

# Economic Report 2023



**WORLD  
EMPLOYMENT  
CONFEDERATION**

The Voice of Labour Market Enablers

LEADING  
IN A CHANGING  
WORLD OF WORK



WORLD  
EMPLOYMENT  
CONFEDERATION  
The Voice of Labour Market Enablers

## 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 the private employment services industry plays in enabling work, adaptation, security and prosperity. This role involves building networks with relevant stakeholders including policymakers, 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](mailto:info@wecglobal.org).

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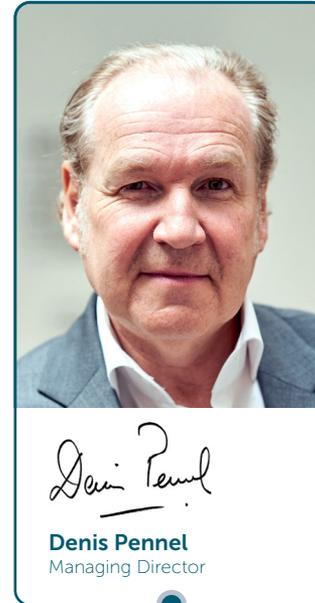
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# Foreword

HR services were in greater demand in 2021 than ever before. The 230,000 staffing companies around the world generated nearly €580bn in revenue. However, 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 spectrum ranges from people who, thanks to agency work, are able to find a position outside of the “shadow economy” for the first time; to people looking for jobs who are able to make the jump back into professional life after being terminated or having a break in their employment; to highly-qualified specialists who are freelance but seeking social protection as agency workers. With 62 million people placed in work, the HR Services industry serves as an integration and employment engine on the labour market. For example, in an anonymous survey, a 45-year-old hotel specialist attested how agency work has opened the gates to the world of employment for him.

The success of HR services providers is a win for the people hired, and also for the hiring companies. In a world that is swinging ever faster between crisis and recovery, flexibility is a decisive competitive advantage, so it's no wonder that the market for managed service providers (MSP) – the comprehensive management of flexible employees by a staffing service provider – is growing. Business increased 25.6% in 2021 compared to the previous year. One client company recently testified that MSP solutions helped them to attract the best talent and to entrust the social responsibility for temporary employees in the hands of the staffing service provider. Talent scarcity and the increasing importance of Environmental, Social and corporate Governance (ESG) norms have become additional growth drivers of this market segment.

“What the world needs now is a strong and sustained dose of social justice (...) In short, to make sure that no one is left behind.” The vision recently shared by the Director General of the International Labour Organisation, Gilbert F. Houngbo is one that HR services providers around the world share and are helping to realise. Without costs to the taxpayer, they help people find employment, in whatever form of work they prefer, and they help companies recruit and coach candidates to put them on their way to the next step of their professional pathway. The figures in this report reflect the successes already achieved but there is more potential to tap into. Let's work together to create the framework conditions that will make the HR services industry's contribution to society even greater.



# 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 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 and 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

2021 was the year of rebound in economic and labour market activity after the global COVID-19 pandemic. Turnover for the **global HR industry** grew an impressive 22.8% to reach €579bn in 2021<sup>1</sup>, in sync with a 6.2% increase in global GDP (International Monetary Fund). Global turnover for agency work, the largest segment of the private employment services industry, was up 13.7% to €417.5bn 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 the halt in the tourism and HORECA sectors in 2020 on the one hand, and the remote mode of work in financial and administrative sectors on the other, a strong rebound in agency work activity took place in 2021, as anticipated, following the gradual easing of pandemic-related restrictions. At the same time, following the career management industry rally in 2020 (+14%) in response to the labour market shock, it shrank 20% in 2021 to €1.7bn. Outplacement services, relevant for transitioning laid off personnel to new employment opportunities, have been less in-demand since the start of the recovery, and have since been redefining themselves and the services they offer.

The 15 largest **temporary agency** work markets generated 92% of global sector revenues, most of them experiencing double digit growth in 2021. The US, the largest market globally, registered an increase of 13.8%, the UK grew 15%, China and Italy 32% each, Austria 24.6%, Spain 21%, India 20%, and Australia 18%. At the same time, Japan, the third largest temporary agency work market in the world, increased a modest 2.5% in 2021, after a healthy 2% increase the year before, in spite of the continuing COVID-19 pandemic (see page 11 for more detail).

The 15 largest **direct recruitment** markets accounted for 94% of the global turnover, most of which grew in 2021. Of those, the US grew 28%, the UK and Ireland each registered an astonishing increase of over 50%, and China reported a 34%

increase in sales. Furthermore, New Zealand, India, Canada and South Korea all registered double digit growth in direct recruitment in 2021.

The number of **workers placed in jobs** by the private employment services sector experienced moderate to high growth in most countries in 2021, with the exception of Lithuania, Romania, Estonia and also Mexico, where a law was passed in September 2021 banning the subcontracting of personnel (except Specialised Services). In total, the industry placed 62 million people in the labour market in 2021, an increase of 8%<sup>2</sup> over 2020.

As a result of a major improvement in global labour markets in 2021, the **penetration rate** has also improved, increasing to 1.88% - nine basis points up from the year before. The penetration rate indicates the share of agency workers in the working-age population, and tends to be highly cyclical owing to the flexibility that agency work services provide to labour markets. During times of uncertainty and with the onset of an economic downturn, the industry acts as a shock absorber to businesses needing to quickly scale down operations, leading to a relatively quicker reduction in sector activity. Once conditions show signs of improvement, employment in the sector expands more rapidly than in the overall labour market, as businesses can quickly hire new workers via agency work to meet their new needs.

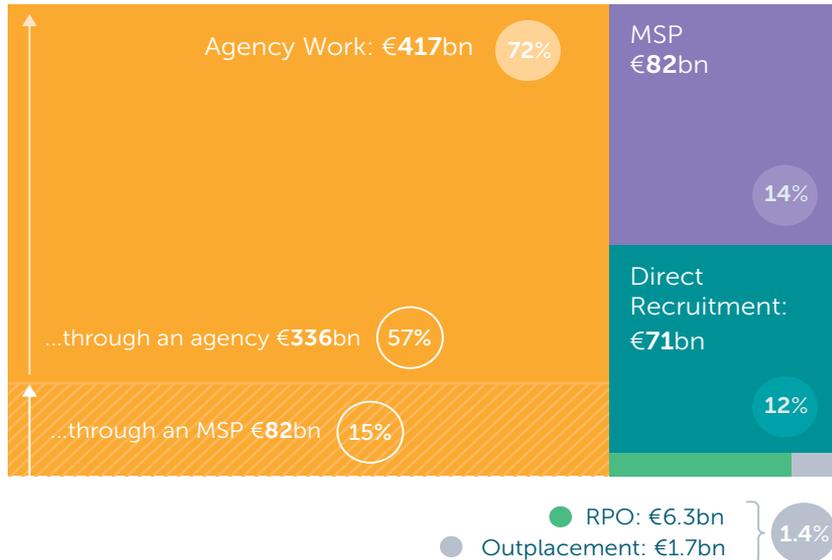
**Looking ahead**, agency work markets will be cooling down in response to the deceleration in economic activity expected in most developed and developing countries around the world due to the energy crisis, increasing inflation, and a persistent skill-shortage related crunch. One of the greatest challenges emerging from the 2021 labour market dynamic is the record-high vacancy rates around the globe, related to a general shift in workers' priorities and a gradual – tectonic – shift to a greener economy where technology also plays a larger role than before. While this current edition of the Economic Report focuses on the year 2021, it is expected that by the end of 2022 the industry will have lost the growth momentum.

