Geographies of Temporary Staffing Unit

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Internationalisation and Diversification in the Temporary Staffing Industry

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Abstract

This paper does three things. First it reviews the existing conceptual work on the expansionary strategies of producer services and argues that while illuminating it has paid insufficient attention to the implications of the internationalisation / diversification of temporary staffing agencies, the effects of which are not limited to the temporary staffing industry but also bleed into a host of other manufacturing and service industries. Second, and in light of this, it profiles the internationalisation and diversification strategies of leading temporary staffing agencies. It argues that while, on the one hand, the temporary staffing industry exhibits the characteristics of a classic producer service sector, on the other hand, its product – *labour* – distinguishes it in part from the likes of the accounting, advertising and legal sectors. Its wider political-economic implications, in this case, are the ways in which agency strategies affect labour markets at a range of geographical scales, and how this is best understood. Third, and finally, the paper argues that the growth of the temporary staffing is the result of, and a contributing factor to, the on going restructuring of national and urban labour markets. In going about their business, temporary staffing agencies contribute, so the paper argues, to the neo-liberalisation of national and urban economies, and in doing so create conditions favourable to their continued growth.

Keywords: temporary staffing industry; geographical restructuring; product diversification, neo-liberalisation

> New [geographical] markets offer high growth, high returns on capital and by diversifying away from your home market you could smooth your core earning streams (Business analyst #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 of Adecco quoted in Adecco 2001: 1, emphasis added)

> Vedior's core objectives are to develop a balanced earnings stream and a growth programme that combines organic growth with acquisitions. A balanced earnings stream minimises our dependence on any *one geographic or industry sector*. By complementing organic growth with acquisitions, we believe that we can enhance existing business and provide credibility in *new markets* (Vedior NV 2002: 2, emphasis added)

1. Introduction

Adecco, the largest temporary staffing agency in the world, has over 5800 offices in 67 countries. Manpower, Inc., the world's second largest temporary staffing agency has almost 4000 offices in over sixty countries. Between them these two 'titans of staffing' generated over $30 billion in sales in the last financial year. And what are these two multinationals 'selling'? Well, traditionally they have sold labour: placing workers into temporary positions, filling the gaps left by those staff off sick or on holiday. So, in the 2002 financial year, Adecco and Manpower, Inc. together placed almost two million workers. And in what type of jobs have temporary staffing agencies placed workers? Well, historically, agencies have done the bulk of their business in the light industrial and clerical sectors. Think about the adverts used by another large multinational, Kelly Services, when it was known as Kelly Girl Services between 1957 and 1966. Reflecting and reinforcing the highly gender-coded nature of some jobs, the two largest industrial markets for temporary staffing were placing men into factories and women into offices.

Some forty years later and the largest temporary staffing agencies continue to generate the bulk of their revenues in what are now known as the 'generalist' sectors. Placing workers into factories and into offices remains important to the balance sheets of the largest agencies. And small, independent agencies continue to set up and enter the temporary staffing business. It remains an industry with low barriers to entry, much like in the US mid-West in the 1940s when the first agencies were established. However the industry of then was also very different from the industry of today. In the late 1950s and

1960s temporary staffing industry was something new to continental Europe. It was in 1956 that Manpower, Inc. became the first US-owned agency to open a branch outside of its own continent when it established its London office. Over the next fifteen years all of the major businesses set up offices in London, then in Paris, followed closely by Amsterdam, as the UK, French and Dutch temporary staffing markets became, alongside the US, the four largest temporary staffing industries in the world. The common currency of the English language, a heavy and growing presence of US multi-nationals in these countries, and a perception that there were some overlaps in how business was done in each country made these attractive places in which for US agencies to first move overseas.

Fast-forward to the beginning of the twenty-first century and temporary staffing is big business. The global industry is now worth between $113 and $120 billion (Deloitte and Touche 2000; Staffing Industry Analysts, Inc. 2003). The global industry's trade body – the International Confederation of Temporary Work Businesses (CIETT) – now has 30 full or associate member national federations, and, as we have seen, the largest agencies do their business in twice this many countries. The economic force is certainly with temporary staffing. In countries where it was once illegal to place workers thorough an agency, such as in Greece and in Italy, temporary staffing industries now flourishes (Ward 2001). The CIET President Depute, Tom Biermans (2003: 3), reflecting on the role of his organisation in emerging markets talks about it acting as a 'missionary in this context'. Where the business of temporary staffing was once restricted to particular industries or occupations, such as in Japan, new laws have recently been passed allowing temporary staffing agencies to place workers where, hitherto, it had not been allowed.[1] More generally, the International Labour Organisation (ILO) that had stood firmly against temporary staffing since the 1940s changed its position in 1997. It now acknowledges that the business of temporary staffing agencies is a necessary part of the labour markets of the twenty-first century. Even in the more established markets, such as in the UK, temporary staffing continues to expand (Ward 2003a). In addition to an increase in demand for its more traditional services, the industry has gained more general political acceptability in the last decade, its trade body constructing it as an agent of the new economy (REC 2001). The UK's Labour Government has certainly played its part in the remaking of the UK industry's image. It has entered into partnership with some of the largest agencies to deliver its New Deal programme, while state sectors, such as education, healthcare and social services are fast-growing niches for UK-based agencies thanks to neo-liberal restructuring programmes and the adoption of New Public Management techniques (Ward 2003a).

In light of these changes inside the temporary staffing industry, and in the regulatory context in which agencies do their business, it is perhaps surprising that the growing amount of work undertaken in recent years on producer services does not include studies on temporary staffing. So, since the late 1980s research has been carried out on advertising (Grahber 2001, Leslie 1995), accountancy (Beaverstock 1996, Daniels et al 1989), banking (Daniels 1986) business services (O'Farell and Wood 1996, Wood 1991), computer services (Coe 1996, 1997), financial services (Gentle 1993) and law (Beaverstock et al 1999). As a body of research, this work has revealed a number of things about producer services. First, in each of these industries the largest firms have been subject to a range of internationalisation pressures stemming from a number of sources. Second, firms in each of these industries have responded to the range of pressures they face in different but in related ways. Most of the large companies in each of these producer services sectors have sought both to internationalise and to diversify. The timing, form and effect of these strategies have been shown to differ from one producer services sector to another, and by size of firm (O'Farrell and Wood 1998), but we do now have enough empirical evidence to be able to make some general statements about the different ways in which certain types of service firms internationalise and diversify. Third, that as a result of pursuing these strategies, the largest companies are reshaping their own domestic markets.[2] This in turn is likely to lead to a series of changes in the wider business environment, which affects not only the leading firms, but also others in the sector. Despite this recent work, however, the expanding role in a growing number of national economies of temporary staffing agencies, as all or part of human resource functions go increasingly the way of other services, such as IT, and are outsourced, has remained relatively understudied (for exceptions see Peck and Theodore 2002; Theodore and Peck 2002; Ward 2001, 2003a). And, in light of the increasing number of industrial sectors in which temporary staffing agencies do their business, and the quite unique nature of their product, labour, so more work on the temporary staffing industry might lead us to further refine our understanding of producer services as a whole.

