



**WORLD
EMPLOYMENT
CONFEDERATION**

The Voice of Labour Market Enablers

Economic Report

Enabling work, adaptation,
security & prosperity

2018 edition

ABOUT THE WORLD EMPLOYMENT CONFEDERATION

The World Employment Confederation is the authoritative voice of the employment industry at the global level. It connects labour market enablers from 50 countries and 7 major workforce solutions companies with a unique network that brings together international policy makers, social partners, the academic world and other relevant stakeholders.

Through its policy work the World Employment Confederation strives for recognition of the employment industry's economic and social role. It leads the way in defining high employment and recruitment standards and practices and is a thought leader in shaping futureproof and competitive labour markets.

it acts as an advisor to the employment industry on new ways of workforce sourcing & deployment. With analysis and research covering 50 labour markets it is able to provide members with a broad range of services including support in capacity building and business development around the globe.

Members of the World Employment Confederation represent a wide range of HR services, including agency work, direct recruitment, career management, RPO and MSP.

www.wecglobal.org/economicreport2018

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Reduce unemployment
Increase inclusiveness and diversity
Increase work income

Foreword

In 2017, the World Employment Confederation celebrated its 50th anniversary. The employment industry has certainly come a long way since 1967. From those initial days, the World Employment Confederation has grown today into a global organisation that numbers 1.9 million labour market specialists across 50 countries and that delivers a wide range of HR services, from agency work and direct recruitment to career management, RPO and MSP.

Thanks to the combined 143.000 employment agencies operating under the umbrella of the World Employment Confederation, the industry builds open, inclusive, sustainable and enabling labour markets by helping people into work and by supporting companies in navigating in safe and agile environments.

In 2016 the members of the World Employment Confederation helped 56 million people to find jobs, including more than 14 million young adults, facilitating their integration into the world of work and laying the foundation for their career. Meanwhile, the employment industry continued to evolve worldwide, benefiting from a gradual pick-up of the world economy. The report estimates the employment industry generated € 491 billion in revenue worldwide in 2016, supporting millions of organisations to grow their business by finding the skilled talent they need.

Published annually, our Economic Report aims at giving a comprehensive picture of the employment industry and labour market trends in general. It shows how the members of the World Employment Confederation act as labour market enablers, playing a key role in delivering work, adaptation, security and prosperity to societies. I hope you find the report interesting and informative and invite you to browse through its content.

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

Denis Pennel
Managing Director



“
*Nem de porum natium
quae nest, sae eatemque
ma ne nos sit as eveni qui
qui odictorero iunt volupta*

DENIS PENNEL
World Employment
Confederation
Managing Director

KEY FINDINGS

As labour market enablers, members of the World Employment Confederation contribute to better functioning labour markets by:

Enabling work:

Acting as social integrators and inspiring hope among workers and companies.

Enabling adaptation:

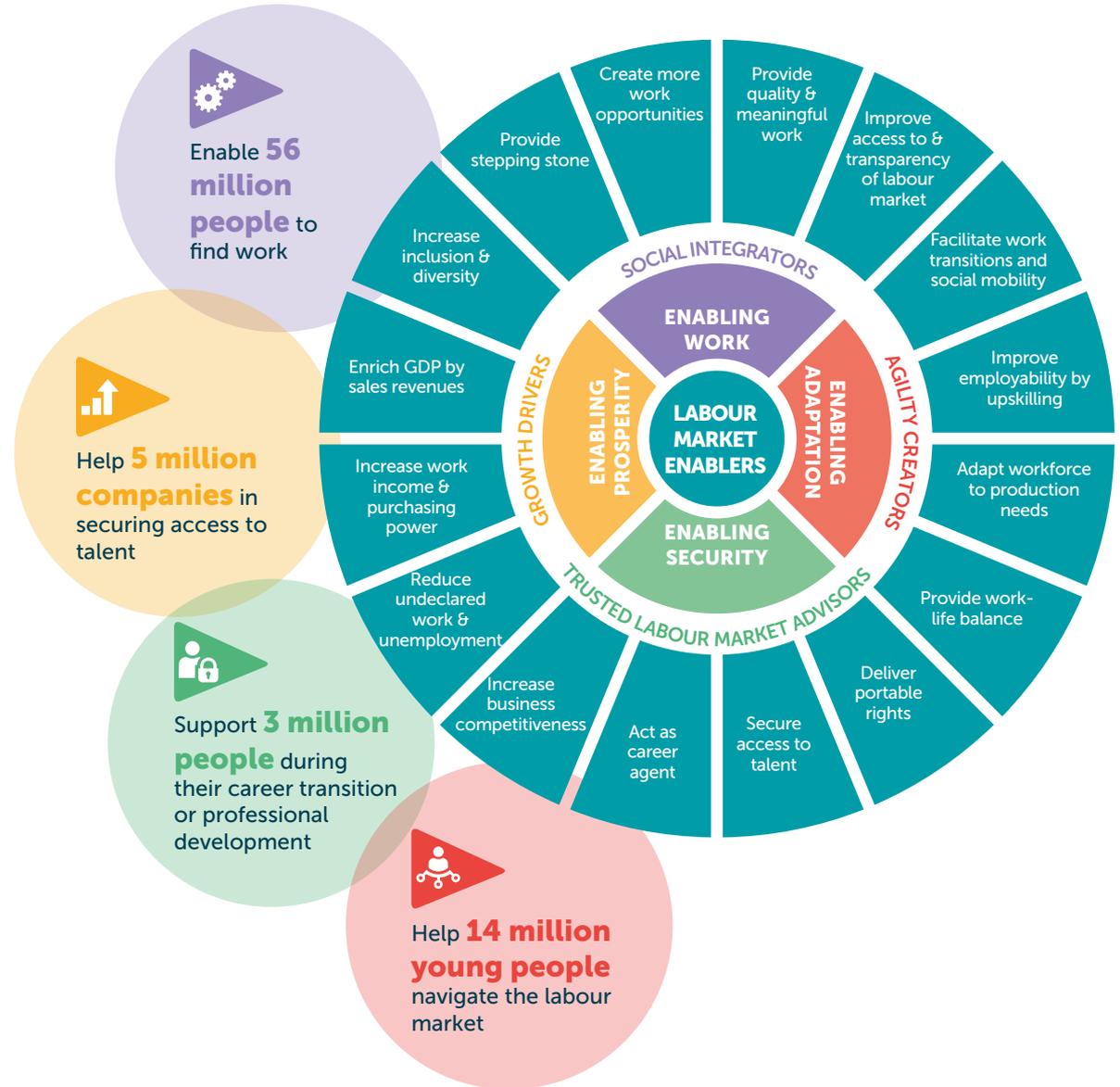
Working as agility creators and building stakeholder confidence

Enabling security:

Being a trusted labour market advisor to workers and companies and building trust.

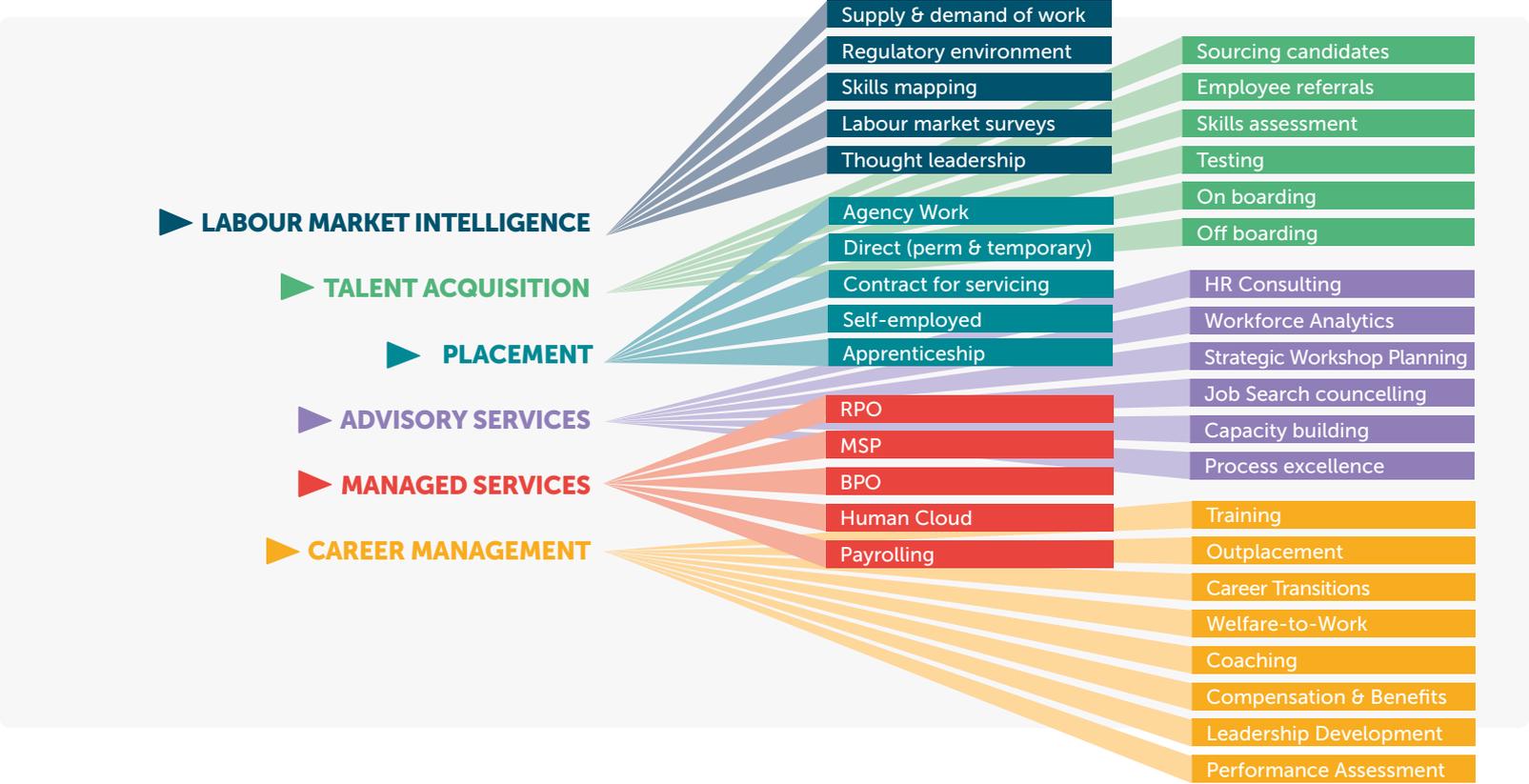
Enabling prosperity:

Driving growth in the economy creating a sense of pride.



REPRESENTING A BROAD RANGE OF HR SERVICES

Members of the World Employment Confederation cover a wide range of HR services, including agency work, direct recruitment, career management, RPO and MSP. Through all HR services, the employment industry increases labour market participation rates, it helps companies remain competitive within the global economy and creates decent jobs that would otherwise not exist.



Key findings

THE EMPLOYMENT INDUSTRY IN 2016

In 2016, the employment industry generated €491 billion in revenue worldwide, mostly driven by agency work accounting for € 350 billion. Agency work is growing in many markets in Europe with the Netherlands, France, Germany, Italy and Spain all experiencing significant growth compared to the previous year and compensating for a slowdown in the UK. Japan continues to experience accelerated growth in agency work (8% compared to 7% the year before) while growth in the US, the largest agency work market, remains stable. The direct recruitment market rose slightly to € 37.8 billion, confirming its trend towards a more profitable and faster-growing HR service.

In 2016, both MSP and RPO continued to grow, with an increase of 11% and 13% compared to last year, generating € 97 billion and € 3,4 billion respectively, although such growth is flattened by the Euro/US Dollar exchange rate.

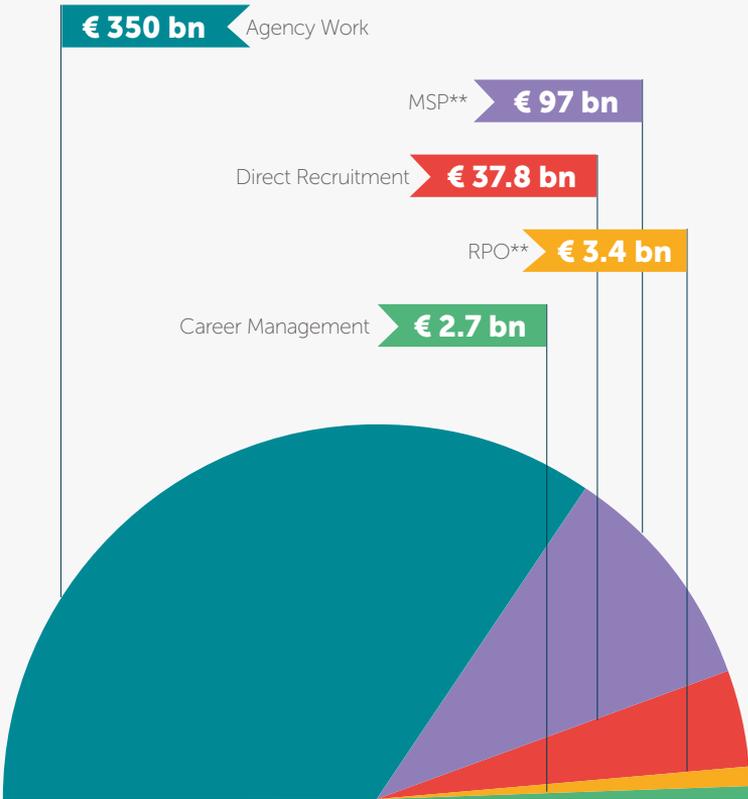
This overview reflects the positive role that HR services companies play for economies, individuals and enterprises. Acting as social integrators, agility creators, trusted labour market advisors and growth drivers, the 143.000 employment agencies the World Employment Confederation gathers – supported by its 1.9 million staff, give hope, develop confidence, build trust and deliver pride to both individuals and user companies.

*Exchange rate US dollar – Euro: 0,83

GLOBAL MARKET SIZE (SALES REVENUE)

Global market size of
€ 491 billion
 (sales revenue)

In 2016, the employment industry generated €491 billion in sales revenue worldwide. 5 countries (the USA, Japan, the UK, Germany and China) made up the majority of the revenue. Of all revenue generated in 2016, 71% was from agency work, 20% from MSP, 8% from direct recruitment, with the remaining 1% coming from RPO and Career Management.



