



Market Report

A Snapshot of your Market Sector

Recruitment

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Recruitment** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **April 2023**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Recruitment market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The market has witnessed **two extraordinary years of growth in 2021 and 2022** with market value reaching **£141.2 billion**. This growth represents a cumulative £20.1 billion increase on 2019. The gross value of the **permanent recruitment** market is estimated to have **grown by £600 million** in 2022 whilst the **temporary segment fell by 2%** from £53.7 billion in 2021 to £52.9 billion in 2022. (Mintel, *Recruitment*, 2023).
- ◆ Online recruitment sites industry revenue is expected to **increase** at a compound annual rate of **9.8% to reach £1.2 billion**, over the five years through 2026-27. **Job listings are estimated to account for 60%** of industry revenue in 2021-22. (IBISWorld, *Online Recruitment Sites in the UK*, February 2022).
- ◆ Brexit has had a lasting impact on the number of EU citizens able to work in the EU, which has fed into a labour shortage. Companies have relied on employment placement agencies to give them an edge when aiming to fill positions. The COVID-19 pandemic hit revenue hard in 2020-21, as unfavourable economic conditions discouraged hiring activity. Companies didn't want to expand or invest in new projects, and UK **job vacancies reached a historic low (340,000)** over the three months through June 2020, according to the ONS. Revenue rebounded quickly in a hiring frenzy as the economy opened up through 2021-22. The number of **job vacancies during the three months through May 2022 rose to 1.3 million**. Revenue is forecast to **grow by 3.7%** in 2022-23. (IBISWorld, *Employment Placement Agencies in the UK*, February 2023).
- ◆ According to data from the ONS, the number of people employed on a zero-hours contract, which is indicative of the number of **gig workers**, **grew from 844,000 over the three months through December 2018 to just over 1 million over the three months through December 2021**. Growth in the gig economy over the next five years is expected to be the primary driver of growth in the industry over the next five years and is expected to support profit growth for industry operators, with the average **industry margin estimated to reach 7.8% in 2026-27**. (IBISWorld, *Temporary-Employment Placement Agencies in the UK*, March 2022).
- ◆ The national organisations for this industry are [The Recruitment and Employment Confederation](#), [Association for Recruitment Consultancies](#) and the [Chartered Institute of Professional Development \(CIPD\)](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Recruitment (2023).** The cost of living crisis promotes a new upskilling trend in the 'great unretirement'. Catering for this influx of over-50s back into the workforce, in what has been dubbed by the industry as the 'great unretirement,' is providing opportunities for increased penetration of recruitment companies into the upskilling and re-development market – in which they already have solid foundations.
IBISWorld – Online Recruitment Sites in the UK (February 2022). The loss of passporting rights and an increasing regulatory burden for financial firms is expected to continue to weigh on demand from the financial services sector, while retail vacancies are also expected to remain subdued. Nonetheless, opportunities for growth remain. The health and social care sector is anticipated to remain key in the short term, while the addition of upskilling features and courses is expected to remain critical to success.
- ◆ **IBISWorld – Executive Search Recruiters in the UK (March 2023).** According to the ONS, openings for managers and executives have been falling since the start of 2022 and latest ONS data for the three months through December 2022 showed zero growth in permanent executive and professional vacancies. The Chartered Institute of Personnel and Development found employers expect the median basic pay rise to be 5% as of February 2023, only 2% for public sector roles, well below inflation. With recruitment fees partly a percentage of a successful candidate's salary, a fall in the real value of salaries will constrain revenue growth moving forwards.

There are also a number of online resources you may find helpful:

- ◆ **REC** has launched a new Jobs Recovery Tracker for members, which aims to help recruiters, businesses and policymakers see how the jobs market is evolving as the economy recovers from the impact of the COVID-19 pandemic. (tinyurl.com/2k6bw3ca)
- ◆ **Royal Bank of Scotland Report on Jobs – March 2022.** (tinyurl.com/5bcs5x9d) is compiled from responses to questionnaires sent to a panel of around 100 Scottish recruitment and employment consultancies
- ◆ **Scottish Government, Labour Market Trends, March 2023.** (tinyurl.com/46e3typn).
- ◆ **CIPD, Labour Market Outlook: Winter 2022/23** is one of the most authoritative employment indicators in the UK and provides forward-looking labour market data and analysis on employers' recruitment, redundancy and pay intentions. (tinyurl.com/bdcuv3yt).

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#), [Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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