Goldman Sachs Research

Analyzing the Impact of AI on Staffing Industry Profit Pools

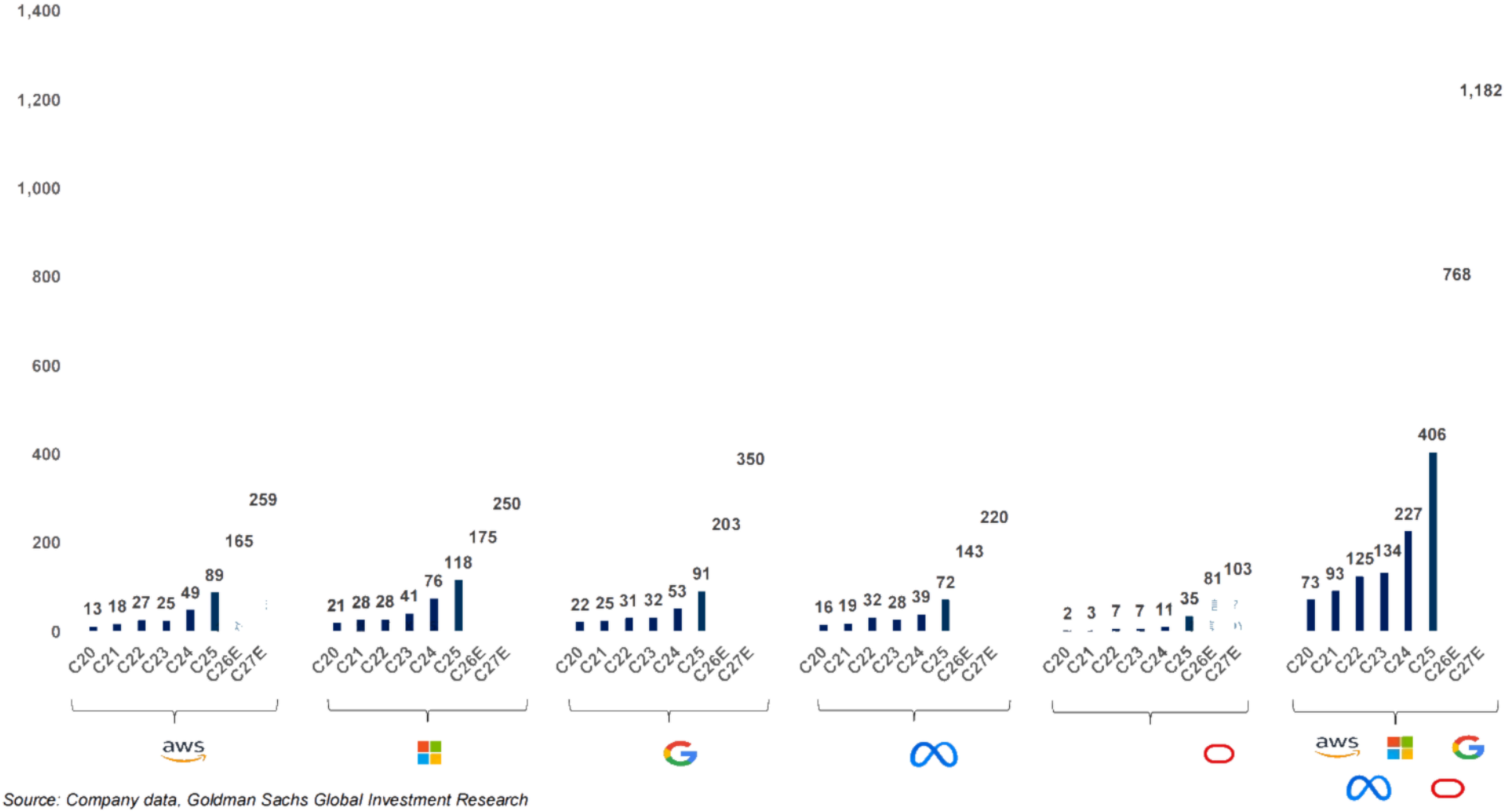
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Hyperscaler AI Investment Requires Downstream Profit Pool Capture

