



Variegated global expansion: Internationalization strategies in the temporary staffing industry

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ABSTRACT

This article seeks to contribute to our understanding of the internationalization processes of business service sectors through an analysis of the 20 leading TNCs in the temporary staffing industry. While these TNCs broadly conform to a loosely coordinated decentralized or multinational organisational model, there is significant firm-to-firm, spatial and temporal variability in the internationalization strategies that they employ, deriving from both the *breadth* of the industry – i.e. the range of different staffing activities that it encompasses – and the inherently territorially-embedded *nature* of staffing industry activity. These complexities are exemplified through consideration, in turn, of the scope of staffing TNCs, their foreign direct investment strategies, levels of central coordination, and degrees of standardization. The analysis demonstrates that, due to the need to respond to markets, temporary staffing TNCs exhibit highly spatially and temporally variable internationalization strategies and there are considerable barriers to both the centralization of control and the standardization of business practices.

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1. Introduction

That labour markets are inherently local – both in terms of their unique intersections of supply and demand dynamics and their regulation (Peck, 1996) – has become something of a truism in recent geographical literature. And yet the powerful salience of this argument is readily apparent when one studies an industry whose very business is intervening in, and actively reshaping, local labour markets and yet whose leading firms have actively sought over the past two decades to expand and coordinate their operations at a global scale. The temporary staffing industry is a deceptively simple sector consisting of privately-owned labour market intermediaries that meet the needs of client organisations for (usually short-term) contract workers of many kinds.¹ It is a large, fast growing, and relatively under-researched industry that has exhibited strong internationalization dynamics since the mid-1990s. The sector, worth an estimated US\$105bn worldwide in 1996, had expanded to US\$310bn in global revenues by 2007 (CIETT, 2009), and, to give but one measure of internationalization dynamics, the USA giant

Manpower expanded its presence from 52 to 82 countries over the decade 1999–2009. This international spread and expansion of temporary staffing is of economy-wide significance: staffing agencies place workers in all sectors of the economy, and hence can be seen as promulgators of different kinds of labour market ‘flexibility packages’ across a range of clerical, technical and blue-collar occupations (Peck and Theodore, 2002; Theodore and Peck, 2002).

This paper is about the internationalization strategies of the leading transnational temporary staffing agencies and the particular challenges of coordinating and controlling activities at the global scale in an industry that is both innately ‘local’ and powerfully shaped by national regulatory forces. Put another way, it is concerned with the challenges of ‘managing across’ considerable institutional heterogeneity (Faulconbridge, 2008). As the ensuing analysis will demonstrate, temporary staffing offers an example of a particular kind of business service sector in which internationalization strategies are highly complex and spatially variable, shaped as they are to a high degree by host market conditions (cf. Faulconbridge et al., 2008). Our existing knowledge of these aspects of the temporary staffing industry is embryonic at best. Recent contributions have offered a range of national case studies in which the increasing significance of staffing TNCs is becoming apparent (e.g., Coe et al., 2008c, 2009a,b,c) alongside initial profiles of internationalization in the industry (see Ward, 2004; Peck et al., 2005; Coe et al., 2007). Building upon and significantly extending such recent work, this paper is the first to offer a thorough and detailed assessment of the internationalization strategies of the

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¹ Temporary staffing is actually defined by the nature of the triangular relationship between the staffing firm, the temporary employee and the client firm; while the employment relation exists between the employee and the staffing agency, the work relation is determined by the client firm (Gonos, 1997).

Table 1
Top 20 transnational staffing firms, 2007. Source: Company Annual Reports and Websites.

Rank 2007	Firm	Origin	Foreign revenue 2007 (\$m)	Revenue foreign (%)
1	Adecco	Switzerland	30,411.61	98
2	Manpower	USA	18,033.50	88
3	Vedior	The Netherlands	11,523.58	93
4	Randstad	The Netherlands	8806.32	65
5	USG People	The Netherlands	3186.76	56
6	Kelly Services	USA	2212.67	39
7	Hays	UK	1395.74	33
8	Robert Half International	USA	1136.37	25
9	Michael Page	UK	941.23	57
10	Hudson Highland	USA	887.55	75
11	MPS Group	USA	853.12	39
12	Synergie Group	France	536.41	31
13	Monster	USA	511.48	38
14	Allbecon and Olympia	Germany	469.42	81
15	Harvey Nash	UK	417.78	67
16	CDI Corp.	USA	365.73	31
17	Robert Walters	UK	341.64	54
18	SThree	UK	314.59	29
19	Proffice	Sweden	232.70	40
20	Resources Connection	USA	173.98	24

For full details of data collation, see Coe et al. (2008b).

leading transnational staffing providers across different national and regional markets.

