The Future of the Recruitment Industry Report: 2025

Introduction

Undoubtedly, 2024 was another challenging year for the recruitment industry. Data from the Office for National Statistics indicates that 18% fewer job vacancies were advertised in 2024 compared to the previous year, offering less opportunity for recruitment agencies to generate sales. As a result, reports suggest that there are now 32% fewer recruiters than there were 18 months ago.

The agencies that have survived the many external challenges faced by the recruitment industry have done so by adapting models and capitalising on new technology to increase efficiency and enable fewer recruiters to do more. Firefish data shows that while there were 18% fewer jobs in 2024, the volume of placements made was 16% higher, demonstrating that effective strategies can generate success despite wider challenges.

As the leader of a recruitment agency, it can be challenging to understand how your business is performing when the background economic situation fluctuates rapidly throughout the year. That's why, at the end of each year, Firefish surveys recruitment leaders across the UK and Ireland to collect their views and establish plans and forecasts of what is to come in the year ahead. Using this data, this report paints a picture of what worked in 2024 and how the recruitment industry will look in 2025 and beyond.

Read on to explore the results of the annual 'Firefish: 2025 Recruitment Agency Report' survey.

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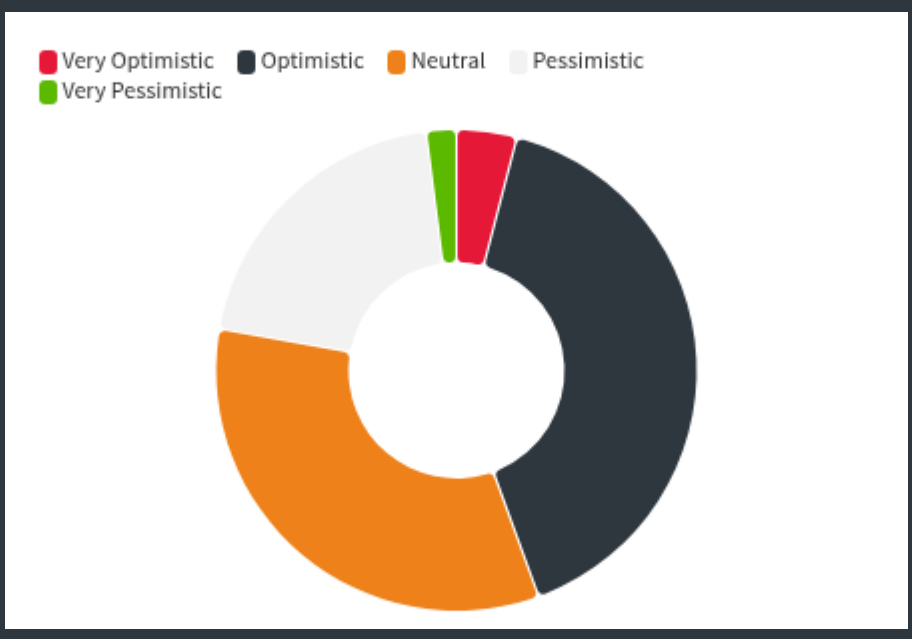
CHAPTER 1

The Future of Recruitment

When surveying the recruitment industry at the start of 2024, 60% of respondents were 'optimistic' or 'very optimistic' about the outlook for the year ahead. 2024 proved to be a challenging year for many recruitment agencies with numerous factors including a general election and a budget that increased bills for employers impacting the job market in the UK and Ireland.

So how optimistic are leaders as we head into 2025?

What's your outlook for the recruitment industry in 2025?



Highlights:

- **44% of recruitment leaders are either 'optimistic' or 'very optimistic' about the year ahead.**
- **Levels of optimism have declined for the third consecutive year.**
- **22% of recruitment leaders are 'pessimistic' or 'very pessimistic' about the year ahead, a significant increase on 2024.**

What does this mean?

As the data clearly shows, the overall sentiment of the industry remains positive, however, confidence levels have now declined consecutively for three years. There are 16% fewer recruitment leaders who are 'optimistic' or 'very optimistic' when compared to the previous year, and there are 13% more 'pessimistic' and 'very pessimistic' recruitment leaders as we begin 2025.

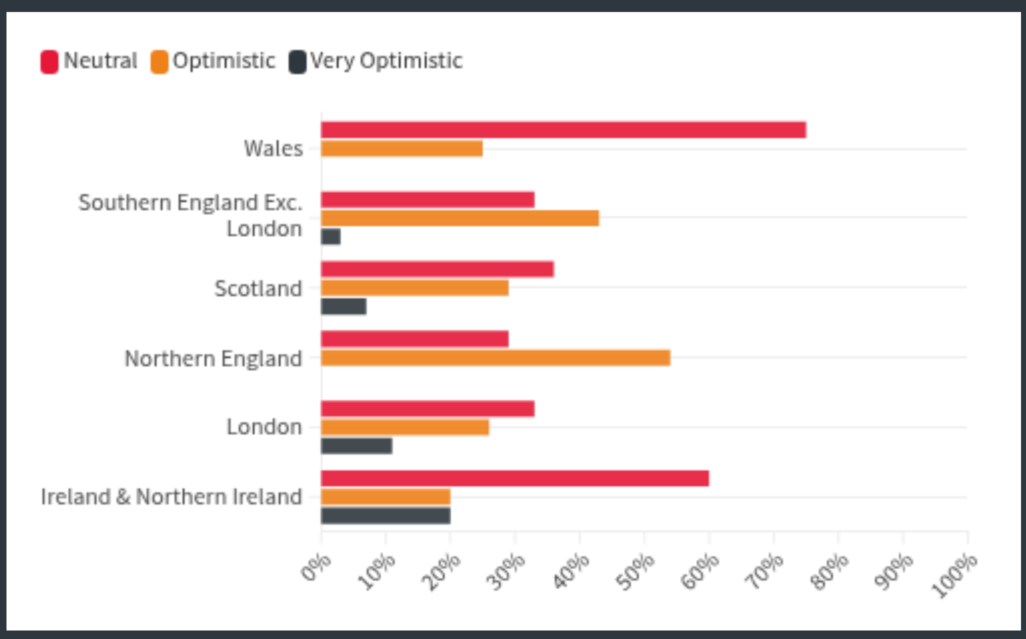
The number of agency leaders taking a neutral position remained steady at 33%.

The decrease in optimism in the industry is a symptom of external factors that have caused a decline in the number of recruitment agencies across the UK and Ireland in 2024. With 18% fewer jobs on the market, recruitment agencies have had to focus on maximising efficiency to remain competitive.

Which regions are most optimistic about the future?

By diving deeper into the data, we can compare the outlook by region to see which locations are most optimistic.

Outlook by Region



*Data from respondents in Ireland and Northern Ireland has been combined.

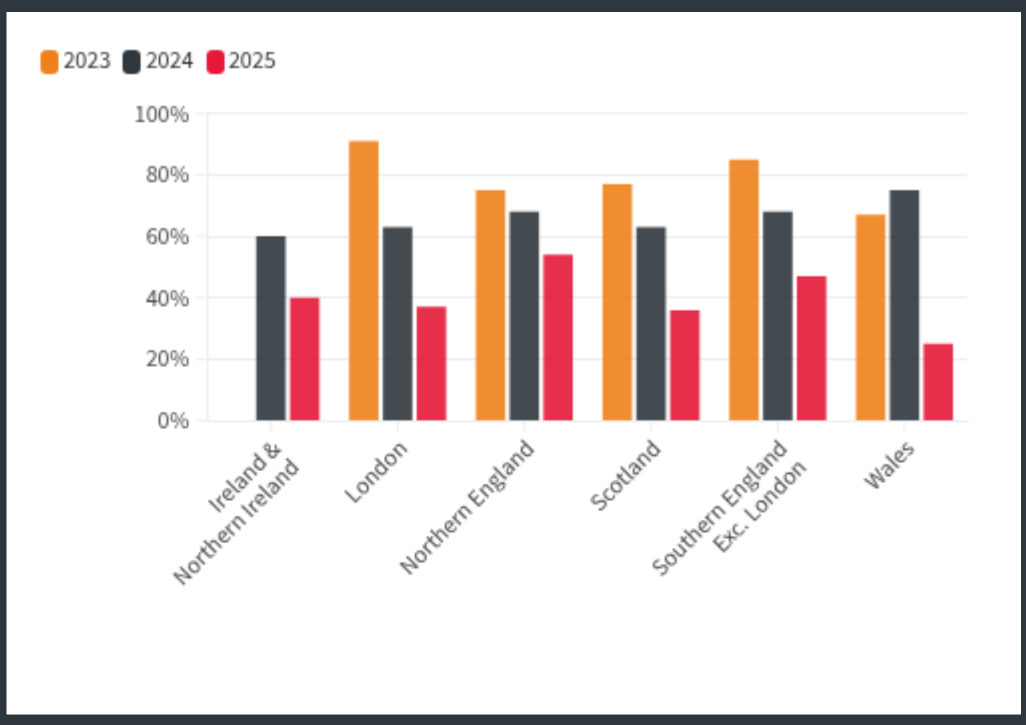
Highlights:

- **Northern England** were the most optimistic with 54% of respondents responding 'optimistic', although no leaders in this region were 'very optimistic'.
- **Welsh leaders** were the most cautious with 75% taking a neutral position, a stark contrast to 2024 when Welsh leaders were the most optimistic.

