



The agency work industry around the world

MAIN STATISTICS

2007 Edition
(based on 2006 available figures)

ciett

International Confederation of
Private Employment Agencies



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(based on 2006 available figures)

Introduction

2006 marked a year of growth for the agency work industry. Across the world, 8.9 million agency workers (full-time equivalent) were employed daily, through 75.000 branches and with a sale revenues in excess of €200 billion. The agency work sector is one of the largest private employers globally.

Increasingly, agency work sector is being recognised as a legitimate actor and partner not only in governmental active labour market policies, but also by trade unions and other non-state groups. Agency work remains a small (1.8% of European employment), yet significant and potent sector in Europe, though still some way behind the United States (2.2%) and Japan (1.9%).

In 2006, the mature markets in Western Europe continue their robust growth, but looking to the future, new and potentially significant markets elsewhere have opened up, namely in the Asia-Pacific region, South America and in new EU member states. Russia and Germany offer great promise, but for opposite reasons, the former as a rapidly expanding economy with a nascent agency work market, the latter of a major economy slowly freeing itself of some very strict regulatory measures.

Agency work is further expanding in to the highly skilled jobs market, previously a reserve of specialised recruitment companies. A number of governments who face persistently high rates of unemployment increasingly lean towards the lifting of restrictions on agency work in protected sectors as an effective means

of helping to lower unemployment and improve, if not sustain economic growth.

Significantly, men and young workers still form the core AW profile. This is already starting to change as other groups are increasingly turning to AW for the flexible choice it offers in matching how they want to manage their lives.

In Europe, the recent debate on 'Flexicurity' policy has brought agency work under the spotlight and it is now being discussed at an elevated and more intense level by all the actors and potential partners involved. Agency work plays (and has the strong potential to further play) a valuable role in easing transitions within and to the labour market, further helping people and economies better adjust to continuing globalisation.

The key facts

The players

- There are 67.500 private employment agencies (PrEAs) globally totalising 120.000 branches and employing 728.000 internal staff.
- Sale revenues (€76.2 billion) of the top ten worldwide companies account for 33% of total agency work market.
- Total worldwide turnover in 2006 reached €228 billion, up from €191 billion in 2005 (+19%).
- The USA still account for the single largest country share with 38% (or €87 billion) of global sale revenues, followed by the UK (16%) and Japan (11%).
- Europe is the lead regional entity with 43% of total worldwide sale revenues (€97 billion).

The agency workers in numbers

- In 2006, 8.9 million agency workers (full time equivalent) were employed across the world.
- Agency work penetration rate is 1.8% in Europe, 1.9% in Japan and 2% in the USA.
- Number of agency workers is strongly linked to economic growth.

The profile of the agency workers

- The majority of agency workers are less than 25 years old but gender balance varies widely across the world.
- Higher TAW penetration rates mean more work opportunities for medium and high skilled workers.
- Main reasons to work through agency work relate to a real choice, a way to get a permanent job, an opportunity to improve skills and gain additional incomes.
- For people, main benefits of working through an agency are to develop new skills and to improve employability.
- Satisfaction is consistently rated highly by agency workers.

The contribution of agency work to a better functioning labour market

- Agency work plays an active role in facilitating transitions in the labour market.
- Agency work contributes to reducing unemployment, especially by acting as a stepping stone.
- Undeclared work is significantly reduced where use of agency work is widespread.

Companies' rationale to use agency work services

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

The agency work industry's potential in Europe

- PrEAs will provide 1.6 million new jobs organically over the five years through to 2012 of which 1.2 million (or 80%) would not have been created without agency work.
- If unnecessary restrictions on agency work are lifted in the six main EU markets, PrEAs will be able to provide an additional 570,000 new jobs on top of the 1.6 million to create 2.1 million jobs by 2012.

Content

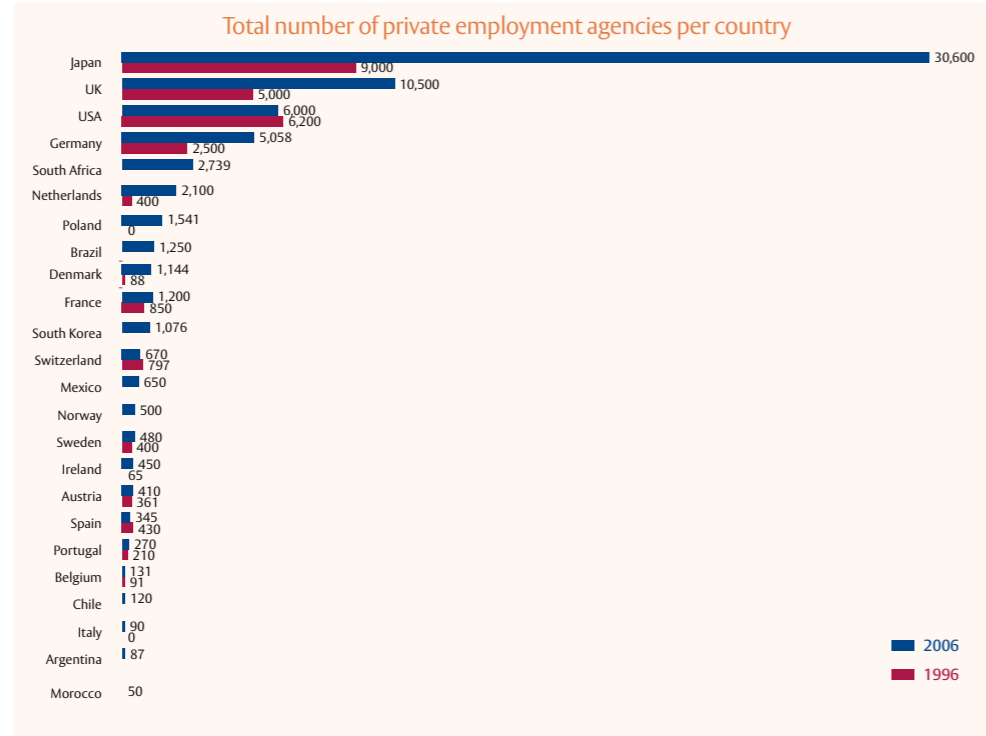
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1. The players

- There are 67,500 private employment agencies (PrEAs) globally totalising 120,000 branches, employing 728,000 internal staff
- Sale revenues (€76.2 billion) of the top ten worldwide companies account for 33% of total agency work market
- Total worldwide turnover in 2006 reached €228 billion, up from €191 billion in 2005 (+19%)
- The USA still account for the single largest country share with 38% (or €87 billion) of global turnover for 2006, followed by the UK (16%) and Japan (11%)
- Europe is the lead regional entity with 43% of total worldwide sale revenues (€97 billion)

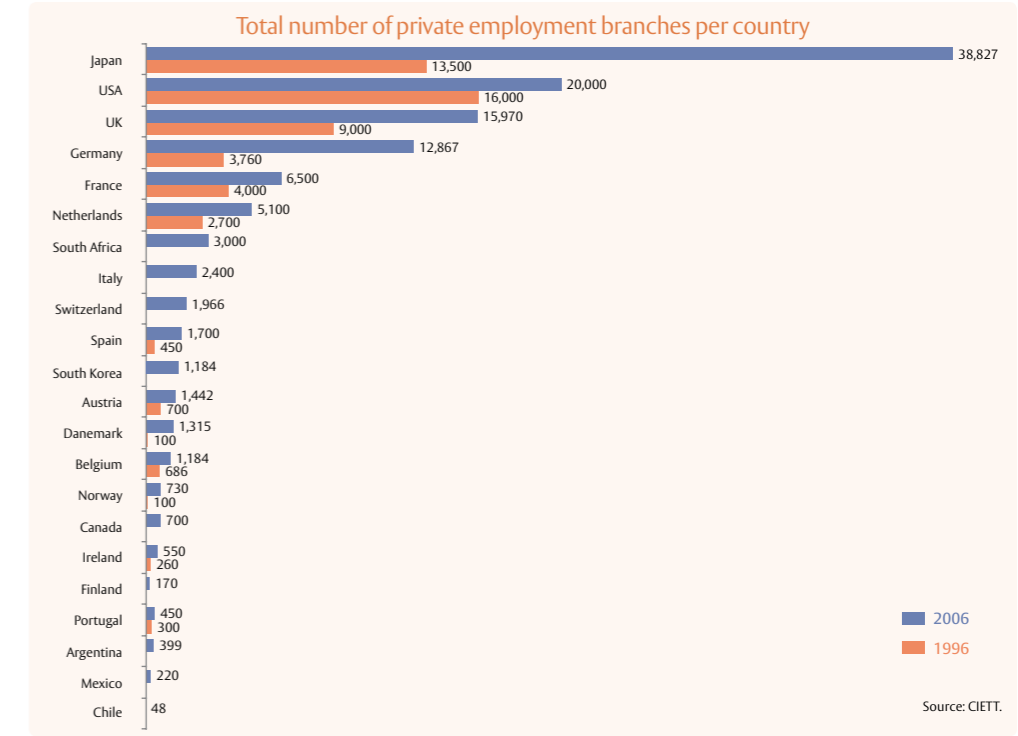
The number of PrEAs in 2006 increased to 67,500 from 26,000 in 1996

The number of PrEAs has increased by 160% between 1996 and 2006. The Netherlands increased by a factor of 5, Japan by 3, UK and Germany by a factor of 2. The United States reached a stable level of companies through industry consolidation. The new markets are lead by South Africa which has shown the most impressive and rapid expansion, even vaulting the Netherlands to find itself in 5th place behind Germany. Italy, Denmark, Brazil and South Korea also show marked expansion.



In ten years, number of branches rose to 120,000 from 54,000

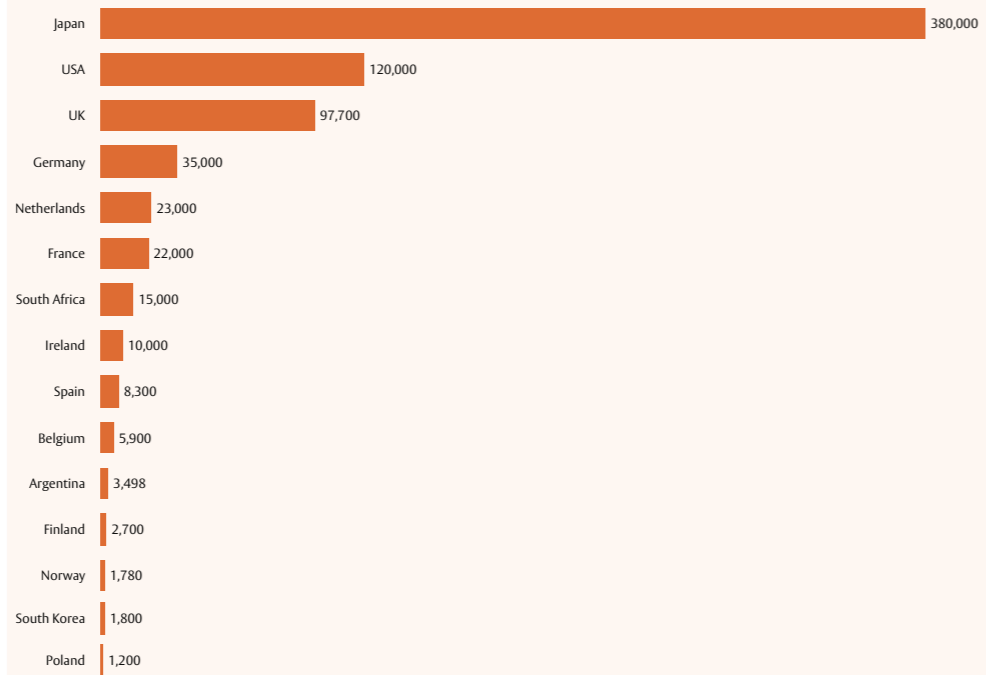
Japan, Germany and Spain have all tripled the number of branches over the last ten years, the Netherlands, Austria, Ireland, UK, Belgium double or close to the double mark. South Africa has again outstripped a number of the smaller mature markets and finds itself the Netherlands' shadow. Along with strong growth in many countries around the world in the last ten years, globalisation has meant that more flexible forms of labour are actively sought, by companies seeking to minimise risk and adjust quickly to economic trends, by governments who are trying to reduce public borrowing and by employees who seek more flexibility and easier access to employment when they want it and in a form that more closely matches their aspirations and needs.