In light of this absence of research into the expansionary dynamics of the largest temporary staffing agencies, this paper presents a first analysis of the ways in which the largest agencies, such as Adecco and Manpower, Inc. are moving into new geographical markets and widening the products or services they offer to client companies. It begins in the first main section by revisiting and synthesising the conceptual work on producer services. I argue that in widening the empirical studies on which this work is based we are in a more –informed position from which to re-visit and assess our understandings of the globalisation of producer services, an issue I return to in the conclusion. In the second section of the paper I turn to the temporary staffing industry and some general internationalisation and diversification dynamics. In the fourth and fifth sections of the paper I use case study evidence[3] to examine the ways in which the largest six agencies are internationalising and diversifying.[4] Read alongside the small but growing literature on the temporary staffing industry,[5] these findings would seem to reflect wider industry dynamics (Theodore and Peck 2002; Ward 2001).

2. Placing labour/mediating work: temporary staffing and the growth and internationalisation of producer services

Recent years has seen the emergence of a number of studies on the restructuring of a series of producer services sector. Armed with evidence that an increasing proportion of the world's economic activities are taking place outside of the manufacturing sectors, this research has attempted to get at the ways in which leading producer services firms are expanding what they do. In some cases this expansion is occurring geographically. Firms in a range of industries such as advertising and law, reacting to a range of supply and demand-side influences, are entering new national markets. Although the ways in which firms do this, their *mode of internationalisation* (Coe 1997: 255), might differ from one firm to another and from one sector to another (O'Farrell and Wood 1998), there is nevertheless considerable evidence of the internationalisation of producer service (see for example Aharoni and Nachum 2000), even if the dynamics remain relatively poorly understood (Greenwood et al 1999). In pursuing this type of strategy firms are seeking to take advantage of economies of scale. A second way in which leading producer services firms have expanded is through diversification. Although perhaps not as widespread as internationalisation, in widening the services they provide within existing geographical markets firms have adopted a number of strategies to move into new product markets. Through pursuing this type of strategy firms are taking advantage of economies of scope. In combination – in pursuing economies of scale and scope – producer services firms are actively remaking their organisational geographies, with implications for the nature of their relations with client companies and the geographical markets in which they do their business.

The rest of this first main section is organised into two parts. The first examines some of the general tendencies driving the internationalisation of producer services. The second final part turns to the more specific case of business services, to provide the context for the next main section of the paper in which I turn to the example of the temporary staffing industry.

So, what is driving the internationalisation of producer services? Much of the literature, whether it be on accountancy, computer services or law highlights a number of important factors behind the decision of firms to expand their geographical coverage. For example, in their work on the legal industry, Beaverstock et al (1999) identify six 'drivers' behind the globalisation strategies of law firm but that have far wider resonance across the producer services as a whole (see other sectors for example Coe 1997; Daniels et al 1989; Leslie 1995). The factors at work are (i) client base, as being able to claim to have a worldwide reach not only means the firm can do its business in more places but also that potential clients might be drawn to its 'global' status, yielding it a competitive advantage; (ii) the capacity to manage some economic risk, so that 'the more global the … firm is the better prepared it will be to weather fluctuations in both the UK and the world economy' (Beaverstock et al 1999: 3), as set out in the business analyst quote at the top of the paper; (iii) competitive forces, so that striving to internationalise is a clear statement of intent to competitors; (iv) merger activity, so that firms 'buy' through takeovers or 'strategic alliances' market share, allowing them to enter new geographical or service markets; (v) technological advances, allowing the geographically-distance but corporately-related elements in the organisational network to speak to one and other – or as Beaverstock et al (1999: 1861) put matters, it allows 'the integration of offices, practices and people firmwide'; and (vi) Europe and EMU, meaning the expansion of firms into new or rapidly expanding geographical markets. In the case of law the 'emerging market' that appears to be attractive is Germany: in other sectors, other geographical markets might be more appealing. So in his work on computer services Coe (1997: 263) explains how 'the Central and Eastern Europe markets are an area where … companies are looking to establish subsidiaries.' In the case of temporary staffing, as we'll see later in this paper, a number of new markets are being actively constructed as 'emerging', as the largest agencies play a role in formulating new legislation or lobby social partners to influence the context in which they will do their future business (Peck et al 2003). How each of the factors combine is likely to vary from one sector to another.

Going beyond the broad category of producer services, I move onto, in this third part, the more specific business services, 'the trading in expertise', and which includes advertising, marketing, management consultancy, market research, real estate management and recruitment (such as in the case of temporary staffing). According to Wood (1991a: 162) 'the essential quality of business services firms is therefore the close integration of the expertise they offer with the operational activities, and in-house support services of customer organizations.' The recent growth of business services reflects the redrawing of the boundaries of external/internal labour markets (Beynon et al 2002), as some functions that were previously performed inside firms have been outsourced. This process of larger firms changing what they do, and retaining some functions in-house while entering into contractual relations with a range of 'external' service providers has been widely commented upon in relation to, for example, contract cleaning (Allen and Henry 1996, 1997). On the one hand the growth of business services has been driven by the process through which firms decide that some services hitherto delivered in-house can be better delivered by another firm. This outsourcing, or what Goe (1991) terms 'externalization', may occur on purely cost grounds, as implied in some transaction cost analysis, or may take place as part of some wider internal corporate restructuring, where some services or functions are no longer seen as 'core'. Indeed, research has demonstrated a range of reasons behind the decision to 'outsource' (Howells and Green 1986).

On the other hand, the expansion of business services may stem from other changes in the business environment. Examples cited here often include: market fragmentation and specialisation, the ways in which technological change has been introduced, the increasingly complex nature of production, regular changes in the regulatory (environmental, financial and labour) system and the requirement of firms to respond quickly and the need to manage a range of new, more fragmented and complex organisational forms (Coe 1997; Coffey and Bailly 1992; Wood 1991). Of course, these two sets of reasons for the rise of business services are inter-related: as firms outsource functions so the business environment in which they work becomes more complex. And as this world of business becomes more complicated, comprising inter-related firms, each buying and selling services from the other, so it becomes an environment in which management is harder (Beynon et al 2002). So, the growth of business services and the formation of client-supplier relationships, in which the two 'come together to "produce" the service' (O'Farrell and Wood 1998: 115) - as is increasingly the case in the temporary staffing industry -- speaks to the current emphasis on *networks*, and their many forms, in understanding industrial geography (Yeung 2000). Or, from outside of the discipline, the rise of temporary staffing agencies and their changing relationship with client companies is conceived of as one of a range of *new organisational forms* that include multi-employer workplaces, public-private partnership bids from service contracts, and franchise systems. Moving on, the third section of this paper turns to the temporary staffing industry.