** Figures marked with two asterisks refer to data provided by Staffing Industry Analysts



143,000

employment and recruitment
agencies

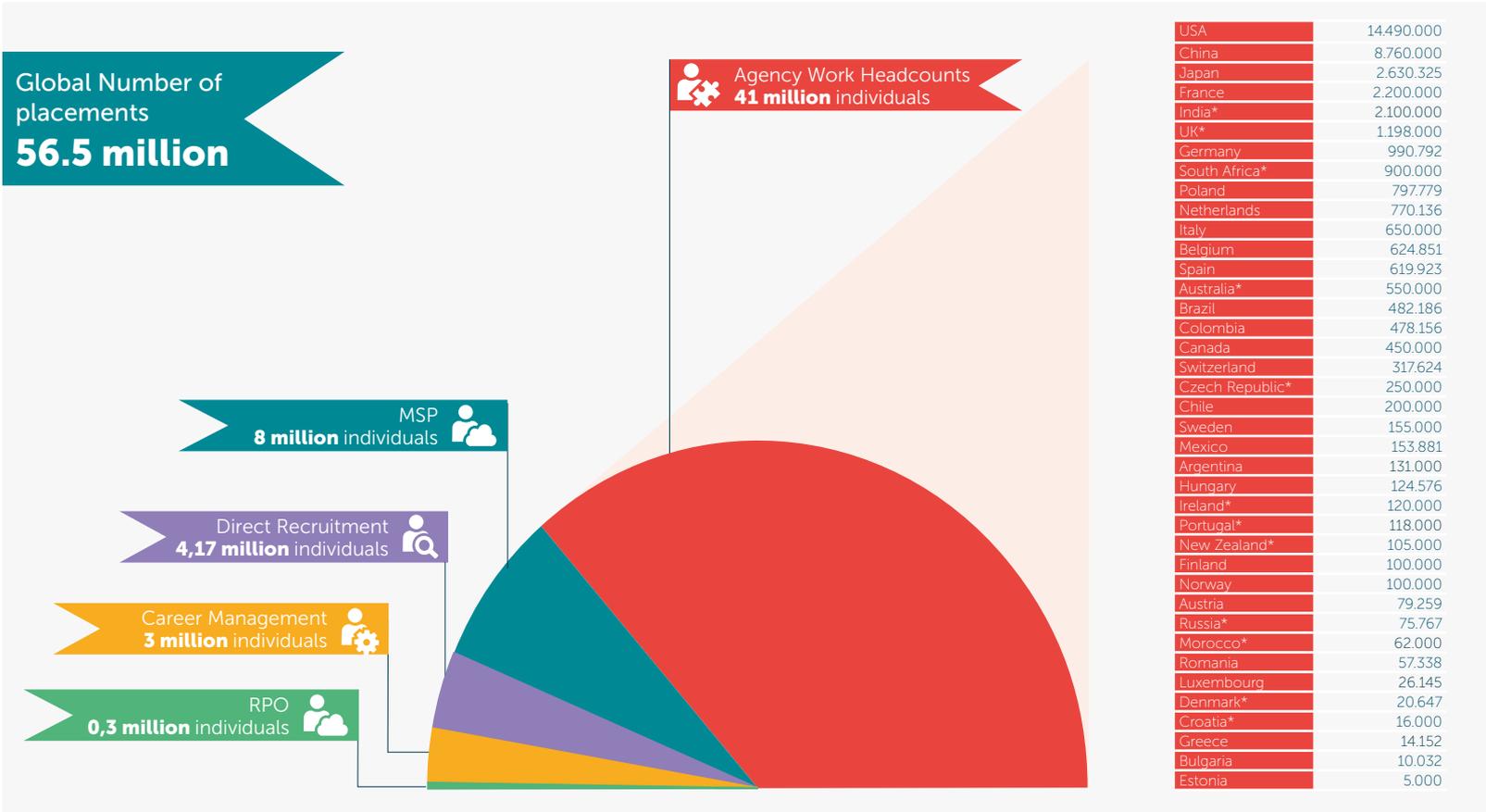
and



1,9 million

internal staff to help people
navigate the labour market

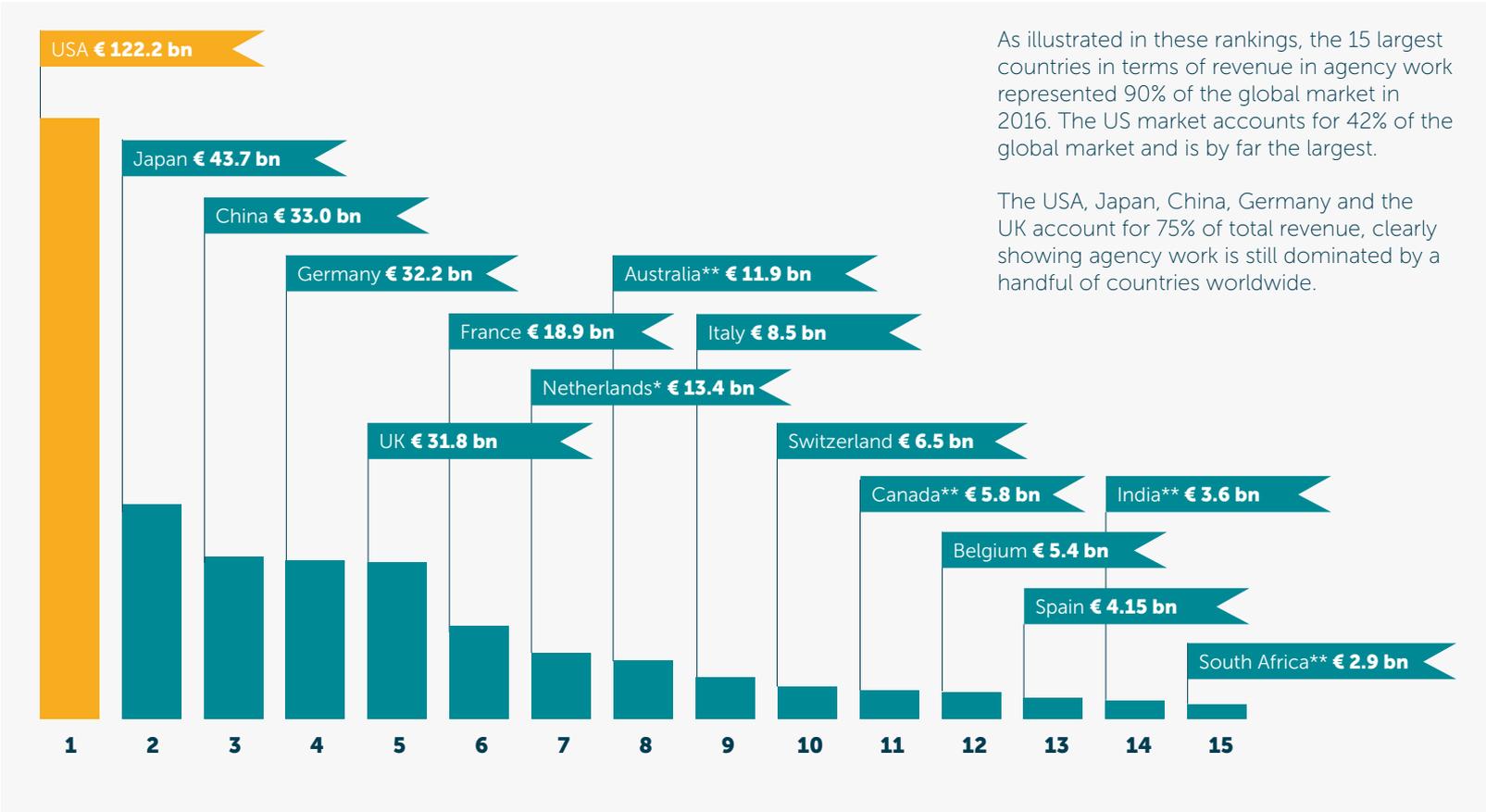
IN 2016, THE EMPLOYMENT INDUSTRY HELPED AROUND 56 MILLION PEOPLE ACCESS LABOUR MARKETS AROUND THE GLOBE



* Figures marked with an asterisk refer to 2015

THE AGENCY WORK MARKET

Top 15 Countries ranked by sales revenue in Agency Work



As illustrated in these rankings, the 15 largest countries in terms of revenue in agency work represented 90% of the global market in 2016. The US market accounts for 42% of the global market and is by far the largest.

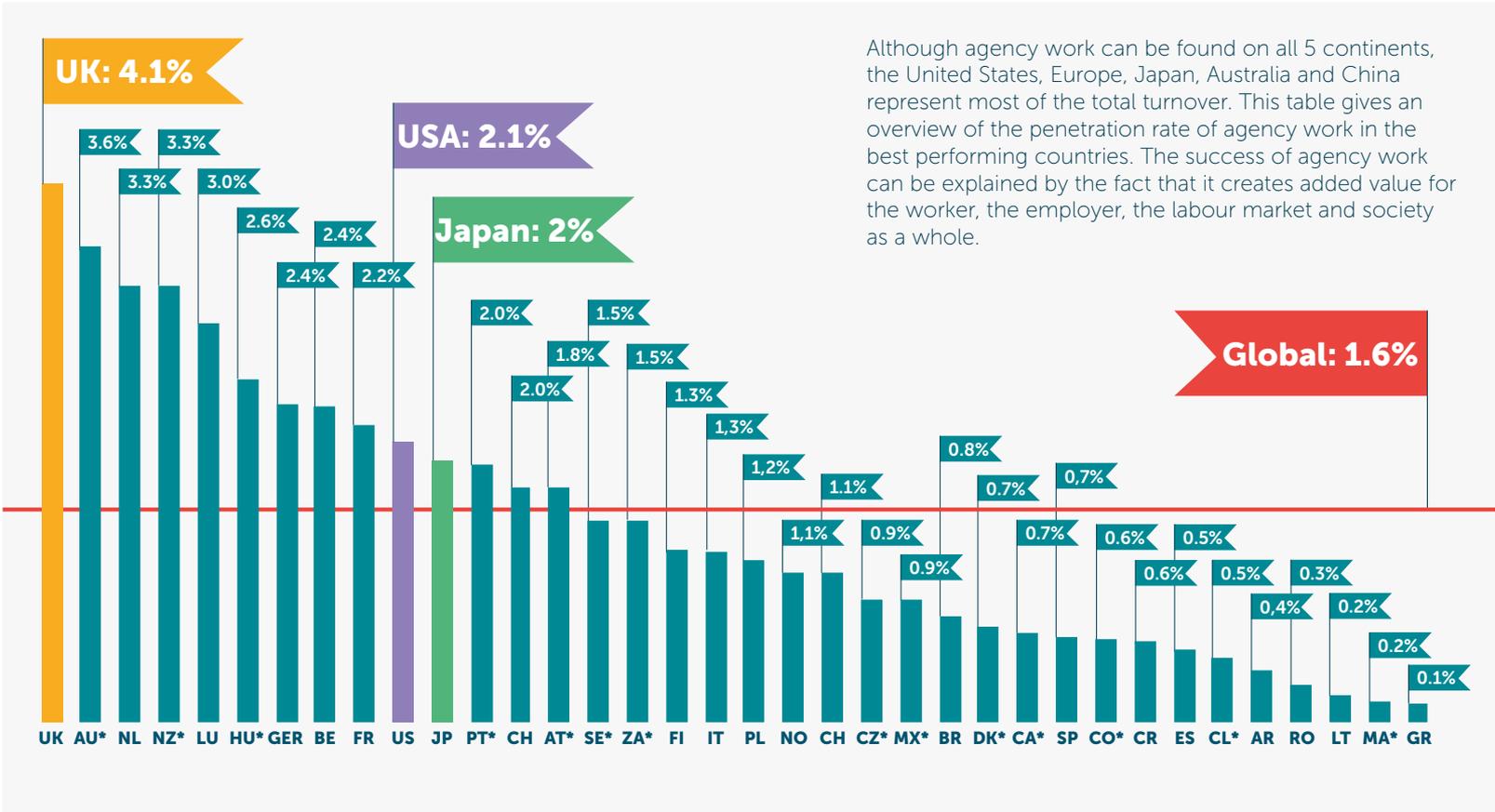
The USA, Japan, China, Germany and the UK account for 75% of total revenue, clearly showing agency work is still dominated by a handful of countries worldwide.

* NL figures are an estimate, not actual

** Figures marked with two asterisks refer to data provided by Staffing Industry Analysts

THE AGENCY WORK MARKET

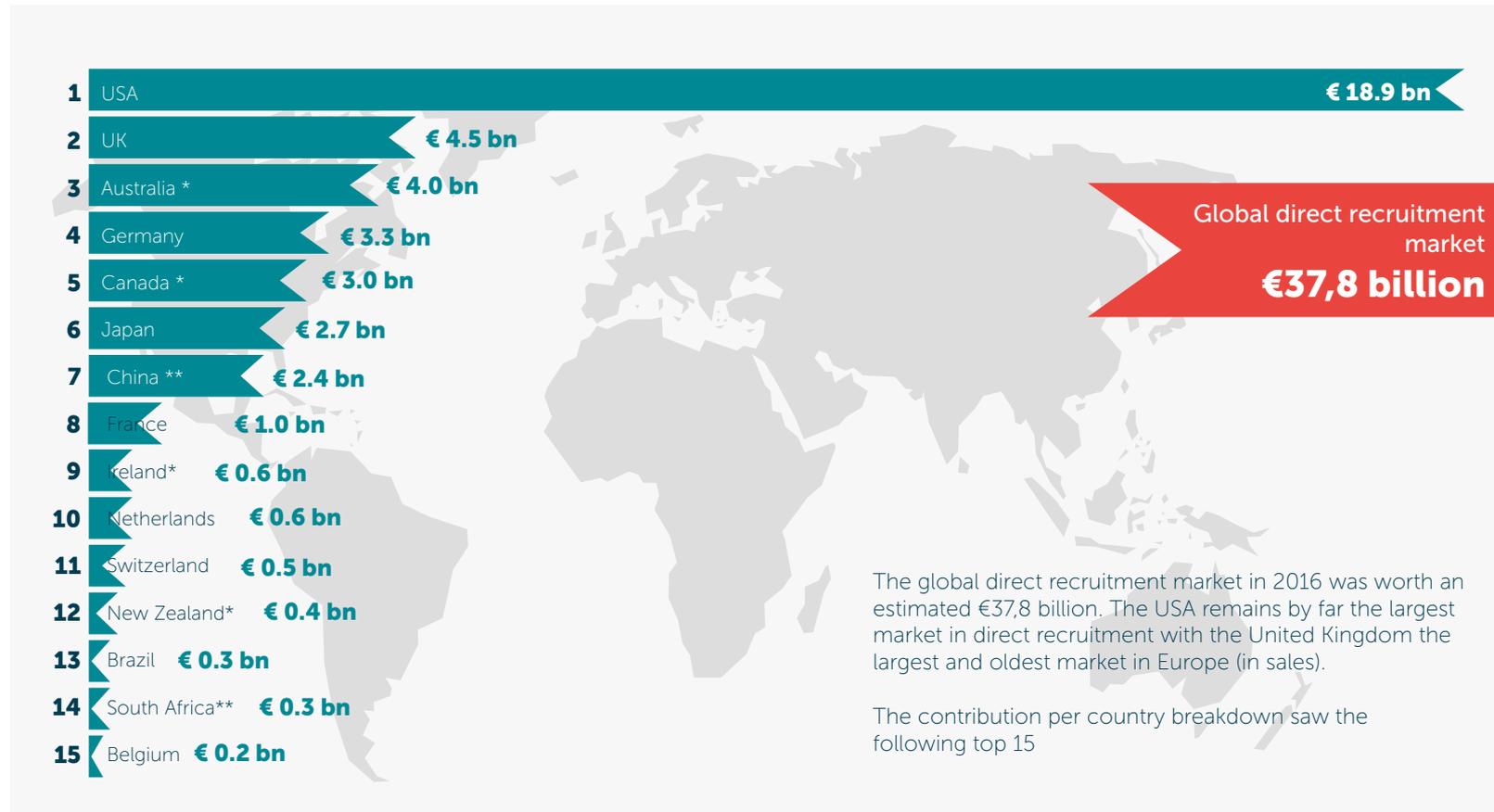
Penetration rate by country (2016)



* Figures marked with an asterisk refer to 2015

THE DIRECT RECRUITMENT MARKET

Top 15 Countries ranked by sales revenue in Direct Recruitment (2016, in bn€)

