

# New and Evolving Work Trends

Recruitment Report  
2022

Rapid Cash

by



NatWest

# Welcome

To a world of work that is changing fast and forever.

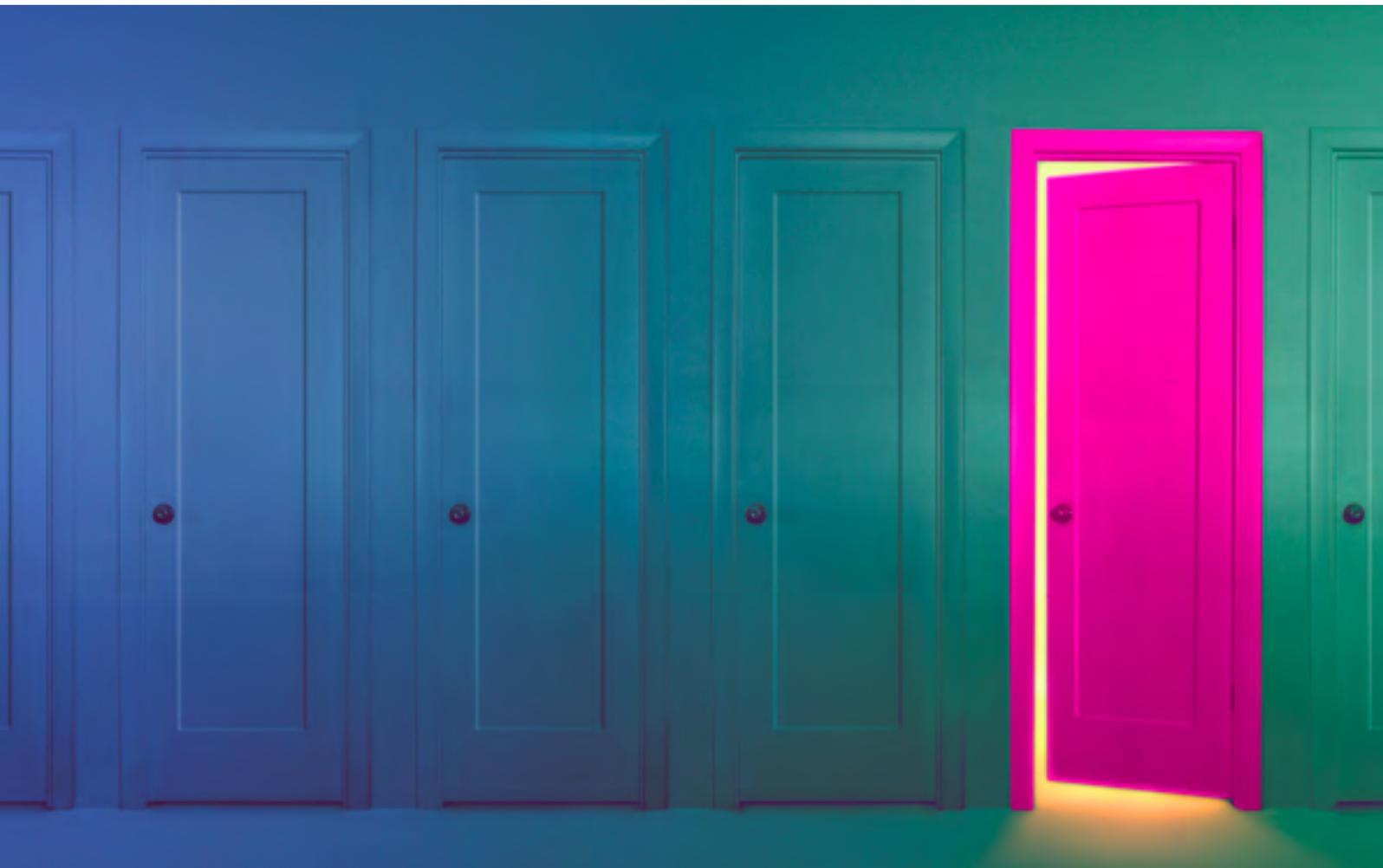
Today's employees expect a better work and life balance. A four-day work week has been trialled by 70 companies in the UK and the cost-of-living crisis is putting pressure on employers to raise wages. Recruiters and the businesses they work with need to find new ways to attract and retain the best candidates. Yet rising operational costs and a squeeze on cash flow mean that many businesses, in particular SMEs, cannot simply increase pay or change their work models.

