Flexibility in action: the temporary staffing industry and labour market restructuring in the Czech Republic and Poland

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Paper structure

- 1. Introduction
- 2. Temporary staffing and the internationalization of business services in Central and Eastern Europe
- 3. Temporary staffing internationalization ‘on the ground’ in the Czech Republic and Poland
- 4. Conclusions

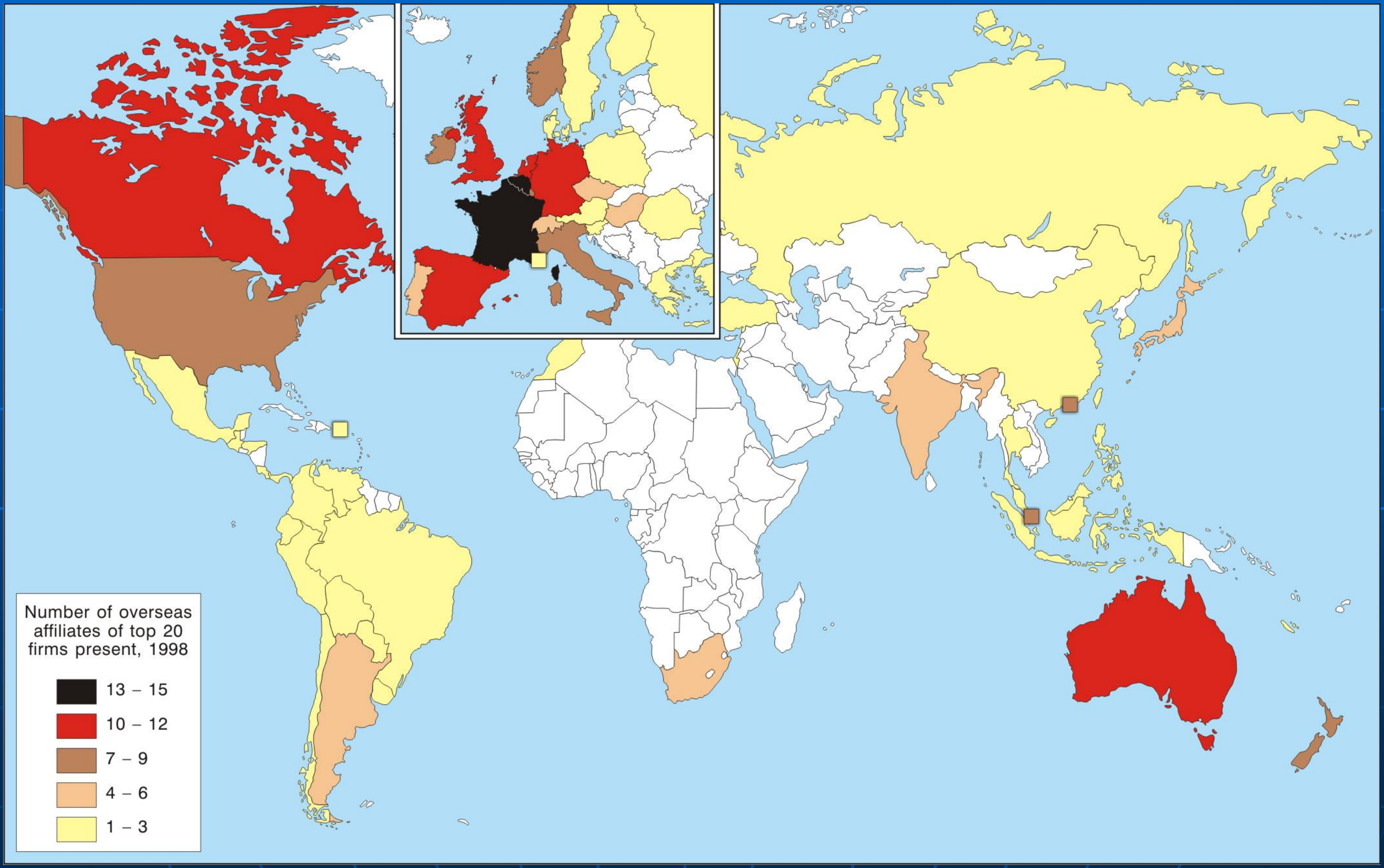
1. Introduction

- Long term conceptual and empirical programme (UK, US, globalization)
- Element of wider empirical project (funded 2004-2006 by Economic and Social Research Council)
- Fieldwork in Australia, Czech Republic, Japan, Poland and Sweden
- Two stage conceptualisation: ‘horizontal’ dimension (mapping the global temporary staffing industry); ‘vertical’ dimension – embedding the varieties of temporary staffing industries