The transnational temporary staffing agencies that form the specific focus of this paper are detailed in Table 1, which profiles the leading 20 firms ranked by their foreign revenues in 2007.²

The data reiterates the scale of transnational staffing activity: the top 19 agencies all gained over US\$200m from foreign markets in that year, with the top eight gaining over US\$1bn, and the top four over US\$8bn each. Three other observations are worth making at this stage. First, in line with many other business service sectors, the leading transnationals are based in the USA and a small number of Western European countries, most importantly the UK and The Netherlands, but also France, Germany, Sweden and Switzerland. Second, foreign revenues tail off quite rapidly as one moves down the list, illustrating the high degree of concentration that characterises transnational activity; the top five firms listed account for approximately 85% of the foreign revenues of the top 20 firms in total. As we shall show in more detail later, there are perhaps only a handful of firms that have a truly global coverage in this industry. Third, and relatedly, the data shows the variability in dependence on foreign revenues across the firms, ranging from a high of 98% with Switzerland's Adecco to a low of 24% in the case of Resources Connection from the USA (Coe et al., 2008a).

The remainder of this article unfolds over three main sections. Next, we offer a critical overview of previous work on the internationalization of business services in order to assess its applicability to the temporary staffing industry. Second, we briefly review the methodology that underpins the analysis presented in this paper. Third, we offer an initial overview of the character of temporary staffing TNCs before unpacking their internationalization strategies along four key dimensions in order to show the complexity and firm-to-firm, geographical, and temporal variability of expansion strategies that result from the necessity of high levels of host market territorial embeddedness.

2. Theorizing the internationalization of business services

Knowledge about business services and their international expansion has expanded appreciably in recent years. Initial work in the 1990s (e.g., Daniels, 1995; Enderwick, 1992; Nachum, 1999; O'Farrell and Wood, 1998; Vandermerwe and Chadwick, 1989) made significant headway in revealing the various drivers of firm internationalization, the processes of *diversification* that often accompany those of internationalization, the various *modes of internationalization* used, and the sector-specific *geographies* of international expansion. This initial wave of research has been supplemented by a newer tranche of work that has extended the theoretical depth of our understandings of the internationalization of business services. More specifically, recent research has provided a fuller picture of business service TNCs and the particular challenges they face in terms of knowledge management, learning processes and building corporate culture (e.g., Faulconbridge, 2006, 2008; Jones, 2003, 2005). Research has also revealed how firms in certain sectors (e.g., law) use complex mixes of wholly-owned, network and alliance formations to secure international expansion (Beaverstock et al., 1999; Faulconbridge et al., 2008). Of particular importance here is the recognition that business service TNCs use combinations of different strategies as they seek to manage the institutional heterogeneity that derives from straddling different time-space-contexts. In a study of the legal sector, for example, Faulconbridge (2008) profiles the challenges faced by firms operating in different professional institutional systems wherein the nature of the profession is shaped by the nationally-specific interactions of state regulators, educational providers and client firms. His empirical analysis shows that firms use varying combinations of different strategies across different contexts and business activities.

The combined insights of these two phases of literature are undoubtedly useful in framing our analysis of the temporary staffing industry, sharing as it does important commonalities with other business service sectors. First, as we saw from Table 1, expansion is being led by a handful of Western European and American companies. Second, internationalization is primarily driven – initially at least – by a transnational client-following rationale while also allowing agencies to mitigate the risks of cyclical slumps in certain markets, and to assume the reputation and lobbying influence of 'global' corporations. Third, merger and acquisition activity and greenfield start-ups are the key modes of

² The 2004 listing was used as the basis for the project on which this paper draws, although subsequent changes to the rankings have also been subsequently tracked (e.g., see Coe et al. (2004, 2008b)). The 2004 list contained 17 of the firms already shown in Table 1 for 2007 with the exceptions being Allbecon and Olympia, SThree and Resources Connections; in 2004 their places in the top 20 were held by Corporate Services Group, Westaff and Glotel.

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