problem catalysed by Covid-19

We need to address a significantly large elephant in the room: the effect of the worldwide pandemic.

Covid has clearly been a catalyst for the great exhaustion. As employees had to shift to remote work, already demanding roles became increasingly intense.

[Data from Microsoft](#) suggests that leaders gradually ate into employees' work/life balance as the number of meetings, notifications, and messages steadily increased throughout the pandemic. Employees report that the initial freedom of working from home was quickly replaced by digital overload as weekly hours in front of their computer screens soared.

Businesses faced the issue of quickly upskilling employees to shift to remote work and maintain high productivity. Upskilling costs are high and often comes at the expense of employee wellbeing due to the pressure to perform.

This, of course, was on top of the myriad other stresses associated with the pandemic itself.



This fraught employee/employer relationship was brought into sharp focus during the pandemic. Workers are now increasingly asking the big questions - how important should work be? What do we expect from employers? What do I want from a job?

Employees are rethinking their '[psychological contract](#)' with employers; the deal made with an employer about what they get in exchange for their labour, time, and effort.

➤ What does all this mean on the ground?

A high turnover of jobs means a less-skilled workforce. As people switch jobs, they need to be onboarded and upskilled - a timely and expensive task.

Many workers are practicing what's been dubbed 'career downsizing,' taking less stressful roles and responsibilities for less money to readjust their life goals and objectives or even taking early retirement.

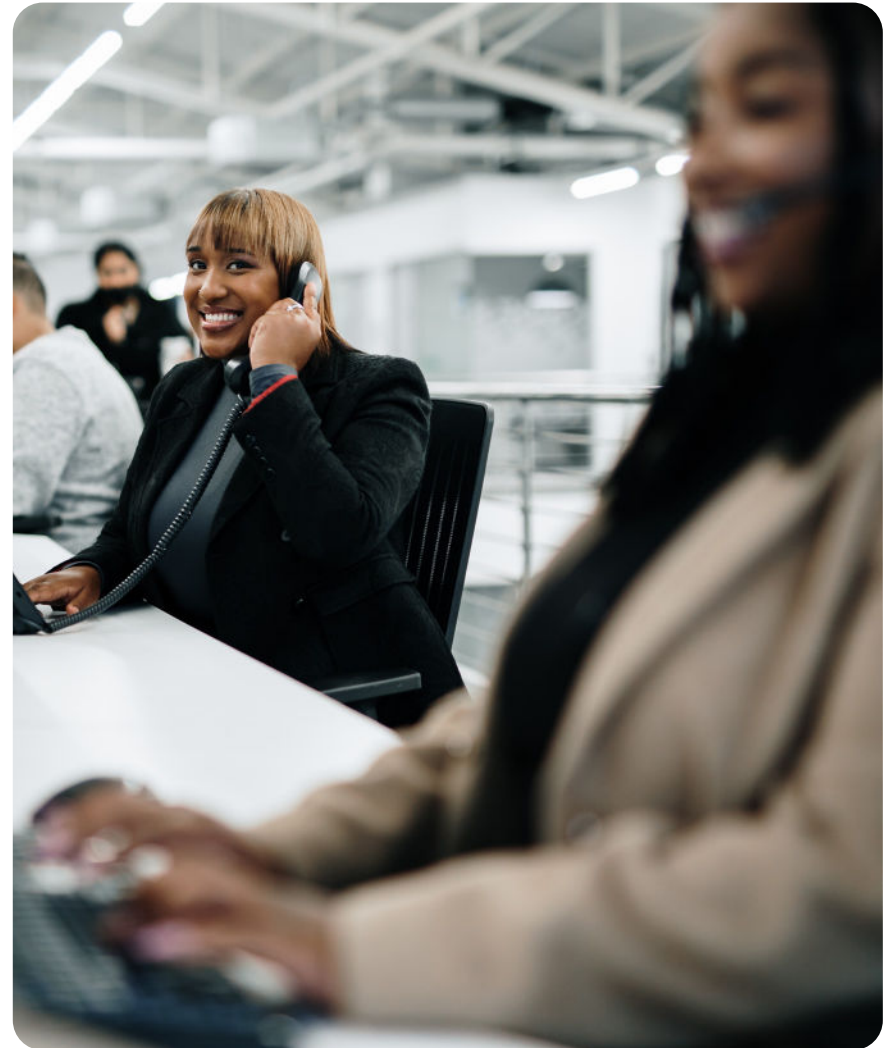
While the great resignation has tapered off, the career-changing culture is expected to stick around as workers feel less attached to employers. This phenomenon is especially true when workers do not feel valued by their employers.