GS Hyperscaler Capex CY2020-27E



Source: Company data, Goldman Sachs Global Investment Research

AI is Reshaping Staffing Recruiter Workflows

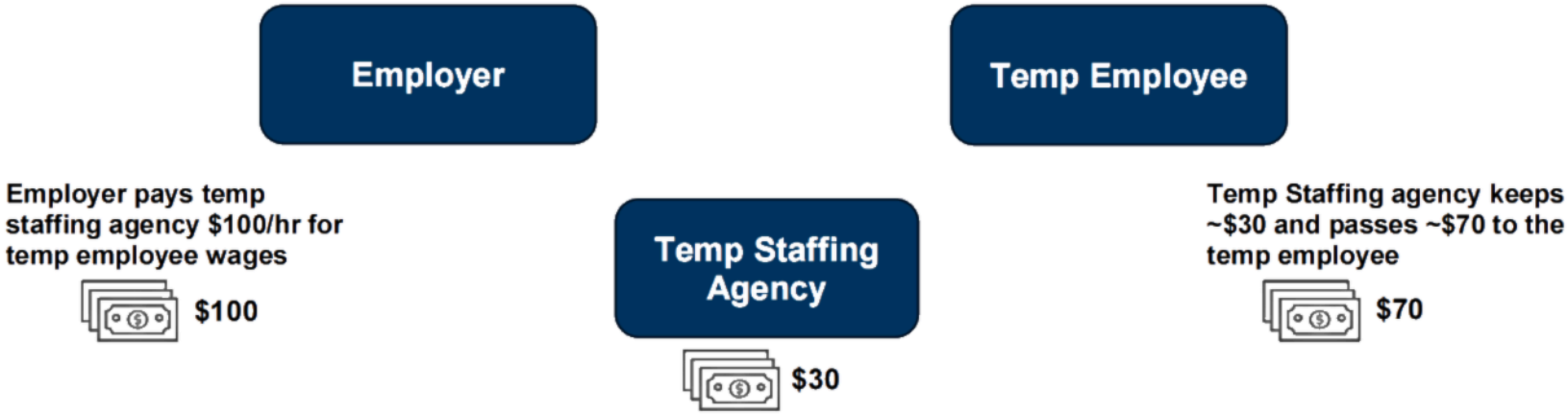
Description	Details	Examples
Candidate Sourcing & Engagement	AI supports top of funnel recruiting by automating content creation, expanding candidate discovery and scaling personalized engagement, improving recruiter efficiency and speed without altering intermediation structure.	AI generated job postings and role summaries Semantic candidate search across databases AI personalized recruiter outreach
Initial Screening & Filtering	AI enables initial screening by extracting and standardizing candidate information and filtering applicant pools, reducing manual review and improving consistency.	Automated resume ingestion and normalization Skills inference from unstructured resume data Eligibility and qualification screening at
Candidate Matching & Ranking	Machine learning systems assess relative candidate relevance and prioritize applicants using skill frameworks, experience signals and historical placement patterns, supporting more scalable and consistent shortlisting.	Skills based candidate to role matching engines Relevance scoring using historical placement outcomes
Interview Based Evaluation	AI assisted tools support interviewer preparation and synthesis of candidate feedback, while qualitative assessment, judgment and final evaluation remain human led.	Interview note summarization and synthesis AI assisted comparison of candidate feedback
Placement & Offer Decisions	AI tools support placement outcomes through benchmarking, offer analytics and documentation automation, while final hiring decisions, client negotiation, and accountability for results remain driven by human judgment.	Compensation and market benchmarking tools Offer scenario modeling and pay equity checks Onboarding documentation automation

Source: Goldman Sachs Global Investment Research

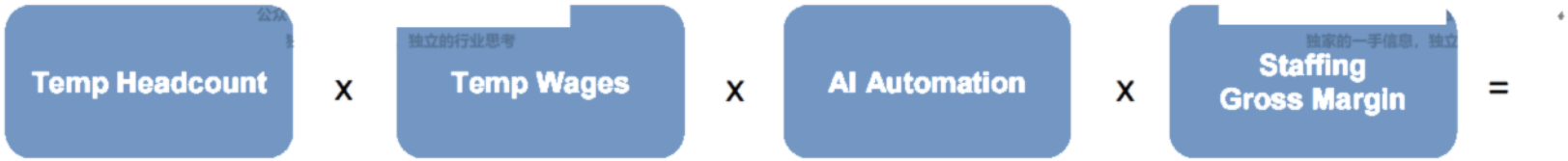
Temp Staffing Economics Are Driven By Labor Volume and Bill-Pay Spreads

