

**The Role of Temporary Agency Work  
and Labour Market Transitions in Europe:**  
Institutional frameworks, empirical evidence, good practice  
and the impact of social dialogue

Final Report for the  
Joint Eurociett / UNI Europa Project:  
“Temporary Agency Work and Transitions in the Labour Market”

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## PREFACE

As part of their joint sectoral social dialogue work programme, Eurociett and UNI Europa are aiming to improve the knowledge and gather qualitative as well as quantitative data on how temporary agency work can contribute to facilitating transitions in the labour market, thereby fostering progression in the career paths of agency workers in line with the concept of “*making transitions pay*”.

More concretely, the aim of the analysis that the social partners in the temporary agency work sector commissioned was to obtain quantitative as well as qualitative data and information on the following key questions:

- *What is the role of temporary agency work and the sectoral social partners in facilitating sideward and upward transitions in the labour market for agency workers?*
- *What is the profile of temporary agency workers?*
- *What are the evolution and progression patterns of the agency workers in the labour market?*
- *What are the working conditions of agency workers? And how the social partners can improve them?*
- *What are the sectoral initiatives set up by the social partners to improve quality of transitions, such as temporary agency work sectoral social partners’ jointly managed training funds, social funds or pension funds for temporary agency workers)? National case studies should be identified and studied as best practices.*

This study has been carried out by an international team of experts coordinated by Wilke, Maack and Partner in order to facilitate these objectives and is a result of a tender that the social partners issued in December 2011. The study has been implemented between February and November 2012, closely monitored by a steering group consisting of the two European social partner organisations as well as representatives of national members. Preliminary results of this study have been presented to a stakeholders’ meeting with representatives of social partner organisations from the temporary agency work sector across Europe as well as from European institutions and the academic world. Furthermore, preliminary results also have been presented and discussed at a Social Dialogue Committee meeting in June 2012.

The final results of the project have been presented and discussed at a European conference on 19<sup>th</sup> December 2012 in Brussels where also UNI Europa and Eurociett agreed on joint “*Recommendations on temporary agency work facilitating transitions in the labour market*” that are included in this final study reports.

After the executive summary and the recommendations of the European Social Partners in the temporary agency work sector that were adopted as a result of this study, main study results are presented as follows:

Part A collects data and information on the role and dynamics of temporary agency work, regulatory frameworks as well as industrial relations and employment conditions contexts of type of work in the whole of the European Union, mainly based on available comparative statistics as well as comparative studies that have been carried out by other researchers.

Part B of the report consists of a series of case studies on major forms of labour market transitions and shows the role of temporary agency work and social dialogue for supporting labour market transitions and working conditions of temporary agency workers. The six case studies mainly are based on a comparative review of existing empirical studies that are relevant with view on the major purpose of this study. This part of the study mainly relies on desk-research, in-depth analysis as well as an exchange with national social partners and further experts in six countries that have been selected in agreement with the

Eurociett/UNI Europa steering group: Belgium, France, Germany, Italy, The Netherlands and the United Kingdom. This group of countries exemplifies national cases where temporary agency work is playing an important role both in terms of employment figures but also with view on public debates. At the same time, the six cases represent different systems of industrial relations contexts and countries, where literature and research on labour market transitions is regarded as quite comprehensive and developed.

In the final chapter of this report, some general conclusions from the point of view of the authors of this report are summarised, in particular with view on lessons learned from good practice and further needs for empirical research and exchange of information and knowledge.

In the annex of the report a series of overview table complements both parts of the study, i.e. a synoptical overview of major legal and other regulatory frameworks of temporary agency work in Europe, industrial relations and collective bargaining contexts within the sector as well as an overview of cases of good practice through institutions, initiatives and projects developed by the social partners to foster different forms of transitions.

Finally, we would like to highlight here that the preparation of this study has received the active and constructive support by the European secretariats of Eurociett and UNI Europa as well as the national representatives of social partner organisations in the steering group. Furthermore and in particular with view on the case study elaboration we would like to thank also the representatives of national employers and trade union organisations in Belgium, France, Germany, Italy, The Netherlands and the United Kingdom for providing information, support and suggestions throughout the whole process of elaborating of this study.

## Executive Summary

### INTRODUCTION

The report “the role of temporary agency work and labour market transitions in Europe” is the result of research carried out by Wilke, Maack and Partner in cooperation with partners in France, Italy, the United Kingdom and Belgium<sup>1</sup> in 2012 for Eurociett and UNI Europa, the two EU social partners in the temporary agency work sector.

This research was part of a joint project, co-funded by the European Union, and it was conducted as part of the activities of Eurociett and UNI Europa in the context of their 2011/2012 work programme for the EU Sectoral Social Dialogue Committee on temporary agency work.

The project consisted of three main elements: the first was the field research, summarised below. The second was a half-day consultation with EU stakeholders, held on 6 June 2012 in Brussels to enrich the content of the research with the expertise of representatives of EU institutions, academia, NGOs. Finally, the third was a pan-European conference, held on 19 December 2012 in Brussels to launch the key findings of the research.

The pan-European conference served as a platform for Eurociett and UNI Europa to put forward their joint recommendations on how to maximise the contribution of temporary agency work in facilitating transitions in the labour market. The conference gathered around 100 participants, including Eurociett and UNI Europa members, representatives from the EU institutions, Academia, NGOs, and media.

The overall project was overseen by a joint Eurociett/UNI Europa Steering Committee, representing Belgium, France and Netherlands on the Eurociett side, and Italy, Spain and the UK on UNI Europa side. The Steering Committee met three times over the duration of the project.

#### *Background and objectives of the study*

The positive role of temporary agency work in bringing people into work and reducing unemployment as well as supporting labour market access (especially) of specific target groups has been an important rationale of adopting regulation on temporary agency work in the context of labour market reforms at the European and national level. As highlighted in the preamble of the EU Directive on Temporary Agency Work, this form of employment “[...] meets not only undertakings' needs for flexibility but also the need of employees to reconcile their working and private lives. It thus contributes to job creation and to participation and integration in the labour market<sup>2</sup>”.

Recent labour market policy reforms (Germany, Italy, France) and the lifting of restrictions on temporary agency work (Italy, Belgium) illustrate that policy makers regard temporary agency work as a means to create bridges for unemployed persons into employment and to act as a “stepping stone” for further employment opportunities.

Although this function is recognised by policymakers and supported by employers’ organisations, some other organisations, notably trade unions, have put the stepping-stone function into question indicating that temporary agency workers do not make transition to other forms of employment. Moreover, trade

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<sup>1</sup> ORSEU Lille, IRES Rome, Institute for Employment Studies London and Lentic/University of Liege.

<sup>2</sup> Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work, preamble para 11.

unions are concerned that the use of temporary agency work might be a way to substitute permanent employment.

Against this debate, the Eurociett/UNI Europa joint study puts forward specific case studies on different types of transitions, with a special focus on six EU countries (Belgium, France, Germany, Italy, the Netherlands and the United Kingdom) to provide an answer on the role of temporary agency work in facilitating transitions in the labour market. The report also builds on available statistical data to offer a comparative overview on regulation, development and trends on temporary agency work across the 27 EU Member States, and to give a snapshot on the profiles, background and flux of temporary agency workers.

## THE DYNAMICS AND PROFILE OF TEMPORARY AGENCY WORK IN EUROPE

### *The development of the industry*

During the last decade, the number of agency workers in Europe has increased as a result of the EU enlargement to include new markets in Central and Eastern Europe, and of the change in regulation in countries such as Italy, Germany, and the Nordics. Therefore, it is not surprising that countries like Italy, Germany, Finland or Poland have experienced an increase in the number of temporary agency workers.

Despite this, temporary agency work continues to represent a modest share of total employment: in the last decade, its penetration rate has remained consistent at around 1.4% on average in the EU.

A particular feature of temporary agency work is its cyclical nature: for example during the crisis of 2008 the temporary agency work sector in Europe experienced a decline in employment that was much stronger than overall employment, which illustrates its “buffer” function. At the same time employment in the temporary agency work sector started to increase again – with differences between EU countries – at the end of 2009 and since then in most European countries also more strongly than employment in general. This illustrates that temporary agency work can be regarded as a barometer of economic and employment change, as it anticipates phases of growth and decline.

*Temporary agency work can be regarded as a barometer of economic and employment change, as it anticipates phases of growth and decline*

### *National varieties of the temporary agency work sector*

The EU comparative analysis on regulation, trends, and structures of temporary agency work shows that there is a significant degree of heterogeneity and diversity across the EU Member States.

In terms of ‘maturity’ of regulation for the sector, there is a quite diverse landscape. In countries like Belgium, Denmark, France, Germany, Netherlands, and the United Kingdom, regulation has been in place for decades; while in other European countries, particularly in Central and Eastern Europe, regulation on temporary agency work is quite recent: 14 out of the 27 European Member States regulation on the industry was established only in the last decade. In these countries the EU Directive on temporary agency work had already some influence in regulating this form of work and in defining the triangular relationship among workers, agencies and user companies. For example, in Poland regulation on agency work was put in place in 2003 on the basis of the draft text of the EU Directive on temporary agency work, which was adopted in 2008.

Notwithstanding the implementation of the EU Directive, the comparative table in the annex to the full report illustrates significant differences in the legal frameworks on temporary agency work. Particularly looking at restrictions on temporary agency work, the analysis highlights that there are still some related to the types of labour contracts (fixed-term, open-ended or apprenticeships) that temporary work

agencies can offer, to the maximum number and length of assignments that temporary agency workers can enjoy or on occupations/activities that temporary agency workers can be assigned to.

In terms of profiles of temporary agency workers, the comparative analysis reveals a certain degree of diversity when it comes to:

- *Gender distribution*: in some countries it is quite balanced, around 50% in, Hungary, Italy, the Netherlands, Poland or Romania, while the situation in other countries shows prevalence of women, like in Denmark, Finland, Sweden or the UK or men, like in Austria, Belgium, France, Germany, Slovakia and Slovenia;
- *Sectoral distribution*: in countries where the manufacturing sector covers an important segment of the economy, it also represents a higher share in agency work: 70% of agency workers in Poland are assigned to manufacturing, 61% in Hungary, 52% in the Czech Republic, 46% in Germany. In other countries, such as Spain, the Netherlands, and in the UK, over 50% of the temporary agency workers are in the services sector. The share of temporary agency workers in agriculture is generally low across Europe. With regards to other sectors such as public services (e.g. hospitals) and construction, the role and share of agency work is often still influenced by existing restrictions.

*The profiles of temporary agency workers across Europe vary significantly for gender and sectoral distribution...*

Notwithstanding the differences across Europe, the comparative analysis indicates features in the profiles of agency workers, with respect to:

- *Age distribution*: young people represent a significant share of the agency workforce in Europe. In particular, 46% of agency workers in the **Netherlands** are below 25 years old, 37% in **Belgium**, 33% in **Italy**. For older workers, the proportion of agency workers over 45 years old ranges from 10% in countries such as Poland, Greece or Slovenia to nearly 30% in the **UK**. In spite of this fairly varied panorama, the analysis shows the common trend of a growing number of older people working through temporary work agencies: in **France**, the proportion of older workers, over 50 years old, increased from 4.1% to 7.5% between 1997 and 2007; in **Belgium** the proportion in 2007 was 5%; in **Italy** the share of over 40 years old has doubled between 2002 (12.5%) to 2011 (25%)
- *Target groups*<sup>3</sup>: the proportion of agency workers belonging to a target group is generally higher compared to their share in overall employment. In **Germany**, foreign workers in agency work were 17.4% in 2011, more than double of the proportion of foreign workers in overall employment. In the **Netherlands**, an average of 31% of all temporary agency workers in 2008 belonged to special target groups. In **Belgium** the share of low-skilled and persons with a migrant background have been estimated for 2007 at 12% in 2007 and 5% of the temporary agency workforce are disabled workers.
- *Education and skills*: the largest group of temporary agency workers in most European countries is the one that has completed secondary education. In some countries there is a significant proportion of temporary agency workers that have not completed secondary education (low educational level). For example, the share of these workers amounts to 70% in the Czech Republic, 56% in Spain, 44% in Hungary. There are however countries with a high share of temporary agency workers with higher education, such as Bulgaria (40%), Sweden (40%), the UK (30%) and Belgium (31%).

*The majority of temporary agency workers are young: In the Netherlands 46% are under 25, in Belgium 37% and in Italy 33%*

<sup>3</sup> Target groups include people that face particular difficulties in entering the labour market, for example long term unemployed, people with a migrant background, disabled people.



### *Diversity of profiles, motivations and expectations of temporary agency workers*

The comparative analysis illustrates the significant variety of individual profiles and motivations of temporary agency workers. Not all of them choose agency work for the same reason nor they have the same objective.

In **France**, a bipartite survey<sup>4</sup> identifies different profiles of people coming to temporary agency work for different reasons. These include: young people leaving school wishing to develop their professional training or to acquire a first professional experience (24%), professional temporary agency workers (14%) who have built their professional career around temporary agency work, individuals who have used TAW (14%) in order to conciliate a paid job with personal projects and a will of independence.

In **Belgium**, another survey<sup>5</sup> shows that 48% of people use temporary agency work to improve their chances to find direct employment (“*spring boarders*”). However, other groups regard temporary agency work as a phase of transition, e.g. the groups of “*young professionals*” (15%) or “*career-(re)launchers*” (10%).

*In Belgium 48% of people use temporary agency work to improve their chances to find direct employment*

In the **Netherlands**, 28% of people come to temporary agency work to find direct employment, 15% of agency workers are looking for a holiday job, 15% of people look for a job that provides experience while they are completing their studies and 15% of them to earn extra money<sup>6</sup>.

#### *Key Findings:*

1. Between 2000 and 2007, the number of agency workers in Europe has increased, mainly as a result of different factors such as EU enlargement and the change in regulation in countries such as Germany, Italy, Finland or Poland. However, during the crisis, the number of agency workers declined, confirming the link between economic cycles and temporary agency work.
2. The specific role and structure of temporary agency work within the labour market is determined by the particular national framework and by the labour market policy contexts
3. Restrictive regulation limiting the types of labour contracts that can be offered to temporary agency workers or closing off sectors where they can be assigned to, as well as the variety of profiles, motivations and expectations of temporary agency workers are all factors to be considered when looking at labour market transitions
4. The analysis of the stepping-stone function of temporary agency work should take into account that some agency workers are not looking for direct/permanent contracts, consequently these workers should not be included in these statistics as to avoid methodological distortions

### *Social dialogue and collective bargaining*

With view on industrial relations as well as the role of social dialogue and collective bargaining the comparative overview shows that the situation and practice in the temporary agency work sector in Europe mirrors the broad “models” of industrial and labour relations identified by sociologists and other research. The first model of industrial relations, the social dialogue driven, can be found in 11 EU

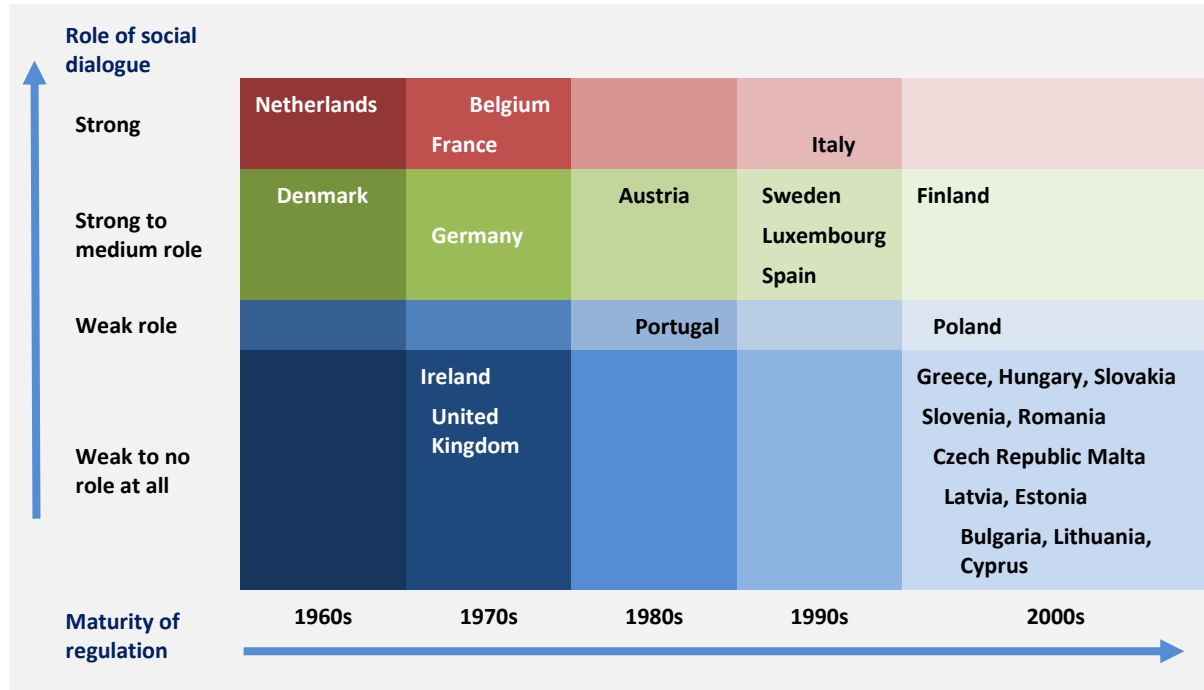
<sup>4</sup> Observatoire des Métiers et de l’Emploi, 2011.

<sup>5</sup> IDEA Consult for Federgon, Profil et satisfaction des travailleurs intérimaires, 2012.

<sup>6</sup> Ecorys for ABU, Satisfaction of agency workers, 2009, p.7.

countries<sup>7</sup> where social partners in the temporary work sector are involved in the negotiations and bargaining on labour and working conditions above the micro/company level. On the other hand, the market driven model of industrial relations is reflected in the other EU member states, where collective bargaining is taking place only at the micro level at the user company. (See table below).

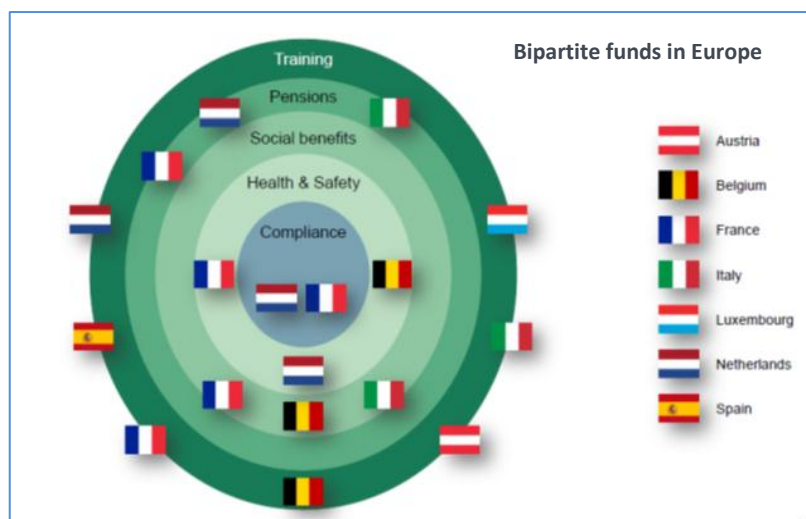
**Rating the role of social dialogue and collective bargaining in the regulation of temporary agency work employment and labour relations in the EU 27**



Due to the specific triangular relationship of temporary agency work, collective bargaining on wages and working conditions can take place at different levels: national, sector-wide, company level within the temporary work sector. However, the labour conditions of temporary agency workers can also be regulated by collective bargaining agreements in third sectors and at the level of user companies of temporary agency work.

Across Europe the role of social partners and the impact of social dialogue on the temporary agency work sector vary significantly as the following figure summarizing results of the fieldwork of this study illustrates.

Where the sectoral social partners have been particularly active, they managed to establish bipartite bodies and funds to support agency workers and enhance their working and social conditions. In the case of training, 7 EU countries have established bipartite funds: **Austria, Belgium, France, Italy, Luxembourg, Netherlands** and **Spain**, where agency workers



<sup>7</sup> Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Spain, Sweden.

can have better access to vocational training to improve their employability and facilitate their progression in the labour market through temporary agency work.

In addition to the bipartite initiatives, collective labour agreements applicable to temporary agency workers have devised mechanisms to foster their transitions. For example, this is the case of the Dutch phase system and the Italian “stabilisation” system, where temporary agency workers over time are automatically converted into permanent employees of the agency.

At the same time, collective labour agreements contribute to improve employment and social security for temporary agency workers. For example the “*flexibility premium*” is an extra 10% on the salary given to French temporary agency workers at the end of their assignment, or the recently adopted collective labour agreements in metal, transport and other sectors in Germany provide wage premiums to agency workers. It is important to recall that in 9 EU countries over 90% of temporary agency workers are covered by collective agreements<sup>8</sup>.

At the national level, available descriptive surveys on work satisfaction of temporary agency workers indicate that there is a real impact of these initiatives jointly developed by the social partners in the field of social and employment security, training or compliance with legal and other rules. For example, In **Belgium** 78% of people are satisfied with TAW and 81% would recommend it to family and friends<sup>9</sup>. High levels of satisfaction of workers with various aspects of their work in temporary agency work are also reported in France<sup>10</sup>.

*In Belgium 78% of people are satisfied with TAW and 81% would recommend it to family and friends*

In countries like the UK and Germany, for instance, there are cases of initiatives taken at the company level or established unilaterally by social partners in order to support transitions of agency workers and enhance their working conditions. In the **UK**, a campaign of the PCS trade union in 2005 encouraged the transition of agency workers into permanent employment; in **Germany**, a 2007 agreement between IG Metall and Adecco applicable only to workers assigned to Audi stipulated that agency workers receive a wage corresponding to the one fixed by the collective agreement of the Bavarian metal and electrical industry.

#### *Working conditions of temporary agency workers*

As resulting from the triangular relationship of temporary agency work, the major peculiarity of working conditions of agency workers is that the employer and the place of work are not the same, while the former is the temporary work agency; the latter is within the user company. This “duality” of the employment relationship could result in the difficulty to define the reference standard in regards to working conditions, i.e. the agency/sector (including the respective collective agreement) and/or the user company/sector (including the respective collective agreements).

The EU Directive on temporary agency work, adopted in 2008, was a major landmark in this context as it stipulates that the principle of equal treatment should be based on the user company, i.e. that temporary agency workers should enjoy the same pay and other basic conditions of employment as permanent employees at the user company engaged in similar work.

*The implementation of the EU Directive on temporary agency work has extended the principle of equal treatment to all EU 27 – some duality remains with regards to benefits and pay often linked to seniority*

<sup>8</sup> Austria, Belgium, Finland, Germany, Italy, Luxembourg, Netherlands, Spain and Sweden. In Denmark and France, the coverage rate is above 80%.

<sup>9</sup> IDEA Consult 2010: Les travailleurs intérimaires en 2009: Etude de profils et de satisfaction.

<sup>10</sup> Observatoire des métiers et de l’emploi, *Regards croisés sur l’intérim*, 2011.

However, looking at the additional items offered by the user companies to their employees with regards to further training, additional payments and social benefits that often are linked to the principle of seniority, there may be some differences between the working conditions of temporary agency workers and those of the permanent employees in this respect.

The social partners in the temporary agency work sector have been able to set up beneficial solutions in response to this duality. The establishment of bipartite social and training funds, the use of sectoral collective agreements on phase systems, qualifying periods for obtaining certain employment rights (training, social benefits, permanent contract etc.), or wage benefits for temporary agency workers are all examples that show the commitment of the sector to overcoming this issue.

## TEMPORARY AGENCY WORK AND TRANSITIONS IN THE LABOUR MARKET

It is not an easy task to determine empirically whether agency work is a ‘bridge’ or ‘stepping stone’ to integration and inclusion in the labour market. A first difficulty is that there is no single simple measure to assess job transitions. Furthermore, there are ‘composition’ effects or factors that are hard to control, i.e. persons who choose to work with temporary employment agencies are not the same that the ones who do not. From a statistical point of view, moreover, it is not only the passage into a specific employment contract such as a temporary agency job contract that matters, but also its duration and its frequency. Finally, if some individual characteristics can be observed and controlled (such as sex, age, qualification level etc.), others are much harder to control (e.g. occupational experience) or cannot be measured (such as individual efforts) but are key factors for people’s trajectories in the labour market. These factors illustrate that even results from studies that include control groups should be interpreted with caution.

However, the review of available research results regarding temporary agency work and transitions in the labour market has identified quite a broad research literature that has been carried out during the last decade from different analytical and methodical angles. This review shows that in particular transitions such as those from unemployment to work and from temporary forms of employment to permanent work has been a specific focus while with view on other forms of transitions much less research evidence exist.

The next section will examine the different types of labour market transitions (from unemployment to work, from temporary to permanent employment, from education to work, the transitions for target groups) and will look at the role of social partners in upskilling agency workers and facilitating their transitions.

### *Agency work and transitions from unemployment to work*

The bridging function of temporary agency work from unemployment to work has emerged already in the comparative review of the profile and background of temporary agency workers, and it is confirmed in this specific part of the study. In countries such as **France** and **Italy** it is reported that more than 40% of temporary agency workers were unemployed before starting temporary agency work; in **Germany** more than 60% of people starting temporary agency work in 2011 were either unemployed or had never worked before. Also in the **Netherlands** and **Belgium** the share of formerly unemployed persons within the temporary agency workforce was 30%. These figures and quite a lot of larger statistical surveys in all focus countries have confirmed a significant bridging effect of temporary agency work between unemployment and work<sup>11</sup>. In the **Netherlands**, large sample data from the Centre for Work and Income (CWI) show that throughout the last years quite a stable proportion of around 33% of unemployed persons return to work through temporary agency work.

<sup>11</sup> This has been done in most cases on the basis of descriptive research and surveys through the ‘timing of events’ approach, i.e. the comparison of the employment status before starting temporary agency work and after a certain period of time.

Also, these studies clearly illustrate the longer term effect of temporary agency work on employment: after one year, a high share of formerly unemployed people would stay in work, within temporary agency work or in direct employment, either on a fixed-term or permanent basis. In **France**, for example, around 55% of those who started temporary agency work were either unemployed or inactive. After one year of agency work, the share of unemployed persons was down to 21%<sup>12</sup>.

The few studies that so far have compared the “temporary agency work route” with other routes back into the labour market have shown that the chance of formerly unemployed persons being still employed after a certain period of time is higher for temporary agency workers than for persons belonging to a matched control group of unemployed persons entering the labour market not via temporary agency work.

#### *Key facts and findings:*

1. The study confirms that the role of temporary agency work in the transition from unemployment to work is widely accepted
2. A large proportion of temporary agency workers were unemployed before starting temporary agency work, e.g. more than 60% **Germany** and more than 40% in countries such as **France** and **Italy**
3. In the **Netherlands** 33% of unemployed job seekers return to employment through temporary agency work, which eventually leads to a permanent return to work is comparable to the rates of jobseekers returning through direct employment

#### *Temporary agency work and transitions from temporary to permanent employment*

The role and functioning of temporary agency work as a stepping-stone into permanent employment is subject of debate.

A number of surveys confirm an ‘*adhesive*’ effect of temporary agency work, i.e. a significant number of employees after one year are likely to be offered a direct employment by the user company after an assignment. Based on differences in measuring the adhesive effect, studies of large samples of labour market data in **Germany** have estimated this adhesive effect at 5 - 20%.

In the **Netherlands**, in 2009, 56% of agency workers reported that they sought permanent employment using agency work, and 29% of all temporary agency workers found a permanent job within a year, either at the user company (12%) or elsewhere (17%). In addition, the social partners in the temporary agency work sector have established a phase system in their CLA, whereby over time temporary agency workers make a transition to open-ended contract with the employment agency.

In **France**, the latest survey of the bipartite Observatory of Occupations and Jobs shows that 16% of workers, who had a least one assignment as a temporary agency worker, had obtained an open-ended contract within a year.

In **Belgium**, a study has monitored the trajectories of a large sample of people, who worked as temporary agency workers in 2005 over a period of three years until 2008 and compared them with a control group, of people not in temporary agency work. The results show that:

- Compared to the control group of those who were unemployed in 2005, temporary agency workers have a higher chance to move into open-ended contracts: the insertion rates after one year are nearly

<sup>12</sup> Observatory of Occupations and Jobs, 2010.

30% (compared to 22% at the control group), 41% after two years (control group: 31.6%) and 55% after three years (control group: 43%);

- The risk of becoming/staying unemployed for people that start temporary agency work is significantly lower than amongst the control group. After one year, 32.6% of agency workers are not in employment (compared to 56% of the control group), 30.2% after two years (control group: 49.9%), and 31.3% after three years (control group: 48.2%)<sup>13</sup>.

In **Italy**, according to the "Italian Work Histories Panel (1998-2003)" study, 66.5% of workers aged 16-35 years old that finished temporary agency work in the 1998-1999 period moved to permanent employment.

Other researches present a different perspective on the adhesive effect; however the quantitative scope of this effect differs depending on the specific survey methodology. At the same time, descriptive and qualitative research have highlighted that a significant share of temporary agency workers are likely to remain in agency work: in particular people from target groups find it more difficult to make transitions into permanent employment, which is not surprising in times of high unemployment.

#### *Key facts and findings:*

1. Temporary agency work facilitates transitions from temporary to permanent, under certain conditions
2. In the **Netherlands**, in 2009, 56% of agency workers reported that they sought permanent employment using agency work, and 29% of all temporary agency workers found a permanent job within a year
3. In **France**, 16% of workers, who had a least one assignment as a temporary agency worker in 2010, had obtained an open-ended contract within a year.
4. In **Italy**, 66.5% of workers aged 16-35 years old that finished temporary agency work in the 1998-1999 period moved to permanent employment
5. The results in research about the stepping-stone function differ according to the methodology and to the profiles of temporary agency workers (i.e. individual employability)

#### *Temporary agency work and transitions from education to work*

Statistical data and figures illustrate that young people (including those in education) are an important and sometimes the most important age group within the European temporary agency workforce. Furthermore, various comparative as well as country specific surveys show that temporary agency work has developed as an important channel for young people to enter the labour market for the first time and thus functioning as a bridge into employment for young people.

In **Germany**, 49.5% of temporary agency workers are under 35 years old, which compared to total employment indicates that temporary agency work is of considerable importance for the transition between education and work. The same positive correlation can be observed in **Italy**, where, according to latest available data provided by the bilateral body Ebitemp, 44% of temporary agency workers are under

<sup>13</sup> IDEA Consult 2009: Uitzendarbeid: opstap naar duurzaam werk, ook voor kansengroepen?, Brussels.



the age of 30 years and around one quarter (23%) is younger than 25 years. In the **Netherlands**, 46% of the temporary agency work population is under 25.<sup>14</sup>

In **France**, a 2011 survey<sup>15</sup> shows the stepping stone effect of temporary agency work for young people. 84% of temporary agency workers under 25 had never worked before coming to agency work in 2010; 30% of them were students. After one year, 62% of them were in employment: 30% in temporary agency work, 17% in open-ended contracts and 15% in fixed term contracts.

Temporary work agencies can also contribute to create a bridge between education and employment by offering **dual learning schemes** and apprenticeship contracts. These schemes typically combine formal training and company-based learning. The industry can currently offer apprenticeship schemes and contracts in Denmark, **France, Germany, Italy, Netherlands**, Spain and the **UK**.

At the same time, studies from different national backgrounds indicate that certain groups of young people rely much more on temporary agency work as an entry channel into work than others and found it easier or more difficult to make further transitions (into direct employment). There are differences in particular regarding the educational profile and qualification level (higher shares of persons with a low educational qualification) but also regard to other characteristics (gender, ethnic background etc.).

#### *Key facts and findings:*

1. Temporary agency work is an important entry channel for young people into the labour market
2. In Germany, 49.5% of agency workers are under 35 years old; in Italy 44% of agency workers are under 30, and in the Netherlands 46% are under 25; the high share of young people indicates that temporary agency work is of considerable importance for the transition between education and work
3. In France, 84% of temporary agency workers under 25 years old had never worked before, because they were either in education or unemployment. After a year of agency work, 62% of them were in employment
4. The national background, the level of education and qualification and personal background have a significant influence on the outcome the transitions from education to work
5. More research should be conducted about this type of transition

#### *Temporary agency work and target groups entering the labour market*

For certain target groups such as older employees, persons with an education and/or qualification profile that does not match labour market needs or groups such as ethnic minorities that face discrimination, temporary agency work provides an important bridge into the labour market.

This is illustrated by the high share of workers representing target groups within the national temporary agency workforce, which is confirmed by data from all six focus countries of this study. In **Germany**, foreign workers in agency work were 17.4% in 2011, more than double of the proportion of foreign workers in overall employment; In the **Netherlands**, an average of 31% of all temporary agency workers in 2008 belonged to special target groups. For **Belgium**, it has been estimated that in 2007 a share of 12% within the temporary agency workforce were low-skilled or had a migrant background, and 5% were disabled persons and older workers.

<sup>14</sup> Ecorys 2009: Temporary agency workers on the move, p. 10.

<sup>15</sup> Observatoire des Métiers et de l'emploi, Regards croisés sur l'intérim, 2011.

Though the study was not able to identify surveys that compare and contrast perceptions, motivations and experience of workers from target groups with other groups of temporary agency workers it seems evident that temporary agency work often is the only chance to find a job on the labour market.

The important role with view of the labour market integration of specific target groups is also illustrated by quite numerous initiatives developed by the temporary agency work industry either unilaterally or in the context of public-private model projects or programmes. Particularly with regard to groups such as long-term unemployed, older people on the labour market as well as - however less pronounced – people with a migrant background, temporary work agencies seem to play an increasing role with view on providing job opportunities and experience, skills development and placements.

#### Public-private and business-led initiatives for temporary agency workers of different target groups

Country	Initiative	Objectives, character	Type
FR	Joint project of private employment agency and <i>Force Femmes</i>	– Fostering business opportunities for women over 45	Business led
NL	Project of Dutch private employment agency	– Helping older women to return to the labour market by providing child care, training facilities and possibilities, flexible working hours; focusing on specific branches	Business led
DE	Project of private employment agency to support the integration of elderly on the labour market	– People aged 50+; support measures: Selection and trainings, internships; 18 month contracts; 321 unemployed integrated	Business led
NL	Projects of private employment agencies focussing on older unemployed (50+ and 45+)	– Providing support to re-enter the labour market – Venture operating in close cooperation with public employment service	Public-private
UK	Joint approach/commitment of REC and Jobcentre Plus on “ <i>Diversity Pledge</i> ”	– Linked to an online diversity diagnostics tool and certification program “EQality Assured” (EQA) launched in 2006 – Memorandum of understanding about collaboration in 2011	Public-private
DE	Pilot programme targeting low-skilled young unemployed	– Joint pilot project carried out by the public employment service and a private temporary work agency; – Supporting young unemployed people by individual coaching; classroom training and temporary work	Public-private

Source: own research and interviews, 2012.

Research has been carried out on specific programmes targeting vulnerable groups, the results show that positive effects on prospects of sustainable employment within temporary agency work or towards direct employment are improved if programmes and initiatives are characterised by accompanying measures such as improving education levels, professional training as well as other forms of individualised support.

#### *Key facts and findings:*

1. Temporary agency work is key in facilitating transitions for people in target groups
2. The high share of temporary agency workers belonging to target groups is confirmed in all 6 focus countries
3. In the **Netherlands**, an average of 31% of all temporary agency workers in 2008 belonged to special target groups
4. In **Germany**, foreign workers in agency work were 17.4% in 2011, more than double of the proportion of foreign workers in overall employment
5. This important role of temporary agency work for the integration of specific target groups in the labour market is also confirmed by the numerous initiatives developed by the temporary agency work industry either unilaterally or in the context of public-private model projects



### *The role of social partners in fostering transitions*

The study confirms that with view on the dual objective in regard to temporary agency work in Europe – providing external flexibility to companies and supporting labour market inclusion and “*transitions that pay*” (EMCO) – the social partners and social dialogue are playing a key factor.

This is illustrated in most of the focus countries, where social partners play an important role in regulating temporary agency work and in developing activities and actions to foster labour market transitions by collective bargaining, joint initiatives, programmes or institutions.

The national cases of the Netherlands, France, Belgium and Italy illustrate that social dialogue in temporary agency work in Europe should not only be regarded as an instrument that substitutes or reinforces legal frameworks and regulation. The bilateral funds providing social support, further training and other support measures clearly go beyond regulation because they aim at improving job, employment as well as social security of temporary agency workers.

In particular the survey results and empirical findings on the effects of further training and up skilling activities that have been initiated by the social partners for example in France and the Netherlands illustrate how important such practice is with view on supporting labour market transitions. In **France**, a recent survey on the impact of the “*professionalization contract*” or the *Contract of TAW professional development (CDPI)* indicate that training and qualification schemes not only have contributed to a markedly reduction of the share of unskilled workers with the temporary agency workforce but also have a positive impact on career development. According to the survey, nearly 70% of participants estimate that their current job is linked with the qualification they have obtained thanks to the apprenticeship scheme and nearly 80% state that the training measures were useful to help them find the current job<sup>16</sup>. Also surveys amongst temporary agency workers in the **Netherlands** show that training as carried out by the bilateral training fund has a significant impact on the “strengthening” or “consolidation” of job contracts<sup>17</sup>.

These examples illustrate that social dialogue and collective bargaining clearly provide an added value that makes a difference. They give additional support for temporary agency workers with regards to employability and skills, equal treatment and access to rights and resources in user companies, and provide social and other support in order to compensate the effects of frequent job changes, advance their careers and develop their employability.

The **United Kingdom** differs from the countries mentioned above as its system of labour and industrial relations is generally characterised by a weak influence of social dialogue and collective bargaining above the company level.

Social dialogue in **Germany** for the temporary agency work sector has been mainly focused in setting wages and pay. The premiums recently negotiated between the temporary agency employers’ organisations and trade unions in specific sectors<sup>18</sup> are an example of the commitment of social partners to developing specific and collectively agreed frameworks for employment conditions and pay.

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<sup>16</sup> FAF.TT, Les effets de la formation sur l’insertion professionnelle des intérimaires, June 2010.

<sup>17</sup> STOOF, Annual report, 2010.

<sup>18</sup> These premiums were negotiated in the metal and electrical industry, chemical sector, Synesthetic/plastic and “Indian rubber” industry.

*Key facts and findings:*

1. The role of social partners is pivotal in making transitions pay, as they complement regulation on temporary agency work and develop initiatives to enhance the quality of transitions
2. Bipartite funds are key to upskill temporary agency workers and to improve their employability
3. In France, 80% of temporary agency workers state that the training measures undertaken were useful to help them find the current job.
4. Bipartite initiatives are also important to enhance the employment conditions of temporary agency workers in order to support them in their progression into the labour market

### **HOW TO STRENGTHEN THE TRANSITION ROLE OF TEMPORARY AGENCY WORK?**

The study confirms that temporary agency work is a form of employment that not only contributes to the fluidity of the labour market but it also provides opportunities in particular for unemployed persons and target groups by functioning as a bridge into work.

At the same time, the question of “*quality transitions*” is more difficult to assess as it depends by many factors, including the regulatory framework for temporary agency work, the general economic climate and the profiles and motivations of temporary agency workers.

However, a major result of the study is that social dialogue and the practice of social partners (in particular joint practice) seems to be key with view of transforming numerical transitions into “*quality transitions*”, i.e. enabling situations and frameworks where not only bridges into work are provided by temporary agency work but also stepping-stone effects and upward/progressive transitions are supported and fostered. This rationale in particular is embodied in the development of bipartite institutions and funds supporting training provision and skills development of temporary agency workers as well as providing more social protection.

In order to maximise the role of temporary agency work in facilitating transitions in the labour market, Eurociett and UNI Europa, the European social partners in the temporary agency work TAW sector, put forward some joint recommendations to national and EU policy makers.

## Joint Eurociett/UNI Europa recommendations on temporary agency work facilitating transitions in the labour market

Brussels, 19 December 2012

In view of the results of the report “Temporary Agency Work and transitions in the labour market”, Eurociett and UNI Europa, the European social partners in the temporary agency work (TAW) sector, put forward their joint recommendations:

1. Eurociett and UNI Europa draw attention to the need to achieve appropriate regulation on TAW in order to enable smoother transitions in the labour market. In this respect, the two key components of the Directive on temporary agency work (2008/104/EC) should be taken into account: the principle of equal treatment (art. 5) and the review of prohibitions and restrictions on temporary agency work (art.4).

The improvement in the minimum protection for temporary agency workers should be accompanied by a review of any restrictions or prohibitions, which may have been imposed on temporary agency work. These may be justified only on grounds of the general interest regarding, in particular the protection on workers, the requirements of safety and health at work and the need to ensure that the labour market functions properly and abuses are prevented<sup>19</sup>.

To this end, Eurociett and UNI Europa call for the complete and correct implementation of the Directive on temporary agency work to ensure the attainment of an efficient legal framework that empowers TAW to contribute to job creation and to participation and integration in the labour market.

2. Eurociett and UNI Europa encourage sound social dialogue as a meaningful way to support transitions of agency workers. Where social partners engage in constructive dialogue, setting an appropriate framework, they have been successful in creating innovative and valuable initiatives to enhance agency workers’ employability and portability of their rights. The establishment of bipartite funds for vocational training, pensions, health insurance and/or additional social benefits can support this goal and therefore should be encouraged if compatible with the national social model.
3. Eurociett and UNI Europa recommend effective cooperation among public, private and third-sector employment services to improve access for jobseekers into the labour market, therefore facilitating transitions from unemployment to work. EU initiatives such as PARES (Partnerships between employment services) and EURES (job mobility) should be used to promote such cooperation.
4. Eurociett and UNI Europa call for more research to be carried out on the stepping-stone function of TAW, particularly differentiating its contribution from other non-traditional forms of employment.
  - a. Further research and data collection could be done with the support of the EU, Eurofound, or other appropriate organisation regarding the effect of TAW on labour market participation.
  - b. When assessing the role of TAW in fostering transitions, research should acknowledge the diversity of profiles of agency workers and the variety of their motivations and expectations. There may be situations when agency worker is not looking for permanent employment: for example, students taking a summer job are not interested in open-ended contracts, nor agency workers already employed under permanent contract by the agency. The statistics should reflect these cases showing the percentage of people who choose temporary agency contracts themselves.
5. Eurociett and UNI Europa emphasise that temporary agency workers should be on an equal footing with other non-traditional forms of work in terms of access to social protection and with regards to social charges.
6. Eurociett and UNI Europa invite governments to involve the sectoral social partners in the implementation of active labour market policies; taking advantage of their expertise on transitions will be instrumental for the success of programmes designed to increase labour market participation.
7. Eurociett and UNI Europa call for the promotion and exchange of further best practices of initiatives that foster effective transitions for agency workers.

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<sup>19</sup> Recital 18 of the Directive on temporary agency work.

**PART A:**  
**TEMPORARY AGENCY WORK IN**  
**EUROPE: PROFILE, ROLE, LEGAL AND**  
**COLLECTIVE FRAMEWORKS AND**  
**EMPLOYMENT CONDITIONS**

## 1 THE ROLE AND PROFILE OF TEMPORARY AGENCY WORK IN THE EU27

### 1.1 Introductory note

Which major features, similarities and differences do characterize temporary agency work in the European Union? Which major characteristics regarding the profile of agency workers in different countries can be identified? Which quantitative as well as qualitative role does the business play in European labour markets and how was the sector affected by the deep economic and financial crisis of 2008 and afterwards?

In addressing these questions, it has to be stressed right at the beginning of this report that there is a problem with comparable labour market statistics on temporary agency work. Though temporary agency work has grown significantly during the last two decades (with marked differences between countries), it is extremely difficult to compare temporary agency work on a cross-national basis due to a lack of comparable statistical data:

*“Although there is good quantitative data to measure the prevalence of part-time employment and fixed-term contracts, there is no equivalent employment data for TWA. Due to the differences in national regulations, the terms “temporary agency work” or “temporary work agency” refer to very different and non-comparable employment arrangements between the three partners in the relationship: the employee, the TWA, and the client firm. This explains why the data available to compare temporary agency work cross-nationally within the EU nations are unreliable (...)”<sup>20</sup>*

As national data is not based on a standardized definition of temporary agency work, any comparative review faces several uncertainties, e.g. on the absolute number of employees or structural characteristics.

A specific problem that occurs in counting the temporary agency workforce is that national data is often not able to distinguish between the stock numbers and flow data on temporary agency work which, given the rapid turnover in the sector differ significantly as the example of the *Netherlands* illustrate: While *Statistics Netherlands* (CBS) measures the number of temporary agency workers at a particular point in time, other organisations such as ABU work with so-called “flow-figures”, indicating the total number of workers in a single year. Furthermore, it is important to know that the CBS figures exclude employees working less than 12 hours a week. As a result, there are significant differences in figures: While according to ABU the number of agency workers in 2009 amounted to 734,000 the CBS figures are much lower, around 200,000.

Also in the *United Kingdom* data on temporary agency work as arising from official statistics and figures from employer organisations differ significantly. While according to the UK Labour Force Survey (which is based on workers’ self assessment of their status) there have been only around 270,000 temporary agency workers in the UK in 2007, the main employer organisation REC (*Recruitment and Employment Confederation*) estimated for the same year much higher figures of more than 1.3 million agency workers. Against these discrepancies, the department for Business, Innovation and Skills (BIS, formerly BERR/DTI) conducted a study to compare the LFS estimates with those of REC and own surveys and estimated around 1.2 million agency workers in “recruitment agencies” in 2008.<sup>21</sup> However, in 2012 both the British government as well as the employers’ organisation REC jointly estimate the number of agency workers at around 1.1 million.

<sup>20</sup> Michon, F. 2006: Temporary Agency Work in Europe. In: Gleason, S.E. (ed.): *The Shadow Workforce. Perspectives on Contingent Work in the United States, Japan and Europe*, p. 275.

<sup>21</sup> BERR (Department of Business, Enterprise and Regulatory Reform) 2008: *Agency Work in the UK: A review of evidence. Employment Relations Research Series*, No. 93.

Also in other countries, in particular in Central and Eastern Europe, comparative studies have highlighted the problem of robust and comparable national data.<sup>22</sup>

In this part of the comparative report, our analysis is mainly based on statistical data provided by the global employer federation of the temporary agency work sector CIETT as this is the only data currently available on a comparative basis. It should be noted here that the data, presented by CIETT on an annual basis, is provided by national employer organisations and of course reflect the differences in the method of national calculations and surveys. If this seems necessary, we have complemented the data provided by CIETT by national figures and explanations.

## 1.2 The dynamics of temporary agency work

### 1.2.1 Employment trends during the last decade

Similar to global patterns<sup>23</sup> temporary agency work in Europe has grown rapidly in many countries during the last two decades though its share in total employment is still low. Growth in countries such as Italy, Poland or Germany was triggered by labour market deregulation, increased use of flexible labour by companies and other factors such as changing attitudes to work or changes in the role of private employment agencies in the context of recruitment, job placements and practice of job transitions and labour market mobility.

*What may explain the growth dynamic of temporary agency work in Europe?* As a recent comparative survey on temporary agency work in Europe is highlighting, there are both supply and demand side factors that have fostered the role of temporary agency work in our labour markets:<sup>24</sup>

On the *supply side*, there is evidence of that temporary agency work in general and in certain countries in particular has become more important in the context of re-integrating unemployed into work, facilitating the transition from education to work or facilitating work–life balance around educational or childcare commitments. As stressed in the study mentioned above, there is also a number of national specificities, e.g. a large number of students within the national temporary agency workforce as in the Netherlands or in Slovenia. In Denmark, temporary agency work seems to be an important entry-gate for migrant workers into the labour market: As reported by national sources, 13% of ‘work and stay’ permissions handed out since 2004 were granted to East Europeans hired by temporary agency firms. Strong growth of foreign temporary agency workers is also reported from the Netherlands.

With regard to the *demand side*, temporary agency work enables user firms to make relatively easy labour adjustments and offers transaction-cost savings by outsourcing some responsibility for recruitment and administration. It also generates a group of workers, from which candidates can be selected for any permanent post.

Both supply and demand side factors have made temporary agency work to one of the strongest growing segments within our labour markets: According to the global temporary agency work employer federation CIETT, an estimation of the size of the temporary agency work sector in the European Union puts the daily average figure, in 2009 at 3.1 million workers on a daily FTE (full time equivalents) basis which roughly would translate to around 9 million persons employed at some time during the year, if a ratio of 1:3 is estimated.

<sup>22</sup> See Eurofound 2009: Temporary Agency Work and Collective Bargaining in Europe, Dublin, p. 5/6.

<sup>23</sup> See ILO 2011: Private employment agencies, promotion of decent work and improving the functioning of labour markets in private services sectors: Issues paper for discussion at the Global Dialogue Forum on the Role of Private Employment Agencies in Promoting Decent Work and Improving the Functioning of Labour Markets in Private Services Sectors, Geneva, 18–19 October 2011/International Labour Office, Sectoral Activities Programme, Geneva.

<sup>24</sup> Ebenda, p. 7.

When one compares the CIETT figures with the size of overall employment in the EU27 that accounted for around 222 millions in 2009 (according to the EU Employment Report 2010) it becomes clear that the temporary agency work segment in European labour markets is still relatively small, accounting for an EU average of around 1.5% of total employment in 2009, with only 7 out of the EU27 countries reaching shares in total employment of more than 1% (UK, Netherlands, France, Belgium, Germany, Austria and Sweden). According to CIETT figures, three quarters of the estimated temporary agency workforce in 2009 was employed in the UK (more than 1 million), Germany (625,000), France (447,000) and the Netherlands (213,000).

**Table 1: Dynamics and role of temporary agency work in the European Union**

Country	Number of agency workers (FTEs), 2009	Proportion of total workforce (%), 2009	Proportion of total workforce (%), 2010	Temporary agency work employment 2000 – 2008 %	Total employment 2000 – 2008 %	Temporary agency work employment 2008 – 2009 %	Total employment 2008 – 2009 %
Austria	57,000	1.4	1.6	126.7	8.7	- 16.2	- 0.9
Belgium	72,000	1.6	1.7	29.6	8.6	- 21.7	- 0.4
Bulgaria	5,000	0.2	0.3	n.a.	18.4	n.a.	- 2.9
Czech Republic	36,000	0.7	0.7	n.a.	6.8	2.9	- 1.2
Denmark	18,000	0.7	0.8	162.5	7.4	- 14.3	- 3.4
Finland	20,000	0.8	0.9	255.6	10.1	- 37.5	- 2.8
France	447,000	1.7	2.0	0.0	6.4	- 26.0	- 1.2
Germany	625,000	1.6	2.0	131.7	2.9	- 17.8	0.0
Greece	5,000	0.1	0.1	n.a.	10.6	- 37.5	- 1.2
Hungary	22,000	1.2	1.8	n.a.	- 3.2	- 60.0	- 2.8
Ireland	35,000	0.9	1.9	40.0	23.8	0.0	- 8.2
Italy	162,000	0.7	0.9	226.1	10.2	- 28.0	- 1.7
Lithuania	1,000	0.2	0.2	n.a.	8.8	n.a.	- 6.9
Luxembourg	4,000	1.9	1.9	0.0	32.2	0.0	0.9
Netherlands	213,000	2.4	2.5	32.2	7.6	- 12.0	- 1.1
Poland	72,000	0.5	0.7	373.7	8.5	- 20.0	0.4
Portugal	45,000	1.6**	1.7**	0,0	2.3	0	- 2.5
Romania	22,000	0.1	0.1	n.a.	- 13.3	- 43.6	- 1.8
Slovakia	14,000	0.6	0.8	n.a.	10.5	0.0	- 2.4
Slovenia	3,000	0.3	0.5	n.a.	9.3	0.0	- 2.2
Spain	141,000	0.4	0.5	6.0	24.9	0.0	- 6.7
Sweden	46,000	1.4	1.6	40.5	6.3	- 22.0	- 2.0
UK	1,068,000	3.7	3.0	18.8	6.5	- 12.5	- 1.6

Sources: CIETT: Economic Report 2011 and 2012; EU Commission: Employment in Europe Report 2010.

\* Growth between 1993 and 2008; \*\* CIETT estimations.

As the table illustrates, temporary agency employment grew in all European countries during the last decade, despite declines experienced in most countries during the 2008–2009 crisis. When looking at the dynamics of agency employment 2000 – 2008, the most significant increases in percentage terms took place in countries such as Poland, Finland, Austria, Germany or Italy due to changes and liberalization in the regulatory frameworks of temporary agency work. In contrast to this, a much slower increase is reported in countries such as France, the Netherlands, Belgium or the UK that are regarded as more mature market environments.

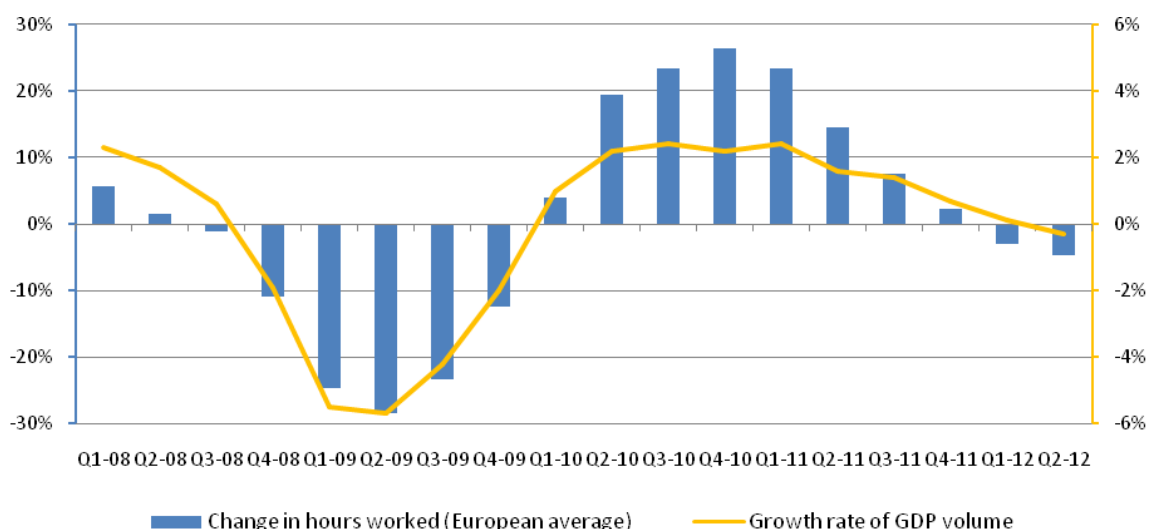
The table also illustrates that in comparison to overall employment trends the dynamic and volatility of temporary agency employment is much higher in times of employment growth and in times of crisis: Agency employment significantly decreased in nearly all EU countries during the 2008 crisis and particularly pronounced in countries such as Hungary, Romania, Finland, Greece with more than 30 percentage points and also contracted significantly by around one fourth in countries such as Spain, Ireland, France or Sweden. In the EU as a whole, temporary agency employment between 2008 and 2009 contracted by 17.5% while the decline in total employment was only 1.8%. Impact of the 2008/2009 crisis on temporary agency work

The impact of crisis in general and the 2008 global financial and economic crisis on temporary agency work was significant, resulting in massive job losses. Enterprises used the flexible layer of temporary agency work to lay off workers recruited through agencies in the first place. In several sectors, but especially in manufacturing, temporary agency workers were affected from user enterprises reducing their workforces by ending their agreements with agencies. Starting from the second half of 2008 and throughout 2009 the European temporary agency workforce contracted sharply by more than 660,000 full-time equivalents according to CIETT figures. The highest decreases between 2008 and 2009 was reported in countries such as France (-157,000), the UK (-152,000) and Germany (-135,000). Overall, the biggest job losses were in countries where agency workers were concentrated in manufacturing. But also countries with a high concentration in sectors such as construction (Spain) or the financial sector (UK) experienced a strong decline.

However, as table 1 and the figures on the proportion of temporary agency work in the total workforces in EU member states 2009 and 2010 illustrates, temporary agency work increased again in the context of recovery in all EU countries apart from the UK.

The chart below illustrates the relationship between GDP growth and the dynamics of the total hours worked in temporary agency work in Europe between 2008 and 2011. It illustrates not only the marked pro-cyclical nature of temporary agency work but also that temporary agency work has become particularly important in the context of the recovery in 2010.

**Figure 1: Evolution of number of hours worked by agency workers versus EU 27 GDP growth rate (year on year)**



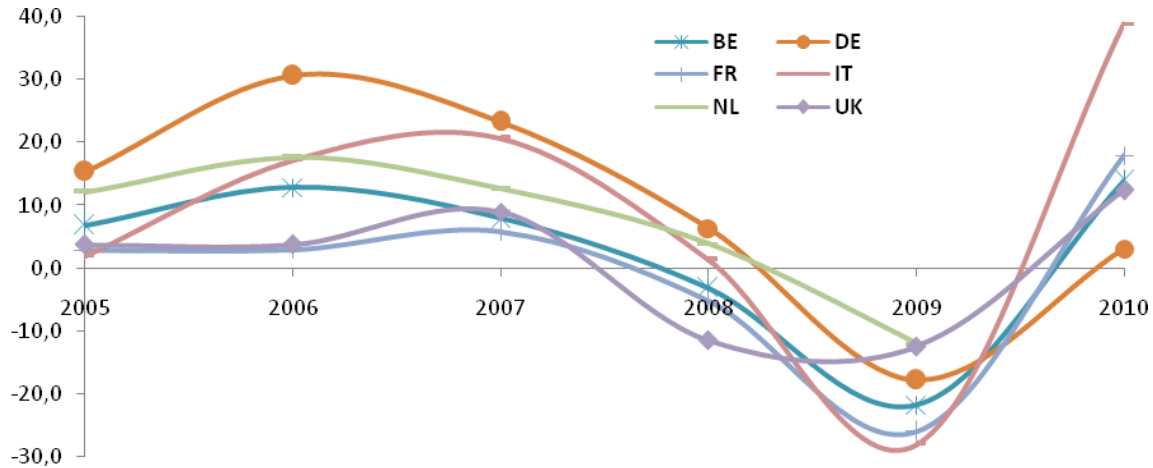
Source: CIETT, based on Eurostat, Agency business indicator, CIETT, federations.

The chart also reveals that the development of temporary agency work can be used as an early indicator of economic cycles: It anticipates developments within the economy as well as in the labour market.



Moreover, the cyclical nature of temporary agency work development is illustrated in the chart below showing annual percentage change figures in the sample of the six focus countries of our study. It not only highlights the significant slump of agency work in 2009 as compared to 2008 but also the recovery of employment in 2010 which is anticipated by remarkable growth of temporary agency work.

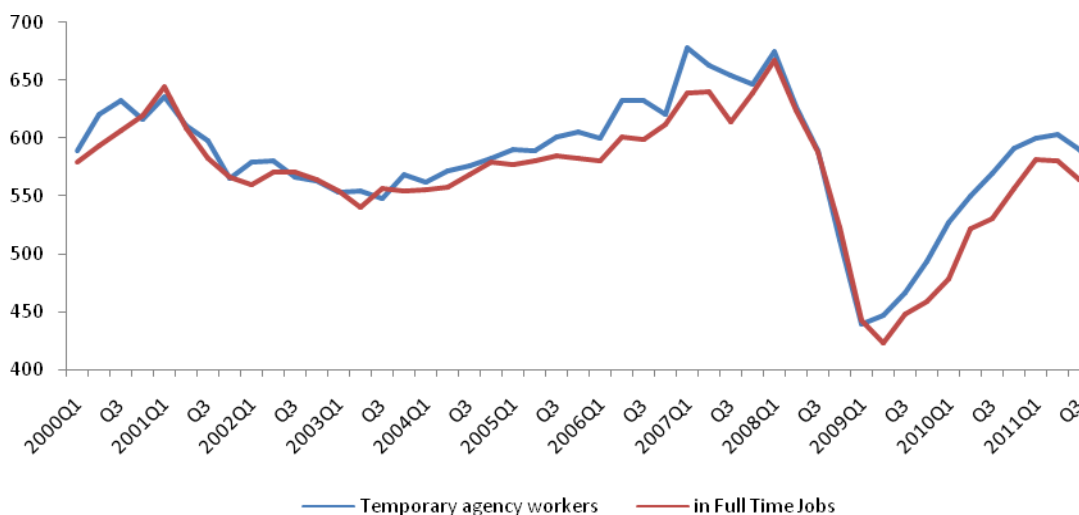
**Figure 2: Year-on-year change in temporary agency work, 2005–2011 (annual percentage changes)**



Source: own based on CIETT figures.

Looking at developments in certain countries, such as France for instance, the strong negative effect of the 2008 crisis on temporary agency work as well as return to growth in temporary agency employment in 2009 is revealed quite clearly also by more longitudinal national statistical figures:

**Figure 3: Number of jobs in temporary agency work and full-time jobs equivalents by quarter in France, 2000-2011**

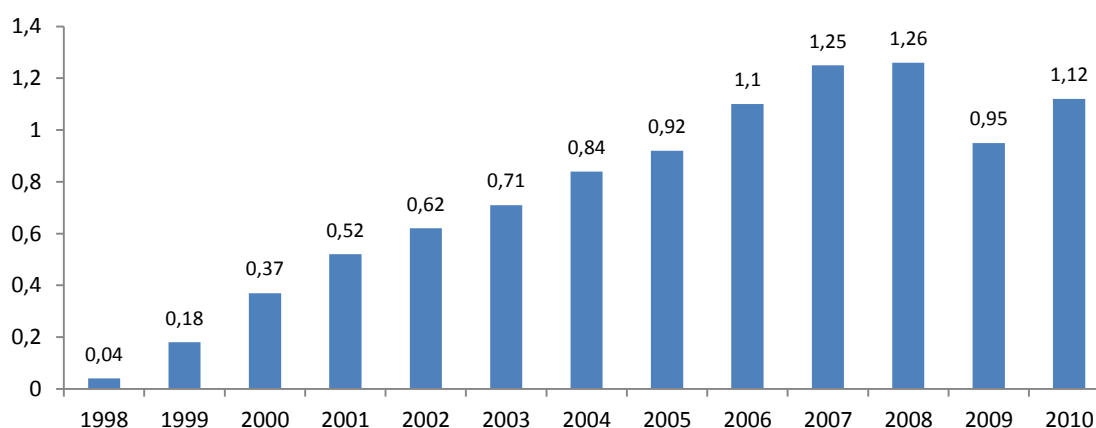


Source: DARES - Ministry of Employment.

As the chart demonstrates, after a first period of decline (2001-2003), the temporary agency work sector experienced a long and steady growth, gaining more than 100,000 workers from 2003 to the beginning of 2008. At its highest point (first quarter 2008), the temporary agency work sector represented 667,000 full time jobs. The sector then contracted sharply with the 2008 crisis leading to a decline that was much stronger than in the period 2001-2003. The sector lost around 120,000 full-time jobs in one and a half years which, compared to the beginning of 2008, represented a 33% decrease. The upturn started in the second semester of 2009 and lasted until the end of 2011. The latest data again indicates a worsening of the economic climate.

Also in Italy, temporary agency work possesses a strong dynamic and an increasing role in labour market developments: As the following chart based on figures of the temporary agency work observatory *Ebitemp* (*Ente bilaterale per il lavoro temporaneo*) reveals, the share of agency work in total employment rose from 0.3% in 2000 to 1.26% in 2008. The number of agency workers in the same period increased from 106,700 (corresponding to 63,500 full time equivalents) to a peak of 2007 with 582,200 (corresponding to 218,500 full time equivalents). While as a result of the 2008 crisis the number of temporary agency workers decreased sharply by more than 30%, the number again increased in 2010 and 2011: In 2011 *Ebitemp* reported a total number of 514,500 temporary agency workers, corresponding to 225,500 full-time equivalents and a share of 1.16% in total employment.

**Figure 4: Italy - Share of temporary agency employment in total employment, 1998-2011 in %**



Source: Bilateral Body EbiTemp Observatory (2011.)

Also in the current difficult economic situation the development of temporary agency work employment in Italy is characterized by a strong pro-cyclical nature: According to data published in September of 2012, the number of "somministrati" declined quite remarkably from 278.000 to 256.000. In commenting on this, the president of the temporary agency work association *Assolavoro* stressed that "this form of employment is strongly cyclical and anticipates the trend of the labour market. Temporary agency workers are in fact the first out, in time of crisis". At the same time, according to *Assolavoro*: "There are less temporary agency workers but the ones remained work with longer periods and with higher wages".

The strong growth of temporary agency work in 2010 seems to be a trend in many European countries, with some countries characterised by even higher shares of temporary agency work in total employment than before the crisis: According to the latest CIETT economic report,

*"Across Europe, the penetration rate for agency work rose. Germany with a penetration rate of 2% and Sweden with 1.3% are notable for having reached all time highs for agency work penetration. (...) The average penetration rate in Europe was 1.6% in 2010, up from 1.4% in 2009 but still a little short of the 2008 average of 1.7%."*<sup>25</sup>

### 1.3 Temporary agency work and increased labour market dynamics and turnover

At least in countries which have experienced a strong growth of temporary agency work during the last decade, there is evidence that agency work contributes significantly to labour and job turnover. This is illustrated in particular by the German example that has been characterised by quite far-reaching labour market reforms, the so-called 'Hartz' reform packages that were implemented between 2003 and 2005 and included also changes of the regulation of temporary agency work. Recent studies show that although

<sup>25</sup> CIETT 2012: Economic Report. The Agency Work Industry around the World. 2012 Edition, p. 26.

the share of temporary agency work in overall employment is quite low, temporary agency jobs have a much higher and still increasing share in labour and job turnover rates: In 2010, the share of temporary agency work in exits and entry from/into unemployment was around 12% while the overall share in total employment was only around 2%.

Despite a (still) modest share in overall employment, the share of temporary agency jobs in vacancies reported to the public employment services in Germany is significant and underlines the growing role of this labour market segment: It has increased from 11.9% in January 2000 to 38.1% in July 2011 as the following figure illustrates:

**Figure 5: Share of temporary agency vacancies in total reported vacancies in Germany, 2000 - 2011**



Source: Bertelsmann Foundation / RWI 2012 based on data of the Federal Labour Agency.

