

Geographies of Temporary Staffing Unit *Working Brief 34*

Characterising the Top 20 International Temporary Staffing Agencies: 2007 Update

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Introduction

Using data presented in Working Brief 33 on the Top 20 transnational staffing agencies in 2007, this working brief updates our typology of these firms. These categories aim to reveal the commonalities and differences between the geographical extent and nature of the firms' activities. The four categories that have been identified will be discussed briefly in the following section before the characterisation of firms in both 2005 (Table 1) and 2007 (Table 2) are discussed and compared.

Firm Typologies

- 'Global Generalist' firms are those staffing agencies with a 'global' presence. Each has a significant level of foreign sales and operates in a large number of territories (crucially, these must be spread over at least 6 of the 7 regions identified in Table 1, Working Brief 11). These firms can be described as truly global players;
- 'Regional Generalist' firms have a presence in key markets, but their operations are not geographically expansive enough to be described as 'global'. They do, however, have the potential to become global and to move into the category above. In many cases, the 'regional generalist' firms have large revenues generated abroad, but are located in relatively few international locations and are not present in some regions. These firms often have a regional geography, such as a focus on continental Europe. In most case, these firms are large and significant players in their markets, having strategized to consolidate their position in existing markets rather than becoming more geographically extensive;

- ‘Global Specialist’ firms perform specialist functions, mainly IT and financial services, and have a relatively high percentage of foreign revenue. Their office networks are less dense in each territory, as a function of their specialist business, allowing them to develop more geographically expansive office networks. The geographical and organisational dynamics of these firms differ greatly from that of the traditional generalised staffing agencies;
- ‘Regional Specialist’ firms are specialist firms with less percentage of foreign revenue generated abroad. While the value of foreign sales may be high, their networks are less geographically expansive. Indeed, many use franchise networks to increase their international presence

Firm Typologies in 2005 & 2007

Table 1 shows the characterisation of the Top 20 transnational firms in 2005.

Table 1: Top 20 Firm Typology, 2005

Rank	Firm	Origin	Foreign Sales (\$m)	% Sales Foreign	No territories
‘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	CSG	UK	317.14	35	2
15	Synergie	France	242.86	22	10
18	Westaff	US	141.89	23	5
19	Glotel	UK	130.37	63	10
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 Int.	US	636.05	19	14
14	CDI Corp.*	US	275.53	24	5
18	Harvey Nash	UK	146.01	51	9

*Discounts CDI Corp. franchise network

Source: Company Annual Reports and Websites.

Several points about this table can be made:

- The 'global specialist' group characterises the most firms in the top 20. This is a direct outcome of the specialist staffing firms expanding their branch networks. Although the total number of territories in which these firms are present is not as large as those of the 'global generalist', the firms have offices in many, if not all, global cities. For example, the nature of Michael Page's and Robert Walters' specialist staffing businesses sees them locate offices in key business and financial centres at the global scale, including London, New York, Tokyo etc.;
- Many of these firms, such as United Services Group and Synergie have a Continental European focus. Proffice is exclusively focussed on the Scandinavian markets of Sweden, Denmark, Finland and Norway.
- The 'regional specialist' firms have geographical networks that either do not cover all key markets, or have insufficient continental reach. For example, Robert Half International was present in 14 countries in 2005 (the firm's specialist consulting arm Protiviti is not included). However, the geographical focus was on North America, Europe and Australasia, with just one branch in Asia. It must also be noted here that CDI Corp. presents a particular challenge for categorisation. In previous reporting, we have included CDI's franchise network in territory counts. However, for the purposes of characterising the firm it is not felt that this would be representative. For this reason CDI Corp. territory count only includes territories in which offices are owned, thereby placing the firm as a 'regional specialist'.