We've commissioned a UK-wide survey of SME recruitment agencies, employers and employees to uncover their attitudes towards new models of working. We want to better understand how these trends impact SMEs, in particular operational and financial challenges; and to identify how businesses can adapt to take advantage of the new working landscape.

Welcome to the **New and Evolving Work Trends Recruitment Report 2022**.

Our report analyses data from an independent survey carried out by Censuswide in May 2022 - with a sample size of 500 recruitment agencies, 500 SME employers and 2,000 office workers. The topics discussed include the four-day work week, its effect on the recruitment industry, employee productivity, work-life balance and business finance.

We hope you find our report informative and useful when gauging the expectations of your employees; benchmarking against competitors; preparing your business for the evolving jobs market; and making the most of the new opportunities.



# Summary

We asked UK SME employers, employees and recruiters how they feel about new ways of working trends. Here's a summary of what they told us:



**85% of recruiters** say businesses are struggling to attract the talent they need due to their models of working.



**78% of employers** think the four-day work week will become the norm before 2030, while **52% of recruiters** think it will happen by 2026.



**71% of employees** would not opt for a four-day work week if it meant they had to take a pay cut.

## When asked about the challenges facing UK SMEs:



**1 in 3 (34%)** are struggling with current staffing costs.



**Almost 1 in 3 (30%)** are battling late payments from clients.



**More than 1 in 4 (26%)** report weak cash flow.

On Monday 6 June, more than 3,300 workers at 70 UK companies started working a four-day week with no loss of pay. The trial is based around a 100:80:100 model – 100% of pay for 80% of the time, in exchange for a commitment to maintain 100% productivity.

Across the UK, however, three out of five of employers do not feel financially and operationally prepared to offer a four-day work week at present.

Despite present struggles, 63% of UK businesses expect to be better off because of flexible working in five years' time, 57% think four-day work weeks will positively impact the economy.

From an employee perspective, 68% think that permanent flexible working will make them happier.

# Attitudes towards a four-day work week

Health and wellbeing benefits have always been valued by employees. But the post-pandemic shift towards hybrid working has increased the focus on work that fits around people's lives, not the other way around. The UK trial of a 4-day work week, if successful, could represent a further shift, as employees consider not only where they work but how much.

However, our survey has identified a disconnect between workers and businesses, when it comes to their attitudes towards and expectations for the evolving workplace. In turn, this may mean that many SMEs have to reconsider the perks they offer to attract the talent they need.

## Employers summary



**71%** of employees value a four-day work week, above hybrid working (31%) and remote working (28%).



**88%** of workers think that offering a four-day work week automatically makes a business more appealing.



**71%** of workers would not opt for a four-day work week if it meant they had to take a pay cut.



**Almost 1 in 3** workers in senior manager/professional roles plan to quit their jobs in favour of a four-day work week in the near future.



Employees are the most sceptical as to whether a four-day work week would become the norm. **21%** of employees don't think the four-day work week will ever become the norm (almost double the number of employers and recruiters).

## SME recruiter summary



**86%** of recruiters believe the four-day work week is a good idea (only slightly behind **88%** of employees).



Recruiters are the most optimistic (**86%**) about a four-day work week having a positive impact on our mental health and wellbeing. **76%** also believed that it would positively impact on standards of living.



