

Geographies of Temporary Staffing Unit *Working Brief 36*

Top 20 Transnational Staffing Firm Geographies: Update and Historical Overview

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Introduction

Even as transnational staffing agencies continue to develop and implement internationalisation strategies, charting of the evolution of their geographical networks has received relatively little attention. This Working Brief, along with Working Briefs 34, 35 and 37, seeks to present data to illustrate how firms have changed their global footprints over time. The focus of this Brief is on the number of territories in which the top 20 transnational staffing agencies (by 2007 revenue calculations) have expanded their presence. For more information on the contribution of these markets to turnover relative to home markets, please see Working Brief 35, and for discussion of the regional distribution of temporary staffing agencies, Working Brief 37. The top 20 transnational staffing firm rankings are available in Working Brief 33.

Transnational Firm Territorial Expansion

As staffing firms have sought to diversify risk and reduce dependency on home markets, the industry has witnessed internationalisation strategies becoming central to firm development over time. Fluctuations in the global economy and regulatory change has resulted in both the emergence of new markets for temporary staffing, and challenges in existing core markets in North America and Europe. Table 1 charts the number of territories in which the top 20 firms in 2007 were present. Figures are presented as far as available data allows. This makes direct comparison between firms difficult as the availability of historical data varies greatly across the top 20. However, there are several points that can be made about the data presented in this table:

- All firms except one (Hudson Highland) have increased the number of territories in which they are present over the time periods available. This reflects the internationalisation of the temporary staffing industry;

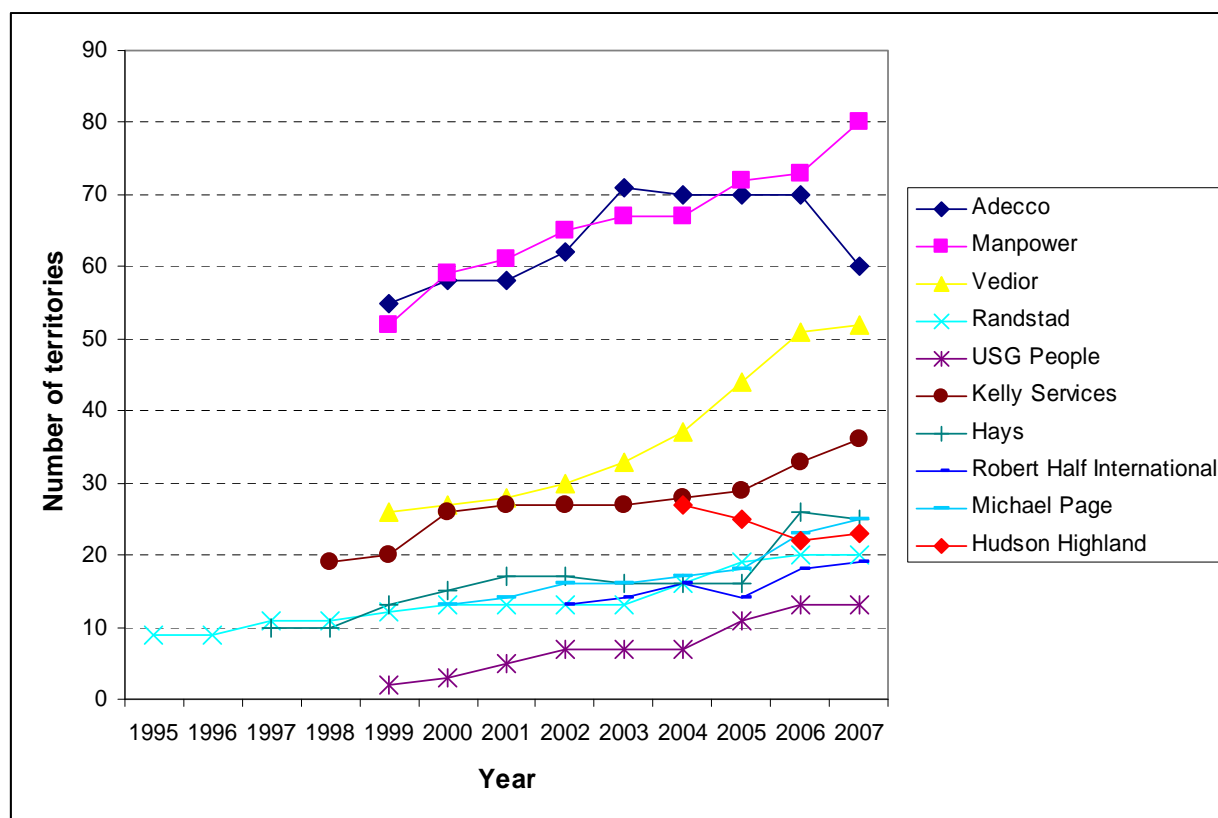
Table 1: Territorial presence of the top 20 transnational staffing firms

