



***The Globalization of the Temporary Staffing Industry
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**‘Mapping the globalization of the temporary staffing
industry’**

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Dr. Neil Coe Dr. Jennifer Johns Dr. Kevin Ward

Geography, School of Environment and Development, The University of
Manchester, Oxford Road, Manchester, M13 9PL, UK

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Abstract

Very little is currently known about the globalization of the temporary staffing industry, a strategically significant sector given its role in promulgating wider labour market flexibility. This paper starts to rectify this research lacuna in four ways: by identifying and profiling the top 20 transnational staffing agencies; by mapping the globalization of those firms; by offering a typology of the leading transnational agencies based on their functional and geographic characteristics; and by charting a research agenda for future work on this sector. Similarities to, and differences from, the patterns and processes of expansion in other business service sectors are detailed.

Keywords: *globalization, business services, temporary staffing industry*

The economic role that the staffing industry plays is becoming more important every day as the world becomes increasingly interdependent and the process of globalization affects the economies of all countries. Globalization means competition, and competition means productivity, and productivity means using labor as efficiently as possible – the right worker in the right job at the right time (Biller 2005: 1).

Introduction

Although ‘globalization’ has become a ubiquitous watchword of our times, many aspects of this complex set of processes are still poorly understood. While the literature on the topic of economic globalization continues to grow exponentially, the range of sectors used to illustrate these processes – understood as the increasing functional integration of cross border activity (Dicken, 2003) – remains somewhat narrow. In particular, the globalization of service activities is still relatively poorly elucidated in comparison to our understanding of manufacturing sectors, despite the fact that services accounted for 60 percent of the world’s inward foreign direct investment stock in 2003 (up from 49 percent in 1990) and 68 percent of world inward FDI flows over the period 2001-2003 (up from 54 percent during 1989-1991) (UNCTAD, 2005).

As Greenwood *et al.* (1999) describe, services (and in particular business and producer services) possess two important attributes which mean that they do not conform to the typical manufacturing model – namely the sequential adding of value in different locations as products are assembled – that seems to underlie much of the literature on economic globalization. First, they deal primarily in embodied knowledge, and hence overseas growth is relatively more dependent on the mobility of employees. The result is often the establishment of internationally co-ordinated teams and project-based forms of working (Grabher, 2001). Second, production and marketing are more closely tied – despite the impacts of new information and communication technologies that are making some services more ‘tradable’ – resulting in more extensive patterns of corporate activity. We should not necessarily assume, however, that this leads to a replicated multi-domestic structure of national subsidiaries, perhaps best characterised as ‘internationalization’ rather than ‘globalization’. In reality

the picture is far more complex than this, with service activities being organised and co-ordinated at intermediate regional ‘scales of integration’ between the national and the global (Coe, 2003).

Within the globalization literature, the coverage of business services and their international expansion is uneven. In short, there is still much to be revealed about how broad ranges of people- and knowledge-oriented service tasks are being delivered within and across countries and regions. For sectors such as advertising, banking/finance, law, management consultancy and computer software/services, we now have decent knowledge of their globalization dynamics and drivers (see, for example, Leslie, 1995; Glückler, 2006; Jones, 2003; Beaverstock *et al.*, 1999; and Coe, 1997, respectively). In others, for example architecture, environmental consultancy, headhunting and property services, for example, our knowledge is far sketchier (although see Knox and Taylor, 2005; Schulz, 2005; Faulconbridge *et al.*, 2005; and Wood, 2004, respectively). We can add the temporary staffing industry – the subject of this paper – into this latter category, with there being only a sprinkling of studies that have started to explore globalization in this sector (Ward, 2001; 2004; Peck *et al.*, 2005).

Temporary staffing agencies are a form of labour market intermediary, meeting the needs of client companies for contract workers of many kinds. With a core business of *labour supply*, temporary staffing is a very particular kind of ‘people-based’ business service activity, and one which, by its very nature, is always *delivered* locally. While in the early 1970s the industry was only really visible in the US, and the European markets of the UK, France and the Netherlands, the industry has now become increasingly ‘global’. Consolidation of the industry in its core markets of North America and Western Europe has been accompanied by substantial growth in the remainder of Western Europe, and most recently, in the emerging markets of Eastern Europe, Latin America and East Asia. The global temporary staffing industry was estimated to be worth some US\$250bn in 2005 (Staffing Industry Analysts, 2006). At the global level, the industry is heavily concentrated, with an elite group

of 20 American, Western European and Japanese agencies accounting for 39 percent of the global market (see Table 1), a pattern of concentration mirrored in many other business service sectors (e.g. Beaverstock *et al.*, 1999). In large part, the dominance of these firms reflects their emergence from, or proximity to, the largest national markets for temporary staffing: the US (\$84bn in 2004; 2.5 million temporary workers placed daily, in full time equivalents), UK (\$42bn; 1.4 million), France (\$23bn; 570,000), Japan (\$23bn; 900,000), Germany (\$9bn; 344,000) and the Netherlands (\$8bn; 157,000).

Table 1: Top 20 staffing agencies, 2005

Rank	Firm	Origin	Revenue (\$m)
1	Adecco	Switzerland	22,732.00
2	Manpower	US	16,080.40
3	Vedior	Netherlands	8,125.80
4	Randstad	Netherlands	7,873.80
5	Kelly Services	US	5,289.83
6	<i>Crystal</i>	Japan	5,100.00
7	<i>Allegis Group</i>	US	4,382.43
8	United Services Group	Netherlands	3,544.70
9	Robert Half	US	3,338.44
10	Hays	UK	2,981.82
11	<i>Staff Service</i>	Japan	2,958.00
12	Volt Information Services	US	2,177.62
13	Spherion	US	1,971.67
14	Tempstaff	Japan	1,862.10
15	MPS Group	US	1,684.70
16	Pasona	Japan	1,680.48
17	<i>Express Personnel Services</i>	US	1,550.00
18	Hudson Highland	US	1,428.27
19	Labor Ready	US	1,236.07
20	CDI Corp.	US	1,133.58

Source: adapted from Staffing Industry Analysts (2006).