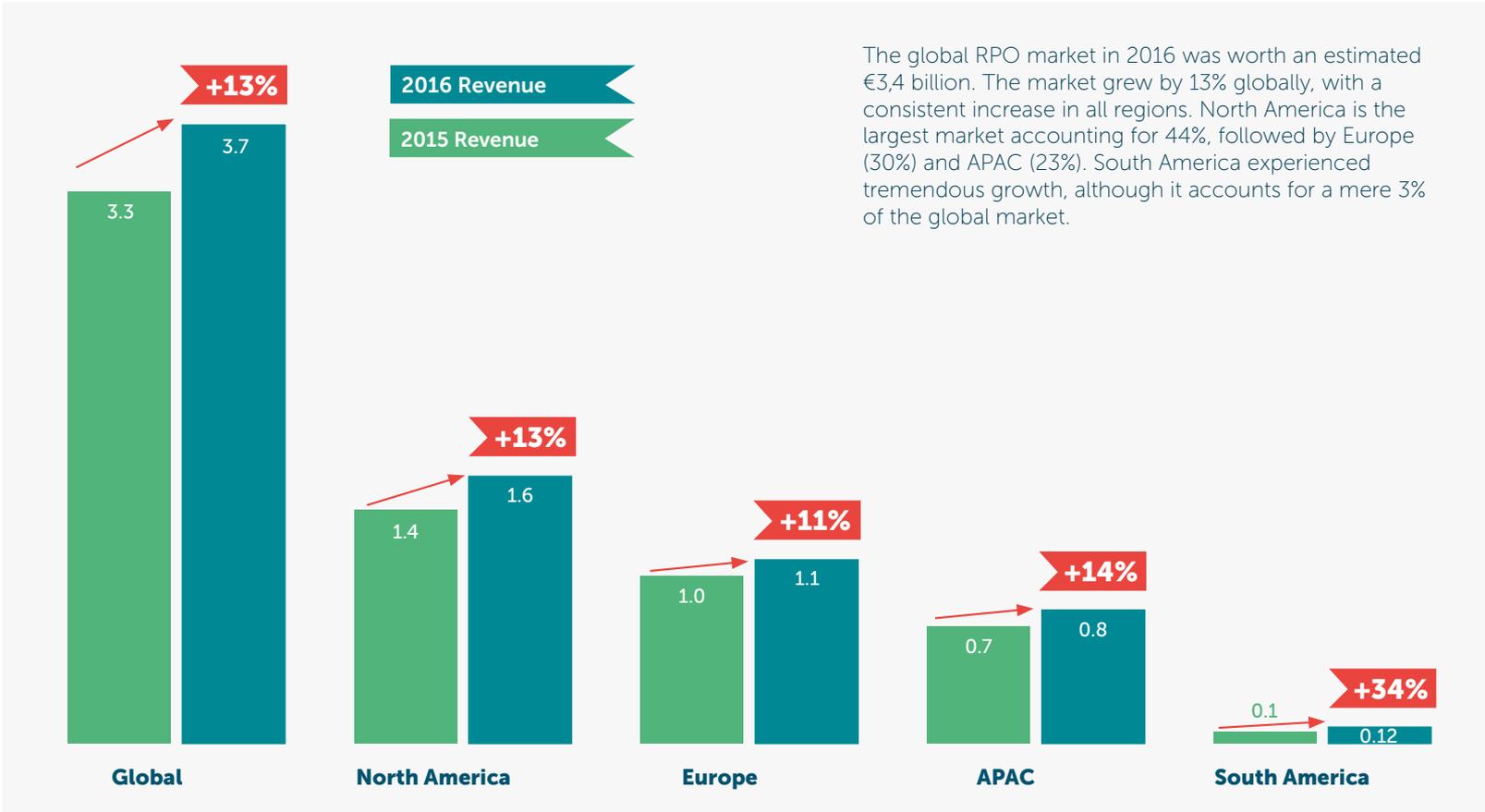


* Figures marked with an asterisk refer to 2015

** Figures marked with two asterisks refer to data provided by Staffing Industry Analysts

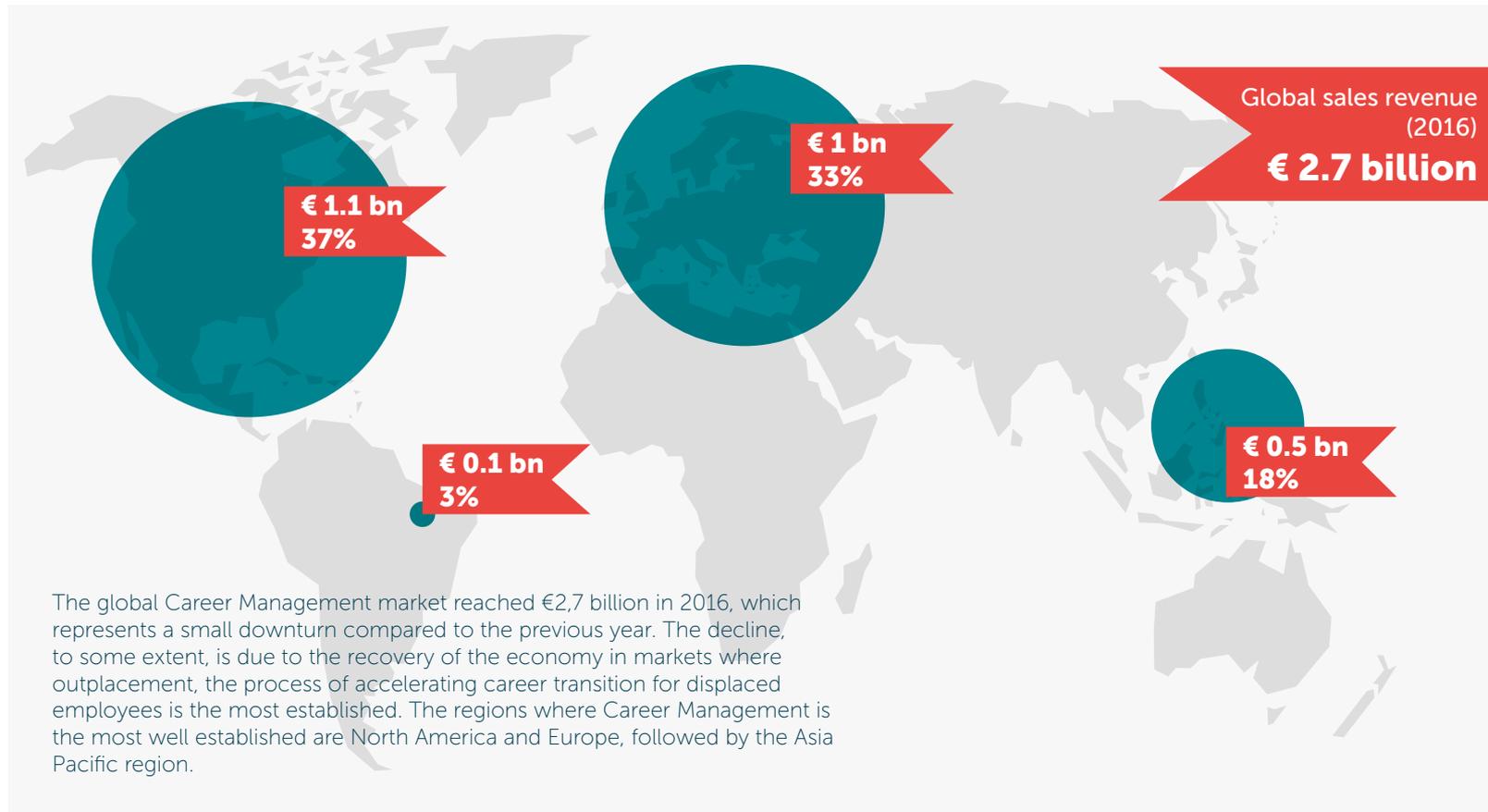
THE RPO MARKET

RPO market growth (2016 in bn€)



THE CAREER MANAGEMENT MARKET

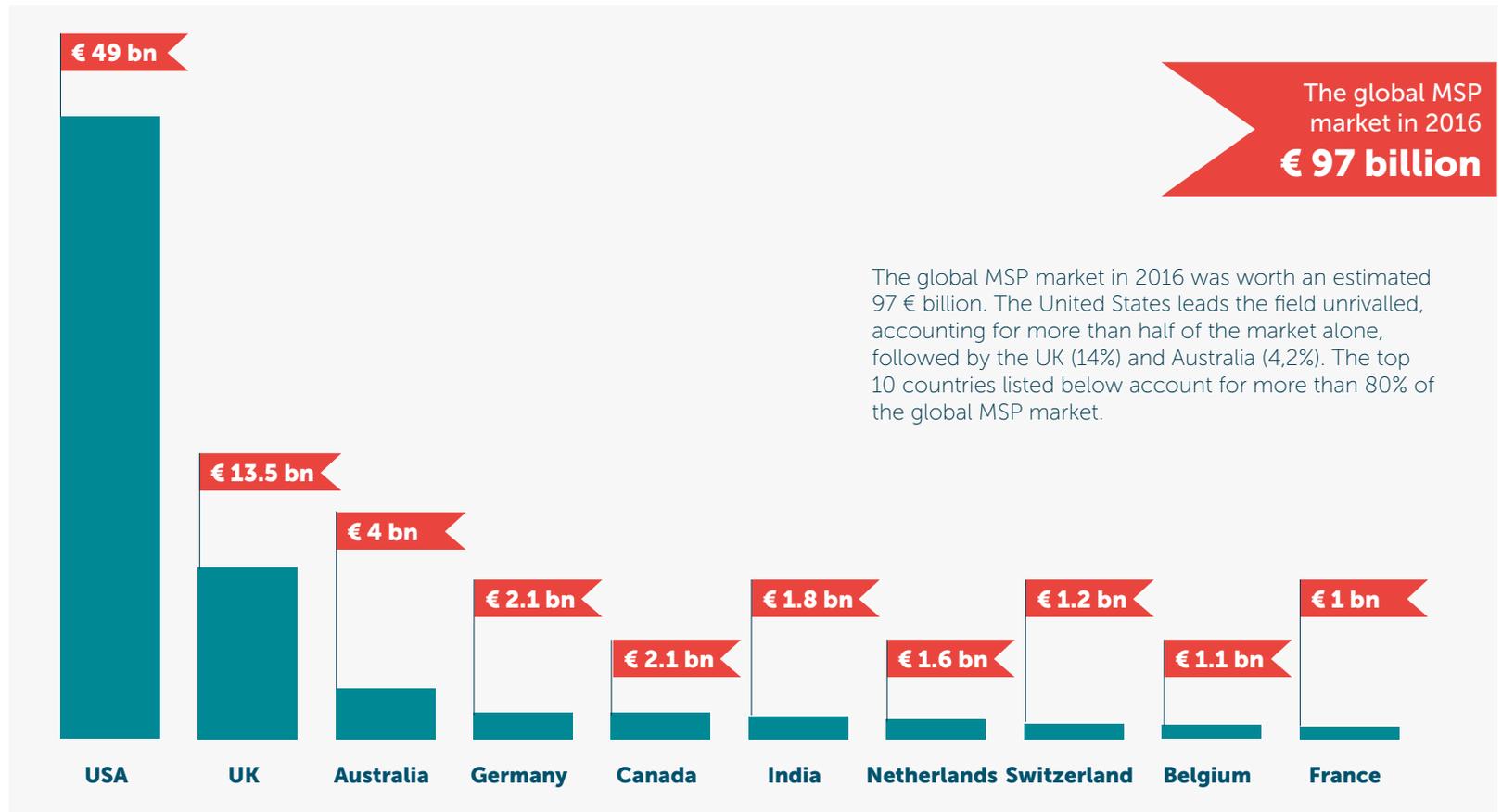
Business drivers for providing outplacement



Source: estimation made by the World Employment Confederation

THE MSP MARKET

Top 10 countries ranked by sales revenue in MSP (2016, in bn€)



Regional focus

NORTH AMERICA

Number of placements



15,100,000

Agency Work

Number of private employment agencies



20,385

Internal staff



406,990

Sales revenue



€ 129 bn
Agency Work

€ 58.1 bn*
MSP

€ 17.8 bn
Direct Recruitment

€ 1.5 bn*
RPO

€ 1 bn
Career management

The United States dominates the Northern American region accounting for 93% of the total revenue generated by the employment industry. Canada accounts for 6% of the Northern American market, showing a return to growth following a slight downturn in 2015. Mexico accounts for 1% of the total market and shows a 6,6% year-over-year growth in agency work compared to the previous year.

*Source: Staffing Industry Analysts

SOUTH AMERICA

Number of placements



1,291,000

Agency Work



603,000

Direct Recruitment

Number of private employment agencies



10,272

Internal staff



249,564

HR specialists

Sales revenue



€ 5.2 bn
Agency Work

€ 0.2 bn*
MSP

€ 0.1 bn
Direct Recruitment

€ 0.1 bn
Career Management

€ 0.1 bn*
RPO

Brazil remains the strongest market in South America, accounting for about 20% of the total revenue generated by the employment industry despite a contracting market in 2015 due to the economic crisis with no recovery in 2016. Recent legal changes (Law on Outsourcing, Extension of the Law on Temporary Work and Labor Reform) have already positively impacted the market, with a growth rate of 5% during the 4th quarter of 2017, according to FENASERHTT, the Brazilian federation member of the World Employment Confederation. Brazil has the highest agency work penetration rate in the region, followed by Colombia, Chile and Argentina, all below 1% partly due to the large amount of informal labour in the region.

*Source: Staffing Industry Analysts

EUROPE

Number of placements



9,441,000

Agency Work



1,482,000

Direct Recruitment

Number of private employment agencies



75,800

Internal staff



429,300

Sales revenue



€ 139 bn
Agency Work

€ 30.3 bn*
MSP

€ 11.3 bn
Direct Recruitment

€ 1 bn*
RPO

€ 0.9 bn
Career management

The UK leads the European employment market and was responsible for close to 30% of the revenue generated by the private employment industry in 2016 with a total revenue of €36 billion (for all HR services combined). The German market is the continent's second largest, followed by France and the Netherlands. Half of the world's best performing markets in agency work and 11 out of the 15 best performing markets in direct recruitment are located in Europe.

*Source: Staffing Industry Analysts

APAC

Number of placements



13,595,325

Agency Work



1,717,554

Direct Recruitment

Number of private employment agencies



32,966

Internal staff



769,750

Sales revenue



€ 96.1 bn
Agency Work

€ 9.9 bn
Direct Recruitment

€ 8.3 bn*
MSP

€ 0.7 bn*
RPO

€ 0.5 bn
Career Management

Japan, Australia and China are ranked among the 10 best performing markets in both agency work and direct recruitment.

Japan, the second largest market in agency work, shows a solid year-over-year growth of 8% and ranks sixth amongst the best performing markets in Direct Recruitment.

Australia stands out in the Asia Pacific region as a very mature and competitive market. It holds third place in our MSP and Direct Recruitment rankings and owns the second highest penetration rate in Agency Work (3,6%).

China has moved into third place in the ranking on agency work in 2016, assisting 8 million agency workers into work. Finally, India represents an emerging market in the HR solutions industry, especially in MSP where it ranks sixth in the world.

*Source: Staffing Industry Analysts



1- Enabling Work

In 2016, 56 million people gained access to work thanks to a private employment agency, including 41 million agency workers. Agency work continues to expand in most advanced economies, reaching a global sales revenue of €350 billion worldwide, representing roughly 70% of the global employment market revenue. In Brazil, temporary work accounted for 23% of jobs created in 2016. That number rises to 40% in France, clearly demonstrating its impact on economic growth and net job creation. Agency work is positively regarded as it gives workers the opportunity to demonstrate their ability and improves employment prospects and earnings in the short term. RPO also benefits from a positive image for both workers and organisations: companies that outsource recruitment report that their employees are more likely to rate themselves as highly engaged with their work, impacting profitability and growth.

Finally, the data gathered by the World Employment Confederation indicates permanent staff placements via direct recruitment rose in 2016, supported by a strong underlying demand for staff in 2016.



56 million people
access to work thanks to a
private employment agency



€ 491 billion
global sales
revenue worldwide



Agency work
representing roughly **70%**
of the global employment
market size

PROVIDE QUALITY AND MEANINGFUL WORK

Job satisfaction is an affective state where people like or dislike their job and is one of the most researched subject matters in business psychology. Job satisfaction can be linked to many variables including performance, absenteeism and turnover. Therefore it is crucial to cultivate job satisfaction in any work arrangement, including agency work.

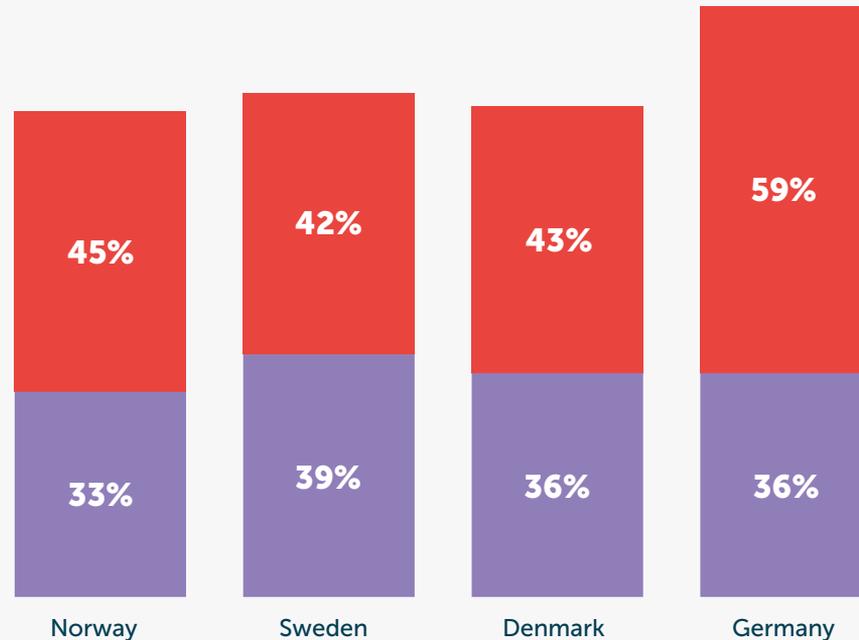
Recent studies from Norway, Sweden, Germany and Denmark have shown that agency workers have high levels of job satisfaction.

