

Mapping the UK's Recruitment Margins

The first quarter for 2015 suggests that margins across recruitment have reduced slightly, as a possible reaction to the then pending general election in May 2015.

This latest edition of the Margin Index includes the sales industry for the first time. Margins in sales have seen a slight fall, compared to the previous quarter, reducing from 23.4 per cent in Q4 of 2014 to 21.9 per cent in Q1 of this year – a drop of 1.5 per cent. One reason for this could be a slight slowing down in the rate of growth, which dominated much of 2014 across a number of key industries. Could this be a sign of things to come for the sales industry and will a strengthening economy help change this? Perhaps three of the hardest hit sectors in the Q1 are construction, engineering and driving with margins decreasing by 0.6 per cent, 2.4 per cent, and 2.1 per cent respectively. Even though these sectors had impressive margin results reported previously, a change in the levels of demand and skilled workers, could be reversing that trend.

Both healthcare (2.6 per cent) and hospitality (2.8 per cent) saw higher margin increases, than any other sectors. After a strong period of trading in the final quarter of 2014, sales within the hospitality sector look likely to continue with similar momentum as we move further into 2015. Some experts believe that this could be due to the UK enjoying one of the warmest spring times on record, combined with the imminent arrival of the summer holiday season. In comparison, the

healthcare sector, despite the rhetoric during the recent election campaign from the Chancellor of the Exchequer over a promised additional £8 billion a year for the NHS, the continued shortage of suitably qualified and readily available staff looks set to continue driving margins upwards for the foreseeable future.

Small declines in margins are seen within the commercial (0.9 per cent), education (1.2 per cent), financial (1.3 per cent), general (1.5 per cent) and industrial (0.3 per cent) sectors. A number of different factors could be causing these reductions: one may be the continued skills shortage, particularly in teaching, and another could be the uncertainty over the outcome of the recent general election. Within the finance sector, many employers seemed to have slowed their hiring activity until they were certain which party would be elected, as this could have real implications as to whether there would be a referendum on our relationship with Europe, or not. There is positive news for the accountancy sector, as it continues to grow in strength (1.3 per cent), following a rise in margin in the previous quarter. Also, with IT's slight 0.2 per cent growth and oil and gas seeing a 0.5 per cent gain – like healthcare and hospitality, skills shortages in these industries could be the reason begin margin increases.

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.