1 All growth rates throughout the report are in Euro terms. For conversion, the annual average exchange rate for the respective year as reported by the OECD was applied.

2 Excluding Mexico for keeping a comparable scope. With Mexico, the growth rate decreases to 0.1%

# Private Employment Services Industry

Private Employment Services Industry Global Market 2021: **€579bn**



Top 5 markets (sales revenues) in 2021: **€389bn**



Global private employment services recorded an upward trend in 2021. By the end of the year, total industry turnover was estimated at €579bn<sup>1</sup>, 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%. This all-time high confirms that HR services have never been in as much demand as they are today. Connecting employers and jobseekers, the industry served as a bridge in the recovery from the COVID-19 crisis, enabling a speedy economic revival.

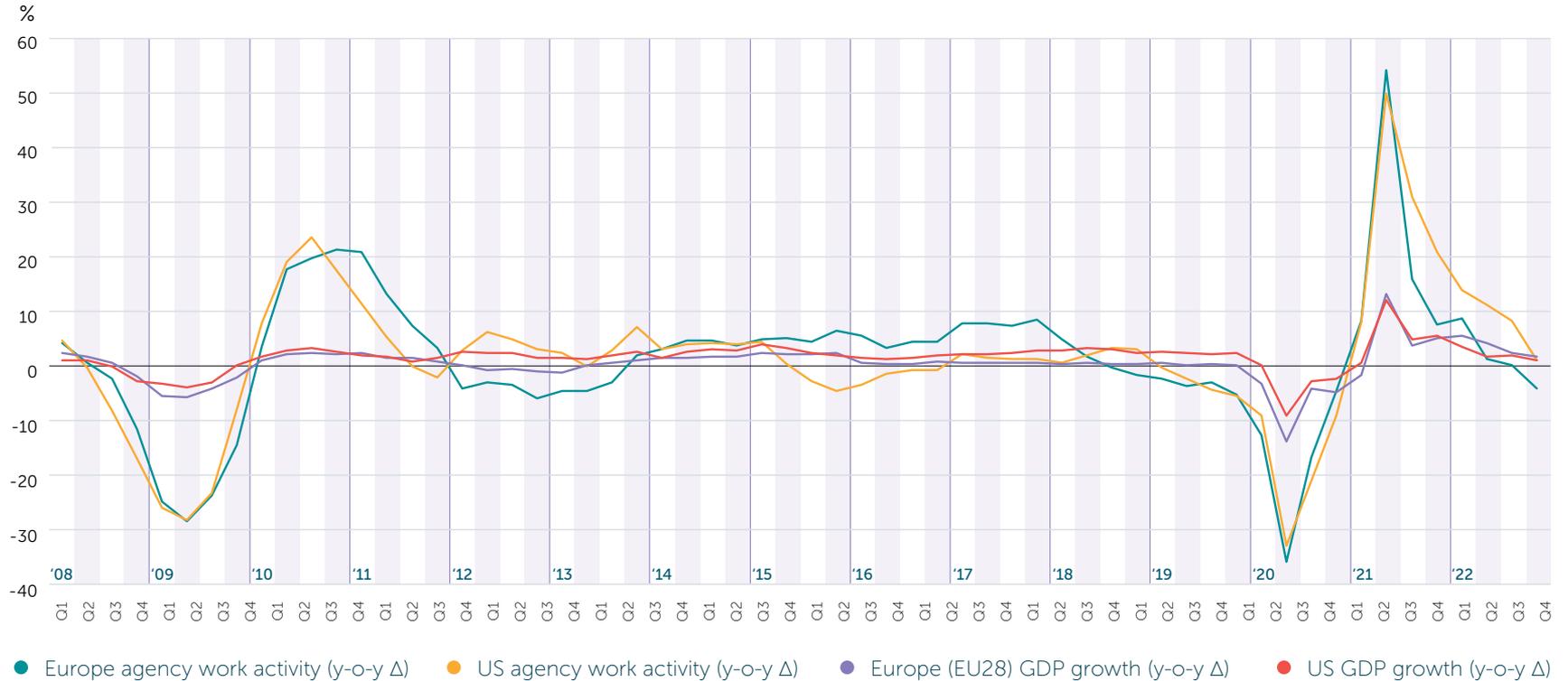
All segments of the HR industry, except outplacement, grew in 2021:

- The **agency work** sector generated the major share of revenues among all five of the industry's HR service segments, contributing 72% of global revenues. Agency work revenues stood at €417 billion in 2021, an increase of 13.7% compared with 2020, and 5.6% more than in 2019.
- The revenue share of activities which are purely attributed to **Managed Services Provision (MSP)** is estimated to comprise 14% of all HR services in 2021 (€82bn), and showed a stellar performance, more than doubling in size compared with 2020. At the same time, the other half of MSP activities is actually attributable to the agency work sector, and represented another €82bn.
- **Direct Recruitment** activities, representing 12.3% of global industry turnover, finished the year with €71bn in revenues – 20.8% more than in 2020, but still below its 2019 size.
- **Recruitment Process Outsourcing (RPO)** comprises a relatively small share of the market, €6.3bn. In 2021 it grew 21.6%, just enough to recover to the pre-pandemic 2019 level.
- Finally, the **Career Management** market, at €1.7 billion, was the only sector to decline in 2021, reporting a fall of 20% compared to 2020, and still -8.8% compared to 2019.

<sup>1</sup> While the estimates in this report only include countries that are members of the WEC, their combined market share of the global private employment services market is not far from 100%.

# Agency work markets reported a major slowdown by end 2022

Agency work activity (hours worked) vs. GDP (quarterly y-o-y change), Europe and US



*Temporary work agencies have been quick to step in, offering solutions for the Ukrainian immigrants, including organising shelter, childcare and offering job opportunities for the displaced people.*

In 2022, economic and labour market conditions continued to improve in most countries, with the pace decelerating towards the end of the year. At the same time, the war that erupted in Ukraine in February 2022, created an influx of immigrants into Europe, surpassing 8 million by February 2023 (UNHCR). Temporary work agencies have been quick to step in, offering solutions for the Ukrainian immigrants<sup>1</sup>, including organising shelter, childcare and offering job opportunities for the displaced people.