What does this mean and how does it compare to the years before?

Regionality has a significant impact on levels of optimism across recruitment agencies, with particular areas experiencing different economic climates and investment initiatives. Significant infrastructure investment in a particular region can have a notable impact on optimism.

Most Optimistic Regions Compared to 2024 & 2023



Highlights:

- **Welsh leaders** have had a dramatic reduction in optimism heading into 2025.
- All regions are the **least optimistic heading into 2025** since 2023.

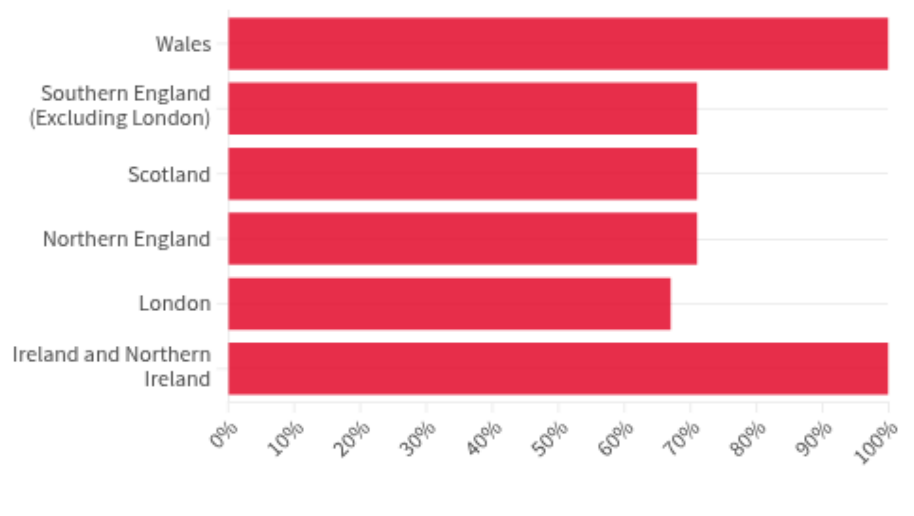
Levels of optimism have dropped significantly in the recruitment industry over the past three years. Only in Northern England are more than half of agency leaders optimistic about the year ahead. Leaders in Wales, Scotland and London are the least optimistic about the year ahead.

CHAPTER 2

Outlook on Sales Growth

Which regions are expecting sales growth?

Agency owners expecting to increase sales in 2025, by region.



*Data from respondents in Ireland and Northern Ireland has been combined.

Highlights:

- **72% of agency leaders** are **forecasting sales growth** in 2025.
- **Agency leaders in London** are forecasting the **lowest level of sales growth** in 2025.
- **25% of recruitment leaders in Wales** are forecasting sales growth of more than 50% in 2025.

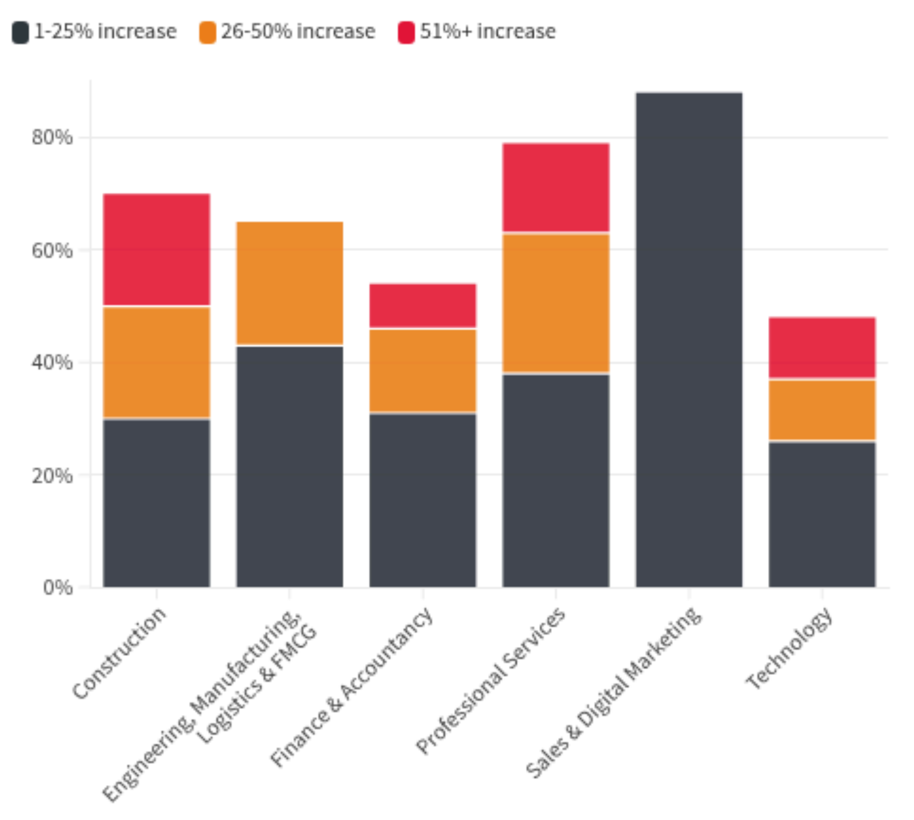
What does this mean?

The majority of recruitment agency leaders are forecasting sales growth in 2025. In two regions, Wales and Ireland & Northern Ireland, 100% of leaders reported an expectation of sales growth. 43% of respondents reported an expected increase of 1-25%, with 29% expecting a sales increase of 26% or more.

In 4 of 6 regions, agency leaders have predicted lesser sales growth heading into 2025 than in 2024.

Which sectors are expecting sales growth?

% of agency owners expecting to grow by sector in 2025



Highlights:

- 20% of recruitment leaders in the **Construction** sector are forecasting sales growth of 50% or more in 2025.
- 88% of agency leaders in the **Sales & Digital Marketing** sector are forecasting sales growth between 1-25%.
- Less than 50% of leaders in the **Technology** sector are forecasting sales growth.

What does this mean?

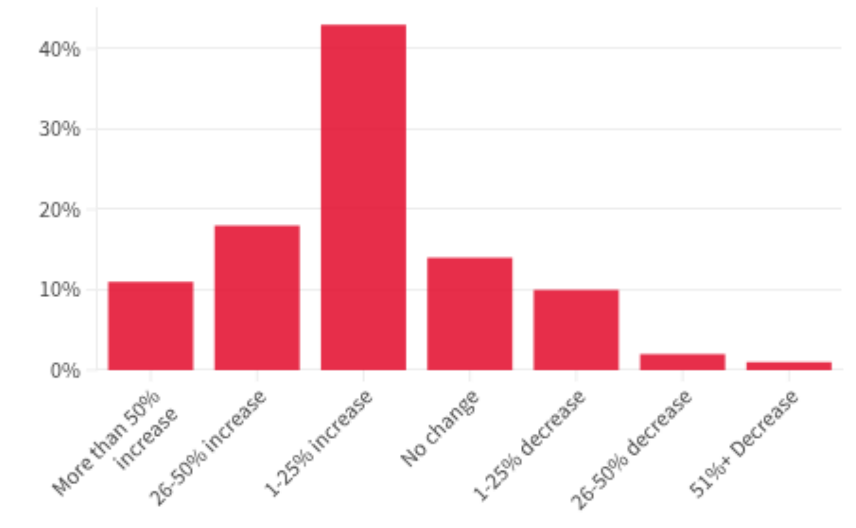
The data shows us that there is some significant variation between the expected sales growth across sectors. The highest percentage of agency leaders predicting sales growth is the sales & digital marketing sector, however, all of the respondents are predicting only modest growth between 1-25%. In the construction and professional services sectors, more than 15% of leaders are forecasting growth of 51% or more, and 40%+ are predicting growth of 26% or more.

The technology and finance and accountancy sectors are the least optimistic at the start of 2025. This is the second consecutive year that these sectors have been least optimistic.

How do agency leaders expect sales to change in the next 12 months?

In the following graph we explore how much growth agency leaders are predicting over the coming year when compared to 2024 sales.

