

Recruitment: A glimmer of hope in a dull sector

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^[1]Has the recruitment sector passed through the bottom of the cycle?

If so, there is money to be made in this notoriously boom and bust sector. And there is no shortage of ways to get involved.

Somehow this period of recession does not seem to have been quite as painful as the 'Gizza job' days of the Thatcher era. We have not seen the strikes and protests or heard the same anger.

Maybe this is because so many of the newly unemployed are young people looking for their first job, still free of mortgages and family responsibilities.

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Whatever the case, the dearth of jobs has made it a tough time for recruitment agencies.

They make their money by placing people into new jobs. If employers are not hiring then there is not much they can do except twiddle their thumbs and wait for the downturn to run its course.

That is what has been happening for the last couple of years, but now there is a glimmer of hope.

The last set of official unemployment figures for this country was nothing like as bad as had been feared, but I prefer to take my cue from people in the business.

One such person is Ken Ford. Ken is the chairman of AIM-listed Highams Systems Services Group (HSS). When I met him this week he told me he thinks we are the start of a four-year upturn in recruitment.

If he is right, Highams and several others will surely benefit.

There are plenty of ways to participate in the sector. Among the bigger groups are Michael Page (ticker: MPI), Hays Group (ticker: HAS) and SThree (ticker: STHR).

Among small companies different strategies are pursued. Some focus on the placement of permanent staff while others concentrate on filling temporary jobs.

Some are industry-specific, focusing for example on banking or IT. while others are job type-specific. Hexagon Human Capital (ticker: HHC), for example, finds senior managers to execute change programmes.

Some, such as Hydrogen Group (ticker: HYDG) do all their business in the UK. Others, like Harvey Nash (ticker: HVN), do business globally.

But in truth investors tend to be fairly indiscriminate, lumping them all together, and pushing their share prices up or down according to the economic climate...

by Penny Sleuth

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