Satisfaction levels among agency workers (Scandinavia and Germany)

Overall, how satisfied are you with the content of your job as an agency worker?

Satisfied

Very satisfied



Source: National Federations of the World Employment Confederation
Germany: Source: DEKRA Arbeit Group (2017), survey on temporary agency workers.



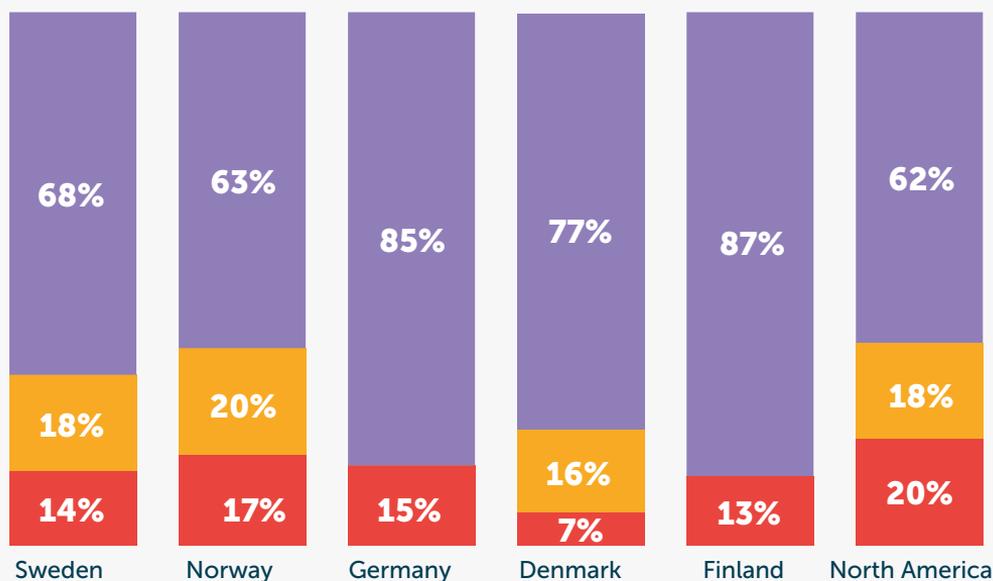
Agency workers satisfaction

Would you recommend being an agency worker to your friends and acquaintances?

Yes

Don't know

No

**PROVIDE
QUALITY AND
MEANINGFUL
WORK**

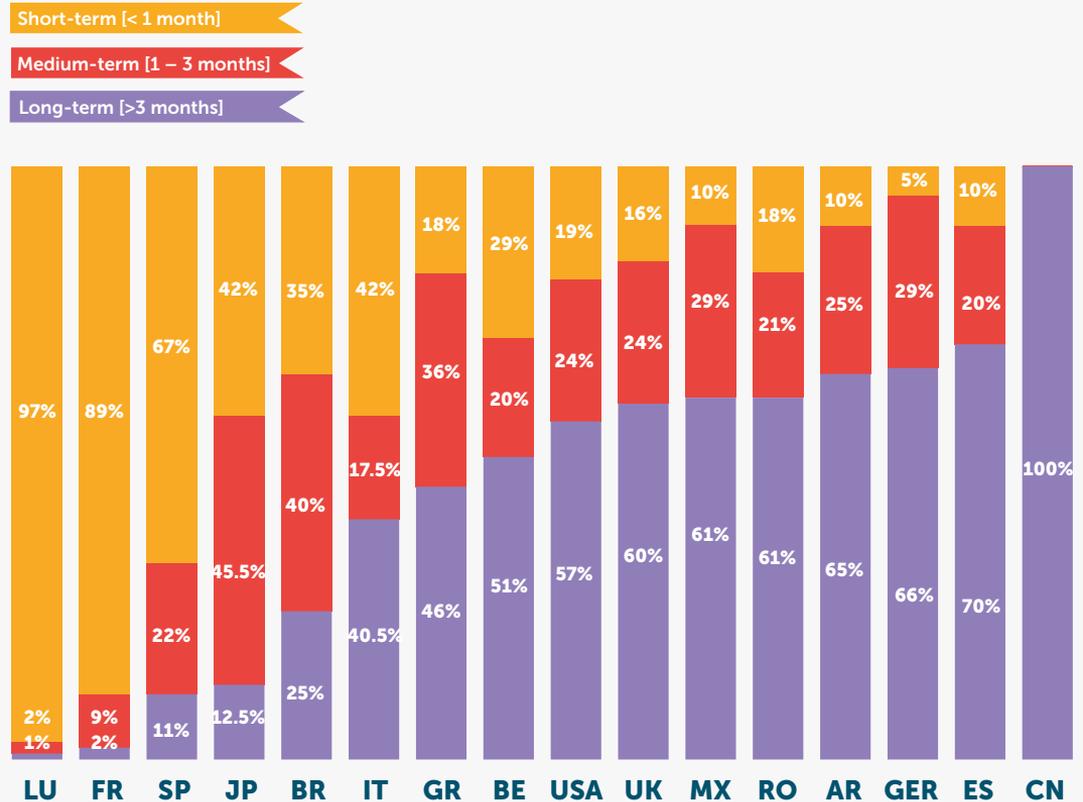
Agency workers rate temporary employment as positive or highly positive and would recommend it to their relatives especially in markets with a longer practice of agency work. The positive aspects of agency work are beyond debate: it has enabled many previously unemployed individuals to enter the labour market and temporary agency work is consistently rated as preferable to remaining unemployed. This chart shows agency work is particularly well viewed in Germany and Finland.

Source (Scandinavia): National Federations of the World Employment Confederation - (North America): Staffing Industry Analysts (2017), Temporary Worker Survey 2017 & Cumulative Index to 2012-2016 Surveys. Staffing Industry Analysts - (Germany): DEKRA Arbeit Group (2017), Survey on temporary agency workers

PROVIDE QUALITY AND MEANINGFUL WORK

Agency work is an integral part of the national economies represented by the federation members of the World Employment Confederation and an essential factor in sustainability and growth. On the whole, almost all countries surveyed offer a wide selection of assignments going further than just answering short-term human resources needs as it also provides an opportunity to source external expertise.

Length of assignments worldwide





% of employees rating themselves as highly engaged in their work

**Employees in companies with
outplacement solutions**



84%

Other



75%

PROVIDE QUALITY AND MEANINGFUL WORK

Building a highly engaged workforce

Among other benefits, having a defined process for transitioning employees elsewhere can help with current employee engagement, performance, and retention.

More specifically, employees in companies with outplacement solutions in place, are 12% more likely than all others (84% vs. 75%) to rate themselves as highly engaged with their work.

Source: Aberdeen Group (2016), *Support departing employees and your brand with outplacement*, Aberdeen Group

PROVIDE QUALITY AND MEANINGFUL WORK

Building a highly engaged workforce

In general RPO implementation can reduce the time-to-hire process but it also enables HR to focus on other concerns, while the business continues to thrive.

Companies that outsource recruitment report that their employees are 8% more likely to rate themselves as highly engaged with their work, as compared to all others (69% vs 64%). With RPO providers often employing excellent recruiters and using cutting-edge technologies, candidates are more likely to find their overall experiences to their liking, even if they are not hired.

RPO users find that candidates who completed the hiring process and weren't hired are 16% more likely to rate their experience positively than in non users company (63% vs 73%).

RPO usage has a big impact on employee satisfaction

Companies using RPO
All others



Source: Aberdeen Group (2016), *Optimizing Recruitment Process Outsourcing today*, Aberdeen Group



Temp-to-Perm conversion rates



20%
Australia*



12%
Brazil



25%
Norway



16%
The Netherlands



50%
Switzerland



31%
Spain



35%
USA



17%
Italy**



28%
Germany***

PROVIDE A STEPPING STONE

The employment industry represents an important channel not only to access the labour market, but also to upgrade people's employability, allowing them to improve their career. Agency Work represents an important stepping stone to secure other employment contracts, such as fixed-term and permanent. There is evidence from many countries globally, that agency work, rather than unemployment, consistently increases the workers' chances of being offered a permanent contract.

PROVIDE A STEPPING STONE

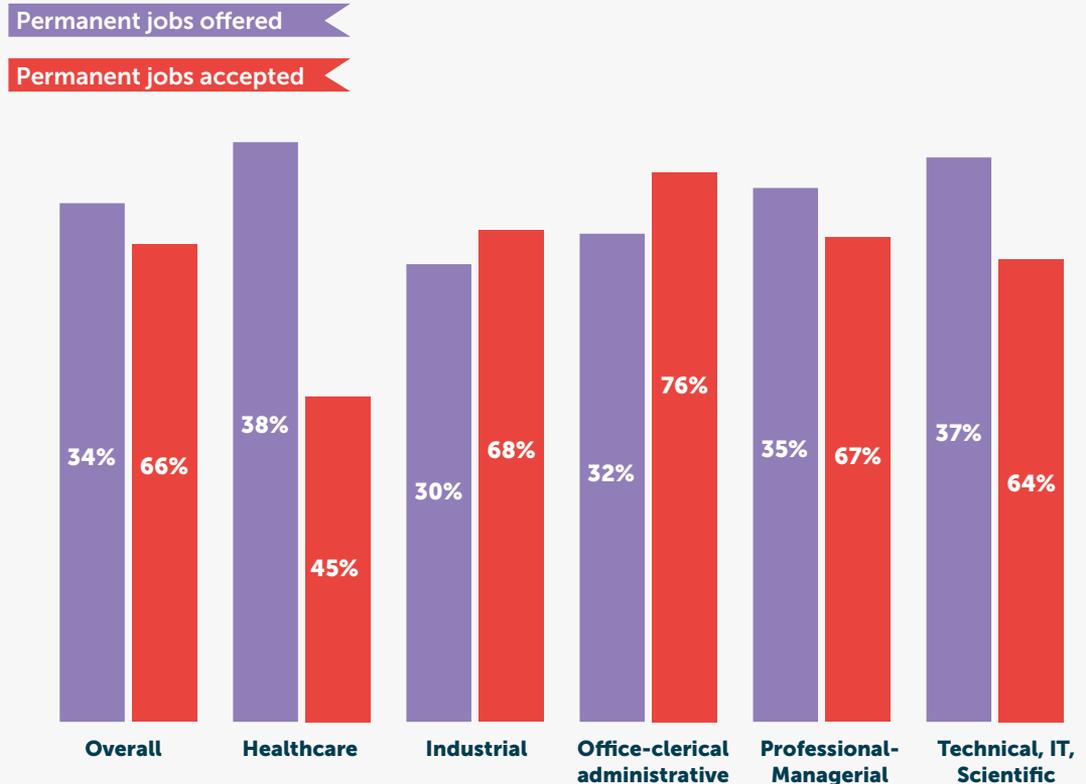
The stepping stone effect of agency work

In the USA, one-third (34%) of temporary and contract employees across all sectors were offered permanent positions by a client firm where they had worked on assignment. Of those, two-thirds (66%) accepted the offer. Workers in the healthcare sector, are more likely to receive a permanent job offer (45%) but less likely to accept it (38%). Flexibility in the healthcare sector is a greater driver and employees are more likely to turn down a permanent offer.

Office-clerical and administrative staffing employees are most likely to accept an offer - three out of four (76%) employees working in this sector who received a permanent job offer accepted it.

This data underpins the effectiveness of staffing as a bridge to permanent employment. It also shows that while the majority of the time job offers are accepted, there are many cases where a staffing employee will turn down an offer. This is particularly important in the healthcare sector.

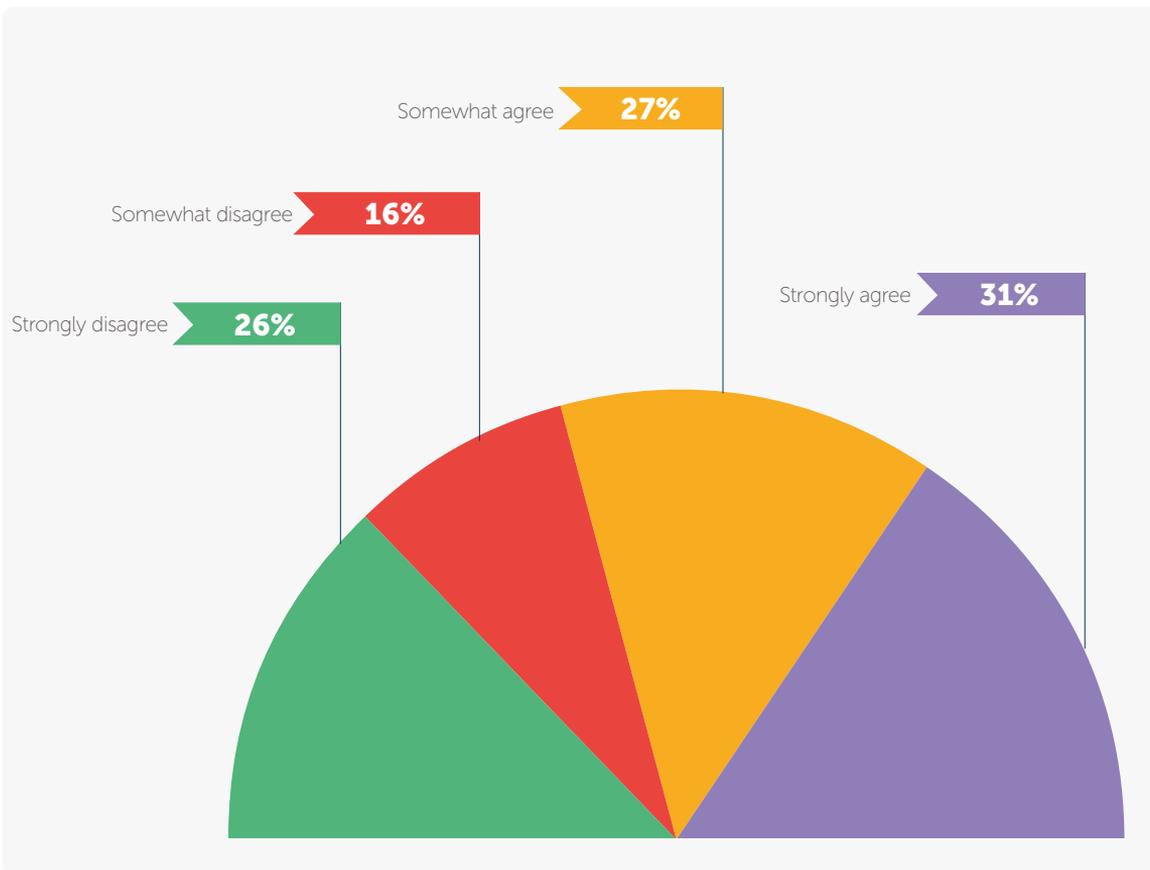
Percentage of agency workers who received and accepted a permanent job in the USA



Source: American Staffing Association (2017), ASA annual economy analysis. Staffing Success special issue



Has staffing employment helped you secure a permanent position? (USA)



Source: American Staffing Association, Harris Poll (2014) Staffing Market Survey, American Staffing Association

PROVIDE A STEPPING STONE

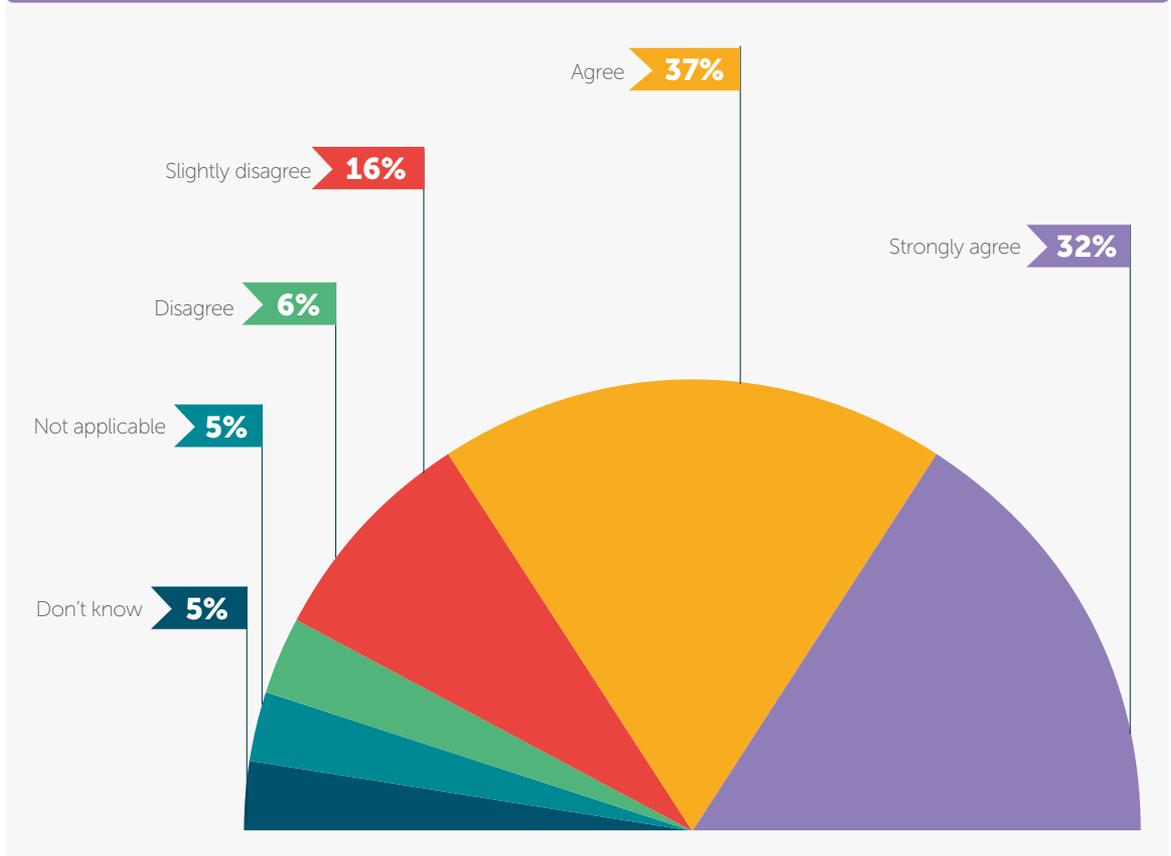
The stepping stone effect of agency work

Asked why they chose agency work, professionals in Norway and in the USA offered four main reasons: it increases the chances of finding permanent employment, it brings in supplemental income, it provides the opportunity to develop professional skills and it serves as a good gateway to jump-starting one's career.

