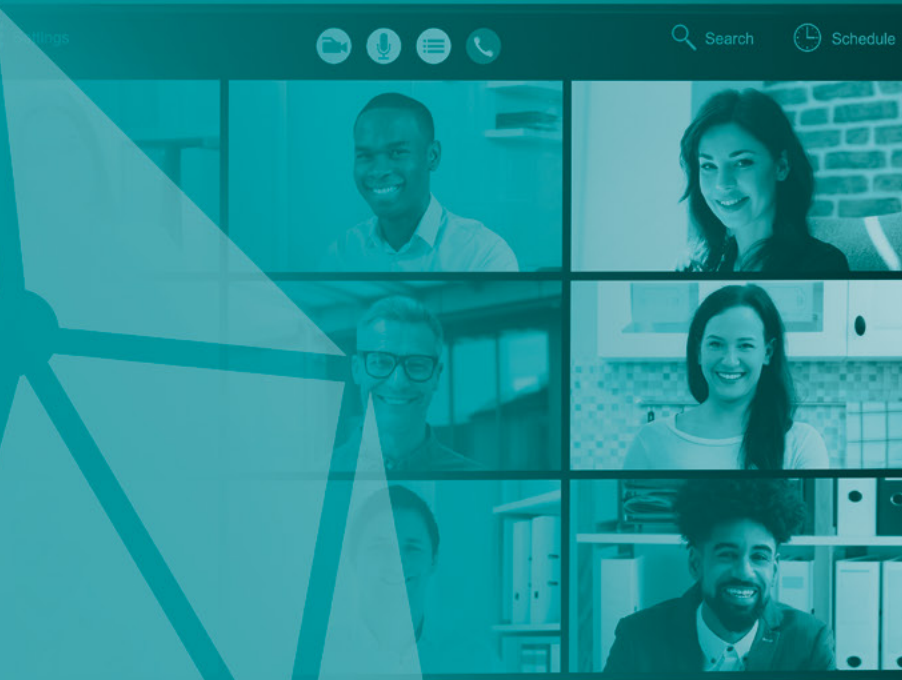


Economic Report 2022



**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 which the private employment services industry plays in enabling work, adaptation, security and prosperity. This role involves building networks with relevant stakeholders including 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

2020 was a historic year in many respects. The COVID-19 pandemic gripped the world and plunged economies into recession and labour markets into freefall. Countries around the world put in place unprecedented measures to curb infections and safeguard public health. Measures such as social distancing, restrictions on migration and sectoral lockdowns came at a significant cost to economic growth. At the same time, governments delivered massive financial support programmes to help businesses and workers. While the struggle with the pandemic continues into a third year in 2022 and recovery from the global crisis is still underway, it is important to look back and assess the impact of the pandemic and to draw lessons from the past.

The private employment services industry was one of many sectors to see a decline in the first year of the pandemic. Turnover of the entire industry, bringing together the five service segments agency work, direct recruitment, career management, Managed Services Providers (MSP) and Recruitment Process Outsourcing (RPO), contracted by 9% in 2020. This decline marks a halt to the positive annual growth seen for the past couple of years but comes as no surprise.

Despite this challenging context, the private employment services industry focused more than ever on making a clear and positive contribution in supporting people, businesses, and labour markets. In 2020, our industry placed more than 58 million people in labour markets globally. By providing training opportunities, facilitating job transitions, fostering inclusiveness, and providing supplementary access to social benefits, the sector played a crucial role in mitigating the impact of the crisis. This role was particularly needed in the healthcare sector, which, thanks to agency work, was appropriately staffed and equipped to weather the crisis. We encourage you to consult our annual Social Impact Reports which provide evidence and analyses of how the private employment services sector generates more value for workers.

In 2021, we already experienced strong growth in the private employment services industry, as many of the largest markets began their recovery quickly after the initial and unprecedented downturn of the second quarter of 2020. As conditions improved and businesses adapted to the new uncertainty brought about by the pandemic, economies and labour markets picked up again. Higher-frequency indicators for the private employment services sector show that as of the end of 2021, several of the largest markets are already back to pre-crisis levels in terms of activity and turnover.

As the world of work reinvents itself, the future of the private employment services industry can only be bright! Our sector is certainly ready to seize the opportunities ahead.



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

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

In 2020, when the global COVID-19 pandemic turned economies, labour markets and societies upside down, the private employment services industry, like many other sectors, was heavily impacted. Turnover for the global industry declined by 9.0% in 2020¹, compared with a 3.1% contraction of global GDP (International Monetary Fund). Agency work turnover, the largest segment of the private employment services industry, was down by 10.0% globally. Direct recruitment turnover dropped by 16.3%, while the MSP and RPO markets contracted by 3.3% and 10.3% respectively. As entire sectors closed for much of the year in order to contain the pandemic, and the services sector – the major share of agency work activities – was especially affected, these declines came as no surprise. On the other hand, the career management industry grew in 2020, due its countercyclical nature. In economic downturns accompanied by waves of dismissals, the career management industry, and in particular outplacement services, are much needed to transition laid off personnel to new employment opportunities.

The largest 15 agency work markets generated 93% of global sector revenues, while the 15 largest direct recruitment markets accounted for 95% of the global turnover in that segment of the private employment services industry. Nearly all of these markets declined in 2020. Most of them saw drops in the double-digit range, with the US agency work and direct recruitment turnover down by 12% and 29% respectively.² The UK markets contracted by 9% and 38%³ and Germany, France and the Netherlands fared similarly, at least when looking at the agency work markets. Japan, the second largest agency work market after the United States, is the only market to have grown in 2020 when looking at revenues. A part of the growth in the Japanese market can be attributed to rising salaries of agency workers due to regulatory changes, which in turn resulted in an inflation of agencies' fees.

The number of workers placed in jobs by the private employment services sector dropped drastically in most countries in 2020. In total, the industry placed 58 million people in the labour market in that year. When excluding China, one of the few markets which saw an increase in the number of people placed in jobs, 2020 saw an 11% drop in the number of people placed by the agency work sector.

The global penetration rate of the agency work sector also dropped in 2020. The rate which indicates the share of agency workers in full-time equivalents among the working population was at 1.5%, down from 1.6% in the year before the pandemic. Sector activity tends to be highly cyclical. The flexibility provided to labour markets by agency work services acts, on the one hand, as a shock absorber to businesses needing to quickly scale down operations, leading to a relatively quicker reduction in sector activity during uncertainty at the onset of an economic downturn. On the other hand, employment in the sector expands more rapidly than in the overall labour market once conditions show signs of improvement, as businesses can quickly hire new workers.

Looking ahead, agency work markets around the world are experiencing a remarkable recovery. The most recent country data indicates several countries being close to or above pre-crisis levels once again towards the second half of 2021 when looking at both volume and value of the agency work sector. While this current edition of the Economic Report focuses on the year 2020, it is expected that in 2021 the industry made up for much of the losses experienced during the previous, unprecedented year.

