# Geographies of Temporary Staffing Unit
## *Working Brief 26*

## Mapping the Globalization of Services: Updating the Top 20 Transnational Temporary Staffing Agencies

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### *Introduction*

The temporary staffing industry, like all economic sectors, is constantly evolving as firm strategies and modes of operation adapt to changing markets, regulations and client demands. Therefore, attempts to quantify and analyse particular aspects of the industry are highly time-specific. This Working Brief aims to supplement and update the data presented in Working Brief 8. Company annual reports and interview data have been used to produce a new top 20 firm list for 2004. This table will be presented in the following section, along with a new top 20 list of transnational staffing firms for 2005. Discussion will be made of these tables, with a particular focus on changes that have occurred during 2004-2005.

### *Top 20 Transnational Staffing Firms: 2004 and 2005*

Table 1 shows a revised ranking of the Top 20 transnational staffing firms in 2004. This differs from the ranking presented in Working Brief 8 in a number of ways:

- Updated information on the size of Adecco's operations in Switzerland have been obtained, thereby allowing a correct calculation of Adecco's foreign revenue. This places Adecco above Manpower as the world's largest transnational staffing firm;
- Brunel has been removed from the top 20 as its mining operations form a substantial proportion of international revenue. Therefore, when staffing only is taken into account, the value of its international staffing revenue is not large enough for it to be placed within the top 20;
- Table 1 also lists each firm's staffing activities, and the proportion of total revenue generated by staffing activities;

Table 1: Top 20 Transnational Staffing firms, 2004

| Rank | Firm | Origin | Foreign revenue 2004 ($m) | % revenue foreign | Total revenue 2004 ($m) | % revenue staffing | Staffing activities |
|---|---|---|---|---|---|---|---|
| 1 | Adecco[1] | Switzerland | 23,091.11 | 98 | 23,520.89 | 100 | t,p,c,it,n,o,r,s,f |
| 2 | Manpower | US | 12,387.30 | 83 | 14,930.00 | 100 | t,c,it,p,f,r,o |
| 3 | Vedior | Netherlands | 8,171.39 | 93 | 8,823.58 | 100 | t,p,n,c,it,m |
| 4 | Randstad | Netherlands | 4,912.39 | 63 | 7,864.67 | 100 | t,p,n,it,c |
| 5 | Kelly Services | US | 1,622.70 | 33 | 4,984.05 | 100 | t,c,m,n,r,it,p |
| 6 | Solvus Resource Group | Belgium | 1,466.56 | 74 | 1,981.90 | 100 | t,it,n,m,c,p,r |
| 7 | Hudson Highland | US | 866.38[2] | 69 | 1,256.35 | 100 | s,p,it,t |
| 8 | United Services Group | Netherlands | 614.88 | 35 | 1,774.06 | 100 | t,n,it |
| 9 | Hays[1] | UK | 579.72 | 22 | 2,675.66 | 100 | t,p,n |
| 10 | MPS Group | US | 537.81 | 38 | 1,426.84 | 100 | it,r,p.t,s,m |
| 11 | Robert Half International | US | 488.89 | 15 | 2,675.70 | 100 | t,s,p,it,n,f |
| 12 | Michael Page | UK | 383.20 | 46 | 835.57 | 100 | p,t,it,n,m,r |
| 13 | Corporate Services Group | UK | 334.03 | 34 | 984.88 | 100 | t,m,it,n |
| 14 | Synergie Group | France | 245.32 | 21 | 1,167.11 | 100 | t,p,r,n |
| 15 | CDI Corp | US | 237.04 | 23 | 1,045.21 | 68 | c,it,r,t,p,s,o,f,n |
| 16 | Monster Worldwide | US | 209.17[3] | 25 | 756.13 | 70 | jb |
| 17 | Proffice | Sweden | 192.94 | 48 | 406.04 | 100 | t,r,it,p |
| 18 | Robert Walters | UK | 165.64 | 46 | 362.65 | 100 | t,p,n,it,r |
| 19 | Westaff | US | 119.45 | 20 | 589.86 | 100 | t,c,f,p |
| 20 | Harvey Nash | UK | 117.17 | 47 | 252.19 | 100 | p,t,it,m,n,c,r |

[1] Year end 30th June 2004.
[2] Highland executive search figures are excluded.
[3] Does not include advertising and marketing segments.
Exchange rates used: 1€ = US$ 1.36440 Year end 2004; Adecco: 1€ = US$ 1.355660 FY04; Hays: £1 = US$1.7594 FY04; End 2004: £1 = US$ 1.9266; End 2004 1SEK= US$ 0.149335.

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: Adapted from Staffing Industry Report (2005) Year End Report. April 29th, Vol. XVI, no. 8, pp.10-11, company reports and websites.

