

The role of Agency Work after the financial crisis: Providing more work opportunities for more people“

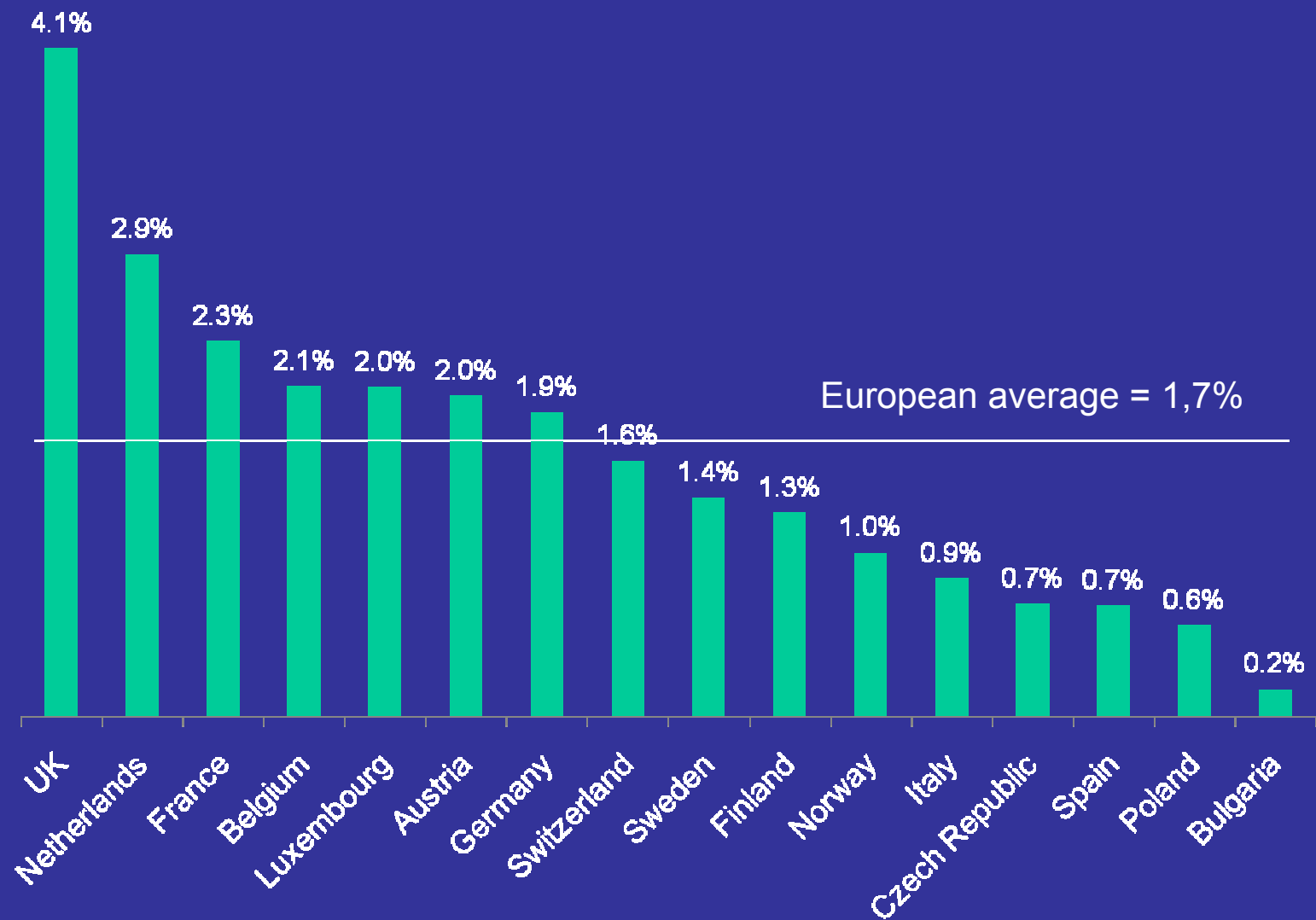
*Annemarie Muntz – Eurociett President
Roma, September 24th 2009*



Eurociett in a nutshell

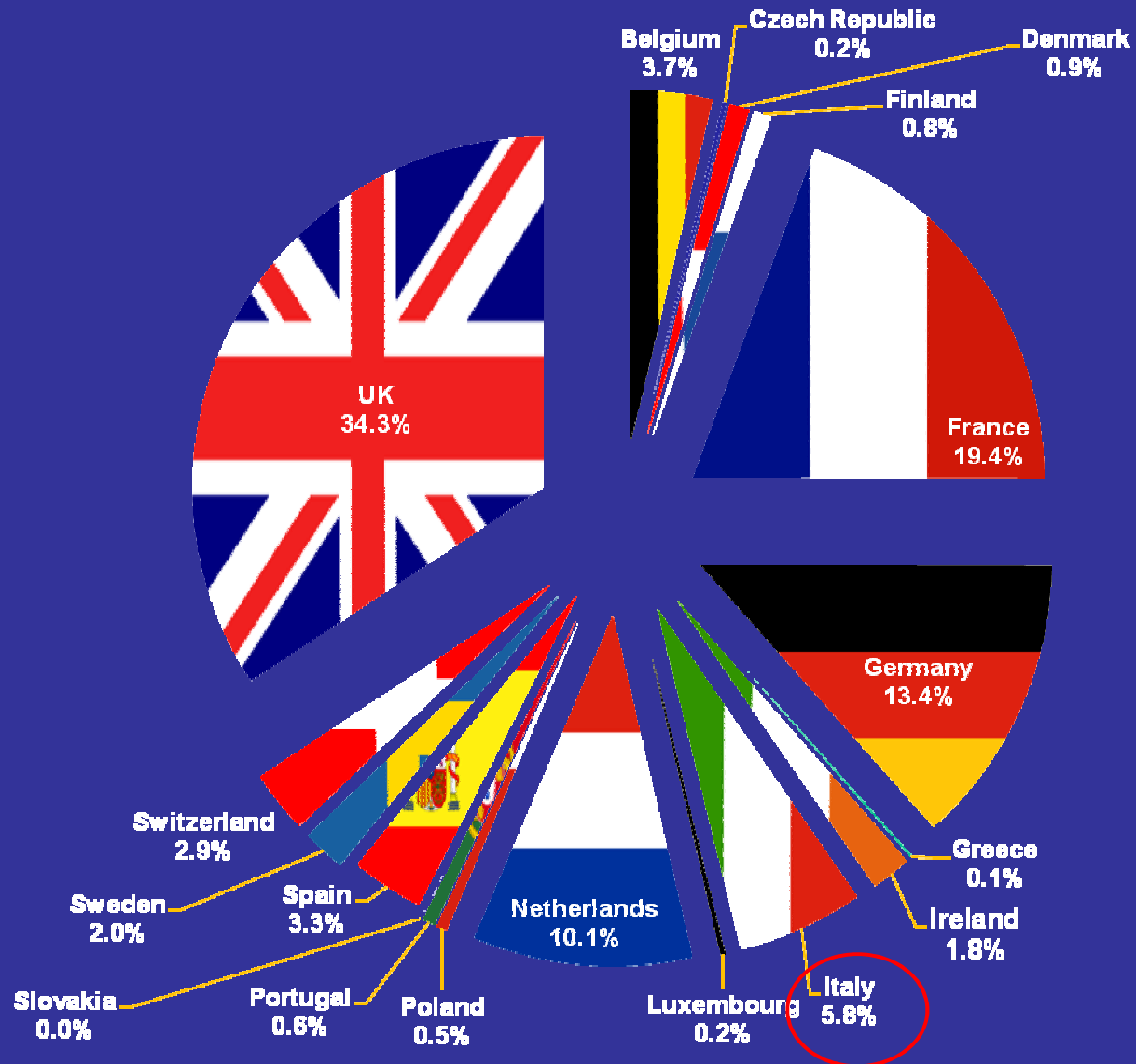
- Eurociett is the European arm of Ciett, the International Confederation of Private Employment Agencies
- Is the only authoritative voice representing the interests of agency work businesses in Europe:
 - Recognised as such by the European institutions as well as by key European stakeholders (e.g. ETUC, UNI-Europa, BusinessEurope)
 - Eurociett is the employers' official social partner within the EU sectoral social dialogue on temporary agency work
 - Accounts for more than 90% of the total sales revenues of the industry in Europe
- Eurociett is the only association representing agency work:
 - At large: brings together 27 national federations)
 - In its diversity: uniting six of the largest multinational staffing companies as well as tens of thousands of SMEs
- Eurociett Members consist of private companies operating in the following HR activities: temporary agency work, recruitment, interim management, executive search, outplacement, training
- Eurociett Members gathers 30,000 branches, employ 250,000 internal staff and more than 3 million agency workers on a daily average (FTEs) and around 10 million a yearly basis (headcounts)

Agency work penetration rate varies widely according to countries (2008*)



*As defined by Ciett: number of full-time equivalents - as supplied by member National Federations - divided by the total active working population - as published by Eurostat & the ILO

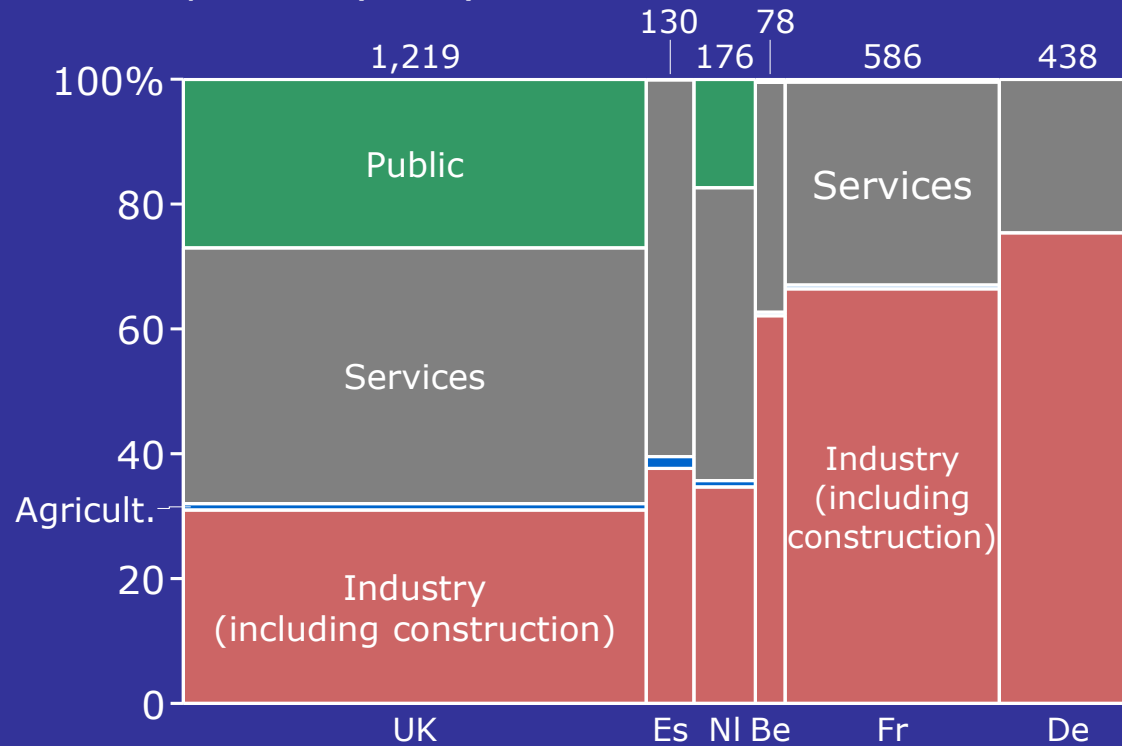
European AW sales revenues split per country