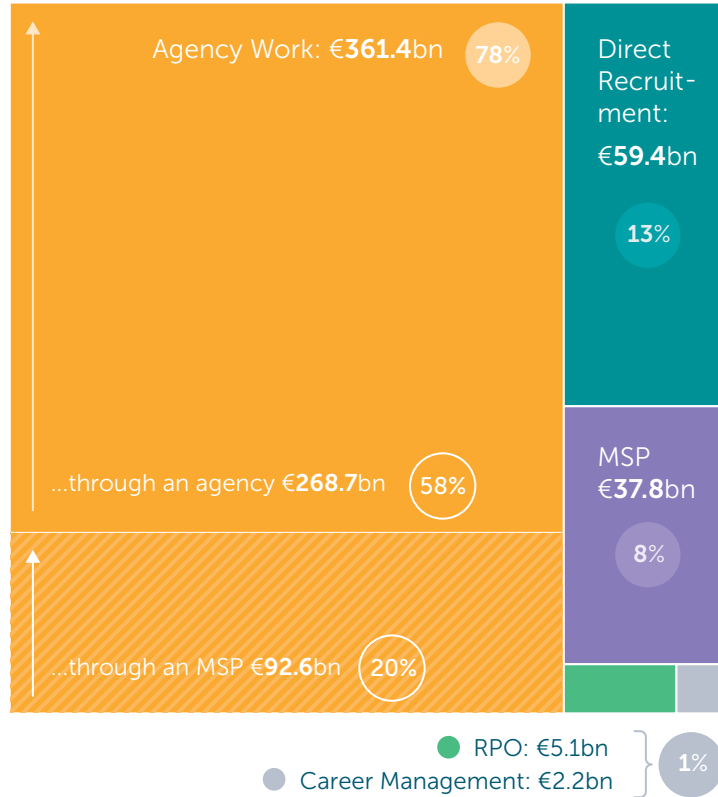
1 All growth rates throughout the report are in Euro terms. For conversion, the annual average exchange rate for the respective year as reported by the OECD was applied

2 -11% and -25% in local currency

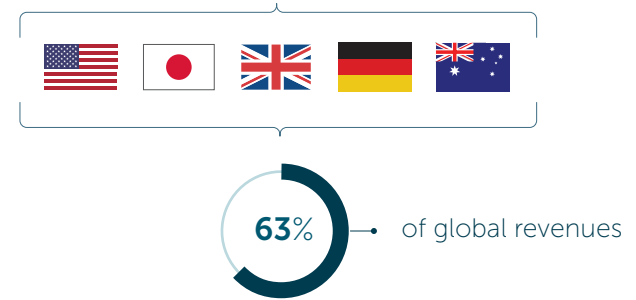
3 -8% and -37% in local currency

Private Employment Services Industry

Private Employment Services Industry Global Market
2020: **€465.8bn**



Top 5 Markets (sales revenues)
2020: **€293bn**



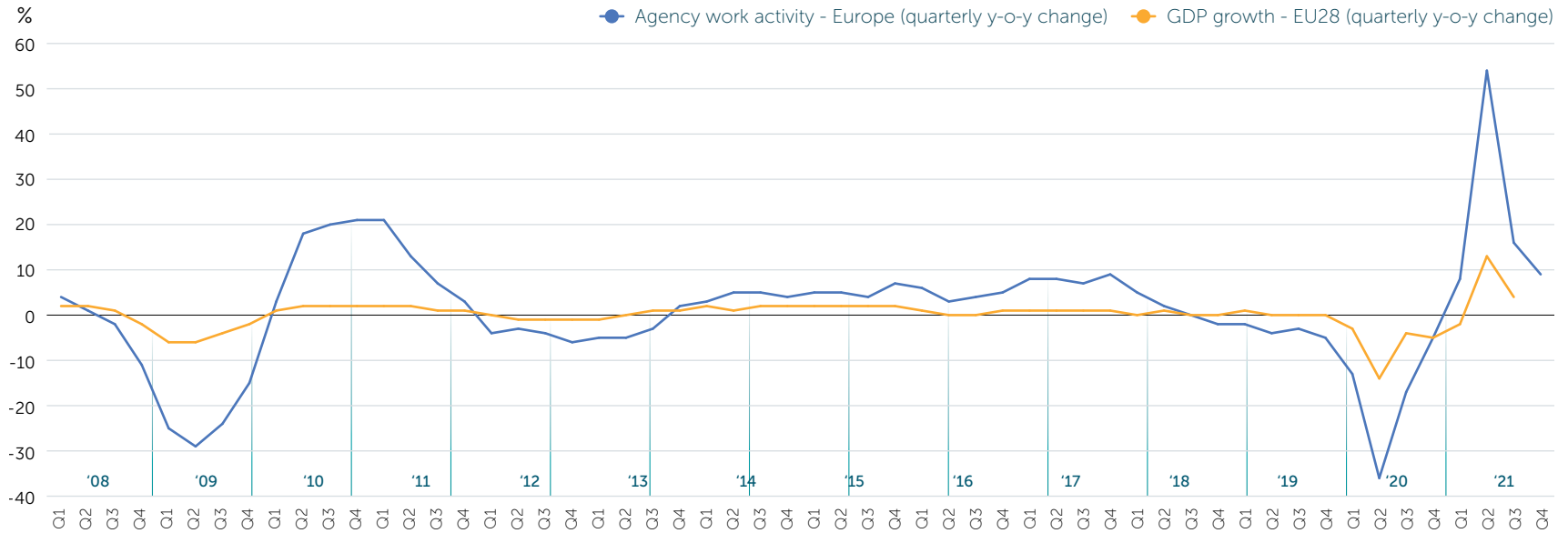
Total turnover of the global private employment services industry in 2020 is estimated at €465.8 billion (\$532 bn).

Once again, the agency work sector generated the major share of revenues among all five HR service segments of the industry, contributing 78% of global revenues. Agency work revenues stood at €361.4 billion (\$412.7 bn) in 2020. The revenue share of activities which are purely attributed to Managed Services Provision (MSP) is estimated to be around 8% in 2020 (€37.8 billion), while the majority of MSP activities can actually be attributed to the agency work sector. Direct recruitment activities resulted in revenues of €59.4 billion (\$67.8 bn), equivalent to 13% of the global industry turnover. Recruitment Process Outsourcing (RPO) and career management markets remain relatively small in size, at €5.1 billion (\$5.8 bn) and €2.2 billion (\$2.5 bn) respectively.

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

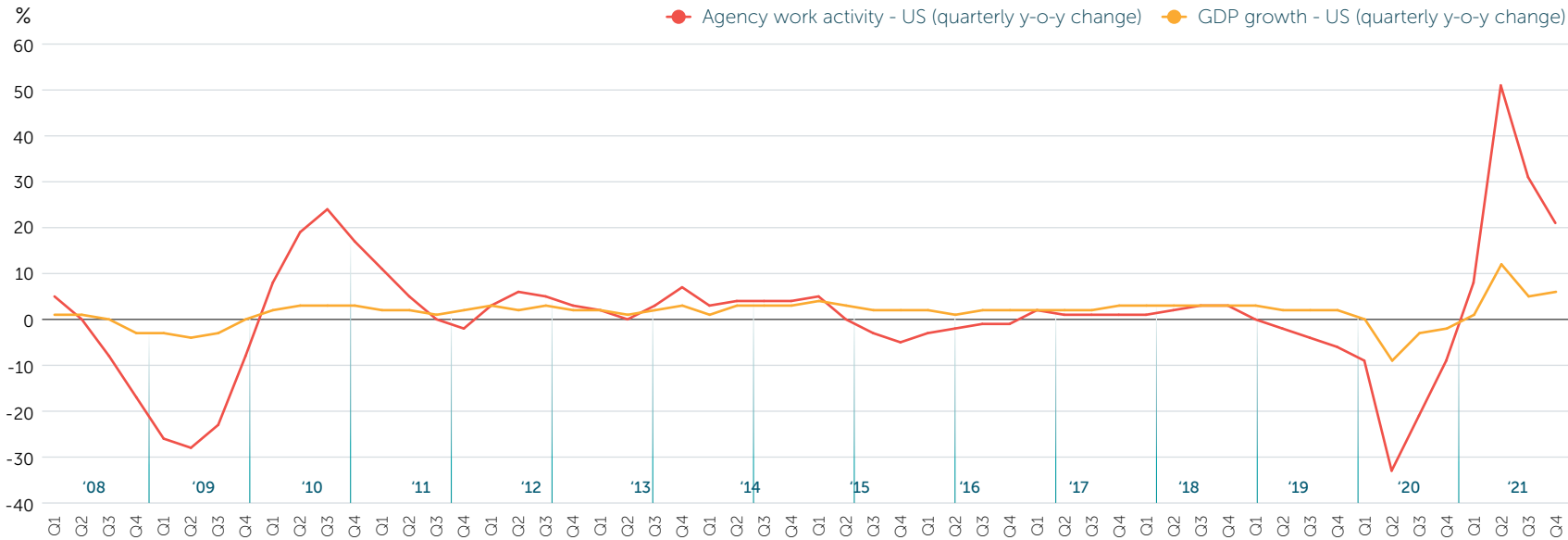
Note: Statistics gathered from WEC members and Staffing Industry Analysts. Around 71% of MSP activities fall under agency work. This is represented in the split of agency work revenues.