728,000 internal staff were employed by PrEA's in 2006

With 380,000 internal staff, Japan agency work branches internally employ more than three times the number of staff in branches in the USA (120,000). Only the UK (97,700) is near to the USA, despite the total number agency workers between the two countries being substantial (respectively 1.3 and 3 million). This difference may stem from the fact that in the UK, the great majority of the agency work market is undertaken by small, localised companies.

Total number of internal staff employed by private employment agencies per country - 2005 & 2006

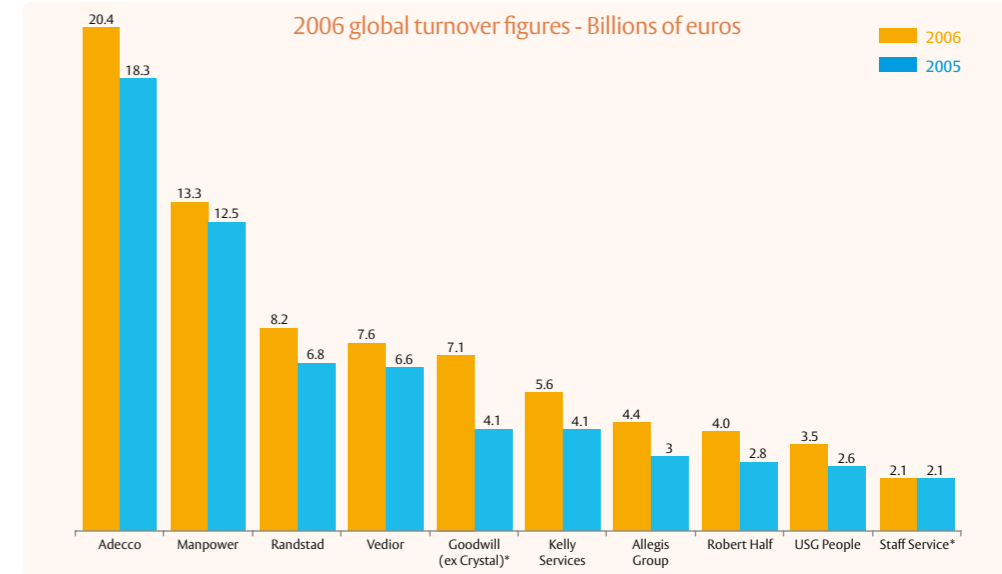


Source: CIETT.

The top 10 staffing companies' sale revenues increased to €76.2 billion in 2006, accounting for 33% of worldwide revenues

THE PLAYERS

2006 marked a year of robust growth for the main worldwide players. Adecco at €20.4 billion is still the market leader, closely followed by Manpower with €13.3 billion. Goodwill (€7.1 billion), Kelly Services (€5.6 billion) and the Allegis Group (€4.4 billion) showed the most significant increases in turnover compared to the previous year (the Goodwill's 26% increase in performance for 2006 due to the Goodwill Group's absorption of Crystal Services). The exchange rate between the US dollar and the euro had a negative impact on Manpower and Kelly Services' figures in euros, knowing that these two companies are US based.

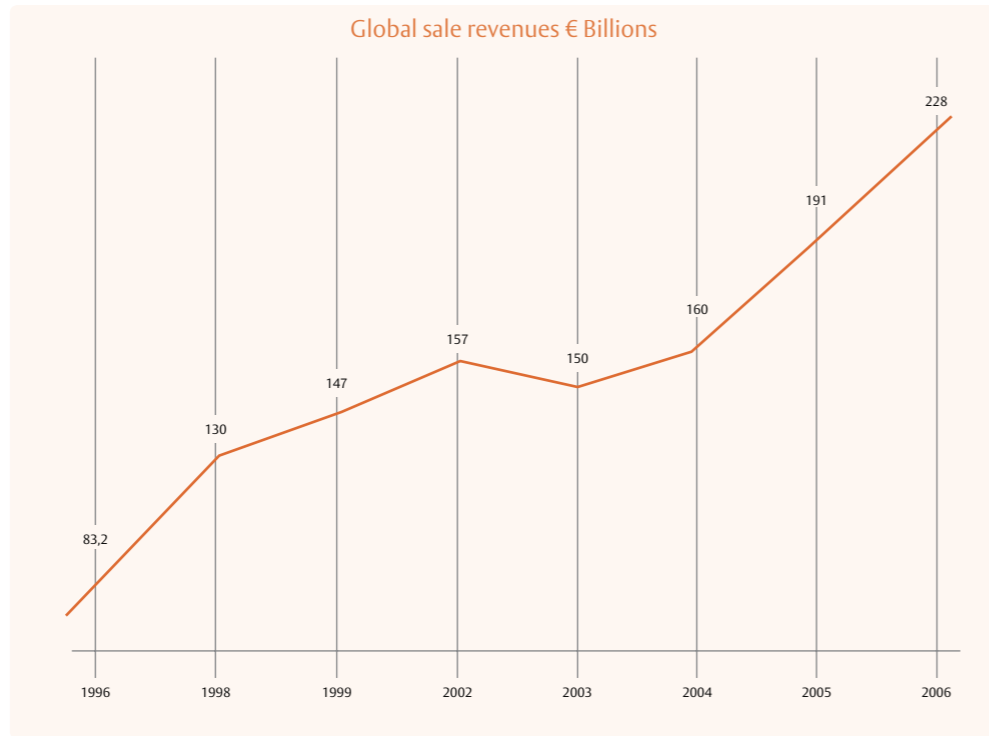


Source: Ciett & Staffing Industry.

- The Goodwill Group & Staff Service are Japanese staffing companies
- USG People is the result of the merger of Solvus with USG in 2005
- Allegis Group is a private non-listed US staffing company, based in Hanover MD

Global agency work sale revenues reached €228 billion in 2006

Agency work's 2006 global sale revenues of €228 billion rose by €37 billion compared to 2005, reflecting continued growth in all the major economies since 2003. The 2001 to 2003 recession proved to be brief for the industry, rapidly recovering from 2004 onwards.

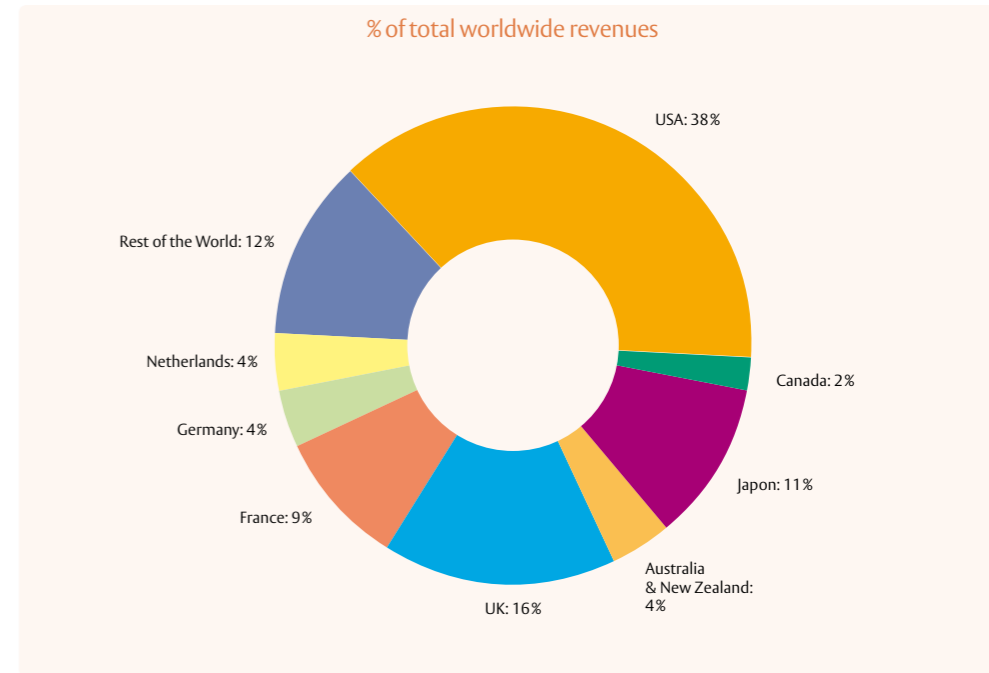


Sources: ING, Goldman Sachs, Ciett.

The USA remains the global leader by country in agency work revenues for 2006

THE PLAYERS

The USA remains the global leader by country with 38% (€87 billion) of world agency work revenues in 2006. The UK was the next largest by country with 16% (€36.4 billion), followed by Japan with 11% (€25.2 billion). As a region, Europe held the largest turnover at 43% (€97 billion).



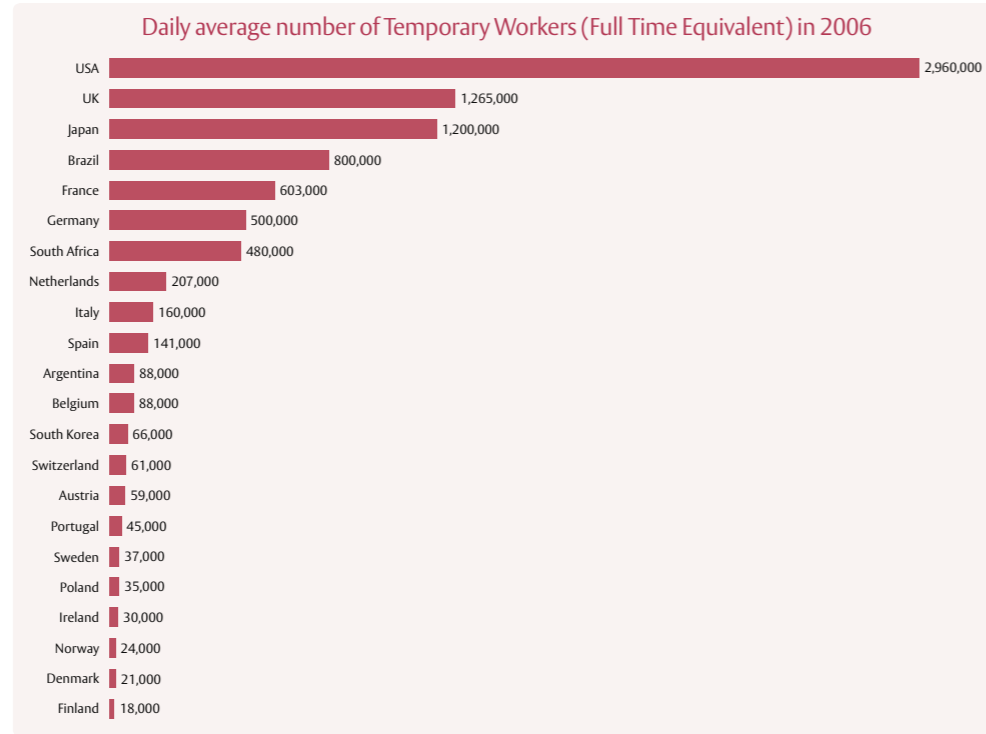
Sources: Ciett, ING, Randstad.

2. The agency workers in numbers

- 8.9 million agency workers (full time equivalent) employed globally in 2006
- The number of agency workers has more than doubled between 1996 to 2006
- Growth rate per country over the last 10 years differs significantly
- Agency work penetration rate varies widely according to countries
- Average european agency work penetration rate is 1.8%
- Lifting restrictions in japan allowed for more work opportunities for more people
- 2.96 million americans were employed as agency workers in 2006
- Agency work markets are strongly linked to economic growth

8.9 million agency workers were employed in 2006

The United States employed more than twice as many agency workers (2.96 million) than its nearest rival, the UK (1.265 million) to maintain its status as market leader. Japan made third place with 1.2 million agency workers, Brazil next with 800,000 showing it to be the largest market in South America and ahead of France (603,000), Germany (500,000), South Africa (480,000) and the Netherlands (207,000).