Temp staffing revenue model and profit pool methodology

Temp Staffing Revenue Model



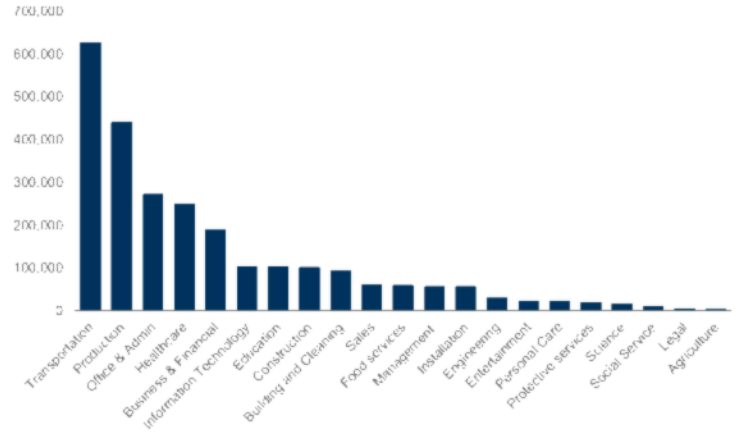
Temp Staffing Profit Pool Methodology



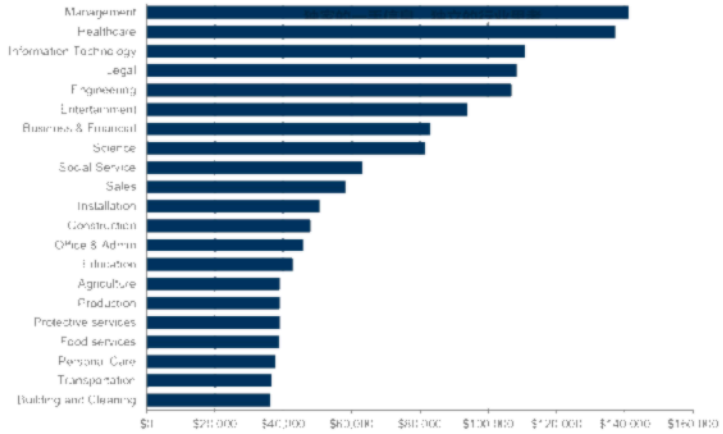
Source: Goldman Sachs Global Investment Research

White-Collar Temp Staffing Has the Greatest AI Automation Exposure

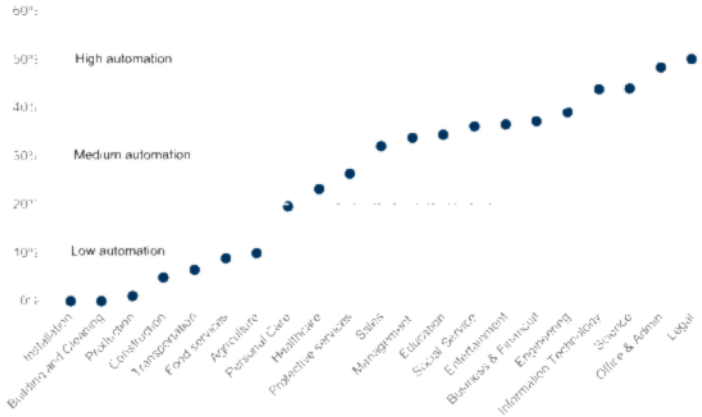
Temp worker headcount by job function



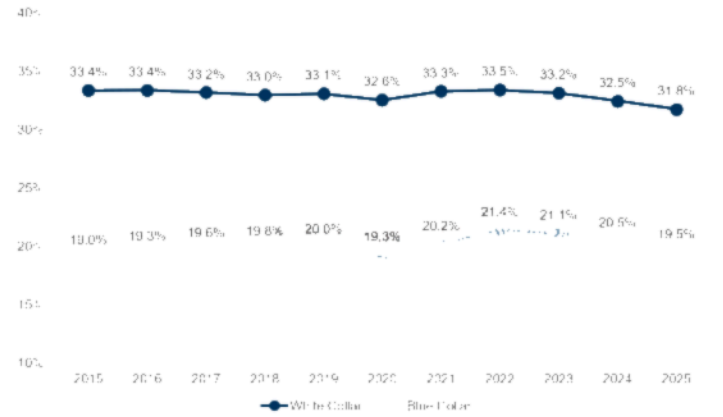
Wages by temp job function



GS estimated steady-state temp AI task automation by job function



Staffing firm gross margins



Source: US Bureau of Labor Statistics, Company data, Goldman Sachs Global Investment Research

