

## HR SERVICES REBOUNDED FROM PANDEMIC BUT CHALLENGES LOOM

**Latest data in the Economic Report 2023 by the World Employment Confederation confirms the strong rebound of the HR services sector in 2021, supporting labour markets in recovering from the Covid-19 pandemic. The sector generated €579bn in revenue globally, a 22.6% increase over 2020. All segments but outplacement grew, and most regions benefitted, except North America negatively affected by a severe ban on agency work in Mexico.**

Brussels, 17 April 2023 – HR services were in greater demand in 2021 than ever before, generating nearly €579bn in revenue globally, which represents an unprecedented 22.6% increase over 2020. Compared with the pre-pandemic year of 2019, the increase was equally impressive at 13.6%. These are the latest full-year data collected by the World Employment Confederation (WEC) for its Economic Report 2023.

*“2021 was the year of rebound in economic and labour market activity after the global COVID-19 pandemic,”* explains Marius Osterfeld, Chairman of WEC’s Economic Affairs Committee. *“One of the greatest challenges emerging from the 2021 labour market dynamic was the record-high vacancy rates around the globe. This skill-shortage related crunch persists and looking ahead, we expect agency work markets to cool down also in response to the deceleration in economic activity expected in most countries around the world due to the energy crisis and increasing inflation.”*

All segments of the HR services industry grew in 2021, except outplacement. Global turnover for agency work, the largest segment of the HR services industry, was up 13.7% to €417bn in 2021 after a 7% decline the previous year. Direct Recruitment increased 20.8% to €71bn. The Managed Service Providers (MSP) market increased by one quarter in 2021 to reach a record high of €164bn. The Recruitment Process Outsourcing (RPO) segment grew 21.6% to €6.3bn over the year in review. After a period of rally in 2020 in response to the labour market shock, the Career Management segment shrank 20% in 2021 to €1.7bn.

Looking at the situation across regions, the sector was negatively affected in North America, following the contraction of the agency work market following the ban on the subcontracting of workers in Mexico. South America remained the smallest region with just over 3% of global placements happening in the region, but it is the region where agency work market revenues saw the strongest growth of all in 2021. Europe recovered from the pandemic, with its agency work market growing 20%. APAC also experienced a rebound, with double digit growth, except for Japan.

*“The true size of the industry cannot be measured in figures alone, but rather in the thousands of success stories that it writes every day. The HR services industry really serves as an integration and employment engine on the labour market,”* states Denis Pennel, Managing Director of the World Employment Confederation. *“We are helping to realise the vision of a world of work with social justice that is spearheaded by the International Labour Organisation. And there is more potential in our sector to tap into!”*

In 2021, 62 million individuals were placed in the labour market by the HR services industry worldwide. The sector employed 3.8 million internal staff in 232,000 agencies located across 33 countries.

The Economic Report 2023 of the World Employment Confederation is available on [WEC’s website](https://www.wecglobal.org).

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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 large international 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 role 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.

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