Also for the United Kingdom, a new role of temporary agency work in the current labour market development has been stressed, highlighting also changes in the recruitment of workers by companies that reflect the trends described for Germany above. As a representative of the *Recruitment & Employment Confederation*, REC stated in a comment to this study in September 2012:

*“The nature of work in the UK has changed significantly post-recession. Our new report on flexible working released last week has found that increased flexibility in the labour market – with temporary agency work being a large part of that – played a significant role in keeping unemployment well below levels experienced in previous recessions. Employers in the UK have learnt lessons from the recession: the need to be able to respond to fluctuations in demand is now recognised as essential to business competitiveness, and many businesses are now bringing in individuals as temps initially, taking them on permanently after a year or more only after it is clear that demand in the market is sustained and they can afford that permanent increase in headcount.”*

## 2 NATIONAL LEGAL AND OTHER FRAMEWORKS OF TEMPORARY AGENCY WORK IN EUROPE

### 2.1 Introduction and overview

According to the European Directive on temporary agency work (DIRECTIVE 2008/104/EC),

*“There are considerable differences in the use of temporary agency work and in the legal situation, status and working conditions of temporary agency workers within the European Union.”<sup>26</sup>*

Even though progress was achieved by the Directive in terms of developing a common understanding of basic components of this specific triangular employment relationship constituted through temporary agency work (Art. 3.1b: *“any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction”*), temporary agency workers (Art. 3.1c: *“a worker with a contract of employment or an employment relationship with a temporary-work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction”*), user company or undertaking (Art. 3.1.d: *“any natural or legal person for whom and under the supervision and direction of whom a temporary agency worker works temporarily”*) and temporary work assignment (Art. 3.1e: *“the period during which the temporary agency worker is placed at the user undertaking to work temporarily under its supervision and direction”*), in Europe there still exists a significant variety of approaches to regulate temporary agency employment, temporary agencies and the services they provide.

This variety reflects distinctive national approaches that illustrate not only differences in national legal systems of regulating labour and business as well as different traditions and systems of industrial relations and labour market regulation but also differences in acknowledging temporary agency work as a distinctive form of work and preferences concerning the balance between employment flexibility and security.

Resulting from this, any approach to develop a common concept and regulate at least some basic aspects of temporary agency work in Europe proved to be extremely difficult: It took nearly 10 years of EU level consultation, debate and discussion to finally agree upon the Directive that was finally confirmed by the Council in 2008 and had to be implemented into national law until the end of 2011.

Since there is an overlapping of quite different influencing factors, the variety of national legal or other frameworks regulating temporary agency work is extremely diverse: As existing overviews show, each country has developed quite unique and specific approaches to define, regulate and monitor temporary agency work and it is hardly possible to identify any certain ‘types’ or ‘models’. This can also be traced back to a specificity of the triangular character of temporary agency work. Principally there are three means of regulating temporary agency work: the regulation of the temporary work agencies and the services they provide for user companies by commercial or specific law, the regulation of contracts between agencies and workers and finally the regulation of assignments between workers and user companies. The following figure deriving from a comparative overview report highlights this regulatory pattern of temporary agency work.

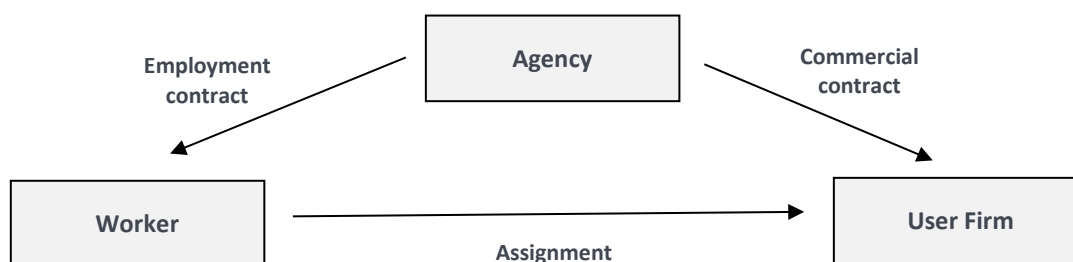
The stylized figure already indicates that regulation of temporary agency work can be made with view on different parts of the triangular relationship, e.g. by specific requirements in commercial law regarding licensing of agencies, the employment relationship between agencies and workers or the regulation of

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<sup>26</sup> Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work, para 10.

assignments. In practice in most EU countries all three dimensions are addressed by more or less detailed regulation.

**Figure 6: Stylised overview of the definition and means of regulating temporary agency work**



Source: based on Storrie 2006: *Temporary Agency Work in the European Union – Economic Rationale and Equal Treatment*.

Already existing comparative analysis<sup>27</sup> illustrate that on the whole, temporary agency work is a highly regulated industry involving a mix of legislation, collective labour agreements and instruments of self-regulation at national level. This degree of regulation has been described as a somewhat paradoxical situation:

*“Non-traditional forms of employment may be regulated with the ultimate goal of deregulating more traditional forms of employment. But the result is the creation of a paradoxical situation: far from deregulated flexibility, more regulation is being introduced to increase flexibility of the labour markets.”<sup>28</sup>*

There are differences in what is regulated – for example, whether or not this embraces reasons for using temporary agency work, prohibited sectors, maximum assignment length, or stipulations concerning the employment contract, training and representation rights. There are also important differences concerning how this regulation is developed and implemented, most notably the role played by social dialogue and collective bargaining.

In comparative literature a number of attempts are made to identify certain groups or ideal-type models of regulating temporary agency work in Europe. For example, based on comparative national analysis carried out by Eurofound on the EU15 at the end of the 1990s, three basic concepts of defining and regulating temporary agency work have been identified:<sup>29</sup>

- Countries, where temporary agency work is not clearly distinguished from other forms of work and is therefore regulated within existing labour law and commercial legal frameworks. Examples here are the UK, Ireland and Finland.
- Countries, where temporary agency work is determined solely by the specific status of agencies and where temporary employment agencies are regulated by specific law, while temporary agency workers are treated not as a specific category of workers. This framework is quite frequent and can be found for example in Austria, Germany, the Netherlands or Spain.
- Countries, where a defined legal status is given to both the temporary employment agencies and their workers. This approach can be found for example in Belgium, France or Italy and Portugal.

However, as during the last decade not only the European Union has been enlarged and new national systems of regulation have entered the scene but also within the EU15 most countries have amended

<sup>27</sup> See for example: Eurofound 2002: *Temporary Agency Work in the European Union*, Dublin; Eurofound 2006: *Temporary Agency Work in an enlarged European Union*, Dublin; European Parliament 2008: *The impact of new forms of labour on industrial relations and the evolution of labour law in the European Union*; Eurofound 2009: *Temporary Agency Work and Collective Bargaining*, Dublin.

<sup>28</sup> Michon, F. 2006: *Temporary Agency Work in Europe*. In: Gleason, S.E. (ed.): *The Shadow Workforce. Perspectives on Contingent Work in the United States, Japan and Europe*, p. 19.

<sup>29</sup> Michon, F. 2006, p. 12.

their respective national systems of regulating temporary agency work, these basic concepts seem no longer suit the growing heterogeneity of regulation in the EU27.

Therefore, further comparative analyses<sup>30</sup> have abstained from the attempt to identify major types or models and concentrated to analyse and describe national regulatory frameworks on the basis of major indicators and aspects, focussing in particular on the legal status of temporary agency work, certain requirements of private employment agencies (licensing, monitoring) and the regulation of assignments (requirements and restrictions). A special focus of comparative reviews has also been the issue of equal treatment of agency workers and the role of social dialogue and collective bargaining as well as self-regulation of the sector in general.

It does not seem necessary to describe and present information and data regarding these issues in the context of this report at length. This has been done elsewhere in a more comprehensive way. Instead, it is rather our aim to present an updated overview of major indicators and aspects of regulating temporary agency work in the EU27 that in particular takes into account most recent developments in those countries that have adjusted their systems in the course of the implementation of the EU Directive on temporary agency work (see overview tables in the annex). Based on this, in the following brief sections some major features, patterns as well as changes and trends on three crucial aspects of regulation are summarised: the status of temporary agency work, the regulation of assignments, the equal treatment issue as well as the role of self-regulation.

## 2.2 The legal status of temporary agency work

Today All 27 EU member states have a specific regulatory framework for temporary agency work that is based on national legislation. With regard to the historic development of addressing temporary agency work by statute law, three broad groups differing in the degree of maturity may be identified:

A first group consists of countries that have a long-established legislative tradition of frameworks and systems of regulating temporary agency work which has emerged already in the 1960s, e.g. in the Netherlands where the first licensing system was established in 1965. Other countries possessing mature frameworks are Denmark which established a law on the supervision of private employment agencies in 1968, Ireland (licensing system in 1971), Germany (specific act on temporary agency work in 1972), France (legislation on licensing and other requirements in 1972) and the United Kingdom which introduced a licensing system in 1973.

A second group comprises a number of EU member states that established a legal framework for temporary agency work during the 1980s and 1990s. Starting with Belgium (first law regulating temporary agency work of 1976), other examples are Austria (1988), Portugal (1989), Sweden (1993), Spain (1994), Luxembourg (1994) and Italy (1997). One common feature of most of these countries is that they abandoned either the prohibition of this type of employment (e.g. Belgium) or created quite a comprehensive framework of licensing and monitoring, social and other requirements regarding contractual arrangements and the use of temporary agency work in specific situations and sectors.

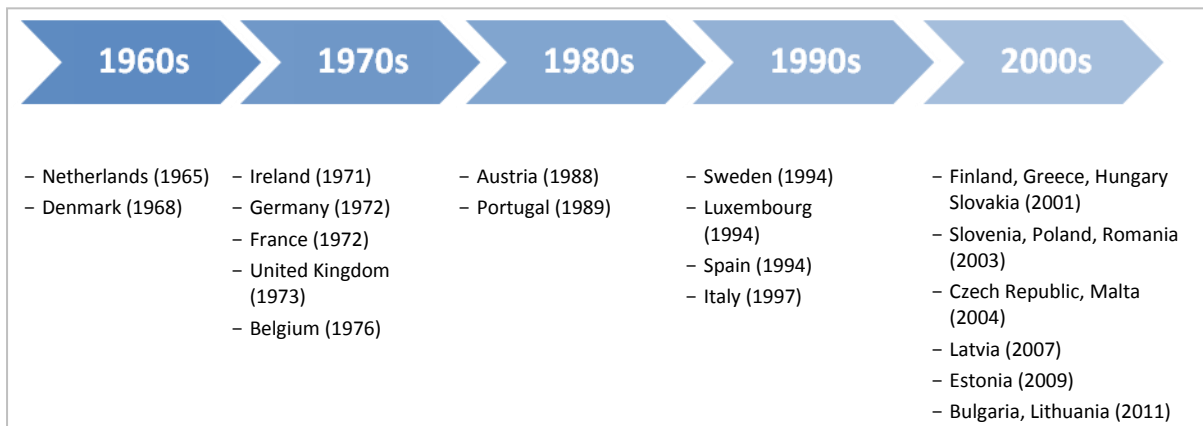
The third and the most numerous group of countries have introduced specific legislation of temporary agency work only during the last decade: In 2001, Finland started to regulate temporary agency work by including this type of work in the employment contract legislation. Also in 2001, Greece as well as Hungary established their specific legal framework of temporary agency work and defined the status of temporary employment agencies. In the same year, Slovakia included temporary agency work in the amended labour law. So did Slovenia, Poland and Romania by including the specific form of agency work

<sup>30</sup> See European Parliament 2008, Eurofound 2009: Temporary Agency Work and Collective Bargaining, Dublin; and also ILO 2009 and 2011.

in labour code amendments in 2003. In the Czech Republic temporary agency work is regulated within the labour code in which it was incorporated in 2004. In 2007 Latvia established certain licensing requirements for temporary work agencies and in 2009 Estonia included temporary agency work into the national employment contracts act. Finally, it was only in December 2011 and under the pressure of the deadline to implement the European Directive that specific regulations on temporary agency work were established also in Bulgaria and Lithuania.

The historic evolution of national legislative frameworks regulating temporary agency work is illustrated in the figure below, showing that in half of the EU member states, the first laws on temporary agency work have been established only during the last decade.

**Figure 7: Legal status of temporary agency work**



Source: own

As already mentioned before, there is quite a broad variety of the statutory regulation of temporary agency work in Europe: In most countries a licensing, registration or similar approval system for the establishment of temporary work agencies is in place that stipulates for example minimum standards for business premises, infrastructure or financial requirements.

There are currently only four EU member states that do not have licensing schemes: Sweden (where a social partner scheme was established instead in 2004), the Netherlands, Finland and the UK. The latter three have revoked the existing licensing schemes in the 1990s: in 1994 Finland abolished a permit scheme that had been established in 1985. In the UK, where a licensing scheme existed already since 1973, it was regarded as no longer necessary and closed in 1995. However, not all sectors remained without licensing requirements. Following a fatal incident in 2004, in which 21 Chinese workers were killed, agency work in agriculture, the shellfish industry, and connected activities became subject to licensing requirements again in the framework of the implementation of the “*Gangmasters (Licensing) Act*” 2004.

The Netherlands abolished its licensing and authorisation procedure in 1998 when a new legislation on temporary agency work was implemented. However, a financial warranty scheme is still retained and the temporary agency business has adopted its own self-regulatory norm of compliance and minimum standards and recently (as of 1<sup>st</sup> July 2012) the obligation to register as a temporary work agency at the Trade Register of the Dutch Chamber of Commerce was established. In Sweden, there is no licensing system as such but all member companies of the temporary agency work employer federation have to be authorised.

Apart from the requirement to register and/or obtain a licence there are few other restrictions on the business activities of agencies: In France and Luxembourg temporary work agencies must also submit regular details of their activities to the public authorities. One of the license’s requirements in Belgium is



that the provision of agency workers must be the principal or accessory activity of the business, and companies other than agencies may only hire out workers under very strict conditions.

In contrast to this, further activities in the field of training, recruitment and outplacement are allowed in other countries: In Italy, the law allows agencies to provide staff recruitment and outplacement services, including training. In Portugal, after an amendment of the law in 2007, agencies are permitted to carry out a wider range of activities connected to human resource consultancy and management including recruitment and selection and training (though it explicitly prohibits the provision of outsourcing services). In France, a reform in 2005 changed the rule that temporary agency work must be the sole activity of agencies and also permitted employment placement activities as a secondary line of business, so that agencies can operate as ‘umbrella companies’ or ‘employment agencies’ offering a range of HR services like search, placement and labour provision.

Regarding the legal status of temporary agency workers, other comparative overviews describe<sup>31</sup> more detailed that apart from Ireland and the UK, where the situation is more ambiguous, in all EU member states the temporary agency worker is defined as an employee of the agency working under the managerial authority of the user company. The EU Directive on temporary agency work follows this definition.

In the United Kingdom, the situation is complicated insofar as there is no clear requirement for agency workers to be employed at the agency or the user firm; agency workers may be in a contractual relationship with more than one agency or even be self-employed. Therefore, temporary work agencies in the UK tend to engage temporary agency workers under a ‘contract for services’ rather than under an ‘employment contract’ because this does not immediately give rise to an employment relationship in law. Temporary work agencies in the UK are governed by a specific set of regulations attached to the 1973 *Employment Agencies Act* (EAA). These were updated in 2003 by the “*Conduct of Employment Agencies and Employment Business Regulations*” and regulate the three-way relationship between the agency, worker and user.

In the case of Ireland, the situation appears also quite unique. According to the 1993 *Act on Unfair Dismissals* agency workers are regarded as employees of the user company. This regulation was designed to extend unfair dismissals protection to agency workers.

### 2.3 Regulation of temporary work and assignments at user companies

Apart from general requirements regarding employment contracts and basic standards of labour and working conditions that of course are covering also temporary agency work, this type of work is regulated in most EU countries also by specific requirements regarding the services provided and assignments in user companies:

- requirements concerning the contractual arrangement between agencies and temporary agency workers;
- reasons and circumstances in which temporary agency work may be employed, for example by limiting it to situations of peak and unexpected workload, and in particular prohibiting placements in an establishment where there is a strike or in situations where redundancies have recently been declared;
- limits on the sector or occupation that might utilise temporary agency work;
- defining ceiling on the duration or proportion of temporary agency work assignments at user companies;
- duration of assignments.

<sup>31</sup> See for example Eurofound 2006: *Temporary Agency Work in an enlarged European Union*, Dublin, p. 18.



### 2.3.1 Regulations regarding temporary work contracts

While there are certain restrictions on the contents of labour contracts, relatively few countries in Europe have requirements that agency workers must be employed on particular types of contract, e.g. fixed term, open ended, special, or project based.

In Belgium the law states that agency workers are hired on a fixed-term contract, with a written contract specifying the job requirement, salary and name of the user company. Also in France, labour contracts normally are fixed-term and limited to the duration of assignments in user companies.

In this context it should also be mentioned that in some countries there is the regulation that in case of a temporary worker being employed longer than the maximum period laid down in the law or collective agreement, the employment contract will become open-ended. Apart from Belgium, such regulation exists in France and Luxembourg. In Greece, the law stipulates that the length of time an employee works for an indirect employer, i.e. a temporary work agency may not be longer than eight months (there may be a renewal for the same indirect employer, on condition that the total duration of the renewal does not exceed eight months). If the employee continues to be employed by the same indirect employer for over two months after the 16 months have elapsed, then the employee's employment contract with the temporary employment agency automatically becomes an open-ended employment contract between the employee and the indirect employer.<sup>32</sup>

In the Netherlands temporary agency workers are entitled to a permanent contract after a maximum of 3.5 years. Further details are regulated in the collective agreements between the Dutch social partners.

In Italy the regulation that all temporary agency work contracts must be fixed-term was abolished in 2008. However, fixed-term contracts still are the most adopted contractual form used by the temporary-work agencies. At the same time the law still regulates the form of the contract between the user firm and the labour agency. This must contain various details: the authorisation issued to the leasing agency; the number of workers to be leased; the specific reasons for resorting to leased labour; indication of any risks to worker's health and the safety and any measures adopted; the start and finish dates of the workers' assignment contract; the work tasks assigned to the agency workers and their job classifications; and the workplace, working hours, pay, and legal conditions of the leased workers. The user firm must also inform the agency of wage rates for comparable workers. In addition, the contract must state the obligations of the user firm and agency concerning workers' pay and social security contributions, and may not contain any clause restricting the user firm from hiring the worker on conclusion of the leasing contract.

In contrast to this, in Austria for example, the temporary agency work law stipulates that fixed-term contracts are only permitted for substantial reasons, of which the temporary nature of the assignment is explicitly excluded. Hence, the agency worker's contract is effectively an open-ended one and when the worker is not hired out, the minimum wage as stipulated by the collective agreement applies. The law also lays down minimum notice periods for dismissal of at least two weeks for blue-collar workers and six weeks for white-collar (the sectoral collective agreement for blue-collar workers has extended this period for up to seven weeks, depending on the length of continuous employment with the agency). It also reinforces the legal condition restricting dismissal on grounds of assignment completion (e.g. prohibiting dismissal for the immediate four subsequent working days).

A number of countries require certain contractual details: In France, each assignment must have its own written 'assignment contract' signed by the agency worker and the agency. This must contain information such as the length of the assignment, reasons for use, the job description and how the agency worker meets the required skills, as well as details of pay, bonuses and benefits.

<sup>32</sup> See Eurofound 2009: Temporary Agency Work and Collective Bargaining. Report on Greece.

In countries such as Germany, Denmark and Finland there are no specific rules with regard to the temporary agency work contracts. These are covered by the standard rules that generally apply to employment contracts. In the UK certain requirements concerning the contractual relations between the agency worker and the agency are stipulated by the *Conduct of Employment Agencies and Employment Businesses (Amendment) Regulations*.

### 2.3.2 Restricting the use of temporary agency work

Regarding restrictions of the use of temporary agency work, situations of industrial disputes and strikes are the most common form of restriction on agency work in Europe. This for example is explicitly prohibited by law in France, Italy, Spain, the Netherlands<sup>33</sup>, Austria or Slovenia. In other countries, restrictions on the use of temporary agency work in the event of strikes is addressed by more general prohibitions concerning the use of any form of temporary or otherwise substitute labour, as in Romania or Poland. In Belgium, since 1987 it has been illegal to hire temporary agency workers where there is a strike or lockout. And in Portugal, Slovakia and the Czech Republic it is generally prohibited to substitute workers who are on strike with other workers. Furthermore, there are a number of countries such as Luxembourg, Denmark, Sweden or Finland, where the use of temporary agency work in a situation of industrial disputes is prohibited by national collective agreements between the social partners. It should be noted here that the European employer organisation Eurociett has established a Code of Conduct which includes the principle of not replacing striking workers by temporary agency workers.

Only in few European countries, the use of agency workers in specific situations or under specific conditions is possible in industrial disputes: In Hungary, the Labour Code prohibits the use of agency workers during strikes but, according to labour court rulings, this does apply to agency workers already hired by the user company. In the United Kingdom, a ban on supplying agency workers to do the work of those on strike was introduced in 1976 and subsequently amended by the *“Conduct of Employment Agencies and Employment Business Regulations”* in 2003 but applies only to ‘official’ disputes, i.e. the strike has been organised by a trade union and meets the legal requirements on balloting of members and provision of notice to the employer.

In Germany a rather relaxed regulation regarding temporary agency work and strike action is in place: Here, it is lawful to use temporary agency work in the course of a strike. However, the temporary agency work act also includes the provision that agency workers are entitled to refuse to work at a user company that is directly affected by industrial action, and the agency must inform workers of this right. The most important collective bargaining agreements, however, prohibit the use of temporary agency workers during strikes except for emergency services. The most important collective bargaining agreements, however, prohibit the use of temporary agency workers during strikes except for emergency services.

In many EU member states there exists a further detailed regulation on the application of temporary agency work in user companies as the following examples illustrate:

In Italy, the law refers to the general circumstances in which the use of temporary labour is permitted as “reasons of a technical, productive, organisational or substitutive nature referable to the ordinary activity of the user firm”. It is also permitted by law to use leasing contracts to replace absent workers, for example those on maternity leave or impeded due to sickness or accident. The specific reason for use must also be stated in the contract between the user firm and agency. However, according to the new labour law reform of July 2012 (Law No. 92/2012) it is possible for temporary agencies to employ an agency worker for a maximum of 12 months (not extensible) without the obligation to indicate reasons

<sup>33</sup> Under Dutch regulation it is prohibited to supply (new) temporary agency workers as a replacement for the employees striking at the user company, but it is permitted to let the temporary agency workers assigned prior to the strike, finish their assignment.

for the use of a temporary agency work contract. This provision comes in addition to the other incidents where companies are not obliged to specify reasons for the use temporary agency work as stipulated by Law No. 24/2012 that adopted the EU Directive on temporary agency work (for further information see below in the chapter on equal treatment).

Belgian law defines the following situations in which temporary agency work is authorised: as a replacement for a permanent worker; to cover temporary and exceptional peaks of work; for work of an unusual nature; and for artistic performance. Temporary work is not allowed to replace a worker made redundant or laid off due to any economic or technical reasons. Furthermore, in certain cases, the user enterprise is required to get the approval of the trade union delegation in order to hire agency workers. This applies to cases when temporary agency work was chosen to replace a dismissed worker or to cover temporary peaks of production (where the union has authorisation rights concerning both the length of assignments and number of agency workers hired). If there is no trade union delegation in the user company, a sectoral social fund or a mediation body has to be informed. Building up on these situations, a new reason for applying temporary agency work was introduced in Belgium by an agreement between the social partners in the *National Labour Council* in 2012, stipulating/defining the use of temporary agency work as a tool of 're-integration' or 'insertion' (for further details see section below).

In France, the law states that user enterprises may only use temporary agency work to replace an absent employee, to meet a temporary increase in activity, or for intrinsically time-limited posts. This list was broadened after consultation with the social partners in 2005 that was also motivated by providing better access to the labour market for those who are unemployed. Also in Luxembourg, Spain, Portugal, Romania, Slovenia, Greece and Poland certain grounds for permitted temporary work assignment are defined and often the use of temporary agency work is restricted in the aftermath of collective redundancies.

### 2.3.3 Temporary agency workers' assignments

A number of countries have provisions for a maximum duration of temporary agency work assignments, such as France, where the law limits the length of assignments to 18 and 24 months, inclusive of any contract renewals. Furthermore, in Italy, the temporary agency work collective agreement stipulates that the initial assignment can be extended up to six times. At the same time the new labour law of July 2012 (*Law No. 92/2012*) stipulates a maximum duration of assignments of 36 months: According to the new law, all the assignment/working periods as a temporary agency worker for the same user will be counted towards the 36 months limit and after this, the contract is automatically transferred into a permanent one.

It is also a national collective agreement in Belgium that regulates the maximum lengths of assignments. Here, the maximum permitted length of the assignment depends on certain conditions, linked to the reason for use, as defined in the national collective agreement. The maximum permitted lengths of assignment vary according to the specific situation: In the case of the temporary replacement of a permanent worker it could be the whole period of replacement. In cases of replacing dismissed workers, the maximum length is six months, with the option of an additional six months if this is approved by the trade union delegation. In situations of temporary work in peaks of demand and in cases of "unusual work" other regulations regarding maximum lengths apply that also have to be approved the trade union delegation.

Also in the new member states in Central and Eastern Europe, restrictions on the maximum duration of assignments have been included in the temporary agency work legal regulation, for example in Romania, Poland, Slovenia or the Czech Republic.<sup>34</sup> In Bulgaria, where a specific law on temporary agency work was

<sup>34</sup> See Eurofound 2006: Temporary Agency Work in an enlarged European Union, Dublin, p. 26-28.

established only in December 2011 it is stipulated by law that only fixed-term agreements for a specific project or for replacing a worker on specific grounds is allowed for temporary agency work.

Remarkably, in a number of countries restrictions on the maximum length of assignments have been lifted in recent years, for example in the Netherlands in 1999 or in Germany by successive legislation that extended the maximum length/number of renewals of assignments before restrictions were finally abolished in 2002.

As the overview of regulation in the European Union illustrates (see table in annex), today in 11 out of the EU27 countries some kind of restrictions exist in regard to the maximum duration of assignments and/or the number of successive work placements.

### 2.3.4 Sector specific and occupational restrictions

In regard to sector specific and occupational restrictions, there is a clear trend of lifting or abolishing existing bans of temporary agency work in specific sectors. It needs to be stressed that the examination of sector specific restrictions has also been one element of the EU Directive on temporary agency work.

**Table 2: Restriction of the use of temporary agency work**

Type of regulation	Yes	No restrictions
<b>Restricting the use of temporary agency work in strike situations</b>	<p><i>By law:</i> France, Italy, Spain, the Netherlands, Austria, Slovenia, Romania, Poland, Belgium, Portugal, Slovakia, Czech Republic</p> <p><i>By general collective agreements:</i> Luxembourg, Denmark, Sweden, Finland</p> <p><i>No restrictions, if specific requirements are fulfilled:</i> Hungary, Germany, United Kingdom (although the hirer has no influence over the supply of temporary agency workers)</p>	Bulgaria, Cyprus, Estonia, Ireland, Latvia, and Malta
<b>Restrictions in other specific situations /reasons justifying assignments</b>	Italy, Belgium, France, Luxembourg, Spain, Portugal, Romania, Slovenia, Greece, Poland	Bulgaria, Cyprus, Denmark, Estonia, Finland, Germany*, Hungary, Ireland, Latvia, Lithuania, Malta, Netherlands, Slovakia, United Kingdom
<b>Restrictions on the maximum length of assignments and/or number of extensions</b>	Bulgaria, Belgium, Czech Republic, France, Greece, Italy (maximum of 6 extensions), Luxembourg, Poland, Portugal, Romania, Slovenia, Spain	Austria, Cyprus, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Latvia, Lithuania, Malta, Netherlands, Slovakia, Sweden, UK
<b>Sector specific restrictions</b>	<p><i>Construction:</i> Germany**, Portugal</p> <p><i>Public administration:</i> Austria (Civil Service), Belgium, Greece, Hungary, Spain</p> <p><i>Other sectors:</i> Austria (public hospitals/nursing institutions***), Belgium (removal firms and furniture warehouses, inland waterways)</p>	The remaining EU member states

\* In Germany, there are broad rights for works councils of the user enterprise to be informed about the use of temporary agency work under the terms of the temporary agency law and the Works Constitution Act. The set of circumstances under which works councils can object to the use of temporary agency work is more narrow, such as an agency's failure to comply with the law. It should be noted also that in the metalworking sector the collective agreement has established further rights of the works councils in the context of temporary agency work.

\*\* The temporary agency work law in principle prohibits the use of temporary agency work to cover blue-collar work in the construction industry except under the (unlikely) conditions of a collective labour agreement.

\*\*\* According to the law, in these sectors there is the rule that only up to a maximum of 15% of the total workforce in the relevant department can be temporary agency workers

Source: own, based on Eurofound 2008 and own research.

There are only few countries that still have sectoral restrictions in place, mainly in public administration (Belgium, Spain), construction (Germany, Portugal) and specific sectors such as public hospitals (Austria) or inland waterways (Belgium).

Apart from restrictions on the use of temporary agency work in certain sectors and occupational contexts (dangerous jobs), there may also be restrictions on the use of temporary agency work in terms of limiting the numbers or proportion of temporary agency workers in a user company. While such clauses may be included in company specific or sectoral collective bargaining agreements (e.g. in Germany, Spain, Sweden and other countries with a strong role of collective bargaining), there is no evidence of national legal frameworks containing restrictions in terms of numbers/proportion. The only exception is Austria, where, according to an amendment to the *Health and Nursing Act* in 2005, public hospitals and nursing institutions are able to use agency staff only up to a maximum of 15% of the total workforce in the relevant department.

## 2.4 Equal treatment of agency workers

One of the most significant provisions of national regulation regarding temporary agency work is that temporary agency workers should enjoy the same treatment, payment and other conditions of employment as permanent employees at the user enterprise in a comparable position.

The basic requirements in the EU27 today are quite clear: According to article 5(1) of the EU Directive on Temporary Agency work,

*"The basic working and employment conditions of temporary agency workers shall be, for the duration of their assignment at a user undertaking, at least those that would apply if they had been recruited directly by that undertaking to occupy the same job."*<sup>35</sup>

However, with view on the implementation of this principal of equal treatment and equal pay of temporary agency workers, the EU Directive not only allows for derogation from the principle of equal treatment but also leaves room for interpretation concerning certain issues and questions, e.g. on the exact definition of "basic working and employment conditions" or the understanding of "pay".<sup>36</sup> In regard to derogation, three major possibilities are foreseen in the EU Directive:<sup>37</sup>

Article 5(2) states that for workers who have a permanent contract of employment with their temporary work agency and who continue to be paid in the time between assignments, Member States may provide an exemption to the principle of equal treatment with regard to payment – but not with regard to other aspects of working and employment conditions.

A second derogation is defined in article 5(3) of the Directive allowing Member States to give social partners the option of concluding collective agreements that establish arrangements which differ from the equal treatment principle, while still respecting the overall protection of agency workers. This derogation has been established because of the experiences made in Sweden, Denmark and Finland as well as Germany, where temporary agency work employment and pay conditions are regulated by collectively agreed frameworks.

<sup>35</sup> The term "basic working and employment conditions" is defined in article 3.1 of the Directive as follows: "*basic working and employment conditions' means working and employment conditions laid down by legislation, regulations, administrative provisions, collective agreements and/or other binding general provisions in force in the user undertaking relating to: (i) the duration of working time, overtime, breaks, rest periods, night work, holidays and public holidays; (ii) pay.*"

<sup>36</sup> See European Commission 2011: Report of the Expert Group Transposition of Directive 2008/104/EC on Temporary agency work, Brussels, pp. 16.

<sup>37</sup> See also Vaes, T.; Vandenbrande, T. 2009: Implementing the EU Directive on Temporary Agency Work, Leuven.

A third derogation, defined in article 5(4) of the Directive allows Member States meeting certain criteria to establish arrangements that derogate from the equal treatment principle. An adequate level of protection must however be provided, on the basis of an agreement with the social partners at a national level. A national case illustrating this is the UK where in 2008 an agreement was reached between the UK government and the social partners, which entitles temporary agency workers to equal treatment but only after twelve weeks on their assigned position and excluding them from occupational social security schemes.

In reality, the national rules dealing with and implementing equal treatment of temporary agency workers, including the equal pay principle are characterised by a wide variety that illustrates the three models of derogation described above. Furthermore, it reflects different national systems of labour law and social policy regulation as well as different models of industrial relations and policy orientations towards non-traditional forms of work.

The national cases of our focus countries illustrate the existing variety in equal treatment and pay of temporary agency workers.

#### 2.4.1 France

France is often referred to as an example of a strong and comprehensive implementation of the equal treatment of agency workers and permanent workers in a user enterprise holding the same posts covering all employees' individual and collective rights. Temporary agency workers are normally employed by the agency on the basis of a fixed-term contract that reflects the duration of the assignment at the user company. Temporary agency workers will not be paid in periods of no assignment. However, during the assignment the user company is responsible for all working conditions. Therefore, any damages caused to the agency worker during the assignment may lead to criminal or civil liability of the user company. The user is also liable for all damages caused by the temporary agency worker to third parties.

Above that the French law not only guarantees the principle of agency workers receiving the same pay as permanent employees in the user companies, also agency workers are entitled to receive an "end-of-assignment compensation" amounting to 10% of the gross wage that is paid in order to compensate for the inherent instability of the agency worker's situation. By law, this compensation is paid to any worker under fixed-term contract, not only the temporary agency workers.

A further feature of the French regulatory system of temporary agency work is training: Agency workers are covered by a specific vocational training policy, governed by national collective agreements regulating the activities of the FAF-TT<sup>38</sup> and the FPE-TT<sup>39</sup> (the first agreement dates back to 1983). It is therefore acknowledged that vocational training is a decisive factor for agency workers obtaining permanent posts. In particular, the compulsory continuous vocational training contribution required from all standard companies is 2.15% of the gross payroll of temporary agencies (which is more than the percentage for any standard company that is 1.5%). This contribution mainly funds the work of FAF-TT and FPE-TT. Moreover, the law also requires employers to organise safety training for temporary agency workers (both those on fixed-term and temporary contracts) if these workers are filling posts presenting specific risks.

<sup>38</sup> "Temporary Work Training Insurance Fund" (*Fonds d'assurance formation du travail temporaire*). This bipartite body is the training fund of the branch. Its main role is to finance training for temporary agency workers.

<sup>39</sup> "Professional Fund for Employment of Temporary Work" (*Fonds Professionnel pour l'Emploi du Travail Temporaire*); bipartite body providing support and resources to temporary employment agencies in order to develop insertion and training for unemployed workers.



### 2.4.2 The Netherlands

The Netherlands are regarded as a forerunner of the regulation of temporary agency work as well as other forms of flexible work that combines flexibility with a high degree of social security. The Dutch system is based on a deliberated interaction between legal settings on the one hand and regulations stipulated by collective agreements of social partners in the temporary agency work sector on the other hand. After first legal regulations of temporary agency work were established already in 1965 with further provisions made in 1970, a major milestone of equal treatment was the WAADI Act (*Wet Allocatie Arbeidskrachten door Intermediairs*) of 1998. The WAADI Act abolished the former license system while other restrictions were maintained, for example the prohibition to use temporary agency workers to replace workers on strike. A main stipulation of WAADI is that agency workers should receive in principle the same pay and remuneration as workers in the user firm in the same or in similar positions. Second, the temporary agency should provide the workers with information relating to safety regulations and to needed qualifications in the user firm.<sup>40</sup> The WAADI Act leaves room for deviations if agreed upon in collective labour agreements.

In 1999, the “*Flexibility and Security*” Act introduced a number of changes in the Dutch labour law regulation that aimed at increasing labour market flexibility on the one hand and employment and social security on the other.<sup>41</sup> For temporary work agencies the main implication of the new law was that agreements between them and employees were to be employment contracts. As temporary work agencies are assumed to bear employer responsibility, this may lead to larger security for temporary agency workers.

Furthermore, and combined with a revision of the Works Councils Act (*Wet op de Ondernemingsraden, WOR*) in 1998, the Flexicurity Act gave temporary agency workers codetermination rights like those for the ‘regular’ Dutch workforce. These rights can apply to the temporary work agency as well as to the user firm. If a user firm has employed a temporary agency worker for at least two years, he or she is entitled to the same codetermination rights as permanent staff.

The *Flexibility and Security Act* provides for substantial leeway to social partners as several provisions have been defined as ‘default’, allowing for alternative arrangements in collective labour agreements. In fact, already during the preparation of the act, the unions and employers’ associations negotiated the first ‘new style’ collective agreement for temporary agency workers.

Based on an agreement between the Dutch social partners in the temporary agency work sector (further details on the industrial relations system and collective labour agreements on the temporary agency work sector are summarised in chapter 4 of this report), the regulation of working and employment conditions of temporary agency workers is based on a phase system and the principle of increasing standards of security. The Dutch system is based on three phases that provide for quite different provisions in regard to basic employment conditions:

In *phase A*, a temporary worker is employed by a temporary contract that is linked to the duration of the assignment, i.e. the contract will normally end with the assignment in a user company and there is no right to receive payments between assignments. According to the collective labour agreement of the sector, a worker will move to the next phase only after having worked with the same temporary work agency for 78 weeks (i.e. 1.5 years). In case of breaks in employment that last longer than 26 weeks or

<sup>40</sup> The WAADI has been adjusted since April 27, 2012, meaning that the scope of ‘equal treatment’ of the temporary agency workers has been enlarged and clarified. Added in the WAADI is (1) the right of temporary agency workers being informed by the user company about job opportunities within the organization of the user company and (2) the right for temporary agency workers getting access to organizational premises (like restaurant, parking area, etc.) of the user company (to be facilitated by the user company).

<sup>41</sup> See Tijdens, K.; van Klaveren, M.; Houwing, H. van der Meer, M. and van Essen, M. 2006: Temporary Agency Work in the Netherlands. Working paper 2006-54. Amsterdam: University of Amsterdam.

moving to another work agency, the worker will start at zero again. By moving to another work agency, the new one will have to take over the working history of the temporary agency worker if and to the extent the other work agency will assign the temporary agency worker (1) at the same user company as he has worked for before and (2) in the same (or similar) position as he has fulfilled before. If the latter is the case, the temporary agency worker will not start at zero at the other work agency.

*Phase B* starts after phase A has been completed and lasts two years and/or after a maximum of eight assignments on a fixed duration. In phase B in contrast to phase A the employment relationship with the agency will not automatically end with the assignment. For example if a worker has concluded an employment contract with the agency for a period of six months but the assignment at a user company ends after four months, he/she has the right of continued payment or a new assignment. In phase B, the two-year period and the eight assignment periods continue to be counted for as long as there is no interruption of thirteen weeks or more. If there is an interruption of thirteen weeks or longer but shorter than 26 weeks, the counting of phase B restarts from the beginning. If there is an interruption of 26 weeks or more between two contracts, the counting of phase A starts again.

After the completion of phase B, i.e. after having worked with the same temporary work agency for 3.5 years and successfully completed the first two phases, temporary agency workers will reach *phase C* and have the right to receive an open-ended contract with the temporary work agency.

Apart from the fact that the phases result in different forms of employment contracts, there are further differences in regard to payment and social benefits: In phase A, a temporary agency worker will only receive payment for working days but no extra payments or continuing payment between assignments. These rights only exist in phases B and C. Also regarding the notice periods, wages, paid holidays, training and pension rights there are differences between the three phases of the system.

In terms of payment, the collective agreement provides for two options: The temporary agency worker will be paid on the basis of the collective labour agreement (which defines certain different salary groups) during the first 26 worked weeks at a user company and subsequently the temporary agency worker will get the equal payment as the employee employed by the user company itself, or the temporary agency worker will get the equal payment as the employee employed by the user company itself from the start on working at the user company. At all times the temporary agency worker will be entitled to the 'equal payment' when working more than 26 weeks for the user company. This means that when moving to another user company, it might happen that the temporary worker will be paid through another method as he was used to in his prior assignment at his previous user company. Therefore these two payment options apply during both phase A, B and C; the phase is not relevant but the duration of the assignment(s) at the user company is.<sup>42</sup>

### 2.4.3 Belgium

Also the regulation of temporary agency work in Belgium is based on legal provisions as well as regulation agreed between the social partners. Already in the context of the legislation on temporary agency work in 1976, the user pay principle was imposed to companies using agency work. It means that the remuneration of the temporary agency worker cannot be lower than the one he/she would have received if he/she had been hired directly by the company as a permanent worker. This equality principle in the remuneration is not limited to the wages but must also include all the social advantages, such as the luncheon vouchers, the travel costs to reach the workplace, the potential profit-sharing policy, the extra-legal pension scheme, etc. For this latter, a sector collective agreement (from the 3<sup>rd</sup> of October 2011) specifies that the temporary agency worker must receive directly the amount corresponding to that extra-

<sup>42</sup> See: ABU, FNV Bondgenoten, CNV Dienstenbond, De Unie and LBV: Collective Labour Agreement for Temporary Agency Workers 2009 – 2014, Version November 2011, Amsterdam.



legal pension scheme, as an extra-amount added to the remuneration. On the contrary, there is no obligation for a user company to pay Christmas bonus to temporary agency workers. However, workers may receive this bonus from the bilateral Social Fund if they worked during a minimum of 65 days of the current year. In case of short-time working (or temporary unemployment) for technical, economical or bad-weather reasons, the agency worker will receive an extra-allowance (in addition with the public unemployment allowance) from the temporary agency work Social Fund. This allowance is nevertheless far below the one of the permanent workers since the annual maximum amount is limited to 111.55 €. If the temporary agency worker becomes sick, he/she may receive sickness pay corresponding to a week wage; only if he was working for one month for a temporary agency, and that the end of the temporary agency work contract was longer than the first week of sickness.

With regard to the implementation of the EU Directive on temporary agency work, the Belgium social partners in the National Labour Council reached an agreement to modify the law in order to make the use of temporary agency work more flexible and to grant better security to temporary agency workers after many years of negotiation in the beginning of 2012. The agreement established a new reason for the use of temporary agency work - the insertion motive; the limitation of daily assignments and the obligation for the temporary agency to notify the work contract faster than the current three days after the beginning of the assignment. Furthermore, the agreement included a number of measures aiming at increasing the protection of temporary agency workers such as the obligation of user companies to inform the agency workers assigned in the company on vacant jobs and to guarantee the access of temporary agency workers to facilities or services offered by the user company to the permanent workers. Furthermore, concerning the equal treatment principle the reform includes the access of temporary agency workers to other measures offered by the company to permanent workers, for example for pregnant workers, mothers or policies against social, sexual, religious and other forms of discrimination.

The collective agreement of the temporary agency work social partners concluded in October 2003 included also a code of good practice in order to avoid discrimination and to promote equal opportunities amongst stakeholders by good practice dissemination. For example, the code suggests:

- to apply certain and non-discriminatory rules in the context of the selection and posting of temporary agency workers (including description of criteria that should be used and those criteria that should not be used)
- follow good practice of temporary agencies with view on vocational training of advisors on the issue and work procedures
- practice codes with view on user companies as well as temporary agency workers (e.g. no collection of data over origin, sex orientation, religion, etc.)
- to forward complaints to the Commission of Good Office)
- to promote the dissemination of the code of conduct.

In 2008, the *Flemish Regional Work Inspection Services* has analysed a sample of ten temporary agencies in the frame of a programme called “*Action plan for fighting work discrimination*”. The results show that no discrimination actions from temporary agency advisors were recorded by the Flemish administration. However, possible discriminatory practice amongst temporary agencies in Belgium recently has been a topic of public debates: In September 2010, documentation on Dutch TV illustrated that six out of eight temporary agencies responded positively to requests of user companies that could be regarded as discriminatory. In order to learn more about discriminatory practice, the employer organisation *Federgon* in 2011 commissioned a study on discrimination in the temporary agency work sector. The results showed that 28% of the temporary agencies answered positively to discriminating questions. According to *Federgon* this does not necessarily mean that discriminatory practice actually has taken place. It should be

mentioned here also that according to an inspection report prepared by the public administration in Flanders on temporary agency consultants no discrimination has been observed.<sup>43</sup>

#### 2.4.4 Italy

Temporary agency workers in Italy are guaranteed equal treatment as comparable employees of the user undertaking (including pay, leave, working time, rest periods, maternity leave). In particular, there is the principle of equal pay between temporary agency workers and colleagues at the user undertaking (including also the extra-minimum established by company level collective agreements). The 2003 law stated the possibility to derogate from the principle of equal treatment in order to support employment creation through temporary agency work. In particular; it was possible to underpay the disadvantaged workers (derogation on salary).

In March 2012 the current Italian government once more – after having consulted the social partners – reformed the regulatory system by the Legislative Decree No. 24, in order to amend and fully transpose the Directive 2008/104/EC. The new law lifted the obligation to indicate the reason for use for certain categories of temporary agency workers, including disadvantaged ones. At the same time, for specific categories of disadvantaged groups, the law allowed for a derogation of the equal treatment principle with the objective to facilitate their transitions into employment. It was thus possible to derogate, for quite a significant range of workers, from the principle of equal pay.

In July 2012 in the context of a further labour law reform (“*Fornero Reform*”) the Parliament and the government removed the derogation from the principle of equal treatment with relation to pay for these categories. At the same time, it is still possible - for a maximum period of 12 months without the possibility of renewal - to employ an agency worker without the obligation to indicate the reasons for the contract according to the new regulation.

#### 2.4.5 Germany

In Germany, similar to Italy, the regulation of temporary agency work and equal treatment, in particular equal pay has been addressed by several reform packages that have been implemented after the first law on temporary agency work (“Temporary Employment Act” (*Arbeitnehmerüberlassungsgesetz*, AÜG) came into force in 1972. Main changes of the regulation of temporary agency work addressed issues such as sectoral bans, limits of assignment durations, synchronisation<sup>44</sup> or re-employment. In respect of equal treatment, the AÜG of 1972 stipulated that all employers’ obligations lie with the temporary work agency. It was only the reform of the temporary agency work law in 2002 that included the provision that “an appropriate level of protection for temporary agency workers should be guaranteed”, however, without defining any concrete criteria for such an appropriate level.

With the abolishing of a number of restrictions on temporary agency work in 2003, the principle of equal treatment was also reformed: It was added that temporary employees should be employed only under the same conditions as regular employees of the user company from day one with regard to wages, working hours, holiday rights and special payments. Only a collective agreement could abrogate this legal requirement and in the following years various collective agreements that contained derogations in particular on the equal pay principle were concluded by different trade union structures on the one hand and employers’ associations or single temporary agencies on the other hand. In the end, more than 95 % of the industry was covered by collective bargaining agreements but fared far below equal pay.<sup>45</sup>

<sup>43</sup> Vlaamse Inspectie Werk en Sociale Economie 2008: Jaarrapport 2008, Brussels.

<sup>44</sup> A ban on synchronization means a ban of congruency between the point of time of an end of an assignment at a user company and the end of the employment contract with the temporary work agency.

<sup>45</sup> See: Tarifverträge in der Zeitarbeit 2004; In: Aktueller Informationsdienst für Personaldienstleister (Aip), Nr. 4/2004, p. 24.

However, with the new regulations in place, the regulatory framework of Germany's temporary agency work greatly resembled the EU Directive 2008/104/EC, so the implementation of the Directive in December 2008, required few legal changes. However, in 2011 the German social partners in the temporary agency work sector agreed on a minimum wage level and with view on the implementation of the equal pay principle the government also urged the social partners to develop a joint solution until the beginning of 2012. Otherwise a legal regulation would be necessary. While the employers' organisations BAP and IGZ favoured a solution of a gradual implementation of equal treatment/pay depending on the duration of assignments, the trade union positions in principle demanded equal pay from day one. However, while some sectoral unions such as the metalworkers union *IG Metall* and the chemical workers union IG BCE in June 2012 concluded agreements that provides for a gradual implementation of equal pay principles, the major service sector union *ver.di* abstained from collective bargaining on this issue and demand a legal solution on equal pay regulation.

#### 2.4.6 United Kingdom

Among our sample of countries, the United Kingdom illustrates a case, where temporary agency work has been regulated much less than in the other countries, although equal treatment between agency and user company workers has been driven by legislation at EU level. As mentioned earlier, the exact legal status of temporary agency workers still is not clear and therefore it is uncertain whether or not labour law norms such as the protection against unfair dismissals or maternity rights are binding or not.<sup>46</sup>

However, also the UK government introduced changes as a response to the increasing concern over the exploitation of some types of agency workers, but the changes do not address issues of unequal treatment in employment. Even though there is no legal relationship between the worker and the user company, legislation generally places some obligations on the latter. The fact that the agency worker performs his work within the user undertaking creates some legal obligations for the company. Thus, Directive 1991/383/EEC entailed that user companies shall be responsible for safety and health at work.

Against this, the need to implement the EU Directive on temporary agency work had quite a significant impact on the regulation of employment conditions and equal treatment of temporary agency workers in the UK: Based on an agreement between the TUC and the CBI in 2008, the UK government implemented the EU Directive with effect from October 2011. The "*Agency Workers Regulations*" provides that an agency worker has the same rights as an employee from the user company if both perform similar duties and are similarly integrated into the organisation. The regulation concerns pay (including benefits, redundancy pay, and sick pay), working time, night work, rest periods and breaks, and annual leave. These rights apply after a 12-week period, which may be interrupted by up to a six-week break for medical reasons or when work is interrupted beyond the worker's control. A worker also qualifies for the same rights if they carry out two or more assignments for the hirer, or one of its intermediaries or subsidiaries, particularly if this is meant to prevent the worker from acquiring continuous employment for 12 weeks.

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<sup>46</sup> See for further details: Kountouros 2008: The UK: Responding to the need for protection in a system preoccupied with flexibility. In: Ahlberg, K. et. al: Transnational Labour Regulation. A Case Study of Temporary Agency Work, Brussels, p. 55-84.

## 3 PROFILE OF TEMPORARY AGENCY WORKERS

### 3.1 Introductory remarks

The following chapter gathers information and data on the profile of temporary agency workers and the structure of the temporary agency workforce in Europe, whereby we are concentrating on the six focus countries of our study. The main purpose of this chapter is to highlight common features as well as differences in regard to the profile and structure of temporary agency workers in Europe today.

It should be noted that the statistical data presented here are mainly taken from CIETT annual reports as this is currently the only source that provides comparative data. However, as already highlighted in the first chapter of this report, we would like to stress again the limitations of any comparative review and interpretation of quantitative data. This situation results from the fact that the underlying national statistics differ quite significantly from the sources used (e.g. statistical offices, LFS data, estimations of national temporary agency work employers' organisations, data provided by bilateral observatories). Apart from the differences in statistical sources, it is important to highlight that also differences exist between what is defined in the national context as temporary agency work and what is not. As we have seen in the example of the UK and the significant quantitative gap between existing statistical sources this has an important impact on the picture presented.

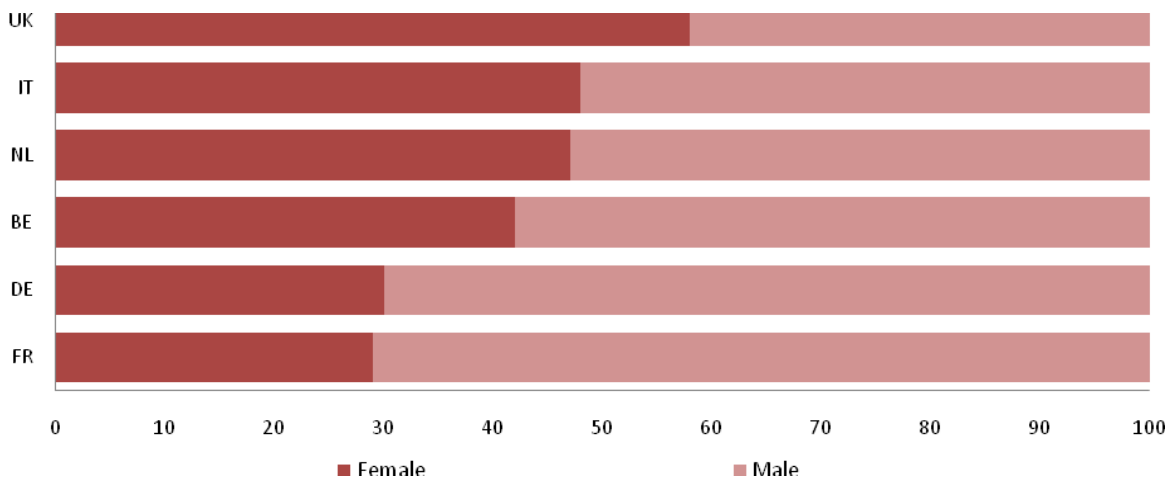
Against this, we have tried to complement the statistical data presented in the following not only with comments and explanations that result from specific national context factors but also by further national data in order to avoid misinterpretations.

### 3.2 Distribution according to gender

From country to country, the gender dimension of temporary agency work differs significantly. While in Poland, Romania, Italy, the Netherlands or Hungary the gender composition of agency work is reasonably balanced with around 50% shares of men and women, the situation in other countries is more biased towards either women (Finland, Denmark, Sweden or the UK) or men (Austria, France, Germany, Belgium or Slovakia and Slovenia). This partly reflects the social and economic history of each country (for example the sectoral bases of the economy, and social attitudes to family and gender divisions of labour), but may also be connected to the sectoral and occupational distribution of agency work, with men being concentrated in the manufacturing and construction sectors, while women form the majority in service sectors and occupations.

At the same time, differences between countries may also result from differences in the specific function of temporary agency work on the labour market and the existence and/or non-existence of other contractual arrangements in place: For example, in Germany most minor part-time jobs are carried out within the specific contractual form of "*Mini-Jobs*" rather than by temporary-part time work. These particular contractual arrangements are especially widespread in sectors such as retail, hotels and restaurants or tourism, also characterised by a high share of female workers.

In contrast to this, in other countries, e.g. the Netherlands or the UK, where this contractual form of work does not exist, minor part-time work of female workers is likely to be carried out by temporary agency workers. This is not only illustrated by higher shares of part-time temporary agency work in those countries but also by differences in the sectoral composition of the temporary agency work workforce as described in the following chapters.

**Figure 8: Temporary agency workers by gender, 2007 (% of total)**

Source: own, based on Eurociett 2011 figures.

Regarding trends in the gender balance, comparisons over time show that in many countries there is a slight trend of increasing female shares in temporary agency employment. This trend has been reported in some countries, e.g. Italy as quite strong and is reported to result from the increasing role of temporary agency work in the service sectors. As shown by figure from Ebitemp (*Osservatorio Centro Studi dell'Ente Bilaterale del lavoro Temporaneo*) the share of female temporary agency workers in Italy increased significantly from 39.9% in 2000 to 47.7% in 2009.

However, in other countries different trends are observed: For example in the UK, the share of male temporary agency workers has increased by four percentage points since 2000, while the share of female agency workers has decreased.

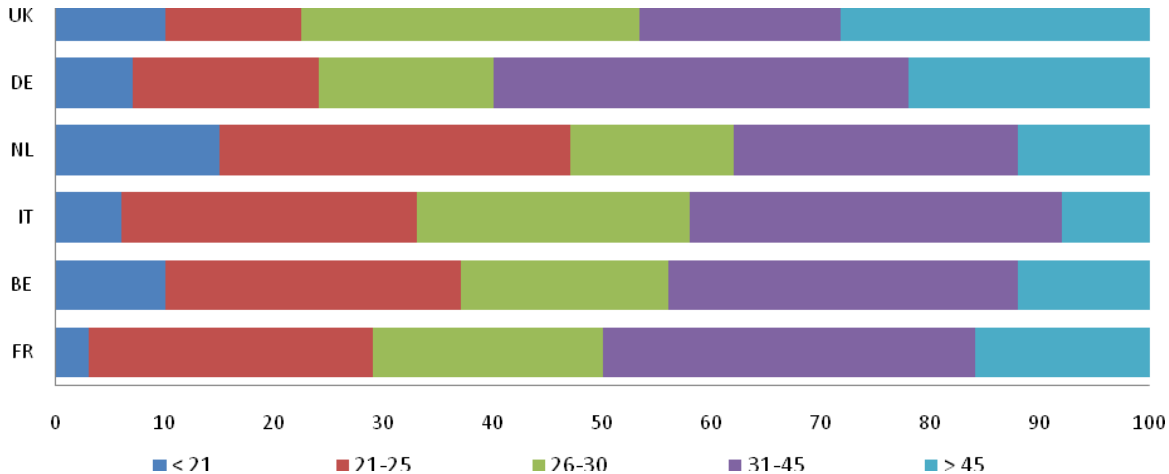
### 3.3 Distribution according to age

With regard to age, the average temporary agency workforce is significantly younger than the total active working population, as available data illustrate. According to CIETT, in 2007 the age group below 30 years was represented more than 50% of the total temporary agency workforce in all European countries except Germany. The share of workers below 25 years is particularly high in countries such as the Netherlands (47%), Belgium (37%) or Italy (33%). This pattern reflects the role of temporary agency work in placing student workers and providing an entry point into the labour market for younger workers.

On the other hand, the proportion of workers aged over 45 years varies more widely, ranging from below 10% in countries such as Poland, Greece or Slovenia to nearly 30% in the UK. There is a clear trend towards older employees being increasingly represented among agency workers, reflecting demographic and regulatory change in the national context: In *France* for example, the proportion of agency workers aged 50 and higher increased from 4.1% to 7.5% during 1997–2007, while in *Italy*, representation expanded in all age groups over 34 in 2003 - 2007. In *Italy*, the share of over-40s has doubled between 2002 (12.5%) and 2011 (25%) according to Ebitemp data. And in the *United Kingdom*, according to LFS figures, agency workers being 66 years old today make up 3% of all agency workers, up from just below 1% in 2000.

A quite significant shift in the structure of age-groups represented in temporary agency work is also visible in Germany, where the proportion of under 35 years old according to national statistics in 2011 was nearly 50% while in 1980 it was nearly 70%:

**Figure 9: Share of different age groups in the temporary agency workforce**



Source: own, based on CIETT 2011 figures.

### 3.4 The share of certain target groups

Another important feature of temporary agency work in particular in countries such as Germany, France, Belgium, the United Kingdom and the Netherlands is a relatively high proportion of workers with a migrant background and other groups on the labour market that face specific difficulties of job access:

In Germany for example, the share of foreign workers was 17.4% in June 2011 according to figures of the federal employment office. This proportion is more than double of the proportion of foreign workers within all social security contributing employees (6.9% in June 2010). It should be noted here, that only figures on temporary agency workers with a foreign citizen status are reported in Germany (in contrast to the available figures on ‘immigrants’ in the Netherlands or Belgium).

Also in the Netherlands the temporary agency workforce is characterised by a high share of target groups: It is estimated that an average of 31% of all temporary agency workers in 2008 belonged to special target groups such as ethnic minorities, long-term unemployed or disabled people who are disadvantaged on the labour market. The largest group amongst these are ethnic minorities who represent 18% of the total. According to ABU data, this share has significantly increased during the last decade.<sup>47</sup> Moreover, the shares of the other target groups have increased during the last decade. However, there are also quite significant cyclical changes in the annual average share of target groups: In times of high unemployment the relative share of target groups is lower than in times of low unemployment. This has been explained as follows:

*“people from the special target groups look for a permanent job far more often than others. They find permanent work more often in periods of economic prosperity and move on to employers. In a downturn, their chances of work with employers are lower and they find agency work.”<sup>48</sup>*

<sup>47</sup> ABU: Inflow study 2009, p. 13.

<sup>48</sup> Ecorys 2009: Agency Workers on the Move, Amsterdam, p. 18.

### 3.5 Sectoral profiles of temporary agency work in Europe

On average and according to CIETT figures, more than three quarters of the temporary agency workforce in Europe are employed in the service sector and in manufacturing. As in the whole economy, temporary agency work in the service sector has increased in recent decades in most countries, sometimes also as a result of lifting existing restrictions, while the share of temporary agency work in manufacturing has decreased.

However, there are significant variants between European countries: They can be divided broadly into two groups in regard to the role of manufacturing and services:<sup>49</sup> A group of strong industrialised countries where temporary agency work in manufacturing has a relatively high share in total temporary agency employment, reflecting the important share of manufacturing and industry in national employment. The highest shares of manufacturing in national temporary agency employment thus are reported from Poland (70%), Hungary (61%) and the Czech Republic (52%) followed by Germany (46%), Italy (41%), France (39%) and Belgium (38%). Spain, the United Kingdom and the Netherlands on the other hand represent a smaller group of EU countries that is characterised by a share of services in the temporary agency workforce of more than 50% of the total. Also Sweden is characterised by a high proportion of temporary agency workers being employed in the service sector. As a recent survey has highlighted, the banking and finance sector is the biggest user of temporary agency work, accounting for 36% of agency positions which is more than double than that of industry or distribution.

Agency work is generally low in agriculture, perhaps reflecting informal temporary employment in many countries. Within Europe, Hungary is characterised by the highest agriculture share within temporary agency work (12%).

Levels of temporary agency employment in the public sector as well as in the construction sector differ significantly between European countries. This can be traced back to national regulations that often exist in these sectors. For example in the Nordic countries as well as in the UK and the Netherlands agency work is quite common in the public and health sectors, while other countries have restricted its use to the public sector (Belgium, Spain). France lifted a public sector ban in 2009 and Austria has opened the hospital sector for temporary agency work recently as well. Temporary agency work in public administration is not very common in most European countries but in the Netherlands, Portugal and the Czech Republic it makes up major shares of the total workforce.

The share of temporary agency work in the construction sector also varies between European countries as in some countries the use of temporary agency work is still restricted (e.g. in Germany). In Spain for example, the ban of temporary agency work in the construction sector was lifted recently in 2011. European countries with the highest shares of the construction sector in the total national temporary agency workforce are Luxembourg (27%) and France (23%); comparatively high proportions also exist in Portugal (15%) and the Czech Republic.

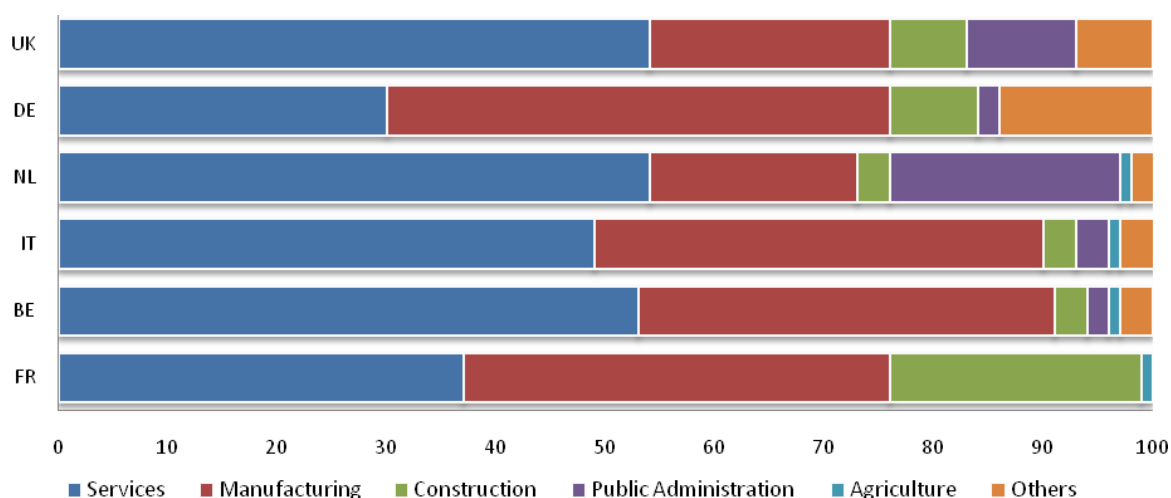
As already mentioned in the section about age structures within the temporary agency workforce, also the sectoral composition is likely to be influenced by national specificities in regard to contractual arrangements: For example in the Netherlands, the service sector of cleaning and building maintenance is amongst the top-ten occupations within temporary agency work while in Germany the share of temporary agency work in this sector is comparatively low. These differences can be explained partly by a high share of minor part-time jobs in Germany carried out by the specific form of “Mini Jobs” rather than by temporary agency work as well as the important role of service contracts in these sectors, i.e. the outsourcing of services such as cleaning, catering of building maintenance.

<sup>49</sup> See for example Eurofound 2009, p.10.



The following figure illustrates the sector-specific composition of temporary agency work in the sample of countries that are the focus of our study.

**Figure 10: Sectoral distribution of temporary agency work, 2009**



Source: CIETT 2011, p. 33

On the basis of an evaluation of national statistical data, the following trends can be drawn from our analysis: In Italy, the structure of temporary agency employment by sector has changed over the years, with fewer workers employed in the manufacturing sector (down from 57.6% in 2002 to 44% in 2011) and increasing shares of temporary agency work in both private and public services. The share of private sector employment in total temporary agency work increased from 34% in 2002 to 42% in 2011.

In contrast to this, according to labour force survey data, in the United Kingdom, the proportion of temporary agency work in manufacturing slightly increased in recent years. This was also a result of the sharp decrease in financial services after 2008. Sectors with a strong increasing trend of temporary agency work usage are retail/commerce and health and social services. One sector in which the importance of agency work has increased is health care where agency work is used to overcome staff shortages and meet peaks in demand. In recent years, health providers have achieved framework agreements and new contractual arrangements concerning the provision of agency workers, e.g. by newly emerging Vendor Managed Services.<sup>50</sup>

Quite significant changes in the sectoral composition of temporary agency work can also be identified in France. The following table illustrates the strong role of temporary agency work both in construction as well as in the industry sector. Especially the increase in temporary agency work in the industry sector between 2009 and 2010 is quite remarkable.

**Table 3: Share of temporary agency work by main sectors in France 2001 – 2010 in % of total employment (full-time equivalents)**

Sector	2001	2006	2009	2010
Agriculture	0.9	1.3	1.2	1.2
Industry	6.8	7.0	5.0	6.7
Construction	7.6	8.8	7.1	7.5
Services	1.7	1.6	1.3	1.5
TOTAL	3.5	3.4	2.6	3.0

Source: DARES; Erhel, Lefebvre, Michon 2009.

<sup>50</sup> See Hoque et al 2008 and 2011.



Finally, the strong growth of temporary agency work in manufacturing in Germany can be interpreted as a new trend in corporate practice: As recent studies illustrate,<sup>51</sup> a striking feature of the development of temporary agency work in Germany after the lifting of restrictions on temporary agency work from 2003 onwards has been the increase in the number of intensive users of temporary agency work at company level, in particular in large companies of the manufacturing sector. Intensive users of temporary agency work are defined in the literature as companies that cover more than 20% of their personnel needs through temporary agency work arrangements. According to IAB surveys the share of intensive users rose rapidly between 1998 and 2006 from 4.8% to 10.4%.<sup>52</sup> According to an IAB evaluation of company panel data of June 2010, 9% of all companies with more than 20 employees used temporary agency work “intensively” (defined as having a share of temporary agency workers of more than 20%) and a further 19% were classified as “strong users” (defined as having a share of temporary agency workers in the workforce of 10-20%).<sup>53</sup>

According to various studies the growth in the intensive and continuous use of temporary agency work, in particular in the manufacturing industry, indicates a new role of temporary agency work: Apart from the classical role of temporary agency work as an instrument of compensating temporary demand of labour in phases of peak situations or reductions in the workforce due to illness, temporary agency work is also used as a strategic tool of corporate practice that is employed actively and not just reactively. This strategic orientation and the new role of temporary agency work are confirmed by case study based research in the metalworking<sup>54</sup> and other sectors such as the chemical industry.<sup>55</sup> The best-known example is the BMW factory in Leipzig, which was strategically planned to have a temporary agency employee share of 30%.

