Administration, Business Support and Waste Management Services • 56132

Office Staffing & Temp Agencies in the US

Hiring shifts: Inflation concerns have limited growth, even as labor market remains strong

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About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our **comprehensive data and in-depth analysis** help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions

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Standard Report

About This Industry

Definition

Office staffing and temp agencies supply businesses with workers for limited periods to supplement existing staff. Although temp workers remain employees of the temp agency, temp agencies do not provide direct supervision of their employees at clients' work sites.

Codes

2022	56132-Temporary Help Services
2022	561320-Temporary Help Services
2017	56132-Temporary Help Services
2017	561320-Temporary Help Services

What's Included

- Supplying temporary staff (except farm labor)

Companies

- Manpowergroup Inc.

Related Industries

Domestic industries

Competitors

- Employment & Recruiting Agencies in the US

Complementors

- Crop Services in the US
- Retail Trade in the US
- Professional Employer Organizations in the US

International industries

- Global HR & Recruitment Services
- Office Staffing & Temp Agencies in Canada
- Temporary Staff Services in Australia
- Temporary Staff Services in New Zealand
- Temporary-Employment Placement Agencies in the UK

Related Terms

TEMP

An abbreviated term for a temporary worker; someone who is hired on a day-to-day or contracted bases.

AMERICAN STAFFING ASSOCIATION (ASA)

An industry association that represents the US staffing industry.

JUST-IN-TIME (JIT)

A strategy implemented to improve profitability by reducing inventory and purchasing the raw materials that are needed for the immediate term only.

EVALUATION-TO-HIRE

The process of hiring temporary staff and evaluating them to consider full-time employment.

TENURE

The duration of time that an employee works with a temporary staffing firm.

TURNOVER

The rate, measured as a percentage, at which outgoing employees are replaced by incoming employees within an industry.

PENETRATION RATE

The percentage of the total labor force that is made up of temporary workers.

Additional Resources

- American Staffing Association
- National Association of Personnel Services
- Advanced Staffing Associates
- US Census Bureau

At a Glance

Revenue	$260.1bn	'20-'25	↑2.9 %
		'25-'30	↑2.2 %
Employees	4m	'20-'25	↑1.2 %
		'25-'30	↑1.7 %
Businesses	42,638	'20-'25	↓0.0 %
		'25-'30	↑0.8 %
Profit	$20.3bn	'20-'25	↑1.7 %
Profit Margin	7.8%	'20-'25	↓0.5 pp
Wages	$174.6bn	'20-'25	↑4.2 %
		'25-'30	↑1.8 %

Five-year growth rates display historic and forecast CAGRs

Major Players

Company	Revenue	Market Share
Manpowergroup Inc.	$4.0bn	1.5%
Other Companies	$256.1bn	98.5%

Products and Services

Item	Revenue	Market Share
Industrial staffing	$58.8bn	22.6%
Office, clerical and administrative staffing	$45.3bn	17.4%
Professional and managerial staffing	$44.0bn	16.9%
Information technology staffing	$43.7bn	16.8%
Healthcare staffing	$25.5bn	9.8%
Engineering and scientific staffing	$23.4bn	9%
Other	$19.5bn	7.5%

Key External Drivers

Key External Drivers	Impact
Number of temporary employees	Positive
National unemployment rate	Negative
Corporate profit	Positive
Business sentiment index	Positive
Business bankruptcies	Negative

Key Takeaways

Performance

- The success of office staffing and temp agencies is closely tied to the economy's health, with demand rising in strong economies. However, inflation and a weaker labor market risk future job losses.
- Notable job growth in sectors like healthcare, financial activities and wholesale trade have benefited agencies. Ongoing healthcare regulations will increase the need for temporary labor in the healthcare sector, with agencies prioritizing workforce development to bridge needs gaps.

Products and Markets

- Industrial staffing is crucial for manufacturing and logistics, leveraging temp workers for seasonal shifts and cost management. Meanwhile, healthcare and IT staffing are growing due to digital transformation and increasing public health demands.
- The professional, retail and service sectors rely on temporary clerical and managerial staff. In contrast, demand in the industrial and technical sectors fluctuates with manufacturing needs and project-based work.

SWOT

Strengths	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	Low Capital Requirements
Weaknesses	Low & Steady Barriers to Entry
	None & Steady Level of Assistance
	High Competition
	High Volatility
	Low Profit vs. Sector Average
	Low Revenue per Employee
Opportunities	High Revenue Growth (2020-2025)
	High Revenue Growth (2025-2030)
	Number of temporary employees
Threats	Low Revenue Growth (2005-2025)
	Low Outlier Growth
	Low Performance Drivers
	Business sentiment index

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Mature	
Revenue Volatility	High	
Assistance	None	Steady
Competition	High	Increasing
Innovation	Low	

Executive Summary

Hiring shifts: Inflation concerns have limited growth, even as labor market remains strong

The Office Staffing and Temp Agencies industry has thrived by offering agile staffing solutions to corporate clients, despite a volatile economic environment. In the aftermath of labor market disruptions brought on by the pandemic, the economy bounced back quickly. Amid a tight labor market, businesses turned to temp agencies to help fill recruitment gaps, producing consecutive years of record growth. However, as inflationary concerns picked up and the Federal Reserve raised interest rates to slow private investment, trickling down to year-to-year declines for staffing agencies. Despite turbulence, industry revenue is expected to grow at a CAGR of 2.9% over the past five years, totaling $260.1 billion in 2025. In 2025, industry revenue is forecast to rise 8.9%, with interest rates expected to temper further.

The economy is grappling with a significant skills gap, especially in manufacturing, construction, IT and healthcare, with over half of workers lacking the necessary training for these crucial industries. This gap has created a disparity between employer demands and the skills available in the workforce. In a tight labor market, staffing agencies remain vital, providing businesses with a readily available pool of workers. Agencies are prioritizing workforce development by partnering with training providers and educational institutions to offer upskilling and reskilling programs, preparing workers for high-demand roles. Artificial Intelligence (AI) is poised to transform recruitment by automating repetitive tasks, enabling agencies to deliver faster, more precise placements. As AI-driven tools become integral to the job market, agencies that stay ahead of the technology curve will be able to generate premium margins as overall profitability rises across the industry.

In the coming years, staffing agencies will see growth as the economy expands, with workers rejoining the labor force turning to temp agencies to find temporary roles in hopes of securing a permanent position. Agencies will remain a permanent fixture in corporate strategies in the fast-growing healthcare sector, where temporary and travel nurses, medical coders and administrative support will be needed to meet the needs of an aging population. Consequently, industry revenue is expected to increase at a CAGR of 2.2% to reach $290.4 billion over the five years to 2030.

Performance

Key Takeaways

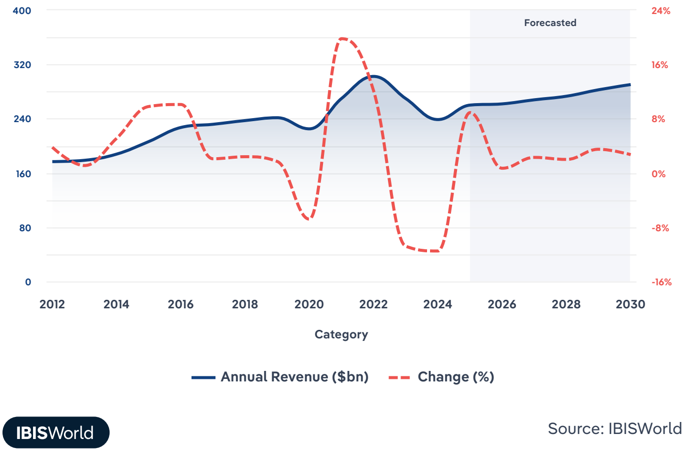
The success of office staffing and temp agencies is closely tied to the economy's health, with demand rising in strong economies. However, inflation and a weaker labor market risk future job losses.

Notable job growth in sectors like healthcare, financial activities and wholesale trade have benefited agencies. Ongoing healthcare regulations will increase the need for temporary labor in the healthcare sector, with agencies prioritizing workforce development to bridge needs gaps.

Performance Snapshot

Revenue

Total value ($) and annual change from 2012 – 2030. Includes 5-year outlook.



Source: IBISWorld

Revenue

$260.1bn

'20-'25 ↑2.9 %

'25-'30 ↑2.2 %

2025 Revenue Growth

8.9 % Increasing

Revenue Volatility

High

Employees

Total number of employees and annual change from 2012 – 2030. Includes 5-year outlook.

Employees

4m

'20-'25 ↑1.2 %

'25-'30 ↑1.7 %

Employees per Business

85

'20-'25 ↑1.2 %

'25-'30 ↑0.8 %

Revenue per Employee

$71,776

'20-'25 ↑1.7 %

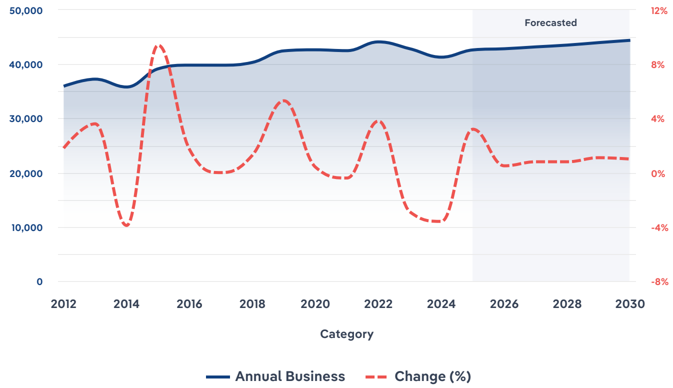
'25-'30 ↑0.6 %

IBISWorld

Source: IBISWorld

Business

Total number of businesses and annual change from 2012 – 2030. Includes 5-year outlook.



Businesses

42,638

'20-'25 ↓0.0 %

'25-'30 ↑0.8 %

Employees per Business

85

'20-'25 ↑1.2 %

'25-'30 ↑0.8 %

Revenue per Business

$6.1m

'20-'25 ↑2.9 %

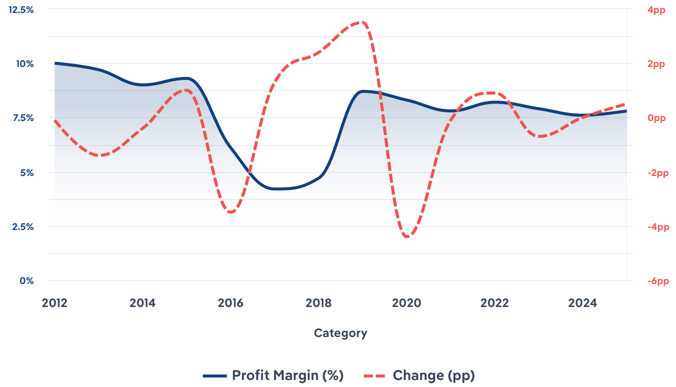
'25-'30 ↑1.4 %

IBISWorld

Source: IBISWorld

Profit Margin

Total profit margin (%) and annual change from 2012 – 2030



Total Profit
$20.3bn '20-'25 ↑1.7 %

Profit Margin
7.8% '20-'25 ↓0.5 pp

Profit per Business
$475.8k

IBISWorld

Source: IBISWorld

Current Performance

↑ 2020-25 Revenue CAGR +2.9%

What's driving current industry performance?