Note: *italics* indicate privately owned companies

Much less is known, however, about globalization processes in the sector, a gap which this paper starts to rectify. International investment has accelerated since the mid-1990s, with all the leading agencies seeing a significant fall in the share of revenues derived from their home country. To give

one example, US-based Manpower, the second largest agency globally with annual revenues of over US\$16bn in 2005, expanded its foreign revenues from 57 to 84 percent of the total over the period 1995-2005. There are things we do know about temporary staffing. A voluminous literature exists across economics, political science and sociology. However, despite research on the characteristics of the temporary staffing workforce (Parker, 1994, Vosko 2000), on the terms and conditions of those placed through temporary staffing agencies (Rogers, 2000; Storrie 2002), on the reasons why client firms and client workers use temporary staffing agencies (Ward *et al.*, 2001; Breugel *et al.*, 2005), and on what the labour market consequences are temporary staffing workers (Korpi and Levin 2001; Purcell *et al.* 2004), very little is known about the organisational geographies and strategies of these major transnational corporations. Equally, while our understanding of the temporary staffing industry in the two core markets of the US and the UK has advanced considerably in recent years (Peck and Theodore 2002, 2006; Theodore and Peck, 2002; Ward, 2003, 2005), information about the temporary staffing markets of other countries, and the role that the leading transnational agencies play in their development, remains sparse.

In addition to the sheer scale and degree of international expansion, there are three additional reasons why globalization in this industry is significant. First, preliminary research suggests there are complex geographies to the globalization process in this sector. While in established markets agencies are seeking to make greater inroads into the business of client companies through diversification and thereby become structural rather than cyclical tools of labour management (Ward, 2003), in developing markets, by contrast, their immediate concern is the construction of markets and gaining market share (Peck *et al.*, 2005). Second, while much of the literature on business service internationalisation has focused on the initial importance of following transnational manufacturing clients, the overseas expansion of temporary staffing seems to be more tied to the globalization of other service sectors such as finance, healthcare, telecommunications and IT, thus revealing interesting and hitherto under-researched inter-sectoral dynamics. Third, the temporary staffing

industry plays a strategically important role in delivering labour market flexibility to an increasing range of sectors across the economy as whole. Hence, the sector's geographical expansion has been intimately shaped by the geographies of neo-liberal labour market deregulation at both the national and macro-regional scales. Indeed, in the eyes of some, including Jöel Biller, the President of the International Confederation of Temporary Work Businesses (CIETT), the industry itself is a crucial *facilitator* of wider globalization processes (see opening quotation).

This paper represents an initial attempt to map and profile the international expansion of the temporary staffing industry since the mid-1990s. It proceeds in four sections. First, we consider the by no means easy task of identifying the leading *transnational* agencies, a process which raises a host of data and definitional issues. Second, we profile the geographies of the international expansion of the leading transnational agencies. Third, we introduce and develop a typology of the agencies which starts to unpack the functional and geographical differences between firms. Finally, we conclude by charting a research agenda for this under-studied, yet highly significant, business service sector.

Identifying the leading transnational agencies

The largest 20 staffing firms in 2005 have already been introduced in Table 1. Overall size, however, is not necessarily a good measure of the importance of a firm's international operations and may simply be a reflection of the size of the home market. Ideally, a measure such as UNCTAD's Transnationality Index (TNI) – which is the average of the proportion of foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment – would be applied to try and identify the leading *transnational* agencies. However, in this instance, such an analysis proved impossible to undertake given the general paucity of data on the industry. On the one hand, there have been no initiatives from the industry itself, or industry analysts, to analyse information in this way. Even data produced by the global industry association, CIETT, is extremely patchy. On the other hand, the availability and quality of national government data on the industry is highly variable,

and is also bedevilled by definitional and regulatory inconsistencies as to what exactly constitutes ‘temporary staffing’ (for more see Coe, Johns and Ward, 2006a; 2006b). Given these problems, it was decided that a simple rank of foreign revenues was the best way to delimit the leading transnational staffing firms. Table 2 presents the ranking for 2005.

Table 2: The top 20 transnational staffing agencies in 2005.

Rank	Firm	Country of origin	Foreign revenue 2005 (\$m)	% revenue foreign	No. of countries	Staffing activities
1	Adecco ¹	Switzerland	22,356.00	98	70	t,p,c,it,n,o,r,s,f
2	Manpower	US	13,487.30	84	72	t,c,it,p,f,r,o
3	Vedior	Netherlands	7,511.50	92	44	t,p,n,c,it,m
4	Randstad	Netherlands	4,958.90	63	19	t,p,n,it,c
5	United Services Group	Netherlands	1,960.74	55	11	t,n,it,m,c,p,r
6	Kelly Services	US	1,724.42	33	29	t,c,m,n,r,it,p
7	Hudson Highland	US	934.20 ²	65	25	s,p,it,t
8	Hays ¹	UK	758.00	25	16	t,p,n
9	MPS Group	US	636.94	38	9	it,r,p,t,s,m
10	Robert Half International	US	636.05	19	17	t,s,p,it,n,f
11	Michael Page	UK	443.63	49	18	p,t,it,n,m,r
12	Corporate Services Group	UK	317.14	35	2	t,m,it,n
13	Monster Worldwide	US	283.16 ³	34	24	jb
14	CDI Corp	US	275.53	24	5	c,it,r,t,p,s,o,f,n
15	Synergie Group	France	242.86	22	9	t,p,r,n
16	Robert Walters	UK	196.19	48	13	t,p,n,it,r
17	Harvey Nash	UK	146.01	51	9	p,t,it,m,n,c,r
18	Westaff	US	141.89	23	5	t,c,f,p
19	Glotel Plc	UK	130.37	63	9	t,c,it,m,n,r
20	Proffice	Sweden	122.35	41	4	t,r,it,p

¹ Financial year ended 30th June 2005.

² Highland executive search figures are excluded.

³ Does not include advertising and marketing segments.

Note: Exchange rates used: End 2005: 1€ = US\$ 1.18; £1 = US\$ 1.82; ¥1 = US\$ 1.75; 1SEK = US\$ 0.13.

KEY: c= contract technical; f= franchising/licensing; it= IT; jb= job board; m= medical staffing; n=niche staffing brands; o=outplacement; p= permanent placement; r= outsourcing; s= retained or contingency search; t= temporary help.

