Geographies of Temporary Staffing Unit

Working Paper 2

Going Global? New Frontiers and 'Emerging Markets' in the Temporary Staffing Industry

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Abstract

This paper examines the geographical restructuring of the temporary staffing industry. It argues that the rolling-out of the model of labour market flexibility *a la* temporary staffing agencies – from its origins in the Mid West of the US in the 1930s – should be read as a concrete example of global neo-liberalisation in action. While the attention of some has turned to the development of the industry in its homeland – the US – this paper explores it in its exported form. In a movement of two parts the temporary staffing industry has infiltrated, got inside, the labour market structures of, first, the 'developed' economies, and second, it has begun to shape the neo-liberalised re-regulation of labour markets in the 'developing' worlds. Drawing upon an on-going programme of research, this paper analyses the restructuring of the temporary staffing industry, paying particular attention to its geographical frontiers, and its construction of, and entry into, 'emerging markets'.

Keywords: temporary staffing industry; 'emerging markets'; globalisation; industrial logic; neo-liberalisation; neo-liberalism

> New markets offer high growth, high returns on capital and by diversifying away from your home market you could smooth your core earning streams (Global consultant #2, July 2001).

> The broad geographical and business diversification we have put in place over the last two years reduced our volatility dramatically. We are not dependent on one market or one single business line. We are a true global player with the necessary resources and positioning to counter market adversities and take advantage of changes in our business environment (John Bowmer, Chief Executive Officer, Adecco, *Adecco* 2001: 1).

> Multinational corporations act to secure access to raw materials, markets and *labour power; seek to cover space and exclude competition*; and are as much interested in monopolization as they are in co-ordinating particular with global requirements … They are as likely to use their power to thieve, appropriate and cajole as much surplus value as possible from others (Harvey 1982: 430, emphasis added).

1. Introduction

Since the early 1970s the US temporary staffing industry has experienced double-digit growth rates (Segal and Sullivan 1997). By 1976 the temporary staffing payroll reached $1 billion. Having taken almost thirty years to top a billion dollars, the industry reached a $5 billion payroll in eight years, in 1984. Only four years later, and the revenues generated by the US industry were worth over $10 billion. And so it goes on. By 1997 the temporary staffing industry's payroll exceeded $50 billion, and despite the on-set of recession, the payroll had almost doubled again by the end of 2001 (Staffing Industry Analysts, Inc. 2000; Ward 2001a). While growing their domestic market, the largest US temporary staffing agencies were also 'on the road', selling their own particular brand of labour market flexibility. First stop was Western Europe. Temporary staffing industries emerged in the 1970s in the UK, France and the Netherlands. Next was Scandinavia and Southern Europe. A little slower to embrace this Americanised model of 'just-in-time' labour supply, nevertheless in the last decade countries in both regions have begun to loosen the legislation regulating the business of temporary staffing agencies. So in its first three years the Italian temporary staffing industry has grown to over three hundred agencies. And finally the third stop: East Asia and South America. Despite performing their business in these regions since the 1960s, it is only in the last couple of years that the largest agencies have thrown their full corporate weight behind efforts to 'open up' these economies.

As a result of this geographical expansion, the temporary staffing industry is now estimated to be worth globally 125 billion Euros (Deloitte and Touche 1998). The International Confederation of Temporary Work Businesses (CIETT) -- the industry's institutional mouthpiece -- has 27 member or associate member federations (CIETT 2000a). Manpower, Inc. and Kelly Services – two of the largest temporary staffing agencies – have a presence in nearly 60 countries. And yet despite this rapid growth – and the industry's wider regulatory echoes – it has yet to figure in the 'distinctive and energetic sub discipline of 'labour geography"(Herod et al 2003: 1). While research in this area – on the 'geographies of labor union regulation' (Clarke 1989; Herod 1997, 1998; Sadler 2000); 'unions and the geography of capitalism' (Beynon et al 1993; Castree 2000; Hudson and Sadler 1983; Hudson 2001); 'the political geography of union organizing' (Painter 1991; Wills 1996a, 1996b) 'local context and the power of place' (Martin et al 1993, 1996) and the state and labour market regulation (Jonas 1996; Peck 1989, 1996) – has proved extremely illuminating, it has for the most part shied away from a rigorous analysis of the industry whose very business is the placing of labour and the mediating of work. Others in cognate fields – such as economic sociology, human resource management, industrial relations, labour studies, etc. – have touched upon the temporary staffing industry, often through studies exploring union recognition issues, management challenges, the workplace terms and conditions associated with its growth and why companies use 'flexible' forms of labour contracts (Bronstein 1991; Feldman et al 1994; Forde and Slater 2001; Geary 1992; Gottfried 1991, 1992; Houseman 1998; Purcell and Purcell 1998; Segal and Sullivan 1997; Stanworth and Druker 2000; Ward et al 2001).

In light of these silences, inside and outside of economic geography, this paper examines the changing geographies of the temporary staffing industry, exploring its growth dynamics outside of North America, where those studies that have been performed have focused (Henson 1992; Moore 1965; Parker 1996; Theodore and Peck 2002; Rogers 2000; Vosko 2000). First it establishes the industry's geo-historic roots, and traces its recent developments. It explores it changing business models, terms of competition, deregulatory fixes, and geographical, industrial and occupational frontiers. The paper then moves on to present a first effort to measure the global temporary staffing industry, examining its growth logics in three regions of the world – the US, the EU-15 and the 'Rest of the World'. Having mapped out the size and the structure of the temporary staffing industry in each region, in the fourth section the emphasis switches to the growth strategies and business dynamics of the largest six temporary staffing agencies. Using their strategies as exemplars of how and where the industry is undergoing change, the paper argues that each of the largest agency's are in the process of constructing particular geographical regions as 'emerging markets'. Working alongside other state and non-governmental institutions, the agencies are discursively representing their business as offering a short cut (and painless path) to the economic reforms demanded of the likes of Argentina and Japan by the International Monetary Fund (IMF) and corporate investors. Hence the agencies are engaged in a process of actively constructing new markets for their products. In conclusion the paper argues that an analysis of the growth strategies and the geographical movements of the temporary staffing industry adds to our understanding of a number of geographical issues, such as the globalisation of services, the regulatory capacities and strategies of individual nation states, and the role of norms and conventions in the performance of constructing 'emerging markets'.

2. Spaces of exportable flexibility: the evolution of the temporary staffing industry

The early history of the temporary staffing industry *is* the early history of the US temporary staffing industry. It is one of well-connected businessmen founding their own agencies to meet what they saw as gaps in the labour market. In some cases the 'gap' was the inability of workers to make enough money. So, in the case of Sam Workman, in 1928 he formed Workman Diversified Enterprises. This matched the needs of clients to have extra work performed on the newly invented calculators with the wants of salesman to work extra hours to supplement their incomes. In other cases it was the growing demand for clerical workers. Clifford L Stivers formed Stivers Office Service (SOS) in 1945, drawing upon his experience of the Chicago labour market to place housewives in a range of offices. Although the first few temporary staffing agencies were formed in the 1920s and 1930s, the US industry only really began to expand and to shape the recruitment practices of American clients after the end of the Second World War. During the War a number of changes had occurred in the world of work, in America and beyond, such as the entry of women into paid formal employment and the introduction of new technologies.

During the 1940s and 1950s a number of temporary staffing agencies were formed in the American Mid West. In Chicago, Detroit, Milwaukee and Minneapolis temporary staffing agencies were set up to service the clerical and light industrial niches. Work was organized on a day-to-day and a week-to-week basis. Competition, such that it existed in these early days, was between one independent and another, with temporary staffing agencies securing clients and workers through first word of mouth and then later through local advertising campaigns. Gradually in the Mid West, the likes of SOS and Labor Pool rolled-out a local network of branch offices, with each one servicing a very local labour market.

After the initial evolution of the temporary staffing industry in the US Mid West, others around the US began to set up their own agencies. On the West Coast Robert Stover started up Western Employers Service in 1948, while on the

East Coast, Robert Half formed Robert Half Personnel Agency (Finney and Dasch 1991; Staffing Industry Analysts, Inc 2001). By the 1950s today's largest temporary staffing agencies had begun to do business. Kelly Services was started up in 1946, Manpower, Inc. was formed in 1948 and Olsten opened in New York in 1950. Each temporary staffing agency began to expand out of the local markets they served, so by 1954 Manpower, Inc. had branch offices in 21 cities. Most expanded through organic branch office growth. Manpower, Inc. though conceived of another way of growing its business: the franchise. Driven forward by Manpower, Inc.'s expansion through franchising, which 'made everyone sit and up and take notice' (Adderley quoted in Finney and Dasch 1991: 46), competitors, such as Kelly Services, began geographically to expand their network. As temporary staffing was still a relatively new 'product' for client and worker the industry remained unregulated and there was no trade organisation yet formed to represent the views of temporary staffing agencies. There was little by way of limits to growth in this initial period. And yet once US temporary staffing agencies had begun to expand into Western Europe the industry and the logic upon which it was organised underwent gradual but nevertheless discernible change.

Manpower, Inc. opened its first overseas offices in London, England and Paris, France in the late 1950s. During the 1960s the other large US temporary staffing agencies, Kelly Services and Olsten opened up branch offices in Western Europe. Having expanded out of their respective local labour markets, these agencies then took the next step and pushed at the frontiers of the temporary staffing industry. In their early days each temporary staffing agency used the business model that had worked in the US. Services were delivered through an increasingly international branch and franchise network. Later on, the model was adapted to reflect the employment system and labour market differences between Western Europe and North America. These included differences in the industrial organisation of the economies, labour market structures, state regulation etc. While the US was 'exporting' the temporary staffing industry through the expansionary strategies of its largest temporary staffing agencies, a Swish accountant, Henri-Ferdinand Lavanchy, formed Adia. This and the formation of Randstad in the Netherlands in 1960 reflected the growing acceptance of temporary staffing agencies outside of the US. Local independents began to form in a number of Western European countries. During this period the concept of 'flexible labour' found acceptance in Europe in the way that it had in the US during the 1960s, and the large and increasingly multi-national temporary staffing agencies were at the fore of delivering flexibility. So, by the end of the 1960s Manpower, Inc. had over six hundred offices in thirty-five countries, and temporary staffing industries were beginning to emerge in France and the United Kingdom.