Source: Ciett.

The number of agency workers has more than doubled between 1996 to 2006

Of the major markets, the leading global exporters Japan & Germany have respectively quadrupled (299,000 to 1.2 million) and tripled (149,000 to 500,000) the number of agency workers over ten years. In their shadow, France doubled (291,000 to 603,000) the number of agency workers, the UK (682,000 to 1.265 million), the US (2.19 to 2.96 million) and the Netherlands (147,00 to 207,000) have done less well, though the latter three are some of the most mature, least regulated markets. Brazil and South Africa status' as the regional and continental power houses are very evident amongst those outside of Europe. Many of the smaller countries, have equally done well, Finland, Austria, Belgium and Denmark, as well as 'late developer' Ireland and newly

Number of Temporary Agency Workers (daily FTE x 1,000)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EUROPE | | | | | | | | | | | |
| Austria | 15 | 18 | 21 | 24 | 30 | 33 | 31 | 38 | 44 | 47 | 59 |
| Belgium | 44 | 51 | 60 | 63 | 71 | 68 | 66 | 66 | 73 | 78 | 88 |
| Denmark | 5 | 6 | 7 | 7 | 8 | 10 | 10 | 11 | 13 | 17 | 21 |
| Finland | 9 | 9 | 9 | 8 | 9 | 11 | 11 | 12 | 14 | 16 | 18 |
| France | 291 | 359 | 458 | 515 | 604 | 602 | 570 | 555 | 570 | 586 | 603 |
| Germany | 149 | 180 | 203 | 243 | 283 | 288 | 267 | 276 | 323 | 375 | 500 |
| Hungary | ns | ns | ns | ns | ns | ns | 30 | 39 | 53 | 54 | 55 |
| Ireland | 3 | 4 | 9 | 10 | 25 | 25 | 25 | 25 | 25 | 25 | 30 |
| Italy | nlr | nlr | 10 | 26 | 69 | 67 | 82 | 132 | 154 | 157 | 160 |
| Luxembourg | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Netherlands | 147 | 163 | 180 | 186 | 183 | 178 | 169 | 154 | 157 | 176 | 207 |
| Norway | 7 | 9 | 11 | 11 | 11 | 12 | 11 | 10 | 12 | 15 | 24 |
| Poland | ns | ns | ns | ns | ns | ns | ns | 19 | 25 | 27 | 35 |
| Portugal | 25 | 29 | 33 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Slovakia | ns | ns | ns | ns | ns | ns | ns | ns | 11 | na | na |
| Spain | 60 | 90 | 110 | 133 | 133 | 126 | 123 | 123 | 124 | 130 | 141 |
| Sweden | 10 | 14 | 18 | 24 | 42 | 38 | 37 | 29 | 30 | 32 | 37 |
| Switzerland | 21 | 24 | 30 | 34 | 39 | 38 | 37 | 36 | 41 | 49 | 61 |
| UK | 682 | 775 | 696 | 761 | 1,027 | 1,027 | 1,036 | 1,111 | 1,175 | 1,219 | 1,265 |
| 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 |
| RoW | | | | | | | | | | | |
| Argentina | ns | ns | 39 | 45 | na | na | na | na | na | 80 | 88 |
| Brazil | na | na | na | na | na | na | na | na | na | na | 800 |
| Japan | 298 | 340 | 307 | 395 | 537 | 612 | 693 | 743 | 890 | 1,060 | 1,220 |
| South Africa | ns | ns | ns | ns | ns | ns | ns | ns | ns | 380 | 480 |
| South Korea | ns | ns | ns | ns | ns | ns | ns | ns | 50 | 57 | 66 |
| USA | 2,190 | 2,440 | 2,530 | 2,600 | 2,700 | 2,300 | 2,160 | 2,380 | 2,670 | 2,910 | 2,960 |
| Sub-Total RoW | 2,488 | 2,780 | 2,876 | 3,040 | 3,237 | 2,912 | 2,853 | 3,123 | 3,610 | 4,487 | 5,614 |
| TOTAL WORLD | 3,958 | 4,513 | 4,733 | 5,133 | 5,821 | 5,484 | 5,407 | 5,808 | 6,503 | 7,538 | 8,968 |

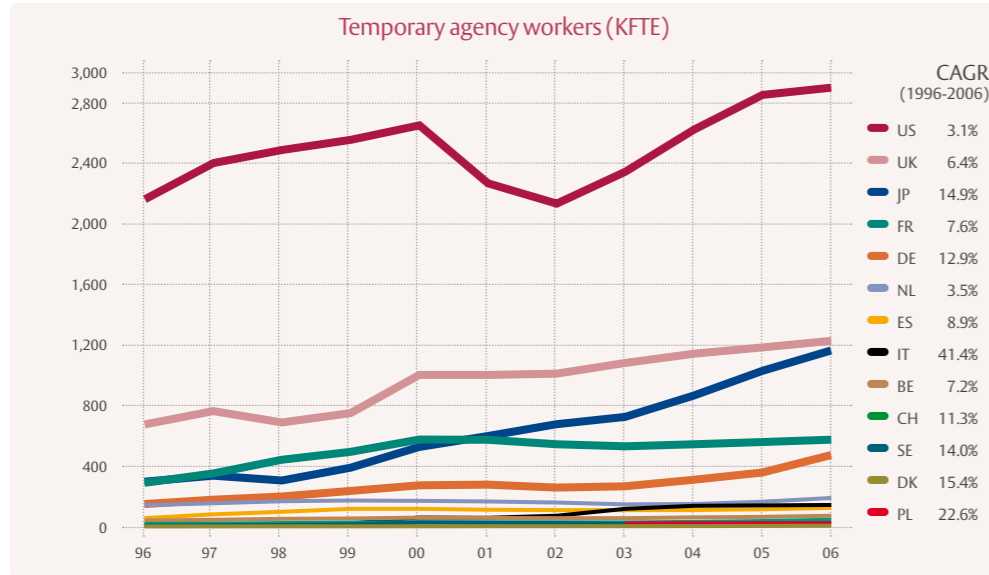
Ns: not significant. Nlr: not legally recognised. Na: not available.
* Sources: Ciett & SEO Economic Research, University of Amsterdam.

independent Slovakia, whether due to rapid economic growth or being

more flexible to the demands of globalisation.

Growth rate per country over the last 10 years differs significantly

In the major mature markets, Japan and Germany have an impressive compound annual growth rate (CAGR) over ten years to 2006 of 14.9% and 12.9% respectively. By comparison, the USA (at 3.1%) have experienced a significant slowdown between the years 2000 and 2002. The countries following the Scandinavian model of economy (Denmark, 15.4% and Sweden 14%) equally did well despite their much smaller populations. Countries with new markets (like Italy, where agency work was only legally recognised in 1998) and those that had restrictions lifted performed well, though from a small base. The Netherlands (3.5%), France (7.6%) and the UK (6.4%), like the US (3.1%), showed much less impact though mainly due to already being



Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Danish Federation, Prognos.

highly penetrated markets. As demonstrated further below, the development of the agency work

industry is also very much to the economic growth of a country.

Agency work penetration rate varies widely according to countries

The largest mature markets have shown the greatest penetration reflecting a combination of their already large user base, strong economic growth and liberal market for agency work (France being the exception with regards to restrictions on the use of agency workers). With a population of over 80 million people, Germany plays a significant role in the growth of the industry, especially as the Hartz series of labour reforms (2002) have already started to make an impact.



*Estimated.

Source: CIETT.

Average European agency work penetration rate is 1.8%

The average agency work penetration rate in Europe (1.8%) hides discrepancies according to countries, ranging from 4.5% in the UK to 0.2% in Poland. Over the last ten years, most markets have shown a significant improvement in penetration rate. In the largest European markets, Germany has more than tripled its penetration rate over the period (mainly due to the lifting of restrictions), France and Belgium almost double and the UK increased by three quarters. The Netherlands by comparison only increasing by a fifth. All of the smaller and newer markets have at least come close to doubling their penetration rate or achieving more than double.

| | Agency Work Penetration rate (DAT as % of total employment*) | | | | | | | | | | |
|-------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Austria | 0.4% | 0.5% | 0.6% | 0.7% | 0.8% | 0.9% | 0.8% | 1.0% | 1.2% | 1.2% | 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% |
| Denmark | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% | 0.5% | 0.6% | 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% |
| France | 1.3% | 1.6% | 2.1% | 2.3% | 2.6% | 2.5% | 2.4% | 2.3% | 2.4% | 2.4% | 2.4% |
| Germany | 0.4% | 0.5% | 0.6% | 0.7% | 0.8% | 0.8% | 0.7% | 0.8% | 0.9% | 1.0% | 1.3% |
| Hungary | ns | ns | ns | ns | ns | ns | 0.8% | 1.0% | 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% |
| Italy | nlr | nlr | 0.0% | 0.1% | 0.3% | 0.3% | 0.4% | 0.6% | 0.7% | 0.7% | 0.7% |
| Luxembourg | 1.2% | 1.2% | 1.2% | 1.7% | 1.9% | 2.0% | 2.2% | 2.3% | 2.1% | 2.3% | 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% |
| Norway | 0.3% | 0.4% | 0.5% | 0.5% | 0.5% | 0.9% | 0.5% | 0.4% | 0.5% | 0.7% | 1.0% |
| Poland | ns | ns | ns | ns | ns | ns | ns | 0.1% | 0.2% | 0.2% | 0.3% |
| Portugal | 0.6% | 0.6% | 0.7% | 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% |
| Sweden | 0.3% | 0.4% | 0.5% | 0.6% | 1.0% | 0.9% | 0.9% | 0.7% | 0.7% | 0.7% | 0.8% |
| Switzerland | 0.6% | 0.6% | 0.8% | 0.9% | 1.0% | 1.0% | 0.9% | 0.9% | 1.0% | 1.2% | 1.5% |
| UK | 2.6% | 2.9% | 2.6% | 2.8% | 3.8% | 3.8% | 3.8% | 4.0% | 4.2% | 4.3% | 4.5% |
| European average | 1.0% | 1.0% | 1.1% | 1.2% | 1.5% | 1.5% | 1.4% | 1.5% | 1.6% | 1.7% | 1.8% |

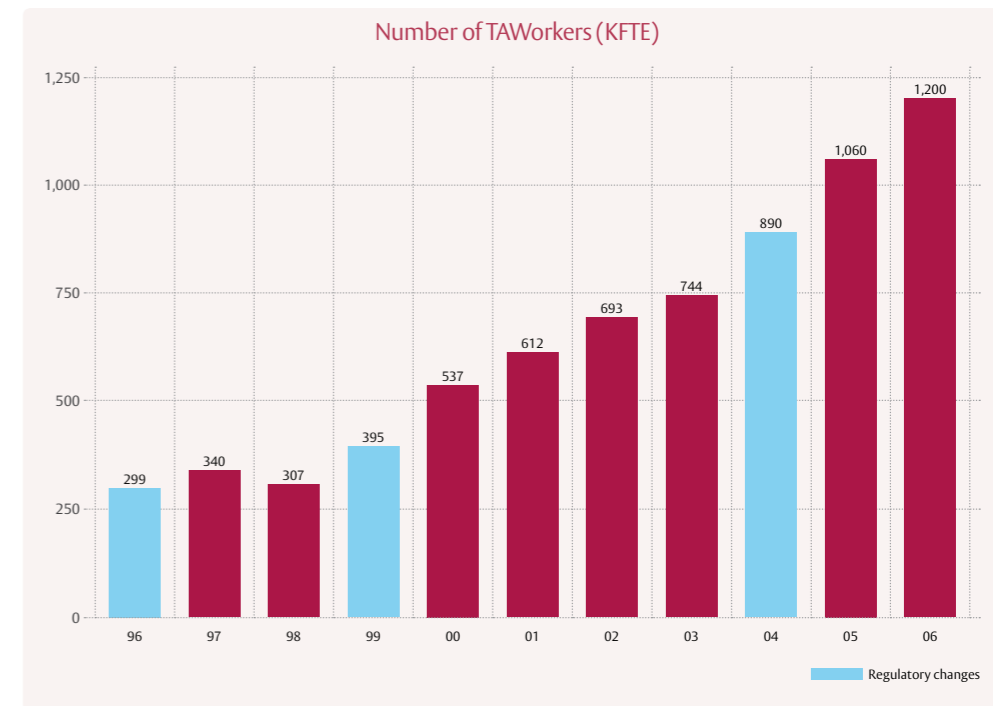
*ns: not significant
*nlr: not legally recognised

*EuroStat emp_lfs Total Employment (resident population concept - LFS).
Sources: Eurociett & SEO Economic Research, University of Amsterdam.