PROVIDE A STEPPING STONE

The stepping stone effect of agency work

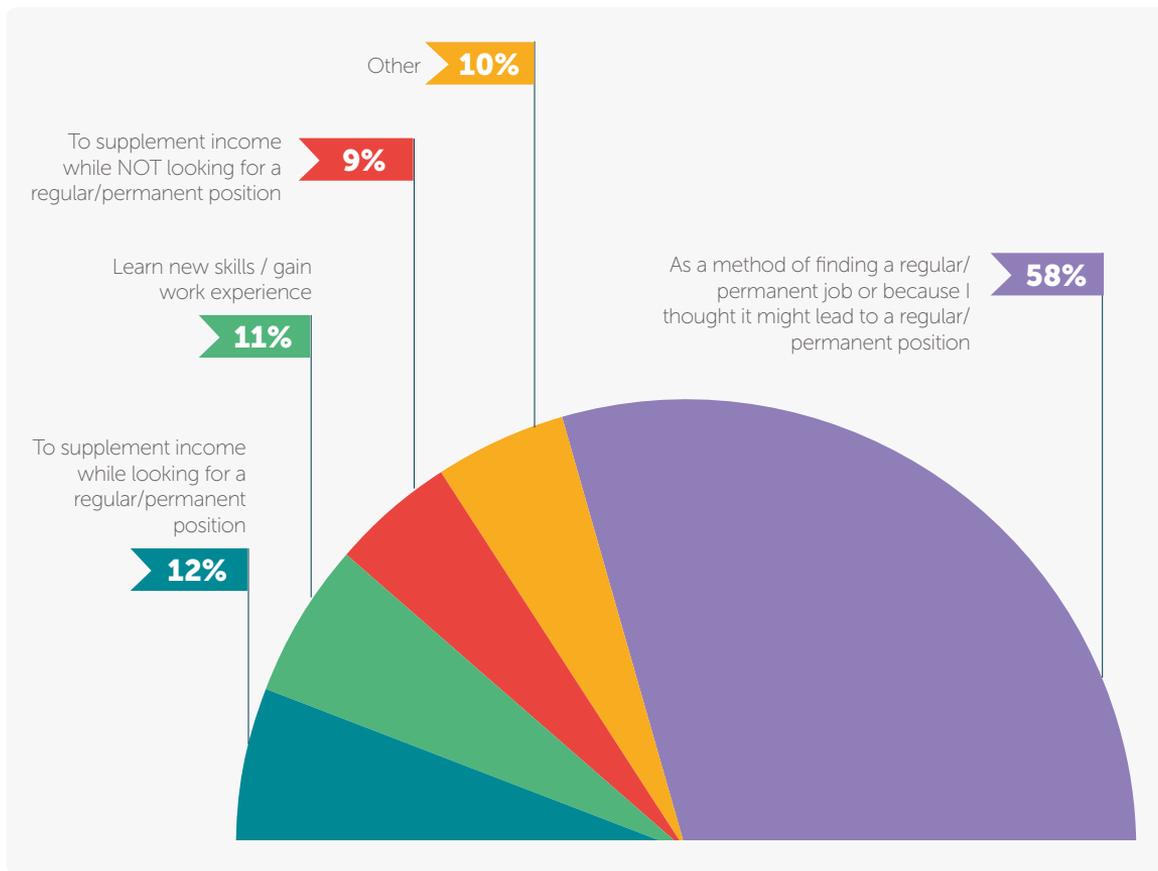
I believe working with the employment agency sector is a gateway to jobs with the client company or elsewhere (Norway)



Source: IPSOS(2015), Survey in the employment agency sector , NHO Service



What has been your primary reason to work as a temporary employee? (USA)



Source: Staffing Industry Analysts (2016), Temporary Worker Survey: Why do temporary workers temp, and what is their preferred work status? Staffing Industry Analysts

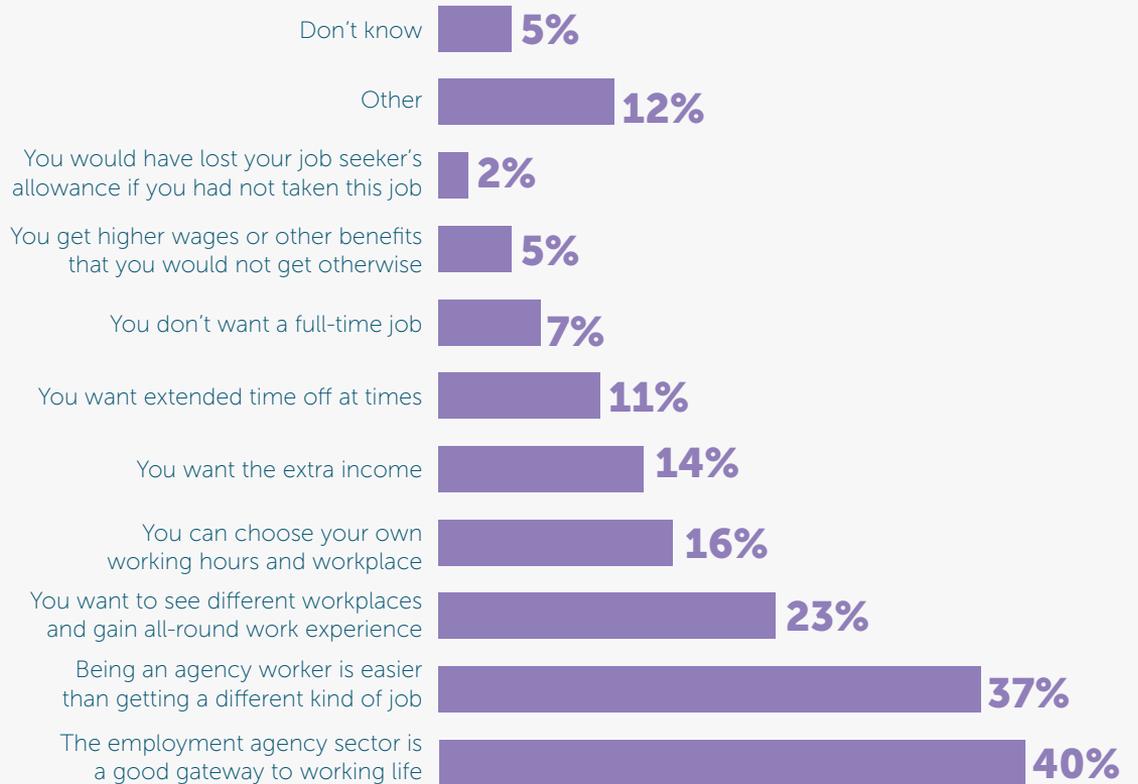
PROVIDE A STEPPING STONE

The stepping stone
effect of agency work

PROVIDE A STEPPING STONE

The stepping stone effect of agency work

Why are you an agency worker? (Norway)



Source: IPSOS(2015), Survey in the employment agency sector, NHO Service

2- Enabling Adaptation

In 2016, the employment industry supported over 5 million companies to grow in a volatile business world, bringing them access to a diverse workforce, covering all sectors in particular services (43%) and manufacturing (29%). The report shows that private employment agencies engage with job seekers who possess a wide range of skills and abilities. Globally, 48% of all workers possess medium-level skills, a proportion that has remained steady compared to the previous year. As the content of the work undertaken by agency workers evolves, training has become an absolute necessity for both companies and employees. Our report finds that 32% of all agency workers gained access to training in 2016. The employment industry brings innovative solutions to training as exemplified by bipartite training funds, which offered access to training to 400 000 agency workers in 2016.



**5 million
companies**

gained access to a diverse
workforce



The employment industry
covers all sectors
especially
services (43%)



32%
of all agency workers
gained access to
training

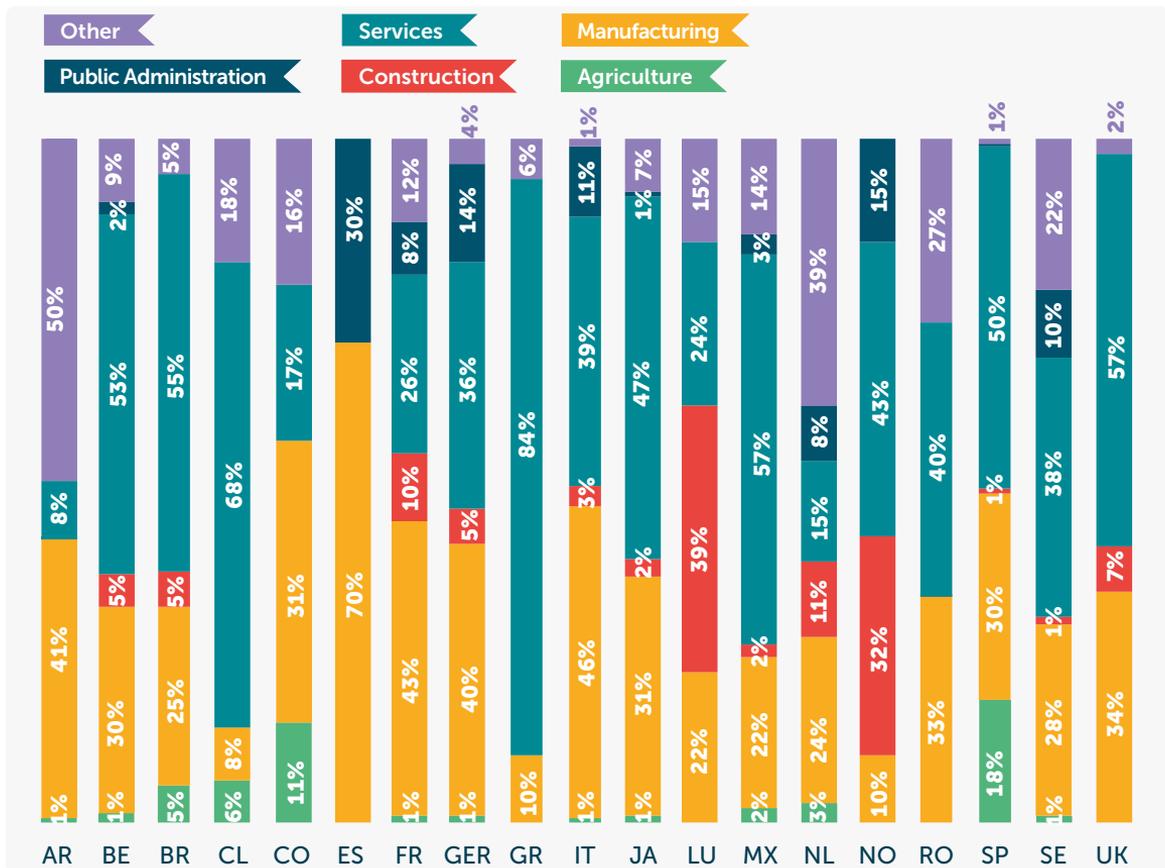


FACILITATE WORK TRANSITIONS AND SOCIAL MOBILITY

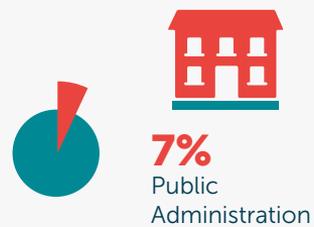
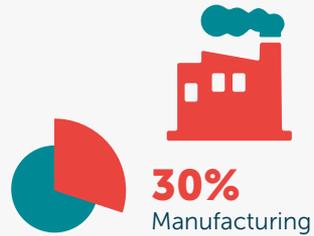
Most agency workers are employed in services and manufacturing

This chart shows the distribution of the workforce across economic sectors around the world. In 2016, 43% of the workforce was employed in services, 30% in manufacturing and 7% was active within the field of public administration. Although the share of the labour force employed in agriculture still accounts for a significant part of employment in certain countries, the global number of people employed in agriculture accounts for a mere 3% of the employment market.