Despite the trends leading to an increase in labour participation, the estimated hours worked in Q3 2022 were still 1.5% below Q4 2019, (the pre-crisis benchmark), equivalent to a deficit of 40 million full-time jobs (ILO).

The economic situation in many countries around the world started worsening as the year 2022 progressed, with increasing energy prices, spiralling inflation, and all major central banks starting to tighten their monetary policy stance. The unfavourable economic conditions began to push many energy-intensive businesses to shrink their operations in order to cut costs; many smaller businesses could not withstand the circumstances and closed up shop. As a result, the higher cost of living around the world caused hardship to workers and jobseekers alike.

Paradoxically, growth rates were not only hampered by the economic conditions. Many countries suffered an unprecedented labour shortage, which limited their growth rates. HR services played a crucial role in keeping growth rates going. The unprecedented labour market squeeze was reflected in historically high job vacancy rates around the world throughout 2021 and well into 2022. In Europe, by the end of 2022, the number of job openings reached a peak of 3.2% of all jobs.

The figure stood at 6.5% in the USA, 5.6% in Canada, and 3.3% in Australia. Such elevated demand for labour created an upward wage-price spiral, which, however, only marginally translated into higher inflation in 2022. In some countries, the job vacancy crunch started easing towards the end of the year.

*The unprecedented labour market squeeze was reflected in historically high job vacancy rates.*

Both, the decline in economic health and rising labour market scarcity, were reflected in the temporary agency activity figures throughout the year. In the United States, the largest agency work market globally, the volume of agency work assignments in Q3-2021 was still in double digits compared to the same quarter the previous year. However, one year forward, the economic deceleration started pushing growth down to single-digit level, and in the fourth quarter of 2022 approached near-zero levels. Likewise, in Europe, pre-crisis levels were reached in early 2022, but started showing signs of stagnation in the second and third quarters of 2022, finally diving into the negative territory towards the end of the year. That said, sales revenues kept afloat despite the reduction in the number of hours worked.

<sup>1</sup> Examples: [Manpower](#), [Adecco](#), [Randstad](#), [G4 Group](#), [House of HR](#), [RGF Staffing](#), and many more

# HR services grow as an attractive career choice

Private employment 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.

In 2021, a combined 232,000 private employment agencies were operating in the 39 countries around the world where data was available. This is 9% more than in 2020. The greatest contributors to this impressive increase in absolute terms are Australia, Brazil and China.

In 2021, branches of agencies around the world that delivered employment services to companies and individuals **employed 3.8 million people** as internal staff in 33 countries - 11.4% more than the previous year.

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



# Record-high number of 62 million people placed in the labour market in 2021

The HR industry was the gateway for jobseekers around the world to find a new job opportunity. In 2021, at least 62 million people in 40 countries were placed in the labour market by private employment agencies, up 1% from 2020.

China was the market with the most people placed in jobs by the agency work sector, followed by the US and India. These top three markets account for 64% of all job placements globally.

Mexico, as a result of the September 2021 ban on outsourcing, reported a near-50% decline in job placements in 2021 compared with the previous year. The only other markets registering a decline in the number of placements were Romania, Lithuania, Greece, Slovakia and Estonia<sup>1</sup>.

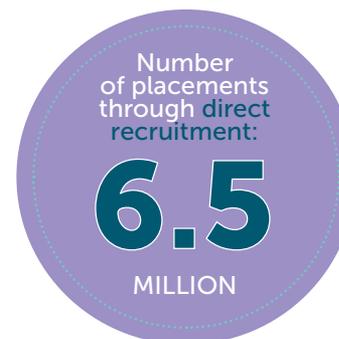
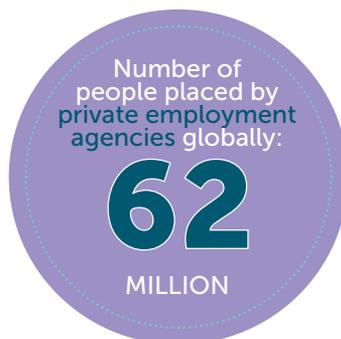
## Agency work headcounts (000's), 2021

China	21.0
USA	14.1
India	4.7
Mexico	4.3
France	3.0
UK	2.1
Japan	2.1
Brazil	1.18
Netherlands	0.99
Italy	0.96
Poland	0.86
Germany	0.82
Belgium	0.79
Spain	0.78

Canada	0.63
Australia	0.50
Switzerland	0.49
Austria	0.37
Colombia	0.36
Chile	0.30
South Africa	0.22
Sweden	0.22
Finland	0.18
Czech Republic	0.16
Slovakia	0.11
Norway	0.08
Portugal	0.08
Russia	0.07