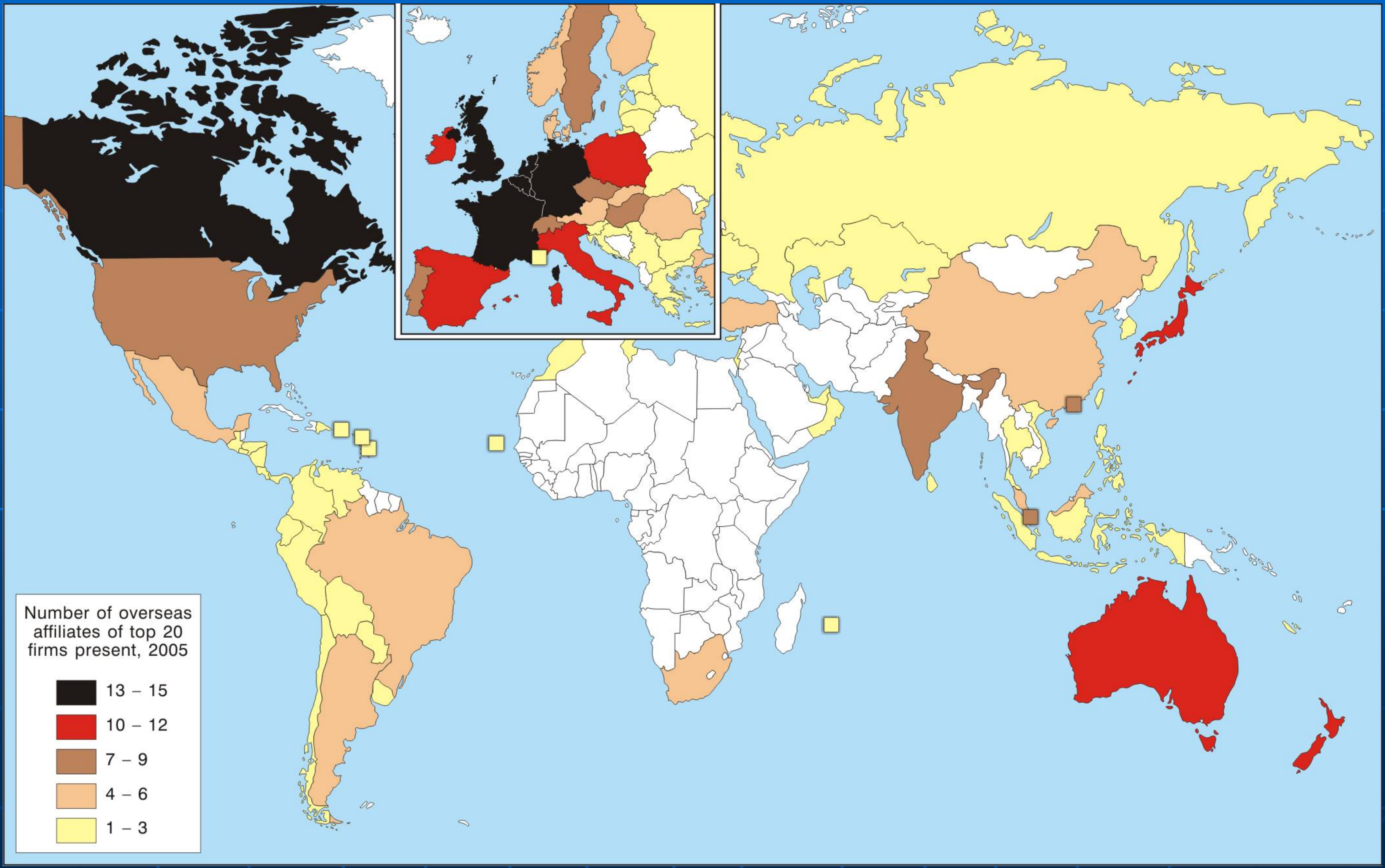
- Our approach characterized by an emphasis on (i) the institutional place of temporary staffing agencies (alongside other actors/partners) and (ii) the role of geography in understanding the uneven, non-linear, heterogeneous, and variegated expansion of the temporary staffing industry
- This paper draws on secondary data and quotes from interviews with (different types of) agencies, government departments, labour unions, and trade bodies
- An inside-out and outside-in account

Rank	Firm	Country of origin	Foreign revenue 2005 ($m)	% revenue foreign	No. of countries
1	Adecco	Switzerland	22,356.00	98	70
2	Manpower	US	13,487.30	84	72
3	Vedior	Netherlands	7,511.50	92	44
4	Randstad	Netherlands	4,958.90	63	19
5	United Services Group	Netherlands	1,960.74	55	11
6	Kelly Services	US	1,724.42	33	29
7	Hudson Highland	US	934.20	65	25
8	Hays	UK	758.00	25	16
9	MPS Group	US	636.94	38	9
10	Robert Half International	US	636.05	19	17
11	Michael Page	UK	443.63	49	18
12	Corporate Services Group	UK	317.14	35	2
13	Monster Worldwide	US	283.16	34	24
14	CDI Corp	US	275.53	24	5
15	Synergie Group	France	242.86	22	9
16	Robert Walters	UK	196.19	48	13
17	Harvey Nash	UK	146.01	51	9
18	Westaff	US	141.89	23	5
19	Glotel Plc	UK	130.37	63	9
20	Proffice	Sweden	122.35	41	4