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

THE AGENCY WORKERS
IN NUMBERS

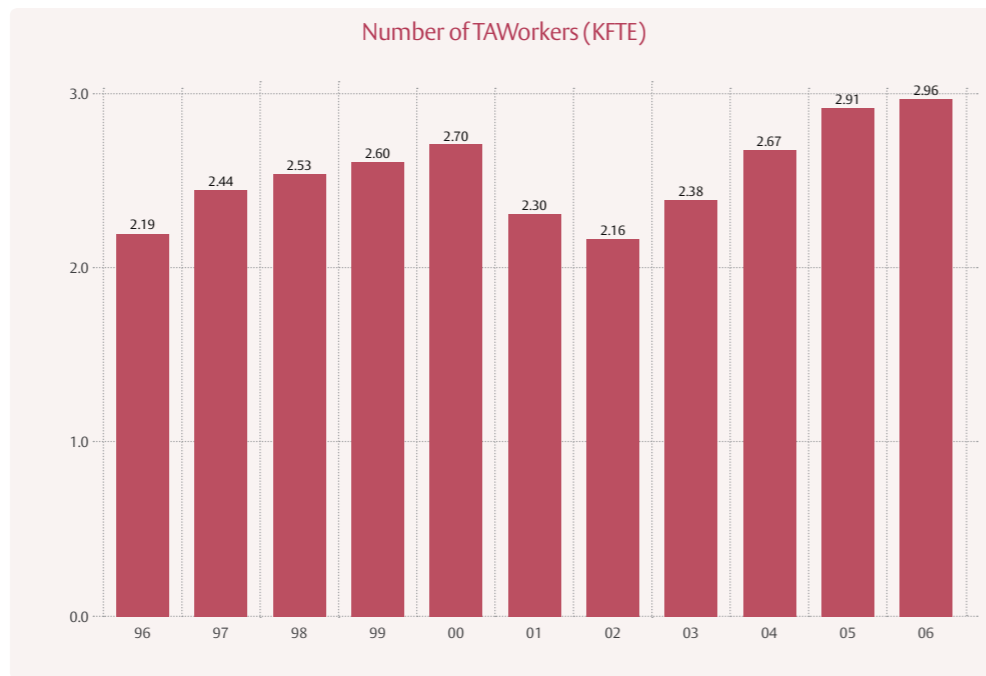
Formerly a very tightly regulated market, Japan has adopted in 1996, 1999 and 2004 new regulation on agency work that liberalised the market and allowed for more people to work through an agency. As a result, the number of agency workers has increased significantly.



Source: Japanese Association of Staffing Services Agencies; Japan institute for labour policy & training.

2.96 million Americans were employed as agency workers in 2006

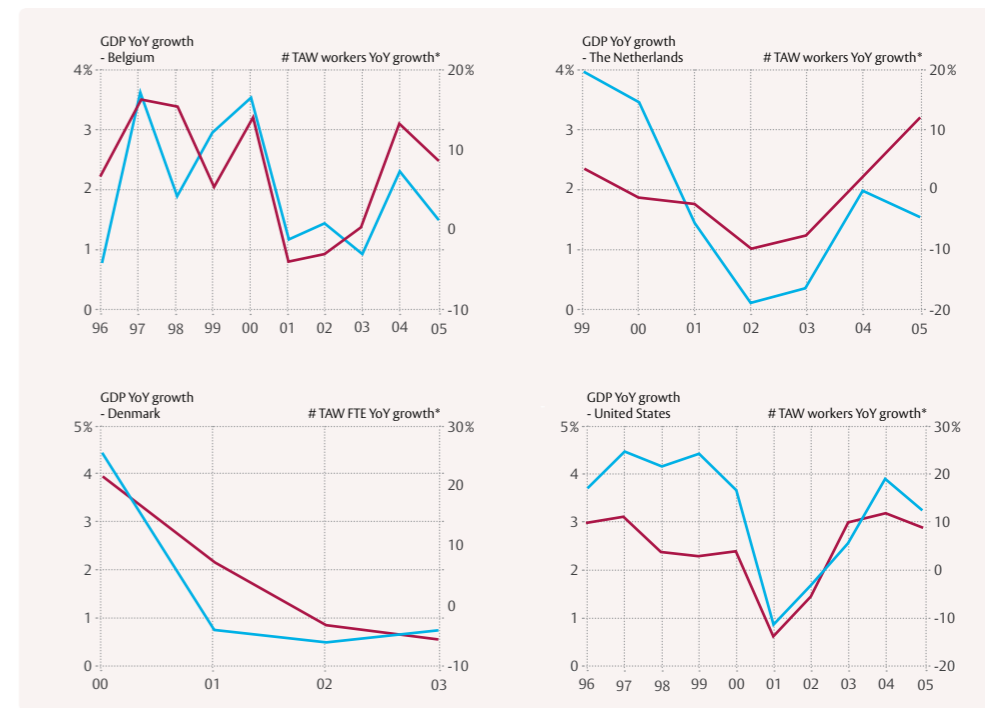
Strong growth between 2002 and 2005 slowed sharply in 2006, following the rise out of recession in November 2001 and a slowdown beginning in the second half of 2006. It took 4 years (2001-2004) to return to the level reached in 2000. As the American Staffing Association put it in their 2007 Industry Economic Analysis « 2006 seemed to have just the right mix of ingredients for a Goldilocks economy well suited for the growth of the American staffing industry». For the industry itself, overall growth was only moderate (half) in comparison to previous years, though at 52,000 jobs on average per day for 2006 (1.8% growth in employment) versus 2005, though the lowest since 1990 (except for the recession years).



Source: American Staffing Association, Employment and Sales Survey.

Number of agency workers is strongly linked to economic growth

The use of agency work closely mirrors the behaviour of the economy. As it can be seen for the 4 countries analysed (Belgium, Denmark, Netherlands and the USA), there is a strong correlation between the level of GDP and the level of use of agency work. In years of growth, the demand and supply for workers increases, and diminishes when the economy and demand is weak.



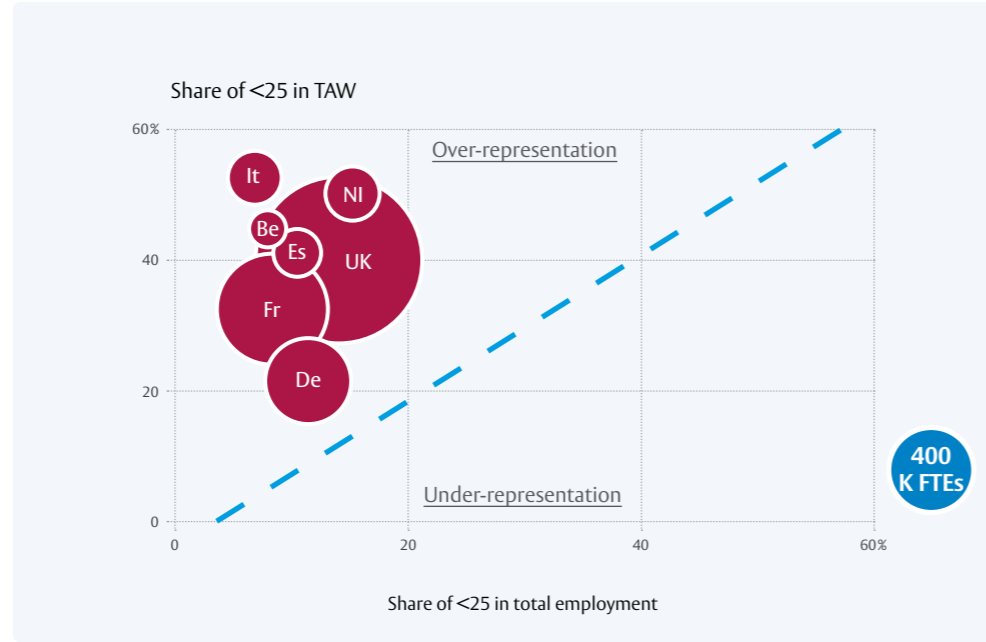
Note: *number of TAW workers in FTE; GDP real - Sources: PrEA national federations, EIU, Analyst reports.

3. Profile of agency workers

- **The majority of agency workers are below the age of 25**
- **The gender balance varies widely across the world**
- **Older people are increasingly represented among agency workers**
- **Higher TAW penetration rates mean more work opportunities for medium and high skilled workers**
- **Main reasons to work through agency work relate to:**
 - A real choice: Up to 35% of agency workers prefer agency work to permanent employment.
 - A way to get a permanent job: the stepping stone function is recognised by 33% of Spanish agency workers.
 - An opportunity to improve skills and gain additional incomes: cf. US agency workers.
- **Benefits of working through agency work**
 - To develop new or improved work skills, as recognised by 65% of US agency workers.
 - To improve employability as stated by 86% of French agency workers.
- **Satisfaction is consistently rated highly by agency workers**
 - Between 69% and 90% of agency workers are satisfied with agency work.

The majority of agency workers are below the age of 25

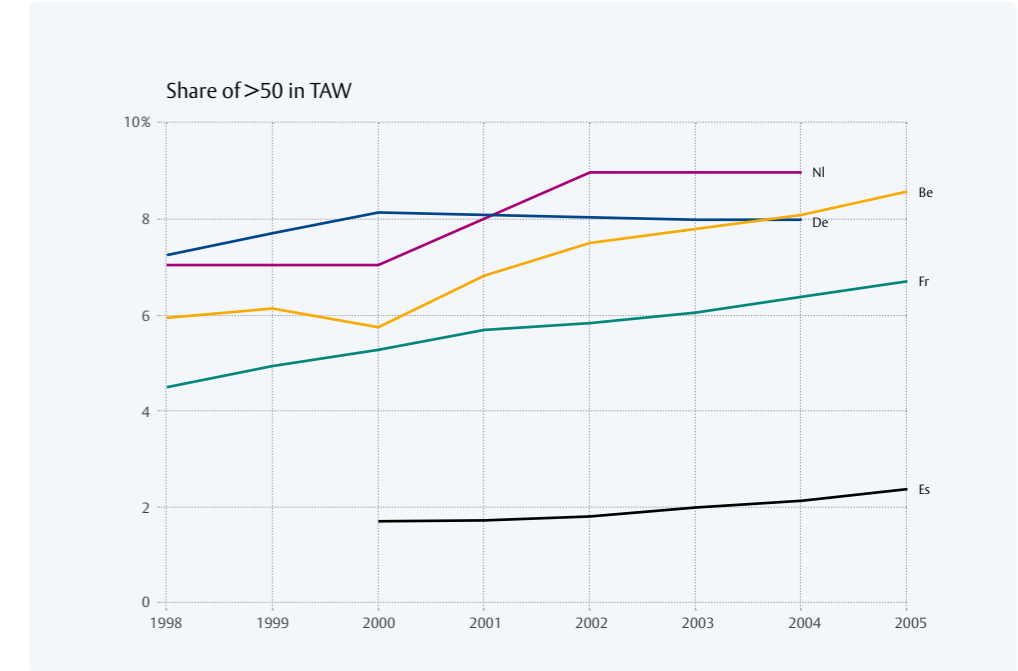
Those under the age of 25 figure predominantly in agency work, being as they are just starting out on the road to economic independence. Agency work provides the most flexible means for young people to access and experience the many different types of employment that are available, helping them to make better informed choices later on. The UK is the largest market, ahead of France with a similar population (though with restrictions on agency work), and eclipsing Germany (which also has restrictions) by an even larger degree.