Firm	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Adecco		55	58	58	62	71	70	70	70	60
Manpower		52	59	61	65	67	67	72	73	80
Vedior		26	27	28	30	33	37	44	51	52
Randstad	11	12	13	13	13	13	16	19	20	20
USG People		2	3	5	7	7	7	11	13	13
Kelly Services	19	20	26	27	27	27	28	29	33	36
Hays	10	13	15	17	17	16	16	16	26	25
Robert Half International					13	14	16	14	18	19
Michael Page			13	14	16	16	17	18	23	25
Hudson Highland							27	25	22	23
MPS Group	3	3	3	8	9	11	9	9	10	10
Synergie Group							9	9	10	10
Monster		15	15	21	19	19	17	24	22	22
Allbecon & Olympia	1	2	5	5	5	5	5	6	7	7
Harvey Nash		5	6	10	11	11	11	11	11	9
CDI Corp.	3	3	4	4	5	5	5	5	4	4
Robert Walters		13	13	13	13	13	13	13	15	15
SThree	2	4	5	5	5	6	6	6	7	8
Proffice	2	3	4	4	4	4	4	4	4	4
Resources Connection				5	5	7	8	10	17	20

Source: Company Report and Websites.

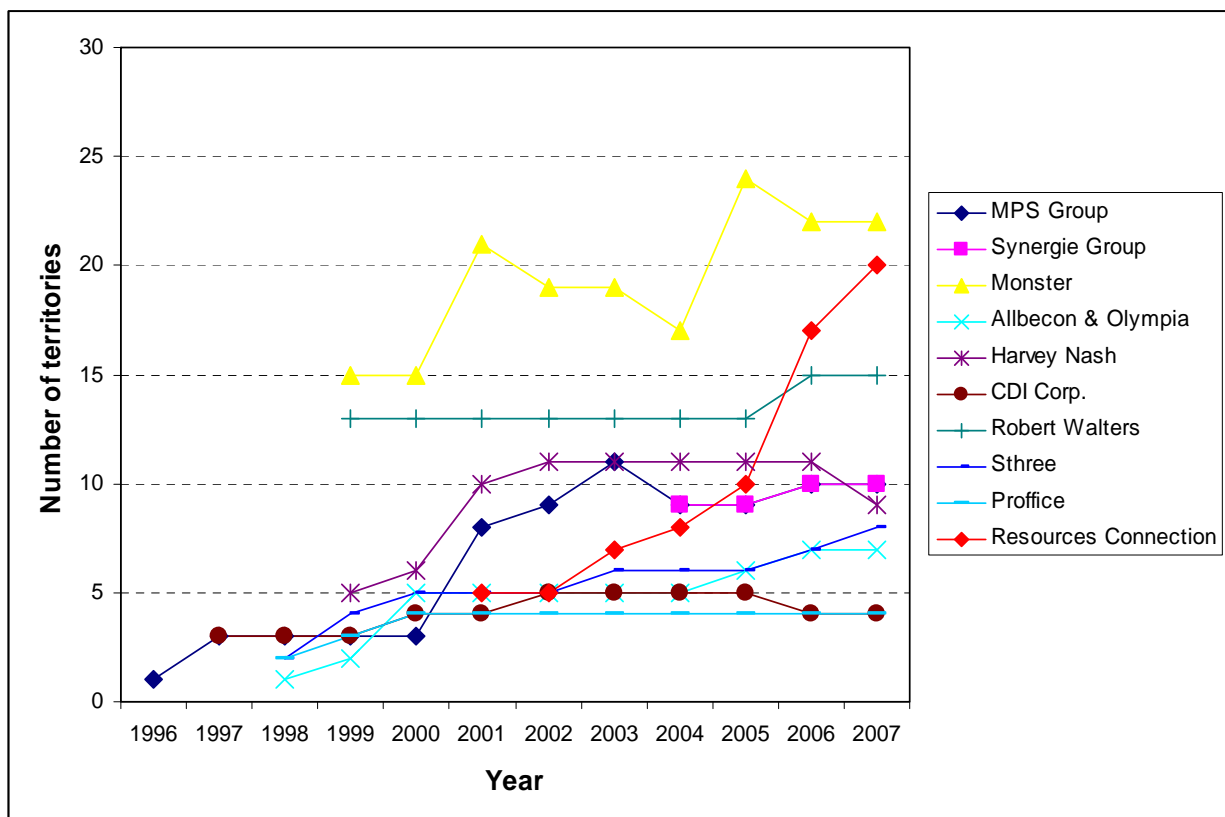
- The largest staffing firms have entered the most new markets. The gap between the higher and lower ranking staffing firms is growing wider. However, this is not sustainable in the long-term as the largest firms are likely to decelerate their rate of expansion (this will become dependent on regulatory changes allowing temporary staffing in currently ‘closed’ markets and the relatively unattractiveness of many small and less economically successful countries);
- The largest increases in geographical networks between 1999 and 2007 came from Manpower (an increase of 18 territories), Vedior (26) and Kelly Services (16);
- Figure 1 graphically represents the results for the top 10 firms. This figure shows that most firms have increased their territorial presence, often at similar rates;
- Figure 1 also shows that Adecco has reduced the number of territories in which it is present between 2006 and 2007 (from 70 to 60). According to listings of country operations in Adecco’s 2006 and 2007 annual reports, the firm has exited 14 territories (Costa Rica, Dominican Republic, El Salvador, Estonia, French Polynesia, Guatemala, Indonesia, Lithuania, Macau, Martinique, Panama, Peru, the Philippines and St Martin). In 2007 it also entered Andorra, Bulgaria, Serbia and the Ukraine. Justification for this reduction in Adecco’s global footprint is not offered;