At the same time as the largest temporary staffing agencies were expanding into new national markets, the US industry continued to expand, as new temporary staffing agencies servicing the clerical and light industrial segments opened up on a regular basis. As a result, the terms of competition began to shift. In US cities the international temporary staffing agencies came up against local independents, competing for local clerical and light industrial contracts. The large temporary staffing agencies began to look for ways to protect their market share by cashing in on their increasingly national and international branch and franchise office networks – and brands. The first national contract between a temporary staffing agency and a client company was agreed in the mid-1960s. After staffing Shell's gas station in San Francisco, Employers Overload persuaded it that it should staff all of its gas stations. Although this first attempt by temporary staffing agencies to deepen their relationship with clients did not catch on the industry, it became more widespread in the 1990s as agencies began to protect their markets from competitors.

Table 1: A geo-historic account of the temporary staffing industry

	Localised growth	Rolling-out nationally	Global tendencies
Industry structure	Limited – clerical and light industrial, with some generalist temporary staffing agencies	Still limited – but the growth in some specialist niches	Broadening; the Industry penetrating segments of the economy previously not serviced by temporary staffing agencies and developing longer-term relationships with clients
Characteristic of market	Fragmented	Fragmented, with some consolidation through takeovers and mergers	Intensified consolidation, possible oligopolies in some national markets alongside continued fragmented national markets, and early evidence of effects of the market power of global temporary staffing agencies
Regulatory framework	Weak	Uneven emerging of national regulatory frameworks	Increasing liberalisation, as the US/UK labour market model begins slowly to find favour at the European level and in Latin and South America and Asia, through the reforms introduced by the World Bank and the International Monetary Fund (IMF)
Functions supplied	Temporary filling of vacancies	Temporary filling of vacancies together with basic recruitment functions	Temporary filling of vacancies, growing range of recruitment functions, some provision of a range of human resource functions and limited evidence of the provision of the complete production process
Geographical frontiers of Industry	North America	Western Europe	Latin and South America, South East Asia
Segment frontiers of Industry	Clerical	Light industrial	IT, Accountants, senior management
Scale of competition	Independent versus independent	Independent versus national temporary staffing agencies	Independent versus national temporary staffing agencies versus global temporary staffing agencies
Business model	Local branch network	National branch/franchise network	Global branch/franchise network and service delivery through the Internet
Terms of competition	Local contracts	Local contracts and the emergence of national, multi-site agreements	Growth in national, multi-site agreements and the very slow emergence of global agreements
Formal representation of industry	Weak and un co-ordinated	Weak but getting stronger through formal institutions	Contested - overlapping national and supranational institutions
Discursive representation	Temporary staffing	Flexible staffing	Labour solutions

As the US temporary staffing industry grew between the 1960s and the 1990s, expanding out of its traditional segments and into a range of new areas, such as engineering and healthcare, so the industry caught the attention of state and federal governments. And in turn the first trade body was formed in 1966 to present the views of the largest temporary staffing agencies. Representatives of the international agencies, such as Kelly Services and Manpower, Inc. met with representatives of the large nationals, such as Executive Girls, Barrett Office Services and Labor Pool, to form the Institute of Temporary Services (ITS). A mark of the industry's maturity in the US, it lobbied legislators and set about trying to regulate itself, in particular targeting those temporary staffing agencies placing workers in the industrial sectors and involved in illegal practices. The formation of ITS provided the US industry with a sense of identity and accompanied a period of major upheaval. The industry in the US and beyond was undergoing rapid expansion. And, as if to underscore the early internationalisation of the temporary staffing industry, only a year after the ITS formed, the International Confederation of Temporary Work Businesses (CIETT) was formed in May 1967. This international trade organisation, which now has 26 member federations[1], one associate member[2] and five corporate members[3] was established to pull together the interests of the different national temporary help industries. With its mission to 'protect and promote the interests of temporary work businesses and their national associations, in order to ensure their long term survival and prosperity' (CIETT 2000a: 4), the CIETT has provided a voice for the industry as it goes global.

Recently, the evolution of the temporary staffing industry has taken a number of new turns. After a period of corporate acquisitions, takeovers and organic growth the organisation of the temporary staffing industry is not what it was ten years ago. Traditional temporary staffing agencies have looked to restructure their businesses in order to protect their existing markets and to expand into others. For example Adia and Ecco merged and then bought Olsten, BIS was bought by Vedior and Blue Arrow bought by the Corporate Services Group. In addition to this high profile corporate restructuring, the large generalists temporary staffing agencies have bought market share (and a profile) in smaller, niche markets. Whether in IT or healthcare, legal or education, a number of the larger agencies have expanded their businesses out of their traditional industrial segments and into lower-turnover, higher margins and more specialist segments.

As part of this move up the value chain, a number of large temporary staffing agencies have also bought recruitment and staffing companies higher up the labour market mediation ladder. For the likes of Kelly Services and Manpower, Inc. while the revenues generated through the placement of temporary workers constitute most of their turnover, other services, such as complete recruitment, project management and outsourcing are of increasing importance. In part this is behind the re-branding efforts of the agencies and those that represent them. Out is 'temporary' or 'flexible staffing' and in is 'staffing solutions'. In addition to adopting aggressively a strategy of product differentiation in the more-established markets (Theodore and Peck 2002; Ward 2002a), the larger temporary staffing agencies have also expanded geographically – the industry's 'new frontiers' are Latin and South America and South East Asia. Moving into these emerging markets, the agencies have begun to play an important role in the construction of, and the re-shaping of, the labour markets in the likes of Chile, China, South Africa and Uruguay (Ward 2002b). Driven by the need to overcome, or at least manage, economic cycles, the agencies are gambling on being able to trade off one country's downturn against another's upturn. Through spreading risk the temporary staffing agencies are seeking to spread their incomes streams and smooth the ups and downs of the business cycles.

3. Geographical expansion in two movements

3.1 Introduction

In light of the competitive nature of the industry, it is perhaps not too surprising that relatively little is known about it. Up until the last five years, while the US temporary staffing industry had been the subject of a small number of academic studies (Moore 1965; Henson 1992; Parker 1996; Theodore and Peck 2002) and of upbeat historic accounts (Finney and Dasch 1991) relatively little had been written about it outside of its homeland. While that has begun to change, particularly as consultants have honed-in on the temporary staffing industry, seeing 'the new economy and current labour market environment as very positive for the staffing agencies' (Deutsche Bank 2000a: 4; see also Credit Suisse 2000, 2001; Deutsche Bank 2000b; Ward 2002b), it is still the case that almost nothing is known about the Asian, South American or European temporary staffing industries. In the case of the first two this can be explained in some ways because the industries are in their infancy. In Europe, on the other hand, this omission is harder to explain. Ever since the largest temporary staffing agencies began to roll forward their particular model of labour market flexibility in the 1960s, temporary staffing industries have existed in the likes of France, the Netherlands and the United Kingdom. Subsequently industries were created – through the twin forces of, on one hand, the changing role of nation states in the regulation of labour markets and, on the other, the expansionary strategies of the largest temporary staffing agencies -- in Belgium, Germany, Spain and Sweden. And in the last five years legal reform in Finland, Greece and Italy has seen regulatory space open up for the emergence of temporary staffing industries (European Commission 2002; Michon 2000).

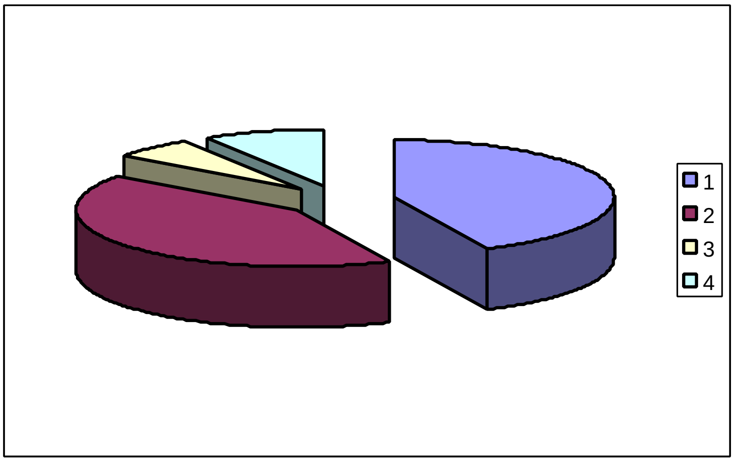
The largest temporary staffing agencies, such as Manpower, Inc., have had a presence in the 'developing' world for over thirty years. Over time this presence has deepened, receded and then deepened again, reflecting changes in political regimes and economic cycles. However, it is only in the last couple of years that this involvement in the markets of East Asia and South America has been talked up by the largest agencies and their trade organisations. Facing ever-stiffer competition in their established markets, and doing more and more business with international clients, the largest agencies have begun to expand their branch and franchise network through organic and bought growth. Under wider political pressure – from successive US and UK governments and the likes of the International Monetary Bank and the World Bank – the leaders of countries in these parts of the world have loosened labour market regulations, and where necessary, legalised the business of temporary staffing agencies. In a number of cases, this has meant for the first time a temporary staffing industry has emerged.

3.2 Measuring the global temporary staffing industry

Only in the last few years has it become possible even to conceive of the emergence of a *global* temporary staffing industry. Up until to then although the largest temporary staffing agencies had branch and franchise offices across the 'developed' world, most of their business – in terms of placements and revenues – was done in their domestic markets. In North America and some Western Europe countries temporary staffing industries existed – with trade bodies representing their views. There was little interaction between different country's industries, and even the largest temporary staffing agencies performed the majority of their business in their own country. Since the late 1980s though, as the fortunes of regional and national economies have appeared to become increasingly interdependent, so the quantitative growth and qualitative development of one country's temporary staffing industry has become bound-up with another, and so on. What happens in the Dutch temporary staffing industry will affect what happens in the UK temporary staffing industry. And increasingly, through the corporate policies and practices of the largest temporary staffing agencies, what happens in the European or the American temporary staffing industries shapes the extent and pace of expansion into East Asia and Latin and South America. Mirroring what has happened in other industries such as banking and finance, food retailing and telecommunications, the temporary staffing industry can now be thought of as a *globalising industry* – some nations being globalisers, others being globalised -- albeit one whose development has been, and will continue to be, uneven.

