

## Geographies of Temporary Staffing Unit *Working Brief 32*

### **The Top 20 Transnational Temporary Staffing Agencies: Geographical Expansion 2006-7**

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#### ***Introduction***

The primary focus of our project has, and continues to be, internationalisation of the temporary staffing industry. Since 2003 we have been charting the global expansion of the world's top 20 transnational staffing firms. This Working Brief is an update on recent developments in the staffing industry as the largest firms continue to internationalise.

#### ***Staffing Firm Internationalisation***

CEITT estimates that the global annual turnover of the private employment agency industry amounted to €228bn (\$300bn) in 2006. Over 88% of this turnover is generated in the 'core' staffing markets of North America, Western Europe, Japan and Australasia. Despite this concentration, new markets have emerged as a result of regulatory changes and economic development. Such markets include Central and Eastern Europe and parts of SE Asia. Such new markets are often attractive to transnational firms due to higher growth rates and potentially higher profitability. In addition, 'global' staffing firms are seeking to service their transnational clients in as many markets as possible.

Table 1: Regional Split of the Agency Work Industry's global turnover

Country/region	% of total worldwide revenues
US	38.0
UK	15.9
Japan	11.0
France	8.9
Germany	4.4
Australia & NZ	4.2
Netherlands	4.1
Canada	2.0
Rest of the World	11.5

Source: CIETT (2006)

Table 1 charts the geographical expansion into *new* markets of the top 20 transnational firms in 2006 and 2007. A number of points can be made:

- Only three firms (Adecco, Manpower and Vedior) are present in 50 or more countries. Many other firms are present only in a comparatively small number of countries with 9 firms location in less than 20 territories.
- Several firms have made a relatively large percentage increase in the number of territories in which they are present over this two year period, for example, MPS Group is present in 7 more countries; Vedior 6; Michael Page 6.
- Nine firms have not increased their geographical footprint. In the case of Adecco and Manpower this may be due to their already extensive geographical networks, and for those lower down in the top 20 rankings may be a result of strategies concentrating on existing market consolidation, product development i.e. increases in the range of services offered, or financial pressures.
- New markets have been entered through a combination of organic and acquisition methods (see Working Brief 31 for details of mergers and acquisitions). There does not appear to be a relationship between the geography or size of the market and the method of market entry utilised by the staffing companies.
- Regions entered by firms during 2006-7 are dominated by SE Asia (in particular China), Central and Eastern Europe, the Middle East and Scandinavia.

**Table 1: Top 20 Transnational firms: geographical expansion 2006-7**

2006 Rank	Firm	Origin	New Market(s) Entered	Date of Entry	Method of Entry	Total Territories End 2007
1	Adecco	Switzerland				70
2	Manpower	US				73
3	Vedior	Netherlands	Norway Thailand Middle East	December 2006 2007 2007	Acquisition Greenfield Greenfield	50
4	Randstad	Netherlands	China Japan	May 2006 2006	Acquisition Greenfield	21
5	USG People	Netherlands	Czech Republic & Slovakia	September 2006	Acquisition	13
6	Kelly Services	US	China Czech Republic & Poland	May 2007 March 2007	Acquisition Acquisition	33
7	Hays	UK	Hong Kong China	February 2006 May 2006	Greenfield Acquisition	22
8	Hudson Highland	US				26
9	Robert Half International	US	United Arab Emirates, Peru & Venezuela	2007	Greenfield	26 <sup>1</sup>
10	MPS Group	US	Poland	September 2007	Greenfield	14
11	Michael Page	UK	Australia, Singapore & Hong Kong Mexico, United Arab Emirates, Russian Federation, Republic of Ireland & South Africa Luxembourg	August 2007 2006 2007	Acquisition Greenfield Greenfield	24
12	Synergie Group	France				10
13	Corporate Services Group	UK				4
14	CDI Corp	US				35 <sup>2</sup>
15	Monster	US	Mexico, Middle East, Turkey & Russia	2006	Greenfield	36
16	Harvey Nash	UK	Sweden Norway	August 2007 November 2007	Acquisition Greenfield	11
17	Robert Walters	UK	Malaysia	2006	Greenfield	15
18	Proffice	Sweden				4
19	Glotel <sup>3</sup>	UK				9
20	Westaff	US				4

Source: Company annual reports and websites.

<sup>1</sup> Robert Half brand present in 19 countries; Protiviti present in 20 countries. Total global presence totals 26 territories.

<sup>2</sup> CDI Corp is present in 6 countries under various brands (CDI sub-brands and AndersElite). MRI Worldwide Network Ltd operates its franchise offices which are present in 35 countries.

<sup>3</sup> In June 2007 Glotel were acquired by Spring Group. Spring Group were present in the UK and opened a greenfield office in Italy in early 2007. The total footprint of the group post-acquisition will be 10 countries; UK, US, Argentina, Australia, Belgium, Germany, India, Italy, New Zealand, The Netherlands.

## ***New Staffing Territories?***

Developments in communications and infrastructure technologies continue to have an impact on the staffing industry. Increases in the use of the Internet to attract, recruit and communicate with temporary employees and clients have changed the nature of the temp/agency relationship. In addition, firms such as Monster have developed substantial business through on-line recruitment. The connection between the staffing industry and virtual communities has been initiated this year by Kelly Services, which now lists 'Second Life' (see [www.secondlife.com](http://www.secondlife.com)) as a territory in it's 'global network'.

'The debut of Kelly's island in Second Life is another example of how our company is embracing technology to offer innovative staffing services. As Kelly Services continues to grow and expand its business operations, Second Life will provide us a platform to communicate globally with customers and job seekers via on-line, interactive relationships'. Dave Fenech, senior director, eBusiness Solutions, Kelly Services. (Source: Kelly Services, 2007b)

In June 2007 Kelly Services announced that they had been the first company to place a Second Life resident in a real world job.

## ***Conclusions & Future Developments***

This Working Brief aims to highlight two future developments that will impact our existing observations on the internationalisation of the staffing industry:

1. The acquisition of Vedior by Randstad – announced in December 2007 – represents a significant example of geographical expansion through acquisition. Randstad's geographical footprint is relatively modest (see Working Brief 22). In 1999 it was present in 12 countries, expanding to just 16 in 2004 and *without* a presence in Asia. Since this time it has made considerable effort to enter new Asian markets, with some success. Fellow Dutch transnational Vedior's global network has been much more extensive and internationalisation has occurred more rapidly. In 1999 Vedior was present in 26 countries, expanding to 37 in 2004. The rationale for Randstad acquiring Vedior is clear if internationalisation is considered. Through the purchase Randstad will more than double the number of territories in which it is present – from 21 to 50.
2. The early venture into the world of virtual communities by Kelly Services has demonstrated that there may be real business outcomes – and revenue generation – from such engagements. If such 'virtual spaces' to become genuine sites of economic and staffing activity, serious questions about the geographical 'presence' of temporary staffing firms, and the industry in general, would have to be raised. However, just as the global

staffing industry still connects with individual workers in local labour markets, the individuals 'sourced' in the virtual world still work in the real world. Until wages can be earned in cyberspace, the temporary staffing industry will still be placed somewhere in physical space.

Transnational staffing firms are still clearly interested in expanding their global networks. The period 2006-7 has witnessed an increase in the number of specialist firms, such as Michael Page, Robert Walters and Hays, furthering their geographical presence. SE Asia, particularly China, has been a key focus of the majority of staffing firms. We expect further internationalisation of the global staffing industry to continue apace.

### ***References:***

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