Agency Work sectoral distribution



Agency Work sectoral distribution - World average



FACILITATE WORK TRANSITIONS AND SOCIAL MOBILITY

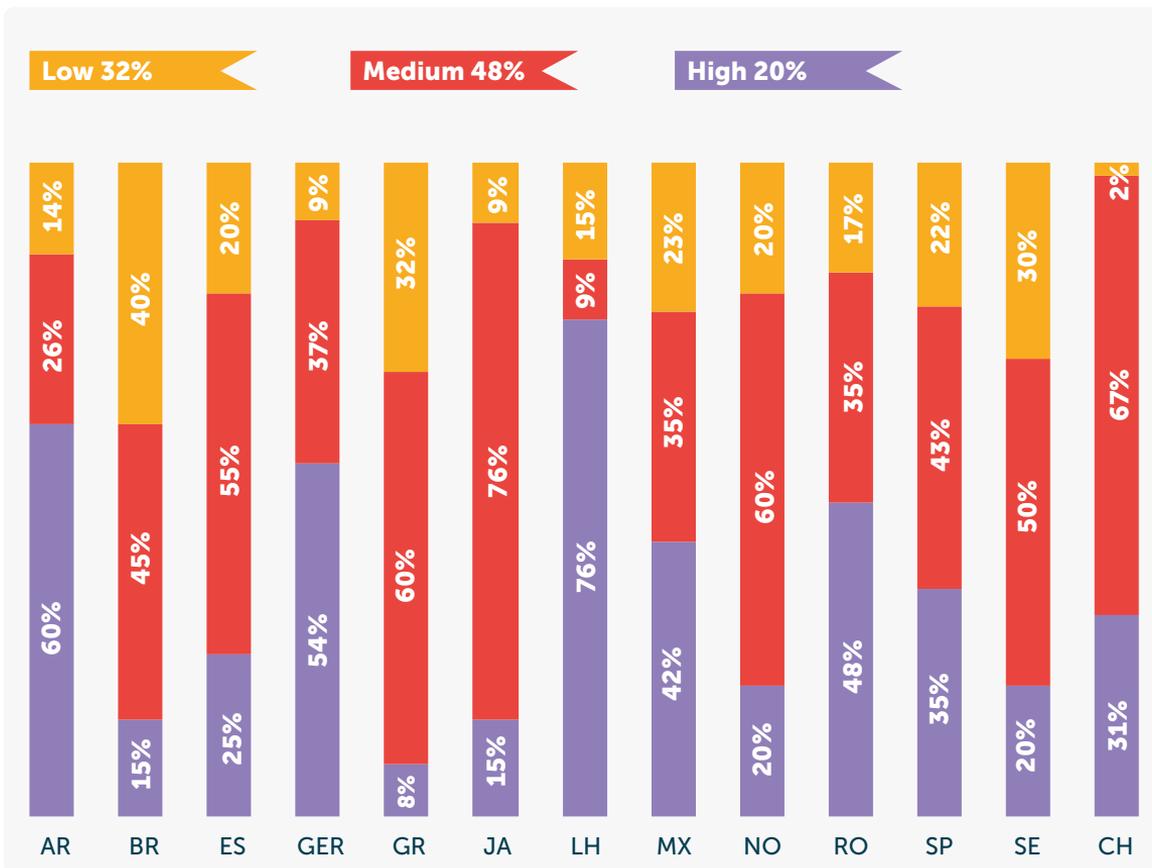


ENABLING
ADAPTATION

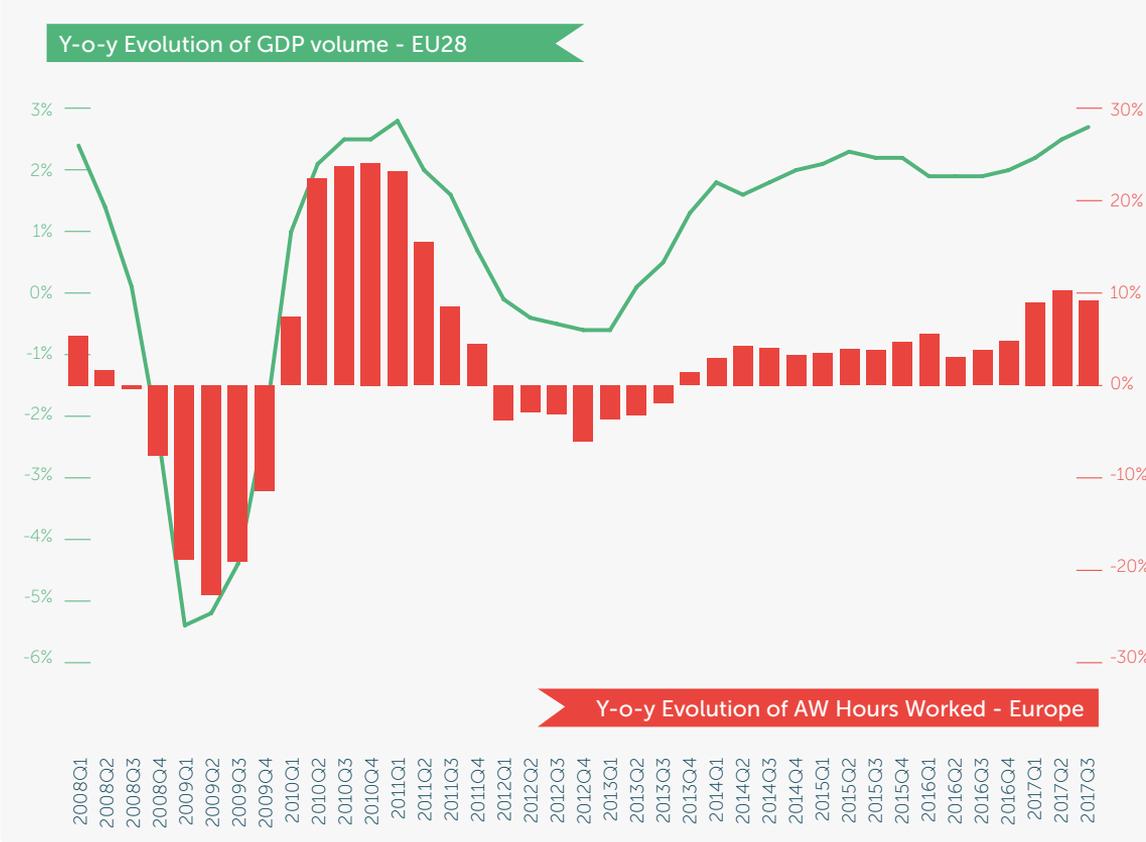
FACILITATE WORK TRANSITIONS AND SOCIAL MOBILITY

Two thirds of agency work is either medium or high skilled work. As can be seen on this graph, there are variations among the countries surveyed, however, the findings show overall, agency work plays an important role in helping low, medium and high-skilled workers in gaining valuable experience in the labour market.

Skills required by job executed



Quarterly evolution (year-over-year) of number of hours worked by agency workers in Europe versus quarterly evolution (year-over-year) of GDP volume EU28



ADAPT WORKFORCE TO PRODUCTION NEEDS

Agency work is a strong economic indicator

Analysis shows that agency work is a strong economic indicator of when the economy is recovering from a recession. This suggests that a sustained upturn in agency work signals the end of a recession as observed from the second half of 2009. Agency work is also a moderate coincident indicator of when the economy is in a high growth period. Agency work is poorly related to GDP during a recession and a weak (though still statistically significant), indicator during periods of stable economic growth. In 2016, the hours worked by agency workers in Europe grew by 4,4% compared to the previous year, while the GDP of the European Union (EU-28) was estimated to increase by 1,9% compared to the previous year, showing agency work is benefiting from GDP growth across the continent.



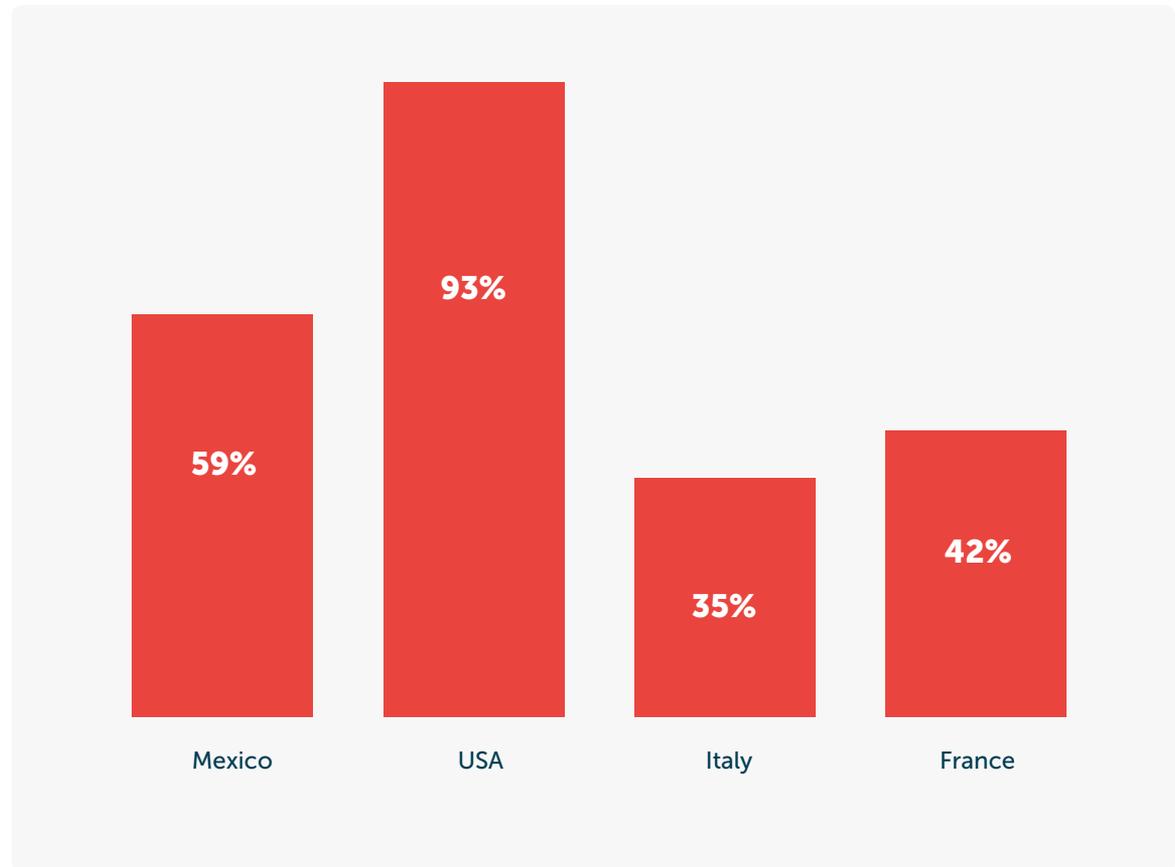
ENABLING
ADAPTATION

IMPROVE EMPLOYABILITY BY UPSKILLING

Training: an essential factor in career development for an adaptive workforce

Training has become a powerful motivator for accepting work assignments. It benefits employers and employees alike: employers develop the skills base and competences necessary for commercial success, while employees value the investment in their careers and see it as a 'value add' of temporary employment. 32% of all respondents received training. A higher proportion of temporary employees in the USA and Mexico benefited from local training programmes in 2016.

Share of trained agency workers



Source: National Federations of the World Employment Confederation. The survey takes into consideration only the members surveyed by the national federations of the World Employment Confederation.

The contribution of private and public partnerships within Active Labour Market Policies

UK

The United Kingdom launched the **"Work Programme"** in June 2011 aimed to get long-term unemployed people back to work.

Results:

So far, **2 million people** have participated in the Work Programme. The Programme supported **580.000 individuals** in accessing work for assignments ranging from 3 to 6 months.

People who found a job through the Programme **remain employed**: on average, those who spent between 3-6 months in work within a year, spent 49 weeks in work within the two proceeding years.

Source: JobPath Performance Data 2017

Ireland

Ireland followed the example of United Kingdom in 2015 launching the programme **"Jobpath"**, an approach to employment activation which caters mainly for people who are long-term unemployed (over 12 months) to assist them to secure a job.

Results:

17.584 long term unemployed have been engaged with the services

26% (19% full time, 4% part-time, 3% self-employed) of participants **found a job**

34% of participants moved to an **employment relationship** in Q3 2015, 22% in Q4 2015 and 8% in Q1 2016, all higher rates than for non-participants

Source: Work Programme National Statistics March 2017

Australia

Over the past several years, Australia has cut back on government involvement in the delivery of employment services by making more use of the private sector, including private employment agencies. In 2015, the Australian government launched its latest Active Labour Market Policies programme called **"Jobactive"**.

Private employment agencies are selected through public tender, whilst their payment is conditioned to a success fee: the higher the job's duration, the higher the fee (there are three tranches: 4, 12 and 26 weeks). Agencies must meet a certain success threshold to remain in the programme.

Results:

714.460 job seekers engaged, 134.600 of whom under 25 years old

380,000 job placements

48% of the participants were **employed** three months later (26% part-time, 22% full-time)

Sources: Employment Services Outcomes Report, 2016, Labour Market Information Portal, data September 2017 / OECD slides, OECD, How Australia does it, 2012

Italy

Although the Italian labour market has not traditionally implemented private and public partnerships, the Lombardia region represents a virtuous exception. Indeed, the ALMP **"Dote Lavoro"** promoted by the region represents a successful example of private and public partnership. The providers of the programme are both public and private operators (the latter need a license to operate). The Dote comprised a sum, calculated on the difficulty to employ the individual, that can be claimed by the operators after a successful employment outcome. "Dote Lavoro" has been the model used in implementing the EU "Youth Guarantee" programme.

Results of the first round (2015)

82.217 « doti » assigned

81% of those **found a job**

19.414 young people found a job through the programme

Source: Dote Lavoro

The Netherlands

The Netherlands have a long-standing history and cultural policy in private and public cooperation. **The Servicepunt Flex** (SPF), an equally financed joint private and public body, monitors, promotes and advises on private and public cooperation in the Netherlands. Due to the fact that employment services' competence is delegated to municipalities, there is no national scheme on private and public employment services. Nevertheless, partnerships are in place and their value is fully recognized. Private employment agencies have access to jobseekers through speed job-dating, whilst the 70% of public employment services' offers are composed of agency work.

Results:

35% of unemployment beneficiaries **find a job** through private employment agencies

74% remain in employment

Source: SPF presentation

FACILITATE WORK TRANSITIONS AND SOCIAL MOBILITY

Private and public partnerships play a key role within Active Labour Market Policies (ALMP). Many States have opened their labour market policies to the employment industry, implementing successful programmes to put people back to work.

Anglo-saxon countries are historically the first to implement private and public partnerships, although the debate around ALMP and private and public partnerships in general, has driven many countries to acknowledge the importance of private employment agencies in such schemes.



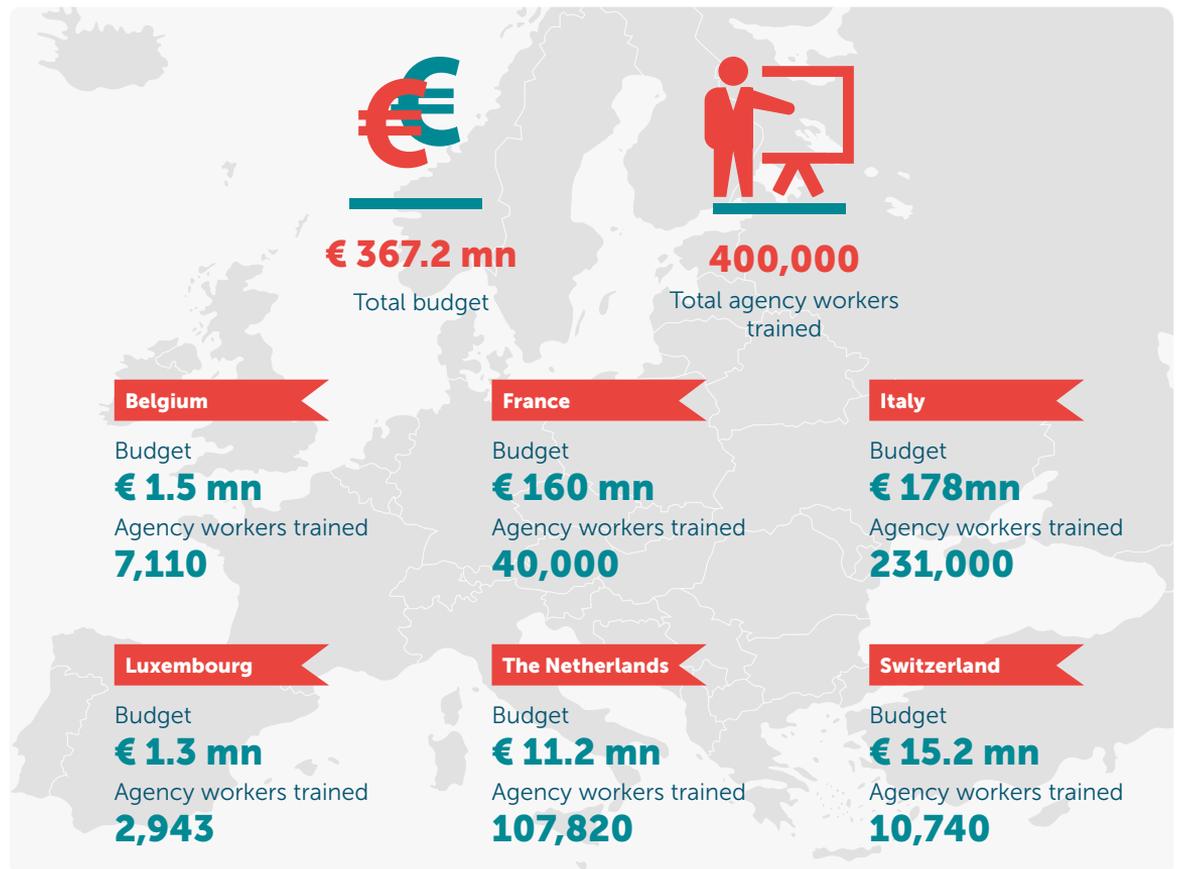
ENABLING
ADAPTATION

IMPROVE EMPLOYABILITY BY UPSKILLING

The world of work is changing. Employees are constantly being assessed on their knowledge and skills.

Surveys show there is a strong correlation between learning and sustained employment. Staff who undertake learning activities gain the ability to adapt to the changing requirements of an organisation and gain a competitive edge in the job market more easily. The employment industry established sectoral training initiatives, adapted to the needs of the companies and the realities of the sectoral labour market. In 2016, 400,000 agency workers were trained via bipartite funds in 6 European countries. The total funding invested in training amounted to € 367 mn.

