

The agency work industry around the world

MAIN STATISTICS

2009 Edition

(based on figures available for 2007)

ciett

International Confederation of
Private Employment Agencies



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(based on figures available for 2007)

Introduction

2007 was a year of continued growth for the agency work industry, not yet hit by the 2008 economic downturn. Across the world, over 9.5 million agency workers (in full-time equivalents) were employed daily, through 150.000 branches and amounting to total sales revenues of € 234 billion. The agency work industry is one of the largest private employers worldwide. However, it remains a rather small - yet significant and certainly potent sector - accounting for 2.1% of the working population in Japan and 2.0% in Europe and the USA.

In 2007, the more mature markets in Western Europe (Belgium, France, Italy, The Netherlands, Spain, UK) and Japan continued to grow, but looking further, new potentially significant markets opened up elsewhere, in Central and Eastern Europe, in South America, or in the Asia-Pacific

region. Brazil and Germany are especially promising, but for very different reasons: the former a rapidly expanding economy with a nascent agency work market and the latter a major, heavily-industrialised economy slowly freeing itself of very strict regulatory measures on agency work. In the USA, the market remained flat in 2007, already reflecting the economic downturn that hit the rest of the world in 2008.

Today, most agency workers are still generally young males. But this has begun to change as other groups turn to agency work for the flexible choice it offers them in matching how they wish to manage their lives and their careers. Agency work is progressively expanding further into the highly skilled segment, one previously reserved to specialised recruitment companies.

Agency work is increasingly recognised as a genuine actor for governmental active labour market policies, and a legitimate partner of trade unions and other non-governmental groups. A number of governments who face persistently high rates of unemployment find in the lifting of restrictions on the use of agency work in protected sectors an effective means of helping to both lower unemployment and improve, if not sustain, economic growth.

Agency work plays - and has the potential to play further - a valuable role in easing transitions within and to the labour market, further helping people and economies to better adjust to the ongoing globalisation. The agency work industry improves the capacity to anticipate and to match labour market needs with the required skills. It thereby promotes a labour market that

corresponds better to peoples' needs and aspirations. In times of economic growth, the agency work industry helps to create jobs that would not otherwise exist. In more troubled times, the sector still plays a key role in helping companies remain competitive, and jobseekers to re-enter the labour market.

As with the economy as a whole, the financial and economic crises of 2008 will most likely have a very negative effect on the agency work industry. However, given the close proximity of agency work companies with the labour market, they can not only help to soften the impact of the crises, but also effectively identify and react to current and future needs and opportunities, and hence support the economic recovery, once it has begun. In order to do this, the agency work industry

must be granted the means to do so, whether by lifting unjustified restrictions of use, by working hand-in-hand with public employment services, or by offering job candidates the training and experience they aspire to.

The key facts

The players

- There are 62.000 private employment agencies (PrEAs) worldwide totalising 150.000 branches.
- Total worldwide turnover in 2007 reached € 234 billion, up from € 228 billion in 2006 (+3%).
- The USA still accounts for the single largest country share with 28% of global turnover, followed by the UK (16%) and Japan (14%).
- Europe is the leading regional entity with 49% of total worldwide sales revenues (€ 114 billion).
- The total annual sales revenues (€ 76.3 billion) of the top ten staffing companies account for 33% of total agency work market.

Agency workers in numbers

- In 2007, over 9.5 million agency workers (in full-time equivalents) were employed across the world.
- Agency work penetration rate is 2.1% in Japan, and 2.0% in Europe and the USA.
- The number of agency workers is strongly linked to economic growth.

The profile of the agency workers

- The majority of agency workers are less than 30 years old.
- Gender balance varies widely across the world.
- The main reasons to work through a temporary work agency relate to a real choice, as a way to find a permanent job, as an opportunity to improve skills, and to gain additional incomes.

Agency work's contribution to a better functioning labour market

- Agency work plays an active role in facilitating transitions in the labour market.
- Agency work contributes to the reduction of unemployment, especially by serving as a stepping-stone into the labour market.
- Agency work is a viable alternative to undeclared work.

Companies' rationale to use agency work

- Meeting peaks and gaining flexibility are the two main reasons for using agency work.
- 81% of companies use agency work to manage economic fluctuations.
- In Belgium agency work is the most appropriate solution to face needs in staff flexibility.



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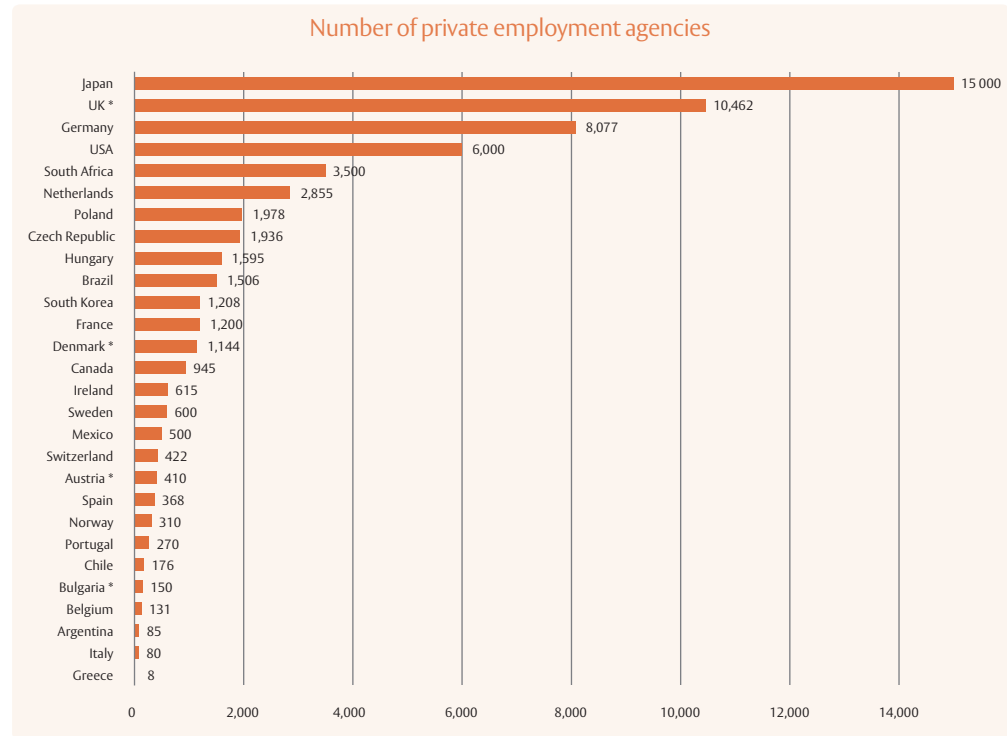
1. The players

- There are 62,000 private employment agencies (PrEAs) globally totalising 150,000 branches, and employing 762,000 internal staff.
- Sales revenues of the top ten staffing companies account for 33% of total agency work market.
- Total worldwide turnover amounted to €234 billion in 2007, up from €228 billion in 2006 (+3%).
- The USA still accounts for the single largest country share with 28% (or €67 billion) of global turnover for 2007, followed by the UK (16%) and Japan (14%)
- Europe is the leading regional entity with 49% of total worldwide sales revenues (€114 billion).

There are 62,000 private employment agencies...

Japan, the UK, and Germany are the top three countries in terms of number of private employment agencies (PrEAs), accounting collectively for 54% of all agencies worldwide. In 2007, Germany outranked the USA to take third place with more than 8,000 PrEAs.

Over the last ten years, the ongoing globalisation has implied the search for more flexible forms of labour: by companies, seeking to minimise risks and rapidly adjust to economic trends, by governments, wishing to reduce public spending, and by employees, looking for more flexibility and easy access to employment. This evolution has led to an increased use of services provided by PrEAs.

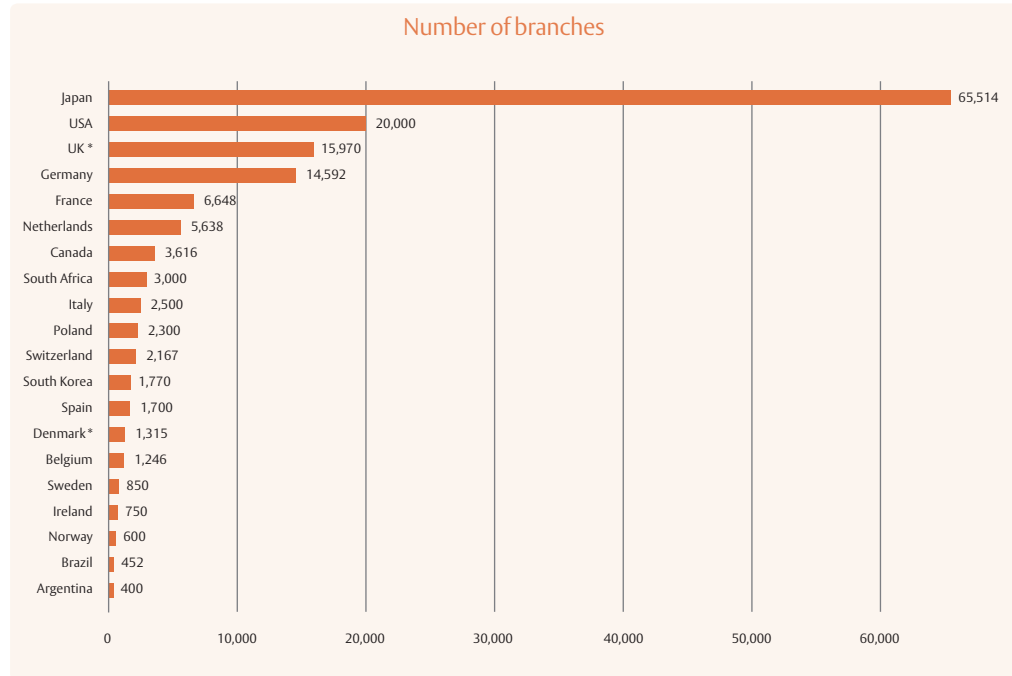


* Figures for 2006

...with 150,000 branches worldwide

THE PLAYERS

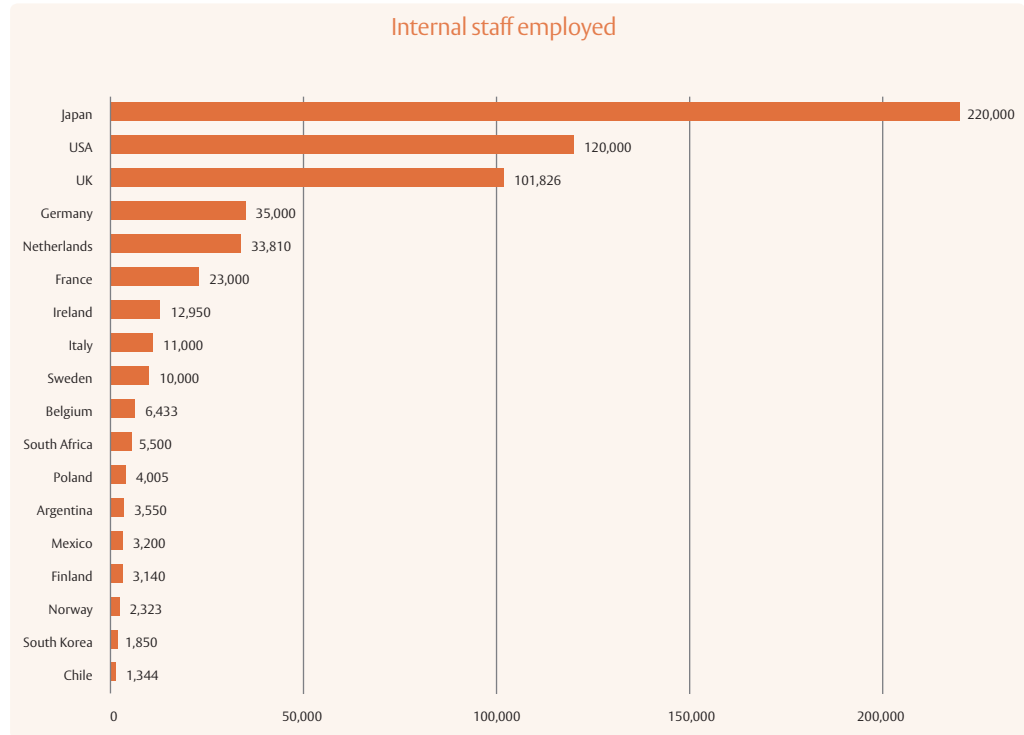
From 2006 to 2007 the number of branches increased by 25% worldwide. Japan, the USA, and the UK are the top three countries by number of branches, accounting together for 68% of all branches worldwide. Looking at the “branch to PrEA ratio” in these three countries, numbers vary significantly, ranging from 4.4 in Japan, and 3.3 in the USA, to 1.5 in the UK. This shows that UK market is a very fragmented one, and that each PrEA operates through a very limited number of branches (1.5 on average).



* Figures for 2006

762,000 internal staff were employed by PrEAs in 2007

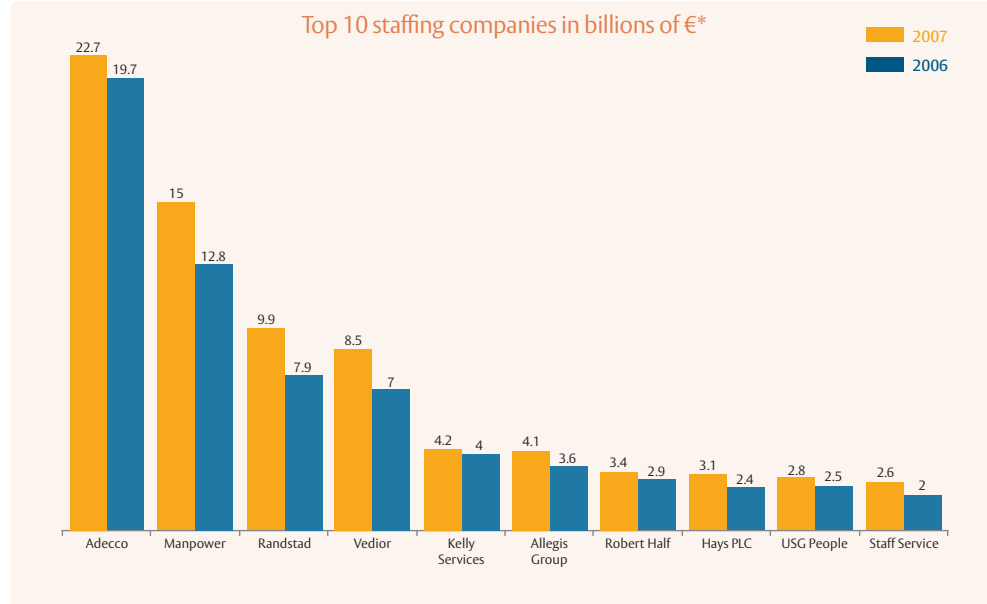
With 220,000 permanent staff, Japanese temporary work agencies internally employ close to twice as many people as their counterparts in the USA (120,000). The UK PrEAs employ a similar amount of staff (101,826) as the USA, despite a substantial difference in the total number of agency workers assigned (the USA dispatch more than twice the number of workers the UK does). This difference may result from the fact that in the UK, the vast majority of temporary work agencies are small, localised companies. Together, Japan, the USA, and the UK account for 58% of all internal staff employed.