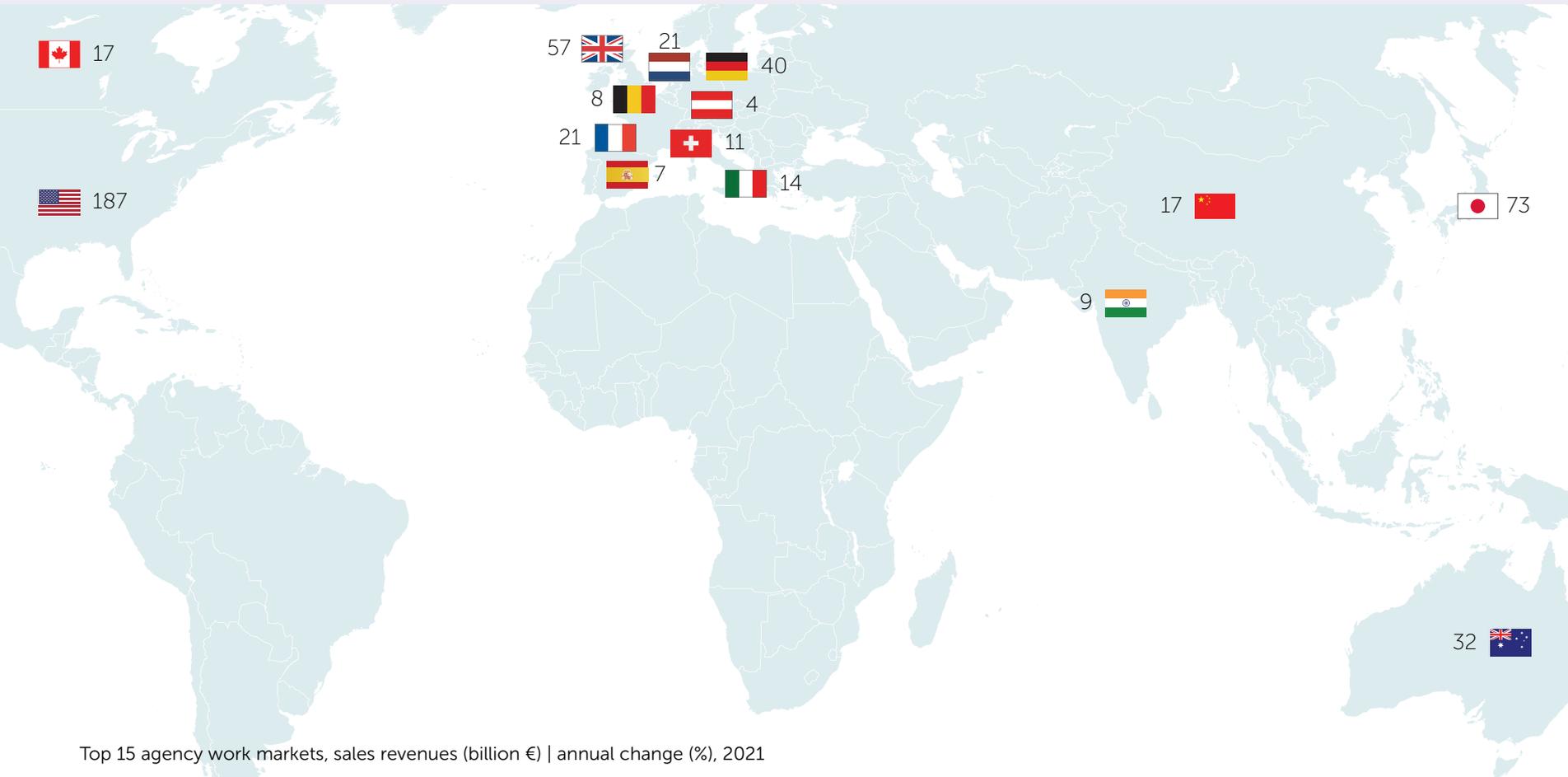
Ireland	0.07
Argentina	0.06
Slovenia	0.05
Bulgaria	0.04
Greece	0.03
Latvia	0.03
Romania	0.03
Denmark	0.02
Hungary	0.02
Croatia	0.02
Lithuania	0.012
New Zealand	0.011
Luxembourg	0.008
Estonia	0.005

\* TAW headcount data from Eurostat for SK, CZ, PT, SI, LV, DK, HU, HR, RO, LT, LU



<sup>1</sup> According to Eurostat headcount data

# Nearly all agency work markets register massive rebound



Top 15 agency work markets, sales revenues (billion €) | annual change (%), 2021

USA	Japan	UK	Germany	Australia	France	Netherlands	Italy	Canada	Switzerland	Belgium	China	Spain	India	Austria
187	73	57	40	32	21	21	14	17	11	8	17	7	9	4
31%	4%	24%	19%	11%	21%	15%	31%	26%	12%	31%	34%	34%	46%	25%

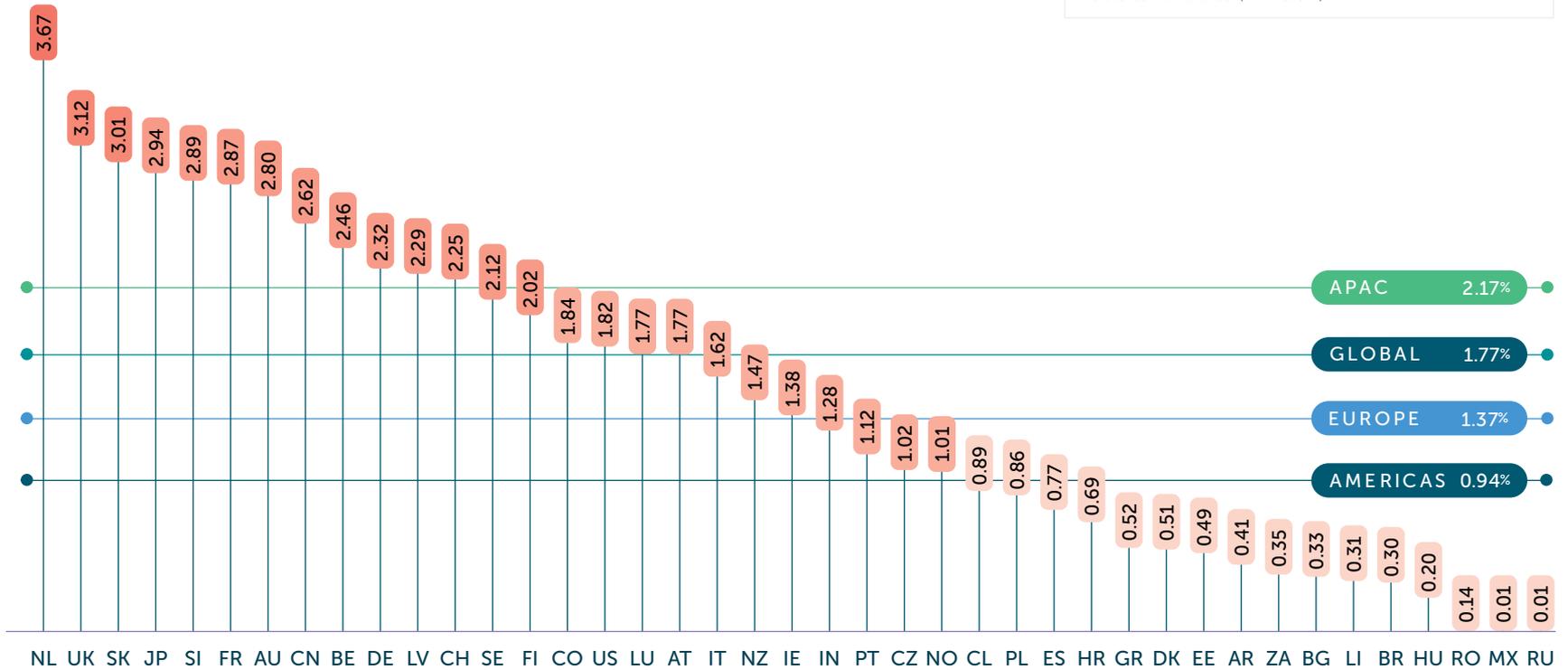
In 2021, the 15 **largest HR markets** represented 89% of the sector's global turnover, of which the three largest markets – the United States, Japan and the United Kingdom – accounted for 55% of the global market size. The US agency work industry remained by far the largest market, generating 32% of the global turnover, and growing 31% in 2021.

When looking at regional agency work market values, Europe is the largest region with nine of the top 15 markets located in the region. These markets contributed a combined 32% of sector turnover to the global figure. Rebounding from the unprecedented year of COVID-19 related lockdowns, most of these markets reported double digit growth. Highest growth was registered in Spain (+34.4%), Belgium and Italy (31%), Austria (+25%) and the UK (23.6%).