Note: TWA FTEs, under 29 in It.
Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos.

Older people are increasingly represented among agency workers

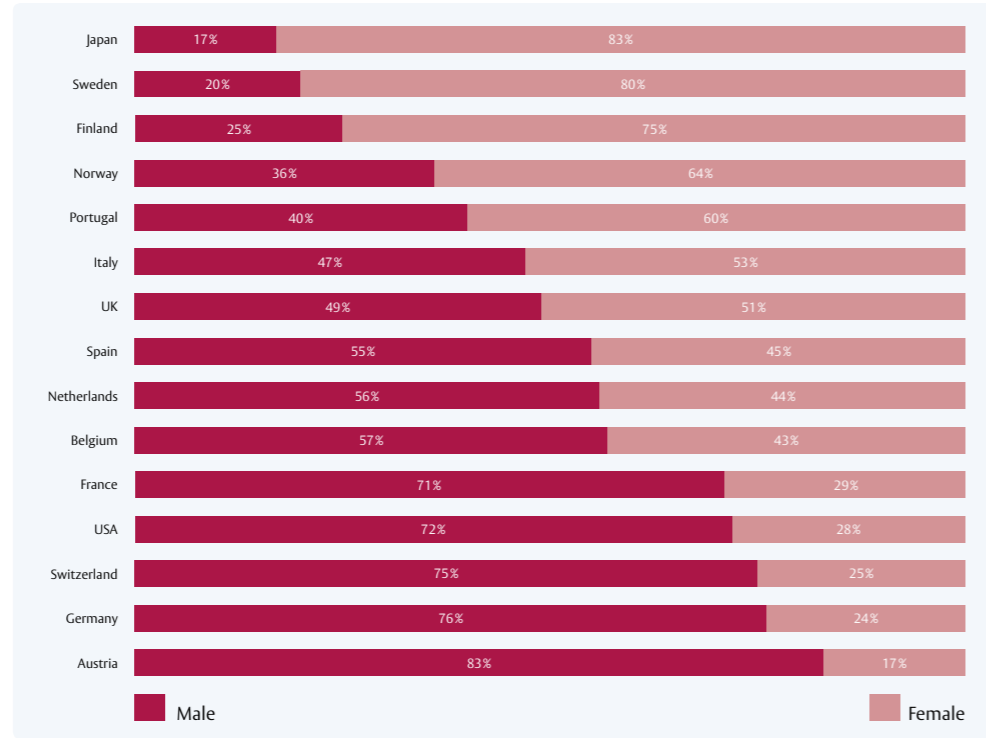
Older workers are still a small segment within the agency work population, however their numbers are on the increase. This trend reflects the demographic changes (ageing population and a better quality of life) but also the mature and older persons will to remain active eventhough they have reached pension age.



Note: TWA FTEs over 45 in Belgium and Netherlands.
Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, AGETT, German state statistics, ONS, Prognos.

The balance of the genders varies widely across the world

The large differences between countries in the ratio of women to men most evidently reflect the particular socio-economic state and economic history of each country. Many more men are traditionally employed in the industrial sectors than women, who themselves make up the majority in the services sectors. The Nordic countries have long been more egalitarian than many other countries, for example providing paternal leave so that women have the choice to return to work.



Source: CIETT.

High TAW penetration rates leads to more work opportunities for medium and highly skilled workers

The UK and Spain occupy opposite ends of the agency work skills spectrum. Spain represents a relatively new market (agency work was only legally recognised in 1994) which is still in the process of deregulation and where most jobs require low skills (64%, medium level skills 30%). The UK is a mature and service oriented market that shows significant development of the skills demanded by employers (79% medium level skills, only 16% low level skills). This is empirical evidence that if the agency market is allowed to grow and in a balanced manner, that agency work can provide quality jobs to the majority of its workers and is on par with other forms of work contract.



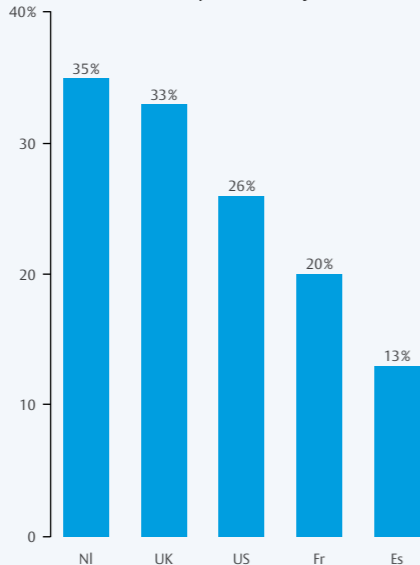
Note: Low skills = no specific qualification required to perform the task.
Sources: National PrEA federations, EuroFound.

Main reasons to work through agency work relate to

Up to 35% of agency workers prefer agency work to permanent employment

A significant number of agency workers prefer agency work to permanent employment, the UK with 33% and the Netherlands with 35% being the two most evident. This can in part be explained that in both these mature and high penetration markets, the majority of agency work jobs require a medium level of skills. This translates into better salaries and conditions and therefore is a more satisfying prospect for the agency worker.

% of Temporary Workers who did not want a permanent job



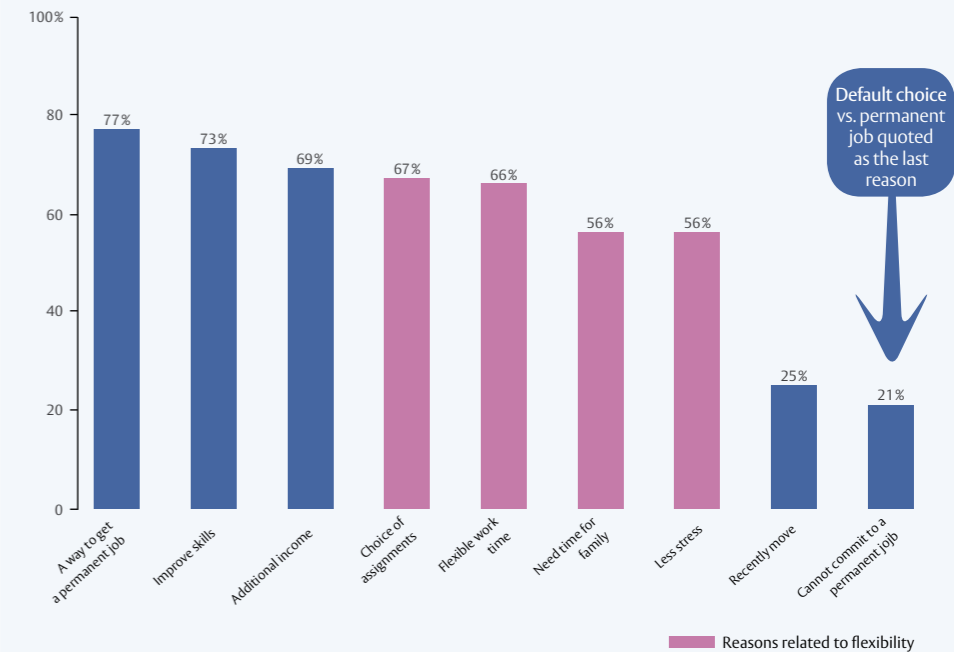
- **TAW is an answer to match aspiration for flexibility...**
 - TAW allows workers to choose their working conditions regarding duration, intensity, location... of assignments
- **...for example for**
 - People willing to give a priority to their private life: TAW allows to combine professional and private lives
 - Older workers: Appropriate way to finish a career and improve work / life balance before retirement
 - Free lance people: Ability to chose and change assignments with high remuneration perspectives and framed employed contract
 - Students: Ability to gain money to finance their leisure activities

Sources: National PrEA federations satisfaction surveys, Expert interviews, Press Search.

US workers benefit from the choice and flexibility that agency work offers

US agency workers primary aim (77%) is to gain permanent employment, though only slightly less (73%) see it as a useful tool to improve their skill base. Additional income (69%) is also an important factor. Significantly, flexibility, or reasons related to flexibility such as variety (67%) and the ease that that agency work can provide including flexible work time (66%), more family time (56%) and less stress (56%) highlight that many workers are trying to improve their work life balance which is more and more becoming a key reason for choosing agency, workers becoming less willing to work more for either money or at the cost of their quality of life.

Reasons for choosing a temporary work - US

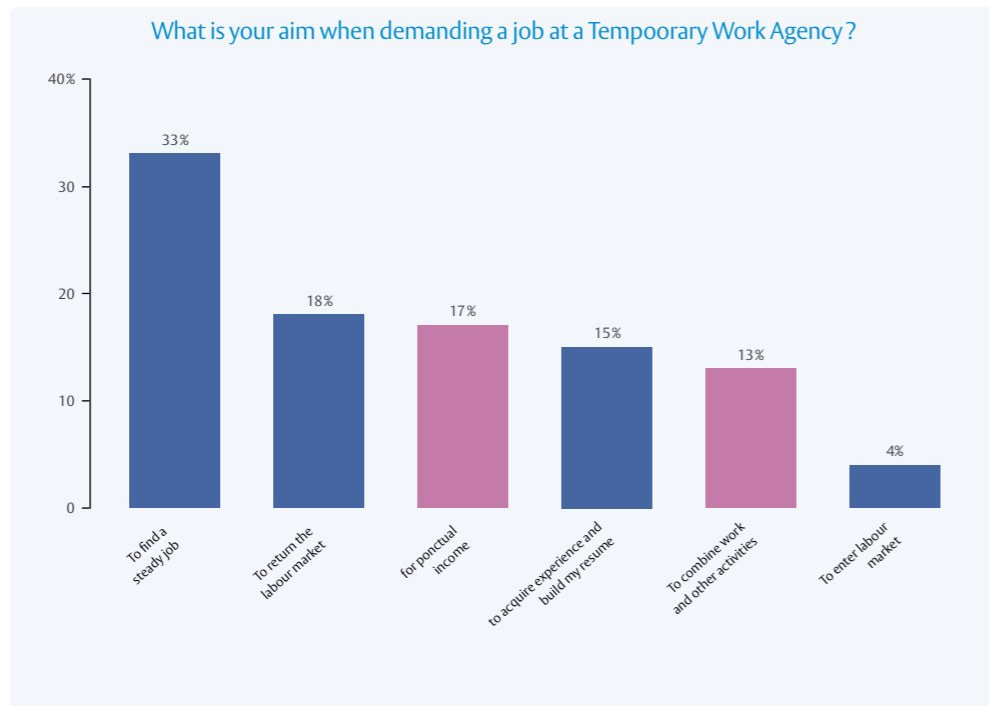


Source: American Staffing Association.

Main reasons to work through agency work relate to

33% of Spanish agency workers use the stepping stone function to find permanent employment

Spanish agency workers primarily search for permanent employment, with other reasons such as returning to work, regular income and experience building some way behind. Flexibility, especially when compared to that of UK agency workers, is not considered as an important factor for a significant section of agency workers, though this is more likely related to the relative states of market development in the respective countries and also for cultural reasons.