3. Upwards and outwards: internationalisation and diversification in the temporary staffing industry

The globalisation of supply and demand side influences lies behind the internationalisation of the temporary staffing industry. If we leave aside the ontological difficulties of separating out supply and demand and instead conceptualise them as mutually co-constitutive, it is nevertheless possible to consider in turn the range of demand and supply factors shaping the growth of the temporary staffing industry in the last fifteen years. As others have explained about different producer services, such as computer services (Coe 1997; Gentle and Howell 1994), on the demand side 'as key multinational customers have themselves internationalised their operations, they have found dealing with different … service companies in various countries to be satisfactory' (Coe 1997: 255). Writing about the London's law firms, Beaverstock et al (1999: 1860) found that 'as other producer service activities were expanding their corporate empires through Europe, North America and East Asia, in turn, law firms internationalised specifically to serve their corporate clientele *in situ*.' Client companies have increasingly demanded that the largest agencies mirror their expanding geographical network. As Aharoni (2000: 127) notes about producer services in general, large firms begin to offer 'their services to existing multinational clients in other than the home country … [as] … the ability to give services globally [became] part and parcel of a perception of high reputation and an indicator of competence and commitment to service the customer'. For the largest agencies this growing international demand constitutes a favourable change in market conditions. Agencies have seen that the internationalisation of some client companies gives them a comparative advantage over smaller agencies, unable to perform their business across the same number of cities and countries.[6] The emphasis on the 'brand' in the newer markets has an effect on the business the larger agencies do in the more established markets. Decisions by client companies over which temporary staffing agency to do business with in, for example the UK market, might be influenced by the clients future internationalisation strategies.

There are also a number of other demand-side factors at work in shaping the size and nature of expansion in the temporary staffing industry. The two related influences of the liberalisation and de-regulation of the industry in a number of national markets and the growing acceptance of the role of temporary staffing agencies by all of the social partners – labour unions, businesses and governments – has created conditions favourable for clients to increase the amount of business they do with agencies. This trend is particularly pronounced in the public sector of many of the 'developed' nations, where restructuring and the introduction of new resource allocation and management techniques have accompanied a privatisation of service delivery (Wood 1991). Moreover, although much contested, there is little doubt that the expectations surrounding what constitutes an employment contract has changed considerably in the last few decades – in part as the result of the strategies of temporary staffing agencies -- with more workers opting for less-standard ways of securing jobs and demanding alternative means of employment.

On the supply side the increasingly competitive state of the more developed markets as seen in growing market concentration rates, the growing amount of business done through Internet-based recruitment sites and the role of the financial markets in influencing the corporate strategies of the large public agencies is driving the internationalisation strategies of the largest agencies (Ward 2001). With the exception of the two largest markets, the US and the UK, which are highly fragmented and where the largest agencies only have 4 or 5% market share, the well established markets are becoming increasingly concentrated, with the two largest agencies in France and the Netherlands having more than 50% of the share of the market. Although the Internet has not transformed over night the organisation of, and the product delivered by, the temporary staffing industry as some analysts claimed (Deutsche Bank 2000), nevertheless agencies have had to respond to this new source of competition. Some have gone for a minimal response, producing an internet-based version of the services they already had in place; other have adopted a more fundamental strategy, establishing either through organic growth or merger a separate internet unit within the agency. Aside from the effects of the Internet being uneven across industrial sectors, with some client companies and workers more ready to do business through the Internet than others, it is still unclear what the long-term implication of the 'clicks and mortar' revolution will be on the temporary staffing industry (Deutsche Bank 2000).

'Titans of staffing': introducing the leading global temporary staffing agencies

According to a recent Deloitte and Touche (2000) study the size of revenues generated by the global temporary staffing industry is 113 billion US dollars (Figure 1), making it comparable to a number of other producer service sectors. Broken down into four regional figures, the US temporary staffing industry is estimated to be worth $49 billion, the EU 15 $47 billion, for Japan $8 billion, and for the rest of the countries of the world grouped as 'Other', $9 billion. Figure 1 gives a breakdown of revenues by individual national markets. There is though no agreement between national and international industry bodies, government departments, business analysts and inter-governmental units over the financial value of the temporary staffing industry. The only thing that all parties can agree on is that the global value of the temporary staffing industry has increased rapidly since the 1970s and that the rates of growth slowed in the last two years (Staffing Industry Analysts, Inc. 2003). Given the absence of definitive revenue data it is perhaps unsurprising that there is also no single figure for the number of temporary staffing agencies that constitute the global temporary staffing industry. A recent report by the CIETT (2000) claims that there are 11000 agencies and 28186 different franchise or branch outlets in business across Europe. And yet according to the UK industry body, the Recruitment and Employment Confederation (REC), there are over 11 000 agencies in the UK alone (REC 2002), while in the US – the largest market in the world -- there are 10 968 firms and 23 522 'establishments' (Staffing Industry Analysts, Inc. 2003). What should be clear from this discussion is that while there is no comprehensive and entirely reliable data on the size of the global temporary staffing industry, nevertheless, the temporary staffing industry is a sizeable producer services industry.

In terms of the two largest national markets both the US and the UK are made-up of a huge number of small firms (Theodore and Peck 2002; Ward 2001). The largest agencies have only a small share of the market: in both markets the three largest agencies have less than 12% of the total market. This fragmentation is in comparison to the other markets in which temporary staffing has a long history. In France and the Netherlands, two of the largest markets for temporary staffing, the revenue and market structure is dominated by a small large number of firms: in both markets the three largest agencies have almost 75% of the total market. Table 1 sets out the degree of industry concentration in the largest temporary staffing markets, and points to the presence of the same large agencies in most of the more developed markets. Tables 2 and 3 detail the top 15 firms in the US and European markets. It is important to note the dominance of US owned businesses in both markets. Most of the firms are generalists, placing workers across a range of industries, predominantly but not exclusively at the lower-end of the labour market. A more recent development is the in-roads the Dutch-based agencies, Randstad Holding NV and Vedior NV have made into the US market. Both businesses have responded to the push of a highly competitive domestic market and the pull of a highly fragmented and thus relatively easy to enter US market through a combination of organic and acquisition-led growth.

While some of the largest agencies have been around since the 1950s and 1960s the last decade has seen a rash of mergers and activities, a number of re-branding exercises, and a growth in sectors such as healthcare and IT, in which, temporary staffing agencies have not traditionally done a lot of business. Although the last couple of years have seen a drop in merger and acquisition activity and the bursting of the dot.com 'bubble', and a commensurate downturn in margins and business in the IT sector, nevertheless the recent history of the global temporary staffing industry is still one of 'internationalisation-related restructuring' (Coe 1997: 257). It is the largest agencies that provide the case-study basis for the rest of this paper.