Source: derived from Staffing Industry Report (2006) Year End Report, April 28th Vol. XVII, no. 8 p. 8-9, company reports and websites.

However, beyond the general dearth and incompatibility of information on the industry, producing the data in Table 2 was fraught with other data difficulties:

- Foreign revenues as a proportion of total revenues are not always clearly detailed in company annual reports and websites;
- Many firms undertake many different forms of staffing activity in addition to temporary staffing *per se*. As Table 2 shows, other activities include providing permanent, outplacement and contract staff, as well as outsourced human resource operations and consultancy services. Many firms also operate separate brands for high-skill niche markets – e.g. IT staffing – which may themselves offer a range of different staffing services;
- The mode of delivery of these services may differ. Monster, for example, runs an online job board service rather than providing staffing services through office networks. We decided to include the firm in our top 20 as a key intermediary in the staffing services industry as a whole which is actually used by many of the other agencies;
- The industry is characterised by a range of different ownerships models including private ownership (e.g. Crystal, Allegis, Staff Service and Express Personnel Services in Table 1) and franchising (e.g. CDI Corporation). In the former instance it is very hard to find revenue information, while in the latter there are variations in how franchise revenue data is reported;
- Due to ongoing merger and acquisition processes, the top 20 is constantly reshuffling. From 2004 to 2005, for example, the list changed due to the acquisition of Solvus (Belgium), ranked 6th in 2004, by United Services Group (Netherlands) ranked 8th in 2004, producing a new top 5 company;
- Different financial years and variable exchange rates need to be taken into account (see footnotes to Table 2);
- Finally, the ranking does not necessarily offer a measure of the *success* of international operations, but the availability of the profit data by territory is not good enough to use that indicator instead of, or in combination with, foreign revenue information.

Despite these caveats, Table 2 nonetheless represents the first attempt to identify the firms that are leading the globalization of the temporary staffing industry: wherever possible, it uses data for temporary staffing only. Several observations can be made about the listing. First, it reveals the degree of international expansion in the temporary staffing industry: all 20 firms are deriving over \$100m per year from foreign markets, the top 6 over \$1bn, and the top two firms, Adecco and Manpower, over \$10bn. Second, it confirms that the level of concentration with respect to foreign revenues – with the top five firms accounting for 90 percent of the foreign revenues of the top 20 transnational agencies – far exceeds that of the industry as a whole, where the top five firms in Table 1 account for 63 percent of the revenues of the top 20. Third, and leading directly from the previous point, there are a ‘big six’ agencies in the industry – Adecco, Manpower, Vedior, Randstad, United Services Group and Kelly – that dominate in revenue terms, but even more so in terms of international revenues. Given the United Services Group’s reliance on European markets, it is perhaps more accurate to talk about a ‘big five’ with respect to globalization dynamics.

Fourth, in terms of the country of origin of the leading transnational agencies, the top 20 are without exception US and Western European owned, and indeed, derive from just six countries: the US (8 firms), UK (6), Netherlands (3), Switzerland (1), France (1) and Sweden (1). This distribution varies from that shown in Table 1 in two important ways: the number of US firms has gone down from 11 to 8, reflecting the fact that a staffing firm can be very big by serving the US market alone, and the four Japanese firms have disappeared, an indication that while Japan is a large and growing market, the key domestic players have yet to venture overseas to any significant degree. Fifth, the extent of international expansion is highly variable, ranging from just two countries in the case of Corporate Services Group (the UK and US) up to 70 plus in the cases of Adecco and Manpower. We will return to this high degree of variability later in the paper. Sixth, firms differ in the degree to which they depend on foreign revenues, ranging from just 19 percent in the case of US firm Robert Half up to over 90 percent for Vedior and Adecco.

Finally, it is important to note that, in dynamic terms, the significant of foreign revenues is increasing for a significant majority of firms listed in Table 2. From 2004-05 for example, 19 of the 20 firms saw their foreign revenues grow in absolute terms, while in relative terms, for 14 firms the proportion of their revenues accrued from foreign markets increased, and for a further four, held steady. Although the 2004-05 changes are indicative, they are in reality part of over a decade of sustained international expansion dating back to the mid-1990s, a period characterized by Peck and Theodore (2002) as one of ‘destructive growth’ (see also Peck and Theodore 2006; Theodore and Peck 2002).

In terms of the motives and mechanisms underlying this growth, the temporary staffing sector shares important commonalities with other business service sectors, with expansion being lead by a handful of Western European and American companies and proceeding through a mixture of acquisitions and ‘greenfield’ foreign direct investments (Ward, 2004; Peck *et al.*, 2005). International expansion seems to be driven by a search for enhanced economies of scale in terms of the agencies central business – placing low-paid workers – but also allows agencies to mitigate the risks of cyclical slumps in certain markets, to better meet the needs of transnational clients, and to assume the reputation and lobbying influence of ‘global’ corporations. At the same time, the leading transnational agencies are also trying to combine international growth with diversification in a number of ways: moving up the value chain by placing more professional and highly qualified staff; broadening the range of services they offer into a wider human resources role; and developing new kinds of vendor-on-premises arrangements with clients.

