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An insight into the UK's Recruitment Margins

As we swiftly enter the last quarter of the year, we can now analyse the recruitment sector margins for Q3. A lot has happened in the UK this quarter, which caused a knock-on effect for many. With the rise in the cost of living in full swing and talks of a recession on the horizon, the UK job market looks to have slowed, and so could recruiters' margins.

INDUSTRIAL

-0.98%

20.91%

The **Industrial** sector decreased by 0.98% to **20.91%**. The most talked about topics which affected this reduction in margins are inflation and the supply chain challenges. For example, the economy's slowdown caused many business manufacturing disruptions around the UK. In addition, this reflects the decrease in recruiters' margins due to the slowing of labour demand.

HEALTHCARE

+2.02%

30.09%

Healthcare had the most significant rise out of all sectors at 2.02%, from 28.07% to **30.09%**. Since Covid, pressure has been put on the NHS, causing the demand for staff to be at its highest. However, there are not enough candidates to fill the vacancies, causing staff scarcity. In addition, the backlog of postponed treatments and additional care for ill health is increasing pressure due to the long covid. Consequently, the availability of candidates in the labour market has dropped, influencing recruiters' margins to improve.

HOSPITALITY

-1.48%

20.67%

Hospitality decreased by 1.48%, reducing the margin percentage to **20.67%**. Last quarter, hospitality had a significant increase due to businesses boosting prices. Furthermore, as the prices increased, profit margins decreased, and customers were more cautious. They even halted unnecessary expenditures to save money due to the continuous rise in the cost of living over the past three months.

NEED TO CALCULATE YOUR MARGINS? TRY OUR MARGIN CALCULATOR

Margin = Sales less payroll costs, which is made up of contractor/temp wages including NI where applicable. Percentage figures shown = margin/sales x 100

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DRIVING

+0.39%

20.23%

Like the previous quarter, **Driving** increased again by 0.39% to **20.23%**. This consecutive increase is due to the national shortage of drivers. Furthermore, the cost of living and inflation is rising, causing people to shop around (specifically online) for cheaper deals, generating further demand for drivers. Plus, the need for HGV drivers is still high, due to the lack of skilled workers in the UK, after the effects of covid and Brexit. As a result, recruiters continue to charge higher when placing these skilful workers, relating to the increase in their margins.

CONSTRUCTION

-0.27%

14.05%

The **Construction** sector slightly decreased in Q3 from 14.32% to **14.05%**, creating a 0.27% decline. This fall in recruiter's margins stems from the rapid increase in the cost of materials. In addition, general construction costs continue to increase in price, putting a further strain on the sector and causing jobs to be put on hold. As well as this, there are many questions surrounding the threat that the UK is heading into a recession, further weakening the industry and creating more risk.

OIL & GAS

-1.78%

20.78%

Another sector where recruiter's margins have decreased is **Oil & Gas**, with a 1.78% fall from 22.56% to **20.78%**. This sector had the most significant decline in Q3. It is known that the UK is planning a reduction in oil & gas usage due to the ongoing rising cost, which further strains the whole of the UK, not just the recruitment sector. In addition, the high demand for gas & oil in 2021 has caused a knock-on effect for the second time this year. Many countries face challenges regarding oil & gas trading prices, reflecting the dramatic decline in margins.

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