The success of temp agencies, a mainstay of the modern employment, hinges on the health of the economy

- During the economic boom of the 1990s, labor flexibility was acclaimed for giving US firms a competitive edge. This flexibility emerged through various temp staffing arrangements, including independent contracting, on-call workers and notably, employment via temporary staffing agencies, which significantly reshaped labor markets by enabling adaptive workforce management. The explosive growth of temporary staffing saw the number of enterprises more than double, highlighting the industry's critical role in meeting dynamic business demands and altering traditional employment patterns.
- The success of temp and office staffing agencies relates directly to economic conditions. During prosperous times, companies increase reliance on their services, benefiting from agile staffing solutions. However, in recessions, temporary workers are often the first to be let go. The COVID-19 pandemic drastically disrupted the labor market, initially resulting in massive layoffs. Yet, consistent fiscal support facilitated a swift recovery, with job markets bouncing back in 2021 faster than after previous downturns.
- Companies struggled to find workers to fill positions. According to the US Bureau of Labor Statistics' (BLS) Job Openings and Labor Turnover Survey (JOLTS), job openings and quits reached record highs in 2021, while layoffs and discharges fell to record lows. Job openings reached a high of 11.4 million in December 2021, and quits reached a high of 4.5 million in November. By contrast, layoffs and discharges trended lower throughout 2021, reaching a series low of 1.3 million in December.
- Businesses turned to temp agencies to help fill recruitment gaps. The industry recorded revenue growth, which surged 19.8% in 2021 and an additional 12.1% In 2022. Temporary workers in e-commerce and the warehouses that underpin logistics found themselves in the spotlight at the height of the pandemic as online shopping surged. Companies turned to temp agencies to manage volatile work volumes.

Despite a tight labor market, rising interest rates have slowed recruitment

- Wage growth quickly contributed to spiking inflation. The Federal Reserve began raising interest rates in 2022 to smother the fire. Even as the Federal Reserve began to lower interest rates in 2024 with three consecutive cuts, interest rates have remained elevated in an attempt to temper price growth.
- However, the tight labor market — characterized by low unemployment and few available workers to fill jobs — has remained the default since 2023. While the unemployment rate rose to 4.1% in December 2024 after a 54-year low of 3.4% from January to April 2023, this remains historically low. Still, rising interest rates have had their intended effect of slowing the pace of expansions and hiring pressures have come down.
- This caused revenue for office staffing and temp agencies to contract in consecutive years in 2023 to 2024. According to a report from BambooHR, hiring activity in fell to its lowest level in five years in December 2024. With job openings and turnover decreasing, demand for

both temporary placement services tapered off, creating financial strain for agencies.

- As companies' slowed recruitment, temp agencies face intensified competition for fewer job placements. This resulted in lower profit margins, as agencies reduced fees and expand service offerings to remain competitive. The hiring slowdown forced some agencies to downsize their own teams, with employment across the industry falling 6.6% and 7.5% in 2023 and 2024, respectively. Layoffs within the industry have put additional strain on the remaining staff.

The shortage of skilled workers in the US has increased reliance on staffing and temp agencies to fill gaps

- The US faces a significant skills gap, particularly in sectors like manufacturing, construction, IT and healthcare. The National Skills Coalition reports that nearly 53.0% of workers lack the necessary training to meet the needs of these critical industries, creating a disparity between employer needs and available workforce skills.
- In response, staffing agencies are prioritizing workforce development by collaborating with training providers and educational institutions to offer upskilling and reskilling programs. These collaborations aim to prepare workers for high-demand roles and help businesses fill essential positions.
- Upskilling programs in areas like IT, cybersecurity and industrial machinery are providing individuals with the hands-on experience required to achieve industry standards. For example, in Michigan, a partnership between a staffing agency and the state's workforce development agency, Michigan Works, facilitated training in advanced manufacturing, leading to immediate job placements. Similarly, in Texas, a collaboration with private tech companies enabled agencies to offer accelerated coding bootcamps, supplying skilled tech workers to local businesses.
- Staffing agencies play a critical role in addressing the skills gap by offering customized workforce development solutions. They focus on ensuring that workers acquire the necessary technical skills to be swiftly placed in crucial roles, thereby helping fill the labor shortage.

Companies turn to agencies to offset labor costs of the Patient Protection and Affordable Care Act (PPACA)

- The PPACA's mandate, requiring healthcare for firms with 50+ employees, drove up labor costs for many staffing agencies. However, it simultaneously fueled need for their services. Businesses, seeking to mitigate these costs, increasingly turned to contingent workers. For example, a 2017 study by the American Staffing Association found that 62.0% of staffing firms reported an increase in demand due to employers' need for flexible staffing solutions post-PPACA implementation. This strategic shift allowed businesses to sidestep the employer mandate's obligations.
- Large staffing agencies capitalized on the surge in demand. They've become instrumental in providing flexible workforce solutions, enabling companies to manage their labor needs without the long-term commitments of permanent hires. Consequently, staffing agencies have positioned themselves as essential partners for businesses navigating the complexities of healthcare regulations, turning a regulatory challenge into a market opportunity.
- While the PPACA's employer mandate remains in effect, ongoing legislative changes continue to shape its impact on staffing agencies and their clients. The Employer Reporting Improvement Act and the Paperwork Burden Reduction Act, signed into law in December 2024, introduced significant changes to PPACA's reporting requirements. These changes aim to simplify the reporting process and reduce administrative burdens, potentially muting need for temp agencies services.

Artificial Intelligence (AI) is revolutionizing recruitment for staffing agencies

- AI's introduction dramatically accelerates resume screening. Agencies now deploy AI to pinpoint key skills and experience, slashing time spent on manual reviews. According to a 2023 report by LinkedIn's Global Talent Trends, 67.0% of talent professionals say that AI saves time in the hiring process. To leverage this, agencies are integrating AI platforms directly into their applicant tracking systems, allowing recruiters to focus on high-value interactions.
- AI algorithms are transforming candidate-job matching, ensuring precise placements and minimizing turnover. Agencies are implementing AI-powered matching systems that analyze candidate skills and experience against job requirements, leading to significantly higher placement success rates. AI chatbots have also become essential tools, freeing recruiters from repetitive tasks, enabling them to focus on building relationships with top talent.
- To adapt, agencies are customizing chatbots to reflect their unique brand and client needs. For example, Adecco has made use of its 'AVA' chatbot to automate the initial stages of candidate interaction, handling tasks like answering frequently asked questions, guiding candidates through the application process, and even scheduling initial interviews.
- Agencies embracing AI are establishing a substantial competitive advantage, attracting clients who value speed, efficiency and data-driven decision-making. They are also using AI-driven analytics to provide clients with valuable data about the process. Increasingly, leading firms are showcasing their AI capabilities in client presentations and marketing materials, highlighting how these technologies improve the quality and speed of placements.

Volatility High

What influences industry volatility?

Volatility increases with rising unemployment rates

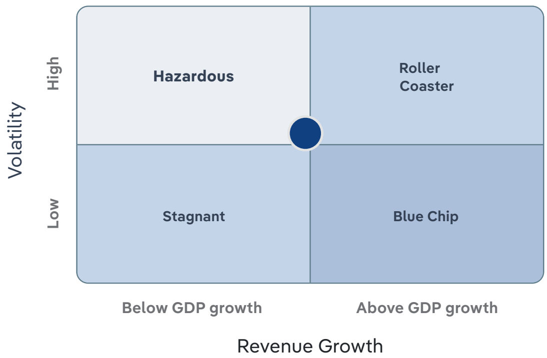
- Rising unemployment rates can amplify volatility for office staffing and temp agencies, which heavily depend on the ebb and flow of the labor market. When the market is thriving, the need for staffing services usually soars as businesses seek flexible workforce solutions.
- According to the Bureau of Labor Statistics (BLS), the job market slowed down in January, with job creation dropping to 143,000 new positions, which is well below December's upwardly revised 307,000 and far off the 169,000 economists expected.
- However, high unemployment can dampen demand, leading to decreased revenue. Compounding the issue, ongoing inflationary pressures have strained wages and contributed to a labor market imbalance. Despite job creation, wages haven't kept pace with inflation, causing financial stress for workers and complicating hiring strategies for companies.

Seasonal dependence has its perks and risks

- Seasonal industries predominantly rely on temporary workers for short-term projects, creating substantial revenue opportunities for temp agencies. For instance, during peak seasons, sectors like retail, tourism and agriculture ramp up their workforce to meet increased demand, often turning to temp agencies for swift staffing solutions. This surge in temporary placements significantly increases revenues as these sectors seek to capitalize on opportunities without committing to permanent hires.
- Conversely, in off-peak periods, these industries reduce their temporary labor force, leading to fluctuating demand for staffing services. This downsizing can create unpredictability in revenue streams for staffing agencies, as they face periods of lower client demand. Agencies must navigate these cyclical patterns by diversifying their client base and offering flexible staffing solutions tailored to various industries' unique demands.

Hazardous

Industry volatility vs. revenue growth (2020-2025 CAGR)



IBISWorld

Source: IBISWorld

Key Success Factors

How do successful businesses overcome volatility?

Develop a loyal customer base

Agencies focus on building long-term, trust-based relationships with clients. By consistently delivering quality service and meeting client expectations, they create a loyal customer base less affected by market volatility.

Use the most efficient work practices

Agencies utilize efficient scheduling and resource allocation practices to manage workforce demands effectively. This approach minimizes downtime and ensures readiness to meet client needs swiftly, even during volatile periods.

Outlook

↑ 2025-30 Revenue CAGR +2.2%

What's driving the industry outlook?

An expanding economy will create opportunities for staffing agencies

- Temp workers have become a permanent fixture in corporate strategies across the United States due to the flexibility they offer employers. Over the course of the last 30 years, temporary employment has expanded rapidly prior to macroeconomic upturns, while sharp declines in temporary employment have led the economy into recessions.
- The industry will grow as the economy expands and corporate profit figures tick up, with businesses expected to bring on more temporary employees to fill positions. Workers who previously left the labor force will again see new opportunities again, with some taking on short-term roles. In a tight labor market, recruiting direct-hire temps can become costly, with potential production delays as job orders await staffing. Staffing agencies mitigate this issue by efficiently handling recruitment and offering businesses a readily available pool of workers.
- Still, businesses may lose confidence in their long-term financial stability, which could undermine the industry. In February 2025, consumer sentiment fell to a seven-month low, as inflation expectations surged, with households fearing the potential purchasing power impact from tariffs. While the Federal Reserve has tempered expectations of quick rate cuts in response to inflationary pressures, the anticipation of lower interest rates in the coming years will likely stimulate growth, creating need for staffing agencies.

Agencies will increasingly expand services to meet changing demographics, particularly in the healthcare sector

- According to the Bureau of Labor Statistics (BLS), healthcare occupations are projected to grow by over 2.6 million jobs from 2019 to 2029, making healthcare the fastest-growing sector in the US economy. The need for healthcare staffing, like temporary and travel nurses, medical coders and administrative support, is expected to rise sharply. This surge is driven by ongoing healthcare needs and a growing aging population requiring more medical services.
- In response to these trends, staffing agencies are likely to broaden their healthcare recruitment services, encompassing a wider array of clinical, administrative and support roles. By doing so, they can effectively address immediate staffing demands and help mitigate longer-term healthcare worker shortages.
- Beyond nursing, agencies are anticipated to concentrate on recruiting medical technicians, allied health professionals and administrative staff. This strategic focus aims to fulfill the evolving requirements of the healthcare sector, ensuring that staffing solutions are in place to support expanding needs.

Temp staffing will remain highly fragmented

- The staffing industry will continue to exhibit fragmentation, despite consolidation efforts among major firms. For example, the ongoing merger between two of the largest healthcare staffing firms in has been delayed following a regulatory filing from the Federal Trade Commission in early 2025, pausing the $615.0 million deal between Aya Healthcare and Cross Country Healthcare. Both companies specialize in providing "travel nurse" temporary staffing solutions for hospitals, health systems and provider groups.
- The growth of small agencies catering to niche markets will maintain fragmentation, as small companies are able to offer specialized and adaptable services that fulfill unique client requirements. Small staffing agencies will thrive by focusing on personalized service and niche sectors. This targeted approach allows boutique agencies to effectively compete, providing tailored solutions for specific industries, such as tech startups or creative sectors, where specialized skills are in high demand.
- The surge in demand for temp staff will drive changes in the workforce by encouraging individuals who are unemployed or discouraged to re-enter the job market. This shift offers people flexible working opportunities, making temporary staffing an appealing option for those seeking varied experiences or balancing other commitments.