Turning to the Asia Pacific region, agency work markets have also shown a strong rebound after the pandemic. The Japanese agency work market, the second largest globally, grew 1.9% in 2020 and 4.2% in 2021. The strong performance in 2020 was partly due to the strength of the manufacturing sector, but also the result of regulatory changes stipulating equal pay for agency workers taking effect. As a consequence of these salary increases, agencies' rates and turnover were inflated. Given the positive outcome in 2020, the 2021 growth rate is in line with the previous years' dynamics. In Australia, the agency work market grew 11.5% in 2021. The Chinese labour market increased an impressive 33.5% during the year in review.

# Agency work penetration rates improve in many countries

TAW work penetration rate, 2021 (%)



**Note:** Rates are calculated by dividing the number of agency workers in full-time equivalents (sources: WEC members; estimates based headcount and average headcount/FTEs ratio) by the working-age population (source: ILO). Regional rates were calculated by dividing the sum of FTEs by the sum of the working-age population.

The 2021 data for the Netherlands is incomparable with the previous years due to a change in methodology of data collection by "Statistics Netherlands" ([www.cbs.nl](http://www.cbs.nl)).

*Due to the flexible nature of agency work, sector employment is a barometer of the current economic situation.*

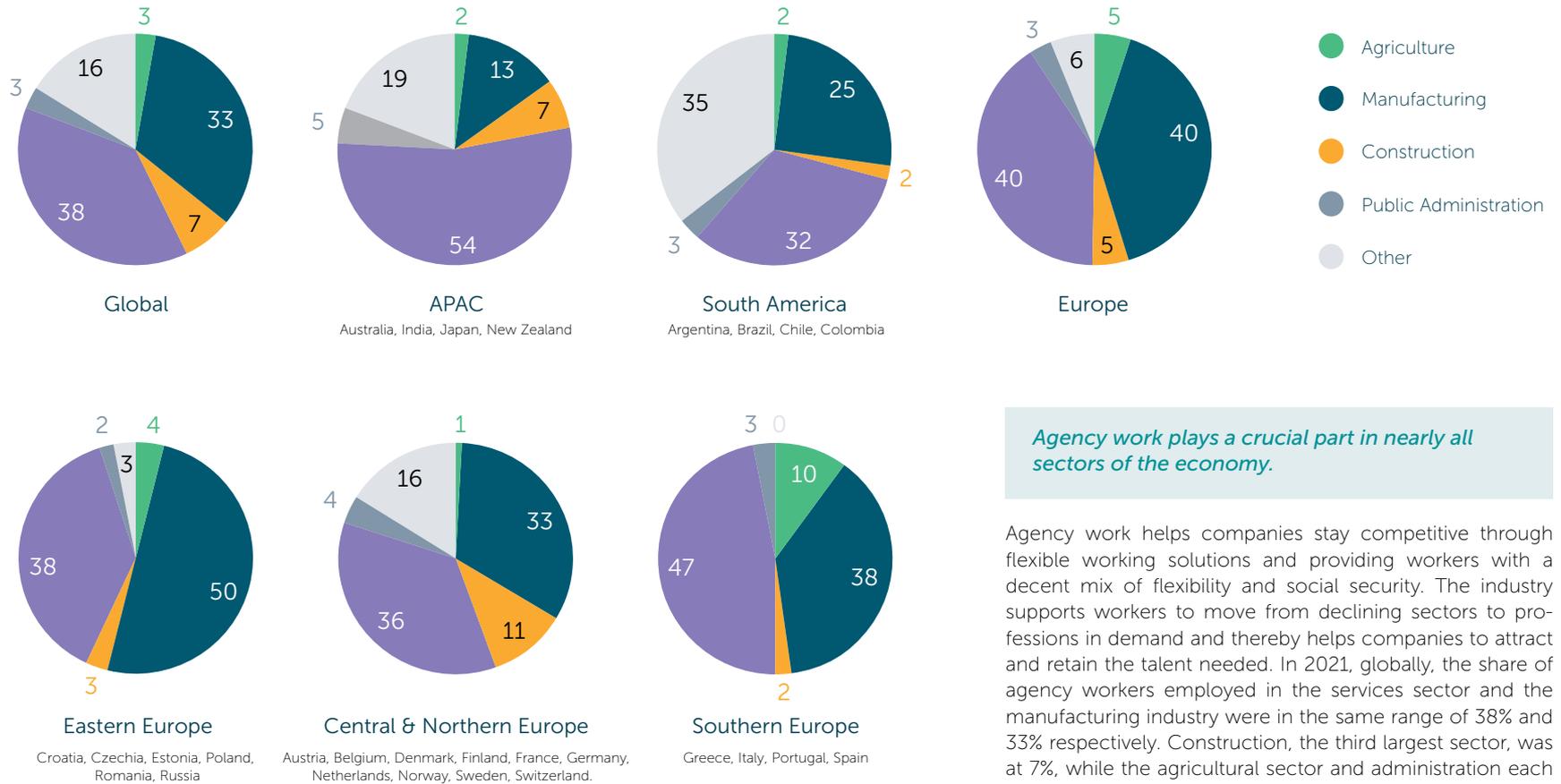
In 2021, the global weighted average **penetration rate** of the agency work sector stood at 1.88%, a 9-basis-point increase from 2020.

This rate represents the share of agency work in overall employment and can be subject to various factors. Labour market regulation typically plays an important role, as more restrictive policies in terms of hiring flexible workers tend to reduce the share of agency workers. Some countries can be characterised as having a more liberal approach to labour market regulation, weighing the trade-off between efficiency and responsiveness in labour market transitions on the one hand and job protection on the other. Another factor can be the maturity of the agency work sector within a country. A higher penetration rate typically indicates an industry that has moved closer to maturity, while, to an extent, low penetration rates showcase the potential future growth of the sector in the country.

Due to the flexible nature of agency work, sector employment is a barometer of the current economic situation. During an economic contraction, the sector tends to drop ahead of overall employment, and similarly to rebound before economic activity figures show a recovery. This explains the decline in the share of agency work employment in the year of the COVID-19 pandemic and economic crisis and the improvement in the ratio in 2021.