4. Restructuring for globalisation: the internationalising strategies of temporary staffing agencies

This fourth section will examine the means through which the largest agencies are internationalising. That is, how each of the agencies is able to offer their services more effectively in an ever-increasing number of countries. As Tables 4 and 5 show, each of the large six have quite clearly been striving to widen where they deliver their services. Table 4 shows how each agency has reduced quite dramatically the proportion of their company revenues generated in their domestic market, while Table 5 demonstrates the geographical distribution of each agency's branch and franchise network. In terms of how temporary staffing agencies have gone about expanding internationally there appear to be three elements, used to different extents by each of the businesses: (i) merger and acquisitions activity; (ii) organic growth of new offices in still emerging markets and; (iii) new types of accounts. In the rest of this section each of these elements will now be discussed in turn.

Merger and acquisition activity

Merger and acquisitions are often used by temporary staffing agencies to gain a foothold in new geographical markets, much like other producers services, such as computer services (Coe 1997). According to some the last two years has seen a downturn in activity. For Staffing Industry Analysts, Inc. (2003) between 2001-2002 there was a 44% drop in the number of mergers and acquisitions in the US temporary staffing industry. Nevertheless the last ten years has witnessed a growing number of agencies undertake this form of activity as part of their internationalisation strategies.

Those who business it is to price the shares of the large public companies based on their corporate performance note the advantages of this strategy:

> 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 (Business analyst #1, July 2001)

Vedior NV has pursued a merger and acquisitions strategy in their attempt to gain a strong foothold in the French and in the US temporary staffing market. It purchased the French-based agency BIS in 1997. VediorBis is the agency's office clerical/light industrial staffing brand in France and now generates 44% of global sales. Vedior NV purchased the IT specialists and UK-based Select Appointments in 1999 in order to gain a stake in the US temporary staffing industry. Four years later and Select constitutes 41% of Vedior NV's global sale and its brand remains Vedior' NVs most substantial but unnamed presence in the US market. Both examples point to how the company has gone about buying a place in new geographical markets, although it now claims to be 'emphasising profitability over market share' (Vedior NV 2002). Although it has slowed its merger and acquisition activity in the last two years, it still sees it as part of its corporate expansionary strategy. So in 2002 Vedior NV bought nine businesses, ranging from a mid-range Dutch teleservices temporary staffing agency through to a very small Australian legal staffing firm.

In other cases, the US temporary staffing agencies have been buying up other large multinational agencies in order to strengthen their presence in certain key geographical, or industrial markets. For example Adia and Ecco merged in 1996 to form Adecco, which in 2000 merged with one of the other largest temporary staffing agencies, Olsten. This newly created staffing agency then had a sizeable presence in both North America and Western Europe. Manpower, Inc, has also been involved in a number of industry-shaping activities, most noticeably its acquisition by, and then of, the UK-based Blue Arrow. In this tussle between one of the largest multinationals (Manpower, Inc.) and one of the smaller nationals (Blue Arrow) the ability of shareholders to determine the future organisational form of publicly floated agencies was made clear. More recently, Manpower, Inc. bought the Elan Group, Ltd and in the process became one of the largest suppliers of IT staff in Europe.

Despite the recent global economic downturn and the concomitant slowing down of merger and acquisition, this strategy continues to be favoured by the largest agencies as they seek to enter new geographical markets. As Staffing Industry Analysts, Inc. (2003: 4) note 'the big are certainly getting bigger.'

Organic growth of new offices in still emerging markets

A number of the largest agencies have had an international presence since the 1950s. Kelly Services and Manpower, Inc, both opened their first overseas offices over fifty years ago. Since then both agencies have expanded their branch and franchise networks into most of the national economies of Europe. For example, by the end of the 1960s Manpower, Inc. had over six hundred offices in thirty-five countries. As Table 5 reveals, each of the six agencies has a not inconsiderable presence outside of their 'home' market'. In 1985 Manpower, Inc. was the first of the largest agencies to open a branch in China, as part of a joint venture with the Chinese government. Called Manpower Joint Venture Company and providing clerical and technical workers to Western firms operating in China, the initiative, according to the then CEO, Mitchell Fronstein 'moves us into areas we didn't think we could ever be in' (quoted in Parker 1994: 32). And yet despite this presence almost twenty years ago, Asia, alongside South America, is still regarded as a new frontier for temporary staffing. Each of the six agencies agree that there are certain national markets that remain under-exploited, and in which there remains still strong potential for future growth:

> *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 CEO of Vedior NV quoted in Global Staffing Industry Report 2001: 6-8, emphasis added)

> 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: 2)

Some of the largest agencies are closer to realising this strategy than others. Despite more downbeat diagnosis in the last eighteen months, Adecco and Manpower, Inc. in particular are committed to increasing the size, in network terms, of their presence in South East Asia and South America and to increasing the contribution this part of the business makes to overall revenues. For others the markets that are attractive are ones closer to home. Both Randstad Holding NV and Vedior NV point to the unevenly developed nature of the European temporary staffing industry. Having got a substantial foothold in the US market, as we saw above, both are looking elsewhere in Europe for expansionary opportunities:

> *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 (Randstad Holding NV 2000: 5)

What each of the six case study agencies share is a belief that the geographical limits of the temporary staffing industry have not yet been reached. Although the events of the last two years have made some a little more cautious than they were at the height of the industry boom in the late 1990s, nevertheless, there is a consensus that in the longer term a number of national economies appear, potentially at least, receptive to the business of temporary staffing.

New types of accounts

As agencies have sought to internationalise their activities some have turned to national and international contracts as a means of expansion. Temporary staffing agencies have developed these contracts with their largest clients as they move into new markets. The international contract comes about in two ways. The first is more ad-hoc and often stems from the internationalisation strategies of large clients. Unsure of local suppliers and in light of the nature of business service production, which 'requires a close and often complex association between supplier and client staffs' (O'Farrell and Wood 1998: 115), in some cases client companies have turned to their existing agency and negotiated a deal through which it establishes a branch that in the first instance meets only the client's needs. For the agency this is a relatively cheap means of expansion and comes with few set-up costs. The decision is 'fundamentally one of deciding whether or not to enter a single country to a job which has arisen' (O'Farrell and Wood 1998: 120). Once up and running, the agency will often then set about widening its customer base. The international contract will then come about when the client re-examines the business it does with the temporary staffing agency and uses the volume of business to negotiate a reduced pricing system.