2021 agency work markets rapidly recovered from much of the losses from 2020



In 2021, economic and labour market conditions improved in many countries. Output in most OECD countries surpassed their pre-crisis levels (OECD). The estimated global loss in working hours for 2021 is 4.5% for the baseline scenario, compared with 9% in 2020 (ILO). Migrant employment had bounced back as well (OECD). With these improved conditions, the agency work industry around the world recovered rapidly from the major decline in 2020. The United States, the largest agency work market globally, already reached pre-crisis levels in the second quarter of 2021. During that period, the volume of agency work assignments grew by 50% on average compared to the second quarter of 2020, when the industry experienced its most pronounced contraction. In the subsequent quarters, agency worker volumes continued expanding on a year-on-year basis, up 31% in Q3 and up 21% in Q4 of 2021.

In Europe, the sector’s recovery has not been as quick as in the United States, but nonetheless impressive, with most markets being close to pre-crisis levels towards the end of 2021 and some having already surpassed them. The second quarter of 2021 saw impressive growth in agency work activity, up 54% compared with the same quarter in 2020. Here, as in the United States, growth was unprecedented. This is largely due to the fact that the base period for comparison is the quarter during which the impact of the pandemic-induced crisis peaked and resulted in the most pronounced declines observed since these statistics started being collected. Agency work activity in Europe also continued expanding in the subsequent two quarters on average, although at a slower pace. The positive growth rates only just about outpaced the rates of contraction seen in the same quarters of 2020.



Comparing the current crisis to the previous global crisis, the impact on the sector has been more pronounced and rapid as is the case for economies and labour markets in general. At the same time, the recovery, while not fully achieved at the end of 2021, is just as fast and pronounced.

The agency work sector remains a sound indicator of where the economy is heading. Historically, sector activity has been highly correlated to GDP growth. Generally, the flexible employment element characteristic of agency work means that, at the onset of a contraction, activity in the sector declines before a drop in overall employment rates – typically a lagging indicator. This was visible throughout the global financial crisis and is also observed during the crisis induced by the COVID-19 pandemic. On the other hand, agency work activity is, for the same reasons, among

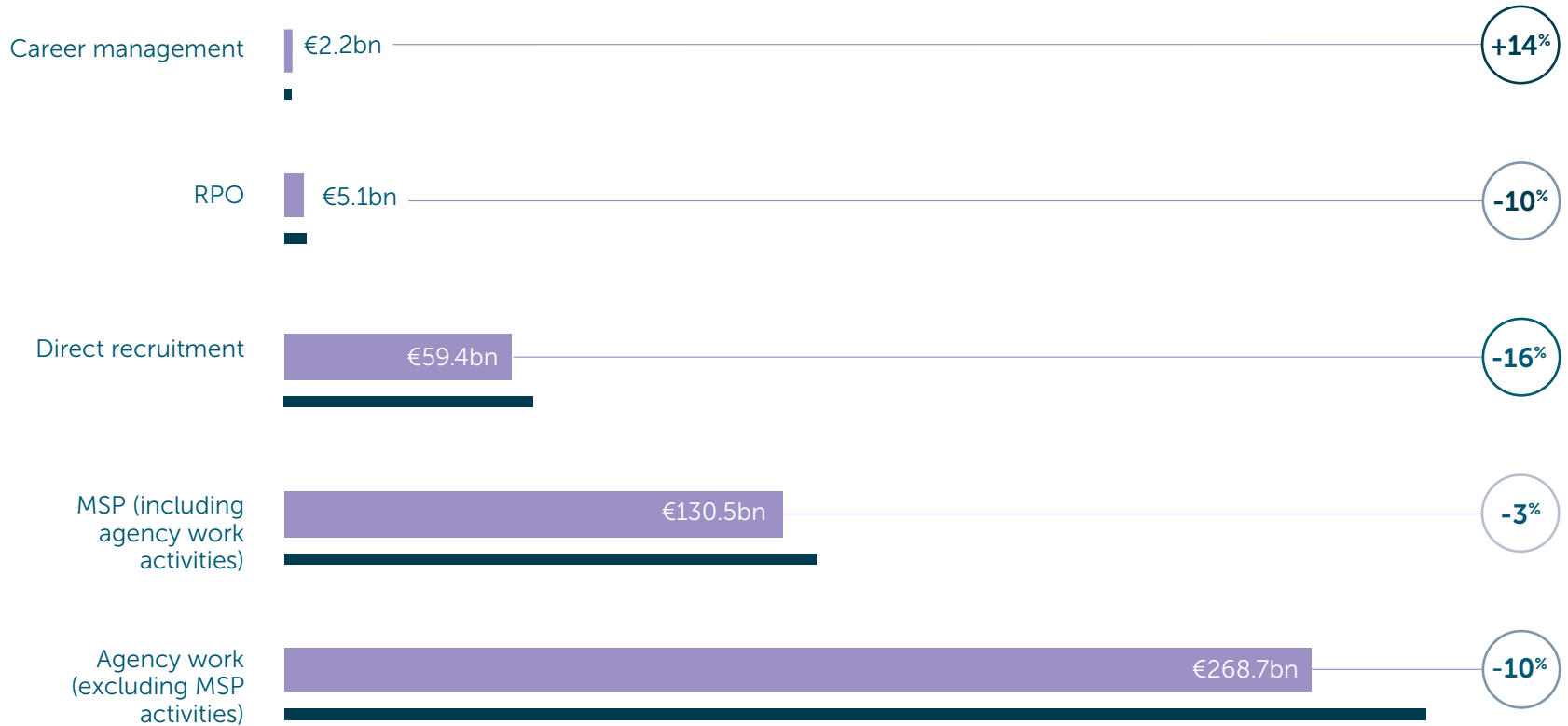
the first sectors to expand again at the turnaround point, when economic outlook improves after a downturn. In Europe, the agency work sector started expanding again on a year-on-year basis in the first quarter of 2021, while overall GDP growth remained negative but close to zero, signalling the onset of the recovery.

The most recent monthly and quarterly statistics on agency work sector developments can be accessed on the World Employment Confederation website, in a regularly updated [briefing document](#).

Most services decline, except career management

Global sales revenues of service segments: ● 2019 ● 2020

% change
2019 | 2020



The private employment services industry market size contracted by 9.0% between 2019 and 2020, when the global COVID-19 pandemic and subsequent containment measures resulted in the first global economic contraction in more than ten years (IMF). With global supply chains disrupted, labour migration largely restricted and entire economic sectors having been closed, private employment services faced a difficult environment in which to operate. In the second quarter of 2020, the share of the global workforce living in countries with required closures for all but essential workplaces stood as high as 70% (ILO). 2020 therefore marked a halt to the positive annual growth observed over previous years.

Agency work, the largest segment of the private employment services industry, drove most of the industry’s decline and saw an annual drop in turnover of 10.0%. The direct recruitment market size saw more a pronounced decline, albeit from a smaller base, down 16.3% in 2020. Turnover generated by MSP activities was down by 3.3% globally, while RPO revenues dropped by 10.3%. Outplacement, the main type of services delivered by the career management industry, was the only segment of the private employment services industry to experience growth in 2020. Up by 14%, the outplacement sector benefitted from its countercyclical nature in that demand for its services expanded greatly amid the layoff waves seen during the COVID-19 crisis.