How do you expect your sales to change in 2025, compared with 2024?



*Data may sum to more than 100% due to rounding.

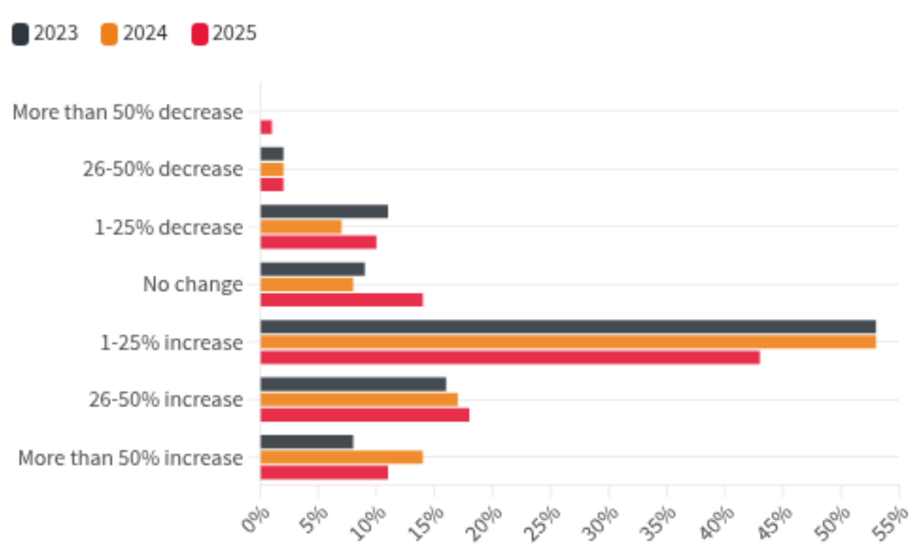
Highlights:

- The most common prediction was for **sales growth of 1-25%** in the coming year.
- 13% of agency leaders expect **sales to decrease in 2025**.
- 29% of agency leaders predict sales growth of **26% or more in 2025**.

What does this mean and how does it compare to 2024 & 2023?

Based on the responses of agency leaders, 72% are expecting to achieve sales growth in 2025. This is a significant decline when compared to the 84% expecting sales growth at the start of 2024.

How do you expect your sales to change in 2024, compared with 2023 & 2022?



Highlights:

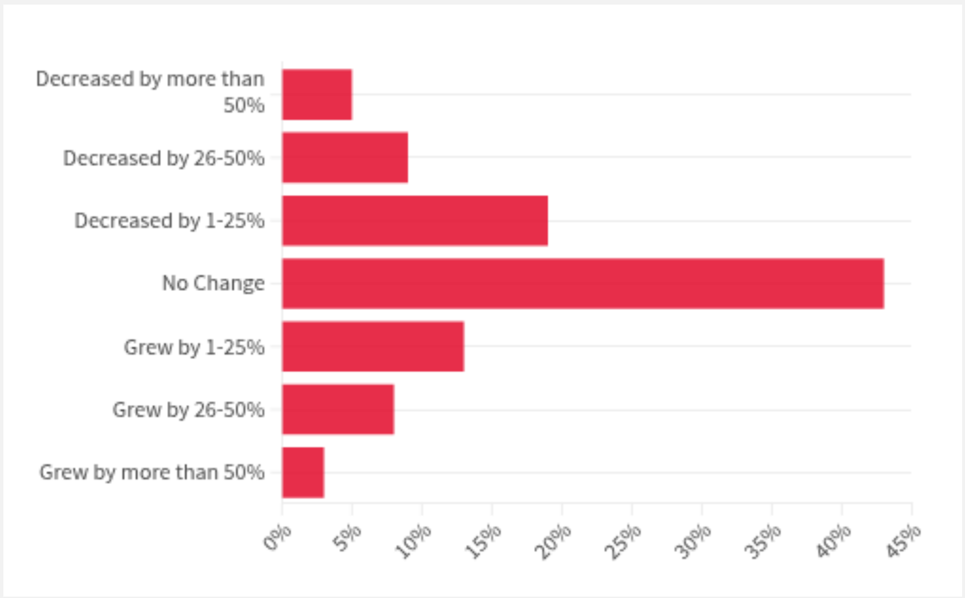
- The percentage of agency leaders predicting **growth of more than 50%** has decreased from 14% to 11% YOY.
- The predicted sales growth is weaker heading into 2025 than at the start of 2024, with more agency leaders forecasting a decrease in sales.
- The percentage of agency leaders predicting 1-25% growth declined from 53% to 43%.

Agency leaders are less optimistic about sales growth heading into 2025 than they were at the start of 2024. The biggest increase in responses YOY is in the number of agencies forecasting no change to their sales in 2025.

Changes to headcount

As part of the survey we also asked agency leaders how their agency's headcount had changed in 2024.

How has the headcount at your agency changed in 2024?



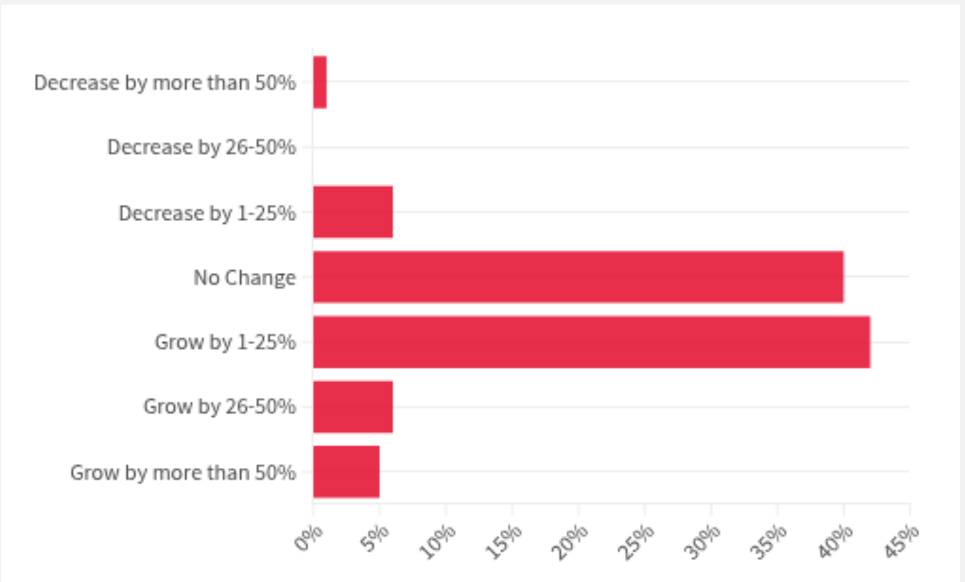
Highlights:

- 33% of recruitment agencies reduced their headcount in 2024.
- 24% of recruitment agencies grew headcount in 2024.
- 43% of recruitment agencies stayed the same size in 2024.

Recruitment agency headcount growth was limited in 2024. The majority of agencies stayed the same size, and more reduced headcount than increased it. At the top end, 11% of agencies increased headcount by more than 25% in 2024.

In 2024 many recruitment agencies chose to invest in technology to help them do more with fewer recruiters and enable them to improve efficiencies within their agency.

How do you expect headcount at your agency to change throughout 2025?



Highlights:

- 53% of agency leaders are expecting to **grow headcount in their agency in 2025** .
- 40% of agency leaders expect there to be **no change** in headcount in 2025.
- Only 7% of agency leaders expect their agency to **decrease headcount** in 2025.

Agency leaders are being more conservative in their forecasts of headcount growth for the following year. 53% of leaders are forecasting growth, down from 63% at the start of 2024. This is aligned with lower expectations for sales growth.

7% of agency leaders are also forecasting a reduction in headcount in 2025, which is significantly higher than the 7% forecasting a reduction at the start of 2024.

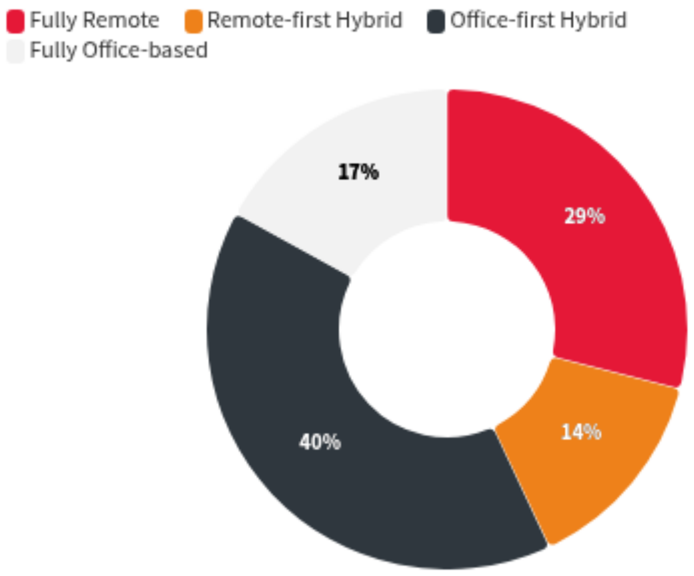
The percentage of agencies forecasting growth of 26% or more also reduced from 17% to 11% YOY.

