

## **Geographies of Temporary Staffing Unit *Working Brief 43***

### **National Varieties of Temporary Staffing: an Introduction to Three Case Studies**

*Jennifer Watts*

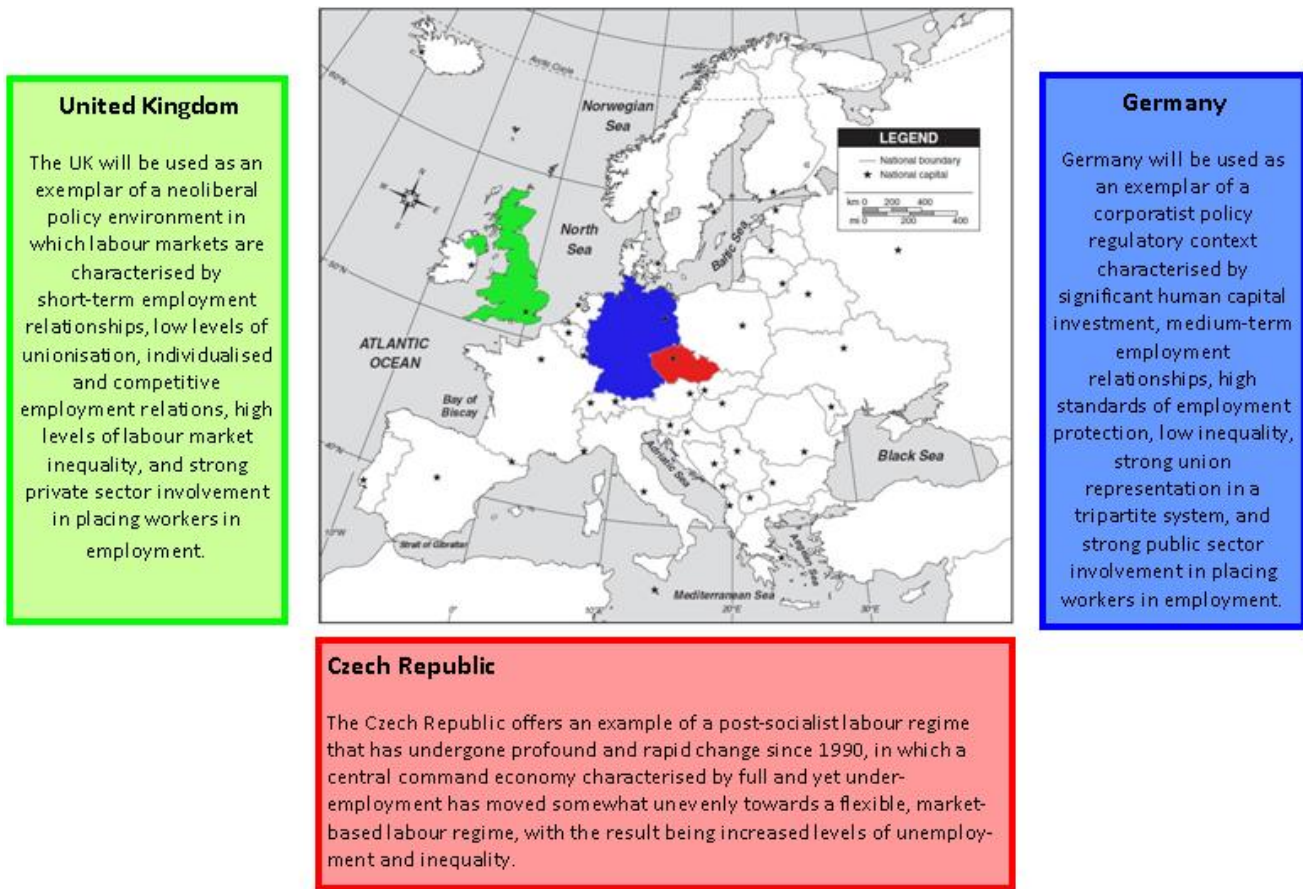
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#### ***Introduction***

Europe accounted for 49 percent of total worldwide sales in temporary staffing in 2007 (€14 billion), making it one of the most significant markets for the temporary staffing industry (CIETT, 2009a: 6). This Working Brief outlines some of the key characteristics of three European countries which will be subject to detailed investigation in a current European cross-national research project exploring the role of temporary staffing agencies in political-economic systems which exhibit contrasting institutional environments. This research is part of a three year PhD project funded by an ESRC CASE studentship partnered with the Adecco Institute. I begin by providing theoretical justification for the countries chosen, followed by some comparison of key temporary staffing statistics and temporary work agency sectoral distribution.