The top 10 staffing companies accounted for 33% of worldwide sales revenues in 2007

THE PLAYERS

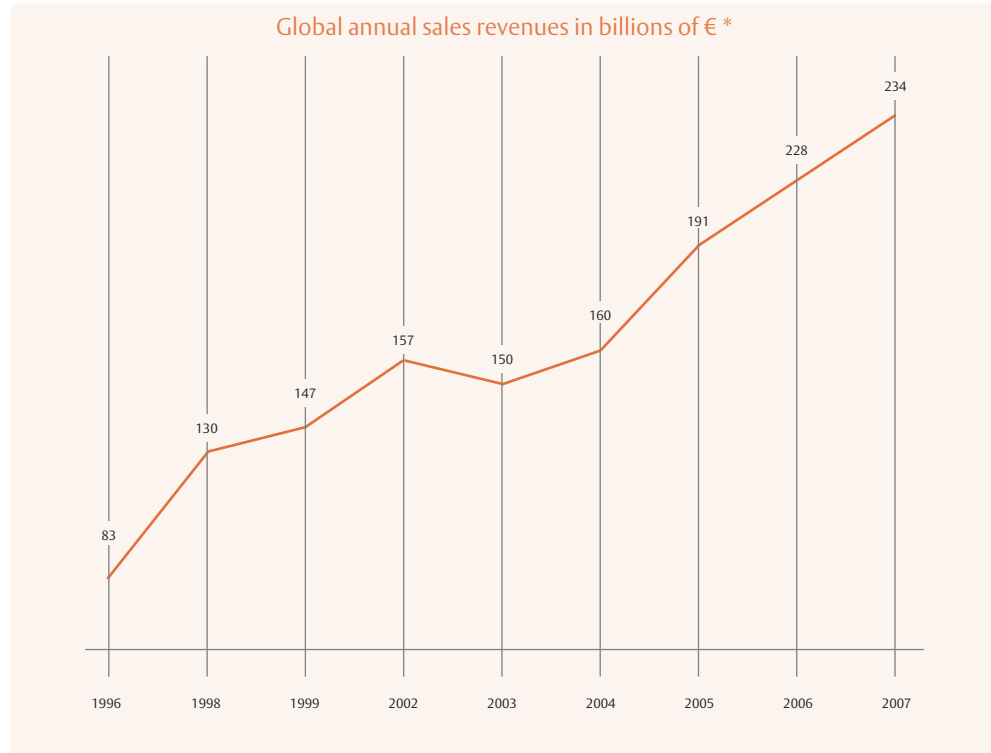
2007 was a year of strong growth for the main global players. Adecco, at €22.7 billion in total annual sales revenues, remains the market leader, followed by Manpower with €15 billion. Staff Services (30%), Hays PLC (29%), and Randstad (25%) boast the most significant increases in turnover compared to 2006. The exchange rate from US dollar to Euro (0.73082) has a negative impact on the calculation of Manpower's and Kelly Services' results, as both these companies are headquartered in the USA. 2008 saw the merger of Randstad and Vedior, creating the second largest staffing company worldwide, ahead of Manpower.



Source: Staffing Industry
*USD to EUR exchange rate of 0,73082

Global annual sales revenues reached € 234 billion

In 2007, the global annual sales revenues of the agency work industry amounted to €234 billion, an increase of 3% compared to 2006, reflecting continuing growth in all major economies. The recession that spread from 2001 to 2003 proved to be brief, the industry rapidly recovering from 2004 onwards.

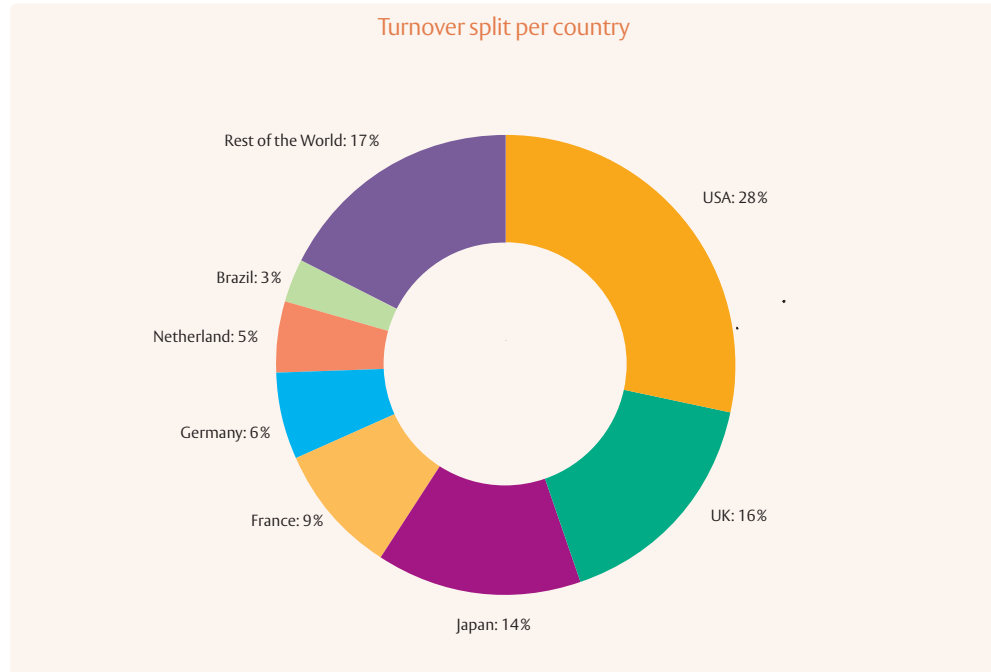


* USD to EUR exchange rate of 0,73082

The USA remains the global leader by country in agency work revenues for 2007

THE PLAYERS

As a country, the USA remains the world leader, representing 28% of global agency work revenues in 2007. The UK comes next with 16% of global annual sales revenues, followed by Japan with 14%. As a region, Europe has the largest turnover, weighing 49% of total global annual sales revenues.



The USA, Japan, and the UK are the 3 largest agency work markets in 2007

Comparing the three largest agency work markets in the world, the figures show significant differences. While the UK is the most fragmented market (only 1.5 branches per PrEA on average vs 3.3 in the USA and 4.4 in Japan), it has the highest agency work penetration rate. The USA have the highest number of agency workers managed per branch (148 vs 86 in the UK and 20 in Japan), with a similar average number of internal employees per branch as the UK (6.0 vs 6.4).

Together the top three agency markets in the world account for 59% of total annual sales revenues, 56% of total daily average number of agency workers (in full-time equivalents), 58% of all internal staff employed, and 68% of all branches.

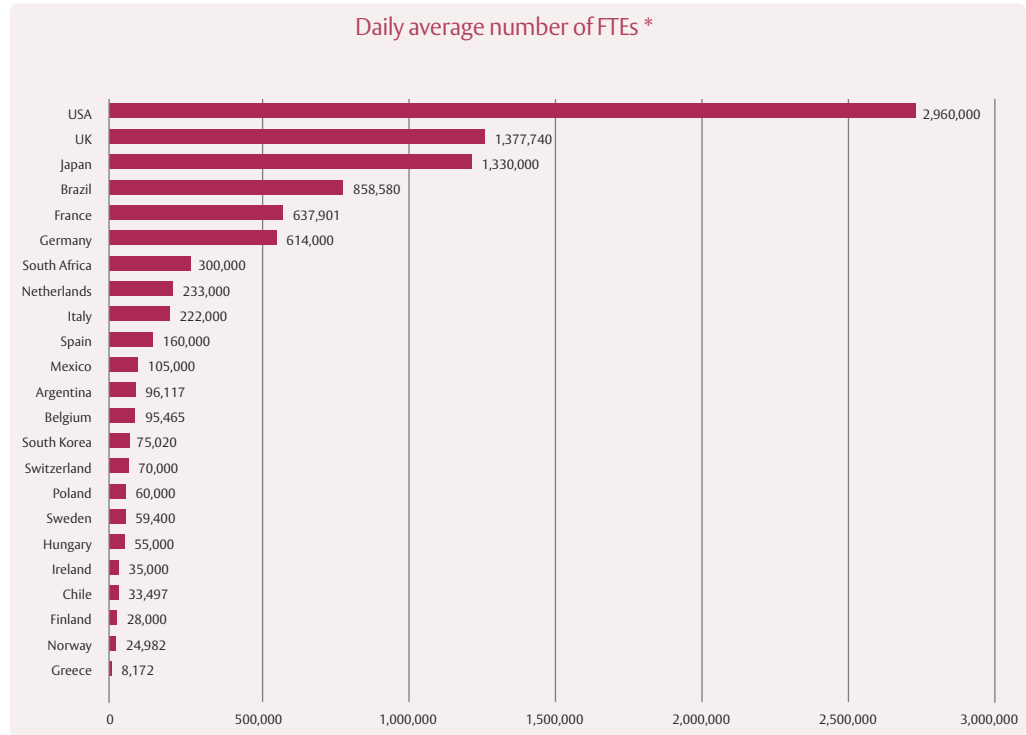
| Comparison of the 3 largest agency work markets in the world | | | |
|--|-----------|-----------|-----------|
| | USA | Japan | UK |
| Number of PrEAs | 6,000 | 15,000 | 10,462 |
| Number of branches | 20,000 | 65,514 | 15,970 |
| Number of agency workers | 2,960,000 | 1,330,000 | 1,377,740 |
| Number of internal staff | 120,000 | 220,000 | 101,826 |
| Branch to PrEA ratio | 3.3 | 4.4 | 1.5 |
| Internal staff to branch ratio | 6.0 | 3.4 | 6.4 |
| Agency worker to branch ratio | 148 | 20 | 86 |
| Country's share of total global annual sales revenues | 28% | 14% | 16% |
| Agency work penetratio rate | 2.0% | 2.1% | 4.8% |

2. Agency workers in numbers

- Over 9.5 million agency workers (in full-time equivalents) were employed in 2007.
- The number of agency workers has more than doubled from 1997 to 2007.
- Agency work penetration rates vary widely from country to country.
- The average European agency work penetration rate is 2%.
- Agency workers work nearly half as much as a full-time permanent employee.
- In Japan the lifting of restrictions allowed for more work opportunities for more people.
- The number of agency workers is strongly linked to economic growth.

Over 9.5 million agency workers were employed in 2007

The USA employs more agency workers in full-time equivalents (2.96 million) than the second and third biggest purveyors of agency workers combined, respectively the UK with 1.38 million, and Japan with 1.33 million. Together, the USA, Japan, and the UK account for 56% of all agency workers assigned worldwide. Brazil is the fourth largest market in the world with 858,000 agency workers, ahead of France (638,000), Germany (614,000), South Africa (300,000) and the Netherlands (233,000).



* Full-time equivalents

The number of agency workers has more than doubled between 1997 and 2007

AGENCY WORKERS
IN NUMBERS

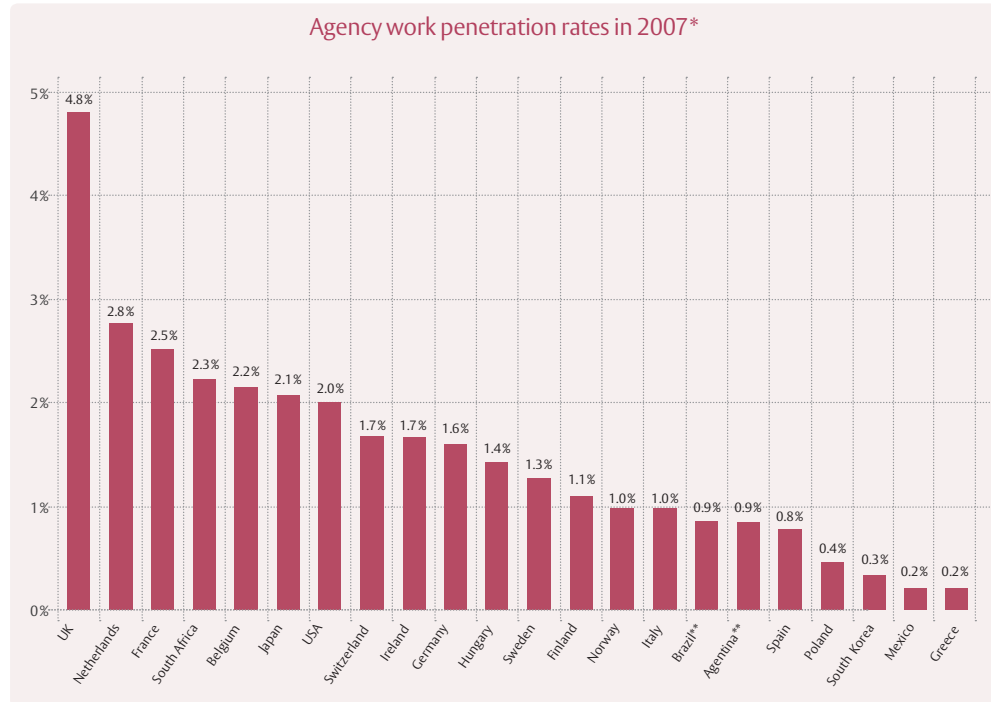
The total number of agency workers has increased from 3.9 million (in full-time equivalents) in 1997 to over 9.5 million in 2007. In ten years, the number of agency workers dispatched in Japan has nearly quadrupled from 340,000 to 1.3 million. Germany has more than tripled its score, from 180,000 to 614,000, and the UK, France, and Spain have nearly doubled theirs. In more modest proportions, the Nordic countries have done particularly well, with Sweden more than quadrupling its number of full-time equivalents, Finland and Denmark more than tripling, and Norway nearly tripling. Of the smaller countries, Ireland has done exceptionally well, multiplying the number of full-time equivalents by 8.75, from just 4,000 in 1997 to over 35,000 in 2007.