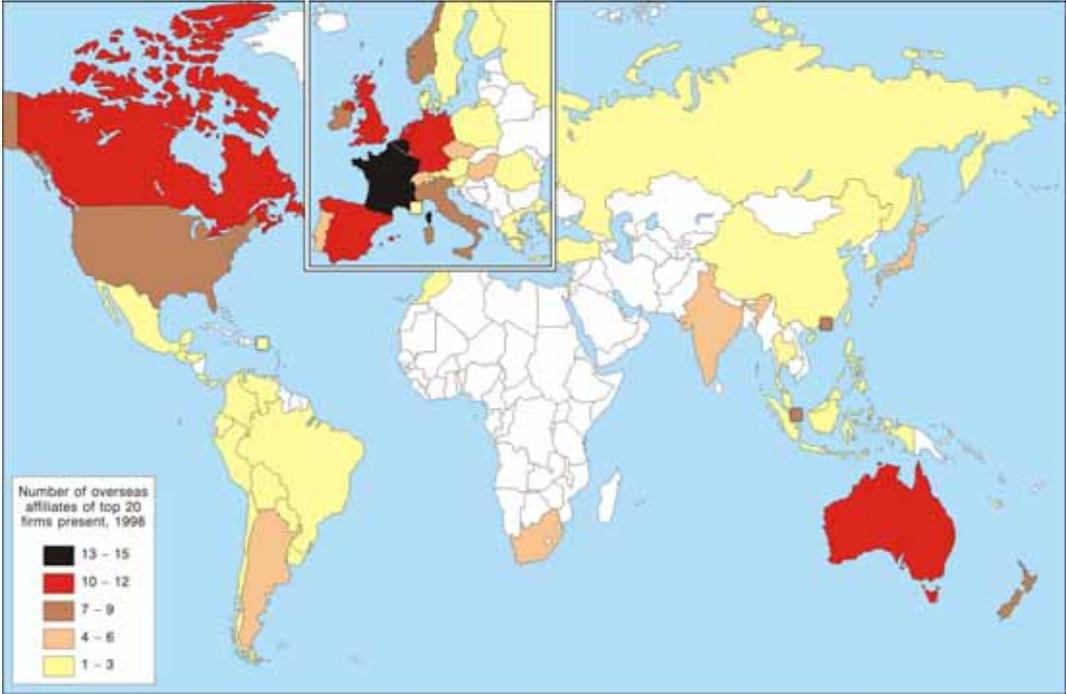
The geographies of globalization

We now move on to consider the globalization patterns exhibited by the leading transnational agencies in aggregate terms, before intersecting those geographies with different service offerings to

develop a typology of agencies in the subsequent section. The general globalization pattern in the industry is depicted in Figures 1 and 2, which show the numbers of foreign subsidiaries of the top 20 transnational staffing agencies present in national markets in 1998 and 2005. Choosing to only map foreign subsidiaries dampens the home-country effect of the US and UK from where many of the companies originate. While the choice of these two years is largely pragmatic – the latter is the latest year for which data was available at the time of writing, and the former is the furthest back that most company online annual report archives went back – the period does provide an excellent window on the progress of globalization over the last decade.

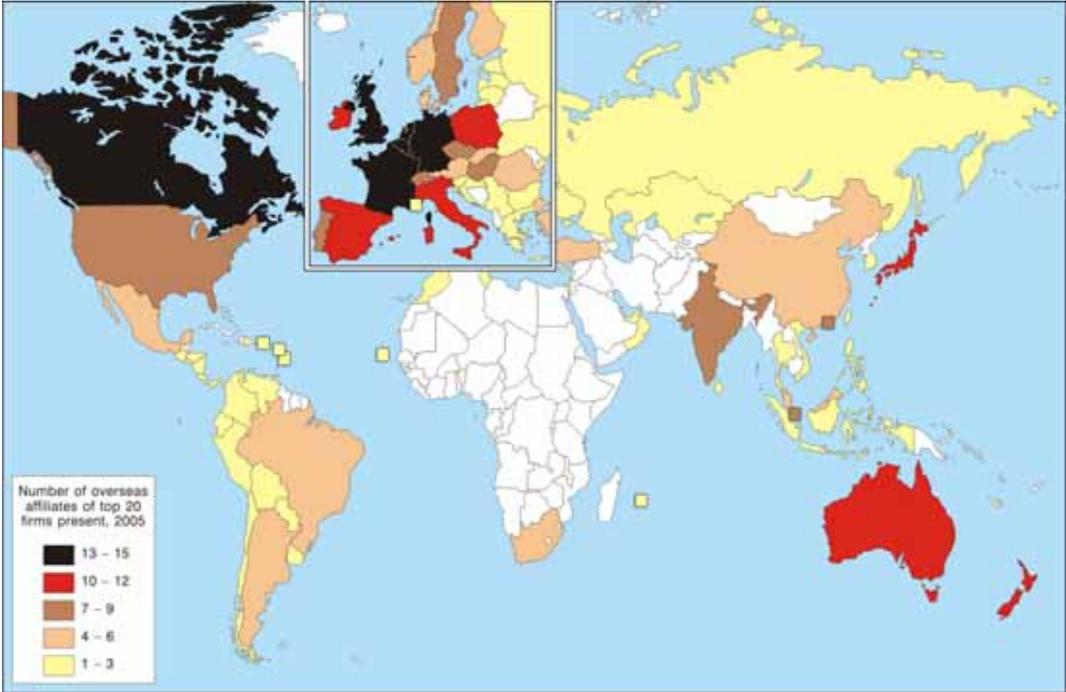
The 1998 map (Figure 1) shows the dominance of North America, Western Europe and Australasia as the key destinations for investments from the leading transnational agencies (defined in terms of 10+ agencies). Only a few markets outside of those regions – Singapore, Hong Kong, Japan, India, South Africa, Argentina, Hungary and the Czech Republic had attracted any significant investment from the top 20 transnational agencies at that stage (4-9 firms).

Figure 1: Global presence of top 20 transnational staffing firms in 1998



If we move forward to 2005, however (Figure 2), we can start to more effectively characterise the international expansion of the last seven to eight years. The geographical presence of the leading transnational firms clearly expanded over the period 1998-2005: the total number of territories in which the firms were present rose from 64 to 85 (21 new territories). At the same time transnational firm presence in many markets intensified. In only two markets globally did transnational firm presence decrease: Australia – down to 11 from 12, and Norway – down to 7 from 5. Several countries saw an increase of four or more transnational firms, namely: China (1 to 6); Hungary (4 to 8); Japan (5 to 9); Luxembourg (9 to 13); Poland (2 to 10); Portugal (4 to 8); Romania (1 to 5); Sweden (2 to 9) and Switzerland (5 to 9). Summarising the overall pattern, we can see that there has been continued cross-investment between the leading markets of North America and Western Europe, with top 20 presence increasing in the UK, Canada, Italy, Ireland, Germany and Holland, for example. More importantly perhaps, we can also start to discern newer markets emerging, particularly in Eastern, Northern and Southern Europe, and South and East Asia.

