

Mapping the UK's Recruitment Margins

The road to Brexit has officially started amidst calls from industry leaders to remain in the single market and a customs union until a final deal is in force. Business confidence falters slightly going into Q3 due to economic and political uncertainty. Despite this, demand for staff continues to remain high whilst availability of candidates continues its downward trend.

The **Construction Sector** saw an increase in profit margin of 2.25% in Q2 from 15.9% to 18.15%. However, a lack of new work to replace completed projects weighed on construction growth in June, with companies also reporting a sharp increase in costs. The housing sector outpaced commercial and civil engineering work in June. Meanwhile, the availability of skilled workers continues to be an issue. Despite delays in decision making in larger projects, construction firms still remain upbeat about their short term growth prospects.

Although changes to profit margins within the **Financial Sector** have been minimal with a 0.76% increase in Q2 rising to 25.17%, financial roles have increased in demand with the REC citing that organisations are trying to protect themselves against economic uncertainty.

The **Legal Sector** has seen an increase in profit margins of 2.41% in Q2, rising to 25.16% as companies look at the potential of global markets for business development as well as seeking advice on the implications of Brexit.

Meanwhile, profit margins drop to 12.64% in the **Industrial Sector** in Q2 compared with 19.67% in Q1. Although UK manufacturing growth slows at the end of Q2, the average manufacturing PMI (Purchasing Managers' Index) level over the second quarter as a whole was (55.9) – the best registered for three years. The slowdown in growth was caused by an easing in the rate of increase in new

order intakes. However, manufacturing employment remains high with growth registered across all business sizes but supply chain pressures remain. Economic uncertainty is the key constraint here.

The **Healthcare Sector** continues to be in high demand with profit margins ever reaching upwards from 31.51% to 33.37%; an increase of 1.86%. Existing skill shortages are reported to be exacerbated by Brexit with calls for urgent action to combat a major UK nursing shortage.

The **Marketing Sector** has been in peak recruitment season with profit margins increasing 7.38% from 15.13% to 22.51% in Q2. There has been a growing trend for marketers with experience in managing multiple markets. In addition, the upwards trend of companies capitalising on 'brand Britain' is set to continue as the UK Government encourages companies to 'go global'.

Securing tariff-free access to European and other global markets and having the ability to recruit talent from the global market are the key demands from the UK Automotive Sector as Brexit negotiations get underway. The UK car industry is currently worth over £71bn a year. Profit margins have increased by 6.4% in Q2 to 19.44%. Recruitment growth continues with major employers such as Jaguar Land Rover announcing 5000 new jobs over the next 12 months.

CONSTRUCTION



AUTOMOTIVE



FINANCIAL



HEALTHCARE



INDUSTRIAL



LEGAL



MARKETING



The **Simplicity Margin Index** is the only detailed quarterly report on the average recruitment margins across each major employment sector. Brought to you exclusively by The Global Recruiter, the Margin Index is a benchmarking tool used by recruitment owners looking for accurate and timely market intelligence to help them stay ahead of the competition whilst gaining a greater understanding of how well their sectors are performing.

Margin Index

Margin = Sales less payroll cost, which is made up of contractor/temp wages, including NI where applicable.

Percentage figures shown = margin/sales x 100