As highlighted in a recent paper, this new role has important effects both on corporate practice as well as the labour market in general:

*“In the context of these new strategies, temporary agency work is becoming deliberately more widespread and enduring. It is being introduced into operational areas that were previously reserved for the permanent workforce, and, in this way, permanent and marginal employment is being deliberately interwoven.”<sup>56</sup>*

### 3.6 Working time and duration of assignments of temporary agency workers

The latest economic report of CIETT states that there is quite a significant variance in the average duration of assignments of temporary agency workers in Europe as the following figure illustrates (no data for the UK available): According to the CIETT data which is based on reports of national employers federations, the patterns of average hours worked by temporary agency workers per year are fundamentally different in countries such as Sweden or Germany as compared to the others listed in the figure. While in Sweden temporary agency workers seem to work as many hours as average full-time employees during one year, there is a significant difference to the average hours worked in the other countries. Germany seems to be

<sup>51</sup> See for example RWI 2011: Herausforderung Zeitarbeit, Gütersloh, p. 31-38.

<sup>52</sup> See: Bellmann, L.; Fischer, G.; Hohendanner, C. 2009: Betriebliche Dynamik und Flexibilität auf dem deutschen Arbeitsmarkt, IAB Handbuch Arbeitsmarkt, Nürnberg, 359-398. Crimmann, A.; Ziegler, K.; Ellguth, P.; Kohaut, S.; Lehmer, F. 2009: Forschungsbericht zum Thema „Arbeitnehmerüberlassung“, Endbericht zum 29. Mai 2009, Nürnberg.

<sup>53</sup> Bellmann, L.; Crimmann, A.; Kohaut, S. 2012: Zeitarbeit aus betrieblicher Perspektive. In: IAB 2012. Forum Zeitarbeit, p. 25-36.

<sup>54</sup> See: Holst, H.; Nachtwey, O.; Dörre, K. 2009: Funktionswandel von Leiharbeit, Neue Nutzungsstrategien und ihre arbeits- und mitbestimmungspolitischen Folgen, Studie im Auftrag der Otto Brenner-Stiftung, Frankfurt. It should be noted here, that this qualitative study has been based on the experience and practice in five selected companies in order to illustrate a strategic use of temporary agency work and should therefore not be regarded as representative.

<sup>55</sup> Kunkel, J. 2012: Die Rolle der Zeitarbeit auf dem deutschen Arbeitsmarkt. In: IAB Forum Zeitarbeit, Nürnberg 2012.

<sup>56</sup> Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper No. 6180, p. 28.

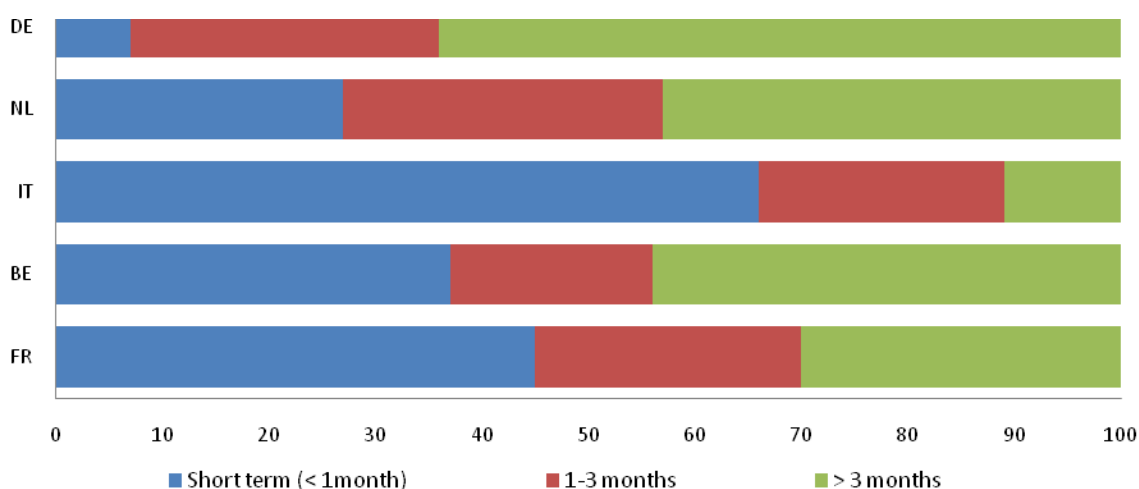
a case in itself because there, temporary agency workers seem to work more hours on average than permanent employees.

However, the differences might partly be explained by different ways of calculation. The indicators used and the statistics gathered vary quite significantly from country to country: While in some countries, data exists on the average duration of temporary working per year and the average number of assignments (e.g. in the Netherlands, Belgium, France and Italy) such data does not or only partly exist in others (Germany, United Kingdom). At least for Germany the data presented below are misleading because here, the average length of work assignments per year does not coincide with the average job tenure at staffing agencies, i.e. the average length of job assignments is much shorter in practice. Furthermore, the figure below is based on insufficient data that lacks differentiation between part-time work and full-time employment in Germany, i.e. the average figure also include part-time employees.

At the same time, the differences are also resulting from different regulatory frameworks and the role of temporary agency work within company practice. Here, two broad groups of countries can be identified: First, there is a group of countries that are characterised by a high share of short assignments lasting not longer than one month. In France and Belgium the duration and usage of temporary agency work assignments in user companies is strictly regulated. In contrast, there also exists a group of countries characterised by longer-term assignments, e.g. as in Germany or the Netherlands.

Furthermore, reliable and comprehensive data on the average length of assignments in user companies exist only in few countries. In other countries, the data presented for example in the CIETT economic report 2011 are based on surveys amongst national member organisations.<sup>57</sup>

**Figure 11: Average length of agency work assignments, 2009**



Source: CIETT 2011 economic report, p. 27.

For Germany, there are no public figures on the average working time of temporary agency workers per year as well as the average number or length of assignments but only on the average length of terminated temporary agency contracts. The data show that the duration of temporary agency workers' employment contracts are much shorter than those of workers in the whole economy: In June 2011, only 51% of all employment relationships that were terminated in this month had lasted longer than three months, while 40% lasted only between one week and three months and 9% had a duration of less than one week.<sup>58</sup>

<sup>57</sup> According to the temporary agency work employers' organisation BAP, the data are based on a market survey amongst major temporary work agencies in Germany carried out by the private consultant agency Lünendonk.

<sup>58</sup> BA: Zeitarbeit 2011, p. 19.

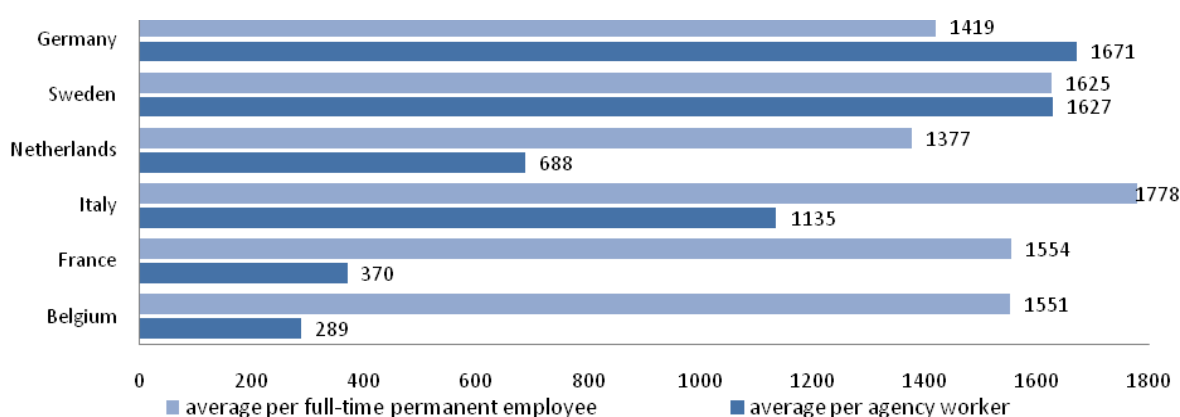
According to a recent research paper, at *Randstad*, Germany's largest temporary staffing agency, the average overall duration of employment (i.e. tenure) in 2010 was 14 months across all education levels, which contrasts with the data on the average length of terminated temporary agency contracts. Also at *Randstad*, no data on the average length of placements at user companies exists, however the author states that it must be significantly shorter than the tenure because temporary employees are typically placed at several user companies.<sup>59</sup>

Two features and trends have been highlighted in various analyses: First, there is a slight trend of longer-term employment contracts over time and second, employment contracts in temporary agency work lasted the longest in technical occupations (8.8 months on average) and increased generally with skill levels.<sup>60</sup>

Commenting on the short-term duration of labour contracts between workers and agencies, the German council of economic experts commented in its annual economic report 2008/2009:

*„ The reason that one tenth of the employees is assigned to the user company less than one week may result from short-term auxiliary work or probation periods. At the same time the proportion of those temporary agency workers with assignments of not longer than three months also is very high, being more than three fifths. This high proportion can indicate an orientation phase of the employees after which some are disappointed and leave temporary agency work or move to regular employment. But it may also result from dismissal practice of the company and the abolishment of the synchronization ban.“<sup>61</sup>*

**Figure 12: Average number of hours worked by temporary agency workers in contrast to full-time permanent employees**



Source: CIETT 2012

The available data on working time and assignments of temporary agency workers in other countries is better than German data as it illustrates further important features and trends. However, there also are considerable differences in regard to what is statistically measured as the following examples show:

In the Netherlands data about the average working time of temporary agency workers exists. According to ABU<sup>62</sup>, the total number of days that temporary agency employees worked on average in 2008 was 172 days per year. Moreover, the average duration of temporary work rose during the last decade. There are quite significant differences between the three temporary agency work phases: Temporary employees in phase A worked 165 calendar days on average, whereas the average for phases B and C was 266. Furthermore, the average number of temporary employment agencies for which temporary employees

<sup>59</sup> Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper No. 6180, p. 11.

<sup>60</sup> The IAB Employment Samples (IABS) contain information on the employment history of 2 % of all employees liable to social security on a daily basis. See Jahn, E.; Antoni, M. 2006: Do Changes in Regulation Affect Employment Duration in Temporary Work Agencies? Institute for the Study of Labour (IZA), IZA, DP No. 2343

<sup>61</sup> Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2009: Auszug aus dem Jahresgutachten 2008/2009: Analyse zu Normalarbeitsverhältnissen und atypischer Beschäftigung in Deutschland, S. 444.

<sup>62</sup> ABU: Inflow Survey 2008. Facts and figures on temporary employees. September Edition, Amsterdam, p. 14.

worked in 2008 was 1.46 according to ABU. This number has remained reasonably constant over the last decade.

In France, quite detailed data exist on average duration of assignments: According to the Ministry of Employment's Office for Research and Statistics (DARES), in the second quarter of 2008, the overall average duration of assignments was 1.9 weeks with significant differences across sectors: Comparatively long average durations were found in energy (6.1 months), the financial sector (4.2 months) as well as in the automotive industry and the capital goods industry (3.7 months). In the construction sector the average duration of assignments was 2.9 months, whereas the average length in the service sectors was even lower, only 1.4 weeks on average. The shortest average duration was in personal services and education, both with an average duration of 0.7 weeks. This indicates that in these sectors temporary agency work functions mainly as a buffer for peak situations or short-term substitutions due to illness.<sup>63</sup>

In Italy, according to the bilateral *Ebitemp Observatory* of temporary agency work, agency workers in 2011 completed of 2.32 assignments per year on average, with an average duration of 47.7 days each. This duration varies by sector, commerce has an average of 29.6 days, industry 54.4 days, and public services 78.6 days.

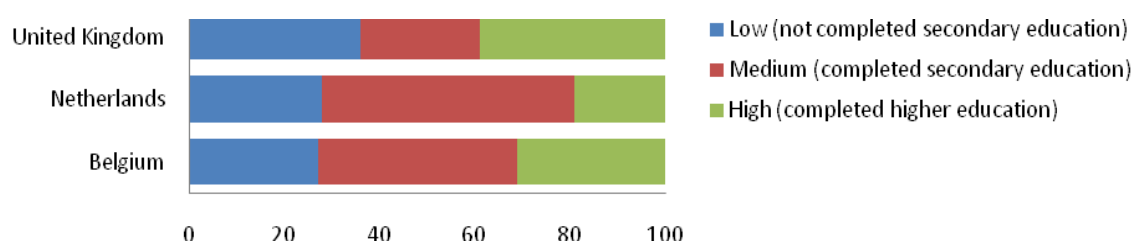
Also in Belgium, assignments tend to be relatively short, with a quarter lasting seven days or less and half for 30 days or less. Three quarters of temporary agency work workers had been employed on temporary assignments for over a year in 2005, while nearly a third had been working in temporary agency work for more than five years. Workers are also likely to be registered with more than one agency; only a third has one registration whereas 30% were registered with five agencies or more.

### 3.7 Educational attainment and qualification levels of temporary agency workers

According to CIETT and other comparative sources a large share of temporary agency workers either has a low or medium initial education level.<sup>64</sup> Though there is a lack of available comparative data, on the basis of information by national temporary agency work organisations, it can be stated that in most European countries the largest groups of temporary agency workers is the one that has completed secondary education. Exceptions from this pattern are countries, where the share of temporary agency workers with a low educational level (i.e. not completed secondary education) is particularly high as in the Czech Republic (70%), Spain (56%), Hungary (44%) and also the UK (36%). On the other hand, countries with a high share of temporary agency workers with education are Bulgaria (40%), Sweden (40%), the UK (30%) and also Belgium (31%).

The following figure presents data provided by CIETT national federations for the year 2008 on three of our focus countries.

**Figure 13: Initial education level of agency workers, 2008**



Source: own, based on Eurociett 2011 figures.

<sup>63</sup> Eurofound 2009: Temporary agency work and collective bargaining in the EU. Report on France, Dublin.

<sup>64</sup> CIETT 2011: Economic Report, p.32.

Further evidence and trends regarding educational attainment and also professional and occupational structures arising from the analysis of national statistical data and expert interviews are:

In the United Kingdom the rather polarised picture of the educational level of temporary agency workers seems to have culminated in recent years: In 2000, more than half of the agency workers had a medium level of education, corresponding to a secondary school qualification. Only a quarter either had a low – lower secondary or first vocational qualification – or high – university degree or equivalent – qualification. In 2011, 43% of agency workers had a high educational level, followed by 39% of agency workers with a low qualification level. The level of medium qualifications is now under 20%. This reflects a shift towards graduates being employed in temporary employment, possibly reflecting the difficulties of all types of workers on the labour market, including those with higher-level qualifications.

In Italy, available data does not allow for a clear-cut analysis of temporary agency work distribution by professional skill. The manufacturing sector, which has the largest share of agency workers, relies on a large number of blue-collar, predominantly male, workers. White-collar and high/medium-skilled workers are mostly employed in services for companies, in the trade and in the public sectors. Medium skilled in retail/commerce and service sector and low-skilled workers were mostly hired in the commerce and hotel/restaurants sector.

Similar pictures occur in other countries: In *France*, jobs in temporary agency work are made up by nearly 80% blue-collar jobs. The proportion of unskilled workers still represents 37% of all temporary agency jobs. However this proportion has diminished by 15% over ten years. In contrast, the share of medium and high qualifications has increased over the decade. The proportion of white collars (executives) nearly represents 2%, a figure that is to be compared to its level in 1995 (0.27%). Researchers commented<sup>65</sup> that this increase in highly qualified temporary agency jobs is associated with the development of agencies specialised in this category of workers. Indeed, the higher the qualifications, the most lucrative the business for these agencies.

In Germany, the educational level of temporary agency workers compared to the overall workforce differs in particular in the share of workers with low and high education levels: When compared to the entire labour force, in June 2011 around 49% of temporary agency workers have completed vocational education which is slightly below the overall average (54.6%). However, about 29% of temporary agency workers have not obtained any professional vocational education degree, in the entire workforce it is only 17.5%. Moreover, only 3.1% of temporary agency workers have obtained a University degree which is clearly below the average of all employees (26.1%).

The structure of occupations and professional qualifications of temporary agency workers in Germany, according to an evaluation of data of the Federal Labour Office for the purpose of this study, shows the following: In June 2011, temporary agency workers could mainly be found in manufacturing occupations (63.1%) and service occupations (33.4%). In the overall economy, the distribution is just the opposite: 25.7% of employees contributing to social security worked in manufacturing occupations, while 64.6% worked in service occupations (figures for June 2010).<sup>66</sup> The occupational structure of temporary agency workers is also very homogeneous, with 67% working in only five professional groups: unskilled workers (35.6%), warehouse keepers or warehousemen and transport workers (11.1%), office assistant and office helpers (10.7%), locksmiths (5.8%) and electricians (3.9%). The gender analysis of the occupational structure shows that temporary agency work is characterised by strong gender segregation. Men work mainly in manufacturing occupations, while women dominate the service sector. In the overall economy the share of these five professions only amounted to 29.2%. In particular, with regard to unskilled

<sup>65</sup> See Erhel Lefebvre, Michon, F. 2009..

<sup>66</sup> Bundesagentur für Arbeit 2011: Arbeitsmarkt 2010: Arbeitsmarktanalyse für Deutschland, West- und Ostdeutschland. Sondernummer der Amtlichen Nachrichten der Bundesagentur für Arbeit (ANBA), Jg. 58, p. 183

workers, the differences are significant: unskilled workers only represented 2.1% of the overall employment in June 2011, but accounted for 35.6% of all temporary agency workers.

However, in contrast to trends reported in the German economy and other countries, there are indications that the occupational structure in temporary agency work has further shifted towards de-skilling in recent years: The share of simple jobs increased, while more skilled occupations were decreasing. While in 1994 only 15.5% of the temporary agency workforce was employed as unskilled labourers, this share nearly doubled until 2003 and further increased to 35.6% in 2011. At the same time manufacturing occupations such as locksmiths or electricians as well as technical occupations are characterised by declining shares.

**Table 4: Share of temporary agency work by main sectors in Germany 2003 and 2011 in % (TAW in full-time jobs)**

	Share in the temporary agency workforce in %		Share in total employment in %
	2003	2011	2010
<b>Professions</b>			
<b>Manufacturing occupations</b>	63.2	63.1	25.7
- locksmiths	14.4	5.8	6.2
- electricians	6.0	3.9	2.3
- unskilled workers	29.8	35.6	2.1
<b>Technical occupations</b>	3.2	2.6	6.7
<b>Service occupations</b>	32.7	33.4	64.6

Source: own, based on the employment statistics of the federal labour agency, BA. See also: Bundesagentur für Arbeit (2011): *Arbeitsmarkt 2010: Arbeitsmarktanalyse für Deutschland, West- und Ostdeutschland. Sondernummer der Amtlichen Nachrichten der Bundesagentur für Arbeit (ANBA), Jg. 58, p. 183*

## 4 INDUSTRIAL RELATIONS AND COLLECTIVE BARGAINING

### 4.1 Overview

Though temporary agency work is a relatively young sector, today in most European countries employer associations and organisations of the temporary agency work sector exist. However, only in few cases specific trade union structures have been established in the temporary agency work sector. In all other EU countries, temporary agency work issues are addressed by the existing sectoral and/or cross-sectoral trade unions. Here, trade union organisations are facing the problem of dealing with two types of employers in particular in the context of collective bargaining: the temporary agencies (and the respective employer organisations) on the one hand and the user companies and their respective structures on the other hand.

Based on existing comparative analyses and a mapping of major indicators the European Union falls into two or three broad groups with view on social dialogue and collective bargaining structures and practice in the temporary agency work sector:

*Social dialogue driven practice:* In a number of EU countries both employers' associations and trade unions play an important role in regulating temporary agency work, defining certain minimum standards as well as payment conditions and levels. As will be shown in the following parts of this report and the case studies, social partners in these countries are involved in dialogue, consultation and bargaining at all relevant levels and have established special funds and other joint institutions of self-regulation.



*Market driven practice*: In contrast to this, the practice in other EU countries is characterised by either weak or non-existing structures of dialogue and bargaining at sectoral or cross-sectoral level and much weaker social partners in terms of mandate and representativeness. Here, bargaining takes place at micro/company level and working conditions and labour standards are mainly driven by legal minimum standards.

Some comparative reviews have also described a further, third model: *Legislator driven practice* that countries that are characterised by temporary agency work regulation being predominantly driven and determined by law.

This division resembles the general picture of industrial and labour relations in Europe and the differences that exist between the Nordic/Scandinavian countries and Western continental Europe on the one hand and the Anglo-Saxon countries as well as most of the CEEC on the other hand. Countries that are characterised by strong and comprehensive legislative driven practice are found both in Western/Southern Europe as well as in the Central and Eastern European countries.

## 4.2 Main actors and organisations representing employers and employees

Currently, there are only 11 European countries, where representative employer organisations for the temporary agency work sector that also have a mandate for collective bargaining exist. As the following overview shows, all of these countries are located in Western Europe. In the remaining parts of the EU there are 13 countries where employer organisations exist but do not have a bargaining mandate, i.e. professional associations that have no direct collective bargaining role but may perform a role in the regulation of the sector, through forms of self-regulation such as enforcing codes of practice, or through influencing the development of law.

With regard to trade unions, only two countries have developed a specific trade union structure for temporary agency workers:

In Italy, the three trade union confederations – the General Confederation of Italian Workers, (CGIL), the Italian Confederation of Workers’ Unions, CISL and the Union of Italian Workers, UIL have each established specific organisational structures to represent ‘atypical’ workers, including agency workers during the 1990 and in response to the new law on temporary agency work 1997. These are NIDiL, the “New Identity of Work” (“*Nuov e Identità del Lavoro*”) associated to CGIL, the FELSA (“*Federazione Lavoratori Somministrati e Autonomi*”) associated to the CISL trade union federation, and at the trade union organisation UIL, the “Coordination for the Employment” (“*Coordinamento per l’Occupazione*”), UILTEMP.

In France, already in 1968, the CGT trade union established a specific branch for the temporary agency sector, which today is called the “*Union Syndicale des Intérimaires*”, USI-CGT and still is the only French trade union organisation that has developed a special structure for temporary agency workers – temporary agency workers in other unions are represented in the ordinary structures.

**Table 5: Social partners and collective bargaining structures covering the TAW sector**

Collective bargaining structure in place in the TAW sector	Only TAW employer associations in place without a bargaining mandate	TAW specific trade unions or union sections
<p><i>11 countries:</i> Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Spain, Sweden</p>	<p><i>15 countries:</i> Bulgaria, Czech Republic, Cyprus, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, United Kingdom</p>	<p>Italy, France, Netherlands, Denmark, (Greece)</p>

Source: own.



In all other European countries agency workers are normally free to join the relevant union for the sector, occupation or workplace in which they are placed. Even though no specific union structure exist, trade union organisations at cross-sectoral as well as sectoral level have established own departments and branches for temporary agency workers in response to the growing role of this type of work amongst their members. Examples here are *FNV Bondgenoten* in the Netherlands that has established the *FNV Flex* branch or Denmark, where *LO* as well as *Unionen* have created specific sections for temporary agency workers. However, these structures are not involved in bargaining practice but mainly have been set-up for better providing support and services to union members and organising temporary agency workers. A special case is Greece, where a company based union structure was created for organising temporary agency workers at the National Bank of Greece.

In most EU member states, the unionisation level in the temporary agency sector is very low and in most countries there is a significant gap between union membership rates of temporary agency workers and those of permanent workers. Higher membership rates of more than 30% are only reported from Belgium (67% according to the bipartite fund), Denmark, Finland and Sweden (thus, countries characterised by high union membership rates for permanent workers), while countries such as Austria, Germany, Italy, Luxembourg, the Netherlands and the UK report membership rates of 5-10% and in the rest of Europe union membership is likely to be only around 1%.

### **4.3 Structures and practice of dialogue, consultation and bargaining between social partners**

There are four main ways how temporary agency work can be regulated by collective bargaining or social dialogue: The most general mechanism is the national cross-sector level, which includes agreements and understandings reached between the highest-level social partners and governments that might influence the development of law. This type of regulation is only relevant in Belgium, Spain and France. However, ad-hoc tripartite consultation and sometimes agreements or declarations have recently also been reached in Ireland ("*Towards 2016*"), the United Kingdom (Joint Declaration in the context of the implementation of the EU Directive on equal treatment) and Poland. Also in those countries that implemented the EU Directive on temporary agency work rather lately, e.g. Lithuania or Bulgaria there has been tripartite consultation although not always successful. A specific case is Sweden, where temporary agency work is covered by the same inter-professional arrangements between the social partners for social insurance (e.g. pensions, redundancy support), based on collective agreements, that apply to other sectors.

The second, and in many cases most significant level, is collective bargaining within the temporary agency work sector itself. Most countries that have traditions of sector-level bargaining have adopted this approach, especially where there is also strong use of temporary agency work. Sector-level bargaining is often supplemented at the third level, within temporary agencies. The fourth is collective bargaining in sectors in which user-companies are based, which is also an important means of regulating agency work in several countries.

The role of social dialogue and collective bargaining to regulate temporary agency work is summarised in the table below more detailed information is provided in the overview table in the annex.

**Table 6: Different levels of social dialogue and collective bargaining**

Tripartite agreements and consultation on TAW at national, cross-sector level	Sectoral dialogue and bargaining in the TAW sector	TAW specific bargaining in other sectors	Company level bargaining only or no bargaining at all
<ul style="list-style-type: none"> <li>- Belgium (National labour Council)</li> <li>- France (Tripartite national agreements)</li> <li>- Ireland (Tripartite agreement)</li> <li>- Poland (Tripartite Commission)</li> <li>- Spain (Social Dialogue Commission)</li> <li>- Sweden (cross-sectoral national collective agreement on social insurance)</li> <li>- United Kingdom (tripartite declaration)</li> </ul>	<p>11 countries:</p> <p>Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Spain, Sweden</p>	<p>11 countries:</p> <p>Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain</p>	<p>13 countries:</p> <p>Bulgaria, Czech Republic, Cyprus, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, United Kingdom</p>

Source: own

#### 4.3.1 Cross-sectoral social dialogue and bargaining

The relevance of the cross-sector level is mainly its influence on the law. This becomes especially clear in those countries where tripartite consultation and negotiations have a long tradition in the industrial relations systems: In Belgium, agency workers have the same rights and entitlements as ‘general workers’ and other temporary agency workers under the law and through collective agreements concluded at sector level or through the National Labour Council (*Conseil National du Travail/Nationale Arbeidsraad*, CNT/NAR). Collective agreements reached in the CNT/NAR apply to all workers in the private sector and thus also directly influence the terms of specific sectoral agreements.

In France, there is no crosssectoral agreement specifically regulating temporary agency work, although a national agreement on the reform of the labour market, signed in January 2008, did make provision for agency firms to operate as more general ‘umbrella’ companies.

In Spain, a law of 2006, which placed limits on successive temporary agency work contracting, followed a tripartite “Agreement for the Improvement of Growth and Employment” (*‘Acuerdo para la Mejora del Crecimiento y el Empleo’*, AMCE). This agreement arose due to concerns over youth unemployment and job insecurity and resulted from bargaining by the social partners in the Social Dialogue Commission.

In contrast to the tradition of national social consultation in Belgium or Spain, tripartite arrangements are not systematic in the United Kingdom. The first national-level agreement on temporary agency work was reached between the government, the TUC and the CBI in 2008. The joint declaration included an agreement that entitled agency workers to equal treatment with directly employed staff (except concerning pension benefits) after 12 weeks in a given job.

Tripartite consultation and bargaining is not always successful: In Bulgaria and Lithuania, governments and social partners were involved in lengthy negotiations on the implementation of the EU Directive into national law without reaching any joint agreement so that finally, only the government was able to present the legal reform through the parliaments.

And in Poland, the tripartite Commission for Social and Economic Affairs debated the length of time for which a temporary worker should be able to remain with a single user employer in 2007. This resulted in proposals that user companies should notify any unions of their plans to use temporary agency work and that unions should be able to negotiate over how long agency workers may be employed within the range of six to 18 months. However, the change of government later in the year led to parliamentary debates about lengthening the period to 18 months without provisions of collective bargaining.

### 4.3.2 Collective bargaining within the temporary agency work sector level

In eleven European countries (Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Spain, and Sweden) sectoral dialogue and collective bargaining within the temporary agency work sector is an important level of regulation of employment and working conditions including wages.

In a number of countries collective bargaining in the temporary work sector has resulted in the establishment of bilateral institutions and funds in order to provide temporary agency workers with social benefits, access to further training or education and/or overlook compliance with the respective national regulation and collective agreements. France, the Netherlands, Belgium and also Italy currently are perhaps the best known examples of countries that have established such bilateral funds and institutions (further countries that have established bilateral funds for the temporary agency work sector are Austria, Luxembourg and Spain).

In most of those countries, where sectoral collective bargaining takes place within the temporary agency work sector, also collective bargaining in other sectors has addressed temporary agency work in user companies.

Sectoral collective bargaining in the temporary agency work sector mirrors the specificities of the national industrial relations systems in regard to actors, institutions of social dialogue and bargaining as well as the scope and coverage of collective bargaining agreements as the following examples of some of our focus countries illustrate:

Collective agreements for the temporary agency work sector in *Belgium* are concluded through the joint committee (*Commission paritaire/ Paritaire comite*) structure that includes the *Federation of Temporary Work Enterprises (Fédération des partenaires de l'emploi/ Federatie van partners voor werk)*, FEDERGON, the Belgium Federation of Employers FEB/VBO as well as the "*Confederation of Christian Trade Unions*" CSC/ACV, the "*Belgian General Federation of Labour*" FGTB/ABVV and the "*Federation of Liberal Trade Unions of Belgium*" CGSLB/ACLVB. Collective agreements may cover all agency workers (as in the case of wage conditions) or apply only to particular industries where arrangements vary between sectors (as in the case of retirement benefits). In 2007, a total of 32 collective agreements were concluded in the joint committee. These agreements concerned improvements to pension benefits for agency workers in several sectors; training; the end-of-year benefit; benefits in case of accident or illness; other allocations; and the creation of a safety fund. These temporary agency work agreements do not make reference to employment terms and conditions in user companies, though equal treatment is stipulated by law and may be referred to in the sector or company-level agreements that cover the workplaces to which agency workers are assigned.

In *France*, the temporary agency work sector agreement, unlike many others, is not extended to the 90% of companies that are not members of the employers' association (PRISME). However, all agreements concerning welfare and transition of temporary agency workers are extended to all temporary work agencies regardless their affiliation to PRISME. By this, the temporary agency work sector in France illustrates the French paradox of collective bargaining and unionism in France: a very low union rate (around 1%), but an intense bargaining activity at the branch level, mostly driven by the employers' side. Collective bargaining at sectoral level is also very well established in France, and the regulatory role of the social partners is underpinned by the responsibility that sector-level institutions have in the management of social security and welfare. For the temporary agency work sector these include bilateral funds for training, professional development and social welfare as well as a number of agreements on welfare and pension issues.

Also in *Italy*, the national sector agreement (*contratti collettivi nazionali di lavoro*, CCNL) for temporary agency workers (referred to as 'leased workers' since the 2003 decree) is very important for the regulation of this form of work. The most recent agreement between Assolavoro and the union sections

for temporary agency workers was signed on 23 July 2008 with duration of four years. Based on the collective agreements, the Italian social partners have established two bilateral funds for the temporary agency work sector on training and social benefits.

Practice in the *Netherlands* perhaps illustrates the most advanced example of self-regulation of the temporary agency work sector by the social partners. The main parties of collective bargaining on the employers' side are the ABU (*Algemene Bond Uitzendondernemingen*) and the NBBU (*Nederlandse Bond van Bemiddelings- en Uitzendondernemingen*) and on the trade union side the FNV Bondgenoten, the CNV Dienstbond, the De Unie trade union and the LBV (*Landelijke belangen vereniging*). The ABU is the major organisation of the employers. Since the implementation of the Flexicurity Act in 1999, three comprehensive collective agreements have been concluded in the Netherlands: the agreements for 1999-2003, 2004-2009 and 2009-2014. All are highly complementary to the Act of 1999, in particular because they introduced a so-called 'phase system' that affects the application of the legal provision, e.g. on dismissal, social security, training or pensions rights. The coverage of the collective agreements in the Netherlands is high, which is a result of the number and size of the companies committed to the agreement, and probably also due to the effect of extension requirements under the law. In the Netherlands, as noted above, the ABU collective agreement is declared universally binding (except for those firms that are officially exempted or that have signed the NBBU agreement) and this covers 90% of agency workers. Also the Dutch social partners have established three social funds in their collective agreements focussing on education, safety and working conditions and compliance.

For several reasons, *Germany* is a special case in regard to sectoral social dialogue and collective bargaining within the temporary agency work sector. While in general sectoral collective bargaining in Germany is the most important source of social partners' self-regulation of working conditions, wages and other relevant topics (e.g. initial and further training, social benefits etc.), the establishment of sectoral bargaining structures in the temporary agency work sector until today has faced a number of specific difficulties:

First it has to be noted that on behalf of the employees, there is the question who represents agency workers: While temporary agency work functions person-specific, the structure of trade unions is based on industry sectors. None of the member unions of the Federation of German Trade Unions (*Deutscher Gewerkschaftsbund*) DGB was structurally responsible for temporary agency work.<sup>67</sup> Interest representation of temporary agency workers by unions therefore was rather heterogeneous, and there were divergent opinions on how to deal with temporary agency work.

Secondly and most important, the German way of regulating equal treatment and equal pay of temporary agency workers that included the possibility of deviations from the equal treatment principle in the case of alternative provisions based on collective agreements has caused major political conflict and debate within the temporary work sector: As interest representation was not well established in the temporary agency work sector, small unions had a chance to set up a competing trade union structure, the *Christian Union Temporary Agency Work and Personnel Service Agencies* (*Christliche Gewerkschaft Zeitarbeit und PersonalServiceAgenturen*, CGPZ). The CGPZ, which was composed of four trade unions, reached agreements with the small employers' associations "*Interessengemeinschaft Nordbayrischer Zeitarbeitsunternehmen e.V.*" (INZ), the "*Mittelstandsvereinigung Zeitarbeit*" (MVZ) and the "*Bundesvereinigung deutscher Dienstleistungsunternehmen*" (BVD), with wage rates far below the level of what the BZA-DGB bargaining agreement draft initially suggested. This in turn created strong pressure on

<sup>67</sup> According to information provided by the trade union density among temporary agency workers was over 5.0% in the years 2002/2003 (Vitols, K. *Zwischen Stabilität und Wandel: Die Sozialpartnerschaft in Deutschland und die atypische Beschäftigungsform Zeitarbeit*. Hamburg, 2008. In 2012, the IG Metall referred to 36.000 members among temporary agency workers (<http://www.igmetall.de/cps/rde/xchg/internet/style.xsl/schwarzbuch-leiharbeit-9744.htm>). Vitols, K. 2008:, p. 154.

the pay agreements that have been concluded between the DGB and BZA and the other large employers' association, the *Interessengemeinschaft Zeitarbeit*, IGZ, which represented mainly small and medium-sized member companies, also negotiated an agreement with the DGB, resembling the one with the BZA. In the end, more than 95 % of the industry was covered by collective bargaining agreements but fared far below equal pay. Although it has to be noted, that contracts in temporary agency work are mostly concluded on an open-ended basis in Germany.

It was only quite recently, in December 2010 that a court decision denied the tariff community CGZP the right to collective bargaining and stopped the practice of competing underbidding wage agreements. Since then, the organisational structures of the employers' associations changed<sup>68</sup> and collective bargaining in the temporary agency work sector entered a new phase: The main social partners DGB and BZA and IGZ in 2011 and before, the smaller AMP (before it merged with the BZA to BAP) and CGZP concluded a minimum wage agreement for the temporary agency work sector. Today the BAP and the IGZ on the one hand and the DGB on the other are key actors for wage setting in the temporary agency work sector in Germany: The IGZ claims that one third of temporary agency workers are covered by the collective bargaining agreement between the IGZ and the DGB. The BAP assumes that about three-quarters of all temporary agencies employees are working according to the DGB agreement.

Until recently, none of the national collective agreements contain any regulations that stipulate equal pay/equal treatment of temporary agency workers and permanent workers in user firms. Against the upcoming need to implement an equal pay principle in regulation to improve wage levels in temporary agency work, the German government in March 2011 has urged the social partners to agree on the implementation of this principle. In case of no agreement reached, the government would implement the equal pay principle by a federal law. This has resulted in negotiations between the temporary agency work employers organisations and trade unions in different economic sectors and two agreements reached in the metalworking and chemical sector: In May and June 2012, both in the metalworking sector as well as in chemical industry (separate agreements were signed for the plastics and rubber industries and railways) collective agreements between the unions *IG Metall* and the chemical workers union *IG BCE* on the one hand and the BAP/IGZ employers organisations were concluded that not only included wage increases but also a phase system of sector premiums ("*Branchenzuschläge*") was established in order to gain a significant approximation to equal pay conditions. In November 2012 the BAP/IGZ and the *IG Metall* also signed similar agreements for the textile and clothing industry and in the plastics and wood processing industry. (See the following chapter for more details)

Furthermore, the collective bargaining agreement in the metal sector further introduced new aspects of regulating temporary agency work: It calls for negotiations between work councils and management when using temporary agency work in general and oblige the user company to offer a direct position to temporary agency workers working longer than 24 months with the user company. In other sectors, e.g. services or the food industry the social partners were not able to negotiate similar agreements.

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<sup>68</sup> In 2006, the INZ and the MVZ merged to the employers' association „*Mittelständische Personaldienstleister*“ (AMP). In 2011 the employers' association AMP merged with the BZA to form the Federal Employers' Association of Personnel Services (*Bundesarbeitgeberverband der Personaldienstleister*, BAP) representing 80% of market share (according to own statements).

### 4.3.3 Collective bargaining outcomes on temporary agency work in third sectors and at company level

Against the specific triangular nature of temporary agency work, employment and working conditions of temporary agency workers not only may be regulated at the level of the temporary agency work sector, i.e. for temporary work agencies but also at the level of user companies, i.e. at the level of specific sectors (e.g. metalworking or services) and at the single company level.

Collective bargaining at third sector level is characterising most of the countries that have been mentioned before as examples of a strong role of sectoral collective bargaining:

In *Italy*, collective bargaining in other sectors plays an important role in regulating temporary agency work, both at sector level and in the company agreements of larger firms. The latter usually refers to the allocation of company performance bonuses and may include terms governing 'job stabilisation' (i.e. when leased workers become employed on open-ended contracts). At sector level, sector agreements are more likely to set quantitative limits on the use of labour-leasing contracts (although always with reference to derogations foreseen by the general regulations on fixed-term contracts), and to specify detailed reasons for their use. The metalworking agreement, which was renewed on 20 January 2008, defines a 44-month limit for fixed-term contracts that applies to both temporary and leased workers, whether service was continuous or not. Beyond this, firms must have open-ended contracts with these workers. The sector agreements for transport and commerce each have a higher limit of 15%, though various categories of workers may be excluded from this calculation, as envisaged by law, such as seasonal workers, workers aged over 55 years, those replacing absent workers, and more generally in circumstances of new business start-up (for an initial period established by the CCNL).

Regarding collective bargaining outcomes on temporary agency work in other sectors, this is an important source of regulation also in *Belgium*: Though the use of temporary agency work is well regulated by Belgian law and the agreements in the Commission JC 322, which may not be undermined by any other sector or company agreements that apply to the user company, such agreements are free to add terms and provisions that have superior effects. For example, a collective agreement in the engineering construction sector, a sector with a large numbers of agency workers, introduced a bonus of 1% of gross income for agency workers to bring them into line with other workers in the sector.

The regulation of temporary agency work is also extensive in collective agreements at company level: In 2004, a total of 275 agreements applicable to user firms had clauses covering one or more of the following: the permitted duration of agency work, reasons for use, training for agency workers and provisions for transfer to permanent contract.

In *Germany*, collective bargaining agreements in many economic sectors today include rules and standards for the employment and working conditions of temporary agency workers in user companies. In 2010 an agreement in the steel industry agreed on 90% equal wages for temporary agency workers in user companies in the steel sector.<sup>69</sup>

Furthermore, and as mentioned above, in May and June 2012, both in the metalworking sector as well as in chemical industry collective agreements between the unions *IG Metall* and the chemical workers union *IG BCE* on the one hand and the BAB/IGZ employers organisations were concluded that not only included wage increases but also some further new aspects of regulating temporary agency work. Furthermore, in both sectors a phase system of sector wage premiums ("*Branchezuschläge*") was established in order to gradually implement an approximation of wages between temporary agency workers and direct workers in user companies:

<sup>69</sup> WSI-Tarifarchiv, as of 31.12.2011. [http://www.boeckler.de/pdf/p\\_ta\\_tariftaschenbuch\\_2012.pdf](http://www.boeckler.de/pdf/p_ta_tariftaschenbuch_2012.pdf).



The social partners agreed on a system of sectoral premiums which are increasing in accordance to the duration of the assignment in user companies in the metalworking and chemical industry. Based on the wage conditions regulated in the DGB – BPA/IGZ agreement, temporary agency workers according to the metalworking collective agreement will receive from November 2012 a wage premium after certain assignment durations in the same user company: After six weeks all temporary agency workers irrespective of their wage level will receive a premium of 15%, 20% after three months, 30% after five months, 45% after seven months, and after nine months the premium will be 50% of the agency reference wage according to the DGB –BAP/IGZ collective agreement.

In the chemical industry the collective agreement which also came into force in November 2012 similar regulates wage premium between 15% and 50% for the lower wage level groups and between 10% and 35% for the higher wage groups with the first premium also paid after six weeks and the highest after nine months in the same user company.

**Example of the sector premium in the chemical industry**

A temporary worker, who is working in the wage level group 1 or 2 according to the BAP collective agreement, currently will receive a gross payment per hour of 8.13 Euro. In the chemical industry (Hessen region) 13.39 Euro currently are paid in the wage level group 1 (for workers directly employed). After six weeks, the temporary agency worker will receive a premium of 15%, after three months 20%, after five months 30% and after seven months 45%. After nine months the temporary agency worker will receive a premium of 50% and thus will receive 12.20 Euro per hour. The sector premiums for higher wage level groups will be lower; the highest wage level groups receive no premium.

*Source: Chemical Workers Union IG BCE (own translation)*

Apart from the two collective agreements in the metalworking and chemical sector also in the railways' sector a similar agreement (however, with lower premiums) was concluded that will come into force in April 2013. In November 2012, the *IG Metall* and the BAP/IGZ have also agreed on sector premium regulations in two further sectors, the textile and clothing industry and the wood and plastics industry, where sector premiums ranging from 5 – 25% (textile and clothing) and 7 – 31% (wood/plastics) have been agreed. These premiums will be paid after three, five, seven and nine months and will result after nine month in a wage level of temporary agency workers that is around 80-90% of the wage of direct employees at the user company.

A further important level of regulation of employment conditions are agreements between management and works councils or trade unions at the company level: Examples include a 2007 agreement between *IG Metall* and Adecco that applies only to workers assigned to Audi. It stipulates that these agency workers receive a wage corresponding to the one fixed by the collective agreement of the Bavarian metal and electrical industry. The metalworkers union signed a similar agreement in 2008 with 16 temporary agencies, which applies to agency workers at BMW. Such arrangements are likely to become increasingly widespread in the metalworking sector following a 'fairness covenant' agreed between *IG Metall* and the BZA and iGZ on 11 April 2008. This establishes a framework for further settlements between the agency, the user company and the union or works councils and will apply standards superior to those set at the sector level for temporary agency work. According to data of the database on works agreement archive of the *Hans-Boeckler-Foundation*, a 2007 survey of 80 works council agreements found that around a quarter referred in any way to temporary agency work.

While there is no sector-level bargaining in the *United Kingdom*, there are also a number of collective agreements at single companies: Examples include an agreement between Adecco and the GMB union, first signed in 1997, *Manpower* has also had agreements with various unions and its staff handbook states that agency workers 'are encouraged to consider joining a relevant union'. The *Transport and General Workers Union (TGWU*, now part of *Unite*) has had a relationship with Manpower since the 1960s, with a recognition agreement signed in 1988. The company has funded two drivers who are trade union



representatives with facilities and time. The *Banking, Insurance and Finance Union BIFU* (now also part of *Unite*) also signed an agreement with *Manpower* in 1995. Also notable are *GMB* agreements with three agencies supplying staff to telecommunications companies signed in the 1990s. *British Telecom* (BT) had a policy of encouraging agencies to consider formal union agreements and, at the time, the union said it had around 6,000 agency workers as members, mainly in BT call centres. Another significant example is an agreement between the specialist temporary agency firm *Education Lecturing Services* (ELS) and the *Association of Teachers and Lecturers* (ATL); full union recognition was granted in 2000 following an understanding on recruitment and representation some years earlier.

A final consideration at company level is that *European Works Councils* (EWCs) do not seem important in the sector, though there are some longstanding examples:<sup>70</sup> *Randstad* and UNI-Europa signed an agreement in 1995, reviewed every two years, setting up a European platform for social dialogue that has the same characteristics of a EWC. *Adecco* has set up a “*Platform for Adecco Communication in Europe*” (PACE), though union representatives state that its function is limited to providing general information to workers’ representatives at cross-border level.

## 5 WORKING AND EMPLOYMENT CONDITIONS

### 5.1 Main reasons for companies to make use of temporary agency work

A recent report of the ILO on global trends in temporary agency work summarises major general functions of temporary agency work and the reasons for companies to make use of temporary agency work as follows from a global perspective:<sup>71</sup>

Originally, agencies’ main function was to provide temporary staff as short-term cover for someone who was ill, on holiday, on maternity leave or temporarily absent for another reason, to accommodate seasonal or short-term business fluctuations, to fulfil an intermittent need for people with specialized skills, or to fill gaps during periods of recruitment. Recent trends and in particular the need of companies to increase their labour flexibility have changed these general functions of temporary agency work as well as other more flexible forms of work:

*“Agency workers, together with fixed- and short-term employees and subcontractors, have become a component of the flexible layer of workers that companies have created around the core workforce. This has a quantitative dimension. When business is bad, this buffer zone or flexible layer allows these enterprises to avoid making “core” workers redundant. It also has a qualitative dimension. The availability of a flexible layer allows core workers to do work with which they feel comfortable, leaving those in the flexible layer with less popular or more peripheral assignments.” (ILO 2011)*

According to the authors of the ILO study, there are indications that the flexible layer is becoming thicker and more constant across business cycles. The Dutch Public Employment Service, UWV, which, among other things, closely follows Dutch labour market indicators, speaks of “a possible new trend in the flexibilisation of the labour market”. It has noted that the number of people in the flexible layer (defined as workers on fixed-term contracts, agency workers and the self-employed) is showing a long-term increase: its share of the Dutch labour force increased from 23% in 1996 to 34% in 2009.

<sup>70</sup> See Eurofound 2009: Temporary agency work and collective bargaining in the EU, Dublin, p. 29.

<sup>71</sup> ILO 2011: Private employment agencies, promotion of decent work and improving the functioning of labour markets in private services sectors. Issues paper for discussion at the Global Dialogue Forum on the Role of Private Employment Agencies in Promoting Decent Work and Improving the Functioning of Labour markets in Private Services Sectors, Geneva

The new role of temporary agency work in particular has also been debated and discussed in countries that have experienced both a significant lifting of existing restrictions and limitations of the use of temporary agency work and at the same time a large growth in the number of agency workers and the company making use of this, e.g. in Germany.<sup>72</sup>

Other functions of temporary work agencies have emerged in the field of screening and recruitment: By using temporary agencies, companies can reduce their costs of hiring and recruitment, such as advertising and interviewing. This is particularly relevant for employers looking for workers to fill “undesirable, repetitive, or physically demanding jobs where high turnover is endemic”.<sup>73</sup> Using agency workers creates a “pre-probationary period of employment to select the most productive individuals who best fit the firm’s culture”. An interesting example here is *Denmark*, where it is relatively easy to hire and fire workers and this is one reason why little use is made of agencies. Nonetheless, the agency sector grew strongly during 2000 and 2009 because Danish companies increasingly used agencies for selection purposes.<sup>74</sup> In short, there are a number of advantages of agencies for user enterprises: Often these firms find it easier to use agency workers rather than hire people directly, especially when internal hiring procedures are perceived as slow and cumbersome.

To sum up, there are four major categories of reasons why, and for what purposes, user enterprises use private employment agencies:

- *Providing numerical flexibility.* User enterprises can divide their workforces into a core and a periphery, deciding which jobs to externalise or retain based on complexity, skills and knowledge required for tasks. Thus, enterprises aim at reducing the turnover of skilled and trained core staff, while the use of agency workers allows rapid adjustments to staffing levels in periods of rapid growth or contraction – enterprises have a buffer of temporary agency workers, to avoid redundancy costs of permanent core workers.
- *Reducing recruitment costs.* By outsourcing functions such as job advertising and interviewing to private employment agencies, user enterprises can test agency workers’ potential employability and monitor their on-the-job performance over short or extended periods, with minimal commitment.
- *Externalising risks associated with directly employing workers.* Use of temporary agency work can avoid the responsibilities of standard employment relationships, recruitment, selection, payroll administration, management of employee benefits and performance management.
- *Cutting labour costs.* Agency workers may be paid less than permanent staff, although agency fees (usually a percentage of the worker’s pay) entail similar overall costs to user enterprises, but without responsibility for redundancy, holiday, sickness, pensions or maternity entitlements. Against the background of the EU Directive and the need to implement equal pay principles it will be quite interesting to study whether this may discourage some types of agency employment in the future.

These trends in general and motivations of companies to use temporary agency work are underlined by national survey results:

In Germany, a survey of IW Consult and the Institute of the Germany Economy (IwW) analysed motives of user companies to recruit temporary agency workers in spring 2011.<sup>75</sup>

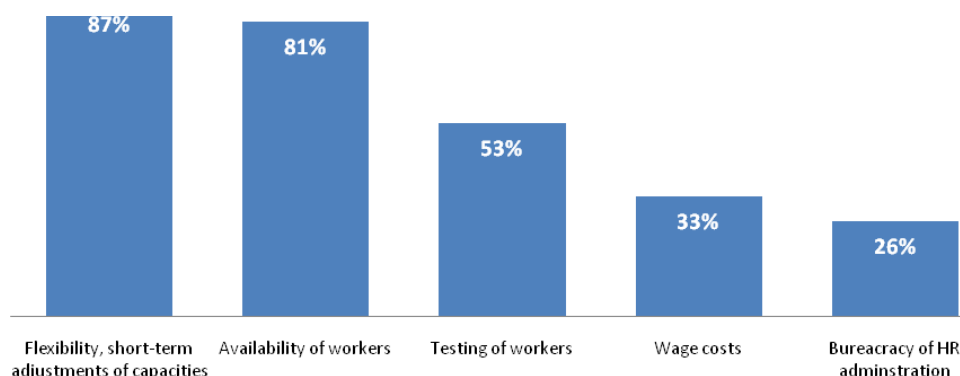
<sup>72</sup> See Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper No. 6180.

<sup>73</sup> ILO 2011, p. 40.

<sup>74</sup> ILO 2011, p.40.

<sup>75</sup> IW Consult GmbH; Institut der deutschen Wirtschaft Köln 2011: Zeitarbeit in Deutschland: Treiber für Flexibilität und Wachstum, Köln, 09.05.2011, p. 30.

**Figure 14: Germany: Motives for using temporary work**  
(% of companies indicating the aspect as „very important“ or „important“)



Source: IW Consult 2011, p. 31.

It should be noted that according to the survey, the ranking of motives and their relative importance remained mostly the same across the qualification levels. Differences could be found in the motives "availability of appropriately skilled labour" and "screening of employees." Both motives were named more often (8-10%) for highly skilled temporary agency workers relative to unskilled staff.

These results resemble other surveys: As part of the IAB establishment panel in 2010, companies were asked about the motives for the use of temporary agency work in the last five years. The vast majority of firms named temporary demand (73%) and the fast availability of temporary agency workers (71%) as reasons. Less likely reasons were the uncertainty regarding economic developments (28%), avoidance of costs for personnel recruitment and dismissal, and the screening of potential employees (19% each).<sup>76</sup> However, there are industry-specific differences: In construction, temporary demand played a major role (80% of companies), while in social services it did less so (60%). In contrast, the screening of potential employees played a greater role in manufacturing (26%) than in construction (14%).<sup>77</sup>

In Italy, the latest annual Excelsior report on the occupational requirements of Italian companies (2011)<sup>78</sup> showed that for enterprises the choice of fixed-term contracts (including temporary agency work) aims at achieving three principal aims: to extend the probationary period of the newly-hired, to replace momentarily absent staff (workers who are on maternity or leave of absence), or to cope with sudden peaks of demand.

Quite similar results have been evaluated in the United Kingdom: According to the *Workplace Employment Relations Survey (WERS) 2004*, 16% of workplaces with 10 or more employees use agency workers, comprising 2% of their total workforce on average.<sup>79</sup> Most agency workers (58%) are used for covering staff absence such as sickness or maternity leave, or for shorter cover whilst waiting to fill vacancies, 37% used temporary agency work to respond to demand variation, 24% referred to difficulty in filling vacancies, 9% to obtain specialist skills and 4% because of a freeze on permanent employment. (Note that 32% cited more than one reason).

According to the research carried out in 2008 by REC and the UK government, 60% of the employers surveyed said that they always or most of the time used an agency to fill a temporary position (the study

<sup>76</sup> Bellmann, L.; Crimmann, A.; Kohaut, S. 2012: Zeitarbeit aus betrieblicher Perspektive. IAB 2012: Forum Zeitarbeit, Nürnberg.

<sup>77</sup> See also Evers, K. 2012: Zeitarbeit: Gründe - Strategien - Intensität. In: IAB Forum Zeitarbeit, Nürnberg.

<sup>78</sup> Unioncamere - Sistema Informativo Excelsior 2011. La domanda di professioni e di formazione delle imprese italiane.

<sup>79</sup> Kersley B, Alpin C, Forth J, Bryson A, Bewley H, Dix G and Oxenbridge S. 2006: Inside the Workplace. London.

was based on a total of 350 telephone interviews of agency workers and 100 telephone interviews with employers. Employers were asked to rank the importance of temporary agency workers to their business on a scale of 1 (not important) to 5 (very important). In production and manufacturing, the highest score (4.35) was for meeting peaks in demands and covering busy periods. The second-highest was to vet staff before permanent recruitment (4.27), followed by helping to keep running costs down (4.14), overall flexibility (3.5), covering short-term staff leave and absences (3.5), allowing the business to try a new business line or working patterns without permanent commitment (3.21) and obtaining access to skills they cannot otherwise recruit (2.66).

For employers in the services sector, the most highly scoring reason was overall flexibility (3.91), followed by vetting staff before permanent recruitment (3.65), covering short-term staff leave or absences (3.56), meeting peaks in demand and covering busy periods, and obtaining access to skills they cannot otherwise recruit (both 2.99), helping to keep running costs down (2.8) and allowing the business to try a new business line or working patterns without permanent commitment (2.63). The report notes that “agency workers are used by employer organisations to deliver an important range of benefits focusing around economic responsiveness and flexibility”.<sup>80</sup>

There is no specific evidence regarding motivation in terms of company size, although the interviewee from the REC noted that smaller companies are more likely to use temporary agency workers to cover periods of staff absence, whereas larger companies are more likely to use temporary working strategically, for example to support the growth of the business in a certain direction.<sup>81</sup>

Another academic study<sup>82</sup> draw on 12 case studies to argue that reasons for temporary agency worker use vary according to whether it is designed to supplement or substitute for permanent staff, with the former likely to be on a lesser scale, and whether it is planned or ad hoc (reactive). Reactive use reflected tight headcount budgeting and more variable demand conditions. This seems to describe the conditions encouraging temporary work in labour-intensive and low-skill sectors such as hotels. According to other case study research<sup>83</sup> temporary agency work was used not just to meet demand fluctuations but to minimise costs.

## 5.2 Main motivations to become a temporary agency worker

Agency workers are a highly diverse group that chose temporary work for different reasons. While agency work is relatively easy to get/find, the search for a permanent job might be a lengthy procedure with an uncertain outcome. For less skilled workers and other groups with difficulties on the labour market temporary agency work might be the only option to find work. For unemployed persons temporary agency work may also be an opportunity to acquire skills and gain work experience to increase their future labour market prospects. To many, agencies offer a “foot in the door” in a particular industry or at a particular employer, possibly opening a way to permanent employment (temp-to-perm transition). Others simply prefer temporary work to other forms of employment for different reasons.

This already indicates that the “main” motivations to start working as a temporary worker very much depend on the individual situation and background, which is also resulting from existing survey results and résumés of findings made at national level.

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<sup>80</sup> Ebenda, p. 13.

<sup>81</sup> This pattern can also be found in Germany. See Bellmann, L.; Crimmann, A.; Kohaut 2012: Zeitarbeit aus betrieblicher Perspektive. In: IAB 2012: Forum Zeitarbeit, Nürnberg.

<sup>82</sup> Stanworth and Druker 2006.

<sup>83</sup> Lai et al 2008.

In France, a number of extensive surveys were carried out that threw a light on different types of temporary agency workers: For example, a cohort study conducted by BVA and Geste for the temporary agency work employer union (PRISME) and the Observatory of the branch interviewed 5,000 temporary agency workers at the beginning of 2009, then twice in 2009 and 2010. The study proposes a typology of temporary agency work workers taking into account their respective profiles and trajectories:

- *Young people leaving school* wishing to develop their professional training or to acquire a first professional experience
- *Workers with a structured professional trajectory* for whom temporary agency work is used to facilitate transitions
- *“Professional temporary agency work workers”* who have built their professional career around temporary agency work
- *Foreign workers* for whom temporary agency work is a means for a better social and professional integration
- *Individuals who have used temporary agency work in order to conciliate a paid job with personal projects* and a will of independence
- *Workers with a low level of qualification* and insecure trajectories who alternate between temporary agency jobs and unemployment

The survey does not quantify however these different trajectories. It can be completed by the work done by the French Ministry of Employment, on the basis of other data. Another study has identified five categories of temporary agency workers, based on their seniority in temporary agency work and their volume of work. 13% are “permanent” temporary agency workers, 42% are “occasional” temporary agency workers, some of them facing a risk of precarity, 12% are “irregular” workers, 16% are “in a process of inclusion” and 17% “recent and intensive” temporary agency workers.<sup>84</sup>

Quite similar results including quantitative results were illustrated by surveys carried out in Belgium: In the beginning of 2012, Federgon commissioned a study on the profile and the satisfaction of temporary agency workers that has suggested five different profiles: the “spring-boarders” (48% of cases), the “extra earners” (20%), the “young professionals” (15%), the “career (re)launchers” (10%) and the “flex professionals” (7%):

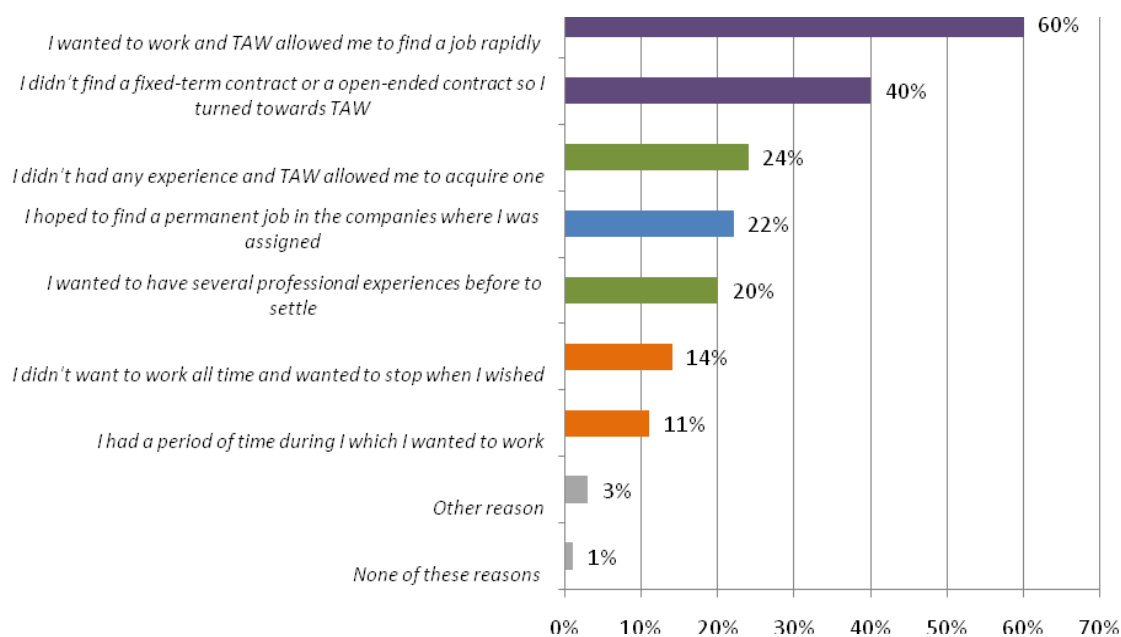
- The main category, the “*spring boarders*”, is active in the temporary agency work industry for the purpose of finding a permanent job. Their profile-type represents a worker between 25 to 45 years old, a blue collar worker, and poorly qualified. Their assignments are mainly in the industry sector and they usually work a longer period in temporary agency work than the majority of TA workers. Most of the time, they were unemployed before their last assignment. Spring-boarders find a permanent job more often than others after their assignment.
- The “*extra earners*” represent workers employed in the temporary agency work industry in order to earn an extra income, supplementing another job. The profile-type represents workers fewer than 25 years or over 45 years having the Belgian nationality, highly qualified and mostly female. Their assignments are mainly in the service sector, to support executive activities, and last usually for shorter period than the total survey population. It is the category of TA workers who receive the least training activities. They are often students, not looking for a permanent job. The extra earners are the most positive workers in regard to temporary agency work.
- The “*young professionals*” are freshly employed in the temporary agency work industry to acquire (first) professional experience. They are young, urban and highly qualified. Their assignments are most of the time the service sector. Before temporary agency work, most of them were students. They receive more training than the total survey population of the study and are more positive towards the temporary agency work industry.

<sup>84</sup> Domens, J. 2011: Parcours des intérimaires: les intérimaires les plus expérimentés ont été moins touchés par la crise de 2008-2009, DARES Analyses, Ministry of Employment.

- The “*career (re)launchers*” choose temporary agency work to re-launch their career. The profile-type is a worker over 30 years, whose previous job had an open ended contract, but was unemployed for a longer time before the last assignment than the global population of the survey. Their assignment is more often in supervision or management duties. As spring boarders, they consider temporary agency work as a springboard to a permanent job, and they actually find a job more often than the global population of the survey. They represent the most critical TA workers in regard to temporary agency work.
- The “*flex professionals*” are active in temporary agency work because of their personal motivation. They enjoy change and do switch often from a short-term assignment to another, frequently through several temporary agencies. The profile-type is a female worker and slightly older than the average. Their assignments are mainly in the service sector. As the young professionals, they choose temporary agency work to conciliate the assignment periods to other activities and are not looking for a permanent job. The flex professionals are the most positives in regard to temporary agency work.

One has to bear this variety of individual backgrounds in mind when interpreting survey results regarding their motivation to take up temporary agency work, e.g. the following results of another larger French survey carried out by the “*Observatory of Occupations and Jobs*”, a bilateral institution of the social partners.

**Figure 15: France: Motivations for taking up temporary agency work, 2011**



Source: *Observatory of Occupations and Jobs, annual survey 2011*

Similar results have been identified by surveys on temporary agency work carried out in the Netherlands. The survey results present a comprehensive picture on different motivations of doing agency work during 2008.<sup>85</sup>

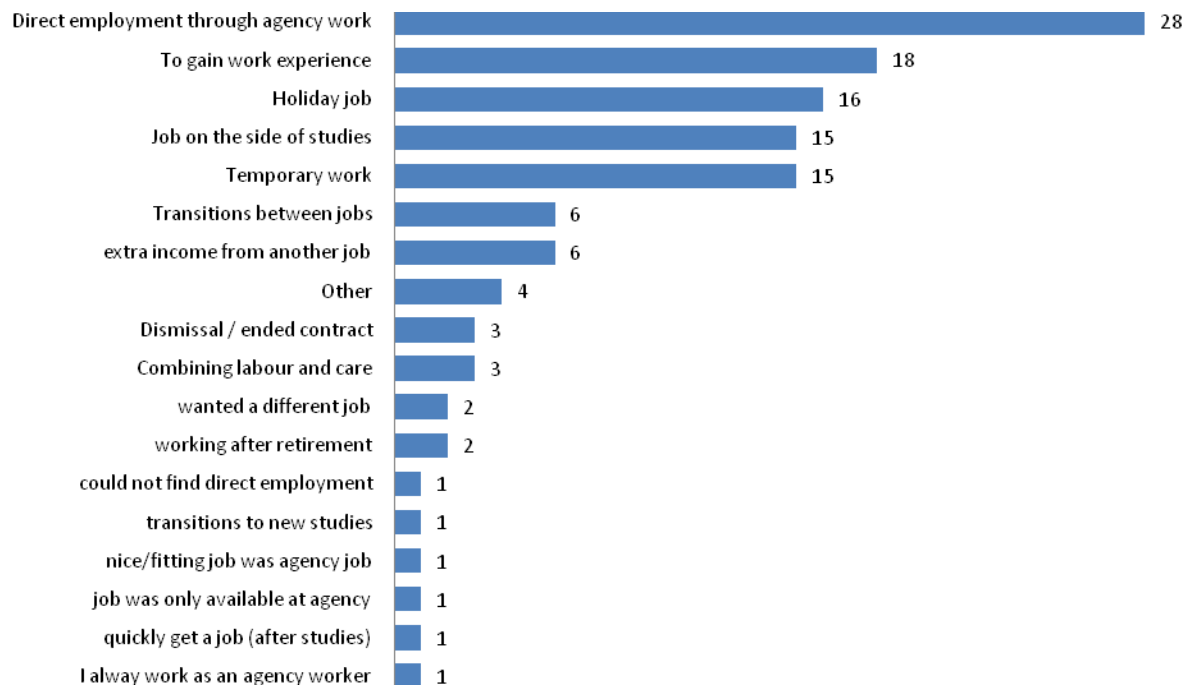
The answer given most is looking for direct employment through agency work (28%). The answers: holiday job, looking for a temporary job, a job on the side in combination with studies and gaining work experience is in each case given by approximately 15% of all agency workers. Gaining extra income from another job is named by 6% of all agency workers, as well as bridging the period between jobs. The

<sup>85</sup> The survey was conducted on behalf of the employer organisation ABU and carried out amongst agency workers in nine large agencies. The survey is based on around 1,000 telephone interviews as well as 7,100 electronic survey responses.



combination of labour and care is a reason for 3% of all agency workers and the same share of respondents named dismissal from a previous job as the main reason to take up agency work.