Artificial Intelligence (AI) technology will require temp agencies to adapt quickly

- AI will enhance recruitment efficiency, freeing recruiters for strategic tasks. AI's ability to rapidly parse vast amounts of data allows for swift resume screening and candidate pre-qualification. This means recruiters can shift their focus to higher-value activities like in-depth interviews and personalized candidate engagement.
- Companies like Randstad, the global staffing firm, have implemented AI-powered platforms that automate initial candidate screening and scheduling, allowing their recruiters to concentrate on building relationships with top talent and providing tailored client solutions. Agencies will invest in AI tools to automate repetitive tasks, enabling them to deliver faster, more precise placements.
- Despite AI's efficiency, concerns about its impact on personalization persist. According to Korn Ferry, 40.0% of recruitment specialists are wary that AI might inadvertently overlook top candidates. Addressing biases embedded in AI training data will be crucial to maintaining fairness. Agencies will need to develop strategies to mitigate these risks, ensuring fairness and maintaining a human touch in the recruitment process.
- As AI-driven tools become integral to the job market, temp staffing agencies will need to adapt to remain competitive. This includes understanding how to interpret AI-generated insights and using them to enhance candidate selection and client service. Agencies will also need to offer AI-related training to their temporary staff, preparing them for workplaces increasingly reliant on automation.

Life Cycle Mature

Why is the industry mature?

Contribution to GDP

The industry is expanding faster than the overall economy, underscoring its rising importance. This rapid growth signals robust job creation and the need for flexible staffing solutions, demonstrating how essential these services have become in adapting to evolving workforce demands.

Market Saturation

The office staffing and temp agency market is fiercely competitive and saturated across many areas. With more small companies jumping into the fray, the battle for clients has intensified among existing firms, pushing agencies to differentiate themselves to secure their market share.

Innovation

Online services have revolutionized how Americans hunt for jobs and how companies scout for candidates to fill open positions, prompting the industry to rethink and reinvent itself. This shift has driven innovation among companies as they seek to adapt staffing solutions to meet digital-era demands.

Consolidation

Office staffing and temp agencies are experiencing greater consolidation and globalization as large multinational companies expand their reach via acquisitions. While the market remains highly fragmented, these global players are gradually shaping the landscape of temporary staffing by expanding their influence.

Technology and Systems

Office staffing and temp agencies lean on software and web-based tools to simplify and improve candidate tracking. AI has revolutionized the screening process, increasing both accuracy and efficiency, allowing agencies to identify the best candidates quickly and meet clients' needs with unprecedented precision.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries

*Growth is based on change in share of economy combined with change in establishment numbers

IBISWorld

Source: IBISWorld

Products and Markets

Key Takeaways

Industrial staffing is crucial for manufacturing and logistics, leveraging temp workers for seasonal shifts and cost management. Meanwhile, healthcare and IT staffing are growing due to digital transformation and increasing public health demands.

The professional, retail and service sectors rely on temporary clerical and managerial staff. In contrast, demand in the industrial and technical sectors fluctuates with manufacturing needs and project-based work.

Largest Market
$58.8bn Industrial staffing

Product Innovation
Low

Products and Services

How are the industry's products and services performing?

Industrial staffing is a significant sector

- Industrial staffing positions serve various blue-collar industries, including manufacturing, logistics, construction and hospitality. They offer workforce solutions tailored to specialized tasks and projects, ensuring these sectors have the skilled labor necessary to operate efficiently and meet their specific demands.
- Temporary workers enable businesses to adjust to seasonal demand fluctuations and implement just-in-time manufacturing more effectively. This flexibility enhances operational efficiency by curbing labor costs and minimizing inventory, allowing companies to respond swiftly to market changes and optimize resource management.
- High interest rates have limited new construction by making credit more expensive, undercutting spending from this segment. Even as interest rates have begun to temper, the need for temporary workers has been muted in a tight labor market.

Office, clerical and administrative staffing are essential

- This segment includes administrative officers, bill collectors, bookkeepers, clerks, customer service representatives, loan officers, receptionists, secretaries, tellers and a variety of other administrative staff.
- The office, clerical and administrative staffing sector ranks as the second-largest in the industry. It is characterized by intense price competition and strong client demand for affordable clerical staff, driving companies to continually seek cost-effective solutions while maintaining quality service delivery.
- The e-commerce boom has driven the growth of this segment. As online shopping becomes increasingly popular, the demand for customer support has soared, necessitating more staffing solutions to manage this heightened need and ensure satisfactory customer experiences.

Demand for professional and managerial staffing is high

- Professional service staffing includes the supply of accountants, actuaries, auditors, financial analysts, lawyers, managers and other experienced personnel to various professional and service-oriented sectors.
- Professional staffing in the financial market has declined, even as it continues to grow steadily in other sectors like law firms and accounting. This indicates a shift in staffing needs and strategies within different professional markets.
- Companies often hesitate to hire temporary staff for roles involving sensitive data because of concerns about privacy breaches, potential misuse and threats to data security. These apprehensions highlight the importance of maintaining stringent security protocols and carefully vetting temporary employees to safeguard critical information.

Healthcare staffing is essential for society

- This segment includes doctors, dentists, dietitians, nutritionists, optometrists, pharmacists, chiropractors, registered nurses, therapists, veterinarians, clinical technicians, opticians and other healthcare and technical professionals.
- The Patient Protection and Affordable Care Act extended healthcare to millions of previously uninsured individuals, increasing demand for professional healthcare services.
- The COVID-19 pandemic in 2020 dramatically increased the need for healthcare staffing. Thousands of infected patients required medical care, leading to a surge in demand for health professionals.
- Healthcare staffing will continue to grow because of the job's essentialness and other external factors, like an increasingly aging population.

Information technology (IT) staffing is increasing amid rapid technological changes

- IT staffing represents computer programmers, computer systems analysts, database developers, network administrators, operating system specialists, software designers and developers, software engineers, website developers and other IT professionals.
- The continued digital evolution and necessity for companies to be

online and provide technology-based solutions for consumers has driven demand for IT staff.

Engineering and scientific staffing are in demand

- This segment includes the supply of aeronautical engineers, chemical engineers, civil engineers, electrical engineers, environmental engineers, industrial engineers, mechanical engineers, petroleum engineers and quality control engineers.
- The considerable volatility in oil prices causes fluctuating need for contractual workers in the oil and gas industry. These shifts significantly impact job opportunities, as companies adjust their workforce requirements in response to changing market conditions.

Temp agencies cover a variety of other industries

- Other staff in diverse fields include counselors who provide guidance, creative and performing artists for visual expression, librarians managing resources, surveyors mapping territories, teachers offering education, translators breaking language barriers and writers creating texts.
- Office staffing and temp agencies provide comprehensive employment solutions, including leasing staff for temporary roles, managing payroll, administering benefits and offering other essential management services. These agencies play a crucial role in ensuring smooth business operations by handling various administrative tasks and meeting dynamic workforce needs.

Products & Services Segmentation

Industry revenue in 2025 broken down by key product and service lines.

- Industrial staffing ($58.8bn) 22.6%
- Office, clerical and administrative staffing ($45.3bn) 17.4%
- Professional and managerial staffing ($44.0bn) 16.9%
- Information technology staffing ($43.7bn) 16.8%
- Healthcare staffing ($25.5bn) 9.8%
- Engineering and scientific staffing ($23.4bn) 9.0%
- Other ($19.5bn) 7.5%

IBISWorld Source: IBISWorld

What are innovations in industry products and services? Low

Digital onboarding and management platforms

- Many office staffing and temp agencies are adopting digital onboarding and management platforms to streamline the hiring process. These platforms enable candidates to submit applications, undergo initial assessments and complete all necessary paperwork online, reducing time and administrative burdens. This shift enhances efficiency and improves the candidate experience by accelerating the recruitment process.
- Digital platforms also facilitate better communication and management of temporary staff. Agencies can provide real-time updates, track attendance and manage schedules. This transparency ensures that both employers and temporary workers have clear expectations and reduce the likelihood of errors or misunderstandings, improving overall workforce management and client satisfaction.

Artificial intelligence (AI) and data analytics in candidate matching

- Agencies are employing artificial intelligence (AI) and data analytics to enhance the accuracy of candidate matching. By analyzing large volumes of data on candidate skills, experiences, and preferences, AI systems can predict more effectively which candidates will fit best with specific roles. This precision reduces the time spent on searches and increases successful placement rates.
- With AI-driven insights, staffing agencies can also anticipate client demand trends and proactively build a talent pool that aligns with projected needs. This readiness enables agencies to respond quickly to client requests, providing the right talent when needed and increasing competitiveness in the market. AI and data analytics thus support strategic planning and help agencies maintain a dynamic and responsive service.

Key Success Factors

What products or services do successful businesses offer?

Quickly adopt new technology

Agencies adopt AI and advanced algorithms to improve candidate matching. This technology enables quicker and more accurate placements, boosting client satisfaction and operational efficiency.

Produce premium goods and/or services

By offering tailored staffing solutions that meet specific client needs, agencies enhance their value proposition. Personalized service differentiates them from competitors, driving client loyalty and increasing market share.

Major Markets

What's influencing demand from the industry's markets?

Professional, retail and other service-oriented clients constitute the largest market

- This segment encompasses a range of sectors, including professional services like law and consulting, various business industries, healthcare services and institutions and financial markets, including banking and investment businesses.
- Larger businesses are increasingly opting for temporary staffing solutions to fill clerical, accounting and managerial roles, fueling significant need from professional and business service companies and leading this segment to expand as a share of revenue. This preference for contingent workers over permanent hires reflects a strategic approach to workforce flexibility and cost management in various industries.
- However, the industry faces intense external competition from the Employment and Recruiting Agencies (IBISWorld report 56131). This rivalry pressures temporary staffing companies to consistently innovate and enhance their services, ensuring they remain competitive and meet the evolving needs of their clients.

Staffing in industrial sectors fluctuates by manufacturing needs

- This segment comprises various sectors, such as construction, which is responsible for building infrastructure; manufacturing, which assembles finished goods; mining, which extracts valuable minerals; and other pivotal industrial sectors.
- Historically, businesses have used temp staffing services to fill minor contracting or clerical positions during extended leaves. Those facing seasonal demand often hire trained factory workers on a contractual basis to adjust production capacity and swiftly manage workforce needs.
- Demand from this market segment has been volatile, primarily because of higher interest rates that have impacted nonessential construction projects and below-capacity operations in other sectors. This volatility has resulted in inconsistent staffing needs, as companies adjust their workforce requirements to align with shifting economic conditions.

Technical sectors are highly skilled professionals

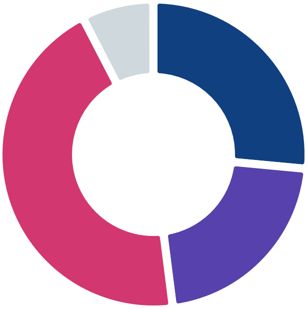
- This sector encompasses IT services like software development, system integration and cloud computing. It also comprises engineering and scientific fields like civil engineering, biotechnology, environmental science and others.
- Workers within this segment are highly skilled professionals with postsecondary degrees and several years of experience, like scientists and other staff hired to undertake research projects for business clients across various sectors. The difficulty of sourcing talented professionals has led to increased spending on this segment in recent years.
- The Software Publishing (IBISWorld report 51121) and Data Processing and Hosting Services (IBISWorld report 51821) industries frequently hire temporary IT professionals for seasonal work or specific projects. This strategy enables them to effectively meet short-term demands without committing to long-term staffing, optimizing resource allocation and operational flexibility.

Other markets are essential

- This market segment spans a wide array of fields, including event catering services, traditional and online educational institutions, television broadcasting and other industries. This diversity underscores the adaptability and versatility of temporary staffing solutions in meeting the unique and varied needs across different sectors.
- Workers in this segment are vital to the entertainment and service industries, providing flexibility and specialized skills for short-term contracts. Their adaptability ensures they can effectively support dynamic operational requirements, contributing to the seamless execution of projects and events.