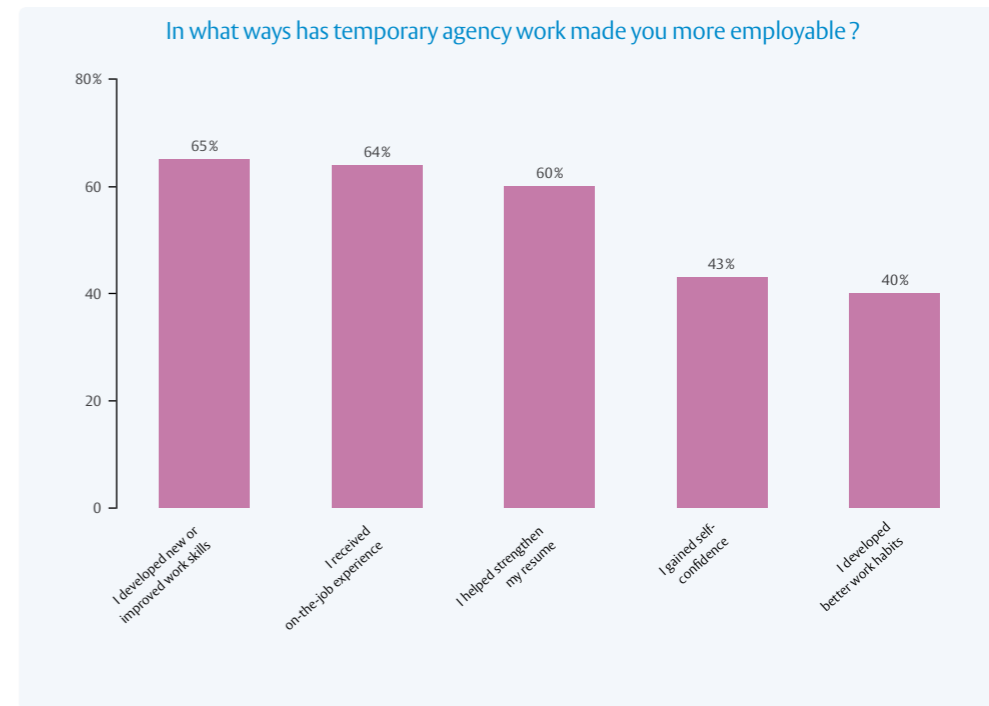


Source: University Juan Carlos & AGETT (2005).

Benefits of working through agency work

65% of US agency workers develop new or improved work skills through agency work

Agency work strengthens employee skills which in turn improve their appeal to employers. For 65% of US workers, developing new or improved skills via agency work was considered to be the most important factor in contributing to their employment potential, followed by 64% for on-the-job experience, 60% for resume strengthening, 43% who gained confidence in themselves and their abilities, and the 40% who improved the way they worked. All of attributes play an essential role in giving an employee a well rounded skill profile that makes them attractive to engage by employers and are the signs of a good employee.



Source: American Staffing Association.

Benefits of working through agency work

86% of French agency workers recognise agency work as benefiting their employability

Agency workers nearly universally believe that agency work provides them with the practical skills and experience that directly helps them develop professionally and so enhance their employment options, opportunities and potential.

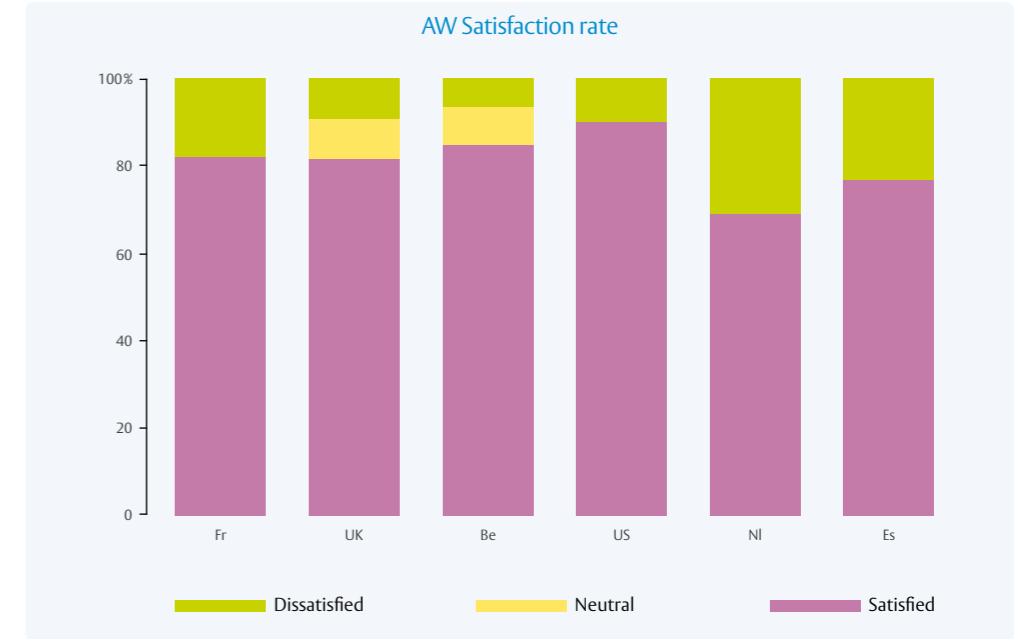


Source: Enquête FPETT / BVA (May 2004).

Satisfaction is consistently rated highly by agency workers

Between 69% and 90% of agency workers are satisfied with agency work

In all the major agency work markets in Europe, agency workers persistently rate their satisfaction with agency work highly, with the US agency workers being the most satisfied at 90%, followed by Belgian (85%), French (82%), British (79%), Spanish (77%) and Dutch (69%) workers.



For Netherlands and Spain, figure represents the satisfaction rating on a 0 to 10 scale. Source: Enquête FPETT / BVA (May 2004), REC (N=696; Q3 2005) / Federgon (2002) / TNO (1999), AGETT (2005).

4. The 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 to meet worker lifestyle choices or personal constraints at each stage of professional life.
- **Agency work contributes to reducing unemployment**
 - The higher the TAW penetration rate, the lower the unemployment rate.
 - Prior to temping, most agency workers were unemployed.
 - Agency work acts as a stepping stone to the labour market.
- **Agency work helps to reduce illegal work**
 - Higher agency work penetration rate leads to lower undeclared work.
 - In Italy, lifting restrictions on agency work has helped to curb undeclared work.

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

Agency work broadens the range of work solutions to meet worker lifestyle choices or personal constraints at each stage of professional life

Agency work has something to offer to everyone at different stages in their economic lives. This reflects agency work's inherent flexibility whether just as a stop-gap economic measure, a means of improving employability or to better improve the work-life balance.



- Provide temporary work to **finance education while studying**
- Provide temporary assignments **leading to a permanent contract**
- **Gain first professional experience**
- Provide **new job opportunities to evolve** an improve life conditions
- Provide a **flexible working solution** to meet **familial responsibilities**
- **Facilitate transitions** from one job to another through **outplacement services**
- Provide **extra financial revenues**
- Improve **work-life balance**

Agency work contributes to reducing unemployment

THE AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

Agency work is a strong contributor to reducing unemployment

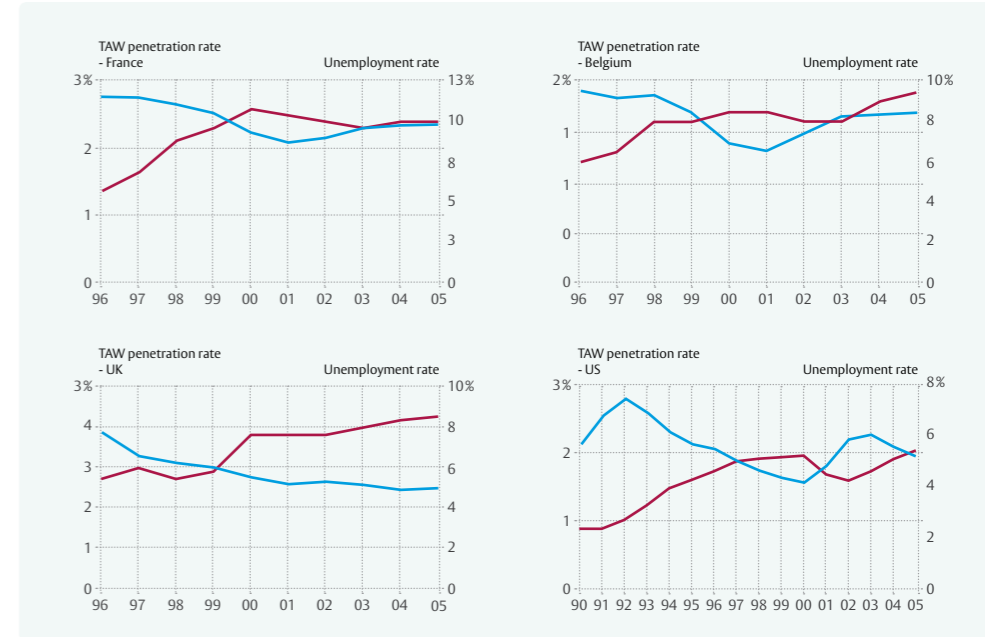
By creating additional jobs, the PrEA industry, in effect, reduces both frictional and long-term unemployment.

Frictional unemployment

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

Long-term unemployment

On the one hand, PrEA helps jobseekers remain in contact with employment and hence rapidly return to the labour market. It also helps those who are unemployed



Sources: Prisme, REC, Federgon, ASA, OECD (Standardized unemployment rates as a % of total labour force).

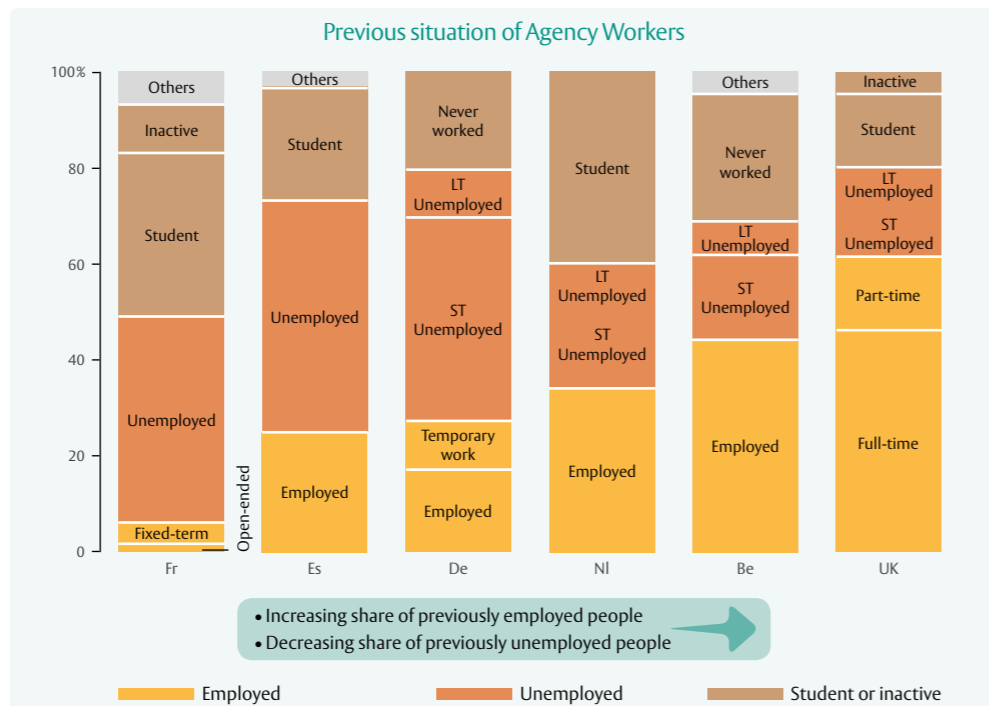
regain their confidence, renew their skills and demonstrate

their capabilities to prospective employers.

Agency work contributes to reducing unemployment

Prior to temping, most agency workers were unemployed

The share of previously unemployed people can be as high as 87% within agency workers (France). This chart shows that agency work does not substitute to permanent contracts, but helps unemployed to reenter the labour market.