CHAPTER 3

How Working Models Have Evolved

Working models have changed dramatically over the past few years. Following a large spike in the number of agencies working fully-remote, there has been a trend towards a return to the office with a decrease in fully remote models and an increase in both office-first hybrid and fully office-based models. In 2024 this trend was challenged with a big increase in the number of agencies working with a fully remote model. We asked the same question this year, to see how working models continue to change.

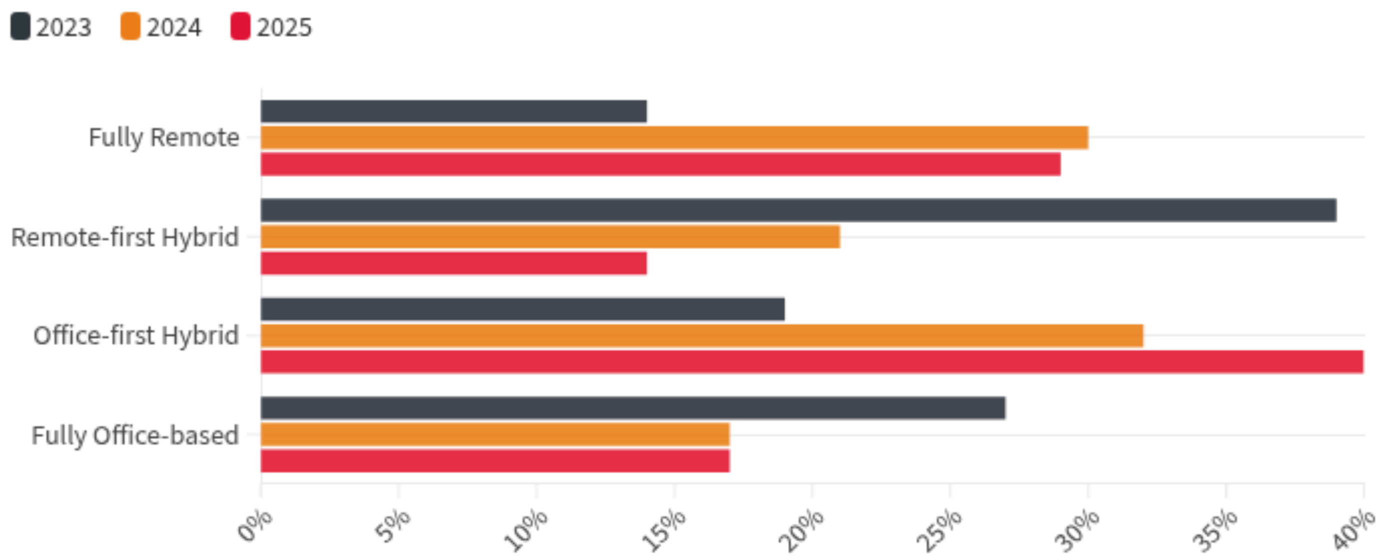
Which working model is your agency currently using?



Highlights:

- 57% of recruitment agencies are working office-first or fully office-based.
- Office-first hybrid was the **most popular** model amongst agency leaders.
- Compared to 2024, fewer agencies are working remote-first hybrid or fully remote.

How does this compare to 2024 & 2023?



There has been a decline in the number of agencies working fully remote and remote-first hybrid in 2024. The working model which has experienced an increase in popularity is the office-first hybrid model.

Having experienced an increase in popularity in 2024, the number of agencies working fully-remote has remained flat at 29%.

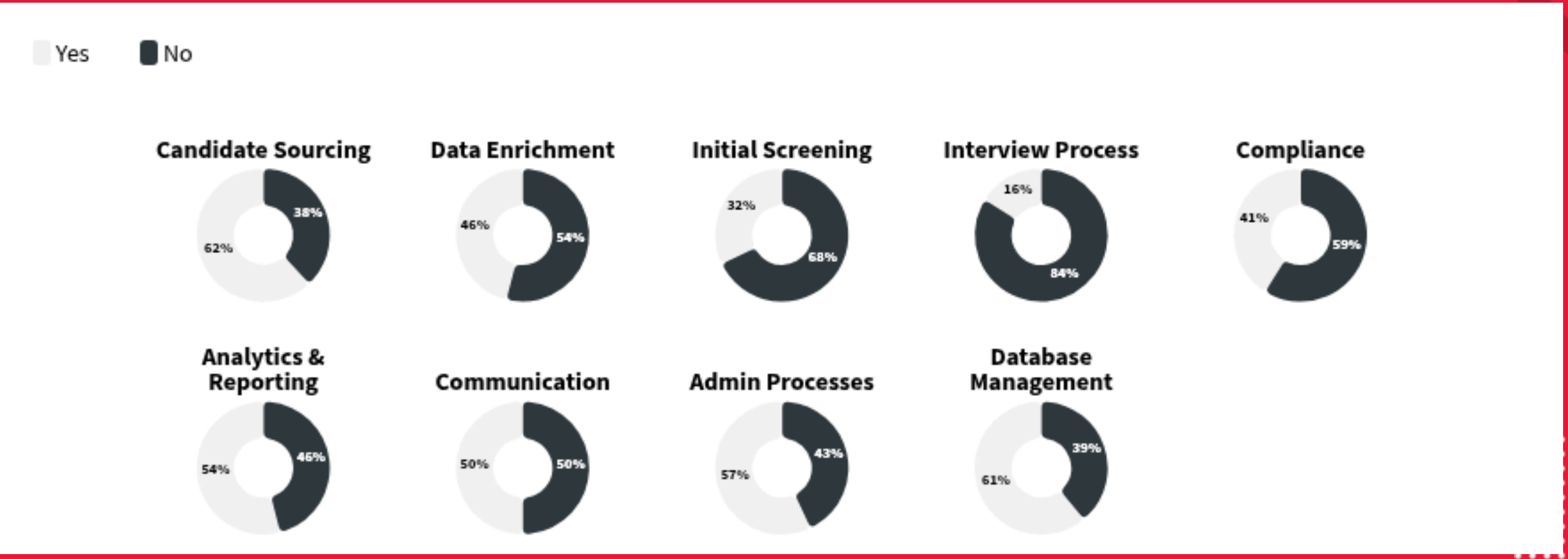
CHAPTER 4

AI Adoption

AI has become increasingly more prevalent and powerful throughout 2024. Recruitment CRMs and other tools in agency's tech stacks are increasingly making AI available to reduce admin, enrich data, simplify communication, transcribe calls, and even perform candidate screening.

We asked agency leaders which areas of recruitment process they would like to see enhanced by AI.

In which areas of the recruitment process would your agency like to see enhanced AI capabilities in the next 12-24 months?



Highlights:

- 62% of agencies would like AI to assist with candidate sourcing activity.
- 61% of agencies intend to **use** AI to assist with database management.
- 54% of agencies want to use AI to enhance reporting capabilities.

What does this mean?

The data shows that there is significant acceptance of AI as a tool to assist the recruitment process. There are, however, clear priority areas in which AI tools are more popular.

62% of leaders would like AI to assist with candidate sourcing, and a further 50% see communication as a priority area for AI.

Additionally, there is a clear focus on data management and enrichment with admin processes, compliance and analytics and reporting supporting the need for AI that simplifies processes and maintains a rich database.

The least popular areas for AI enhancements are in the candidate-facing interview and screening processes.