A second way that international contracts come about is when agencies review the mix of business they do with large clients. If they see that there are national markets in which they have a presence but in which the client is not using their services then they may approach the client and offer to undercut existing suppliers as part of some larger international agreement. For the agency it is safeguarded business – at least in the short term- so that even if margins are lower, which they are almost always are in these contracts, it is a revenue stream that is guaranteed, safeguarded from competitors. In this case the agency and the client might then explore future geographical expansion, with the result that the agency may enter new markets, or build up its presence in existing markets in conjunction with the client.

The strategy of contract-related internationalisation has tended to be favoured by those temporary staffing agencies that do the bulk of their business at the lower end of the labour market, where volumes are high and margins are already relatively low. So, for the large generalists such as Adecco and Manpower, Inc., which still generate most of their revenues in sectors like cleaning, light industrial, and office administration this internationalisation strategy is more likely to be an attractive one.

However, not all of the largest agencies buy this approach. According to Tony Martin, CEO of Vedior NV:

> We've never been particularly interested in international accounts. We never though it worked particularly well. Nor do we actively canvass large national accounts, with the exception of one or two countries. We have an international presence but local focus. Especially with the shortage of candidates over the last few years, why would you put them out on low margins to fill national contracts? It never made any sense to me (quoted in Staffing Industry Analysts Inc. 2003: 394).

For those agencies, like Vedior NV and Randstad NV in which specialist industries, such as accountancy, healthcare and IT, constitute a larger proportion of their revenues the introduction of international volume contracts is not as attractive.

To re-cap, the last ten years have seen the largest temporary staffing agencies enter a number of still-emerging markets and there is no sign that this trend is set to slow. If anything the increase in the size of the European Union is sure to make some former Socialist states more attractive to agencies, as witnessed by the gradual expansion of the Polish temporary staffing industry. And, while the economic fortunes of South and Latin America make the region unattractive to the largest agencies right now, developing the temporary staffing markets of Argentina, Brazil and others in this part of the world remains one of their corporate goals. 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). It would appear that the temporary staffing industry has yet to reach its geographical limits, at least according to its most senior figures.

5. Restructuring for globalisation: the diversifying strategies of temporary staffing agencies

As well as changing the spatial organisation of their businesses and activities, the largest temporary staffing agencies have set about adding to the services they offer to clients and moving into new industrial sectors. Or, put another way, the six case study agencies have been restructuring for globalisation through diversification. There are two general themes that run across each agency's strategy. First, 'the tendency toward commoditization … has … resulted in opportunities to provide greater-value services' (Staffing Industry Analysts, Inc. 2003: 4). As national markets mature so there is a tendency for margins to come under pressure. As the Chief Financial Officer of one of the largest agencies explains, '[temporary] eventually will become a commodity in a market, which also is a function of competition lowering margins to gain market share' (Bar Gonnissen, CFO of Creyf's Group quoted in *Global Staffing Industry Report* 2001: 2). In this context, those agencies that can will move into less-price sensitive industrial segments, such as, in the short-term at least, the professional sectors. Second, as the placing of workers, even in the accounting, healthcare and legal sectors becomes more competitive, agencies have sought to move into areas where there remains a higher 'value-added' component. Perhaps the clearest example of this is the general move by the case study agencies into HR management, and to offering such services as payroll and benefits management, background checking, worker screening and so on. In widening the services they offer to client companies agencies may be able to gain an advantage over competitors, who may not be able to offer the same range. Agencies may also be able to deepen the relationship they have with clients (Ward 2003a). The next section considers evidence of these two trends, exploring the form they take at each agency before detailing the Vendor On Premises (VOP) agreements that emerged in the mid-1990s and that provide a means through which some agencies are able to diversify.

Diversification by generalists into 'higher end' industrial niches

As Wood (1991: 168, emphasis added) has argued about business services in general:

> The range of specialist market niches for business service firms, stimulated by business, consumer and public sector change, has multiplied in recent years. Each type of service, whether design consultancy, financial management, information technology, *personnel recruitment*, or marketing, has splintered into individual market sectors, perhaps for pharmaceuticals, production, financial services, various types of retail distribution, or the public sector

Perhaps in no other sector has the growth in market niches been more pronounced. As an interviewee explained:

> The first area to grow was the lowest level … and now these companies are trying to diversify into higher levels of working. What we call the higher titles, higher levels in the company … Manpower, Inc. supplying professional staffing with more higher returns on capital. Less work for more money, it is pretty compelling (Business analyst #1, July 2001)

Underscoring this movement into the more professional industrial segments is that (i) the growth in the volume of business done in the professional staffing segment is higher than in the general staffing sectors, particularly in the more mature markets – such as the French, Dutch, US and UK markets; (ii) the gross margins are much higher, relative to the segments in which temporary staffing agencies have traditionally performed their business. And, as large, regional, national and global contracts increase in the temporary staffing industry, and consequently margins are driven down by the centralised-negotiation of these volume placements, so the difference between the margins in the higher and lower-end segments is likely to widen; (iii) professional staffing is much less cyclical than general staffing. This is largely due to its closer relation to the services industry, as compared to the blue collar staffing in manufacturing; and (iv) as professionals are placed fewer times each year than their clerical or industrial fellow temporary workers, the temporary staffing agency is better placed to convert more of its gross margin into operating profit (Deutsche Bank 2000: 18).

The largest agencies have gone about this movement up the value chain in a number of different ways. In some cases, as we have already seen, the largest companies have bought others at the top end of the temporary help industry, such as Spherion's purchase of the Norrell Corporation. Other agencies have gone about increasing their presence in the professional segments through organic growth, which is the strategy pursued by Kelly Services and to a lesser degree by Manpower, Inc, through the launching of its Empower Group. Adecco places great stock by its ability to move into 'higher skilled populations, higher margin industries and higher value-added services' (Adecco 1999: 4). Its 'speciality brands' now account for more than 13% of revenues, 20% of gross margins and showed an increase of 25% of revenues over the same period in 1999 and its emphasis on information technology, finance and career management is replicated in the other largest temporary staffing agencies. Kelly Services has recently set out how its future growth rests on its ability to nurture and develop its Professional, Technical and Staffing Alternatives division. In 1990 this segment accounted for 7% of company sales: by 2000 this had risen to 23%. Kelly Scientific Resources, which was formed in 1995, lies behind a large proportion of this growth. This division is now one of the world's largest scientific staffing suppliers. It has eighty locations in nine countries, and in 2001 this division expanded into three European countries, Belgium, Ireland and Italy. Spherion, meanwhile, in part through its purchase of the Norrell Corporation and through its more general shift in emphasis has gone about 'eliminating higher-risk flexible industrial staffing and [increased] placement of office professionals' (Spherion 2000: 15). Finally, Vedior NV (2002: 6) generates a third of its company sales through its ‘specialist staffing services’, believing they ‘generate higher margins and [offers] better growth potential than the traditional staffing business.’

