

Economic Report 2020



**WORLD
EMPLOYMENT
CONFEDERATION**

The Voice of Labour Market Enablers

LEADING
IN A CHANGING
WORLD OF WORK



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EMPLOYMENT
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About the World Employment Confederation

The World Employment Confederation is the voice of the private employment services industry at a global level, representing national federations as well as workforce solutions companies from across the world. Members of the World Employment Confederation represent a wide range of HR services, including agency work, direct recruitment, career management, Recruitment Process Outsourcing (RPO) and Managed Service Provider (MSP).

The World Employment Confederation works to broaden recognition of the positive economic and social role which the private employment services industry plays in enabling work, adaptation, security and prosperity. This work involves building networks with relevant stakeholders such as policy makers, social partners and the academic world; setting high recruitment and employment standards and practices; acting as a thought-leader shaping futureproof and competitive labour markets and providing strategic data on employment issues.

Should you have any questions regarding the facts and figures published in this Economic Report, do not hesitate to get in touch with the World Employment Confederation's Head Office at info@wecglobal.org.

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Foreword

The private employment services industry continued to grow on a global level in 2018, despite a deteriorating economic backdrop across many countries. While global trade tensions, skills shortages and economic slowdown in some markets contributed to a difficult environment for the industry, most of the service segments considered in this report have nevertheless, experienced positive growth.

Overall, the private employment services industry saw an increase in global turnover of nearly two percent, reaching € 473 billion. Direct recruitment and RPO in particular have once again experienced the strongest growth. The global agency work sector – contributing the major share of turnover for the industry – saw only marginal growth in 2018, although this is largely due to exchange rate variations between the dollar and the euro. On a constant currency basis, the agency work industry has expanded by more than three percent in 2018, in line with International Monetary Fund global GDP growth estimates for the same year.

Around 160,000 agencies in 39 countries across the world placed a record-high number of individuals in jobs – nearly 58 million in 2018 – contributing to more efficient labour markets worldwide.

This contribution goes beyond getting people a job. To understand the positive value that the global private employment services industry creates for both workers and society in general, we encourage you to also consult our [Social Impact Report](#). While the Economic Report offers an assessment of the status and trends within the global private employment services industry, the Social Impact Report gives readers additional insights into how the industry crafts innovative and socially inclusive solutions to address the challenges of the changing world of the work.

Happy reading!



A handwritten signature in dark ink that reads "Denis Pennel".

Denis Pennel
Managing Director



A handwritten signature in dark ink that reads "Even Hagelien".

Even Hagelien
Chair of the Economic
Affairs Committee

Private Employment Services

Overview of the private employment services represented in this report

Agency Work

is a triangular employment relationship, defined in ILO Convention 181 as: "Services consisting of employing workers with a view to making them available to a third party, who may be a natural or legal person ("user enterprise") which assigns their tasks and supervises the execution of these tasks".

Managed Services Providers

MSP is a service whereby a company takes on primary responsibility for managing an organisation's contingent workforce programme. Typical responsibilities of an MSP include overall programme management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing. An MSP may or may not be independent of a staffing provider.

Direct Recruitment

Services for matching offers of and applications for employment, without the private employment agency becoming a party to the employment relationships which may arise therefrom (Source: ILO Convention 181), including executive search & selection.

Recruitment Process Outsourcing

A service by a third-party specialist provider, to assume the role of the client's recruiting department by owning and managing part or all of its recruitment process and related recruitment supply chain partner relationships, provide the necessary skills, activities, tools, technologies, and process methodologies.

Career Management

Services which enable jobs, skills and business performance to be viewed in an integrated way and with a long-term perspective. It includes primarily services such as outplacement and career transition, redeployment and other development activities designed to help organisations and individuals to manage changes in the practices, processes, conditions and basis of employment.

Key Findings

The global private employment services industry reached an estimated market value of € 473 billion in 2018 – up nearly 2% compared with 2017. The total global agency work industry (including agency work revenues generated through a Managed Services Provider) represents 80% of the entire industry and sales revenues remained unchanged from the previous year at € 377 billion. MSP and RPO services grew by 2.8% and 8.4%, reaching market values of € 119 billion and € 4.6 billion respectively, while the global direct recruitment market expanded by 5.4% in terms of sales revenues, amounting to € 63 billion.

Agency work is the largest segment of the private employment services industry and its market is quite concentrated at global level, with the three largest markets (USA, Japan, UK) accounting for the majority of sales revenues (54%). Flat growth in the global industry in 2018 in euro terms is partly explained by the currency depreciation against the euro in some of the largest markets, resulting in negative growth rates in countries where growth in local currency units was already slow (e.g. USA, Japan, Australia, Canada, Brazil). With the exception of Germany, where the market declined slightly (-0.6%), agency work markets in Europe fared relatively well, with the Netherlands (+14.6%) and Switzerland (+6.2%) achieving particularly strong growth¹.

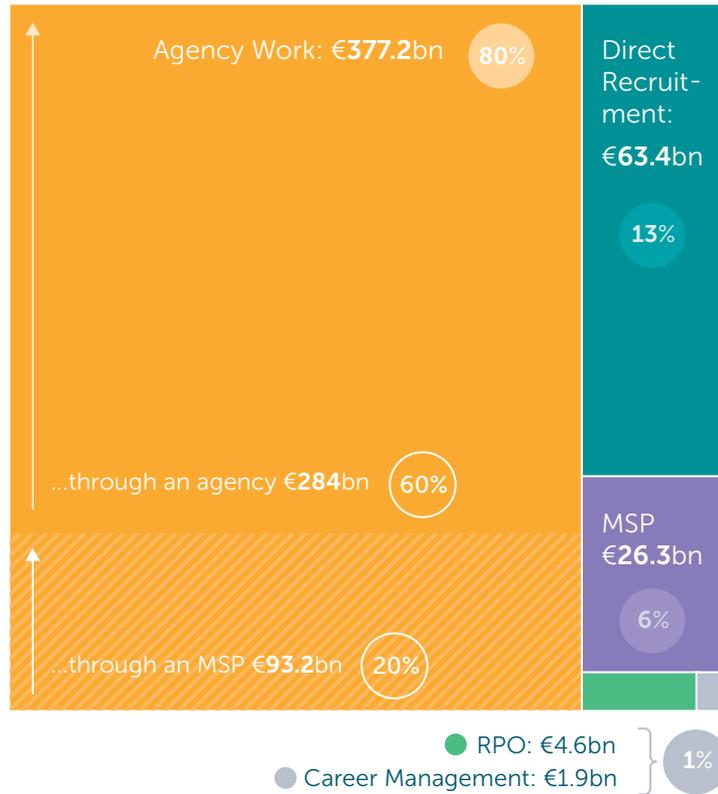
Growth in the MSP market has been strongest in Europe, the Middle East and Africa, with sales revenues up 13.7% in 2018. Global market growth was slowed down by subdued growth in the Americas, including the USA which represents more than 50% of the global MSP market.