# Services sector employs majority of agency workers, with regional differences

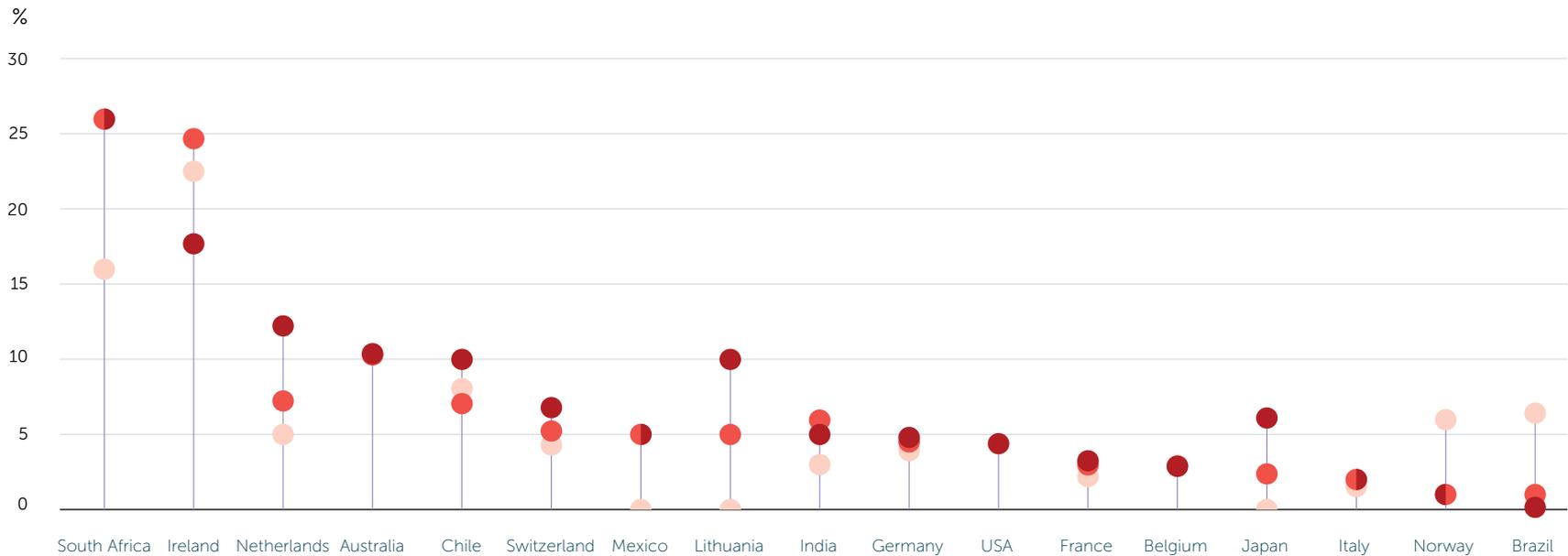
Sectoral distribution of agency workers across regions (%)



*Agency work plays a crucial part in nearly all sectors of the economy.*

Agency work helps companies stay competitive through flexible working solutions and providing workers with a decent mix of flexibility and social security. The industry supports workers to move from declining sectors to professions in demand and thereby helps companies to attract and retain the talent needed. In 2021, globally, the share of agency workers employed in the services sector and the manufacturing industry were in the same range of 38% and 33% respectively. Construction, the third largest sector, was at 7%, while the agricultural sector and administration each employed just 3% of agency workers globally.

Share of agency workers in the healthcare sector: ● 2019 ● 2020 ● 2021

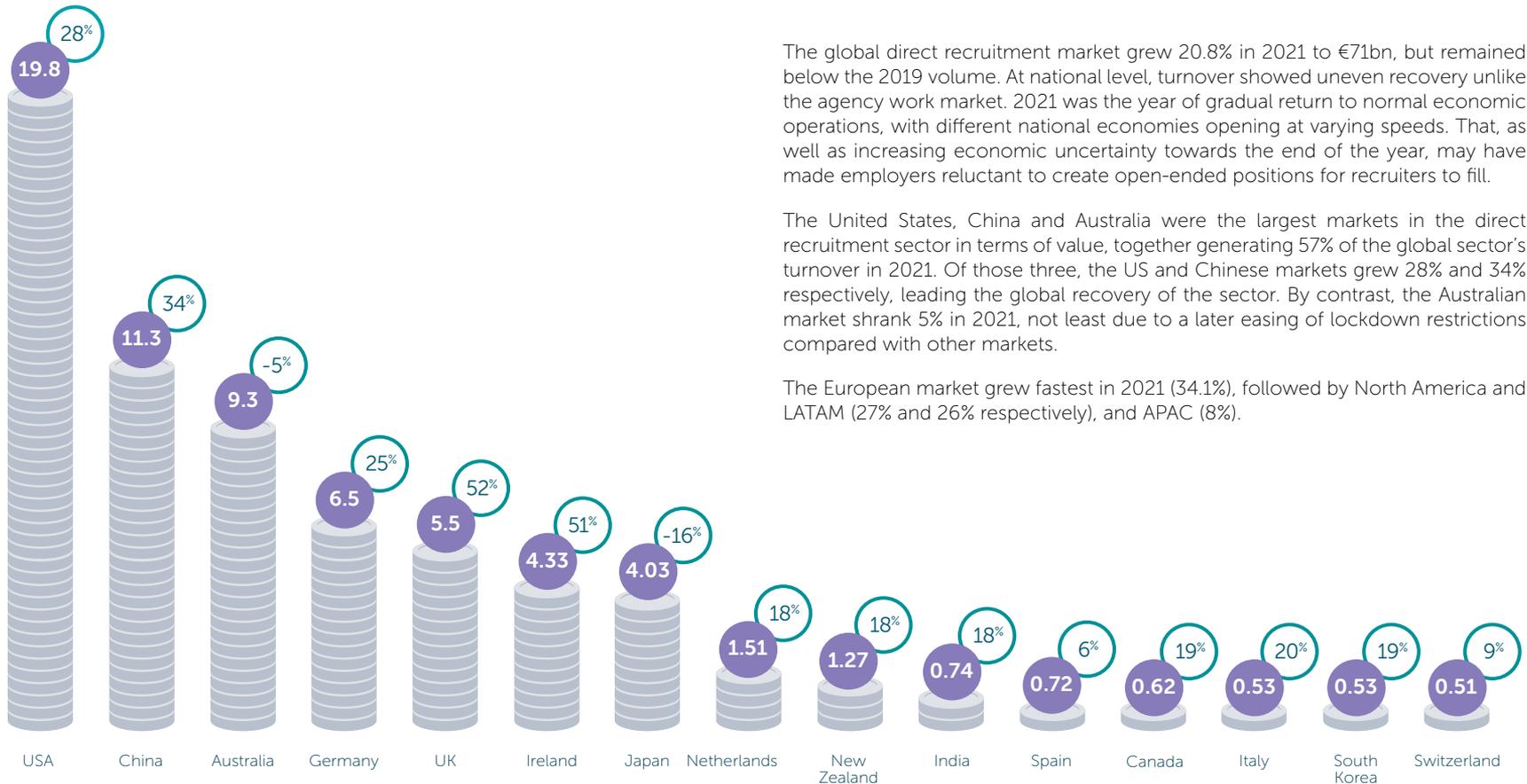


In 2020, the year of the COVID-19 pandemic, healthcare emerged as a vital front-line service. With the outbreak of the pandemic, demand for healthcare workers soared, and temporary agencies were well-placed to fill the gaps. By keeping or attracting healthcare professionals with flexible working solutions in many countries around the world, temporary agencies contributed to a successful recovery

from the global health crisis. This is why the relative share of healthcare agency workers increased in 2020. In 2021, the ratio continued increasing in countries including Australia, Brazil, Chile, Germany, Netherlands and Switzerland. At the same time, a few markets - including India, Ireland, Lithuania and Japan - saw a gradual retraction towards pre-pandemic levels.

