The Italian Temporary Staffing Market

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Introduction

Temporary agency work in Italy experienced a ‘take off’ period with significant growth after restrictions to flexible work arrangements were reduced, beginning in 2000 (Nannicini, 2004). Despite Italy having more strict employment protection legislation than many countries in Europe, temporary agency work has continued to grow, and in recent months has experienced growth levels. This working brief provides an overview of the legislative changes that have occurred in the Italian labour market, before exploring some of the features of the temporary staffing industry in Italy. In addition, the top ten staffing agencies in Italy are identified before considering some of the changes in the market, and predictions for future growth.

The Italian Labour Market and Regulation

- Italy continues to experience high levels of long-term unemployment, and therefore many temporary staffing agencies view Italy as a market where significant expansion could still occur, as there is a significant pool of labour available. In 2009 Italy has an employment rate of 58% which is still significantly below the EU 27 rate of 65%, and substantially below the leader in the region the Netherlands (77%) (EC, 2011).

- The Italian labour market is considered to be one of the most restrictive with respect to employment protection legislation (see working Brief 50 for a European view of employment protection legislation for temporary staffing). However, there have been a series of changes to employment legislation which have made the Italian labour market more conducive for temporary staffing agencies.
• **Key Dates for Regulation of Agency Work in Italy:**
  
  - **1997:** Temporary Agency Work became legalized through the ‘Treu law’ (Law 196/1997), and provided regulation for the industry. The Treu Law stipulated:
    - Agency workers cannot be used to replace workers during strikes.
    - Agency workers cannot be given contracts in firms that have made collective dismissals within the last 12 months.
    - Agency workers cannot be used for jobs that require a high level of medical knowledge.
  
  - **2000:** Temporary agency work became permitted in the agricultural, construction and public sectors.
  
  - **2003:** “Biagi Law” (Law 30/2003) in 2003 which allowed the use of more forms of flexible employment contracts aimed at increasing the flexibility of the labour market.

• In addition there are collective agreements, which state that temporary agency workers cannot exceed 8-15% of the workforce (differs between sectors).

• There are still significant restrictions in the Italian market when compared to the more established temporary staffing markets of UK and the Netherlands. However, because the wider Italian labour market is comparatively more rigid, temporary agency work is seen as an area of less restriction, and therefore an area for further potential growth.

**Patterns of Temporary Staffing in Italy**

• Italy has experienced successive years of growth in temporary agency workers following the legislative changes outlined above. The number of agency workers reached a peak in 2008 at 225,000, which was a 43% growth since 2005 (see Figure 1).

• While the number of agency workers experiences a sharp decrease after 2008, to 162,000 in 2009, more recent figures display a renewed period of growth with numbers now returning to the same levels as seen in 2005-2006.
• In terms of wages paid to temporary agency workers, the Italian temporary staffing market has, and continues to, exhibit significant change in its rate of growth, as shown in table 1:

Table 1: Rate of growth for Italian temporary staffing market (by revenue) 2004-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>+10.2</td>
</tr>
<tr>
<td>2005</td>
<td>+10.2</td>
</tr>
<tr>
<td>2006</td>
<td>+16.2</td>
</tr>
<tr>
<td>2007</td>
<td>+13.6</td>
</tr>
<tr>
<td>2008</td>
<td>-0.9</td>
</tr>
<tr>
<td>2009</td>
<td>-30.9</td>
</tr>
<tr>
<td>2010</td>
<td>+12.7</td>
</tr>
</tbody>
</table>

Source: Ebitemp (2011)
• Figures from Ebitemp, the Italian temporary staffing agency association, indicate growth has continued in 2011 with the final sum of wages paid to temporary agency workers experienced an increase of 25.2% between March 2010-2011 (Ebitemp, 2011).

• The penetration rate of temporary agency work, as a percentage of overall employment in Italy has witnessed a similar pattern to the number of agency workers (see Figure 2). The penetration rate reached a peak of 1.0% in 2007, and has now decreased to 0.7% in 2009 when the average for EU countries was 1.5%.

Figure 2: Temporary Agency Work Penetration Rate 1999-2009

Source: Ciett, 2009, 2011

• In 2008 there were around 2,900 branches of temporary staffing agencies in Italy. The market is predominantly dominated by a small number of large companies with a dense branch network (for example Adecco which has 480 branches in Italy).