Major Markets Segmentation

Industry revenue in 2025 broken down by key markets



- Technical sectors ($68.9bn) 26.5%
- Industrial sectors ($55.9bn) 21.5%
- Professional, retail and other service-oriented sectors ($115.5bn) 44.4%
- Other ($19.8bn) 7.6%

IBISWorld Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

States like Florida and Georgia in the Southeast provide incentives for business services and job creation initiatives. These programs encourage the growth of staffing agencies, enhancing their ability to meet the region's workforce needs.

Cities like Chicago and Detroit in the Great Lakes are major business hubs with significant clerical, administrative and temporary staffing needs. As these cities continue to expand, businesses increasingly rely on agencies for agile and efficient staffing solutions.

Business Locations

State	Estab. Units	Estab. %	Revenue $m	Revenue %	Wages $m	Wages %	Employment Units	Employment %
California	8,426	12.9	44,921.8	17.3	39,254.1	22.5	596,975	16.5
Texas	6,738	10.3	22,599.3	8.7	13,507.9	7.7	293,404	8.1
Florida	4,376	6.7	17,347.3	6.7	9,071.4	5.2	185,398	5.1
Illinois	3,051	4.7	12,378.3	4.8	9,686.1	5.5	219,272	6.1
New York	3,137	4.8	15,291.5	5.9	9,641.2	5.5	152,029	4.2
Georgia	3,162	4.9	10,498.4	4.0	6,219.2	3.6	149,617	4.1
Michigan	3,125	4.8	9,044.2	3.5	6,051.2	3.5	140,060	3.9
Ohio	2,842	4.4	8,880.4	3.4	6,027.3	3.5	144,396	4.0
Pennsylvania	2,976	4.6	8,898.4	3.4	5,591.1	3.2	112,008	3.1
New Jersey	2,247	3.5	8,467.6	3.3	6,045.7	3.5	121,462	3.4
North Carolina	2,835	4.4	7,550.3	2.9	5,090.5	2.9	115,959	3.2
Massachusetts	1,825	2.8	6,857.2	2.6	5,033.0	2.9	74,648	2.1
Wisconsin	2,072	3.2	3,429.7	1.3	2,749.4	1.6	76,279	2.1
Tennessee	2,031	3.1	5,804.4	2.2	3,342.7	1.9	98,027	2.7
Virginia	2,042	3.1	6,031.8	2.3	3,367.3	1.9	63,065	1.7
Indiana	1,640	2.5	3,743.8	1.4	2,704.8	1.5	81,671	2.3
Maryland	1,550	2.4	5,383.7	2.1	3,340.6	1.9	51,485	1.4
Minnesota	1,454	2.2	4,812.3	1.9	2,333.5	1.3	54,204	1.5
Washington	1,824	2.8	4,725.5	1.8	3,113.0	1.8	48,691	1.3
Arizona	1,562	2.4	4,326.8	1.7	3,040.5	1.7	73,542	2.0
Colorado	1,693	2.6	3,960.8	1.5	2,372.2	1.4	43,860	1.2
South Carolina	1,291	2.0	3,535.4	1.4	1,833.5	1.1	52,303	1.4
Alabama	1,200	1.8	2,932.2	1.1	1,602.5	0.9	52,289	1.4
Missouri	1,253	1.9	2,284.2	0.9	1,439.8	0.8	36,642	1.0
Nebraska	490	0.8	2,185.1	0.8	1,476.2	0.8	48,093	1.3

State	Estab. Units	Estab. %	Revenue $m	Revenue %	Wages $m	Wages %	Employment Units	Employment %
Kansas	770	1.2	2,555.9	1.0	1,081.9	0.6	31,946	0.9
Oregon	1,102	1.7	1,873.8	0.7	1,257.1	0.7	29,975	0.8
Kentucky	1,093	1.7	1,951.7	0.8	1,098.1	0.6	39,520	1.1
Louisiana	881	1.4	1,632.4	0.6	1,169.3	0.7	27,200	0.8
Arkansas	530	0.8	1,932.9	0.7	1,065.2	0.6	36,361	1.0
Oklahoma	834	1.3	1,949.1	0.7	995.5	0.6	31,686	0.9
Utah	662	1.0	1,548.9	0.6	1,132.2	0.6	29,105	0.8
Connecticut	799	1.2	1,485.1	0.6	944.8	0.5	18,087	0.5
Nevada	753	1.2	1,028.8	0.4	712.4	0.4	23,078	0.6
Iowa	643	1.0	1,071.7	0.4	652.7	0.4	17,179	0.5
New Hampshire	382	0.6	1,221.3	0.5	617.6	0.4	11,415	0.3
Mississippi	551	0.8	805.5	0.3	536.0	0.3	22,113	0.6
Hawaii	167	0.3	910.5	0.4	589.1	0.3	14,346	0.4
Idaho	438	0.7	308.0	0.1	156.6	0.1	6,320	0.2
Delaware	299	0.5	528.4	0.2	300.7	0.2	8,309	0.2
Rhode Island	263	0.4	421.9	0.2	223.9	0.1	5,604	0.2
New Mexico	297	0.5	390.4	0.2	217.9	0.1	7,732	0.2
Montana	294	0.5	152.5	0.1	56.3	0.0	2,416	0.1
West Virginia	261	0.4	362.2	0.1	156.1	0.1	5,576	0.2
Maine	220	0.3	201.1	0.1	153.5	0.1	4,635	0.1
South Dakota	154	0.2	165.1	0.1	26.8	0.0	1,091	0.0
Wyoming	179	0.3	59.8	0.0	27.4	0.0	926	0.0
North Dakota	155	0.2	155.9	0.1	89.5	0.1	2,589	0.1
Alaska	123	0.2	56.6	0.0	44.4	0.0	797	0.0
Vermont	110	0.2	113.1	0.0	14.9	0.0	650	0.0

Where are industry businesses located?

The Southeast region has a plethora of diverse industries

- The Southeast has become a hub for multiple healthcare, finance and manufacturing industries. Major cities like Atlanta have a booming tech industry, creating a high demand for specialized temporary staffing. These industry clusters drive the need for flexible staffing solutions as companies look for scalable support to accommodate growth and seasonal demands. As a result, more office staffing and temp agencies are setting up in these areas to tap into the thriving job markets.
- The Southeast is known for its business-friendly regulatory climate, which is a magnet for office staffing and temp agencies looking to establish themselves with fewer bureaucratic hurdles. States like Florida and Georgia have streamlined regulations that make it easier for businesses in this sector to set up shop quickly. This ease of doing business not only attracts new agencies but also encourages local growth, leading to an increased number of establishments.
- The region hosts major corporations like Bank of America in Charlotte and Nissan North America in Nashville, illustrating the high demand for temporary staffing solutions. These industry giants constantly require flexible workforce support to drive their operations efficiently. This necessity fuels the proliferation of agencies eager to meet the dynamic workforce needs of these thriving business hubs.

The West gains traction as the population grows

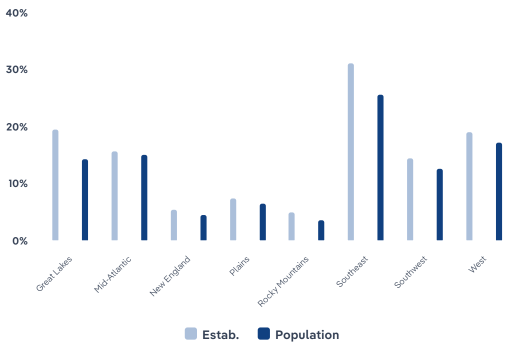
- The West is home to some of the most dynamic industries in the country, including technology, entertainment and renewable energy. Silicon Valley, for example, hosts tech behemoths like Apple and Google, creating a robust ecosystem that fuels need for flexible staffing solutions from agencies. In Los Angeles, the entertainment industry requires a diverse range of temporary talents for projects, driving agencies like Elite Staffing to thrive in the region.
- The West Coast boasts a concentration of large corporations requiring temp staffing services to handle fluctuating workloads and specialized projects. Seattle is home to Amazon and Microsoft, while San Francisco hosts Salesforce, all of which require services from staffing agencies to manage their dynamic workforce needs. This proximity allows agencies like Aerotek and Kelly Services to establish strong relationships with these corporations, offering tailored staffing solutions that meet the specific demands of these leading businesses.
- States like Nevada offer a business-friendly tax environment, with no corporate income tax, which incentivizes office staffing and temp agencies to establish operations there. Additionally, California has various initiatives and grants aimed at bolstering workforce development, which indirectly benefits staffing agencies by enhancing the quality of available labor.

The Great Lakes is home to robust business activity

- The Great Lakes region is a powerhouse for manufacturing and automotive industries, with cities like Detroit and Chicago hosting companies like Ford, General Motors and Caterpillar. These industries require a constant influx of skilled and semi-skilled labor to manage production demands and project-based work, creating a thriving market for staffing agencies. In fact, the manufacturing sector in the region supports over 1.8 million jobs.
- The Great Lakes region is strategically located near major commercial hubs and transportation corridors, providing easy access to a vast array of businesses requiring staffing services. Chicago, for example, is home to Fortune 500 companies like Boeing and McDonald's, which depend on agencies like Adecco and Randstad to supply flexible staffing solutions. This geographic advantage means that staffing agencies can swiftly respond to client needs across multiple states, enhancing their ability to serve diverse industries.
- States in the Great Lakes region, like Ohio and Illinois, offer various workforce development initiatives and training programs that indirectly benefit the staffing industry. These programs aim to enhance the skills of the local labor pool, making it easier for staffing agencies to find qualified candidates for their clients. Initiatives like Ohio's TechCred Program help upskill workers to meet industry demands, increasing the pool of productive talent that agencies can draw upon.

Southeast has the largest spread of businesses compared to its population

Share of Estab. (%) vs. share of population (%)



IBISWorld

Source: IBISWorld

Key Success Factors

How do businesses use location to their advantage?

Ensure skilled labor is available

Success for staffing agencies hinges on access to a pool of skilled labor. Locating in or near urban centers or regions with educational institutions ensures continuous access to qualified candidates, which is vital for efficiently fulfilling client needs.

Operate in a location that is close to key markets

Office staffing and temp agencies thrive near bustling business districts or commercial hubs. Proximity to a dense pool of businesses ensures a steady demand for staffing services, optimizing client acquisition and service delivery.

Competitive Forces

Key Takeaways

Training temporary placement candidates keeps staffing agencies competitive. By focusing on these areas, agencies can deliver skilled candidates who meet client expectations by adapting to dynamic business environments.

The external competition includes companies placing permanent employees and offering temp services. The Employment and Recruiting Agencies industry (IBISWorld report 56131) also provides similar services.

Concentration **Low**	Competition **High** Increasing	Barriers to Entry **Low** Steady
Substitutes **High** Increasing	Buyer Power **High** Increasing	Supplier Power **Low** Steady

Concentration Low

What impacts the industry's market share concentration?

Diverse offerings and local operations result in a fragmented landscape

- The industry is characterized by diverse service requirements across various sectors. Agencies often specialize in niche markets or specific job types, such as administrative roles or IT support, leading to a fragmented market. This specialization makes it challenging for any single firm to dominate the industry, contributing to low market share concentration.
- Many staffing agencies operate on a local or regional level, focusing on specific geographical areas rather than expanding nationally. This local focus allows smaller firms to cater to the particular needs of businesses in their region but prevents them from achieving significant national market share, sustaining a fragmented competitive landscape.

Digital competitors compete for market share

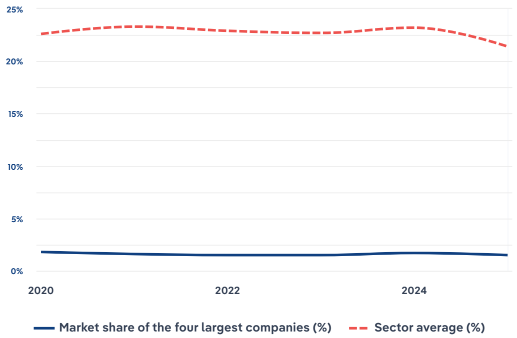
- The rapid digitization of staffing services has significantly altered the landscape of employment and recruiting agencies, enabling new entrants to capture substantial market share swiftly. Digital platforms provide streamlined services and connect agencies to extensive talent networks, often outpacing more traditional firms in terms of speed and efficiency.
- Consequently, less agile agencies struggle to maintain their market positions. Traditional agencies, relying on these digital platforms for candidate searches, inadvertently bolster their competitors' expansion, accelerating the industry's shift towards digital-first recruiting strategies. This transformation underscores the urgent need for traditional agencies to integrate advanced digital tools and platforms into their operations to stay competitive.