Sectors covered by TAW largely vary across countries

FTEs by sector (2005)

Total = 2,762



Mainly public and services

Mainly industry

Note: Netherlands split is from '04

*Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos
 In Spain, industry does not include construction as the sector is not opened to TAW*



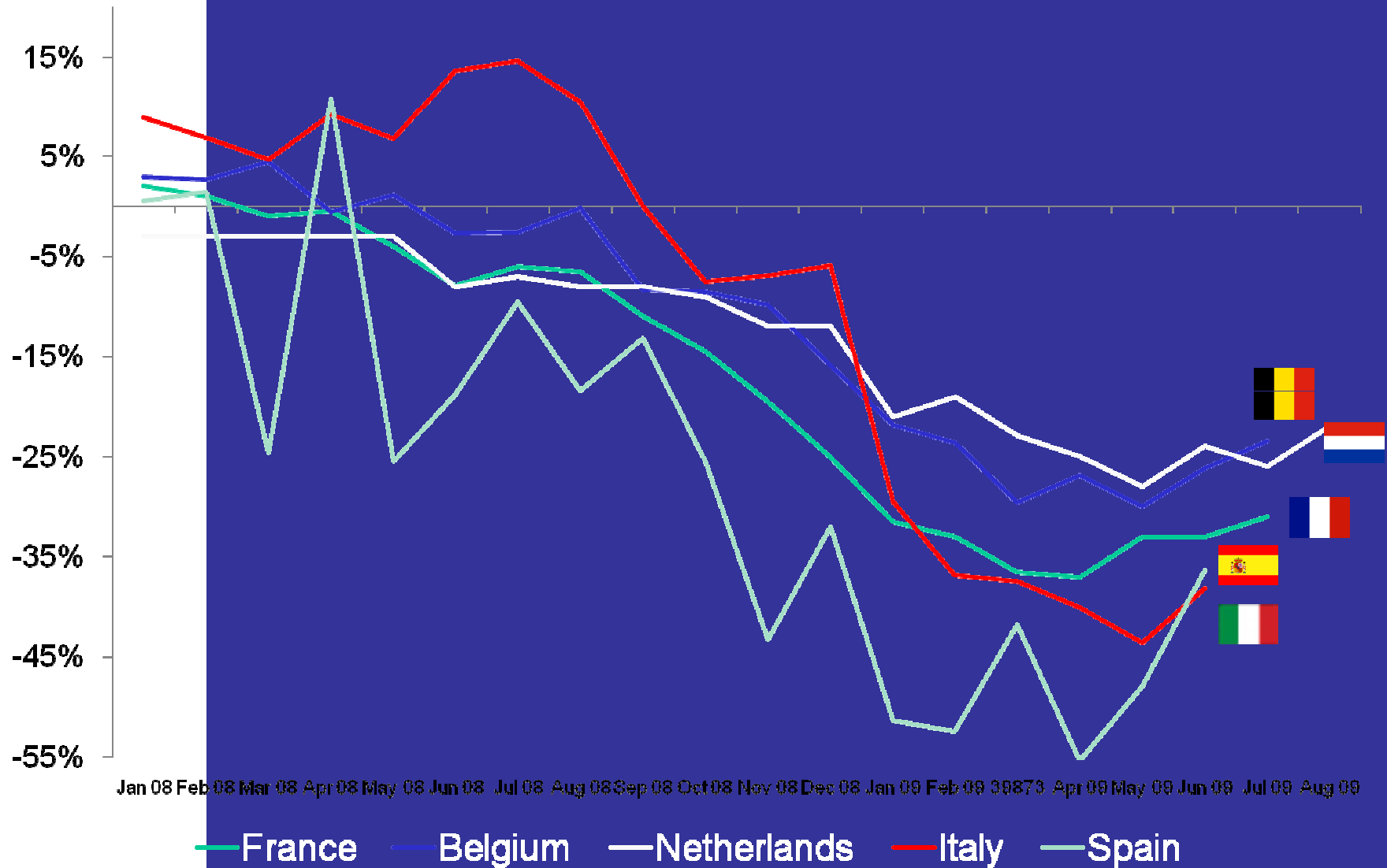
Impact of the crisis on the labour market

- Sharp increase of unemployment at EU level
 - Unemployment rate at 9.1% in 2009 (expected to reach 12.3% in 2010)
- Public employment services overwhelmed by the number of people registering as new unemployed
 - e.g. 8,000 in Spain every day
- Persisting mismatch between supply and demand of work:
 - More than 20 million people in EU 27 are today unemployed
 - At the same time, 7 million of job vacancies are not filled in within the EU
- Economic crisis should not hide labour markets' long term challenges:
 - Ageing population leading to shortages of skills
 - New skills will be needed for jobs that do not exist today
 - Lack of work mobility
 - Work flexibility needed to meet customers request (services-oriented economy with customised production)

Impact of the crisis on the AW market: The latest statistics

	FR	BE	NL	IT	ES	SE
Evolution of number of hours worked (year-on-year)	-31.0%	- 23.4%	- 22.0%	-38,2 %	- 36,3%	N/A
Period of reference	July 2009	July 2009	Week 29 to 32 of 2009	June 2009	June 2009	N/A
Evolution of turnover (year-on year)	-29.5%	- 23.8%	-20.0 %	-31,9%	- 35.0%	- 30.0%
Period of reference	July 2009	July 2009	Week 29 to 32 of 2009	June 2009	June 2009	Q2 2009

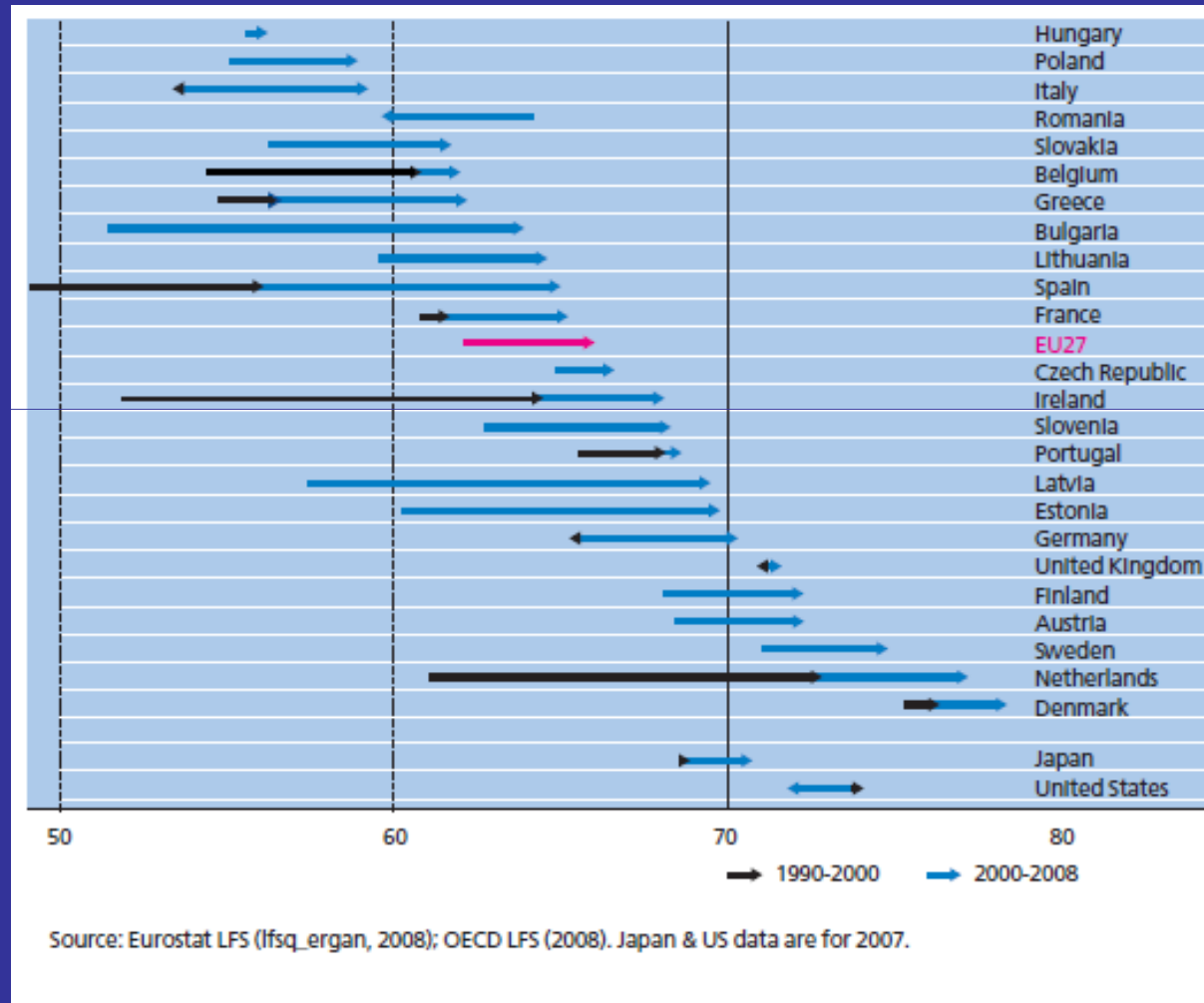
Impact of the crisis on the AW market: The evolution



Enhancing labour market participation

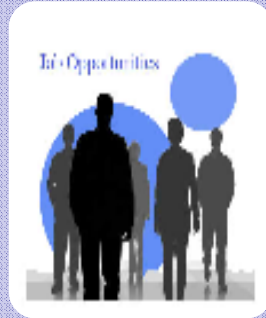
A key employment policy objective of the Lisbon Strategy

Development of Employment Rates in Europe 1990 – 2000 - 2008



The Lisbon Strategy has set the target of an overall employment rate of 70% for the EU countries.