• At the same time in 2008 there were 85 temporary staffing agencies, which low compared to other areas of Europe such as the UK (11,500), Germany (9,078) or the Czech Republic (215) in the same year.

• Reduced regulation allowed the initial ‘take-off’ of the temporary staffing industry in Italy, particularly in the northern regions and in manufacturing sectors. More recently the
spread of temporary agency work has been seen across firms in many sectors, and regions, and continued growth is expected.

- Figure 3 displays the sectoral distribution for the Italian temporary staffing market. The service sector is the most dominant for the temporary staffing industry, increasing from 41% in 2008. Manufacturing is the second most substantial sector, though this has fallen from 46% in 2008. The expansion of temporary agency work into other sectors has largely been attributed to the reduced restrictions after legislative changes.

**Figure 3: Agency Work Sectoral Distribution 2009**

![Sectoral Distribution Diagram]

*Source: CIETT (2011)*

- It is expected that in the temporary agency work market that vacancies for office and clerical, industrial, IT and clinical related positions will rise at least 16%. In addition, positions in engineering, finance, healthcare and legal services are expected to rise 11-15% (Staffing Industry Analysts, 2011).

**Temporary Staffing Market Leaders in Italy**

- From the top 20 transnational temporary staffing agencies (see Working Brief 42), five were present in the Italian market (Adecco, Manpower, Ranstad, Synergie and Start People (as a subsidiary of USG People).
Table 1: Top 10 Temporary Staffing Agencies in Italy by Sales Revenue

<table>
<thead>
<tr>
<th>Rank</th>
<th>Rank in Europe</th>
<th>Agency</th>
<th>Annual Sales Revenue 2010 (€)</th>
<th>Percentage Increase since 2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Adecco</td>
<td>844</td>
<td>+24</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>Manpower Group</td>
<td>788</td>
<td>+15</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>GI Group</td>
<td>609</td>
<td>+17</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>Randstad</td>
<td>522</td>
<td>+32</td>
</tr>
<tr>
<td>5</td>
<td>-</td>
<td>Obiettivo Lavoro</td>
<td>408</td>
<td>+22</td>
</tr>
<tr>
<td>6</td>
<td>-</td>
<td>Metis</td>
<td>258</td>
<td>+22</td>
</tr>
<tr>
<td>7</td>
<td>-</td>
<td>Umana</td>
<td>187</td>
<td>+22</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>Trenkwalder</td>
<td>150</td>
<td>+13</td>
</tr>
<tr>
<td>9</td>
<td>-</td>
<td>Start People</td>
<td>131</td>
<td>+24</td>
</tr>
<tr>
<td>10</td>
<td>6</td>
<td>Synergie</td>
<td>105</td>
<td>+53</td>
</tr>
</tbody>
</table>

Source: Staffing Industry Analysts (2011)

- The Italian market is also populated with a number of Italian agencies. The following are in the top ten: GI group, Obiettivo Laboro, Metis, Umana, which are exhibiting strong growth features across Italy and abroad.

- The GI group is particularly interesting as it is ranked 3rd in the Italian market, has made strong progress in expanding globally, both through organic growth as well as acquisition (as seen in a recent acquisition of right4staff, a UK based recruitment company). The Group has 350 branches worldwide and expansion has led to presence in 12 countries: Italy, UK, Germany, France, Spain, Poland, Romania, China, Hong Kong, India, Brazil and Argentina.

- Forecast growth for the European market by the end of 2011 is 15%, whereas for Italy it’s 20%.

Summary

Despite problems in the wider economy, due in large to the effects of the global downturn, the temporary staffing industry continues to grow in Italy, with an expected growth rate of around 20% between 2010-2011 as legislative conditions have become more conducive, and demand is
present for temporary agency workers. The Italian market is still considered restrictive compared to other countries in Europe, yet both domestic and transnational temporary staffing agencies continue to expand in the country, with growing number of workers and client firms becoming involved in the market. This Working Brief has outlined some of the relevant legislative changes in the labour market as well as exploring some of the characteristics and key players in the Italian temporary staffing market.

References


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