Perm Staffing Economics Are Driven By Hiring Activity and Compensation

Perm staffing revenue model and profit pool methodology

Perm Staffing Revenue Model



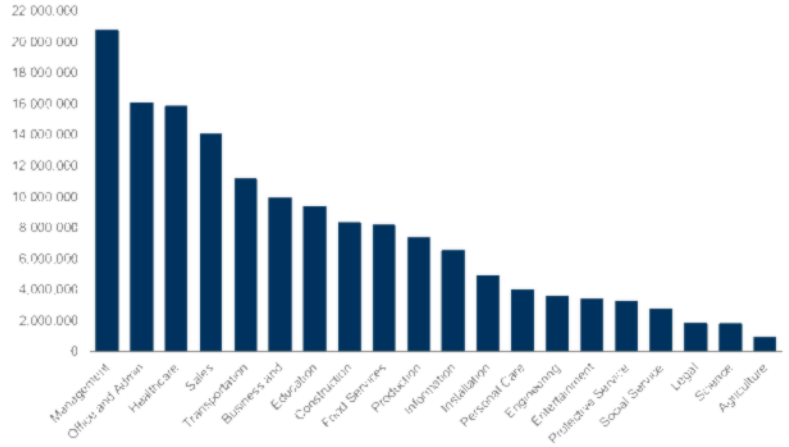
Perm Staffing Profit Pool Methodology



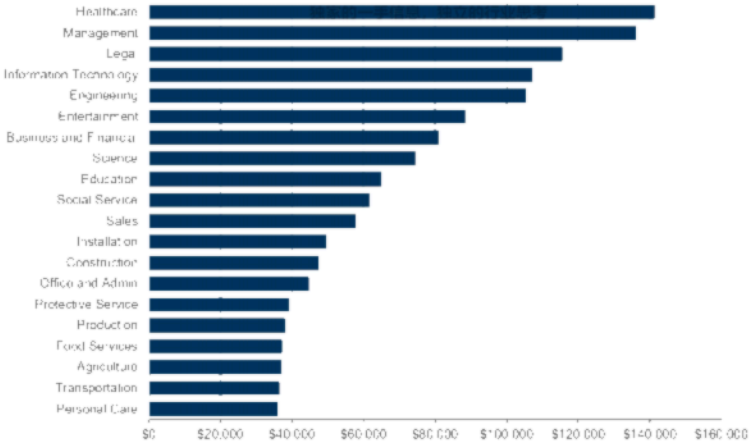
Source: Goldman Sachs Global Investment Research

AI Automation Exposure Is Concentrated in Higher-Wage White-Collar Employment

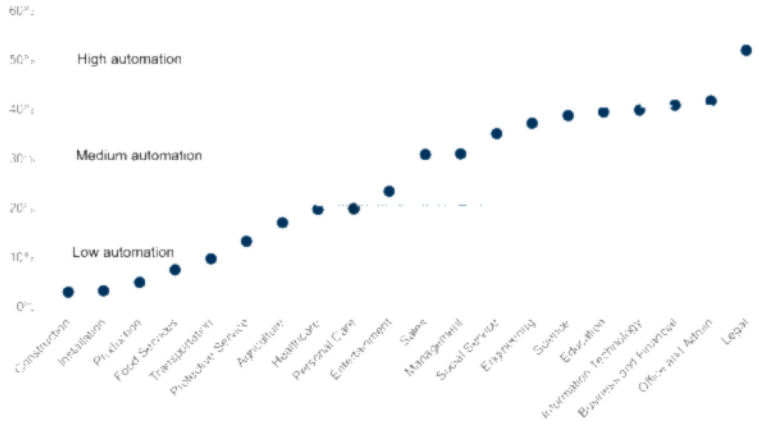
Temp worker headcount by job function



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Staffing firm gross margins



Source: US Bureau of Labor Statistics, Company data, Goldman Sachs Global Investment Research