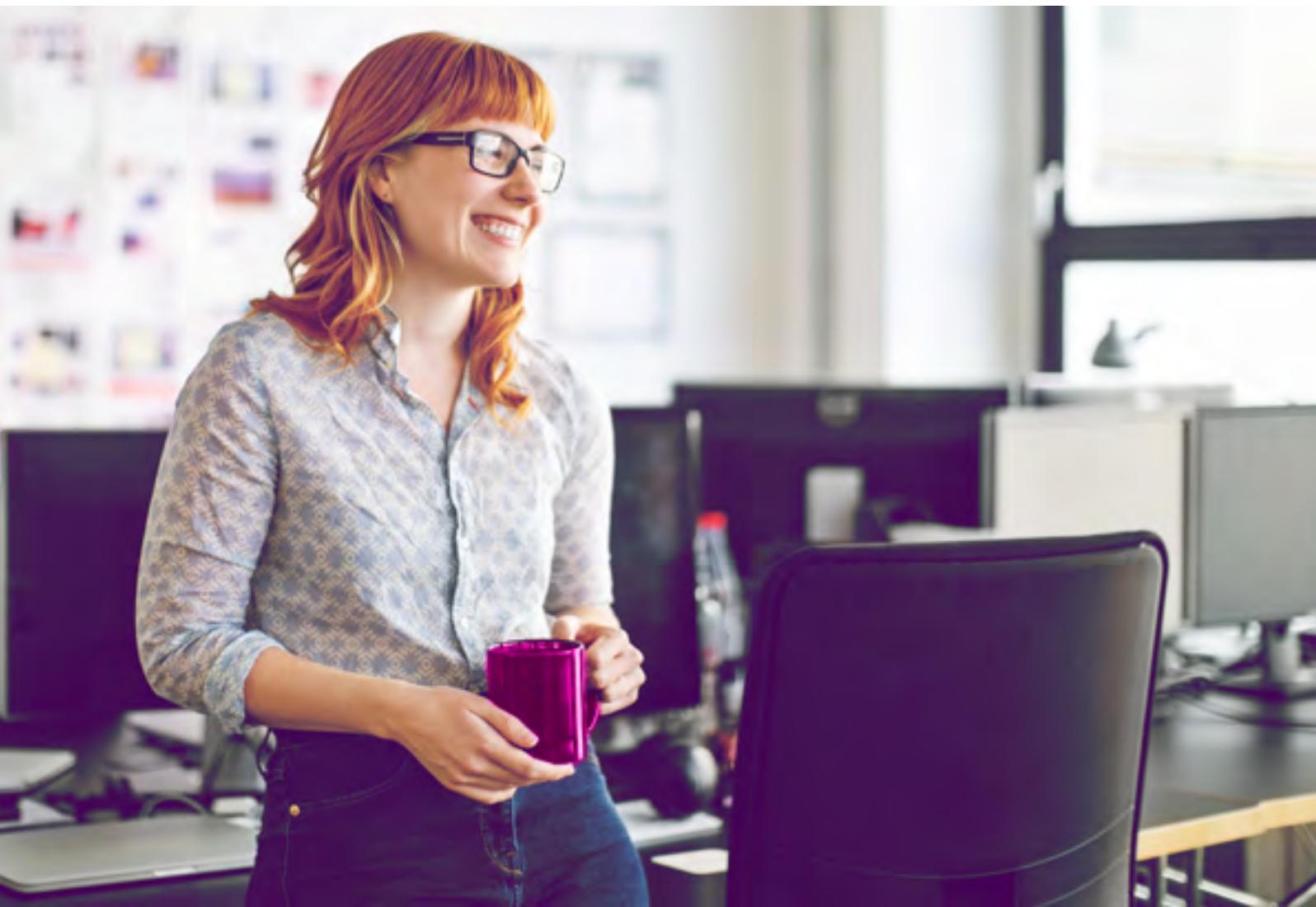
The most prominent issue for recruiters at **85%** is the struggle to find talent due to employers' current models of working. This suggests that there are not enough jobs on the market that offer flexibility.



Recruiters are facing multiple other challenges including rising costs (**44%**), candidates wanting more than what the business is offering (**40%**), a lack of candidates (**37%**) and a lack of flexibility when it comes to remote working (**39%**).



Recruiters consider the UK sectors that hold the most job role opportunities to be healthcare (**44%**), IT (**37%**), and technology (**36%**).



