

## THE ROLE OF TEMPORARY AGENCY WORK AND LABOUR MARKET TRANSITIONS IN EUROPE

### 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

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*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 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.

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

### 1. 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 in 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

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

<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.

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.

## 2. 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

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

regards to other sectors such as public services (e.g. hospitals) and construction, the role and share of agency work often is influenced by still existing restrictions.

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%*

### 3. 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.

<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.

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 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>.

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

### *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..
3. 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
4. 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
5. 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

<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.

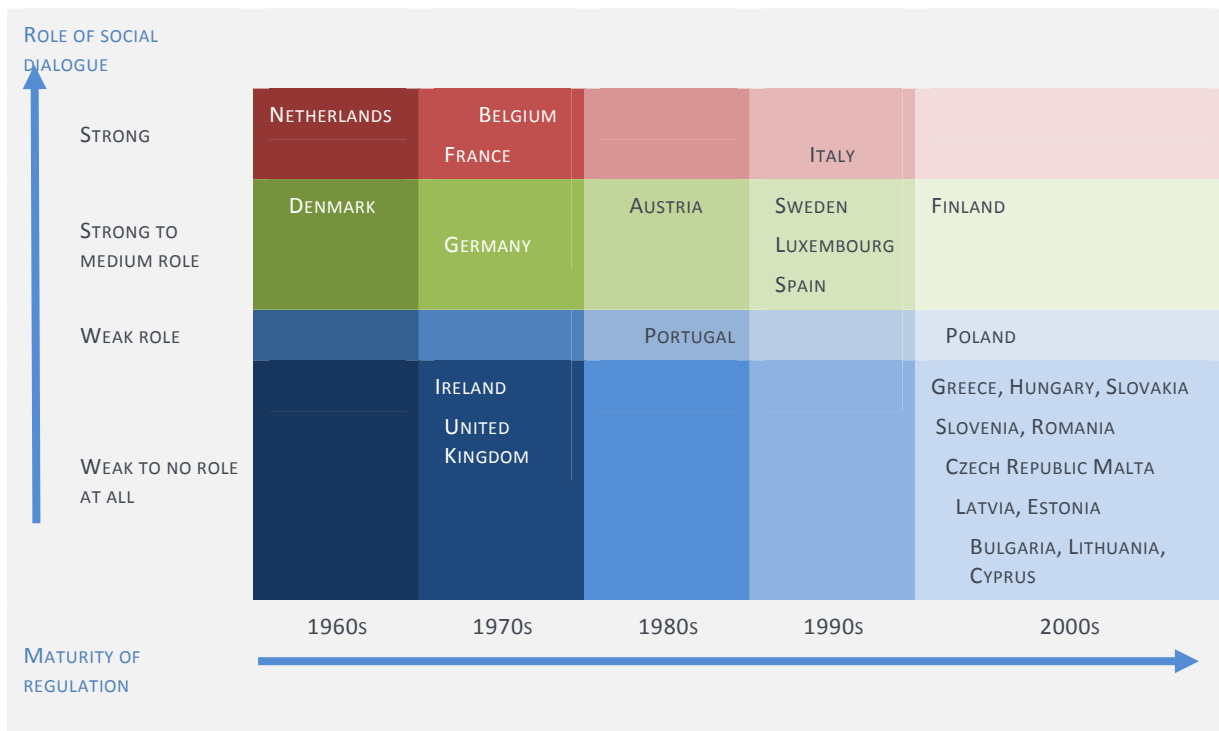
#### 4. SOCIAL DIALOGUE AND COLLECTIVE BARGAINING

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 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).

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.