US Staffing TAM Exceeds $300bn

US temp and perm total addressable market, $ in bn



Source: IBISWorld, Goldman Sachs Global Investment Research

Goldman Sachs Research

Recruiter Workflows Represent a ~$38bn AI Opportunity

Recruiter profit pool, $ in bn

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Total Addressable Market											
Temp	231.8	237.3	241.5	225.1	269.8	302.4	269.7	238.8	260.1	261.9	270.0
y/y growth		2.4%	1.8%	(6.8%)	19.9%	12.1%	(10.8%)	(11.5%)	8.9%	0.7%	3.1%
Perm	31.0	34.0	37.0	32.0	46.0	45.0	40.0	41.0	42.0	44.0	45.0
y/y growth		9.7%	8.8%	(13.5%)	43.8%	(2.2%)	(11.1%)	2.5%	2.4%	4.8%	2.3%
Total	**262.8**	**271.3**	**278.5**	**257.1**	**315.8**	**347.4**	**309.7**	**279.8**	**302.1**	**305.9**	**315.0**
y/y growth		3.2%	2.7%	(7.7%)	22.8%	10.0%	(10.9%)	(9.7%)	8.0%	1.3%	3.0%

Execution Layer	
Temp @ blended 24% gross margins	63.9
Perm @ 100% gross margins	45.0
Total	**108.9**

AI Capture Rate	
Temp @ 35%	22.4
Perm @ 35%	15.8
Total	**38.1**

Source: IBISWorld, Goldman Sachs Global Investment Research

AI Drives Value Transfer Across the Staffing Ecosystem

Recruiter profit pool, $ in bn

Enterprise hiring demand

Recruiter and online marketplaces *(downstream layers are subsets, not additive)*
~$353bn

Demand	Supply	
Hiring demand compression *~$10bn temp /* *~$41bn perm /* *~$12bn freelance*	**Recruiter execution layer** *~$109bn*	**Online marketplace layer** *~$38bn*
	AI workflow monetization *~$38bn*	**AI marketplace workflow** *~$17*

Technology stack (models, applications, infrastructure)
+
Value retained by enterprises and end users

Source: Goldman Sachs Global Investment Research



AI Creates New Staffing Opportunities Alongside Disruption

	Low	Mid	High
Current AI hiring TAM			
Hiring volume	20,000	30,000	40,000
Compensation	$300,000	$400,000	$500,000
~50% cash	$150,000	$200,000	$250,000
Perm fee rate @ 30%	$45,000	$60,000	$75,000
AI Hiring TAM ($ in mn)	**$900**	**$1,800**	**$3,000**
Incremental AI hiring from graduate pipeline			
Graduate pipeline	20,000	30,000	40,000
Entry level compensation	$100,000	$150,000	$200,000
~100% cash	$100,000	$150,000	$200,000
Perm fee rate @ 30%	$30,000	$45,000	$60,000
Incremental AI Hiring TAM from Grads ($ in mn)	**$600**	**$1,350**	**$2,400**
Base AI TAM (Current + Grads)	**$1,500**	**$3,150**	**$5,400**
Adjacency: AI-enabled roles beyond IT			
Multiplier on adjacent AI-enabled roles	1.25x	1.50x	1.75x
Expanded TAM incl AI-enabled roles ($ in mn)	**$1,875**	**$4,725**	**$9,450**
Recruiter AI productivity from (throughput uplift)			
Productivity factor	20%	25%	30%
Productivity-Adjusted AI Hiring TAM ($ in mn)	**$2,250**	**$5,906**	**$12,285**

Source: Goldman Sachs Global Investment Research

Key Takeaways

AI pressure is likely to be concentrated in white-collar staffing

- Higher-wage, information-intensive categories such as business & financial, IT, office & administrative and related functions exhibit the greatest automation exposure and profit-pool sensitivity

Recruiter workflows appear more vulnerable than recruiter judgment

- Sourcing, screening, matching and coordination are increasingly automatable, while candidate assessment, negotiation, client relationships and accountability remain more human-driven

Value is shifting from labor intermediation toward workflow ownership

- AI has the potential to compress hiring demand while creating new monetization opportunities in recruiting workflows, matching platforms and hiring infrastructure

AI creates a new staffing opportunity, but may not fully offset disruption

- AI-related hiring demand, wage premiums and recruiter productivity gains create new TAM opportunities, partially offsetting pressure on traditional staffing economics

The key strategic question is who captures the productivity gains

- Future value creation may increasingly depend on proprietary data, integrated workflows, marketplace scale and advisory capabilities rather than pure labor intermediation

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