The Post-2010 Lisbon Strategy: Main Challenges



Raising employment levels by providing more work opportunities for more people



Facilitating access to the labour market by providing a stepping-stone to employment



Reconciling Flexibility and work security
(Flexicurity approach)



Offering New Skills for New Jobs
By upgrading skills and qualifications,

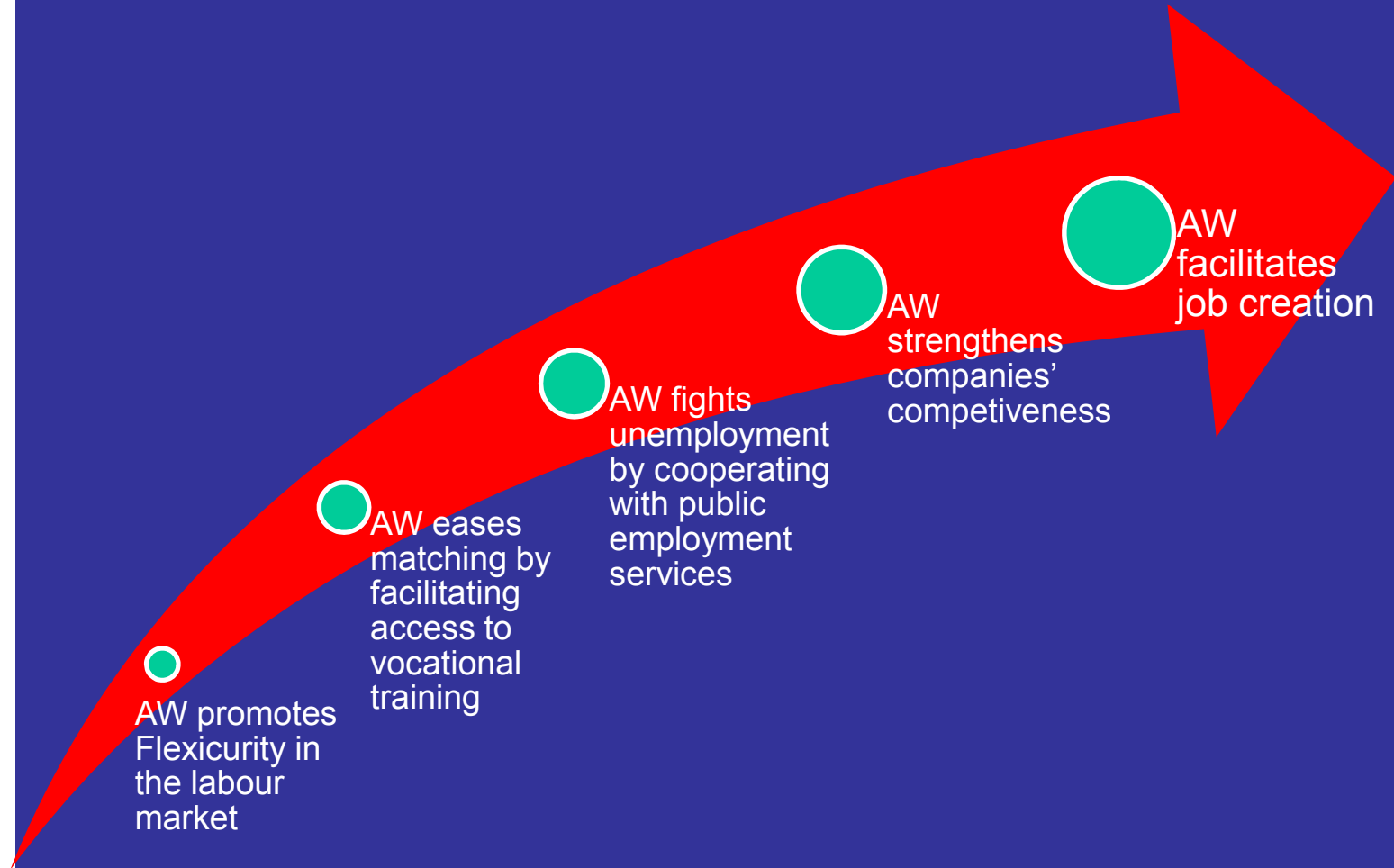


Promoting work mobility at all levels

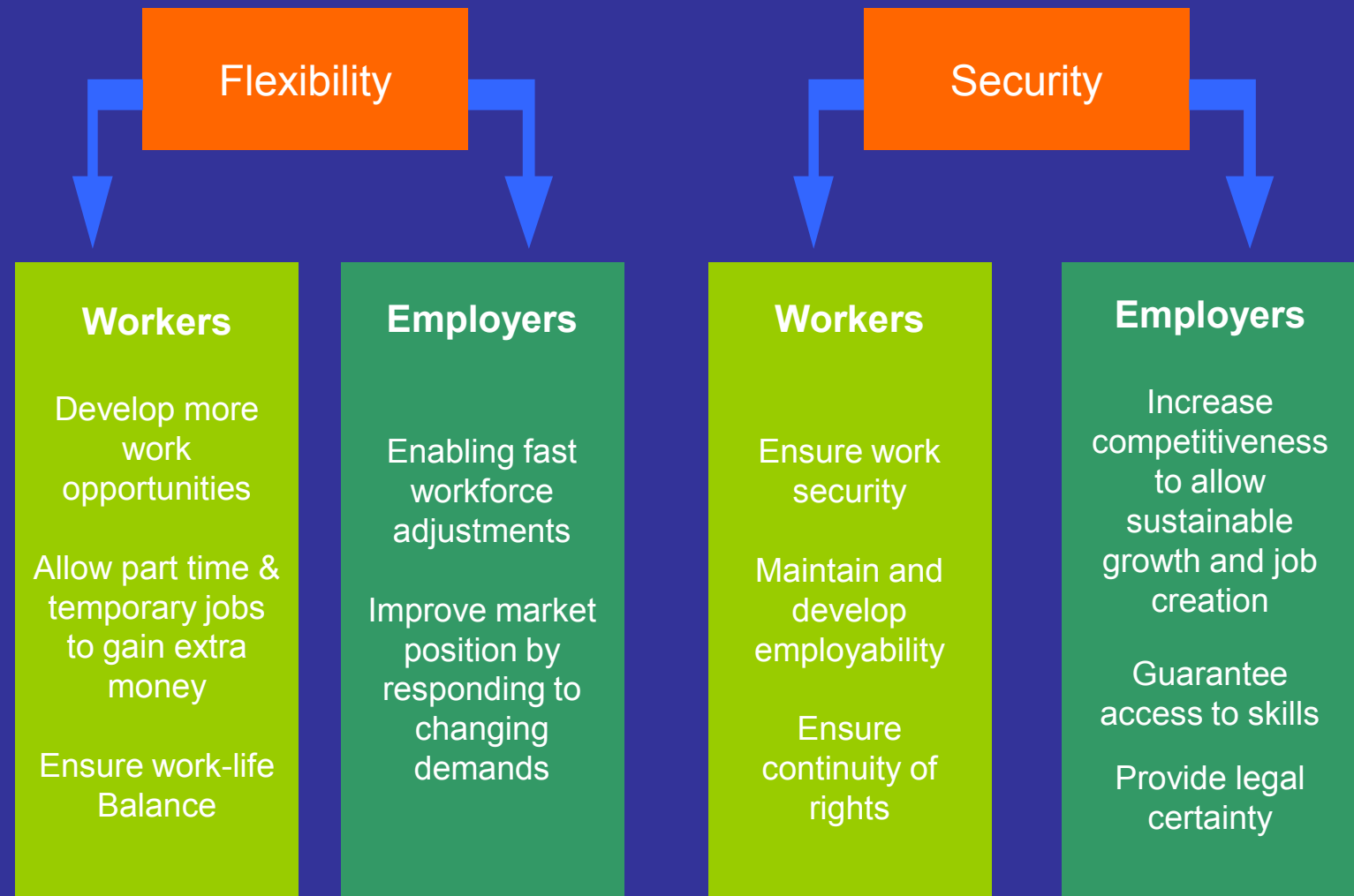
Eurociett Requests for the Post-2010 Lisbon Strategy

1. Recognise the positive contribution of private employment agencies to address the five challenges identified
2. Adapt national regulation on temporary agency work, particularly by lifting existing unjustified restrictions to boost job creation in Europe and to enhance labour market access
3. Implement Flexicurity policies based on the four components of Flexicurity and to encourage cooperation between public employment services and private employment agencies
4. Strengthen the investment in skills and qualifications, thereby offering access to new skills for new jobs
5. Promote work mobility at all levels, thus covering particularly geographical, occupational, social and contractual mobility