Additionally, there is the challenge of [addressing skills and labour shortages post-Brexit](#) as Europe was previously a welcome source of incoming labour. This avenue is no longer open for many workers, and certain industries are feeling the loss.

This workforce volatility is proving a real challenge to small and medium-sized businesses that need to focus on employee retention to upskill workers and avoid the cumbersome process of having to constantly replace job leavers.

Since high turnover threatens to continue for years to come, businesses must try to combat the adverse effects by redoubling efforts toward employee retention.

However, while investment is the ideal solution, that's not always possible for businesses.



➤ Which industries are most affected?

In the US, where the Great Resignation term first appeared, the initial deluge of resignations came most from frontline workers. This was a direct result of the pandemic as these workplaces were seen to be unsafe.

A similar pattern can be seen in the UK. Although many aspects of the labour shortage in the UK predate the pandemic, the hospitality, health and social care, and manufacturing sectors are facing particularly acute challenges with hard-to-fill vacancies.

Traditionally low-paid jobs in retail and hospitality were at the forefront of the pandemic, with a high risk of coming into contact with the public. Plus they were the businesses where staff were furloughed or were highly susceptible to closing during the pandemic, resulting in many staff layoffs.

Concerning healthcare workers, the NHS faced a staff shortage even before the pandemic, with care workers, nurses, and general practitioners all in short supply.

The NHS experienced considerable strain throughout, and, despite the weekly claps for carers, the strain was simply too much for many. Teachers, also, are leaving their posts in droves and the education sector faces a teacher shortage crisis.

Many of these employees are simply looking for better opportunities elsewhere, realising that there is the potential for higher-paid jobs with less stress.

The construction industry has also seen high levels of resignations as well as facing the issue of attracting new hires. A time-intensive

job that doesn't allow people the flexibility of working from home, perhaps many workers opted for opportunities elsewhere as priorities shifted during the pandemic.

But the recruitment crisis is not limited to these sectors alone. Every sector is currently struggling to recruit.

There are many interconnected reasons to explain why these people left their job - stress, poor pay, burnout, lack of job satisfaction, poor employer/employee relationships, or shifting of priorities, to name a few.

However, what's important to realise is that it's not because these jobs no longer exist. These industries also make up the highest percentages of vacancies in the labour market. In other words, while the issue of employee satisfaction may be a longer-term issue that needs to be resolved, in the short term, businesses and consumers have to deal with the impact of skills and labour shortages.



➤ The challenges of recruiting the best talent

Even though people seem to be quitting their jobs, that does not mean it's easy pickings out there for recruiters.

The fact remains that it's incredibly challenging to source the best talent for various reasons:

- In the UK, the unemployment rate continues to be very low, close to full employment, meaning there are a lot of jobs out there with not too many candidates available.
- Many candidates are passive, meaning that while they may be "open to an opportunity", they are not actively looking for new roles.
- Increased competition. More employers are competing for a smaller pool of candidates.
- Ineffective recruitment processes mean so much time is wasted on hiring candidates that aren't ultimately the right fit for the role.
- With so many options for candidates for new roles, if you don't have a strong employer brand, you may find it challenging to attract jobseekers.

What should be clear here is that, as an employer, you have to overcome many obstacles to be fortunate enough to bring on the best talent.



Both businesses & consumers are greatly impacted

➤ The impact on businesses

Businesses are facing enormous strain due to the pressure of labour and skills shortages.

Any business that faces a high turnover rate faces an ongoing struggle to rehire for positions and onboard them quickly to replace skilled workers. The recruitment process costs time and money - two valuable assets that, in an ideal world, would be used more wisely.

This dynamic, therefore, inevitably stunts economic growth. Businesses feel like they're putting out fires instead of investing in the fire protection features needed to enable future growth and scalability.

In the UK, many government ministers speak of the need to find solutions for more skilled workers to kickstart the economy.

However, they are slow-moving in putting the necessary mechanisms in place.

Many businesses and industry sectors simply can't wait for those slow-moving bureaucratic wheels to shift into gear and find solutions, removing the handbrake on growth.

The result is that, as a stopgap, many UK companies are looking to increasingly hire from overseas in an effort to fill positions.

This dynamic for the workplace has its own long-term pros and cons, though it's worth highlighting the technological capability that has enabled an opening up of the whole world for recruiters. It wasn't

that long ago that businesses didn't even have this option of a remote workplace.