Turning to the size of the global temporary staffing industry, it is not surprising that there is almost no agreement amongst temporary staffing agencies, industry analysts, trade bodies, labour unions or governments. One way of measuring it is in terms of market size. According to a recent study By Deloitte and Touche (1998), the size of the global temporary staffing industry is 125 billion Euros, or 113 billion US dollars (Figure 1). This total is broken down into four regional figures. For the US the industry is estimated to be worth $49 billion, for the EU 15 it is estimated to be worth $47 billion, for Japan it is estimated to be worth $8 billion, and the rest of the countries of the world are grouped to together as 'Other', with a value of $9 billion. On the other hand, the American Staffing Association (ASA) have estimated that total temporary help receipts in the US in 1998 amounted to $53.9 billion, some $4 billion more than other studies. And in 2000 this had risen to $63.6 billion (Brogan 2001). Despite the disagreements on the precise size of the temporary staffing industry, there is however a degree of consensus that it is now a multi-billion industry, whose reach stretches across North America and Western Europe and into East Asia and South America, and which is governed by the logic of the global capital markets, as speculators invest in agencies, exercising their shareholder rights, and financial analysts speculate on their future performances.

Figure 1: The global temporary staffing industry, 1998 (sales, billion dollars)



Key:

1. United States (43%) 2. EU-15 (42%)

3. Other (9%) 4. Japan (6%)

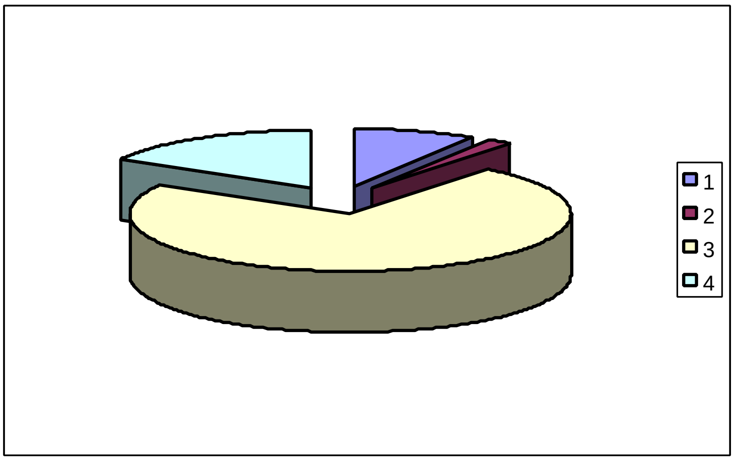
Source: Deloitte and Touche (1998)

In light of the uneven evolution of the temporary staffing industry in different parts of the world, this section now turns to one region at a time to reveal the industry's geographical 'hot spots', those nations where the temporary staffing industry is undergoing rapid growth.

3.2.1 'Titans of staffing': outward, upward and inward

North America is the birthplace of the temporary staffing industry. The US temporary staffing industry generates more revenue and is made up of more agencies than any other national market. Within the wider Staffing Industry, the temporary help business remains its largest segment (Figure 2). Over 60% of the total Staffing Industry revenues are currently generated through the placement of temporary workers, and future projections are that this segment of the industry will continue to remain the largest within it (Staffing Industry Analysts, Inc 2000). The changing make-up of the Staffing Industry reflects how some temporary staffing agencies, in addition to placing temporary workers, are broadening the services they offer to client companies. Comparing Figures 2 and 3 reveals how the proportion of revenues generated through temporary help has declined in the last seven years, while the 'deeper' relationships developed through Professional Employment Services (PES) has increased, as shown by the rise in revenues produced through Professional Employment Organizations (PEO).

Figure 2: US Staffing market revenue distribution, 1993 (billion dollars)



Key:

1 – Place and Search $3.4 billion (9%)

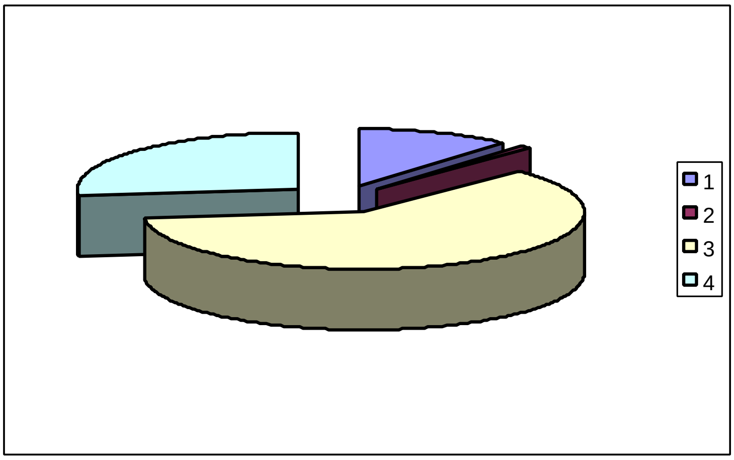
2 – Outplacement $0.8 billion (2%)

3 – Temporary Help $28.0 billion (73%)

4 – Professional Employer Organisation$6.5 billion (16%)

Source: Staffing Industry Analysts, Inc. (2000)

Figure 3: US Staffing market revenue distribution, 2000 (billion dollars)



Key:

1 – Place and Search $16.1 billion (11%)

2 – Outplacement $1.1 billion (1%)

3 – Temporary Help $85.9 billion (61%)

4 – Professional Employer Organisation$37.5 billion (27%)

Source: Staffing Industry Analysts, Inc. (2000)

Within the US temporary staffing industry the industrial mix of revenues reveals how far it has moved away from its initially formation to place workers in the clerical segment (Figures 4 and 5). Although this still makes up one quarter of revenues, IT and professional speciality now make up 40% of total revenues.

Table 2 disaggregates growth in the revenues generated in the US temporary staffing industry by industrial segment. It shows that during the 1990s growth rates ranged from 6% to 60%. In the early 1990s the growth rates were particularly high, with the temporary staffing industry expanding as a whole at between 20% and 30% per annum, as the amount of business temporary staffing agencies performed outside of their traditional industrial segments increased. Perhaps most noticeable is the 570% increase in revenues generated in the 'Professional/speciality' segment, a clear indication of the temporary staffing agencies attempt to move up the value-chain.

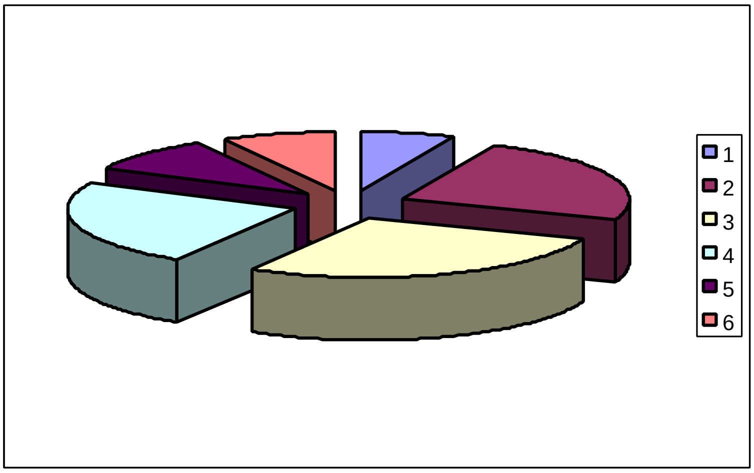
Table 2: The North American temporary staffing industry, revenues 1993-2000

Industry segments	1993 ($b)	1994 ($b)	1995 ($b)	1996 ($b)	1997 ($b)	1998 ($b)	1999 ($b)	2000 ($b)
Temporary help	28.0	36.8	44.1	51.4	61.8	69.6	76.8	85.9
Medical	3.6	3.8	4.2	4.4	4.9	5.4	6.2	7.2
Professional/speciality	1.7	2.5	3.3	4.4	6.0	7.3	9.0	11.4
Legal* Accounting/Financial Other	-	-	-	-	0.4 4.8 0.8	0.5 5.8 1.0	0.6 7.2 1.2	0.8 9.1 1.5
Technical/Engineering*	5.3	7.1	10.1	13.8	4.1	4.4	4.7	5.0
IT staffing*	-	-	-	-	14.8	18.2	20.2	22.8
Office/Clerical	9.7	12.5	14.2	15.6	17.3	18.7	20.0	21.4
Industrial	7.8	11.0	12.3	13.2	14.7	15.6	16.7	18.2

* - Separation within Professional/speciality and separation of Technical/Engineering and IT staffing not calculated before 1997.

Source: Staffing Industry Analysts, Inc. (2000)

Figure 4: US Temporary help revenue distribution, 1997 (billion dollars)



Key:

1 –Technical/Engineering $4.1 billion (6%)

2 – IT Staffing $14.8 billion (24%)

3 – Office/Clerical $17.3 billion (28%)

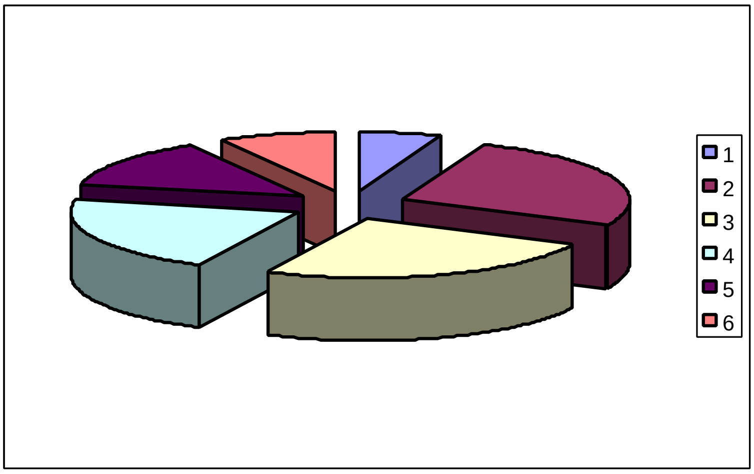
4 – Industrial $14.7 billion (24%)

5 – Professional Speciality $6.0 billion (10%)

6 – Medical $4.9 billion (8%)

Source: Staffing Industry Analysts, Inc. (2000)

Figure 5: US Temporary help revenue distribution, 2000 (billon dollars)



Key:

1 –Technical/Engineering $5 billion (6%)

2 – IT Staffing $22.8 billion (27%)

3 – Office/Clerical $21.4 billion (25%)

4 – Industrial $18.2 billion (21%)

5 – Professional Speciality $11.4 billion (13%)

6—Medical $7.2 billion (8%)

Source: Staffing Industry Analysts, Inc. (2000)

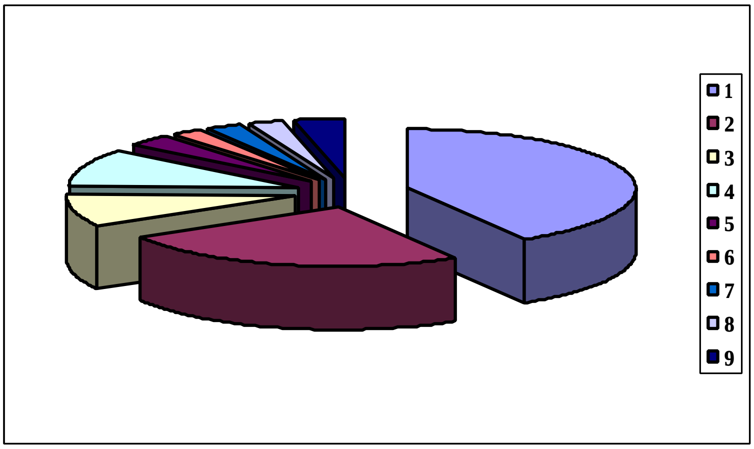
3.3.2 Movement one: the uneven emergence of European temporary staffing industries

Europe is the second largest market for the business of temporary staffing agencies. It was the first overseas market the largest US temporary staffing agencies entered. Figure 6 breaks down the European temporary staffing industry by country and by share of total revenue. The French and United Kingdom markets constitute almost two-thirds of the European industry revenues. For the majority of European countries the penetration rates of temporary staffing agencies remains low (Michon 2000), and this is reflected in the highly uneven distribution of business revenues across the European Union (EU-15). Outside of France, Germany, the Netherlands and the United Kingdom, the amount of business done by temporary staffing agencies in Europe remains small.

