

# Challenges and Opportunities facing the UK Chemicals Industry

While UK Chemical industry performance rose over the course of 2021, 2022 marked a challenging year where rises to both producer price inflation and customer inflation heightened the importance of an agile and efficient business model.

Today, chemical leaders face navigating a complex and competitive landscape to achieve organisational hiring success.

Read on for more about:

- Managing labour costs along with other company benefits
- How the recession could create new hiring opportunities
- Supply chain strategies to minimise disruption
- Talent shortages and graduate opportunities

**Managing labour costs along with other company benefits**  
90% of organisations report that challenges surrounding labour costs in chemicals worsened towards the end of 2022 as sales made a marked downturn after initial growth at the start of the year.

To stay competitive and improve investments or other business opportunities it's important to take the time to build a strong talent attraction strategy with cost control in mind.

My advice would be to focus on establishing what a competitive market rate is for the positions you're looking to fill. If you can't pay over that amount, map out the benefits your organisation can provide, which can help mitigate additional costs your applicants might experience such as lifestyle benefits, insurance or health benefits.

Alongside this, considering where and when roles can be made hybrid, or even remote as this can encourage applicants without starkly increasing salary offering.

## How the recession could create new hiring opportunities

The UK's Office for Budget Responsibility has forecasted the UK economy to decline by 1.4% in 2023.

This downturn will plunge the UK into negative growth for the full calendar year and will mark the official start of the recession.

This stark economic shift will likely see organisations experiencing a reduction in product demand, and a loss of profit

which may incentivise redundancies. This will culminate in experienced talent re-entering the candidate market en masse. Leaders can prepare for this by establishing competitive recruitment campaigns in advance, while bearing in mind that some candidates may become more flexible with their salary expectations.

Focusing on new product applications and innovation across the course of a recession can seem cost-heavy at first, but research shows that in previous recessions successful chemicals organisations made the investment to restructure applications to match market realities and make the most of new niche markets that emerged.

## Supply chain strategies to minimise disruption

The UK chemicals sector has notoriously complex supply chain flows which typically involve multiple border crossings as 27% of raw materials and other ingredients are sourced from across the EU.

Today, post-Brexit, 66% of chemicals leaders say that leaving the EU has hampered business.

To address the challenge, 31% of chemicals leaders are planning to bring part of their supply chain in house – for example, by purchasing precursor ingredients and internally manufacturing the required chemicals. Alternatively, 35% of organisations are now sourcing domestically in the UK to attain the components required faster.

## Talent shortages and graduate opportunities

87% of leaders are concerned about skills leaving their business, and 58% of leaders say access to labour in terms of skills and talent was their biggest business risk.

Taking a proactive approach to graduate recruitment and ensuring that your pipeline is well thought out and considered in advance of graduation season (May to October) will help ensure that you get premium access to the best new candidates.

When the recession is in full force, the talent shortage will likely be balanced out by the influx of redundant chemical professionals entering the market (this has occurred before when prices dropped in the oil industry) – however, these redundancies won't happen right away.

Chemicals organisations should map out their business, and talent strategy in advance to ensure that they're in a competitive position to grow and make the most of the influx of candidates on the market across the year.

## SRG – Young Talent Award Sponsors

As leaders in the chemicals recruitment space, SRG are proud to sponsor the Chemicals Northwest Young Talent Award.

**Faye Allison, Head of Sector for Chemicals Recruitment at SRG**

**Connect with Faye Allison on LinkedIn**  
**Click here to get in touch**