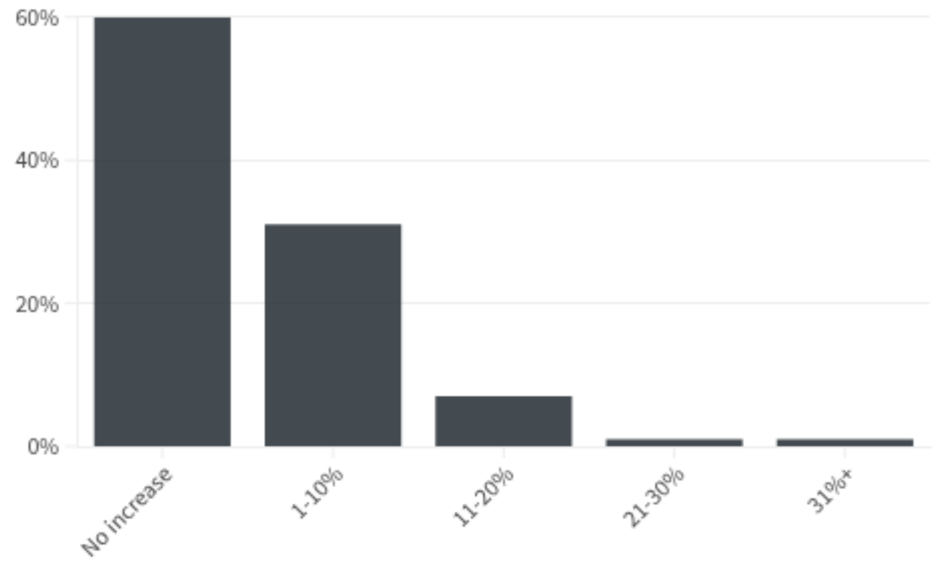
CHAPTER 5

Recruiter Retention

Retaining top talent has always been a challenge in the recruitment industry. With ongoing economic pressures affecting businesses and employees alike, this challenge has become more and more difficult for some agencies and as we reported earlier 33% of agencies had to reduce headcount in 2024. As we head into 2025, and with 72% of agency leaders predicting sales growth, recruiter retention will be a key part of what determines agency success.

To gain an understanding of how recruitment agencies are planning to improve recruiter retention we asked agency leaders about base salary increases, commission and additional benefits over the past 12 months.

In the last 12 months, have you had to increase the base salaries of your recruiters and by what average?



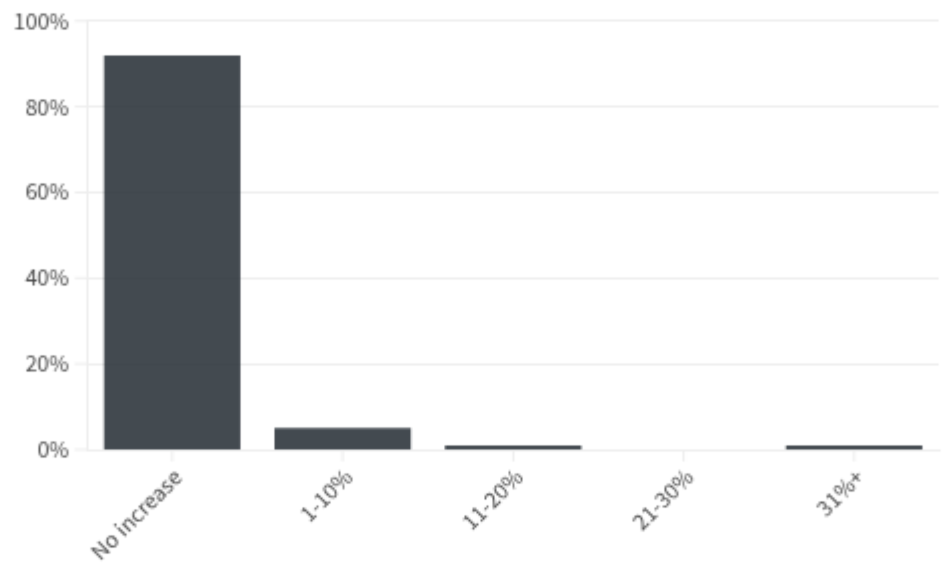
Highlights:

- Almost two-thirds (60%) of recruitment agency leaders reported **no salary increase** in the past 12 months.
- 31% of agencies have **increased base salaries between 1-10%** in the last 12 months.
- 9% of agencies **increased base salaries by more than 10%** in the past 12 months.

In the last 12 months, have you had to increase your recruiters' commission structure and by what average?

Highlights:

- 92% of agency leaders reported **no increase in commission structures** in the past 12 months.
- Only 2% of agency leaders reported **raising commission structures by more than 10%**.



What does this mean?

The number of recruitment agencies reporting no increase in base salaries has increased for the second year running to 60%, up from 48% in 2023. Of those agencies reporting an increase in salaries 71% increased them between 1-10% only.

There has also been an increase in the percentage of agencies reporting no increase of commission structure from 90% to 92%.

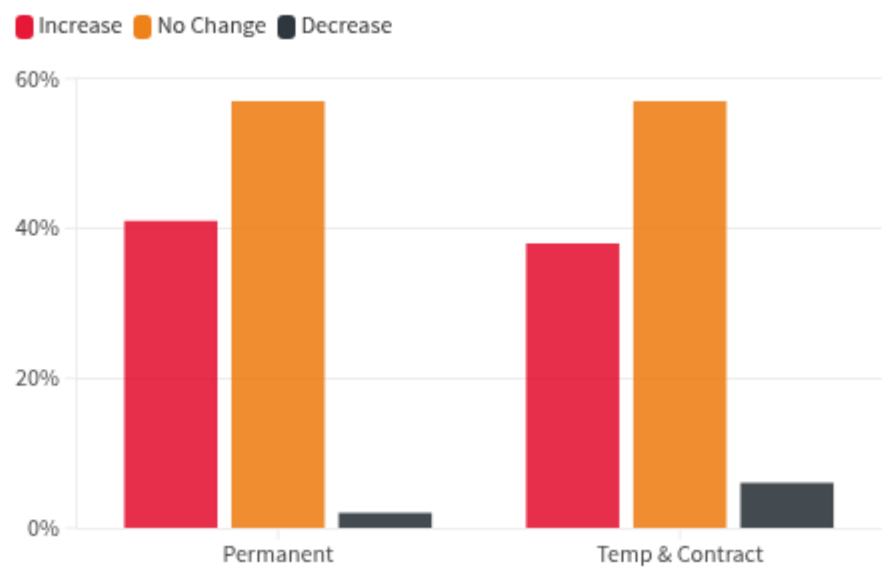
With recruitment agencies facing another challenging year with increased economic pressures, it is clear that agencies are seeking to keep costs under control by reducing or maintaining headcount and painting salaries at the same level.

CHAPTER 6

Changes to Recruitment Structures

Recruitment agencies need to remain agile so that they can capitalise on market trends and react to external pressures. To understand how agencies are adapting we explored what business models and recruitment structures agency leaders intend to adopt in 2025.

How will agency leaders change their focus around different types of recruitment?



Highlights:

- 41% of agency leaders are planning to **increase permanent recruitment activity**, while only 2% intend to decrease perm activity.
- 38% of agency leaders are planning to **increase temporary and contract recruitment activity**, while only 6% plan to decrease in this area.

What does this mean?

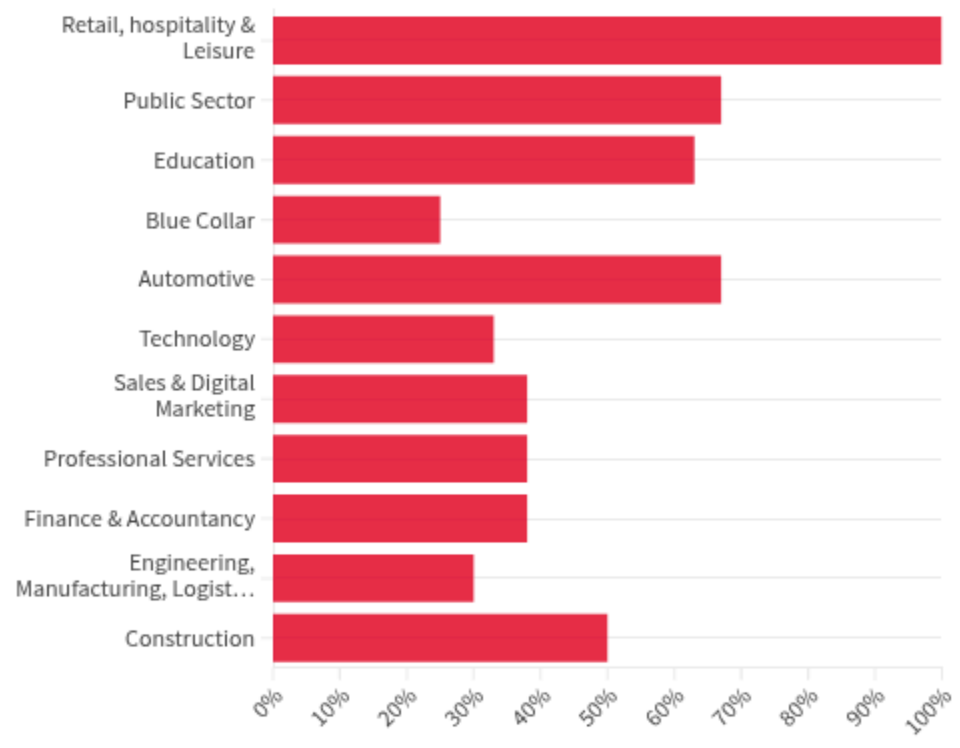
Over half of recruitment agencies intend to maintain their focus on temp & contract or perm placements in 2025. There is a clear desire to increase sales across both temp & contract and permanent placements, however.

