

Learn about trends affecting the Staffing Agency industry and find more information on opening your own Staffing Agency business. Don't forget you can receive free or low-cost training and free professional business advice, from [your local Small Business Development Center](#)!

Get a [free Staffing Agency business plan template on our Business Plans page](#).

Staffing Agency Industry COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures have affected many businesses. Here is a look at the impact to the staffing agency industry. The COVID-19 pandemic has had a major effect on employment in the U.S. The unemployment rate was at its lowest (3.8%) in February before a dramatic spike in the number of unemployed workers, which was estimated at 16% in May according to a report by the [Pew Research Center](#). As demand for work varies by industry sector, staffing agencies may need to adapt to changing market conditions. Moreover, as the economy reopens, businesses that halted hiring new employees may bring in new employees. The [recruitment and hiring process during COVID-19](#) has adapted to limit face-to-face contact, and staffing

agencies may consider implementing best practices in light of emerging health and safety concerns.

Here are additional COVID-19 business resources specific to this industry:

- [Staffing Industry Analysts: Coronavirus \(COVID-19\) Resource Center](#)
- [National Association of Professional Employer Organizations: COVID-19 Resource Center](#)
- [Covid-19 Information & Resources for Staffing Companies](#)
- [Coronavirus Staffing Industry Resources](#)
- [Society for Human Resource Management: COVID-19 Resources](#)
- [SBDCNet COVID-19 Small Business Resources](#)

Staffing Agency Industry Overview & Trends

NAICS Code: 561311; SIC Code: 7361

This staffing services industry summary is from [First Research](#) which also sells a full version

of this report.

- “Companies in this industry provide temporary staffing, outsourced HR management, and employee placement services. Major companies include Allegis, Kelly Services, ManpowerGroup, and Robert Half International (all based in the US), along with Adecco (headquartered in Switzerland) and Randstad (the Netherlands).
- Global revenue for staffing services is about \$490 billion, according to Staffing Industry Analysts. The three largest markets for staffing services are the US, Japan, and the UK. Prospects for industry growth are particularly strong in the Asia/Pacific region.
- The US staffing services industry includes about 53,000 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about \$400 billion. The industry includes executive search services and professional employer organizations (PEOs), which are also covered in separate industry profiles.
- COMPETITIVE LANDSCAPE: Companies compete to fill talent pools with skilled employees. Some companies may concentrate on manual labor or administrative skills, while others specialize in scientific, IT, or professional attributes. Talent shortages can be problematic, and some staffing firms provide training to enhance skill sets. The success of recruitment programs helps to secure major contracts with large commercial or government clients. During economic downturns, clients typically reduce employment of temporary employees before conducting permanent staff layoffs. Pricing competition, which is stiffer among providers of clerical and industrial personnel, may intensify during periods of economic instability.”

Additional information on the Staffing Agency Industry can be found in a variety of trade associations and publications, including:

- [2020 Key Hiring Statistics](#)
- [The Most In-Demand Hard and Soft Skills of 2020](#)
- [The Talent Gap: Skills Shortages and The Job Market](#)
- [Staffing Industry Analysts: Staffing Trends 2020](#)

Employment Agency Customer Demographics

Major customer segments for employment and recruiting agencies are reported by IBISWorld, which offers full versions of the reports for purchase [here](#).

- Employment agencies generated \$24.2 billion in revenue in 2019 with key segments defined by the position filled. The occupational sectors identified include: industrial (35.3%), executive and managerial (34.3%), administrative (12.9%), healthcare (9.4%), and technical (8.1%),
- The commercial market includes all industrial labor. These include staffing for manufacturing and construction industries, which may staff temporary positions.
- Staffing for professional positions include executive and managerial recruitment for

permanent placement. These positions typically generate higher revenue per job filled. Staffing for clerical and administrative positions may be permanent or temporary.

- Healthcare positions may consist of permanent administrative positions and physicians as well as temporary job placement for medical professionals such as nurses or lab technicians.
- Information technology and other technical positions was consistently up through 2017, when there was an increase in demand technical positions. Other technical positions include engineers and those in the sciences.

Additional information on Employment Agency customers can be found in a variety of trade associations and publications, including:

- [U.S. Current Employment Statistics](#)
- [10 facts about American workers](#)
- [Inside the Mind of Job Seekers: HR and Recruiting Stats for 2020](#)
- [Closing the Skills Gap: What Workers Want](#)

Employment Agency Startup Costs

Costs to start an employment agency typically include general office equipment and technology. [Fundera](#) provides a guide of common small business startup costs:

- “Equipment: \$10,000-\$125,000
Incorporation Fees: Under \$300
Office Space: \$100-\$1,000 per employee per month
Website: About \$40 per month
Utilities: About \$2 per square foot of total office space
Insurance: An average of \$1,200 per year”

Additional staffing agency startup costs information can be found at:

- [Entrepreneur: Executive Recruiter](#)
- [Entrepreneur: Headhunter Service](#)
- [Checklist for Starting a Staffing Agency](#)

Employment Agency Business Plans

- [Employment Agency Business Plan](#)
- [Employment Agency Business Plan](#)
- [Staffing Agency Business Plan](#)
- [How to Start a Staffing Agency](#)

Staffing Agency Business Associations

- [American Staffing Association](#)
- [National Association of Professional Employer Organizations](#)
- [United States Staffing Association](#)
- [The Association of Recruitment Consultancies](#)
- [National Association of Personnel Services](#)

Staffing Agency Publications

- [Staffing Today](#)
- [The Staffing Stream](#)
- [Staffing Success](#)
- [Employers Resource](#)
- [Recruiting Daily](#)
- [Staffing Industry Code of Ethics](#)

Staffing Agency Employment Trends

Understanding trends in your industry is important when starting an employment agency business. [American Staffing Association provides some information about employment in the staffing industry:](#)

- The U.S. staffing industry comprises 16 million temporary and contract employees during the course of a year.
- 1 in 5 (20%) of staffing industry workers prioritize schedule flexibility as most staffing employees (64%) work in the industry to fill in the gap between jobs. Staffing roles are typically temporary and contract work.
- Staffing employees work mostly in industrial (36%), office-administrative (24%), and

professional-managerial (21%) occupational sectors.

Staffing agencies encompass various roles, and administrative services represent a major role within the staffing industry. Here is a labor market summary report from the Bureau of Labor statistics focused on [Human Resource Specialists](#):

- **Pay:** The median annual wage for human resources specialists was \$61,920 in May 2019. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$37,180, and the highest 10 percent earned more than \$105,930.
- **Work Environment:** Human resources specialists held about 625,700 jobs in 2018. Human resources specialists generally work in offices. Some, particularly recruitment specialists, travel extensively to attend job fairs, visit college campuses, and meet with applicants. Most specialists work full time during regular business hours.
- **Job Outlook:** Employment of human resources specialists is projected to grow 5 percent from 2018 to 2028, about as fast as the average for all occupations. Companies are likely to continue to outsource human resources functions to organizations that provide these services, rather than directly employing human resources specialists. In addition, the services of human resources generalists will likely be needed to handle increasingly complex employment laws and benefit options. However, employment of human resources specialists will be tempered as companies make better use of available technologies. Rather than sending recruiters to colleges and job fairs, for example, some employers are increasingly conducting their entire recruiting process online. In addition, administrative tasks are more efficient with software that allows workers to quickly manage, process, or update human resources information.”

Additional Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

Remember, you can also receive free professional business advice and free or low-cost business training from your [local Small Business Development Center](#)!

Photo by [Free To Use Sounds](#) on [Unsplash](#)