Map of firm densities in 1998



Map of firm densities in 2005



2. Temporary staffing and the internationalization of business services in Central and Eastern Europe

- In light of past work on business service internationalization (and augmenting related work)
- The role of agencies as labour market intermediaries (territorial embeddedness)
  - Sensitivity to national variations in regulation
  - Need to establish branch networks within national markets
  - Favorable market conditions for the internationalization of the industry a particular geography

- This, then, is not a unidirectional process of global integration but a dialectical process in which local temp markets, national regulatory systems and multinational strategies are co-evolving in a complex manner. “Global” pressures and players are helping to open up national markets, but each market is opening up in its own way. Contrary to many of the stereotypes of “global competition”, the international temp market remains highly differentiated…(Peck et al. 2005: 23)

3. Temporary staffing internationalization 'on the ground' in the Czech Republic and Poland

- 3.1 Regional context
  - Socialist/post-socialist variety of capitalism
  - Transformation in the employment relationship – restructuring of national labour codes
  - Underlying rationale of 2004 reforms in Czech Republic and Poland based on the belief that:

    '… a more flexible, more liberal labour market is a precondition of a prospering economy' (Kadavá and Hála 2005: 3)

- 3.2 Internationalizing temporary staffing industry: modes of entry
- Timing and mode of entrance in the two national markets
  - Anticipatory green-field
  - Responsive green-field
  - Anticipatory acquisition
  - Responsive acquisition

Transnational temporary staffing firm office networks in Poland and the Czech Republic.

Firm	Polish office network	Czech office network
Adecco	31 offices in 18 cities (7 offices in Warsaw, including country headquarters)	20 offices in 16 cities (5 offices in Prague, including country headquarters)
Manpower	20 offices in 18 cities	16 offices in 16 cities
Vedior	5 offices in 4 cities: Warsaw (2), Katowice, Lublin and Poznań	4 offices in 4 cities: Prague, Liberec (opened April 2003), Brno (March 2005), Plzen (June 2005)
Hays	3 offices in 3 cities: Warsaw, Katowice, Wrocław	2 offices in 2 cities: Prague and Brno
Monster (jobpilot)	1 office in Warsaw	1 office in Prague
United Services Group (Creyfs)	19 offices in 18 cities (2 in Lódź, including country headquarters)	n/a
Randstad	23 offices in 21 cities (2 offices in Wrocław; 2 offices in Warsaw, including country headquarters). Six new offices since 2005	n/a
Michael Page	1 office in Warsaw	n/a

Source: Company websites and annual reports

- 3.3 Temporary staffing agencies and the place of the Czech Republic and Poland in the wider distribution of corporate power

- It has advantages and disadvantages. I would say that if you leave a certain freedom to the people they are more willing to get up and do something. On the other hand, if you look at the global presence…we feel that our name is very badly represented and I think that is part of the topic of study…how can we increase the acceptability and awareness of our branding, especially in countries where we operate with a local brand. From a results point of view, our system is obviously a good one. We produce good results, and that is all that counts in the end (Transnational Emerging markets specialist, Poland and Czech Republic, October 2004)

- 3.4 Marking markets: interactions between firms, states and institutions

- I was very much involved in the legislation process. We were meeting with unions, with employers organizations, with the government, and the Ministry of Labour … We were present in the parliament … All I can tell is that there is absolutely no awareness about … about the real need and the benefit for the country and for the people and for the economy that the proper legal framework relating to temp law can bring (Domestic Temporary Staffing Agency 3, Poland, October 2004)

4. Conclusions

- Accession into EU reinforced the unevenness of the cultural, economic, social and political transitions underway in Czech Republic and Poland

- Member states and social partners must improve the adaptability of the workforce and of businesses as well as the flexibility of labour markets to help Europe adjust to restructuring and market changes (2005: 10)

- 2004 regulation constitutes both a *closing down* and *opening up* of national markets
- Industry development is informed by the complex interaction of firms, states and institutions at and across a range of geographical scales – different types of embeddness
- Transnational and domestic corporate actors, supra-national policy-makers, national and regional economic development officials, national politicians: all have been involved in structuring the conditions under which temporary staffing agencies do their business and workers are placed

- Finally, global map of value generation in the temporary staffing industry is likely to remain largely unaltered – at least in the short to medium term – by the expansion into Central and Eastern Europe of the largest agencies