When compared to last years responses, there has been a decrease in the intent to expand activities in both areas. 41% of agency leaders are planning to increase permanent activity in 2025, compared to 48% at the start of 2024. 38% of agency leaders are planning to increase temporary & contract activity in 2025, compared to 44% at the start of 2024.

How are different sectors shifting focus?

To dig deeper into these trends, we explored how different sectors are intending to shift their focus in 2025.

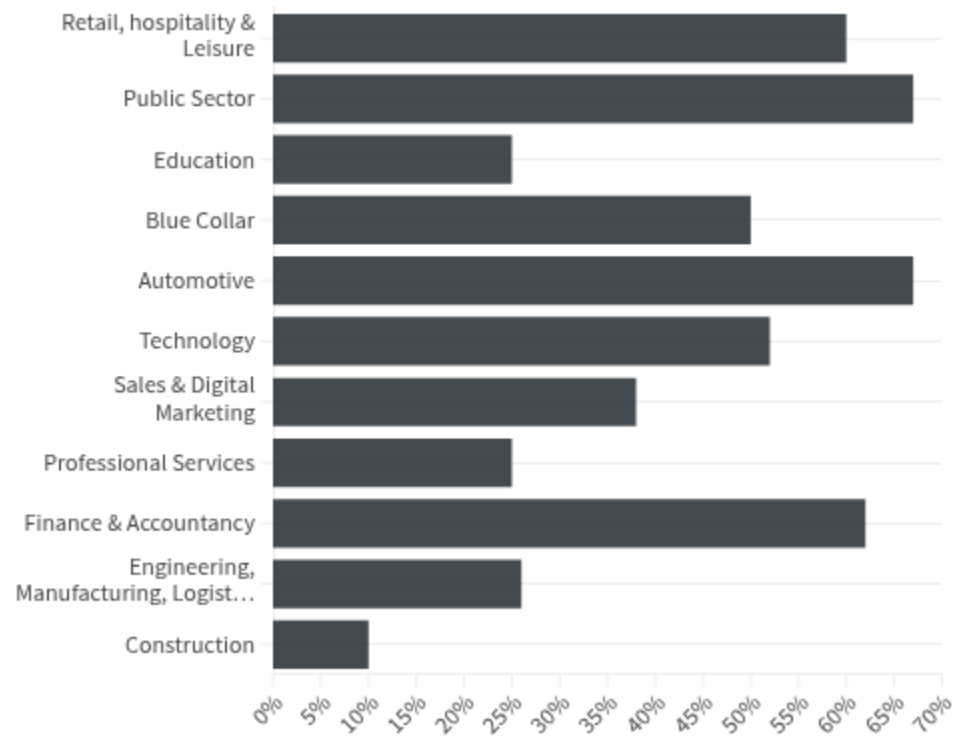
% of agency leaders increasing their focus on permanent recruitment



Highlights:

- 100% of recruitment agency leaders in the retail, hospitality & leisure sector intend to increase their focus on perm roles in 2025.
- Increasing perm focus is a priority for the public sector, education and automotive sectors.

% of agency leaders increasing their focus on temporary and contract recruitment



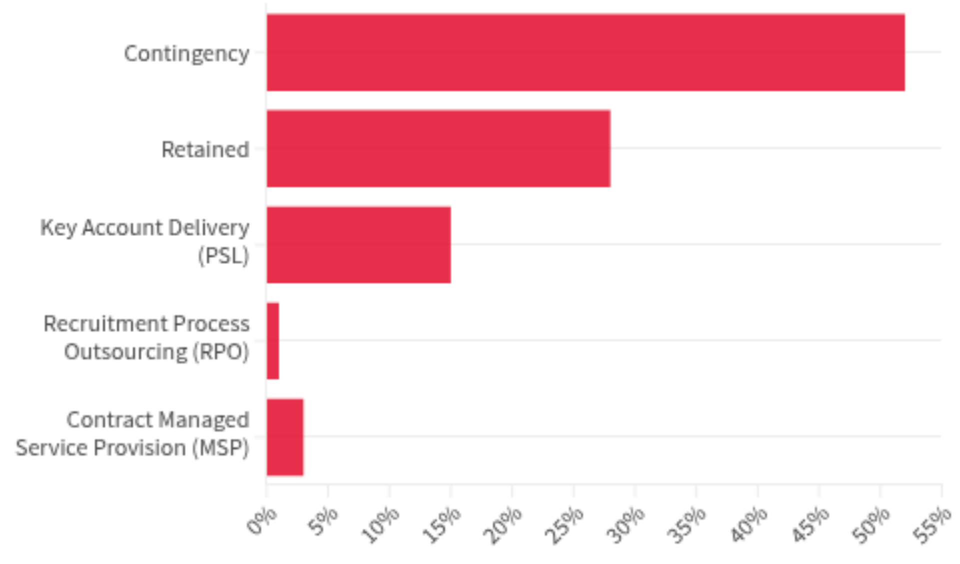
Highlights:

- Increasing temp focus is a high priority for the finance & accountancy, automotive, public sector and retail, hospitality & leisure sectors.

What does this mean?

In 2024 there has been significant growth in the volume of temp & contract placements being made. Despite this the majority of agencies are opting to maintain their focus. There are more agencies looking to increase their focus on perm placements than on temp & contract placements.

Which recruitment business model will you primarily focus new business on for 2025?



Highlights:

- Over half of agency owners plan to use contingency as their primary recruitment model in 2025.
- 28% of agencies intend to work primarily under a retained model.

What does this mean?

The leading model is a contingency model, which carries a higher risk for agencies as no upfront fee is paid to the agency. This makes it vital that agencies present excellent candidates and are in control of company and candidate compliance requirements at all times.

The second most preferred model is a retained model. This model carries less risk for recruitment agencies as clients pay an upfront cost for the work.

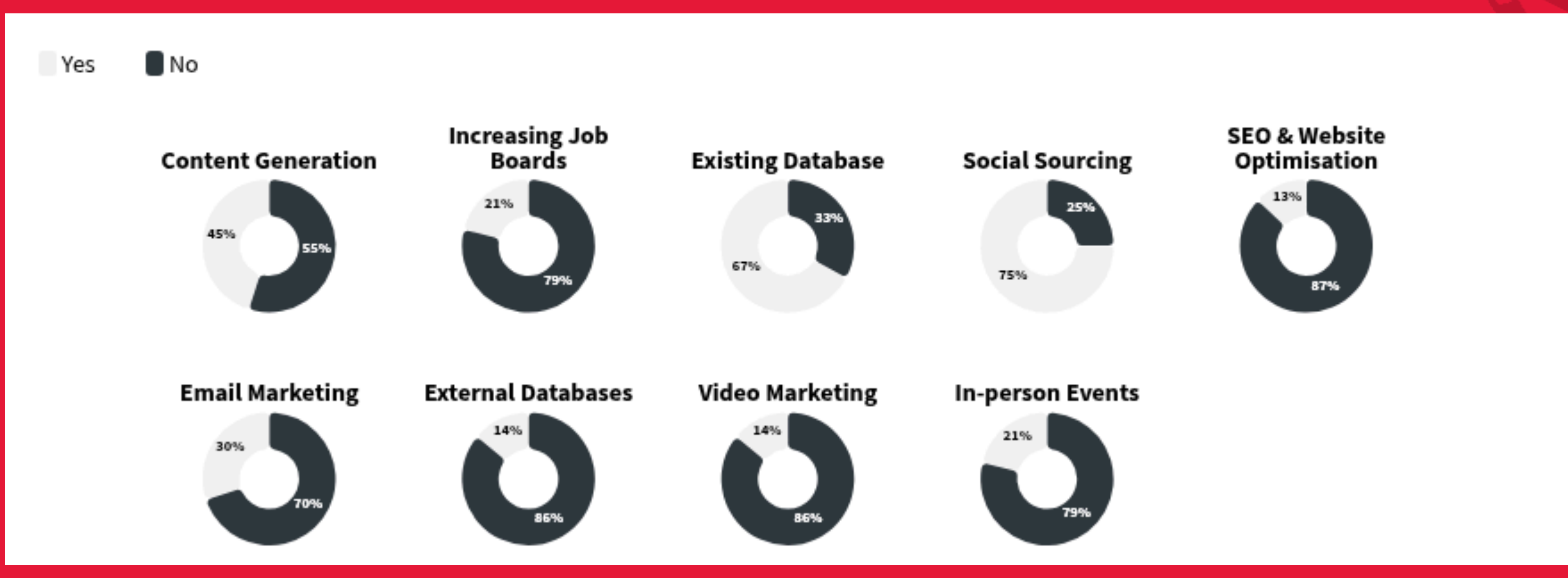
CHAPTER 7

Candidate Attraction & Preferences

According to Office for National Statistics data, at the end of 2024, 18% of businesses with 10 or more employees reported experiencing worker shortages. This presents an opportunity for recruitment agencies that are able to source candidates.