Budget spent on training for agency workers via bipartite training funds



Source: National Federations of the World Employment Confederation

3- Enabling Security

The data gathered by the World Employment Confederation shows how private employment agencies secure access to talent by adding more jobs than most industries. In the US for instance, staffing agencies hired a total of 14.5 million temporary employees in 2016. Flexibility, speed, and access to talent are among the top benefits cited by organisations making use of agency work. 1 in 3 companies use private employment agencies to receive a better quality employee, investing 22% of their HR budget on staffing firms. But the services offered by the employment industry goes beyond flexibility and provides broader qualitative outcomes. For instance, evidence shows organisations that invest in an RPO provider are able to reduce hiring costs on a year-over-year basis and improve time-to-hire. From the perspective of workers who face more and more transitions in the labour market, the innovative solutions created by the employment industry are crucial for them to maintain social security and employability in the future of work.



In the US, **14.5 million temporary employees** were hired by **staffing agencies** in 2016.



Flexibility, speed, and access to talent are among the top benefits cited by organisations making use of **agency work.**



1 out of 3 companies use private employment agencies to deliver a quality hiring, investing **22% of their HR budget** on staffing firms.

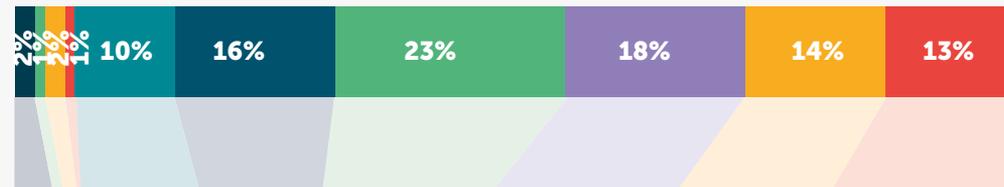


SECURE ACCESS TO TALENT

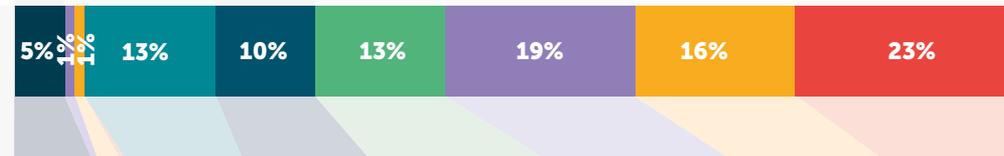
In these graphics, Staffing Industry Analysts asked large companies (with 1,000 or more employees) around the globe how likely they would be to recommend their current supplier for various workforce solutions as a means to gauge their satisfaction level. Respondents selected a value ranging from zero to ten, with zero indicating not likely to recommend and ten meaning very likely to recommend. Regarding primary staffing agency/supplier, the average score was 7.2. Responses generally fell within the range from 5 to 10, with only 6% of respondents rating a score below 5. Regarding MSP, the average score was 7.4. More than one third of respondents (39%) rated either a 9 or 10. Regarding RPO providers, the average score was 6.2. While 11% of respondents gave a zero, the vast majority (85%) gave a score in the range of 5 to 10.

Satisfaction rates predominantly positive

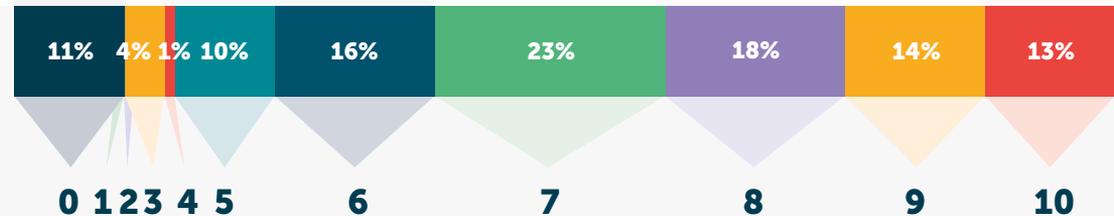
How likely are you to recommend your organisation's primary staffing agency/supplier? (10 = very likely)



How likely are you to recommend your organisation's primary MSP? (10 = very likely)



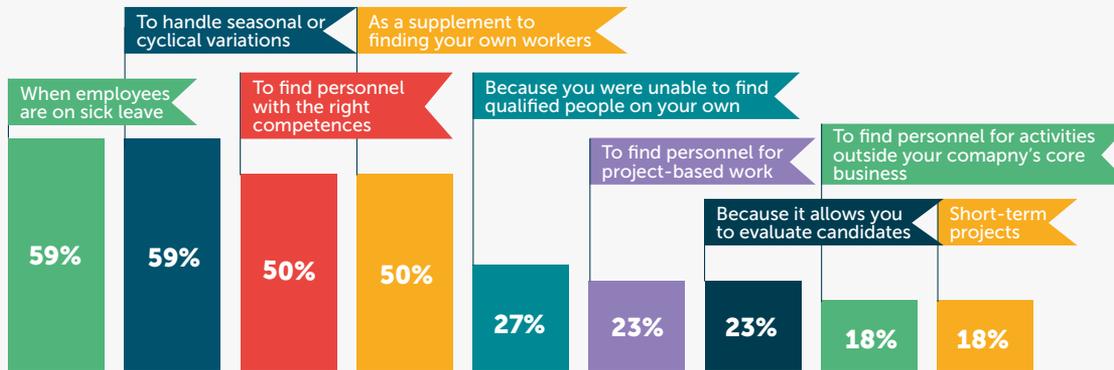
How likely are you to recommend your organisation's primary recruitment process outsourcing (RPO) provider? (10 = very likely)



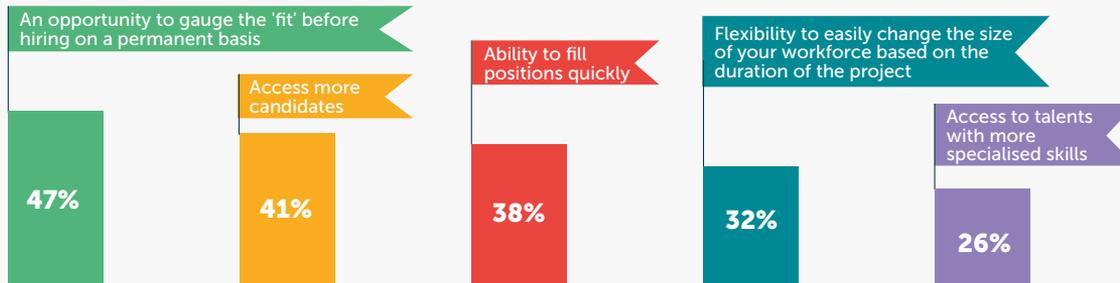
Source: Staffing Industry Analysts (2017), 2017 Workforce Solutions Buyers Survey Satisfaction with suppliers; comments on value of VMS and MSP.

Reasons for hiring agency workers

Why use a recruitment agency? (Norway)



How companies benefit from working with staffing firms (USA)



Source: EPSI Rating (2017), the use of staffing services in Norway. NHO Service
 Source: American Staffing Association, CareerBuilder, Inavero (2014) Opportunities in Staffing.

SECURE ACCESS TO TALENT

There are many advantages to hiring agency workers. They offer the opportunity to quickly hire someone with specialist skills, or to bolster a department in the short term. They can also bring new skill sets, which may prove beneficial to businesses. And given market volatility, short-term contractors provide the ideal opportunity to assess market shifts and future needs and opportunities. The survey below was conducted by the NHO, the Norwegian member of the World Employment Confederation, and shows the main reasons why companies turn to agency work in that country.



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SECURITY

SECURE ACCESS TO TALENTS

Companies partnering with an RPO provider improve their talent management strategies

Companies that internalise the recruitment process lose the subject-matter expertise of an RPO partner. According to research conducted by the Aberdeen group, the organisations surveyed are 10,7% more likely than those that engage an RPO partner (25% vs. 22.6%) to lack an understanding of what exactly is causing their skills gaps. They are also 59% more likely than companies using an RPO partner (33.3% vs 17.7%) with the inability to establish a talent pipeline for their open positions.

The advantages of using RPO



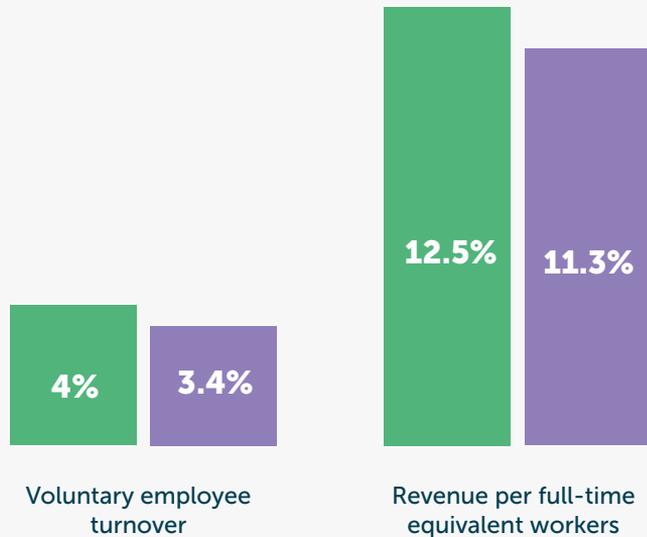
Source: Aberdeen Group (2017), Recruitment Process Outsourcing: a lifeline in the war for top talent.

Outplacement has an impact on business identity and growth

Year-over-year improvement

Companies with
outplacement
solutions in place

Other



Only **25%** of
companies have
an offboarding
process.

Best-in-class companies are 2.5 times more likely to use outplacement (55% vs 22%)

INCREASE BUSINESS COMPETITIVENESS

While there are a variety of methods available in keeping the workforce satisfied, an often overlooked strategy is properly communicating the business case for a layoff and helping impacted employees find new jobs faster. This concept is called outplacement.

Research conducted by the Aberdeen Group explores the importance of both outplacement and proper communication during offboarding, and how they can have an impact on business identity and growth.

Findings show companies with outplacement solutions improved their voluntary employee turnover by 18% year-over-year compared to all others and their revenue per full-time equivalent workers by 11%.



ENABLING
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INCREASE BUSINESS COMPETITIVENESS

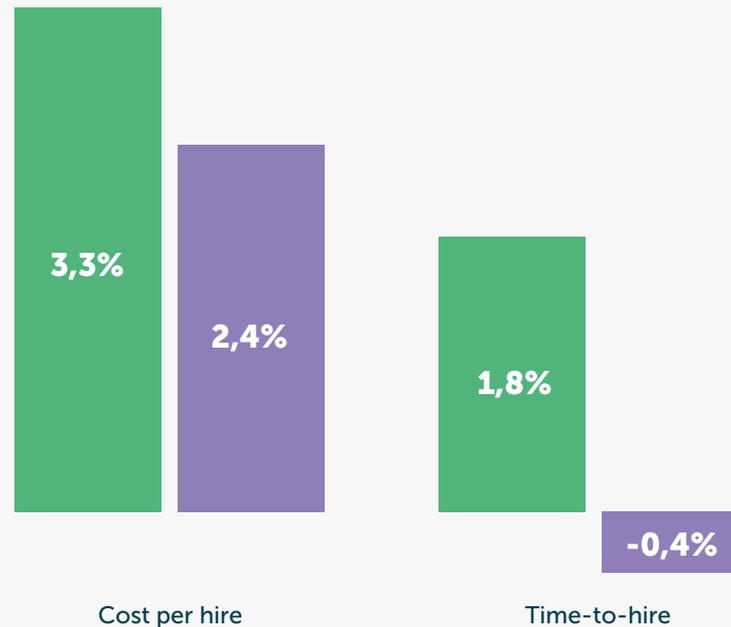
RPO: driving down the cost per hire and improving talent acquisition

RPO can help HR with various business and employee-centric key performance indicators, from time-to-hire to employee engagement. Organisations that invest in an RPO provider are able to reduce hiring costs on a year-over-year basis by 38%, compared with organisations that don't outsource recruiting (3,3% vs. 2,4%) and they are able to improve time-to-hire as well.

RPO usage has a big impact on HR KPIs

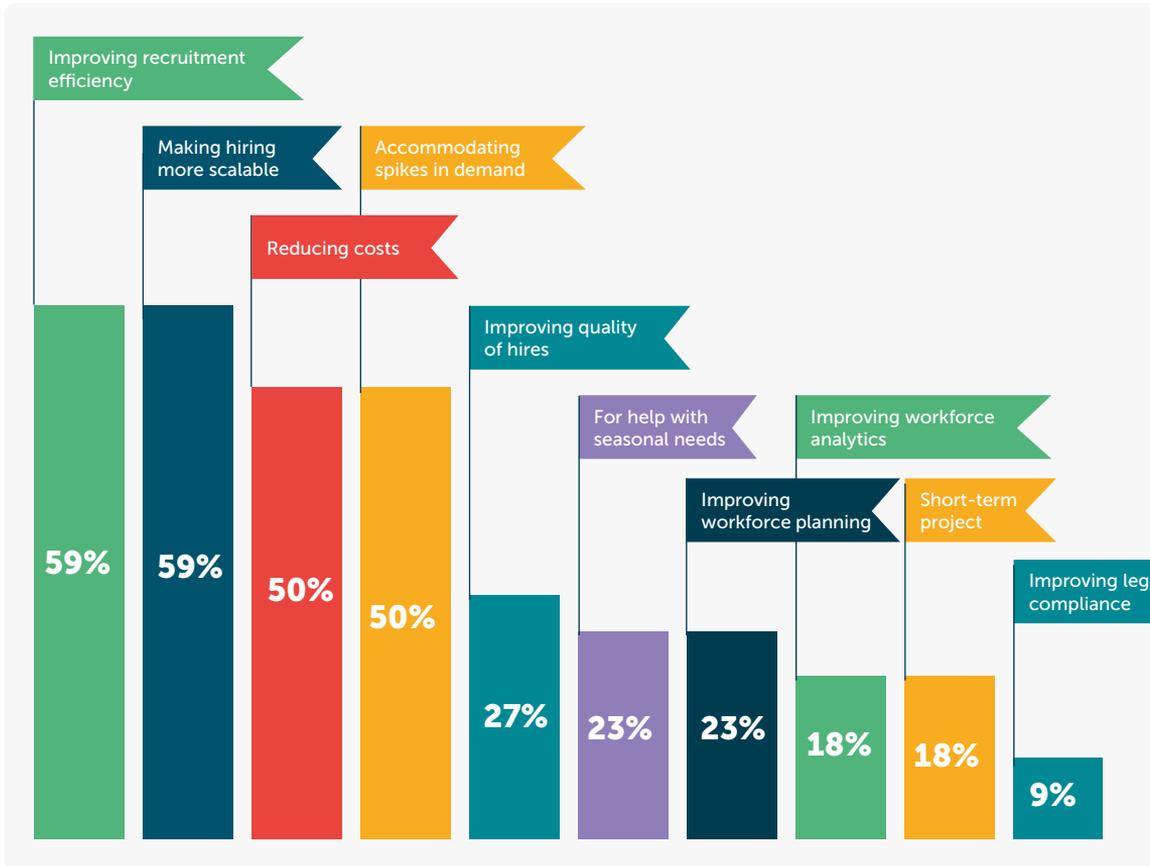
Year-over-year improvement

Companies with RPO
Other



Source: Aberdeen Group (2016), *Optimizing Recruitment Process Outsourcing*, Aberdeen Group.

Primary reasons for implementing RPO



Source: Staffing Industry Analyst (2017), 2017 Workforce Solutions Buyers Survey Recruitment process outsourcing (RPO); best source of hires.

INCREASE BUSINESS COMPETITIVENESS

Staffing Industry Analysts asked companies about their main reason(s) for implementing their primary RPO. Respondents were presented with the 10 options represented in this graph and could choose as many options as they wished. The most selected reasons were improving recruitment efficiency (59%), making hiring more scalable (59%), reducing costs (50%) and accommodating spikes in demand (50%).



ENABLING
SECURITY

DELIVER PORTABLE RIGHTS

Social Innovation: How social partners in the employment industry create portable social protection, learnability and employability

Workers face more transitions in the labour market that challenge the adequacy of traditional systems of social security and skill training. Social partners in the employment industry together, developed a variety of innovative solutions to create security. These bi-partite initiatives involve unemployment benefits and pensions, health insurance, access to mortgages, maternity leave, training, etc. This snapshot provides an overview of the portable rights solutions implemented by the employment industry in 7 European countries in order to maintain social security and employability in the future of work.