Virtually all countries were affected by the pandemic, and most have introduced some form of containment measures to limit the spread of the virus. These direct influences, along with indirect negative impacts due to global supply chain disruptions, led to economic contractions around the world. In effect, nearly all agency work and direct recruitment markets declined in 2020, many of them at double-digit rates.

The decline in the global MSP market was primarily driven by the Europe, Middle East and Africa (EMEA) region and the Americas, with the smaller Asia Pacific (APAC) region having seen an expansion in the market in 2020. RPO markets declined across all three regions.

Growth in outplacement was seen across all large markets in 2020, with the US market experiencing particularly strong growth, driving much of the positive evolution of the sector globally.



The number of service providers decreases in most countries

In 2020, a combined 190,000 private employment agencies were operating in the 40 countries around the world where figures were available.

Branches of agencies around the world employed 3.7 million people (based on figures from 35 countries), delivering employment services to companies and individuals.

In most countries, the number of agencies and internal staff declined in the first year of the pandemic. One of the few countries where 2020 saw an increase in operating agencies and employed staff is China (+16%,+15%). When excluding China and considering those countries for which comparable figures were available for 2020 and 2019, the number of agencies operating dropped by 3.9% in 2020, while the number of internal staff decreased by 8.6% in the same year.¹¹

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, 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

¹¹ When including China, the number of operating agencies and internal staff grew by 4.1% and 6.8% respectively in 2020.

58 million people were placed in the labour market in 2020

In 2020, at least 58 million people were placed in 38 countries around the world in the labour market by private employment agencies.

The agency work sector placed the vast majority but recorded a year-on-year decline of 11% (if only including countries for which comparable figures for 2020 and 2019 were available). This figure excludes China, where the number of people placed by the sector saw an increase of 64% between 2019 and 2020.¹ The largest contractions in the number of placements happened in Brazil, India and the United States. In the vast majority of countries, with very few exceptions, the number of agency workers dropped.

China overtook the United States in 2020 as the market with most people placed in jobs by the agency work sector, accounting for more than one-third of all agency workers placed in jobs globally. In Japan, the number of agency workers rose as well. Mexico also saw an increase in the number of workers placed by the sector, surpassing 5 million in 2020, a year before regulation prohibiting the sector from operating came into effect. The ten countries which placed the most agency workers account for more than 90% of all agency workers placed in jobs globally.

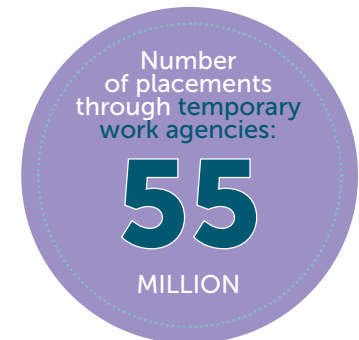
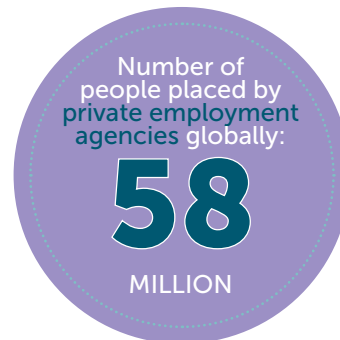
China	19,290
USA	13,600
Japan	6,187
Mexico	5,300
France	2,400
India	1,000
Netherlands	926
Germany	783
Italy	736
Brazil	720
Spain	666
Poland	661
Belgium	607

Australia	431
Switzerland	347
South Africa	220
Sweden	179
Slovakia*	112
Austria*	89
Norway	70
Portugal*	64
Czechia*	61
Ireland	48
Chile	45
Argentina	45
Finland*	39

Agency work headcounts (000's), 2020

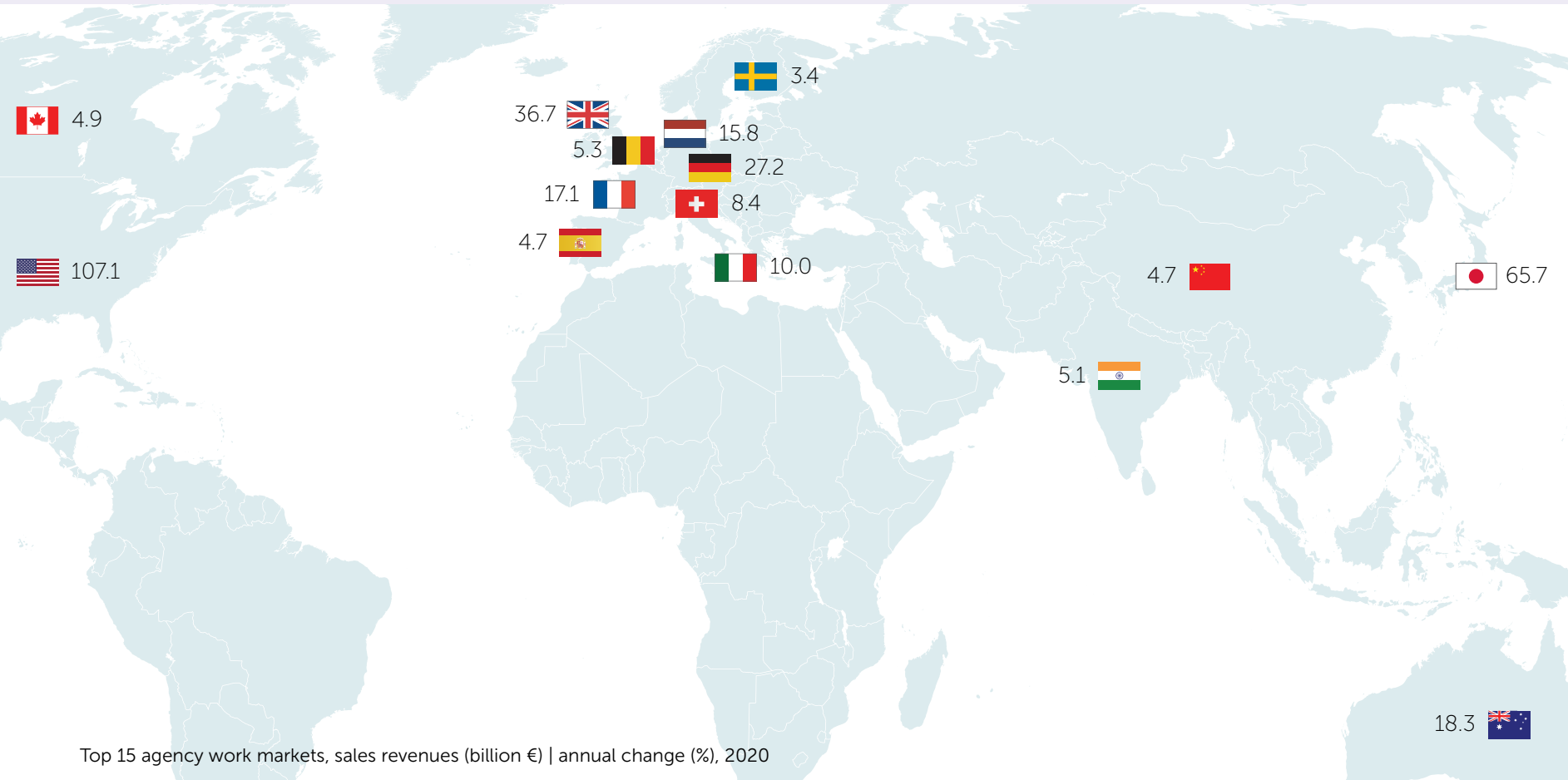
Slovenia*	34
Romania*	33
Russia	32
Greece	31
Bulgaria	30
Lithuania*	27
Denmark*	17
Latvia*	16
Croatia*	15
Hungary*	13
Estonia	5
Luxembourg*	3

* Eurostat



¹ When including China, the global number of people placed by the agency work sector saw an increase of 6% in 2020.