Moving beyond the European temporary staffing industry as a whole, Table 3 provides an overview of the temporary staffing industry in each of the fifteen European Union (EU) countries. It reveals the extent of the industry's uneven development within Europe. Even in those countries where the number of temporary staffing agencies is relatively low, such as in Denmark and Belgium, recent work highlights how in fact these most recent measures reflect growing industries (Blumensaadt et al 2000; Delbar and Leonard 2000). And in Greece and Italy, what is clear is that once the business of temporary staffing agencies was legalised then the global temporary staffing agencies were organised well enough to be able to enter the new market and quickly secure a significant market share (Centre for Economic Research and Environmental Strategy 2000; Negrelli and Marchetti 2001). And the same applies to the analysis of annual turnover. Even in those countries where revenues are low in absolute terms, compared to the situation a decade ago across the EU-

15, revenue and market share growth rates have in most cases been two digits and in some been three digits. Penetration rates remain fairly low. Only in France, the Netherlands and the United Kingdom are more than two in a hundred workers finding work through a temporary staffing agency. However, in light of a growing share of the EU-15 workforce working in ‘non-standard’, ‘atypical’ or ‘flexible’ employment, then the relative share of the temporary staffing agencies compared to fixed-term and casual is perhaps more insightful. And here the penetration rates are higher. In Belgium, France, Luxembourg, the Netherlands and the United Kingdom more than one in six workers in the ‘flexible labour market’ are placed through temporary staffing agencies. What this table seems to suggest is that the business of temporary staffing agencies is becoming accepted across Europe, factored into an increasing number of client companies human resource strategies and a taken-for-granted component of the wider labour regulatory regime.

Figure 6: European temporary staffing industry, 2000 (sales, Euros)



Key:

1 – United Kingdom (41.5%)
2 – France (25.2%)
3 – Netherlands (8.9%)
4 – Germany (10.2%)
5 – Belgium (3.5%)
6 – Switzerland (2.2%)
7 – Spain (2.6%)
8 – Italy (2.4%)
9 – Other (3.6%)

Table 4a and 4b confirm that in each one of the EU-15 countries the 1980s and in particular the 1990s were witness to high rates of industry growth. In addition to the growth in revenues, the number of people placed through temporary staffing agencies also grew dramatically in the 1990s. For example, in Belgium, Denmark, Luxembourg, the Netherlands, Portugal and the United Kingdom the numbers involved in working through a temporary staffing agency doubled during the 1990s. In Austria and Denmark this increase is fivefold during the same period (European Foundation for the Improvement of Living and Working Conditions 2000).

These high rates of growth are due not just to the expansionary strategies of agencies: the changing regulatory position of individual member states – characterised generally as a liberalisation of labour markets – has created the political economic context within which temporary staffing agencies have been able to increase the amount of business they do. Across the EU-15 labour market regulation has been rolled-back. In those countries where temporary staffing agencies were once illegal new laws have been introduced to legalise them. Although regulation remains uneven from one country to another, the general liberalisation of labour markets has accompanied the growth in the number of temporary staffing agencies in each country, and in more recent years, market concentration. The entry of the largest global temporary staffing agencies, either through the opening of new branch offices or through acquisitions lies behind a shrinking number of temporary staffing agencies have a growing amount of market share in each of the EU-15. Across the board there is evidence of increasing market concentration. Although this is happening faster in some countries than in others, the large global temporary staffing agencies are gaining an increasing proportion of market and revenue share in the majority of the EU-15 countries. This trend is particularly noticeable in those countries where the industry was effectively deregulated in the late 1980s and early 1990s. Markets tend to be more fragmented in those countries, such as the United Kingdom, where temporary staffing agencies have long been able to conduct their business in the context of a largely liberal regulatory regime.

Table 3: The EU15 temporary staffing industry

Country/ Indicator	Austria	Belgium	Denmark	Finland	France	Germany	Greece (**)	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	Sweden	United Kingdom
Temporary staffing industry															
Number of PrEAs	300	93	88	70	850	2 937	1	63 (***)	35	27	400	210 (***)	433	400	6 000
Number of branch and/or franchise offices	742	834	100	120	3 800	4 581	1	260 (***)	402	34	2 800	300 (***)	1 752	510	11 950
PrEA turnover (million Euro)	380	2 070	99	101	13 519	5 472	n/a	211	138	74	6 262	331	1 442	304	22 132
Penetration rate	0.68%	1.5%	0.14%	0.33	2.5%	0.60%	n/a	0.50%	0.04 %	1.7%	4.5%	0.9%	0.68%	0.45%	3.2%
PrEA's share of the total 'flexible' labour market	7.7%	20%	2%	3.3%	18%	4.8%	n/a	6.5%	0.5 %	60%	35%	5%	2.1%	3.5%	45%
Market growth rate between 1997-1999	20%	12%	25%	27%	19%	13%	n/a	17%	314 %	18%	10%	25%	33%	77%	18%

Notes: (*) – Data for 1999; (**) – Data for 1999 as the existence of temporary staffing agencies in Greece was previously illegal; (***) – Data for 1996

Table 4a: Characterising temporary staffing industries in Europe

Country	Austria	Belgium	Denmark	Finland	France	Germany	Greece
Market characteristic	1988 Act created the current regulatory framework. All temporary staffing agencies need a licence to operate.	First law passed in 1976 on the existing of temporary staffing agencies. Gradual re-regulation since.	Since July 1990 there has been no regulation of the temporary staffing industry. The Industry has grown since then, and has recently becoming increasingly concentrated.	Fragmented. The need for a licence to operate was abolished in 1994.	Mature and highly concentrated. Regulation separates out temporary staffing agencies from other temporary staffing agencies.	Mature and fragmented. All temporary staffing agencies need one of two licences to operate The first allows companies to supply workers on a temporary basis; the other allows companies to provide a wider range of services	Temporary staffing industry does not exist as such. Existing regulation of Private Job Counselling Agencies passed in 1998 and which is in the process of being updated is likely to lead to the creation of an Industry.
Market Trends	Between 1989 and 1989 the number of temporary staffing agencies increased by 173%.	Threefold revenue growth between 1989 and 1999, and a 110% increase in the number of temporary staffing agencies during this period. Some evidence of the beginnings of concentration.	Widening of the services provided to clients and the movement into new segments of the economy. Between 1992 and 1998 the number of temporary staffing agencies increased by 302%, and the largest ones increased their market share.	Some evidence of concentration, as the number of temporary staffing agencies has decreased in recent years, while the number of direct-employees has increased.	Increasing concentration amongst Adecco, Manpower, Inc. and VediorBis with a small and resistant share of independents developing specialist or local niches.	Despite the entry into the market by the global temporary staffing agencies in the mid 1960s, little evidence of market concentration. Shifting mix of licences, as temporary staffing agencies widen the services they provide to clients, and hence have to obtain a second licence.	Adecco and Manpower, Inc. although classified as suppliers of 'human resources' are increasingly acting as suppliers of labour. Impending re-regulation supported by global temporary staffing agencies as it is likely to act as a barrier to entry into the market for local independents.
Market concentration	n/a	Top five with 78% of market share	Top five with 65% of market share	Top five with 63% of market share	Top five with 80% of market share	Top five with 21% of market share	n/a
Market hotspots	Upper Austria, Vienna	Brussels, Flanders	Copenhagen	Helsinki	Ile-de-France, Rhône-Alpes regions	Nationwide	Nationwide

Table 4b: Characterising temporary staffing industries in Europe

Country	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	Sweden	United Kingdom
Market characteristic	Fragmented. Since 1971 all temporary staffing agencies have required a licence to operate.	In its infancy. Only legalised in 1997. Rapid growth since then, although all temporary staffing agencies have to register with the Italian Ministry of Labour	Although legal prior to 1994, only possible to think of a temporary staffing industry after the introduction of a new legal framework.	Mature and fragmented. New WAADI legislation introduced in 1999 abolished licensing for temporary staffing agencies and opened up sectors such as construction, transport and retailing.	Matured since legislation at the end of the 1980s.	Beginning to mature. Legalised in 1994, as part of wider de-regulatory process. In the first year experienced 268% growth, then steady growth up to 1997, since when there has been a drop in the number of temporary staffing agencies registered.	Effectively legalised in 1994. Experienced rapid growth since then as the global temporary staffing agencies have entered the market through a mixture of new branch office openings (Adecco) and acquisitions of Swedish companies (Manpower).	One of the most mature. Largely unregulated, with the requirement to register with the UK government abolished in 1995.
Market Trends	Increasing rates of growth. Number of licences increased by 40% between 1987 and 1997; and by 65% between 1997 and 2000. Little evidence as yet of market concentration.	Beginnings of consolidation: Select have acquired Italia Lavora, while Start has bought up a number of small Italian temporary staffing agencies	Remains a small market but is growing at approximately 5% per annum. No evidence of concentration: mix of global temporary staffing agencies and national independents.	The number of temporary staffing agencies increased threefold between 1994 and 2000, although half are classed as 'small' with less than ten direct-employees. Growing number of temporary staffing agencies looking to move into professional services.	Increasing market concentration amongst the largest temporary staffing agencies.	Moving away from a fragmented market and towards a consolidated one. Increasing numbers of mergers and takeovers and the market share of global/national temporary staffing agencies is increasing at the expense of regional or independent companies	Quickly became concentrated after legalisation. Dominated by Manpower and large Swedish temporary staffing agencies such as Poolia. Turnover is growing at 50% per annum for market leaders.	Continued fragmentation as the global temporary staffing agencies struggle to increase their market share
Market concentration	n/a	Top five with 68% of market share	Top five with 51% of market share	Top five with 76% market share	Top five with 35% of market share	Top five with 68% market share	Top five with 85% market share	Top five with 16% market share
Market hotspots	Dublin	Milan and Rome	Luxembourg and Esch/Alzette	Urban; West of the Country	Lisbon	Madrid and Catalonia	Stockholm	London and the South East of England

Table 5 sets out which temporary staffing agencies are doing best in which European countries. In all of them except the United Kingdom the industry is highly concentrated. For example, in Belgium, France, Netherlands and Sweden two agencies have over 50% of market share, while in Spain they have over 40% of market share. In contrast, in the United Kingdom the industry is highly fragmented with no one temporary staffing agency having more than 5% of the total market share (Mintel 2001; Ward 2002a).