Multinational companies lead the industry

- Leading office staffing and temp agencies are multinational entities with widespread operations across the United States, Europe, and beyond, enabling them to cater to diverse markets effectively. Their global footprint allows these companies to leverage comprehensive resources and extensive networks.
- Although large companies capture a significant share of industry revenue, the market remains populated with small companies. These smaller entities focus on niche sectors, verticals, or targeted geographic regions, contributing to an increasingly concentrated yet competitive industry landscape marked by specialization and adaptability.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld Source: IBISWorld

Key Success Factors

How do successful businesses handle concentration?

Develop a strong reputation

Agencies build strong reputations by consistently providing high-quality candidates and reliable services. This credibility makes them a preferred choice, reducing the impact of market concentration and boosting their market position.

Easy access for clients

By providing round-the-clock support and adaptable staffing options, agencies make it simple for clients to get what they need. This flexibility enhances client satisfaction, countering the effects of market concentration.

Barriers to Entry Low Steady

What challenges do potential industry entrants face?

Legal

- Regulatory compliance necessitates specialized legal knowledge and practices for new office staffing and temp agencies. Most US states require a license to operate. In some states, a counselor's license is required for any person who interviews, counsels or advises candidates and clients on matters related to employment and contracts.

Start-Up Costs

- Staffing agencies experience low capital costs related to candidate sourcing and payroll management. However, companies with over 50 employees are mandated to offer basic healthcare coverage to full-time staff, as per the Affordable Care Act, which adds a layer of financial and administrative complexity to their operations.

Differentiation

- In a crowded market, office staffing and temp agencies must diversify their services. Beyond temporary staffing, they should provide permanent placement, executive search, outplacement services and leadership training. This comprehensive approach not only meets varied client needs but also strengthens agency positioning in a dynamic employment landscape.

Labor Expenses

- Agencies often face variable demand, resulting in fluctuating and higher labor costs than static industries because of the need for readily available staff. Permanent staff costs are high because they must provide personal, face-to-face service to clients and job applicants.

Key Success Factors

How can potential entrants overcome barriers to entry?

Leverage business expertise

Utilizing in-depth industry knowledge and management skills ensures agencies effectively navigate complex labor regulations and market fluctuations. This expertise helps craft tailored staffing solutions that meet specific client needs, enhancing client satisfaction and retention.

Invest in new equipment to enhance mechanical efficiency and improve productivity

Adopting advanced technologies, such as applicant tracking systems (ATS) and customer relationship management (CRM) tools, optimizes recruitment processes. This investment improves the speed and quality of candidate placements, which is crucial for staying competitive in a fast-moving industry.

Substitutes High Increasing

What are substitutes for industry services?

Similar industries offer similar outcomes

- The Professional Employer Organizations industry (IBISWorld report 56133) provides coemployment relationships with businesses and organizations and is responsible for employee administration while they work on-site for the client. Unlike temporary staffing agencies, which supply short-term labor, PEOs focus on long-term HR management, providing comprehensive solutions like payroll, benefits and regulatory compliance. This strategic advantage positions PEOs as key competitors by offering a more integrated approach to employee administration than temporary staffing agencies.
- The Employment and Recruiting Agencies industry ((IBISWorld report 56131) acts as a bridge, matching applicants with permanent employment. Unlike temp agencies that directly hire workers for short-term roles, these agencies focus on facilitating the hiring process, connecting skilled candidates with employers seeking long-term additions to their teams. Through tailored recruitment services, they enhance job placement efficiency and help businesses find the right fit for their permanent staffing needs.

Multinational companies offer small competition

- Adecco, a global leader in the staffing industry, is headquartered outside the United States, with its US operations comprising only a small portion of its extensive global business. Despite this, Adecco maintains a strong presence, providing a wide range of staffing solutions. The company's international scope allows it to leverage global insights and practices, offering competitive and innovative services that cater to diverse client needs across industries.
- US-based Allegis Group and ManpowerGroup have developed extensive operations that make them ideal partners for companies with significant staffing needs. They excel in providing temporary employees across various industries, securing numerous contracts to meet their clients' fluctuating workforce demands. By leveraging their vast networks and industry expertise, Allegis and Manpower deliver flexible and scalable staffing solutions tailored to each client's specific needs.

Key Success Factors

How do successful businesses compete with substitutes?

Secure a flexible workforce

By actively cultivating a wide range of skilled candidates, agencies ensure they can meet various demands efficiently. This breadth of expertise positions them favorably against competitors, securing their market position.

Leverage the company's business expertise

Agencies deliver added value beyond staffing by using their business expertise to offer strategic workforce planning. This advisory role positions them as trusted partners, making them more appealing than substitute services.

Buyer & Supplier Power

Suppliers

2nd tier
- Commercial Leasing in the US
- IT Consulting in the US
- ISPs

1st tier
- Office Supply Stores in the US
- Computer Stores in the US

Office Staffing & Temp Agencies in the US

Buyers

1st tier
- Hospitals in the US
- Retail Trade in the US
- Manufacturing in the US

2nd tier
- Professional, Scientific and Technical Services in the US
- Finance and Insurance in the US
- Mining in the US

IBISWorld

Source: IBISWorld

What power do buyers and suppliers have over the industry?

High Increasing

Buyers: Good reputation

- Buyers prioritize choosing office staffing and temp agencies with a reputation for reliability and delivering satisfactory service. Their choices largely depend on these agencies' proven competence and effectiveness.
- Thanks to the increased reliance on online reviews and social media, buyers can easily share their experiences with office staffing and temp agencies services, which can influence others' buying decisions.

Low Steady

Suppliers: Easy to replace

- Office staffing and temp agencies primarily invest in essential equipment like computers and office supplies for their day-to-day operations. They also rely on internet providers for connectivity and communication.
- Suppliers in the sector are easy to replace because of numerous affordable possibilities. Staffing companies search for the best internet service providers to select, interview and process candidates.

Key Success Factors

How do successful businesses manage buyer & supplier power?

Develop a loyal customer base

Agencies invest in maintaining a reliable pool of skilled candidates to meet client needs swiftly. This strategy strengthens supplier power, ensuring clients depend on them for high-quality staffing solutions.

Use automated procedures and processes

Automated processes improve operational efficiency, allowing agencies to quickly match candidates with client needs. This swift service reduces buyer power by making clients reliant on the agency's rapid, accurate placements.

Companies

Key Takeaways

Allegis Group has a global presence and operates in numerous countries. The company leverages tech advancements and innovative methods to enhance hiring and talent-sourcing processes.

Kelly Services, a Michigan-based public company, commands significant market share. The company capitalizes on innovative strategies and technological advancements to maintain its competitive edge and meet diverse client needs.

Major Players

Company	Revenue	Market Share
Manpowergroup Inc.	$4.0bn	1.5%
Other Companies	$256.1bn	98.5%

Companies

Company	Market Share (%) 2025	Revenue ($m) 2025	Profit ($m) 2025	Profit Margin (%) 2025
Manpowergroup Inc.	1.5	3,970.5	92.1	2.3

Manpowergroup Inc.

Company Details

IndustrySpecificRevenue (2025)	$4.0bn
Industry Profit (2025)	$92.1m
CompanyEmployees (2025)	30,000
MarketShare (2025)	1.5%

Description

Manpowergroup is a public company headquartered in Wisconsin with an estimated 30,000 employees. In the US, the company has a notable market share in at least one industry: Office Staffing & Temp Agencies, where they account for an estimated 1.5% of total industry revenue.

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)	Profit ($m)	Profit Margin (%)
2019	1.9	3,783.4	116.9	3.1
2020	1.8	3,335.9	34.8	1.0
2021	1.6	3,722.4	105.1	2.8
2022	1.5	4,191.8	123.0	2.9
2023	1.5	3,888.5	96.2	2.5
2024	1.7	3,970.5	92.1	2.3
2025	1.5	3,970.5	92.1	2.3

What's impacting Manpowergroup Inc.'s performance?

ManpowerGroup expands operations with acquisition of ettain group

- In October 2021 ManpowerGroup Inc (ManpowerGroup) completed its acquisition of Ettain Group, one of the largest privately-held IT resourcing and services providers in North America. The acquisition accelerates ManpowerGroup's strategy of diversifying its business mix into higher growth and higher-value services. ettain will become part of ManpowerGroup's Experis business, bringing increased strength in Financial Services, Healthcare and Government clients. Founded in 1996, with nearly 5,000 employees and consultants currently at work, ettain group offers opportunities throughout North America, with 28 offices located in 24 key markets.

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

The Department of Labor issues licenses and enforces federal laws to ensure workers' rights. It regulates working conditions, fights employment discrimination and administers unemployment insurance.

The American Staffing Association (ASA) is the most prominent industry association. It runs public advocacy campaigns to advance the industry's interests.

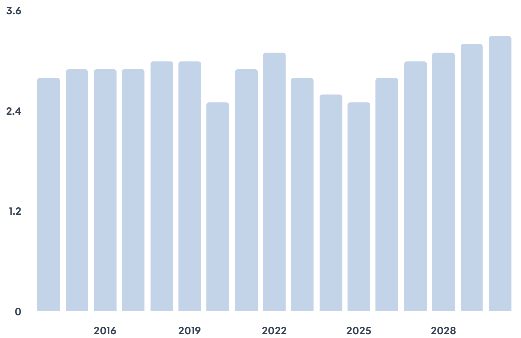
Regulation & Policy	Assistance
Moderate Steady	None Steady

External Drivers

What demographic and macroeconomic factors impact the industry?

Number of temporary employees

Million people

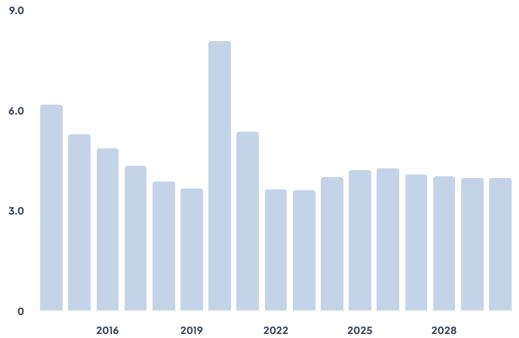


IBISWorld Source: IBISWorld

Changes in employees' attitudes and willingness to work temporarily can increase or decrease the number of available workers. Increasing the number of temporary employees benefits businesses because companies receive greater demand for this type of staff. Also, workers striving to reenter the labor force will likely consider temporary roles in pursuing permanent positions, representing a potential opportunity for the industry.

National unemployment rate

%

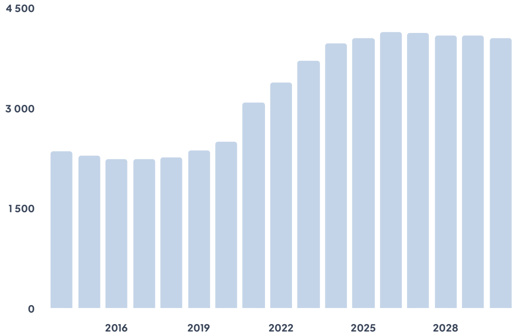


IBISWorld Source: IBISWorld

This industry is sensitive to changes in unemployment levels because temporary staff members are the first to be laid off in a recession and the first to be employed in the first few years of economic recovery. When unemployment increases, the industry is less likely to be able to source temporary staff for companies, causing revenue to drop.