The aftermaths of the financial crisis: The role of agency work



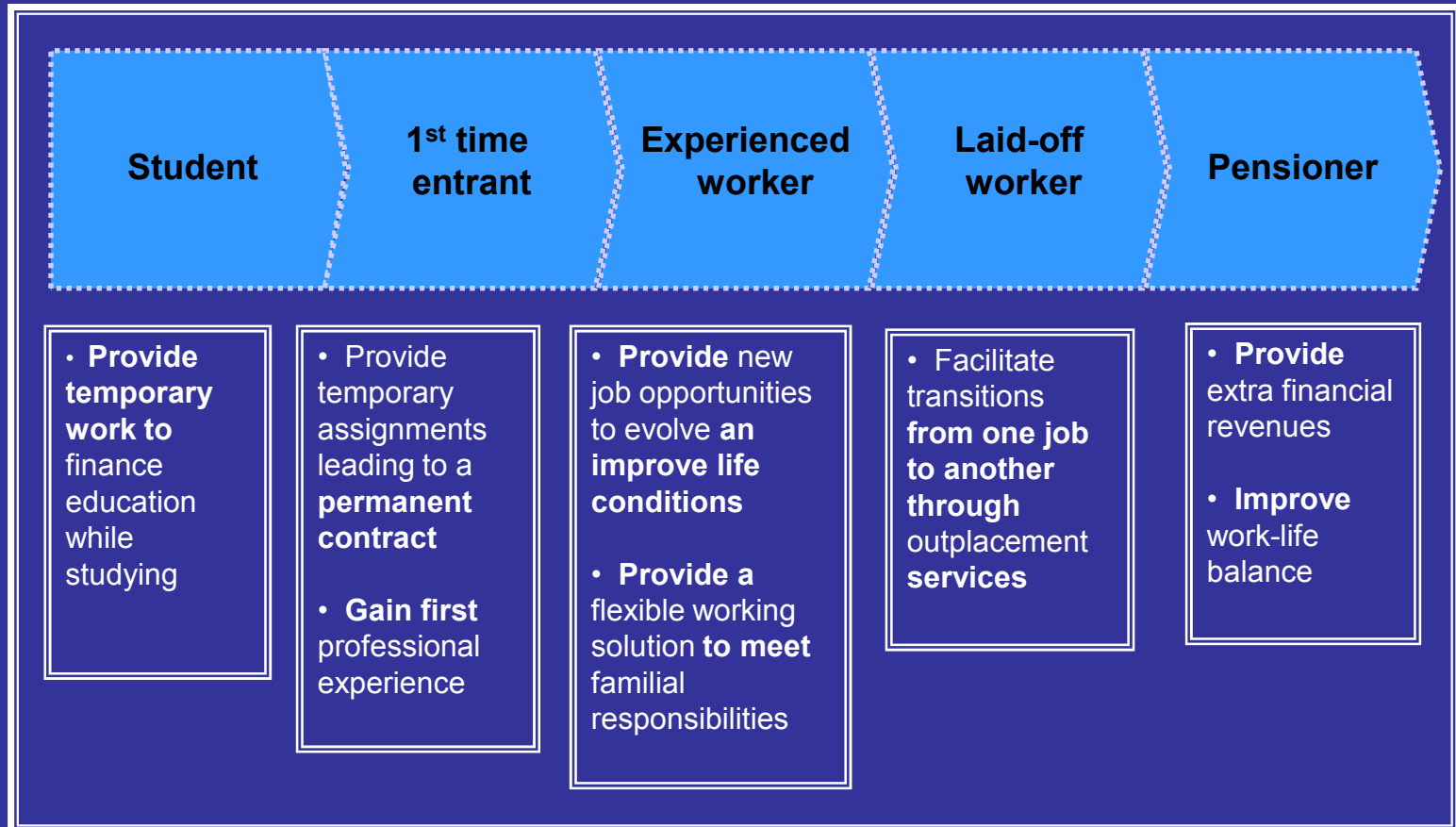
AW is based on a Flexicurity approach, providing flexibility and security to companies and workers



Agency work facilitates transitions in the labour market

AW is a transition manager in the labour market between:

- + *Education and work*
- + *Unemployment and work*
- + *Different types of contracts*
- + *Job to job*



Agency work is a highly regulated sector: The different sources of regulation

- Global level
 - ILO Convention 181 on PrEAs (adopted in 1996): 21 countries have ratified it (more than 50% are EU countries)
- EU level
 - AW is covered by several general or specific “directives”:
 - Posting of Workers Directive
 - Health & Safety Directive
 - Personal data protection Directive
 - Information on employment contract Directive
 - Agency Work Directive (adopted in 2008, to be implemented by 2011)
- National level
 - Large range of legal restrictions and requirements in labour law
- Social partners
 - Collective labour agreements
- The AW industry (Self regulation)
 - International and national Codes of Conducts developed by national and international trade organisations
 - Private companies’ Code of Ethics/Conduct

The implementation of the EU Agency Work Directive should be used to implement Flexicurity

Directive has been adopted in October 2008 and includes two main provisions: Review and lifting of restrictions (Art. 4) and principle of equal treatment (Art. 5)

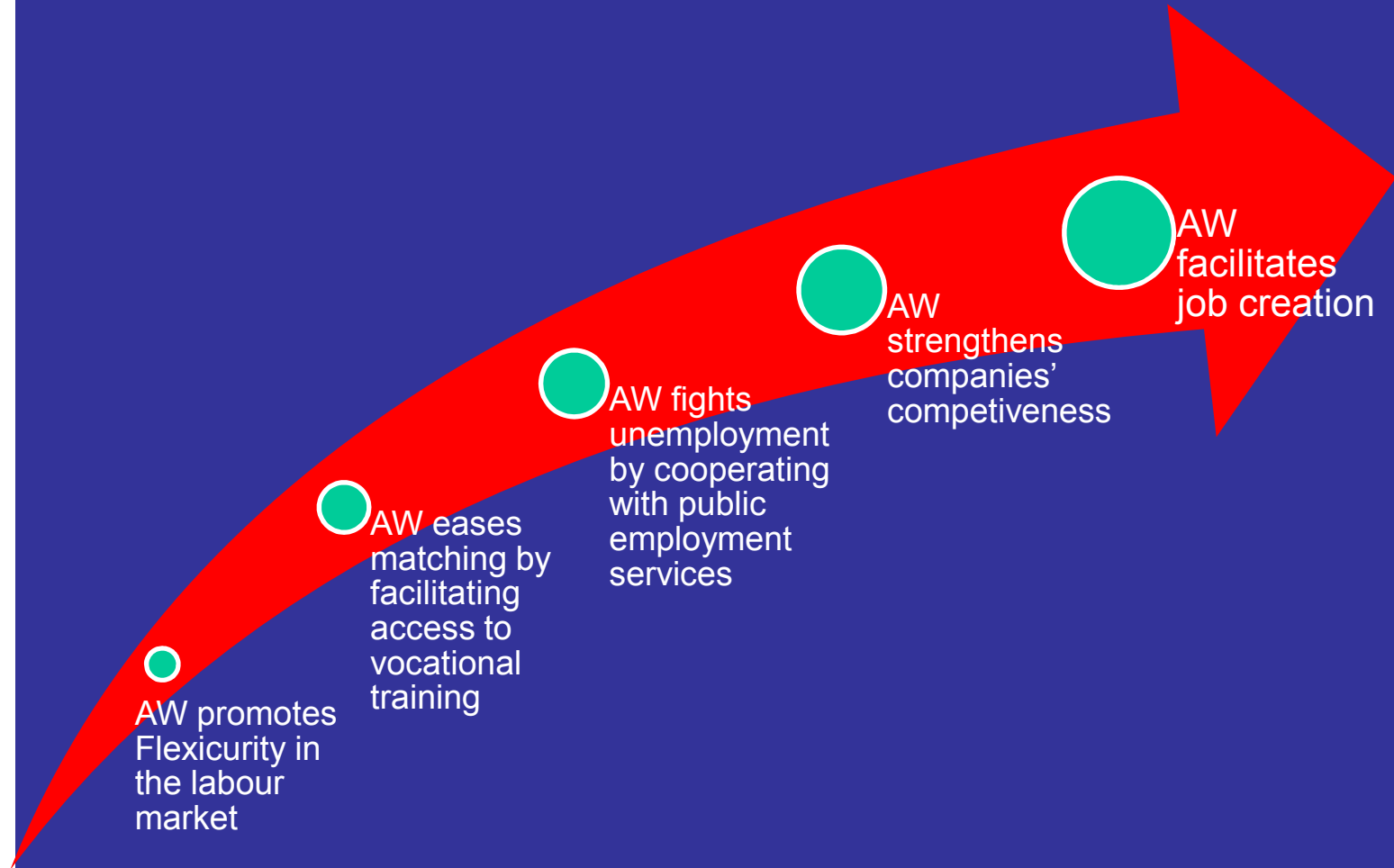
Text of AWD
(Recital n°11):

Temporary agency work 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.

In the implementation phase (2009 – 11) Member States will have to review their national regulation and particularly remove existing, unjustified obstacles.

Directive therefore provides an opportunity to strengthen the positive contribution of agency work to better functioning labour market and to implement flexicurity policy

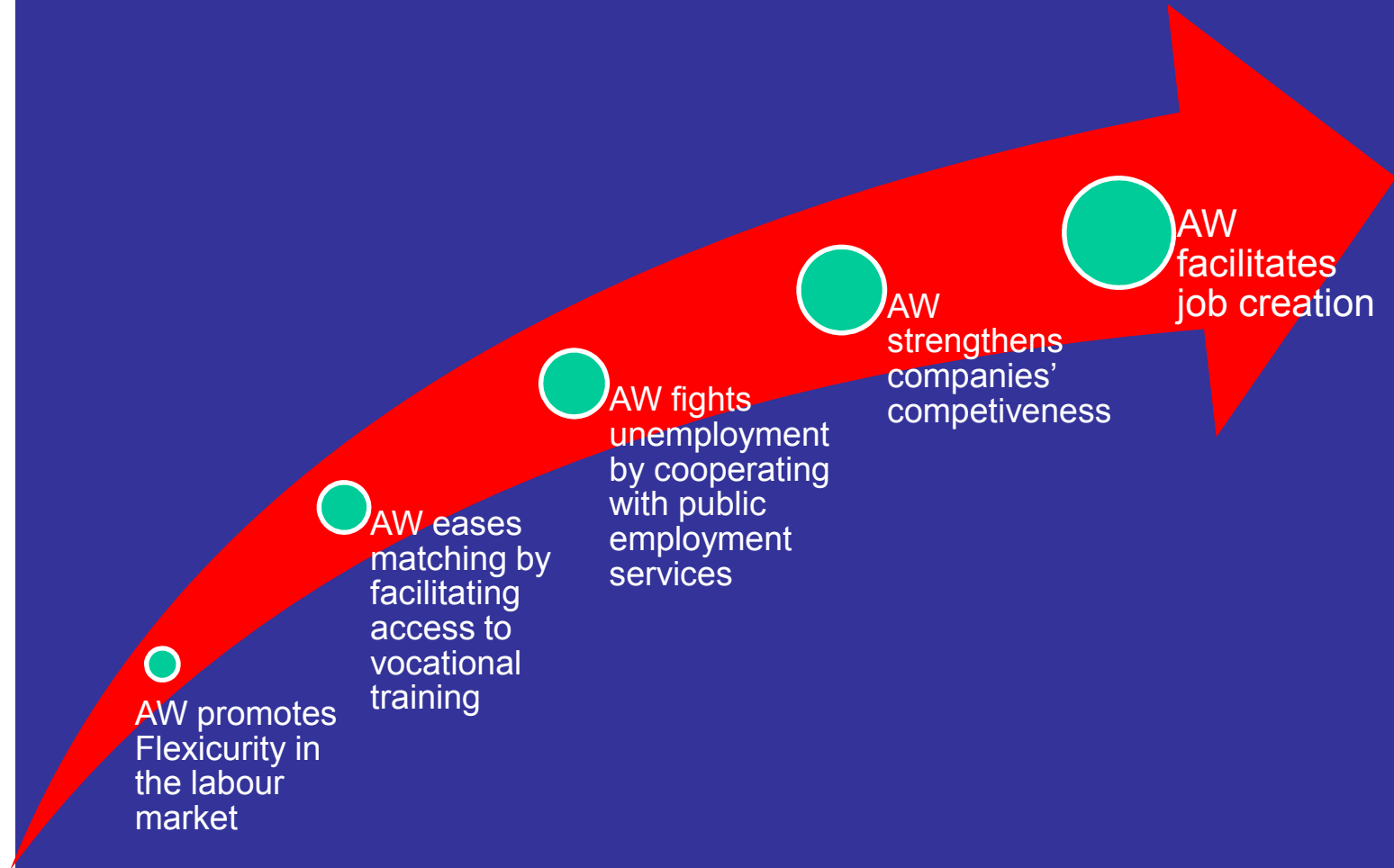
The aftermaths of the financial crisis: The role of agency work