# Direct recruitment recovered in nearly all countries

Top 15 markets in direct recruitment, ● sales revenues (billion €), 2021, ○ change 2020/2021 (%)



The global direct recruitment market grew 20.8% in 2021 to €71bn, but remained below the 2019 volume. At national level, turnover showed uneven recovery unlike the agency work market. 2021 was the year of gradual return to normal economic operations, with different national economies opening at varying speeds. That, as well as increasing economic uncertainty towards the end of the year, may have made employers reluctant to create open-ended positions for recruiters to fill.

The United States, China and Australia were the largest markets in the direct recruitment sector in terms of value, together generating 57% of the global sector's turnover in 2021. Of those three, the US and Chinese markets grew 28% and 34% respectively, leading the global recovery of the sector. By contrast, the Australian market shrank 5% in 2021, not least due to a later easing of lockdown restrictions compared with other markets.

The European market grew fastest in 2021 (34.1%), followed by North America and LATAM (27% and 26% respectively), and APAC (8%).

# Career management declines as economy swings up

Top 10 career management markets, sales revenues (billion €), 2021



The global career management sector’s market size shrank by one fifth in 2021, down to €1.7 billion. Career management is the only segment among the five services of the private employment services industry to have declined in 2021.

Outplacement and career transition services, which represent the majority of activity and turnover in the sector, support companies and individuals when employees need to be laid off, by guiding and preparing them for the next step in their careers. Being strongly countercyclical, demand for such services tends to increase during economic downturns, and recede during an economic upswing. This explains why outplacement demand tailed off in 2022, as the economy strengthened and, not least, was coupled with a surprisingly strong hiring trend. The year started positively, but optimism was curtailed as demand decelerated sharply in the first half of 2021. The recovery of the global economy and bounce

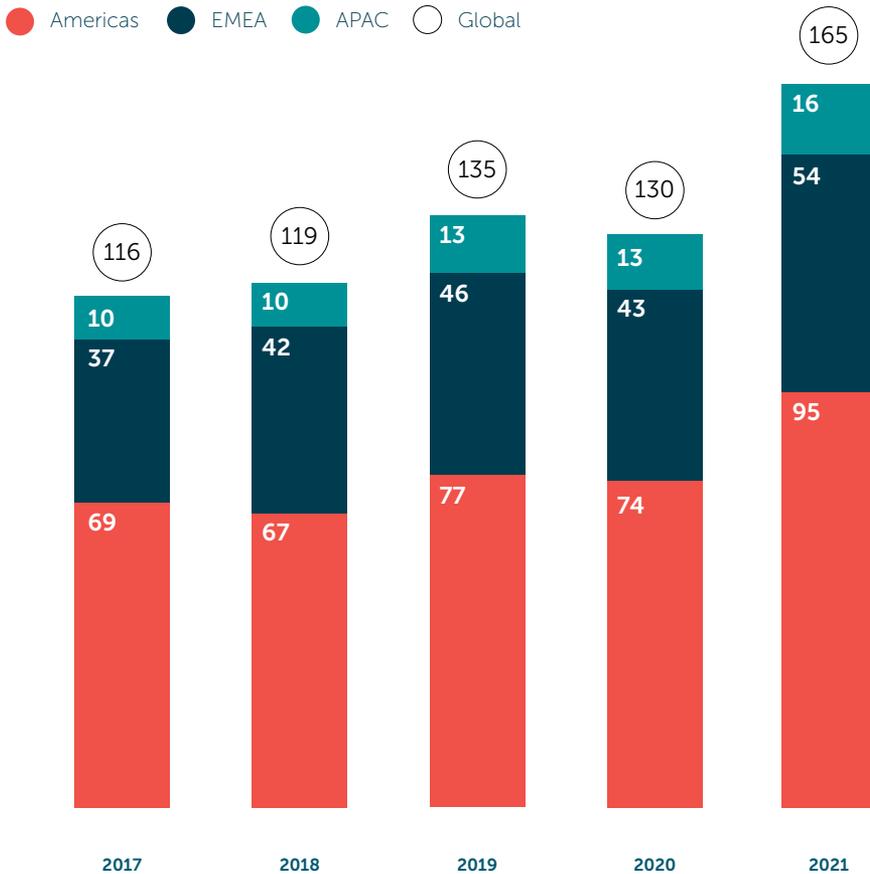
*Being strongly countercyclical, demand for such services tends to increase during economic downturns, and recede during an economic upswing.*

back in labour demand was surprisingly strong as COVID-19 lockdowns eased. Accordingly, the US outplacement market, in particular, became difficult and below the levels of demand seen in Europe.

To that end, declines were registered in the US, France, Canada, Japan and Belgium. At the other end of the spectrum is Poland, a European country weathering one of the strongest impacts of the war in Ukraine, which saw its outplacement business grow 3% in 2021.

# MSP markets decline in Americas and EMEA, but hold steady in APAC

Managed Services Providers, regional market value (billion €)



The global Managed Services Provider (MSP) market was estimated at a record €164 billion in 2021, a strong 25.6% growth after a 3.2% contraction in 2020.

Strong growth in the MSP market was observed in all regions. Representing 58% of the global MSP spend, the Americas is the largest region, home to two of the three largest MSP markets – the United States and Canada. In 2021, it grew 27% to €95bn. The second largest region is Europe, the Middle East and Africa (EMEA), generating one-third of global spend, which increased 23% in 2021 to €54bn. The smallest region, Asia Pacific (APAC), saw the strongest growth of the three, up 31% to €16bn in 2021.

MSP help their clients to manage their flexible workforce in a compliant way as well as to gain access to the skills the company needs, thus helping to ensure business success. Firms which specialise in MSP are third-party service providers taking over a client company's contingent workforce management. The major share of MSP spend (50% in 2021 according to Staffing Industry Analysts) comprises temporary employees and independent contractors - meaning that the spend of a large part of MSP programmes can, in effect, be attributed to revenues from the agency work sector. This share has been decreasing in recent years. The remaining share of MSP spend is raised by statement of work and/or outsourcing activities by the service provider.

The four main industries globally in which MSP services are popular include technology and telecommunications, finance and insurance, healthcare, and pharmaceutical and medical equipment sectors. Together, these four economic sectors represented 68% of all MSP industry spend in 2021.