**Figure 16: Netherlands: Motivations for taking up temporary agency work, 2011**  
(in percentage of respondents, more than one answer possible)



Source: *Ecorys 2009: Satisfaction of Agency Workers, p. 7.*

The results of France and the Netherlands indicate that most temporary agency workers would probably prefer full-time, permanent employment and decided to become a temporary agency worker because this seemed the best way to progress on the labour market.

Though the motivations of temporary agency workers have been studied by quantitative surveys much less in Germany than for example in France, Belgium or the Netherlands, the educational profile, professional status and occupations of temporary agency workers show that the majority of temporary agency employees belong to labour market groups which face difficulties finding a permanent full-time job. Furthermore, research on the motives of temporary agency workers show that temporary agency work is chosen to avoid unemployment or to build up contacts in the hope of finding employment with the user company. The motives to escape unemployment or the lack of alternative employment opportunities were named by 62.9% in a survey on 433 temporary agency workers in 2005.<sup>86</sup> An earlier investigation of 140 temporary agency workers in commerce found out that 80% of these also named these motives.<sup>87</sup> The motives of finding work or limited alternatives are also consistent with the ANÜSTAT, which reports high proportions of formerly unemployed and young professionals in temporary agency work. The motive to work in temporary agency work on a purely voluntary basis is stressed less. However, some workers, particularly women, point out positively that temporary agency work offers varied

<sup>86</sup> Galais, N. 2005: *Arbeiten, Lernen und Weiterbildung in der Zeitarbeit – Eine Befragung von Zeitarbeitnehmer/innen.* – Universität Erlangen-Nürnberg, Lehrstuhl für Wirtschafts- und Sozialpsychologie

<sup>87</sup> Moser, K. 2001: *Zwischenbericht psychologischer Aspekte der Zeitarbeit.* – Universität Erlangen – Nürnberg, Lehrstuhl für Wirtschafts- und Sozialpsychologie.



employment and a choice in duration of employment.<sup>88</sup> In addition, temporary agency work is an alternative for people who have commitments in other areas of life that entail difficulties with a traditional employment relationship, e.g. because they are studying.

According to research findings in the United Kingdom, the main motivation for people to take up temporary and agency work, according to the Labour Force Survey, is that they are not able to find permanent employment; almost 60% of agency workers cite this reason. Only 14% say that they did not want permanent work. Temporary and agency work is thus not predominantly voluntary, according to LFS figures. Temporary work during training or probationary periods is also common but comparatively low, with less than 5% and 2.8% relatively of agency workers citing these reasons.

The 2008 research carried out by the UK government and REC (based on a sample of 350 employee and 100 employer telephone interviews) found that 63% of the sample entered temporary work while they were unemployed, while 39% said that they looked for temporary work while on a career break, 37% said that they had sought temporary work to supplement part-time working, 36% to supplement earnings while in education, and 35% to supplement full-time employment.

While for Italy empirical results on motivations of temporary agency workers and on their perception of advantages and disadvantages of temporary agency work exist (see chapter below), no similar empirical data exist for Germany. This is a quite surprising result of our study: While there are a large number of studies on structural characteristics of temporary agency workers as well as user companies, the aspect of motivations, interests and effects so far has concentrated exclusively on the company side and no scientific attention so far has been paid to the perspective of workers.

### 5.3 Employment and working conditions

#### *The two faces of labour market flexibility*

It is important to stress key characteristic of temporary agency work right at the beginning: Temporary agency work is a form of external numerical flexibility. They provide firms with a flexible, external labour force that can be used for a definite period of time in case of extra capacities needed. In other words it makes it easier to hire workers as well as to fire them.

As described and analysed in many studies, temporary agency work contracts in general are considered as a form of employment that is characterised by more instability than direct open ended<sup>89</sup> employment contracts.<sup>90</sup>

The following dimensions have been highlighted in a recent research study on flexibility and security within the Dutch labour market that summarises major aspects from the point of view of workers: the fear of losing a job; lower income; less access to benefits; unavailability to collective voice as well as diminished opportunities to obtain or maintain skills.<sup>91</sup>

<sup>88</sup> The motive to work as a temporary agency worker in order to enjoy varied employment was named by 28.1% of respondents in the survey of 433 temporary agency workers in 2005. Galais, Nathalie 2005: *Arbeiten, Lernen und Weiterbildung in der Zeitarbeit – Eine Befragung von Zeitarbeitnehmer/innen*. – Universität Erlangen-Nürnberg, Lehrstuhl für Wirtschafts- und Sozialpsychologie.

<sup>89</sup> Here, it should be noted that in particular the Germany employers' organisations have stressed that most temporary agency workers in Germany in fact have an open-ended and direct contract with the agency.

<sup>90</sup> See for example: Pacelli, Devicienti et. al. 2008: *Employment security and employability: A contribution to the flexicurity debate*. Dublin; Kalleberg 2009: *Precarious Work, Insecure Workers, Employment Relations in Transition*. *American Sociological Review* 74 (February): 1-22; Dütsch, M. 2011: *Wie prekär ist Zeitarbeit? Eine Analyse mit dem Matching-Ansatz*. Institut für Arbeitsmarkt- und Berufsforschung, 25 January 2011.

<sup>91</sup> Houwing, H. 2010: *A Dutch approach to Flexicurity? Negotiated change in the organization of temporary work*, Academisch Proefschrift, Amsterdam, p. 106.

Against this basic mechanism, it comes as no surprise that jobs flows and fluctuations in temporary agency work are much higher than in other employment sectors: In Germany for example, the temporary agency work has a fluctuation coefficient (which indicates the turnover rate) of 144.0 while for the overall economy it was only 25.9. The high turnover of temporary agency workers has already indicated that temporary agency work employment contracts are on average quite short as described earlier in this report.<sup>92</sup>

Against this, it is also not surprising that job insecurity is at a top rank in surveys amongst temporary agency workers in regard to main concerns and perceived disadvantages of this type of work. However, on the other side, the possibility to get hired, i.e. to find work more easily is mentioned by most temporary agency workers as the main positive aspect of temporary agency work:

This is confirmed for example by empirical survey results in Italy that investigated major advantages as well as disadvantages of this type of work from the point of view of workers:<sup>93</sup> Advantages include, first and foremost, the possibility to enter the job market. For at least one worker out of five (24.7%), temporary work provides the opportunity to come into contact with the job market for the first time, especially for foreign workers (27.2%) as opposed to Italian workers (24.1%). For immigrants, temporary agency work is a lifeline to help them out of the undeclared work segment. Temporary agency work offers under-qualified foreign workers the opportunity to learn new skills and develop a career, while providing those endowed with greater specialisation to find jobs that are more in line with their skills and working experience matured in their country of origin. An emblematic case in point concerns the professional nurses hired abroad to fill the vacancies that the Italian health system is unable to fill. A second advantage is represented by the possibility to carry out a professionally more satisfying job (11.1%). This consideration is more strongly felt by migrant workers and over-40 years old (12.9%), who have the possibility to acquire new skills through temporary agency work. Other advantages emerging from the study include the possibility to apply with a wide selection of enterprises with lesser efforts (10.7%) and to reconcile work with other requirements and activities (6.5%).

Temporary work, though, is regarded as having no advantage at all for 41.9%. In particular, this opinion is more strongly subscribed by workers who come from jobs with open-ended contracts than by other segments of workers. Temporary agency work is something these workers have been forced into after having lost their jobs or following the closure or restructuring of companies their working in. Nearly 55% among those who six month before starting their first temporary assignment, were employed with an open-ended contract believe that TAW offers no advantage whatsoever (though the alternative would be unemployment). On the contrary, those who were unemployed or worked with non-traditional contracts are more positive with regard to TAW, appreciating the possibility it offers to enter the job market or to carry out a professionally more satisfying job.

Disadvantages, on the other hand, are polarised between job insecurity (64.5%) and low wages (14.9%). 9.4% indicate other aspects as well ranging from relational difficulties at the workplace to uncongenial working hours and lack of security. Some 11.1% of the sample surveyed was of the opinion that TAW offered no advantages.

Job insecurity was the single disadvantage that caused most concern among the younger workers (67.3% of those under the age of 30 years and 53.4% amongst those over 40 years old). Older workers were worried more about the low wages (17.8% of workers over the age of 40 to 15.3% amongst those under

<sup>92</sup> Fluctuation coefficient  $Ft = (\text{entries } t + \text{exits } t/2) / \text{average stock}$ .

<sup>93</sup> Altieri G., Dota F., Piersanti M., Percorsi nel lavoro atipico. Il caso dei lavoratori interinali, Franco Angeli, 2009. L'indagine campionaria ha coinvolto un campione di 1000 lavoratori che avevano svolto un'esperienza di lavoro in somministrazione tra il 2006 e il 2007. L'indagine è stata condotta con tecnica C.A.T.I.

the age of 30 years). This was a concern also shared by foreign workers who came to Italy mainly for economic reasons (21.1% compared to 13.4% of Italians).

The sense of insecurity is strongly connected to the actual duration of the experience of working in a non-standard employment form. For 65% of interviewees who had been working in the TAW job segment for over three years, job insecurity was considered as the most negative aspect. That quota fell to 58.6% for those who had been working in a non-standard position for one year, rising to 73.6% for those who had changed several companies (compared to 60.6% of those who had worked within the same company).

### ***Wages and pay conditions***

Though according to the EU Directive on temporary agency work, there is the general rule of equal pay in regard to temporary agency work, the wage gap between temporary agency jobs and comparable ones in user companies has been an issue that has been or is debated quite controversially in a number of countries, particular in those, which still have to implement the equal pay principle in accordance to the EU Directive.

Against the background of a polarised debate between the social partners on equal pay and on how to implement it as well as a number of cases of malpractice that have been reported widely in the media, the wage issue for example has been top on the agenda in Germany: Here, the pay gap between temporary agency workers and works in permanent jobs has been debated intensively and led to remarkable change in the public debate and a growing consensus in regard to minimum wage standards as a useful instrument to curb increasing wage dumping (not only in temporary agency work). There are a number of quantitative research findings and indicators illustrating the significant pay gap between temporary agency work and permanent work, even if the problems of comparing average wage differences are taken into account (see textbox).

Though results may differ in detail, most studies and empirical surveys carried out on the issue of the pay gap between temporary agency workers and comparable workers at the user company have identified a gap of around 15-20%, whereas wage differentials seem to be higher in manufacturing than in services.<sup>94</sup>

#### **Methodical difficulties of comparing wage levels of temporary agency workers with the overall average**

In most studies<sup>95</sup> wage comparisons are based on average wage and salary differences measured on the basis of mean values. Therefore, they do not take account of all productivity and pay relevant factors that also explain differences between temporary agency workers and others. Also differences in seniority, occupational experience or in working hours per week are not taken into account. However, these aspects have to be taken into account. Therefore, wage differences should not entirely be regarded as resulting from pay inequality between totally equal types of work as carried out by temporary agency workers in comparison to workers in the overall economy. These framework conditions have been taken into account by research that has carried out multi-variant regression analysis in order to reflect in particular differences in labour productivity between temporary agency workers and the general average of all workers.<sup>96</sup> However, even though these research studies conclude that wage differences are resulting to a significant degree from productivity differences, they have identified significant pay gaps.

Though the overwhelming majority of temporary agency workers in Germany is mostly included in the social security system, the lower wage level and the higher fluctuation of employment contracts affect the level of social protection of temporary agency workers negatively because of their dependency on previous earning levels and qualifying periods (especially with regard to demands on pensions and

<sup>94</sup> See for example the following studies: Dütsch, M. 2011: Wie prekär ist Zeitarbeit? Eine Analyse mit dem Matching-Ansatz. Institut für Arbeitsmarkt- und Berufsforschung, 25. Januar 2011; Lehmer, F.; Ziegler, K. 2011: Lohndifferenzial Zeitarbeit. IAB, Nuernberg; Kvasnicka, M.; Werwatz, A. 2003: Lohneffekte der Zeitarbeit. - In: Bundesarbeitsblatt, Nr. 2; Jahn, E. 2009: Frauenlöhne in der Zeitarbeit: Auch Geld ist relativ. IAB Forum 1/2009, p. 38-43; Jahn E.; Pozzolim D. 2011: Does the sector experience affect the pay gap for temporary agency workers? – IZA Discussion paper Series (IZA DP), No. 5837.

<sup>95</sup> For example Bertelsmann 2012, p. 25.

<sup>96</sup> E.g. Kvasnicka und Werwatz, 2003; Jahn, 2010.

unemployment benefits). However, only 95,256 temporary agency workers were marginally employed in June 2011, and thus exempted from social security contributions.<sup>97</sup> Because of low pay, 7.2% of social security contributing temporary agency workers and 11.7% of the marginally employed temporary agency workers actually received additional social benefits from the state in 2011.<sup>98</sup>

In France, as outlined above, temporary agency workers are covered by the equal pay principle, hence temporary agency workers are paid on the same basis as permanent workers. However, as the principle of seniority does not apply for temporary agency workers, they are generally paid at first grade.<sup>99</sup> Thus it is not too surprising that, according to figures on the average monthly revenue per worker per sector (on the basis of administrative files) a temporary agency worker on average in 2011 earns 2,024€ while the average of other sectors was 2,368€.<sup>100</sup>

At the same time it is important to note that being a temporary worker does not entail in itself a lower level of pay, all other things being equal, temporary agency workers do not belong as such to the category of low-wage workers.<sup>101</sup> However, the image changes when one takes into consideration “structure” effects (the fact that temporary agency workers are less qualified and have no seniority) and one does not only take into account wages but the overall work-related income. As income depends on the number of days worked, temporary agency workers often fall below the low-wage threshold or even the working poor threshold.

Also in the Netherlands, the equal pay principle has been legally guaranteed. In addition, the collective agreements between the Dutch social partners not only cover wage but also other conditions of income security, i.e. income from social security and pensions.

The Dutch trade unions have recently agreed with ABU upon a new collective labour agreement, partly starting November 5<sup>th</sup>, 2012 and partly effective from January 5<sup>th</sup>, 2015. The main focus of the agreement is on the principle of equal payment: As the situation is presently that for the first 26 weeks at a user company can be chosen between paying the temporary agency worker according to the ABU CLA payment or payment equal to the similar employee in a similar position at the user company, from January 5<sup>th</sup>, 2015 on only the “equal payment” option will apply. That means all temporary agency workers will at all times be entitled following the equal payment principle. One important exemption is agreed: temporary agency workers in phase C will be paid at all times during phase C according to a salary as defined by the ABU CLA.

Similar to other countries, empirical research has indicated that the wages of temporary agency workers are found to be slightly lower than the wages of employees with an open-ended contract.<sup>102</sup> The negative wage gap according to research results is said to be largely attributed to “qualitative insecurity” of employers in regard to fixed-term contracts in general.<sup>103</sup> Because employers are insecure whether a newly hired worker will be able to perform his or her job up to standard, they initially hire new workers on a fixed-term basis which then functions as extended trial periods. This type of trial period, which became very popular after the Flexibility and Security law in 1999, increased the possibilities for using fixed-term contracts and leads to a lower wage.

<sup>97</sup> For comparison: 820,664 temporary agency employees were subject to social security contributions.

<sup>98</sup> Deutscher Bundestag (2012): Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Beate Müller-Gemmeke und weiterer Abgeordneter und der Fraktion BÜNDNIS 90/DIE GRÜNEN. Drucksache 17/8401 CGZP-Urteil und die neusten Entwicklungen. Drucksache 17/8549, 06.02.2012, p. 8.

<sup>99</sup> Erhel, Lefebvre, Michon, F. 2009.

<sup>100</sup> ACOSS Stats, n° 147, March 2012.

<sup>101</sup> Erhel, Lefebvre, Michon, F. 2009.

<sup>102</sup> Zijl, M. 2006: Economic and social consequences of temporary employment. Academisch Proefschrift.

<sup>103</sup> De-Graaf-Zijl, M. 2009: Compensatie van flexwerkers voor onzekerheid. ESB 94(4561)(29 mei 2009): 340-2.

Apart from these structural differences between wages of fixed-term as compared to wages of permanent employees, the income of temporary agency workers is determined by the Dutch way of implementing the equal pay principle: Here, it is important to differentiate between those temporary agency workers that are paid on the basis of wage levels established at the agencies and those temporary agency workers that are paid according to the wage levels of the user company. As already mentioned above, according to the temporary agency work collective agreement the wage of the user company will always be applied after 26 weeks (unless it concerns skilled workers that receive the same wage from day one). It has to be stressed that this agreement does not apply to secondary employment conditions such as holidays and extra allowances, although additional provisions on application of these remuneration components can be taken up in the collective labour agreement of the user firm. The user firm is always free to apply its own wage system from day one, which in almost all cases entails a wage higher than the wage agreed in the collective agreement.

As the average number of days of agency workers in the Netherlands is less than 26 weeks and often switch between short-term jobs, most temporary agency workers are paid according to the lower wages of the collective agreement and are not entitled to receive the wage of people working directly for the user firm.<sup>104</sup>

With view on pension arrangements the collective agreement of the Dutch social partners regulates that all workers aged 21 and higher who have worked for the agency at least 26 weeks. Agency workers are covered by the pension foundation for the sector, but can also be covered by the pension scheme of the hiring firm. In the most recent agreement implemented in 2009, pension arrangements for long-term agency have been extended.

In Italy, no statistical evidence exists with view on average wages of temporary agency workers in comparison to permanent employees at user companies. However, as a survey carried out by the research institute IRES in 2010 shows, the average income of temporary agency workers is significantly affected by the discontinuity of employment and the frequency of non-working periods: During 2009, 54.9% of interviewees earned less than € 10,000; 37.5% between € 10,000 and € 15,000; while just 7.6% earned more than € 15,000. Workers' perceptions thus reflected the real working conditions experienced. Those conditions actually were worse for lesser qualified workers, for youths and for women, who were even more penalised because they relied more heavily on part-time work. The monthly wages of the temporary agency workers taking part in the survey showed that their pay conditions actually were relatively better than those of fixed-term workers.<sup>105</sup>

Finally, quantitative data on pay and income conditions of temporary agency workers also exist in the United Kingdom though a comparison with other countries is difficult: According to the Labour Force Survey, the gross income of temporary and agency workers was £9.68 per hour or £346 per week in 2011, which is 95% of that of regular employees. The gap between temporary agency workers' pay and that of regular employees has narrowed over the past decade: in 2000, agency workers' income was 85% of that for regular employees, according to the Labour Force Survey. The 2008 survey undertaken by the government also used data from the LFS, and took user company employees with two years' service as a comparator, arguing that temporary agency workers are likely to be relatively inexperienced in their post. It took hourly earnings, finding that overall hourly earnings of agency workers were 94% of the level for all employees with less than two years' service in their company (median wage comparison of £7.00 versus £7.48) in Q4, 2007.

<sup>104</sup> See Houwing, H. 2010: A Dutch approach to Flexicurity? Negotiated change in the organisation of temporary work. Amsterdam, p. 179.

<sup>105</sup> IRES-CGIL 2010: Survey on TWA Italian workers, Rome.

However, much depends on how pay is measured – the TUC believes that the pay gap between agency and user company workers is actually much wider, at around 31%. A TUC survey 2007 found wage differentials of between 61% and 94% (i.e. temporary agency workers' pay was 61% and 94% of permanent workers' pay), depending on occupational and professional category, with an average differential of just under 80%. The largest differential was found among managers and senior officials (61%), narrowing to 94.5% for those in personal services occupations. According to the 2007 TUC survey, temporary agency workers are also in a disadvantaged position when it comes to occupational benefits: The survey states that whilst directly employed workers may receive enhanced occupational entitlements (to annual leave (including bank holidays), sick pay and maternity pay, for example) agency workers are more likely to receive only the minimum statutory entitlements.

Though not one of the focus countries of our study, results presented in a recent research paper based on quite comprehensive statistical data in Sweden may be summarised briefly here, because it also includes a reflection on trend in the development of the wage gap in Sweden during the last decade: Based on individual data from Statistics Sweden's annual register of the population, the study<sup>106</sup> was carried out against a background of a growing debate on the worsening of working conditions of temporary agency workers after the sector was deregulated in the early 1990s even though there are collective agreements covering a large part of the workers in the sector. With view on pay, the study reveals that from a nearly non-existent gap in payment (and a positive wage gap for women) in 2001, both male and female temporary agency workers in 2008 received between 16 and 18% lower wages than all employees on average with smaller wage gaps among less skilled workers and larger gaps in more skilled occupations. According to the study, this trend appears to be explained partly by a lower return/exist of temporary agency workers to higher and/or university education than amongst workers in other sectors.

## 5.4 Health and safety

A study conducted by the Ministry of Employment in France indicated that compared to an employee under permanent contract, temporary agency workers were more often facing a series of work-related constraints, such as a lack of autonomy and collective support, intense rhythms, and no specific preventive measures at the workplace in the field of health and security.<sup>107</sup>

Indeed, as presented by the National Institute for Scientific Research in the field of health and safety at the workplace, many risks factors are associated with temporary agency workers: blue-collar jobs are over-represented, many of them not skilled, a large proportion of workers is aged under 25, the using sectors present many safety risks (construction and industry). According the INRS, more than one third of severe accidents concerning temporary agency works happen in construction, while the sector represents one temporary job out of five.<sup>108</sup> The most frequent professional diseases among temporary agency workers are muscle-skeletal troubles, lower-back pains due to heavy loads, work-related deafness and diseases due to the use of cement (like rhinitis).

Still according to INRS, another factor increasing risks at work is the fact that some temporary agency workers tend to accept hazardous assignments or ones that do not fit with their experience due to the lack of alternatives. Also the short mean duration of assignments (around two weeks) and the existence of very short assignments (one out of four lasts only one day) reduce the time for the worker to familiarise

<sup>106</sup> Andersson Joonas, P.; Wadensjö, E. 2012: A price for flexibility? The temporary agency wage gap in Sweden 1998 – 2008, IZA Discussion Paper No. 6587, May.

<sup>107</sup> Rouxel, C. 2009 : Conditions de travail et précarité de l'emploi, DARES Premières informations, Premières Synthèses n° 28.2.

<sup>108</sup> <http://www.inrs.fr/accueil/situations-travail/travailleurs-particuliers/interimairerisques.html>



with the workplace and to understand and apply the safety measures. In many companies, there is no real reception, training and information organised for temporary agency workers.

A major difficulty today, from a legal aspect, is the fact that user firms do not cover the costs of workplace accidents (it is the temporary agency which is taxed if accidents occur). Hence there is a discrepancy between the employer (the temporary agency) and the responsible actor in charge of securing the workplace (the user firm). A proposition made by the employer organisation is that contributions for workplace accidents should be shared on equal parts between the two contractors (the agency and the user firm).

For Germany, health and safety issues have not been analysed in empirical research and recent studies: Based on data of the 2001 SOEP survey, a study published already in 2003 concluded that temporary agency workers suffer disadvantages relative to employees in the economy as a whole with regard to negative environmental factors, the degree of nervous tension at work, the independence of work design and the potential risk of accidents.<sup>109</sup> At the same time, recent statistical information suggest that quite significant improvements have been made with view on accidents involving temporary agency workers: According to the accident statistics of the Administrative Professions Organisation (*Verwaltungs-Berufsgenossenschaft*, VBG), the accident rate<sup>110</sup> for the temporary agency work industry was 26.1% in 2009, but has been decreasing steadily for years (for example, it was 45.1% in 1998). However, temporary agency work still has 18% higher absenteeism due to accidents than the overall average of employees in all other industries.<sup>111</sup> It should be noted here that this also results from the fact that temporary work assignments often take place in occupations and professions that are characterised by high accident rates.

## 5.5 Work satisfaction of temporary agency workers

As noted in several national studies on the topic, measuring the work satisfaction is an extremely difficult task because satisfaction is resulting from a large variety of structural, environmental as well as individual factors. A recent paper on temporary agency work in Germany highlighted the still existing methodical problems of assessing working and employment conditions, including the issue of work satisfaction:

*“(...) when evaluating employment conditions, one should not focus exclusively on wage levels and quantitative employment effects. In newer labour market studies, soft factors are also considered alongside the investigation of employment effects. It is evident that atypical employment can be quite heterogeneous with respect to job satisfaction and the subjective well-being of employees. For example, there are clearly differences between voluntary part-time work and part-time work that is compelled by unemployment policy or child-care circumstances. We can also expect differences in the appraisal of temporary agency work at different levels of qualification and in different fields of activity. In this respect, the scientific analysis of flexible forms of employment remains in its infancy.”<sup>112</sup>*

These limitations have to be taken into account when interpreting results on the satisfaction of temporary agency workers that have been carried out on the basis of interview surveys in a number of countries:

In Belgium, a survey carried out by IDEA Consult on the satisfaction of temporary agency workers stresses the high satisfaction rate of temporary agency workers: 78% of the polled are satisfied or highly satisfied with working with a temporary agency and 81% would suggest to their family to work in the temporary

<sup>109</sup> Kvensnicka, M.; Werwatz, A. 2003: Arbeitsbedingungen und Perspektiven von Zeitarbeitern. - In: DIW Wochenbericht, vol. 70, No. 46/2003, 13. November, pp. 717-725

<sup>110</sup> The accident rate is calculated as accidents per 1000 insurance relationships.

<sup>111</sup> VBG (2011): Zeitarbeit – Zukunft mit gesunden Beschäftigten. Studienergebnisse zeigen Verbesserungspotenziale. Version 1.0/2011-03

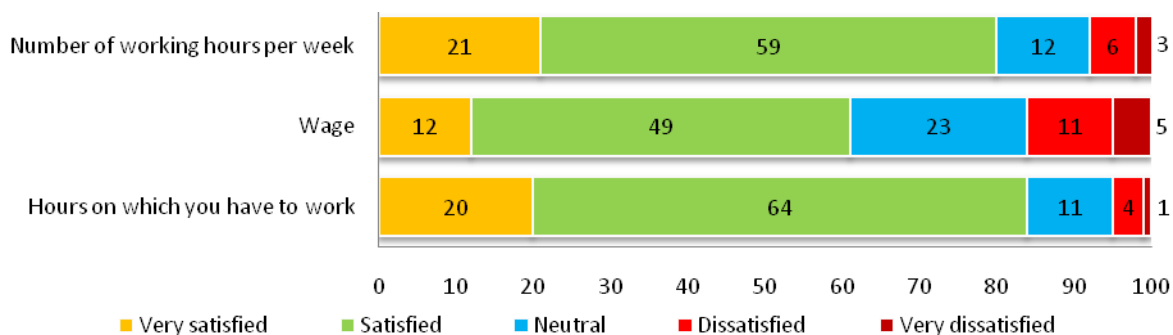
<sup>112</sup> Spermann, A. The New Role of Temporary Agency Work in Germany, IZA Discussion Paper, Bonn p. 41.



agency work business. Furthermore, 80% would like to continue to work in the temporary agency work sector in the near future.

Also according to a survey on the satisfaction of agency workers in the Netherlands,<sup>113</sup> in general agency workers are satisfied with the agency, especially with the contact with the employees of the agency and the way the payment is executed. The speed with which jobs are offered and their suitability of them could be better according to the agency workers. According to the survey, agency workers in general are also satisfied with jobs in the user companies. The work climate and the contact with the employees of the user-company is appreciated as (very) positive by more than 80% of the agency workers. The welcome and guidance given by the user company lead to satisfaction with the majority of the agency workers (79%). One out of five workers would appreciate better guidance. This also applies to the explanation on safety measures. The agency workers are also satisfied about the quality of the work (content of the job, variation in work, amount of stress), but these aspects have a lower score than the average. The most negative scores are on variation of work (16%). With view on working conditions, the survey shows that only a minority of 16% is (very) dissatisfied about the wage, while a quarter has a neutral opinion. This means that 61 % is (very) satisfied about the wage and 39% is not. The working hours and duration of the workweek appears to be according the wishes of the agency workers.

**Figure 17: Netherlands: Satisfaction of agency workers about working conditions**

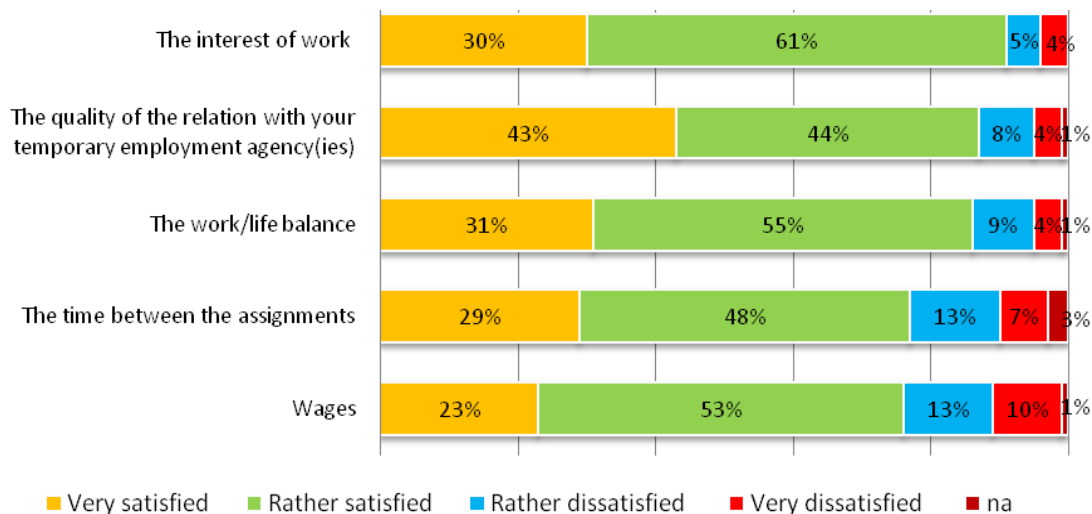


Source: Ecorys 2009: Satisfaction of agency workers.

In the United Kingdom, the 2008 survey of temporary agency workers' pay carried out by REC and the UK government found that 68% of temporary agency workers surveyed (out of a sample of 350) were satisfied with their pay. In terms of general job satisfaction, the 2008 government survey found mixed evidence on satisfaction and well-being of agency workers, which suggests "a fairly complex picture with agency workers having both positive and negative experiences".

In France, a 2010 survey by the bilateral *Observatory of Occupations and Jobs* based on interviews with around 460 temporary agency workers indicated a good satisfaction level from temporary agency workers. 90% of the temporary agency workers interviewed reported to be satisfied with regard to the interest of their work or the relations between them and their temporary work agencies. Three quarters of them are satisfied with the wages earned.

<sup>113</sup> Ecorys 2009: Satisfaction of Agency Workers. Amsterdam.

**Figure 18: France – With regard to your experience in temporary agency work, what is your level of satisfaction about:**

Source: *Observatoire des métiers et de l'emploi, Regards croisés sur l'intérim, 2011*. Sample base: 462 temporary agency workers.

## 5.6 Training and qualification

Against the background of the lower educational attainment and qualification level profile of most temporary agency workers but also triggered by other factors (shortages of qualified labour, equality considerations, compensation for higher mobility), the issue of training and qualification of temporary agency workers has become a topic of increased attention in many countries.<sup>114</sup>

Increased attention also has resulted from empirical research findings that fixed-term and/or temporary agency workers despite their increased needs, are less likely to receive training than workers on a permanent contract.<sup>115</sup>

As existing survey illustrate, training activities in the temporary agency work sector are largely carried out by the agency work sector itself, both with view on own administrative personnel as well as with view on the temporary agency workers. Studies on the situation in Germany show the following:

Training activities in the temporary agency work sector in Germany is still largely limited to company based initiatives only: A survey of 365 temporary work agencies came to the conclusion that for 25% of the surveyed companies training played a major role, for 44% it played a minor role and for 31% it did not matter at all.<sup>116</sup> In 84% of the cases training focused on technical knowledge, followed by classes on personal efficiency and project management (29%) and information and data processing (22%). Another study surveyed 320 temporary agency workers in August/September 2005. It concluded that training

<sup>114</sup> The importance has also been acknowledged by the European Social Partners in the temporary agency work sector who already in 2008 carried out a joint project on "More training opportunities for more agency workers" and agreed on a joint declaration on "Training for Temporary Agency Workers: Joint actions developed by sectoral social partners play a key role in facilitating skills upgrading" that was published in 2009.

<sup>115</sup> See for the Netherlands: Van Velzen, M. J. T. 2004: Learning on the Fly. Worker Training in the Age of Employment Flexibility. Thesis Faculty of Law. Amsterdam, University of Amsterdam; CNV 2007: CNV onderzoek Flex en Zekerheid. Utrecht, Christelijk Nationaal Vakverbond; Houwing, H. 2010: A Dutch approach to Flexicurity? Negotiated change in the organisation of temporary work. Amsterdam, p. 179.

<sup>116</sup> Seidel, S.; Münchhausen, G. 2007: Kompetenzentwicklung in der Zeitarbeit – Repräsentative Erhebung bei Zeitarbeitsunternehmen. – In: Münchhausen, G. (ed.): Kompetenzentwicklung in der Zeitarbeit – Potentiale und Grenzen. – Bundesinstitut für Berufsbildung, Bonn, pp. 137-160

opportunities in temporary agency work are largely limited to safety training, the distribution of information material and the promotion of minor additional qualifications, such as the sponsoring of a forklift license or a welding certificate.<sup>117</sup>

A survey of 346 temporary work agencies in spring 2010 showed that temporary agency workers hardly received further training beyond an initial induction period.<sup>118</sup> The most frequently mentioned training tools were: manuals/instructions from supervisors at work (83.8%) or colleagues (69.9%), on-site employee meetings (76.3%) and legally required instructions on health and safety, (73.4%). The assumption that training increases with increasing duration of employment applies only to academics.

In several European countries individual rights for training and training institutions have been established on the basis of joint social partner initiatives: such bilateral initiatives exist in seven countries: The Netherlands, France, Belgium, Italy as well as Spain and Luxembourg. In Germany, recently a first bilateral fund for further training was established by the chemical workers union and a temporary work agency. Also in Austria, training activities amongst temporary agency workers are fostered by the social partners in the temporary agency work business.

## 6 CONCLUSIONS OF THE COMPARATIVE ANALYSIS

In this first part of the study a comparative analysis of the dynamics and framework conditions of temporary agency work in the European Union has been carried out on the basis of available statistical and other information. The analysis of aspects such as employment dynamics during the last decade, the role of temporary agency work in different national contexts and the evolution and change in legal and other regulatory frameworks has shown that temporary agency work is characterised by a strong dynamic both in terms of employment growth as well as with view on the regulation itself.

However, during the last decade, the number of agency workers in Europe has increased resulting not only from the EU enlargement and the opening up of new markets in Central and Eastern Europe but also from a liberalisation of formerly tightly regulated frameworks for the use of temporary agency work in countries such as Italy, Germany or the Nordic countries. Against this it is not surprising that countries such as Italy, Germany, Finland or Poland have experienced a particularly striking increase in the total number of temporary agency workers as well as in the share of this type of work in total employment. With view on the latter it is important to note that despite the quite modest share of temporary agency work in total employment (estimated by CIETT at 1.6% in Europe in 2010), its share in new jobs and vacancies is much higher and has increased significantly in particular in countries such as Germany, France or Italy.

When analysing the development of the penetration rate of temporary agency work both at the EU average as well as in national contexts, the strong cyclical nature of temporary agency work becomes evident: After a slight decrease in the beginning of the last decade the share in overall employment has been continuously growing until the 2008 economic and financial crisis when the employment figures slumped much stronger than overall employment, before it started to increase similarly sharply at the end of 2009 and in 2010. As national figures illustrate, temporary agency work can also be regarded as a barometer of economic and employment change: it anticipates phases of growth and decline.

<sup>117</sup> Galais, N.; Moser, K.; Münchhausen, G. 2007: Arbeiten, Lernen und Weiterbildung in der Zeitarbeit: Ein Befragung von Zeitarbeitnehmern/-innen in Deutschland, in: Münchhausen, G. (ed.): Kompetenzentwicklung in der Zeitarbeit – Potentiale und Grenzen. – Bundesinstitut für Berufsbildung, Bonn, pp. 161-178.

<sup>118</sup> Lehmann, C.; Ratzmann, M.; Bouncken, R.B. 2010: Erhebung Mittelständische Zeitarbeit 2010. Ergebnisbericht. BMBF-Projekt: Flex4Work, BaRoS – Bayreuth Reports on Strategy, No.1 – 2010, Berlin/Bayreuth, p. 8

Our comparative analysis of the EU27 has shown that temporary agency work is regulated very heterogeneously across Europe. A first striking difference regards the maturity of the sector: While countries such as the Netherlands, Denmark, Germany, France, the UK or Belgium have established specific frameworks and regulation for temporary agency work already in the 1960s or 1970s in most of the other European countries legal frameworks have been established only recently and in most of the EU countries only during the last decade. With view on the latter, the EU Directive on temporary agency work clearly had a strong impact on legalising this form of work and defining certain rules with view on workers, agencies and user companies. But also in countries where legal frameworks exist already for a longer time, the EU Directive had its impact, in particular with view on lifting existing restrictions (both on sectors as well as on assignments and contracts).

However, though certain trends of conversion may be identified, the differences in legal and other regulations still are striking as the synoptic overview in the annex of this report illustrates, for example with view on contracts (fixed-term or open-ended), limitations on the maximum number of assignments or occupations/activities were still restrictions are in place.

The comparative analysis of available information regarding the profile of temporary agency workers in Europe reveals both differences between countries (e.g. regarding the share of female/male workers in temporary agency workforces as well as common features such as a generally high share of younger workers as well as a common trend of an increasing share of older workers. In general the comparative analysis illustrates that the specific role and structure of temporary agency work within the labour market is determined very much by the respective national framework conditions as well as labour market policy contexts. For example, the high share of young temporary agency workers in countries such as the Netherlands or Belgium is resulting from a high share of people in education that work as temporary agency workers, while in other countries young people in education do not use this type of work in order to earn additional money but rather choose other forms of contractual arrangements (e.g. minor jobs).

Also the sectoral structure of temporary agency work in Europe reflects national peculiarities such as the role of industry in overall employment or existing national restrictions of temporary agency work in sectors such as construction or public services.

At least if students are excluded from the analysis a common feature of temporary agency workers in regard to educational attainment is the high share of workers with a low or medium educational attainment and workers that come from “target groups” that also face difficulties on the labour market (such as older people, people with a migrant background or disabled people) within the temporary agency workforce in Europe. For example in France or Germany, according to national figures, unskilled workers have a share of more than 1/3 of the temporary agency workforce and in the Netherlands it is reported that around 30% of the temporary agency workforce is belonging to a target group that faces difficulties in finding direct employment.

Our analysis has shown that it is extremely difficult to compare data and information on working time, average lengths or numbers of assignments in user companies across Europe: As these data are not systematically gathered by public authorities the available information is based on information provided by national employers organisations in the temporary agency work sector and the method of calculations and statistical information is not always clear and hardly comparable. However, available data allow for some general conclusions in regard to the average working time of temporary agency workers as well as the character of assignments: With view on the average hours worked by temporary agency workers, there seem to be two general models: In most countries for which data exist, temporary agency workers annually work significantly less hours than average employees. This is particularly striking in countries such as Belgium, France or the Netherlands which also are characterised by short-term assignment of less than one month. While also Italy is characterised by a high share of short-term assignments, the annual

average working time is much higher. These differences may be explained by the high number of people in education working (on a part-time) basis also as temporary agency workers in Belgium, France and the Netherlands in contrast to a different role of temporary agency work in Italy and other countries (e.g. Sweden or Germany where both average annual working hours as well as the share of longer-term assignments are much more widespread).

The differences in the individual profiles of temporary agency workers illustrate also that the workforce of this sector is far from homogeneous. Despite certain features, national analysis and surveys as they have been carried out for example in France or Belgium indicate that certain 'typical' agency workers exist: According to the French and Belgium studies the most numerous group of course are consisting of those who use temporary agency work in order to improve the chances to find direct employment ("*springboarders*") which for example in Belgium make up around 50% of the temporary agency workforce. Also for other groups that have been identified, temporary agency work is regarded as a temporary form of employment such as "*young professionals*" or "*career-relaunchers*" while national studies also have identified groups that deliberately choose temporary agency work as the preferred way of working such as "*flex-professionals*" or "*extra earners*" (these two groups are estimated at around 27% of the temporary agency workforce in Belgium).

Two further aspects that have been analysed with view on temporary agency work in the European Union from a comparative perspective in the first part of this study were industrial relations and collective bargaining as well as working and employment conditions.

With view on industrial relations as well as the role of social dialogue and collective bargaining our comparative overview shows that the situation and practice in the temporary agency work sector in Europe very much mirrors the broad groups or "models" of industrial and labour relations in Europe that have been identified by industrial sociologists and other researches already. The two major models – social dialogue driven/influenced frameworks of industrial relations on the one hand and market driven practice of industrial relations on the other hand – are reflected for example in the fact that in a group of approximately one dozen of EU countries, social partners in the temporary work sector are involved in the negotiations and bargaining on labour and working conditions above the micro/company level with a clear mandate for collective bargaining while on the other hand in around 15 countries bargaining is taking place only at the micro level by company based actors with social partners and bargaining at sectoral or cross-industry generally having only a weak influence on working and employment conditions.

While the regulation of employment and labour relations in the temporary agency work sector also replicates other features of industrial relations systems in Europe, in particular the strong role of legislative/state driven practice in some countries, the temporary agency sector also is characterised by a certain specificity of collective bargaining: Apart from the three main levels of intervention and regulation in this context that also characterises other sectors (company level, sector level and cross-industry level of bargaining and dialogue) a fourth level results from the dual employment relationship of temporary agency workers with the agency on the one hand and the user company on the other: A number of examples in our study show that temporary agency work including its use and labour and working conditions is regulated by collective bargaining agreement in other sectors, e.g. metalworking, construction or public services. In this context, the important question emerges, who should represent temporary agency workers. While in all European countries the temporary agency industry today is represented by own professional organisations, the landscape of trade union counterparts is much more heterogeneous: While only in some countries (most notably Italy) own trade union organisations have been established, the main actors on the union side are either sectoral unions or cross-industry federations or both (e.g. in Germany, where both the DGB confederation is involved in collective bargaining as well as the industry unions).

The comparative review of employment and working conditions of temporary agency workers in Europe illustrates strongly the positive impact of an active role of social partners and collective bargaining in regulation and practice: Here, the national examples such as the Netherlands, France, Italy and also Belgium illustrate not only a strong influence of social dialogue and bargaining on regulatory framework conditions that are shaped significantly by collective and/or tripartite agreements but also have resulted in initiatives and concrete action to improve working and employment conditions that go beyond wage and working time regulations. Striking examples here are the bilateral funds that have been established in those countries for the purpose of monitoring compliance with regulation and collective agreements, providing for equal treatment and equal pay as well as additional social benefits/security and/or fostering further training and qualification of temporary agency workers.

Though our knowledge and information on concrete effects collective bargaining outcomes and bilateral initiatives on working and employment conditions is very limited due to a lack of solid evaluations, available (descriptive) surveys on work satisfaction of temporary agency workers and the quite positive results of surveys as carried out in countries such as the Netherlands, France or Belgium indicate that there is a real impact.

This comes not as a surprise as despite all differences between the countries mentioned above there is one common theme or motive behind bilateral funds and other initiatives such as the Dutch phase system or the French “flexibility premium”: To better combine flexibility and security in employment policy, i.e. to improve employment and social security amongst the group of temporary agency workers.

And this brings us to the question of labour market transitions as employment security (in contrast to job security) very much is driven by the possibility of labour market transitions as well as the question whether these transitions “pay”<sup>119</sup> or not.

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<sup>119</sup> In the sense of the EU Employment Committee’s objective of “making transitions pay”. See: The Employment Committee 2010: Making transitions pay - EMCO Opinion; Council of the European Union. 7. October 2010.

**PART B:**  
**CASE STUDIES ON THE ROLE OF  
TEMPORARY AGENCY WORK FOR  
DIFFERENT FORMS OF LABOUR MARKET  
TRANSITIONS: FACTS AND FIGURES  
AND RESEARCH EVIDENCE**



## INTRODUCTION AND OVERVIEW

### 6.1.1 Temporary agency work and labour market transitions

The basic aim of this part of the report is to gather existing research results as well as practical examples and experience on the role of temporary agency work with view on different forms of labour market transitions. As in the first part of this report, a special attention will be paid to the role of social partners in this context, i.e. how they contribute to frameworks that facilitate transitions in the labour market via temporary agency work and/or an improvement of employment security of temporary agency workers.

The potential of temporary agency work to foster and support transitions into and within the labour market has been an important source of legitimacy and acceptance of temporary agency work in Europe and also serves as an important rationale of the Directive on temporary agency work.<sup>120</sup>

Based on evidence from the six focus countries and relevant research results this part will summarise existing evidence for the argument that temporary agency work is beneficial to unemployed workers, because it provides them with opportunities and functions as a “bridge” to gain work experience and acquire human capital, to deepen the attachment to the labour market, and to search more effectively for other employment opportunities. Apart from this bridging function it is argued that temporary agency work can serve as a “stepping-stone” into direct and open-ended employment.<sup>121</sup>

A central point for the acceptance of temporary agency work as a specific form of employment in Europe is the bridging effect of temporary agency work for people out of work and/or disadvantaged groups entering the labour market. This could also be extended to other groups newly arriving on the job market, such as people after a family-related break or after training. Also with view on target groups such as workers with a migrant background, people with low educational attainment, handicapped people or older workers temporary agency work is regarded today as a bridge and stepping stone that supports labour market integration.

And it is against these positive effects of temporary agency work on labour market transitions from unemployment to work and into direct employment that compensate for some challenges, arguing that the integration effect is to be valued higher.<sup>122</sup> As described in the earlier parts of this report, the idea that temporary agency work would support labour market access, integration and job creation has been an important legitimisation in countries such as France, Belgium, Italy or Germany to lift existing barriers and restrictions for temporary agency work.

The role of temporary agency work for supporting the transition from unemployment to work has also been highlighted by the European sectoral social partners in the temporary agency work sector in their joint declaration on flexicurity in 2007. In particular the potentials to create pathways between unemployment and employment and the role of temporary agency work in facilitating transition between education and work were highlighted by the EU sectoral social partners in this context. Above that, the general role to smoothing transitions in the labour market and the promotion of conversions between temporary work and direct employment was highlighted in the declaration. Finally, the sectoral social

<sup>120</sup> This assessment of course does not ignore or question the fact that there are also groups of workers amongst the temporary agency workforce (e.g. students) that do not look for a permanent (full-time) job.

<sup>121</sup> It should be noted here that in accordance to a number of research studies we use the terms “bridge” and “stepping stone” to describe different forms of transitions: While the „bridging function“ of temporary agency work refers to the transition from unemployment to work, the „stepping stone function“ refers to further transitions, e.g. from temporary to permanent work or from temporary agency work to direct employment at user companies.

<sup>122</sup> See for example: Weinkopf, C. 2010: Benachteiligungen von Leiharbeitskräften abbauen: Stellungnahme zur öffentlichen Anhörung des Bundestagsausschusses für Arbeit und Soziales zum Elften Bericht der Bundesregierung über Erfahrungen bei der Anwendung des Arbeitnehmerüberlassungsgesetzes (17/464) und zu den Anträgen der Fraktionen von SPD (17/1155), BÜNDNIS 90/ DIE GRÜNEN (17/551), DIE LINKE (17/426) am 28. Juni 2010. Aktuelle Stellungnahmen aus dem Institut Arbeit und Qualifikation 2010-03, IAQ- Standpunkte 2010-03, 30.06.2010.

partners stressed the potential of temporary agency work to improve the balance between life and work and the positive role of social partners practice in developing positive frameworks for policy and practice, e.g. by establishing bipartite training and social funds.

Indeed, and as will be shown throughout this part of the study, we think that the positive effects of temporary agency work for supporting labour market transitions depend on several factors and are affected by certain context factors related to the profile of temporary agency workers (that differ from country to country, sector to sector and even region to region) as well as institutional and other framework conditions of temporary agency work itself, namely the access to resources (financial, training) and rights in the field of employment security and social security.

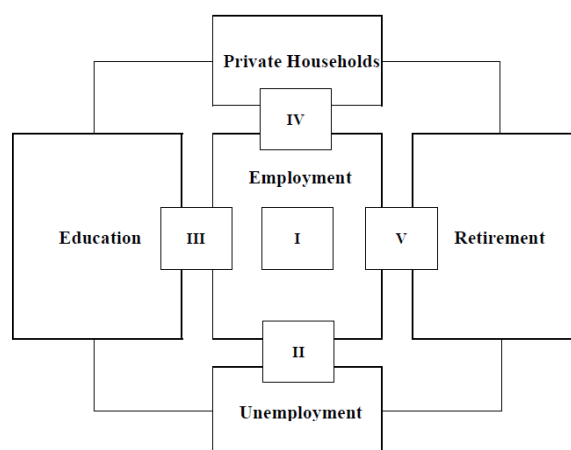
Before starting to reflect on the role of temporary agency work, some remarks on the notion of labour market transitions and its background seem to be useful:

The theory of labour market transitions extends the concept of work beyond the understanding of regular full-time employment that is covered by social security to a new understanding of employment resulting in a flexible scheme which includes secured transitions between different types of employment and working time arrangements and between paid work and other social or personally beneficial activities (such as education, child care, unpaid cultural, political, and social work). Transitional labour markets function as bridges or interface between different types of work and make the connection between work, income and social security. The starting point of the life-cycle oriented concept of transitional labour markets are five transitions:

- transitions within the labour market, e.g. between fixed-term and full time employment, between dependent and self-employed work or between different economic sectors;
- transition between unemployment and employment;
- transition between education and work;
- transition between activities out of work and employment; and
- transition between employment and retirement or vice-versa.

The following figure is summarising these five types of labour market transitions.

**Figure 19: Five types of labour market transitions**



Source: Schmid, G. 1998: *Transitional Labour Markets: A New European Employment Strategy*, WZB Berlin, p. 12.

In the following chapters we present cases studies that by and large reflect this typology of labour market transitions from the angle of temporary agency work: The first case study gathers existing research results as well as available facts and figures on the transition between unemployment or inactivity and work. As will be shown, this topic is closely connected to a second form of labour market transitions, the issue of

transitions between temporary and permanent employment which has been an important aspect of research as well as debates on temporary agency work. This will be addressed in the second case study.

In contrast to these two forms of labour market transitions, other topics of labour market transitions that are covered by this study have been studied so far with far less intensity: Education to work transitions (case study 3) as well as the role of temporary agency work to support labour market transitions of specific target groups (e.g. persons with a migration background, long-term unemployed, older workers) which is addressed in case study 4 and the role of temporary agency work for fostering skills development and professional mobility of temporary agency workers in general (case study 5).

Finally, case study 6 addresses and resembles the role of social partners and collective bargaining to foster the role of temporary agency work as a facilitator of labour market transitions, focussing both on bilateral initiatives and practice (e.g. the establishment of bilateral funds and other outcomes of collective agreements) as well as unilateral initiatives in the field of temporary agency work.

### 6.1.2 Methodical difficulties

This draft report presents results from existing literature on the different types of labour market transitions and the role of temporary agency work. Before doing so, some general methodical comments and notes seem necessary regarding the difficulty to analyse transitions on the labour market both from the perspective of a specific national case and even more from a comparative perspective:

A first difficulty is that there is no (one) single simple measure of job transitions and that the existing statistics have certain limits. The fact that some temporary agency jobs lead to standard jobs while some others do not, is limited information according to statisticians: In fact, the very relevant issue is to know what would have been the counterfactual persons' career path/plans in the absence of a temporary agency job. Another technique is to compare the effect of temporary agency jobs on unemployed persons, but also there are many 'composition' effects or factors that are hard to control, first of them the fact that the ones who choose to work under temporary agency work for instance are not the same that the ones who do not. From a statistical point of view, it is not only the passage in a specific employment contract such as temporary agency work that matters, but also its duration or its frequency. Finally, if some individual characteristics can be observed and controlled (such as sex, age, qualification level etc.), others are much harder to control (e.g. occupational experience) or cannot be measured (such as individual efforts) but are key factors for people's career paths in the labour market.

This fundamental methodical evaluation problem and the fact that only a few surveys on labour market transitions and the role of temporary agency work have been carried out that try to avoid and solve this methodical problem has been stressed by a number of researchers in different countries, e.g. for Germany. With view on studies on the stepping stone effect of temporary agency work, the author describes this problem as follows:

*"(...) it is by no means certain that the workers who are being compared are actually comparable. Indeed, it is crucial to take into account that temporary agency workers tend to represent a negative selection of all workers – a higher proportion of temporary agency workers, for example, were previously unemployed."*<sup>123</sup>

Against this, it is extremely difficult to assess and compare labour market transitions and the role of temporary agency work from a cross-country perspective: There are not only methodical differences between research in different countries but also differences in the profile of agency workers, as well as within the regulation of labour market policy and flexible forms of work that hardly make it possible to compare empirical results, e.g. on the stepping stone effect of temporary agency work.

<sup>123</sup> Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper, Bonn, p. 18.

## 1 CASE STUDY: “THE TRANSITION FROM UNEMPLOYMENT TO WORK”

### 1.1 Overview

As already stated in this study, the role of temporary agency work in the transition from unemployment to work is widely accepted. At least part of the acceptance in society of temporary agency work has to do with the belief that agency work has a bridging function for unemployed people.<sup>124</sup>

The important and – also in the light of the recent labour market crisis in most European countries – growing role of temporary agency work in job creation and fighting unemployment has also been acknowledged by policy makers and labour administrations throughout Europe by increasing cooperation between public and private labour agencies (e.g. in Belgium, the United Kingdom, the Netherlands, France or Germany) with view on job placements and other services as well as by the lifting of existing limitations of temporary agency work for certain target groups amongst unemployed people (e.g. France, Belgium or Italy).

But not only from the perspective of labour market policy, the role of temporary agency work for facilitating transitions from unemployment to work is a prominent one: Also from the point of view of individual agency workers, temporary agency work often is regarded as the best (or only feasible) way to find work due to skills deficits, low qualification levels or a lack of professional experience. This is illustrated by several surveys already described earlier in this report and the high share of those temporary agency workers who state that the main motive of taking up temporary agency work was to find a job. As we will see below in more detail, this characteristic is matched by high shares of temporary agency workers in all our focus countries that where unemployed before or never worked:

- In countries such as France and Italy it is reported that more than 40% of temporary agency workers were unemployed before;
- According to German figures, in 2011 around 57% of all people starting temporary agency work were unemployed before and an additional 8% have never worked before;
- Though in the Netherlands and in Belgium the share of those temporary agency workers that had been unemployed before is lower (around 30%), this mainly results from the fact that temporary agency work in both countries is characterised by a high share of students;
- Finally, though no official figures exist for the UK, surveys carried out by the government in cooperation with the temporary agency work industry suggest that slightly more than 20% of the temporary agency workers were out of work before starting as an agency worker.

While these figures and quite a number of empirical research results highlight the important role of temporary agency work as a bridge into work, a number of open questions are arising in this context, in particular with view on the efficiency, quality and sustainability of temporary agency work as a bridge into work in comparison to alternative routes: How can the bridging function be measured and assessed? Are people (re-)entering the labour market via temporary agency work more likely to move to other employment opportunities than those using other routes? Are certain groups benefitting more from taking up temporary agency groups than others? Research results here are much more limited and face methodical problems as will be exemplified below.

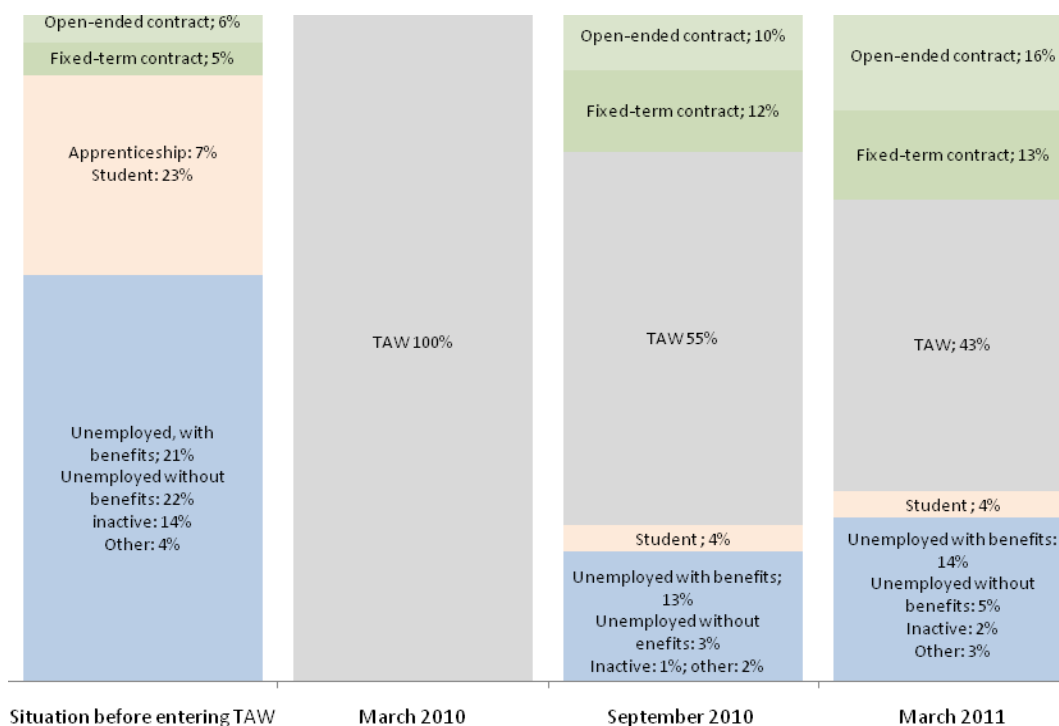
<sup>124</sup> See Denys, J. 2007: The role of agency work in a transitional labour market, Itinera Institute Nota, 2008/43, p 8.

## 1.2 Facts and figures

Most quantitative studies that exist on the bridging function of temporary agency work are based on the ‘timing of events’ approach, i.e. the longitudinal analysis of the career of temporary agency workers at certain stages before and after temporary agency working. This model specifies the transition rates from unemployment to temporary agency jobs as well as transitions from temporary agency work to unemployment, employment (either temporary or permanent work) or other situations.<sup>125</sup> As this approach is not only focussing on the transition from unemployment to work but also is relevant for other forms of transitions (in particular the transition from temporary to permanent employment but also the transition of certain target groups) we are concentrating (precisely looking at the aspect....) here in the aspect of temporary agency work as a bridge out of unemployment.

A typical approach illustrating the bridging function as well as the methodical limitations of studies based on the career paths of individual temporary agency workers are surveys that are regular carried out by the bipartite Observatory of Occupations and Jobs in **France** on the trajectory of temporary agency workers: In a survey carried out by the bilateral “*Observatoire des Métiers et de l’Emploi*” that has been based on interviews with 1,000 persons who had been working as temporary agency workers at least once in March 2010, the origin and transition of this group of temporary agency workers was analysed.<sup>126</sup> Before temporary agency work, these workers experienced different forms of employment. Very interesting is the fact that two thirds of them have experienced either a fixed-term contract or an open-ended contract before working under temporary agency work. One year after their passage in temporary agency work, 29% of the interviewees had found a job, either on open-ended contract (16%) or fixed-term contract (13%). The employment rate was of 22% six months after the time of reference. The proportion of people under temporary agency work as the main occupation decreases to 43% one year after.

**Figure 20: Trajectories of temporary agency workers in March 2010, 2010-2011**



Source: *Observatory of Occupations and Jobs, annual survey*

<sup>125</sup> See Zijl, M. 2006: Economic and social consequences of temporary employment. Academisch Proefschrift, p. 25.

<sup>126</sup> Observatoire des Métiers et de l’Emploi 2011 : *Regards croisés sur l’intérim*, Juillet.

The surveys of the *Observatory* are serve as a reliable source as they have been repeated several times in the last ten years and allow a comparison of the employment rate of the cohorts interviewed one year after their passage in temporary agency work from a longitudinal perspective (for more details see case study on transitions into permanent employment).

While these results indicate a bridging effect of temporary agency work, it has to be noted that they are only descriptive and do not allow for any conclusions whether or not these workers would have found a job in the absence of an experience as a temporary agency worker.<sup>127</sup>

The methodical weaknesses of descriptive surveys have been addressed by quantitative studies that have been carried out in Germany as well as in the Netherlands, where large quantitative surveys have been carried out using statistical datasets from employment and social welfare administrations:

For the **Netherlands**, results from a larger quantitative study based on a survey population comprising all non-working jobseekers who found work in the period of 2001 – 2005 following registration with the *Dutch Centre for Work and Income* (CWI) is interesting here: The survey involved more than 1.7 million returns to work by more than 1.2 million people in the period mentioned above.<sup>128</sup> The study shows that annually around 350,000 people return to work after being registered at the CWI. Around one third found work through a temporary employment agency: Between 2001 and 2005 the percentage of temporary agency jobs amongst CWI clients who returned to work was quite constant at 33%.

The study shows that temporary employment agencies recruited relatively more amongst the non-working work seekers than from the total labour market supply (working or non-working people, whether registered at the CWI or not). Furthermore, the survey shows that those job-seekers who return to work through a temporary employment agency are more likely to re-register with CWI again than those job-seekers who return to work and were employed directly by the employer (twice as often) but register for a relatively shorter period and find work again sooner.

With view on the function of temporary agency work as a bridge into employment it is important to highlight the differences between CWI clients who return to work via temporary agency work and those who find direct employment: A higher than average number of CWI clients who find work through a temporary employment agency following mediation are aged 30 or younger, have a low or intermediate level of education, are male, have an ethnic minority background, are unmarried and live outside the economic strong "*Randstad conurbation*" of Western Holland. In contrast, a higher than average number of CWI clients who found direct employment are aged 40 or older, well educated, married and have been registered as job seekers for at least three months. This means that those people returning to work via temporary agency work are more often belonging to target groups that face more difficulties of find direct employment and avoid becoming unemployed again/facing re-registration with the CWI during a certain period of time.

Against this, the conclusions and results of the survey amongst CWI clients are not surprising: Certain groups of CWI clients, such as those with a low level of education and those from an ethnic minority background, tend to use temporary agency employment more often than others as a means of returning to work. This group is more likely to change job in temporary agency employment or direct employment and is also more likely to re-register as unemployed at the CWI. However, the length of time that the people concerned are registered is also shorter than average because they find a new job relatively quickly. Some of the new jobs they find are as temporary agency workers but a substantial number of them also find direct employment. Major results of the study are illustrated in the table below:

<sup>127</sup> A more in-depth analysis would be interesting in order to know the real influence of the TAW experience, compared to the influence of other factors (such as the level of qualifications, the local labour market, etc.).

<sup>128</sup> Heyma, A. /van Klaveren, C. 2008: Temporary employment versus direct employment: career comparisons of CWI clients, SEO Economic Research, Amsterdam.

**Table 7: Netherlands: Transition from unemployment to work: Temporary agency employment versus direct employment within the period 2001 – 2005**

After 30 months:	CWI clients returning to work through a temporary employment agency	CWI clients returning to work through direct employment
Still in work	62%	70%
In direct employment	46%	66%
Temporary agency work	16%	5%
Average number of jobs held	3.1	1.6
Renewed registration at CWI	31%	28%

Source: Own, based on Heyma/van Klaveren and Oosterwaal, Leonie 2010: Agency versus direct employment. Career comparisons of CWI-clients, Powerpoint presentation summarising the study.

The figures presented<sup>129</sup> here are confirming other sources and data: For example according to the 2010 inflow study of ABU, of all the temporary employees who started temporary work in 2008, 71% were still in employment in the year after, while 29% were not in employment.

While the Dutch study summarised above does not allow to quantify the bridging effect of temporary agency work in contrast to other routes into employment, studies carried out in **Germany** also based on larger samples of data have tried to do so and tried to identify differences between persons finding or returning to work through temporary agency work in contrast to other groups on the labour market:

As already highlighted in the comparative study report, as in other countries, temporary agency work in Germany is often used by people because alternative employment routes are lacking. This is confirmed by the statistics of temporary agency work (ANÜSTAT) that documents a high proportion of (formerly) unemployed, but also young professionals among temporary agency workers: As the following table illustrates, the largest proportion of temporary agency workers in 2011 was not previously employed (65.3%), including a share of more than 10% of new entrants in temporary agency work being unemployed for more than a year. This shows that temporary agency work is an option for the long-term unemployed or people who are looking to re-enter the labour market after a long break (e.g. parental leave). As the table below illustrates, both the share of temporary agency workers having not been employed before has been relatively stable during the last decade but stands in sharp contrast to the situation in 1980 when most of temporary agency workers have been in employment before.

**Table 8: Germany: Labour market status of temporary agency workers before entering current temporary agency work relationship**

Labour market status	1980°	2000*	2011*
previously employed	59.0	37.3	34.7
– among which worked at another temporary agency work agency	N/A	10.8	9.8
previously not employed	41.0	62.7	65.3
– among which never employed before or inactive for more than a year	12.9 5.8	8.0 10.9	8.3 10.2

°= Information based on the first half year of 1980; \*= Information based on 30<sup>th</sup> of June of each year

Source: Arbeitnehmerüberlassungsstatistik (ANÜSTAT)

Furthermore, 8.3% of temporary agency workers had never been previously employed, pointing to the high relevance of temporary agency work for young professionals or students.<sup>130</sup> And finally, in the first

<sup>129</sup> ABU 2009: Inflow Survey, 2009 edition, p. 11.



half of 2011, 34.7% were working immediately before entering temporary agency work, with shares decreasing over time (2000: 37.3%, 1980: 59%). For the most part, the temporary agencies workers that were employed before working in temporary agency work come from re-training initiatives, had fixed-term contracts, or were employed by another temporary work agency (9.8%).

In the following, a series of studies are presented that have dealt with possible bridging functions of temporary agency work. Similar to the French and Dutch studies, the German surveys are analysing the status of workers before and after working as temporary agency workers.