Agency work facilitates the access to vocational training: The facts

- In general, temporary agency workers have access to the standard vocational training system that is made available to all workers
- In six EU Member States (Austria, Belgium, France, Italy, Netherlands and Spain), temporary work agencies and trade unions have established bi-partite training structures:
 - As a result, €524 million have been invested in 2008 for more than 650,000 agency workers
- AW is particularly well fitted to develop training schemes that meet the expectations of both workers and user companies:
 - It is the interest of the temporary work agencies to develop or upgrade agency workers' skills and improve their employability in order to facilitate transition between assignments or jobs
- Vocational training for agency workers is demand driven and organised in close cooperation with user companies with a short term and pragmatic approach catering especially well to lower skilled workers

The aftermaths of the financial crisis: The role of agency work



Why cooperation between AW and PES is needed?

- Labour markets are no longer efficient enough
 - Economic crisis and its impact on the labour market (increasing level of unemployment: More than 20 million people in EU 27 today)
 - At the same time, 7 million of job vacancies are not filled in within the EU
 - Demographic changes (ageing population, decreasing number of young people entering the labour market) will lead to labour shortages
 - Workers' geographical mobility is still very limited
 - New needs are emerging: working flexible, work-life balance, extra financial revenues request (students, pensioners)
- Neither the public nor the private sector can tackle on its own these evolutions
 - Discussion should no longer be about why cooperate but how
 - More-than-ever needed to share tools, expertise and know-how and to provide complimentary services to unemployed people and companies
 - Need to develop win-win partnership to address these issues between all labour market institutions: PES, private employment agencies, local authorities, NGOs

The political background: The EU level

At EU Commission level, cooperation between PES and PrEAs is today beyond question

- Vladimir Spidla, Commissioner for Employment & Social Affairs (May 15th 2009):
 - “The Commission welcomes cooperation between public and private employment services. PrEAs play a key role in implementing flexicurity policies.”
- EU Commission’s communication “Shared commitment for employment” (June 3rd 2009)
 - “EU Member States should strengthen, with the support of the Commission, cooperation and exchange of experience between public and private employment services, to increase their capacity to deal with the new and large inflow of jobseekers”

At EU Council level, recognition for the need to “improve the efficiency of national employment services”

(Employment Summit, May 7th 2009)

Cooperation PrEA – PES: How to work together

Exchanging information
on labour markets



Pooling data & defining
common terminology

Sourcing candidates



Sharing candidates
and job vacancies

Managing skills



Assessing and
creating skills (training)

Providing services



Subcontracting
(outplacement services
to reintegrate unemployed)

Sharing offices



One-stop agencies:
E.g. Job Centers (UK),
Maison de l'Emploi (FR)

Fields where private employment agencies can bring a valuable contribution to public employment services

Transparency of the labour market

- Agency work is a leading economic indicator
- The PrEA industry carries out research on skill shortages
- Agency work contributes to reduce undeclared work

Match between supply and demand of labour

- PrEAs benefit from a large network of companies and branches
- PrEAs have a precise knowledge of labour market local needs in real time
- PrEAs have developed its own skill assessment tools

Mobility between jobs

- PrEAs act as transition brokers into and within the labour market
- PrEAs deliver outplacement services
- PrEAs facilitate access to vocational training and skills enhancement
- Agency work provides a well-regulated framework to organise cross border activities

Fields where private employment agencies can bring a valuable contribution to public employment services (ctd)

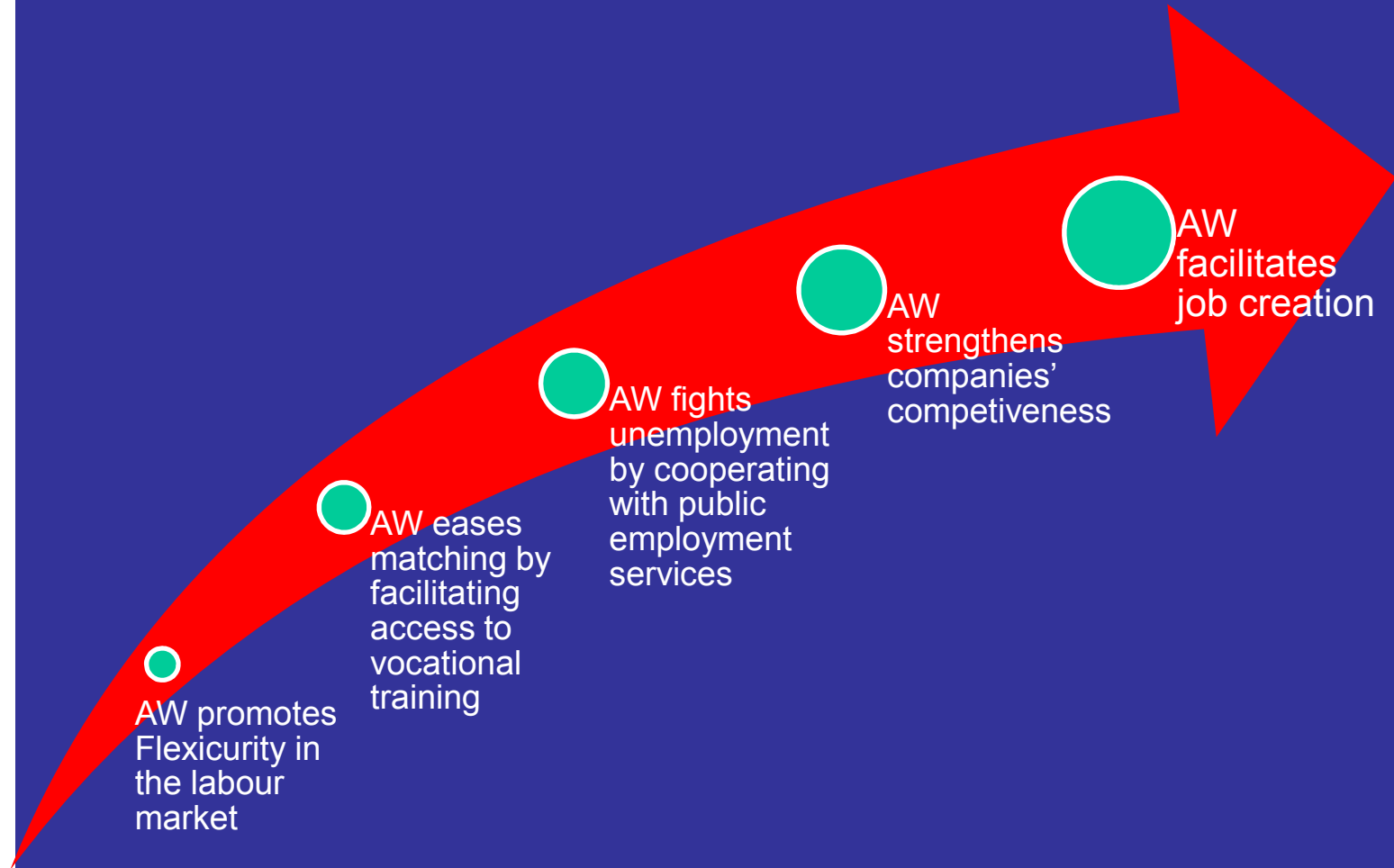
Activation of labour market policies

- Agency work acts a stepping stone (from unemployment to work, from temporary to permanent labour contracts)
- The PrEA industry can act as subcontracting partner to PES with regards to inclusion of jobseekers
- Agency work contributes to increase labour market participation and fights against discrimination