Figure 1: Charting the territorial presence of the top 10 transnational staffing firms



- Figure 2 graphically presents the territory counts for those firms ranked 11-20 in our transnationality ranking for 2007. Here we can see that Monster's territory count has fluctuated widely. This is for a number of reasons, not least inconsistencies in their reporting of their geographical networks. As discussed in Working Brief 34, the nature of Monster's business model makes the counting of 'physical' presence more difficult. Recent challenges and difficulties at Monster may also account for their changing territory count;
- The US-based firm Resources Connection – a new entry to our top 20 rankings in 2007 – has rapidly extended its geographical network (from five countries in 2001 to twenty in 2007);
- Harvey Nash grew its geographical base from five countries in 1999 to eleven in 2002. However, between 2002 and 2006 the firm reported Asian branches (in Hong Kong and mainland China) as 'affiliate offices'. This was due to a small ownership share of Hong Kong based St. George's Harvey Nash which was sold in 2006 to Hays. Harvey Nash still has operations in Vietnam;

Figure 2: Charting the territorial presence of the top 11-20 transnational staffing firms



Conclusions

The longitudinal data presented in this Working Brief aims to show the internationalisation of the top 20 transnational staffing firms. Clearly, the majority of firms are extending their geographical footprints and in some cases have significantly increased their global presence in less than a decade. The most extreme example is that of Vedior which doubled the territory count from 26 territories in 1999 to 52 in 2007. It must also be noted that these internationalisation strategies do not occur unproblematically. These figures do not fully reveal the extent to which firms enter and exit markets, nor the challenges faced by firms that are internationalising rapidly. The organisation of transnational firms becomes inherently more complex as additional territories are added. Finally, the methods of internationalisation vary widely across different transnational firms. Although the same outcome is reached, i.e. an increase in territories, the means of achieving this is often unique to the particular firm. For example, Vedior has entered many new markets through acquisition (i.e. the acquisition of Consulteam based in Bulgaria, but covering Serbia and a number of other neighbouring territories). In contrast, Kelly Services has tended to enter new markets organically. Other firms use a more balanced mixture of greenfield and acquisition-based geographical expansion.

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