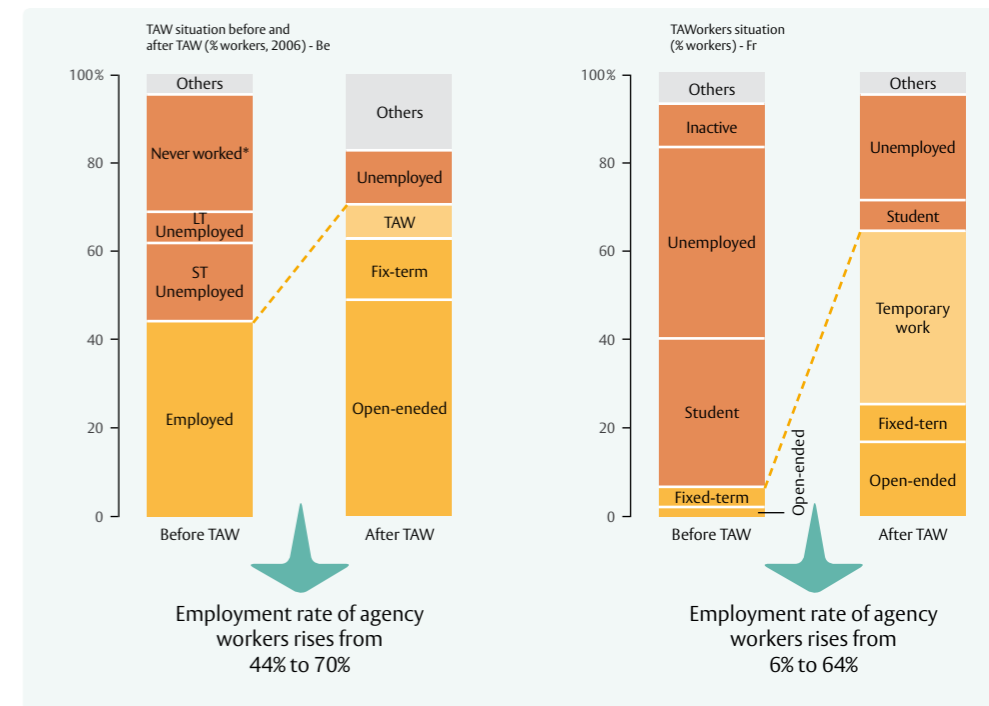
Source: Etude 'Regard des Intérimaires' (BVA for FPETT, Sept 06) / BIBB (Adjusted data for students with IABS) / ABU (Ecorys 04) / Federgon (Idea Consult 06) / REC (BMG Research survey), AGETT.

Agency work contributes to reducing unemployment

THE AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

Agency work acts as a stepping stone to the labour market

In France, 87% of temporary agency workers were not in a position of employment prior to temping (34% were student and 53% unemployed). After completing a year of temping, only 36% do not continue in employment (7% return to study, 24% to unemployment and 5% are in other situations) while 25% are employed in a non-agency work contract (open ended or fixed term contract). As a result, their employment rate increases from 6% to 64%. In Belgium, after one year of temping, the employment rate increases from 44% to 70%.

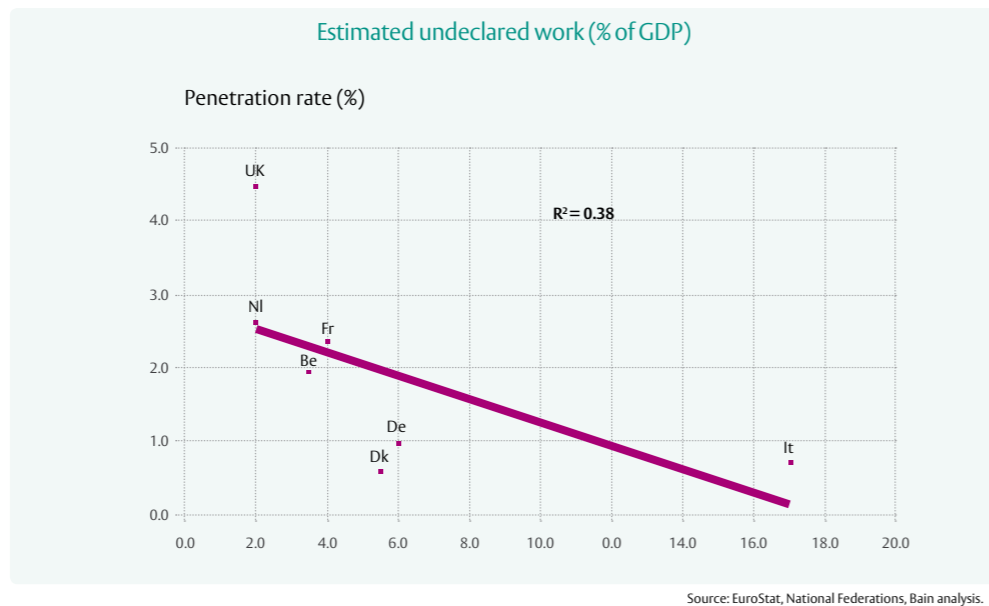


Source: Federgon / Idea Consult (2007), Etude 'Regard des Intérimaires' (BVA for FPETT, Sept 06).

Agency work helps to reduce illegal work

Higher agency work penetration rate leads to lower undeclared work

By providing flexible employment that is open to all and is inherently non-discriminatory, agency work makes it much easier to find and be engaged in employment. This allows a worker to take full benefit from all the legal protection and enforcement mechanisms, unlike the often unstable, potentially risky and uninsured work that is available through illegal channels.

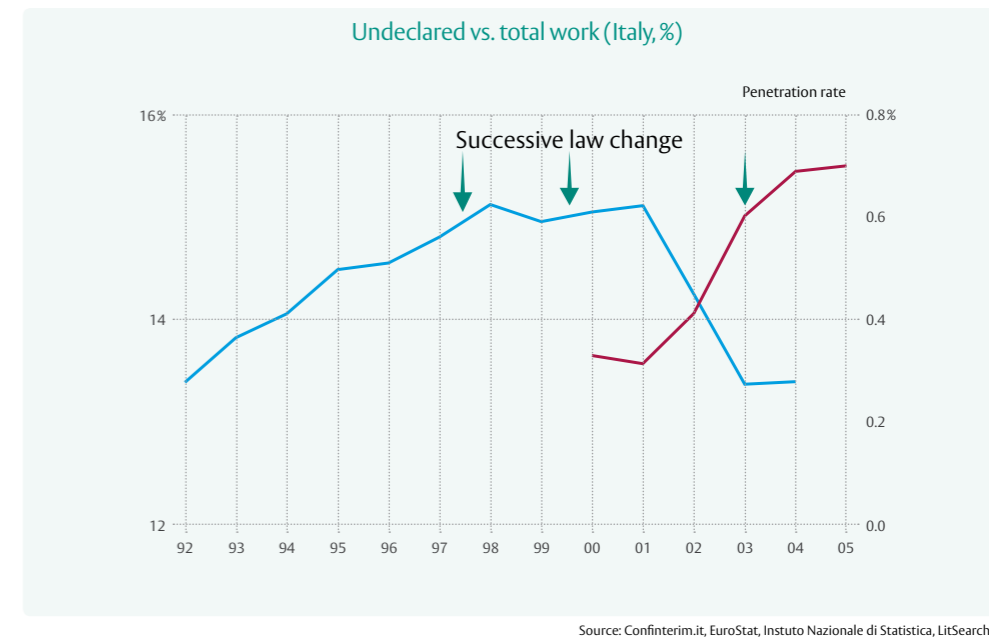


Agency work helps to reduce illegal work

THE AGENCY WORK'S CONTRIBUTION TO A BETTER FUNCTIONING LABOUR MARKET

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

In Italy, temporary agency work (TAW) was legally recognised in the 1997 "Treu package". The next major changes took place in 2000 with the opening up of the agriculture, construction and public administration sectors to TAW. Finally, in 2003, the Biagi law increased the flexibility of the labour market and helps liberalise TAW. These legislative changes and the increasing flexibility of the labour market had a positive impact on reducing undeclared work. A study by the Italian National Institute of Statistics in 2005 showed a drop in the undeclared work market by 2 points between 2001 and 2004. TAW played a key role in this achievement by bringing



to the labour market thousands of immigrants previously employed illegally.

5. Companies' rationale to use agency work services

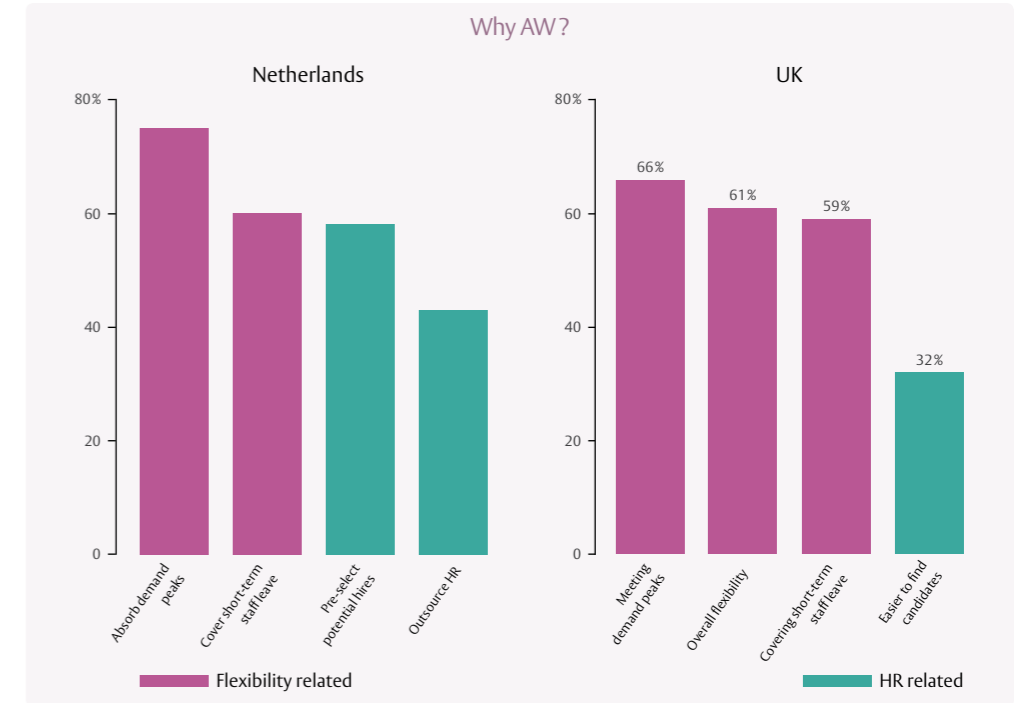
- Two key reasons for using agency work :
meeting peaks and flexibility
- 81% of companies look to agency work to
manage economic fluctuations
- Agency work is the most appropriate solution
to face needs in staff flexibility



Two key reasons for using agency workers: meeting peaks and flexibility

COMPANIES' RATIONALE TO USE AGENCY WORK SERVICES

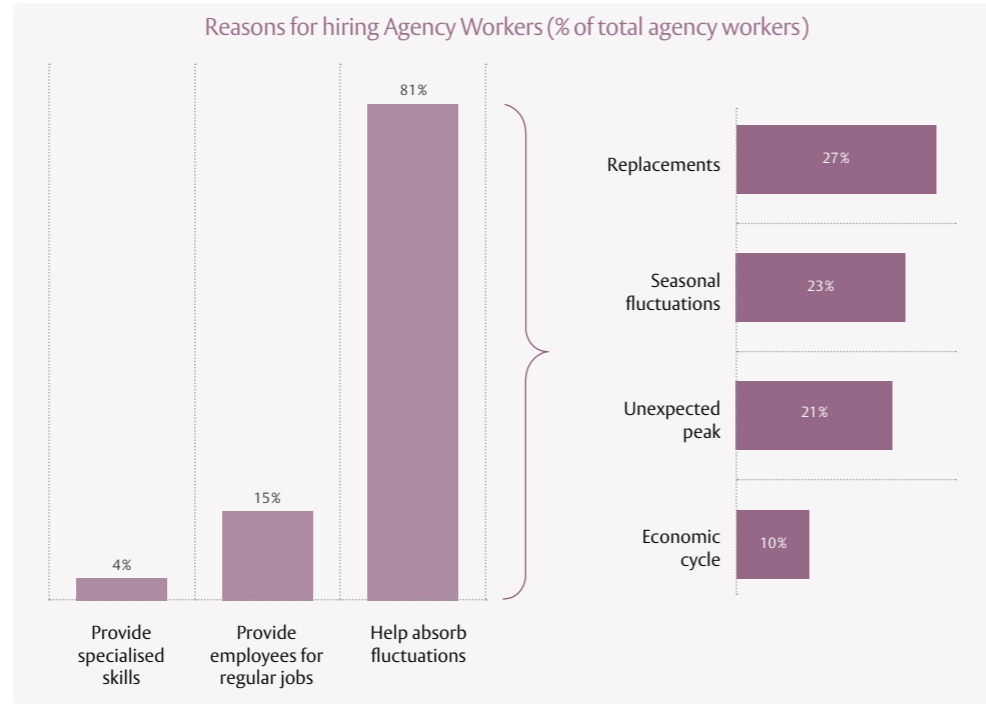
Companies turn to agency work when they require the maximum flexibility, whether dealing with unexpected demand or covering for absent staff. The agency work industry is being seen as the first option and most competent solution for many HR functions that were traditionally carried out internally by companies, allowing them to focus on their core activities and being confident that the expertise of the PrEA industry will provide the right person, with the right skills at the right time.