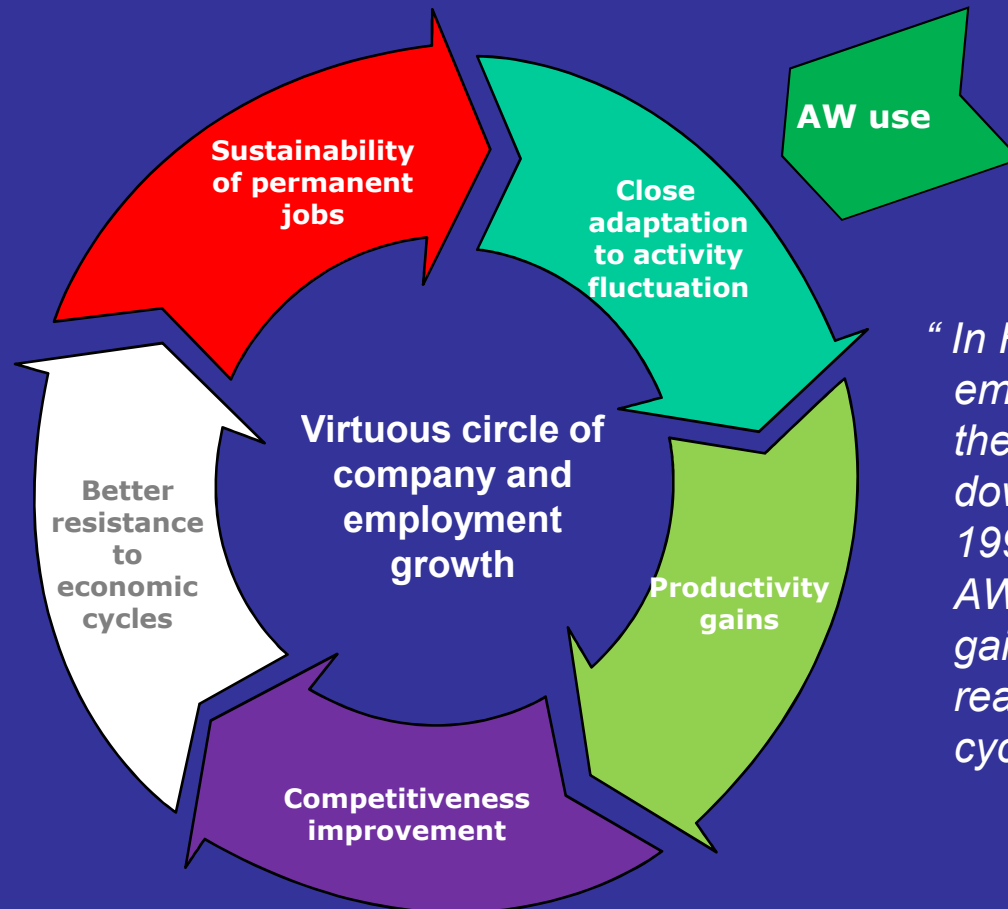
Tailor-made services for jobseekers

- PrEAs broadens the range of work solutions at each stage of professional life
- The PrEA industry helps target groups to enter the labour market
- The PrEA industry can offer specific labour contracts for social inclusion

The aftermaths of the financial crisis: The role of agency work



The use of AW helps companies to improve competitiveness



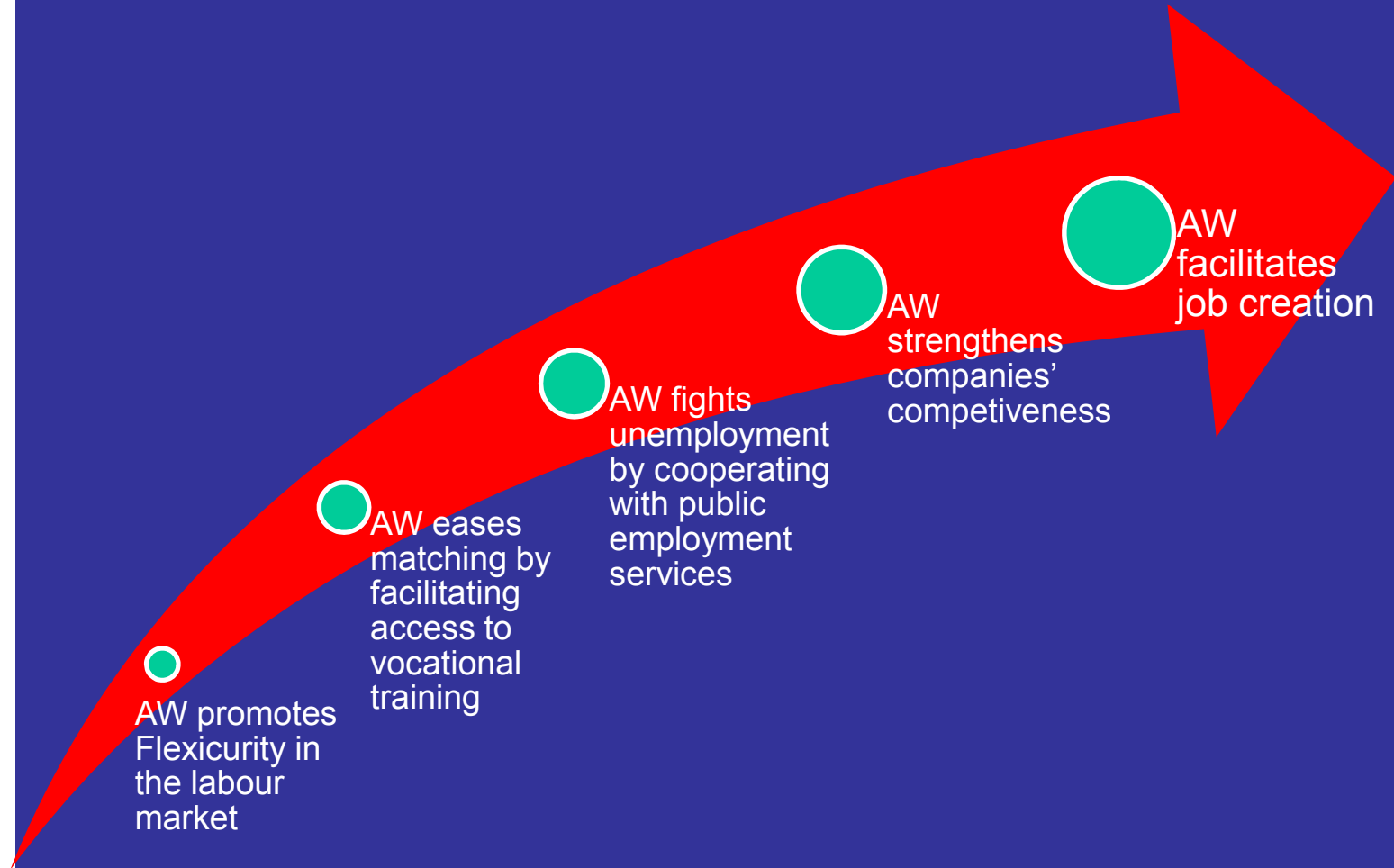
“ In France, manufacturing employment better resisted the 2003 economic downturn compared to 1993. The increasing use of AW reinforced productivity gains by increasing industry reactivity to economic cycles “

Source: French Ministry of labour
“Emploi industriel: le dernier creux conjoncturel sans influence sur la tendance des gains de productivité,

Agency work helps stabilising permanent jobs in economic cycles

- Agency work offers a flexible layer, which helps companies to adapt to economic cycles
- Companies that are facing a reduced demand for goods or services use this flexible labour to adapt to the changed economic context
- By providing this flexible layer, permanent jobs are stabilised, as companies would otherwise have to adapt their own staffing to the changed demand
- Agency workers that are not needed anymore at a certain user company are provided new assignments through the temporary work agency. Therefore, they are able to implement transitions on the labour market and do not fall back in unemployment

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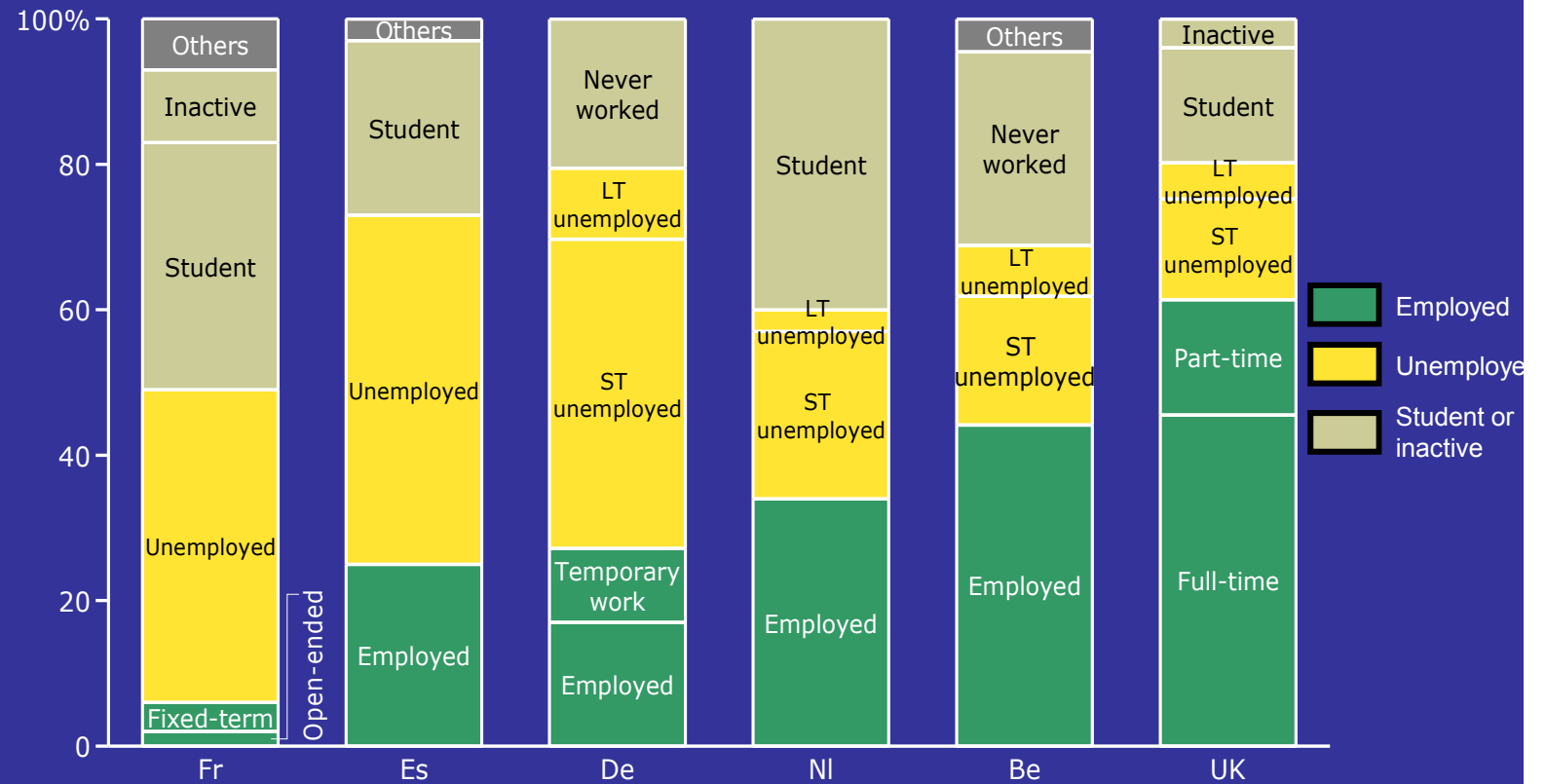