But, what about the impact of the skills shortage on consumers? It can be easy to talk about the high concepts of long-term economic growth and forget about the day-to-day experiences of consumers.

They, of course, feel the effects of broader economic changes one way or the other, but we also shouldn't lose sight of how they are faring in the present.



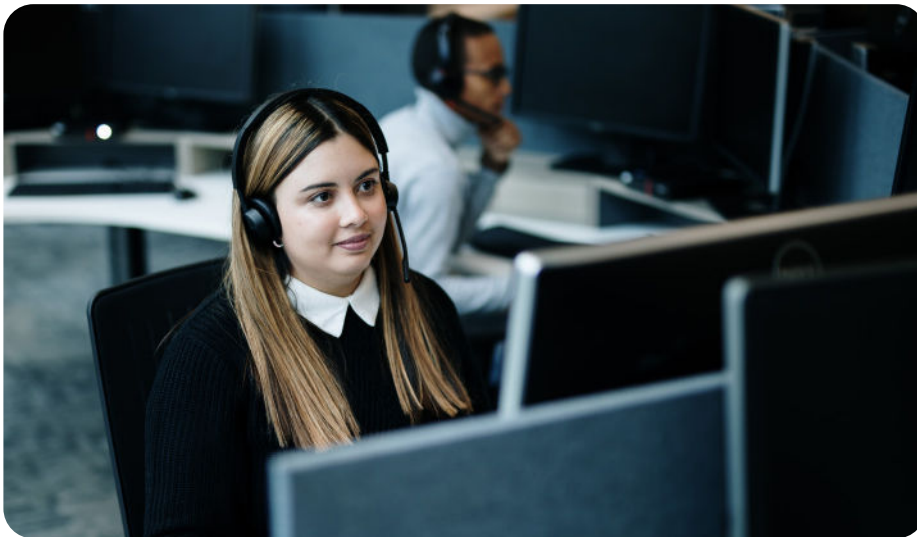
➤ The impact on consumers

Any cursory glance at the news will tell you that consumers are facing a plethora of financial struggles.

There's a worldwide cost of living crisis as inflation rises while pay rates struggle to keep up. The cost of daily necessities such as fuel and food are rising, putting ever more strain on family budgets, while interest rate hikes are making it increasingly challenging to pay the mortgage.

In this context, with financial struggles causing so much stress and uncertainty, consumers need all the support they can get from the businesses they interact with. The business is responsible for removing as much friction as possible from its customer experiences, relieving any unnecessary strain from these interactions at a time when consumers are desperate for help.

And yet, due to staff shortages and the skills gap, customers can't get what they need from some industries.



➤ How is the talent shortage currently impacting the customer experience?

Today's customers need a quick response, a customised experience, and the highest quality support. In a competitive marketplace where brands offering the best customer experiences have risen to the top, these customer expectations are higher than ever.

Consumers no longer make their purchasing decisions based on the quality and cost of the product or service but instead opt [for companies that offer the best customer experiences.](#)

This shift means that, despite all the other challenges they currently face, businesses must prioritise the customer experience to retain customers. And yet the talent shortage in some sectors makes this incredibly difficult.

- Many customers experience call centres jammed as a lack of experienced support service workers render customer service wait times unsatisfactory.
- Support workers are overloaded with increased caseloads. They are effectively swamped, leading to degradation over time of the quality of service as they inevitably experience burnout and other frustrations.
- The mental health of workers across many industries is on the decline. Unhappy, stressed workers do not perform to the best of their ability.

Employees' issues ultimately get passed on to the consumer as they experience a downgraded, less-efficient product or service due to the lack of skilled workers.

It's essential, at this point, to highlight the workers themselves are not to blame for this state of affairs. Instead, we are positing that employers must find flexible solutions to ensure they give customers the services they have come to expect and, in this economic climate, often depend upon.

By extension, while customers are paying the ultimate price at present for the talent shortage, businesses themselves will pay a price too.

If we follow the logic, bad customer experiences today will lead to damaged reputations tomorrow, hampering chances of business prosperity and longevity.

Of course, looking at this list, some are relatively simple, whereas some entail various complex processes and obstacles to overcome. In particular, any attempts to step back and address workplace culture to futureproof a work environment for employees will be a long-term project with many steps. That's a lot of hard work and far from an overnight job.

For our purposes, let's focus on the flexibility aspect and look at outsourcing as a viable option for businesses facing a talent shortage, especially related to customer services.