Direct recruitment fared well in 2018, with nearly all the major markets having expanded. China and the UK saw particularly pronounced growth in their respective direct recruitment markets, up 15.2% and 12.6%.

The share of agency workers within the overall employed population remained unchanged at 1.6% at global level. With seven markets featuring in the top ten highest agency work penetration rates, the share of agency workers is highest amongst European countries, with the UK (3.4%), the Netherlands (3.3%) and France (2.9%) taking the top three slots. Outside Europe, Australia, the USA and Japan also showcase a high share of agency workers, 2.7%, 2.1% and 2.0% respectively. Overall, almost 160,000 private employment agencies, with 2.4 million internal staff, placed nearly 58 million people in labour markets across the world, the vast majority through agency work.

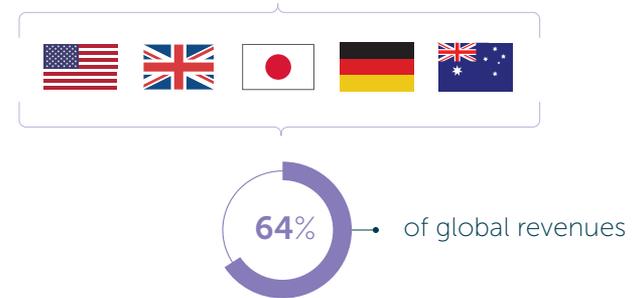
Private Employment Services Industry

Private Employment Services Industry Global Market
2018: **€473bn**



Note: Statistics gathered from WEC national federations and Staffing Industry Analysts. Around 78% of MSP activities fall under agency work. This is represented in the split of agency work revenues.

Top 5 Markets (sales revenues)
2018: **€303bn**



In 2018, the private employment services industry is estimated to have reached global sales revenues of € 473.3 billion.

The agency work sector represents the largest share of total sales revenues, having contributed an estimated € 377.2 billion (80% of total industry sales revenues). While overall MSP sales revenues are estimated to have reached € 119.5 billion in 2018, MSP activities which exclude agency work have probably only contributed some € 26.3 billion, around one fifth of total MSP spend (6% of the industry).

Direct recruitment reached an estimated € 63.4 billion across the world (13% of the industry), while RPO is estimated to represent € 4.6 billion in sales revenues (1%). The career management industry remains relatively small with revenues at around € 1.9 billion worldwide.

While the estimates in this report only include countries that are members of the World Employment Confederation, the combined market share of those countries in the global market is close to 100%¹.

¹ Based on own calculations using statistics from Staffing Industry Analysts

Nearly all service segments experience positive market growth

Global sales revenues of private employment services: 2017 ● | 2018 ●

% change
2017 | 2018



Global sales revenues for the private employment services industry grew by 1.9% in euro terms in 2018¹. This represents a slowing of industry growth compared with the previous year and can be partly explained by an economic slowdown and tightening labour markets in some of the global agency work industry's largest markets.

While the growth in agency work revenues at global level was small in 2018 (+0.8%), other service segments experienced more pronounced growth. MSP and RPO spend was up 2.8% and 8.4% respectively. Revenues from direct recruitment gained 5.4%, whereas the career management industry contracted by 5.0%.

Low growth in the private employment services industry in euro terms in 2018 was also due to an appreciation of the euro against other currencies in that year, as well as subdued growth in some of the largest agency work markets. The USA alone represents one-third of global agency work sales revenues and the three largest markets (USA, Japan and UK) make up the majority of the global market. While the US market grew in dollar terms (+3.5%), it contracted by more than one percent in euro terms. Several countries in South America have experienced a drastic currency devaluation due to economic crises, resulting in a significant contraction of the agency work industry in euro terms.

The USA, Australia and China make up two-thirds of global sales revenues in the direct recruitment sector. Their combined markets grew by 5% in 2018, driving much of the industry's growth at global level.



¹ On a constant currency basis, the global private employment services industry grew by an estimated 4.9%.

The network of labour market enablers continues to grow

In 2018, more than 157,000 private employment agencies were in operation with branches across the globe, based on figures from 39 of the World Employment Confederation's national federations members.

More than 2.4 million employees are working in agency branches around the world (based on figures from 29 countries).¹

Considering those countries for which figures were available for both 2017 and 2018, the number of agencies operating was up 4.6% in 2018 compared to the previous year. Simultaneously, internal staff grew by a little over 1%. As automation of business processes is becoming increasingly prevalent, this could be an underlying factor explaining the difference in growth rates between the number of agencies and staff.

These agencies provide client companies and workers with various HR services including agency work, direct recruitment, career management, MSP and RPO. Complementing the public employment services, they contribute to well-functioning labour markets by matching employers with jobseekers.

The majority of agencies are in Europe, followed by Asia-Pacific (APAC), North America and South America. For more regional market information, consult the "Regional Focus" section of this report.



- Temporary work agencies
- Direct recruitment agencies
- Managed Services Providers
- Recruitment Process Outsourcing
- Career management firms

Nearly 58 million people are placed in jobs in 2018

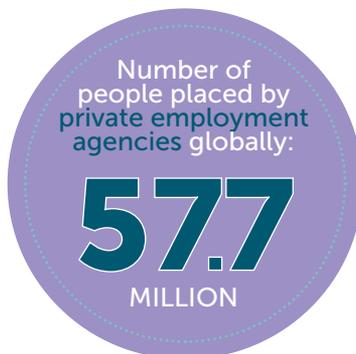
Agency work headcounts 2018

Nearly 58 million¹ individuals were placed in jobs at client companies in 32 countries around the world through the services provided by temporary work and direct recruitment agencies – a year-on-year increase of 9%.

Compared to the growth in private employment services industry's sales revenues at global level – close to five percent after correcting for currency fluctuations – this increase in placements is relatively high. One explanatory factor could be the increasing pressure on private employment agency margins. Nearly half of recruitment firms report pricing pressure as a top operational challenge, according to a study by Bullhorn².

The vast majority of placements took place within the agency work sector, which by itself has filled nearly 54 million vacancies. The USA – the largest market by sales revenues – contributed the highest number of placements, with nearly 17 million individuals employed, up 8% from 2017.