| Number of temporary agency workers (in daily FTEs x1,000) | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| EUROPE | | | | | | | | | | | | |
| Austria | 15 | 18 | 21 | 24 | 30 | 33 | 31 | 38 | 44 | 47 | 59 | 59 |
| Belgium | 44 | 51 | 60 | 63 | 71 | 68 | 66 | 66 | 73 | 78 | 88 | 95 |
| Denmark | 5 | 6 | 7 | 7 | 8 | 10 | 10 | 11 | 13 | 17 | 21 | 21 |
| Finland | 9 | 9 | 9 | 8 | 9 | 11 | 11 | 12 | 14 | 16 | 18 | 28 |
| France | 291 | 359 | 458 | 515 | 604 | 602 | 570 | 555 | 570 | 586 | 603 | 638 |
| Germany | 149 | 180 | 203 | 243 | 283 | 288 | 267 | 276 | 323 | 375 | 500 | 614 |
| Hungary | ns | ns | ns | ns | ns | ns | 30 | 39 | 53 | 54 | 55 | 55 |
| Ireland | 3 | 4 | 9 | 10 | 25 | 25 | 25 | 25 | 25 | 25 | 30 | 35 |
| Italy | nlr | nlr | 10 | 26 | 69 | 67 | 82 | 132 | 154 | 157 | 160 | 220 |
| Luxembourg | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |
| Netherlands | 147 | 163 | 180 | 186 | 183 | 178 | 169 | 154 | 157 | 176 | 207 | 233 |
| Norway | 7 | 9 | 11 | 11 | 11 | 12 | 11 | 10 | 12 | 15 | 24 | 25 |
| Poland | ns | ns | ns | ns | ns | ns | ns | 19 | 25 | 27 | 35 | 60 |
| Portugal | 25 | 29 | 33 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Slovakia | ns | ns | ns | ns | ns | ns | ns | ns | 11 | na | na | na |
| Spain | 60 | 90 | 110 | 133 | 133 | 126 | 123 | 123 | 124 | 130 | 141 | 160 |
| Sweden | 10 | 14 | 18 | 24 | 42 | 38 | 37 | 29 | 30 | 32 | 37 | 59 |
| Switzerland | 21 | 24 | 30 | 34 | 39 | 38 | 37 | 36 | 41 | 49 | 61 | 70 |
| UK | 682 | 775 | 696 | 761 | 1,027 | 1,027 | 1,036 | 1,111 | 1,175 | 1,219 | 1,265 | 1,378 |
| Sub-Total Europe | 1,470 | 1,733 | 1,857 | 2,093 | 2,584 | 2,572 | 2,554 | 2,685 | 2,893 | 3,051 | 3,354 | 3,800 |
| RoW | | | | | | | | | | | | |
| Argentina | ns | ns | 39 | 45 | na | na | na | na | na | 80 | 88 | 96 |
| Brazil | na | na | na | na | na | na | na | na | na | na | 800 | 859 |
| Japan | 298 | 340 | 307 | 395 | 537 | 612 | 693 | 743 | 890 | 1,060 | 1,220 | 1,330 |
| Mexico | na | na | na | na | na | na | na | na | na | 105 | 105 | 105 |
| South Africa | ns | ns | ns | ns | ns | ns | ns | ns | ns | 300 | 300 | 300 |
| South Korea | ns | ns | ns | ns | ns | ns | ns | ns | 50 | 57 | 66 | 75 |
| USA | 2,190 | 2,440 | 2,530 | 2,600 | 2,700 | 2,300 | 2,160 | 2,380 | 2,670 | 2,910 | 2,960 | 2,960 |
| Sub-Total Rest of world | 2,488 | 2,780 | 2,876 | 3,040 | 3,237 | 2,912 | 2,853 | 3,123 | 3,610 | 4,407 | 5,539 | 5,725 |
| TOTAL WORLD | 3,958 | 4,513 | 4,733 | 5,133 | 5,821 | 5,484 | 5,407 | 5,808 | 6,503 | 7,458 | 8,893 | 9,525 |

ns: not significant. nlr: not legally recognised. na: not available.

Agency work penetration rates vary widely from country to country

The larger mature markets boast the highest agency work penetration rates, reflecting a potent blend of large user bases, strong economic growth, and generally relevantly regulated markets. Countries such as Germany, Brazil and Spain have revealed their potential. Nevertheless, agency work remains a limited part of the working population, amounting for less than 3% of the working population in all countries excluding the UK.



* As defined by Ciett: number of full-time equivalents - as supplied by member National Federations - divided by the total active working population - as published by Eurostat & the ILO

The average European agency work penetration rate reached 2% in 2007

AGENCY WORKERS
IN NUMBERS

The average agency work penetration rate in Europe - 2% - hides huge discrepancies from country to country, ranging from 4.8% in the UK to 0.2% in Greece. The use of agency work has been progressively legally recognised, and or seen its regulation adapted, in most countries, leading to a substantial increase in its use, both in the more mature markets, and in the smaller, newer markets. In a decade, the average European agency work penetration rate has doubled (from 1% to 2%).

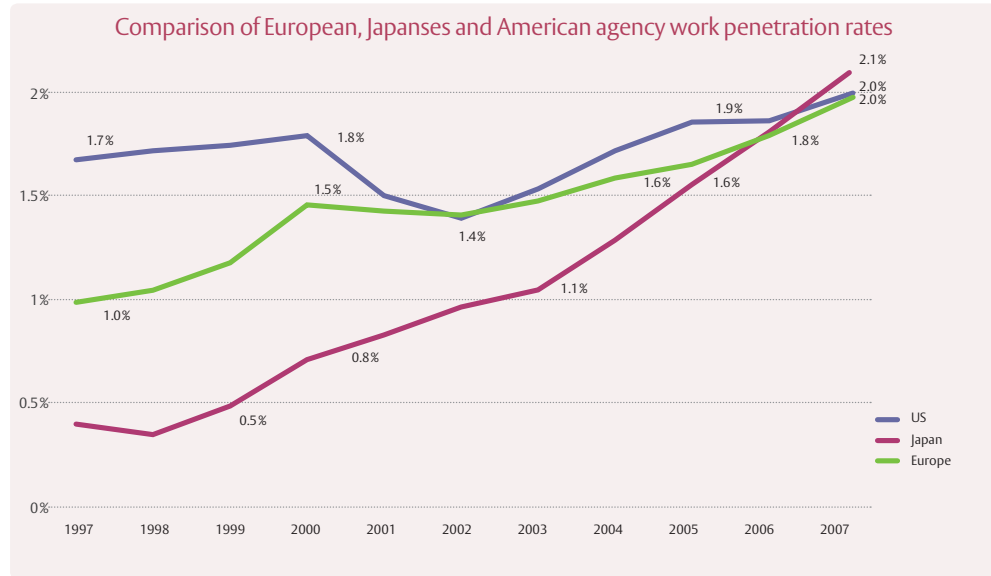
European agency work penetration rates since 1996*

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Austria | 0.4% | 0.5% | 0.6% | 0.7% | 0.8% | 0.9% | 0.8% | 1.0% | 1.2% | 1.2% | 1.5% | 1.5% |
| Belgium | 1.2% | 1.3% | 1.6% | 1.6% | 1.7% | 1.7% | 1.6% | 1.6% | 1.8% | 1.9% | 2.1% | 2.2% |
| Denmark | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% | 0.5% | 0.6% | 0.8% | 0.8% |
| Finland | 0.4% | 0.4% | 0.4% | 0.3% | 0.4% | 0.5% | 0.5% | 0.5% | 0.6% | 0.7% | 0.7% | 1.1% |
| France | 1.3% | 1.6% | 2.1% | 2.3% | 2.6% | 2.5% | 2.4% | 2.3% | 2.4% | 2.4% | 2.4% | 2.5% |
| Germany | 0.4% | 0.5% | 0.6% | 0.7% | 0.8% | 0.8% | 0.7% | 0.8% | 0.9% | 1.0% | 1.3% | 1.6% |
| Hungary | ns | ns | ns | ns | ns | ns | 0.8% | 1.0% | 1.4% | 1.4% | 1.4% | 1.4% |
| Ireland | 0.2% | 0.3% | 0.6% | 0.6% | 1.5% | 1.5% | 1.4% | 1.4% | 1.4% | 1.3% | 1.5% | 1.7% |
| Italy | nlr | nlr | 0.0% | 0.1% | 0.3% | 0.3% | 0.4% | 0.6% | 0.7% | 0.7% | 0.7% | 1.0% |
| Luxembourg | 1.2% | 1.2% | 1.2% | 1.7% | 1.9% | 2.0% | 2.2% | 2.3% | 2.1% | 2.3% | 2.4% | 2.4% |
| Netherlands | 2.1% | 2.3% | 2.4% | 2.5% | 2.3% | 2.2% | 2.1% | 1.9% | 1.9% | 2.2% | 2.5% | 2.8% |
| Norway | 0.3% | 0.4% | 0.5% | 0.5% | 0.5% | 0.9% | 0.5% | 0.4% | 0.5% | 0.7% | 1.0% | 1.0% |
| Poland | ns | ns | ns | ns | ns | ns | ns | 0.1% | 0.2% | 0.2% | 0.3% | 0.4% |
| Portugal | 0.6% | 0.6% | 0.7% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| Spain | 0.5% | 0.7% | 0.8% | 0.9% | 0.9% | 0.8% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% |
| Sweden | 0.3% | 0.4% | 0.5% | 0.6% | 1.0% | 0.9% | 0.9% | 0.7% | 0.7% | 0.7% | 0.8% | 1.3% |
| Switzerland | 0.6% | 0.6% | 0.8% | 0.9% | 1.0% | 1.0% | 0.9% | 0.9% | 1.0% | 1.2% | 1.5% | 1.7% |
| UK | 2.6% | 2.9% | 2.6% | 2.8% | 3.8% | 3.8% | 3.8% | 4.0% | 4.2% | 4.3% | 4.5% | 4.8% |
| European average | 1.0% | 1.0% | 1.1% | 1.2% | 1.5% | 1.5% | 1.4% | 1.5% | 1.6% | 1.7% | 1.8% | 2.0% |

Daily average full-time equivalents as % of total employment
ns = non significant ; nlr = not legally recognised ; na = not available

Japanese penetration rate has overtaken the USA

Japanese and European agency work penetration rates have grown steadily for the last ten years, catching up and, in the case of Japan, even overtaking the European and American figures in 2007. This is due to the progressive deregulation of the Japanese and European labour markets, which have allowed for PrEAs to play more fully their potential role in the labour market, as they have already been able to do so in the USA.

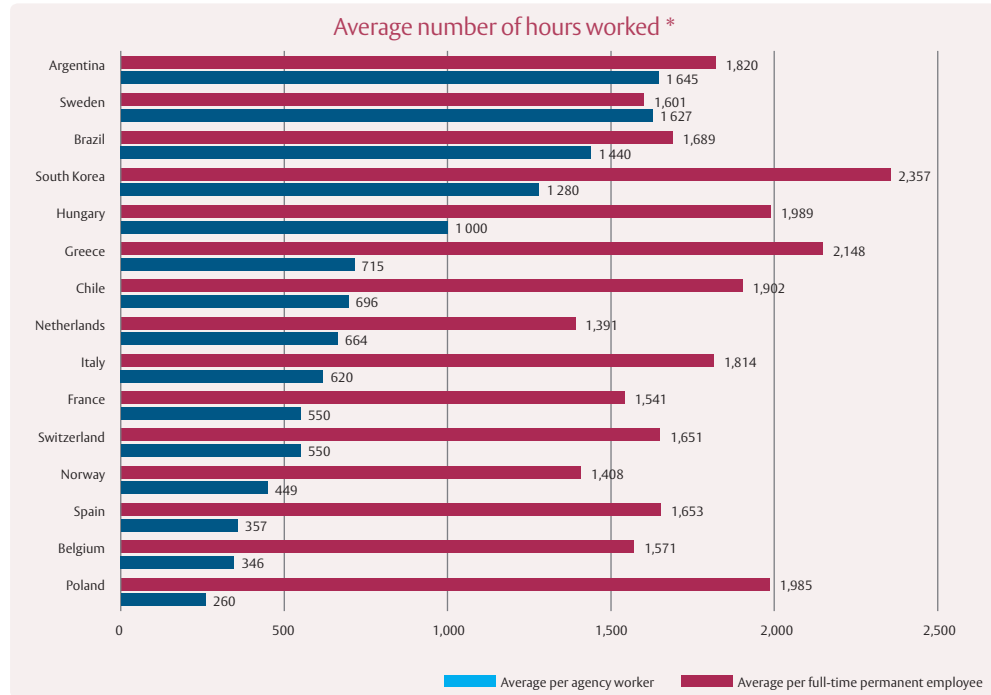


Number of full-time equivalents - as supplied by Ciett National Federations - divided by the total active working population - as published by Eurostat & the ILO

Agency workers work nearly half as long as a full-time permanent employee

AGENCY WORKERS IN NUMBERS

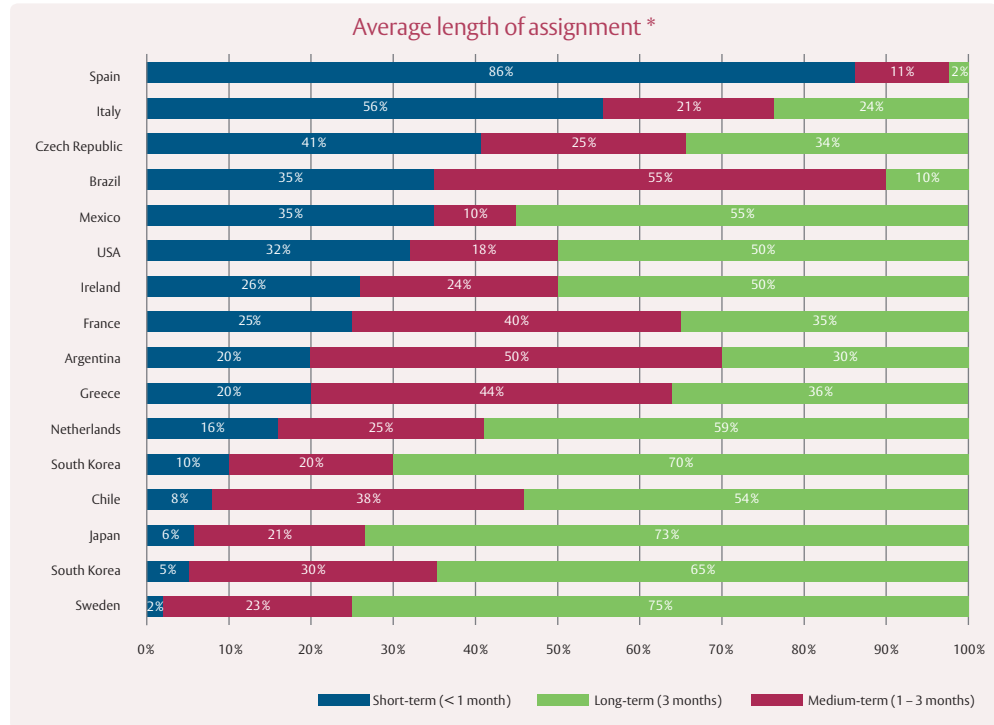
Apart from the exceptional case of Sweden, agency workers naturally work less on average during one year than a permanent worker with a full-time contract executing the same job. From country to country this figure generally oscillates between 30 and 50%, with an average of 46%, i.e. nearly equivalent to a half-time job.