In order to understand how recruitment agencies are planning to drive growth and remain competitive we asked about the recruitment strategies they will be adopting in 2025.

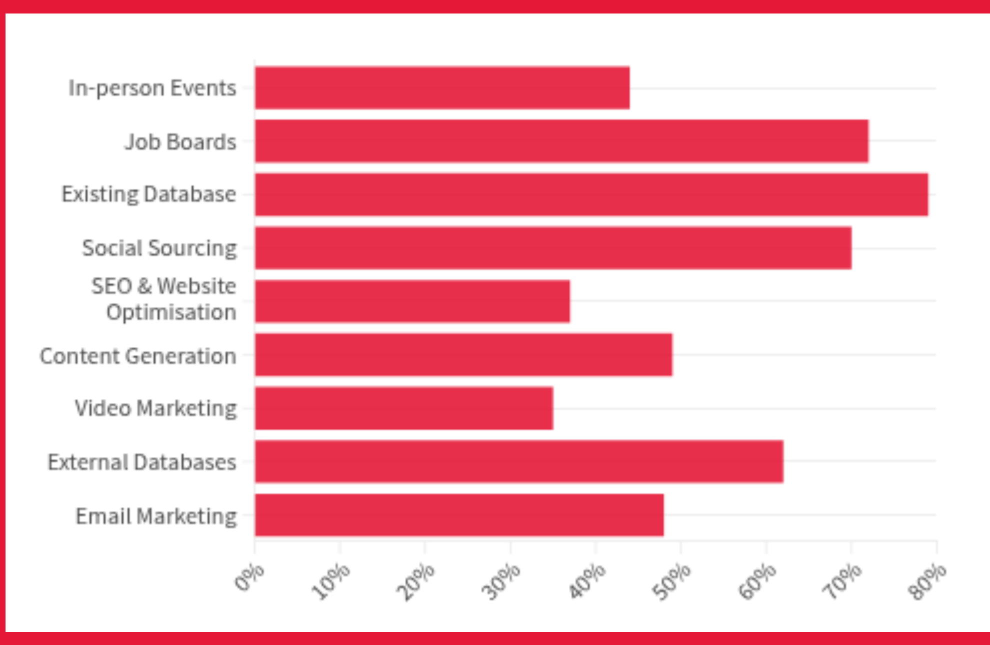
What will be your main candidate attraction strategies for 2025?



Highlights:

- 75% of agencies plan to utilise a **social sourcing strategy** for candidate attraction.
- 67% of agencies intend to **re-engage their existing database** to find candidates.
- 45% of agencies will use **content generation** as one of their main tools for candidate attraction.

Which candidate acquisition channels have delivered the best return on investment in 2024?



Highlights:

- 79% of agency leaders reported that re-engaging their existing database was a top-performing strategy in 2024.
- Over 70% of agency leaders also listed job boards and social sourcing as strategies generating a high ROI in 2024.

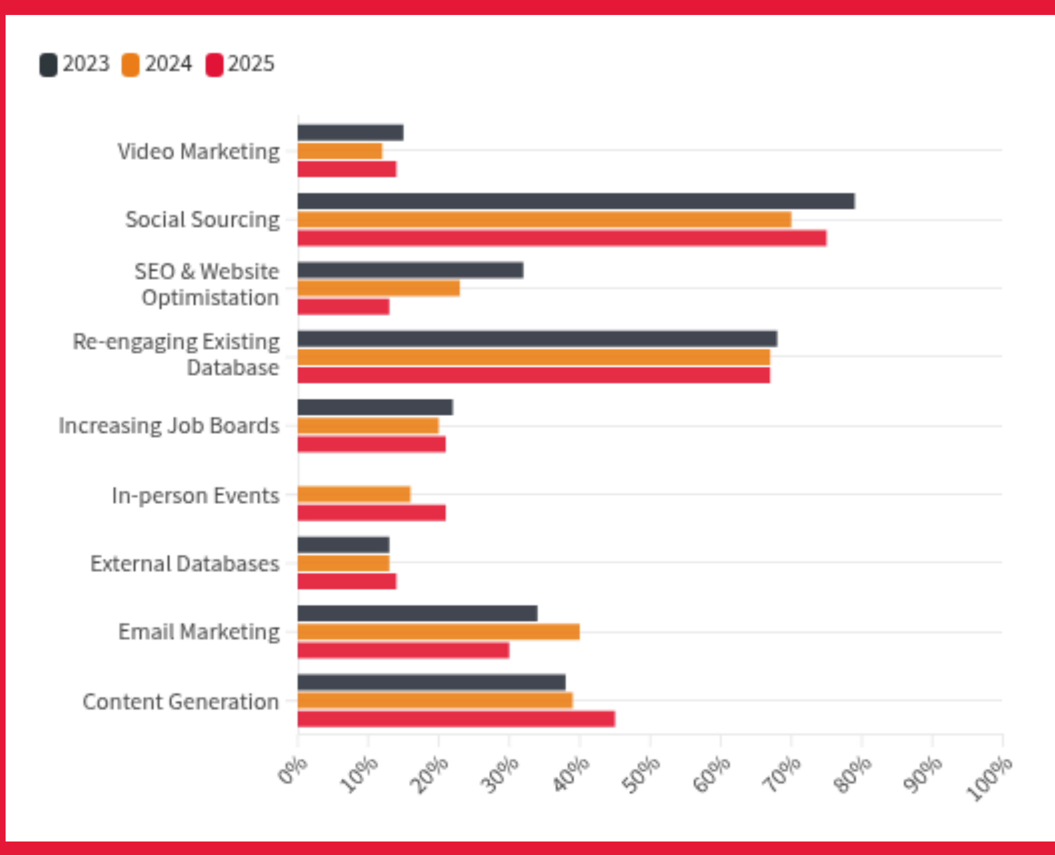
What does this mean?

The leading strategy in 2024 was re-engaging candidates already within recruitment databases. This strategy is also being prioritised by 67% of recruitment agencies in 2025.

Other leading strategies include social sourcing and job boards, although only 21% of agencies are planing to increase their job board spend in 2025.

There has been an increase in both content generation and video marketing as strategies for the coming year. This is likely a reflection of the increasing prevalence of generative AI, which has made content generation more accessible and increased the volume of content being created. Leading agencies will invest in high-quality content to make their agency stand out to clients and candidates.

How do the years compare?



*No data was collected for In-person Events in 2023.

Highlights:

- Social sourcing continues to be the most popular strategy for attracting candidates.
- SEO and website optimisation is becoming less of a focus for recruitment agencies.

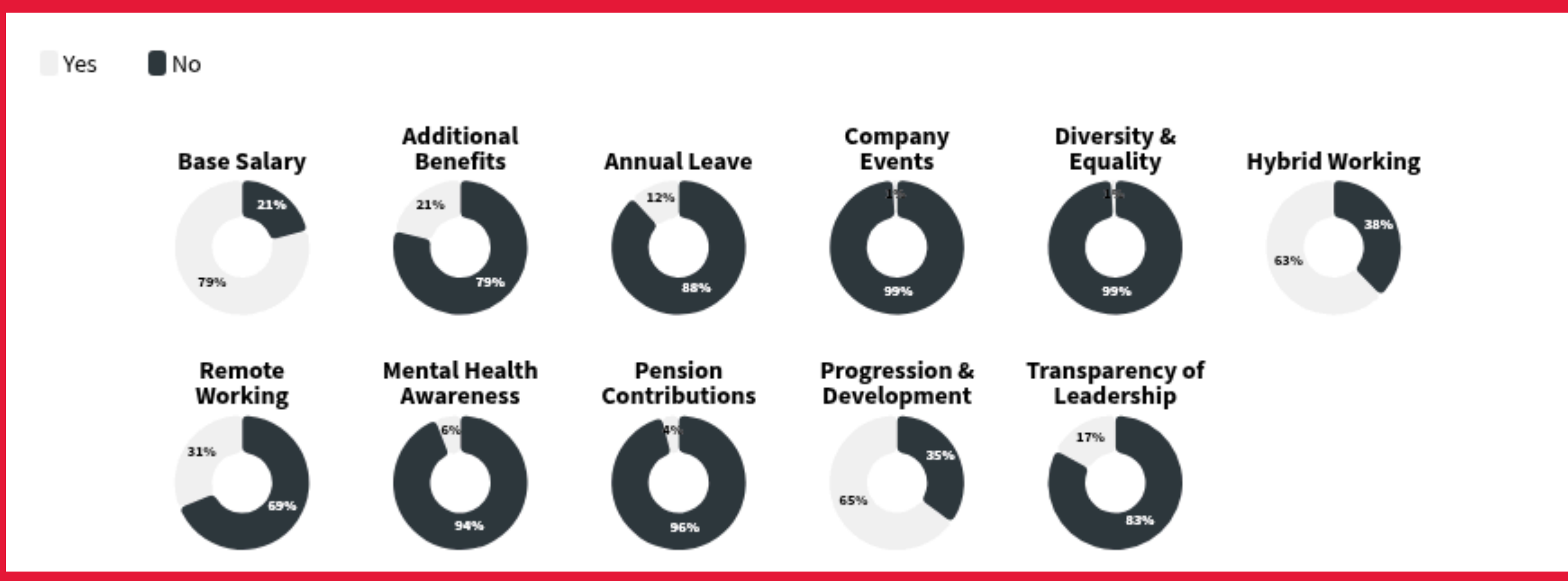
Candidate sourcing strategies have remained fairly consistent, but there is a continuing trend to focus more on cost-effective sourcing strategies. The increase in social sourcing, content generation and video marketing suggest that agencies are focussing on organic candidate sources in preference to spending on job boards. Re-engaging candidates who are already in the CRM remains a primary strategy and provided the best ROI in 2024.