Deepening relations between temporary staffing agencies and client businesses: adding on services

According to one analyst:

> I think [temporary staffing] companies will have a lot deeper relationship with a client they will offer positions much higher up the organisation, there will be more temps within the organisation (Business analyst #3, July 2001).

Using the example of banking, a senior representative of a temporary staffing industry trade organisation confirms this change in the services offered by the largest temporary staffing agencies:

> Nowadays we offer integrated HR solutions, we offer training, we manage the whole process … banks have offices for [temporary staffing agencies] inside their premises. They might have two hundred workers in there employed by the [client company], administered, pay-rolled, National Insurance, by the [client company] and all the bank has to do is to put them to work. They don’t have to recruit them, they don’t have to fire them, they don’t do anything at all, and all they have to do is to take the output (Trade interview #1, July 2001).

Through moving towards becoming an ‘international staffing services company’ (Vedior NV 2000: 10) with the emphasis on providing ‘recruitment, outsourcing and technology services’ (Spherion 2000: 14), each of the six agencies has sought to address the declining ‘valued added’ of the temporary staffing industry by redefining the services they provide in terms of ‘solutions’. For example, in its Professional, Technical and Staffing Alternatives division Kelly Services now leases staff and provides outsourcing, consultancy and recruitment services. In its ‘Professional Services’ segment, Vedior NV performs the same range of services – professional recruiting, outsourcing, assessment and human capital consulting – emphasising how it ‘enhances organizational productivity through customized solutions’ (Spherion 2000: 11). Embodying this shift is the ways in which the largest temporary staffing agencies talk about the challenges facing their client companies:

> Increased efforts by companies to boost efficiency create new opportunities for Spherion to apply its value-added approach to ever-larger, more complex client challenges. With an enterprise-wide view and the broadest range of customisable

> solutions in staffing, recruiting, outsourcing and technology. Spherion can create higher customer loyalty and greater barriers to exit… Spherion offers higher-value solutions that drive its higher margins (Spherion 2000: 13)

In the case of Manpower, Inc. the company is committed to extending its 'array of services to … customers' (Manpower, Inc 2000: 4). Through the establishment of The Empower Group in 2000 to 'provide human resource consulting services to … customers' Manpower, Inc. is, like the other large public temporary staffing agencies, pushing against the limits of the traditional model of temporary staffing. Randstad Holding NV (2000: 16), meanwhile, is clear that its 'role is gradually shifting from that of a supplier of temporary personnel to that of provider of higher added value HR services.'

Some of these claims might be able to be dismissed as wishful thinking on behalf of the largest agencies, as they seek to re-make discursively their product while at the same time the bulk of the revenues and profits remain generated through more traditional services, such as placing workers. However, even if the transformation the agencies are trying to invoke never quite happens, it is clear that each of the case-study agencies are expanding the services they offer and the industrial sectors in which they offer them, in the process appearing to deepen the relationship they have with clients.

The emergence of Vendor On Premises (VOP) arrangements

A third diversification strategy adopted by the largest agencies has been their introduction of what is known inside the temporary staffing industry as Vendor on Premises (VOP) arrangements. The case study agencies first begun to offer this service in the early 1990s, using it as a means of gaining a competitive advantage over rivals companies. The first one or two agencies that introduced this to clients sold it as a 'value added', something the client got as an extra service. In this way the innovating agencies were able to distinguish their product from that of their competitors. Of course, the low barriers to entry and highly competitive nature of the US temporary staffing industry, where Vender on Premises arrangements were first introduced, meant that this competitive advantage did not last long. By the end of the decade most of largest temporary staffing agencies had begun to offer the service to those client companies with which they did volume business at any one workplace. Such was the rapid and widespread diffusion of VOP arrangements through the US and then subsequently UK and continental European markets that clients began to expect it to be offered to them as part of the services provided by agencies.[7] Increasingly it became the case that those agencies that did not offer the service were as a result likely to lose clients. Although there is no international data on the expansion of VOP arrangements, the US market is illustrative. In the eight years between 1992 and 2000 the number of VOP sites in the US increased by over 2000% to 5400, while the total volume of business done through the provision of the service is estimated to have increased by just over 1900% during the period, to be worth over $10 billion by the end of 2000 (Staffing Industry Analysts, Inc. 2001).

Like innovations in other similar producer services, once it began to diffuse through different national markets the VOP model morphed, being redefined and reworked according to national or local differences, as agencies sought to differentiate themselves from competitors also offering the service. Client companies quickly moved away from simply expecting temporary staffing agencies to deliver VOP arrangements in the form of an on-site manager. They begun to expect, and even demand, as part of the VOP service, that agencies demonstrate how they add value through getting 'to understand their strategic goals and plans' (Frank Gonnella, Procurement Manager at SmithKline Beecham quoted in *Staffing Industry Analysts, Inc*. 2002: 244-245). As part of the VOP model, relationships between temporary staffing agencies and client companies have tightened, although according to one senior figure within the international temporary staffing industry 'there is still greater opportunity for staffing companies to better align their vision, value and processes with that of their customers' (Ben Roth, CEO Roth Staffing Companies quoted in *Staffing Industry Analysts, Inc*. 2002 244-245).

To re-cap, although each of the six case study companies continue to do the bulk of their business and make the majority of their profits doing what they've always done, *placing labour/mediating work* and doing it in the generalist sectors – such as the clerical and light industrial sectors -- the claims of the largest temporary staffing agencies should not be dismissed outright. There is evidence that each, in recent years, has actively been seeking to diversify. In addition to changing the spatial organisation of their businesses – through the process of internationalisation – the largest agencies have pursued a range of strategies to move away from the amount of business they do and the proportion of the revenues they generate in their traditional industrial and geographical areas. They have each targeted new industrial sectors in which to expand into. Some have attempted to increase their business in the professional sectors, such as accountancy and law. Others have turned to sectors that they perceive to be immune to economic cycles, such as education and healthcare. In addition to moving into newer sectors, the largest agencies have strived to widen the number of services they offer to client companies in order to be able to claim to be less of a temporary agency and more an human resource consultancy. Finally, as part of some of the case study agencies diversification strategies they have introduced Vendor On Premises (VOP) agreements. Not suitable by design for all parts of the temporary staffing industry, nevertheless, where large volumes of workers are being placed at particular workplaces week in week out then VOP arrangements have become widespread in most of the more-developed national markets.