* By an individual during one year
Source : OECD, ILO, Ciett National Federations

Agency work assignments are often 3 months long

In most countries, the average length of assignment exceeds one month, leading to long-term duration (3 months or more) in many cases. The two exceptions are Spain and Italy, where a majority of assignments are short-term.



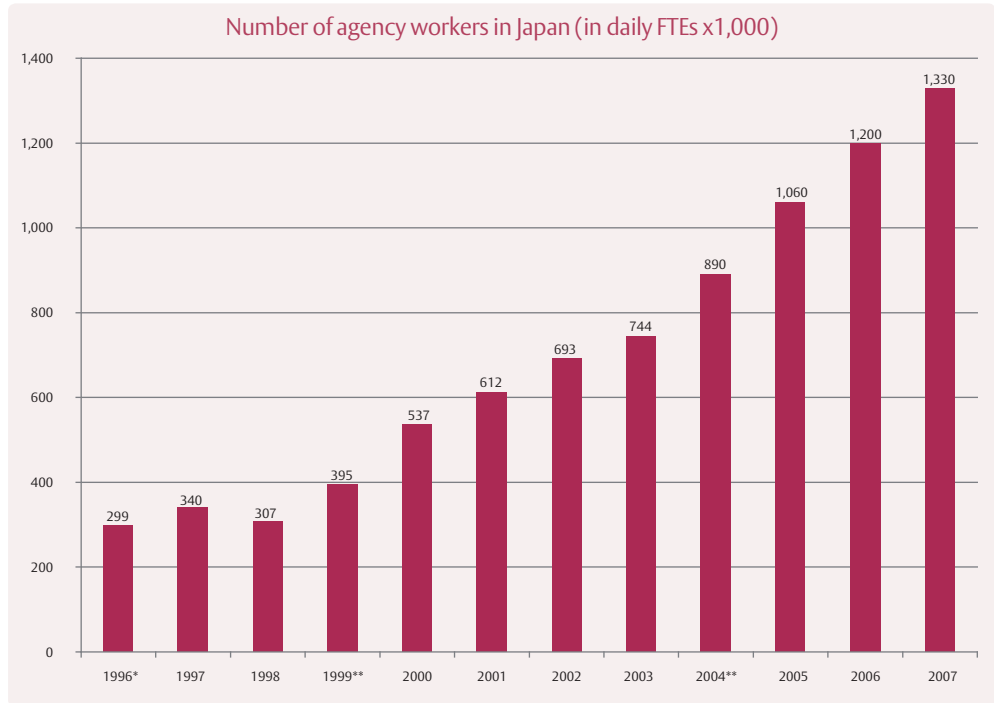
* The length of an assignment refers to the duration spent executing a specific job in one single company.

A contract can be renewed several times, depending on the legal obligations of the country in question, to fulfil one single assignment. If the worker changes function in the same company, or executes the same job in another company, then the assignment is said to have changed.

Lifting restrictions in Japan allowed for more work opportunities for more people

AGENCY WORKERS IN NUMBERS

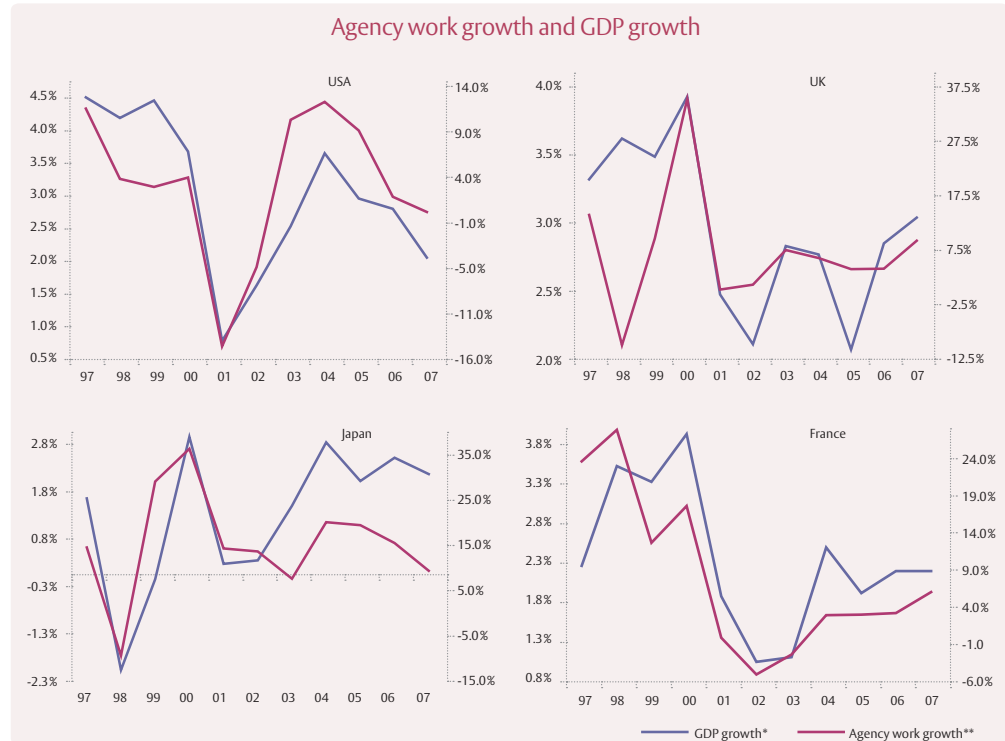
Japan was a very tightly regulated market, until it adopted in 1996, 1999 and 2004 new regulation on agency work that liberalised the market (lifting of occupational and sectoral bans, extension of maximum length of assignments to 3 years) and allowed for more people to work through a temporary work agency. As a result, the number of agency workers increased significantly to reach 2% of the total working population.



* Regulatory changes

The number of agency workers is strongly linked to economic growth

The use of agency work echoes the behaviour of the general economy. There is a strong correlation between GDP and the level of use of agency work. In years of growth, the demand for, and the supply of, agency workers increases, and logically diminishes when the economy weakens. Therefore, the agency work industry can be seen as a pertinent indicator of the economic situation.



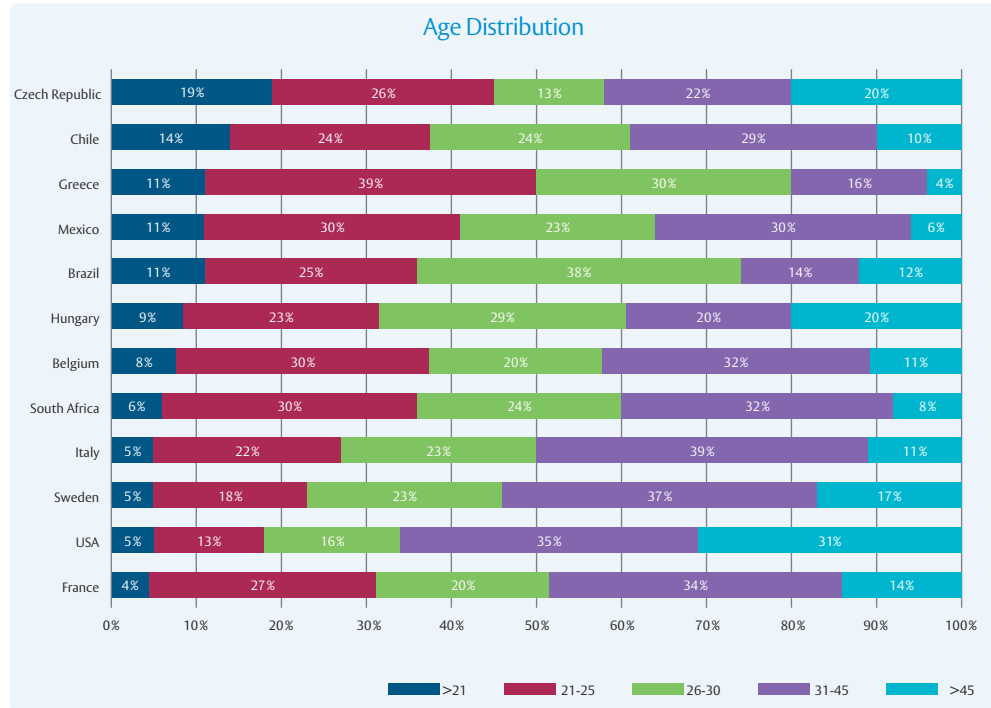
*Source : IMF 2008
 **Number of TAW in FTEs

3. The profile of agency workers

- Most agency workers are aged below 30.
- Older people are increasingly represented amongst agency workers.
- Gender differences depend on the socio-economic situation of a country.
- A significant proportion of agency workers do NOT seek a permanent job.
- The motive to work as an agency worker is usually career-related:
 - 72% of agency workers in Belgium seek to gain work experience.
 - 65% of agency workers in Brazil seek to gain additional incomes.
 - 46% of agency workers in Japan wish to work in a flexible way.
 - 59% of agency workers in the USA wish to find a permanent job.

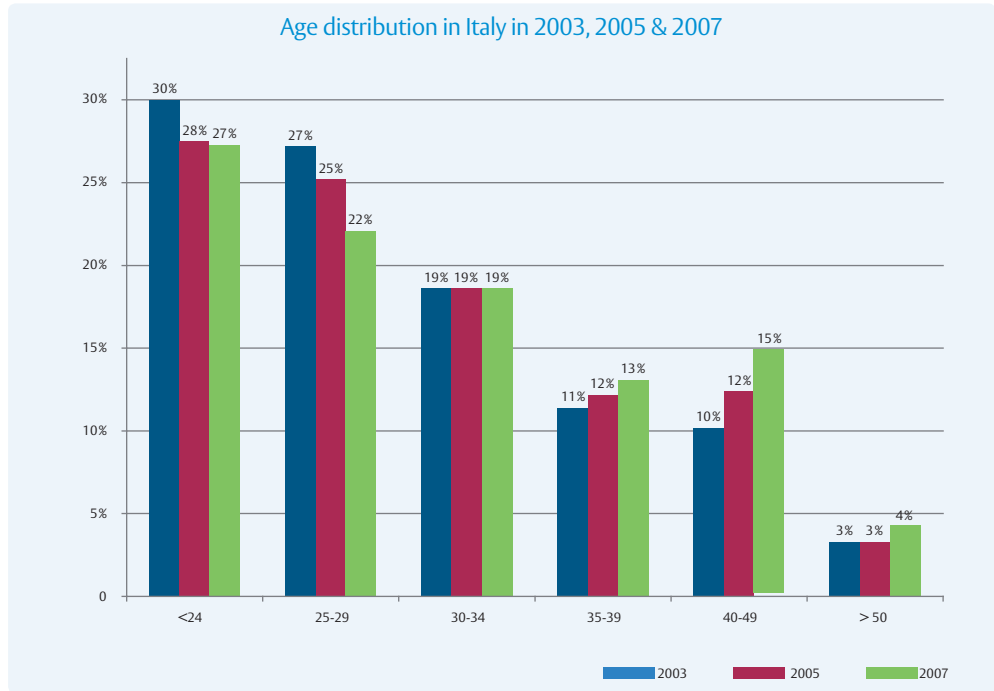
Most agency workers are aged below 30

The majority of agency workers are aged below 30, meaning that they are over-represented in the agency work sector compared to the total working population. This reflects the role agency work plays in the labour market for young people, providing them with a first professional experience, and serving as a gateway into the labour market.



Older people are increasingly represented amongst agency workers

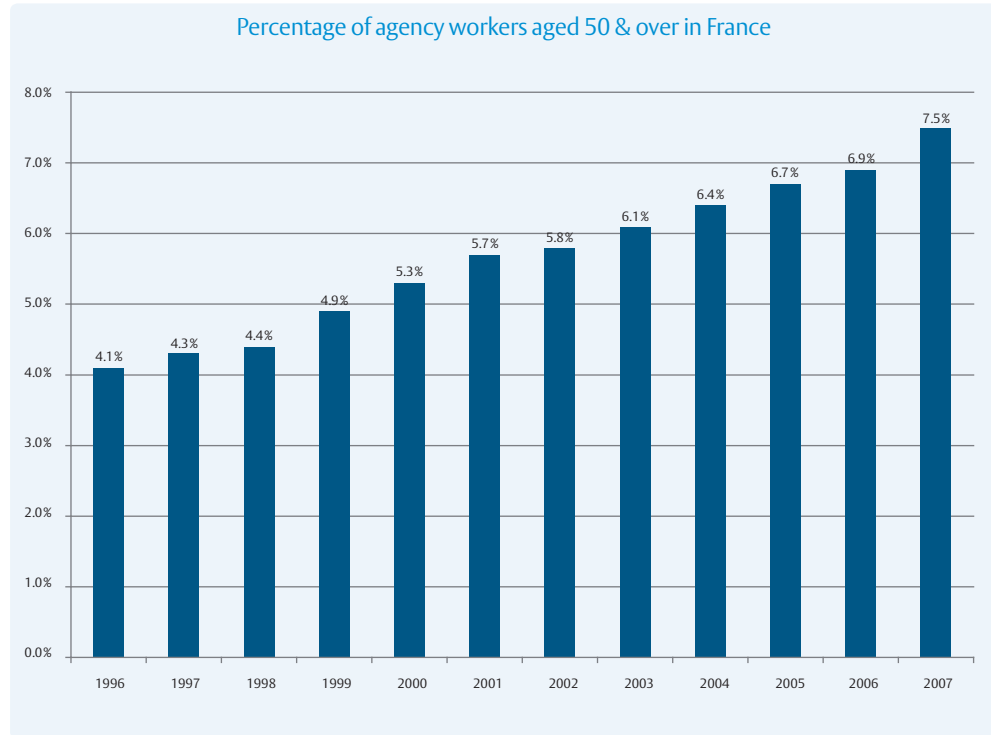
Older workers still represent a small segment of the agency work population. However, these numbers are continually on the rise in many countries. As shown in the case of Italy in 2003, 2005 and 2007, the proportion of agency workers over 40 and over 50 increases progressively every year.