But what are the solutions for businesses facing a talent shortage?

- > New ways to incentivise candidates to join
- > Reskilling and upskilling current employees
- > Widening the recruitment net in search of more talent
- > Enhanced action on social issues, vital to Gen Z employees, to attract new hires
- > Leaders being accountable and taking a step back to question why people leave in the first place
- > Transform the onboarding process for a remote world, with more help for new hires to settle in what can be a distant virtual workplace
- > Flexibility regarding other solutions, including outsourcing



Solution – an overarching outsourcing approach

Outsourcing can be both a short-term and long-term solution for businesses facing a talent shortage that can help them provide the first-class customer experiences that consumers demand.

➤ Why outsourcing works

Businesses of every size, in every industry, and in every corner of the country are experiencing the worst skill and labour shortages in decades. This challenge is worsening by the day. They need solutions that not only deal with this problem now but also help to futureproof the labour market against recurring severe shortages.

Outsourcing can provide an immediate solution to alleviate the issues that businesses face, but it can also pave the way for scalability and long term profitability.

Let's examine some of the reasons for outsourcing as a solution to labour shortages.

- Outsourcing can save on operational costs for your business. It is a cheaper option than investing in local recruitment.
- Within the overall cost savings of outsourcing, businesses also benefit from not paying training costs for new employees as this is taken care of by the outsourcing company. You don't have to train up a new hire to be up to speed, as your outsourced talent should be ready on day one.
- Outsourcing can free up internal resources to focus on other business areas that need attention. Why spin multiple plates if you can successfully hand one over to other professionals? This option also works when a company is restructuring.



- Outsourcing gives you access to experts. Other companies may have a bank of skilled workers in a particular area that you can leverage to help with your services. If you can assimilate them painlessly into your workflow, why not use their expertise to help your business?
- By relying on the expertise of the outsourcing company, you effectively reduce risk. They're experts at what they do, so trust them.
- Outsourcing for specialised services can reduce stress on your current employees by removing a burden from their workload.
- All of the above reasons make outsourcing a quick, viable option for those businesses to expand at scale. Scaling up by recruiting extra staff, who all need to be trained and onboarded, can be a cumbersome process with results not guaranteed for a considerable time. Adopt a ready-made solution to your talent shortage by outsourcing to a trusted second party instead of investing in high-risk recruitment strategies.

These bullet points should give an idea of the potential benefits of outsourcing for a business, particularly one that needs to find quick solutions to talent shortages to ensure its customer experiences aren't facing irrevocable damage.

But, there are different outsourcing models. Which one could work for your business?



➤ Model 1 – onshore outsourcing

At Sigma Connected, we offer various contact solutions services for businesses to take care of their customer care needs and fill a skills gap for your business.

Our trained customer care operators can provide a range of services to businesses, from dealing with complaints to winning new customers.

Our onshore outsourcing solutions offer many benefits for businesses. These include:

- Proximity to main headquarters/operational region
- Total cultural understanding of the local area
- Same time zone, which can be beneficial depending on the context of the service
- Removing the burden of local recruitment
- A ready-made bank of local experts ready to help your business scale



➤ Model 2 – outsourcing key parts of your operation offshore

A cost-effective outsourced offshore model can be the key to solving a large part of the understaffing businesses face. But offshoring to where is the critical question.

We have built a reputable offshore operation in South Africa with a first-class English-speaking team over the past ten years. This offshoring capability has only increased as leading brands have trusted us to provide contact centre solutions from South Africa on their behalf.

Our staff in South Africa:

- Are well-trained, empathetic, and capable of building rapport with any customer.
- Offer great value for a highly-skilled and educated workforce.
- Have a high language and cultural compatibility compared with other outsourcing nations.
- Are trained on your brand values so they feel part of your organisation quickly.
- Have a low turnover rate so the depth of experience is exceptional.
- Are part of a large resource pool enabling you to scale your business flexibly.

➤ Model 3 – a hybrid model

We have been working relentlessly for more than ten years at Sigma to create a hybrid between onshoring and offshore alternatives.