Figure 2: Global presence of top 20 transnational staffing firms in 2005



How, though, does this geography of expansion contrast with that found in other business service sectors? Existing work on such sectors has demonstrated how internationalization is enacted through networks of offices across leading world cities in developed countries, with increasing connections to a range of cities in emerging markets. Equally, however, the precise geography will depend on the industry in question: different globalization geographies can be observed in the advertising, banking, insurance, legal and management consultancy sectors, for example (Taylor *et al.*, 2004). It is worth noting three more significant differences between the expansion pattern of the temporary staffing industry and these other kinds of business services. First, globalization has occurred later in temporary staffing than in other business service sectors, in many of which globalization was in full swing by the early 1990s. In large part, this reflects how inward investment in temporary staffing depends on economy-wide, rather than just industry specific, labour market deregulation, as agencies place workers across a variety of different manufacturing and services sectors.

Second, the importance of the deregulatory context means that the nature of ‘emerging’ markets is different in temporary staffing *vis-à-vis* other business service sectors. In other words, the kinds of market conditions that favor inward investment from transnational agencies give the sector a particular geography: ‘in crude terms, the staffing industry’s main markets are to be found in the low-wage segments of high-wage, *but liberalizing*, economies’ (Peck *et al.*, 2005: 23, emphasis in original). As a result, the strongest growth is to be expected in recently deregulated, large economies where there is currently limited penetration by staffing agencies, such as Germany and Japan, for example. This observation helps to explain, on the one hand, the expansion of the industry northwards, eastwards and southwards across Europe from the ‘core’ markets of the UK, France and the Netherlands, but also the slower penetration into markets traditionally seen as ‘emerging’ in other sectors in Latin America and the Asia-Pacific.

Third, for general staffing agencies at least, there is also an important *intra-national* geography to their operations. Temporary staffing remains a stubbornly local industry, and, rather like retailers who require an extensive store network to serve extensive and differentiated markets (Wrigley *et al.*, 2005), staffing agencies need coverage of the significant employment centres in countries which they enter. Adecco, for example, has over 6,600 offices worldwide including over 300 in the established UK market, and 31 and 20 in the developing markets of Poland and the Czech Republic respectively. This is in stark contrast to investment banking, legal services, advertising and the like where offices tend to only be established in the very largest cities. As we shall see in the next section, however, there are elements of the staffing industry that tend towards this more parsimonious geography of offices, namely the more specialist recruitment agencies.

Towards a typology of transnational staffing agencies

The general account of the international expansion of the industry we have offered thus far obscures considerable firm-to-firm variation in the extent and nature of globalization. In this section we introduce a simple typology that allows for a more discerning analysis of this variation by intersecting the degree of international expansion of firm operations with the range of staffing services that they offer. First, with respect to the geographical dimension, Table 3 profiles the presence of our leading transnational agencies in the key regional markets – or ‘globalization arenas’ (Beaverstock *et al.*, 1999) – in 2005. The variability in geographical expansion immediately becomes evident, ranging from firms with operations in all regions, such as Adecco and Manpower, to firms with much more circumscribed geographies, such as Corporate Services Group and Proffice (two and one regions, respectively). On the basis of this information, in combination with data on the size and distribution of overseas revenues, we have categorized firms as either ‘regional’ or ‘global’ in scope.

Table 3: Regional presence of the top 20 transnational staffing agencies, 2005

Rank	Firm	West Eur.	East Eur.	North Amer.	South Amer.	Asia	M. East	Austral.	Africa
1	Adecco	√	√	√	√	√	√	√	√
2	Manpower	√	√	√	√	√	√	√	√
3	Vedior	√	√	√	√	√	√	√	√
4	Randstad	√	√	√		√			
5	United Services Grp	√	√						
6	Kelly Services	√	√	√	√	√		√	
7	Hudson Highland	√	√	√	√	√		√	
8	Hays	√	√	√				√	
9	MPS Group	√	√	√					
10	Robert Half Int'l	√	√	√	√	√		√	
11	Michael Page	√	√	√	√	√		√	
12	Corporate Services Grp	√		√					
13	Monster Worldwide	√	√	√		√			
14	CDI Corp.	√		√				√	
15	Synergie	√	√	√					
16	Robert Walters	√		√		√		√	√
17	Harvey Nash	√		√		√			
18	Westaff	√		√				√	
19	Glotel Plc	√		√	√	√		√	
20	Proffice	√							

Second, we can also distinguish between ‘generalist’ staffing firms that offer a broad range of staffing services economy-wide – usually based around a core of traditional short-term temporary staffing activity – and ‘specialist’ agencies that offer more targeted staffing services to particular occupations/sectors. These latter firms often provide services in the areas of financial services and IT, offering a mixture of permanent and temporary recruitment services. The length of temporary contract in these instances is often longer than the week-by-week employment on offer in the ‘traditional’ manufacturing, clerical and administrative segments served by temporary staffing agencies. This functional distinction is not as clear cut as it might first appear, however. Most generalist firms also offer specialist services as part of their wider portfolio, and, almost without exception, are looking to expand their business into the higher-value added specialist segments serving professional markets. Vedior, for example, operates 36 separate companies in the UK market, many of which are specialist niche providers serving a variety of sectors (e.g. IT, healthcare, education) alongside Vedior’s core temporary staffing brand, Select (www.vedior.com, accessed 2nd October 2006). Interestingly, some of Vedior’s UK companies have been acquired to cover *geographic*

niches within the UK market, reiterating our earlier point about the necessity for comprehensive intra-national office networks.

Intersecting these two dimensions results in the typology detailed in Table 4. While this is admittedly a rough-and-ready and somewhat subjective framework, it does usefully unpack the top 20 transnational staffing agencies to reveal the range of organizational geographies within the sector. We will now summarize the characteristics of these four groups of firms.