Source : Osservatorio Nazionale EBITEMP 2008

Older workers remain active after having reached the age to retire

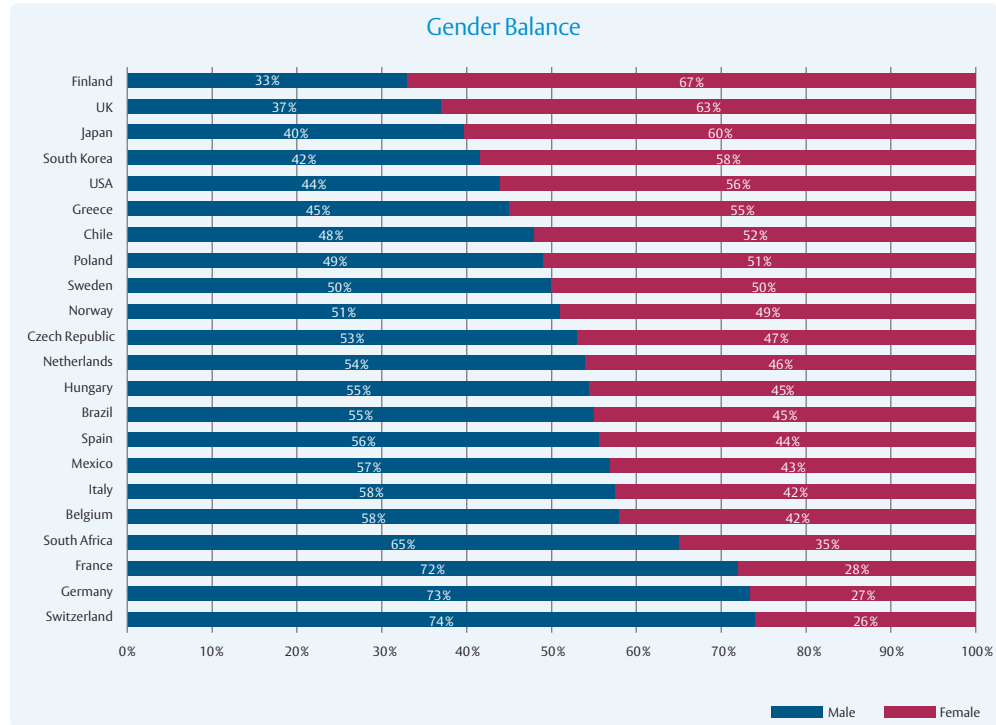
In France, the number of agency workers over 50 grows year on year. This trend not only reflects the ongoing demographic changes, with an ever ageing population, but also the desire of older workers to remain active, even after they have reached the age to retire. The agency work industry helps these senior people remain in the labour market, providing more flexible work opportunities that meet their expectations.



Source : Dares 2008

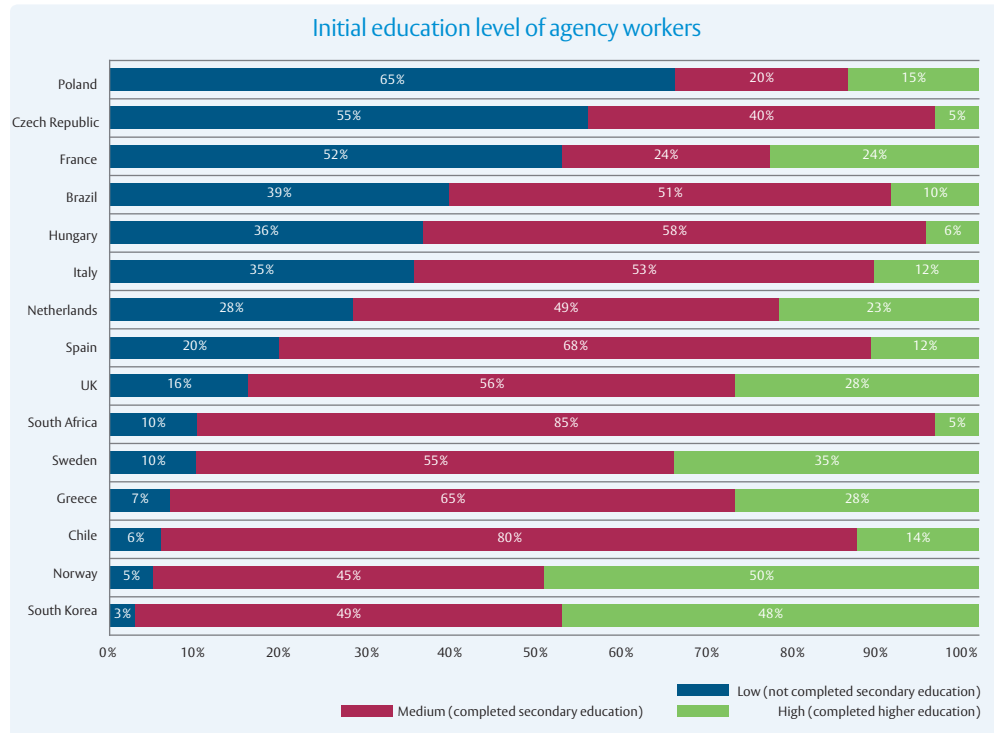
Gender differences depend on the socio-economic situation of a country

Varying gender differences are the result of the particular socio-economic situation and economic history of each country. These differences are also related to the specific sectors using agency work. Traditionally more men are employed in the manufacturing and construction sectors than women, who themselves form a majority of the services sector.



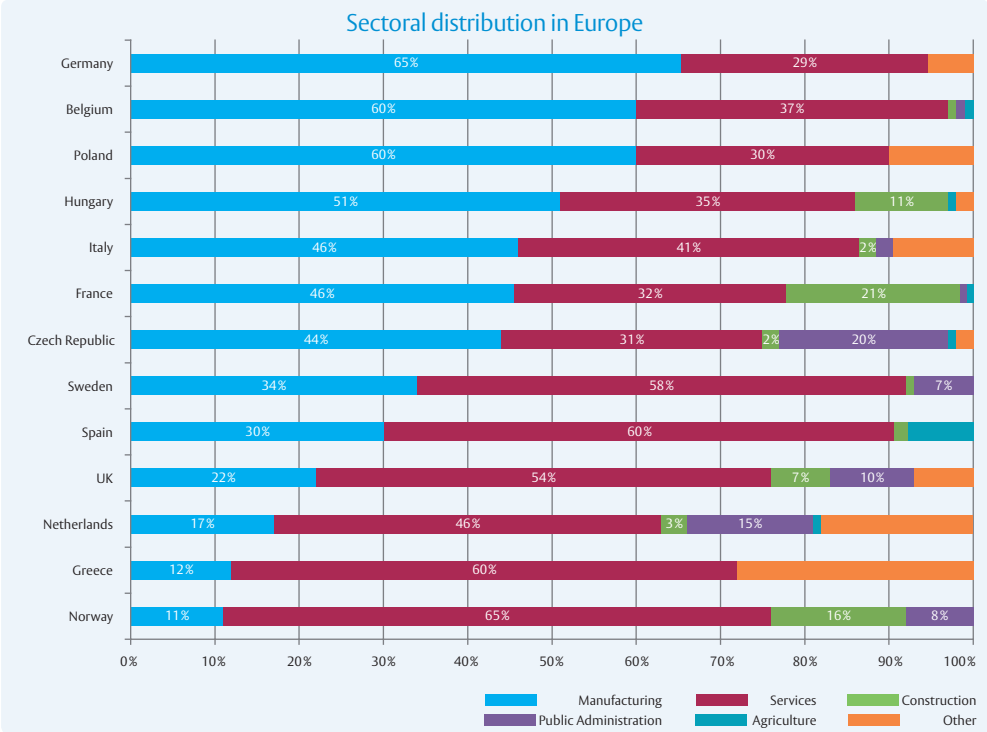
Most agency workers have only school-leaving qualification

In most countries, the majority of agency workers have a low to medium initial education level. This signifies that most of them have at best only school-leaving qualification. This highlights the stepping-stone function agency work plays for disadvantaged people, helping them to enter the labour market and gain experience. It should be noted that in the Netherlands many agency workers, being students, also pursue higher education whilst working.



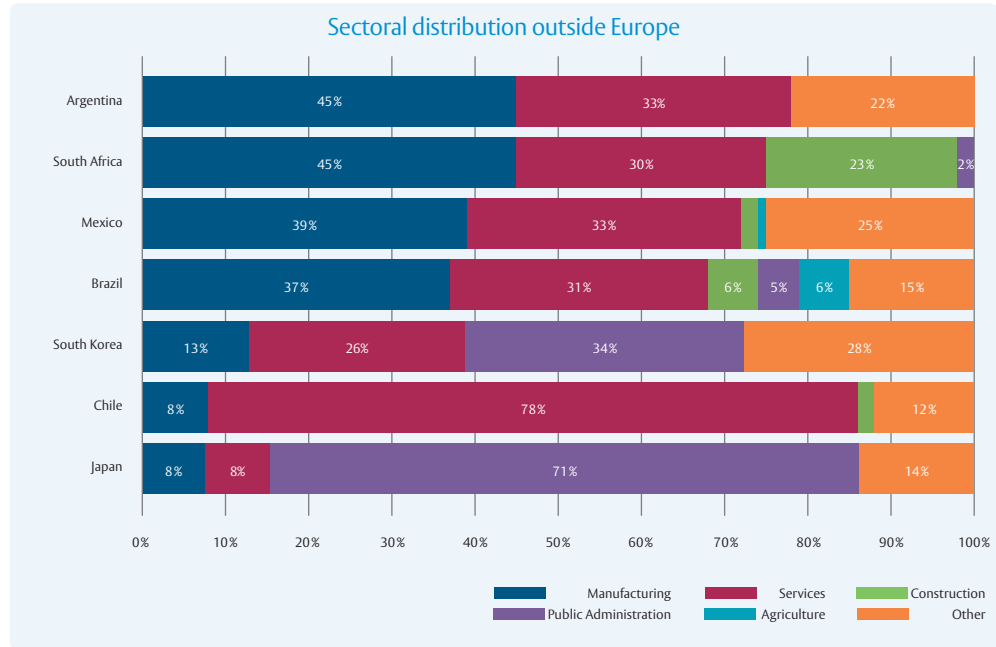
Sectoral distribution of agency work use in Europe

The sectoral distribution of agency work use has seen a recent trend away from using agency work in the industrial sector towards its growing use in the services sector. Manufacturing remains an important user of agency work in the more traditionally industrial economies, such as Germany, Belgium, Poland, and Hungary. Sectoral bans on construction and or public administration in certain countries, such as Spain and Germany, elucidate differences in the use of agency work in these particular sectors. In the Nordic countries, the Netherlands, and the UK, agency work is very common in the public and health sectors.



Sectoral distribution of agency work use outside Europe

Japan and South Korea make important use of agency work in the public sector. Most emerging economies have a balanced use of agency work in both the manufacturing and services segments. Brazil is the only country to make significant use of agency work in the agricultural sector (6%). Construction is also an important user of agency work in South Africa (23%).

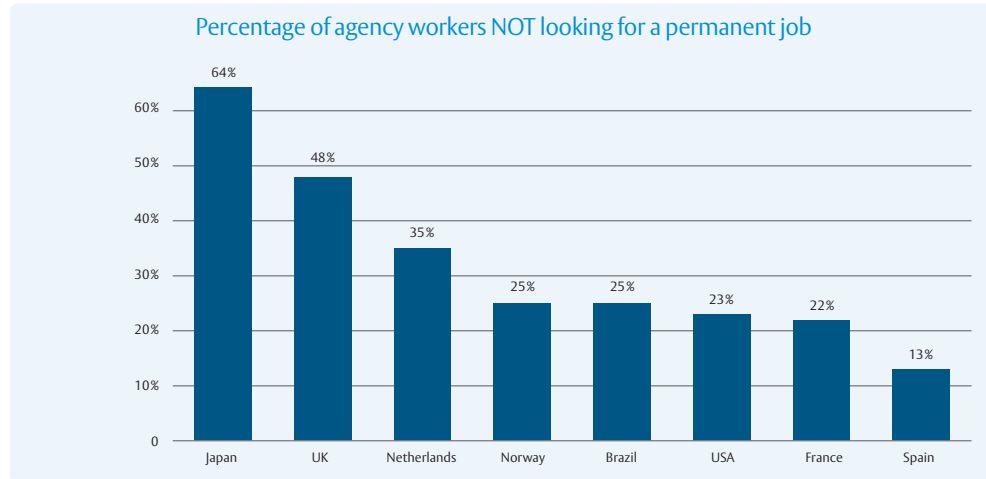


A significant proportion of agency workers do NOT seek a permanent job

In several countries, a significant number of agency workers prefer flexible work to permanent employment, with Japan at 64%, the UK at 48% and the Netherlands at 35% being the most obvious examples. This can be partially explained by the maturity of these markets, where a majority of temporary work agency jobs require a medium level of skills. This translates into better salaries and better conditions, and therefore constitutes a more stimulating prospect for the potential agency worker. It also reflects the diversity of agency workers' profile.

Agency work is an answer to match aspirations for flexibility...

- Agency work allows workers to choose their working conditions regarding duration, intensity, and location of assignments

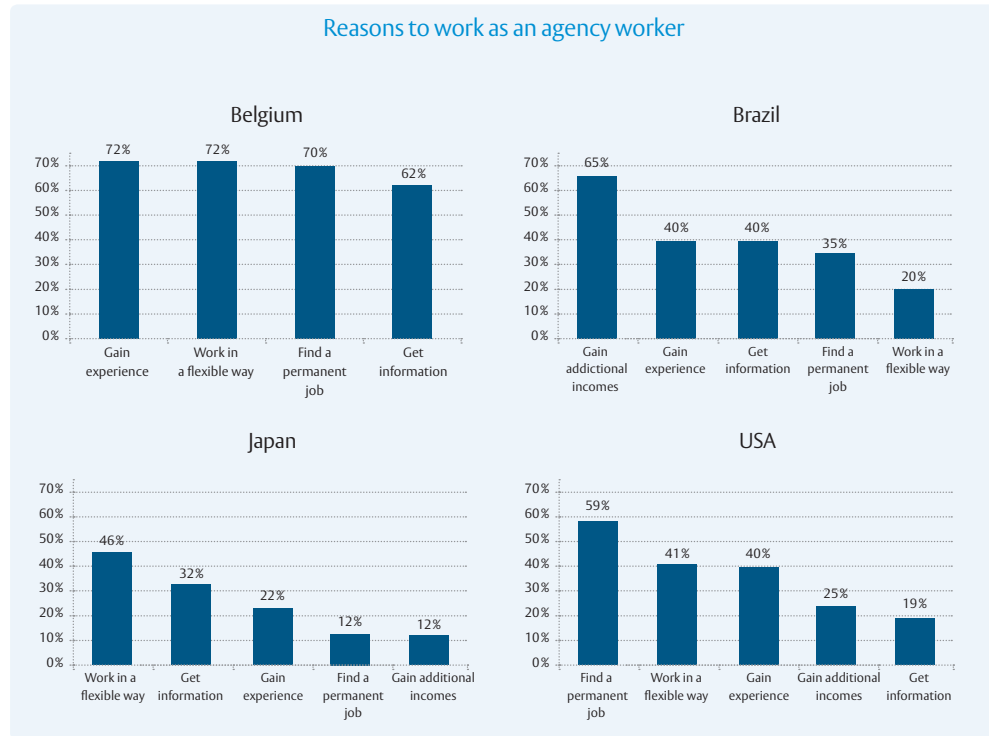


...for example for

- People who wish to give priority to their private life: agency work allows them to combine their professional and private lives
- Older workers: appropriate ways to finish a career and improve work / life balance before retirement
- Free-lancers: ability to choose and change assignments with high remuneration perspectives and a framework in which to work
- Students: ability to gain money to finance leisure activities