Nearly all agency work markets register unprecedented contraction



USA	Japan	UK	Germany	Australia	France	Netherlands	Italy	Switzerland	Belgium	India	Canada	China	Spain	Sweden
107.1	65.7	36.7	27.2	18.3	17.1	15.8	10.0	8.4	5.3	5.1	4.9	4.7	4.7	3.4
-12%	2%	-9%	-13%	-	-22%	-11%	-5%	-1%	-14%	-16%	-16%	-4%	-15%	-14%

In 2020, the 15 largest agency work markets represented 93% of the sector's global turnover. The three largest markets – the United States, Japan and the United Kingdom – contributed 58% of the total. The US agency work industry remained by far the largest market, generating 30% of the global turnover.

Europe is the largest region when looking at regional agency work market values, with nine of the largest 15 markets being located in the region. These markets contributed a combined 36% of sector turnover to the global figure. Due to the COVID-19 pandemic and the subsequent economic crisis, all agency work markets in the region have contracted drastically in 2020. Most agency workers in Europe are employed in the services sector, which was shut down for a significant length of time in 2020 during the various phases of containment measures, resulting in these market declines across Europe. France was the hardest hit (-22%), followed by Spain (-15.3%), Belgium (-14.3%), Sweden (-14.1%), Germany (-12.5%), the Netherlands (-10.5%), the United Kingdom (-9.3%), Italy (-4.8%) and Switzerland¹ (-1.1%).

The US agency work market contracted by 12.3% in 2020 due to the global crisis,² while the Canadian market declined by 16.1%.

Turning to the Asia and Pacific region, agency work markets have been more resilient during the pandemic. The Japanese agency work market grew by 1.9% in 2020. This is partly due to the strength of the manufacturing sector, but also due to regulatory changes stipulating equal pay for agency workers taking effect. As a consequence of the salary increases, agencies' rates and turnover were inflated. In Australia, the agency work market size, while having remained stable in Euro terms, actually expanded in constant currency terms.

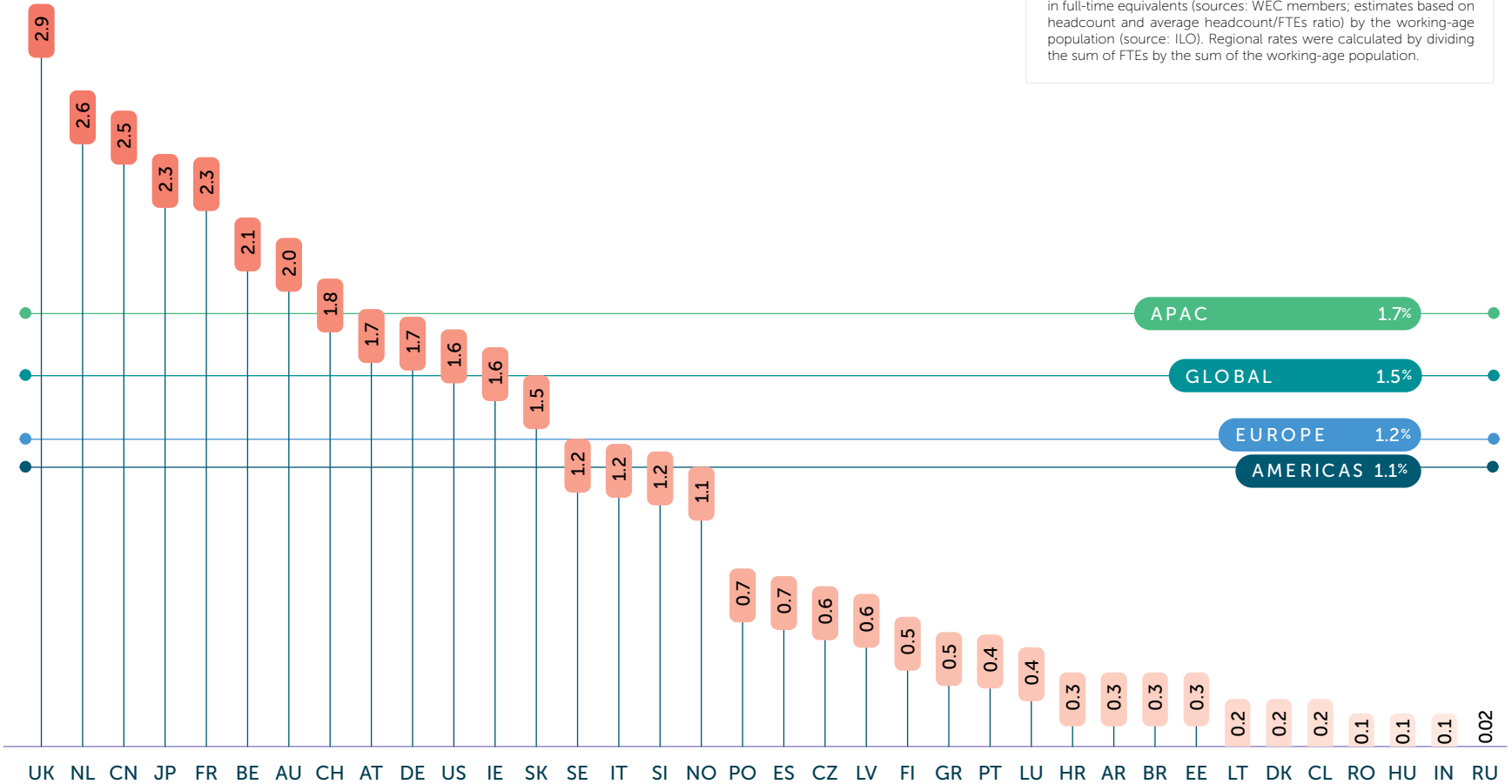
While 2020 brought about major declines in the agency work sector around the world, 2021 is marked by a steady recovery of those losses. Many of the largest markets which saw a contraction in 2020 have reached pre-crisis levels again as of Q4 2021. These include Canada, France, Italy, Sweden and the United States. The Dutch, German and Swiss agency work markets remain slightly below, but close to their 2019 levels.

1 In constant currency, the Swiss agency work market contracted by 4.7% in 2020.

2 In constant currency, the US agency work market contracted by 11% in 2020.

Agency work penetration rates drop in many countries

Agency work penetration rate, 2020 (%)

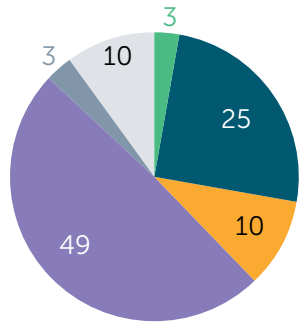


In 2020, the global weighted average penetration rate of the agency work sector stood at 1.5%, a decline from 1.6% in 2019. This rate represents the share of agency work in overall employment and can be subject to various factors. Labour market regulation typically plays an important role, as more restrictive 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 and hiring and firing, 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 low penetration rates showcase to an extent the potential future growth of the sector in the country.

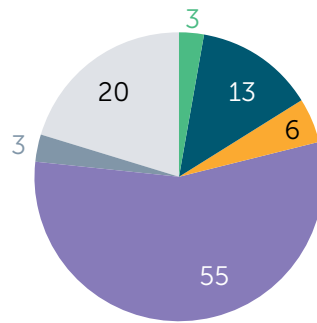
Due to the flexible nature of agency work, sector employment tends to drop before overall employment during an economic contraction. This explains the decline of the share of agency work employment in the year of the COVID-19 pandemic and economic crisis. In particular, agency workers currently still have potentially reduced access to the much used short-time working-/ or furlough schemes, which prevented massive increases in the number of unemployed, specifically in Europe. This could however also mean that the real share of agency work within actual hours worked among employed people is underestimated for 2020, as employment was artificially kept under control in many countries. The Americas saw the largest decline in the regional penetration rate, due to a massive contraction in the number of agency workers in Brazil, and a fall in the share in the United States – the region's two largest countries in terms of total employed people. In the APAC region, the share of agency work among total employment has grown in 2020, with increases seen in China and Japan.

