

Manpower Expands Military Recruitment for Australia

By [Global Research](#)

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NEW YORK: Manpower Inc has won a \$200 million, 27-month contract to run the recruiting program for the Australian military, expanding an earlier deal in what the global staffing services company calls the biggest recruitment outsourcing program in the world.

The program for the Australian Defence Force (ADF) will start in February and last 27 months. Manpower's services include recruitment functions from marketing and promotion to candidate screening and hiring.

Because such services generate higher profit margins, the ADF contract could add 10 cents to 14 cents a share to Manpower's earnings next year and in 2011, said William Blair analyst Timothy McHugh.

Manpower is forecast to earn \$1.09 per share in 2010, according to Thomson Reuters I/B/E/S.

Manpower shares were up 2.4 percent at \$56.44 in morning New York Stock Exchange trading. Merrill Lynch raised the stock to "buy" from "neutral" and raised the price target to \$65 from \$63.

The deal significantly increases both Manpower's recruitment process outsourcing (RPO) and its Australia operations.

In 2002, the ADF outsourced its recruitment function to Manpower. The contract between the ADF and Manpower led to the creation of an organization called Defence Force Recruiting, a coalition of the Army, Navy, Air Force, Manpower and two civilian subcontractor companies with a mandate to provide all recruitment and retention functions for the ADF.

That coalition's workforce will be retained, Manpower said.

GROWING INDUSTRY

Analysts have said RPO could be one of the growth areas of the staffing industry during economic recovery, as more employers choose to outsource this function as a way of cutting costs. RPO services generate higher profit margins than traditional temporary staffing services, according to a Manpower presentation.

RPO industry players include Adecco SA (ADEN.VX), Spherion Corp. (SFN.N), privately held Hyrian LLC and Kelly Services Inc. (KELYA.O).

A recent Kelly survey found large firms, and those based in Europe, are more likely to use RPO services, but most fill only a portion of their open positions this way. RPO is most often used to screen and test candidates, according to the survey.

Industry revenues are variously estimated at \$800 million to \$2 billion annually, with the variance coming from differences in how services are grouped.

Estimates peg future expansion at 10 percent to 15 percent a year, said Dirk Olin, editor-in-chief of HRO Today magazine, which covers the human resources (HR) industry worldwide.

“This is a landmark deal that further raises the profile of RPO in the public sector,” Olin said.

(Reporting by Nick Zieminski; Editing by Lisa Von Ahn, Dave Zimmerman)

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