Corporate profit

$ billion

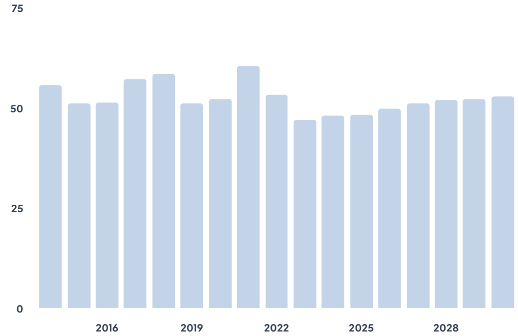


IBISWorld Source: IBISWorld

Corporate profit refers to the profit earned by businesses across all industries. Increased corporate profit has mixed effects on demand for office staffing and temp agencies. Clients invest in their workforce when they have funds available and growing confidence in their financial stability can encourage them to hire permanent rather than temporary employees.

Business sentiment index

Index

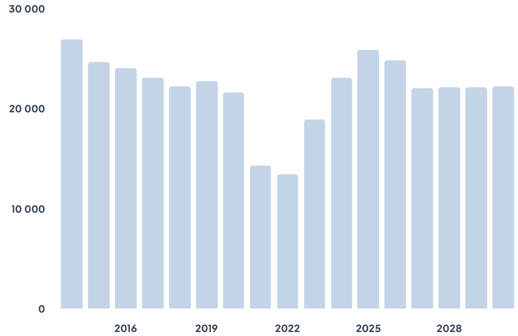


IBISWorld Source: IBISWorld

The Business Sentiment Index (BSI) measures the stability of the business landscape in the United States. Factors considered in the BSI include production, inventory and employment levels, among numerous others. Accordingly, the BSI grows when businesses display greater confidence in the US economy. When companies demonstrate stability, they may hire temporary staff. However, companies' instability can hinder sourcing temporary employees, potentially threatening this industry.

Business bankruptcies

Units



IBISWorld Source: IBISWorld

When businesses go bankrupt, they lay off employees to cut costs. As more companies face bankruptcy, the industry cannot source temporary staff for these defunct businesses, leading to declining revenue. This increase in bankruptcies directly affects the industry's ability to provide staffing solutions and maintain growth.

Regulation & Policy

Moderate Steady

What regulations impact the industry?

Fair Labor Standards Act (FLSA)

FLSA is essential in regulating wages and working hours across the U.S., significantly impacting office staffing and temp agencies. The FLSA enforces rules on minimum wage, overtime pay, precise recordkeeping, and child labor standards. In response to evolving labor dynamics, including increased remote and hybrid work arrangements, agencies must now be especially meticulous in tracking temp employee hours to comply with overtime regulations, which require time-and-a-half pay for any hours over 40 in a week. Failing to adhere to these standards can result in substantial fines and legal disputes. Enhanced oversight by labor authorities further highlights the importance of compliance, pushing agencies to adopt stringent measures to ensure all requirements are met.

Occupational Safety and Health Administration (OSHA) regulations

OSHA enforces workplace safety and health standards and staffing agencies and host employers are responsible for ensuring the safety of temp workers. This involves providing adequate training and personal protective equipment (PPE) and addressing workplace hazards. For instance, if a temp worker is placed in an office environment that requires handling hazardous materials, the staffing agency must ensure the worker is adequately trained and informed about potential risks. Failure to comply can lead to inspections, fines and even shutdowns.

Affordable Care Act (ACA) employer mandate

Under the ACA employer mandate, businesses with 50 or more full-time employees, including their equivalents, must provide health insurance to at least 95% of their full-time staff. This requirement necessitates precise tracking of full-time equivalent employees for office staffing and temp agencies. Implementing effective monitoring systems is critical to ensure compliance with the mandate. The failure to supply the necessary health benefits can result in hefty penalties, posing both financial and reputational risks. As the regulatory environment evolves, especially with changes in workforce dynamics and healthcare policies, maintaining compliance has become even more crucial for these agencies to avoid substantial fines and support their workforce effectively.

Immigration Reform and Control Act (IRCA)

IRCA requires employers, including staffing agencies, to verify the employment eligibility of their employees via Form I-9 and the E-Verify system. Non-compliance can result in significant fines and legal issues. This is particularly pertinent for staffing and temp agencies with numerous short-term hires. An agency placing temporary administrative assistants must ensure that each new hire completes an I-9 form and that they verify the information within the prescribed timeframe to avoid penalties.

Equal Employment Opportunity Commission (EEOC) regulations

The Equal Employment Opportunity Commission (EEOC) strictly enforces federal laws that prohibit discrimination against job applicants and employees on the basis of race, color, religion, sex, national origin, age, disability, or genetic information. For staffing agencies, this means a heightened vigilance in hiring practices to prevent any form of discrimination. Meticulous documentation of all employment practices—from recruitment to final placement—is essential to ensure transparency and legal compliance. This involves implementing comprehensive training programs for hiring managers and maintaining detailed records of decision-making processes. As the regulatory landscape evolves, agencies must prioritize equity and fairness to uphold these laws and foster a diverse, inclusive workforce.

Assistance

None Steady

What assistance is available to this industry?

Government
Work Opportunity Tax Credit (WOTCR)

WOTCR serves as a federal tax incentive aimed at encouraging agencies to employ individuals from specific target groups that have historically encountered significant employment barriers. This initiative is particularly advantageous for office staffing and temp agencies, as they typically manage a large and diverse candidate pool. By hiring individuals who qualify under these criteria, agencies can benefit from reduced federal tax liabilities for each eligible new hire. This promotes economic diversity in the workforce and enhances the financial viability of hiring from these often underrepresented groups, making it a win-win for both employers and employees.

Government
Small Business Administration (SBA) loans

Temp and staffing agencies frequently take advantage of financial assistance programs offered by the SBA, particularly the SBA 7(a) loans. These loans offer versatile financial support, allowing agencies to cover operational expenses, refinance existing debts, or manage seasonal spikes in labor costs. Such financial backing is vital for staffing agencies, which often experience cash flow variability due to the cyclical nature of contract placements. By providing a financial cushion, these loans enable agencies to maintain stability and continue delivering essential staffing services even during fluctuating demand periods.

Non-government
American Staffing Association (ASA)

Organizations like ASA provide private support to office staffing and temp agencies through training, certifications, legal advice, public relations materials and educational materials for new and established agencies.ASA is the most prominent industry association that works for the benefit of industry members. Founded in 1966, ASA also provides its affiliates with public advocacy campaigns to benefit the industry's interests.

Financial Benchmarks

Key Takeaways

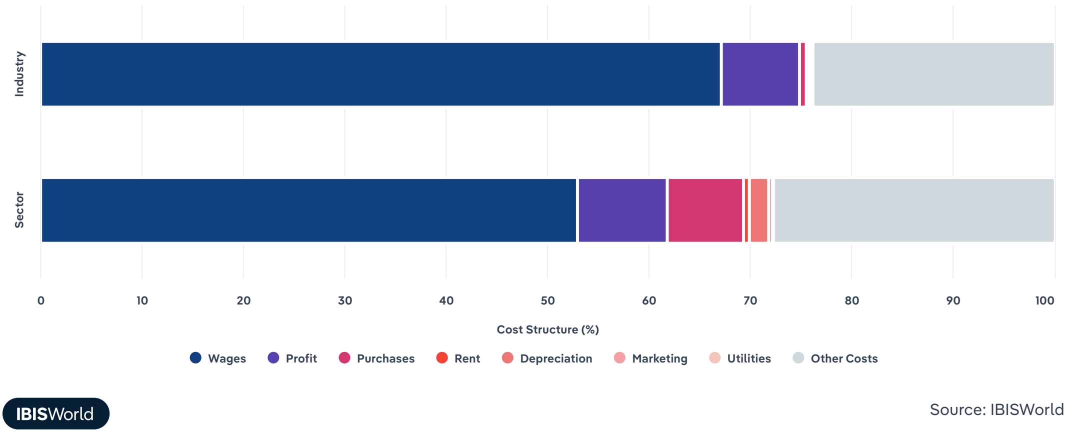
Temp agencies are especially sensitive to economic changes. Shifts in the unemployment rate, employee turnover and demand for temporary labor can dramatically influence industry dynamics.

Extra costs are charged directly to employers. The Patient Protection and Affordable Care Act (PPACA) mandates businesses with over 50 employees provide minimum healthcare coverage to their workers.

Profit Margin	Average Wage	Largest Cost
7.8 % Lower than sector	$48,172 Lower than sector	Wages 67.1% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2025



Source: IBISWorld

What trends impact industry costs?

Wages paid to temporary staff and corporate personnel constitute the most significant expense

- Wages are influenced by factors like the specific roles, skill requirements and the overall demand for temporary workers in key markets. Employers are billed directly for these wages, alongside rising payroll and benefits expenses, largely driven by the escalating cost of living.
- As businesses increasingly require specialized skills, staffing agencies must employ or contract workers with higher expertise, who typically command premium wages. Agencies focusing on niche markets, such as IT or healthcare, see intensified competition for skilled talent, further inflating wage costs.
- The labor market has remained tight in recent years, with low unemployment rates forcing agencies to offer competitive wages to attract and retain workers. This competitive necessity increases wages as a proportion of revenue across the industry.
- Legislative efforts to raise minimum wages in various regions directly impact staffing agencies' cost structure. As minimum wages increase, agencies are compelled to allocate a larger share of their revenue to meet these regulatory requirements. This shift in cost distribution can challenge agencies as they strive to maintain profitability while ensuring compliance with the law.

Typically muted margins come under pressure from competition

- Several additional factors influence the profitability of office staffing and temp agencies. Significant expenses include insurance premiums, interest payments and travel, accommodation and entertainment costs.
- To enhance operational efficiency and broaden their talent pool, companies invest in robust websites for streamlined recruitment processes and employ tools like job screening, data warehousing and data mining. These technological investments improve decision-making capabilities, allowing agencies to better match candidates with client needs.
- The industry is sensitive to economic factors like the national

unemployment rate and employee turnover. In 2020, the COVID-19 pandemic led to profit declines as these positions were among the first cut. However, profit rebounded in 2021 and 2022, as temporary employees were often the first to be rehired as businesses cautiously ramped up operations.

- The integration of advanced technologies, such as AI and automation, has enhanced operational efficiencies within staffing agencies. By streamlining processes like candidate matching and administrative tasks, agencies have managed to keep operational costs in check.
- Effective cost control measures have enabled agencies to mitigate rising expenses in other areas, helping stabilize profit margins. However, competitive pressured have led to a slight decline across the industry, with profitability forecast to fall to 7.8% of revenue in 2025, down from 8.3% in 2020.

Purchase costs have come down across agencies

- Agencies buy a variety of items, including administrative supplies. They also pay for storage services from technology companies to maintain candidate information databases for future reference. Purchase expenses can cover outsourced third-party services, along with general office equipment.
- Purchases account for only about 0.6% of revenue, a figure that's been declining as businesses focus on cutting tertiary expenses. In a competitive market, companies are driven to trim costs wherever possible to improve efficiency.

Legal advice helps agencies in contract negotiations

- Various other expenses include insurance, selling, general and administrative expenses and legal fees. Insurance costs are essential for mitigating risks like professional liability and workers' compensation. Selling expenses occur through activities related to client acquisition and relationship management. General and administrative expenses cover operational costs like office supplies and administrative staff salaries. Legal expenses arise from the need to comply with employment laws and handle contractual matters.
- Legal investments are crucial in maintaining compliance with labor laws and ensuring smooth client and contractor relationships. By proactively managing legal and administrative expenses, agencies can safeguard their operations and focus on delivering efficient recruitment services.
- Despite their diversity, these expenses generally maintain a consistent proportion of the agencies' overall budgets. Agencies seek to effectively manage these costs to maintain competitive service offerings, while ensuring financial stability and compliance with regulatory standards.

