



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 2024**. 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 recruitment market is estimated to **grow** by a cumulative **6% between 2023 and 2027**. This will represent an increase of £3.9 billion from an estimated total of £69.4 billion in 2023 to **£73.3 billion in 2027** (Mintel, *Recruitment*, March 2023).
- ◆ Over the five years through 2023-24, Online Recruitment Site industry revenue is forecast to **increase at a compound annual rate of 7.3%**. Online recruitment sites have become increasingly popular and a mainstream way to find a job and sites have prioritised expanding ancillary services to attract more clients and ensure successful placement (IBISWorld, *Online Recruitment Sites in the UK*, September 2023).
- ◆ Agency revenue is expected to climb over the five years through 2028-29 at a **compound rate of 5.7% to £24.9 billion**. Online job search websites will likely remain a threat to recruiters, but the personalised nature of placement services ensures they will remain relevant. Roles in **sustainability and tech** will continue to grow with the pressing issues of climate change and cyber security threats. (IBISWorld, *Employment Placement Agencies in the UK*, September 2023).
- ◆ Increased merger and acquisition, and private equity activity, spurred by low interest rates and large amounts of capital to deploy, sparked a wave of corporate restructurings – including at a leadership level. Executive search recruiters have undergone M&A activity themselves to diversify their offerings. Executive search activity has calmed since the pandemic period, with **revenue expected to increase by 5%, and profit reaching 7.1%**. (IBISWorld, *Executive Search Recruiters in the UK*, February 2024).
- ◆ 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** (March 2023). More businesses are looking for sustainable recruitment as a means of consolidating their hold of new Gen Z workers who will enter the UK workforce in greater number over the next few years. There is an increasing trend across the employment spectrum for 'purpose-led' recruitment – wherein more and more workers are looking for a 'larger purpose' to their work. Gen Zs are the leading demographic group who are being swayed by purpose-led factors.
- ◆ **IBISWorld - Executive Search Recruiters in the UK** (February 2024) AI can streamline all stages of the hiring processes from preparing initial job descriptions to sifting applicants, and effectively sort in a much faster, more efficient, and less biased way than when humans perform these tasks. The expertise and quality recruitment agencies provide at the senior executive level will still be invaluable to many companies for high-level appointments, but AI will become an increasingly prominent in recruitment strategies.
- ◆ **IBISWorld - Employment Placement Agencies in the UK** (September 2023) The traditional checklist of requirements through phone or in-person interviews is increasingly being replaced by skill assessments, practical tests, coding challenges and simulations. A more skills-first approach to qualifications is an attempt to address the ongoing skills gap. ManpowerGroup suggests that 80% of businesses are struggling to fill roles as of July 2023 because of a lack of skilled talent.

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

- ◆ [CIPD Labour Market Outlook - Winter 2023-2024](#). The CIPD's Labour Market Outlook is a forward-looking indicator of the UK labour market. It is a quarterly survey of 2,000 employers, providing analysis on employers' recruitment, redundancy and pay intentions combined with unique insights on labour market topics.
- ◆ [Royal Bank of Scotland Report on Jobs – November 2023](#). The latest Royal Bank of Scotland Report on Jobs survey pointed to a renewed rise in hiring activity across Scotland in November. While permanent staff availability fell due to increased hesitancy among workers to move roles given the uncertain economic climate, temp candidate availability expanded for the second month running, in part fuelled by redundancies.
- ◆ Scottish Government - [Labour Market Trends: August 2023](#). the latest Labour Force Survey (LFS) estimates for April to June 2023 indicate that over the quarter the unemployment rate increased, while the employment rate decreased and the inactivity rate increased.
- ◆ University of Strathclyde - [Fraser of Allander Institute – Labour market – weekly update](#)

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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 websites, 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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