Table 5: Competition in the European temporary staffing industries

Country	Top five temporary staffing agencies	1998 market share (in terms of revenue)	Size of market (millions of Euros)	Size of market (millions of Dollars)
Belgium	1. Randstad Interlabor 2. Vedior 3. Creyf's 4. Adecco 5. Unique	27.9% 21.3% 12.2% 8.8% 5.0%	2074.1	1 927
France	1. Adecco 2. Manpower Inc. 3. Vedior 4. Sidergie 5. Randstad	32.0% 24.3% 16.0% 2.8% 1.8%	13 518.6	12 559
Germany	1. Randstad/Time Power 2. Adecco/Olsten 3. Persona Service 4. Manpower Inc. 5. DIS		n/a	n/a
Netherlands	1. Randstad 2. Start 3. Vedior 4. Adecco 5. Creyf's/Content	38.6% 16.6% 9.7% 6.2% 5.1%	6 261	5 817
Spain	1. Adecco 2. Vedior 3. Alta Gestion 4. Manpower Inc. 5. Umano	28.4% 11.6% 10.3% 10.1% 9.6%	1 480	1 375
Sweden	1. Manpower 2. Proffice 3. Adecco 4. Poolia 5. The rest	37% 24% 12% 10% 17%	n/a	n/a
United Kingdom	1. Adecco 2. Manpower 3. Hays plc 4. Corporate Services Group 5. Spring Group	4.4% 4.0% 3.0% 2.5% 1.7%	28 800.4	26 756

Source: Staffing Industry Analysts, Inc. (2000)

3.3.3 Movement two: constructing and entering 'emerging markets'

Given its early stage of evolution it is perhaps not surprising that relatively little is know about national temporary help industries outside of North America and Western Europe. According to current indicators, this part of the world constitutes 9% of the global temporary staffing industry (Figure 1). There exist relatively few studies of the temporary staffing industry outside of its established 'developed' markets (although see Kruger and Fuyuno 2001; Shozugawa 2001). While temporary staffing industries were evolving quickly in the likes of France, the Netherlands and the United

States, the large temporary staffing agencies showed little interest in countries where labour markets were regarded as heavily regulated, and where economies were viewed as crisis-prone. As these established markets have become more competitive, and what regulation of the industry that remained in Western Europe has been dismantled, so the largest temporary staffing agencies have looked to new markets – and to new challenges. As part of the wider liberalisation-push emanating from Western governments and companies, and overseen by the restructuring programs of the International Monetary Fund (IMF) and the World Bank, Adecco, Kelly Services and Manpower, Inc. in particular have begun to expand into South America and Asia. And as they have entered these markets, so the existing customs, norms and expectations about labour market organisation and regulation have been questioned. Where a temporary staffing industry already existed, its profile has been raised and its practices pointed to as examples of how these countries have embraced the turn towards flexible labour markets. Where there is little or no history of a temporary staffing industry, the largest agencies had begun to sell their message (and associated methods and modes of regulation).

A number of South American, African and Asia countries have formed their own trade organisations since the mid 1980s to represent the opinions of those agencies involved in placing workers (even though these were often small) and to provide a focus for lobbying efforts. For example in the last decade Argentina, Brazil, Chile, China, Japan, Morocco, South Africa and Uruguay have all become full members of the International Confederation of Temporary Work Businesses (CIETT). Each country has its own trade body that represents the views of its temporary staffing agencies. Again some of these bodies are better established than others, often reflecting the extent of the industry's labour market penetration. One of the better-established trade organisations is the Temporary Work Services Association of Japan (JASSA), which was formed in 1984 and recognised by the Japanese government in 1986. It successfully lobbied for the legalisation of the industry in 1986 and then set about arguing for the reduction of the regulation of the industry. In 1999 the laws on the industry were relaxed, a success in part stemming from the experience the JASSA gained from joining the CIETT in 1994.

Recognising the growing number of countries that have temporary staffing industries, the CIETT (2000a: 5, emphasis added) has recently announced:

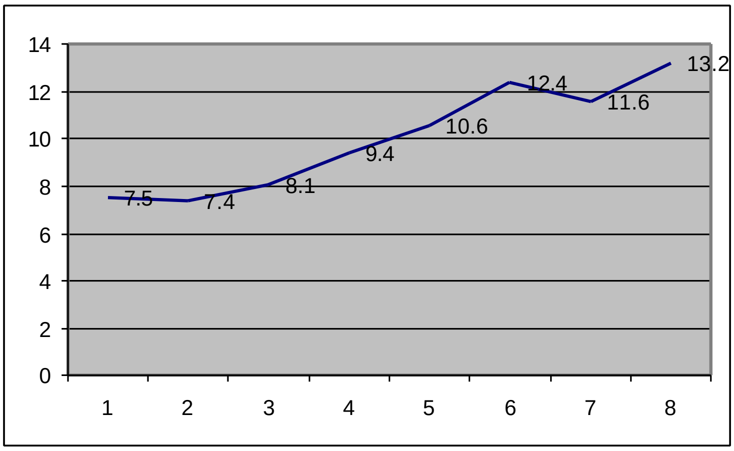
> That in order to encourage membership from countries where work through employment agencies is just developing as a business CIETT has created a special membership fee for *Emerging Markets* of $100.

Involvement in the CIETT acts as a way for the different trade bodies outside of North America and Western Europe to 'learn' from the more-well established and larger trade equivalents. In addition to formal relations with the likes of the American Staffing Association (ASA) and the UK's Recruitment and Employment Confederation (REC), ideas and practices can be exchanged through the CIETT network. For example, in 1997 the JASSA sent a delegation to France, Germany and the United Kingdom to study the temporary staffing industry in each country (CIETT 2000b). It is in and through these diffusion networks, which act to transmit policies and practices from the more- to the less-liberalised economies, that work is performed to support the expansionary strategies of the largest temporary staffing agencies (Ward 2002b). As one of the senior executives argued about the co-evolution of the Brazilian economy and its temporary staffing industry:

> There is a broad-based understanding of the need for [staffing] flexibility because the multinational corporations coming to Brazil use it in other markets (Jack Stillwaggon, Senior Vice President, Olsten Corporation quoted in *Global Staffing Industry Report* 2001a: 4-5).

In Brazil temporary staffing industry revenues increased by 100% between 1995 and 1998. Although the executive search companies have served its largest multinationals for over thirty years, temporary staffing agencies are newer entrants into Brazil. There are now almost two and a half thousand temporary staffing agencies of one type or another in the country at the moment, with Gelre, having the largest market share. In Japan between 1996 and 1999 the industry's revenues grew by 53%, while the number of offices grew by 23%. By the end of the 2001 financial year turnover was worth over $13.2 billion and was made up of 330 temporary staffing agencies with over two and a half thousand branch and franchise offices (Figure 7).

Figure 7: Revenues in the Japanese temporary staffing industry (billion dollars), 1993-2000



Key:

1 – 1993 2 – 1994
3 – 1995 4 – 1996
5 – 1997 6 – 1998
7 – 1999 8 – 2000

Source: Global Staffing Industry Report (2002)

In the next section of this paper the attention turns to the expansionary strategies of the six largest temporary staffing agencies, to explore how their practices have changed over the last five decades.

4. Corporate strategies and geographical expansion

Faced with on the one hand increasingly competitive markets in North America and Western Europe, and, on the other, the allure of as yet underdeveloped markets in East Asia and in Latin and South America, the largest temporary staffing agencies have begun to push at the industry's geographical frontiers.

For some, such as *Kelly Services* and *Manpower, Inc*., the opening of a branch or franchise office outside of the domestic market first happened in the 1950s. After a period of rapid domestic growth, which meant that by 1954 *Manpower, Inc.* had 21 US offices, it opened its first international branch offices in London and Paris. For other temporary staffing agencies, though, this is a more recent development. Some have only opened overseas branch and franchise offices in the last decade. And not all temporary staffing agencies have expanded their own office network. Some, such as *Vedior NV*, have bought their market share in new geographical markets through acquisition, in this case in the US market through *Select Appointments*. So, the gradual internationalisation of the temporary staffing industry has been going on for almost fifty years. What marks the last decades as distinct is the quickening of the trend, and the movement by the temporary staffing agencies into genuinely new national markets, in doing so creating a 'new frontier' for the industry.

The 1990s saw the opening of new branch and franchise offices overseas and the acquisition of temporary staffing agencies with a foothold in new national markets gather apace. Underscoring this trend is the *quantitative* change in the geographical expansion of the temporary staffing industry. Quite simply the geographical scope or range of the large temporary staffing agencies grew dramatically. And although this year has seen a slight slowing of the expansion of office networks, the intension of the large temporary staffing agencies to continue to expand their network of office remains. The last decade has also seen a *qualitative* shift, as temporary staffing agencies have become more attuned, or sensitive to, the importance of having a corporate strategy that acknowledges the different make-up and stages of development of the different national temporary help industries.