6. Conclusion

In recent times economic geographers have turned to exploring the internationalisation of service activity and, in particular, the expansionary strategies of producer services such as accountancy, advertising, banking, business services, computer services and law (Beaverstock 1996; Beaverstock et al 1999; Coe 1996, 1997; Daniels et al 1989; Marshall et al 1988; O'Farrell and Wood 1998; Wood 1991). Although we still no less about the largest producer services firms than we do about their manufacturing counterparts, this gap is now narrower than it has ever been. And yet despite the 'myriad of academic studies' (Beaverstock et al 1999: 1857), there has been a strange silence on the producer services industry whose very existence has historically placed it at the fore of mediating work and employment, giving it an important role in the regulation of labour markets, and whose business impinges upon a number of manufacturing and service industries. If, according to Daniels (1993: 1), law has 'long been the Cinderella' of producer services (see also Beaverstock et al 1999: 1857), then temporary staffing is the poor soul whose invitation to the ball never arrived.

The temporary staffing industry, whose geographical expansion and product and service diversification 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 agencies in the US Mid West to now having some of the largest 'employers' in its ranks (Theodore and Peck 2002; Ward 2001). With the geographical expansion of the temporary staffing industry, so what temporary staffing agencies do and how they do it has changed (Theodore and Peck 2002; Ward 2001). Temporary staffing agencies no longer simply place workers in temporary placements. The very *modus operandi* of the industry has changed as it has come up against limits to further growth in its more established markets. An emphasis on *market making* activities lies behind the strategies of the largest temporary staffing agencies, as they seek to make geographical and product markets for their business. And it is thinking about temporary staffing in this way that it is possible to understand its growth in the context of the on-going neo-liberalisation of economic and political programmes.[8] The rhetoric of 'flexibility', that is a constitutive element to the type of neo-liberalisation witnessed in North America and Western Europe is music to the ears of the largest agencies. As more and more countries open up their economies and de-regulate their labour markets, so the conditions are set for temporary staffing to expand further. Whether in South East Asia, South America or Eastern Europe, the conditions for the growth of temporary staffing appear to be improving. So, state strategies in the likes of Hungary, Poland and Slovenia, as domestic governments come under pressure to de-regulate prior to acceptance into the EU in 2004, create the conditions under which temporary staffing agencies flourish. Not only do they claim to governments to be able to delivery the type of flexibility that other political bodies are demanding of them, but also the presence of the largest agencies such as Manpower, Inc. itself becomes an indicator of neo-liberal thinking and acts to encourage multi-nationals that these economies are 'stable' and worthy of investment.

To conclude, the growth strategies developed by the largest temporary staffing agencies resonate with those used by other producer service industries. As this paper has explained, there is evidence of the largest agencies pursuing internationalisation and diversification strategies in a manner similar to those pursued in accountancy, business services, computer services and law to name but four. Where there is an added conceptual twist is in that (i) as part of the expansion temporary staffing agencies now do their business in a growing number of industries, constituting the network of firms that make up an increasing number of 'businesses'; and (ii) that through delivering their product – labour – agencies involve themselves in a particular type of politics, as shown by the interest of labour unions and other social groups in the temporary staffing industry. What all of this points to is an industry that remains relatively understudied but that would appear to speak to a number of issues currently being worked through in economic geography. For too long 'temping' has only been of interest to those working in the fields of economic sociology, industrial relations, labour economics, and management studies. Hopefully this paper has made enough of a case for those inside of geography to begin to work on the temporary staffing industry, as part of the on-going work on the internationalisation and globalisation of service activity.

Table 1: Concentration rates in the largest national temporary staffing markets

Country	Top five temporary staffing agencies	1998 market share (in terms of revenue)
Belgium	1. Randstad Interlabor	27.9%
	2. Vedior NV	21.3%
	3. Creyf's	12.2%
	4. Adecco	8.8%
	5. Unique	5.0%
France	1. Adecco	32.0%
	2. Manpower Inc.	24.3%
	3. Vedior	16.0%
	4. Sidergie	2.8%
	5. Randstad Holding NV	1.8%
Netherlands	1. Randstad Holding NV	38.6%
	2. Start	16.6%
	3. Vedior NV	9.7%
	4. Adecco	6.2%
	5. Creyf's/Content	5.1%
Spain	1. Adecco	28.4%
	2. Vedior NV	11.6%
	3. Alta Gestion	10.3%
	4. Manpower Inc.	10.1%
	5. Umano	9.6%
Sweden	1. Manpower, Inc.	37%
	2. Proffice	24%
	3. Adecco	12%
	4. Poolia	10%
	5. The rest	17%
United Kingdom	1. Adecco	4.4%
	2. Manpower, Inc.	4.0%
	3. Hays plc	3.0%
	4. Corporate Services Group	2.5%
	5. Spring Group	1.7%
United States	1. Manpower, Inc.	4.5
	2. Adecco	3.9
	3. Kelly Services, Inc.	3.5
	4. Spherion Corp.	3.5
	5. Robert Half International Inc.	2.0

Source: Staffing Industry Analysts, Inc. (2002, 2003)

Table 2: The top 15 temporary staffing agencies in the US market, 2001

Rank	Firm	Country	2001 $b
1	Adecco SA	Switzerland	16.3
2	Manpower Inc.	US (Wisconsin)	11.8
3	Vedior NV	Netherlands	6.0
4	Randstad Holding NV	Netherlands	5.1
5	Administaff Inc.	US (Texas)	4.4
6	Kelly Services Inc.	US (Michigan)	4.3
7	Gevity HR Inc.	US (Florida)	3.2
8	Allegis Group	US (Maryland)	3.2
9	Spherion Corp.	US (Florida)	2.5
10	TMP Worldwide Inc.	US (New York)	2.5
11	ADP TotalSource	US (Florida)	2.5
12	Robert Half International Inc.	US (California)	2.5
13	HR Logic Inc.	US (Massachusetts)	2.0
14	Compuware Corp.	US (Michigan)	2.0
15	Volt Information Sciences Inc.	US (New York)	1.9

Source: Staffing Industry Analysts, Inc. (2003)

Table 3: The top 15 temporary staffing agencies in the European market, 2001

Rank	Firm	Country	2001 $b
1	Adecco SA	Switzerland	16.3
2	Manpower Inc.	US (Wisconsin)	11.8
3	Vedior NV	Netherlands	6.0
4	Randstad Holding NV	Netherlands	5.1
5	Kelly Services Inc.	US (Michigan)	4.3
6	Spherion Corp.	US (Florida)	2.5
7	Robert Half International Inc.	US (California)	2.5
8	CSG	UK	1.9
9	Hays Personnel	UK	1.7
10	MPS Group	US (Florida)	1.7
11	Volt Information Sciences Inc.	US (New York)	1.7
12	CDI Corp.	US (Pennsylvania)	1.6
13	TMP Worldwide Inc.	US (New York)	1.6
14	Solvus Resource Group	Belgium	1.4
15	Labor Ready	US (Washington)	1.0

Source: Goldman Sachs (2002) and Staffing Industry Analysts, Inc. (2003)