# RPO markets decline across all regions

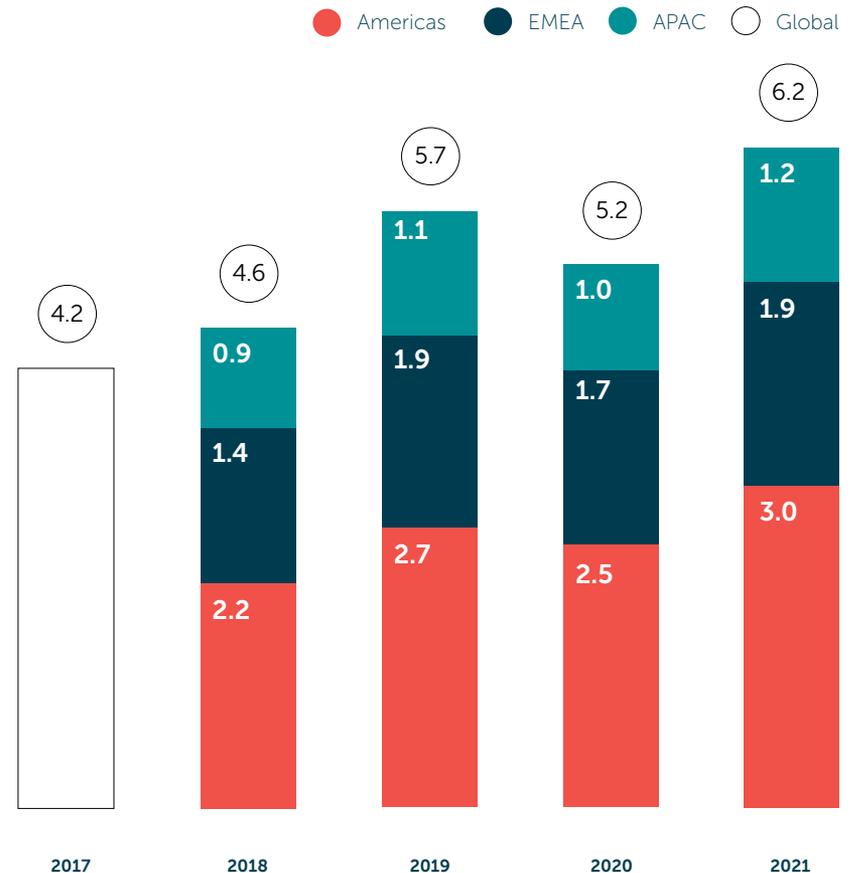
Recruitment Process Outsourcing, regional market value (billion €)

The global market value for Recruitment Process Outsourcing (RPO) stood at €6.3 billion in 2021, a 22% increase on 2020. Nearly half of the global RPO market value is generated in the Americas region (49%), which registered a strong 23% growth over 2020. The region containing Europe, the Middle East and Africa represented around one-third of the global RPO value, increasing 17%. The smaller Asia and Pacific region grew an impressive 28%.

This significant growth reflects the strong market recovery following a depressed market in 2020 due to COVID-19 disruption. Both volume and price increases have combined to accelerate market growth. As enterprises struggled to hire talent in the wake of the 'Great Resignation', providers helped to augment talent acquisition activities for clients of all sizes and across all industries.

There are several trends driving the increase in demand for RPO services, many of which have been accelerated by the COVID-19 pandemic. The need to scale the workforce in an unpredictable environment requires greater flexibility in talent acquisition models. RPO's provide the much-needed scalability and agility at short notice and support business needs when they arise.

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.



# North America affected by the ban on agency work in Mexico



Countries included in figures:

-  Canada
-  Mexico
-  USA



The region is primarily dominated by the United States, the largest market in both North America and globally by various metrics. Globally, 31% of people placed in the labour market by the industry were in North America, with nearly three quarters of placements in the region completed in the United States.

Over one-third of global agency work **revenues** were attributed to the region, with the largest market globally – the United States – generating 92% of the region’s agency work turnover.

In 2021, the region’s **agency work market** contracted 2.6%, largely due to the negative impact of Mexico’s ban on the subcontracting of workers which took effect on 1 September 2021. By the end of the year this caused the private employment agency sector to lose one million temporary and permanent placements in the country. Without Mexico, the region’s hired workforce increased 3.5% in 2021.

North America also accounted for more than half of the global MSP market, nearly half of all RPO revenues and one-third of direct recruitment turnover.

# South America reports strongest growth in 2021

## Countries included in figures:

-  Argentina
-  Brazil
-  Chile
-  Colombia
-  Peru



South America remained the smallest region when comparing the above metrics to other regions. The region is to a large extent dominated by the Brazilian market, which accounts for over 60% of the private employment services industry’s placement of people in the labour market in South America. Just over 3% of global placements happened in this region, while 1.1% of agency work turnover was gen-

erated here, half of which in Brazil. The Brazilian agency work market shrank dramatically in 2020, and rebounded strongly in 2021, helping double the number of placements in the region over the year. South America’s agency work market revenues saw the strongest growth of all regions in 2021.

# Europe recovers from the pandemic



Nine of the 15 largest agency work markets globally are located in Europe, making it the region generating the largest share of global agency work turnover. A combined 38% of global agency work revenues were raised in European markets. Europe generated just under one-third of the global market value of direct recruitment, MSP and RPO markets.

The European agency work market grew 20% in 2021, of which France, the region's largest market, grew 20%. The region is home to over one-third of private employment agencies, and responsible for placing around 44% of all people placed in jobs globally.

## 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

# APAC rebounds from the pandemic with double digit growth, except Japan

Countries included in figures:

-  Australia
-  China
-  India
-  Indonesia
-  Japan
-  New Zealand



The Asia and Pacific region (APAC) consists of several large markets for the private employment services industry, namely Australia, China and Japan, which all grew strongly in 2021. About one-third of the industry’s placements of people in the labour market took place in the APAC region, to the largest extent driven by

China, the second largest country in the world in placing workers in a workplace. The agency work market in the region generated around one-quarter of global industry turnover. The region is characterised by its strong direct recruitment sector, which accounts for 46% of the global direct recruitment market.

# 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, Labour 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 2021, unless stated otherwise. Sources vary depending on the data, although the majority 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), allowing for a more complete assessment of the industry across the various HR services (e.g. MSP, RPO). Whenever a figure did not come directly from members of the World Employment Confederation, it is indicated throughout the report.

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 significant share of MSP activities fall into 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 extent of double counting, a certain share of total MSP sales revenues was subtracted and attributed to the total agency work sales revenues. In 2021, this share was estimated by Staffing Industry Analysts to be around 50%.

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 Viktorija Proskurovska, Labour Market Intelligence Manager (WEC Head Office) [Viktorija.Proskurovska@wecglobal.org](mailto:Viktorija.Proskurovska@wecglobal.org)

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