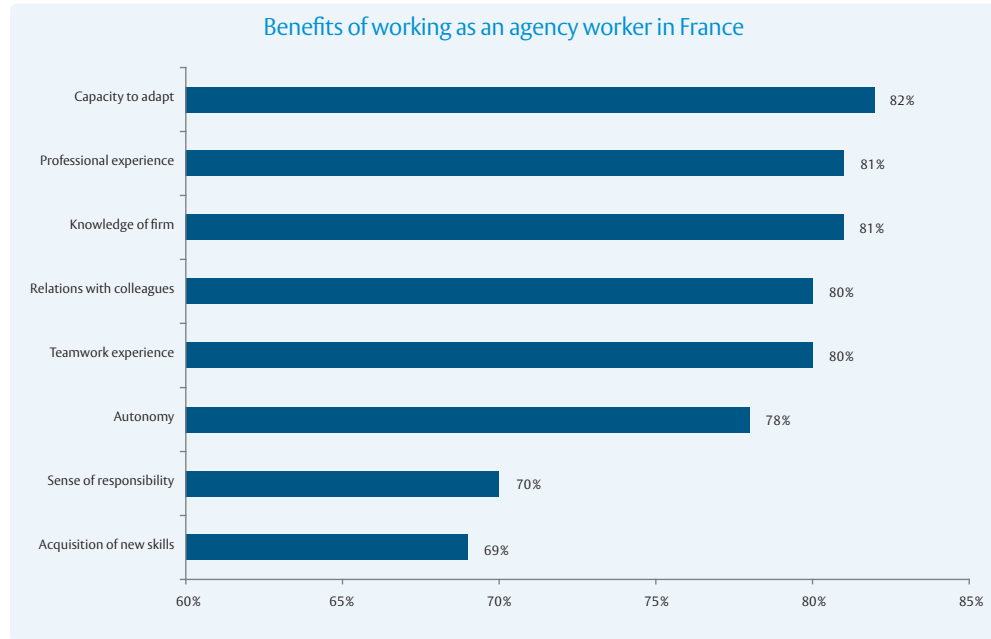
The motive to work as an agency worker is usually career-related

The main motives to work as an agency worker are work and career related. It is usually to find a permanent position, but can also be in view of gaining work experience and ulterior improved employability, or to obtain information on the labour market. Other non-work or career-related motives exist to engage in agency work, often to obtain additional incomes, but also to achieve a better adapted work-life balance by working in a flexible manner.



In France agency work is seen as enhancing employability

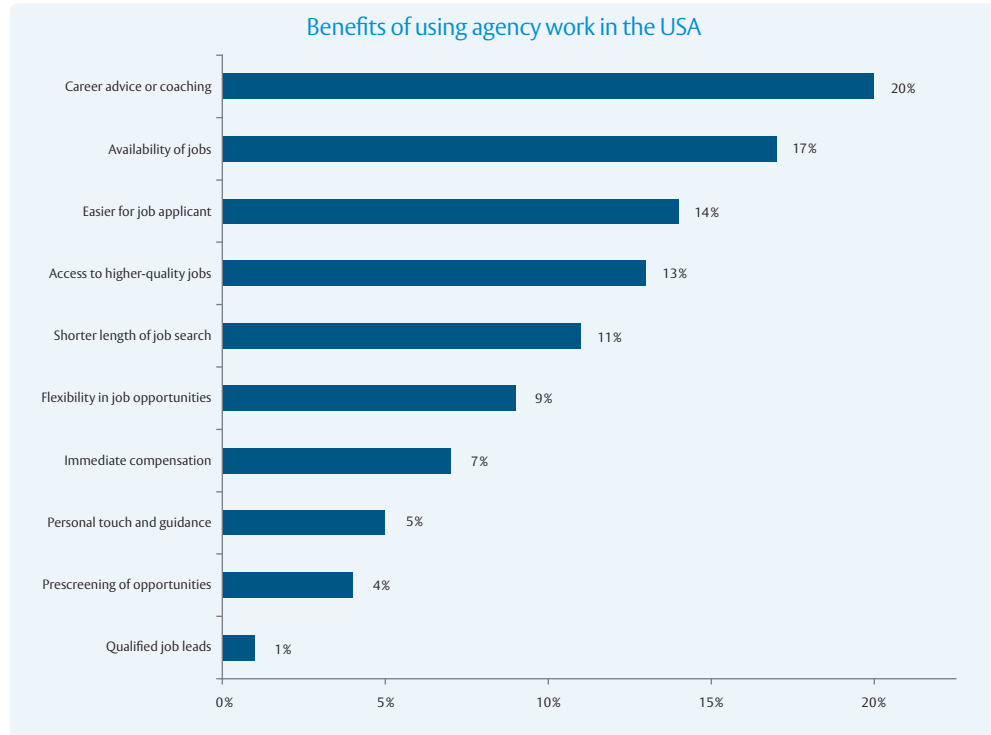
Most agency workers believe that agency work provides them with the practical skills and experience needed to help them develop professionally, and thus enhance their employability, providing them with further opportunities and increasing their potential.



Source : Enquête OTT (Observatoire du Travail Temporaire) / BVA 2008

In the USA agency work is seen as beneficial in searching for a job

Job candidates in the USA use agency work because it is perceived as an effective means of searching for a job. The most common positive attribute perceived is “career advice or coaching”, which illustrates the key role the temporary work agency plays within the triangular employment relationship (acts as a mentor to the worker).

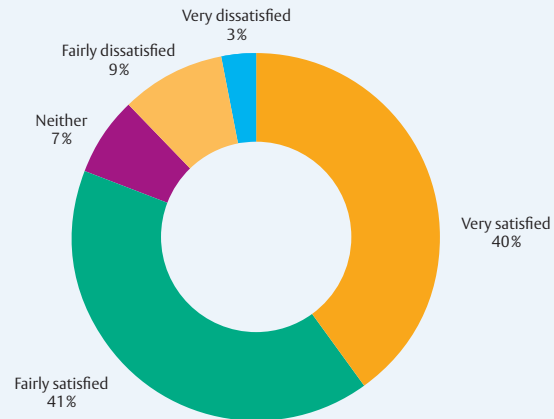


Source: American Staffing Association 2008

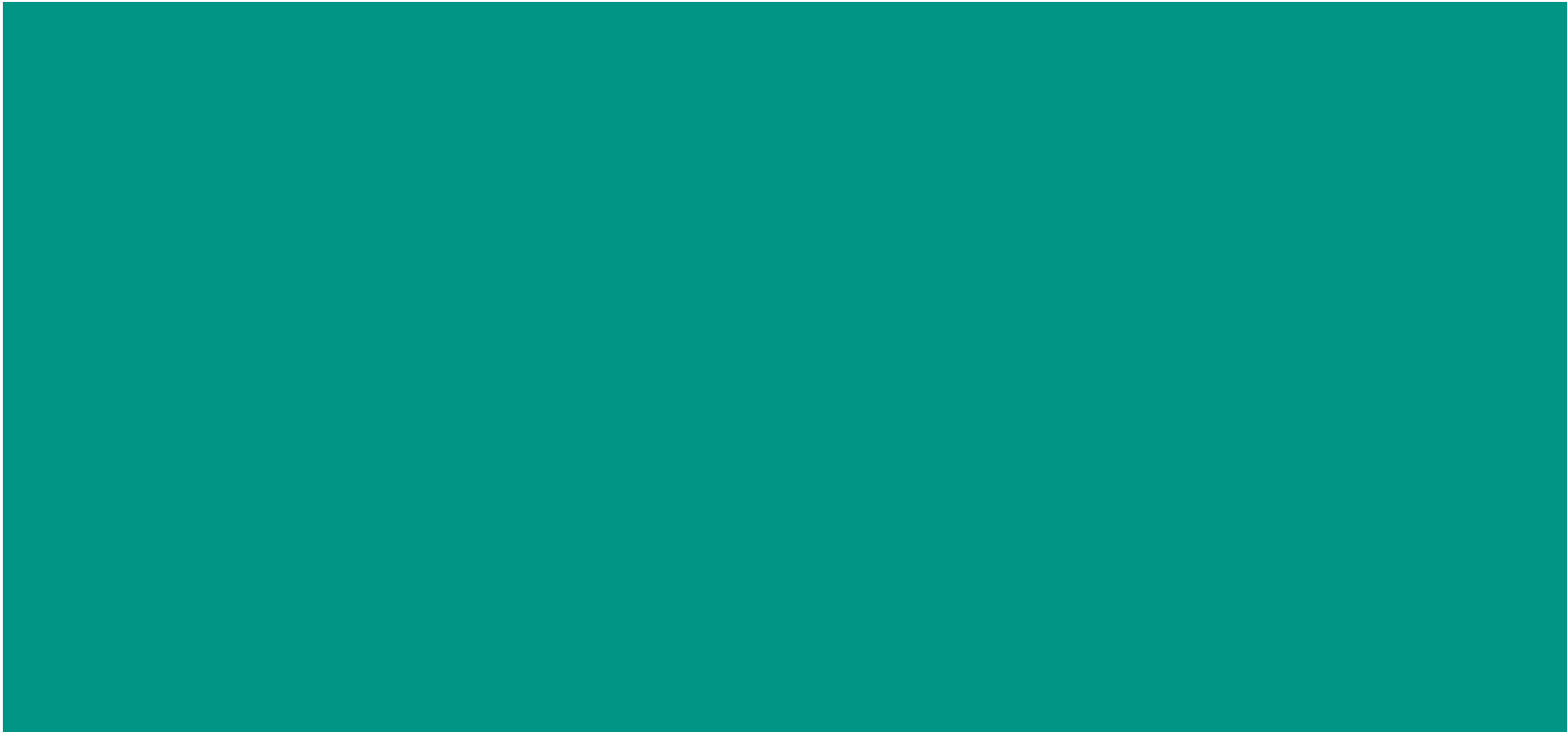
81% of agency workers in the UK are satisfied with their job

When asked to evaluate their satisfaction with agency work, respondents generally say they are satisfied. A total of 81% of agency workers in the UK say they are “very” or “fairly” satisfied with working through a temporary work agency. This contradicts the popular misconception that agency workers are generally dissatisfied with the work they find through an agency. It does however explain the number of agency workers who wish to continue to work in a flexible fashion.

Satisfaction of agency workers in the UK



Source : REC & BERR Study 2008 – survey conducted by phone with a total of 350 respondents



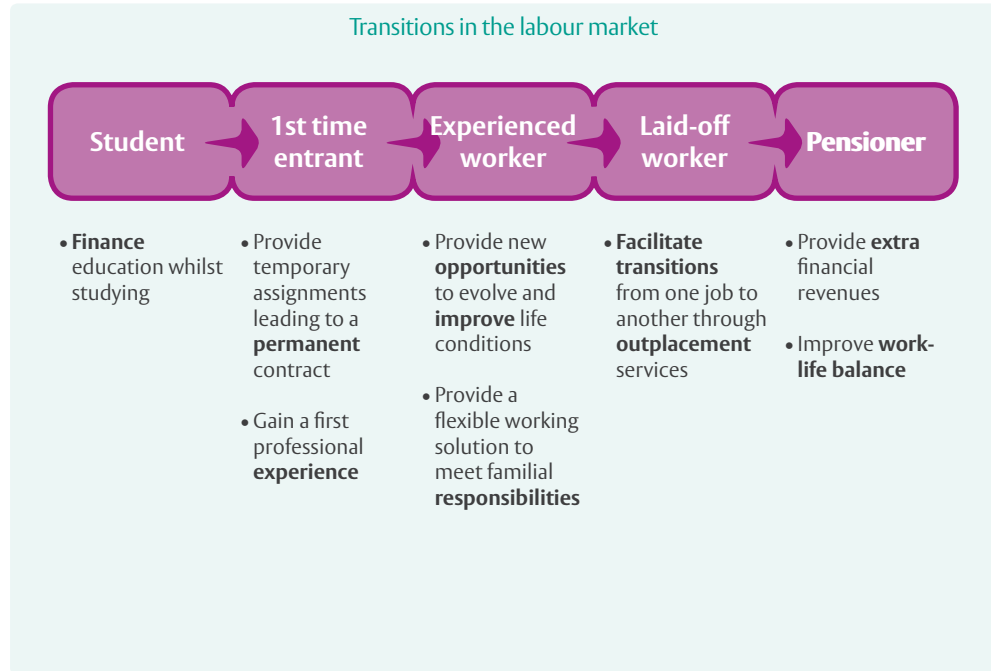
4. Agency work's contribution to a better functioning labour market

- Agency work plays an active role in facilitating transitions in the labour market.
 - Agency work broadens the range of work solutions available to meet workers' lifestyle choices or personal constraints at every stage of their professional life
- Agency work contributes to reducing unemployment.
 - The higher the agency work penetration rate, the lower the unemployment rate.
 - Most agency workers were unemployed prior to working as an agency worker.
 - Agency work serves as a stepping-stone to the labour market.
- Agency work serves as a means of fighting undeclared work.
- Agency work facilitates transitions in the labour market through training.

Agency work plays an active role in facilitating transitions in the labour market

Agency work broadens the range of work solutions available to meet workers' lifestyle choices or personal constraints at every stage of their professional life

Agency work has something to offer for everyone at every stage in their economic lives. This reflects agency work's inherent flexibility, whether as a stop-gap economic measure, as a means of improving employability, or improving work-life balance.



Agency work contributes to reducing unemployment

AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

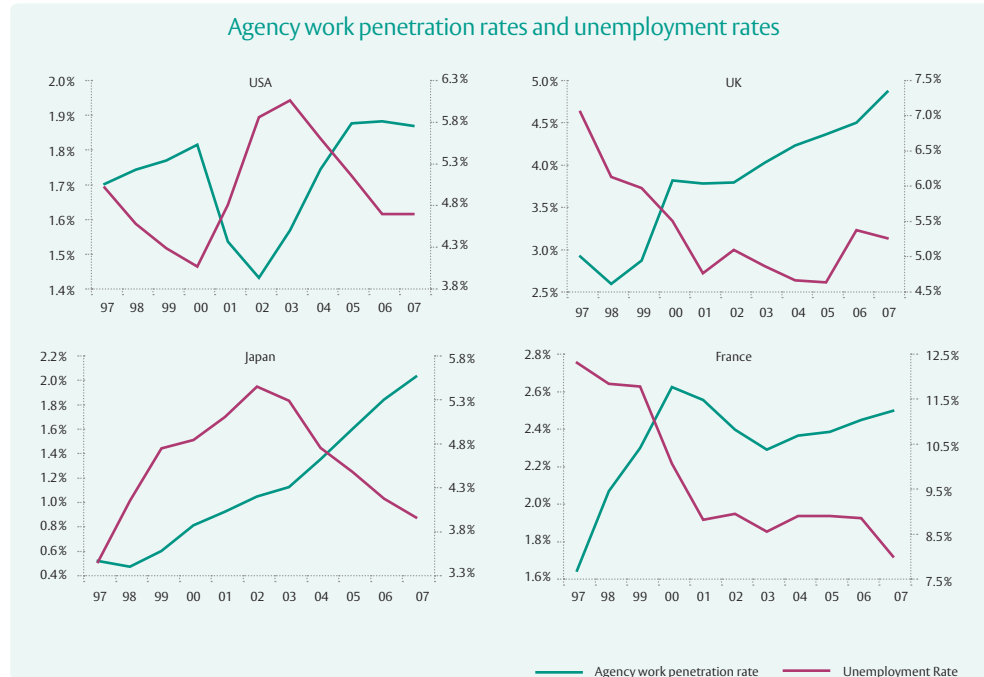
As labour market intermediaries, private employment agencies reduce unemployment - both frictional and long-term - by ensuring that the supply on the market suits better its demand.