	Social benefits	Training
AT	<ul style="list-style-type: none"> ▶ Unemployment benefits 	<ul style="list-style-type: none"> ▶ General or specialised training 
BE	<ul style="list-style-type: none"> ▶ Support in applying for a loan ▶ End-of-year bonus 	<ul style="list-style-type: none"> ▶ Sectoral or specialised training 
FR	<ul style="list-style-type: none"> ▶ Unemployment benefits ▶ Loans and housing advice ▶ Income integration 	<ul style="list-style-type: none"> ▶ Training Vouchers ▶ Working-training contracts 
IT	<ul style="list-style-type: none"> ▶ Financial incentives for students ▶ Support in applying for a loan ▶ Unemployment benefits  	<ul style="list-style-type: none"> ▶ Training courses provided by the fund: on-the-job training and general training 
LU		<ul style="list-style-type: none"> ▶ Training vouchers ▶ Allowance for loss of income 
NL		<ul style="list-style-type: none"> ▶ Training vouchers 
CH		<ul style="list-style-type: none"> ▶ Training vouchers ▶ Allowance for loss of income 

Healthcare Schemes (supplementary)	Inclusion & coaching	Pension (third pillar)
<ul style="list-style-type: none"> ▶ Supplementary allowance in the event of sickness or accidents at work 		
<ul style="list-style-type: none"> ▶ Supplementary healthcare ▶ Maternity benefits ▶ Accidents at work allowances   	<ul style="list-style-type: none"> ▶ Career guidance and training 	<ul style="list-style-type: none"> ▶ Supplementary pension 
<ul style="list-style-type: none"> ▶ Supplementary maternity and illness benefits ▶ Accidents at work allowances 		
		<ul style="list-style-type: none"> ▶ Supplementary pension 
<ul style="list-style-type: none"> ▶ Supplementary health insurance ▶ Maternity benefits ▶ Accidents at work allowances 		

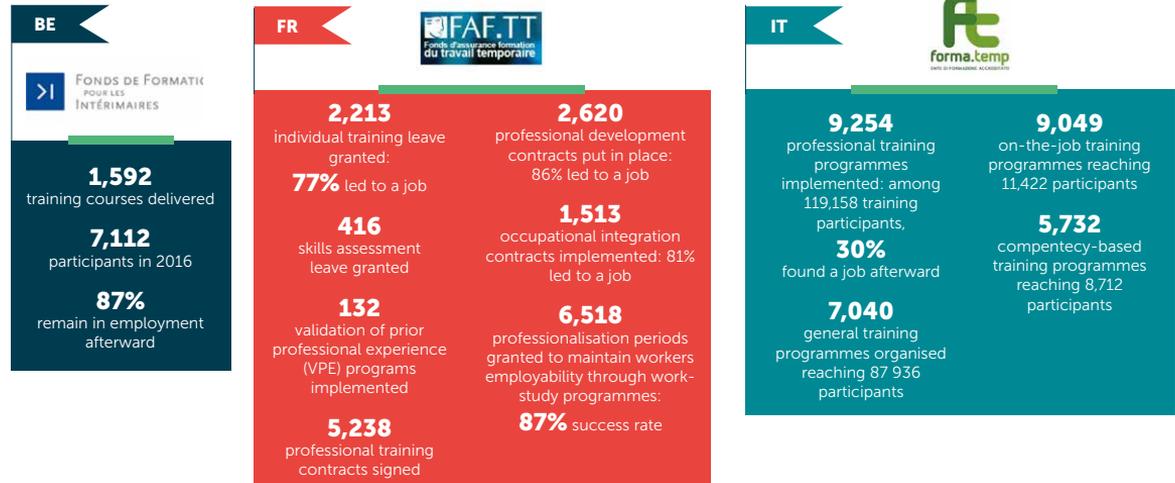


ENABLING
SECURITY

DELIVER PORTABLE RIGHTS

These examples provide empirical evidence of the use of social dialogue in the agency-work sector in several European countries. These outcomes show how in the agency sector a myriad of rights are created in the field of skills development, pension, healthcare, disability, housing, childcare, and other forms of social benefits. The diversity of these instruments is vast and the portability of social security benefits is mainly confined in those countries where a sectoral social dialogue is in place and dedicated agency-work collective agreements exist.

Training benefits



Social benefits and supplementary healthcare



4- Enabling Prosperity

Private employment agencies create decent jobs for all and more opportunities to participate to the jobs market. Evidence provided by the members of the World Employment Confederation shows agency work acts as a stepping stone from unemployment to work in the long term: 12 months after starting an assignment via agency work, the share of unemployed persons dropped by 15% in Norway and by 23% in Mexico. Agency work is a particularly important means of labour market insertion for resettled refugees in Germany, where 20% of refugees who found a job did so via a private employment agency. Finally, private employment agencies ensure prosperity by playing an expanding role for economies. In the US for instance, agency work and direct recruitment sales revenue increased 1.8% to \$150 billion in 2016.



12 months after starting an assignment via agency work, the share of unemployed persons dropped by **15%** in Norway and by **23%** in Mexico.



In Germany, **20% of refugees** found a job via a private **employment agency**



In the US, agency work and direct recruitment sales revenue **increased 1.8% to \$150 billion in 2016**

REDUCE UNEMPLOYMENT

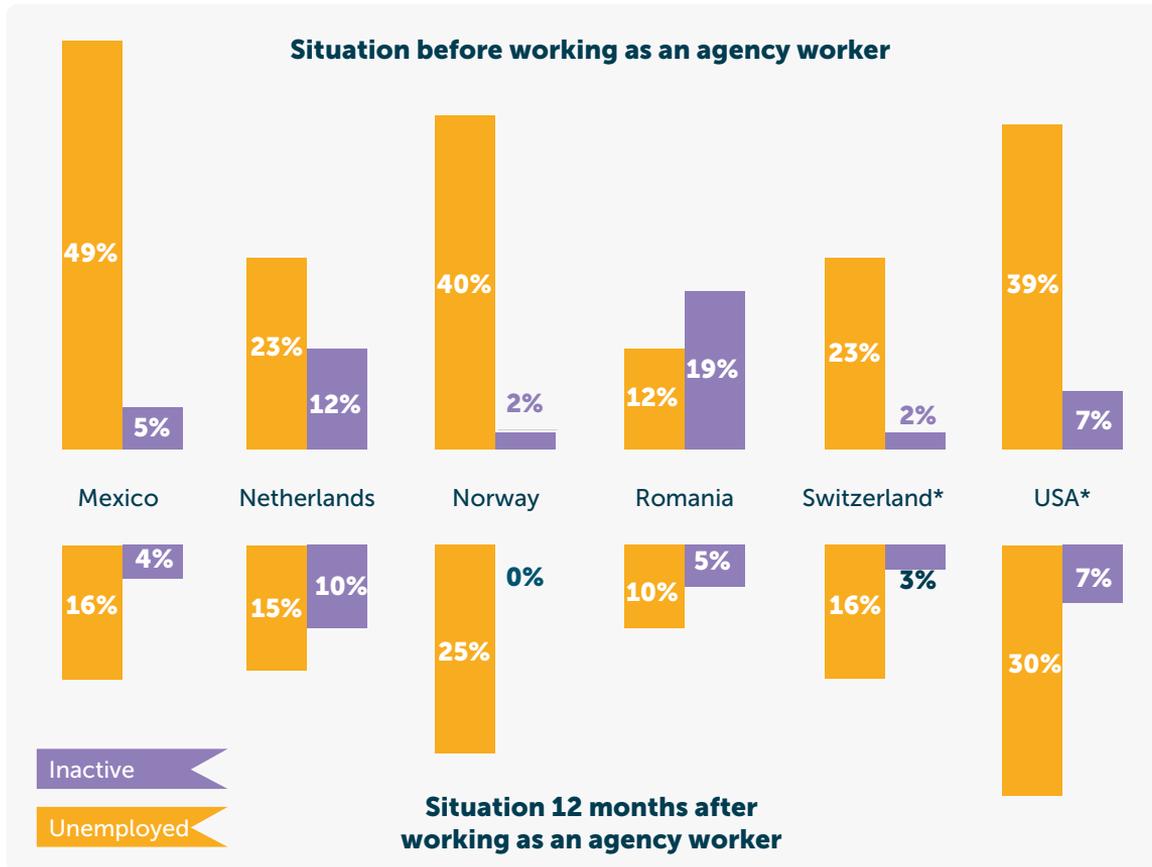
Shaping inclusive workplaces through training

The employment industry has put in place a concrete set of actionable training measures to improve the employability of workers, help the long-term unemployed return to work and include the most vulnerable workers in the jobs market. Bipartite training funds in Belgium, France, Italy and the Netherlands offer training that can help the unemployed gain the skills they need to get back to work.

These bipartite funds allocate funding to reintegrate unemployed vulnerable groups into the jobs market



Agency work: the stepping stone to employment



REDUCE UNEMPLOYMENT

Agency work helps unemployed individuals maintain their presence in the labour force in the long term, whether inside or outside the employment industry. This graph shows that 12 months after starting an assignment via agency work, the share of unemployed persons dropped by 7% in Switzerland, 9% in the US, 8% in the Netherlands, 15% in Norway and 23% in Mexico. Further research* in Poland demonstrates there is a strong negative correlation between unemployment and the rise of private employment agencies and 27% of job seekers in Germany declare turning to private employment agencies to reintegrate the labour market after a period of unemployment**.

* Grześ A. (2014), Temporary work agencies and unemployment in Poland. Optimum. Studia ekonomiczne, 5:71, 139-158

** DEKRA Arbeit Group (2017), survey on temporary agency workers



INCREASE INCLUSIVENESS AND DIVERSITY

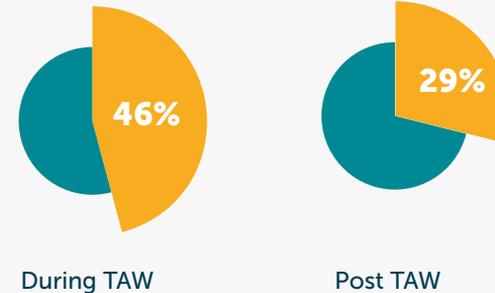
Temporary agency employment can be a springboard into the jobs market for the most vulnerable groups like migrants and refugees who face challenges to labour market access. According to research from the International Organisation for Migrations and the ILO*, the role of private employment services as a bridge between the needs of companies and workers' expectations is even more effective for migrant workers as the agency may facilitate the coordination of paperwork and overcome language barriers.

Also, agency work represents a valuable stepping stone to permanent jobs, as agency workers gain working experience and expand their working network. In Denmark a research project tested the effectiveness of workers taking an agency work job during a phase of unemployment. The stepping stone effect is proved to be even larger for Non-Western migrants, as their probability to obtain a permanent job during agency work assignments is 46% higher in comparison with their native equivalent. This positive trend is slightly reduced after the agency work job ends (29% higher than the native equivalent) as shown in this graph.

Finally, according to information provided by the BAP, the German member of the World Employment Confederation, 20% of the refugees who found a job in Germany did so through a private employment agency.

The integration of the most excluded workers: migrants

Higher probability of obtaining a permanent job for Non-Western immigrants (Denmark)



Source: ILO (2017), *Non-standard employment around the world*, ILO



20%

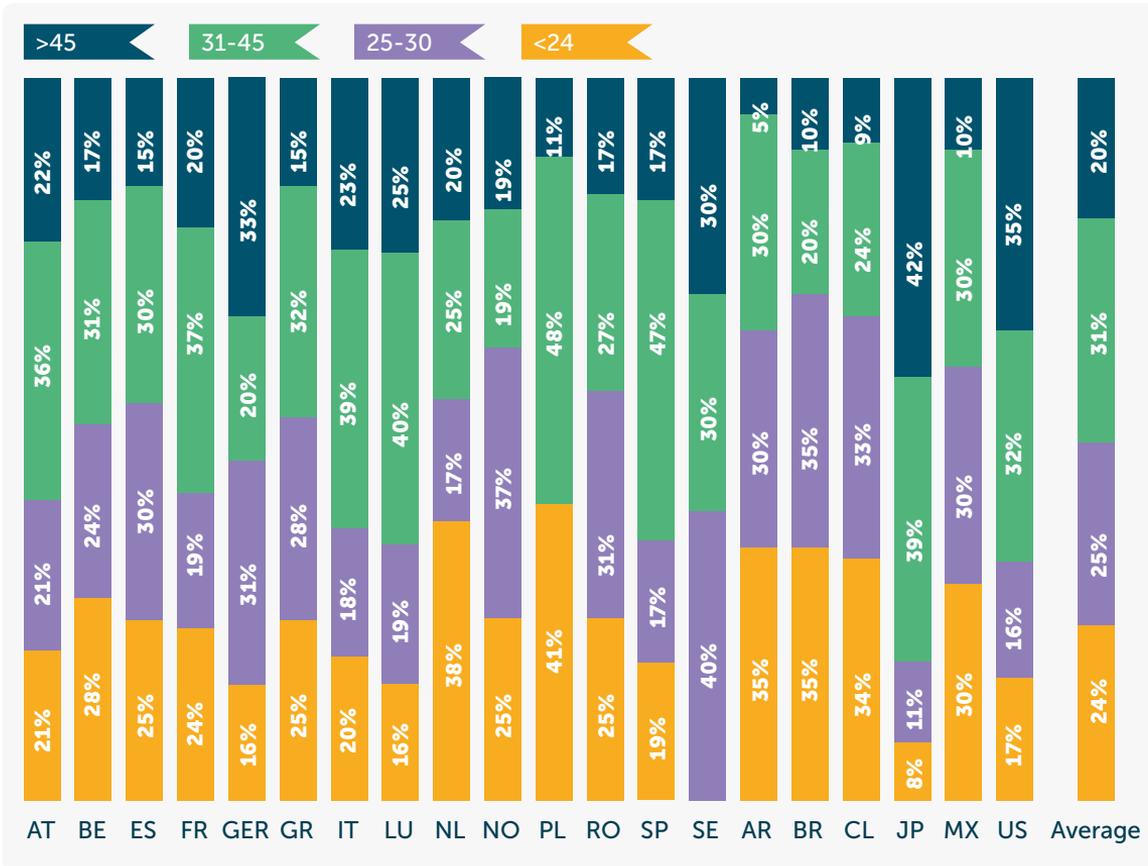
of refugees who found a job in Germany did so **through a private employment agency**

Source: Jahn and Rosholm (2014), *Looking beyond the bridge: The effect of temporary agency employment on labor market outcomes*, *European Economic Review*, 65:C, pages 108-125

Global average gender split



Agency Work age distrub



INCREASE INCLUSIVENESS AND DIVERSITY

Experienced people are significantly represented in agency work

Among agency workers undertaking assignments on a temporary basis via private employment agencies, evidence shows agency work is not only the province of young people seeking to gain experience or trying out a potential workplace. 80% of agency workers in Japan are over 30 year of age, with the rate in the US exceeding 60%, in Spain (64%) and Italy (63%), reflecting the constant need for skills in all areas of corporate activity. Further data shows woman made up 42% of the total interim workforce and Men comprised of 58%. The highest representation of men working in any industry was construction and manufacturing, both sectors impacting the global average.





Global average: 17%

INCREASE WORK INCOME

Students in work and their contribution to labour markets

This graph evaluates the size and composition of the student labour force. A common trait of student work is its very high degree of flexibility compared to that of non-students, allowing them to combine work and study. The share of working students differs greatly between countries, with students in Belgium, Finland and Spain contributing to higher rates of student employment.

Share of Students within Agency Workers



Source: Members of the World Employment Confederation

Annexes

GLOSSARY OF USED TERMS 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 as Dispatched Labour in Asia, Labor Hire in Africa or Temporary Staffing in the USA.

Career management

Main service segments are individual outplacement services, executive outplacement services, group outplacement services and other employment transition services. In these segments, outplacement services companies provide a range of employment and career services. These include resume writing, interview skills, job search strategies, coaching and career guidance. Employers generally pay all of the costs associated with these services.

Daily average number of agency workers (FTE)

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 executive search & selection.

Managed Services Provider (MSP)

MSP is a service whereby a company takes on primary responsibility for managing an organization's contingent workforce program. Typical responsibilities of an MSP include overall program 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 on the client's site. An MSP may or may not be independent of a staffing supplier.

Penetration rate

Daily average number of agency workers [in full-time equivalents] 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 & MSP. The broad range of these services are called 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 & accounting, communications & 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, provide the necessary skills, activities, tools, technologies, and process methodologies.

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