

## Mapping the UK's Recruitment Margins

The second half of 2015 saw a slowing down of the UK economy, with many recruitment industry analysts suggesting that the spectacular rate of recovery enjoyed by the sector post-2013 had reached its tipping point.

However, despite a degree of uncertainty prevailing within the sector over the implications of a possible Brexit, employer confidence has shown a rise over the last three months with hiring intentions once again on the up. This is reflected in the positive changes in the profit margins achieved by recruiters.

The **Hospitality** sector was the headline grabber, with margins recording a 6.81% increase from 17.62% to 24.43% - a significant about-turn on the 4.29% drop the sector suffered during the previous quarter.

The **Oil and Gas** sector continued to see gains in Q1, with profits margins rising by 5.62% from 25.66% to 31.28%. Despite plunging wholesale costs having an impact on the labour market, salaries have continued to rise albeit at a slower pace than in other sectors, and employers still have hiring on their agenda for 2016.

The **Commercial** sector also saw strong growth in Q1. Indeed, Commercial operators saw a four-fold increase in their profit margins of 4.16% (from 22.60% to 26.76%) compared to a rise of just 0.96% in the previous quarter.

Whilst the **Engineering** sector saw growth continue for a fourth successive quarter, up 1.96% from 14.39% to 16.35%, the same cannot be said of the **Construction** sector which fell by 0.31% (from 18.13% to 17.82%) over the same period - one of just four sectors to record a fall in profit margins.

Further growth was recorded within the **IT** (up 1.92% from 15.43% to 17.35%), **General** (up 1.79% from 24.10% to 25.89%) and **Industrial** (up 0.92% from 18.64% to 19.56%) sectors.

**Healthcare** recruiters, who had seen profit margins drop by 0.74% during the last quarter of 2015, saw margins rise once more with a modest increase of 0.82% from 30.56% to 31.38%.

Reduced profit margins affected just four key sectors in Q1. Aside from Construction mentioned above, **Accountancy** experienced the greatest drop, falling -2.93% from 28.09% to 25.16%. This was followed by the **Financial** sector which saw profit margins take a hit to the tune of -1.42%, falling from 25.15% to 23.73% and finally the **Driving** sector, where profits retract by 0.85 - down from 11.31% to 10.46%.

**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.