The highest number of placements through direct recruitment services was reported in China, with nearly 1.7 million people having been placed in the labour market which is relatively more centred around open-ended employment.



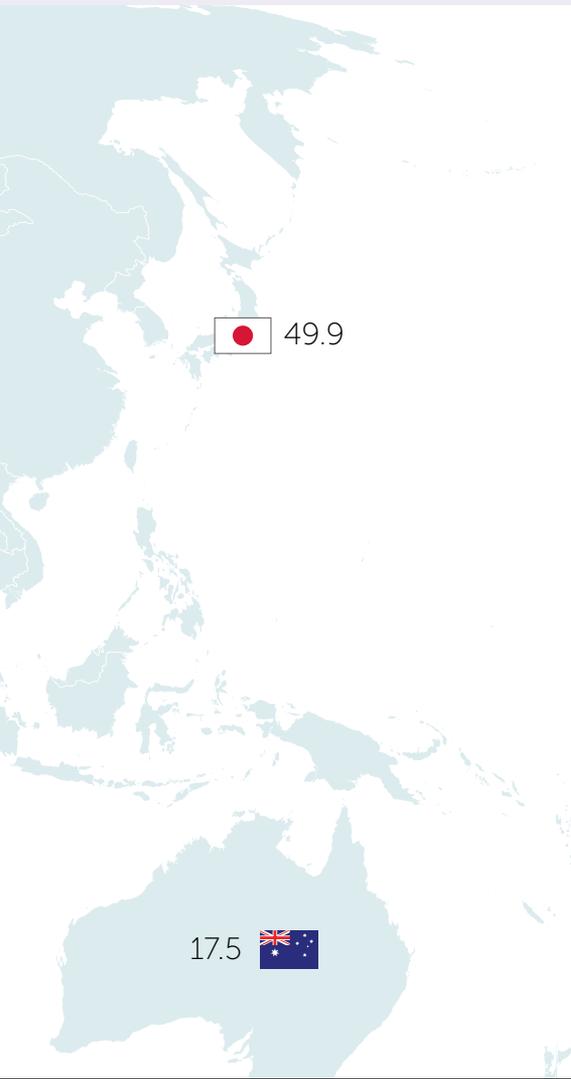
USA	16,800,000
China	10,780,000
Japan	3,819,197
India	3,300,000
Mexico	2,983,414
Brazil	2,925,000
France	2,745,000
UK*	1,105,000
Germany*	1,000,520
Portugal	879,000
Netherlands	834,790
Italy	800,000
Poland	776,144
Spain	757,607
Belgium	684,031
Canada	625,000
Colombia	457,524
Switzerland	408,819
Australia	351,300
Chile	200,000
Sweden	195,800
Austria	96,101
Norway	84,260
Finland	56,000
Ireland	53,400
Romania	50,093
Argentina	47,956
Greece	41,100
New Zealand	40,600
Russia	22,615
Croatia	17,000
Estonia	5,000

* FTEs

¹ Real figure is most likely higher, as statistics for all countries were not available. ² Global Recruitment Insights and Data (GRID): www.grid.bullhorn.com/key-findings/

USA, Japan and UK represent most of global agency work revenues





49.9

17.5

In 2018, the 15 largest agency work markets represented 91% of the total global industry in terms of sales revenues. The top three markets alone made up the majority of the global market. By far the largest market remains the USA, followed by Japan and the United Kingdom.

The US agency work market grew by 3.5% in dollar terms, but decreased by 1.2% in euro terms, due to an appreciation of the euro in 2018. Similarly, the Japanese market, while having barely moved in local currency units, actually decreased by 4.2% when applying the exchange rate.¹ Due to a change in methodology, a calculation of the UK market growth was not possible.

While the top three markets are diverse in terms of regional geography, nine out of the 15 largest markets are located in Europe. With the exception of Germany, which experienced a modest decline in the agency work market, the remaining European markets all experienced growth in 2018. In the Netherlands, growth was particularly strong at nearly 14.6% year-on-year.² The Swiss market also grew at a double-digit rate, at least in terms of local currency. Markets in France, Italy, Belgium, Spain and Sweden are up by 5.7%, 3.5%, 5%, 4.0% and 5.8% respectively – confirming strong growth in Europe’s agency work markets overall. In the Asia and Pacific region, Australia experienced strong growth in dollar terms (6.1%), which depreciated to -1.3% in euros, while the Indian staffing market saw flat growth in 2018. The Canadian market mirrored the US market in terms of growth. In South America, agency work markets declined on average, reflecting the worsening state of economies. In particular, the Brazilian agency work market was down by 27.4% in 2018.

When taking a longer term perspective the data shows that all the current top 15 agency work markets experienced positive growth between 2015 and 2018.³ Taking into account more recent data on agency work activity in European markets, the positive trend has diminished across several countries in 2019. As the economic situation deteriorates and the skills shortage faced by both employers and recruitment agencies becomes increasingly pronounced, data shows a downward trend in terms of revenues as well as in hours worked in the agency work sector.⁴

¹ For conversion of revenue figures into euro terms, the OECD annual average exchange rate was applied.

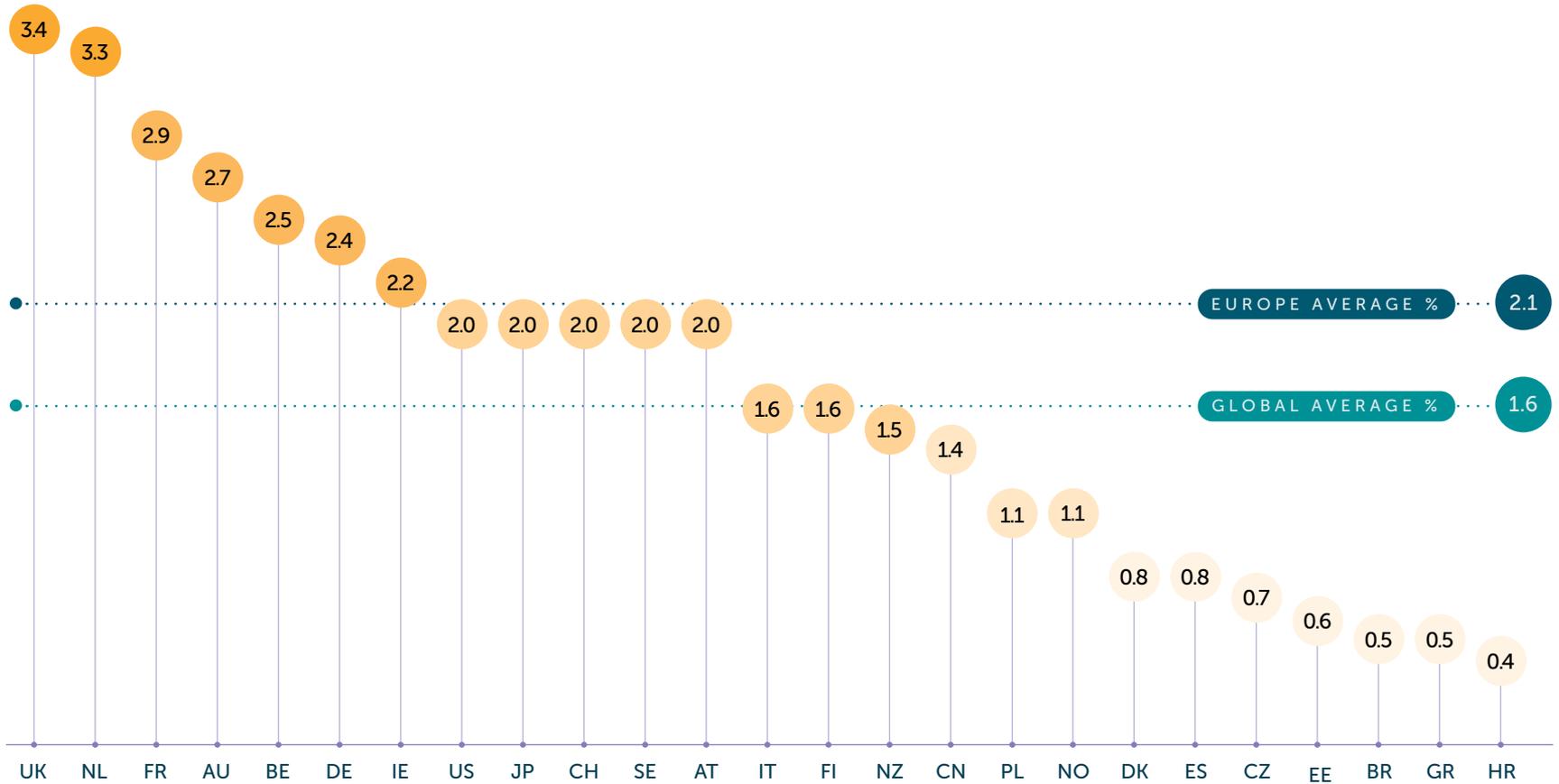
² ABU estimate based on CBS figure.

³ Excluding the UK, as a direct year-on-year comparison was not available for 2018.

⁴ For more information, visit the WEC-SIA European Employment Barometer: www2.staffingindustry.com/eng/Research/Research-Reports/Interactive-Research-Tools/European-Employment-Barometer

Global agency work penetration rate remains stable at 1.6%

Agency work penetration rate, 2018 %



In 2018, the global weighted average agency work penetration rate stood at 1.6%, unchanged from the previous year, while the European penetration rate was 2.1%. This rate represents the share of agency work in overall employment and can be subject to various factors. Regulation characteristically plays a significant role, as more restrictive labour market regulation results in a lower share of agency work in the employed population. More liberal labour markets, or regulation that is more favourable to diverse forms of work tends to raise agency work penetration rates.

This is evident in the penetration rate figures across markets, where Anglo-Saxon countries – typically characterised by more liberal labour markets – comprise four of the top ten countries. The UK tops the list with the highest share of agency workers and is closely followed by the Netherlands. For the latter, the prominence of diverse forms of work is a way of life for many workers to enhance work-life balance.

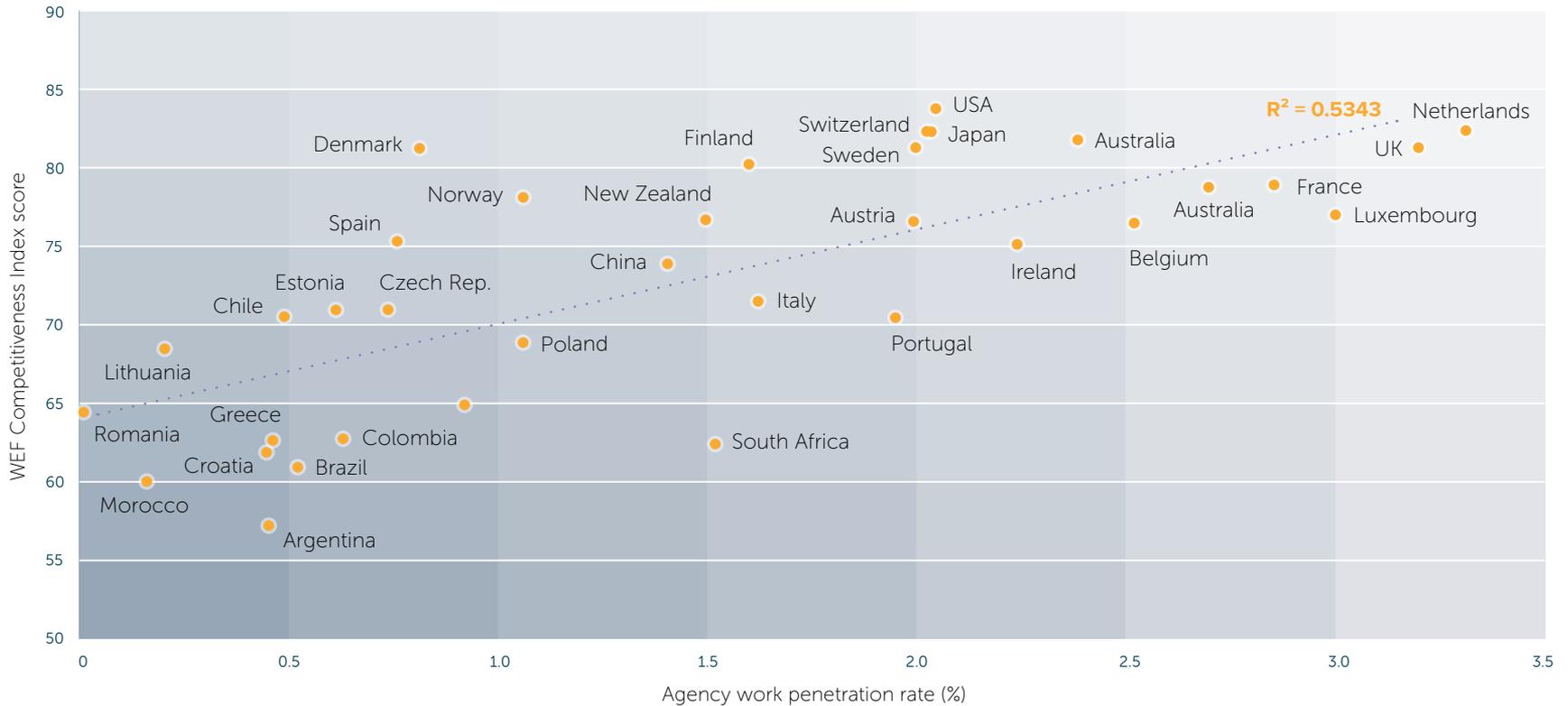
A high agency work penetration rate is a good indicator of how flexible a labour market is, as agency workers tend to move between jobs more frequently. Flexibility in the US labour market, for example, is evident in the high number of transitions relative to other countries.

Of note is the penetration rate in Germany, up half a percentage point since 2017, which can be partly explained by the increased number of migrants and refugees who have disproportionately entered the labour market through the agency work sector.

Note: For UK, a comparison with the 2017 rate is not possible, due to a change in methodology. For Ireland, the figure is an estimation. For the Czech Republic, the figure is for 2017.

Agency work penetration rates correlate with country competitiveness

Agency work penetration rates against WEF Competitiveness Index, 2019



Comparing agency work penetration rates against country scores in the World Economic Forum's (WEF) Global Competitiveness Index reveals a close correlation. This indicates that countries with a higher share of agency workers tend to be more competitive at an international level.

... and with efficient labour markets

Agency work penetration rates against WEF labour market efficiency index, 2019



Similarly, countries with higher shares of agency workers in employment tend to have more efficient labour markets when comparing penetration rates against WEF labour market efficiency index scores.

New data indicates towards reduced agency work activity in Europe

Evolution of number of hours worked by agency workers in Europe (y.o.y.) versus quarterly evolution of GDP volume EU28

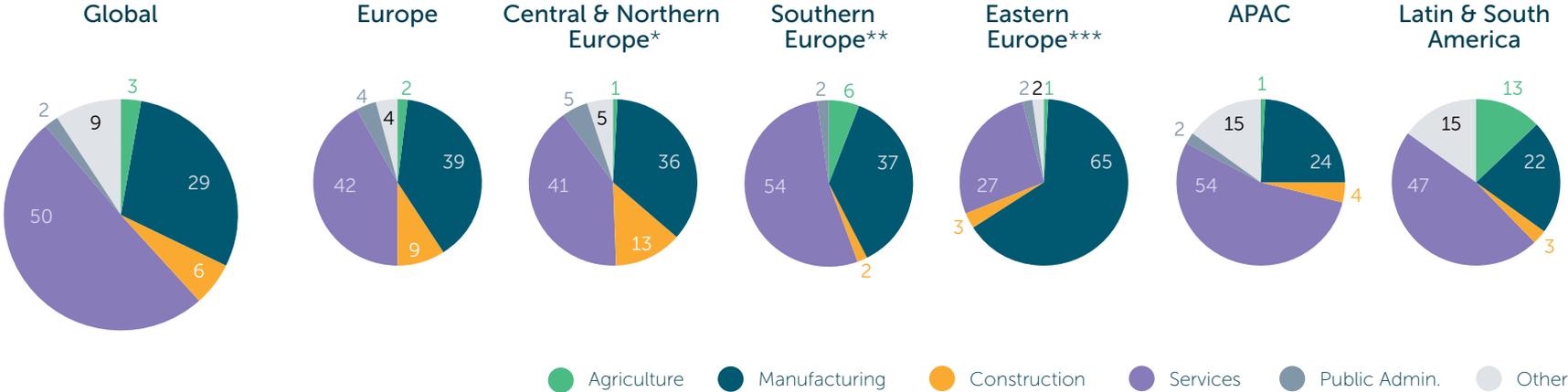


Historically, the agency work sector tends to follow the economic cycle very closely. Economists often use agency work sector indicators to gauge the state of the economy, as activity in the sector reacts very quickly to fluctuations in demand. Since the end of 2018, a reversal of the formerly positive correlation between the change in hours worked by agency workers and GDP change in the EU28 can be observed in the data. While GDP growth has slowed over recent years, it remains positive. Year-on-year change in agency work activity has, however, turned negative.

Slow economic growth, reduced demand and low unemployment rates across several European countries – the EU28 rate having reached a record-low in 2018 and still falling – can be explanatory factors in this development. As labour markets tighten, it becomes increasingly difficult for businesses to find candidates to hire, while for private employment agencies there are challenges in being able to supply workers, with the result that agency work activity decreases. 77% of recruitment firms view the skills shortage as the biggest challenge for their business in the current year, according to a study by Bullhorn, while candidate acquisition is a top priority for them¹.

Agency work sectoral trends mirror those of overall employment

Sectoral distribution of agency workers across regions (%)



* Austria, Belgium, Denmark, France, Germany, Netherlands, Norway, Sweden, Switzerland, ** Greece, Italy, Portugal, Spain, *** Croatia, Czechia, Estonia, Poland, Russia

At a global level, the majority of agency workers are employed in the services industry (50.2%), while nearly one-third work in manufacturing. The construction sector is the third largest agency work sector, although it comprises only 6% of global agency work employment. Just over 3% of agency workers are employed in the agricultural sector.

While there are regional differences, the sectoral distribution of agency workers reflects the trends within the overall employed population. That is the shift of economic activity away from traditional sectors such as agriculture, towards the services industry. This is particularly true for developed countries. 65% of employment in OECD countries is in the services industries, 6% in construction and only 4% in agriculture.¹The picture looks very similar in the European Union.² If countries were to be classified into three groups of economic development

level, the other two groups would be developing countries on the one hand and frontier countries on the other. For the former, agriculture is still a large contributor to the economy, while the latter has generally seen a shift towards manufacturing.

Looking at the various regions, they follow the global trend with services and manufacturing being the largest sectors employing agency workers. There are noteworthy observations, however. In Eastern Europe, the manufacturing sector represents two-thirds of agency work employment, which is a share twice as large as that for Central & Northern Europe and Southern Europe.

Across the Atlantic, in Latin & South America, the agricultural sector remains a large proportion of agency work employment at nearly 13%, around four times larger than the global average.

¹ OECD database ² Eurostat.

APAC region grows fast, while USA remains largest direct recruitment market

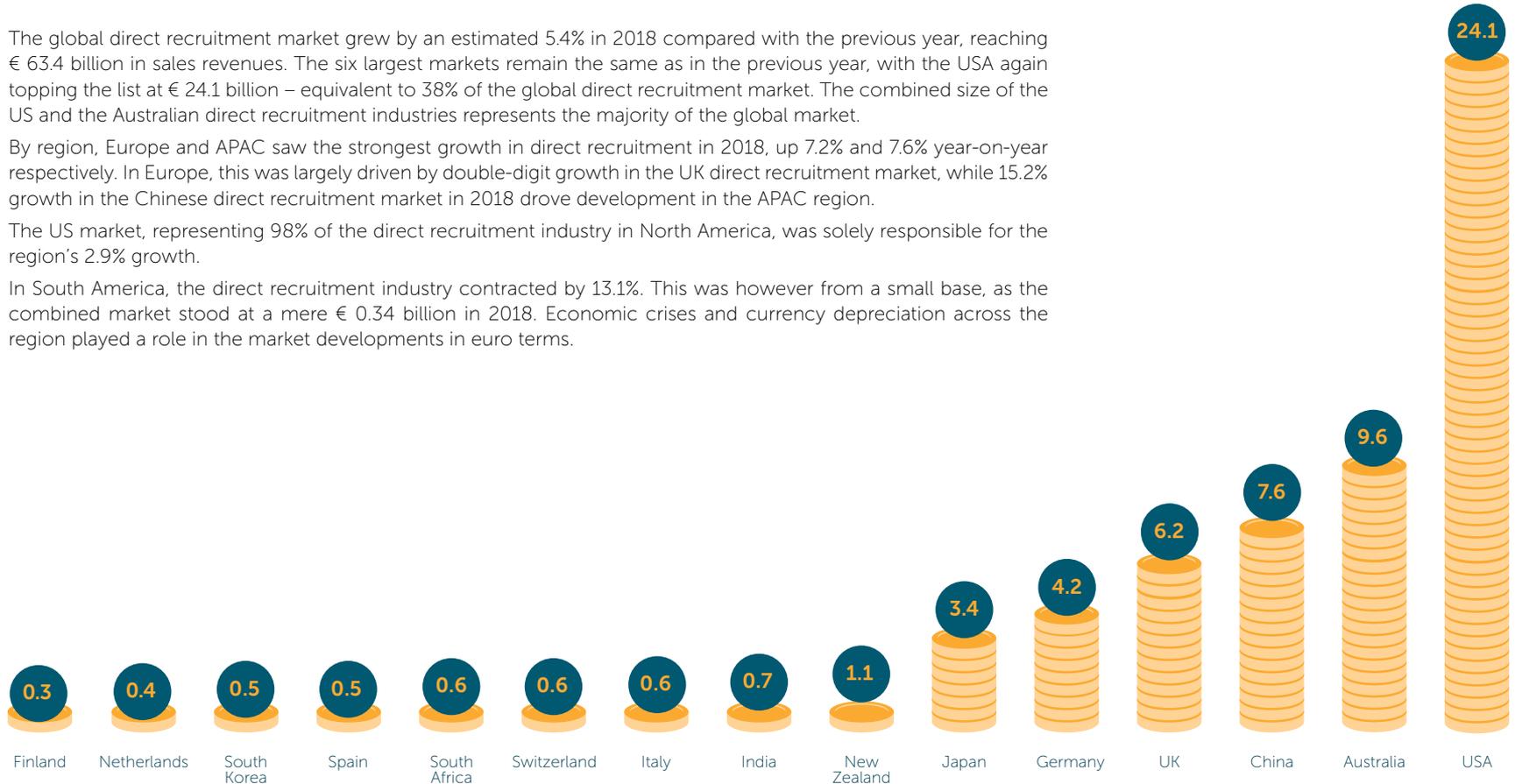
Top 15 markets in direct recruitment, sales revenues (billion €), 2018

The global direct recruitment market grew by an estimated 5.4% in 2018 compared with the previous year, reaching € 63.4 billion in sales revenues. The six largest markets remain the same as in the previous year, with the USA again topping the list at € 24.1 billion – equivalent to 38% of the global direct recruitment market. The combined size of the US and the Australian direct recruitment industries represents the majority of the global market.

By region, Europe and APAC saw the strongest growth in direct recruitment in 2018, up 7.2% and 7.6% year-on-year respectively. In Europe, this was largely driven by double-digit growth in the UK direct recruitment market, while 15.2% growth in the Chinese direct recruitment market in 2018 drove development in the APAC region.

The US market, representing 98% of the direct recruitment industry in North America, was solely responsible for the region's 2.9% growth.

In South America, the direct recruitment industry contracted by 13.1%. This was however from a small base, as the combined market stood at a mere € 0.34 billion in 2018. Economic crises and currency depreciation across the region played a role in the market developments in euro terms.



Career management sector contracts in most of the largest markets

Top 10 markets in career transition/outplacement, sales revenues (billion €), 2018



In 2018, sales revenues from career transition and outplacement services – the major share of the career management industry – declined to an estimated € 1.9 billion at global level, down by 5% from € 2 billion in 2017. While the USA is by far the largest market for this service segment of the private employment services industry, representing nearly one-third of the global market, Europe is the region with the largest combined market size. Six of the ten largest career transition and outplacement markets are located in Europe. The ten largest markets represent above 90% of the global career management industry.

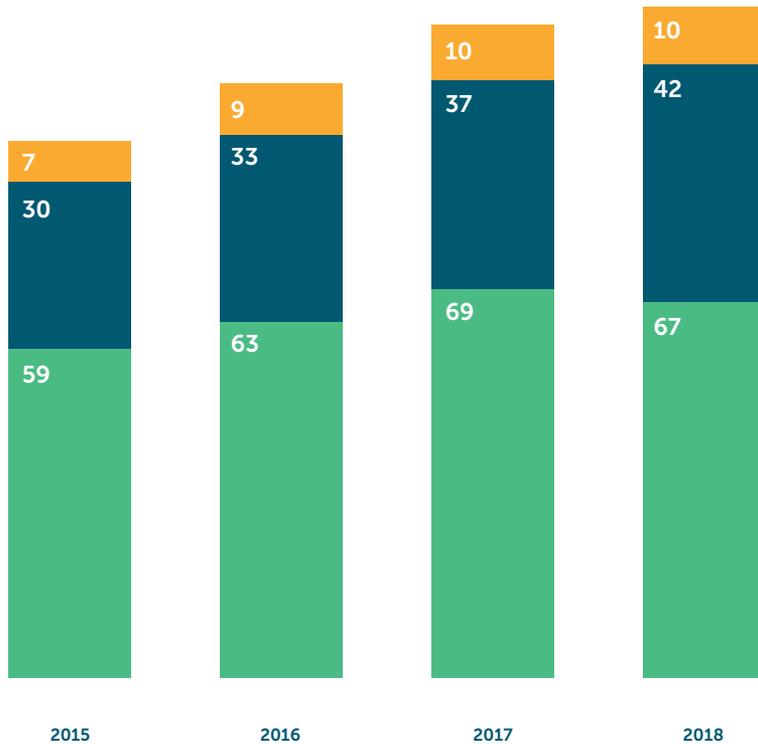
A shift towards increased internal redeployment among companies, as well as a recent labour reform in France and the lengthy Brexit negotiations are likely underlying factors resulting in the overall contraction of the career transition industry. Tighter labour markets, with record-high employment rates being recorded across regions may also be a factor.

Note: Based on estimations by members of the World Employment Confederation's Career Management Task Force. For France, Australia and Belgium, figures should not be compared to 2017 figures published in the 2019 WEC Economic Report, as there was a change in the methodology for calculating the market estimates of 2018.

EMEA records strong MSP growth, while Americas slips in euro terms

Managed Services Providers, regional market value (billion €)

● Americas ● EMEA ● APAC



Firms which specialise in MSP are third-party service providers taking over a client company’s contingent workforce management (for a more detailed definition of MSP, consult the Annex).

In recent years, MSP adoption by companies has grown significantly, as firms aim to optimise their workforce planning in order to be able to focus on their core business activities. According to estimates from Staffing Industry Analysts (SIA), global spend on MSP between 2015 and 2018 grew from € 94.7 billion to € 119.5 billion, up 26.2%. The strongest growth in MSP spend was seen in the EMEA and APAC regions, up 42.4% and 40.9% respectively in three years, while MSP spend in the Americas, which represents the majority of global spend, decreased slightly in 2018 in euro terms, although there was growth in dollar terms.

The major share of MSP spend (78% in 2018 according to SIA) comprises temporary employees and independent contractors, meaning that the spend of a large part of MSP programmes can, in effect, be attributed to revenues in the agency work sector. The remaining share of MSP spend is raised by statement of work and/or outsourcing activities managed by the service provider.

MSP programmes may be under a master supplier model (i.e. the MSP disproportionately allocates staff orders by the client to itself), a vendor-neutral model (i.e. the MSP allocates staff orders to those staffing firms which best fit the client’s criteria) or a hybrid model. The largest share of MSP spend (49% in 2018 according to SIA) represents vendor-neutral models for sourcing temporary employees.

Of growing prevalence are MSP contracts which include RPO services (recruitment process outsourcing) through which a client delegates the supervision of recruitment beyond its contingent workforce to the service provider.

RPO sees strong growth across regions

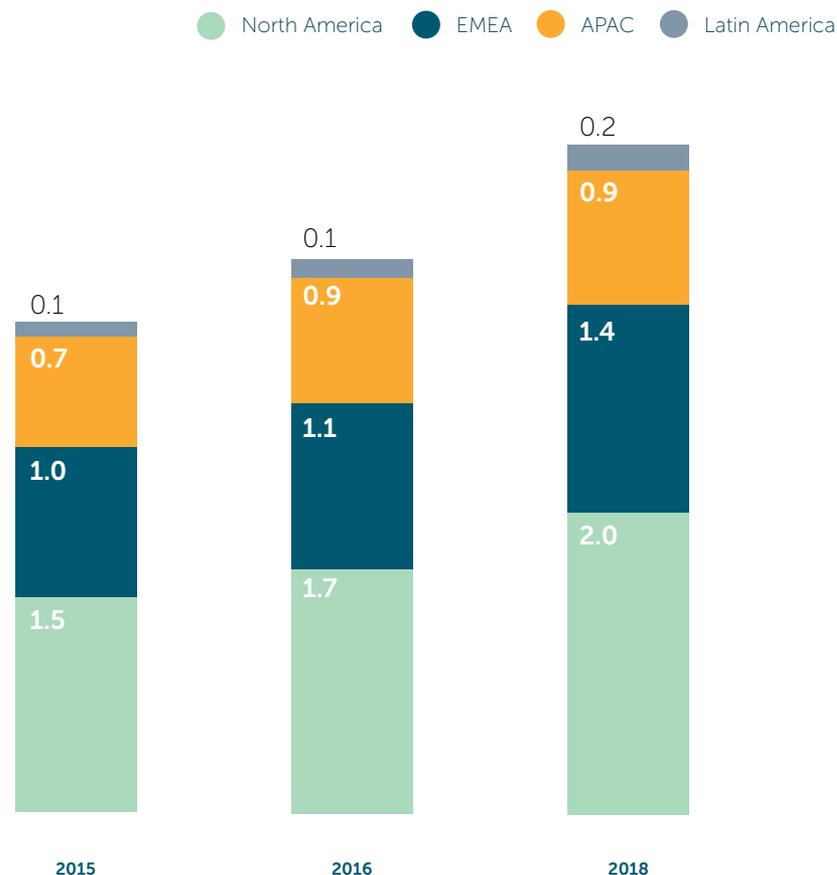
Recruitment Process Outsourcing, regional market value (billion €)

RPO is a service whereby a third-party provider takes over a client's recruiting department. Going beyond the provision of a contingent workforce, RPO providers characteristically also specialise in recruiting a firm's direct employees, without remaining a part of the resulting employment relationships (for a more detailed definition of RPO consult Annex).

The global RPO market remains small relative to other segments of the private employment services industry in terms of revenues (e.g. agency work or MSP), having reached an estimated € 4.6 billion in 2018. RPO has, nonetheless, experienced significant growth since 2015, both globally and across regions. North America and EMEA, the two largest regions by RPO market value, have grown by 39.9% and 38.8% in euro terms between 2015 and 2018 respectively, while Latin America's RPO market has nearly doubled, albeit from a much smaller base. Overall, the global RPO market grew by 36.6% over the same three years.

As labour market slack reduces, with unemployment rates down and employment rates up, firms increasingly struggle to hire skilled workers. This can explain why firms turn to specialists to manage their hiring process, resulting in increased usage of RPO providers, which offer more effective ways to attract talent. [A study by CieloTalent](#) found a 12-percentage-point difference in the number of firms that report a negative impact of the skills shortage on their business between those firms that use an RPO and those that do not.

While, according to a survey by Staffing Industry Analysts, the vast majority of RPO contracts are ongoing (as opposed to those which are designed for specific projects on a shorter term), only around one-quarter of the RPO market represents arrangements where the RPO provider manages a client's entire recruitment process.



