

Agency work offers solutions to short- & long term employment challenges: Maintaining employment, upgrading skills & enhance labour market access

Recommendations to the European Council of June 2009

16th June 2009

1. Eurociett Assessment: Agency work offers a solution to meet current and future labour market needs

The debate at European level on appropriate employment policy responses to the economic crisis has helped to identify important starting points for policies at European and national level. The special jobs summit organised by the Czech EU Presidency has identified a series of priority actions, which need to be implemented at European and/or national level, focusing particularly on maintaining employment and promoting job creation, facilitating skills enhancement and promoting work mobility.

The European Commission has taken up these priority actions in its Communication “A Shared Commitment for Employment” of June, 3rd by proposing several policy responses to build a shared commitment for employment. The agency work industry in Europe will provide an important contribution to such a shared commitment, based on its positive contribution to better functioning labour markets. This contribution will be based on a shared commitment with other actors in the labour market, such as social partners,¹ companies, public employment services and policy makers at national and local level. **The most important dimensions of this commitment of the agency work industry are the following:**²

- **Agency work helps to maintain workers in employment**, as it is a key driver of job creation and promotes work mobility (while covering different forms of mobility, such as geographical, occupational and social mobility).
- **Agency work helps upgrading skills and enhances the employability of workers** through access to professional experience and vocational training.
- **Agency work broadens the access to the labour market**, particularly for young people and previously unemployed.

At the same time, most of the employment and labour market policies need to be designed and implemented at national and local level, in order to meet the specific national needs.

¹ The two sectoral social partners for the temporary agency work industry (Eurociett & Uni-Europa) have illustrated their shared commitment to work towards better functioning labour markets in a joint declaration agreed in the framework of the Flexicurity debate (2007) and in a joint project on access to vocational training (2008/2009)

² The contribution of agency work to better functioning labour markets in times of economic crisis has also been illustrated in a Eurociett leaflet, published in spring 2009, which is available [online](#).

2. Maintaining employment, creating jobs and promoting mobility

Agency work helps to maintain people in employment and contributes to job creation:

Agency work offers a flexible layer in the labour market that helps to preserve permanent jobs in times of economic crisis, as agency work enhances the competitiveness and adaptability of companies. Even in the current economic crisis, agency work continues to create jobs that would not exist otherwise, especially by helping to create more work opportunities for more people and by enhancing labour market participation. The current economic crisis has led to an overall decreasing number of agency workers in the EU labour markets. However, 80% of the jobs filled by agency workers would not have been created if agency work had not been available as a flexible workforce solution. Agency work is a dynamic player in the labour market, which continues to provide new employment opportunities for thousands of workers. Today, the total number of agency workers amounts to 3.0 million (Full-time equivalent), which corresponds to a total number of 9 million agency workers.

Agency work is a key driver of mobility in the labour market, particularly with regard to geographical, occupational and social mobility of workers. With regard to geographical mobility, agency work companies can support workers to take advantage of new employment opportunities based on their broad network of 33,000 private employment agencies and 58,000 branches in Europe.

Agency work offers a comprehensively regulated form of work mobility, based on national labour law and the relevant EU Directives (including particularly the Directive 2008/104/EC on Temporary Agency Work adopted in 2008 and the Directive 96/71/EC on the Posting of Workers.

Taking full advantages of the contribution private employment agencies provide to job creation, to maintaining employment and promoting mobility requires both short-term and long-term actions. The most important requests from the agency work industry to policy makers are the following:

Short-term actions to be taken by Member States

- **Shaping appropriate temporary agency work regulation in times of crisis:** EU Member States should review existing restrictions and verify, whether these are still justified. The implementation phase of the Directive 104/2008/EC, which has been started by some Member States recently and which lasts until December 2011, provides an appropriate framework of such a policy. It requires Member States to review existing restrictions (such as the restrictions to use temporary agency work in the public sector in France and Belgium or the restrictions to use agency work services in the construction industry in several EU countries) and sets clear limits to the conditions, under which restrictions could be justified and maintained.
- **Offering access to short-time working schemes for agency workers:** Agency work companies should have access to short-time working schemes, which is currently already the case in many EU Member States. Short-time working schemes are essential elements to adapt to the reduced demand for labour and help to keep workers in employment and attached to companies.

Long-term labour market policies and strategies to be followed at EU and national level:

- **Promoting work mobility:** In a longer-term perspective, it is essential to promote work mobility in the EU labour markets. EU Statistics show that intra-EU work mobility is still below its potential. To enhance work mobility, further action is needed regarding the recognition of qualifications and diplomas and applicable restrictions to the free movement of workers, such as the transitions measures currently applied for some central and eastern European countries need to be removed. Addressing these barriers to work mobility will help the agency work industry to correspond in a better and more efficient way to temporary needs for labour and help workers to enhance their work mobility even for medium to short-term assignments.
- **Better implementation of the Posting of Workers Directive:** The Posting of Workers Directive is an essential framework for promoting work mobility while at the same time protecting the rights and working conditions of workers. Agency work is fully covered by the Directive and Eurociett fully supports the Directive in its current form. However, more action is needed by EU Member States to ensure a proper implementation of the Directive and an enforcement of the rights granted by the Directive. The newly established European Commission expert group on the Posting of Workers Directive can provide important guidance and advice in this context.