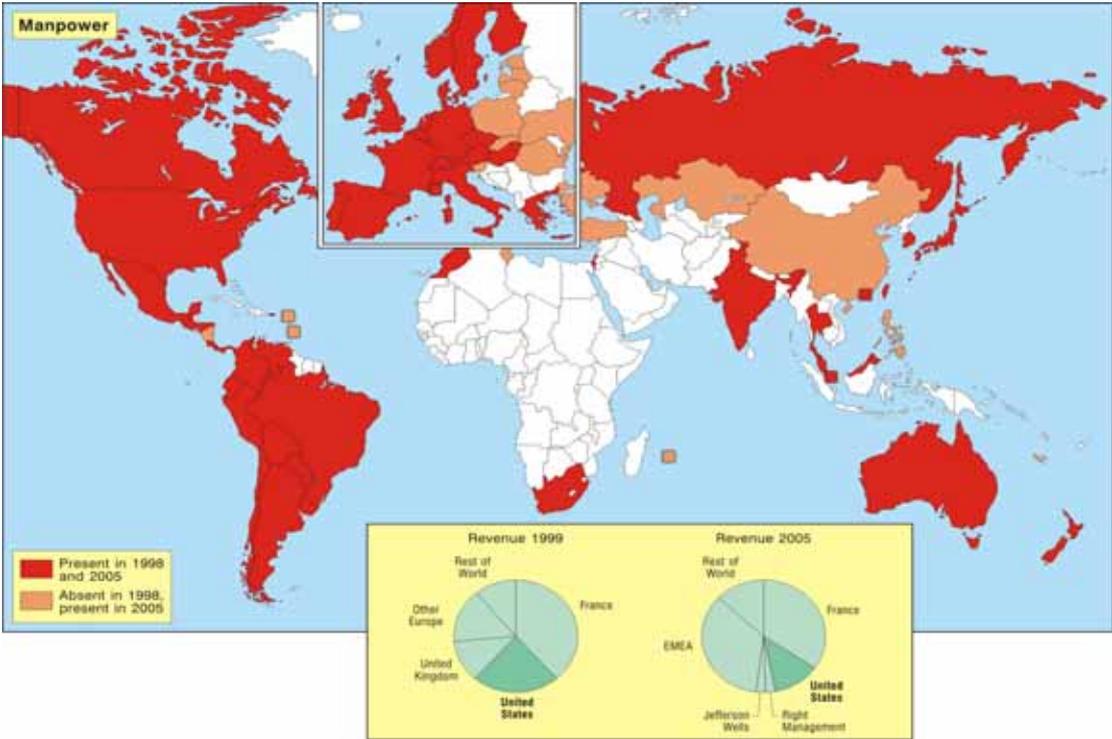
Table 4: The top 20 transnational staffing agencies - towards a typology?

Rank	Firm	Origin	Foreign Sales (\$m)	% Sales Foreign	No. of countries
'Global Generalist'					
1	Adecco	Switzerland	22,356.00	98	70
2	Manpower	US	13,487.30	84	72
3	Vedior	Netherlands	7,511.50	92	44
4	Randstad	Netherlands	4,958.90	63	19
6	Kelly Services	US	1,724.42	33	29
'Regional Generalist'					
5	United Services Group	Netherlands	1,960.74	55	11
12	Corporate Services Group	UK	317.14	35	2
15	Synergie	France	242.86	22	9
18	Westaff	US	141.89	23	5
19	Glotel	UK	130.37	63	9
20	Proffice	Sweden	122.35	41	4
'Global Specialist'					
7	Hudson Highland	US	934.20	65	25
11	Michael Page	UK	443.63	49	18
13	Monster	US	283.16	34	24
16	Robert Walters	UK	196.19	48	13
'Regional Specialist'					
8	Hays	UK	758.00	25	16
9	MPS Group	US	636.94	38	9
10	Robert Half	US	636.05	19	17
14	CDI Corp.	US	275.53	24	5
17	Harvey Nash	UK	146.01	51	9

The *global generalist* category brings together firms with a significant 'global' presence, namely the 'big five' of Adecco, Manpower, Vedior, Randstad and Kelly Services. All the firms in this category have significant levels of foreign sales and are present, with the exception of Randstad, in six or more

regional markets (Table 3). While Randstad only has operations in four regions and 19 countries, it accrued foreign revenues of almost \$5bn in 2005 and is looking to expand its international network further. Figure 3 provides the illustrative example of Manpower’s operations in 2005. The map clearly shows Manpower’s presence in all regional markets in 2005, and also expansion into ‘emerging’ markets in Central and Eastern Europe, and East Asia, during 1998-2005. The global generalist firms have extensive geographical networks that been expanding over the last twenty years. These firms have tended to initially focus on providing *general* staffing services across their territories, with diversification into more specialist markets following over time. Vedior is a notable exception to this general trend, sometimes using specialist acquisitions to enter new markets, as was the case in the US, for example.

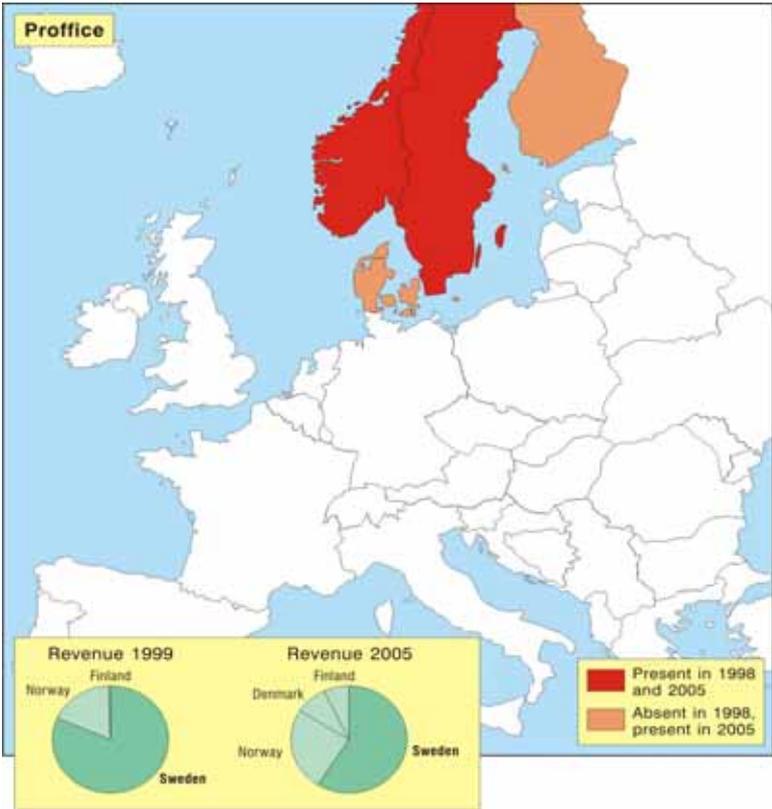
Figure 3: Global generalist - Manpower in 2005



The operations of *regional generalist* firms, by contrast, are not as geographically extensive. While they may generate large levels of foreign revenues (e.g. United Services Group), their operations tend to

be constrained to 2-4 of the regions listed in Table 3. There is often a clear geographical logic to these firms, which tend to be Europe, or Europe and US oriented. Examples include Westaff's focus on North America and Western Europe, and Proffice's concentration on the Scandinavian markets (see Figure 4). In most cases, these firms are large and significant players in their core regions, and are pursuing deliberate strategies to consolidate their position in existing, established markets rather than becoming more geographically extensive. These firms seek to grow by combining expansion into markets that enhance their regional portfolios at the same time as diversifying into new market niches in their existing territories.