Based on a large sample of individualised data (SIAB database of the federal labour agency<sup>131</sup> the authors came to the conclusion that, of the 25% of temporary agency workers who were predominantly unemployed in a two years period before working in temporary agency work, 6.9 % were working continuously outside of temporary agency work two years later, 10.1% were mainly employed outside of temporary agency work but with short spells of temporary agency work and/or unemployment, 25.4% were still working in temporary agency work and 32.3 % were mainly unemployed.<sup>132</sup> When compared to a matched unemployed control group that did not experience temporary agency work<sup>133</sup>, a bridge function of temporary agency work for the long-term unemployed becomes visible. While in the first 180 days after (the 2nd quarter of) 2006 no difference evoked between the two groups, 270 days later significant positive effects resulted: The chance of being employed was 11 % higher for those who had been working as temporary agency workers than for those who had not. 365 days later (or one year) the chance increased to even 17 %. However, the employed of the treatment group were mainly still employed in temporary agency work. Commenting on these results and the bridging function of temporary agency work, the authors state that:

*“for former unemployed persons, temporary agency work is not a broad bridge but rather a narrow baulk that leads out of unemployment into employment outside the temporary agency sector”<sup>134</sup>*

These results are replicated in a recent publication that also uses SIAB of 2008 and concludes that the chances of an unemployed person that take up temporary agency work to stay in employment after 24 months is 17–24% higher than for a person belonging to a control group which did not take up temporary agency work.<sup>135</sup>

Another study by the same authors and additional researchers from 2009 worked with a very similar method but used 2004 as a reference year and several more sub-categories in the employment history of temporary agency workers. This study showed that, for the group categories which were (at least partly) regularly employed before taking up temporary agency work (19.3%), the percentage 180 days after did not change much (19.1%). However, the four groups that had a low affinity to the labour market (e.g.

<sup>130</sup> Bundesagentur für Arbeit 2012: Arbeitsmarkt in Zahlen – Arbeitnehmerüberlassung: Leiharbeiter und Verleihbetriebe. 1. Halbjahr 2011; Nürnberg.

<sup>131</sup> The Sample of Integrated Labour Market Biographies (Stichprobe der integrierten Arbeitsmarktbiographien - SIAB) is a 2% sample of the population of the Integrated Employment Biographies (IEB) of the Institute for Employment Research (IAB).

<sup>132</sup> 21.8% had discontinuous employment histories (less than 365 days in any employment status within the past two years).

<sup>133</sup> It is important to note that the selection of the control group has been matched in order to guarantee that the control group is characterised by similar determinants as the TAW group, i.e. regarding age, educational attainment, gender, nationality or geography. Furthermore, the total length of unemployment had been taken into account. Such a Propensity-Score-Matching approach thus compares “statistically twins” of temporary agency workers with non-agency workers.

<sup>134</sup> Lehmer, F.; Ziegler, K. 2010: Brückenfunktion der Leiharbeit - Zumindest ein schmaler Steg. IAB-Kurzbericht 13/2010, IAB, Nürnberg, p. 8.

<sup>135</sup> Baumgarten, D.; Kvasnicka, M. 2012: Durchlässiger Arbeitsmarkt durch Zeitarbeit? Rheinisch-Westfälisches Institut für Wirtschaftsforschung Studie im Auftrag der Bertelsmann Stiftung Rheinisch-Westfälisches Institut für Wirtschaftsforschung, Studie im Auftrag der Bertelsmann Stiftung

unemployed) before taking up temporary agency work shrunk from 35.4 % to 25.1%. Increases could be observed in the categories of people working (at least partly) in temporary agency work: This category increased from 42.1% to 55.5% after 180 days.<sup>136</sup>

A second analysis two years before and two years after temporary agency work showed that, after two years, 21.6% of former temporary agency workers are (at least partly) regularly employed outside temporary agency work, 65.4% work predominately in temporary agency work and 12.5% are inactive. A close analysis of the career of the individual members of the groups shows that people who had a high affinity to the labour market in the first place were also the ones working regularly after the temporary agency work experience. People who were working as temporary agency workers in the earlier investigation periods continued to work as temporary agency workers (over 80 % in the two year test). 55% of the members of the groups which had a low labour market affinity (at least partly inactive/unemployed) were still working in temporary agency work two years later, which points out the positive effect of temporary agency work for this group once more. But since the bridging effect in the proper sense means inactive/unemployed people switching to regular employment, it can be noted that members of the three researched groups (at least partly) unemployed/inactive switched after 180 days to 14-20% in the groups (at least partly) regularly employed and after two years to 18%-23%.

A survey based on the *Socio-Economic Panel* (SOEP) for North-Rhine Westphalia found out, that nearly one-third of temporary agency workers who were unemployed prior to the temporary agency work treatment found a full or part-time position in another industry (adhesive-effect). In the second year after the temporary agency work experience this number increased to 37%.<sup>137</sup>

Rather moderate positive bridging effects with view on the transition from unemployment to work through temporary agency work in contrast to a control group has been reported by earlier studies: On the basis of the IAB Employment Sample, a survey investigated stepping stone effects of temporary agency work in the 1990s.<sup>138</sup> The study compared previously unemployed persons who took on a temporary agency work assignment between 1994 and 1996 with unemployed individuals of a comparable control group that did not take up temporary agency work. The author estimated the likelihood of achieving a normal employment situation in up to four years following the end of temporary agency work. The analysis showed that the people who experienced temporary agency work had a slightly better chance of finding regular employment (1.7% better on a 12 months average) and a somewhat lower risk of unemployment (0.2%) than the control group.<sup>139</sup> In contrast to the other studies, the authors did not manage to reach a conclusive result on the role of temporary agency work.

In the **United Kingdom**, a survey carried out 2008 by the government and the employer organisation REC (*Recruitment and Employment Confederation*) examined the level of transition from unemployment into the labour market, by asking respondents (N = 262) how long they were unemployed before they looked for temporary agency work. A total of 22% said that they had been out of work for at least six months prior to working on a temporary agency basis, including 6% who had been unemployed for two years or more. This suggests that for some people, temporary agency work may be a route out of unemployment. Looking at the move from temporary agency to permanent employment, when respondents were asked about their next role, 48% expected it to be temporary, while 42% expected it to be permanent. A total of 50% said that they found it difficult to find suitable permanent work, while 35% said that they found it

<sup>136</sup> Crimmann, A.; Ziegler, K.; Ellguth, P.; Kohaut, S.; Lehmer, F. 2009: Forschungsbericht zum Thema „Arbeitnehmerüberlassung“, Endbericht. IAB, Nürnberg

<sup>137</sup> Sczesny, C. et al. 2008: Zeitarbeit in Nordrhein-Westfalen: Strukturen, Einsatzstrategien, Entgelte. Dortmund

<sup>138</sup> Kvasnicka, M. 2008: Does Temporary Help Work Provide a Stepping Stone to Regular Employment, NBER Discussion Paper 13843, Cambridge

<sup>139</sup> However, in the first month after experience temporary agency work the risk to be out of work was 4.6% higher and the chance to be regularly employed 1.0% lower than in the control group.

easy. Further, 49% of respondents said that they would accept their current temporary agency job on a permanent basis if possible.

While for **Italy** specific studies on the role of temporary agency work for transitions between unemployment and work have not been carried out so far, a number of descriptive studies exist on career trajectories of temporary agency workers addressing various aspects (see other case studies).

Also in **Belgium** no quantitative surveys are available that have investigated the role of temporary agency work for the transition from unemployment to permanent employment (?). However, survey data indicate that around 25% of all temporary agency workers in Belgium were unemployed before their agency work assignment and only 17% became unemployed again after they completed their assignment.<sup>140</sup> The analysis also shows that the chance to become unemployed again is lower if the agency worker was in education before the assignment and increases significantly (30%) if the worker was also unemployed before. However, as the author correctly states, the decreasing unemployment and increasing employment rate after the temporary agency work assignment is only an indication of a bridging function of agency work but no scientific evidence in the strict sense.

A study<sup>141</sup> focussing on the role of temporary agency work for the labour market integration of disadvantaged groups on the labour market described in more depth in the following case study on labour market transitions of specific target groups comes to the conclusion that jobseekers in Belgium who work as temporary agency workers generally have greater chances for a (re)integration into permanent employment than other jobseekers not using temporary agency work (the study used a control group here). For the authors of the study, this indicates that temporary agency work acts as a bridge to the labour market and a springboard to permanent employment. This bridging function however is supported by further aspects that are highlighted in the study: First, there is a motivation effect resulting from the fact that temporary agency workers often are more motivated than other jobseekers (seeking professional experience and references) and secondly, Belgian companies increasingly seem to make use of temporary agency worker as a screening and recruitment channel.

It should be noted also that during the last decade, public schemes have been discussed or implemented in Belgium to support the insertion of certain target groups into the labour market through temporary agency work. Already in 2000, a framework was established by Federal Law in Belgium that supports an active role of temporary agency work to support transitions from unemployment to work, the so-called "*Insertion temporary work*" scheme. However, this scheme was never implemented into practice because it was not able to reach a collective agreement between the Belgium social partners.

In Flanders, a regional initiative called 'IBO-Interim' has been established as a scheme to support the transition from unemployment to a new job by combining a temporary agency work-assignment of six weeks followed by a six-months on-the-job-training of the same user company. The worker assigned has to come from a specific category of workers i.e. unemployed or persons benefitting for social income support. However, the effect of this initiative was limited as the eligibility criteria were regarded as too restrictive.

Finally, also the implementation of another regional public scheme, called "*Diversity Plan*" was at first evaluated rather critically as the participation rates of temporary work agencies in the scheme were very low in 2008 (in contrast to several hundreds of plans implemented directly at company level).<sup>142</sup>

<sup>140</sup> See Denys, J. 2008: The role of agency work in a transitional labour market, Brussels, p. 8.

<sup>141</sup> IDEA Consult 2009: Temporary agency work: A springboard toward long-term employment, also for disadvantaged groups? Study commissioned by the Flemish Minister in charge of employment, education and training as part of the VIONA research programme, Brussels, June 20.

<sup>142</sup> See: "Sectorfoto 2012 Uitzendsector," Beleidsdomein Werk en Sociale Economie Departement Werk en Sociale Economie, February 2012, p. 22.

According to the 2011 annual report of the FFI training fund, 22 other temporary agencies signed a *Flemish diversity plan*. Overall, according to *Federgon*, 59 out of 117 temporary work agencies in Belgium have a diversity plan. Furthermore, as *Federgon* notes, a lot of the diversity plans that were agreed in companies not belonging to the temporary agency work sector have been initiated in fact by the temporary agency work sector and were set up with the help of the bipartite training fund FFI.

Here, the employer organisation *Federgon* in particular has highlighted the existence of diversity plans in many temporary work agencies and the active fostering of the implementation of diversity plans in user companies by the bipartite training fund FFI.

### 1.2.1 Public-private cooperation in supporting transitions from unemployment to work

It should be noted, that the bridging function of temporary agency work has led to a number of public-private initiatives to support unemployed in finding work in a number of European countries. While such initiatives are often focussing on specific target groups (see the respective case study on the transition of specific target groups), private employment agencies also have been involved in public initiatives aiming at increasing the efficiency of job offices and public employment services:

For example in the **Netherlands**, from the 1980s onwards public and private employment services are cooperating in the placement and consultation as well as the provision of other support services for unemployed persons. While until 2008 this mainly was restricted to certain target groups and in situations of mass dismissals/restructuring (establishment of private mobility centres), public-private cooperation today is quite fully anchored in Dutch labour market policy and administration.

And as already described in the comparative study report, in **France**, as of 2005, public employment services have been able to outsource placements to private employment services, leading to more than 300,000 placements in 2010 and 2011, of which more than half were for special target groups such as young people without qualifications or long-term unemployed.<sup>143</sup>

In contrast, the experience of public-private cooperation in the context of placement of unemployed persons in **Germany** is rather mixed: Ten years ago the Federal German government hoped for integration effects through temporary agency work and started so-called *PersonalServiceAgenturen* (PSAs). The PSAs were agencies that posted formerly unemployed persons at low cost in user companies in the hope that they would get recruited there. A transfer rate of 50% was projected. On the 1<sup>st</sup> of April 2003 the first PSA was launched and already by mid-2003 PSAs were set up nationwide in Germany. Most of the PSA were operated by temporary work agencies (53.6% in August 2003).<sup>144</sup> However, the success of the PSAs was controversial due to high costs and low transfer rates (the cumulative transfer rate between April 2003 and January 2004 was 42%).<sup>145</sup> Also – in contrast to the original plans – workers did not receive further training in periods without assignments. Furthermore, and based on analysis for the years 2003 and 2004 showed that PSA-employees were less able to find employment than a control group that stayed

<sup>143</sup> Figures taken from Boston Consulting Group 2012: *Adapting to Change. How private employment services facilitate adaptation to change, better labour markets and decent work*. Brussels, p. 44.

<sup>144</sup> Deutscher Bundestag 2003: *Antwort der Bundesregierung, Drucksache 15/1611, Antwort auf die Kleine Anfrage der Abgeordneten Hartmut Schauderte (u.a.) der Fraktion der CDU/CSU-Drucksache 15/11543-, Errichtung von Personal-Service-Agenturen (PSA)*. 26. 09.2003, p. 3).

<sup>145</sup> Weinkopf, C. 2004: *Erfahrungen und Perspektiven vermittlungsorientierter Arbeitnehmerüberlassung*. In: Vogel, Berthold (Hrsg.): *Leiharbeit: Neue sozialwissenschaftliche Befunde zu einer prekären Beschäftigungsform*. – Hamburg: VSA Verlag, S. 10-33. See also: Jahn, E.; Windsheimer, A. 2004: *Personal-Service-Agenturen - Teil 1: In der Fläche schon präsent*. – In: IAB Kurzbericht, Nr. 1, 14.1.2004, Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung (IAB).

unemployed.<sup>146</sup> PSAs were therefore relatively quickly discontinued in 2005. However, this does not mean that private employment agencies today do not play any role in active labour market policy: In fact, an increasing number of cooperation agreements between public employment services and the temporary work industry exist both at federal and regional level, often with a focus on specific target groups.

### 1.3 Conclusions

The transition from unemployment to work certainly is the most prominent form of labour market transition that is regarded by public opinion as being fostered and supported by temporary agency work which functions as a bridge into the labour market.

The relevance of unemployment to work transitions already is illustrated by the high proportion of formerly unemployed as well as people without any previous professional experience of people from target groups that face more difficulties than other in finding direct employment within the temporary agency workforces in all the six focus countries of our study: Available data indicate that the share of formerly unemployed persons is particularly high in Germany (57% in 2011 plus 8% that have never worked before) but also high in Italy and France (more than 40%), while in countries such as Belgium and the Netherlands the share of formerly unemployed in the total temporary agency workforce is estimated at around one third.

This bridging function of temporary agency work has also been acknowledged in the field of public employment administration and active labour market policy: While in Germany the experience of public-private initiatives to support the re-integration of long-term unemployed into the labour market is mixed (example of the PSAs), in the Netherlands, France and also Belgium, quite intensive approaches of public-private activities in the field of job placements and re-integration has been carried out. Though reliable comparative data do not exist so far, there seem to be a clear trend towards a growing role of temporary agency work in the field of job search, placement and recruitment. This is illustrated by figures from Germany where around 40% job offers today are reported to the public employment office by temporary work agencies. Quantitative data evaluation from the Netherlands similarly show that between 2001 and 2005 around one third of those formerly unemployed that received social benefits and income support returned to work via a temporary agency job.

With view on research results and quantitative studies the issue of unemployment to work transitions of temporary agency workers has been analysed and monitored in most cases on the basis of descriptive research and surveys based on the 'timing of events' approach. These studies confirm the important role of temporary agency work for unemployment to work transitions by providing evidence that after a certain period of time quite a significant share of those that were unemployed before starting to work with temporary work agencies were still in employment.

Only few studies have compared the "temporary agency work route" with other routes back into the labour market and there is a lack of research that in particular compares the effects and efficiency of temporary agency on the one hand and public employment services on the other. Furthermore, existing studies such as those presented here from the Netherlands or Germany are based on quite different methodical foundations and are not easily to compare: However, studies comparing different routes into employment in the Netherlands show only very small differences between the two major routes back into employment (via temporary agency work in contrast to direct employment) with regard to being still in

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<sup>146</sup> Bundesministerium für Arbeit und Soziales 2006: die Wirksamkeit moderner Dienstleistung am Arbeitsmarkt: Erläuterungen zum Bericht 2005 der Bundesregierung zur Wirkung der Umsetzung der Vorschläge der Kommission moderne Dienstleistungen am Arbeitsmarkt (ohne Grundsicherung für Arbeit suchende). Material zur Information. - January 2006.

work after a period of 2.5 years. German statistical evaluations in contrast to this have identified a slightly stronger positive effect for those returning to work via temporary agency work in comparison to a control group of unemployed.

While the bridging function of temporary agency work for unemployed persons therefore seems to be quite evident, a number of questions remain regarding issues such as further transitions, professional mobility (in particular upward mobility) and issues such as job, employment and social security. These issues have been discussed quite intensively not only by policymakers and key actors in the labour market but also have been addressed by further quantitative as well as qualitative studies that are described and analysed in the following case study reports.



## 2 CASE STUDY: “TRANSITIONS BETWEEN TEMPORARY AND PERMANENT EMPLOYMENT”

### 2.1 Overview

The movement and transition from temporary agency work into direct employment has been a major topic of a broader debate on employment policy in Europe that often also is related to a debate on more flexible forms of work and employment security in the labour market. Based on evidence about a growing segmentation within labour markets between a growing number of workers in jobs with low social and employment security on the one hand and workers in relatively ‘secure’ situations<sup>147</sup>, a better and more efficient conciliation between flexibility and security within our labour markets and the support of transitions between flexible and permanent employment currently has been high on the political agenda in many member states and at the European level for some years now.

There is also a controversial discussion of the function and role of temporary agency work in this context: While for the industry itself, temporary agency work not only is an efficient tool to bring more people into work but also serves as a stepping-stone into permanent and direct employment either at the user company or elsewhere, exactly the opposite has been claimed by others, most notably by trade union organisations arguing that for temporary agency workers, this type of contractual arrangement too often is not a stepping stone but a dead-end job characterised by high employment insecurity and rather bad working conditions.

Against this there are good reasons to analyse the role of temporary agency work for transitions between temporary and direct and open-ended employment in an objective manner on the basis of solid statistical data and information in order to being able to drawing reliable conclusions on the question whether or not there are any stepping-stone effects of temporary agency work in this regard.

There are quite a number of larger quantitative studies that can be identified in this context, that normally are based on a description of the trajectory of temporary agency workers after taking up temporary agency work. While the studies described below may differ in regard to concrete methodologies, scope and depth and not surprisingly result in quite different quantitative results, a number of major common features are arising from various research studies that may be briefly summarised here:

- whether or not a temporary agency worker makes the transition into a direct and/or permanent job either at the user company or at another company depends on a number of individual characteristics (e.g. level of qualification, age, ethnic group, status before the assignment) as well as on structural context factors (in particular the broader economic and labour market situation);
- against this, the question whether or not temporary work may be a stepping-stone or a “dead-end” form of work should be discussed in a more comprehensive way that takes into account the differences between different groups of agency workers, motives of user companies and broader features of the respective labour markets;
- while many studies have analysed trajectories and careers of former temporary agency workers only few attempts have been made to study the transition from different forms of flexible work (agency

<sup>147</sup> See for example European Commission 2011: Employment in Europe Report 2010, Brussels, p. 140. It should be noted here, that also wider concepts of segmentations exist, e.g. the segmentation of those with and those without employment. Furthermore, the concept of segmentation used by the EU Commission and others also neglects the fact that segmentation not only is based on the difference between “permanent” and “non-permanent” or “standard” and “non-standard” jobs but that also within both categories segmentation may exist. Thus it would be better to speak of increasingly “multi-segmented” labour markets.



work, fixed-term contracts etc.) into full-time, open-ended jobs in order to assess the stepping stone function of temporary agency work in contrast to other contractual forms of work;

Due to the large differences in the respective frameworks of labour market policy as well as in the regulation of temporary agency work (as well as other forms of work normally referred to as “flexible”) it is hardly possible to compare quantitative results in regard to “stepping-stone”, “adhesion” effects or other forms of transitions into direct and open-ended employment. Therefore, the following pages contain a country by country description of major results regarding this topic.

One general remark has to be made here as well: Though looking for permanent and/or direct employment has been identified (see part A of this report) as one of the most important motives of temporary agency workers to take up this form of work, it also has to be mentioned that not all temporary agency workers are seeking this type of jobs. In fact, in some countries the share of those temporary agency workers, not looking for a permanent job is quite significant: In the Netherlands for example it is reported that 44% of all temporary agency workers are not looking for a permanent job.<sup>148</sup> And also the surveys already summarised earlier in this study on the different types of temporary agency workers in France or Belgium indicate, that quite a significant proportion of ‘professional flexworkers’ exist in these countries.

## 2.2 Facts and figures

Since the second half of the 1990s, the **Netherlands** has been acknowledged as a successful case of balancing flexibility and security in the labour market and following the *Flexibility and Security Law* (F&S Law) in 1999, the Netherlands is seen as an example of a successful flexicurity model<sup>149</sup> that guarantees flexible workers with a relatively high level of job security, i.e. the nature of the contract for agency workers as well as employment security, i.e. the right to training and transitions into open-ended employment with another than the current employer.

Regarding agency work, the flexi-security law improved rights of agency workers, but in turn the collective agreements on temporary agency work also substantially extended the legal period before a fixed-term or open-ended contract may be obtained (i.e. the agency clause). This extension increased flexibility for both employers and agency workers as they can both end the employment relationship on very short notice. In exchange for the increase in flexibility in the collective agreement by means of an extension of phase A, the requirement of equal pay after 26 weeks was made more transparent.<sup>150</sup>

Against this, the question whether or not the legal regulation as well as the collective agreements are able to avoid the development of gaps between people in flexible employment relations and those in longer term open-ended employment and thus a segmented labour market has been the issue of both political debates and academic research.

As mentioned above, the degree of transitions to open-ended employment is not only shaped by the relevant national frameworks, in particular the provisions of the Dutch collective agreements in the temporary agency work sector but also by preferences of flexible workers. According to ABU data, in 2009, 56% of agency workers are reported to seek permanent employment by using agency work. And according to the same source, a total of 29% of the all temporary agency workers (including those who initially did not look for a permanent position) found a permanent job, either at the user company (12%)

<sup>148</sup> ABU: Inflow Study, September 2009 Edition, p. 10.

<sup>149</sup> See European Commission 2007: Towards Common Principles of Flexicurity: More and better jobs through flexibility and security, DG Employment, Social Affairs and Equal Opportunities.

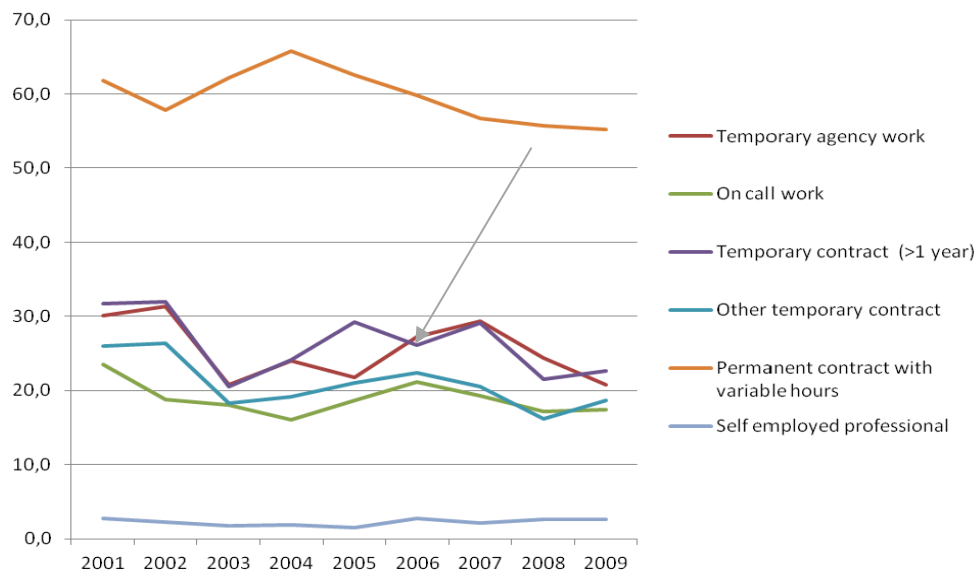
<sup>150</sup> Houwing, Hester 2010: A Dutch approach to Flexicurity? Negotiated change in the organisation of temporary work, Amsterdam, p. 172.

or elsewhere (17%). These figures correspond to earlier surveys that indicated for example that in 2006, around 35% of agency workers found an open-ended job with another employer, of which 16% were with the user company.<sup>151</sup> And another report shows a similar figure also for 2006, however differentiating between the transition into fixed-term contracts (24%) and open-ended contracts (7%).<sup>152</sup>

However, the question arises, whether transitions rates of this degree are to be regarded as high or only moderate. This question can only be addressed if the transition into permanent employment is contrasted with the experience of obtaining a permanent job by people who not worked through an agency. And here, a survey on the basis of LFS data of 1996 – 2010 is quite interesting: The study has addressed the question what form of flexible employment would offer the best prospect for permanent employment, comparing different forms of flexible work, comparing the prospects of temporary agency workers with employees on temporary contracts, permanent contracts with variable hours, self-employed employees and on-call-employees.<sup>153</sup>

The following figure is illustrating major results of the study: According to the evaluation of the Dutch LFS data, permanent workers with variable hours do have the best prospect to move into permanent and full-time employment. The share of this group of workers that made the transition into permanent full-time work in the years between 2001 and 2009 was fairly constant with around 60% per year. In contrast, self-employment offers only very little prospects for permanent employment, while the chances of temporary agency workers to receive a permanent contract are similar to the situation of workers with a fixed-term contract that lasts longer than one year. The chances are slightly better than in the case of workers with short-term temporary contracts. According to the study the transition rate of temporary agency workers into permanent employment in the period 2001 – 2009 was around 20% per year, being higher in time of economic expansion and lower in time of crisis.

**Figure 21: Netherlands: Transitions into permanent employment 2001 - 2009**



Source: Ronald Dekker/Hester Houwing/Lian Kösters: *Van flexibel naar vast? De doorstroom naar vast werk van een groeiende groep flexwerkers*, CBS, Den Haag, 2011.

<sup>151</sup> Donker van Heel, P., E. Van Nuland and M. Van der Ende 2007: *Instroom uitzendkrachten 2006*. Rotterdam, ECORYS, Opdrachtgever: Algemene Bond Uitzendondernemingen, p. 39.

<sup>152</sup> Knecht, R.; Hesselink; Houwing, H.; Brouwer, P. 2007: *Tweede evaluatie. Wet flexibiliteit en zekerheid*. Amsterdam, Hugo Sinzheimer Institute and TNO, p. 84.

<sup>153</sup> Dekker, R.; Houwing, H.; Kösters, L. 2011: *Van flexibel naar vast? De doorstroom naar vast werk van een groeiende groep flexwerkers*, CBS, Den Haag..

Apart from obtaining a fixed-term or open-ended contract with the user company or another employer, temporary agency workers in the Netherlands can also acquire such contracts with their temporary work agency. In fact, the F&S Law in 1999 aimed to increase job security for agency workers by creating the right to obtain a fixed-term or open-ended contract with their agency over time. Here, details are regulated in the collective agreement between the social partners in the temporary work agency sector and the system of three phases, i.e. obtaining certain social rights after the transition from phase A to phase B and obtaining the right to an open-ended contract with the agency by entering phase C (see part A of this report).

While after the introduction of the F&S Law in 1999, most observers expected an improvement in legal security of agency workers, it became quite clear that improvements in the legal status (i.e. employment on the basis of a fixed-term or permanent contract) are very much depending on the business cycle: When the demand for agency work or work in general is low, the agency might be inclined to prevent agency workers to reach a phase B or C contracts and prevent risks for the agencies in case there is no more work for the agency worker. This has been also confirmed by surveys commissioned by ABU showing that in 2004 the number of agency workers obtaining an open-ended contract had decreased significantly.<sup>154</sup>

In this context, a recent research study commissioned jointly by the Dutch social partners in the temporary agency work sector (*ABU, FNV Bondgenoten, CNV Dienstenbond, De Unie, LBV*) is quite interesting: On the basis of a large sample of data from Statistics Netherlands (CBS), which in turn are based on statistics of UWV social insurance administration, the study followed developments in the temporary agency work sector during the period from January 2007 until June 2010, i.e. 3.5 years.<sup>155</sup> Excluding secondary school pupils and students, the study was able to follow the development of a total of 620,700 temporary agency workers who worked for private employment agencies and for whom temporary agency work was their primary occupation. The focus of the study was on those temporary agency workers who hold a phase A or B contract.

The study did analyse not only characteristics of the temporary agency workers such as gender, age, ethnicity and level of education and starting qualification but also analysed the development of these workers throughout the 3.5 years, looking at successive employment positions either within or outside temporary agency work or becoming unemployed and claiming welfare benefits.

Apart from illustrating certain characteristics of different groups of temporary agency workers (e.g. those in phase A, B or C), the study provides a detailed insight in particular in those temporary agency workers that did temporary agency work for a longer period and/or several temporary employment contracts.

Major results of the study are the following:

- In 2009, only 3% of all temporary agency workers were holding a phase C contract and only around 5% had a phase B contract, with the overwhelming majority of more than 81% that had a phase A contract;
- Phase A temporary agency workers are more likely to be younger, receive lower wages, work part-time more frequently and are less likely to have starting qualification than temporary agency workers in phases B and C;
- Temporary agency workers who in the 3.5 year period worked longer than two years as agency workers and/or worked for more than three agencies are characterised by high shares of lacking (very low, minimal) starting qualification (around 56%) and a relatively low hourly wage;

<sup>154</sup> Nauta, H. and P. Donker Van Heel 2005: *Instroom uitzendkrachten 2004*. Rotterdam, ECORYS.

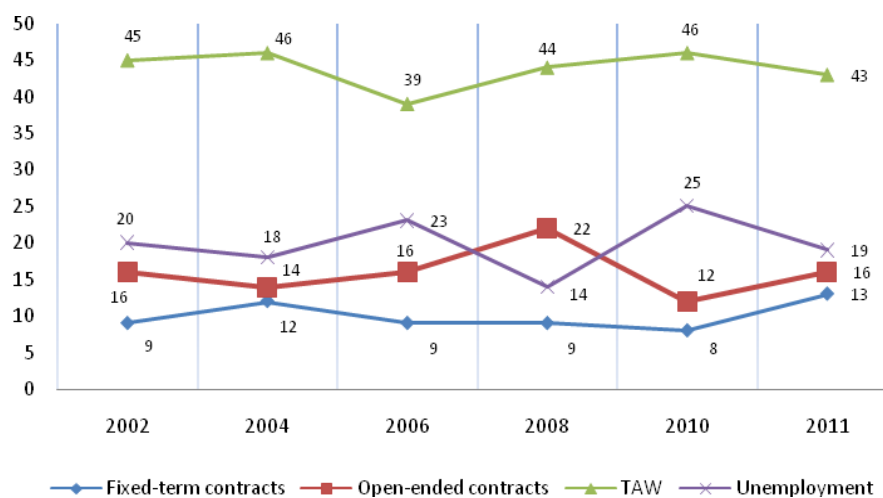
<sup>155</sup> Vermeulen, H.; Oomens, S.; de Wit, W.; Warmerdam, J. 2012: *Arbeidsmarkttransities van uitzendkrachten in de periode 2007-2010* (Labour market transitions of agency workers in the period 2007 – 2010), ITS, Radboud University, Amsterdam.

- The average length of temporary employment in phase A is 25 weeks while it is significantly longer in phase B (43 weeks) and phase C (67 weeks);
- Almost, two thirds of the temporary agency workers who had worked during 2007 in phase A or phase B had alternated between doing agency work and being on social/unemployment benefits at least once;
- Comparing developments during the crisis years 2008 and 2009, the study shows that, compared to 2007, the number claiming social benefits assistance doubled in 2009 in comparison to 2007.

Unfortunately, the study does not allow for conclusions about transition rates between temporary agency work and permanent work during the period 2007 – 2010. However, the results summarised above were interpreted quite different by the Dutch social partners: While the ABU highlighted the fact that nearly 50% of temporary agency workers studied during the period made the transition into a non-temporary employment status, the *FNV Bondgenoten* expressed their concern in particular about the low share of those temporary agency workers who have obtained phase C contracts as well as the results on a relatively large group of temporary agency workers without any starting qualifications that work under low pay conditions.<sup>156</sup>

With view on the transition rates of temporary agency workers into permanent, i.e. open-ended contracts in **France** a number of relevant studies exist: Already in the case study on transitions from unemployment to employment, our study has referred to the surveys carried out by the bipartite *Observatory of Occupations and Jobs*, that are available on a multi-annual basis and consist of interviews with temporary agency workers, e.g. around 1,000 in 2011. With view on the transition into permanent employment the latest survey shows that in 2011, 16% of workers who had a least one assignment as a temporary agency worker in 2010 had obtained an open-ended contract in March 2011. If this transition rate is compared to previous years, the share of 16% is quite stable since 2002 with the exception of 2008 with a comparatively high transition rate of more than 20% and 2009/2011 with a low rate that is likely to be an effect of the crisis. All over, 30% of transitions have led to either a fixed-term contract or an open-ended contract, while almost 20% of transitions have led to unemployment. Furthermore, one major result of this survey is that the most important form of transitions from temporary agency work is into temporary agency work again, with a share of around or above 40%.

**Figure 22: France - Situation in year n+1 of former temporary agency workers in year n-1 (%)**

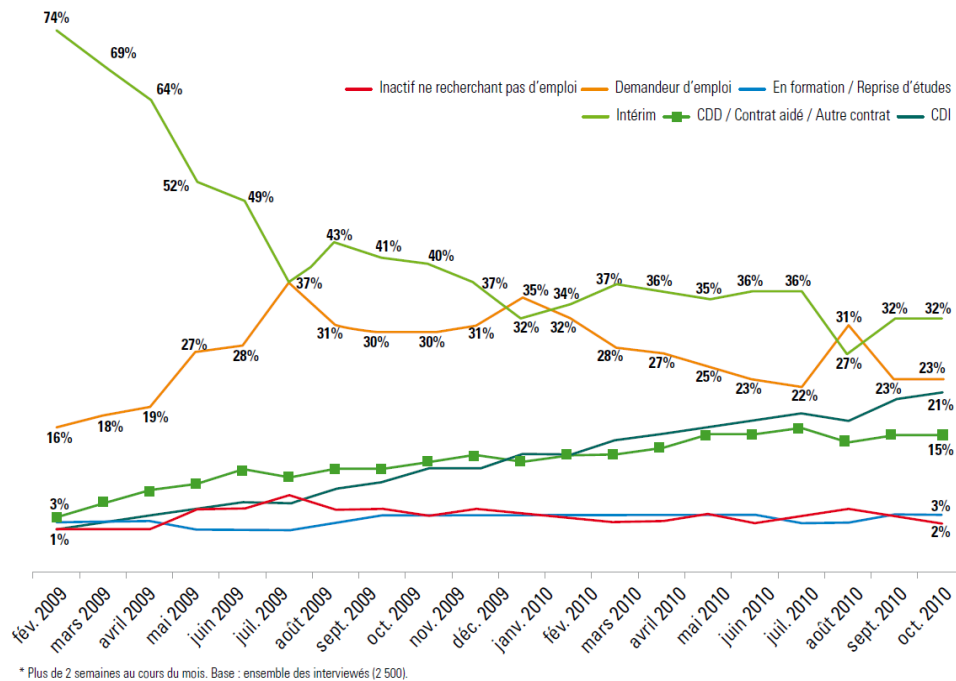


Source: *Observatory of Occupations and Jobs*, annual surveys. Reading: 20% of people who had at least one assignment in temporary agency work in March 2001 were unemployed one year after that is in March 2002.

<sup>156</sup> ABU: Meer scholing voor uitzendkrachten met wisselend werk- en uitkeringspatroon. *CAO-partijen presenteren onderzoek Arbeidsmarkttransities van uitzendkrachten* Persbericht, ABU website, 29 February 2012.

Another study that precisely deals with the transition of temporary agency workers was published in November 2011 by the *Observatory of Occupations and Jobs*.<sup>157</sup> The study is based on a large cohort representing more than 5,500 temporary agency workers that were interviewed a first time in March 2009, and then five other times every four months until October 2010. At the end of this study, 2,500 persons had answered to all of the six waves. In addition, more qualitative interviews (110 interviews with 50 temporary agency workers) were conducted. The first objective of the study was to depict the trajectories of these agency workers during 20 months. The following figure shows the situation of the people in the cohort for each month from February 2009 to October 2010.

**Figure 23: France: Trajectory of temporary agency workers, February 2009 - October 2010**



Source: *Observatory of Occupations and Jobs, cohort survey (N= 2500)*. "Main situation" being that occupied more than 2 weeks during the month.

A major result of the survey is that the share of temporary agency workers has strongly decreased during the period, from 74% to 32% of the cohort, with a corresponding increase, first, of jobseekers, and then of employees under a fixed-term or an open-ended contract.

At the end of the 20 month observation, 70% of the cohort still has been in employment, 23% in open-ended contracts, 12% in fixed-term contracts and 35% in temporary agency work. 18% of them were looking for a job, 5% participated in training and 1% was inactive.

In terms of sectoral mobility, an interesting fact emphasised by the study is that significant intersectoral shifts have occurred, in particular from the industry (-9 points) towards services and trade (+ 8 points). Consequently there has been a global shift from industrial "worker" jobs (in transport, logistics, handling or construction) to "employee" positions in services or trade.

A transition matrix has been created by the Observatory that presents an overview of the transitions experienced by temporary agency workers. This matrix illustrates the probability of moving from a status of temporary agency worker to another professional situation for at least two consecutive months during the time span of March 2009-October 2010.

<sup>157</sup> Observatoire des Métiers et de l'Emploi 2011: Trajectoire et devenir de 5000 intérimaires, November.

**Table 9: France – Transitions from temporary agency work for 2 consecutive months (between March 2009 and October 2010)**

	Open-ended contract	Fixed-term contract	Temporary agency work	Training	Unemployed	Inactive
<b>Total</b>	<b>1,5</b>	<b>2,1</b>	<b>79,5</b>	<b>0,4</b>	<b>13,7</b>	<b>1,8</b>
<b>Sex</b>						
– Men	1,5	2,0	80,6	0,4	12,9	1,7
– Women	1,6	2,7	75,8	0,7	16,5	2,4
<b>Age</b>						
– <25	2,0	3,6	76,4	1,8	12,2	4,6
– 25-29	2,1	2,6	79,5	0,6	13,2	2,4
– 30-34	1,6	1,9	79,8	1,2	14,4	1,7
– 35-49	1,2	1,6	81,0	0,2	14,2	1,0
– >50	1,4	1,8	79,6	1,0	14,7	2,0
<b>Sector in T0</b>						
– Construction	1,3	1,6	82,3	0,7	12,3	1,9
– Industry	1,5	2,2	79,8	0,4	14,0	1,6
– Services/trade	2,0	3,0	76,2	1,1	14,0	3,3
<b>Qualification and position</b>						
– Unskilled worker	1,5	2,5	77,3	0,7	14,6	3,0
– Skilled worker	1,3	1,6	81,4	0,4	13,3	1,3
– Employee	2,0	2,9	76,4	0,7	15,3	3,0
– Technician, supervisor	3,3	2,9	82,0	1,7	11,0	2,8
– Executive (* small sample)	6,8	6,9	81,1	--	10,9	6,8

Source: *Observatoire des Métiers et de l'Emploi 2011: Trajectoires et devenir de 5000 intérimaires*, p. 13. N=2,500

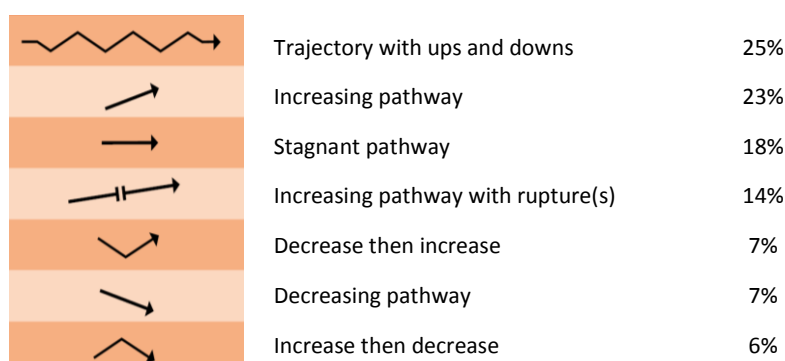
From this matrix, we can observe that during the period from March 2009 and October 2010, 79.5% of temporary agency workers remained in the sector for at least two consecutive months, regardless the individual characteristics. The second shift from temporary agency work was towards unemployment, in 13.7% of cases. Transitions towards fixed-term contracts and open-ended contracts were 3.6%. These results should be interpreted carefully while they are focused on transitions for 2 consecutive months.

Further results are that the individuals that remain for the most part as temporary agency workers were male; individuals aged 35-49, people working in construction, and skilled workers or technicians/supervisors. Those with the highest probability to leave a job in temporary agency work to an open-ended contract were young people under 30, those in the service sector and those with high qualification levels. Those with the highest probability to move from temporary agency work to unemployment were women, the unskilled workers and employees and people aged over 50.

In the final wave of the survey in November 2010 the respondents were asked to make a personal assessment on their own trajectory during the last 20 months by choosing a symbol. As the following figure taken from the survey report illustrates, 23% of the respondents indicated that they experience an “increasing pathway” while 7% felt that their career either decreased and 6% decreased after a phase of increase. While the largest shares of respondents characterised their professional career however as development of ups and downs (25%), other groups of respondents felt that their pathways are increasing with ruptures (14%) and increasing after a phase of decrease.



**Figure 24: France: How temporary agency workers see their own trajectory during the last 20 months**  
% of respondents, as of November 2010



Source: *Observatoire des Métiers et de l'Emploi 2011: Trajectoires et devenir de 5000 intérimaires*, p. 29. N=2.500.

On the basis of 110 “life story” interviews that also were included in the report of the bilateral observatory, six “typical” trajectories of transitions were identified. The study also estimates the share of the respective type amongst the whole sample:<sup>158</sup>

- *Young people leaving the school system, between professional insertion and drop in status* (17% of the total cohort). For most of them, temporary agency work is seen as a way to find an open-ended contract which is the first wish. If some of them manage to obtain such a contract thanks to temporary agency work, others experience a “downgrading” as they do not manage to find a position adequate to their qualification level.
- *Tumultuous pathways* (19%), mainly for low qualified agency workers, who alternate temporary assignments, unemployment and assistance benefits. Temporary agency work for them is the only option available and they are little demanding regarding the content of jobs.
- *Temporary agency work used as a transition after a long period in standard employment* (16%). Temporary agency work is seen as a solution to find a new stable and more permanent job after having lost one. In many cases, these people did already use temporary agency work in past times, at different moments of their working lives. The current situation in temporary agency work is positively appraised.
- *Professional temporary agency workers* (24%). This type of agency workers already put in evidence by other studies in France or in Belgium notably, have a high degree of choice and have the resources to select the assignments they are proposed. They are not looking for an open-ended contract.
- *For qualified workers, temporary agency work as a possible strategy after a difficult professional situation* (12%). This category gathers the most qualified people of the sample. After having experienced a difficult period or having been remote from the labour market (job loss, back on the labour market after a long period of inactivity), these people have used temporary agency work as a temporary option, but keep working under this status as it provides them with a large degree of autonomy and independence.
- *Temporary agency work as an integration pathway for foreigners* (4%). This group includes non-qualified immigrants as well as very highly qualified persons who finally accept a drop in status being given the important difficulties they have experienced to find a job.

There are also other research bodies that have addressed the issue of transitions of temporary agency workers in France: For example a study published in 2007 on the basis of the French Labour Force Survey data.<sup>159</sup> The study analysed over four years 3,500 workers with non-permanent contracts in the month of

<sup>158</sup> Observatoire des Métiers et de l'Emploi 2011: Trajectoire et devenir de 5000 intérimaires, November.

<sup>159</sup> Bunel, Mathieu 2007: Analyser la relation entre CDD et CDI : emboîtement et durée des contrats. Document de travail du CEE. The LFS source is very different from the database used by the Observatory of the branch. The LFS is representative of the global active population but a limit can be that it may under-represent the importance of temporary agency work.



March over the period 1990-2001. If one worker was once under a non permanent contract one year during the period (t), then his/her situation is analysed the year before (t-1) and the next two years (t+1, t+2). Based on an evaluation of individual data the study presents results on the professional transitions of workers who were under temporary agency work at least once, whatever the year in the period; their trajectory has been observed before and after. The study shows that 37% of those persons working in temporary agency work continued to work there also one year after and 24% also two years after. The “insertion rate” or employment rate was equal to 32% one year after and 46% two years after.

The stepping stone effect of the temporary agency work sector was also put in evidence by a research carried out by the Ministry of Employment in 2003.<sup>160</sup> The authors, also using the Labour Force Survey data, compared the situations of the unemployed and those of temporary agency workers, in 2001 and 2002. The latter were more often in permanent jobs in March 2002 compared to one year before (25% vs. 13%).

According to a phone survey realised by the *Observatory of Occupations and Employment*, temporary agency work workers think the pay under temporary agency work is more advantageous than under fixed-term contract (56% of interviewees) or open-ended contracts (50%). 34% of them think that compared to a fixed-term contract, a job under temporary agency work increased their employability.<sup>161</sup>

According to surveys carried out on the main motivations of temporary agency workers in **Belgium**, two expectations are particularly striking: First, temporary agency workers prefer this type of work because “it is better than unemployment” and secondly because it is regarded as “a springboard to a permanent job”. Indeed, according to a survey of 2009, 64% of temporary agency workers consider temporary agency work either as “an appropriate way to find a permanent contract” (42%) or “as a relatively important channel to find a permanent contract”.<sup>162</sup>

These expectations are confirmed by a number of surveys:

A study by the Flemish Minister of Employment, based on the analysis of the social security data of the *Joint Commission No. 322* (representing temporary agency work), has studied the evolution of individual paths in the temporary agency work industry during the year 2007 following the paths of a total of 70,978 temporary agency workers, of which a share of 46,535 temporary agency workers left the sector during the year. The study shows that the main proportion (62.2%) left for a job in another sectoral joint commission (mainly diverse white collar commission of in the metalworking industry), while 13.7% reported unemployment or “another status” (14.1%).

Another study has monitored the trajectories of a large sample of persons who worked as temporary agency workers in 2005 over a period of three years until 2008.<sup>163</sup> Furthermore, the study monitored the development of different target groups of temporary agency workers (general as well as target groups such as 50+ or persons with a migrant background) and compared them with a control group who were not in temporary agency work but unemployed in 2005. The results of the study are quite interesting in regard to stepping stone effects:

- compared to the control group of those, who were unemployed in 2005, temporary agency workers show a higher chance to move into open-ended contracts: the insertion rates after one year are nearly 20% (compared to 22% at the control group), 41% after two years (control group: 31.6%) and 55% after three years (control group: 43%);

<sup>160</sup> Cancé/Fréchou 2003: Les contrats courts, source d’instabilité mais aussi tremplin vers l’emploi permanents, Premières informations Premières Synthèses, Ministry of Employment.

<sup>161</sup> Observatoire des Métiers et des Emplois, *Regards croisés sur l’intérim*, 2011.

<sup>162</sup> IDEA Consult 2010: Les travailleurs intérimaires en 2009: Etude de profils et de satisfaction.

<sup>163</sup> IDEA Consult 2009: Uitzendarbeid: opstap naar duurzaam werk, ook voor kansengroepen?, Brussels.

- also the danger of becoming/staying unemployed of persons that start temporary agency work is significantly lower than amongst the control group: while after three years, around 1/3 of those who did temporary agency work in 2005 were unemployed, the unemployment rate within the control group was 48%.

The following table is presenting a summary of major survey results.

**Table 10: Belgium: Comparison of labour market transitions of temporary agency workers and a control group of unemployed persons 2005 - 2008**

	Situation in November 2006		Situation in November 2007		Situation in November 2008	
	Temporary agency workers	Control group	Temporary agency workers	Control group	Temporary agency workers	Control group
<b>Temporary agency work</b>	15.8	4.0	10.6	4.0	1.4	0.6
<b>Open-ended contract</b>	28.9	22.1	41.2	31.6	55.0	42.7
<b>Other contract type</b>	22.7	17.9	18.0	14.5	12.3	8.5
<b>No contract /unemployed</b>	32.6	56.0	30.2	49.9	31.3	48.2

Source: own, based on IDEA Consult 2009: *Uitzendarbeid: opstap naar duurzaam werk, ook voor kansengroepen?*, Brussels.

A recent survey<sup>164</sup> carried out amongst temporary agency workers on behalf of the Belgium temporary agency work employer organisation *Federgon* in 2009 confirms the stepping stone function of temporary agency work but also illustrates that this function is limited for quite a significant group of temporary agency workers: The survey shows that before their assignment, around one third of the interviewed temporary agency workers were unemployed 31.6%, while around one quarter (23.9%) had a permanent contract (CDI) and around 16% another temporary assignment. Consequently, temporary agency work can be considered as a stepping-stone into employment. At the same time, the survey shows that around 40%<sup>165</sup> of the temporary agency workers who declare agency work as their main activity and who were not in an assignment during the survey indicated that they had found a permanent job, thus indicating the stepping stone aspect of temporary agency work. Against this however, it also is clear that quite a significant proportion of temporary agency workers remain in the industry and are not able to make the transition into permanent employment. Of course, this may also result from the fact that a high share of the temporary agency workforce in Belgium consists of students that are not looking for permanent employment. However, results of a survey on temporary agency workers that already are undertaking temporary agency work for quite a long time: Around 22% of the interviewed temporary agency workers indicated that this type of work is their main economic activity already for ten of more years, while around one third started to work mainly as a temporary agency worker between 2000 – 2006 and around 46% between 2007 and 2009.

The stepping stone function of temporary agency work and the transition from temporary agency work to permanent employment has been a specific focus of the political debate on temporary agency work in **Germany**. Against quite a controversial debate about the stepping stone effect (not at least with view on size effects and figures<sup>166</sup> between trade unions on the one hand and employers organisations on the other, a growing number of qualitative as well as statistical studies have been carried out, addressing not

<sup>164</sup> IDEA Consult 2010: Les travailleurs intérimaires en 2009: étude de profil et de satisfaction. Etude réalisée pour le compte de Federgon, Brussels.

<sup>165</sup> Considering the status distribution, the figures are: 33.3% for the blue collar workers and 53% for the white collar workers. In regards with the skills, the figures show a result of 49.2% of the highest qualified, 38.9% for the average qualified and 35.4% for the lowest skilled.

<sup>166</sup> For example the employer organisation BAP highlights the number of 300,000 temporary agency workers that have been hired by user companies in 2011. See: BAP: *Parliamentarierbrief*, Nr. 2, June 2012, p. 1.

only the transition from temporary to permanent employment but also the vice-versa transition, i.e. the substitution of permanent employment by temporary agency work.

In regard to the transition of temporary and permanent work at user companies (*'adhesive effect'*), the IAB establishment panel in 2008 noted that on average 12% of the companies claimed to have recruited former temporary agency workers.<sup>167</sup> Based on the same data (i.e. first half of 2008), a recent report added that higher rates are particularly found in manufacturing branches (around 20%) while the transition into direct employment at user companies in sectors such as construction (5%) or business services (7%) has been lower.<sup>168</sup>

As the study quoted above correctly notes, these results do not reflect the *'adhesive effect'* in the strict sense but rather a *'transfer effect'* because the company may also recruit temporary agency workers that have been assigned already some time ago – a seamless transition (i.e. the adhesion) is not necessarily required. In order to measure this, some authors have differentiated between the *'taking over'* and the *'adhesive effect'*.<sup>169</sup> This adhesive effect in the strict sense is significantly smaller than the rate of taking over former temporary agency workers at user companies and estimated at 7% on average for the first half of 2008.<sup>170</sup>

Earlier studies come to similar conclusions in regard to the direct employment of temporary agency workers at user companies: An analysis based on IAB establishment panel data for 1998-2003, estimates that the transfer of temporary agency workers to the user companies amounted to 15% in 2003. 0.4% of companies in Germany hired a person who they previously had as temporary agency worker. The manufacturing sector has the highest transfer rates. In general, the transfer rates decrease with decreasing company size and increasing proportions of part-time workers and apprentices.<sup>171</sup> In a survey on approximately 1,200 companies in Baden-Wuerttemberg – also on basis of the IAB-establishment panel 2003 – a stepping stone effect of some 2,000 former temporary agency workers in the first half of 2003 could be found, leading to about one in five user companies hiring their former temporary agency workers. On the basis of data from 30<sup>th</sup> of June 2003 the stepping stone effect amounts to 7%.<sup>172</sup> Here the adhesive effect is also bigger for large companies: in the first half of 2003 6% of companies with more than 250 employees hired former temporary agency workers versus only 3% of small firms. The survey by IW Consult GmbH and the *"Institut der deutschen Wirtschaft"* of 3,800 companies (users and non-users) in the area of industry and manufacturing-related services found an adhesive effect for temporary agency workers in user companies of 14%. 76 % of companies surveyed would not have offered (at least some of) the temporary agency workers a job, had he/she not had a temporary agency work assignment with

<sup>167</sup> Crimmann, A.; Ziegler, K.; Ellguth, P.; Kohaut, S.; Lehmer, F. 2009: Forschungsbericht zum Thema „Arbeitnehmerüberlassung“, Endbericht. IAB, Nürnberg, p. 46

<sup>168</sup> Baumgarten, D., Kvasnicka, M. 2012: Durchlässiger Arbeitsmarkt durch Zeitarbeit? Rheinisch-Westfälisches Institut für Wirtschaftsforschung Studie im Auftrag der Bertelsmann Stiftung, p. 16.

<sup>169</sup> Crimmann, A.; Ziegler, K.; Ellguth, P.; Kohaut, S.; Lehmer, F. 2009: Forschungsbericht zum Thema „Arbeitnehmerüberlassung“, Endbericht. IAB, Nürnberg.

<sup>170</sup> Baumgarten, D.; Kvasnicka, M. 2012: Durchlässiger Arbeitsmarkt durch Zeitarbeit? Rheinisch-Westfälisches Institut für Wirtschaftsforschung Studie im Auftrag der Bertelsmann Stiftung, p. 17.

<sup>171</sup> Promberger, M. 2006: Leiharbeit im Betrieb: Strukturen, Kontexte und Handhabung einer atypischen Beschäftigungsform. – Abschlussbericht des Forschungsprojektes HBS-2002-418-3, Düsseldorf: Hans-Böckler-Stiftung, Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung, pp. 119-122.

<sup>172</sup> Strotmann, H.; Vogel, A. 2004: Leiharbeit als Flexibilisierungsinstrument? Eine empirische Untersuchung über die Struktur der Leiharbeit in Baden-Württemberg und die mit ihr verknüpften Erwartungen. - IAW-Kurzbericht 5/2004, August 2004.

them.<sup>173</sup> A survey of 346 temporary work agencies in spring 2010 came to the conclusion that, on average, between 10 and 20% of temporary agency workers are hired by user companies.<sup>174</sup>

An argument against a stepping stone effect of temporary agency work is - as interviews with temporary work agency managers carried out in a study of 2008 showed - the fact that the agencies themselves have little interest in “losing” a temporary agency worker to a client company. In that case they not only lose a worker but also possible new assignments to the user because the position is now permanently occupied.<sup>175</sup>

In addition, as the service trade union *ver.di* has pointed out in an interview done for this study, practical experience in the service sector indicates that temporary agency work rather rarely is regarded by user companies as a recruitment and screening tool. Moreover, given the deliberately narrow personnel calculation in the user companies and the use of temporary agency workers for short-term emergencies, chances of a permanent position the user seem rather a positive side-effect than a priority objective. In the view of *ver.di* most temporary agency work careers rotate between temporary agency work and unemployment.

From the point of view of the Germany temporary agency work employer organisation BAP a more fundamental question is arising with view on the transition between temporary agency work and permanent employment: As pointed out in an interview in the context of this study, the relevance of the issue of transition into permanent employment may be questioned against the German experience because the overwhelming majority of temporary agency workers (around 75%) already have an open-ended employment contract (with the agency) and thus should be regarded as being in “permanent” employment.

In *Italy*, a number of surveys and studies have been carried out focussing on the transition from temporary to permanent employment from the point of view of temporary employment in general but also on the specific experience of temporary agency work. However, most surveys and studies are descriptive and do not allow for any comparisons between different forms of contracts in regard to transitions rates into permanent employment.

Based on a large sample of data from the Italian Work Histories Panel (1998-2003) a study<sup>176</sup> reconstructed the careers of individuals over a four years period after entering the job market as temporary agency workers. According to the study, 66.5% of workers aged 16-35 years old who terminated temporary agency work in the 1998-1999 period moved to permanent employment, whereas around one quarter remained in non-traditional work, 4.1% became self-employed and 4% were unemployed. In contrast to this, older workers (35-50 years old) have much more difficulties to move to permanent employment, the respective figure is 46.1%. Thus, the study indicates different results regarding labour market transitions for the period 1998 – 2002: While for younger workers temporary agency work seems to be a way to increase the chances to move to permanent forms of employment, for older workers there are signs of remaining in temporary agency work or move to other forms of employment or becoming unemployed.

<sup>173</sup> IW Consult GmbH; Institut der deutschen Wirtschaft Köln 2011: Zeitarbeit in Deutschland : Treiber für Flexibilität und Wachstum, Köln, 09.05.2011, pp. 33-34.

<sup>174</sup> Lehmann, Christian; Ratzmann, Martin; Bouncken, Ricarda B. 2010: Erhebung Mittelständische Zeitarbeit 2010. Ergebnisbericht. BMBF-Projekt: Flex4Work, BaRoS – Bayreuth Reports on Strategy, No.1 – 2010, *Berlin/Bayreuth*, p. 6

<sup>175</sup> Vitols, K. 2008: Zwischen Stabilität und Wandel: Die Sozialpartnerschaft in Deutschland und die atypische Beschäftigungsform Zeitarbeit. Hamburg, p. 166.

<sup>176</sup> Cfr. Berton F., Richiardi M., Sacchi S., 2009, Flex-insecurity. Perché la flessibilità in Italia diventa precarietà, il Mulino, Bologna, p. 317.

Based on more recent data and commissioned by the bilateral institution in the temporary agency work sector, *Ente Bilaterale del Lavoro Temporaneo* (E.bi.temp.)<sup>177</sup>, IRES-CGIL conducted two surveys on the job histories of temporary agency workers. Both surveys focused on the trajectory of temporary agency workers and the employment status six months prior to and after the first assignment as a temporary agency worker. Thus in addressing brief transition periods, the surveys illustrate general patterns of temporary work, taking also into account individual characteristics of the workers (gender, age, school diploma), structural context factors (dynamism of economic development of the territory) as well as the business sectors where recourse to temporary agency work is more frequent, etc.). The latest survey was published in 2010 and is based on interviews with a total of around 420 workers who worked as temporary agency workers in 2009/2010.

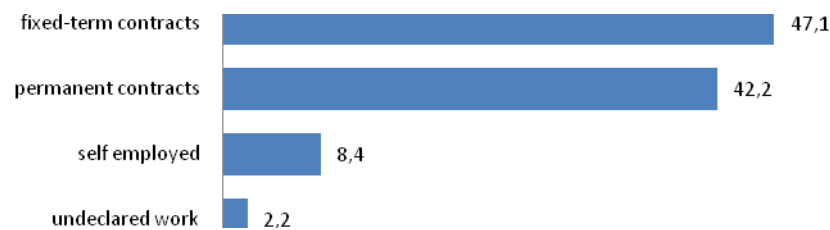
The surveys illustrate positive effects of temporary agency work in general as well as specific aspects in regard to certain characteristics of agency workers and specific target groups: According to the study, six months after the first assignment as a temporary agency worker, a share of 47% of the interviewed persons reported to be still in employment while 47% reported to be not in work (6% reported having left the labour market due to a student status or other reasons). The survey also shows that those workers with higher education are much more likely to remain employed after temporary agency work. In contrast, the study also shows that those who become unemployed after an assignment in temporary agency work are characterised by already flexible and discontinuous work histories before as well as a rather extensive experience also in the temporary sector. Furthermore, those who were unemployed at the end of the temporary agency work experience, as temporary worker have carried out more assignments than those who are still employed.

Focussing on those who had an experience of temporary agency work and were still in employment six months after, the survey shows that the share of those ex-temporary agency workers who moved into a permanent contract was 42% and very similar to the share in previous surveys. The largest group (47%) was still working on the basis of fixed-term contracts, while further and smaller shares reported to be self-employed or without a contract.

According to the study, the workers who made the transition to permanent work were predominantly men (47% compared to women 38.6%); adults in the 30-to-39 age group (approximately 49% compared to 39% of youths); educated workers (53% of graduates compared to 44% of the less educated); and residents in the northwest (approximately 52% compared to 25% in the south). On the contrary, the workers who risked staying in temporary employment area were women (50.5%); youths (56%); high-school diploma holders (53% compared to 35% of graduates); and the residents in the south and islands (64% compared to 39% in the northwest). For workers with less qualified profiles, their “best” chance remains that of working on a temporary basis: for 59% of them employment continued to come in the form of fixed-term jobs. This is a group of workers that is more exposed to risk even within the temporary agency work segment (numerous short-term and poorly paid assignments).

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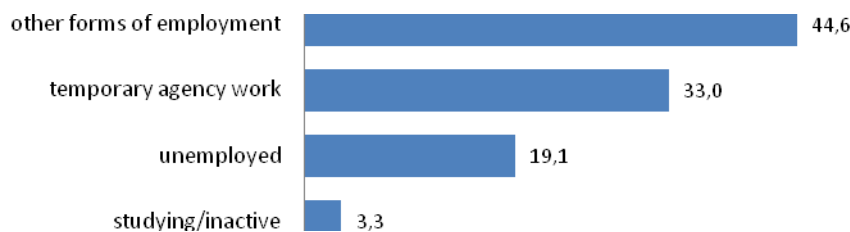
<sup>177</sup> Entrambe le indagini sono state condotte su un campione di 1000 lavoratori e lavoratrici che avevano avuto un’esperienza di lavoro interinale (durata almeno 30 giorni) nei 12 mesi prima dell’intervista. Le indagini sono state svolte nel 2007 e nel 2010 con una survey effettuata con tecnica C.A.T.I.. Per ambedue le indagini sono stati definiti campioni rappresentativi dei lavoratori interinali italiani per genere, classi di età e distribuzione territoriale. Cfr. Altieri G., Dota F., Piersanti M., *Percorsi nel lavoro atipico. Il caso dei lavoratori interinali*, Franco Angeli Milano, 2009; F., Pedaci M., *Condizioni di lavoro e percorsi dei lavoratori e delle lavoratrici interinali – Rapporto di Ricerca IRES-CGIL*, Novembre 2010.

**Figure 25: Italy: Employment situation of those employed after a TWA experience in 2009-2010, by type of contract (%)**

*N=228. Source: IRES-CGIL Survey on TWA Italian workers, 2010*

Furthermore, the quality of the working experience (few and long-term assignments) was indicative of the job obtained at the end of the assignment itself. If workers are employed for long periods of time in temporary agency work, accumulating short and intermittent assignments, it is more likely they will remain in temporary work. On the other hand, temporary agency work represents an opportunity but only if it is transitory and aims at integrating the worker in the company's core business, otherwise it can act as an obstacle.

The conditions described above remained substantially unchanged over time. A survey carried out in 2010 included a sample of workers that had an assignment at the time of IRES' previous study in 2007.<sup>178</sup> As arising from a panel survey of workers who were on temporary agency work assignments already in 2007, it emerged that for some workers temporary agency work was part of a rather long career history of temporary agency jobs. As the study shows, around one worker out of three also after three years remained working in the temporary agency work sector<sup>179</sup> as the following figures shows.

**Figure 26: Italy: Employment status of a panel of TWA workers in 2007 after 3 years (%)**

*N=424. Source: IRES-CGIL Survey on TWA Italian workers, 2010*

While around one third remained in the sector, around 45% were in different forms of direct employment and around 19% reported to be unemployed.

A key aspect thus continues to be the job histories of workers prior and successive to temporary work. The shorter and more straightforward are job histories, chances are workers will be in a better position to achieve more secure employment conditions. Consequently, having carried out a greater number of assignments is not so much an indicator of higher employability but rather a signal of remaining in the area of discontinuous work.

This is also confirmed by studies on the transition from fixed-term to permanent employment that are based on the analysis of more longitudinal developments, e.g. a study on workers in the 15-to-39 age

<sup>178</sup> Al fine di avviare un'analisi longitudinale dei percorsi dei lavoratori e delle lavoratrici che nella propria biografia lavorativa hanno avuto un'esperienza di lavoro da somministrati, nell'indagine IRES sui lavoratori interinali realizzata nel 2010, è stato intervistato un *panel* di circa 400 lavoratori e lavoratrici che avevano partecipato all'indagine compiuta dall'Ires nel 2007 e che allora avevano una missione in corso.

<sup>179</sup> Si tratta per lo più di giovani (fino a 29 anni: 45,5%) e di lavoratori con bassi livelli di istruzione (52,2%).



group who first entered the job market in 1998 on the basis of fixed-term contracts.<sup>180</sup> After one year, only 16.5% were able to make the transition into a job with an open-ended contract, while 60% continued to be a temporary worker. Six year down the line, 50% had a permanent job, while 20% still had an flexible contract (fixed-term or subordinate).

The survey also shows that the chances for making a transition into permanent employment are much better within the first three years: Transition rates are reported to increase from 16.5% in the first year (1999), 38.5% in the second (2000) and peak in the third year (2001 with 47%) before they start to decline. This means that temporary work can be regarded as a stepping-stone into permanent employment mainly during a transitory period of time – after that it is likely that workers remain in temporary work. Nevertheless, even working stability cannot be configured as being permanent: 44 % of those who had started as fixed-term employees in 1998 and who obtained an open-ended contract the following year, had once again become fixed-term workers or exited the INPS payroll by 2004.

This situation indicates two sides of increased labour market flexibility in Italy: While mobility seems to have increased during recent years, there has also emerged a significant group of workers on temporary contracts that move from one non-permanent employment status (including unemployment and inactivity) to the other.

