



Market Report

A Snapshot of your Market Sector

Recruitment

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 March 2019. 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 value of the UK recruitment market grew by an estimated **5.8% in 2018 to £40.4 billion** – a record high. Despite the air of uncertainty, hiring sentiment remains strong, underpinned by a four-decade low unemployment rate and ongoing GDP growth (Intel, *Recruitment*, September 2018).
- ◆ Over the five years through 2018-19, industry revenue is expected to grow at a **compound annual rate of 1.7 % to £40.5 billion**. Demand for temporary workers was particularly strong at the beginning of the period as the economy recovered from the economic crisis and businesses needed new staff in the period of regrowth (IBISWorld, *Temporary-Employment Placement Agencies in the UK*, November 2018).
- ◆ Graduate recruitment is expected to become more central over the coming period, which will encourage demand for the industry's services. This area can be highly lucrative for industry operators, due to the number of stages often involved in the graduate recruitment process, such as interview coaching, which helps operators to generate higher revenue (IBISWorld, *Employment Agencies in the UK*, January 2019).
- ◆ New figures have revealed that the total number of newly registered recruitment agencies in the UK was higher in April than at any time over the last six years. Figures obtained from Companies House found that **a total of 1,199 agencies were registered** as newly trading agencies between 1st – 30th April, compared to 981 in March. This puts the start-up rate for recruitment agencies higher last month than at any time since 2012. Since the start of 2018, over 3,900 (3,957) have been registered (Recruitment International, *Recruitment industry edges closer to 40,000-agency mark*, May 2018) (tinyurl.com/yyyyj2wag).
- ◆ £30.85 billion (86 per cent industry turnover) was achieved through temporary/contract placement activity while approximately £4.84 billion (14 per cent) was generated through permanent placements activity. As a whole, the recruitment industry, including associated HR services, made 1,142,000 permanent placements in 2017/18. This was an increase of 14 per cent on the previous year (The *Recruitment and Employment Confederation, Key stats from this year's Recruitment Industry Trends report 2017/18*) (tinyurl.com/y9w2pf).
- ◆ The national organisations for this industry are [The Recruitment and Employment Confederation](#), [Association for Recruitment Consultancies](#) and the [Chartered Institute of Professional Development \(CIPD\)](#).

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 – *Employment Agencies in the UK (January 2019)***. Business confidence is also forecast to remain muted. Online job-search websites will remain a relatively minor threat to the industry, as the personalised nature of the industry's services ensures that it will remain relevant. Industry revenue is expected to expand at a compound rate of 0.1% over the next five years to £12.4 billion in 2023-24.
- ◆ **Marketline – *United Kingdom, Employment Services (May 2018)***. High internet adoption may provide further opportunity for new entrants, as it makes setting up an online operation much more accessible, connecting employers with candidates remotely, extending the marketplace for players. According to a Job Seeker Trends survey in 2017 conducted by Boston Consulting Group, 46% of job seekers believe that the Internet is the most effective and important tool for job searching. In the UK, 54% of respondents indicated Internet as the most effective channel for finding employment.
- ◆ **IBISWorld - *Executive Search Recruiters in the UK (May 2018)***. Over the past five years, there has been a continued increase in access to the internet and the platforms that may be provided online, in addition to increased ease of use. The rise of firms' access to the internet and related platforms has increased the information and networking tools available to UK businesses. This has encouraged disintermediation, which is the process whereby intermediaries in the supply chain are reduced or removed. This has resulted in recruitment firms being increasingly bypassed by in-house recruitment. Although many firms have had their own in-house recruitment teams for years, the level at which they operate is changing. The increase in in-house recruitment has been aided by the rise of social media and networking platforms. Disintermediation of the recruitment process has also manifested an increase in the use of research firms that are providing information directly to HR in some major companies.

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

- ◆ **OnRec, *The UK recruitment industry grew by 11% to £35.7 billion in 2017/18 despite ongoing Brexit uncertainty, December 2018*** (tinyurl.com/yc4c5qn9). Recruiters and associated HR services placed over 1.1 million people into permanent jobs in 2017/18, and were responsible for placing more than 1 million agency workers on any given day, according to new data published today by the Recruitment & Employment Confederation (REC).
- ◆ **CIPD, *Labour Market Outlook, Winter 2017-18*** (tinyurl.com/y4whdzuv). Employment intentions remain strong in manufacturing (+20) and services (+20), which is broadly consistent with the most recent GDP figures. According to the preliminary estimate of GDP for the fourth quarter of 2017, manufacturing grew by 1.3% in the fourth quarter of 2017 and services grew by 0.6%

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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 [Retaining and Grow Your Customer Base](#) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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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Updated by: Rebecca Trail

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