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Building the future of work together

How the global private employment industry continues to diversify and grow

By Denis Pennel

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As the private employment industry continues to diversify its services in offering a diverse range of workforce solutions, so our newly released Economic Report highlights the sector's contribution to positive labour market outcomes.

The World Employment Confederation 2019 Economic Report, based on 2017 data, reveals that the industry continued to grow and to diversify its service offering while delivering 13% annual growth. While agency work still accounts for some two-thirds of total revenues, other services such as direct recruitment are gaining significant traction, recording over 50% growth compared to 2016. The provision of Managed Services (MSP) also made strong progress and Recruitment Process Organisation (RPO) - still a small part of the total - also recorded pleasing growth.

Governments, companies and individuals increasingly need guidance and support in order to succeed in the fast-changing employment landscape. The private employment industry is well-placed to help them do this. It stays close to the labour market and understands how to meet the needs of employers and employees and provide the flexibility they increasingly demand.

Worldwide, the sector placed 53 million people in work in 2017, generating €457 billion in global sales revenues. With a network of 165,000 agencies, it commands a wide geographic spread and has shown strong performance growth around the world - including in Mexico, Brazil, Spain, Italy and Japan.

Let's look more closely at some of the key developments:

All service offerings experiencing growth

The global industry showed growth across the board in 2017, with all services growing compared to 2016. Agency work grew by 7% globally – with the five largest markets in Europe all experiencing revenue growth and agency work turnover in Japan growing by 22%.

MSP and RPO grew across all regions – up 12% and 16% respectively at global level, with the US representing the largest market at close to 60% and EMEA markets growing by 33%.

Direct recruitment grew by over 50% globally year on year – one third contributed by the Asian and Pacific region where the market for these services has grown considerably.

Career transition is still a smaller segment, with less than 1% of the market, but still represents 2 billion in revenue and is a strong market in the USA, Europe, Japan and Australia.

Industry growing in all regions around the world

The private employment industry is growing in every region. The sector's top five markets – USA, Japan, UK, Germany and Australia – account for 69% of global revenues.

The global private employment industry grew 13% compared with 2016. Nearly half of all service providers are temporary work agencies, with more than 77,000 providing staff to clients in 2017 – a 22% growth on the previous year. Another significant share of agencies operates in direct recruitment – 52,000 - and the total number of staff working within private employment agencies around the world reached 2.7 million in 2017.

All these positive indicators show encouraging prospects for the sector in the years ahead. As the world of work continues to evolve and change, the breadth of solutions and global reach offered by our industry will be increasingly sought after by both employers and employees as they seek to navigate in uncharted territory.

Deep dive into the WEC Economic Report 2019 key trends and data

Agency work remains the largest sector in the private employment market with the top 15 markets comprising: USA, Japan, UK, Germany, France, Australia, Netherlands, Italy, Switzerland, Brazil, Canada, Belgium, Spain, India and China.

The USA is by far the largest market and Belgium and Brazil saw the strongest year on year growth in 2017 with 48% and 23% respectively. India has expanded 250% since 2014. The Canadian and the US market have seen diverging trends over the same three-year period, with the former having contracted by 58%, whereas the latter is up 24%. Canada 24% while the USA has contracted 58% in the same period largely due to high employment. Revenues in Italy were up 25%, the Dutch market up 11% and the French, UK and German markets up 10%, 9% and 8% respectively. Agency work turnover in Japan grew by 22%.

The majority of agency workers are employed in the services sector with agriculture gradually declining and manufacturing taking over in developing and emerging countries.

Direct recruitment services are the fastest-growing sector in the private employment industry, showing 50% year on year growth in 2017 with €61 billion sales revenues. The USA accounts for over one-third of the market with Australia at some 15%, followed by China, UK, Germany and Japan.

Managed Services Providers showed double digit growth at 12% in 2017, with a global spend under management of €116 billion. The USA is the largest market with EMEA also gaining traction. Latin American markets are small but growing at double digit rates. According to Staffing Industry Analysts, 82% of global MSP spend comprises temporary employees or independent contractors.

Recruitment Process Outsourcing (RPO) grew by 16% globally in 2017. North America contributes 56% of the total, generating more than €1.5 billion in revenue while EMEA is the second largest market and saw significant growth at 33% compared with 2016. All geographies saw growth with both APAC and Latin America growing at 16% in 2017.

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