Also in the **United Kingdom**, the transition into permanent employment is a major issue in the wider debate on temporary agency work: Trade unions broadly argue that there is a need for more regulation in order to protect temporary agency workers and improve their working conditions. They believe overall that temporary work does not offer a stepping stone into other forms of employment and that checks should be put into place to stop the exploitation of temporary agency workers. They believe that temporary agency workers enter into this form of work when no permanent work is available. According to a TUC analysis of LFS data, 45% of agency workers would prefer a permanent job (compared to 23% of all temporary agency workers), although it should be noted that 29% said they did not want a permanent job.<sup>181</sup> On the other hand, employer representatives and the UK government have stated their belief that temporary work can contribute to increasing permanent employment, e.g. in a government document collating responses to its consultation on the Regulations when they were in draft form:

*“The government is determined to ensure that as well as the benefits the legislation will bring for workers, the UK also maintains labour market flexibility, which is a key part of the UK labour market. It provides important flexibility for many employers, including an important route into permanent employment.” (p.4)*

However, there is not a great deal of evidence around relating to the UK on the specific issue of temporary agency work and different forms of labour market transitions, whether that be between unemployment and work, education and work, mobility between sectors and occupations/professions, the mobility of specific groups, or upward and downward transitions.

A REC report dating from 2012<sup>182</sup> also looked into the issue of temporary work, in the context of flexible working and labour market flexibility. It found that a quarter of temporary agency workers are studying on a full or part-time basis, therefore using temporary work as a means of supporting or complementing their studies. Further, it found that many temporary agency workers have relatively high levels of education and qualifications: 25% have A-levels (taken at age 18), 28% have A-levels plus a tertiary-level qualification and 11% have a post-graduate qualification. In terms of movement in and out of the open-ended labour market, this report found that 63% worked on a temporary basis following a period of unemployment, 33% worked on a temporary basis while seeking a permanent role, and 39% worked on a

<sup>180</sup> Il data set longitudinale è costituito dalla totalità dei lavoratori contribuenti all'INPS nati in 4 date predefinite, l'analisi si basa su circa 2393 osservazioni. I dati fanno riferimento al solo comparto privato.

<sup>181</sup> Trades Union Congress 2007: Agency workers: Counting the cost of Flexibility.

<sup>182</sup> REC 2012: REC Flexible Work Commission Report.



temporary basis while on a career break. Overall, 68% of temporary agency workers in this research were satisfied with their pay. REC also makes a case for the role of temporary agency work as a labour market flexibility tool that can help keep unemployment relatively low in the UK, in the context of economic recession. It argues that, especially in the current recession, the use of temporary agency workers allows employers to grow and shrink their workforce in direct response to fluctuations in demand: *“To take a risk on growth now, a business needs to know that it has a means of quickly downsizing if the expansion cannot be sustained – the preservation of the company, and therefore jobs, must be the primary goal”*.

One of the most relevant studies examining the issue of temporary agency work and transitions is a study of the UK Labour Force Survey carried out 2005:<sup>183</sup> Part of this analysis deals with the transition of agency work into permanent employment and it states that there is evidence to suggest that agency work is a stepping stone for some groups of workers, for example those returning to work or younger workers. However, it notes that it is difficult to present a clear picture of trends and what they mean:

*“On the one hand, if the growth in agency working reflects a changing method of worker screening, we would expect a greater proportion of agency workers to make the transition to permanent employment as labour markets tightened during the late 1990s. Set against this, and drawing on segmented labour market theory and case-study evidence, an alternative possibility is that the diminishing scope of internal labour markets coupled with the increased outsourcing of whole operations to employment agencies have combined to reduce short-term opportunities for movement” (p. 254-255).*

To examine this more closely, Forde and Slater looked at the panel data of the LFS, which allowed individuals to be tracked over one year. They found that 48% of their sample of temporary agency workers had made the transition into permanent employment over the year. However, 38% remained in temporary work one year on, 7% had moved into unemployment and a further 7% had left the labour force altogether. Thus, they noted that

*“this indicates that many agency workers do not succeed in making the transition to more stable employment, at least within the space of a year” (p. 263).*

They then investigated the factors that might be an influence in whether or not an individual transitions into permanent employment. They found that age reduces the likelihood of a move into permanent employment, but the presence of a dependent child increased the likelihood, possibly lending some support to the notion that agencies may be used as a ‘stepping stone’ to permanent work for those returning to the labour market.

However, interactions between gender and the presence of a child, or children and labour market entry were found to have no significant impact on the likelihood of a move into standard work. Those combining education with agency work were found to be 24 times more likely to be observed out of the labour market one year later, reflecting the marginal labour market attachment of these workers. However, greater levels of education were not found to increase significantly the probability of a move to permanent work, although those with higher qualifications are generally less likely to move into unemployment. They also found that those with qualifications below degree level, such as teaching and nursing qualifications, are found to be less likely to leave agency work for a permanent job: *“This may be because these qualifications are not generally valued by employers or are associated with certain professions where agency workers are used to fill labour shortages on an ongoing basis” (p.265).* Another finding was that agency workers searching for another job are not significantly more likely to have made the transition to permanent employment one year later. Rather, job search increases the odds of becoming unemployed, relative to remaining in temporary work, by more than a factor of four. In terms of the transition from unemployment to the labour market via temporary agency work, Forde and Slater

<sup>183</sup> Forde, C.; Slater, G. 2005: Agency Working in Britain: Character, Consequences and Regulation, British Journal of Industrial Relations, 43(2), pp. 249–271.

found that those out of work a year before taking an agency job were no more likely to move to permanent work than they were to remain in a temporary job. However, they were over nine times as likely to be unemployed one year later:

*“This suggests that it takes some considerable time before the experience of agency work may help labour market (re)entrants secure more stable employment. It also provides some limited evidence that agency assignments may be supplanting probationary contracts in trying out ‘risky’ workers” (p.265). They examined this in more detail, and found that although the likelihood of moving from a temporary to a permanent job was slightly increased between 1996 and 2000, the increase was not significant. They therefore conclude that: This is contrary to expectations generated by the screening argument. Rather, these results are more in line with the hypothesis that the growing number of agency jobs in Britain is associated with increased outsourcing of discrete operations to employment agencies alongside a narrowing of internal labour markets, developments which imply that agency work will continue to provide limited opportunities for direct movement into more stable work. The evidence is that, for many, agency jobs remain precarious.” (p. 265-266)*

A recent review<sup>184</sup> reported on the findings of a 2008 report issued by the *TUC Commission on Vulnerable Employment* (COVE), which documents the working lives of vulnerable workers and the problems they face.<sup>185</sup> While this report focuses on temporary work as a whole, it does also highlight some abuses of the legislation governing temporary agency workers, including areas such as training, wage deductions, holiday pay and trade union rights. The report also found evidence that low-paid temporary work is less likely than permanent work to lead to labour market progression for vulnerable workers. For example, it quotes research undertaken for the *UK Department for Work and Pensions* (DWP), which found that 12% of benefit leavers who obtain a permanent job return to *Jobseekers Allowance* (JSA) within three months, compared with over one-third (38%) of benefit leavers who obtain a temporary job. Further, the COVE report found that temporary agency workers are more likely than permanent workers to be low paid, and are much less satisfied with their job security. While some forms of temporary employment have been shown to act as stepping stones to permanent jobs, the report notes that this is unlikely to be the case for those in low-paid and poorly protected posts. The report states:

*“We believe that in the UK these poor experiences of low-paid temporary work arise in part from the reduced legal protections to which many atypical workers are entitled, and the confusions as to what their entitlements are. The entitlements enjoyed by ‘workers’ place them in a considerably more vulnerable position than ‘employees’, providing them with fewer rights and reduced job security.” (COVE report)*

To sum up: Against the rather limited research evidence, it is difficult to draw firm conclusions regarding the role that temporary work in general and temporary agency work in particular plays in facilitating transitions or not, given the limitation of the current data available, and the opposing views of the social partners on this rather political issue in the UK. There does seem to be some limited evidence from the UK Labour Force Survey that there is movement between temporary and permanent employment, although the authors of the main study in this area believe that the evidence is not particularly robust. Employers are keen to showcase the positive elements of temporary work and how it can contribute to transitions from unemployment into the labour market, from temporary to permanent work, and how it can contribute to increasing employability, thus increasing mobility across the labour market and across sectors. However, trade unions remain sceptical, citing cases of temporary agency workers trapped in low-paid and insecure work when they would prefer to be employed in a more secure and permanent job.

<sup>184</sup> See: Broughton, A. 2010: UK: Flexible forms of work: 'very atypical' contractual arrangements. Eurofound, Dublin.

<sup>185</sup> Trades Union Congress 2008: *Hard Work, Hidden Lives*. The full report of the Commission on Vulnerable Employment.

**Does temporary agency work substitute permanent jobs?**

Fostered by a number of cases of malpractice, there has been quite a controversial debate on the question whether or not temporary agency workers are used to substitute or “crowd out” permanent jobs in Germany.<sup>186</sup> The argument that temporary agency work might replace regular employees in the user companies was first made by trade unions and later taken up the SPD-Green federal government, which in 2005, citing figures from the Federal Employment Agency, pointed to substitution effects between the permanent staff and temporary agency workers in large companies, particularly in the automobile industry, food industry, printing industry, banking industry, at airports and in hospitals and in public sector organizations. This was done either by converting regular jobs into temporary agency work, or by outsourcing areas to temporary agency work.<sup>187</sup> In the opinion of trade unions the purpose of the substitution is to circumvent social standards in the user companies, especially those proved by the collective bargaining agreements. However, as the temporary agency work employers’ associations have stressed there is no threat in using temporary agency work as such because the German employer model of temporary agency work is based on contracts between workers and temporary work agencies that provide for the same rights and protection as permanent staff (e.g.: holiday pay, social insurance, protection against dismissals protection). Furthermore, and as highlighted earlier in this report, the overwhelming majority of temporary agency workers are employed on open-ended contracts.

Research by the Ministry of Labour of North Rhine Westphalia based on the IAB establishment panel came to the conclusion that in 26.3% of businesses using temporary agency work in Germany substitution effects took place in 2006.<sup>188</sup> This means that in over a quarter of all firms using temporary agency work permanent staff was reduced, while the number of temporary agency employees rose or remained constant, or the permanent workforce remained constant while the number of temporary agency workers increased.<sup>189</sup> According to a more recent study based on the IAB establishment panel, between 2008 and 2009 the number of temporary agency employees rose (2% of users) or remained constant (2%) while permanent staff was reduced. In 6% of user companies the permanent workforce remained constant, while the number of temporary agency workers increased.<sup>190</sup> However, this study was based on the assumption that employment remains stable if changes (increases or decreases) are less than five percentage points. The analysis of the *Rheinish-Westphalian Institute for Economic Research (RWI)*, however, refrains from any such percentage rule and comes to very different outcomes. Also using the establishment panel, the analysis of the institute comes to the conclusion that, between 2008 and 2009, the number of temporary agency employees rose (24% of users) or remained constant (4%) while permanent staff was reduced. In 19% of user companies the number of the permanent workforce remained constant, while the number of temporary agency workers increased.<sup>191</sup>

A survey carried out amongst 3,800 companies (users and non-users) in the area of industry and manufacturing-related services drew the conclusion based on the answers of users that only in 19% of companies the number of temporary agency workers increased while the number of permanent staff decreased (2007 – 2008: 13% and 2008 to 2009: 21%).<sup>192</sup> Since only few companies are actually using temporary agency work in Germany, another study based on the IAB establishment panel concluded that from 1998 to 2003 in only 0.75% of all German companies substitution effects of the permanent staff by temporary agency workers are visible. He also concluded that, more likely, replacement took place at the expense of workers on fixed-term contracts than on the standard form of employment.<sup>193</sup> The companies where substitution effects took place are businesses of all sizes. Large companies rather decrease permanent staff and increase the proportion of temporary agency workers, while SMEs keep numbers of permanent staff stable, but increase the share of temporary agency workers. The extent of substitution is, however, very low: In 2006 65% of companies only replaced up to two employees, 17.1% between 2-5 employees, and 9.6% between 5-10 employees.<sup>194</sup>

<sup>186</sup> See Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper, Bonn.

<sup>187</sup> Deutscher Bundestag 2005: Unterrichtung durch die Bundesregierung: Zehnter Bericht der Bundesregierung über Erfahrungen bei der Anwendung des Arbeitnehmerüberlassungsgesetzes; Drucksache 15/6008, 30. September 2005.

Deutscher Bundestag 2006: Antwort der Bundesregierung auf die kleine Anfrage der Abgeordneten Brigitte Pothmer, Irmgard Schewe-Gerigk und der Fraktion Bündnis '90/die Grünen: Arbeitnehmerüberlassungsgesetz – Wirkung der unbegrenzten Entleihdauer. - 16. Wahlperiode, Drucksache 16/1926, 22. Juni 2006.

<sup>188</sup> Sczesny, C. et al. 2008: Zeitarbeit in Nordrhein-Westfalen: Strukturen, Einsatzstrategien, Entgelte. Dortmund, p. 59

<sup>189</sup> The infamous example of the drugstore chain Schlecker which dismissed employees only to be rehired via temporary work agency is no longer allowed in Germany.

<sup>190</sup> Bellmann, L.; Crimmann, A.; Kohaut, S. 2012: Zeitarbeit aus betrieblicher Perspektive.

<sup>191</sup> Rheinisch-Westfälisches Institut für Wirtschaftsforschung 2012: Herausforderung Zeitarbeit. Studie im Auftrag der Bertelsmann Stiftung, p. 42.

<sup>192</sup> IW Consult GmbH; Institut der deutschen Wirtschaft Köln 2011: Zeitarbeit in Deutschland : Treiber für Flexibilität und Wachstum, Köln, 09.05.2011, pp. 45-46.

<sup>193</sup> Promberger, M. 2006: Leiharbeit im Betrieb: Strukturen, Kontexte und Handhabung einer atypischen Beschäftigungsform. – Abschlussbericht des Forschungsprojektes HBS-2002-418-3, Düsseldorf: Hans-Böckler-Stiftung, Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung, p. 116-117.

<sup>194</sup> Sczesny, C. et al. 2008: Zeitarbeit in Nordrhein-Westfalen: Strukturen, Einsatzstrategien, Entgelte. Dortmund, p. 62.

## 2.3 Conclusions

The role and functioning of temporary agency works as a stepping stone into permanent and/or direct employment is a big issue of public debates as well as social dialogue on the effects of temporary agency work on contemporary labour markets. In short, there is quite a lively debate in particular between employers' organisations in the sector on the one hand and trade unions on the other hand that vary between differences in the interpretation of data and statistical evidence (i.e. "*is the glass half full or half empty*").

The surveys and research evidence presented and discussed in this case study delivers arguments for both points of views: Existing surveys (e.g. in the United Kingdom, the Netherlands, France or Germany) confirm the suggestion that there is an 'adhesive' effect of temporary agency work, i.e. that a significant number of employees after one year or so (depending on the method of the study) are likely to be offered a direct employment by the user company after an assignment. The quantitative scope of this effect differs quite significantly between different surveys and countries (e.g. 5-20% in Germany, similar results in France, United Kingdom: 48%) and seems to depend very much on the specific survey methodology and also certainly is influenced by the date of the respective study.

At the same time, existing surveys as well as descriptive and qualitative research (e.g. in Italy) have highlighted that not only a significant number of temporary agency workers are likely to remain in agency work but also that certain groups of employees find it much more difficult to make transitions into permanent employment. Here, the evidence from different countries is quite similar: Age matters a lot and older workers in general seem to have only reduced chances to move to open-ended standard employment relationships. Also, skills and the qualification level seem to be a crucial aspect. As evidence from different countries (again in particular from Italy) also shows, temporary agency work for quite a large number of younger employees that have educational and/or skills deficit are facing particular problems in finding permanent employment via temporary agency work. Against this, in particular trade unions have stressed the danger that for a certain share of the national temporary agency workforce this type of employment has emerged as a permanent way of working as there is no chance to find more permanent forms of work.

Against this research evidence, it would be extremely interesting to investigate the effects of certain regulatory environments and frameworks on the stepping stone function of temporary agency work: Which effects for example have the bilateral training funds on the transition of target groups and others into direct employment? What are the effects of the regulations made by law and/or collective regulation with view on the automatic conversion of temporary agency jobs into permanent jobs after a certain number of assignments/time on individual employment and job security? Or do equal pay agreements or provisions on sectoral pay premiums contribute to a higher transition rate into direct employment?

Unfortunately, these questions have not been addressed by empirical research so far and there clearly is a need for more targeted research (including on the issue of the *quality* of transitions) and also research that compares transitions from temporary to permanent and/or direct employment in different countries.

### 3 CASE STUDY “EDUCATION TO WORK TRANSITIONS”

#### 3.1 Overview

The fact, that young people (including students) constitute a high share within the total temporary agency workforce, is already an indication that education to work transitions are an important aspect of temporary agency work.

Furthermore, it has been reported in many of our focus countries that temporary agency work has become more important in recent years for young people entering the labour market for the first time (e.g. France or Germany): While this trend is clearly visible, the underlying factors and determinants are much less so. Research evidence shows that the group of young people (either still within or leaving education) entering the labour market as temporary agency work is very heterogeneous:

- For students and those still in education, temporary agency work may be an easy way to earn (additional) money;
- For young people looking for a first job, temporary agency work may be a good possibility to gain work experience in different professional environments;
- For others, temporary agency work may be the only alternative because direct employment is not available;

While this heterogeneity of different paths and trajectories from education to work via temporary agency is documented quite well by a number of national surveys in a number of our focus countries (though for Italy and the United Kingdom no studies or surveys focussing on this topic have been identified), most are descriptive and only few studies exist, that compare the trajectory of young people within temporary agency work with those choosing alternative ways.

#### 3.2 Facts and evidence

In all of our focus countries, recent surveys and studies are highlighting that temporary agency work has become an important entry gate into the labour market in particular for young people: Already in the comparative study report the high shares of people under the age of 25 years have been highlighted.

Though international comparisons are difficult due to different statutes in regard to student work, comparative surveys indicate quite significant shares of students within the total workforce of temporary agency workers: A particularly high share is reported in the Netherlands (more than 40%) and in Belgium where according to an *Ecorys* study 46% of agency workers were students in 2008. For 2011, the employer organisation *Federgon* has estimated the share at approximately 33%. And in France, according to the employer organisation *Prisme*, 30% of people wanting to work as agency workers were students.<sup>195</sup>

National studies and surveys illustrate further aspects of young people in temporary agency work and the transition from education to work:

**The Netherlands** is the country in our sample, where temporary agency work is playing the most important role for young people either within or immediately after education: According to recent figures, nearly half of the Dutch temporary agency workforce is under the age of 25 years and also half of the workforce still is in education.<sup>196</sup> These figures still are impressive though during the last decade, a trend of a decreasing share of young people was identified (likely to result from demographic change).

<sup>195</sup> See *Prisme: le magazine*, n. 23.

<sup>196</sup> *Ecorys 2009: Agency work on the move*, p. 10.

Also the ABU inflow studies show that temporary agency employees are young compared to the Dutch working population as a whole: The percentage of young people was around 46% in 2008 (in the Dutch working population as a whole: 12%) which is a bit lower than two years ago (2006: 48%).<sup>197</sup>

In **Belgium**, as reported above, around one third of the temporary agency workforce is still in education. Furthermore, summarising research results in Flanders, a paper highlighted that in general 47% of all school leavers in Flanders apply for an agency job after leaving school with the share increasing over time. According to the study, almost one in five (19%) male and one in eight (13%) female school leaver find a first job via temporary agency work in Flanders. A further result of the study according to the author is that a higher share of young people leaving school with a secondary education (20-25%) use agency work as an entry on the labour market. For those with a master or bachelor degree the share is only 7%.<sup>198</sup>

A survey commissioned by the temporary agency work employer organisation *Federgon* that was published in 2010<sup>199</sup>, analysed the perception of youths on the job market and the role of temporary agency work. The study shows that within the group of 18 to 26 years old temporary agency workers, around 45% state that temporary agency work is chosen because it allows finding quickly a job.

However, the same study notes that only 14% of the interviewed young people have found their job due to temporary agency work (compared to the 24,1% who have found it through their network) and that no more than 56,6% would accept to work as temporary agency workers.

More precisely, concerning their acceptance to work in the temporary agency work industry, the study shows that the highest category of youths who would accept such a job are the unemployed youths, with 72,4% of positive answer. In regard to the motives of the youths, the study explains that they are similar to the total survey population, indicating as a first motive the fact that it is better than unemployment (42%), because they consider temporary agency work as a springboard to a permanent job (15%) or because they want to acquire experience. Inversely, the study shows that the motive to reject temporary agency work is first of all the insecurity of employment (37%); because temporary agency work would not offer good employment conditions (11%) and because temporary agency work cannot meet their professional requirements (11%). The survey also underlines that the perception of youths on temporary agency work depends to their experience. Indeed, in regard to the willingness of the pooled to work in temporary agency work, the rate is 45% for those who have never had any contact with temporary agency work; 55% among those affiliated to a temporary agency and 66% of those who have already been assigned by a temporary agency.

Unfortunately, there are not many studies in Belgium analysing the stepping-stone effect of temporary agency work as an entry into labour in comparison to other entries. However, a study that has investigated whether temporary employment can act as a stepping stone for unemployed school-leavers is also quite interesting in this context. The study compared the duration between the start of temporary employment and a transition to permanent employment to the counterfactual duration until permanent employment in the absence of temporary employment on the basis of the SONAR database in the Flanders.<sup>200</sup> The study was able to identify a stepping-stone effect of temporary employment for unemployed school-leavers in particular for those who have in general more difficulties to make the transition out of unemployment given their low level of (or lacking) qualification.

<sup>197</sup> ABU Inflow Study 2009, p. 8.

<sup>198</sup> See SONAR 2008: De arbeidsmarkt in Vlaanderen, jongeren in transitie, Steunpunt Werkgelegenheid Arbeid en Vorming, Leuven.

<sup>199</sup> Federgon 2010: "Comment les jeunes perçoivent ils le marché du travail et le rôle du travail intérimaire ? – Dossier rédigé sur base du rapport homonyme d'IDEA Consult", Juin.

<sup>200</sup> Göbel, C.; Verhofstat, E. 2008: The role of temporary employment for the integration of school-leavers into permanent employment, Gent. The SONAR database has been created to study the transition from education to the labour market.



In **France**, according to the Ministry of Employment (DARES), more than half of the temporary agency workforce (56%) is under the age of 30 years (compared to 23% in the private sector as a whole) and more than one third (37%) is aged less than 25 years. Another indication of the importance of the sector for young people employment is the share of temporary agency workers by age in total employment ('penetration' or recourse rate). While for the age group of 35-49 years old persons, the share of temporary agency employment in total employment of this age group is only 1.5%, around 10% of the total employment in the age group of 20-24 years was in temporary agency work.<sup>201</sup> Consequently, young agency workers were the most affected by the economic downturn in 2009. The proportion of agency workers aged under 25 decreased sharply by more than 30% in 2009 compared to 2008 as the following table shows.

**Table 11: France - Distribution of agency work according to age**

	Total number of agency workers by age groups (full time equivalents, x1000)		Change 2009/2008	Share in total agency workforce 2009	Share of TAW in total employment (penetration rate) 2009
	2008	2009	In %	In %	In %
<b>&lt;20</b>	24.5	15.0	-38.9	3.0	8.3
<b>20-24</b>	159.9	112.6	-29.6	25	9.6
<b>25-29</b>	121.3	90.7	-25.2	20	3.9
<b>30-34</b>	81.2	61.1	-24.7	14	2.5
<b>35-49</b>	168.9	129.4	-23.4	29	1.5
<b>&gt;50</b>	48.5	38.6	-20.5	9.0	0.8
<b>Total</b>	<b>604.3</b>	<b>447.3</b>	<b>-26.0</b>	<b>100</b>	<b>2.6</b>

Source: DARES Analyses, June 2010, n° 034

A recent survey on temporary agency work and labour market transitions was carried out in March 2011 by the bilateral *Observatory of Occupations and Jobs*.<sup>202</sup> It is based on a phone survey realised among 1,000 people who were temporary agency workers in March 2010. The sample is representative of the temporary agency workers at this date. Similar surveys have been conducted since 2000, which enables comparisons over ten years. According to this study, 84% of those temporary agency workers aged under 25 had never worked before 2010. They were either students or jobseekers. One year after in March 2011, 61% of them are in employment: 30% in temporary agency work, 17% in open ended contracts and 15% in fixed term contracts. This indicates that a stepping stone effect is indeed associated with temporary agency work for young people.

Other surveys illustrate that temporary agency work seems to be particular relevant for the labour market integration of school-leavers with low or no qualifications, looking for a job in the industry. It can enhance their insertion opportunities and can give them access to on-the-job training: A longitudinal research realised by the CEREQ (*Centre d'études et de Recherches sur les Qualifications*) Institute among young labour market entrants in 2004 showed that the first job found was in 27% of the cases a temporary agency work for the entrants with no qualification, compared to 20% for those with the *Baccalauréat*. It is interesting to note that temporary agency work represents the first job for around one young entrant out of three with an IV-level or III-level qualification with an industrial specialisation.<sup>203</sup> This may indicate a particular type of school-to-work transition based on the opportunities offered by temporary agency work in the industry sector.

<sup>201</sup> DARES Analyses, June 2010, n° 034.

<sup>202</sup> Observatoire des Métiers et des Emplois, *Regards croisés sur l'intérim*, 2011.

<sup>203</sup> CEREQ 2009: Génération 2004: Enquêtes 2007, 2009, Premier emploi obtenu.



For **Germany**, a first indication for a potential positive role of temporary agency work as a transitional labour market between education and work has already been provided by the age analysis above. 49.5 % of temporary agency workers are under 35 years old. The above the average share of young employees in temporary agency work as compared to total employment indicates that temporary agency work is of considerable importance for the transition between education and work. According to the latest report on temporary agency work published in 2012 by the public employment service, 10% of all new temporary agency contracts in 2011 were concluded with people who were never employed before.<sup>204</sup> This indicates a positive correlation between temporary agency work and the end of the training phase. A study based on SIAB data (2003-2005), found out that, of the persons who were in training during the 180 days before taking up temporary agency work (i.e. 1.8% of those examined), 23.8% ended up in continuous regular employment outside temporary agency work 180 days later. 28.3% were employed continuously in temporary agency work and 23.8% were unemployed or inactive.<sup>205</sup>

A study from 2010 focusing on the role temporary agency work plays in the transition from vocational training to work, compared graduates who had taken up temporary agency work in the years 1999-2005 and those who have not in Saarland.<sup>206</sup> Graduates were affected by temporary agency work quite differently: While 8.9% of graduates with no formal level of education and 5.5% with a low Certificate of Secondary Education ("*Hauptschulabschluss*") used temporary agency work for at least three months within two years after graduating, only 0.7% with a university qualifying degree ("*Abitur*") chose to do so in the years 1999 to 2005 (average). While only 0.2% with very good theoretical final vocational training exams (grade 1) worked in temporary agency work, 6 % of those with a very low grade (grade 4) took up temporary agency work. In regard to the practical final exams, the percentage was 0.9% compared to 6.6%. These differences can be explained by the signalling effect of grades for potential employers which indicate productivity and other characteristics of the candidates. Graduates with poor examination grades in the dual system or low or no secondary education certificates often take up temporary agency work in absence of alternatives.

It should be noted that the number of graduates trying out temporary agency work has increased drastically over the years. While in 1999 only 1.7% of graduates worked at least three months in temporary agency work within the 24 months period researched, in 2005 14.6% did. That means that one in seven graduates in 2005 worked in temporary agency work. Temporary agency work was most common with newly trained painters (9.4%), metal workers (9%) and electricians in the area of energy and building (8.3%).

However, graduates who took up temporary agency work within two years after finishing vocational training earned less (17%), had longer unemployment spells (+93 days) and were likely to still be employed in temporary agency work in the third (46.7%) and fifth year (30.3%) after the initial temporary agency work spell, compared to graduates who did not take up temporary agency work.<sup>207</sup>

<sup>204</sup> Bundesagentur für Arbeit 2012: Zeitarbeit in Deutschland. Aktuelle Entwicklungen, Nürnberg, p. 19.

<sup>205</sup> 6.2% were employed up to 90 days in regular employment and 16.9% up to 90 days in temporary agency work. Crimmann, A.; Ziegler, K.; Ellguth, P.; Kohaut, S.; Lehmer, F. 2009: Forschungsbericht zum Thema „Arbeitnehmerüberlassung“, Endbericht. IAB, Nuernberg, p. 83 and 86.

<sup>206</sup> Research done on basis of the „*Ausbildungspanel Saarland*“ (apprenticeship panel Saarland) and the Integrated Employment Biographies (IEB) of the Institute for Employment Research (IAB) as well as data from the Chamber of Commerce and the Saarland Chamber of Craft (for information on qualification and grades) among 14.212 graduates (and 8.130 graduates for research on practical exams). Buch, Tanja; Burkert, Carola; Hell, Stefan; Niebuhr, Annekatriin (2010): Zeitarbeit als Erwerbseinstieg nach einer dualen Ausbildung. - Zeitschrift für Soziologie, vol. 39, no. 6, pp. 447-469.

<sup>207</sup> Buch, Tanja; Burkert, Carola; Hell, Stefan; Niebuhr, Annekatriin (2010): Zeitarbeit als Erwerbseinstieg nach einer dualen Ausbildung. - Zeitschrift für Soziologie, vol. 39, no. 6, pp. 447-469

Unfortunately, no studies and surveys similar to those described above for Belgium, the Netherlands of France have been carried out so far in Germany and the knowledge and information for example on the perception of young people choosing temporary agency work as an entry channel into the labour market is very limited.

With view on other countries in our sample similar studies and empirical research findings do not exist: As already mentioned before, in the **United Kingdom** there is a very limited amount of quantitative evidence on labour market transitions and in particular on the issue of education to work transitions. The main relevant studies are focussing on issues such as unemployment to work and temporary to permanent employment.

Similar *Italy*: As already described in other parts of this study, research that has been conducted has been of descriptive nature, highlighting for example the low average age of temporary agency workers from which the conclusion can be drawn that education to work transitions are an important aspect of temporary agency work. According to latest available data provided by the bilateral Ebitemp<sup>208</sup>, 44% of the temporary agency workers are under the age of 30 years and around one quarter (23%) is younger than 25 years.

Though no studies and surveys focussing particularly on the role of temporary agency work for the transition from education to employment in Italy exist so far, surveys have highlighted the weaknesses of the Italian system of education and training, in particular the weak link between studying and working.<sup>209</sup> Also a recent OECD report<sup>210</sup> showed that school-employment transition is more difficult in countries like Italy where youths are committed to full-time education before looking for a job according to the dominant “first study, then work” model.<sup>211</sup>

A recent study of the Italian national institute for statistics<sup>212</sup> ISTAT analysed how youths in the 15-34 age group moved out of the formal education system (high-school diplomas and university degrees) into the job market. In the second quarter of 2009, only around one third (33.1%) of those young people between the age of 15-34 years who had left formal education had a paid job and/or were participating in study-work projects (attending training programmes, stages or apprenticeship courses). The study also shows that only a proportion of 29% of this age group was able to find a job within one year after completing formal education. Furthermore the statistical analysis confirmed that the prospects of young people with lower educational attainment are weaker in comparison with those obtaining a high-school or university degree.

According to the survey, over half of those young people that started with a permanent open-ended contract were able to maintain this status. However, a significant number of persons transited to other occupational conditions: 13% moved to self-employment; 9.8% had non-standard jobs while the remaining either left the labour market due to unemployment (9.3%) or because becoming inactive (15.9%).

The data also show that 46.6% of those who had an ‘atypical’ (defined as fixed-term or project contract) contract reported a transition into permanent employment after three months, while 18.6% remained in a flexible employment condition and 27% left the labour market (13.5% unemployed and 13.9% inactive). This means that compared to those who entered the job market with a full-time, open-ended

<sup>208</sup> Osservatorio Centro Studi dell’Ente Bilaterale del lavoro Temporaneo 2011.

<sup>209</sup> See CNEL 2011, Rapporto sul mercato del lavoro 2010-2011, 14 luglio, 2011; Villa P., “I giovani e il mercato del lavoro in Italia” in Italian Journal of Social Policy, 3/2011.

<sup>210</sup> OECD 2010, Off to a good start? Jobs for youth, Oecd Publishing.

<sup>211</sup> Cfr., Scarpetta S, Sonnet A, Manfredi T. , 2010, Rising youth unemployment during the crisis: how to prevent negative longterm consequences on a generation?, Oecd Social, Employment and Migration Working Papers, n.106, OECD.

<sup>212</sup> Istat, L’ingresso dei giovani nel mercato del lavoro – Anno 2009, 30 settembre 2010.

employment, the young employees who started with a non-standard job are more likely to exit the market as unemployed.

**Table 12: Italy: Young people 15-34 years old (at the end of training) after the first work experience over three month by current professional situation and type of contract at the first work experience – Second quarter of 2009**

Employment status after the end of training	Employment status after 3 months (2 <sup>nd</sup> Quarter 2009)					
	Self-employed (%)	Permanent work (%)	Atypical work* (%)	Unemployment (%)	Inactive (%)	Total number (thousands)
Self-employed	29,6	36,3	7,6	9,4	17,1	138
Permanent contract	13,0	52,0	9,8	9,3	15,9	1.374
Atypical contract (a)	7,4	46,6	18,6	13,5	13,9	1.357

\* Fixed-term contract and coordinate and continuous cooperation or project contract workers.

Source: ISTAT, Labour Force Survey

With regard to major trends of school to employment transitions in Italy during recent years, studies on young graduates entering the job market are indicating two major aspects: First, liberalisation of the labour market and contractual arrangements have resulted in a higher participation of youths, reducing the share of inactive young people at least until 2008. At the same time, surveys show that a growing number of young graduates enter the labour market under more unstable conditions, i.e. 'atypical' contractual arrangements.<sup>213</sup> These and other survey results (see in particular the case study on the transition between temporary and permanent employment) indicate that younger workers in Italy have fewer chances of finding a permanent job when entering the job market for the first time. While an increasing share of young people are likely to start with flexible work and remain in this condition, also the probability that young people with permanent jobs move into temporary employment is higher than with older workers.

### 3.3 Conclusions

A striking result of this case study is that in regard to the research on the role of temporary agency work for the transition from school/education to work the situation is quite paradoxical: On the one hand it is a well-known and documented fact that young people (including those in education) are an important and sometimes the most important age group within the European temporary agency workforce. Furthermore, various comparative as well as country specific surveys show that temporary agency work (and temporary contracts in general) has developed as an important entry channel for young people entering the labour market for the first time. However, at the same time our knowledge about the effects of entering the labour market via temporary agency work for younger people in comparison to other entry channels is still limited due to a lack of empirical studies and surveys. In particular there are only very few attempts to compare the trajectories of young people within temporary agency work with those choosing alternative ways (e.g. the Saarland study in Germany).

As the research review has shown, most of the studies presented here are descriptive and do not allow for conclusions for example on the efficiency of temporary agency work for young people entering the

<sup>213</sup> See for example the Almalaurea survey on graduates who have left the university system to enter the job market in 2007-2010: Almalaurea è un consorzio inter-universitario che coinvolge i principali atenei universitari italiani [www.almalaurea.it](http://www.almalaurea.it). L'indagine 2011 sulla condizione occupazionale dei laureati ha coinvolto quasi 400 mila laureati di 57 università italiane. [www.almalaurea.it](http://www.almalaurea.it).

labour market. However, by reflecting on major results of these studies, the following general aspects and patterns can be summarised:

Studies from different national backgrounds indicate that certain groups of young people rely much more on temporary agency work as an entry channel into work than others: There are differences in particular regarding the educational profile and qualification level (higher shares of persons with a low educational qualification) but also regarding other characteristics (gender, ethnic background etc.).

A further result of the studies described here is that there are differences with regards to subsequent labour market transitions (2<sup>nd</sup> and 3<sup>rd</sup> transitions): Research evidence suggests that the chance to make subsequent transitions into other employment opportunities depends very much on the length of the status as a temporary agency worker: the longer young people are assigned as a temporary agency worker, the more likely it is that they stay in this status. With view to the reasons, there is a lack of research evidence whether this results from the specific profile and/or the qualification level of the respective workers or a lack of direct jobs,

Finally, the increasing role of temporary agency work for young people entering the labour market after education seems to mirror a general trend in Europe. In this context, political and social stakeholders have raised concern about the 'adhesive' effects of temporary work and difficulties in particular of certain target groups to make transitions into permanent forms of employment.<sup>214</sup> Though the issue of temporary work is out of the realm of this study, there is strong evidence that these trends are based on similar patterns and factors.

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<sup>214</sup> See for example: EU Commission: Employment and Social Developments in Europe 2011, p. 23. The report illustrates the particular high shares of fixed-term work amongst young people in contrast to other age groups.

## 4 CASE STUDY “FACILITATING TRANSITIONS OF TARGET GROUPS”

### 4.1 Introduction

Already the chapter on the profile of temporary agency workers has highlighted that specific target groups – defined for the purpose of this study as people with a migrant background, first-time entrants in the labour market, older workers, disabled persons or persons returning to employment after a longer break<sup>215</sup> – are forming an important share within the temporary agency workforce in most countries that have been analysed in this study. And already in the case study on transitions from unemployment to work it was mentioned that specific target groups have been addressed by many joint initiatives of the temporary agency work industry and public employment services. Similarly, the chapters on transitions from temporary to permanent employment as well as the one on education to work transitions have highlighted the special role of temporary agency work in regard to groups that face more difficulties in finding a job due to certain characteristics as qualification level, ethnic background or age.

With view on this it was quite surprising that apart from few exceptions, only a few studies and surveys were focussing particularly on target groups. In most cases of research the situation of target groups was dealt with in the context of another analytical focus. Against this, this case study concentrates on issue, data and studies that specifically deal with the transition of specific target groups and the role of temporary agency work.

### 4.2 Facts and figures

Though only few studies exist that focus on specific target groups, existing research findings confirm a positive stepping-stone effect of temporary agency work for entering the labour market:

In **Germany**, more than one third of all temporary agency workers (35%) have not obtained a vocational training degree and also other disadvantaged groups on the labour market such as migrants, long-term unemployed and younger workers are represented in temporary agency work much more than in total employment. These groups usually have difficulties finding employment and thus temporary agency work offers opportunities to people who would otherwise not or only with great effort and search-time find a position in the standard form of employment.

As already mentioned in the first part of this report, the share of foreign workers in the temporary agency workforce in Germany (17.4% in June 2011) is more than double of the proportion of foreign workers within all social security contributing employees (6.9% in June 2010). Unfortunately and in contrast to countries like the Netherlands and Belgium, only figures on temporary agency workers with a foreign citizen status are reported in Germany and no data exist on employees that have a migrant background.

With view on other target groups, e.g. women returning to work after a childcare break or older workers seeking a transition into retirement, only little evidence exists so far: There are no studies on the transition between employment and retirement through temporary agency work in Germany. However, the age structure of temporary agency workers suggests that temporary agency work plays hardly any

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<sup>215</sup> It should be noted here, that the definition of ‘target groups’ in labour market policy differs from country to country. For example, in the *Netherlands* (e.g. as in the definition used by ABU in the Netherlands) the following four groups are regarded as having specific problems with view of labour market integration: Ethnic minorities, older and long-term unemployed and people with work disabilities. In *Belgium*, the bipartite fund VFU-FFI works with a more detailed definition of specific target groups: Long term unemployed; low-qualified unemployed persons, disabled, students under 18 years in the part-time school system, labour market returners, persons drawing subsistence level, older unemployed and migrants.

role here. Temporary agency work shows a below-average percentage of workers over 55 years to 64 years old (only 8.3%).

Also the transition between labour market inactivity, for example child care, and temporary agency work has not yet been investigated for Germany either. In the context of child care, temporary agency work could theoretically - as a flexible form of employment - be preferred to a standard full-time job. Since the balance of work and child-rearing responsibilities is still predominately taken over by women, the gender structure of temporary agency work, however, indicates that this is not the case in temporary agency work: Only 27.3% of temporary agency workers in June 2011 were female. The proportion of women in temporary agency work is also not increasing with the general increasing employment rate of women. In fact, in the 1970s the employment share of women working in temporary agency work was more than 30%. The main reasons for the unequal gender distribution in temporary agency work are, as noted above, gender-specific occupation structures and the industry affiliation of the user companies.

Looking at the marital status of temporary agency workers, the number of unmarried or divorced persons is twice as high in temporary agency work as in the economy; temporary agency workers also have fewer children.<sup>216</sup> Additionally in the overall economy, the share of part-time is with 20% more than twice as high as in temporary agency work.<sup>217</sup> According to *ver.di* the high demands on mobility and flexibility on temporary agency workers could serve as a (partial) explanation why temporary agency work does not seem to function as a transitional labour market between inactivity and employment.

The role of temporary agency work in supporting the integration of disadvantaged young people into the labour market was addressed by a recent evaluation of the government programme to support disadvantaged youths on the labour market: The study analysed at three pilot sites in Germany from 2007 until 2009 the effects of temporary agency work in combination with individual-specific support and training on the participants. The programme was targeted at disadvantaged youths (n= 211) without a lower secondary school degree, without a vocational training degree and/or without labour market experience. The objective of the programme was to help unemployed youths find permanent jobs via temporary agency work and training. The programme was designed to last a maximum of 12 months. In the study, the group of participants was compared to a second group of youths (n= 103) – chosen by each case manager -- who were equally eligible to participate, yet were denied access because of programme size restrictions. The results showed that the chance of being employed is 40% (26%) higher in 6 (18) months for participants than for those that did not participate in the programme. However, for the most part this holds true only for participants with a long duration in the project, e.g. an enrolment for six to 12 months. One third of the participants found a job outside the temporary agency work sector after the end of the programme and 46% stay with the temporary work agency for which they worked during the programme. The researchers summarised that the programme clearly and sustainably achieves the aim of increasing the employability of those participants that run through all of its components (training and temporary agency work).<sup>218</sup>

Though not one of our focus countries, it should be mentioned here as well that a German-Danish research study on the stepping-stone effect of temporary agency employment on unemployed workers in Denmark found evidence of positive treatment effects, particularly for immigrants.<sup>219</sup>

<sup>216</sup> Kvensnicka, Michael; Werwatz, Axel (2003): Arbeitsbedingungen und Perspektiven von Zeitarbeitern. - In: DIW Wochenbericht, vol. 70, no. 46/2003, 13. November 2003, S. 717-725, p. 720.

<sup>217</sup> The part-time rate in temporary agency work was 9% in June 2011.

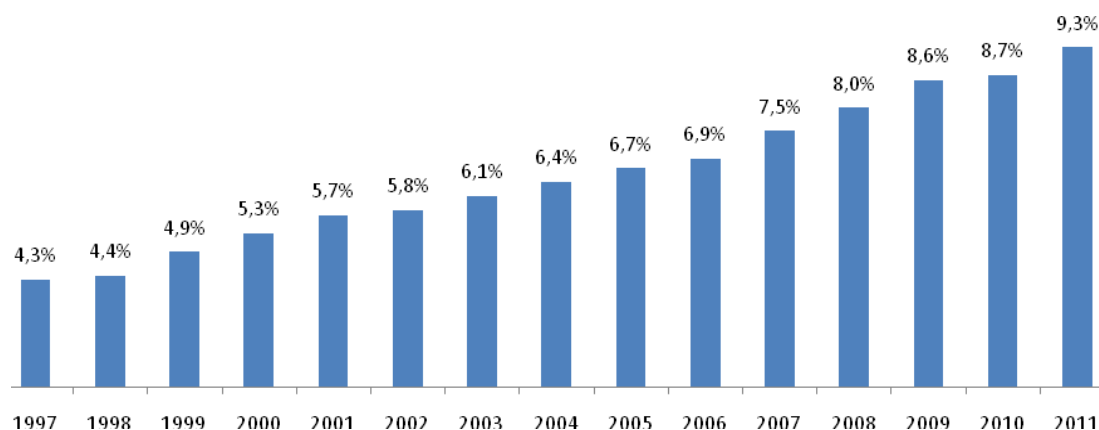
<sup>218</sup> Ehler, Christoph; Kluve, Jochen; Schaffner, Sandra (2011): Training + Temp Work = Stepping Stone? Evaluating an Innovative Activation Program for Disadvantaged Youths. RUHR Economic Papers, No. 249, RWI, April.

<sup>219</sup> Jahn, Elke J.; Rosholm, Michael (2010): Looking beyond the bridge: How temporary agency employment affects labour market outcomes. IZA Discussion Paper No. 4973.



In **France** as already pointed above, the temporary agency work sector is fairly young. In 2004 there were around 19% of temporary agency workers aged 55 or more, compared to more than 28% for the active population as a whole.<sup>220</sup> There has been an important growth in the number of older workers in temporary agency work as already mentioned in previous parts of this report: Between 1995 and 2010, their number has increased twice as fast as the average number of temporary workers. Between 2000 and 2010, the share of older workers in temporary agency work has increased from around 5% to 9%.

**Figure 27: France - Share of older workers in temporary agency employment**



Source: *Observatory of Jobs and Employment*.

For 92% of them, temporary agency work was a useful means to find a job. 51 % have worked six months or more during the year 2011 and 73% think about continuing to work under temporary agency work in the future.<sup>221</sup>

The structure of senior temporary agency work is not that much different from that of the whole sector: 75% of temporary agency workers aged 45 or more occupy a blue-collar job. The share is the same for the whole sector. The share of senior temporary agency workers in qualified jobs is just a bit above the figure for the whole sector (3.4% in executive jobs compared to 2.1%).<sup>222</sup>

A typology of older workers in temporary agency work has been proposed by the *Observatory of Jobs and Employment*, on the basis of quantitative and qualitative data. According to that typology, three older workers out of four in temporary agency work are temporary agency workers “by default”; they have entered the sector often after a professional (restructuring) or personal hazard. 80% of older workers in temporary agency work say to live well their situation, while 5% say to live it negatively.

Concerning younger workers, a characteristic of the French temporary agency sector is to be a significant employer of low qualified, male, young entrants on the labour market, in the industrial sector. According to a recent comparative study this is quite different from the picture in other countries, such as in the Netherlands, Scandinavian countries, Spain or the UK.<sup>223</sup> However one can observe a significant decrease of the share of young people (under 25) in temporary agency work over the last decade, passing from 36% in the beginning of the 2000s to 27% in 2011.<sup>224</sup>

<sup>220</sup> Observatoire des Métiers et de l'Emploi, *Les seniors et l'interim*, 2009.

<sup>221</sup> Observatoire des Métiers et de l'Emploi, *Regards sur l'interim*, 2011.

<sup>222</sup> Observatoire des Métiers et de l'Emploi, *Les seniors et l'interim*, 2009.

<sup>223</sup> Michon F., Belkacem R. (2011), *L'interim en France. Où en est-on ?*, in R. Belkacem, C. Kornig, F. Michon, *Visages de l'interim en France et dans le monde*, Paris : L'Harmattan.

<sup>224</sup> Observatoire des Métiers et de l'Emploi, *Chiffres clés 2011* (from website).

In the **Netherlands**, according to the ABU inflow surveys, nearly one third (31%) of all temporary agency workers in 2008 belonged to special target groups. The largest group amongst these are the ethnic minorities, who represent 18% of the total followed by the group of older workers (45plus) with a share of 13% in the total temporary agency work workforce.

Commenting on this composition of the temporary agency workforce, a paper of transitions has highlighted the following:

*“The fact is that agency workers are a highly diverse group. There are those who see this work as a stepping stone to permanent work, others are students or holiday staff. A further group comprises those people who, when active, do agency work but have neither the ambition for nor the prospect of a permanent job. There is also a reserve labour force that should not be underestimated. Apart from unemployed people there are groups who, while not directly looking for a job, are persuaded to do agency work (school children, students and women at home) during an economic boom. The diverse motivations of agency workers should duly be taken into account when considering the perceptions about this type of work.”<sup>225</sup>*

According to statistical evaluation of the ABU inflow figures, around one quarter of the annual inflow of agency workers belong to one of four target groups (ethnic minorities, older and long-term unemployed and people with work disabilities) and during the last decade a significant growth in the share of special target groups can be identified.

At the same time, several studies have shown that employers hire relatively few people from these target groups. In particular for people with low educational attainment (up to and including pre-vocational secondary education), those over 40 years old or those who are unemployed are pretty small. For these target groups, temporary agency work often is the only possibility to return to the labour market.<sup>226</sup>

An evaluation of annual inflow data of different groups of temporary agency workers covering the years 1993 – 2008 has analysed the development of temporary agency workers belonging to a specific target group in comparison to those who do not belong to a target group with view on the chance to remain in temporary agency work as well as with view on making the transition into permanent employment:<sup>227</sup>

According to the study, the chance of remaining in agency work is defined as the chance that at the start of the year following entry, an agency worker is still doing this type of work. Seen over a longer period, the average chance of remaining in agency work is 34%, i.e. one in three agency workers will still be doing agency work at the start of the following year. According to the study, the adhesive effects of temporary agency work increased between 1993 from 25% to 33% in 2008.<sup>228</sup> With view on target groups, the study shows that there are only marginal differences between this group and non-target group temporary agency workers in regard to the chance of remain in temporary agency work:

*“nothing has been found to prove the assumption that during an economic downturn agency workers from among special target groups are dumped on a massive scale by employment agencies. Agency workers who are not in these target groups do, however, continue to do agency work for slightly longer, until the economy picks up.” (p. 16)*

With regard to the chance of a permanent job (defined as the opportunity an agency worker has of finding a permanent job with a hiring company), according to the study the chance is on average 14 %,

<sup>225</sup> Ecorys 2009: Agency work on the move.

<sup>226</sup> Donker van Heel, P.A., MA. Van der Ende and E. Hazebroek, Vacatures in Nederland 2008 (Vacancies in the Netherlands 2008), CWI, Amsterdam, 2008.

<sup>227</sup> Ecorys 2009: Agency work on the move, p. 16-18.

<sup>228</sup> According to the authors, this effect is the result of the introduction of the Flexibility and Security Act in 1999, since when agency workers have more permanent security with regard to agency work, one of the reasons being that agencies now operate a policy of holding on to their agency workers.

which means that one in every seven agency workers finds a permanent job with the hiring company, a job that he or she would not have found without the agency. Here, the study finds that the chances for agency workers belonging to special target groups are slightly below average. The study also argues that the chance of a permanent job with a hiring company depends on the economy. Improved economic circumstances result in a greater chance of a permanent job with the hiring company. The opportunities for the non-target group are greater than for members of the target group, irrespective of the economic situation. In an economic boom, the opportunities for agency workers who do not belong to the target group show a greater increase than for the target group.

Similar results have been described in studies in **Belgium** that have compared labour market transitions of temporary agency workers in general and those belonging to specific disadvantaged groups (ethnic minorities, people with low skills or older workers). Major results have been described already in the case study chapter on transitions from temporary to permanent employment. With view on major results regarding target groups, the following can be summarised here:

According to the study which is focussing on Flanders,<sup>229</sup> persons from disadvantaged groups remain in temporary agency work during a longer period on average in comparison with temporary agency workers that do not belong to these groups. Also the analysis shows that the transition rate into permanent employment (open-ended contract) is lower for temporary agency workers from disadvantaged groups. According to the authors, this is in line with expectations since jobseekers from disadvantaged groups have generally more difficulty in getting back to work because of a greater distance from the labour market.

With view on the stepping-stone function of temporary agency work, the study also made a comparison between different groups of temporary agency workers and jobseekers that were not active in the temporary agency work sector in 2005. Here, the study shows that temporary agency workers belonging to specific target groups have greater chances of (re)integration into permanent employment than non-temporary agency work jobseekers:

According to the study it is for the group of low-skilled people that the (positive) difference as regards access to permanent employment in comparison with the control group is the greatest. For ethnic minorities and disabled workers, the difference is smaller and it also takes some time before a positive difference can be observed. In contrast, older temporary agency workers access less easily to permanent employment in comparison with older jobseekers from the control group. This may be due to different reasons. So, temporary agency workers over 50 often do not look for a permanent job (any more) and regard their temporary assignment(s) merely as an opportunity to earn extra income. Furthermore, the bonus granted to employers that hire people over 50 can also explain why the control group gets better results with regard to access to permanent employment.

The following general conclusions have been made by the authors of the study:

*“In short, we can state that temporary agency work offers genuine employment opportunities to jobseekers from disadvantaged groups, especially the low-skilled and people belonging to ethnic minorities. Besides, we observe that temporary agency work is not a trap in which jobseekers get stuck for a long time. This observation is also true for jobseekers from disadvantaged groups. We have found higher transition rates into permanent employment for temporary agency workers compared with a control group of other jobseekers, which indicates that temporary agency work acts as a springboard. Other explanations can also play a part, such as the motivation effect, the gain in professional experience and the fact that employers use temporary agency work as a recruitment channel. The study also points out higher (re)integration chances into permanent employment for low-skilled temporary agency workers and – to a lesser extent –*

<sup>229</sup> IDEA Consult 2009: Temporary agency work: A springboard toward long-term employment, also for disadvantaged groups? Executive Summary, Brussels, 30 June 2009.

*for temporary agency workers of foreign origin or with disabilities. In the group of people over 50, we have found no indication that temporary agency work improves their chance to access to permanent employment.*<sup>230</sup>

Unfortunately, for other countries similar studies do not exist: In **Italy** for example, the surveys described in the previous case study chapters show that while temporary agency work favours the transition from unemployment to work for disadvantaged groups on the labour market, subsequent transitions (2<sup>nd</sup> and 3<sup>rd</sup>) into more permanent and direct employment are very difficult or even extremely unlikely for these target groups: For workers with less qualified profiles, their “best” chance remains that of working on a temporary (agency) basis.

In this context it should be mentioned that in various countries also concerns about those temporary agency workers belonging to certain target groups that are likely to remain in temporary agency work despite seeking more direct and permanent employment have been raised:

In **Belgium**, the “*Flemish Network of associations where the poor take the floor*” published a critical document in April 2012 in regard to poverty in employment and the role of temporary agency work.<sup>231</sup> Based not on a large sample of data but on witnesses collected by the association members, the report argues that temporary agency work cannot be regarded as an effective springboard into the employment market. The main reason highlighted by the report is that the degree of flexibility required by temporary agency jobs is difficult to match by disadvantaged groups on the labour market as these have lesser access to resources (e.g. knowledge, skills, mobility, health, childhood care, etc.) and face greater problems to conciliate a flexible way of working with private life needs. The report also argues that temporary agency work often results in a worsening of already existing uncertainty and instability that poor workers are facing. Other aspects highlighted by the report as specific burden are the alternating between short unemployment and assignment periods. Against this the report argues for developing an integrated approach to address the specific problems of poor temporary agency workers and their integration into the labour market, involving the temporary agencies, user companies and the public authorities.

As already described in the case study on transitions between temporary and permanent work, also the social partners in the **Netherlands** are concerned with those groups of temporary agency workers who “involuntarily” remain in the sector for a long time without being able to improve their employability (by training and skills development) due to quite frequent transitions between employment and unemployment. Against this, the Dutch social partners recently have agreed to pay more attention to workers that face difficulties on the labour, in particular those temporary agency workers without basic qualifications (for more details see the following case study).

Finally, in particular trade unions in **Germany** have raised concern about the likeliness of temporary agency work being a “dead end” in particular for vulnerable groups of workers on the labour market, e.g. people with a migrant background, people with low qualification profiles and educational attainment or long-term unemployed. Here, according to the trade union point of view the functioning of temporary agency work is contradictory: While temporary agency work often functions as a bridge into the labour market, it not necessarily also contributes to a sustainable integration, i.e. by transitions into direct or permanent employment and could even turn out to function as a barrier for a more sustainable and

<sup>230</sup> IDEA Consult 2009: Temporary agency work: a springboard toward long-term employment, also for disadvantaged groups? Executive Summary, Brussels, June 30, p. 5.

<sup>231</sup> Vlaams Netwerk van verenigingen waar armen het woord nemen vzw (2012) Uitzendarbeid, een opstap voor mensen in armoede?, April. See <http://www.vlaams-netwerk-armoede.be/>.

permanent labour market integration. In Germany, people with a migrant background seem to be affected by this mechanism in particular as recent studies (based on interviews) have shown.<sup>232</sup>

Against the specific needs for support of persons belonging to certain target groups a number of public-private cooperation projects and/or business led initiatives have been developed in the temporary agency work sector to support the labour market integration of target groups. The following table provides a brief overview of some examples (more details are included in the good practice table in the annex):

**Table 13: Public-private and business-led initiatives for temporary agency workers of different target groups**

Country	Initiative	Objectives, character	Type
FR	Joint project of private employment agency and <i>Force Femmes</i>	– Fostering business opportunities for women over 45	Business led
NL	Project of Dutch private employment agency	– Helping older women to return to the labour market by providing child care, training facilities and possibilities, flexible working hours; focusing on specific branches	Business led
DE	Project of private employment agency to support the integration of elderly on the labour market	– People aged 50+; support measures: Selection and trainings, internships; 18 month contracts; 321 unemployed integrated	Business led
ES	Private employment agency foundation's project focussing on support for elderly	– Pilot programme funded by Community of Madrid started 2011 and targeting long-term unemployed elderly (45plus) by skills development	Public-private
NL	Projects of private employment agencies focussing on older unemployed (50+ and 45+)	– Providing support to re-enter the labour market – Venture operating in close cooperation with public employment service	Public-private
SE	Support refugees and long-term unemployed to find work	– Support and increase self-support amongst difficult to integrate population; Municipal initiative	Public-private
UK	Joint approach/commitment of REC and Jobcentre Plus on " <i>Diversity Pledge</i> "	– Linked to an online diversity diagnostics tool and certification program "EQality Assured" (EQA) launed in 2006 – Memorandum of understanding about collaboration in 2011	Public-private
DE	Pilot programme targeting low-skilled young unemployed	– Joint pilot project carried out by the public employment service and a private temporary work agency; – Supporting young unemployed people by individual coaching; classroom training and temporary work	Public-private

Source: own

### 4.3 Conclusions

In all the countries that have been studied in the context of our case study, temporary agency work provides an important route into work for people that belong to target groups that face more difficulties than others on the labour market to find direct employment: older people, people with a migration background, long-term unemployed or disabled persons. This first of all is illustrated by the high share of workers representing labour market target groups within the national temporary agency workforces. Though we were not able to identify surveys amongst temporary agency workers that compare and contrast perceptions, motivations and experience of workers from target groups with other groups of temporary agency workers it seems evident (and is supported by the interview based studies in the footnote above) that temporary agency work often is the only chance to find a job on the labour market.

<sup>232</sup> Apart from the results of the IAB study on the bridging-function (Lehmer, Florian; Ziegler, Kerstin (2010): Brückenfunktion der Leiharbeit - Zumindest ein schmaler Steg. IAB-Kurzbericht 13/2010) see also the qualitative study on migrants in temporary agency work: Siebenhüter, Sandra 2011: Integrationshemmnis Leiharbeit. Auswirkungen von Leiharbeit auf Menschen mit Migrationshintergrund, Berlin and Schultheiß, N./Willer, Astrid 2012: Leiharbeit. Ganz unten gibt es keinen Widerstand. Zur Situation von MigrantInnen in der Leiharbeit in Schleswig-Holstein. Project access/IQ Netzwerk Hamburg/Schleswig-Holstein, Kiel.

This important role with view to the labour market integration of specific target groups is also illustrated by quite numerous examples initiatives developed by the temporary agency work industry either unilaterally or in the context of public-private model projects or programmes. Particularly with regard to groups such as long-term unemployed, older people on the labour market as well as - however less pronounced – people with a migrant background, temporary work agencies seem to play an increasing role with view on providing job opportunities and experience, skills development and placements.

In quite stark contrast to this important role and function of temporary agency work only limited and by and large only descriptive research has been carried out so far on labour market transitions of target group members or the effects of specific programmes. Where such research has been carried out (e.g. Germany) the evaluation of programmes show that positive effects both with view on the prospects of sustainable employment within temporary agency work or towards direct employment are improved if programmes and initiative are characterised by accompanying measures such as improving education levels, professional training as well as other forms of individualised support. However, definitely more research should be carried out in particular on the effects of bilateral sector initiatives and collective bargaining provisions in particular on target groups.



## 5 CASE STUDY “FOSTERING SKILLS DEVELOPMENT AND (UPWARD) MOBILITY OF TEMPORARY AGENCY WORKERS”

### 5.1 Introduction and overview

As seen in the comparative part of this study as well as in the previous case studies, temporary agency work plays an important role of fostering transitions from unemployment into work, in particular for certain target groups that are facing difficulties to find a job through direct employment. In all countries that have been analysed in our study in more depth, temporary agency work today is regarded as providing a *bridging function* into employment.

At the same time, existing research studies and quantitative surveys have shown that with view on the *stepping-stone function* of temporary agency work, i.e. the transition into direct employment, there are certain barriers and difficulties that in particular target groups are facing. Apart from characteristics such as age and ethnic background, the individual employability – both soft and hard skills, educational and professional qualification level – are regarded as crucial in this context.<sup>233</sup>

Against this, the support of skills development and the provision of basic qualification today are regarded as a crucial factor of improving the prospects of temporary agency workers’ transitions into direct and permanent employment and to support (upward) professional mobility of temporary agency workers.

But skills development and further training of temporary agency workers are not only regarded as important with view of enabling professional career development and transitions: It also is necessary in order to provide user companies with temporary personnel that match skills needs and requirements. And as we have seen in previous parts of this study, there seems to be a clear trend of increasing qualification requirements and skills levels within the temporary agency workforce.

Finally, as in particular the research results on the profile of temporary agency workers in the Netherlands, France and Belgium have shown, it is important to differentiate between different groups of workers also with view on training needs and individual interests: With view on training needs the conditions for example of highly skilled and qualified temporary agency workers who are not looking for a permanent job but prefer to work on a temporary basis for various reasons are totally different from those who are looking for a permanent and direct job but have to work as temporary agency workers due to the lack of other alternatives.

This illustrates that the topic of skills development and professional mobility is a complex one, which has to be viewed from different perspectives, angles and interests. Therefore the following case study is consisting of the following parts:

First, existing research evidence on professional mobility and in particular upward mobility of temporary agency workers will be summarised in brief. Here, we also will refer to national research and perceptions of training needs and challenges of different groups of temporary agency workers as well as major challenges in this context.

In a second step, results and evidence arising from more or less descriptive analyses of national practice with view on skills development and further training will be presented in a comparative evaluation. This part will also illustrate the key role of certain actors, in particular the social partners (via collective bargaining agreements or unilateral initiatives) as well as the temporary agency work industry itself (both unilateral company initiatives as well as company based agreements).

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<sup>233</sup> See for example: CEDEFOP 2010: Skills supply and demand in Europe, Thessaloniki;

## 5.2 Facts and figures

### 5.2.1 Research evidence on professional mobility of temporary agency workers

With view on the six focus countries of our analysis a quite striking result is that no empirical research studies so far exist that focus on the professional mobility and skills development of temporary agency workers in contrast to other groups of workers. Research and analyses of this topic largely concentrates on describing the specificities of the temporary agency work sector with regard to professional mobility and skills development as well as some very few quantitative analyses on further training activities of temporary agency workers, in particular in the Netherlands and France and to a lesser degree in Belgium and Italy where the issue of further training of temporary agency workers is a part of the regulatory framework.

With view on the specificities, a recent study carried out on **Belgium** focussing on the situation in the Flanders has stressed the difficulties of training provision and skills development of temporary agency workers that are resulting from the specific characteristic of the triangular relationship that shapes the sector:

*“Organizing training courses for temporary agency workers is made complicated because of certain specificities of the temporary agency work sector. The main hindering factors are the triangular work relationship (that involves the agency worker, the temporary work agency and the user company), the variety of motivations of temporary agency workers (e.g. temporary assignment to earn extra income), their strong mobility (they work in various sectors and user companies) and the limited duration of a temporary work assignment.”<sup>234</sup>*

As already mentioned in previous parts of this study, also in **France**, the heterogeneity of the temporary workforce also with view on training needs has been a major topic. Based on empirical studies on the trajectories and careers of temporary agency workers<sup>235</sup>, the following three types should be distinguished which all have a specific relation to training.

- *“insertion interim”*: in this ideal-type, temporary agency work is mainly used by youngsters leaving school. It offers a first professional experience. When present, training mainly consists in work-based learning or apprenticeship;
- *“transition interim”*: this form concerns workers with past stable work experiences, using temporary agency work temporarily between two professional statuses. When present, training periods mainly consist in short adaptation periods (adaptation to the new workstation in the user company);
- *“professional interim”*: this typical trajectory is the one followed by temporary agency work sort-of-entrepreneurs, who construct their own career around temporary agency work and have many choice opportunities. Here, temporary work agencies often have a real interest in developing training so as to attract and maintain such qualified temporary workers and to enhance their employability.

While for **Italy** and the **United Kingdom** no studies or empirical evidence on the professional mobility of temporary agency workers exist that would go into more depth as those studies already described in the previous chapters of this report, there is only one larger piece of research carried out in **Germany** on this topic: As described already in the first part of this report, with view on the occupational structure of the temporary agency workforce the trend during recent years has been towards the direction of low-skilled occupations and signals of an improvement of professional mobility via temporary agency work are not evident. A study based on SOEP in 2006/2007 evaluated career advancement opportunities of temporary agency workers and found out that professional mobility for temporary agency workers and people in a

<sup>234</sup> IDEA Consult 2009: Temporary agency work: A springboard toward long-term employment, also for disadvantaged groups? Study commissioned by the Flemish Minister in charge of employment, education and training as part of the VIONA research programme, Brussels, June 20, p. 3. (Executive Summary in English of the study).

<sup>235</sup> For example: Faure-Guichard, Cathrine 2000.

similar control group is equally low. The cause for the lack of professional mobility is likely to result from the strong share of groups with low qualifications in the temporary agency workforce. Internal career pathways exist for both workers inside and outside of temporary agency work in these occupations only to a limited extent. Furthermore, according to the study, temporary agency workers even face a bigger risk of downward mobility, i.e. descending professionally in a company as to compare to people in the control group.<sup>236</sup>

With view on the reasons for the lack of learning opportunities for temporary agency workers at the user companies, another study highlights the specific motives of the companies to use temporary agency work to execute narrowly defined work tasks that for the most part happened rather unexpectedly (illness, holidays, peak periods and deadlines). In this context the training of temporary agency workers, who remain a few weeks or maybe only a few days in the company, makes little sense.<sup>237</sup> Furthermore, for cost reasons it is important for the user that temporary agency workers familiarise themselves with the work quickly. So they place temporary agency workers in positions that require little company-specific knowledge. Therefore it is also common that user companies restructure certain workplaces to make them easier and faster to learn for temporary agency workers - leading to rather modest and limited learning experiences of the temporary agency workers themselves.