Turning first to the numerical or quantitative geographical expansion of the largest temporary staffing agencies, Table 6 sets out the decline in the revenues generated by each of the largest temporary staffing agencies in their own domestic markets. Kelly Services remain the temporary staffing agency that is most reliant on its home market, and which saw the smallest change in the geographical mix of its revenue generation. On the other hand, Adecco, for the large part through Ecco's purchase of Olsten, changed the mix of its revenues the most of the large six. It now generates 70% of its revenues outside of its domestic market, as opposed to five years ago when it generated 82% of its revenues in its home market. Of the six, Adecco and Manpower, Inc. have been the most successful in creating a diverse geographic revenue base, with Randstad Holding and Vedior NV not too far behind. Next, Table 7 turns to the expansion of the branch and franchise networks of the six large temporary staffing agencies. It sets out the presence of the temporary staffing agencies in the largest temporary staffing industries. Reinforcing the movement away from their domestic markets, each of the temporary staffing agencies has reduced their domestic branches and franchises as a proportion of their total network. This changing geographical balance occurred in the context of each of the largest temporary staffing agencies increasing the size of their branch/franchise office network by as much as 400%. For example, in the case of Randstad Holding it moved from approximately a 70%: 30% domestic-overseas network mix to one in 2000 that was close to 50%: 50%.

Table 6: Temporary staffing agencies move of out of their home markets, 1995-2000

Temporary staffing agency	Home market	1995 (% of revenues)	2000 (% of revenues)
Adecco	France	82%	30%
Kelly Services	US	78%	75%
Manpower, Inc.	US	43%	31%
Randstad	Netherlands	65%	42%
Spherion	US	100%	72%
Vedior NV	France	63%	42%

Source: Deutsche Bank (2000a)

This *shallow* globalisation makes it clear that the geographical reach of the largest temporary staffing agencies has extended considerably in the last twenty years, a process that has intensified in the last five years. Figures 8 – 13 map out more precisely, country-by-country, where the six temporary agencies have some sort of presence. Two of the six – Adecco and Manpower, Inc. – have placed great stock by being able to roll-out their business into new countries, year on year, in the last decade. Adecco now has a presence in fifty-eight countries, Manpower, Inc. fifty-nine countries. Their corporate strength comes from their presence around the globe, servicing the lower-end industrial segments. The other four largest temporary staffing agencies, Kelly Services, Randstad Holding, Spherion and Vedior NV, have each expanded their branch network but have not moved into the 'emerging markets' at the same pace as the largest two, and their presence remains less-pronounced in the more-established markets. For example Vedior NV has a presence in twenty-seven countries, Kelly Services twenty-six countries, Randstad Holding eleven and Spherion nine

Table 7: The geographical distribution of branch/franchise offices, 1999

	Adecco	Kelly Services	Manpower, Inc.	Randstad	Spherion	Vedior NV
US	>1300	1 048	1 162	495	920	190
UK	350	100	283	28	74	143
Japan	76	0	23	0	0	Na
France	>900	48	845	85	1	674
Germany	>125	8	150	224	2	65
Netherlands	>150	n/a	Na	720	57	420
Canada	69	74	51	2	32	2
Australia	58	n/a	65	0	44	Na
Belgium	96	n/a	49	127	0	186
Switzerland	80	34	47	18	0	47
Spain	246	5	175	150	12	179
Italy	280	n/a	30	13	2	32
Sweden	30	3	34	0	0	0
Total	5 000	1 800	3 500	1 900	1 244	2 024

Source: numerous agency annual reports

As if to emphasise how recent this geographical expansion by the largest temporary staffing agencies is, of the twenty-six countries *Kelly Services* has a presence in half were only entered in the last five years – suggesting there is still plenty of business to be done in these markets.

There are two dimensions to the geographical expansion of the largest temporary staffing agencies. The first dimension is an intensification of existing geographical coverage, as agencies have set about changing their product. While some have focused on this dimension to the restructuring of the industry (Peck and Theodore 2002; Ward 2002a), here the emphasis is on the second dimension: the industry's expansion into new, and less-competitive, geographical markets. The logic underscoring this geographical diversification is to avoid individual country's economic cycles and legislative changes. For example, as one of the largest temporary staffing agencies pointed out:

> Vedior NV believes that its global presence provides some protection against economic cycles *given that recessions do not happen at the same time in every country* (Vedior NV 2001: 11).

Figure 8

Figure 9

Figure 10

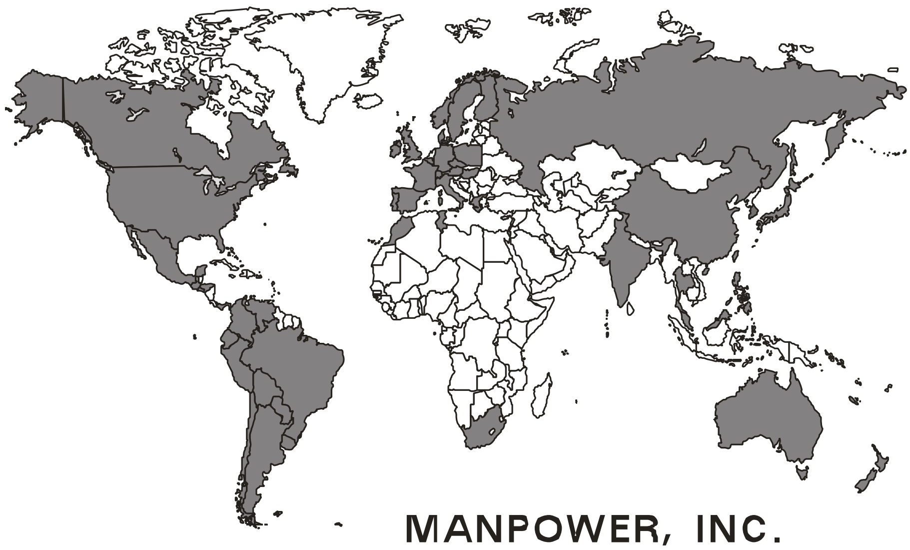


Figure 11

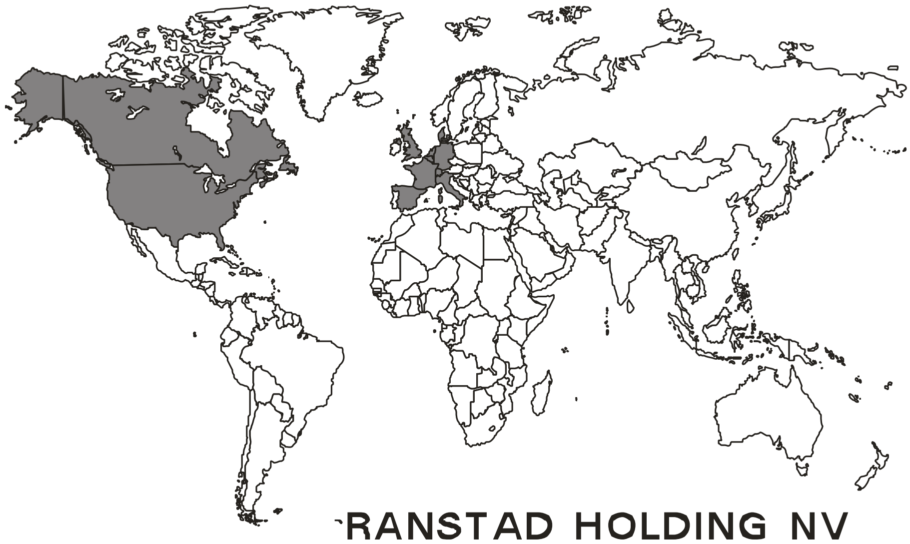


Figure 12

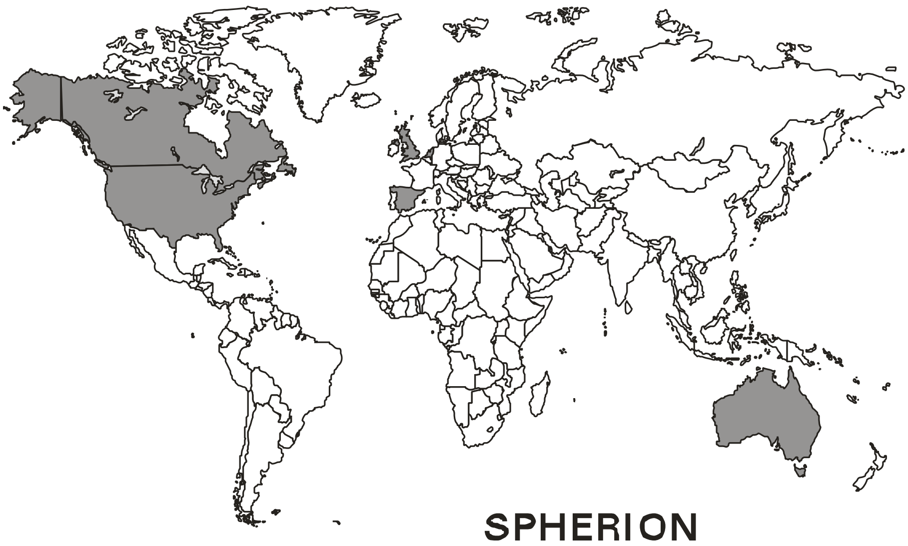
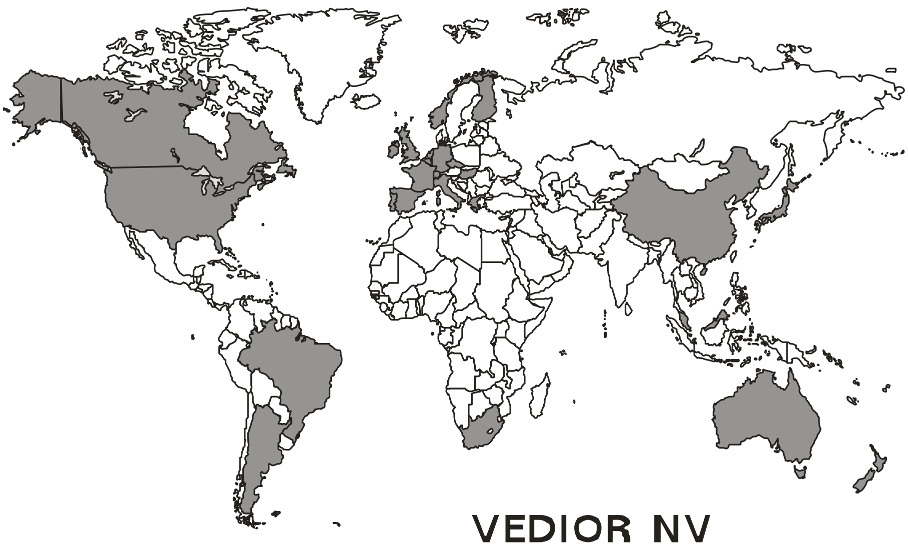


Figure 13



After a number of decades of expanding within a small number of Western European and North American markets, in the 1990s the largest temporary staffing agencies rolled out their business into previously under-developed markets. In what are referred to by the CIETT as 'emerging markets', such as Argentina and Japan, the large public temporary staffing agencies have begun to establish a presence, either through organic growth, acquisitions, or a mixture of both strategies. As senior figures in the largest global temporary staffing agencies argue:

> *Japan, South America and Scandinavia are all markets that we want to develop in further*. We are very interested in Japan. We have always thought that was a huge opportunity for the future because of the liberalization of the laws there, the restructuring of the Japanese industry, and lifetime employment coming to an end. And, as service industries evolve in Japan, they realize they have to use the concept of a flexible work force (Tony Martin, Chair and Chief Executive of *Vedior NV*, quoted in *Global Staffing Industry Report* 2001b: 6-8).

