

## The agency work industry will play a key role in achieving the EU2020 Strategy employment targets

EU Employment Guidelines need to recognise the contribution of agency work to better functioning labour markets and inclusive growth

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### 1. Eurociett Assessment and Recommendation

- The European Commission has published on 27<sup>th</sup> April a proposal for a new set of Employment Guidelines, which form an integral part of the **EU 2020 Strategy for smart, sustainable and inclusive growth**. Several of these guidelines provide an appropriate framework for policy priorities to **promote needed labour market reforms in the EU Member States**, as they focus on developing skills (Guideline 8), developing training systems (guideline 9) and promoting social inclusion (Guideline 10). Eurociett welcomes these guidelines, as the agency work can provide an important contribution to the objectives identified in these guidelines.
- However, **Guideline No. 7 on increasing labour market participation, which focuses on an essential policy priority, is designed in an inconsistent way and combines conflicting policy priorities**. While Eurociett fully supports the objective and title of the Guideline, the second paragraph of the guideline, particularly the statement calling for “measures addressing temporary and precarious employment, underemployment and undeclared work” needs to be re-phrased. Temporary agency work cannot be associated with precarious employment, underemployment or undeclared work. On the contrary it represents an overall highly regulated form of flexible labour which contributes to inclusive growth and more diversity in the labour market. This has been recognised in the preamble of the EU Directive 2007/104/EC on Temporary Agency Work, stressing that temporary agency work “contributes to job creation and to participation and integration in the labour market.” Furthermore, Guideline No. 7 is in itself inconsistent, as it calls at the same time for developing Flexicurity policies as well as for enhancing labour market participation, to which temporary agency work can provide an important, positive contribution, while at the same time establishing a link between temporary and precarious work, thus giving a negative assessment of labour market flexibility. Temporary agency work is a key instrument to implement Flexicurity policies, as it provides flexible and secure contractual arrangements. Similarly, the negative assessment of temporary employment provided in Guideline 7 is in sharp contradiction to the last sentence of the Guideline, which calls upon Member States to “remove barriers to labour market entry for newcomers, support self-employment and job creation in areas including green economy and care and promote social innovation” as temporary agency work provides a well-proven stepping-stone for young people and newcomers in the labour market and creates jobs that would not otherwise exist.
- **To improve the consistency of Guideline 7, Eurociett puts forward the following amendment:**

Text of Commission Proposal	Eurociett Amendment
(...) Member States should step up social dialogue and tackle labour market segmentation with measures addressing temporary and precarious employment, underemployment and undeclared work. Professional mobility should be rewarded. (...)	(...) Member States should step up social dialogue <b>and tackle labour market segmentation with measures addressing <del>temporary and</del> precarious employment, underemployment and undeclared work. Well regulated forms of flexible labour including temporary agency work should be promoted, as they are a key driver of labour market participation and job creation.</b> Professional mobility should be rewarded. (...)

## 2. Temporary agency work is overall highly regulated and cannot be associated with precariousness or undeclared work

- **Guideline No. 7 includes an unfounded connection between temporary and precarious work.** The EU Directive on Temporary Agency Work stresses in recital 11 that temporary agency work contributes to job creation, participation and integration in the labour market. As illustrated by independent research,<sup>1</sup> temporary agency work is overall highly regulated in the EU Member States. National regulation on temporary agency work frequently combines elements of national legislation, regulation through social partners in collective labour agreements and instruments of self-regulation by the agency work industry. In the majority of EU Member States, national regulation on temporary agency work includes provisions establishing the principles of equal treatment and equal pay, thus contributing to an appropriate level of protection for temporary agency workers (while giving some freedom to social partner to settle employment and working conditions through collective labour agreements). The Directive 2008/104/EC, which needs to be implemented by Member States until 2011, establishes the principle of equal treatment as general rule, while respecting the important role of social partners in this area.
- **Guideline No. 7 establishes an unjustified and misleading link between temporary employment and undeclared work.** Statistics from EU Member States show that developing temporary agency work is an effective instrument to reduce and combat undeclared work. Undeclared work is particularly widespread in highly cyclical sectors such as construction, hotel, restaurant and other services sectors. Temporary agency work provides a solution to fight against undeclared work, as it offers a flexible form of employment that is well adapted to fluctuations in activities. Statistics show that higher temporary agency work penetration rates lead to lower levels of undeclared work.<sup>2</sup> Engaging in temporary agency work allows workers to take full advantage of all the legal protection and enforcement mechanisms available. The two European sectoral social partners for the temporary agency work industry, Eurociett and Uni-Europa have underlined in a Joint Declaration signed in the framework of the Flexicurity debate (2007) that they are against any form of unfair competition, illegal practices and undeclared work.
- **To remove this inconsistency in Guideline 7, Eurociett calls for adopting the amendment on Guideline 7 as proposed in section 1.**