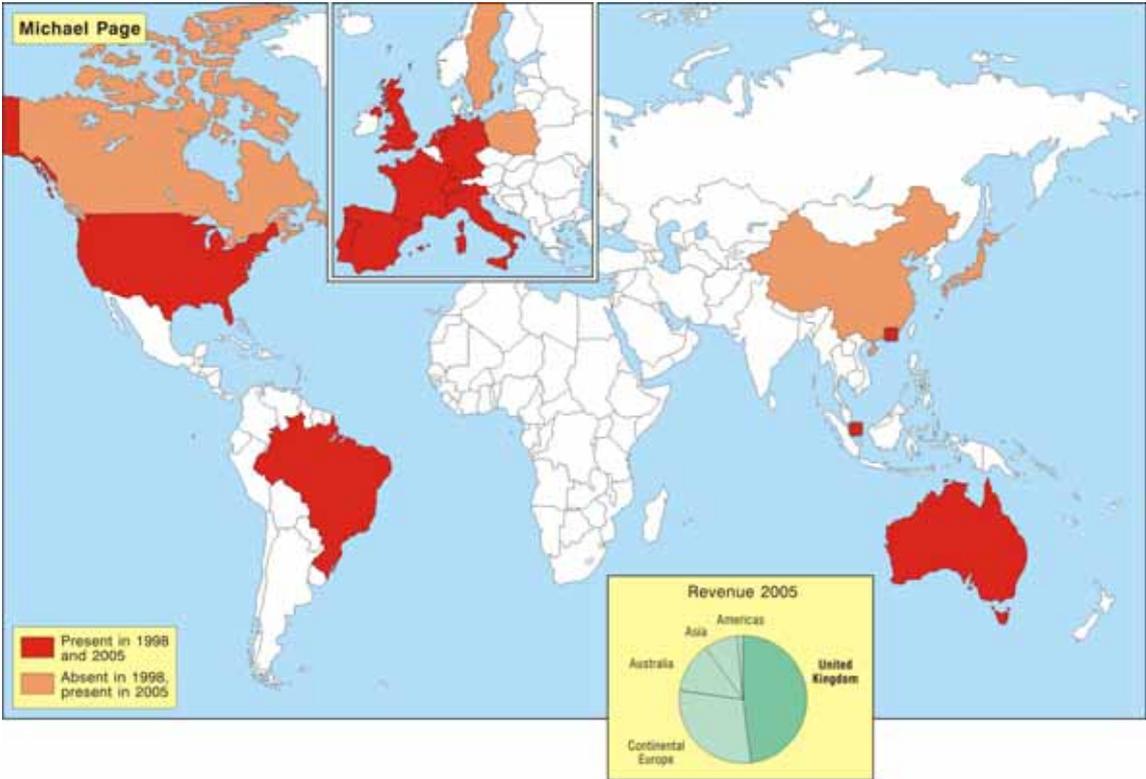
Figure 4: Regional generalist - Proffice in 2005



Global specialist firms perform specialist staffing functions, often in the IT and financial service markets. They have relatively high proportions of foreign revenue, but do not have global operations to the scale or extent of the global generalists introduced above. In addition, their office networks are less dense *within* their various countries of operation, a reflection of their markets primarily being

other business services, which tend to cluster in leading/world cities. These firms are located in 4 to 6 of the regions in Table 3 and are either British or American in origin. Figure 5 illustrates Michael Page’s operations in 2005, showing the addition of new operations in Canada, Sweden, Poland, Japan and China to existing markets in the US, Western Europe, Brazil, Hong Kong, Singapore and Australia over the period 1998-2005. This map is typical of global specialists in that it is more clearly a map of the world’s most advanced economies – and thereby key centres of demand for professional staff – than that of the generalist firms. Given the relative degree of specialism of these firms, international expansion as opposed to diversification is the key growth dynamic in this category. We have also included the online job-board firm Monster in this category as its activities, while geography extensive, are restricted to one form of staffing service.