## SME employer summary



In contrast with employees, employers rate flexible working hours (**43.71%**) over a four-day work week (**39.12%**) when it comes to the most relevant trends for the UK market.



However, employers acknowledge the benefits of a four-day work week, as **78%** agree that it would be good for mental health and **68%** believe it will improve productivity.



Although they are aware of the positives, the majority of employers who do not offer a four-day work week say it is because they are not financially or operationally prepared to do so, or are unsure about their capacity to do so (**60%**).



Operational cost challenges for employers include staffing costs (**34%**), late payments (**30%**), weak cash flow (**26%**), workplace leasing cost (**25%**) and insufficient working capital (**21%**).



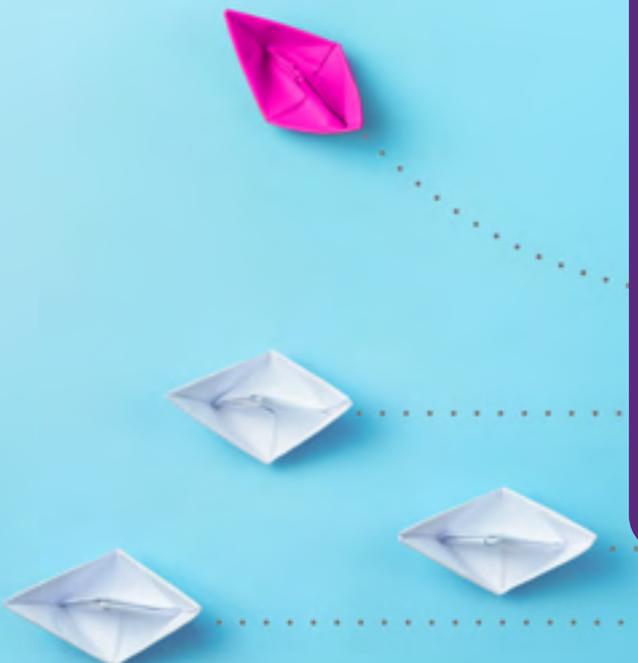
Despite present struggles, **63%** of UK businesses expect to be better off because of flexible working in five years' time and **57%** think four-day work weeks will positively impact the economy.



Almost half (**48%**) of employers expect the four-day work week to become the norm by 2026 and **78%** think it will be the norm by the end of the decade.

The data reveals that attitudes to a four-day work week are broadly positive across all respondent groups. However, SME recruiters and employers face challenges associated with rising costs and weak cash flow that could hinder their plans to evolve their businesses.

Since 2019, we've lent over £19 million to SME recruiters. Our experience has given us an insight into the challenges recruiters face, and how NatWest Rapid Cash could help SMEs adapt and benefit from new opportunities to grow their businesses.





# Recruiter challenges, employer opportunities and employee expectations are all **connected**

## Recruiters

Recruiters have highlighted that a key struggle is finding talent due to current models of working. There is an opportunity for employers to open new roles offering a **four-day work week**.

## Employers

Opportunity for employers to attract talent with a **four-day work week** (specifically senior managers/professionals).

## Employees

Workers are the most optimistic about a **four-day work week** and recruiters believe that this is what job seekers want.



## Key observations

Across all three respondent groups (recruiters, employees and employers), a four-day work week received positive opinions. Benefits were highlighted, specifically more flexibility for staff, happier employees and increased productivity. These advantages of a new working model open up opportunities for employers and recruiters to create new roles that appeal to new and diverse talent. That is, if they can overcome current financial and operational challenges and costs.

### Opportunities to attract new talent

Employees have demonstrated positive attitudes towards a four-day work week, as **88%** believe that offering it makes a business more appealing. This model of working is so influential that almost a third of workers in senior manager/professional roles plan to quit their jobs in favour of a four-day work week in the near future.

A region where that was high interest was in Greater London, where **28%** of workers plan to quit their jobs for a four-day work week. This highlights opportunities for employers to attract new talent, particularly in senior management roles or regions like London, by offering a four-day work week.