Services sector employs majority of agency workers, with regional differences

Sectoral distribution of agency workers across regions (%)

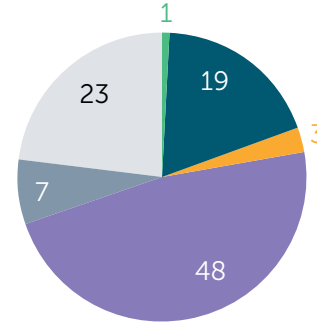


Global



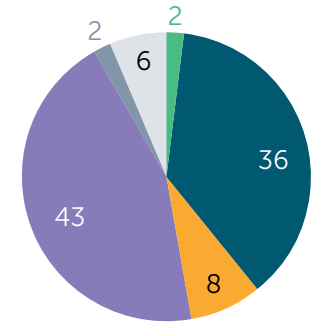
APAC

Australia, India, Japan, New Zealand

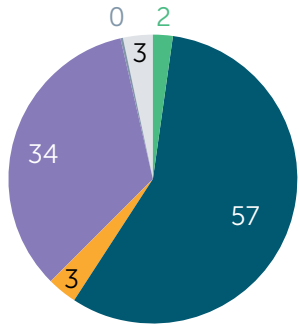


South America

Argentina, Brazil, Chile, Colombia

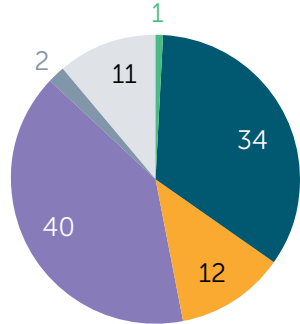


Europe



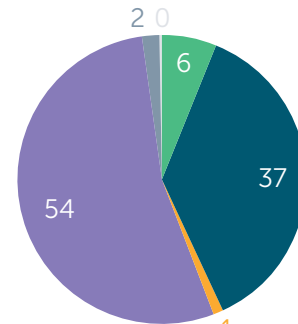
Eastern Europe

Croatia, Czechia, Estonia, Poland, Romania, Russia



Central & Northern Europe

Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, Sweden, Switzerland.



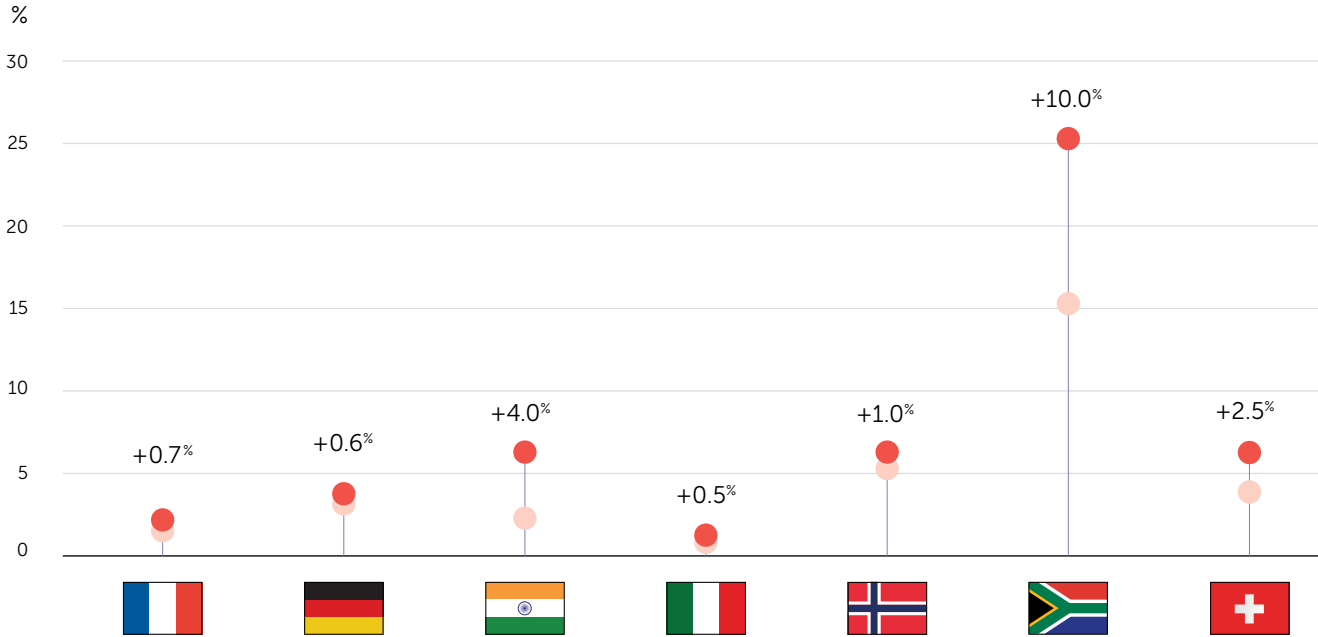
Southern Europe

Greece, Italy, Portugal, Spain

At a global level, the largest share of agency workers are employed in the services sector (49%), while one-fourth work in the manufacturing industry (25%). Construction is the third largest sector at 10%, while the agricultural sector employs just 3% of agency workers globally.