## 3. Temporary agency work contributes to reaching the overall objectives of the employment guidelines

- **Temporary agency work is a key driver of job creation.** Research<sup>3</sup> shows that 80% of the jobs created by temporary work agencies would not exist, if temporary agency work as flexible work solution was not available. Temporary agency work represents a small but significant form of flexible employment, accounting for 1.7% of the total workforce in Europe. Between 1996 and 2006, the number of temporary agency workers in Europe has more than doubled from 1.5 million to 3.3 million (daily full-time equivalent). Already in the context of the European Union Lisbon Strategy, the EU Employment Task Force chaired by Wim Kok stressed that “Temporary work agencies should have their place in a modern labour market as new intermediaries that

<sup>1</sup> Eurofound: “Temporary Agency Work and Collective Bargaining in the EU”, available online: [www.eurociett.eu](http://www.eurociett.eu)

<sup>2</sup> The agency work industry around the world, Ciett Economic Report, 1010 Edition, page 51.

<sup>3</sup> “More work opportunities for more people. Unlocking the contribution of private employment agencies to better functioning labour markets. Strategic Report for discussion commissioned by Eurociett.

can support flexibility and mobility of firms and of workers, while offering security for workers in the form of improved job opportunities and high employment standards.”<sup>4</sup>

- **Temporary agency work acts as a stepping-stone to the labour market, particularly for the young and first-time entrants and enhances labour market participation.** Statistics from Eurociett member federations illustrate that young people are significantly over-represented among the temporary agency work population. Students, first-time labour market entrants and young workers take advantage of temporary agency work to gain labour market access, harness their skills and improve their future employment opportunities.
- **Temporary agency work reduces labour market segmentation,** particularly by acting as transition manager in the labour market, helping workers to move from education to work, from unemployment to work, as well as between different labour contracts. Labour market outsiders should be defined in this context as the group of people being affected by (long-term) unemployment, while workers in employment should generally be characterised as labour market insiders. Temporary work agencies act as “Impresarios” for the temporary agency workers, as they provide guidance and assistance in finding new employment opportunities.
- **Temporary agency work is at the “heart of a Flexicurity approach”,**<sup>5</sup> especially as it can contribute to the four components of Flexicurity agreed at EU level (flexible and reliable contractual arrangements, comprehensive life-long learning strategies, effective active labour market policies and modern social security systems). The two sectoral social partners of the temporary agency work industry, Eurociett & Uni-Europa, have underlined the important role of temporary agency work in Flexicurity policies 2007 in a Joint Declaration.<sup>6</sup>
- **Agency work facilitates the access to new skills and jobs for workers.** Through agency work assignments, workers gain the opportunity to develop and harness their skills and qualifications. In addition to skills development on the job, agency workers benefit from training schemes set up by the temporary work agency at company level and from training programmes, which are developed by bi-partite training funds in 7 European countries. In 2008, six bi-partite vocational training funds (Austria, Belgium, France Spain, Italy, Luxembourg and the Netherlands) invested a total sum of € 524.5 invested in vocational training for temporary agency workers (the vocational training fund in Luxembourg has only been set up in 2009). As a follow-up of a joint research project carried out by social partners, Eurociett and Uni-Europa signed a Joint Declaration in 2009,<sup>7</sup> illustrating the commitment of the temporary agency work industry to facilitate access to vocational training and illustrating best-practices in the area of vocational training that have been developed within the industry.
- **Agency work promotes professional mobility of workers,** including the different dimensions of geographical, occupational and social mobility. Particularly for young people, temporary agency work is a key channel to gain access to and progress in the labour market. Recent statistics illustrate that young people are significantly over-represented among the temporary agency work population. Young workers and first-time entrants use temporary agency work to develop their skills and enhance their employability.
- **Finally, the agency work industry not only contributes to better functioning labour markets, but also enhances the competitiveness of companies.** To remain competitive, organisations must improve their responsive reflexes to output fluctuations, adapt their workforce skills to changes in the competitive environment and focus on their core business. The range of services provided by the agency work industry answer these key challenges for companies.

<sup>4</sup> EU Employment Task Force: Jobs, Jobs, Jobs, Creating more Employment in Europe, 2003, p. 9.

<sup>5</sup> Eurofound: Temporary agency work and collective bargaining in the EU (2008), p. 43.

<sup>6</sup> Eurociett/Uni-Europa Joint Declaration in the context of the Flexicurity debate as launched and defined by the European Commission, 2007.

<sup>7</sup> Eurociett/Uni-Europa Joint Declaration: Training for temporary agency workers. Joint actions developed by sectoral social partners play a key role in facilitating skills upgrading 2009.