Health and wellbeing benefits have always been valued by employees. But the post-pandemic shift towards hybrid working has increased the challenge for recruiters and SMEs to fundamentally change the ways of working that they offer.

## Opportunities for employers to offer new roles

Although there is an opportunity to attract new talent, currently only one in four **(25%)** businesses offer their employees the option of a four-day work week, and fewer than half **(43%)** intend to do so. The majority of employers who do not offer a four-day work week say it is because they are not financially and operationally prepared to do so, or are unsure about their capacity to do so.

While employers have evidenced a current reluctance to provide a four-day work week, they do acknowledge the array of benefits it provides. **78%** of employers agree that it would be good for mental health, and **68%** believe it will improve productivity.

Employers' current hesitation towards a four-day work week does not limit their optimism for adopting this model of working in the future, with **78%** believing that it will be the norm by the end of the decade. Recruiters have highlighted that the most prominent issue is the struggle to find talent due to current models of working **(85%)**.

An opportunity is present for employers to adopt a four-day work week and create new roles, especially if they see this working model on the horizon. The quicker they implement a four-day work week, the more potential there is for recruiters to bring them new talent.

## Job seekers want a four-day work week

Almost half of recruiters believe that a four-day work week is what job seekers want, while amongst employees this model of working is a clear favourite as **71%** of workers want a four-day work week, which is followed by hybrid working at a distant second **(31%)**.

Employees would use the extra time off to spend more time with friends and family **(59%)**, catch up on housework or life admin **(58%)** or improve their physical or mental wellness **(55%)**.

Recruiters have a shared awareness of the pros of a four-day work week, understanding that the extra time off would lead to happier employees **(80%)**, more flexibility for staff **(73%)** and therefore increased employee retention **(56%)**. Recruiters demonstrating an understanding of employees and job seekers' needs enables them to find suitable positions, which could potentially lead to more motivated workers.

**“Recruiters clearly see the four-day working week gaining popularity among employees. But many SMEs are reluctant to provide a better work/life balance due to increased operational costs.”**

Natalie Kerr, Chief Commercial Director,  
NatWest Rapid Cash

# How SMEs can prepare for a new world of work

The findings in this report provide a snapshot of the attitudes and expectations of SME recruiters, employers and employees towards new and evolving work trends.

The last couple of years have shown that substantial and often unexpected change is never far away – be that political, societal or economic. We can anticipate that the picture will evolve.

But some things are clear. The world of work is changing forever. Employees are increasingly looking to recalibrate their work/life balance, in particular with a four-day work week. Many recruiters and businesses are unable to find the talent they need because work models have not evolved in tandem. And, crucially, it's the SMEs that can adapt operationally, financially and quickly that will be able to attract the people they need, and to thrive.

Yet businesses need financial flexibility and strong cash flow to deal with unexpected challenges and to make the most of the opportunities. In addition, the present economic climate could make it harder for SMEs to strengthen their working capital, compared with larger organisations with deep cash reserves.

In this demanding environment, SMEs need a dynamic finance facility that could help empower their financial decisions.

NatWest Rapid Cash is an innovative cash flow solution to business financing, helping SMEs unlock the capital in their unpaid invoices. For recruiters in particular, NatWest Rapid Cash provides a fast, simple solution to agencies who need the financial flexibility to pay candidates; borrow against specific clients and invoices; increase their staffing base and invest in marketing to grow their business.

## If you'd like to know more

If you have any questions about this report, the data from the survey, or you'd like to talk to us about your business financing needs and how NatWest Rapid Cash could help, visit [rapidcash.natwest.com](https://rapidcash.natwest.com)

To be eligible for Rapid Cash you must be trading for a minimum of 6 months, have an annual turnover of at least £100k and either be a Limited Company or Limited Liability Partnership in England and Wales. Additionally, you need to invoice other businesses and use one of the following digital accounting software: Xero, Quickbooks, Sage 50, Sage Business Cloud, Kashflow, FreeAgent and Netsuite. Security and guarantee required. Product fees may apply.



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