Agency workers in the healthcare sector: ● 2019 ● 2020

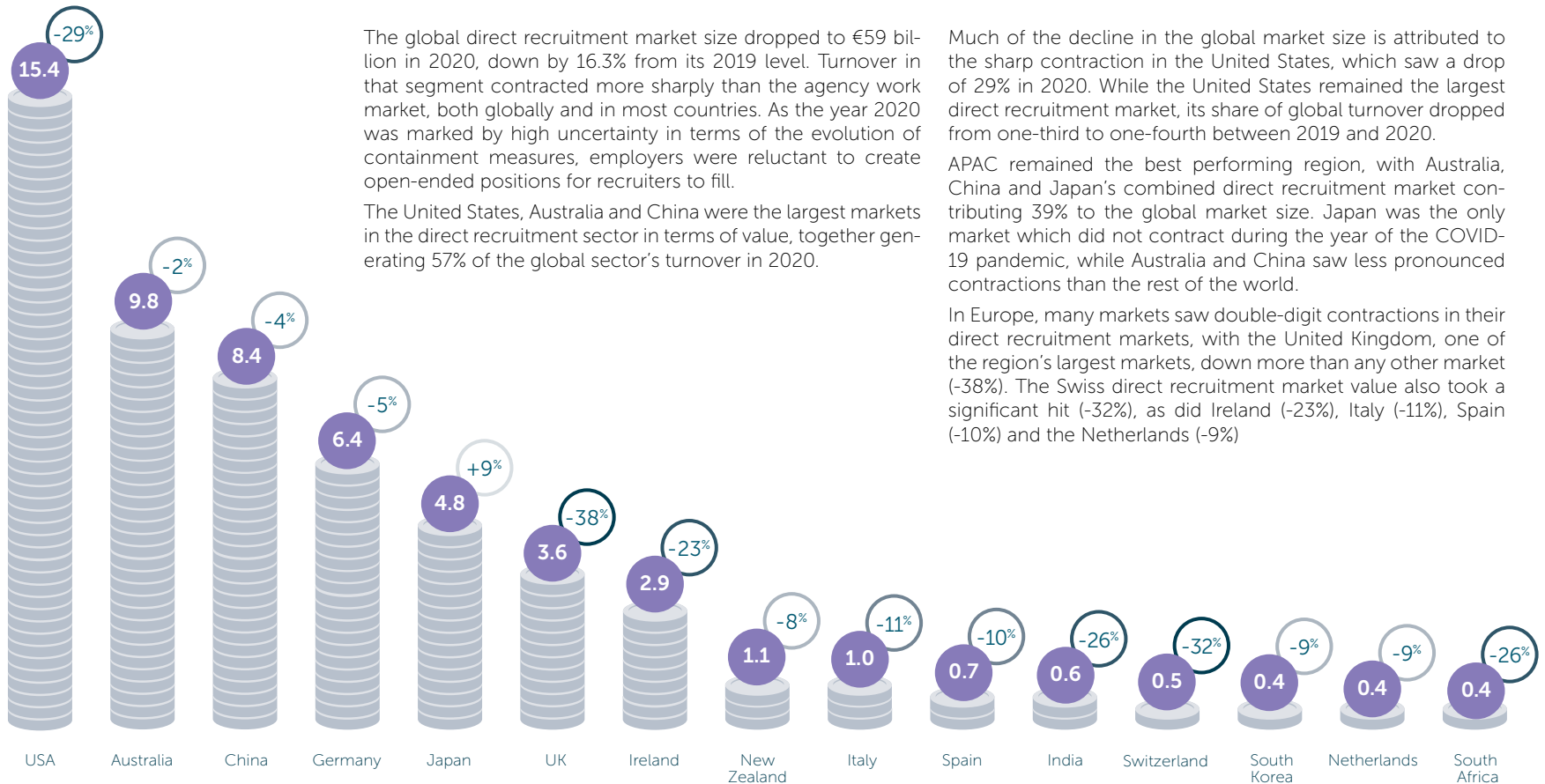


Taking a closer look at the services sector, the share of agency workers working in healthcare services increased in a number of countries during the period of the COVID-19 pandemic. As many branches of the services industry were shut down for a significant time, other sectors experienced shortages in worker numbers, in particular essential and “frontline” sectors. Private employment agencies were

well-placed to reallocate workers from shut-down occupations to areas where they were much needed, in effect mitigating the impact of the crisis on employment, while simultaneously providing relief to care workers who were heavily burdened during the health crisis.

Direct recruitment is the service most impacted in nearly all countries

Top 15 markets in direct recruitment, ● sales revenues (billion €), 2020, ○ change 2019/2020 (%)



The global direct recruitment market size dropped to €59 billion in 2020, down by 16.3% from its 2019 level. Turnover in that segment contracted more sharply than the agency work market, both globally and in most countries. As the year 2020 was marked by high uncertainty in terms of the evolution of containment measures, employers were reluctant to create open-ended positions for recruiters to fill.

The United States, Australia and China were the largest markets in the direct recruitment sector in terms of value, together generating 57% of the global sector's turnover in 2020.

Much of the decline in the global market size is attributed to the sharp contraction in the United States, which saw a drop of 29% in 2020. While the United States remained the largest direct recruitment market, its share of global turnover dropped from one-third to one-fourth between 2019 and 2020.

APAC remained the best performing region, with Australia, China and Japan's combined direct recruitment market contributing 39% to the global market size. Japan was the only market which did not contract during the year of the COVID-19 pandemic, while Australia and China saw less pronounced contractions than the rest of the world.

In Europe, many markets saw double-digit contractions in their direct recruitment markets, with the United Kingdom, one of the region's largest markets, down more than any other market (-38%). The Swiss direct recruitment market value also took a significant hit (-32%), as did Ireland (-23%), Italy (-11%), Spain (-10%) and the Netherlands (-9%)

Career management grows due to counter-cyclical nature

Top 10 career management markets, sales revenues (billion €), 2020



The global career management sector’s market size expanded by 14% in 2020, reaching €2.2 billion. Career management is the only segment among the five services of the private employment services industry to have grown in 2020. 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 countercyclical, demand for such services tends to increase during economic downturns. Amid large waves of layoffs resulting from the impacts of the COVID-19 pandemic, career management services were therefore much sought after in 2020, explaining the expansion of the sector.

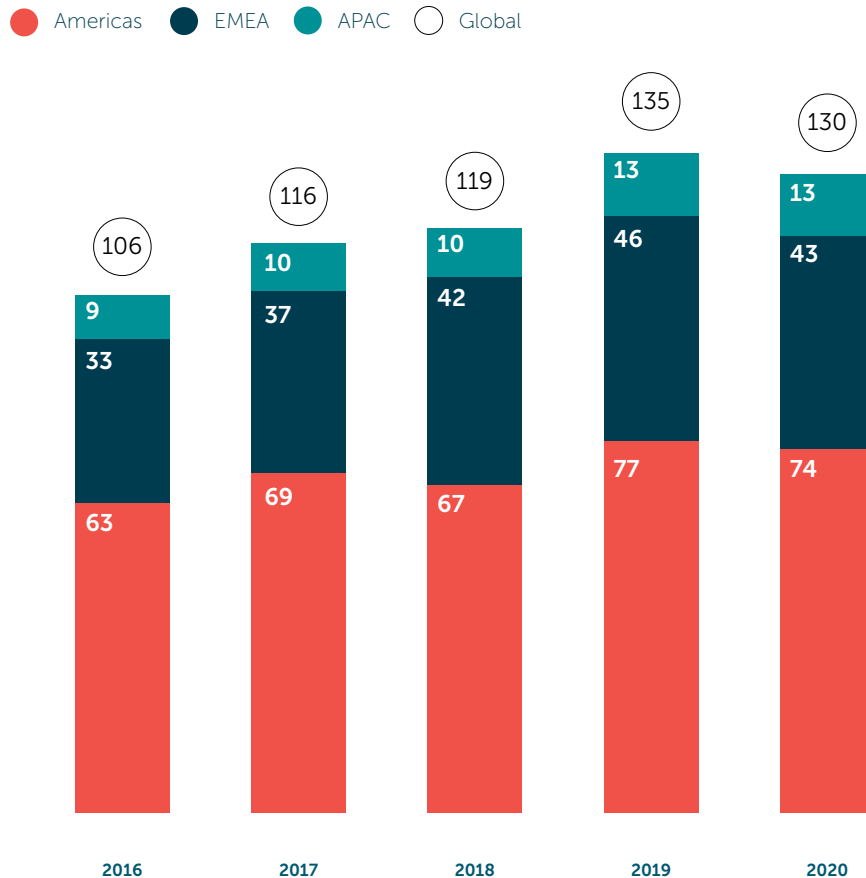
Much of the growth in the global market size was driven by a significant expansion in the US market for outplacement, which represents more than one-third of the global turnover of the sector. In the United States, the government spent relatively fewer resources on keeping workers employed through the use of short-time

working schemes, unlike in many European countries. Consequently, the number of layoffs was much higher and demand for outplacement services grew faster. The US market was up around 30% in 2020. While the market grew relatively more in terms of the volume of workers who received outplacement services in the United States, high demand in some specific sectors resulted in shorter transition programmes, as people needed to be moved to new jobs quickly. Shorter programmes, as a consequence, resulted in a slightly muted increase in the value of the market.

Together with the US market, the French and Dutch career management markets generated nearly two-thirds of the global market size. Most large European outplacement markets also saw pronounced growth in 2020, albeit less strong than in the United States. Massive investment in short-time working schemes kept the number of people being laid off under control, resulting in a relatively slower increase in demand for outplacement services. European markets grew by around 8% in 2020.

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 value of €130 billion in 2020, an annual decline of 3.3%. Representing 57% of the global spend, the Americas is the largest region, home to two of the three largest MSP markets – the United States and Canada. By far the largest MSP market, both in the region and globally, is the United States, generating 52% of global MSP revenues. The regional MSP market spend in the Americas dropped by 3% in 2020.

The second largest region is Europe, the Middle East and Africa (EMEA), generating one-third of global spend. Nearly half of the region’s MSP spend was generated in the UK, which was also the second largest MSP market globally. The EMEA region was the hardest hit in terms of MSP market size, down by 5% in 2020. Around one-tenth of global MSP spend was generated in the Asia and Pacific region (APAC), with Australia and India being the strongest markets. The APAC region held steady in 2020, up by 1% compared to 2019.