Table 4: 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 Holdings	Netherlands	65%	42%
Spherion	US	100%	72%
Vedior NV	France	63%	42%

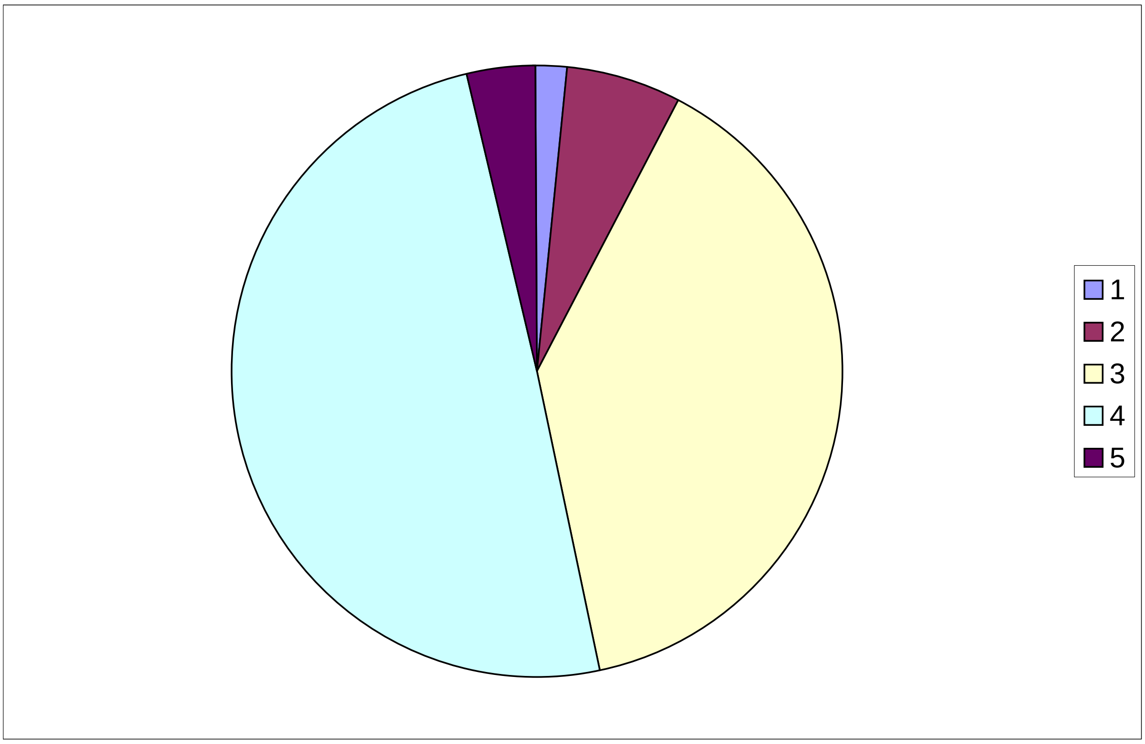
Source: Deutsche Bank (2000)

Table 5: The geographical distribution of branch/franchise offices, 1999

	Adecco	Kelly Services	Manpower, Inc.	Randstad Holding NV	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	n/a
France	>900	48	845	85	1	674
Germany	>125	8	150	224	2	65
Netherlands	>150	n/a	n/a	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: Author's interviews and various company reports

Figure 1: Global temporary staffing industry monetary value ($B), 2001-02



Key:

1. Australia (1.6%)　　2. Japan (6.3%)　　3. Europe (38.7%)

4. United States (49.8%)　　5. Rest of the world (3.6%)

Source: Staffing Industry Analysts, Inc. (2003)

Endnotes

[1] See for example 'Easing of temp rules in Japan' in *Staffing Industry Report* June 27 2003, p. 6.

[2] By 'markets' I mean here national markets. The focus of this paper is not on world or global cities and the growth or otherwise of temporary staffing. However and as an aside, the recent expansion of temporary staffing in effect constitutes the *urbanisation* of the temporary staffing industry. Cities provide the largest markets for the activities of temporary staffing agencies, as Peck and Theodore (2002) found in their work in the US and Ward (2003a) has found in his work in the UK. However, international and national industry data is not disaggregated to this geographical scale, and companies still tend to collect data by country. A next step might be to map the 'local' presence of the largest agencies – which would be akin to the type of work produced by the Globalization and World Cities Study Group and Network (GaWC) -- and then to begin to establish where 'value' lies in their global networks (Coe and Ward 2003) .

[3] This research reports on 40 semi-structured interviews with (i) the owners/managers of agencies in a wide-range of sectors, from healthcare to call centres, from legal to transport and including representatives of the six largest global firms; (ii) those outside the industry such as unions, trade bodies and governmental representatives. All interviews were organised around a range of themes, lasted approximately an hour and were fully transcribed. The rationale for using this method to generate information was that the research reported here was trying to understand the business dynamic of temping: issues of internationalisation, terms of competition, market pressures, pricing systems, changing relationships with client firms/workers etc and that semi-structured interviews are an appropriate means of achieving this. In addition, company and industry research was undertaken before and after interviews to obtain a range of data on each of the six case-study agencies.

[4] These are the largest agencies in terms of the revenues they generate, not in terms of their overseas sales. Future work is required to compile a trans-nationality index for the largest agencies (Coe and Ward 2003).

[5] There are three key studies of temping in the US that deal in part with the industry and in part with the conditions under which agency workers perform (Moore 1965; Parker 1994; Henson 1996). More recently this work has been built upon through research inside and outside of geography on temporary staffing and gender in Canada (Vosko

2000) and research on the US temporary staffing industry (Peck and Theodore 2002; Rogers 2000; Theodore and Peck 2002). There have also emerged a number of studies of individual city's temporary staffing industries (on Chicago see Peck and Theodore 1998, 2001; on Detroit see Fasenfest and Gottfried 2001; on Leeds see Forde 2001; on Manchester see Ward 2003b).

[6] The implications of multinationals bringing with them a model of labour relations is important in countries where there is no history of temporary staffing. 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* 2001: 4-5)

This 'understanding' in the wider labour market stems from existing companies noting and learning from the practices imported when multinationals first relocate into a country.

[7] It is not clear how this diffusion occurred. Interviews with agency managers suggest that UK branches of US agencies began to offer the service at about the same time as smaller national agencies begun to read about VOP arrangements in trade magazines and larger client companies begun to approach the agencies from which they were receiving workers, having heard about it from other agencies and companies in their sector. What is clear is that a concept developed in the US was imported into the UK and bits of Continental Europe through a complex series of learning networks, involving people and printed material.

[8] Coe (2003) makes a similar point in relation to retail internationalisation, arguing that work on consumer services has, like research on producer services, been relatively quiet on the relationship between corporate strategy and the political economic context in both the home and host countries.