Candidate Preferences

It is important for recruitment agencies to understand what candidates are looking for when seeking a new job. This helps agencies to work with clients to make roles attractive and easier to fill.

We asked agency leaders for an insight into what matters to candidates today; here's what we found.

What do you expect the 3 most important factors will be for candidates when considering roles in 2025?



Highlights:

- 79% of agency leaders believe that the base salary is the most important factor for candidate attraction.
- 63% of respondents believe a hybrid working model is most important with a further 31% choosing fully remote roles.
- Progression and career development was the second highest result at 65%.

What does this mean?

The most important elements of a job opportunity for candidates in 2025 are the base salary, the working model and progression opportunities. The importance of annual leave allowances has also grown from 5% to 12%, suggesting increased relevance.

The working model continues to be very relevant for candidates, with 94% of agency leaders listing either remote working or hybrid working. Interestingly the shift YOY is towards remote working over hybrid working, which contrasts the trend of agency's own working models.

The importance of company events, diversity, equality & inclusion, mental health awareness and pension contributions have all reduced in comparison to last year's report.

CHAPTER 8

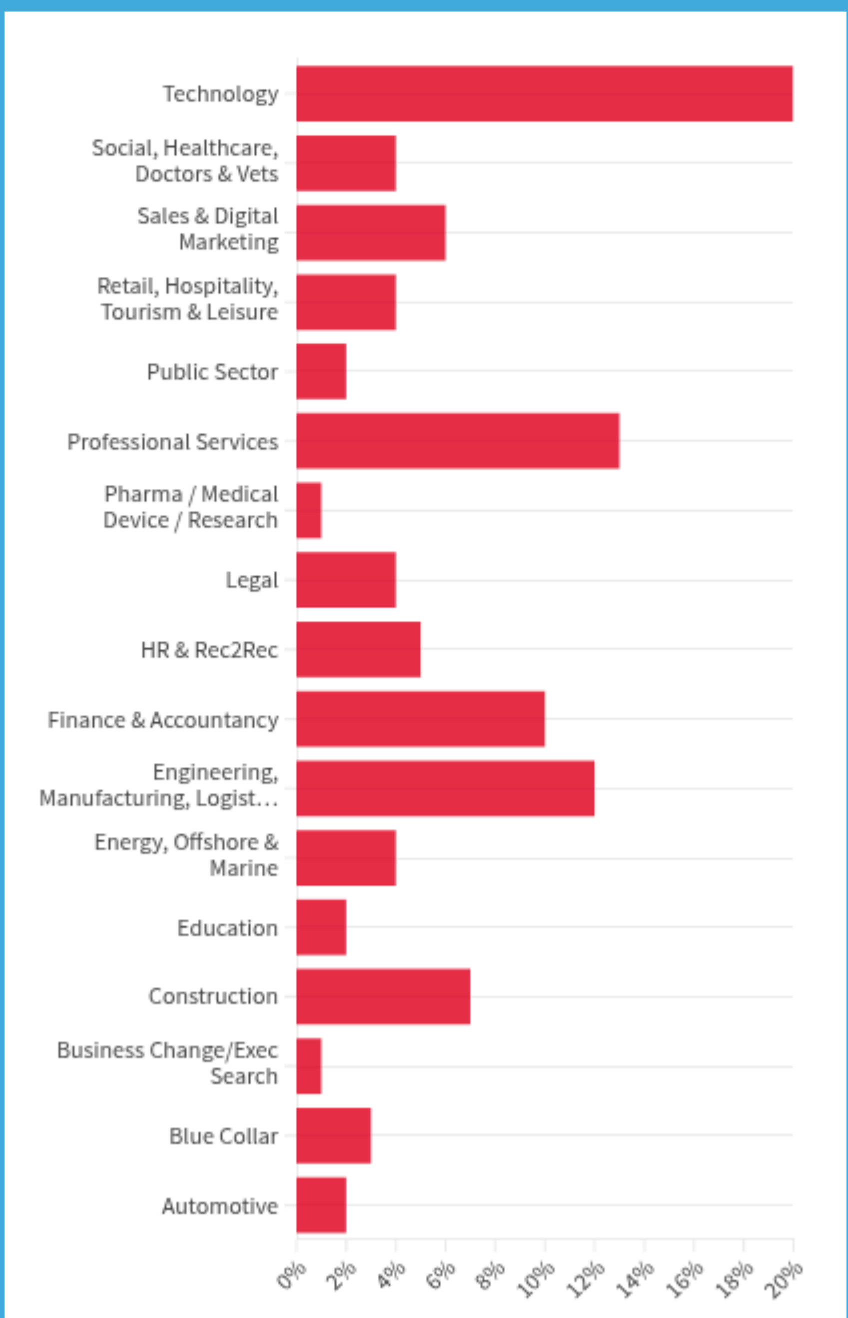
Survey Information

The 'Firefish: 2025 Recruitment Agency Report' survey was sent out to recruitment agency owners and directors based in the UK and Ireland during the month of December 2024. 30% of respondents were from agencies founded before 2015.

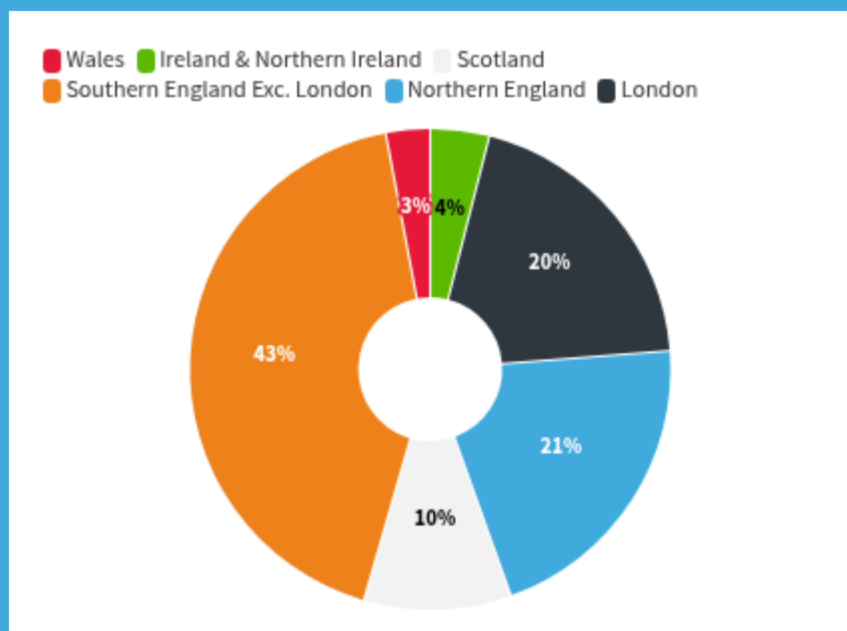
A broad range of agency owners and directors completed the survey, representing a cross-section of agencies across various specialisms and sectors. Additional data has been drawn from the 'Office for National Statistics' and from the 'Firefish Job Flow Index: Annual Report'.

Demographics

What is your agency's main industry focus?



Where are your agency headquarters?



When was your agency founded?