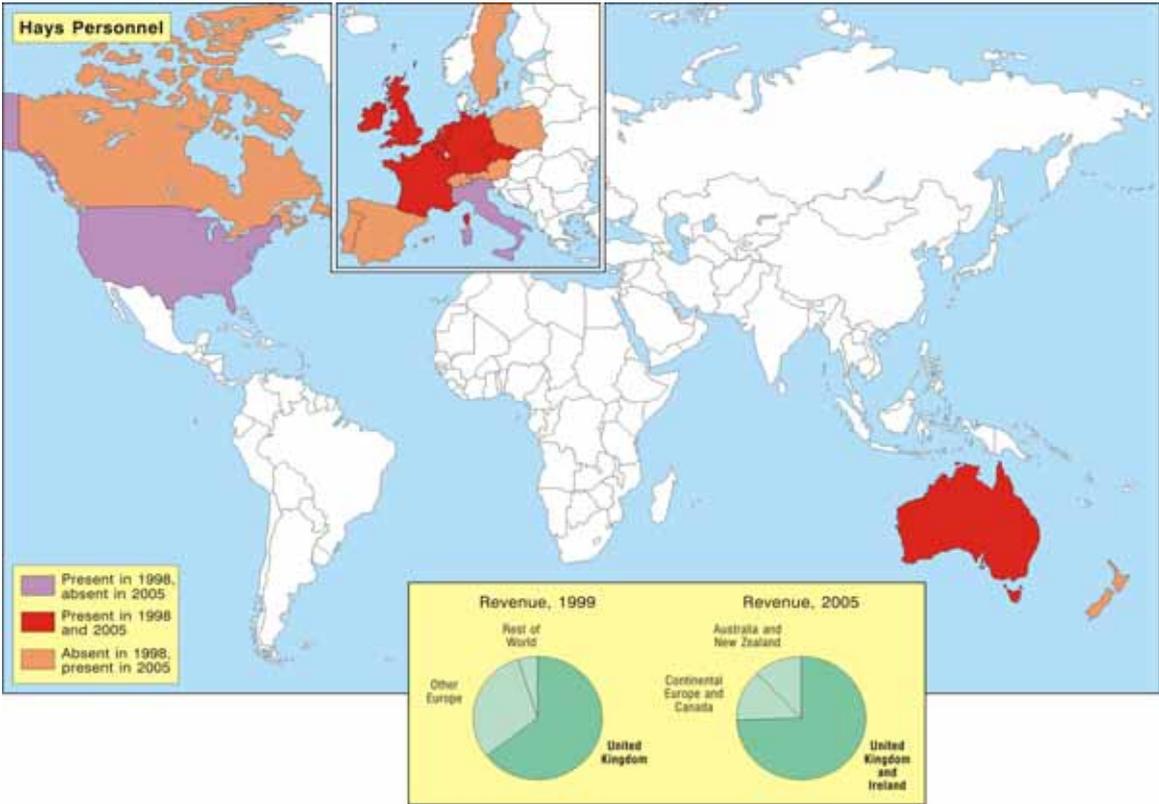
Figure 5: Global specialist – Michael Page in 2005



Regional specialist firms are specialist firms with that generate a smaller proportion of foreign revenue: as with the regional generalist firms, their activities are restricted to 2-3 regions of the world

economy. The exception is Robert Half which, while it is active in five regions, only accrues 19 percent of its revenues from foreign markets and is therefore included in this category, while CDI Corporation uses franchising to extend its international office network. As with the global specialists, the firms in this category are all either British or American-owned, and like the regional generalists, the geographic focus of their operations tends to be on Western Europe and North America. Figure 6 shows Hays' country network in 2005, illustrating expansion into Canada, Northern, Central and Southern Europe and New Zealand over the period 1998-2005. Over that period, however, Hays has actually become more reliant on its UK home market, with departures from the US and Italy serving as a useful reminder that not all foreign operations are unalloyed successes.

Figure 6: Regional specialist – Hays in 2005



Three caveats should accompany this tentative typology. First, to us at least, where an individual firm is allocated in this schema is far less important than the recognition there are clear differences in the scale and nature of firm activities within the broad arena of transnational staffing firms. Whether

Randstad, for example, should be classified as a global or regional generalist is less significant than the fact that Randstad and say, Proffice, are very different kinds of firms in terms of scope and ambition. Second, these should be seen as dynamic, rather than static, categories. As mentioned earlier, a key trend within the industry is for generalist firms to try and increase their presence in more profitable specialist segments, in response to competitive pressures and low profit margins in their traditional temporary staffing markets. A key plank of Randstad's 2002 corporate strategy, for example, was to increase specialist revenues to over 30 percent of total revenues (by 2005, specialist revenues accounted for 28.4 percent). Third, these categories may obscure important geographical variation in strategy and operations within individual firms. Vedio, for example, one of our 'global generalists', is effectively just a specialist agency in several of its foreign markets. Little is known about such variations, however. This brings us to the final section paper in which we conclude by delimiting an agenda for further research into the industry.

Summary and research agenda

This paper has started to chart inter-firm variations within the leading cohort of transnational staffing agencies. In particular, we have seen the profound differences between (1) *specialist* providers who, similar to many other business service sectors, are progressively extending their office networks beyond the primate cities of the key economies of North America, Western Europe and East Asia into a variety of emerging markets and (2) *generalist staffing* firms whose core business of temporary staffing has produced much more extensive and dense inter- and intra-national office networks due to the economy-wide prevalence of the administrative and manufacturing jobs that are their core business. In both cases, there are examples of firms that are seeking something approaching 'global' expansion, and those who are seeking to build more geographically consolidated, regional operations.

The nature of the temporary staffing business means that the pattern of geographical expansion can be different to that of other business services sectors. In particular, the nature of national regulatory regimes is absolutely critical in determining what can be thought of as ‘emerging’ markets. Staffing agencies are acutely sensitive to different labour market regulatory conditions, pertaining to the very legality (or not) of temporary staffing, or more likely, the different sectors and constraints within which it can take place. These national variations also mean that agencies will have to adapt their business practices to meet the needs of the local market, thereby placing limits on the extent to which they can simply ‘roll-out’ business models developed in their home markets. Overall, the temporary staffing industry shares both similarities and differences with the globalization processes occurring in other business service sectors.

There is still much to do, however, in terms of deepening and widening our knowledge of this industry. In particular, we currently know little about intra-firm variations in strategies and activities across different national markets, and about the interactions between firms and highly variable regulatory contexts. To conclude this paper, we would therefore like to emphasise the following interrelated aspects as particularly worthy of further research:

- Modes of market entry (e.g. greenfield versus merger/acquisition) and subsequent growth used by individual agencies, and how these vary with, and are shaped by, national market conditions;
- Variations in organisational structures (e.g. Manpower’s centralised approach compared to Vedior’s federalism) and how these are changing over time (e.g. Adecco’s recent restructuring around global business lines);
- The impacts of different organisational structures on market entry and growth strategies, the degree of localisation of service offerings, and success in different market conditions;
- Geographical variability in firm strategies across different national markets (e.g. market-making in new markets versus market growth in older territories) and how these are coordinated;

- The changing competitive landscape which is seeing the blurring of boundaries with other sectors such as executive search/headhunting and business process outsourcing (BPO). The management consultancy Accenture, for example, has a human resources services division that has run key human resources functions for BT, among others, in an outsourcing deal since 2000;
- The extent to which, in different contexts, the temporary staffing industry acts as a 'follower' of other globalising sectors, or a 'pull' factor that is part of a range of factors that may attract inward investment to particular markets.

We will start to explore these issues in subsequent papers.

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