- It is important to note that Table 1 ranks *public* staffing firms. Insufficient data is available for many privately owned staffing firms. A number of such firms may enter this ranking should the necessary data be made public. Examples include Allegis Group (US) and Staff Service (Japan). Both firms have significant international operations, but overseas revenue data is not published.

Table 2 shows the top 20 transnational staffing firms for 2005. This table also includes two columns showing whether 'foreign revenue' and 'percentage of revenue foreign' have increased, decreased or remained constant since 2004. There are a number of changes in this top 20 ranking:

- During 2005 United Services Group acquired Solvus Resource Group for €585m ($693m). This merger has taken United Services Group into 5th position, from 8th (Solvus Resource Group held 6th position in 2004). Significantly, in 2005 United Services Group had sufficient overseas revenue generation to overtake Kelly Services;
- There is one new entrant to the Top 20, Glotel (UK), a specialist staffing firm. The firm's international revenues were not sufficient in 2004 for it to figure in Table 1;
- The acquisition of Solvus by United Services Group has resulted in a number of firms shifting up one place in the rankings. However, there have been other changes such as Monster moving from 13th to 16th, Harvey Nash up from 20th to 18th and Robert Walters up from 18th to 16th. Some firms have therefore dropped in the ranking, for example, Proffice from 17th to 20th, and Synergie Group from 14th to 15th. These movements are not large, however, and in the case of the bottom ten companies, reflects the relatively small differences in revenue between the companies;
- The threshold for inclusion in the top 20 has risen from $117.17m to $122.35m. Only one firm did not increase its foreign revenue between 2004 and 2005: Proffice overseas revenue fell from1,292m SEK in 2004 to 973m SEK in 2005. It must be noted that due to exchange rate fluctuations, the figures shown in Tables 1 and 2 do not always accurately reflect firm revenues. Therefore, the arrows indicated whether the firm has increased or not, based on local currency;
- The vast majority of firms have increased their foreign revenues. Notably large increases include United Services Group, as a direct result of their acquisition of Solvus Resource Group, Manpower, Hays and Robert Half;
- The performance of individual firms in both foreign and domestic markets is related, with all firms either increasing or decreasing in both. Proffice total revenues fell from 2,719mSEK

Table 2: Top 20 Transnational Staffing Firms, 2005

| Rank | Firm | Origin | Foreign revenue 2005 ($m) | Vs. 2004 | % revenue foreign | Vs. 2004 | Total revenue 2005 ($m) | Vs. 2004 | % revenue staffing | Staffing activities |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Adecco[1] | Switzerland | 21,250.22 | ↑* | 98 | - | 21,679.00 | ↑* | 100 | t,p,c,it,n,o,r,s,f |
| 2 | Manpower | US | 13,487.30 | ↑ | 84 | ↑ | 16,080.4 | ↑ | 100 | t,c,it,p,f,r,o |
| 3 | Vedior | Netherlands | 7,511.50 | ↑* | 92 | ↑ | 8,125.80 | ↑* | 100 | t,p,n,c,it,m |
| 4 | Randstad | Netherlands | 4,958.90 | ↑ | 63 | - | 7,873.80 | ↑* | 100 | t,p,n,it,c |
| 5 | United Services Group | Netherlands | 1,960.74 | ↑ | 55 | ↑ | 3,544.70 | ↑** | 100 | t,n,it,m,c,p,r |
| 6 | Kelly Services | US | 1,724.42 | ↑ | 33 | - | 5,289.83 | ↑ | 100 | t,c,m,n,r,it,p |
| 7 | Hudson Highland | US | 934.20[2] | ↑ | 65 | ↓ | 1,428.27 | ↑ | 100 | s,p,it,t |
| 8 | Hays[1] | UK | 758.00 | ↑ | 25 | ↑ | 2,981.82 | ↑ | 100 | t,p,n |
| 9 | MPS Group | US | 636.94 | ↑ | 38 | - | 1,684.70 | ↑ | 100 | it,r,p.t,s,m |
| 10 | Robert Half International | US | 636.05 | ↑ | 19 | ↑ | 3,338.44 | ↑ | 100 | t,s,p,it,n,f |
| 11 | Michael Page | UK | 443.63 | ↑ | 49 | ↑ | 914.14 | ↑ | 100 | p,t,it,n,m,r |
| 12 | Corporate Services Group | UK | 317.14 | ↑* | 35 | ↑ | 914.51 | ↑* | 100 | t,m,it,n |
| 13 | Monster Worldwide | US | 283.16[3] | ↑ | 34 | ↑ | 986.92 | ↑ | 83 | jb |
| 14 | CDI Corp | US | 275.53 | ↑ | 24 | ↑ | 1,133.58 | ↑ | 100 | c,it,r,t,p,s,o,f,n |
| 15 | Synergie Group | France | 242.86 | ↑* | 22 | ↑ | 1,103.91 | ↑* | 100 | t,p,r,n |
| 16 | Robert Walters | UK | 196.19 | ↑ | 48 | ↑ | 409.34 | ↑ | 100 | t,p,n,it,r |
| 17 | Glotel Plc | UK | 130.37 | ↑ | 63 | ↑ | 208.55 | ↑ | 100 | t,c,it,m,n,r |
| 18 | Harvey Nash | UK | 146.01 | ↑ | 51 | ↑ | 285.12 | ↑ | 100 | p,t,it,m,n,c,r |
| 19 | Westaff | US | 141.89 | ↑ | 23 | ↑ | 612.86 | ↑ | 100 | t,c,f,p |
| 20 | Proffice | Sweden | 122.35 | ↓ | 41 | ↓ | 304.43 | ↓ | 100 | t,r,it,p |

