

Worker shortages and wage rises to guide Hays to profit

Hays is set to reveal another strong profit as soaring competition for talent has pushed up wages and recruiting fees.

The London-listed recruitment agency is expected to reveal an annual operating profit of around £210 million when it updates shareholders on Thursday.

Last month, the company said it saw its fees increase by 23% over the three months to June as the tight labour market continued to support trading.

Many sectors, such as hospitality and technology, have warned over skills shortages in recent months, prompting significant demand for recruiters and higher pay for new workers.

Recessions are historically tough for the recruitment sector, but investors will be hoping that wage inflation and increased demand in some sectors will help Hays be resilient.

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However, the latest jobs data from the [Office for National Statistics](#) on Tuesday showed the first signals that the UK

labour market could be cooling.

The data revealed that the UK's unemployment rate increased by 0.1 percentage points to 3.8% in the three months to June.

It was the first increase in the measure for 17 months as companies have been desperate for staff following the pandemic.

Shareholders will be particularly keen to hear Hays' outlook for the rest of the year, given dire warnings from the Bank of England that the UK could witness five successive quarters of recession,

[Charlie Williams](#), equity research assistant at Hargreaves Lansdown, said: "It'll be interesting to hear how management sees wider conditions impacting recruitment going forward.

"Costs will be in the spotlight too, as Hays continues to increase headcount.

"[Management](#) have stated productivity remains strong, but it remains to be seen what impact these costs have had on operating margins, if any."

The FTSE 250 business has 3,215 employees across bases in the UK and Ireland – as well as [Australia](#), New Zealand and Germany.

The firm's broad spread of markets and focus in the robust technology sector could help to protect its longer-term performance.