Table 2 shows the characterisation of the top 20 transnational firms in 2007. Again, several points can be made about this table, particularly in comparison to Table 1:

- There are three newcomers to the top 20 – Allbecon & Olympia, SThree and Resources Connections. These can all be characterised differently. Allbecon & Olympia provides generalist staffing services only in Europe (Germany, Netherlands, Poland, Switzerland, Italy, Spain, Portugal). SThree offers specialist (mainly ICT staffing) but its geographical spread is insufficient to be labelled 'global'. At the end of 2007 it had operations in the UK, Hong Kong, the Netherlands, Belgium, France, Germany, Ireland and the US. However, in 2008 it added Dubai and Sydney to its network so could be considered a 'global specialist'. Resources Connection is a 'global specialist' firm. It has an extensive, and growing, geographical network with branches in the US, Mexico, Germany, Italy, Japan, Canada, UK, China, Belgium, Denmark, Ireland, Luxembourg, Norway, Singapore, India, Australia, France, the Netherlands, Sweden and Taiwan. It provides specialist finance and accounting staffing and was formed as part of Deloitte & Touche in 1996. A management buy-out took place in April 1999;

Table 2: Top 20 Firm Typology, 2007

Rank	Firm	Origin	Foreign Revenue (\$m)	% revenue foreign	No territories
'Global Generalist'					
1	Adecco	Switzerland	30,411.61	98	60
2	Manpower	US	18,033.50	88	80
3	Vedior	Netherlands	11,523.58	93	52
4	Randstad	Netherlands	8,806.32	65	20
6	Kelly Services	US	2,212.67	39	36
'Regional Generalist'					
5	USG People	Netherlands	3,186.76	56	13
12	Synergie	France	536.41	31	10
14	Allbecon & Olympia	Germany	469.42	81	7
19	Proffice	Sweden	232.70	40	4
'Global Specialist'					
7	Hays	UK	1,395.74	33	25
8	Robert Half Int.	US	1,136.37	25	19
9	Michael Page	UK	941.23	57	25
10	Hudson Highland	US	887.55	75	23
13	Monster	US	511.48	38	22
17	Robert Walters	UK	341.64	54	15
20	Resources Connection	US	173.98	24	20
'Regional Specialist'					
11	MPS Group	US	853.12	39	10
15	Harvey Nash	UK	417.78	67	9
16	CDI Corp.*	US	365.73	31	4
18	SThree	UK	314.59	29	8

*Discounts CDI Corp. franchise network. If included, territory count would be 37.

Source: Company Annual Reports and Websites.

- The continuing trend of internationalisation of staffing firms has seen a shift in the number of 'global' firms in just two years. Five firms are still considered 'global generalists' and the number of 'global specialists' has risen from four to seven;
- The 'regional generalist' category has shrunk in number – from six to four. This is due to the removal of Corporate Services Group and Westaff from our transnational top 20 in 2007.
- Two firms have moved category – Hays and Robert Half International. Both have shifted from 'regional' to 'global', reflecting the ongoing internationalisation strategies of the world's largest temporary staffing firms;
- In 2005 Hays was characterised as a 'regional specialist' firm. In two years the firm has increased its number of territories from 16 to 25. This is sufficient geographical spread to push Hays into the global specialist category. There is one notable large staffing market absent from this network – the US;

- Robert Half International was a 'regional specialist' firm in 2005, but the number of territories in which it is present has increased from 17 to 19 (Australia, Belgium, Brazil, Canada, Czech Republic, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Singapore, Spain, Switzerland, UK, US). In 2006 Robert Half began offering staffing services in Hong Kong, and in Brazil in 2007. Therefore, this is now sufficient geographical spread to consider Robert Half International a 'global specialist'. Robert Half's internal audit and risk consulting arm, Protiviti, has a wider geographical network but is not considered in this analysis of temporary staffing geographies;
- Monster claims an increase in the number of territories in which it is present and a global network. However, as suggested above, it is difficult to unpick the precise geographical network of Monster. For example, Monster's annual report states that it is present in 40 countries; it's website lists 39 countries offering services; and financial statements list leased offices in only 22 countries (US, Austria, Canada, Czech Republic, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Malaysia, Mexico, Norway, Poland, Singapore, South Korea, Spain, Switzerland, the Netherlands, Turkey and the UK). If taking this smaller figure as possibly more representative of Monster's physical geographical office network, the geographical extent is sufficient to place the firm in the 'global generalist' category;

The characterisation of the top 20 firms into four types is inherently difficult. There is great diversity in the nature, structure and strategies of the world's largest staffing firms. However, this typology does enable us to chart changes in the industry. The clearest observation is that the internationalisation of staffing firms continues apace. In just three years since we began characterising these firms, two have graduated to 'global' status. As the industry continues to consolidate through merger and acquisition we anticipate more firms extending their geographical networks and becoming 'global' staffing firms.

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