#### ***Background for case study countries***

Based on a review of the literature on different national systems, drawing upon notions of varieties of capitalism (e.g. Hall and Soskice, 2001), and different kinds of national labour regimes (e.g. Hollingsworth and Boyer, 1999), three countries have been selected which exemplify different kinds of regime within Europe (this will be discussed in more detail in a subsequent working brief). Figure 1 summarises the regime characteristics of each chosen country. These theoretically informed cases offer contrasting examples within a common EU context providing an opportunity to assess the role of actors within each labour market as well as 'external actors', such as EU representatives and transnational staffing agencies, within the European market.



*Figure 1: Country regime characteristics summary*

- The UK represents a mature temporary staffing market, which continues to experience widespread expansion, combined with significant restructuring in response to increased demand for more flexible working arrangements from client firms (Ward, 2003);
- Germany provides a contrasting case of a heavily industrialised economy which is gradually becoming subject to less strict regulatory measures on agency work. Temporary staffing in Germany is governed by the statutory regulation of a Temporary Employment Act. There are also several collective agreements which apply to temporary agency work alongside some sectoral bans, for example in construction and public administration;
- In comparison to the previous two countries, much less is currently known about the Czech temporary staffing industry, primarily because it is a recently emerging market as a response to the enlargement the EU, and the legalization of temporary staffing in 2004 (Coe, Johns and Ward, 2008). Preliminary explorations into the Czech staffing market by Coe, Johns and Ward (2008) indicated that there may have been around 250-500 firms active in the temporary staffing sector in 2004, while CIETT indicate there were 1,936 private employment agencies in 2006 (CIETT, 2009a:12). The Czech Republic is now a member of

CIETT and is therefore included in their data collection, allowing some comparison of basic indicators of temporary staffing operations as seen in Table 1 and Figure 2.

Table 1 provides some basic statistics on the temporary staffing industry in each country as a means of introduction, and a basis for initial comparisons.

**Table 1: Key Temporary Agency Work Statistics**

Feature		UK	Germany	Czech Republic
Number of Private Employment Agencies	2004	6,500	4,526	n/a
	2006	10,462	8,077	1,936
Number of Agency workers (Thousands)	2004	1,175	323	n/a
	2006	1,265	500	58
Agency work Penetration Rate (%)	2004	4.2	0.9	n/a
	2006	4.5	1.3	n/a
	2008	4.8	1.6	1.9

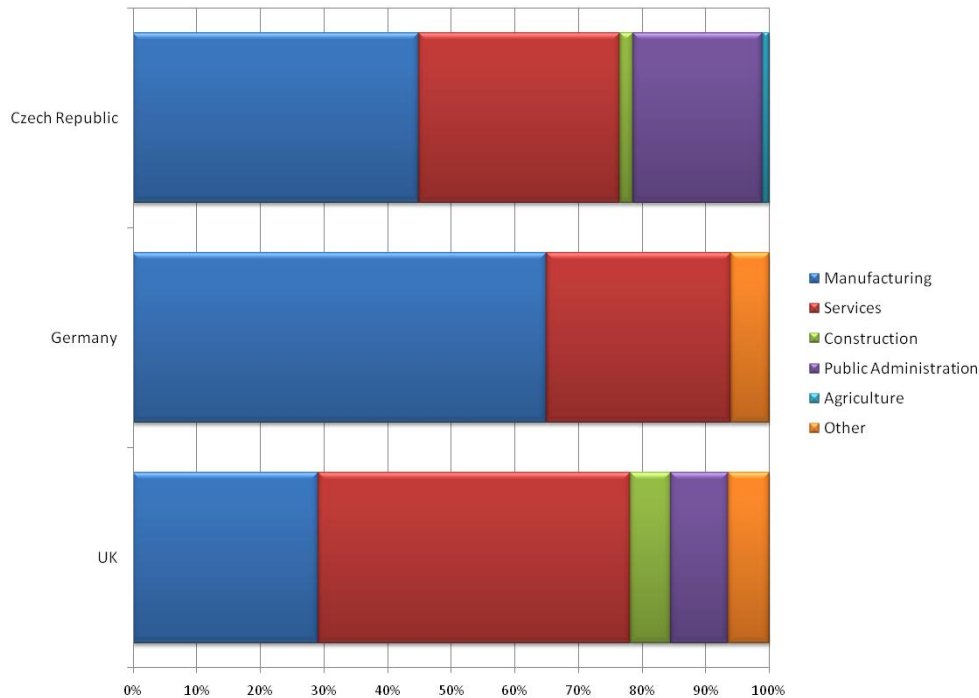
Source: Data from CIETT (2007, 2009a, 2009b)