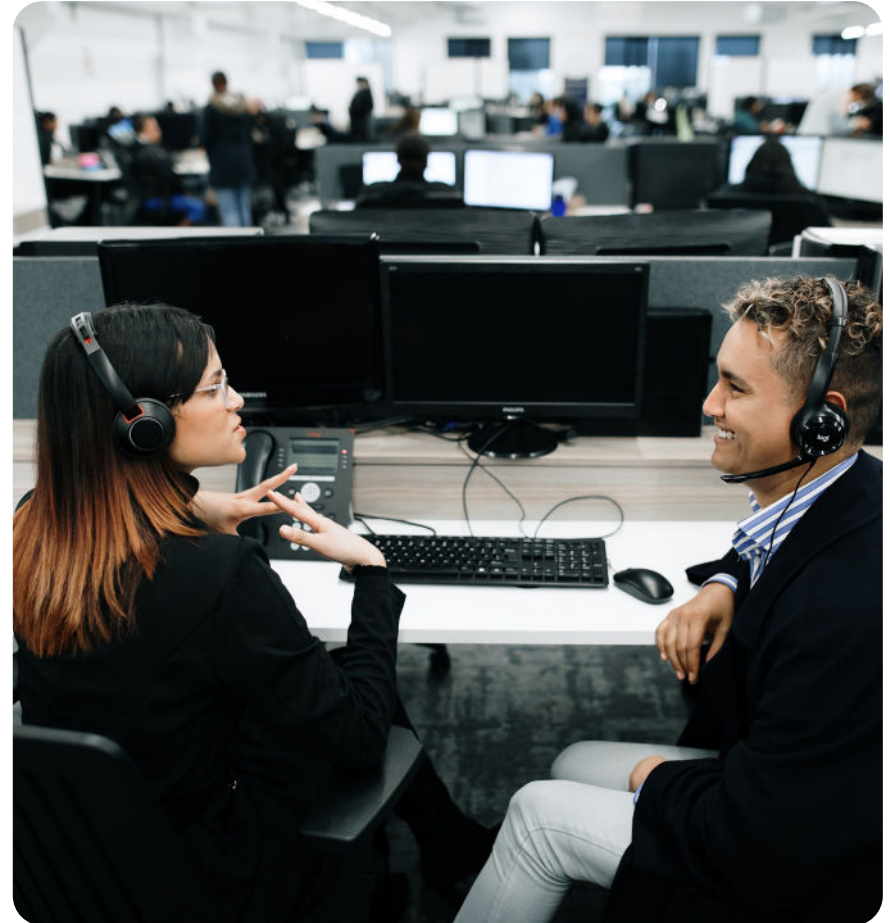
We provide businesses with what we think is a variety of viable options when outsourcing contact centre solutions or back-office tasks.

What you get:

- A ready-made fully scalable team of customer service experts at your disposal
- A mix of cost-effective offshore solutions combined with onshore solutions to offer more bespoke solutions.
- Over 10 years' experience catering to the needs of various clients in the energy, water, and financial services industries, among others. We know what we're doing and can assimilate quickly with your business
- A 'great-resignation-proof' option for continued growth

What you avoid:

- Wasted time and money with recruitment processes
- Risk of continued high turnover
- Stressful additions to your current employees' workloads



Final thoughts

If we return to the subject at hand, we have discussed the current state of affairs related to staff shortages in the wake of the great resignation, somewhat fuelled by the great exhaustion.

Though Covid was undoubtedly a catalyst causing many employees to rethink their employer relationships, the truth is that worker volatility looks here to stay for various cultural reasons.

Therefore, many businesses in specific sectors are struggling. Customers notice staff shortages. They see it in unsatisfactory customer service experiences.

Businesses facing these issues must assess how they can remedy the problem now and going forward into the next 24 months, as the talent shortage is not expected to let up.

Their longevity may depend on finding a solution.

Opt for costly, time-consuming recruitment processes to onboard new employees and train them when high turnover rates may mean this is risky anyway.

Or choose to outsource the customer experience to tried and tested experts who can fit seamlessly into the operation, enabling growth going forward.

Saving money by opting for cost-effective outsourcing options frees up resources to be spent elsewhere, in other departments of your business. Use that money to invest in other business areas to enable scalability; the outsourcing options at Sigma Connected can grow as you grow, taking care of customer care solutions along the way, removing that burden from your workforce.

This is the real ROI of outsourcing, not only a stopgap solution but one that can grow into the future alongside your business' regular in-house operations.





Connect with Sigma Connected

Reach out to [Sigma Connected](#) and see how we can shoulder the burden of the talent shortage for your business.

We have plenty of [case studies](#) showcasing how we've been able to fit seamlessly into other businesses and take of the customer experience for them, whether through collections, complaint management, general customer services, new customer acquisition, or a range of other helpful options.

Our trained, empathetic operators can work wonders for your business, helping you navigate the challenges you face now and guiding you forward to growth in the future.



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