

## TEMPORARY AGENCY EMPLOYMENT IN THE EUROPEAN UNION

In temporary agency work, which frequently is also called loan work, an independent operator (loan employer) lets his employee (loan employee) to a third party (borrower) for work to be performed.

Temp work offers a number of advantages to the employing firms: flexible temporary use of loan workers, short-term deployment possibilities depending on demand (and thus the circumvention of dismissal protection provisions), outsourcing of the personnel sifting function to the loan agency and the opportunity of getting to know loaned workers before final employment. Workers, on the other hand, can use temp work to gather job experience, to work flexible times (e.g. only in winter) and to increase their chances of getting a regular permanent job.

In the European Union, temporary agency work has greatly expanded. In 1999 the number of temporary workers amounted to 2.1 million, corresponding to 1.4% of total employment. It is most important in the Netherlands, Luxembourg, France and the United Kingdom. It is least important in Finland, Ireland, Italy and Greece (see Fig. 1).

The importance of temporary work depends on the strictness of employment protection laws. If employment protection is strict, overcoming personnel bottlenecks by employing regular staff implies high firing costs that may be avoided by employing temporary staff. In France, strict employment protection (cf. OECD 1999, p. 66) is likely to be the cause of a high share of temporary agency workers, in Ireland liberal job protection laws may have led to a low share of temporary workers in total employment.

Besides employment protection, the form and intensity of regulation of temporary agency work also affect its expansion. According to a McKinsey study for the International Confederation of Private Employment Agencies (CIETT), temporary agency work is little regulated in the Netherlands and the United Kingdom, whereas it is highly regulated in Italy with corresponding consequences for the spread of temporary work (see Fig. 2).<sup>1</sup>

Temporary agency workers in the European Union share a number of typical characteristics: They have attended primary or secondary school, are primarily male, and 74% of them are below 35 years of age. They are employed above all in trade and industry and in various social services.

<sup>1</sup> There are no data on the two indicators for Luxembourg. In Greece temporary agency work was prohibited. In Finland, average strictness of dismissal protection coincided with relatively liberal legal provisions for temporary agency work.

Figure 1

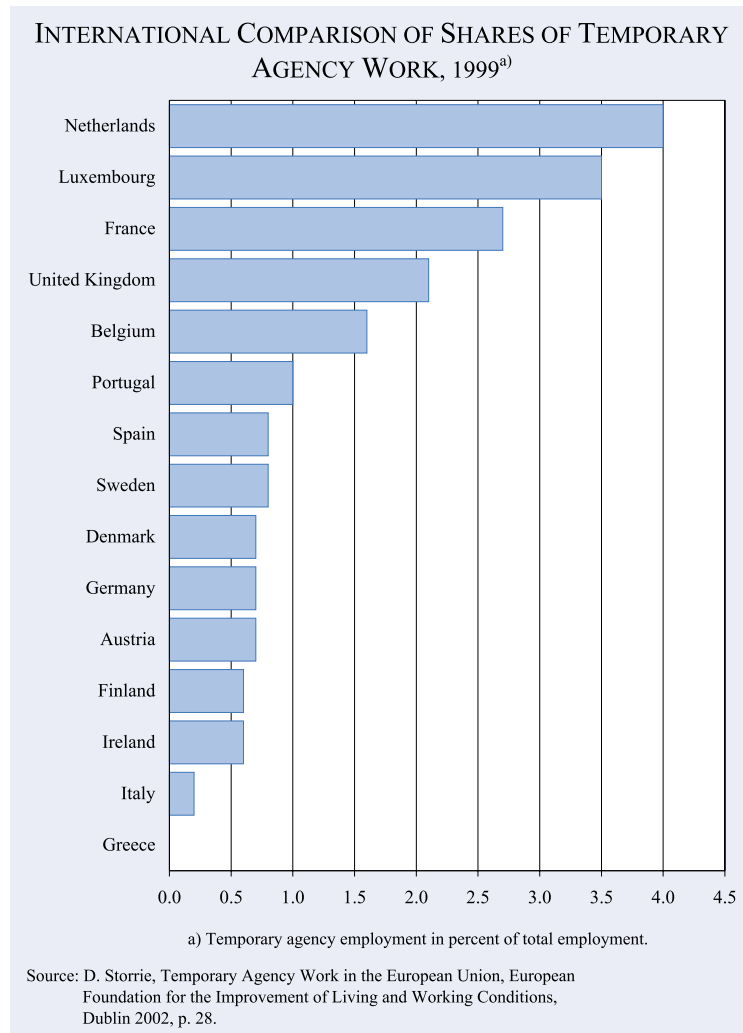
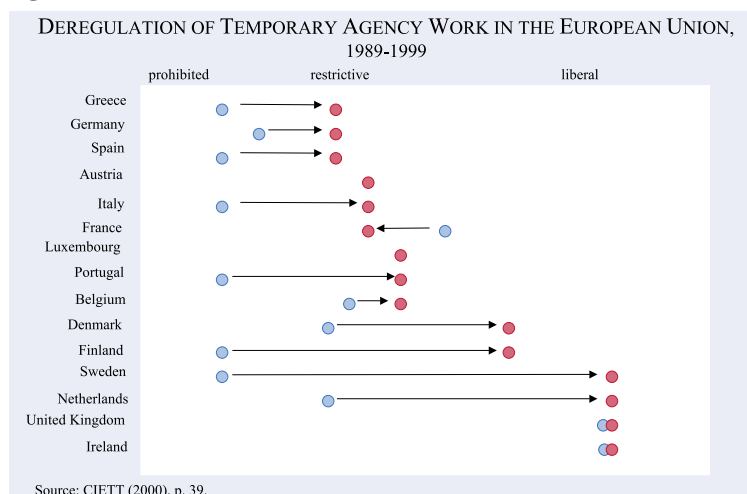


Figure 2



65% of their work is manual. The duration of employment per temporary work user is short (CIETT 2000, Appendix).

As a rule, temporary agency workers have worse working conditions than other kinds of workers. Work accidents are more frequent. Their safety and health risks are relatively high. Temporary workers have fewer opportunities than other workers to help determine work content and work processes. Their pay is frequently lower than that of regular employees. In particular, they do not receive any additions to pay and special remuneration. Finally, temporary workers participate to a much smaller extent in training measures. The relatively poor working conditions are likely to be one reason for the short employment duration in loan work firms (Paoli and Merllié 2001; Storrie 2002).

W.O.

## References

CIETT (2000), *Orchestrating the Evolution of Private Employment Agencies Towards a Stronger Society*, Brussels.

OECD (1999), *Employment Outlook*, Paris.

Paoli, P. and M. Merllié (2001), *Third European Survey of Working Conditions*, European Foundation for the Improvement of Living and Working Conditions, Dublin.

Storrie, D. (2002), *Temporary Agency Work in the European Union*, European Foundation for the Improvement of Living and Working Conditions, Dublin.