Frictional unemployment

Agency work helps people remain active between jobs, enhancing their skills and augmenting their experience, and thus helping them to rapidly find a new job. Indeed, PrEAs swiftly place workers on assignments, thereby reducing the frictional rate of unemployment, i.e. the period of inactivity between jobs.

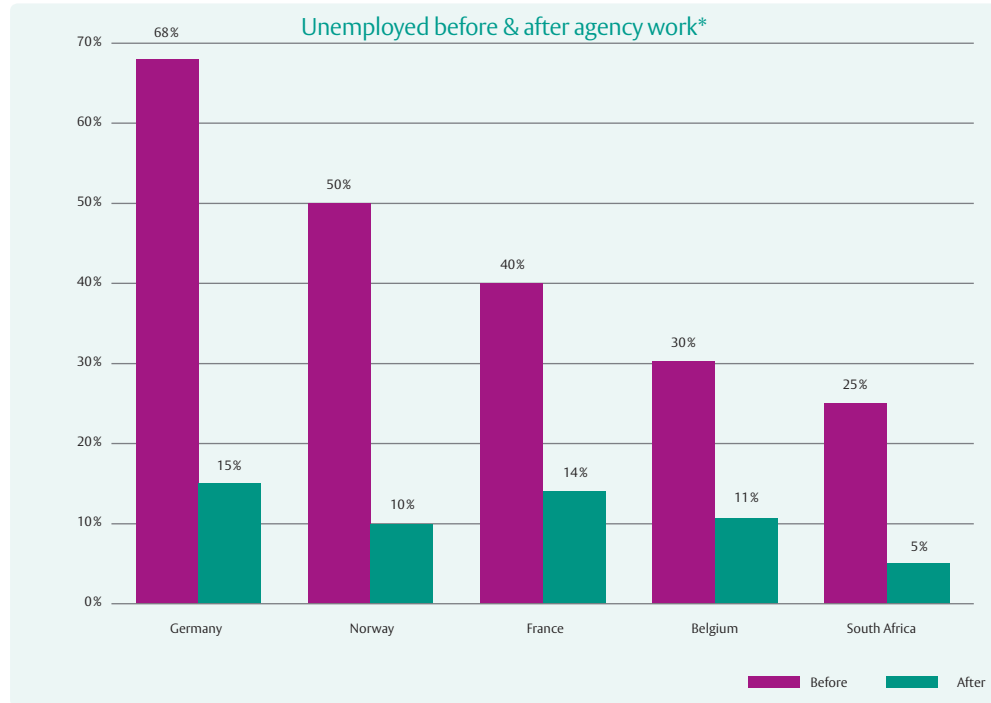
Long-term unemployment

Working through agency work allows those who are unemployed to regain confidence, renew their skills, and demonstrate their capabilities to prospective employers.



Less people are unemployed after working through a temporary work agency than before

Many agency workers were officially registered as “unemployed” before working with a private employment agency. This proportion falls substantially after working as an agency worker. This shows that agency work contributes to reducing unemployment, and helps people to re-enter the labour market.

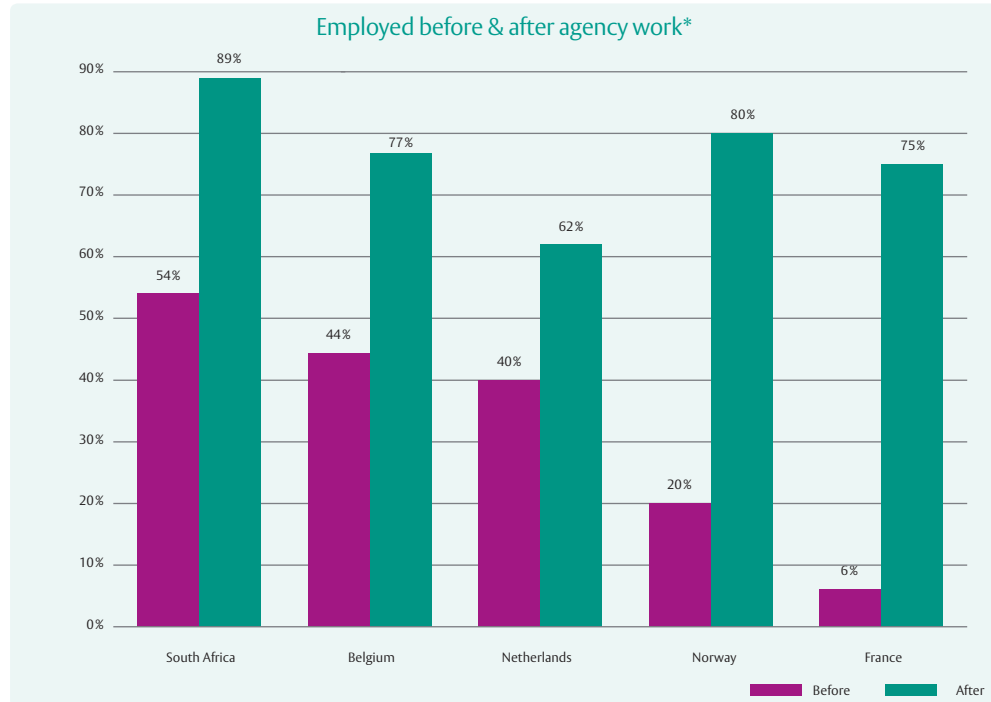


*% of agency workers officially registered as unemployed before and 12 months after temping

More people are employed after working through agency work than before

AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

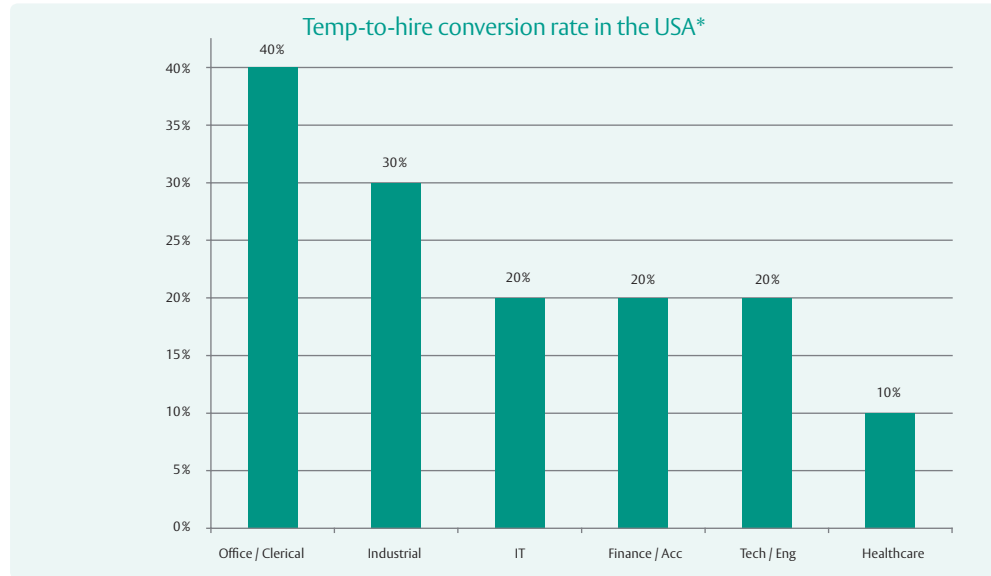
On average, the proportion of those having an employment before and after having worked as an agency worker is more than doubled. Agency work gives “outsiders” a viable access to the labour market, hence increasing both labour market participation and diversity. It serves as a stepping-stone, especially for first-time entrants to the labour market, enhancing worker employability, through job assignments and vocational training.



*% of agency workers employed (either with a temp, fixed-term or open-ended contract) before and 12 months after temping

In the USA the temp-to-hire conversion rate varies according to the segment

In the USA, the median temp-to-hire conversion rate is 20%, confirming the stepping-stone function of agency work from a temporary contract to a permanent one. However, conversion rates can vary widely. Commercial agency work has a much higher rate of temp-to-hire conversion than professional agency work. Companies that derive a majority of their revenue from the office/clerical segment report the highest median rate of conversion, with 40%. At the other end of the spectrum, companies deriving a majority of their revenue from the health sector report a median conversion rate of 10%.



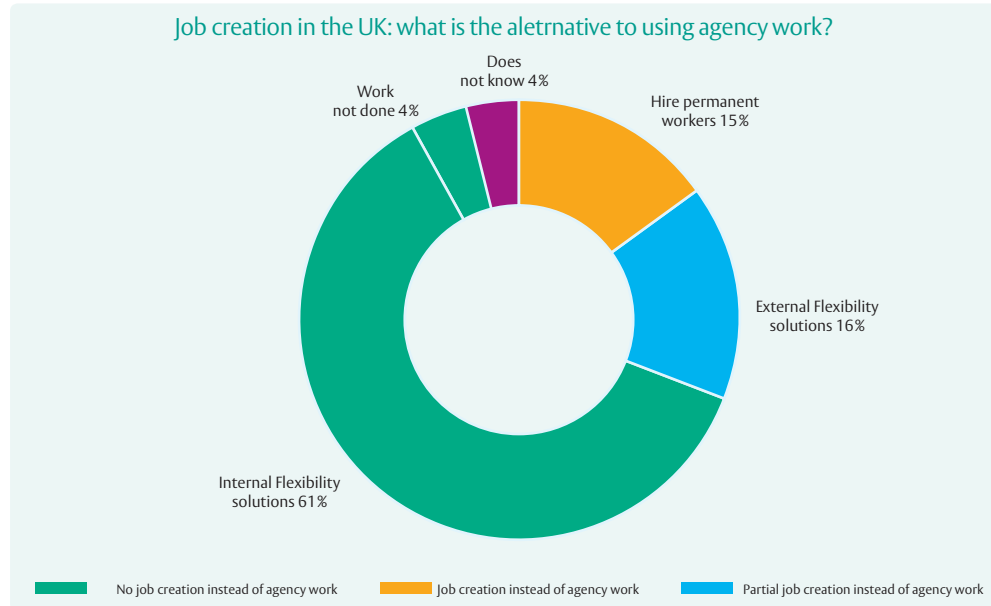
Source : Staffing Industry Analysts 2008 – based on firms reporting more than 50% of revenue from segment
*% of agency workers in the USA that obtain an open-ended contract after temping

65% of jobs created by agency work would not have existed otherwise

AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

- Agency work does not serve as a substitute to permanent employment because it does not cover the same needs
 - Agency work is used for specific flexibility needs that could not be covered by permanent contracts
 - Absorb peaks in demand
 - Cover short-term staff leave
 - Pre-select potential hires
 - Outsource HR
 - Historical statistics support the fact that agency workers do not replace permanent ones
 - Long-term assignments are uncommon
 - Persistent high turnover of agency workers (300 to 400%)

- Limited substitution effect must be assessed in a long-term perspective
 - Overall flexibilisation of companies integrating a flexible workforce in their HR strategy



Source : Continental Research Corporate 2005

The use of agency work helps companies to improve competitiveness

“In France, manufacturing employment better resisted the 2003 economic downturn compared to 1993. The increasing use of AW reinforced productivity gains by increasing industry reactivity to economic cycles”

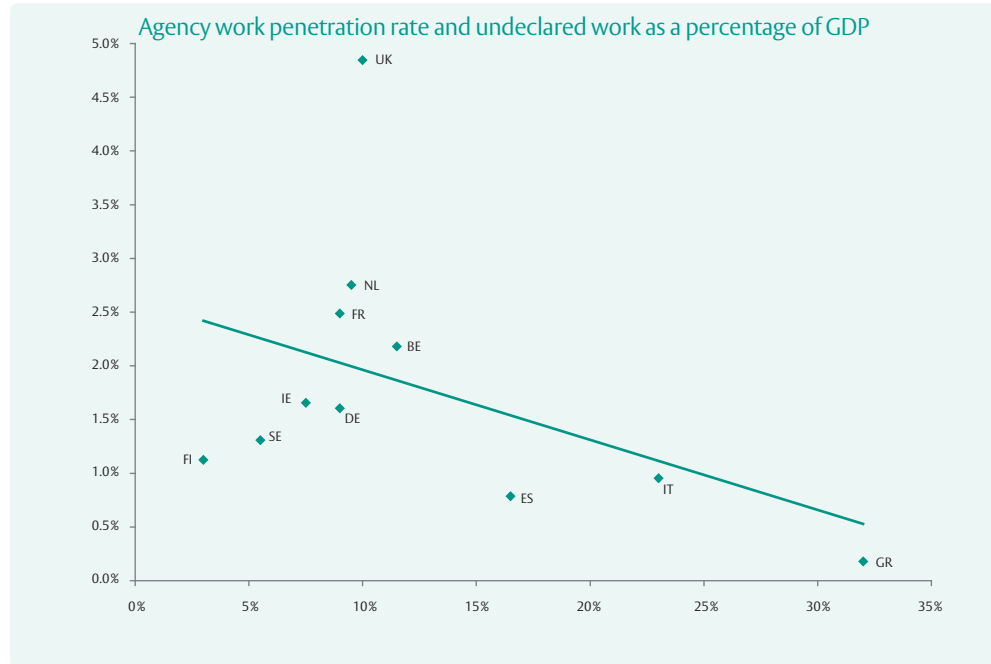
Source: French Ministry of labour – « Emploi industriel: le dernier creux conjoncturel sans influence sur la tendance des gains de productivité »



Higher agency work penetration rate leads to lower undeclared work

AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

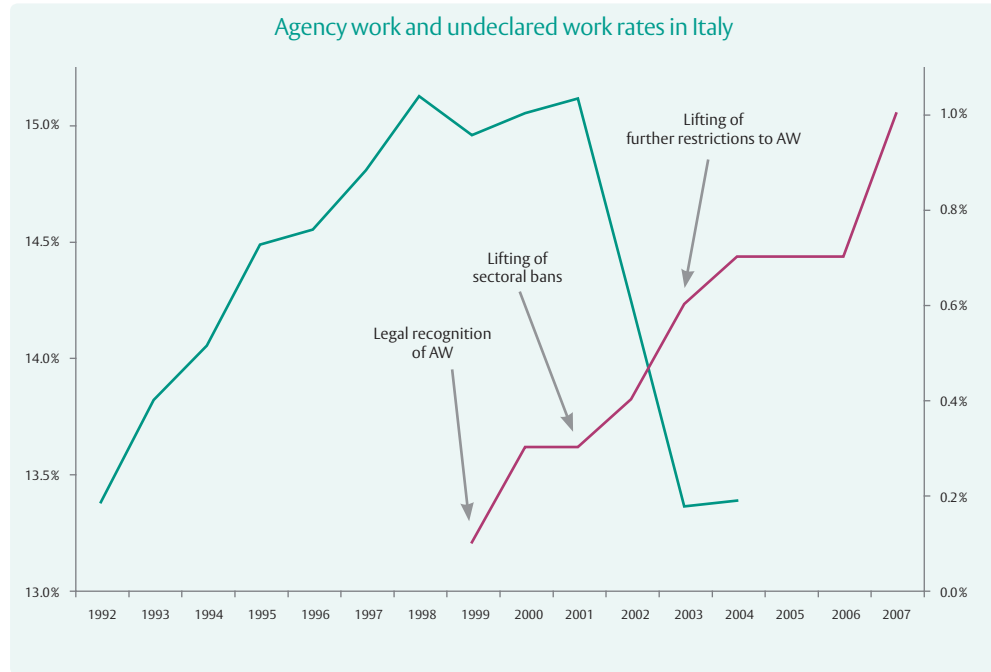
By serving as a legal alternative in sectors often plagued by illegal labour, agency work can serve as a means of fighting undeclared work. Workers can then take full advantage of all the legal protection and enforcement mechanisms available to them, unlike the often unstable and potentially risky work available through illegal channels.