Agency work contributes to job creation



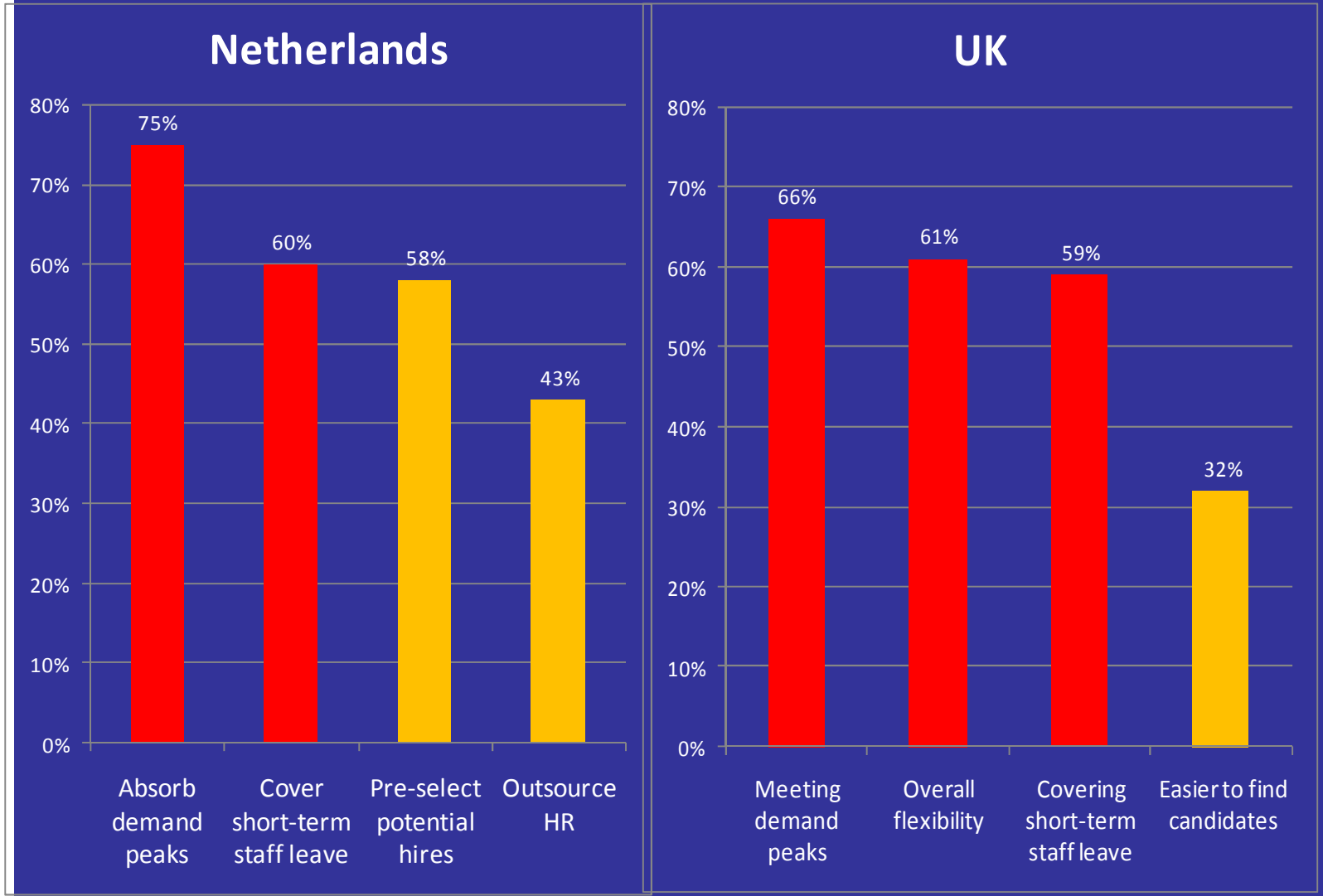
AW facilitates transition from unemployment to work: Prior to temping, most agency workers were unemployed

Previous situation of Agency Workers



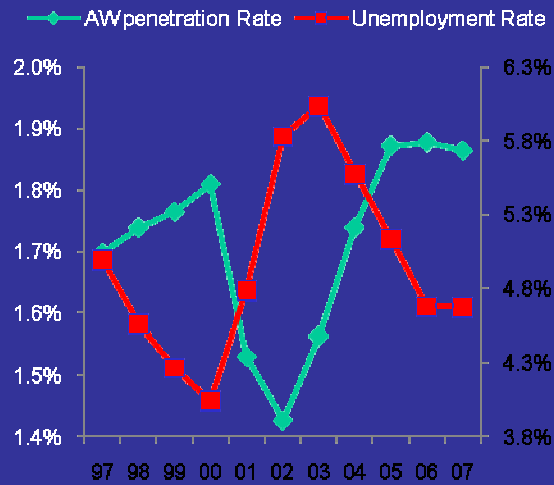
Source: Etude 'Regard des Intérimaires' (BVA for FPETT, Sept 06) / BIBB (Adjusted data for students with IABS) / ABU (Ecorys 04) / Federgon (Idea Consult 06) / REC (BMG Research survey) , AGETT

AW creates jobs that would not exist otherwise (no substitution effect with permanent jobs)

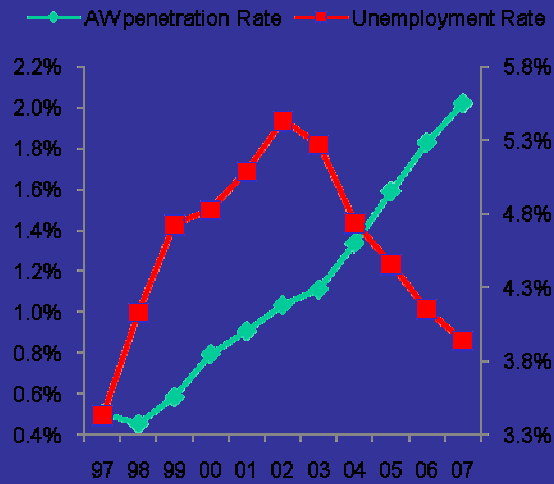


■ Flexibility related ■ Outsourcing related

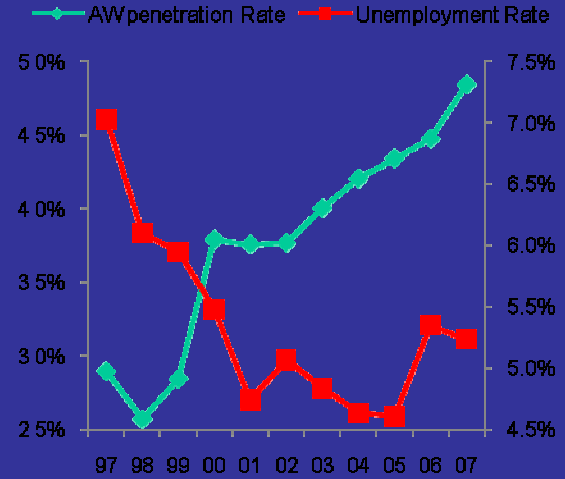
By identifying any job opportunities, AW reduces both frictional and LT unemployment



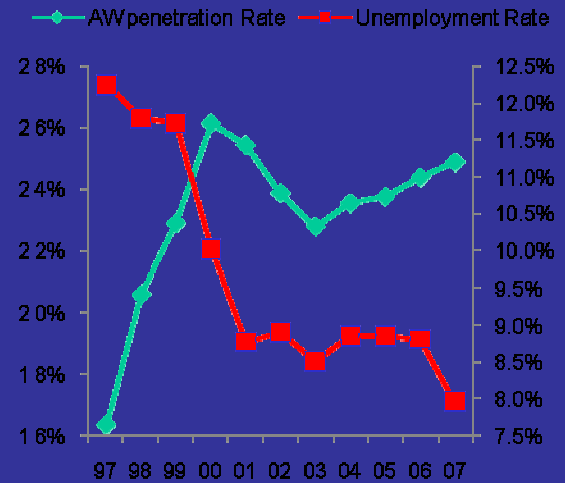
USA AW penetration vs Unemployment Rates