North America sees record number of placements driven by US market



Countries included in figures:

-  Canada
-  Mexico
-  USA



North America is the strongest region in the global private employment services industry by various metrics. The region places more people in jobs and generates higher sales revenues through MSP, direct recruitment and RPO services than any other region. The major share of the region’s contribution to the industry is in the USA, where more than 80% of the region’s placements are created and nearly 99% of both agency work and direct recruitment sector sales revenues are generated. The agency work market in all three of the region’s countries has contracted slightly in euro terms in 2018 but is up over a three-year period.

Declining Brazilian market leads to stagnation in South America

Countries included in figures:

 Argentina

 Brazil

 Chile

 Colombia

 Peru



South America is the smallest region of the private employment services industry according to all metrics. Apart from Peru, all countries in the region saw a contraction of the agency work market in terms of sales revenues. Economic crises and currency depreciation across the region played a major role in this downturn. The Brazilian market is by far the largest in the region, contributing 81% of all placements and generating two thirds of the region's agency work sales revenues. The Brazilian agency work sector took a hit in 2018, contracting 27.4% in euro terms.

UK remains largest market in Europe; Netherlands sees strongest growth



Europe is the largest region in terms of agency work sales revenues, contributing 44% to the global market size. In total, nine European countries are represented in the top 15 largest agency work markets globally. The United Kingdom is the largest market in Europe. It is home to one-quarter of all private employment agencies in Europe and responsible for nearly ten percent of all placements in the region, generating 23% and 42% of sales revenues of the European agency work and direct recruitment market respectively. The UK is followed by Germany, France, the Netherlands, Italy, Switzerland and Belgium in terms of agency work sales revenues. The Netherlands saw the strongest growth in agency work sales revenues in 2018, at 14.6%.¹

Countries included in figures:

Austria	Lithuania
Belgium	Luxembourg
Bulgaria	Netherlands
Croatia	Norway
Czech Rep.	Poland
Denmark	Portugal
Estonia	Romania
Finland	Russia
France	Slovakia
Germany	Slovenia
Greece	Spain
Hungary	Sweden
Ireland	Switzerland
Italy	Turkey
Latvia	UK

Asia-Pacific maintains strong direct recruitment market

Countries included in figures:

 Australia

 China

 India

 Japan

 New Zealand



The region consists of several large markets, both in terms of placements and sales revenues in agency work and direct recruitment. While China contributes the major share of the region's job placements, Japan generates by far the highest sales revenues in the agency work sector. Australia, while being a significantly smaller market in terms of population, performs best in direct recruitment, second only to the USA on a global level in terms of sales revenues. In 2018, the Chinese market is alone in the region in having seen growth in agency work sales revenues in euro terms, despite the economic slowdown and a depreciating yuan. In a three-year horizon, Australia, China and Japan performed well – up 43%, 46% and 32% respectively.

Glossary of Terms Used and Acronyms

Agency Work

Agency work is a triangular employment relationship, defined in ILO Convention 181 as: “Services consisting of employing workers with a view to making them available to a third party, who may be a natural or legal person (“user enterprise”) which assigns their tasks and supervises the execution of these tasks”. It can be named Dispatched Labour in Asia, Labor Hire in Africa or Temporary Staffing in the USA.

Career Management

Career Management services enable jobs, skills and business performance to be viewed in an integrated way and with a long-term perspective. It includes primarily services such as outplacement and career transition, redeployment and other development activities designed to help organisations and individuals to manage changes in the practices, processes, conditions and basis of employment.

Daily Average Number of Agency Workers (in FTEs)

Total number of hours worked by all agency workers in a country over a period of one year divided by the average number of hours worked over a period of one year by a worker with a full-time job with an open-ended contract.

Direct Recruitment

Services for matching offers of and applications for employment, without the private employment agency becoming a party to the employment relationships which may arise therefrom (Source: ILO Convention 181), including search and selection.

Managed Services Provider (MSP)

MSP is a service whereby a company takes on primary responsibility for managing an organisation’s contingent workforce programme. Typical responsibilities of an MSP include overall programme management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing. The vast majority of MSPs also provide their clients with a vendor management system (VMS) and may have a physical presence at the client’s site. An MSP may or may not be independent of a staffing provider.

Penetration Rate

Daily average number of agency workers (in FTEs) divided by the working population (as defined by the ILO as follows: “The employed comprise all persons of working age who during a specified brief period, such as one week or one day, were in the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work).”

Private Employment Services / Employment Industry

Agency work is usually one of several other HR services provided by recruitment and employment agencies, along with direct recruitment, career management, RPO and MSP. The collective name for these services is private employment services. The employment agency provides a professional service to a user company by taking over (a part of) the recruitment and HR process. In this sense, private employment services are comparable to other professional and business services such as auditing and accounting, communications and marketing, facilities management, etc.

Recruitment Process Outsourcing (RPO)

A service by a third-party specialist provider, to assume the role of the client’s recruiting department by owning and managing part or all of its recruitment process and related recruitment supply chain partner relationships, providing the necessary skills, activities, tools, technologies and process methodologies.

The data presented in this report is for the calendar year 2018, unless stated otherwise. Sources vary depending on the data, although most of the figures are collected by the World Employment Confederation from its national federation members. This is primarily the case for the agency work market. Some national federations gather data directly from their respective members, whereas others collect data from public sources or research partner institutions. The World Employment Confederation also partners with Staffing Industry Analysts (SIA) to gather figures on markets where the national federation members are not able to deliver. This allows for a more complete assessment of the industry across the various HR services.

For the calculation of the total global market size of the private employment services industry, five service segments have been included: agency work, direct recruitment, MSP, RPO and career management services. Due to the fact that a major share of MSP activities falls in the agency work category, there exists the risk of double counting sales revenue figures. This is especially true, since the sources used to gather sales revenue figures differ for the two service segments in question. To minimise the risk of double counting, a certain share of total MSP

sales revenues was subtracted and attributed to the total agency work sales revenues. This share was 78% for 2018, taken from SIA's 2019 MSP report.

All revenue figures are reported in euro terms. The OECD annual average exchange rates are used to convert from local currency to euros.

It must be noted that some figures presented in this report may be underestimating the true picture of the global industry, since the World Employment Confederation does not have members in every country providing statistics. This is specifically the case for the number of agencies and internal staff. Note also that a lack of information on specific countries does not mean that private employment services are not provided in that country.

In case of questions on the statistics presented or on the methodology applied, please contact Robin Lechtenfeld, Labour Market Intelligence Officer at the WEC Head Office (robin.lechtenfeld@wecglobal.org).

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