Sources: EuroStat, Ciett National Federations, Bain analysis

In Italy the lifting of restrictions on agency work has helped to curb undeclared work

In Italy, agency work was legally recognised in 1997 with the “Treu package”. The next major change took place in 2000 with the opening up of the agricultural, construction and public sectors to agency work. In 2003, the “Biagi law” further enhanced labour market flexibility, and helped liberalise agency work. These legislative changes had a positive impact on the reduction of undeclared work. A study by the Italian National Institute of Statistics in 2005 demonstrated that agency work played a key role in this achievement by bringing to the labour market thousands previously illegally employed.



Source: Confinterim.it, EuroStat, Istituto Nazionale di Statistica, LitSearch

Agency work facilitates transitions in the labour market through training

AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

In several EU countries, the agency work industry has developed specific training programs to facilitate access to training for agency workers. In six countries – Austria, Belgium, France, Italy, Spain and the Netherlands - sectoral bi-partite training funds have been established. As a result, 643.400 agency workers were trained in 2007 for a total investment of €524 million. These figures only reflect part of the training provided to agency workers, as individual PrEAs also develop their own training courses to agency workers. Facilitating access to training for agency workers allows for increased employability, better wages and enhanced mobility between different jobs.

| Training programmes provided to agency workers | | | | | |
|--|--------------------|--------------------|-------|-------|-------|
| | FR | BE | NL | ES | IT |
| Number of trained agency workers (x 1.000) | 270.0 | 19.6 | 138.7 | 10.9 | 204.2 |
| % of trained agency workers | 12.3% | 3.6% | 19.0% | 1.4% | 35.6% |
| Number of training hours (x 1.000) | 10,110 | 303 | - | 760 | 1,221 |
| Number of training hours per trained agency worker | 47.1 | 15.4 | - | 69.8 | 6.0 |
| Amount invested in training by temporary work agencies (x 1.000.000) | 331 | 4.7 | 35 | 4.8 | 149 |
| Amount invested per trained agency worker (€) | 1,225.9 | 239.7 | 252.3 | 440.4 | 729.6 |
| Amount invested in training in % of wages | 2.15% ¹ | 0.50% ² | 1.02% | 1.25% | - |

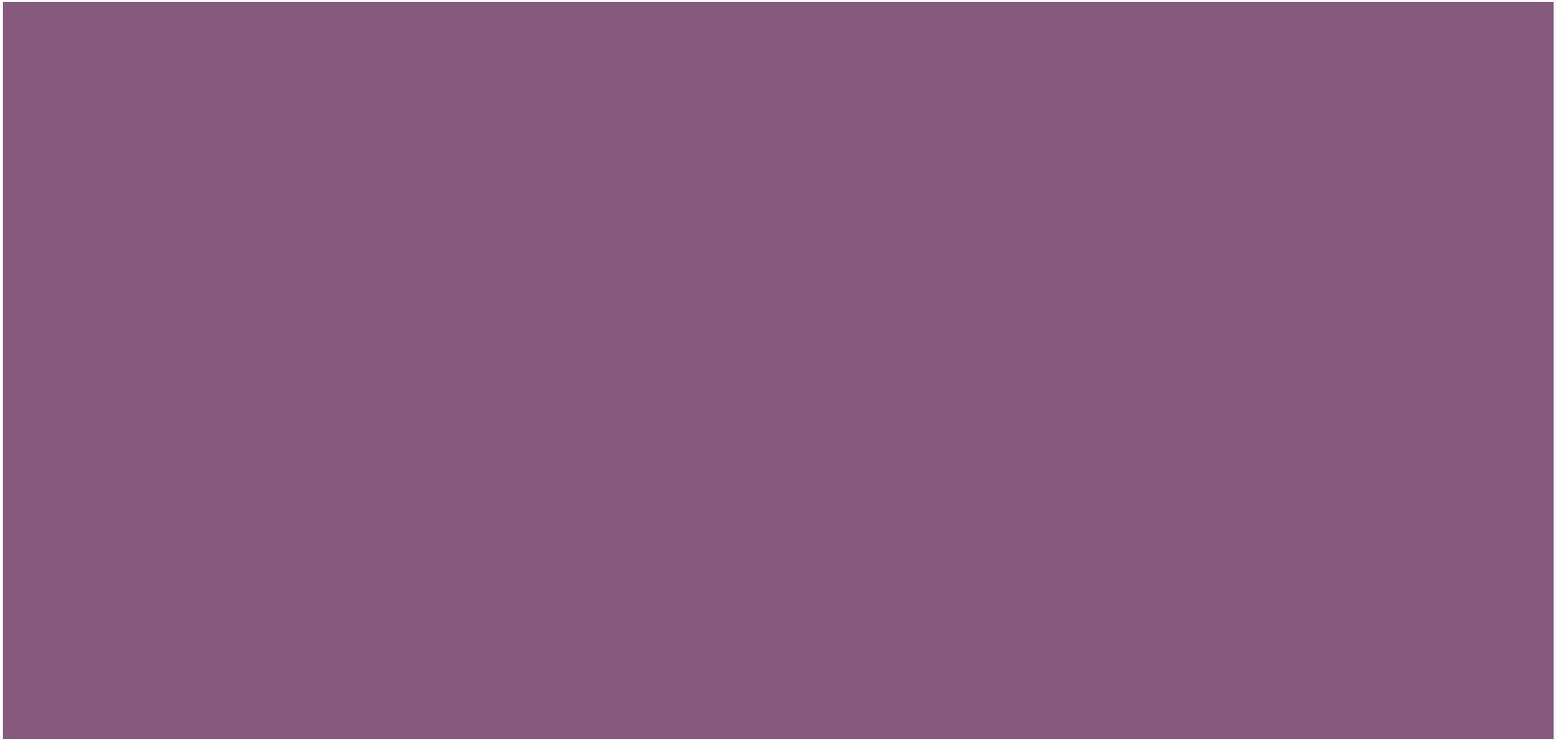
¹ Maximum contribution rate

² Minimum contribution rate as determined by collective labour agreement
Source : IDEEA Consult 2008



5. Companies' rationale to use temporary agency work

- Two key reasons for using agency workers:
 - Meeting peaks
 - Gaining flexibility
- 81% of companies use agency work to manage economic fluctuations.
- Agency work is the most appropriate solution to face needs in staff flexibility.



Two key reasons for using agency workers: meeting peaks and sourcing potential hires

COMPANIES' RATIONALE TO USE AGENCY WORK SERVICES

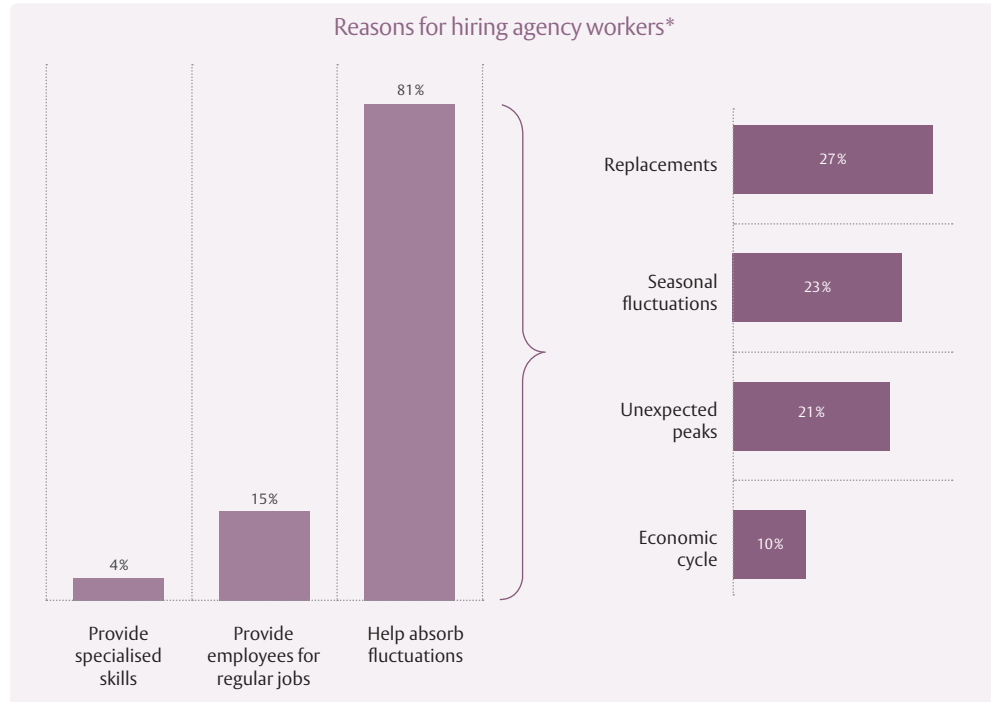
The use of agency work is very sensitive to business cycle fluctuations, as it is an excellent instrument for employers to accommodate the size of their workforce to fluctuations in product demand. Companies use agency work for two main reasons: in order to meet seasonal or activity peaks, and for HR related purposes (sourcing and pre-selecting potential hires). Agency work appears as the most appropriate solution to meet these needs. It is seen as the first option, and the most competent solution, for many HR functions that are traditionally carried out internally by companies, allowing them to focus on their core activities, and remain confident that the expertise of the industry will provide them with the right person, with the right skills, at the right time.



Source : ABU, REC 2005

81% of companies use agency work to manage economic fluctuations

By using agency workers, companies are able to minimise their exposure to risk when the near future appears uncertain. Once the outlook brightens, agency work helps companies to cope with any sudden increase in demand or face seasonal fluctuations. The use of agency workers is also an effective method of finding the right employee for a permanent position, or to replace workers leaving.



* based on a survey of 500 companies

Agency work is the most appropriate solution to face needs in staff flexibility

COMPANIES' RATIONALE TO USE AGENCY WORK SERVICES

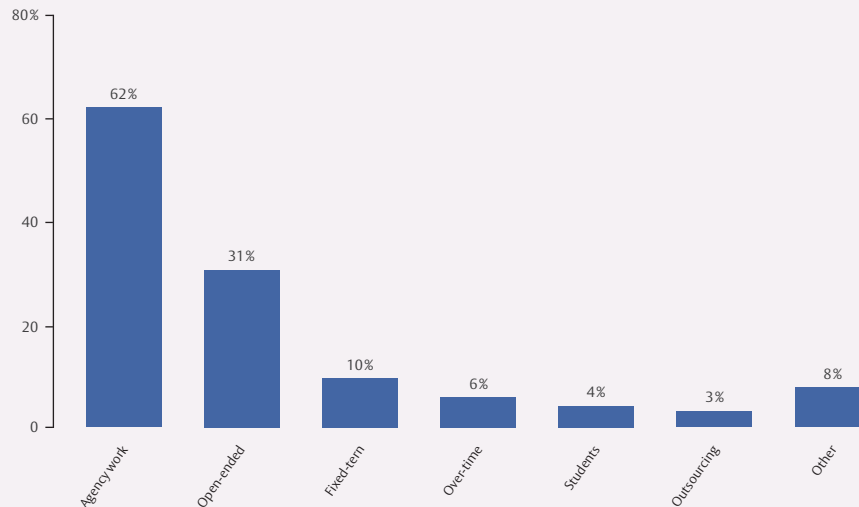
Increase in flexibility needs is driven by companies' shortened visibility

- Shorter product life cycles lead to more rapid and greater fluctuations in order books
- Increased reactivity and adaptation is required to remain competitive
- New products and competitors are likely to turn up anytime and anywhere. To face these risks, companies have to adapt their cost base and focus on what makes the difference.

Agency work is the most appropriate solution to meet flexibility needs

- Speed of response
- Variable assignment duration

In Belgium agency work is the most appropriate solution to face staff flexibility needs



Source : FedErgon 2002

About Ciett & Eurociett

Ciett, the International Confederation of Private Employment Agencies, is the authoritative voice representing the interests of the private employment agency industry across the world.

Founded in 1967, Ciett consists of 40 national federations of private employment agencies and 6 of the largest staffing companies worldwide: Adecco, Kelly Services, Manpower, Olympia Flexgroup, Randstad, and USG People.

Its main objective is to help its members conduct their businesses in a legal and regulatory environment that is positive and supportive.

Eurociett is the European counterpart to Ciett, and the official social partner for the agency work sector within the framework of the European Social Dialogue. It is recognised as such by the European institutions (especially European Commission, European Parliament, and the Council), by key stakeholders (e.g. BusinessEurope, UNI-Europa, NGOs) as well as national governments.

Eurociett gathers 27 national federations of private employment agencies. Eurociett members consist of private companies operating in the following HR fields: agency work, permanent recruitment, interim management, executive search, outplacement and training.

Across Europe, they gather 58.000 branches, employ 244.000 internal staff and 3.8 million agency workers (daily full-time equivalents).

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Chile
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Estonia
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