JP AW penetration vs Unemployment Rates

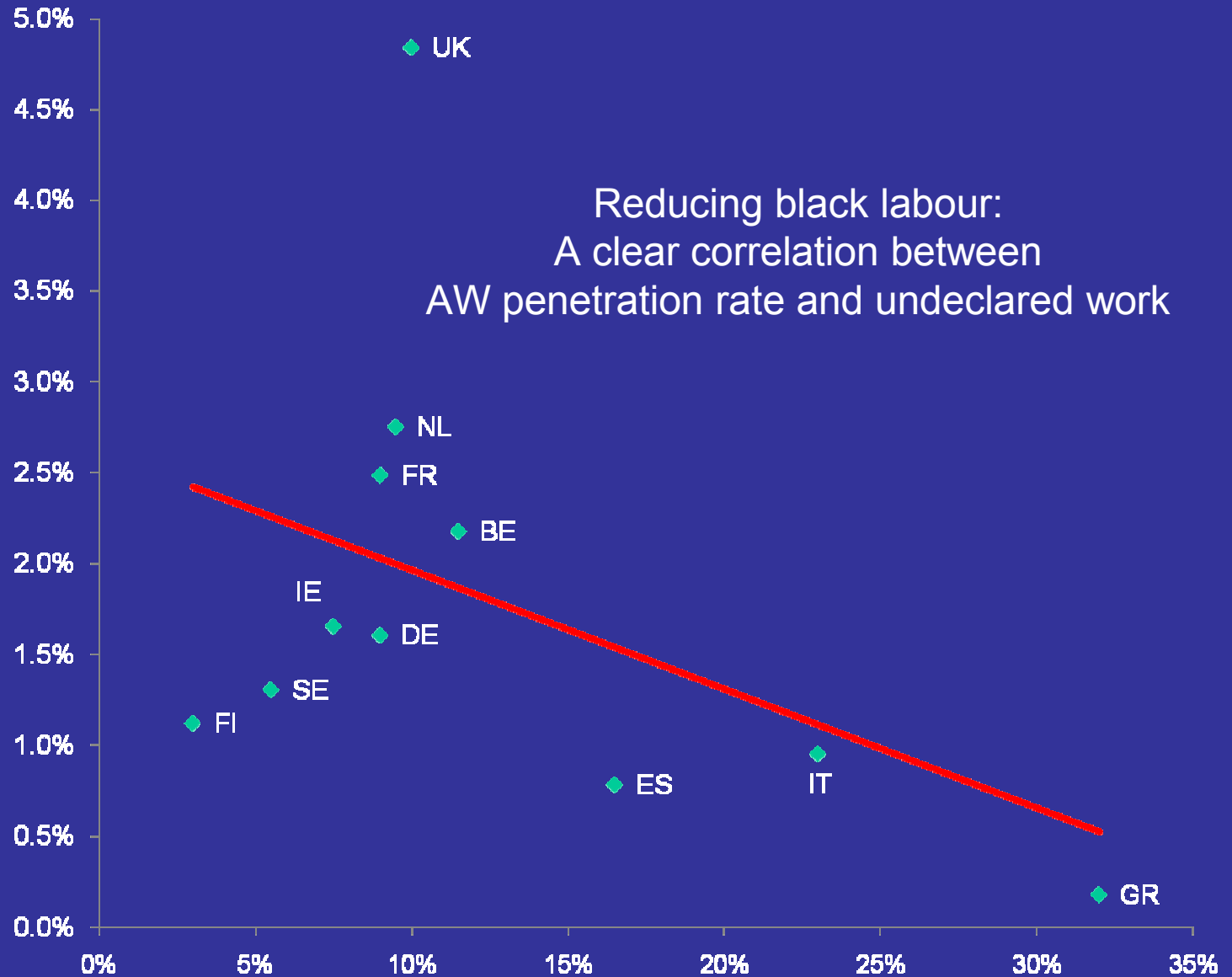


UK AW penetration vs Unemployment Rates

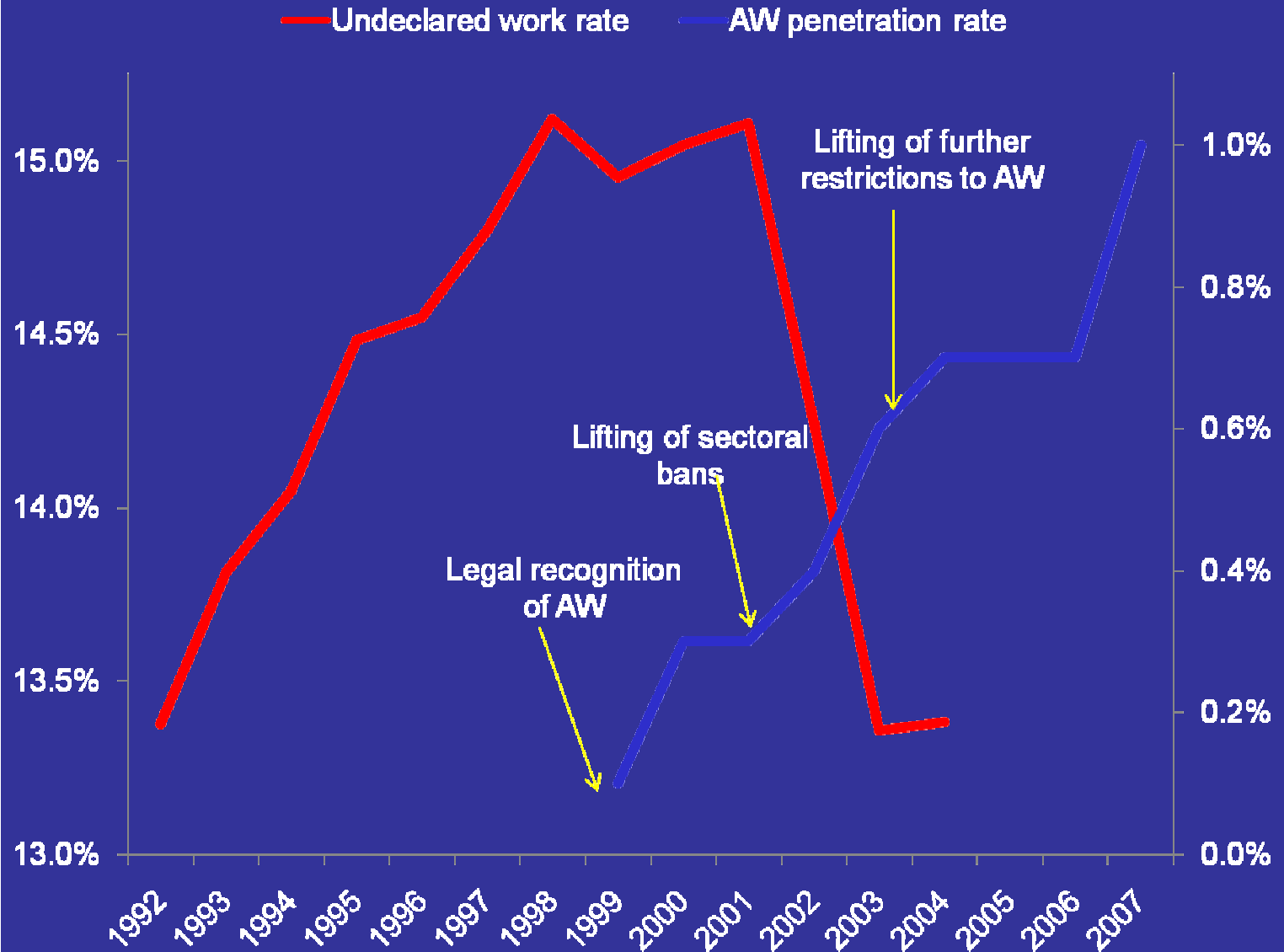


FR AW penetration vs Unemployment Rates

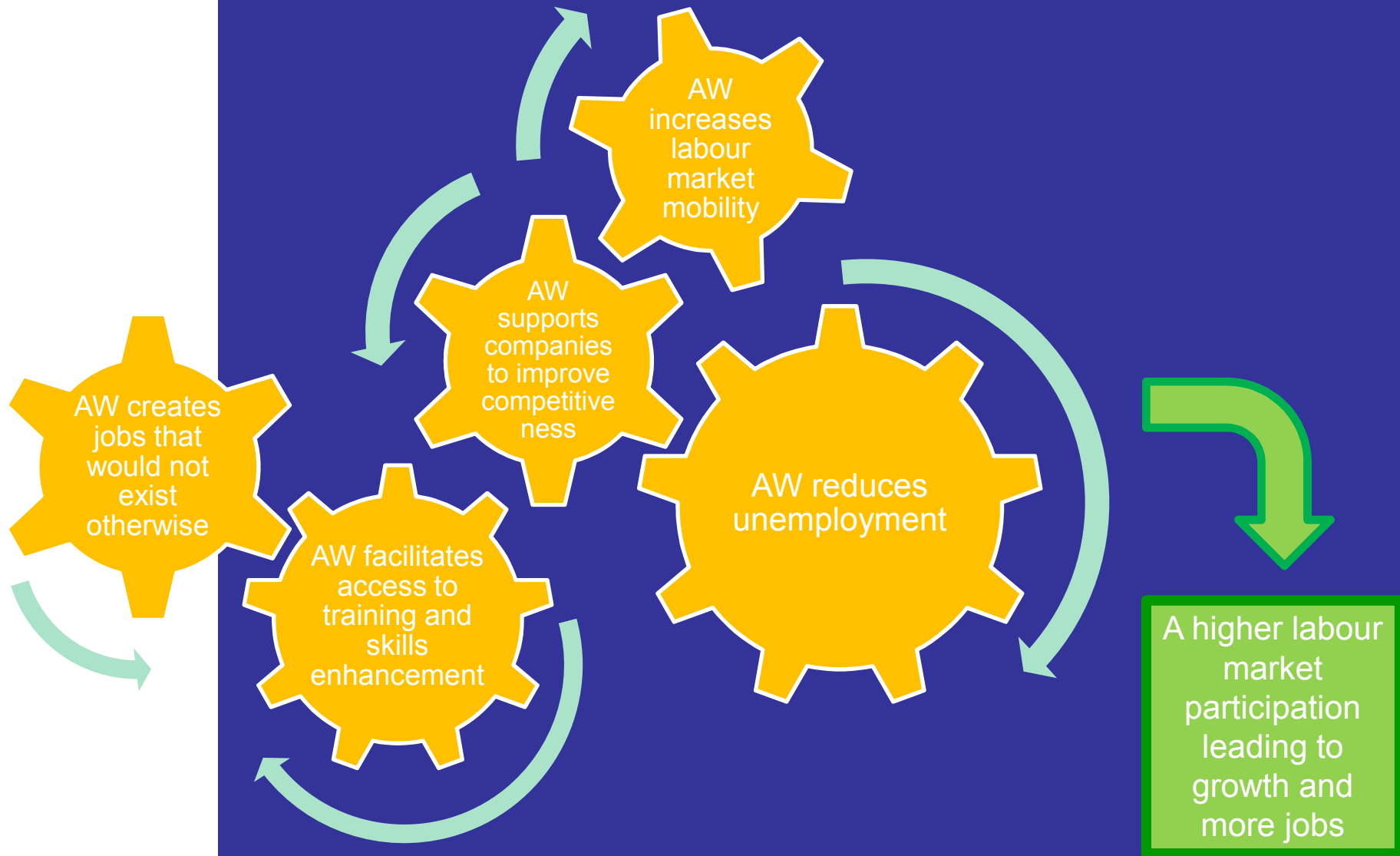
AW contributes to fight undeclared work



Reducing illegal work: In Italy, AW development has helped curbing undeclared work



Agency work acts as a facilitator of change in the labour market



Conclusion: AW should be promoted as the most secured form of external labour flexibility (Flexicurity)

- Only flexible form of work organised as a sector
- Agency work is a “largely highly regulated” industry involving a mix of legislation, collective labour agreements and self-regulation
 - Employment relationship within the three parties is clearly defined
 - Conditions of use of agency work strictly organised
- A sectoral social dialogue has established a full range of benefits for agency workers through collective bargaining
 - Agency work is based on a system of transferable and transparent benefits, which can be accumulated
 - Access to vocational training has been facilitated for agency workers, especially for low-skilled people
 - Complementary health and pension schemes have been implemented (France, Netherlands)
- By nature, the interests of agency work companies is to ensure work stability for the agency workers
 - Act as impresarios as they seek to find new employment opportunities at the end of each assignment and support workers in their job search

⇒ Agency work is an embodiment of the Flexicurity approach, combining flexibility and work security for both employers and workers

Questions to the panel

- **Assolavoro:**
 - How can the implementation of the EU Agency Work Directive help the AW industry to increase its contribution to better functioning labour market?
- **Italialavoro:**
 - What can be done to strengthen cooperation between the AW industry and the Italian PES?
- **Councillor to Labour Minister:**
 - To what extent the AW industry can contribute to implement a Flexicurity policy in Italy?