While in theory the temporary agency work experience could support individual skills development through the constant change of workplaces and qualify temporary agency workers quasi automatically by experiencing different workplaces.<sup>238</sup> Regarding practice experience, a study has shown that the competences that were developed further in temporary agency work through assignments were interactive skills to familiarise with various activities in a short time and to orientate quickly in changing situations.<sup>239</sup> Additionally, the research pointed out that temporary agency work is characterised by relatively low-skilled and short modular training units. The socio-economic characteristics of temporary agency workers suggest further that people work in temporary agency work who generally tends to do little skill development.

Overall, only a small proportion of temporary agency workers seem to receive substantial further training from the temporary work agency. Reasons for the lack of training are: few technological or other innovations in areas where temporary agency employees are working; the fact that needed qualification will be met by new hires by the agencies instead of training; the lack of interest in training by temporary agency workers themselves; and the high turnover of temporary agency workers and the potential recruitment by the user companies or other employers, which leads to a poaching problem.

In contrast to this, recent surveys in the **Netherlands** have indicated that at least when compared to other groups of '*flexworkers*', temporary agency workers are more likely to receive training offers: In a study published 2010 addressing the situation in 2008 and 2009 it is highlighted that nearly 13% of agency workers are undergoing training which is a little lower than employees in direct employment relationships (16%) but significantly higher than in the group of temporary agency workers in direct employment, where the share is only 7%.<sup>240</sup> As will be shown below, this difference is likely to result from increasing

<sup>236</sup> Dütsch, Matthias (2011): Wie prekär ist Zeitarbeit? Eine Analyse mit dem Matching-Ansatz. Institut für Arbeitsmarkt- und Berufsforschung, 23. Februar 2011.

<sup>237</sup> The case is different if the user company is thinking about hiring the temporary agency worker and sees temporary agency work as an extended trial period.

<sup>238</sup> The idea was also taken up by a training project in temporary agency work, see chapters 5.6 in part A of this report.

<sup>239</sup> Galais, Nathalie; Moser, Klaus; Münchhausen, Gesa (2007): Arbeiten, Lernen und Weiterbildung in der Zeitarbeit: Ein Befragung von Zeitarbeitnehmern/-innen in Deutschland. – In: Münchhausen, Gesa [Hrsg.]: Kompetenzentwicklung in der Zeitarbeit – Potentiale und Grenzen. – Bundesinstitut für Berufsbildung, Bonn, pp. 161-178.

<sup>240</sup> Vermeulen, H. / Warmerdam, J. 2010: Trainingmonitor agency work sector. Research commissioned by STOOF, ITS Radboud University Nijmegen, p. 2.

activities and agreements between the Dutch social partners in the temporary agency work sector in the field of skill development and further training.

### 5.2.2 Fostering the professional mobility and skills development of temporary agency workers in France, Belgium, Italy and the Netherlands

In France, Belgium, Italy and the Netherlands training funds have been established that are aiming to support and foster skills development and training activities for temporary agency workers. These training funds have been developed jointly by the respective national social partner organisations and are organised and implemented autonomously by unions and employers. Based on collective agreements, the funds also are financed by the temporary agency work sector:

In **France**, as already mentioned above, temporary agency workers are covered by a specific vocational training policy, governed by national collective agreements regulating the activities of the FAT-TT (*Professional Training Fund*) and the FPE-TT (Professional funds for employment); the first agreement dates back already to 1983. It is therefore acknowledged that vocational training is a decisive factor in order to support the professional mobility and career development of temporary agency workers. The funds are mainly financed by compulsory contributions (2.15% of the gross payroll) from temporary work agencies. As a PRISME representative says (national interviews), training expenses represent a real investment for agency companies.

It should be mentioned here that also the French law requires employers to organise enhanced safety training for temporary workers (both those on fixed-term and temporary agency contracts) if these workers are filling posts presenting specific risks.

Both French funds (there is a third one, the *FASTT - Social Action Fund*) play an important role with view on training and professional mobility:

- **FAF-TT Training Fund:** this bipartite body already mentioned earlier is the training fund of the branch. It was created in 1983 after collective agreements. Its role is central. First of all, it finances training for temporary agency workers. The training schemes have been presented above. Moreover, it offers advices to employment agencies in order to accompany workers in the field of continuous training. As seen above, several training schemes offer training offered to temporary agency workers having already done a given number of working hours. After finishing of training, private employment agency will offer assignments that complement the training achieved. This results in a reduction of unskilled temporary agency workers.
- **FPE-TT Professional Funds for employment:** bipartite body providing support and resources to temporary employment agencies in order to develop insertion and training for unemployed workers. It was created by the branch in 1996. Employment agencies pay a 0.15% contribution on their payroll to finance this body. Any contributing company can benefit from these services. The FPE-TT has developed partnerships with the Public employment service. It can offer complementary resources to temporary employment agencies in complement to the FAF-TT.
- **FAS-TT Social action Funds:** this bipartite body provides additional benefits to agency workers, under several forms of support: housing, childcare, baby-sitting and schooling costs; loans and mobility support (help financing driving licence, buy a vehicle, temporary accommodation etc.). A difficulty for temporary agency works is access to credit, because of their precarious position. This funds works in partnership with credit establishments. According to a 2007 survey, 55% of the beneficiaries of a loan thanks to the FASTT were refused a loan in other banks. Concerning housing, the FASTT can offer a guarantee to renters.

According to figures provided by the temporary agency industry, in 2010 around 230,000 temporary agency workers have followed a training period, representing a 300 million Euros investment. In particular, 12,000 apprenticeship training periods were financed by the training fund of the branch. Furthermore, around 2,300 actions of “recognition of informal learning” were financed.

However, as research studies and surveys have indicated, that temporary agency workers in France still seem to lag behind concerning training compared to other groups of workers: In 2005, the overall average of workers that followed a training course during the last quarter of that year was 9.5% while the proportion of temporary agency workers receiving training was only 5.5%.<sup>241</sup> But this figure has to be taken cautiously, as many temporary agency workers experience very short assignments (one week or so by month). One should also consider the fact that compared to the number of full-time jobs (550,000) the figure mentioned above of 230,000 trainings is quite high.

The French social partners in recent years have introduced further schemes and measures to support training and employability of temporary agency workers:

In 2004 a collective agreement established the so-called CIPI and CDPI contracts that target the professional mobility and skills development of specific target groups of temporary agency workers:

- **CIPI** (*Contract of temporary agency workers professional insertion*) is dedicated to people the most distant with the labour market. The temporary agency sets up a pathway with the beneficiary, alternating external and internal training, as well as assignments in companies. It lasts between 210 and 420 hours. During the training, the beneficiary has a labour contract. According to the temporary agency work sector employers organisation PRISME there were 3,000 beneficiaries in 2010. For instance, a company will recruit a young temporary agency work at the condition that he receives a specific training (e.g., forklift driving licence)
- **CDPI** (*Contract of temporary agency workers professional development*) is conceived for temporary agency workers with no or little qualification. It offers them the possibility to acquire a qualification alongside the assignments in companies. The scheme can also finance redeployment for temporary agency workers wishing to change their occupation. 3,700 workers benefited this scheme in 2010.

The French social partners also concluded agreements on apprenticeship programmes for the temporary agency work sector (*Contrat de professionnalisation* and *Période de professionnalisation*). Here, the temporary agency worker alternates training in a training centre and assignments in companies. In 2010, more than 7,500 workers benefited from either of the two schemes, among them also permanent employees of temporary work agencies.

**Table 14: France - Main training measures in temporary agency work**

Scheme	2007	2008	2009	2010	
CIPI ( <i>Contract of TAW professional insertion</i> )	3,604	3,449	2,488	2,996	
CDPI ( <i>Contract of TAW professional development</i> )	4,767	6,098	4,458	3,724	
Apprenticeship measures	<i>professionalisation contract</i>	5,609	8,023	2,919	2,918
	<i>professionalisation period</i>	-	-	476	4,636

Source: FAF-TT 2011: *Interim et formation en France en 2010*.

The impact of these different schemes has been assessed by the branch's bilateral observatory through phone interviews with samples of beneficiaries.<sup>242</sup> All of them followed a training scheme between June 2009 and July 2010, a period when temporary agency work was recovering after harder times due to the crisis. As a result, the rate of beneficiaries of these training measures who are in employment at the time of the survey has increased compared to the situation one year before while the rate of unemployed workers diminishes.

<sup>241</sup> Ehrel, Lefevre, Michon 2009: *L'intérim : un secteur dual, entre protection et précarité*, in : P. Ashkénazy, E. Caroli, J. Gautié (eds), *Les bas salaires en France*, Presses de l'ENS.

<sup>242</sup> FAF-TT, *Les effets de la formation sur l'insertion professionnelle des intérimaires*, June 2011. The representative samples were composed of 500 beneficiaries of professionalization contract, 1,100 beneficiaries of CDPI, 1100 beneficiaries of a individual training leave, who were interviewed 6 months after the end of their training.

The *professionalisation contract* – one of the apprenticeship schemes promoted by the branch – has been mainly used by young people (57% are under 25, compared to 31% for the whole sector) with low or no qualification.

As the following figure illustrates, six months after the contract, 13% are in fixed-term employment and 28% in open-ended jobs, while the share of temporary agency work is 35% (compared to 49% before the benefit of the *professionalization contract*).

**Table 15: France: Situation of temporary workers after a “professionalisation” contract (June 2009 - July 2010)**

	Main situation in the 6 months before the contract	Contract	Main situation in the 6 months after the contract	Situation at the time of the survey
Inactive, other	3%	100%		
Job search	19%		15%	12%
Training/student	4%		2%	2%
Temporary agency work	49%		49%	35%
Fixed-term contract	10%		13%	13%
Open-ended contract	15%		21%	28%

Source: FAF-TT 2011 : *Les effets de la formation sur l’insertion professionnelle des intérimaires*, June, p. 13.

The FAF-TT survey also analysed “insertion rates” into various labour market situation six months after the participation in a professionalisation contract. Data on these insertion rates are available from 2006 until 2011 and show that the transition into open-ended contracts decreased from 36-38% in the years between 2006 – 2008 to 23% in 2010 and 28% in 2011 illustrating also the effect of the difficult economic situation after 2008. On the contrary, a larger share of training participants remained in the temporary agency work sector (35% in 2011 as compared to 27% in 2006). However, interestingly the share of those temporary agency workers who became unemployed and were on job search six months after the training is quite stable: it was 23% in 2006 and 22% in 2011 and only increased quite sharply between 2009 (21%) and 2010 (37%), mainly due to the economic situation.

A quite interesting result of the FAF-TT impact analysis concerns the changes in the socioeconomic and skills status of temporary agency workers. According to the survey, the participation in a professionalization contract results in a significant up-skilling in particular of formerly unskilled workers – the share of skilled workers increased from 22% to 35% while the share of non-skilled workers decreased from 52% to 23%.<sup>243</sup>

These positive effects of training are also confirmed by beneficiaries themselves: 31% of those interviewed note that their qualification level has improved and 68% estimate that their current job is linked with the qualification they have obtained thanks to the apprenticeship scheme. 79% say this measure was useful to help them find the current job.

Also the effects of the *Contract of temporary agency workers professional development (CDPI)* look positive: A majority of beneficiaries feel that since the end of the training, their situation has improved regarding their qualification level (61%). The situation on the labour market has improved according to 38% of beneficiaries and 70% of the respondents say the CDPI has been useful to find their current job.

However, also depending on the specific target groups addressed by the CDPI scheme,<sup>244</sup> the insertion rates into permanent employment are much lower than in the case of the participants in

<sup>243</sup> FAF-TT 2011: *Les effets de la formation sur l’insertion professionnelle des intérimaires*, June, p. 17.

<sup>244</sup> Here, it should be recalled that the CDPI scheme is dedicated to temporary agency workers with low or no qualification at all.



professionalization contracts: Six months after the CDPI, 80% of the beneficiaries are still employed under temporary agency work and only a small share of 11% moved into direct fixed-term or open-ended contracts and at the time of the survey, 25% were on job search.

However, the effects of the CDPI in terms of qualification are clearly visible: the share of skilled workers increased from 23% before the training to 31% after while the share of non-skilled workers decreased from 67% to 54%.

Though not a specific training scheme of the temporary agency work sector, also the *Individual training leave* (CIF)<sup>245</sup> has been appreciated by temporary agency workers as a way to improve skills and employability: According to the FAF-TT survey, around 73% participants feel, that their qualification level has improved due to the training leave. However the stepping stone effect is much harder to put in evidence that in the previous cases and also the effects of the worsening of the economic situation is visible as the following figure summarising transition rates for the years 2006 – 2011 illustrates:

**Table 16: Transitions of temporary agency workers six months after a CIF (individual training leave)**

	2006	2008	2009	2010	2011
Inactive, other			1%	1%	1%
Job search	9%	12%	13%	25%	22%
Training/student	1%	3%	3%	2%	3%
Temporary agency work	57%	46%	45%	40%	46%
Fixed-term contract	10%	13%	12%	15%	14%
Open-ended contract	23%	26%	26%	17%	14%

Source: FAF-TT 2011: *Les effets de la formation sur l'insertion professionnelle des intérimaires*, June.

However, the CIF has a significant impact on the professional status of employees: According the the FAF-TT survey report the share of unskilled workers decreased from 45% to 27% while at the same time the share of skilled workers increased from 33% to 40%.

The positive role of training for young peoples' trajectories and career has been highlighted by another report of the bilateral FAF-TT fund:<sup>246</sup> Though there is no specific training scheme dedicated to young people, almost one out of two beneficiaries of training measures was aged under 25 in 2010. Based on a phone survey<sup>247</sup>, the report highlights the fact that three quarters of them are in employment six months after the training, more often under an open-ended contracts than the average. Furthermore, those who still are under temporary agency work are carrying out more qualified work.

The impact of training was also analysed regarding the transitions of a cohort of 5,000 temporary agency workers<sup>248</sup>. As seen above (case study on "Transitions between temporary and permanent employment"), training is a way to "consolidate" the insertion into standard employment. Among the 5,000 temporary agency workers that were part of the cohort in March 2009, those who have received training during the next 20 months have had a greater probability to find an open-ended contract (33%) than those who have not (27%).

<sup>245</sup> To become eligible for CDPI, it is necessary to have worked 1,600 hours during the last 18 months. In average, duration is around 750 hours for temporary agency workers who have benefited from it (2,000 beneficiaries in 2010).

<sup>246</sup> FAF-TT (2012), *Formation et insertion des jeunes intérimaires*, September.

<sup>247</sup> The samples are composed of 90 beneficiaries of professionalisation contract, 200 beneficiaries of CDPI, 230 beneficiaries of a CIPI, who were interviewed six months after the end of their training (which took place between July 2009 and August 2010).

<sup>248</sup> Observatoire des métiers et de l'emploi, *Trajectoires et devenir de 5000 Intérimaires*, November 2011.



Regarding the activity of social partners in reaction to the 2008 economic crisis and its severe effects on employment in temporary agency work, the following measures have been decided: An agreement between the social partners of the branch and the state was signed in 2009 and revised in 2010. It concerns the anticipation of employment and competencies in the sector and supports the financing of training measures. Through these schemes, social partners of the branch wished to support professional transitions for temporary agency workers with specific needs. An agreement signed in 2010 between the social partners of the agency work sector and the French government has improved the public support for these measures and has enlarged its access to new categories of workers like older workers or disabled workers. Another 2010 agreement aims at developing access to training for workers over the age of 45. Recently, also the access to training for disabled workers was improved by an agreement of the French social partners.

In **Belgium**, in the last few years, the temporary agency work sector has made increasing efforts in order to enhance training opportunities for temporary agency workers. According to an overview of training activities in the temporary agency work sector in Belgium, there is a clear trend of temporary work agencies organising own training programmes, especially among the large and medium players on the market. According to the overview the focus is very function-oriented and trainings are of a short duration (also against the background of the limited duration of temporary agency work contracts in Belgium).

In 2006, the social partners of the temporary work sector (*Federgon, ABVV/FGTB, ACLVB/CGSLB and ACV/CSC*) established the training fund for temporary agency workers ("*Fonds de Formation pour les Intérimaires*" or FFI).

The fund has a facilitating role for training in that way that it stimulates cooperation between different partners such as the public and other training organisations, schools and other sectoral funds. In that way the financing of training is divided between the partners involved, the user firm /sectoral fund of the user firm and the VFU-FFI. According to the collective agreement the FFI is financed by temporary work agencies which contribute 0.4% of their total wage mass to the sector social fund ("*Fonds Social pour les Intérimaires*" or FSI), and an extra of 0.1% for specific target groups.<sup>249</sup> During the two year period of 2009-2010 a total of 14.2 million Euros were contributed by the temporary work agencies to the sectoral social fund.

It is important to note that with view on training for temporary agency workers the FFI fund cooperates with other sectoral funds in order to provide temporary agency workers with access to training in the sector in which they actually work. The financing of this type of training is equally shared between the VFU-FFI and the other fund involved respectively. For the moment, there are cooperation agreements with five funds in metalworking, food industry, construction, wood and decoration and electricity.

In order to receive funding for training costs from the FFI, a well-documented application has to be made with details about the executed training to the sectoral social fund. The training may take place on the job, in a training centre or within the temporary work agency. The training had to be executed during paid working hours. Both the cost of training and the (ceiled) wages of the temporary workers can be recuperated through this drawing right. The maximum recovery is 1,725 Euro per temporary agency worker. If there is money left because not all temporary work agencies have used their drawing right, the remaining amount is redistributed under the temporary work agencies based on their market share.<sup>250</sup>

<sup>249</sup> Long term unemployed (at least six months), low-qualified unemployed persons, disabled, students under 18 years in the part-time school system, returner (no unemployment or other benefits in the last 3 years), persons drawing subsistence level, older unemployed (at least 44 years of age, except those with a high qualification) and migrants.

<sup>250</sup> According to IDEA Consult 2009: Temporary Work Agencies' contribution to transitions in the labour market: the example of vocational training, On behalf of Eurociett & UNI-Europa, Brussels, February, p. 51.

In collaboration with the public employment service VDAB and *Forem Training*, the FFI also supports training activities for unemployed persons before their employment as agency workers (“candidates”). The fund finances the training costs and the salary costs of the trainees during the sessions.

Finally, the fund organises training activities for temporary agency advisers.

According to the most recent annual report of the FFI, a total number of around 2,300 persons were supported with training activities in 2011 (852 persons in collaboration with other sectoral funds, 1,207 temporary agency candidates (i.e. jobseekers preparing to work as an agency worker) and 233 temporary agency advisers). The total amount, the FFI received from the FSI for training measures was 626,586 Euros in 2011.<sup>251</sup>

Also in *Italy*, the social partners by collective agreements have established bilateral funds in order to support the employability and skills development of temporary agency workers by training. Following the national collective agreement between the social partners in the temporary agency work sector in 2002, two bilateral funds were established, the *EBITEMP* fund devoted to social services and the *FORMATEMP*<sup>252</sup> fund supporting training and skills development of temporary agency workers.

The national collective agreement of 2008 puts great emphasis on the issue of training and re-training. The two bilateral national agencies in the sector would take over for the benefit of workers participating in courses, measures of social security and income support. It also consists of a sectoral job centre, with the task of analysing the training needs and occupational opportunities, with a view to active employment policy for the utility either of the agencies and workers employed in this sector. Nearly 150,000 temporary agency workers have been involved in some project of training in the last year, with initiatives especially focused on single target groups, as the migrant workers, young and low-qualified workers, on special issues like the health and safety policies at the workplace level.

*EBITEMP* according to the Italian social partners should provide social services to workers not fully eligible for protections and benefits available to workers on permanent contracts. In 2008 and in reaction to the economic crisis the social partners agreed on a number of ‘stabilisation measures’ that may be financed by the social fund in order to support temporary agency workers in situations of redundancies and phases of unemployment. The following table illustrates the rapid increase in the number of payment applications by the scheme in particular in 2009.

**Table 17: Italy - EBITEMP 2008 – 2011**

	Requests	Accepted	Amount of social support spent (in Euro)
2008	264	214	115.346
2009	11.536	8.715	4.697.385
2010	7.445	6.005	6.941.682
2011	9.996	7.552	7.672.204

Source: *Bilateral Body EbiTemp Observatory (2012)*

In order to support the qualification and skills development of temporary agency workers, the Italian social partners have established the *FORMATEMP* fund. This is financed by compulsory deductions from the gross wages of temporary agency workers: Temporary work agencies set aside 4% of the gross wage costs for the purpose of training.

<sup>251</sup> See *Fonds de Formation pour les Intérimaires: Report Annuel 2011*, Brussels, p. 6-7.

<sup>252</sup> *FORMATEMP* was established by law in 2003 and is funded by the temporary agencies that until 2012 paid 4% of the salaries into the fund. The recent (July 2012) labour market reform (Law no. 92/2012) reduced the financing from 4% to 2.6% and stipulates that the difference of 1.4% will be paid by INPS (Social Security National Institute) in order to finance the new unemployment insurance.

According to EBITEMP information, nearly 150,000 temporary agency workers have been involved in some form of training in 2011, whereby the focus has been on specific target groups such as migrant workers, young and low-qualified workers and on specific issues such as health and safety.

Commenting on the Italian funds, a recent paper stressed that

*“in Italy concessions to the flexibility needs of firms have been ‘off-set’ by measures to promote the skills and employability of temporary agency workers, and to support their incomes in periods of inactivity, or between one assignment and the next, through training”<sup>253</sup>*

In the **Netherlands**, training has been an important issue addressed by the collective agreements in the temporary agency work sector that have been concluded by the ABU (*Algemene Bond Uitzendondernemingen*) and the NBBU (*Nederlandse Bond van Bemiddelings- en Uitzendondernemingen*) for the employer side and the trade union organisations *FNV Bondgenoten*, the *CNV Dienstenbond*, the *De Unie* trade union and the *LBV (Landelijke belangen vereniging)*.

Similar to France and Belgium, the Dutch social partners have established a social fund that is aiming at supporting training activities for temporary agency workers: The *Training and Development Foundation for the Flex-sector (stoof)* assists companies with applications for EU subsidies for training programmes. Private employment agencies can submit applications to *stoof*, which then takes care of the subsidy applications procedure in Brussels. Since its establishment in late 2003, *stoof* has received around 10 million Euros in subsidies. *stoof* also organises own activities financed by the temporary agency industry itself through the social fund, e.g. training vouchers, mentorship programmes and guidance for agency workers.

According to the 2009 inflow study published by the employer organisation ABU, around one quarter of temporary agency workers in 2008 followed a course, training or educational programme related to their temporary work. Against 2006, a slight increase is reported which was strongest amongst the age group of 25-34 years.

**Table 18: The Netherlands - Temporary agency workers who have followed training, broken down by age groups (%)**

Age group	15 – 24 years	25 – 34 years	35 – 44 years	45+ years	Total
2006	16	20	21	22	19
2008	21	26	25	24	24

Source: ABU Inflow Study, September 2009 edition, p. 18.

However, these figures need to be compared to recent survey results that come to slightly other conclusions and are presented below.

Already in the 1990s and in the context of legislative reforms recalibrating flexibility and security in the Dutch labour market, education and training became a feature of regulation of temporary agency work in the Netherlands.

The 2004-2009 collective agreement of the Dutch social partners then elaborated further the education scheme: Whereas previously, agencies were only required to reserve money for training and education, agency workers now receive a personal budget, which creates the possibility for education better targeted at the needs of the worker. According to the agreement, temporary work agencies are required to reserve 1.02% of the total gross wage sum per year for training and education of agency workers. This money is administered by the joint training fund for temporary agency workers, *stoof*.

<sup>253</sup> Regalia, Ida 2011: Temporary Agency Work: A viable alternative to the standard employment relationship? Presentation at the Flexnet Conference, Leuven, 28-29 October 2011, p. 18.

As the major objectives of the *stoof* training the following was defined by Dutch social partners: stimulating and subsidising education (including certificates of learning outcomes), informing and supporting temporary agencies and workers in developing and implementing training programmes (e.g. by European funding), awareness rising with view on the importance to educate and train temporary agency workers and finally the collaboration with other sectors and parties.

In the 2009 – 2014 collective bargaining agreement, the social parties (*ABU* and the trade unions *FNV Bondgenoten, De Unie, CNV Dienstenbond, LBV*) agreed a number of measure that aim to strengthen and intensify training activities in the temporary agency work sector, in particular by the following:

- agreement on education expenditure
- extra-expenditure on education for less educated workers through guided VET („bbl-education“)
- certification of learning outcomes
- biannual educational monitoring of the temporary agency work sector

In the first report of the *stoof* educational monitoring a number of interesting results regarding training activities in the temporary agency work sector are presented: The survey that was published in 2010 is based on a large dataset comprising of the CBS (Dutch statistical office) annual labour force surveys that also contain interviews with a total of 1,200 – 1,800 temporary agency workers per year on the one hand and a telephone survey amongst temporary work agencies – a total of 320 agencies were interviewed for the survey.<sup>254</sup>

The survey first confirms strongly the need of training and education of temporary agency workers: 40% of the agency workers have no starting qualifications and they also work relatively more often in elementary and lower jobs. This contrasts to employees with a direct employment relationship, of which fewer than 30% have no starting qualifications.

There are a relatively large number of students among the agency workers. If this is disregarded, almost 13% of agency workers are undergoing training. This is a little lower than employees with a direct employment relationship, where the figure is 16% but higher as among temporary agency workers in direct employment this percentage is 7%.

A large number of the agency workers being trained are aged between 25 and 34. Almost 70% are younger than 35, and around 30% are 35 or older. Many agency workers work in lower positions. Agency workers undergoing training (and who are not students) work mainly in intermediate positions.

The most important reason for agency workers to undergo training is to find ‘other work’. This could be a different agency position, but also a job which is more suited to the training, once completed. According to the survey, agency workers in phases A, B and C are trained to virtually the same extent.

In 2008 or the first half of 2009 around three-quarters of the private employment agencies trained agency workers. This training more often consisted of short courses and supplementary training than longer courses. Among the larger private employment agencies longer courses occurred noticeably more often than among the smaller ones. Also with view on other aspects of training activities there are quiet significant differences depending on the size of the temporary work agency as the following table illustrates. Two-thirds of the employment agencies state when asked that they conduct explicit policy in terms of agency workers. But the majority also indicate that training is not part (57%) or is only a limited part (25%) of the day-to-day practice in the companies. Particularly in smaller companies, training is often not part of day-to-day practice. Smaller companies have less specific expertise in-house.

<sup>254</sup> Vermeulen, H.; Warmerdam, J. 2010: Trainingmonitor agency work sector. Research commissioned by STOOF, ITS Radboud University Nijmegen, April 2010.

This is not however to state that training is not the subject of attention in smaller companies and that they offer no facilities for it. Just as in the larger companies, between 60 and 80% of the smaller companies are stating that they discuss training with agency workers at specific times and make individual arrangements about it. Around 50-60% of the agencies say they make capacity available to organise the training of agency workers and that they make arrangements for this with the user enterprises. In these aspects too, the differences between smaller and specifically between medium-sized and large companies are not so great. Large companies work with a training plan more often than smaller companies, namely in three-quarters (71%) of cases. In smaller employment agencies this is the case with half (52%).

**Table 19: Netherlands - Temporary agency workers who have followed training, broken down by age groups (%)**

% of temporary work agencies with	Number of employees			
	1-4	5-9	10-49	50 and more
Education is part of daily practice	10%	11%	30%	41%
Conversation with temporary agency workers about education	77%	74%	83%	76%
Training plan	48%	43%	59%	71%
Fixed appointments training providers	43%	58%	57%	74%

Source: Vermeulen, H. / Warmerdam, J. 2011: *Educational Monitor for the Temporary Agency Work Sector, Powerpint Presentation, ITS Nijmegen, October, p. 19.*

One-third of the companies stated that they allocate an individual training budget for agency workers. This applies to both larger and smaller companies.

Smaller and larger companies differ when it comes to facilities for training they carry out in-house or can arrange through their networks. In particular the larger companies more often have their own trainers and teachers and more often have (permanent) arrangements or contracts with external training providers and with schools and regional training centres. Smaller companies have such facilities to a lesser degree (around a quarter). For training requirements they are more likely to look externally. We have already noted that the smaller companies are less familiar with the opportunities for training agency workers, particularly with the opportunities for professional training via work-and-learn training courses. *stroof* could offer extra support in this respect to smaller companies in particular.

With view on funding, the survey shows that in the first half of 2009 three-quarters of the private employment agencies incurred expenditure for training. Around two-thirds of these employment agencies did not receive any contribution towards this from the user enterprises. 15 % of the employment agencies received subsidies.

The 2010 report of the training monitor is drawing in general quite positive conclusions with view on training in the temporary work sector. However, there are also recommendations that highlight the need to provide more intensive support and help towards smaller temporary work agencies and focus more attention to the group of temporary agency workers with low qualifications. Here, the survey notes that a relatively large number of workers without starting qualifications operate in the agency work sector.

According to the survey authors, these people have a vulnerable status in the labour market. An important objective should be to support this group. At the time of the survey (2010) around 10% of agency workers without starting qualifications were undergoing training. Here, the monitoring report suggests increasing the number of people without starting qualification in training significantly (up to 25% in 2014). At the same time the study states that the challenge of workers without starting qualifications are also a legacy of the training shortcomings of the past and therefore the agency work sector cannot resolve this alone. The state must provide support through releasing extra resources, for example for

combating youth unemployment, for training agency workers without starting qualifications, so that employment agencies can deploy their abilities to the fullest for this group.

As a recent study on training of temporary agency workers has highlighted, it is difficult to assess whether the training activities of temporary agency workers is sufficient or not. The study states that between 40-50% of temporary agency workers are in need of training while only around 18% of agency workers have actually completed some kind of training.<sup>255</sup>

The question whether or not training of temporary agency workers increases the likelihood of moving to a more permanent job has not been addressed so far by empirical surveys. However, the survey that was carried out by the French Observatory of Occupations and Jobs on the trajectory of a larger sample of temporary agency workers between March 2009 and October 2010<sup>256</sup> that was already described in the case study on transitions from temporary to permanent work (see chapter 2.2 above) also included a reflection on training: According to the survey, one agency worker out of two has benefited from a training course during the 20 months period in 2009 and 2010. The survey results also show that the chance of those who underwent training to move at least once to an open-ended contract is higher than for those who not followed a training course (33% compared to 27%). In November 2010, those having followed training are more often under an open-ended contract compared to those who have not (26% versus 21%); furthermore they remain less often in temporary agency work (30% versus 38%) or become unemployed (16% versus 20%). Therefore, according to the study, training has a significant impact on the “strengthening” or “consolidation” of job contracts.

### 5.2.3 The role of social partners fostering professional mobility, skills development and training in Germany and the United Kingdom

In contrast to the countries described above, in Germany and the United Kingdom the training of temporary agency workers has not been addressed by joint initiatives of social partners at the national level for the whole temporary agency work sector. This also results from weak social dialogue at and/or rather politicised relationships between the social parties in the temporary agency work sector in both countries as explained in more detail in the following case study.

In **Germany** it was only very recently in March 2012 that the first further training fund was established on by the chemical workers union *IG BCE* and *Technikum Deutschland*, the Germany subsidiary of the Dutch *USG People Group*. Though a company agreement, it has been stated by the signatory parties that the further training fund (“*Verein Weiterbildungsfonds Zeitarbeit e.V.*”) is open to all temporary agency workers of the company regardless of the sector in which they work. The fund is managed by the *IG BCE* and *Technikum Deutschland*, the *TÜV Nord* (a group which specialises in all kinds of industrial certifications), and *Provdadis* (a company which specializes in industrial training and advice).<sup>257</sup>

In general, training activities in temporary agency work in Germany is still largely limited to company based initiatives and against the overall small proportion of temporary agency workers that receive more substantial further training from the temporary work agency, social partners also at the sectoral level have developed initiatives:

The service sector union *ver.di* and the metalworkers union *IG Metall* have defined specific training demands, e.g. the right of up to five days a year of paid and certified further training for all temporary agency workers employed for more than six weeks. In addition, they request a further training fund in the

<sup>255</sup> Knecht, R., D. J. K. Hesselink, H. Houwing and P. Brouwer 2007: Tweede evaluatie Wet flexibiliteit en zekerheid. Amsterdam, Hugo Sinzheimer Institute and TNO, p. 87.

<sup>256</sup> Observatoire des Métiers et de l’Emploi 2011 : Trajectoire et devenir de 5000 intérimaires, November.

<sup>257</sup> <http://www.igbce.de/presse/pressearchiv/10898/xvi-29-03-2012-verein-weiterbildungsfonds-zeitarbeit>



temporary agency work sector that should be financed by 5% of the gross pay sum. The training funds should pay for further training costs, examination fees and related costs. The training funds should be managed jointly by unions and employers' associations.<sup>258</sup>

However, with the exception of the limited example described above in the chemical sector, so far no sectoral agreements between the social partners in the temporary agency work sector in Germany have been concluded so far.

Against this, initiatives that have been developed by a number of larger temporary work agencies are the only cases of practice that can be reported:

A number of larger temporary work agencies offer a range of differentiated further training courses. The basic idea is to systematically pool and document skills and qualifications that were acquired by training on the job in various temporary assignments. The most prominent example for this is the "qualification passports" of *Randstad*. The foundation of the temporary work agency *Randstad* started the project "*Lernen im Job – Kompetenzerwerb in der Zeitarbeit*" ("*Learning on the job - skills acquisition in temporary agency work*") in the first half of 2006 that combines assignments in user companies with attaining recognised certifications. The project is tailored for people with low skills, who will be given the opportunity to acquire a professional certificate from the Chamber of Commerce in the work areas office, production or storage. The concept has been developed with the involvement of representatives of *Randstad*, the central works council of *Randstad*, the *Federal Institute for Vocational Training* (BiBB), the *Chamber of Commerce Education GmbH Koblenz*, the *German Chambers of Industry and Commerce* (DIHK), the BMBF (*Federal Ministry for Education and Research*) and BMAS (*Federal Ministry of Labour and Social Affairs*) and the *Confederation of German Employers' Associations* (BDA), the BAP and the trade unions. A working group consisting of representatives of *Randstad*, the *Federal Institute for Vocational Training* (BiBB), the *Chamber of Commerce Education GmbH Koblenz* and a client company developed individual qualification modules, which incorporate parts of the curriculum frameworks of the occupational profiles of an assistant for warehouse logistics/production and office communication. They can be accredited to a traditional vocational qualification examination recognised by the Chamber of Commerce, if the temporary agency worker decides to take the exams. So far about 6,700 qualification passports were issued.

However, the qualification at *Randstad* is not target-oriented. But at the start of an employment relationship employees will be informed about the possibilities and procedures of the modular training initiative. Newly hired temporary agency workers also obtain a qualification pass, which completed modules can be registered in. Modules are usually completed through longer assignments at the user companies, which are periodically evaluated according to their contribution to obtaining the qualification needed in the defined modules.<sup>259</sup> If the temporary agency worker in the course of time acquired all necessary modules for an occupation, an exam in front of the Chamber of Commerce takes place, leading - if successfully accomplished - to an official certification as an office assistant, production assistant or warehouse assistant. However, these qualifications still range below ones in the conventional dual vocational training system. These qualifications are also associated with a higher tariff classification.<sup>260</sup>

<sup>258</sup> ver.di 2011: Vorschlag von ver.di und IG Metall für Eckpunkte eines Qualifizierungstarifvertrages. - Arbeitspapier für Betriebs- und Personalräte zum Umgang mit Leiharbeit, Nr. 7, Mai 2011

<sup>259</sup> Brömser, Hans-Peter 2005: Modulare Qualifizierung: Kompetenzerwerb in der Zeitarbeit: Ein Randstad-Projekt. – BIBB Fachtagung „Kompetenzentwicklung in der Zeitarbeit“, Bonn, 20./21.10.2005. Brömser, H. P. 2007: Konzept „Modulare Qualifizierung“ bei Randstad. – In: Münchenhausen, Gesa [Hrsg.]: Kompetenzentwicklung in der Zeitarbeit – Potentiale und Grenzen. – Bundesinstitut für Berufsbildung, Bonn, pp. 189 -194.

<sup>260</sup> Randstad Stiftung (2007): aktiv für morgen auf den Weg in die Arbeitswelt für morgen. See also: <http://www.randstad-memo.de/juni-2011/lernen-im-job-kompetenzerwerb-in-der-zeitarbeit.html>.

Randstad Germany also offers mentoring and training programmes for migrants, long-term unemployed and vocational students.

Additionally, other companies, (e.g. *DIS AG, Tuja Zeitarbeit Gmb, Trenkwalder Personaldienste GmbH*) offer vocational training in affiliated groups (so-called “*Verbundausbildungen*”), or individual apprenticeships, e.g. for geriatric nurses (*Adecco, Manpower, Randstad*).<sup>261</sup> A recent overview of training activities shows that many temporary agency work providers have intensified their vocational training activities for agency workers in recent years.<sup>262</sup>

The union *ver.di* supports the idea of the projects but points out that (especially in small and medium sized temporary work agencies) it is difficult to put into practice. Temporary agency workers have in the first place to be employed long enough to experience several assignments, the assignments have to match the modules, and there needs to be time for theoretical learning elements.<sup>263</sup> So far *ver.di* is not involved in any training projects in temporary agency work.

Finally, in the **United Kingdom** there is not a great deal of social dialogue in the temporary work sector, as stated above. Mirroring the general weakness of collective bargaining above the company level, there has been no dialogue at national and sectoral level and relatively little at the level of the company or individual agency with view on training and skills development of temporary agency workers. The quite few number of company based collective agreements that have been identified in the context of this study mainly are addressing issues such as working conditions and the attainment of equal rights while the issue of further training of agency workers has not been the topic of such agreements so far.

### 5.3 Conclusions

There is no doubt that (further) professional training, continuous qualification and skills development today is a key factor of individual employability and the ability to manage successfully transitions on the labour market and that investments in training contributes to the employability of temporary agency workers.

As described in this case study there are two aspects of training and skills development in the temporary agency work sector that are important: First, the support of skills development and the provision of basic qualification should be regarded as a key factor of improving the prospects of temporary agency workers’ transitions into direct and permanent employment and to support (upward) professional mobility. And secondly, skills development and further training of temporary agency workers are also necessary in order to provide user companies with temporary personnel that match skills needs and requirements.

Against this, it is not surprising that at different levels with the temporary agency work sector training initiatives and programmes have been developed and are implemented: First of all, training and skills development is carried out at company level itself within the agency business as in particular the examples of programmes and cases of larger companies illustrate. As in other sectors, activities of further training and lifelong learning are much more difficult to implement in smaller companies. Here, public programmes and joint initiatives of the social partners play a crucial role as the examples of the bilateral training funds that have been established in most of our six focus countries illustrate.

Investments in skills development as carried out by temporary work agencies and the bilateral funds also illustrate the other dimension of training as a tool to improve the individual employability and capacity for

<sup>261</sup> Spermann, A. 2012: Die neue Rolle der Zeitarbeit für den Arbeitsmarkt. IAB 2012: Forum Zeitarbeit, Nürnberg.

<sup>262</sup> Spermann, A. 2011: The New Role of Temporary Agency Work in Germany, IZA Discussion Paper, Bonn, p. 36.

<sup>263</sup> *ver.di* 2011: Studie: Weiterbildung ist das Stiefkind der Leiharbeit. Arbeitspapier für Betriebs- und Personalräte zum Umgang mit Leiharbeit, Nr. 7, Mai 2011.

upward mobility of temporary agency workers: Investments in training and sector wide training rights for temporary agency workers thus have been an important demand of trade unions in many countries and bilateral funds are actively promoted by the European social partners in the temporary agency work industry.

Our case study has also shown that so far only few attempts have been made to carry our research on training and skills development of temporary agency workers: Most of the information and material we found is descriptive, summarising activities and practice as carried out by various actors at different level. Though this may indicate, that activities in support of skills development, education and training have increased during the last years, there are only few attempts to analyse the effects of further training and professional education on the employability and professional mobility of temporary agency workers.

This contrasts with the lack of available information on skills needs and the effects of training activities as described in this case study. With view on major challenges and here in particular in training, already in 2009 a joint declaration of Eurociett and UNI Europa has highlighted the following needs:<sup>264</sup>

*"(...) in order to increase and improve the role played by temporary agency work in terms of training provisions and to increase availability to training for all agency workers, particularly those who are low skilled, the following challenges should be addressed: Funding for training should be simplified for the sector, especially with regards to the European Social Fund and the funds managed by other sectoral training bodies. The setting up of processes of Recognition of Prior Learning (RPL) should also be favoured as a means to help agency workers to extend their skills and steps should be taken towards jointly identifying further requirement opportunities. Assessment of the long-term impact of training programmes for temporary agency workers in employment should be encouraged and improved in the future. UNI Europa and Eurociett invite stakeholders to update their monitoring systems to ensure the quality of the training available is continually improved."*

Against this, the decision of the Dutch social partners to establish a regular monitoring and evaluation of training activities as implemented by the bilateral training fund has been quite an innovative initiative which already has resulted in concrete outcomes: Challenges such as the need to do more for temporary agency workers that lack basic qualification levels have been identified and addressed by recent joint agreements.

This example, as well as the bilateral funds in other countries, illustrates again the important role of social dialogue and active involvement of social partners in shaping practical frameworks and conditions of temporary agency work which has been addressed already in many previous parts of this study and will be the focus of the following case study.

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<sup>264</sup> Eurociett/UNI Europa 2009: Joint Declaration "Training for Temporary Agency Workers: Joint actions developed by sectoral social partners play a key role in facilitating skills upgrading", Brussels, 3rd December.

## 6 CASE STUDY “THE ROLE OF SOCIAL PARTNERS IN SUPPORTING LABOUR MARKET TRANSITIONS AND WORKING CONDITIONS OF TEMPORARY AGENCY WORKERS”

### 6.1 Overview: Social dialogue and collective bargaining contexts and their impact on temporary agency work in Europe

As a recent research study on the Dutch approach of combining flexibility and security in the labour market in comparison to other European countries has highlighted, there are significant differences regarding the role of the social partners and social dialogue in Europe in the temporary agency work sector:<sup>265</sup>

With view on the comparison of four national cases (apart from the Netherlands, Denmark, the United Kingdom and Germany) the author states that with view on flexible forms of work and ‘flexicurity’ that in countries such as Germany and in the United Kingdom, the level of consensus between the social partners is generally low and that there is little role for social dialogue and collective bargaining at the national and sectoral level with view on temporary agency work. In contrast, a much higher degree of cooperation between social partners regarding regulation of temporary work (including temporary agency work) was found in countries such as the Netherlands or Denmark.

Our study in general is confirming this assessment as already seen in the parts on national regulation frameworks and industrial relations in temporary agency work in the six focus countries: With view on the role of social dialogue, two broad types of experience can be identified for the focus group of our study:

As described in the first part of this study as well as in the case studies on different forms of transitions, the regulatory frameworks as well as adjustments and practical experience of temporary agency work in the Netherlands, Belgium, France as well as Italy is very much shaped by social dialogue and regulatory provisions on working and labour conditions agreed between the social partners in national agreements for the temporary agency work sector.

In contrast, our study confirms the assessment made in the Dutch study on flexicurity as well as other comparative analyses<sup>266</sup> that both Germany and the United Kingdom are examples of national experience, where social dialogue is not playing such a role. The reasons are different: While the United Kingdom is representing a system of labour and industrial relations that generally is characterised by a weak influence of social dialogue and collective bargaining above the company level, the lack of social dialogue in Germany is rather a specificity of the temporary agency work sector. This results from highly diverging positions on temporary agency work and a lack of joint understanding of challenges and needs for joint action between the social partners in regard to flexibility in the Germany labour market - though collective bargaining takes place at the sectoral level.

Before describing and summarising basic features and aspects of the six different national cases with regard to the role of social partners in particular with regard to labour market transitions, it seems to be useful to review again major features of industrial relations in the whole EU27 that have been already described in more detail in the first part of this study. However, here we would like to reflect again on different industrial relations contexts in particular with view on their implications for social partners influencing labour market transitions. This overview may also help to put the six countries of our study better in the broader context of the whole EU27.

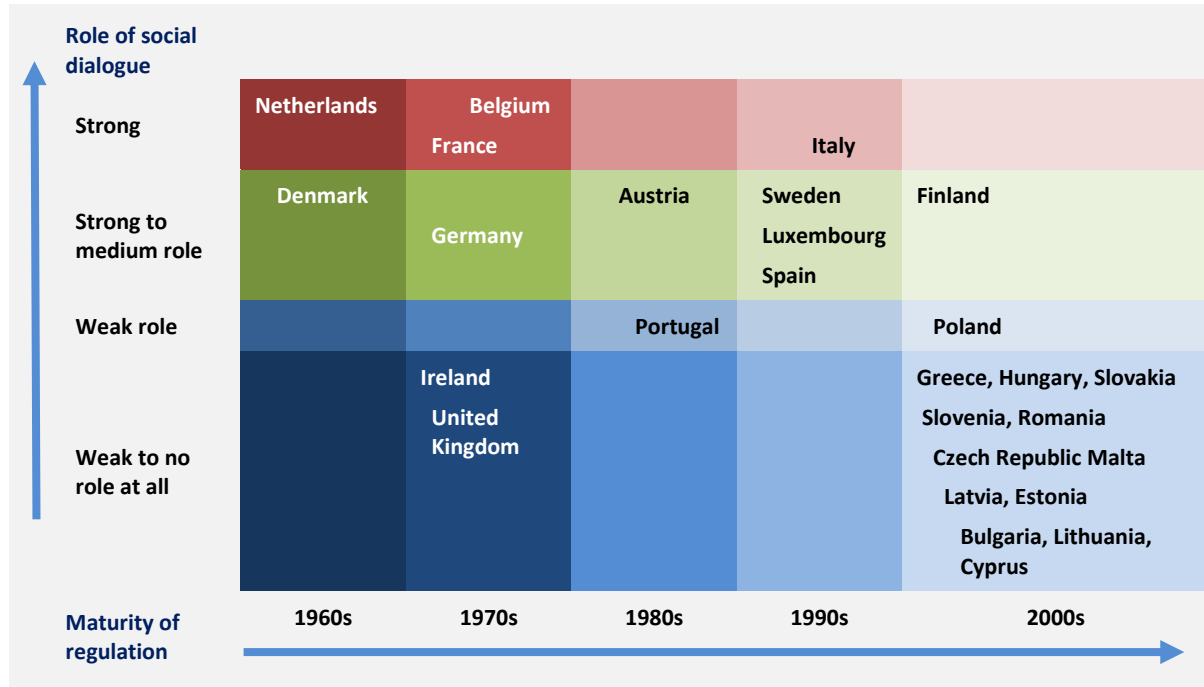
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<sup>265</sup> Houwing, H. 2010: The Dutch Approach to Flexicurity, p. 139.

<sup>266</sup> See for example Wilthagen, T. 2012: Flexicurity Practices in the EU – Which Way is up?, Tilburg University, Reflect.

The following figure should be understood as an approximation with regard to rating the role of social dialogue and collective bargaining in the regulation of the temporary agency work sector as well as with regard to influence and shape labour and working conditions in the European Union.

**Figure 28: Rating the role of social dialogue and collective bargaining in the regulation of temporary agency work employment and labour relations in the EU 27**



The two axes rate the EU countries with view on the maturity of regulation, i.e. the years/decades when temporary agency work became legally recognised and regulated (see also the figure in chapter 2.2 in the first part of the study as well as the annex table summarizing basic information on the industrial relations and collective bargaining systems in the EU27) as well as with regard to the role and influence of social dialogue. For the latter we are suggesting the following types of influence:

- *Strong, Social Dialogue (SD) driven*: This type groups in particular those countries where social dialogue is based on strong social partner organisations that are involved in all three main levels of collective bargaining (sectoral bargaining in the temporary agency work sector, company level as well as bargaining in other sectors with view on temporary agency work). Furthermore, in all the four countries of this group bilateral institutions have been established in order to support temporary agency workers as well as agencies. Therefore, these countries are characterised by practice and regulation that can be described as social dialogue driven.
- *Strong to medium role*: this group consists of EU countries that are also characterised by a strong role of social dialogue in the social and employment policy arena in general such as the Nordic countries but also Luxembourg, Austria or Germany. Also the temporary agency work sector is characterised by collective bargaining at all relevant levels that cover most of the temporary agency workforce.

However, in contrast to the first group, bilateral institutions have either not been established or are rather recent and/or limited (e.g. in Austria or Germany<sup>267</sup>).

- *Weak role or no role at all:* If an active role of social dialogue and social partners in regulation of working conditions is measured by indicators such as representativeness of social partners' organisations, existence of a multi-level bargaining structures and institutions of social dialogue at various levels, the majority of EU countries have to be classified as weak or even non-existing role and influence of social dialogue and collective bargaining. In countries such as Ireland, the UK as well as in Central and Eastern Europe employer organisations in the temporary agency work sector have no mandate for collective bargaining (thus reflecting a general industrial relations pattern of these countries) and social dialogue and bargaining between employers and unions/employee representatives is entirely limited to the company level. Only in Portugal and Poland there have been instances of social dialogue and consultation at sectoral (Portugal) or tripartite (Poland) level concerning temporary agency work but these so far have not led to the establishment of any form of institutionalised practice.

Though of course the rating and assessment with regard to the countries may be arguable (each country is specific, on many countries more concrete information is missing), the overview helps to understand the variety in the role of social dialogue and collective bargaining for influencing and shaping labour and working conditions in the temporary agency work sector.

Furthermore, as already illustrated in the previous parts of this report, the countries ranked in the top row of the figure – which are all included in our sample of focus countries - have been also those with the most significant activities and initiatives of social partners with view on supporting and fostering labour market transitions of temporary agency workers. In the following, basic features and trends of these four countries as well as of the United Kingdom and Germany will be summarised and highlighted. Finally, general conclusions of our study will be drawn.

## 6.2 The Netherlands

The Dutch regulatory regime on temporary agency work for several reasons is a special case as already stated in other comparative studies.<sup>268</sup> This results mainly from the pieces of legislation on finding a balance between flexibility in the labour market on the one hand and employment and income security on the other that were implemented in the late 1990s. The 1998 Law on the Allocation of Labour through Intermediaries (abbreviation WAADI: *Wet Allocatie Arbeidskrachten Door Intermediairs*), and the F&S (*Wet Flexibiliteit en Zekerheid*) of 1999. While the WAADI liberalised product market regulation for the temporary agency work sector by removing barriers for temporary work businesses, the F&S Law increased labour market regulation for temporary agency work by bringing the agency work relationship within mainstream labour law. These regulatory changes were introduced in response to the increasing number of temporary agency workers in the Netherlands throughout the 1990s.

<sup>267</sup> On the recent establishment of a further training fund in Germany based on a company collective agreement in the chemical industry sector see chapter 5.2.3. In Austria, already in 2008 an agreement between the social partners in the temporary work sector for blue-collared workers has established a training fund for the temporary agency work sector funded by fees paid by the temporary work agencies per employee. Against a rather limited impact of this initiative the reform of the temporary agency work regulation in Austria of September 2012 included the provision that the training fund will be transformed into a new social and further training fund ("*Sozial- und Weiterbildungsfonds*") that will be established by law in 2014, that will be financed by an annual amount of 2 million Euros (1.5 million from 2018) by the temporary agency work business as well as funding from the public employment service. The funds not only shall support further training activities but also provide financial support for temporary agency workers between assignments ("*Stehzeiten*").

<sup>268</sup> See for example Storrie, D. 2002 or Houwing, H. 2010.



The Dutch social partners are substantially involved in the implementation of the flexicurity principle in regulation of temporary agency work: The first collective labour agreement was concluded already in 1971. The coverage of the collective agreements in the Netherlands is high as a result of the number and size of the companies committed to the agreement, and probably also due to the effect of extension requirements under the law. In the Netherlands, as noted above, the ABU collective agreement is declared universally binding (except for those firms that are officially exempted or that have signed the NBBU agreement) and this covers 90% of agency workers.

In light of the substantial growth of temporary agency work during the 1990s, the ABU together with the unions (the largest Federation of Dutch Unions, *FNV*, the second largest Christian union *CNV*, and the third largest *De Unie* for professionals and white-collar workers) were among the architects of the F&S Law and WAADI. The parties drew up a covenant shortly before the F&S Law and WAADI were implemented in which they negotiated to use the room to deviate from provisions of the F&S Law within the sector-level CLA for agency workers. Also regarding the new regulations on fixed-term employment introduced by the F&S law, the social partners were highly involved within the bipartite labour foundation STAR.

The F&S law provides substantial leeway to the Dutch social partners as several provisions allow for alternative arrangements in collective labour arrangements. Since 1999 three collective agreements (from 1999-2003, 2004-2009 and 2009-2014) between the employers and unions<sup>269</sup> have been negotiated on temporary agency work that include major provisions on employment and working conditions as well as transitions of temporary agency workers into open-ended direct employment. They are highly complementary to the F&S law because the agreements introduced the so-called 'phase system' that affects the application of the law's provision, e.g. with regard to dismissal, social security, pensions and training.

The following table summarises some of the main provisions of the current agreement. It is based on a phase system that was introduced already in the CA of 1999-2003 but originally included four phases and was characterised by increased rights of workers after 26 weeks. The CAs for 2004-2009 and 2009-2014 included some important changes, in particular the merger of the first and second phase and the possibility to extend the initial phase up to 78 weeks. Overall, the maximum period before an open-ended contract was extended from three to 3.5 years.

**Table 20: The ABU – FNV/CNV/de Unie and LBV Collective Agreement on the TAW sector in the Netherlands**

Aspects	Provisions of the 2009 – 2014 agreement
Phase system	<p><i>Phase A:</i> first 78 weeks of agency work. In case of an interruption of 26 weeks or more, the 78 weeks period must be counted anew.</p> <p><i>Phase B:</i> if a temporary agency worker is placed within 26 weeks after completing phase A at the same agency. Fixed-term contract with the agency with a maximum of eight contracts in a two-year period. In case of an interruption between 13 and 26 weeks, the period must be counted anew. In case of an interruption of 26 week or more, the worker has to start Phase A anew.</p> <p><i>Phase C:</i> if a temp agency worker is placed within 13 weeks after completing Phase B at the same agency. Open-ended contract with the agency after a maximum of 3.5 years of temporary agency work.</p>
Pay conditions	<p>If the user company terminates the assignment in Phase B or C, the TWA must try to find suitable replacement work (defined as not more than two levels lower than the previous position).</p> <p><i>Phase B:</i> If the previous assignment is terminated earlier, the worker is entitled to the same</p>

<sup>269</sup> The ABU negotiates with trade unions FNV, CNV and De Unie. This ABU-CLA covers around 80% of Dutch agency workers. It should be mentioned that there is one other CLA in the Dutch temporary agency work sector, the NBBU-CLA, concluded between the representative for small and medium-sized firms, NBBU and the union LBV.

Aspects	Provisions of the 2009 – 2014 agreement
	<p>wages when doing alternative work during the remainder of the contract period.</p> <p><i>Phase B:</i> The worker receives a reversion wage in case there is no work. This is 90% of the actual wage of the most recently terminated assignment and must be at least equal to the legal minimum wage.”</p> <p><i>Phase C:</i> If the previous assignment is terminated and a new assignment is starting, the worker is entitled to the same wages as if in the case when there is no work (min 90% of the actual wage of the most recently terminated assignment and must be at least equal to the legal minimum wage).</p> <p><i>Phase C:</i> The worker receives a reversion wage in case there is no work. This is 90% of the actual wage of the most recently terminated assignment and must be at least equal to the legal minimum wage. Any new assignment has to pay wages at least equal to the amount received when there is no work.</p>
Wage (agreement on wages runs from 2009 – 2011)	<p>Pay is according to the CA during the first 26 weeks and subsequently it is similar to other workers in similar positions in the user firm, or pay is similar to other workers in similar positions in user firm directly from the start of assignment. This system applies for all three phases: A, B and C.</p> <p>For <i>Phase C</i> employees, the agreement distinguishes nine positions groups for determining wages. After working for the same company for 26 weeks, the agency is obliged to pay in accordance with the remuneration in the user company.*</p>
Training	1.02% of total wages of Phase A employees to be spent on training (for the total population of temporary agency workers, in phase A, B and C). 1.02% must be apart from the balance being reserved if not used during the last calendar year.
Holidays	<p>Holiday rights are accrued for each day worked for all temporary agency workers.</p> <p>Pay is continued during holidays for workers in Phase B and C.</p>
Agency clause	<p>During Phase A (first 78 weeks) the end of an assignment means the end to the agency work employment contract also. The worker can also terminate the contract without any reason and with immediate effect. Fixed term contracts which can be unlimited in number should however not exceed 78 weeks of employment.</p> <p>In Phase A, the duration of the assignment determines the notice period for the TWA from zero calendar days for assignments until 12 weeks to 14 days for assignments from 52 to 78 weeks. The notice period in Phase B and C for the TWA is one month (considering still a formal dismissal procedure is needed, before the contract can be terminated taking the notice period into account) and varies from 7 to 28 day for the worker.</p>
Pension	Workers of 21 years or older are entitled for pension contributions after 26 weeks. Different arrangements exist for Phase A and B/C.

Source: own, based on ABU/FNV/CNV/de Unie/LBV 2011 and Kaiser, A. (2011: *Non-regular employment in the Netherlands*, p. 166.; information provided by the Adecco Group.

\* Note: as of January 5, 2015 (as part of the new agreed ABU CLA) all temporary agency workers in phase A and B (except some defined target groups) will be entitled to payment similar to workers in similar positions at the user company from the start of assignment (the option of paying equal payment after 26 weeks at the user company will be removed).

The coverage of the collective agreements in the Netherlands is high as a result of the number and size of the companies committed to the agreement, and probably also due to the effect of extension requirements under the law. In the Netherlands, as noted above, the ABU collective agreement is declared universally binding (except for those firms that are officially exempted or that have signed the NBBU agreement) and this covers 90% of agency workers.

As mentioned already in the previous chapter, the Dutch social partners have established three social funds in their collective agreements: The educational fund (*stoof*), a safety and working conditions fund (*staf*) and a compliance fund (*sncu*). The umbrella organisation, the “Social Fund for the Temporary Agency Work Sector” (*sfu*) finances the activities of the three funds. The *sfu* has its own Collective Labour Agreement. All private employment agencies covered by the compulsorily collective labour agreement

social fund for the temporary agency work sector contribute to the *sfu* and are entitled to make use of the three funds:

- As described before in more detail, the *Training and Development Foundation for the Flex-sector (stooft)* assists companies with the implementation of training activities for temporary agency workers.
- The aim of the *Flexible Work Sector Foundation (staf)* is to improve safety and working conditions, reduce sickness-related absenteeism and increase re-integration possibilities in the temporary agency work sector. Policy is drafted on the basis of consultations between employers and employees to improve the quality of working conditions. *staf* also provides private employment agencies with tools to achieve this. The emphasis is on prevention and the absenteeism policy. This includes paying attention to the working conditions of permanent employees.
- The organisation that monitors *Compliance with the Collective Labour Agreement for Temporary Agency Workers (sncu)* provides employees and employers with information on the Collective Labour Agreement and supervises compliance with the regulations it contains. The *sncu* receives reports of suspected misconduct through the hotline for example, [www.meldenhelpt.nl](http://www.meldenhelpt.nl). The *sncu* can impose fines and reparatory payments on companies that breach the collective labour agreement.

### 6.3 France

The temporary agency work sector in France is highly regulated, both by law and collective agreement. The sector of temporary agency work has its own social dialogue with representatives from employers and trade unions. Collective bargaining intervenes at several levels: intersectoral, sectoral and company.

There is overlap between legislative and agreement-type regulations. For instance, at its origin, the legislation on temporary agency work (1972) largely reproduced a company agreement. In the backward sense, many sectoral agreements have supplemented the law, for instance for the setting up and management of sector institutions:

- Temporary Work Training Insurance Fund (FAF-TT, *Fonds d'Assurance Formation*)
- Professional Fund for Employment of Temporary Work (FPE-TT, *Fonds Professionnel pour l'Emploi du Travail Temporaire*)
- Temporary Work Social Action Fund (FAS-TT, *Fonds d'Action Sociale du Travail Temporaire*),
- Welfare and pension schemes (setting-up of a one-stop shop).

The employer organisation (PRISME) has been very active in improving the image of the sector in recent years. It has supported the previously mentioned institutions that have improved the social conditions and welfare of temporary agency workers. Its strategy has also been to become identified as a major actor of labour market transitions, offering companies and workers an expertise and an experience. Temporary agencies have developed permanent relationships with employees, providing some of them with a mix of employment opportunities and training. This strategy means increasing temporary agency workers loyalty on the one hand, and increasing their employability on the other hand. Their business indeed depends on the quality and adaptability of their employees. The expertise of temporary agencies has been recognised with the 2005 law enlarging the scope of their activities to real “employment agencies”. As such, one of their goals is to become the first private intermediary on the labour market.<sup>270</sup>

On their side, trade unions hardly manage to find their strategy vis-à-vis temporary agency work. French unions have never been at ease with non standard employment. One source of hesitation concerns the right place to unionise: is it the agency company of the user firm?<sup>271</sup> Temporary agency work has never

<sup>270</sup> Michon, F. 2009, French social actors confronting Temporary Agency Work, *Flexwork Research Conference*, Brussels, November 26/27.

<sup>271</sup> Ibid.

appeared as a major source of concern for unions. Temporary agency workers conditions are generally tackled through the overall struggle against precarity (which is a recent matter of concern for unions as well). As Michon states, unions begin to understand that they have to unionise temporary workers (and precarious workers more generally) if they want to keep enough members. With only 8% of unionised workers, this is a real challenge to attract workers in non-traditional contracts to unionism. Trade unions have set up specific federations dedicated to temporary agency workers. But it is clear that it is rarely a priority for temporary workers to unionise, often for a question of cost, but also as most of them have a very “individualistic” approach to the labour market.

With regard to working conditions and equal treatment of agency workers in user companies in France, the principle of equal treatment and equal pay has been enshrined in French law. Agency workers receive the same payment as permanent employees with same qualification. They benefit from the same benefits such as “penibility” benefits for instance, or lunch benefits. They do not benefit from certain allowances paid by companies to the workers, such as profit-sharing. However, as employees of the agency company, they will receive these allowances if they exist there. A particularity of the French model is the systematic payment of a 10% compensatory bonus at the end of each assignment (generally called “*precarity bonus*”). This bonus also prevails for employees working under fixed-term contracts.

Concerning social security and social benefits, agency workers are covered by the general social security scheme (health insurance, invalidity, maternity, accidents at work, unemployment, pensions). A sector-wide agreement supplements the general scheme for employees. A specific pension scheme for temporary agency workers is jointly managed by social partners.

Regarding working conditions, agency workers are subject to all the measures applicable to the workplaces where they work. In 2002, a sector agreement was signed on health and safety in temporary work. The difficulty lies in the separation between the employer and the workplace: TW agencies do not have any power to regulate the working conditions at the user company. Its only real power is to stop the commercial relation.

Agency workers are covered by a specific vocational training policy, governed by national collective agreements regulating the activities of the FAT-TT and the FPE-TT (the first agreement dates back to 1983). It is therefore acknowledged that vocational training is a decisive factor in agency workers obtaining permanent posts.

In particular, the compulsory continuous vocational training contribution required from all standard companies is 2.15% of the gross payroll for TW agencies. This contribution mainly funds the work of FAF-TT and FPE-TT.

Moreover, the law also requires employers to organise enhanced safety training for temporary agency workers (both those on fixed-term and temporary contracts) if these workers are filling posts presenting specific risks.

As a PRISME representative commented (national interviews), training expenses represent a real investment for agency companies.

An agreement between social partners of the branch and the state was signed in 2009 and renewed in 2010. It concerns the anticipation of employment and competencies in the sector and supports the financing of training measures.

As seen in the previous chapter, two specific training measures were created by social partners in 2004 (collective agreement), namely the CIPI and CDPI contracts. Through these schemes, social partners of the branch wished to support professional transitions for temporary agency workers with specific needs. An agreement signed in 2010 between the social partners of the branch and the government has confirmed

the public support to these measures and has even enlarged its access to new categories of workers like older workers or disabled workers. Another 2010 agreement aims at developing access to training for workers over 45.

Finally, after 18 months of bargaining, an agreement was reached on the provision of “umbrella services” by temporary agency companies.

One of the challenges today, which is very central to the issue about transitions, is about the transferability of rights from one company to another. In effect, when an employee is working for one temporary agency, he/she gains access to certain rights (such as individual right to training), but these rights are hardly transferable if he moves to another agency. Negotiations are under process and social partners interviewed are optimistic about the outcomes, even though practical aspects may be difficult to solve. However, since a 2009 agreement, individual rights for disability-incapacity-death coverage (*prévoyance*) are transferable.

The access to training measures was extended to disabled workers recently.

These examples of good practice illustrate that the social dialogue is well developed in France. It has resulted in many institutions that operate well and offer important resources for temporary agency workers, particularly on the field of training and social benefits.

The driving forces are a common conscience of the need of putting in place institutions that reduce the negative effects of working in temporary agency work on non-work-related fields of insertion (housing, credit, health, etc.). These institutions are bipartite. In the field of training, a well advanced training body has been developed over the years. The employers’ union is developing the idea of temporary agency work as a “social laboratory” where flexible professional pathways can be associated with some levels of protection.

## 6.4 Belgium

In Belgium, the employment regulation framework for the private sector is characterised by a high involvement of the social partners and, consequently by complementary layers of regulation: the laws which indicates the general framework of the regulation; the cross-sector collective agreements negotiated in the National Labour Council which specifies the regulation and whose the application is imposed to all the private sectors; the sectoral collective agreements obtained by a negotiation between the sectoral social partners and which concerns only the workers evolving in the industry concerned and, finally, the company collective agreements negotiated between the local social partners and which are limited to the company considered.

Against the specific of the triangular relationship of the temporary agency work sector, the industrial relations framework of the temporary agency work industry is characterised by a comparatively strong influence of legal regulation: The first specific law on temporary agency work adopted in 1976 and the second main law adopted in 1987.

However social partners also in the temporary agency work sector play an important role for the regulation and development of temporary agency work in Belgium: The *Joint Commission No. 322* was established in 1993 and brings together representatives of the temporary work agencies, user companies and trade unions and within the Commission a number of important sectoral collective agreements have been signed since then focussing on topics such as training initiatives, migrant temporary agency workers, the integration of disadvantaged groups, on social support and benefits such as luncheon vouchers, additional retirement allowance to be included in the pay, creation of a sectoral security fund, etc.

Apart from general regulations for the temporary agency work industry, some collective agreements have been negotiated within specific sub-sectors, such as collective agreements for temporary agency workers in the building industry that came into effect in 2002 and authorised temporary agency work in the building industry under specific conditions described in the collective agreement of the 22<sup>nd</sup> of November 2001 over the specific conditions of work and of employment in the building industry for temporary agency workers.