Source: ABU, REC tracking Monitor (N=997, Q3 2005).

81% of companies look to agency work to manage economic fluctuations

By using agency workers, companies are able to minimise their exposure to risk when the near future is uncertain. Once the outlook brightens, agency work helps companies to quickly cope with any sudden increases in demand such as in the case of a large order or more predictable events such as economic activity that revolves around seasonal fluctuations. Agency workers are also a good way to find the right kinds of employees to be considered for permanent positions or replacing workers who are changing jobs.



Source: CIETT - "Orchestrating the evolution of Private Employment Agencies" - 2000.

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

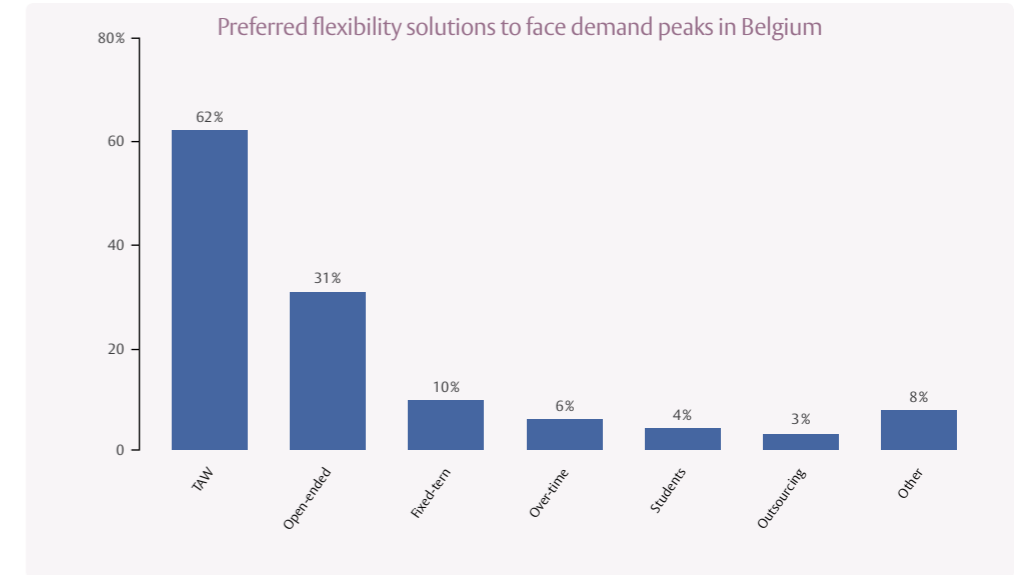
COMPANIES' RATIONALE TO USE AGENCY WORK SERVICES

Increase in flexibility needs is driven by shortened visibility of companies

- Shorter product life cycles leading to more rapid and greater fluctuations in order books.
- Increased reactivity and adaptation 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." Expert interview

AW is the most appropriate solution to meet flexibility needs

- Speed of response
- Variable assignment duration
- "By definition, our activity is cyclical. Base line activity is



Source: FEDERGON (Qualité du travail intérimaire, Perception et Réalité, 2002).

covered by permanent employees. We call on flexible contracts to cope with peaks in activity, where we could not afford to hire permanent employees. Expert interview

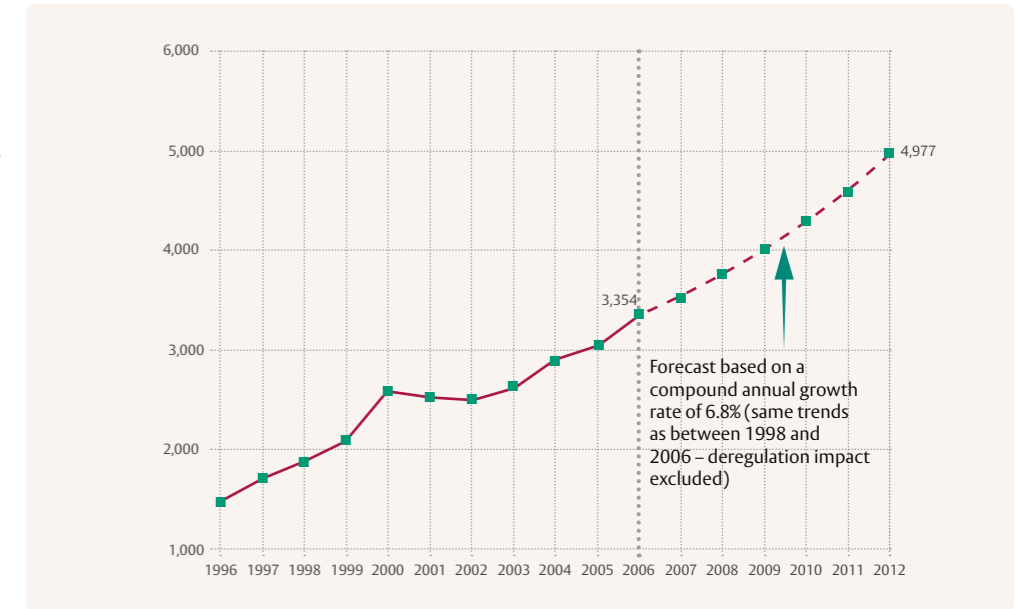
6. The agency Work industry potential in Europe

- 1.6 million new jobs will be created through the natural growth of private employment agencies by 2012
- Lifting sectoral bans and 'reasons of use' will allow PrEAs to create another 570,000 more jobs by 2012 in the top 6 EU countries

In Europe, 1.6 million jobs will be created through the natural growth of private employment agencies by 2012

THE AGENCY WORK INDUSTRY
POTENTIAL IN EUROPE

Based on the extrapolation of past trends, the agency work industry could create 1.6 million new jobs in Europe (totalling 4.98 million agency workers as expressed in daily full time equivalent) over the next 5 years (2007-2012). Without the services provided by PrEAs, 80% of these potential jobs would not be created (1.3 million). These forecasts are based on the calculation of a compound annual growth rate (CAGR) of 6.8% between 1998 and 2006 for 19 European countries, then applied over the the next 5 year period (2007-2012). 1998 and 2006 have been retained as they correspond to the same phase of a business cycle for the PrEA industry (restricting the analysis from 1996 to 2006 would have resulted in an unrealistic and too optimistic forecasts). These figures are based purely on the structural



Source: SEO Economic Research - Amsterdam.

growth of the industry, and take no account of the potential impacts of changes in PrEA regulation.

Lifting outdated and unjustified restrictions

There still remain a numerous outdated and unjustified restrictions on temporary agency work in a number of states around the world. Many of these are 'historical' in nature, but their continuing existence only serves to limit the flexibility and choice of those that want to work through agency work and employers that want to use agency work to reduce their sensitivity to economic fluctuations and increased global competition.

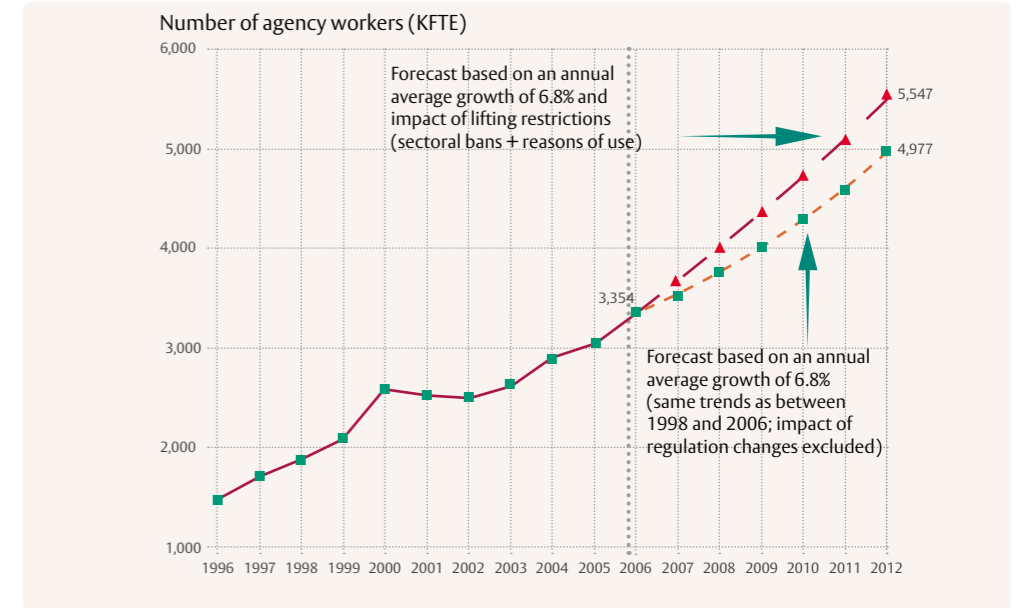
As long as these unjustified restrictions remain, governments limit the potential of a number of people able to return to employment, will not benefit from the additional tax revenue streams that agency work could provide and will not reduce government financial outflows, such as in terms of social security benefit.

Source: Interviews, Manpower.

In Europe, 1.6 million jobs will be created through the natural growth of private employment agencies by 2012

THE AGENCY WORK INDUSTRY
POTENTIAL IN EUROPE

Simply lifting two specific restrictions on temporary agency work (sectoral bans and limitation of reasons of use) in the 6 largest agency markets* in the EU, 570,000 new jobs would be created in the 5 years between 2007 and 2012. This would not only provide the option for governments to lower unemployment and reduce social security spending, but would also lead to an extra €12.5 billion additional income in tax receipts to public finances over the same period. It is estimated that out of the 570,000 potential new jobs, 37% would be taken by young people, 15% by the former long-term unemployed, and 6% by older workers, significantly benefiting the integration of target groups and reinforcing labour market participation.



Source: SEO Economic Research – Amsterdam.
NB: job creation calculation is based on raw data that do not take account of the substitution effect.

*Belgium, France, Germany, Netherlands, Spain and UK, accounting for approximately 85% of the European agency work market in 2006.

About Ciett & Eurociett

Ciett, the International Confederation of Private Employment Agencies, is the authoritative voice representing the interests of agency work businesses globally.

Founded in 1967, Ciett consists of 37 national federations of private employment agencies and 7 of the largest staffing companies worldwide: Adecco, Allbecon Olympia, Kelly Services, Manpower, Randstad, USG People, Vedior.

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 is the Social Partner for the temporary agency work sector. It is recognised as such by the European institutions (especially the European Commission, European Parliament and the Council), by key stakeholders (e.g. BusinessEurope, UNI-Europa, NGOs) as well as national governments.

Eurociett brings together 26 national federations of private employment agencies and 7 of the largest European staffing companies.

Eurociett members consist of private companies operating in the following HR activities: temporary agency work, permanent recruitment, interim management, executive search, outplacement and training. Across the European Union, they gather 30,000 branches, employ 210,000 internal staff and 3.2 million agency workers (daily full time equivalent).

Ciett's National Federation Members





ciett

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