> While we are still extending our operations throughout Southern Asia and Western Europe … *Northern Asia and South American regions are our future targets for global expansion* (Camden 2001: 4).

Figures 14 to 19 compare over time the geographical mix of the temporary staffing agencies' revenues. As would be expected, as each of the six large temporary staffing agencies has expanded the amount of business they do in the 'emerging' South American and South East Asian markets, so the proportion of revenues generated in the newer markets has increased. This trend is particularly evident amongst the strategy of Kelly Services and Manpower, Inc., which continue to perform the majority of their business in the traditional temporary staffing segments. In the case of the smaller temporary staffing agencies, whose geographical scope is less, such as Vedior NV (2000: 5), they seek their future 'in the undeveloped markets of continental Europe.'

Kelly Services exemplify the shifting geographical mix of revenue generation. In 1990 Kelly had a presence in nine countries and generated $200 million worth of revenues: some ten years later the company had a presence in twenty-five countries and with revenues of over $1.1 billion. According to Kelly Services (1999: 3), their international business has 'grown by more than 20% per year since the beginning of the [1990s]'. In the 1990s Kelly expanded into Belgium, Denmark, Germany, Italy, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Russia, Spain, Sweden and Switzerland. Revenues from international operations increased by 80% between 1995 and 2000, increasing from 13% of revenues in 1990 to double that by 2001. In the case of Randstad Holding (2000), it too has reduced the proportion of its revenues generated in its home markets: in 1990 three-quarters of its revenues were generated in the Netherlands and by 2000 this had dropped to just over forty per cent.

And the largest temporary staffing agencies are clear there are still new countries to enter, under-developed markets where the government is under-pressure to liberalise the economy as a prerequisite for loans from the likes of the World Bank. As such, the likes of Adecco, Kelly Services and Manpower, Inc. are likely to continue to enter national markets, and to expand their global networks:

> Global accounts require a global presence, and [as we] continue on its strategic course to provide its full breadth of services on an international basis … *great opportunities for global expansion remain* (Kelly Services 2001: 1).

Even those temporary staffing agencies whose network of branch offices is concentrated in North America and Western Europe, and who have yet to move into the truly 'emerging' markets point to future geographical expansion. Both Randstad Holdings (2000: 8) and Vedior NV point to the unevenly developed nature of the temporary staffing industry in Europe:

> *Growth opportunities are determined in part by the still low penetration of (contract) staffing in many of our areas of operation*. In countries such as Italy, Spain, and Germany, temporary staffing plays a much less prominent role than in more mature and less rigid markets, such as the Netherlands, the UK and the US.

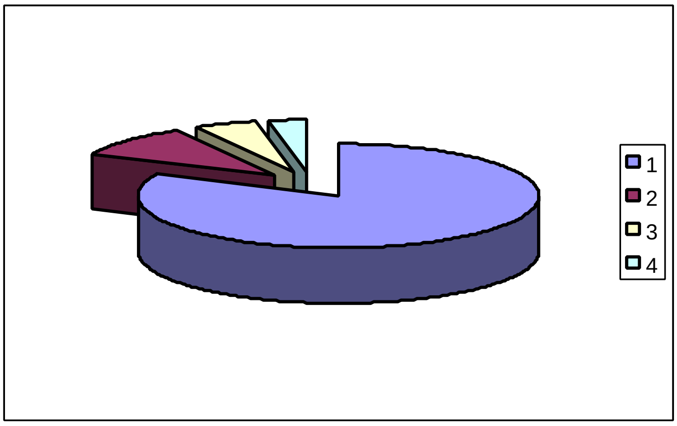
Where the agency does not have an existing presence in an 'emerging market' it faces two choices: organic growth or a strategy of acquisition. As a global analyst who specialises in monitoring the industry explained in comparison to other industries:

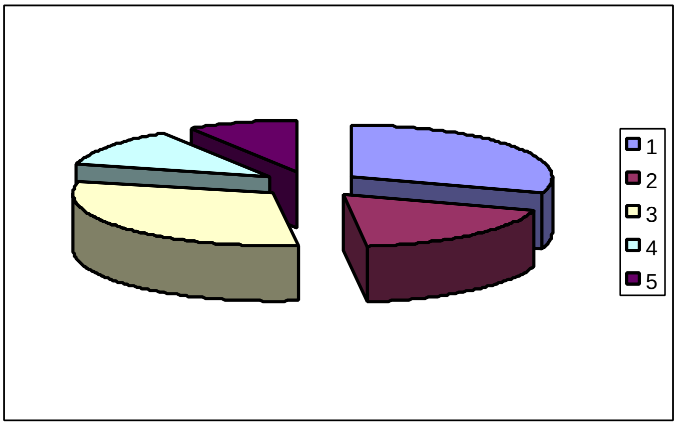
> The top three [temporary] staffing agencies have somewhere around 20-22% global market share … [It is] very difficult to start organically in any market, much easier to buy an existing client base, exist candidate pool and expand it (Global consultant #1, July 2001).

Most of the largest agencies have pursued both. In the 'developed' markets entering into a specialist segment – such as accountancy or legal – is often easier performed through the purchase of an agency with an established brand and market share. In the movement into the 'less developed' economies most agencies have tended to favour organic growth. This allows them to use their own corporate brands and to draw upon relationships in established markets to forge global agreements with multinational client companies with a presence in the likes of Argentina or Singapore. This gives them business in a new market before entry, reducing the risk associated with the growth strategy.

What is agreed amongst the agencies is that the geographical limits of the temporary staffing industry have not yet been reached. As a senior executive at one of the largest agencies argued, 'there are easily 20 to 25 new countries that we will enter over the next decade' (Adderley 2001: 6).

Figure 14: Adecco's` changing geographical mix of revenues, 1995 and 2000

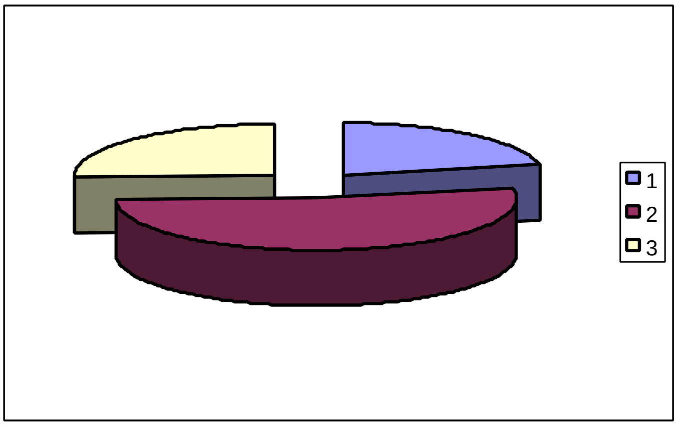


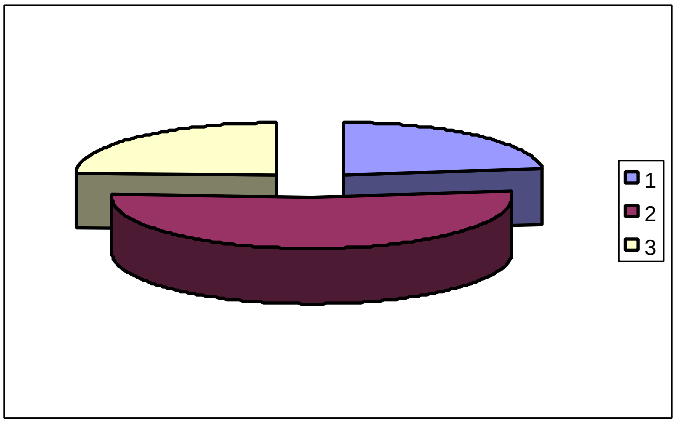


Key:

1. France (from 82% to 30%)
2. Rest of Europe (from 10% to 18%)
3. North America (from 5% to 31%)
4. Other (from 3% to 12%)
5. United Kingdom (from 0% to 9%)

Figure 15: Kelly Services' geographical mix of revenues, 1999 and 2000





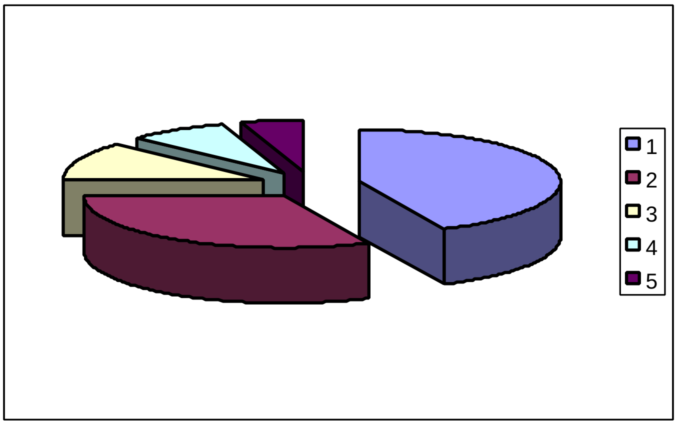
Key:

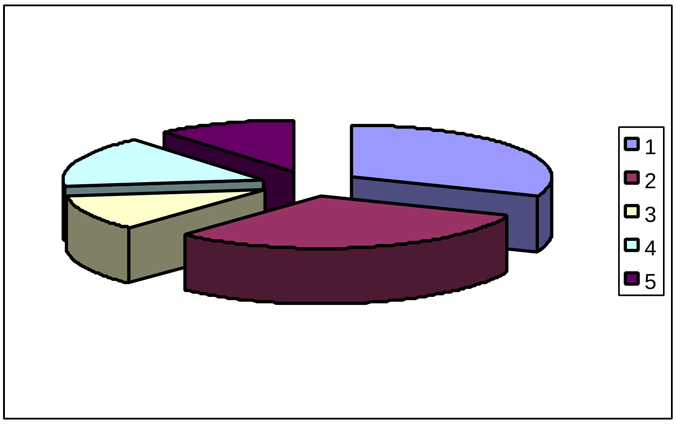
1 Alternatives (from 22% to 24%). Professional, Technical and Staffing