3. Upgrading skills, matching labour market needs

Agency work enhances workers' employability – thus allowing them to better resist to the crisis: Agency work allows workers to gain professional experience in different working environments, develop their skills, try new jobs, strengthen their ability to adapt and work as a team (training on the job), priorities identified by the EU's New Skills for New Jobs Initiative.

At the same time, the agency work industry is committed to facilitate access to vocational training: Over the past year, the agency work industry has for example set up sector-level training funds in an increasing number of countries. Based on training funds in six European countries (AT, B, ES, F, NL and IT), a total amount of € 524 million has been invested in training and 643.400 agency workers benefit for training programmes. In 2009, an additional training fund is being established in Luxembourg.

Skills development & enhancement requires action in a short-term and long-term perspective to unlock the positive contribution of the private employment agency industry.

Short-term actions on skills enhancement in times of economic crisis should focus on:

- **Providing access for temporary work agencies to governmental programmes and funds that are made available in times crisis:** At present, EU governments are setting up a wide range of funds and programmes to limit the impact of the crisis on the labour market and to assist companies and workers in adapting to the changed economic environment. Agency work companies should not be discriminated against and have full access to these funds and programmes.

- **Strengthening the cooperation between public employment services and private employment agencies**, which are already widely applied in many EU countries. They form key elements to help the unemployed in re-entering the labour market and in developing their skills and qualifications. Therefore, these forms of cooperation should be strengthened. They also need to be developed in countries that currently have less experience in this area, especially in Central and Eastern Europe.

In a longer-term perspective, EU policy makers and national governments need to focus on:

- **Building partnerships in the framework of the EU “New Skills for New Jobs Initiative”**. Eurociett has welcomed this initiative and is committed to support its implementation. Against this background, policy makers should strengthen the cooperation with private employment agencies in the context of policies focusing on skills development.
- **Focusing the Post-2010 Lisbon Strategy on employability, labour market participation and skills enhancement**. Increasing employability and work mobility, strengthening labour market participation of an increasingly diverse work force and investing in skills and qualifications should be key pillar of the future EU Growth and Jobs Strategy, which will be discussed in the coming months at European level.

4. Increasing access to employment

Agency work offers a privileged access channel to the labour market for young people and first-time entrants. Young people use agency work to gain first professional experience and to develop their skills and qualifications. Statistics (Eurociett, 2007) show that young workers are significantly overrepresented among the temporary agency work population. In several countries (including Belgium & the Netherlands), agency work is frequently used by students to obtain extra income during their studies and to combine education and professional experience.

Agency work also offers access to new employment opportunities for laid-off workers. Agency work acts as an important transition broker; enabling experienced workers to find new employment opportunities and to get (re-)integrated into professional live. In most countries, a significant share of agency workers was unemployed prior to work through agency work. Therefore, agency work broadens the access to the labour market and facilitates the access to employment, which is also illustrated by labour market statistics. In France, for example, statistics from the public employment service show that workers employed on a fixed-term contract are 2.5 times more often getting registered as unemployed compared to temporary agency workers.

Short-term actions to be taken by Member States:

- **Using temporary work agencies to facilitate access to employment and to support the young people:** Particularly in times of economic crisis, young people and first-time entrants need targeted support to gain access to the labour market and to develop

their skills. Member States and public employment services should encourage young people to opt for agency work, as it offers opportunities for combining professional life with education and training. The agency work industry has set up targeted training schemes that help particularly young people to develop their skills and professional qualifications.

- **Supporting the role of temporary agency work as access channel to the labour market** by lowering non-wage costs (such as the social security contributions upon hiring long-term unemployed for 6 months) as proposed by the European Commission.
- **Expanding the services voucher system which has been put in place in Belgium to more EU countries.** The Belgian service voucher system allows individuals to purchase government-subsidised domestic cleaning services, for which social charges and taxes are prepaid. Agency work companies have been granted to distribute these services vouchers and employ today more than 40% of their workers based on this system.

In a longer-term perspective, EU policy makers and national governments need to focus on:

- **Taking advantage of temporary agency work to broaden labour market participation to face the looming demographic crunch:** To achieve this objective, labour markets need to become more flexible while maintaining work security, offering employment opportunities that are tailor-made employment solutions for different groups on the labour market (as young workers, older workers, women and disabled people).
- **Setting-up an ambitious and targeted EU Growth and Jobs Strategy for the period after 2010 which recognises the positive contribution of the agency work industry.** Key dimensions that should be explicitly covered in the new strategy with regard to its labour market dimension include an explicit focus on promoting job creation and labour market participation, the need to develop and strengthen the cooperation between public and private employment services and a strong call to promote mobility in the labour market (covering geographical, occupational and social mobility).

More information about Eurociett and its policy priorities is available on: www.eurociett.eu