[1]Year end 30th June 2004.
[2] Highland executive search figures are excluded.
[3] Does not include advertising and marketing segments.
*Exchange rate fluctuations have produced lower figures than 2004, but in local currency revenues have increased.
**Revenue has increased due to acquisition of Solvus Resource Group. Combine 2004 revenues were €2,762.05m ($3,755.96m).
Exchange rates used: End 2005: 1€ = US$ 1.18445; Hays: £1 = US$ 1.81774; End 2005 £1 = US$ 1.7452; End 2005 1SEK = US$ 0.125746.

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

in 2004 to 2,421m SEK in 2005. This is the only exception to a year of revenue growth across the top 20;

- Of the top 20, the firms reporting the largest increases in total revenue were again, United Services Group, Manpower, Hays and Robert Half;
- The remaining common trend shown in Table 2 relates to the percentage of revenue generated internationally by staffing firms. With only two exceptions, all firms have kept constant, or increased the percentage of their revenue generated abroad. This effectively means that while total firm revenues and foreign revenues are generally both growing, the international revenues are increasing at a relatively faster rate;
- The two exceptions to this trend were that of Hudson and Proffice. In the case of Proffice, this can be explained by the firm's fall in total sales and foreign sales, although the fall in percentage of foreign sales suggests that the firm's poorer 2005 performance was much more acute in its overseas territories – Denmark, Norway and Finland (the percentage has dropped from 48% to 41%). Hudson's foreign revenue percentage has fallen from 69% to 65% between 2004 and 2005, perhaps reflecting a strengthening US market;
- Other than these two firms, all others have kept constant, or increased their foreign revenue percentages over the year. The firms that showed the largest increases were Monster (9%), Robert Half (4%), Harvey Nash (4%), Michael Page (3%), Hays (3%) and Westaff (3%). United Services Group's large increase in foreign percentage is a direct result of its acquisition of Solvus. Finally, the appearance of Glotel in Table 2 follows a large increase in total revenue, foreign revenue and percentage of foreign revenue between 2004 and 2005. In 2004, foreign revenue generated was $79.29m (£43.62), which was 49% of total revenue. This figure has jumped to 63% in 2005;
- The top 20 trend towards increased foreign percentages of revenue can be explained by internal and external market forces. Since the lows of the early 2000's, the global economy is improving and is reflected in the increased revenue generation of the majority of firms, following several years of reduced sales. The increase in foreign sales may also be a result of processes of regulation and deregulation in several countries, particularly in Eastern Europe (see Working Brief 25), which has opened up a number of new markets for international firms to enter;
- The foreign revenue percentage increases may also be due to the corporate strategies of the firms themselves. To be included in this top 20, the firms have undergone phases of internationalisation. The degree to which firms have internationalised varies widely and will be discussed in Working Brief 27. Many firms have adopted strategies that emphasise the importance of internationalisation, not only to enter new and potentially lucrative markets,

but also to diversify geographically. This geographical diversification is often accompanied by sectoral diversification and is a means by which firms can attempt to spread business risk. Over dependence on home markets can present significant problems to firms, particularly during economic downturns.

## *Conclusion*

This Working Brief aimed to provide a brief update to the Top 20 international staffing firm ranking presented in Working Brief 8. A number of small changes have been made to the Top 20 in 2004, based upon further data sourced. Although it represents a small snap-shot of the industry, Table 2 has been included to facilitate a discussion of changes in firm revenues and foreign revenues between 2004 and 2005. This time period does not provide an accurate reflection of broader industry changes, but is useful is showing the general increase in firm revenues and internationalisation. The geographies of the firms in 2004 and 2005 will be briefly outlined in Working Brief 27, which serves as an update to Working Brief 11.

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