Finally, at the local level, temporary agency workers are officially represented by the delegation of workers in the user company. Indeed, in the private sector, the calculation method to fix the number of trade union representatives in every Belgian company includes temporary agency workers assigned to the company. Nevertheless, as described in previous parts of this report, it seems that the protection offered by the user company trade union is not always as efficient as for the permanent workers, since the local trade union representatives may sometimes favour their permanent affiliated workers instead of temporary agency workers.

Apart from collective bargaining, other examples illustrate the strong role of bilateral and unilateral initiatives of social partners in Belgium: Already in 1981 the “*Commission of Good Offices*” was established by a collective agreement between *Federgon* and the trade unions. The Commission is a sectoral arbitration body of the social partners that is dealing with mainly individual cases of malpractice as well as monitoring compliance with collective agreements. In this context, also the Code of Conduct of the Belgium social partners that was agreed in the context of the 2003 collective agreement and with view on preventing discriminatory practice amongst temporary work agencies has been described in previous parts of this report (see chapter on equal opportunities in part one).

Also the bilateral sectoral training fund FFI (*Fonds de Formation des Intérimaires*) was established in 2006 it has been already described before (see case study on mobility and skills development).

It should be mentioned here that the FFI participates in several regional initiatives to foster the diversity at work. In 2011, for instance, 22 temporary agencies signed a Flemish diversity plan and 56 temporary agencies signed a Brussels Diversity Charter. For the senior workers, the FFI has also been involved in the Flemish program “*Actief50+*”, by organising several information sessions for the worker over 50 years, which concerns, in 2011, 320 senior TA workers. Finally the FFI also developed initiatives to support the posting of disabled workers, through the Flemish program “*Vlaamse Ondersteuningspremie – VOP*” where 626 disabled temporary agency workers were posted in 2011 by 50 temporary employment agencies.

As for the transition of TA workers, the temporary agency work industry is involved through the FFI in several initiatives, as the “*10 minutes to convince*” (to be trained) programme to help temporary agency staff to motivate temporary agency workers to the need to continuous training; the “*RCA – Reconnaissance des Compétences Acquisés*” and the “*360° feedback tool*”; which are both programmes supporting the validation of acquired knowledge. Moreover, in a Walloon programme called “*Trempl’Interim*” (i.e. *springboard’ interim*) the actors of the socio-professional reintegration industry and of the temporary agency work industry are gathered. This program aims at (re)inserting low skilled trainees or workers with atypical professional path thanks to local collaborations between temporary agencies and the socio-professional reinsertion trainers. The results, for 2011, show that 295 low skilled trainees or workers with atypical professional path were posted mainly in the building industry, the cleaning industry and the logistics industry.

Finally, and again a feature which has already been described in more depth in the first part of the report (see chapter 2.4) also the 2012 change in the regulation of temporary agency work aiming at providing more flexibility in its use as well as greater security of the workers concerned, illustrate the important role of the social partners and social dialogue.



#### 6.4.1 Unilateral initiatives of the social partners

The Belgium employers' organisation in the temporary agency work sector *Federgon* has established a 'Quality Charter' that defines certain ethical rules that should be followed by all agencies affiliated to the federation:

- ethical management: professionalism, respect of laws, refusal to work with users contravening to the law, spreading a good image of the sector;
- rules for the posting of skilled temporary agency workers: good matching of workers' profiles and assignments, vocational training, service and flexible oriented approach;
- good relations with the user: follow up and adaptation of the assignment;
- good relations with the agency workers: welcome of new worker and follow up, good information, mutual agreement requested for each assignment;
- confidential treatment of data of users and workers;
- accuracy of employee information;
- rules for complaints process for TA workers; through a process including the arbitration internal service of Federgon;
- promotion of the Quality Charter.

#### 6.5 Italy

Social partners in the temporary agency work sector play a crucial role in fostering quality labour market transitions. The level of mutual recognition and trust is quite high and well rooted into an open process of social dialogue, testified either by three national-wide collective agreement (1998; 2002; 2008) and effective bilateral bodies.

Flexibility and bilateralism confirm a previous approach of the social partners, giving to both new perspectives of regulation as required either by the new legal framework – as amended after the collective agreement of 2002 – and by the sectoral labour market dynamics. What seems to differ more remarkably from the previous agreement is the objective of stabilisation, which represent definitively an important change in the sectoral social partners approach.

The parties' intention has been to encourage the use of open-end temporary agency work contracts. This opportunity becomes a worker's right when he/she has accumulated 42 months of seniority at the same agency (Article 43). To this end, not only the months of work actually done at the user companies are considered, but also those of any accident, maternity leave (up to a maximum of five months), training before a mission or to update the training and retraining, all periods of employment between assignments with the same task with the same user (up to a maximum of 40 days). The threshold of 42 months in some limited and specific cases can be lowered to 36.

Already in 2002, following the regulation of temporary agency work in 1997 and in the context of the attempt to support the employability of temporary agency workers the fund for training *FORMATEMP* was established on the basis of a collective agreement between the social partners by law D. Lgs 276/03.

The national sector agreement (*contratti collettivi nazionali di lavoro*, CCNL) for temporary agency workers (referred to as 'leased workers' since the 2003 decree) is very important for the regulation of this form of work. The most recent agreement between *Assolavoro* and the union sections for temporary agency workers was signed on 23 July 2008 with duration of four years. It includes a number of important aspects and innovations that are aiming at improving the situation of temporary agency workers with view on employment rights, stabilisation of jobs or social benefits.

- *Information rights*: Agencies are obliged to inform territorial trade unions when at least 20 contracts are involved.
- *Trial and notice periods*: Trial periods are fixed as one day every 15 calendar days, up to an extended maximum of 13 days for assignments longer than six months. Notice was introduced for the first time in the case of worker resignations, calculated from the 16th day of assignment as one day for every 15 days of assignment (up to a maximum of 7, 10 and 20 days according to the worker's job classification).
- *Permitted assignment extensions*: Increased from 4 to 5, for a maximum of 36 (previously 24) months.
- *'Stabilisation'*: This agreement fosters the transition into to open-ended arrangements: Leased workers must be hired on open-ended contracts if assigned for 36 months to the same user firm (or 42 months if there have been at most two extensions in the first 24 months), or after 42 months of assignment to different user firms, provided that there has been no interruption (of at least 12 continuous months) due to worker refusal of a job offer. The agency is then bound to keep him/her as an employee for at least 12 months. If the agency cannot maintain the employee because of a lack of work, he or she will receive an 'availability allowance' of 700 euros per month for six months (seven months for workers aged over 50), of which 50% is paid by the agency and the remaining 50% by the bilateral body for the income support and training of leased workers on open-ended contracts (*Ente Bilaterale per il Sostegno al Reddito e la Formazione dei Lavoratori in Somministrazione a Tempo Indeterminato*, EBIREF). After this, the employment relationship may be dissolved in the absence of work opportunities.
- *Benefits*: A sectoral fund has been created for supplementary social security, financed by contributions from the worker, the agency, and the bilateral bodies. In addition, female workers who do not qualify for the INPS maternity allowance now receive a lump-sum payment of 1,400 euros from the National Bilateral Temporary Labour Body (*Ente Bilaterale Nazionale per il Lavoro Temporaneo*, EBITEMP). The agreement also increases EBITEMP benefits for the following issues: accidents, up to a daily allowance of 35 Euros (with maximum duration extended from 90 to 180 days after end of assignment); healthcare, from 60% to 100% reimbursement of healthcare fees; and income support, a one-off payment of 700 Euros to workers unemployed for 45 days having worked for at least six months in the past 12.
- *Health and safety*: Obligations between leasing agency and user firm are clarified and strengthened: the leasing agency must instruct the worker on the general risks of the sector to which he/she was assigned while the user firm must provide training during the first two hours of work on the specific risks connected with the job.

As mentioned in previous parts of this study, the most recent labour market reform in Italy is likely to affect the functioning and usage of temporary agency work at company level as well as within the labour market again. While the reform is reflecting a number of trade union demands (in particular the abolishment of possibilities to derogate from the principle of equal treatment) while other provision will influence the dynamics of temporary agency work (e.g. making it easier for companies to make use of temporary agency workers without the need to specify the reasons). Against this, it will be extremely interesting to follow the effects and impact of the reform on the size as well as quality of work of temporary agency employment in Italy in the near and medium future.

## 6.6 United Kingdom

As seen throughout this report - illustrating the general picture of industrial relations in the United Kingdom - there is not a great deal of social dialogue in the temporary work sector. This is in keeping with the fact that social dialogue at sector level is general very weak in the UK: most social dialogue takes place in the UK at company level. Consequently there has been no dialogue at national and sectoral level and relatively little at the level of the company or individual agency with view on training and skills development of temporary agency workers.

There have been some trade union efforts and campaigns to recruit and organise temporary agency workers, and to press for equal treatment between agency and user company workers, including the right to transition to a permanent job. For the employers, REC does not have a mandate to negotiate on cross-sector issues and therefore the main bargaining party on the employer side in the UK is the CBI.

Trade union interviewees for this research spoke of the fact that temporary agency workers were not usually the subject of company-level collective agreements. Where reference to temporary agency workers does exist in agreements, it is usually in the form of a clause limiting use of agency employees, either in terms of a percentage of the workforce or the duration of the contract.

Nevertheless, we have found some relevant collective agreements (see the examples below). The main agreements in the public domain that relate to temporary agency workers are usually the result of focused campaigning on the part of trade unions and relate to the organisation of temporary agency workers, the attainment of equal rights, in particular pay, with employees of the user company, and rights to transition to a permanent job in the user company. Employers who are party to these agreements have been keen to engage with the debate and ensure equal rights for temporary agency workers.

As there is relatively little social dialogue on the issue of temporary agency work in the UK, the main driving force comes from the trade unions and employers themselves unilaterally. Where unions launch campaigns that work with particular employers (such as supermarkets) or target particular sectors (such as the meat processing industry), the unions have been successful in either gaining agreement on improving rights for temporary agency workers or, in the case of the meat processing sector, initiating a large-scale inquiry by the EHRC into working conditions for agency and migrant workers.

The hindering factors to the development of social dialogue tend to be the structure of the UK labour market, which operates in a flexible and fragmented way in the case of temporary agency working, and the fact that many employer representatives are, on the whole, unwilling to enter into social dialogue with trade unions on this issue. Further, trade unions do not represent the majority of temporary agency workers, although some unions are engaged in trying to recruit members among agency workers.

Good practice solutions tend to be achieved when the needs of unions and employers coincide. For example, in the case of the agreement on temporary agency workers at the supermarket chain Asda, trade unions wished to achieve improvements for agency workers, and the employer recognised the problems and wished to take action to improve the situation.

### **6.6.1 Company based social dialogue and agreements**

One well-publicised agreement was concluded between the trade union *Unite* and the supermarket chain *Asda* in October 2010, providing that temporary agencies workers be paid the same rates as permanent staff in the supermarket and throughout its supply chain, which comprises 29 suppliers, ranging from multinationals to local suppliers. It also prioritises permanent work, stating that temporary agency workers should only be hired to cope with seasonal fluctuations. The deal is thought to have improved the pay of around 6,000 workers, most of whom are migrant workers, working in meat and poultry processing companies.

An *Asda* spokesperson commented:

*"Following our own investigation into working conditions in the meat sector, we agreed with Unite that agency workers who do the same work as permanent workers should receive equal pay, and that agency work should not be used as a means of preventing them from accessing the same rights as permanent workers. As a result, we brought all our suppliers together as a group and presented both Unite's findings and the results of our own investigation."*

A *Unite* spokesperson said:

*"We warmly welcome ASDA's pioneering initiative which sends a clear message that one of Britain's biggest supermarkets is determined to put ethical principles into practice. ASDA's customers can be confident that there really is no place like ASDA."*

Another example of campaigning on agency workers' rights has been the campaign of the *PCS* trade union at the *British Cattle Movement Service* (BCMS) in Workington. The government set up the BCMS in 1998 to establish monitoring services in the wake of the BSE outbreak. The scope of the service increased over time to include work resulting from other outbreaks of diseases, such as foot and mouth. Half the workforce at the BCMS (roughly 350 staff) was agency staff employed by the *Adecco* recruitment agency. Three quarters of these staff have been employed at BCMS for more than two years, and a number of these for over five years. A further 330 new agency staff were subsequently employed to administrate permanent work were plans to employ a further 170 agency staff, meaning that the service would have been employing around 850 agency staff and only 350 permanent staff. Agency staff all received the UK minimum wage.

The campaign, launched in 2005, aimed to organise and gain recognition with these agency workers, campaign for permanent posts for temporary agency workers, help agency workers win terms and conditions equivalent to those of their permanent colleagues, and include agency workers in the membership and activity of the local union branch. The result was that 100 new permanent jobs were established in the BCMS and 37 of these were awarded to agency workers. The literacy accreditations that the temporary staff gained through union extra skills training helped staff in their applications for the new posts.

An example of company based agreements in the telecom sector is the agreement between the *CWU* trade union British Telecom (BT) on improvements in pay and conditions for agency workers at the telecommunications company *BT*.<sup>272</sup> The *CWU* collective agreement with *BT* states that it is intended to cover all *CWU* members at *BT* working in a customer adviser service capacity (around 9,000 individuals) "whether employed on a *BT* or an agency contract".

The *CWU* also actively campaigns for members among agency workers at *Royal Mail*, which employs casual and seasonal staff through agencies. It has published a leaflet urging temporary agency workers at *Royal Mail* to join the union, stating that it offers membership to any worker in *Royal Mail*, regardless of whether they have a contract with *Royal Mail* or with one of the agencies that operates within the company. Its stated aim is to: secure permanent contracts for those who want them and to secure the ability to negotiate improvements in pay, hours of attendance and holidays for temporary agency workers.

Finally, an example of sectoral campaigning is meat processing: The *Unite* trade union has been active in campaigning for better pay and conditions for employees in the meat and poultry processing sector in England and Wales. This led to a formal inquiry in October 2008 by the *Equality and Human Rights Commission* (EHRC) into recruitment and employment in this sector. The inquiry found a number of practices that were relevant to temporary agency workers. The EHRC stated that there was a wide disparity between the treatment of agency workers and that of directly employed workers across the sector. Further, there was a wide variation in practice between companies, and sometimes across different sites within the same company: "While we located some good practice, we found that it is not uncommon for agency workers to be subjected to treatment that breaches minimum ethical trading standards and basic human rights." The EHRC found that more than 80% of the 260 workers it took evidence from said that agency workers were treated worse than directly employed workers in the

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<sup>272</sup> See: Wright, C. 2011: What role for trade unions in future workplace relations? ACAS discussion paper, September.

processing firms that they worked in. No one said that they knew of agency workers being treated better than directly employed staff in the same roles. There was also evidence of threatening behaviour and coercion by agencies and managers, refusal of permission for toilet breaks, and physical and verbal abuse. There was also a widespread fear of complaining and a lack of awareness about employment rights among agency workers. A large number of the workers employed in this sector are non-English workers. Following its inquiry, the EHRC made recommendations to supermarkets, agencies, processing firms, government, regulators and unions on how to improve the situation. A working party was established to try to take forward the report's recommendations and the EHRC is now engaged in reviewing progress and changes in the sector since the report was published.

### 6.6.2 Unilateral initiatives of the social partners

The employer organisation in the temporary agency work sector REC has established a *Code of Practice* for its members, which is based on ten principles as follows:

- Respect for laws, covering all relevant legislation, statutory and non-statutory requirements and official guidance
- Respect for honesty and transparency, governing all dealings with work seekers, clients, members and non-members
- Respect for work relationships. This states explicitly that members should not undertake any actions that may unfairly or unlawfully jeopardise a work seeker's employment, or that may interfere in work relationships established by others. Members should not attempt unfairly or unlawfully to prevent a work seeker from seeking work from other sources, and should treat all members and non-members with respect and aim to work in a fair and open competitive environment
- Respect for diversity, based on compliance with regulation and good practice and treating all work seekers and clients with dignity and respect
- Respect for safety, covering risk assessment and informing work seekers where they believe that an engagement may cause a risk to health and safety
- Respect for professional knowledge, including ensuring that staff are adequately trained and skilled to undertake their responsibilities in recruitment practice
- Respect for certainty of engagement, stating that members must supply work seekers with full details of the work, conditions of employment, the nature of the work to be undertaken, rates of pay, method and frequency of payment and pay arrangements in accordance with requirements of current legislation. Further, members should ensure that any variation to the engagement can only occur with prior notification and agreement of the worker
- Respect for prompt and accurate payment, stating that members should pay promptly and accurately any wages and benefits due to workers, that they should not penalise temporary/contract workers, for example for having been late or failed to attend part or all of an assignment or for poor performance, by making deductions from pay due for time that they have actually worked, and that they should not take on assignments that could result in their inability to pay temporary/contract workers
- Respect for ethical international recruitment, stating that members must supply overseas work seekers with the same type of information that is provided to home workers. Further, they should respect the highest principles of social responsibility, integrity, professionalism, equity and fair practice in their dealings with all overseas work seekers
- Respect for confidentiality and privacy, based on respect for the confidentiality of records in accordance with law and good business practice.

The REC has also founded the *Institute of Recruitment Professionals (IRP)*, which aims to ensure that individual recruiters are recognised as part of the recruitment industry. All IRP members sign up to the IRP *Code of Ethics and Professional Conduct*. There is a link to this code of conduct on the REC website.

In the case of individual employers, agencies often abide by their own codes of conduct or sets of principles. The global agency *Adecco*, for example, states that it "*stands by the principles of equality and fair treatment for workers in and out of the workplace environment*" (*Adecco UK website*). It operates a

diversity monitoring and reporting system that complies with best practices and is a member of Opportunity Now, which is committed to creating an inclusive workplace for women, and Race for Opportunity, which is committed to improving employment opportunities for ethnic minorities across the UK.

Hays also has a corporate social responsibility strategy and publishes a corporate responsibility report each year in which it details its commitments and achievements in relation to its employees, and its engagement with a range of community projects.

## 6.7 Germany

As already mentioned in the first part of this study, Germany is a special case in regard to sectoral social dialogue and collective bargaining: The representation of interests in temporary agency work is fragmented and has faced organisational problems for a long time. Temporary agency workers are not well organized in trade unions. The reasons for the low union density among temporary agency workers can be found in the structural concept of the Federation of German Trade Unions (*Deutscher Gewerkschaftsbund*) DGB and its member unions as well as their trade union work and the design of temporary agency work. While temporary agency work works person-specific, the structure of trade unions is based on industry sectors. None of the German DGB unions was structurally responsible for temporary agency work. Interest representation of temporary agency workers by unions therefore was rather heterogeneous, and there were divergent opinions on how to deal with temporary agency work. Additionally, the number of temporary agency workers was too low for the unions to be greatly concerned. The organisation of temporary agency workers would have required a lot of effort, leading to only low membership dues and uncertain political benefits. Moreover, without the union membership needed for actions and possible strikes, DGB unions never had a lot of leverage for bargaining in the sector. In general employers' organisations and the DGB and its member unions had and still have strongly contrasting opinions on temporary agency work. For a long time unions campaigned for a ban or re-regulation of temporary agency work, while employers' association were only interested in the deregulation of temporary agency work-specific laws. That is why social dialogue did not take place in temporary agency work until quite recently, and the task of steering and regulating was mainly left to political parties. Against the difficulties that German social partners face in organising the temporary agency work sector and negotiating collective bargaining agreements it comes not too much of a surprise that the social partners have not yet come to agreements on fostering labour market transitions in temporary agency work.

Lately, despite these significant barriers, the DGB and its member unions, the BAP and the IGZ proved that they are capable of a social dialogue in temporary agency work, for example by negotiating collective bargaining agreements and, recently, in their joint and successful efforts to implement a minimum wage in temporary agency work. Even though old demands for a stronger regulation of temporary agency work and equal pay rights flare up among the single unions of the DGB, they now engage in the design of temporary agency work, organising temporary agency workers and focusing on their better protection, e.g. by agreements on the company level. At the same time, employers' initiatives increasingly start to engage in projects for decent jobs in temporary agency work, such as the seal of quality in temporary agency work or training measures. It is likely that these – partly joint – actions will increase in the future.

However, at the level of national social dialogue and collective bargaining, the debate between the social partners in Germany is strongly focussing on equal pay and increasing the transition rate into direct jobs: In particular in the metalworking sector, the social partners have made significant progress: According to the recent collective agreement, after 24 months of assignment at the latest, the user company should offer the temporary agency worker a direct position. According to the social partners, it is likely that also



other sectors will follow this route of improving pay and working conditions in the metalworking and chemical sectors (for more details see chapter 4.3.2 and 4.3.3 in the first part of this report). However, the prospects of collective bargaining results in other sectors are also more complicated as the cases of the German food industry (where the trade union federation NGG has announced not to enter into negotiations in summer 2012) and the service sector show.<sup>273</sup>

### 6.7.1 Company based agreements and good practice

In Germany, works agreements are not uncommon in the major firms and interestingly recently a number of company-level agreements regulating the use of temporary agency work in specific user companies in the metalworking sector were concluded. Examples include a 2007 agreement between IG Metall and Adecco that applies only to workers assigned to Audi. It stipulates that these agency workers receive a wage corresponding to the one fixed by the collective agreement of the Bavarian metal and electrical industry. The metalworkers union signed a similar agreement in 2008 with 16 temporary agencies, which applies to agency workers at BMW.

Such arrangements are likely to become increasingly widespread in the metalworking sector following a 'fairness covenant' agreed between *IG Metall* and the *BZA* and *iGZ* on April 11<sup>th</sup> 2008. This establishes a framework for further settlements between the agency, user company and the union or works councils and will apply standards superior to those set at the sector level for temporary agency work. According to data of the database on works agreement archive of the *Hans-Boeckler-Foundation*, a 2007 survey of 80 works council agreements found that around a quarter referred in any way to temporary agency work. At the sector level the social partners in the steel industry signed an agreement that stipulates on 90 % equal wages for temporary agency workers in user companies in 2010.

### 6.7.2 Unilateral initiatives of the social partners

The initiative "*Qualitätssiegel Zeitarbeit*" (seal of quality temporary agency work, IQZ)<sup>274</sup> offers – as the only nationwide organisation in Germany – comprehensive testing and certification of fair working practices in temporary work agencies. For a fee, agencies can be awarded a seal of quality if they work according to a DGB-collective bargaining agreement in the whole company group or comply with the equal-pay principle and act according to agreements and laws (compliance with the *Continued Wage Payment Act*, no salaries below the poverty line, granting voluntary additional payments such as premium charges, correct classification of the employees in the pay scales, compliance with occupational health and safety provisions, proper payroll processing, no service contracts for work to circumvent collective bargaining agreements or the minimum wage). In addition, education and training opportunities for temporary agency workers shall be promoted. An annual audit and continuous monitoring shall guarantee abidance by these rules. According to its own figures, there are 130 companies with approximately 40.000 employees who are certified by the seal of quality in temporary agency work. However, the service sector union, *ver.di*, assumes the impact of this initiative to be very limited.

Trade unions such as *ver.di* or the metalworkers union *IG Metall* in recent years have established own initiatives and campaigning activities in the temporary agency work sector that are aiming at providing information and support to agency workers, highlight malpractice and foster equal treatment and improving in employment and working conditions. Examples here are a *ver.di* information campaign that includes a web based information portal and a newsletter for workers<sup>275</sup> or various activities carried out

<sup>273</sup> See the web-article in *Der Personaldienstleister*, 21 June 2012: „NGG strengt als dritte DGB-Gewerkschaft Tarifvereinbarung über Branchenzuschläge in der Zeitarbeit an, aber große Lohndifferenzen und Vielzahl von Wirtschaftssparten bringen Probleme“. During the summer 2012 further sectors such as plastics and rubber have agreed sectoral premiums that however are much lower than in the metalworking and chemical industry agreements.

<sup>274</sup> The initiator is also the developer of the collective bargaining agreement "Tarifplus" with IG Metal.

<sup>275</sup> See <http://www.hundertprozentich.de>.

by the *IG Metall* on behalf of temporary agency workers in the metalworking sector, e.g. a website, surveys amongst works councils and information campaigns.<sup>276</sup> Also at regional level initiatives on behalf of temporary agency workers as well as other actors (including temporary work agencies) seeking advice and legal information have been fostered by German trade unions. One recent example is the establishment of a “*Hotline Zeitarbeit*” that was jointly initiated by the trade union federation DGB and the federal government in North Rhine Westphalia and is addressing workers as well as temporary work agencies.<sup>277</sup>

## 6.8 Conclusions

From the brief overview of the role of social partners and collective bargaining in the regulation of temporary agency work in Europe as well as the in-depth analysis of the six focus countries in this case study as well as the previous parts of this study two important conclusions immediately emerge:

*First*, and as most of the focus countries of this study show, social partners play an important role in regulating temporary agency work in the development of activities and action with view on fostering labour market transitions by collective bargaining as well as further action such as joint initiatives, programmes or institutions.

The examples illustrate that social dialogue in temporary agency work in Europe should not only be regarded as an instrument that substitutes or reinforces legal frameworks and regulation. In particular the bilateral funds providing social support, supporting further training and other support measures clearly go beyond regulation because they target also labour and working conditions and aim at improving job, employment as well as social security of temporary agency workers.

Against this, and though only little information so far is available on concrete effects and impacts of social and/or training funds as well as other joint initiatives and institutions, a first conclusion of this overview must be, that social dialogue and collective bargaining clearly provides and added value and makes a difference: It provides additional support for temporary agency workers reflecting in particular the specific difficulties of many of them with regard to employability and skills, the foster equal treatment and access to rights and resources in user companies and provide social and other support in order to compensate effects of a frequency of job losses and unsteady careers.

A *second* conclusion (however) of this case study and in particular the overview of framework conditions and industrial relations backgrounds within the temporary agency work sector in Europe must be that a strong role of social partner involvement and the emergence of sector-specific frameworks of social dialogue, collective bargaining and bilateral institutions is far from reflecting reality in the whole of Europe: Mirroring the general patterns of industrial relations, so far only a minority of countries are characterised by solid and established systems of collective bargaining at sectoral level and even less countries have established bilateral institutions within the sector.

One may explain this quite divided picture of social dialogue in the European temporary agency work sector with reference to the novelty of temporary agency work as an accepted and legally regulated form of work in many European countries and in particular in Central and Eastern Europe and the need that sector specific labour relations and cultures of social dialogue need time to evolve. However, the examples of the United Kingdom and Germany also indicate that the existence of strong social partner organisations as well as the existence of *joint interests and understandings* with regard to action and regulation is an important precondition for social dialogue playing an pro-active role beyond wage issues:

<sup>276</sup> See <http://www.igmetall-zoom.de> or IG Metall 2012: “Schwarzbuch Zeitarbeit”, Frankfurt a.M.

<sup>277</sup> See <http://www.zeitarbeit.nrw.de/za/>.

While in the United Kingdom no or only a consultative tradition and culture of sectoral dialogue and bargaining exists, the German case illustrates the still existing difficulties of the trade union movement to recognise the temporary agency sector as an economic sector and partner of bargaining and dialogue. But as the examples of Belgium, the Netherlands or France illustrate, the recognition of temporary agency work as a sector on its own seems to be an important precondition of any real social dialogue and negotiation for better employment conditions. The recently negotiated sector-specific premiums between some industry trade unions and the temporary agency employer organisations have been assessed therefore by some commentators as a first step of trade unions taking recognising the need to influence and shape working conditions more actively and develop specific and collectively agreed framework conditions of employment, including equal treatment and further provisions.<sup>278</sup> Whether in the end this will result in bilateral funds also in Germany will be an extremely interesting question to follow in the coming years.

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<sup>278</sup> See for example: Rindfleisch, E. 2012: Zeitarbeit: Anspruch und Realität einer Branche, Konrad-Adenauer-Stiftung. Analysen und Argumente, October.

## CONCLUSIONS AND RECOMMENDATIONS

A major objective of the study according to the Eurociett/UNI Europa tender should be recalled here: apart from tasks of gathering and summarising quantitative and qualitative data and information on the profile and role of temporary agency work in labour market transitions, the study should gather evidence and information on the

*“identification of opportunities and challenges ahead for the temporary agency work sector and the practice of the social partners, in particular with regard to the normative goal to ensure smooth and quality transitions that reduce unemployment and segmentation in the labour market and contributes to the Europe 2020 objective of an employment rate of 75% of people between 20 and 64 years of age.”*

With view on this task the following conclusions and recommendations can be drawn from the perspective of the authors of the study.

Temporary agency work is first of all a relatively new form of employment that is providing a greater (external) flexibilisation of the labour market and in particular provides more flexibility in HR practice at the company level. At the same time, temporary agency work also contributes to labour market policy: it contributes to the fluidity of the labour market and provides opportunities in particular for unemployed persons and target groups by functioning as a bridge into work. Though the bridging function may differ from country to country and may depend on regulation as well as other economic and social factors of influence; this result is evident as arising from existing research findings.

At the same time, the question whether or not temporary agency work also contributes to *“quality transitions”* is less evident, also due to a lack of common understanding, agreed indicators and the availability of data. However, a major result of the study is that social dialogue and the practice of social partners (in particular joint practice) seems to be key with view on transforming numerical transitions into *“quality transitions”*, i.e. enabling situations and frameworks where not only bridges into work are provided by temporary agency work but also stepping-stone effects and upward/progressive transitions are supported and fostered. This rationale in particular is embodied in the development of bipartite institutions and funds supporting training provision and skills development of temporary agency workers as well as providing more social security.

These examples as well as other cases of good practice documented and described in this report thus illustrate real opportunities of temporary agency work (further opportunities have been highlighted in the joint declaration of Eurociett/UNI Europa in 2009).

There are also some *challenges* that policy makers and key actors in the temporary agency work sector should address:

As our report has shown, the development of social dialogue for the temporary agency work sector is at different stages across Europe. This is linked to the general development of social dialogue and industrial relations practices at the national level. Indeed, countries characterised by strong cross-sectoral social dialogue will also present social dialogue practices in the temporary agency work sector. In this case, sectoral social partners have managed to establish bipartite initiatives to foster quality labour market transitions.

On the other hand, in those countries where social dialogue is not as developed at the cross-sectoral level, the temporary agency work sector is in line with the national context. This may represent a challenge for social partners to have an impact in contributing to transitions for temporary agency workers.

The study has shown that with view on the objective of *“making transitions pay”* for companies (flexibility), workers (employment security, skills development, upward mobility) and the society as a

whole (reduction of unemployment, inclusive labour markets), a challenge is to find the right balance in order to develop not only transitions, but also positive and progressive transitions. This not only implies a clear legal regulatory framework but also institutional frameworks and practice that are based and triggered by common interests, joint objectives and normative orientations.

As the study has shown, also the empirical evidence arising from research and analysis is characterised by limits and a number of blind spots: the focus of research so far has been almost entirely on numerical aspects, output results and the quantitative dimension of transition as a change of status (e.g. from unemployment to employment). However, with view on the broader issues addressed by the Europe 2020 strategy or the EMCO orientation, it also is necessary to address issues of the *quality* of transitions processes fostered and supported by temporary agency work: What favours quality transitions and how do we define quality? Which aspects and institutional settings influence the quality of transitions and which types of transitions should be regarded as inefficient or of poor quality (thus being counterproductive with view on the objective to reduce labour market segmentation)?

And with view on these questions, empirical research based on quantitative as well as qualitative data and evidence is still in its infancy.

Also with view on other aspects addressed by this study, our knowledge is characterised by a lack of reliable information and data. In particular in those countries that have only recently started to regulate and develop temporary agency work in their labour markets, the available information on dynamics, roles and function of temporary agency work is insufficient. Further research should in particular address the evolution of temporary agency work in Central and Eastern Europe.

With view on comparing effects and impacts of regulation and good practice from a cross-country perspective, the study has shown that it is hardly possible to carry out international comparisons of quantitative (e.g. transition rates) or qualitative results (e.g. satisfaction, quality transitions) due to the different methodical concepts as well as labour market policy environments. Against this there is a need for comparative studies on the role and influence of temporary agency work on labour market transitions based on a common methodical approach of evaluating comparable quantitative data and statistics as well as studying effects and impacts of good practice examples and initiatives such as bilateral institutions.

# ANNEX: COMPARATIVE OVERVIEW TABLES



## Legal frameworks of temporary agency work in the EU27

Country	Legal framework	Licensing	Restrictions on business activities/services	Restriction on duration of work placements and number of renewals
Austria	<i>Specific law:</i> 1988 Temporary Employment Act ( <i>Arbeitskräfteüberlassungsgesetz, AÜG</i> )	Yes	Restrictions in parts of the public sector (public hospitals)	Synchronization ban, restrictions on temporary contracts with agency
Belgium	<i>Specific law:</i> First regulation in 1976 Law of 24 July 1987 (also covers other forms of temporary work)	Yes	In the sector of removal firms and furniture warehouses (JC 140.05) as well as in inland waterways (JC 139), enterprises cannot hire temporary blue-collar workers. (Law of 1987 and Royal decrees)  Other activities with a dangerous character are banned for temporary agency work as well. (Royal Decree 1997)  Temporary work is also banned when the user enterprise wants to replace a worker during a period of unemployment for economical or technical reasons or because of bad weather.  Besides, in case of strike movement or lockout, no temporary agency workers can be hired. (law 1987)	The maximum length of the assignment will depend on certain conditions defined in the national collective agreement n°47bis (18th November 1990).
Bulgaria	<i>Regulation within labour/commercial law:</i> TAW law implementing the EU Directive, December 2011	Yes	Temp Agencies will have to draft an Internal Policy for carrying out the lease of personnel business.  Simple framework agreements between a Temp Agency and a receiving company will no longer be possible. The law introduces mandatory requisites to be included in these agreement  Not more than 30% of the total number of employees in a company can be leased from a Temp Agency.	There will be no possibility for indefinite-term agreements with Temp Employees. Only fixed-term agreements (i) for a specific project or (ii) for replacing an employee in an excused leave will be allowed for Temp Employees
Czech Republic	<i>Regulation within labour law:</i> Labour code definition of TAW	yes	The Labour Code specifies that the extent of agency work can only be restricted in a collective agreement concluded with the user.	Maximum of 12 consecutive months at one user company
Cyprus	<i>Regulation within labour law:</i> TAW covered by fixed-term and seasonal work regulation	yes		No
Denmark	<i>Regulation within labour law</i>	No	No	No
Estonia	<i>Regulation within labour/commercial law:</i> TAW regulated by new Employment Contracts Act 2009 and regulation of private employment agencies	No	No	No
Finland	<i>Regulation within labour law:</i> Employment Contracts Act (Chapter 1, section 7; Chapter 2, section 9) 2001	No	No	No
France	<i>Regulation within labour law:</i> Statute on TAW 1972	Yes	It is forbidden to replace workers on strike or jobs following redundancies by TAW and TAW is forbidden in dangerous jobs	Maximum assignment length is 18 months
Germany	<i>Specific law:</i> Temporary Employment Act ( <i>Arbeitnehmerüberlassungsgesetz, AÜG</i> ) 1972	Yes	There are restrictions in the construction sector	No

Country	Legal framework	Licensing	Restrictions on business activities/services	Restriction on duration of work placements and number of renewals
Greece	<i>Specific law:</i> Law 2956/2001 (operating requirements for agencies and employment rights of workers); Law 3144/2003 (licensing system)	Yes		Yes
Hungary	<i>Regulation within labour law:</i> 2001: New title 'Labour Force Leasing' (Munkaerőkölszönzés) inserted into Labour Code	Yes	Public sector	No
Ireland	<i>Specific law:</i> Employment Agencies Act 1971	Yes	The Government is committed under Ireland's current national agreement, Towards 2016, to introducing a new Employment Agencies Regulation Bill, which will regulate the activities of employment agencies. The legislation will replace the existing Employment Agencies Act 1971. The new law will implement a 'Monitoring and Advisory Committee' overseeing and regulating the operation of employment agencies. The social partners and the National Recruitment Federation (which represents many agencies) will be involved with this Monitoring Committee. Further, a new statutory code of practice will govern standards of behaviour expected of agencies. As a statutory code, overseas employment agencies will also be subject to compliance with its terms. Granting of licenses to agencies will be conditional on compliance with the statutory code.	No
Italy	<i>Specific law:</i> Articles 20–28 and Article 85 of Legislative Decree 276/ 2003 (replaced provisions of Law 196/ 1997)  Current legal framework is the legislative decree 276/03 modified by legislative decree 24/2012, which transposes the EU Directive on TAW	Yes	In the general regulation, there are no sectoral prohibitions on the use of labour agencies.  There are sectoral restrictions, e.g. limits on the use of leasing contracts (a percentage in comparison with the firm's permanent workforce): e.g. the max percentage sum up fixed-term and TAW contracts. In the banking sector it's 5% (in this case TAW only); food sector it's 14%; in the commercial sector it's 28% in a year; 30% in the chemical sector.	Staff-leasing, introduced in 2003, was abrogated by the centre-left in 2007. Once back again to power the centre-right, in springtime 2008, the new government reinstated the staff leasing, although assuming a fixed number - but rather broad range - of admitted cases; enlarged the allowed motivation to use this form of work; abolished the case of exclusion of the jobs with low skill profile, in sectors like agriculture and construction. Other further possible exceptions/derogations have been allowed only in order to facilitate the employment of disadvantaged workers, with the aim of offering them more chances to get employed.  The initial assignment by a user company can be renewed for a maximum of 6 times and within a 36 months limit.
Latvia	<i>Regulation within labour/commercial law:</i> Amendmend of the labour law of February 2011	yes		No

Country	Legal framework	Licensing	Restrictions on business activities/services	Restriction on duration of work placements and number of renewals
	Regulation on licensing since 2007			
Lithuania	<i>Regulation within labour &amp; commercial law:</i> Law on temporary agency employment, December 2011	Yes	It is prohibited to the user undertaking to conclude a contract of temporary employment in order to replace former employees of user undertaking	No
Luxembourg	<i>Regulation within labour law:</i> Articles 131–134 and 411, 413 of Labour Code as codified 2006 (law first introduced 1994)	Yes		Yes
Malta	<i>Regulation within labour law:</i>	Yes		No
Netherlands	<i>Specific law &amp; civil code:</i> Law first introduced in 1965. Current system is based on <i>Wet Allocatie Arbeidskrachten door Intermediairs</i> ( WAADI) 1998 and the Flexibility and Security (FlexWet) Act 1999 as well as Civil Code (chapter 7) that defines the contractual arrangements for TAW	No	No restrictions	Civil Code stipulates that workers are entitled to a permanent contract after three years or after three consecutive fixed-term contracts. The ABU CLA stipulates that workers are entitled to a permanent contract after three and a half years (after phase A and B).
Poland	<i>Regulation within labour law:</i> Labour Code amendments 2003	Yes		Amendment 2010: Tempworkers can be assigned to an employer for 18 months within a 36 month period.
Portugal	<i>Specific law &amp; labour code:</i> (a) Decree Law 358/ 1989 (as amended 1996, 1999, 2003, 2007); (b) provision on short-term contracts also included in labour Code under Law 99/ 2003.	Yes	Law requires agencies to employ at least 1% (up to 50) staff on permanent, full-time basis	maximum assignment is two years
Romania	<i>Regulation within labour law:</i> Law 53/2003: Amendment of Labour Code Title II ('The individual employment contract') and Chapter VII ('Employment through temporary work agencies')	Yes		Yes
Slovakia	<i>Regulation with labour law and commercial law:</i> (a) Act No. 5/2004 on employment services (licensing requirements); (b) Act No. 311/2001 on labour code (rules governing usage)	Yes	2007: Qualification period for equal pay reduced from six to three months.	No
Slovenia	<i>Regulation within labour law:</i> Law on Labour Relations 2003, as amended 2007	Yes	No restrictions	The employment contract between temporary worker and a temporary work agency can be signed as a fixed-term contract (definite) or open ended contract (indefinite). The duration of assignment is restricted by law to 1 year. On average temporary agency workers are employed for 6 to 12 months. About 30% become permanent employment contracts by the user company. Temporary agency

Country	Legal framework	Licensing	Restrictions on business activities/services	Restriction on duration of work placements and number of renewals
				workers are mostly employed by large international companies from such sectors like industry, commerce and logistics.
Spain	<i>Specific law:</i> Law 14/ 1994	Yes	Limitation of TAW in construction on safety grounds Limitations on TAW in public sector	Same as in the case of fixed-term contracts, i.e. maximum of 24 months after which a temporary contract is regarded legally as a permanent one
Sweden	<i>Specific law:</i> Act on Private Job Placement and Temporary Labour ( <i>Lag om privat arbetsförmedling och uthyrning av arbetskraft</i> ), 1993	No		No
United Kingdom	<i>Specific law:</i> Employment Agencies Act 1973, Conduct of Employment Agencies and Employment Businesses Regulations 2003 (as amended, 2007), Gangmaster Licensing Act 2004.	No	<i>Gangmasters Licensing Authority</i> established in 2004 to license and regulate labour providers in the agriculture, horticulture, shellfish and associated processing industries.	No

## Industrial relations and collective bargaining in the temporary agency work sector in the EU27

Country	Representative employer organisation with bargaining mandate	Employer organisation without bargaining mandate	TAW specific trade unions or union sections	Tripartite dialogue and/or agreements on TAW	Sectoral dialogue and bargaining in the TAW sector	National agreements at company level in the TAW sector	TAW clauses in dialogue and bargaining in other sectors	Collective bargaining coverage
Austria	X	X			X	X	X	100%
Belgium	X			TAW and issue in national Labour Council	X	X	X	100%
Bulgaria		X						No CA
Czech Republic		X				X		No CA
Cyprus		X						No CA
Denmark	X	X			X	X	X	80%
Estonia		X						No CA
Finland	X				X	X	X	95%
France	X		(USI CGT) TAW sections in other main union federations	TAW an issue in tripartite national agreements	X	X		80%
Germany	X				X	X	X	> 90%
Greece		X	PASYPET (contract employees)					No CA
Hungary		X						No CA
Ireland		X		TAW an issue in Tripartite agreement "Towards 2016"			X	No data available
Italy	X		NIDiL Nuove Identità del Lavoro) for CGIL; FELSA (Federazione Lavoratori Somministrati e Autonomi) for CISL and UILTEMP for UIL		X	X	X	100%
Latvia		X						No CA
Lithuania		X						No CA
Luxembourg	X				X		X	> 90%
Malta								No CA
Netherlands	X	X	FNV Flex branch within FNV Bondgenoten		X	X	X	> 90%

Country	Representative employer organisation with bargaining mandate	Employer organisation without bargaining mandate	TAW specific trade unions or union sections	Tripartite dialogue and/or agreements on TAW	Sectoral dialogue and bargaining in the TAW sector	National agreements at company level in the TAW sector	TAW clauses in dialogue and bargaining in other sectors	Collective bargaining coverage
Poland		X		TAW an issue in Tripartite Commission				No CA
Portugal		X			X			No data available
Romania		X						No CA
Slovakia		X						No CA
Slovenia		X						No CA
Spain	X		COMFIA branch within the trade union CC.OO	TAW an issue in Social Dialogue Commission	X		X	> 90%
Sweden	X		LO and Unionen have specific sections for temporary agency workers	Cross-sectoral national agreement on social security	X	X		90% (white collar) 30-50% (blue collar)
United Kingdom		X		(Joint tripartite declaration on equal treatment 2008)		X		No CA



## Overview of good practice cases

Good practice examples		Country	Basic information	Character	Theme
1.	Ebitemp Social Fund	IT	<ul style="list-style-type: none"> <li>- Fund established by the national CA between the social partners</li> <li>- Provide additional social benefits to agency workers (inclusion, health and safety, credit, childcare etc.)</li> <li>- Analysing and monitoring training needs, planning and designing of training courses</li> <li>- Funded by 0.2% of gross salary of each agency worker, paid by the agency</li> <li>- In 2010 Ebitemp has received 1,034 loan applications, totalling about 1.2 million Euro</li> </ul>	Bipartite fund	Employability and security
2.	VFU-FFI (Fonds de formation pur les intérimaires)	BE	<ul style="list-style-type: none"> <li>- Bipartite training fund to support training and skill development of temp workers</li> <li>- Created in 2006 jointly by social partners</li> </ul>	Bipartite fund	Employability
3.	FAF-TT Training Fund Contrat de Développement Professionnel des Intérimaires, CDPI (Interim Professional Development Contract)	FR	<ul style="list-style-type: none"> <li>- FAF-TT Bipartite training fund</li> <li>- Training offered to temps having already done a given number of working hours</li> <li>- After finishing of training, private employment agency will offer assignments that complements the training achieved</li> <li>- Results: reduction of unskilled temps, work satisfaction and working conditions, remuneration increased</li> </ul>	Bipartite fund	Employability and security
4.	Basic skills training and support for illiterate temporary agency workers	FR	<ul style="list-style-type: none"> <li>- Starting in 2012 the FAF-TT bipartite training funds will carry out a project for 150 illiterate temporary agency workers</li> </ul>	Bipartite fund	Employability and security
5.	Fastt – Social Fund	FR	<ul style="list-style-type: none"> <li>- Providing additional benefits to agency workers</li> <li>- Forms of support: support agency workers in housing, support for childcare, baby-sitting and schooling costs; loans and mobility support (help financing driving license, buy a vehicle, temporary accommodation etc.)</li> </ul>	Bipartite fund	Employability and security
6.	FPE-TT Inclusion	FR	<ul style="list-style-type: none"> <li>- Facilitating professional including of agency workers</li> <li>- Created in 1983 by tripartite agreement</li> <li>- minimum contribution of temporary work agencies is 2% (in other sectors it is 1.6%)</li> </ul>	Bipartite fund	Employability and security
7.	FPE TT Professional Fund for employment in temporary agency work	FR	<ul style="list-style-type: none"> <li>- Established in 1996</li> <li>- Works under the umbrella of the FPE-TT but has its own governance structure (parity of unions and employers)</li> <li>- Created to develop a dynamism concerning security and to include also unemployed in the target group of training programmes.</li> <li>- Funded by temporary work agencies by 0.15% on their payrolls</li> </ul>	Bipartite fund	Employability and security
8.	Reunica – Welfare and Pensions Fund	FR	<ul style="list-style-type: none"> <li>- Provide complementary pension and welfare benefits to agency workers</li> </ul>	Bipartite fund	Employability and security
9.	Form TS-VormDC Training Service Cheques	BE	<ul style="list-style-type: none"> <li>- Facilitate access to training for workers through service cheques</li> </ul>	Bipartite fund	Employability and security
10.	Sfu-fsi Social Fund	BE	<ul style="list-style-type: none"> <li>- Provide additional social benefits to agency workers (end-of-year bonuses)</li> </ul>	Bipartite fund	Employability and security

Good practice examples		Country	Basic information	Character	Theme
11.	FORMA.TEMP Training Fund	IT	<ul style="list-style-type: none"> <li>- Bipartite training fund established after the agency labour law 1997</li> <li>- Managed jointly by temporary agencies organisation and trade unions</li> <li>- Financed by 4% of gross salary of each agency worker (= 150 million Euro/year) (fee is much higher than in other sectors, e.g. public sector = 1%)</li> <li>- Only training companies accredited by the fund carry out trainings</li> </ul>	Bipartite fund	Employability and security
12.	FORMA.TEMP / Ministry of Employment	IT	<ul style="list-style-type: none"> <li>- Joint project on training and financial support for unemployed TAW workers</li> </ul>	Bipartite project	Employability and security
13.	Fontemp Complementary Pension Fund	IT	<ul style="list-style-type: none"> <li>- Fund established by the national CA between the social partners</li> <li>- Bilateral fund that supports the insurance situation of temporary agency workers (membership is voluntary or tacit after six months in work) replacing the quota to be paid by the worker (1% of salary) during the period of work</li> <li>- In the start-phase (still ongoing), bilateral funds add a further quota to reach 4% of the salary</li> </ul>	Bipartite fund	Employability and security
14.	Exceptional social welfare tools	IT	<ul style="list-style-type: none"> <li>- Approved between social partners and government in response to the crisis in 2009 (still in force) for a specific income support scheme aiming to support agency workers (one-off payment of 1,300 Euro) that are not covered by the public unemployment benefit system</li> </ul>	Tripartite agreement	Employability and security
15.	STOOF (Foundation Training and Development Flexbranche)	NL	<ul style="list-style-type: none"> <li>- Established in 2003</li> <li>- Professionalise vocational training and career development of agency workers</li> <li>- Measures financed via applications for EU subsidies</li> <li>- High coverage of smaller temporary work agencies</li> </ul>	Bipartite fund	Employability and security
16.	SFU social fund	NL	<ul style="list-style-type: none"> <li>- Providing additional benefits to agency workers (housing, credit, childcare, holidays)</li> </ul>	Bipartite fund	Employability and security
17.	StiPP Pension Fund	NL	<ul style="list-style-type: none"> <li>- Provide complementary pension benefits to agency workers</li> </ul>	Bipartite fund	Employability and security
18.	Collective labour agreement 2009 – 2014	NL	<ul style="list-style-type: none"> <li>- Agreements on spending of education expenditure</li> <li>- Agreement on extra educational spending for less educated workers through VET within the scope of professional guided training (bbl-education)</li> <li>- Certification of learning outcomes (clo)</li> <li>- Biannual Educational Monitor of the TAW sector</li> </ul>	Collective Agreement	Employability and security

Good practice examples	Country	Basic information	Character	Theme
19. Collective labour agreement 2008 – 2014	IT	<ul style="list-style-type: none"> <li>- Signed by Assolavoro and the three major unions Alai-CISL, NIdiL-CGIL and CPO-UIL. The CA includes a number of innovations:</li> <li>- It provides for a multi-level industrial relations system, based on a participatory approach and bilateral bodies and funds</li> <li>- It encourages the stabilisation of workers by enabling them to obtain open-end contracts</li> <li>- It emphasizes the importance of training and re-skilling, jointly managed by the social partners</li> <li>- It enables to fill in the gaps existing in the traditional labour market policies by addressing the specific situation of temporary agency workers</li> </ul>	Collective agreement	Employability and security
20. Training Fund / Training and Social Fund	AT	<ul style="list-style-type: none"> <li>- Established in 2007 by ÖGB and WKÖ in order to support further training activities of temporary agency workers (“Bildungsförderung Zeitarbeit”)</li> <li>- Managed by a employment foundation (“Aufleb Foundation”) with the social partners in the steering/ governing board</li> <li>- Financed jointly by monthly fees of employees (0.66 Euro) and temporary agencies (2,50 Euro)</li> <li>- As from 2014 the collectively agreed fund will be transformed into a new legal entity of a “Social and Further Training Fund” (“Sozial- und Weiterbildungsfonds” )</li> </ul>	Bipartite fund	Employability and security
21. Training Fund	LU	<ul style="list-style-type: none"> <li>- Collective agreement of May 1998, which was been agreed at the beginning of 2007, will put in place a sectorial training fund until the end of the running time of the present collective agreement. The modalities, financing and functioning shall be worked out by a joint commission. The training covered in the framework of this sectorial fund will be, for temporary agency workers, training in safety and health matters</li> </ul>	Bipartite fund	Employability and security
22. Further training fund	DE	<ul style="list-style-type: none"> <li>- “Verein Weiterbildungsfonds” established in March 2012 by the social partners IG BCE and the private TAW agency “Technicum” (German subsidy of USG People)</li> <li>- Fund is based on a company agreement between the trade union and Technicum and managed by the social partners in cooperation with a training provider and a certification agency (TÜV Nord)</li> <li>- Financed by 2% of the gross wage costs (0.4% paid by employees and 0,8% by the private agency and user companies)</li> <li>- Other temporary agencies are invited to join the fund</li> </ul>	Collective agreement	Employability and security
23. Further training funds	CH	<ul style="list-style-type: none"> <li>- New regulation on temporary agency work of 2006 included the obligation to establish further training funds (Weiterbildungsfonds) by private agencies</li> <li>- Financed by a maximum of 0.5% of the gross wage sum</li> <li>- Administration jointly by trade unions and employers organisations</li> <li>- As of 2006 around 50 different funds existed in Switzerland</li> </ul>	Legal initiative	Employability and security

Good practice examples		Country	Basic information	Character	Theme
24.	Training for temporary agency workers	BE	<ul style="list-style-type: none"> <li>The public employment services in Flanders and Wallonia can offer training to both candidate temporary agency workers (unemployed people) and temporary agency workers.</li> </ul>	Public private	Employability and security
25.	CSP (Contrat de sécurisation professionnelle)	FR	<ul style="list-style-type: none"> <li>In September 2011 a new scheme of outplacement/redeployment contracts was established: CSP (Professional securisation contract/Contrat de sécurisation professionnelle) that substitutes the former CTP contract scheme.</li> <li>This new scheme is open for flexible workers and will be implemented on a territorial basis</li> </ul>	Legal initiative	Employability and security
26.	Career security for temporary agency workers	FR	<ul style="list-style-type: none"> <li>Joint initiative of social partners and regional government in the Franche-Comte region</li> <li>Supporting a certain level of career security for temporary agency workers</li> </ul>	Tripartite initiative	Employability and security
27.	Collective labour agreements	FR	<ul style="list-style-type: none"> <li>Since a 2004 agreement, two specific training measures were created, namely the CIPI and CDPI contracts</li> <li>CIPI (contract of TAW professional insertion) is dedicated to people the most distant with the labour market. The temporary agency sets up a pathway with the beneficiary, alternating external and internal training, as well as assignments in companies. It lasts between 210 and 420 hours. During the training, the beneficiary has a labour contract. There were 3000 beneficiaries in 2010</li> <li>CDPI (Contract of TAW professional development) is conceived for TAWs with no or little qualification. It offers them the possibility to acquire a qualification alongside the assignments in companies. The scheme can also finance redeployment for TAWs wishing to change their occupation. 3700 workers benefited this scheme in 2010</li> <li>Apprenticeship contracts (Contrat de professionnalisation and Période de professionnalisation) have also been developed in TAW. The beneficiary alternates training in a training centre and assignments in companies. In 2010, more than 5,500 workers benefited one of these schemes (among which some permanent employees in temporary agencies).</li> <li>An agreement signed in 2010 between the social partners of the branch and the State has reconducted the public support to these measures and has even enlarged its access to new categories of workers like older workers or disabled workers.</li> <li>A 2010 agreement aims at developing access to training for workers over 45</li> </ul>	Collective agreement	Employability and security
28.	Company based training initiatives	DE	<ul style="list-style-type: none"> <li>Larger companies have established own training initiatives/moduls</li> <li>This has been supported also by public funds (e.g. 2008 ESF project in cooperation with TrainingsZentrumZeitarbeit and the Federal State of North Rhine-Westphalia</li> </ul>	Business led initiative	Employability and security

Good practice examples	Country	Basic information	Character	Theme
29. <i>Lernen im Job – Kompetenzerwerb in der Zeitarbeit</i> (Learning on the Job – skills acquisition in TAW)	DE	<ul style="list-style-type: none"> <li>– “Lernen im Job – Kompetenzerwerb in der Zeitarbeit” (Learning on the Job – skills acquisition in TAW) combines assignments in user companies with attaining recognised certification. Concept has been developed by Randstad foundation, central works council</li> <li>– Developed in 2006 as a joint project of Randstad, central works council of the company, Chamber of Commerce Education GmbH Koblenz, German Chamber of Industry and Commerce, Federal Ministry for Education and Research BMBF, Federal Ministry of Labour and Social Affairs BMAS, Confederation of German Employers Organisation BDA, BAP and trade unions</li> <li>– So far 6,700 qualification passports have been issued</li> </ul>	Tripartite initiative	Employability and security
30. Vocational Training Networks	DE	<ul style="list-style-type: none"> <li>– Smaller temporary employment agencies have developed and offer vocational training courses that are implemented in cooperation based on a network of companies</li> </ul>	Business led initiative	Employability and security
31. SINDETT foundation	ES	<ul style="list-style-type: none"> <li>– Fund (financed by public sources) to finance training and qualification activities of temporary work agencies</li> <li>– 2004 – 2009 around 15 million Euro was spent on training activities financed by SINDETT covering around 30,000 temporary agency workers</li> <li>– After 2009 training activities are supported under the tripartite FORCEM foundation which is a cross-sectoral initiative to support further training activities</li> </ul>	Bipartite fund	Employability and security
32. Temporary agencies involvement in the household voucher system	BE	<ul style="list-style-type: none"> <li>– Household voucher system widely acknowledged as an innovative tool to create jobs and fight undeclared work in the field of household orientated services</li> <li>– In 2008 more than 66 million hours of provided services (=38,500 FTEs)</li> <li>– 70% of workers in the voucher system go through private agencies</li> </ul>	Business led initiative	Job creation
33. Supporting trans-border mobility of temp workers by private employment campuses in order to	NO PL	<ul style="list-style-type: none"> <li>– Two recruitment and training campuses in rural areas in Poland focussing specifically on demands in the Norwegian labour market</li> <li>– Screening and recruitment activities followed by training and support programmes (language courses)</li> <li>– Workers receive further job specific training in Norway</li> <li>– Sectoral focus is construction and pre-school teachers</li> </ul>	Business led initiative	Mobility
34. OME Research	FR	<ul style="list-style-type: none"> <li>– Commission surveys in order to increase the understanding of the TAW industry</li> </ul>	Bipartite fund	Monitoring/ Compliance
35. CPPNTT Compliance	FR	<ul style="list-style-type: none"> <li>– Stimulate and monitor compliance with existing legislation and collective agreements for TAW</li> </ul>	Bipartite fund	Monitoring/ Compliance
36. SNCU Compliance with CLA	NL	<ul style="list-style-type: none"> <li>– Stimulate and monitor compliance with the existing collective labour agreements</li> </ul>	Bipartite fund	Monitoring/ Compliance
37. SNA self-regulation certificate	NL	<ul style="list-style-type: none"> <li>– Deliver quality certificates to TWAs and carry out compliance audits</li> <li>– 2,400 agencies with certificate</li> <li>– 4,700 inspections carried out (322 companies removed)</li> </ul>	Business led initiative	Monitoring/ Compliance

Good practice examples		Country	Basic information	Character	Theme
38.	Agreement on temporary agency work	UK	<ul style="list-style-type: none"> <li>– Basis of the UK national implementation of the EU Directive on TAW</li> <li>– Equal rights after 12 weeks in a given job</li> </ul>	Joint agreement	Monitoring/ Compliance
39.	REC code of practice	UK	<ul style="list-style-type: none"> <li>– REC has established a code of practice which is based on 10 principles</li> <li>– REC has used a self-assessment questionnaire since 2007 to monitor compliance and leading to a major review of all compliance activity in 2011</li> </ul>	Business led initiative	Monitoring/ Compliance
40.	Business Norm / Compliance	NL	<ul style="list-style-type: none"> <li>– To distinguish reliable agencies more clearly from those that are unreliable, the work standardisation register (Register Normering Arbeid) is open for private employment agencies with a NEN 4400-1 certificate</li> <li>– Companies listed in the register are checked to ensure they pay social insurance contributions and wage taxes. The certifying institutions also ensure that the company is not employing illegal workers or helping them find jobs</li> <li>– NEN certified companies that fail to operate according to the rules are struck off the register</li> <li>– User companies cooperating with NEN 4400 certified TWA's, will be excluded from and indemnified for the "contractors liability risk" (Wages and Salaries Tax and Social Security Contributions Act), if a certain % of the fee is paid by the user company to a blocked banking account of the TWA ("G-account") unless the TWA has been exempted from using a G-account (instead a banking guarantee will be in place).</li> </ul>	Business led initiative	Monitoring/ Compliance
41.	Initiative "Quality Label Temporary Work" (" <i>Qualitätssiegel Zeitarbeit</i> ") IQZ	DE	<ul style="list-style-type: none"> <li>– Only nationwide certification of fair working conditions and compliance with the BAP DGB collective agreement</li> <li>– In practice, the initiative is very much focussed on the federal state of North Rhine Westphalia</li> <li>– Certification of temporary agencies in regard to good working conditions according to the existing collective agreements</li> <li>– According to IQZ 130 TAW agencies with 40,000 employees are certified</li> </ul>	Joint initiative	Monitoring/ Compliance
42.	Ombudsman	BE PT	<ul style="list-style-type: none"> <li>– an Ombudsman has been established to deal with complaints from agency workers and to look for remedies.</li> </ul>	Legal initiative	Monitoring/ Compliance
43.	Joint research and monitoring projects on the role of TAW for labour market transitions	NL	<ul style="list-style-type: none"> <li>– Various quantitative research studies and monitoring surveys carried out by ABU in cooperation with CWI (Centre for Work and Income) and/or UWV (Employee Insurance Agency)</li> </ul>	Joint activity	Monitoring/ Compliance
44.	Joint project of French private employment agency and <i>Force Femmes</i>	FR	<ul style="list-style-type: none"> <li>– Fostering business opportunities for women over 45</li> <li>– Started 2008</li> </ul>	Public-private	Target groups
45.	Project of Dutch private employment agency	NL	<ul style="list-style-type: none"> <li>– Helping older women to return to the labour market by providing child care, training facilities and possibilities, flexible working hours and a job</li> <li>– Focusing on specific branches</li> </ul>	Business led initiative	Target groups

Good practice examples		Country	Basic information	Character	Theme
46.	Project of German private employment agency to support the integration of elderly on the labour market	DE	<ul style="list-style-type: none"> <li>– People aged 50+</li> <li>– Support measures: Selection and trainings, internships</li> <li>– 18 month contracts</li> <li>– 321 unemployed integrated</li> </ul>	Business led initiative	Target groups
47.	Private employment agency foundation's project focussing on support for elderly in cooperation with Community of Madrid	ES	<ul style="list-style-type: none"> <li>– Supporting labour market integration by skills development</li> <li>– Over the years more than 6,300 people over 45 re-entered the labour market</li> <li>– Pilot programme funded by Community of Madrid started 2011 and targeting long-term unemployed elderly (200 persons in total)</li> </ul>	Public-private	Target groups
48.	Projects of private employment agencies focussing on older unemployed (50+ and 45+)	NL	<ul style="list-style-type: none"> <li>– Providing support to re-enter the labour market</li> <li>– Venture operating in close cooperation with public employment service</li> </ul>	Business led initiative	Target groups
49.	Establishing a private employment agency specialised in the staffing of elderly people	SE	<ul style="list-style-type: none"> <li>– Offering services for individuals (e.g. cooking, child care, elderly assistance, gardening, cleaning) as well as business (e.g. assistance, in-store sales persons)</li> </ul>	Business led initiative	Target groups
50.	Joint project/company established by a small municipality and a private employment agency to support refugees and long-term unemployed to find work	SE	<ul style="list-style-type: none"> <li>– Support and increase self-support amongst difficult to integrate population</li> <li>– Counterbalance segregation</li> <li>– Form an economically self-sustainable joint venture</li> </ul>	Public-private	Target groups
51.	Joint approach/commitment of REC and Jobcentre Plus on "Diversity Pledge"	UK	<ul style="list-style-type: none"> <li>– Launched in 2005</li> <li>– Linked to an online diversity diagnostics tool and certification program "EQuality Assured" (EQA) launched in 2006</li> <li>– Signing of a memorandum of understanding about collaboration in 2011</li> </ul>	Public-private	Target groups
52.	Pilot programme targeting low-skilled young unemployed	DE	<ul style="list-style-type: none"> <li>– Joint pilot project carried out by Federal Employment Agency and a private temporary work agency during 2007 - 2009</li> <li>– Supporting young unemployed people by individual coaching; classroom training and temporary work. Pilot sites in medium sized cities (Essen, Gelsenkirchen, Erfurt, Schwerin, Chemnitz)</li> </ul>	Public private	Target groups
53.	Integration of young people in distressed urban areas in the labour market	FR	<ul style="list-style-type: none"> <li>– Since 1998, the "Sport in the City" initiative of the Manpower Group Foundation aims to promote the social and professional integration of young people in urban neighbourhoods</li> <li>– Support was implemented with local partners and included sports and cultural activities, visits outside the neighbourhood, mentoring, company visits etc.</li> <li>– Until May 2012, around 3,000 persons have participated in the programme</li> </ul>	Business led initiative	Target groups
54.	Job placement activities by private agencies	FR	<ul style="list-style-type: none"> <li>– Since the 2005 law, private agencies are allowed to engage in job placement activities</li> <li>– Eurociett/Prisme: in 2010 around 320,000 placements received from PES</li> <li>– Currently, 34 private agencies exist</li> </ul>	Legal initiative	Unemployment to work
55.	Speed-dating	NL	<ul style="list-style-type: none"> <li>– Bringing together user firms and temporary agency workers</li> </ul>	Business led initiative	Unemployment to work



Good practice examples		Country	Basic information	Character	Theme
56.	Servicepoint Flex	NL	– Joint initiative of PES and private agencies	Public-private initiative	Unemployment to work
57.	CPNSST Health and Safety	FR	– Provide information on health & safety for agency workers	Bipartite fund	Working conditions
58.	PI Health & Safety	BE	– Provide information on health & safety for agency workers	Bipartite fund	Working conditions
59.	STAF Health and Safety Fund	NL	– Provide complementary instruments and information to agency workers on health and safety	Bipartite fund	Working Conditions
60.	Trade union campaigns and helplines	UK DE	<ul style="list-style-type: none"> <li>– TUC campaign around “Vulnerable Workers”</li> <li>– Ver.di “hunderprozentigich” (100%me) website</li> <li>– IG Metall campaign “Leiharbeit fair gestalten: Gleiche Arbeit gleiches Geld” (Fair TAW: Equal Work Equal Pay) on equal pay and good working conditions as well as the “zoom” website</li> <li>– In Germany also a number of union sponsored surveys amongst temporary agency workers and documentations of malpractice (e.g. “Schwarzbuch Leiharbeit”)</li> </ul>	Union initiatives	Working conditions
61.	Collective labour agreements and trade unions’ campaigns for better working conditions	UK	<ul style="list-style-type: none"> <li>– Company level agreement between Unite and Asda (retail) in October 2010 affected 6,000 workers</li> <li>– Company agreement between PCS and British Cattle Movement Service 2005/2006</li> <li>– Agreement between CWU and BT and Royal Mail</li> <li>– Initiatives of Unite in the meat processing sector led to a formal inquiry in 2008 and improvements in pay and working conditions</li> </ul>	Union initiative	Working conditions
62.	Audi collective agreement	DE	– Company based agreement between Audi, Adecco and IG Metall on the establishment of a job transfer company for 400 temp workers affected by the crisis of 2009	Collective agreement	Working conditions
63.	BMW collective agreement	DE	– Company based collective agreement between BMW, IG Metall and BAP on wages of 2009. 16 different temporary employment agencies involved	Collective agreement	Working conditions
64.	Steel industry collective agreement	DE	– Agreement between employers in the steel industry and IG Metall on equal pay conditions in the steel industry	Collective agreement	Working conditions