Despite the contraction in 2020 due to the impacts of the COVID-19 pandemic, MSP markets across all regions experienced pronounced growth over the past years, with the global market spend remaining up by 12% in the three years between 2017 and 2020. In particular, the smaller APAC region expanded rapidly, up by 29% in that period. The more mature, larger regions grew by 8% (Americas) and 16% (EMEA) during that time.

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 (71% in 2020 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 over the past years. The remaining share of MSP spend is raised by statement of work and/or outsourcing activities by the service provider.

RPO markets decline across all regions

Recruitment Process Outsourcing, regional market value (billion €)

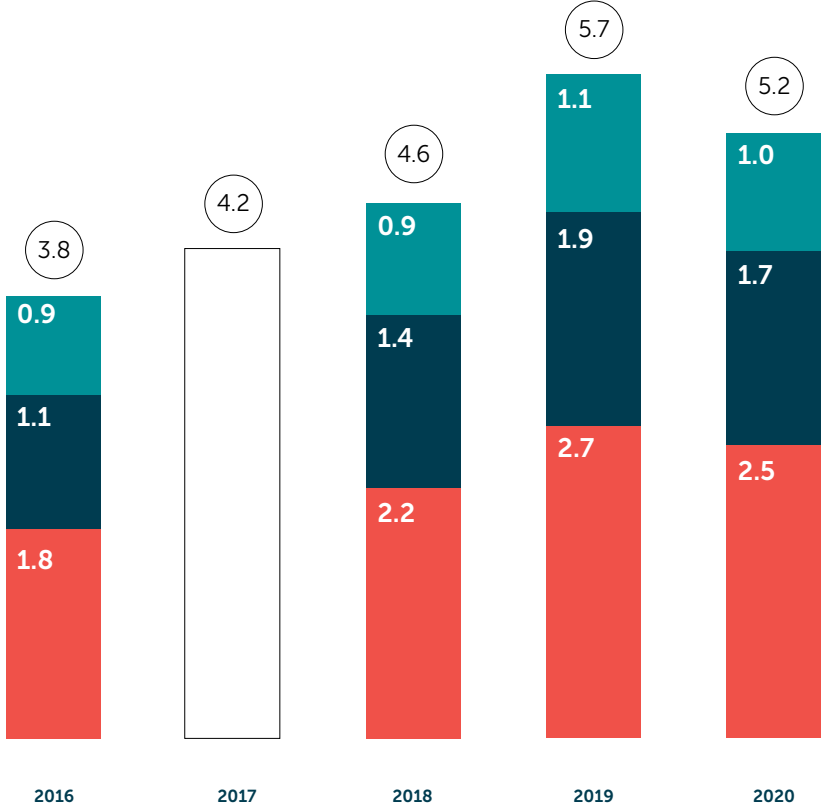
Americas EMEA APAC Global

The global market value for Recruitment Process Outsourcing (RPO) stood at €5.2 billion in 2020, equivalent to a decline of 9% from 2019. Nearly half of the global RPO market value is generated in the Americas region (48%), which saw a decline of 7% since 2019. The region containing Europe, the Middle East and Africa represented one-third of the global RPO value and contracted by 12%. The smaller Asia and Pacific region was down by 10%.

While RPO markets were down compared to 2019, 2020 marked the halt of an impressive series of expansions over the past years. Globally, the value of RPO markets was still up 13% compared to 2018. Across the different regions, RPO markets were also still by double-digits.

Similar to direct recruitment services, RPO is primarily focused on filling open-ended vacancies. During the first year of the pandemic, companies were more reluctant to create new open-ended vacancies in times of high uncertainty. In effect, RPO and direct recruitment markets contracted more than MSP and agency work markets.




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 remains driven primarily by the US market



Countries included in figures:

-  Canada
-  Mexico
-  USA



Trends in the region are primarily driven by developments in the United States, the largest market in North America and globally by various metrics. Globally, 36% of people placed in the labour market by the industry were placed in North America, with 72% of placements in the region completed in the United States. Nearly one-third of global agency work revenues were attributed to the region, with the larg-

est market globally – the United States – generating 94% of the region’s agency work turnover. In 2020, the region’s agency work market contracted by 13%. North America also accounted for more than half of the global MSP market, nearly half of RPO revenues and one-third of direct recruitment turnover.

South America remains small in market size, largely driven by Brazil

Countries included in figures:

 Argentina

 Brazil

 Chile

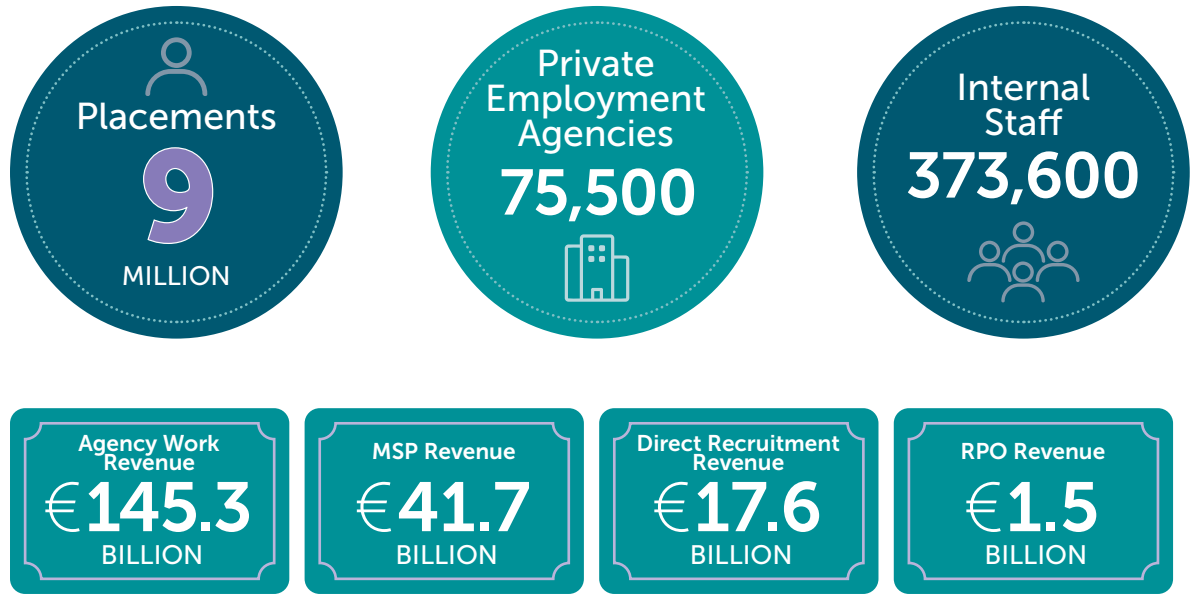
 Colombia



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 the vast majority of the private employment services industry's placement of people in the labour market in South America. 2% of global placements happened in this region, while just below 1% of agency work turnover was

generated here, most of which in Brazil. The Brazilian agency work market has been contracting over the past years and saw an above-average decline in 2020, resulting in a fall in the region's market share overall. South America's agency work market size dropped by 37% in 2020.

Europe sees contraction across all markets



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

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 40% of global agency work revenues was raised in European markets. The European agency work market contracted by 13% in 2020. Europe also generated just under one-third of the global market values of the direct recruitment, MSP and RPO markets. The region also stands out as the one with the largest number of operating private employment agencies. More than 40% of agencies are in Europe, responsible for placing around 17% of all people placed in jobs globally.

Positive trends in Japan drive the APAC region

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. Most of the industry's placements of people in the labour market took place in the APAC region, to the largest extent driven by China, which placed more workers than any other country globally. Nearly half of all placements, therefore, happen in the APAC

region. The agency work market in the region generated just above one-fourth of global industry turnover. Japan is the second largest agency work market globally and the only major market to have grown in 2020, resulting in positive developments in the region overall. The region is characterised by its strong direct recruitment sector, which accounts for 43% of the global direct recruitment market.

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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.

Methodology

The data presented in this report is for the calendar year 2020, 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 major 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. This share is estimated by Staffing Industry Analysts to be around 71%.

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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