- Table 1 clearly shows that the UK represents the largest temporary staffing market out of the three countries with around 1,500 and 8,400 more private employment agencies than in Germany and the Czech Republic in 2008. This is primarily due to the UK representing a much more mature temporary staffing market;
- All three countries have experienced significant growth between 2004-6 with the UK and Germany witnessing increases of 61 percent and 78 percent in the number of private employment agencies respectively. Until recently there has been no comparable data for the Czech Republic: however, with over 1900 private employment agencies in 2006 it is emerging as a significant market for the temporary staffing industry;
- Within Europe the average agency work penetration rate stood at 1.8 percent for 2006. All three countries included here have experienced an increase in the penetration rate, with both the UK and Germany increasing by 0.3 percent over the period 2006-8. The Czech Republic, despite having a substantially smaller number of temporary workers and employment agencies, has a larger penetration rate than Germany. In addition, the Czech

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Republic represents one of the highest penetration rates of the Central Eastern European countries (CIETT, 2009b: 35).

Not only are these three temporary staffing markets different in size, they also differ significantly in the economic sectors in which they primarily operate. Figure 2 displays the sectoral distribution of temporary agency workers to provide further basis for comparison.



**Figure 2: Temporary work agency sectoral distribution in 2006**

Source: CIETT (2009a: 35)

- In Figure 2 we can see that manufacturing and service sectors are the most dominant for temporary agency work in all three countries, yet the variation in the size of these is considerable. Germany displays the largest manufacturing component accounting for 65 percent, compared to 44 percent and 32 percent in the Czech Republic and Germany respectively;
- For the UK the service sector is most dominant with a 54 percent share of temporary agency work, compared to 10 percent in administration and 7 percent in construction;
- It can be seen that there is an absence of temporary work for construction and public administration in Germany due to regulations which restrict the use of temporary workers in these sectors. This leads to a much less variegated temporary staffing market than can be seen for Germany and the Czech Republic;

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- Due to its recent emergence and growth, temporary agency work in the Czech Republic is not viewed as a separate sector of the economy at present, but as a service to the needs of other sectors. This is in contrast to the UK and Germany which have more extensive temporary staffing markets and therefore view temporary agency work as a sector in its own right.

### ***Conclusions***

This Working Brief has outlined some background information and preliminary statistics on the temporary staffing industry in the UK, Germany and the Czech Republic which have been selected as three contrasting political-economic contexts for in-depth investigation. The UK exemplifies a neoliberal policy regime, Germany represents a corporatist labour regime and the Czech Republic a post-socialist regime. The UK hosts the largest and most mature of the three temporary staffing markets with substantially more agencies and workers. While both Germany and the Czech Republic exhibit similar agency work penetration rates, the sectors in which the industry operates differs greatly, largely as a result of previous, or existing, regulations affecting the use of temporary agency workers.

### ***References***

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**For more information about this working brief, please contact:  
Jennifer Watts(jennifer.watts@postgrad.manchester.ac.uk)**

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