Agencies strategically keep overhead expenses low, ensuring utility costs stay minimal

- Utility costs cover electricity, water, heating and cooling for office spaces. Many agencies have adapted to changing work environments by operating remotely or using smaller, cost-effective offices. This shift cuts utility expenses, which have generally stayed low.
- Moreover, embracing digital technologies and cloud systems has lessened the need for traditional office setups. This flexibility has notably helped maintain operational efficiency and competitiveness in today's dynamic job market. As technology advances, agencies will keep cutting overhead costs.

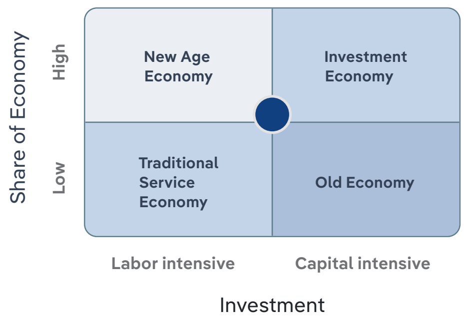
Agencies make new investments in depreciable assets

- Depreciable assets encompass fixtures, fittings, computer equipment, and software. The industry has significantly ramped up the use of computer equipment and software for sourcing and selecting candidates. These digital tools streamline processes such as resume screening, candidate assessment and data management, boosting overall efficiency. Agencies frequently invest in advanced applicant tracking systems (ATS) and AI-driven platforms to enhance their matchmaking processes.
- Recruitment agencies show a low level of capital intensity because they don't heavily depend on physical assets like fixtures and fittings. Even with increased investments in technology, the industry retains low capital requirements. This is because essential technologies don't involve substantial capital costs compared to industries that rely on heavy machinery or significant infrastructure.

Marketing spending relies on cost-effective engagment stratgies

- Marketing expenses are crucial for agencies that aim to connect with temporary workers and clients. However, provided their marketing strategies are efficient, these agencies typically don't need to allocate a substantial budget to advertising. Tactics like leveraging professional networks and maintaining a strong online presence can effectively reach target audiences.
- In recent years, marketing expenses have constituted a stable share of agency revenue, reflecting a balance between cost management and market reach. Agencies often rely on digital marketing tools like search engine optimization (SEO) and email campaigns, which offer cost-effective ways to engage with both job seekers and employers.

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

Financial Ratios

Days' Receivables	Interest Coverage	Debt/Net Worth
71.8 Higher than sector	1.5 Higher than sector	3.2 Higher than sector

Industry Multiples

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
EBIT/Revenue	23.0	25.5	24.2	25.2	23.1	24.2	24.5	26.4
EBITDA/Revenue	34.4	30.9	28.8	34.1	32.6	33.3	31.6	33.1
Leverage Ratio	7.7	7.3	7.5	5.1	5.2	5.2	6.3	8.1

Industry Tax Structure

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Taxes Paid/Revenue	3.7	4.7	4.8	3.5	3.3	3.4	4.0	4.9

Income Statement

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	92.8	94.1	95.5	100.0	100.0	100.0	97.4	96.3
Cost of goods	19.1	23.4	27.5	27.7	25.2	26.5	26.0	23.6
Gross Profit	80.9	76.6	72.5	72.3	74.8	73.5	74.0	76.4
Expenses								
Salaries and wages	14.5	16.8	18.2	11.7	11.3	11.5	14.5	15.8
Advertising	4.2	5.0	5.0	1.9	1.8	1.8	3.4	4.5
Depreciation	8.4	1.8	1.1	1.8	2.1	1.9	1.7	2.4
Depletion	0.0	0.0	0.0	3.9	3.5	3.7	1.8	0.8
Amortization	3.0	3.5	3.5	3.2	4.0	3.6	3.5	3.6
Rent paid	3.3	3.8	4.1	2.8	2.6	2.7	3.3	3.6
Repairs	2.6	0.7	0.5	0.3	0.2	0.2	0.4	0.7
Bad debts	3.7	4.3	4.0	1.7	0.9	1.3	2.7	3.4
Employee benefit programs	1.0	1.2	1.5	0.9	3.0	1.9	1.6	1.5
Compensation of officers	0.4	2.9	0.4	0.3	7.3	3.8	2.7	1.5
Taxes paid	3.7	4.7	4.8	3.5	3.3	3.4	4.0	4.9
Interest Income	1.8	1.9	1.6	0.0	0.0	0.0	0.9	1.2
Other Income								
Royalties	0.0	0.2	0.1	0.0	0.0	0.0	0.1	0.1
Rent Income	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Net Income	16.4	17.2	15.9	5.8	4.0	4.9	10.7	14.8
Charitable contributions	0.1	0.0	0.0	0.2	0.1	0.1	0.1	0.1
Dividends	0.4	0.4	0.3	0.0	0.0	0.0	0.2	0.2
Interest paid	3.0	3.6	3.5	16.0	15.8	15.9	9.7	6.6
Net gain, noncapital assets	0.9	0.5	0.2	0.0	0.0	0.0	0.2	0.2
Net long-term capital gain less net short-term loss	1.2	0.4	0.0	0.0	0.0	0.0	0.1	0.3
Net loss, noncapital assets	8.4	1.8	1.1	12.5	7.3	9.9	5.7	4.0
Net short-term capital gain less net long-term loss	2.0	2.0	1.7	0.0	0.0	0.0	0.9	1.2
Other deductions	4.1	5.0	5.6	4.3	5.1	4.7	5.0	4.5
Other receipts	0.5	0.5	0.5	0.0	0.0	0.0	0.2	0.3
Pension, profit-sharing, etc., plans	0.6	0.3	0.1	0.1	1.8	0.9	0.6	0.4

Balance Sheet

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Assets								
Cash and Equivalents	5.8	9.1	8.1	11.6	10.8	11.2	9.9	7.7
Notes and accounts receivable	19.3	20.8	19.9	17.8	19.7	18.7	19.5	20.9
Allowance for bad debts	0.3	0.2	0.2	0.5	0.7	0.6	0.4	0.5
Inventories	0.1	2.0	1.9	2.0	1.7	1.8	1.9	1.8
Other current assets	6.3	3.6	3.3	8.0	8.8	8.4	5.9	5.3
Other investments	14.3	16.3	13.5	22.6	18.0	20.3	17.6	16.6
Property, Plant and Equipment	18.1	18.4	17.3	15.0	16.6	15.8	16.8	19.2
Accumulated depreciation	13.8	14.7	13.6	10.5	10.6	10.5	12.4	14.6
Intangible assets (Amortizable)	14.4	14.6	14.7	14.2	17.4	15.8	15.2	15.0
Accumulated amortization	3.0	3.7	2.8	5.1	5.1	5.1	4.1	4.1
Other assets	16.6	17.8	17.0	5.7	6.7	6.2	11.8	15.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	3.8	4.9	7.3	10.2	11.1	10.7	8.4	7.8
Liabilities and Net Worth								
Mort, notes, and bonds under 1 yr	2.1	15.6	5.2	2.5	5.5	4.0	7.2	8.7
Other current liabilities	38.3	29.5	38.6	24.5	20.9	22.7	28.4	28.9
Loans from shareholders	2.1	1.7	1.1	3.4	3.3	3.4	2.4	2.5
Mort, notes, bonds, 1 yr or more	21.1	17.9	17.4	9.3	17.1	13.2	15.4	18.7
Other liabilities	9.4	6.4	5.5	9.7	11.3	10.5	8.2	7.6
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	9.7	-1.6	0.4	-2.5	13.1	5.3	2.3	0.4
Additional paid-in capital	16.9	23.2	23.7	61.0	31.1	46.0	34.7	27.7
Retained earnings, appropriated	-9.8	-4.6	-2.1	-4.1	-6.2	-5.1	-4.2	-6.0
Retained earnings-unappropriated	20.1	21.1	21.7	2.2	8.2	5.2	13.3	18.5
Cost of treasury stock	13.8	14.1	18.8	16.3	15.5	15.9	16.2	14.7
Net worth	23.1	24.0	24.8	40.3	30.8	35.6	30.0	25.9
Accumulated depletion	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Depletable assets	0.0	0.0	0.0	7.4	5.6	6.5	3.2	1.5
Government Obligations	2.2	0.9	3.3	2.6	2.1	2.3	2.2	2.7
Land	9.9	0.1	0.1	5.0	3.7	4.3	2.2	2.2
Loans to shareholders	7.5	8.6	8.3	1.1	1.0	1.1	4.8	6.7
Mortgage and real estate loans	0.0	0.0	5.9	1.2	2.7	2.0	2.4	1.3
Tax Exempt Securities	2.7	6.5	3.3	2.0	1.6	1.8	3.3	3.2

Liquidity Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Current Ratio	0.8	0.9	0.8	1.2	1.2	1.2	1.0	0.9
Quick Ratio	0.8	0.8	0.7	1.1	1.2	1.2	1.0	0.9
Sales/Receivables	5.2	4.8	5.0	5.6	5.1	5.3	5.1	4.9
Days' Receivables	70.4	75.8	72.6	65.1	71.8	68.4	71.3	76.2
Days' Inventory	3.1	69.5	54.6	45.2	41.3	43.3	52.6	76.1
Inventory Turnover	118.5	5.3	6.7	8.1	8.8	8.5	7.2	17.8
Payables Turnover	1.9	2.1	1.7	1.6	1.3	1.4	1.7	1.3
Days' Payables	193.2	172.2	208.6	235.3	272.7	254.0	222.2	324.2
Sales/Working Capital	-1.5	-1.8	-1.7	-10.9	-12.7	-11.8	-6.8	-3.7

Coverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Interest Coverage	7.8	7.0	6.8	1.6	1.5	1.5	4.2	5.7
Debt Service Coverage Ratio	52.7	8.1	155.8	7.4	7.7	7.5	44.7	70.0

Leverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	2.6	2.1	2.0	1.4	1.9	1.7	1.9	2.3
Debt/Net Worth	4.3	4.2	4.0	2.5	3.2	2.9	3.5	4.1
Tangible Net Worth	23.1	24.0	24.8	40.3	30.8	35.6	30.0	25.9

Operating Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Return on Net Worth, %	351.3	345.8	147.7	84.7	71.4	101.3	200.2	237.1
Return on Assets, %	N/A	N/A	N/A	42.3	29.8	36.0	36.0	36.0
Sales/Total Assets	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBITDA/Revenue	34.4	30.9	28.8	34.1	32.6	33.3	31.6	33.1
EBIT/Revenue	23.0	25.5	24.2	25.2	23.1	24.2	24.5	26.4

Cash Flow & Debt Service Ratios (% of sales)

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Cash from Trading	101.9	73.0	68.7	68.7	76.0	72.4	71.6	75.8
Cash after Operations	92.3	19.2	73.1	11.3	46.1	28.7	37.4	50.0
Net Cash after Operations	72.4	49.2	36.4	57.0	63.5	60.3	51.5	48.7
Debt Service P&I Coverage	6.1	1.2	1.9	2.5	2.3	2.4	2.0	1.9
Interest Coverage (Operating Cash)	24.5	13.6	10.3	3.6	4.0	3.8	7.9	10.3