2. US Commercial Staffing (from 53% to 52%)

3. International (from 25% to 24%)

Figure 16: Manpower, Inc.'s geographical mix of revenues, 1995 and 2000

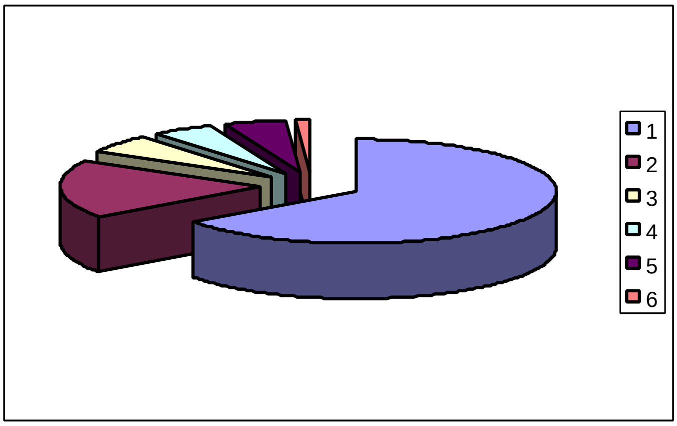


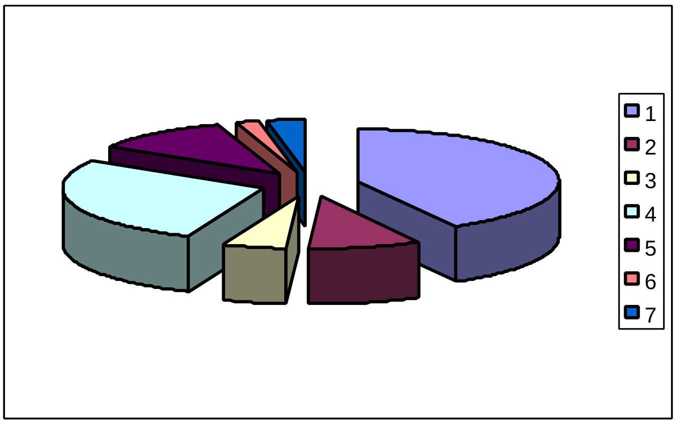


Key:

1. United States (from 43% to 31%)
2. France (from 32% to 31%)
3. United Kingdom (from 12% to 11%)
4. Rest of Europe (from 8% to 16%)
5. Rest of the World (from 5% to 11%)

Figure 17: Randstad Holding's geographical mix of revenues, 1995 and 2000

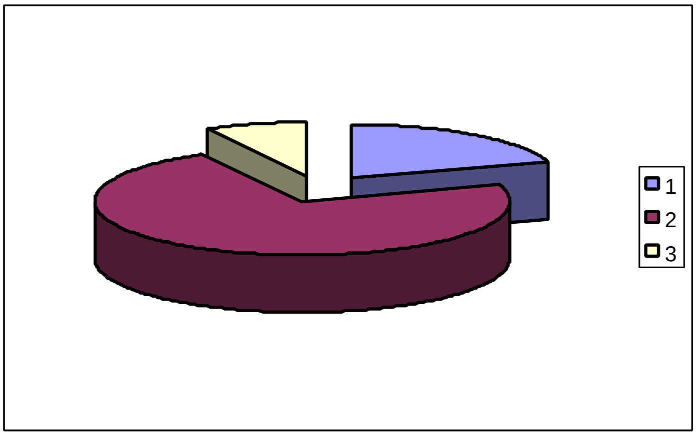




Key:

1. Netherlands (65% to 42%)
2. Belgium (18% to 9%)
3. France (6% to 5%)
4. USA (5% to 28%)
5. Germany (5% to 11%)
6. Rest of Europe (1% to 2%)
7. Spain (0% to 3%)

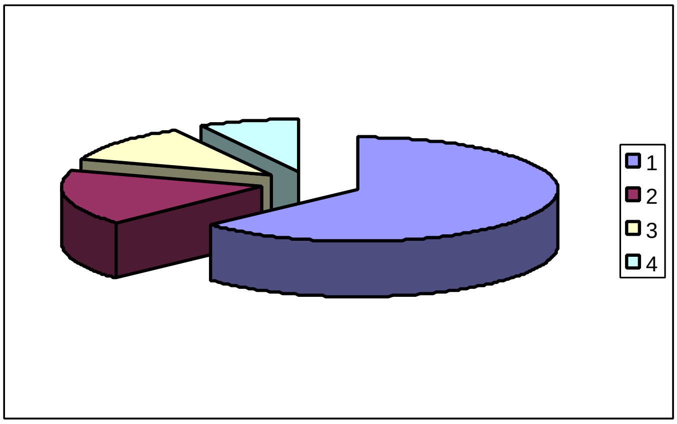
Figure 18: Spherion's geographical mix of revenues, 1999

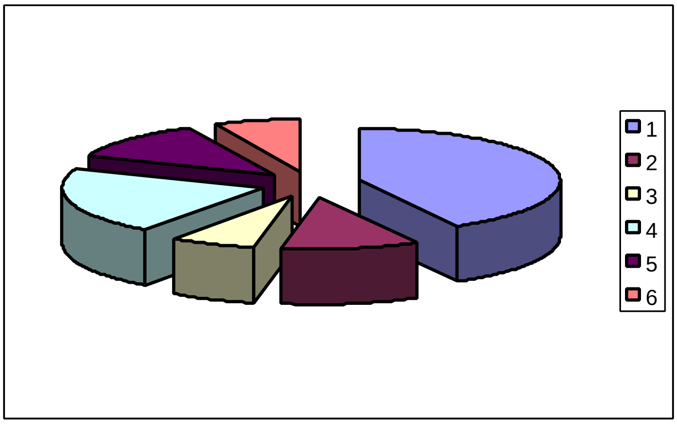


Key:

1. Europe
2. North America
3. Australia/Asia

Figure 19: Vedior NV's geographical mix of revenues, 1995 and 2000





Key:

1. France (from 63% to 42%)
2. Netherlands (from 17% to 11%)
3. Belgium (12% to 7%)
4. Rest of Europe (8% to 21%)
5. USA (0% to 12%)
6. Rest of the World (0% to 7%)

5. Conclusion

In recent times economic geographers have rediscovered 'labour' as an active agent in the capitalist space economy. For a number of years it had been constructed as 'fixed' and as a passive 'victim' of capital restructuring. More recently though a number of important contributions – constituting the emergence of what has been termed 'labour geography' – our understandings have been deepened of the many roles labour plays in the current era of global neo-liberalisation (Herod 1998). Despite the intellectual ground covered by this marvellously differentiated work, this paper argues that it has remained strangely silent on the industry whose very existence has historically placed it at the fore of mediating work and employment and of regulating the labour market. The temporary staffing industry, whose growth and geographical expansion over the last thirty years demands serious analysis is currently in the process of entering a new evolutionary phase. In the space of seventy years the industry has gone from consisting of a small number of firms in the Mid West of the US to now having some of the largest 'employers' in its ranks.

Departing from the North American emphasis in other industry studies, this paper turns to those economic regions that have experienced the rolled-out model of US labour market flexibility through the practices and policies of the largest temporary staffing agencies. Conceiving of the temporary staffing industry in three developmental stages – localised growth, rolling-out nationally and global tendencies – this paper makes a number of specific arguments about the industry, and offers some more general observations on contemporary economic restructuring.

First, there are signs of a convergence in the EU-15 temporary staffing industries. Differences do still persist from one country to another in terms of industry structure, market concentration, rules of competition, agency ownership patterns, and 'the product'. However, the underlying logic in each industry is for less state intervention. Or, put another way, it is for more intervention, albeit of a different kind to that enacted under the Keynesian era. Instead, the emergence throughout Europe of temporary staffing industries is in part due to the recent years of neo-liberal regulatory reforms that have created a regulatory space, within which temporary staffing agencies are able to perform their business. For example from almost nothing temporary staffing industries have in the last five years been created in Greece and in Italy. Meanwhile, in Finland and Sweden the state has loosened its regulatory grip on temporary staffing agencies, allowing them to deepen their involvement in the day to day practices of the largest corporate clients. Although focusing not on the industry but on the terms and conditions of those workers placed through temporary staffing agencies, the recently proposed EU Directive is sure to push individual nation's industry's growth trajectories closer together (European Commission 2002).

Second, with the expansion of the industry out of its US homeland, so what temporary staffing agencies do and how they do it has changed (Theodore and Peck 2002). Temporary staffing agencies no longer simply place workers in temporary placements. The modus operandi of the industry has changed as it has come up against limits to further growth, both in the US and increasingly in Europe. Emphasis now rests on providing a wider suite of human resource services.

Third, having begun to deepen its involvement in the labour market decisions of organisations in the 'developed' world, temporary staffing agencies have set about finding a new set of markets for their products. Informed by the network of agencies, consultancies, states and non-governmental economic and financial institutions, East Asia and Latin and South America have been constructed as 'emerging markets'. Through a process of *readying* some of the 'developing' nations – under pressure to introduce neo-liberal regulatory reforms in order to meet the strict guidelines established by the International Monetary Fund or the World Bank – have responded positively to the approaches made by the CIETT. For the first time in its history it hosted last year its annual conference outside of North America and Western Europe. Then in Argentina, this year the conference is to be held in Japan. Through these meetings how temporary staffing is 'done' in the 'developed' countries is sold to national officials in the 'developing' world. 'Experts', in the form of global business analysts, senior executives of the largest temporary staffing agencies or senior editors from the *Global Staffing Industry Report*[4] – embodiments of the industry's message, methods and modes of regulation – turn up and perform, communicating, to paraphrase 'what the temporary staffing industry can do for your economy' (Ward 2002b). In light of its on-going globalisation and the vice-like grip of neo-liberalism on the regulatory reforms underway in the 'developing' nations, the insights generated through analyses of the temporary staffing industry are only like to increase in their intellectual and political relevance.

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Footnotes

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[1] Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, France, Germany, Ireland, Italy, Japan, Luxembourg, Morocco, Netherlands, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, Uruguay, United Kingdom, USA.

[2] Cameroon

[3] Adecco, Kelly Services, Manpower, Inc., Randstad Holding and Vedior NV.

[4] This report presents 'new trends and analysis from the established and emerging staffing and recruitment servces markt' (Global Staffing Industry Re002).