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*Building the future of work together*

## **How the employment industry enables work, adaptation, security and prosperity**

By Denis Pennel

**Tag:** #employment #industry #work

**The latest Annual Economic Report from the World Employment Confederation shows that the employment industry supports 50 million people around the globe in accessing the labour market each year.**

The 2017 report, which covers more than 50 countries from around the world, illustrates how the employment sector contributes to a better functioning jobs market and addresses the challenges of a changing world of work.

**A total of 169,000 employment agencies around the world employ some 1.5 million HR specialists and turnover €417 billion. 40% of agencies are found in Europe, 25% in Asiapac, 20% in South America, 13% in North America and 2% in Africa.** The numbers reveal two things: Firstly, that agencies provide both an entry point to the labour market and a stepping stone to permanent hiring, and secondly, that the industry also creates decent jobs that would otherwise not exist. In India for instance, 92% of companies would not hire permanent jobs if agency work was not available.

Using key facts and figures as illustration the report demonstrates the employment industry's four key enabling functions –work, adaptation, security and prosperity. Let's examine each of them more closely:

### ***Enabling work***

The industry enables work for 50 million people each year via HR services such as Agency Work, Direct Recruitment, Career Management, Managed Service Providers (MSP) and Recruitment Process Outsourcing (RPO). Agency work is the largest, creating 43 million jobs each year with USA, China, Japan and India leading the ranking; Career management and job search guides 3

million people each year; MSP and RPO supports 2.5 million individuals annually; and 2.1 million placements were made through direct recruitment. Other services include Payrolling, HR Consultancy, Project Sourcing and Training.

As well as acting as enablers in the labour market, the employment industry provides quality and meaningful work and decent jobs that would otherwise not exist. In satisfaction surveys, 81% of agency workers say they are satisfied with their work and 34% say that they are very satisfied.

### ***Enabling adaptation***

The employment industry also enables adaptation to work in today's increasingly volatile global economy. It reduces the time-lag between recovery and job creation and there is a close correlation between the evolution of number of hours worked and the evolution of GDP. The sector supports more than five million companies each year in managing this uncertainty and finding sustainable workforce solutions. Clients are drawn from almost every economic segment with 36% in services; 34% in manufacturing; 20% public administration, 8% construction and 3% in agriculture.

Agency work closes the skills gap by training people with new skills. 62% of agency workers in the US say that they learned new skills when temping, while 78% of agency workers in France found temping a good way to learn new skills.

Crucially, agency work also places unemployed youngsters in work. Almost one third of agency workers are under 25 and upskilling is key to them staying employable. The industry's stepping stone function into work is well illustrated with the data showing that while 50% of workers were unemployed or inactive before entering agency work, only 25% went back to unemployment one year later.

### ***Enabling security***

By transitioning people within the labour market the employment industry provides workers with security. Furthermore, it enables security for organisations by driving business competitiveness. Data shows that by using innovative workforce solutions such as RPO and MSP, companies reduce their hiring costs by 38%.

Importantly the sector is increasingly working to deliver stability in accessing social protection. The employment industry has developed innovative solutions to implement portable and transferable social rights via bipartite sectoral funds including social benefits, training, healthcare schemes, coaching and pensions.

### ***Enabling prosperity***

By reducing frictional unemployment the employment industry contributes to public budgets, saving governments the cost of unemployment benefits. In addition, the provision of flexible workforce solutions leads to a reduction of undeclared work - increasing both the social charges and corporate taxes being paid. In the UK for example, the industry added-value to the economy amounts to €41 billion more than the advertising or food and beverage sectors.

By driving up labour market participation the industry also contributes to inclusive labour markets. The agency workforce comprises women – 44% of global agency workers; people under 25 – who comprise 31%; and students working in agency jobs to fund their studies – who comprise 17% of the global total. In addition, agency work allows for greater diversity in forms of work, with part-time work, temporary work, seasonal work and contract work all having their place alongside full-time work.

The report offers valuable insights into the sector and its role in supporting good-functioning labour markets. It also points to emerging areas of future growth such as RPO which has increased 32% since 2011. I encourage everyone to delve more deeply into the data here [www.wecglobal.org/economicreport2017](http://www.wecglobal.org/economicreport2017) and learn how the employment industry and its four enabling functions are contributing to a better society.

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