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2005	57,426	5.9	63.1	102.0	35,182	61.3	1.6	70.2
2006	54,309	6.4	69.4	117.8	33,679	62.0	1.7	71.6
2007	57,360	6.3	65.2	109.4	33,562	58.5	1.7	68.5
2008	54,505	4.1	49.1	74.8	34,624	63.5	1.5	69.9
2009	58,144	3.3	38.1	57.2	38,110	65.5	1.5	72.7
2010	67,603	4.3	42.7	63.6	40,271	59.6	1.5	67.7
2011	64,821	4.8	49.8	74.4	38,529	59.4	1.5	68.7
2012	62,806	4.9	52.4	78.3	38,830	61.8	1.5	72.1
2013	59,942	4.8	52.7	80.1	38,366	64.0	1.5	74.0
2014	60,245	5.2	57.0	87.1	39,006	64.7	1.5	74.1
2015	61,655	5.3	55.3	85.5	38,894	63.1	1.5	72.6
2016	65,079	5.7	56.5	87.6	40,401	62.1	1.6	68.4
2017	66,051	5.8	56.0	88.1	41,942	63.5	1.6	67.9
2018	66,886	5.9	55.9	88.0	42,239	63.2	1.6	67.9
2019	68,320	5.7	54.0	83.2	42,751	62.6	1.5	71.6
2020	65,861	5.3	52.2	80.1	41,652	63.2	1.5	71.9
2021	76,544	6.3	51.5	82.9	50,653	66.2	1.6	74.3
2022	76,413	6.9	58.4	89.7	48,762	63.8	1.5	72.2
2023	73,003	6.3	56.4	86.2	48,325	66.2	1.5	74.3
2024	69,878	5.8	54.4	82.8	47,911	68.6	1.5	76.4
2025	71,776	6.1	55.6	85.0	48,172	67.1	1.5	75.2
2026	71,821	6.1	55.7	85.1	48,178	67.1	1.5	75.2
2027	72,239	6.2	56.1	85.8	48,234	66.8	1.5	74.9
2028	72,479	6.3	56.5	86.6	48,266	66.6	1.5	74.7
2029	73,132	6.4	57.3	87.9	48,353	66.1	1.5	74.3
2030	73,791	6.5	57.7	88.6	48,440	65.6	1.5	73.9
2031	74,198	6.6	58.0	89.2	48,494	65.4	1.5	73.6

Key Statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2005	150,989.0	105,954.1	41,645	25,768	2,629,299	92,503.1
2006	159,861.8	114,514.0	42,385	24,978	2,943,586	99,136.3
2007	167,235.6	114,496.5	44,745	26,653	2,915,535	97,852.3
2008	158,095.3	110,554.0	59,074	38,761	2,900,553	100,429.9
2009	126,862.2	92,290.1	57,231	38,135	2,181,852	83,151.4
2010	156,432.0	105,832.9	54,204	36,405	2,313,997	93,186.2
2011	170,229.2	116,929.6	52,771	35,311	2,626,125	101,181.1
2012	176,781.6	127,418.1	53,693	35,930	2,814,746	109,297.7
2013	178,717.9	132,218.2	56,556	37,241	2,981,517	114,388.7
2014	187,802.5	139,101.2	54,702	35,794	3,117,331	121,593.1
2015	206,283.0	149,707.5	60,488	39,151	3,345,785	130,131.3
2016	227,084.0	155,280.0	61,789	39,824	3,489,371	140,974.6
2017	231,751.2	157,452.7	62,699	39,819	3,508,655	147,161.7
2018	237,326.0	161,027.3	63,424	40,338	3,548,191	149,872.9
2019	241,477.6	172,947.3	65,416	42,466	3,534,502	151,102.5
2020	225,139.7	161,807.5	65,488	42,656	3,418,391	142,384.0
2021	269,770.0	200,319.8	68,411	42,498	3,524,395	178,521.2
2022	302,396.5	218,326.1	67,778	44,116	3,957,386	192,969.8
2023	269,708.9	200,418.6	65,521	42,843	3,694,474	178,534.1
2024	238,826.5	182,531.6	62,862	41,298	3,417,782	163,749.7
2025	260,115.5	195,484.4	65,132	42,638	3,623,967	174,574.7
2026	261,884.9	196,822.4	65,478	42,851	3,646,345	175,674.5
2027	267,864.5	200,550.6	66,098	43,196	3,708,023	178,854.0
2028	273,157.8	204,060.0	66,691	43,527	3,768,803	181,906.3
2029	282,691.0	210,001.0	67,489	43,985	3,865,500	186,909.7
2030	290,363.6	214,501.5	68,210	44,407	3,934,953	190,610.9
2031	297,903.2	219,323.6	69,164	44,989	4,014,967	194,701.6

Note

Figures are inflation adjusted to 2025

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	5.9	8.1	1.8	-3.1	12.0	7.2
2007	4.6	0.0	5.6	6.7	-1.0	-1.3
2008	-5.5	-3.4	32.0	45.4	-0.5	2.6
2009	-19.8	-16.5	-3.1	-1.6	-24.8	-17.2
2010	23.3	14.7	-5.3	-4.5	6.1	12.1
2011	8.8	10.5	-2.6	-3.0	13.5	8.6
2012	3.8	9.0	1.7	1.8	7.2	8.0
2013	1.1	3.8	5.3	3.6	5.9	4.7
2014	5.1	5.2	-3.3	-3.9	4.6	6.3
2015	9.8	7.6	10.6	9.4	7.3	7.0
2016	10.1	3.7	2.2	1.7	4.3	8.3
2017	2.1	1.4	1.5	0.0	0.6	4.4
2018	2.4	2.3	1.2	1.3	1.1	1.8
2019	1.7	7.4	3.1	5.3	-0.4	0.8
2020	-6.8	-6.4	0.1	0.4	-3.3	-5.8
2021	19.8	23.8	4.5	-0.4	3.1	25.4
2022	12.1	9.0	-0.9	3.8	12.3	8.1
2023	-10.8	-8.2	-3.3	-2.9	-6.6	-7.5
2024	-11.5	-8.9	-4.1	-3.6	-7.5	-8.3
2025	8.9	7.1	3.6	3.2	6.0	6.6
2026	0.7	0.7	0.5	0.5	0.6	0.6
2027	2.3	1.9	0.9	0.8	1.7	1.8
2028	2.0	1.7	0.9	0.8	1.6	1.7
2029	3.5	2.9	1.2	1.1	2.6	2.8
2030	2.7	2.1	1.1	1.0	1.8	2.0
2031	2.6	2.2	1.4	1.3	2.0	2.1

Note

Figures are inflation adjusted to 2025

Key Success Factors

How do successful businesses overcome volatility?

Develop a loyal customer base

Agencies focus on building long-term, trust-based relationships with clients. By consistently delivering quality service and meeting client expectations, they create a loyal customer base less affected by market volatility.

Use the most efficient work practices

Agencies utilize efficient scheduling and resource allocation practices to manage workforce demands effectively. This approach minimizes downtime and ensures readiness to meet client needs swiftly, even during volatile periods.

What products or services do successful businesses offer?

Quickly adopt new technology

Agencies adopt AI and advanced algorithms to improve candidate matching. This technology enables quicker and more accurate placements, boosting client satisfaction and operational efficiency.

Produce premium goods and/or services

By offering tailored staffing solutions that meet specific client needs, agencies enhance their value proposition. Personalized service differentiates them from competitors, driving client loyalty and increasing market share.

How do businesses use location to their advantage?

Ensure skilled labor is available

Success for staffing agencies hinges on access to a pool of skilled labor. Locating in or near urban centers or regions with educational institutions ensures continuous access to qualified candidates, which is vital for efficiently fulfilling client needs.

Operate in a location that is close to key markets

Office staffing and temp agencies thrive near bustling business districts or commercial hubs. Proximity to a dense pool of businesses ensures a steady demand for staffing services, optimizing client acquisition and service delivery.

How do successful businesses handle concentration?

Develop a strong reputation

Agencies build strong reputations by consistently providing high-quality candidates and reliable services. This credibility makes them a preferred choice, reducing the impact of market concentration and boosting their market position.

Easy access for clients

By providing round-the-clock support and adaptable staffing options, agencies make it simple for clients to get what they need. This flexibility enhances client satisfaction, countering the effects of market concentration.

How can potential entrants overcome barriers to entry?

Leverage business expertise

Utilizing in-depth industry knowledge and management skills ensures agencies effectively navigate complex labor regulations and market fluctuations. This expertise helps craft tailored staffing solutions that meet specific client needs, enhancing client satisfaction and retention.

Invest in new equipment to enhance mechanical efficiency and improve productivity

Adopting advanced technologies, such as applicant tracking systems (ATS) and customer relationship management (CRM) tools, optimizes recruitment processes. This investment improves the speed and quality of candidate placements, which is crucial for staying competitive in a fast-moving industry.

How do successful businesses compete with substitutes?

Secure a flexible workforce

By actively cultivating a wide range of skilled candidates, agencies ensure they can meet various demands efficiently. This breadth of expertise positions them favorably against competitors, securing their market position.

Leverage the company's business expertise

Agencies deliver added value beyond staffing by using their business expertise to offer strategic workforce planning. This advisory role positions them as trusted partners, making them more appealing than substitute services.

How do successful businesses manage buyer & supplier power?

Develop a loyal customer base

Agencies invest in maintaining a reliable pool of skilled candidates to meet client needs swiftly. This strategy strengthens supplier power, ensuring clients depend on them for high-quality staffing solutions.

Use automated procedures and processes

Automated processes improve operational efficiency, allowing agencies to quickly match candidates with client needs. This swift service reduces buyer power by making clients reliant on the agency's rapid, accurate placements.

Call Prep Questions

Role Specific Questions

Sales & Marketing

How do you market your services to potential clients? Is there a heavy reliance on long-term contracts or repeat clients?

- Repeat clients and long-term contracts are very important for temporary staffing agencies to generate revenue.
- By providing high-quality temp workers in a timely fashion, an agency can become a company's go-to when needing supplementary staffing.

Does your company specialize in a niche service or bundle its services to attract clients?

- Most temporary staffing agencies specialize in staffing workers in a specific sector within a defined geographic region.

Strategy & Operations

Does your company target a particular market segment or does it provide for a broad range of markets?

- Depending on its size, a temporary staffing agency decides whether to provide temporary workers to a defined sector or a wide variety of industries.

Is maintaining repeat or recurring customers vital to your company's success?

- By consistently providing high-quality temporary workers to a business, a temporary staffing firm can guarantee continued business from new and existing clients.

Technology

Are web-based technologies such as online document storage and video conferencing hurting your business?

- Online document storage and video conferencing are helping improve temporary staffing agencies' efficiencies. These tools allow agencies to conduct deep analysis and more easily interview potential candidates.

Does your company use mobile applications to improve client services and consumer experience?

- Mobile apps have greatly enhanced the ability of temporary staffing agencies to collect and analyze candidates' resumes. This helps agencies build a more extensive database of qualified candidates when a role needs to be filled.

Compliance

Do regulations pertinent to your business vary from state to state?

- Outside of state-specific licensing that an agency must obtain in each state, no law prevents temporary staffing agencies from conducting business in multiple states.

Is obtaining state certification or licensing necessary for your business?

- Obtaining the required state certifications and licensing is the most significant regulatory obstacle that temporary staffing agencies face.

Finance

How does your company compensate for the seasonality of cash flow?

- Some temporary staffing agencies compensate for seasonal employment in certain sectors by providing staffing services to other, less seasonal sectors.

How frequently does your company purchase new equipment?

- Temporary staffing agencies require little capital to operate, making new equipment purchases relatively infrequent.

External Impacts Questions

Business sentiment index

Do you monitor the business sentiment index? How will you promote temporary staffers over permanent ones as sentiment improves further?

- The BSI only grows when businesses display a greater degree of confidence in the US economy.
- When businesses exhibit greater confidence, they are considered more likely to hire temporary employees to supplement their existing workforce.

Corporate profit

How directly does your revenue trend in line with corporate profit? How can you make your services more attractive than permanent staffing?

- An increase in corporate profit has mixed effects on demand for the industry's services. Clients are more likely to invest in their workforce when funds are available. Increasing confidence in their financial stability can encourage them to hire permanent rather than temporary employees.

Number of temporary employees

How can you make your staffers more competitive for placement?

- An increase in temporary employees benefits the industry because they receive greater demand from businesses for this type of staff.

Internal Issues Questions

Access to multiskilled and flexible workforce

Do you focus on a particular sector? How can you expand into other industries and positions?

- Agencies must secure and maintain access to a suitable supply of flexible, reliable and appropriately skilled workers available at short notice for placement.

Having a loyal client base

How strong are your relationships with market leaders? Can you develop these contacts further?

- The ability to secure repeat customers will have a positive effect on an agency's performance.

Use of high volume/low margin strategy

How broad and deep is your pool of talent? How can you promote your higher-margin services, such as temp-to-permanent?

- Since the nature of the industry creates high revenue with low profitability, it's important to understand critical financial operations.

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IBISWorld helps you find the industry information you need - fast.