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



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

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

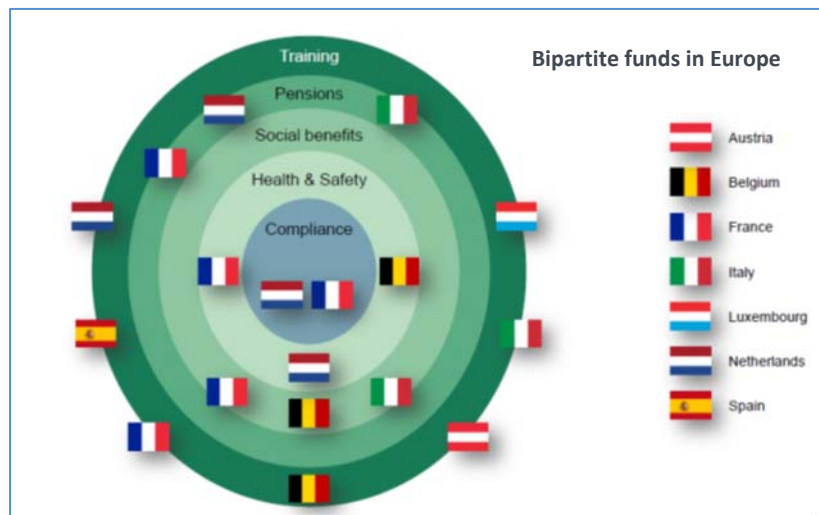
In addition to the bipartite initiatives, collective labour

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>10</sup> High levels of satisfaction of workers with various aspects of their work in temporary agency work are also reported in France<sup>11</sup>.

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



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

<sup>10</sup> IDEA Consult 2010: Les travailleurs intérimaires en 2009: Etude de profils et de satisfaction.

<sup>11</sup> Observatoire des métiers et de l’emploi, *Regards croisés sur l’intérim*, 2011.

transitions of agency workers and to 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.

## 5. 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.

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.

*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*

## II 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 factor 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.

## 1. 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 55% of people starting temporary agency work in 2011 were either unemployed or have 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>12</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.

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>13</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

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<sup>12</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.

<sup>13</sup> Observatory of Occupations and Jobs, 2010

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

2. TEMPORARY AGENCY WORK AND TRANSITIONS FROM TEMPORARY TO PERMANENT EMPLOYMENT

The role and functioning of temporary agency works 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 based on 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<sup>14</sup> 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 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>14</sup> IDEA Consult 2009: Uitzendarbeid: opstap naar duurzaam werk, ook voor kansengroepen?, Brussels.

- 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%).

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

#### *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)

into permanent employment, which is not surprising in times of high unemployment.

### 3. 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 entry channel for young people entering the labour market for the first time and thus functions as a bridge into the labour market 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 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>15</sup>.

In **France**, a 2011 survey<sup>16</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, 61% 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, 61% 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

#### 4. TEMPORARY AGENCY WORK AND TARGET GROUPS ENTERING THE LABOUR MARKET

<sup>15</sup> Ecorys 2009: Temporary agency workers on the move, p. 10

<sup>16</sup> Observatoire des Métiers et de l'emploi, *Regards croisés sur l'intérim*, 2011.

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% respectively were disabled persons and older workers.

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>	– ostering business opportunities for women over 45	Business led
NL	Project of Dutch private employment agency	– elping 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	– eople 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+)	– roviding support to re-enter the labour market – enture operating in close cooperation with public employment service	Public-private
UK	Joint approach/commitment of REC and Jobcentre Plus on “Diversity Pledge”	– inked to an online diversity diagnostics tool and certification program “EQality Assured” (EQA) launched in 2006 – emorandum of understanding about collaboration in 2011	Public-private
DE	Pilot programme targeting low-skilled young unemployed	– oint pilot project carried out by the public employment service and a private temporary work agency; – upporting young unemployed people by individual coaching; classroom training and temporary work	Public-private

Source: own research and interviews, 2012.

Where 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 initiative 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

## 5. 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 “*transition 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, supporting 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 the 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>17</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>18</sup>.

These examples illustrate that social dialogue and collective bargaining clearly provides an added value that makes a difference. It provides 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 effects of a frequency of 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>19</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>17</sup> FAF.TT, Les effets de la formation sur l’insertion professionnelle des intérimaires, June 2010.

<sup>18</sup> STOOF, Annual report, 2010.

<sup>19</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 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 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: