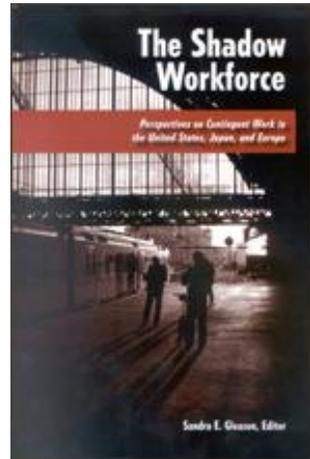

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9

Temporary Agency Work in Europe

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European countries have been experiencing the growth of employment in nonstandard or flexible work arrangements. The basic causal factors have been similar to those experienced in the United States and Japan: global economic forces have required employers to adapt and change more quickly. In response to these economic forces, temporary agency work (TAW), one of a variety of flexible employment arrangements, has expanded over the past 30 years.¹ Although it existed earlier in some European countries, in others TAW has been authorized for only a few years. In some countries TAW is still restricted to a limited number of professions.

A variety of approaches exist to regulate and monitor temporary work agencies (TWAs) and the services they provide. These variations reflect distinctive national approaches to the regulation of labor markets and their institutions. Because of the diversity of these approaches, TAW is one area where the efforts for harmonization of national labor markets within the European Union (EU) have failed in the last few years. As a result, no common standard for the regulation of TAW has been developed in the EU.

The purpose of this chapter is to provide an overview of TAW within the EU and explain the challenges confronted as the EU continues its efforts to harmonize policies regulating TAW across its member nations. The regulations of EU members and the social debates on TAW are reviewed. Much of the discussion is based on data collected in a 1999 survey of the European Industrial Relations Observatory (EIRO) (2000). A 2002 study of the Dublin European Foundation, which focused on the economic analysis of TAW in EU members, and a 2005 study of the European Industrial Relations Observatory, which actualized the 1999 survey in the context of the EU enlargement, were used

to provide updates on some major changes in national regulations that occurred after 1999 (Storrie 2002; Arrowsmith 2006).

The chapter first provides an overview of the growth of flexible work in Europe, including a brief discussion of the problems associated with trying to estimate the prevalence of TAW. Variations in the national definitions and regulations of TAW are then reviewed. The perspectives on TAW of employers' organizations and unions are presented, followed by a discussion of the differences in national approaches to the regulation of TAW through the use of laws and collective bargaining. The rules which the firms that use TAW must follow in each country to secure the social protection of employees also are described. Throughout this discussion the extreme heterogeneity of the regulatory frameworks of the EU nations is emphasized. Finally, concluding comments on the very brief history of "Social Europe" and the future of its labor market institutions are provided. Several future directions for research are identified.

FLEXIBLE WORK AND TEMPORARY AGENCY WORK IN EUROPE

The need for greater labor market flexibility has been discussed for almost 20 years in Europe. When compared to the United States, labor market flexibility in European countries often is viewed as inadequate except in a few countries such as the United Kingdom. Labor market rigidities such as those created by government regulations encouraging standard employment arrangements are often discussed as the main reason for the slower economic growth and the high levels of unemployment in Europe. These discussions of the limited labor market flexibility in the EU focus primarily on adjustments of the number of employees. One of several forms of atypical employment that permit numerical adjustments to be made easily by employers is temporary agency work. However, due to poor data, it is difficult to accurately measure the actual prevalence of TAW in the EU as discussed in more detail below.

EMPLOYMENT TRENDS AND FLEXIBLE LABOR MARKETS IN EUROPE

Since the beginning of the 1990s the rate of economic growth in Europe has been lower than that of the United States. The key trends in Europe during the 1990s were an increase in the importance of both unemployment and atypical work.² These trends resulted in greater attention to how labor market flexibility is linked to the regulation of employment contracts such as TAW.

For a short period of time in the late 1990s it appeared that the rate of increase in unemployment had slowed due to the positive response of standard employment to the economic recovery and the creation of jobs. The strong job creation that occurred during the late nineties (European Commission 2002) appeared to have been linked

. . . to jobs of better quality . . . Recovery is now favoring more stable employment. The proportion of workers on fixed-term contracts (temporary work) in all new jobs created was only slightly over a third in 1999, compared with 50 percent in previous years. . . . For the first time since 1990, full-time jobs created—some 63 percent in 1999—exceeded the number of part-time jobs created. (European Commission 2000)

However, the economic climate began to deteriorate in 2001 and worsened in the following year due to the uncertainty of the international political situation. Since then the EU has had great difficulty recovering a fast and solid economic growth, especially in the old core of its member nations: Germany, France, Italy, Belgium, and the Netherlands. In these countries, the downturn had a significant negative impact on job creation for both standard and atypical employment.

Since the late 1990s the EU has tried to promote a European employment strategy (the so-called Lisbon strategy) which focuses on an increase in employment rates and in the quality of jobs. However, as the European Commission (2005) stated,

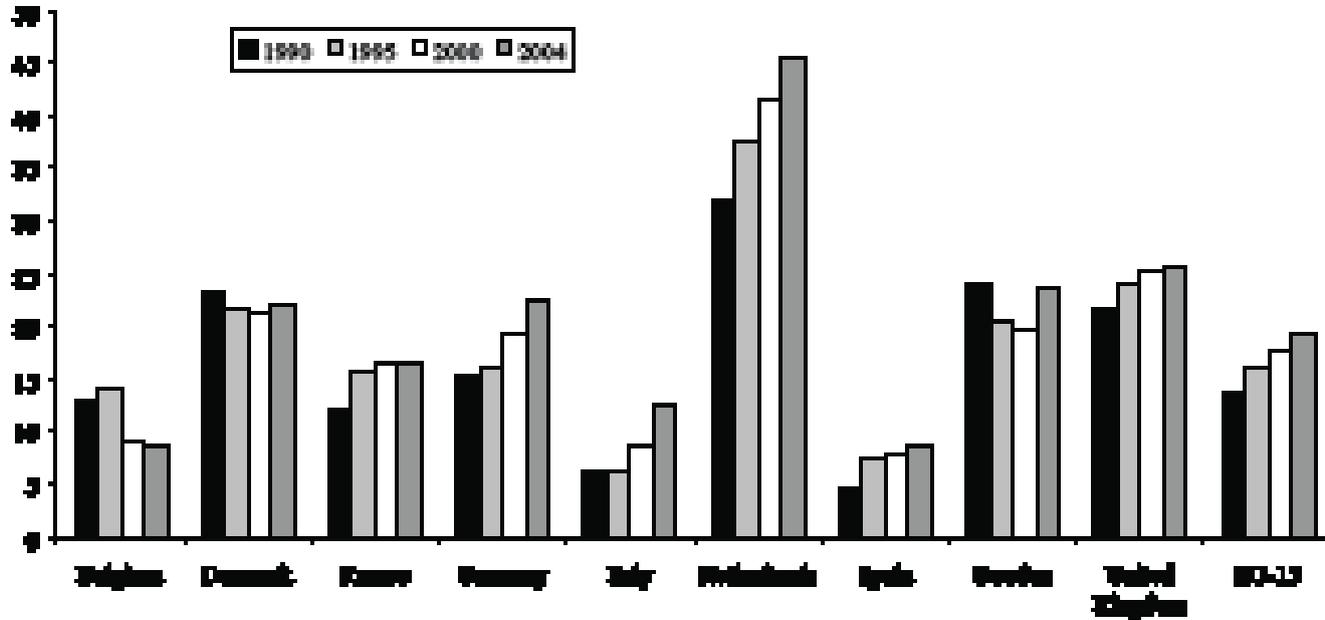
[t]he weak labour market performance in Europe over recent years is an important element in explaining the slow progress towards the Lisbon and Stockholm objectives. The overall employment rate remains 7 percentage points below the employment rate target for 2010.

The evidence of limits, or even failures, of the Lisbon strategy has been presented in many reports, comments, and proposals to increase the efficiency of this strategy (see, for example, Kok [2004]). The main point repeated in these commentaries is that welfare and social justice remain largely a member country issue. Furthermore, many members are opposed to removing any national regulations in favor of the EU institutions. Consequently, in the present environment, the European institutions can only propose objectives, observe the situation of country members relative to these objectives, and give their opinions.

Labor market flexibility, or the lack thereof, is often explained in the context of the regulations defining—and thus potentially constraining—employment contracts, with particular attention given to the amount of flexibility gained from atypical employment arrangements. It therefore is commonly associated with fixed-term contracts and TAW, and in some EU members (especially in France, Spain, and Italy) with part-time contracts. However, within Europe part-time employment and fixed-term contracts are better known than TAW because there are more of them. Part-time contracts are different from the standard full-time contracts because they imply in most of European countries a specific employment status. Part-time employees are not necessarily easier to fire, but it is easier to increase or decrease their daily, weekly, or even monthly work times. The increase in part-time employment and fixed-term contracts from 1990 through 2004 is shown for 10 EU countries in Figures 9.1 and 9.2, respectively. For these two types of employment arrangements the European Labor Force Surveys provide good quantitative data for intra-European comparisons.

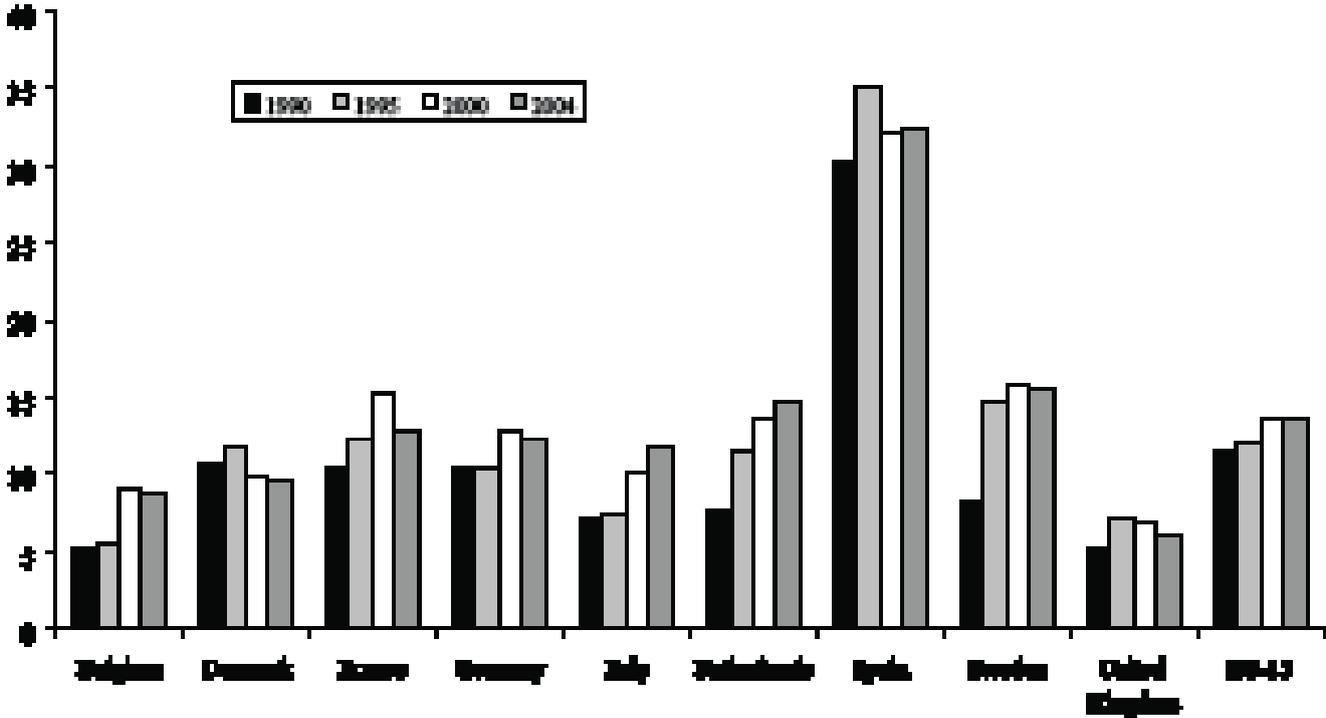
The use of these employment arrangements varies by country. Figure 9.1 indicates that in 2004 in the Netherlands, part-time employment was over 45 percent of total employment but just under 10 percent in Belgium and Spain. The other seven nations range from about 15 percent to 45 percent. Fixed-term contracts in Figure 9.2 show a different pattern of prevalence. In 2004 in Spain fixed-term contracts represent over 30 percent of total employment, but the other nine countries are in the range of 5 percent to 15 percent.

Figure 9.1 Part-Time Employment in Selected EU Countries (% Total Employment)



SOURCE: Eurostat.

Figure 9.2 Fixed-Term Contracts in Selected EU Countries (% Total Employment)



SOURCE: Eurostat.

Prevalence of Temporary Agency Work

TAW was one of the most rapidly growing forms of atypical employment in the 1990s (Storrie 2002). However, this growth is difficult to measure and compare across the EU nations. Unlike the measures of the prevalence of part-time employment and fixed-term contracts, there are no equivalent employment data for TWA. Due to the differences in national regulations, the terms *temporary agency work* or *temporary work agency* refer to very different and noncomparable employment arrangements between the three partners in the relationship: the employee, the TWA, and the client firm. This explains why the available data that compare TAW cross-nationally within the EU nations are unreliable, and there are no data at all for some countries. Due to the lack of common definitions, the Statistical Office of the European Communities (Eurostat) does not try to quantitatively measure the prevalence of TAW.³ It therefore is difficult to provide a precise and comprehensive picture of the prevalence of TAW in Europe, and estimates of the rate of growth of TWA are even more difficult.⁴ Consequently, the estimates provided below of the prevalence of TAW must be used with caution.

In an effort to provide some data, the European Foundation for the Improvement of Living and Working Conditions undertook a study of TAW.⁵ The resulting estimates range widely from no TAW in Greece to 4 percent of total employment in the Netherlands, as shown in Table 9.1.

For the 13 nations that reported the use of TAW by sector in the 1999 EIRO survey, 6 reported that TAW was concentrated in the industrial sector, and 7, the tertiary sector (services, public services, and retail). The industrial TAW was dominant in Austria, Belgium, France, Germany, Italy, and Spain; the tertiary TAW was dominant in Denmark, Finland, Italy, Netherlands, Norway, Portugal, and the United Kingdom. The industrial sector consisted primarily of manual labor and a male workforce, while the tertiary sector was primarily a female and white-collar workforce. According to the European Trade Union Confederation (2005),

. . . in the UK, some 80 percent of temporary agency work is in the service and public sectors, while three-quarters is in construction and manufacturing industry in France. In most of the EU-15, the majority of workers are male, but in all three Nordic countries there are more women, and proportions are roughly equal in the Netherlands and the UK.

Table 9.1 Temporary Agency Work in the European Union, 1999

Country	Number of agency workers	Agency work as % of total employment
Austria	24,277	0.7
Belgium	62,661	1.6
Denmark	18,639	0.7
Finland	15,000	0.6
France	623,000	2.7
Germany	243,000	0.7
Greece	0	0.0
Ireland	9,000	0.6
Italy	31,000	0.2
Luxembourg	6,065	3.5
Netherlands	305,000	4.0
Portugal	45,000	1.0
Spain	109,000	0.8
Sweden	32,000	0.8
United Kingdom	557,000	2.1
EU total	2,080,642	1.4

SOURCE: EIRO (2000).

A second estimate of the prevalence of TAW was developed by the French employer organization for TWA, Syndicat des Entreprises de Travail Temporaire (SETT). This organization published estimates for 2004 derived from national sources for only eight EU countries. A comparison of Tables 9.1 and 9.2 suggests a relatively large increase from 1999 to 2004 in TAW in the United Kingdom, but no clear trend in the other countries.

Both tables reflect national historical differences in the treatment and regulation of TAW in the context of all forms of temporary work. Actual changes suggest that there are two reasons why limitations imposed by regulation based on the types of jobs and industrial sector are being reduced. First, there has been an increased acceptance over time of TAW in countries that for a long time were reluctant to expand TAW. This will result in a relaxation of these regulations. Second, temporary work agencies are developing their businesses to provide their services wherever temporary help is needed, and even when temporary help for

long periods of time is required (European Trade Union Confederation 2005). Regulations are likely to be relaxed as employers become more dependent on these services.

Finally, what Tables 9.1 and 9.2 do not show is the importance of TAW in labor flows into and out of unemployment, and out of and into employment. The 1999 EIRO report provided this information for a few countries. For example, TAW in Spain accounts for 12.5 percent of new employment contracts. This is not surprising since temporary work arrangements of various types are often entry-level jobs for persons entering the labor force and for those with relatively low levels of skills.

DEFINING TEMPORARY AGENCY WORK AND TEMPORARY EMPLOYEES

In an effort to standardize the social protections provided to employees hired through atypical employment contracts, the EU authorities in the second half of the 1990s organized negotiations between the EU-level social partners (employers and unions) on “flexibility in working time and security for workers.”⁶ The European negotiations focused on three types of atypical employment: part-time work, fixed-term contracts, and TAW. It was expected that some European standard-

Table 9.2 Temporary Agency Work in Europe, 2004

Country	Number of agency workers	Agency work as % of total employment
Belgium	75,100	1.8
France	569,300	2.1
Germany	350,000	0.9
Italy	154,400	0.6
Netherlands	180,000	3.0
Portugal	48,000	0.9
Spain	120,000	0.7
Sweden	39,000	1.0
UK	1,052,000	3.5

SOURCE: Syndicat des Entreprises de Travail Temporaire (2005).

ization of the definitions and regulations in all three areas would result. EU-level negotiations were concluded successfully on part-time work in 1997 and on fixed-term contract work in 1999. They produced two official directives from the European authorities. The negotiations on TAW were the last to be organized, but in May 2001 they failed despite repeated efforts to resolve differences.

The EU-level collective negotiations on TAW failed because the social partners were unable to negotiate an acceptable compromise. Unions blamed employers for the failure. They perceived employers as trying to completely deregulate TAW. However, the employer representatives were divided among themselves along two lines: there was conflict between the interests of the client firms and temporary work agencies, and the objectives of employers varied from one country to another. The only result of the negotiations was a common “declaration” that mainly stressed the general principle of equal treatment between temporary agency workers and permanent employees.

Even this declaration was ambiguous on some points and was hardly discussed by the national members of the employers’ organization. It did not clarify what aspects of permanent employment should be the reference points for equal treatment, nor whether the permanent employment was in the TWA or the client firm. Making such determinations was not an easy task in the European context. Some countries legally restrict the role of a TWA to offering temporary workers who are temporary employees of the TWA to client firms, while in other countries a TWA can in addition select, train, and hire permanent employees for their future employers. Consequently, the TWAs under these two different regulations are not the same businesses.

Further EU Actions to Standardize TAW Regulations

After the failure of the TWA negotiations, the European authorities decided to seek an agreement between EU member governments instead of employers and unions. The basis for this step was the prior declaration by the EU social partners of the principle of equality of treatment of temporary agency workers and permanent employees. In March 2002 the European Commission issued a “draft directive” on temporary work. It was studied and extensively amended by the European Parliament in November 2002. Although the general principle of

equal treatment was accepted, there was much discussion of the definitions of the comparable workers and the acceptance of the possibility of EU members being exempted or allowed to deviate from the principle (European Industrial Relations Observatory 2002).

The formal objective of the directive proposed in November 2002 by the Commission of European Communities is to ensure better working conditions for temporary workers. This directive defines TWA and TAW and the workers that will be covered. The Employment, Social Policy, Health and Consumer Affairs Council examined the directive in March and June 2003, but an agreement was not reached (European Industrial Relations Observatory 2003). According to the European Trade Union Confederation (2005), adoption of such an “essential piece of social legislation” is blocked by a minority of EU member states, namely: Denmark, Germany, Ireland, and the United Kingdom. Since then, nothing more has been done.

Differences in National Definitions of TAW

The major difficulty confronted in the EU discussions is that the national laws are very dissimilar and do not provide even a minimum basis for a common perspective on which an EU-level agreement can be developed. On TAW issues the situation is characterized by such significant heterogeneity between countries that regulations do not even use the same vocabulary. Recent changes in national regulations do not modify this general picture. There is no agreement on what is called “temporary agency work” and how is it specified relative to other forms of temporary work or even to standard employment contracts. Furthermore, there is no agreement on what is called a “temporary work agency” or how is it specified relative to other forms of services provided to firms or to the other forms of three-way relationships between an employee, an employer who has signed an employment contract with an employee, and another employer for whom the employee is working (e.g., service subcontracts or some workforce lending or leasing). Due to this lack of a common approach, the EU authorities’ proposals have been written in relatively vague language to avoid conflicts with the specific regulations of the member nations.

In some countries such as France, Germany, and the Netherlands, TAW is fully recognized as a specific employment relationship. In oth-

ers, the definitions and regulations are vague, and there are no clearly defined categories. Consequently, the available information on atypical employment and TAW is extremely diverse and of variable quality. The public debate at both the national and European levels over appropriate regulatory and collective bargaining approaches to TAW reflects the lack of accurate, high-quality data and standardized definitions of the activities being measured.

The 1999 EIRO survey indicated that there are three approaches to the definition of TAW in Europe: 1) TAW is not clearly distinguished from other forms of flexible work and therefore can be measured poorly at best; 2) TAW is determined solely by identifying the companies given the status known as a TWA; the temporary employment businesses thus are formally recognized, but their temporary employees are not; and 3) a defined legal status is given to both the temporary employment agencies and to the employees working for them, so TWA employment can be relatively easily measured.⁷ These approaches are discussed below for the countries using each approach.

No Distinction between TAW and Other Flexible Work

Temporary agency work is not clearly distinguished from other forms of flexible work in a few countries such as Finland, Ireland, and the United Kingdom. The lack of reliable quantitative data on TWA in these countries makes it difficult to determine whether this situation reflects a very small amount of this type of work in these countries or the lack of a precise definition that distinguishes TAW from other forms of employment, particularly other forms of temporary work. This data measurement problem can be illustrated by using the United Kingdom as an example. According to Morris (2002), the British Department of Trade and Industry reported 600,000 temporary agency workers in 2002 in the United Kingdom, contrasting markedly with two other reports. In spring 2002 the British Labour Force Survey reported 275,000 workers (Office for National Statistics 2002), while the Recruitment and Employment Confederation (REC) reported 1,336,699 workers (REC 2002).

There is no precise definition of TAW in any of the three countries. In Finland the contract binding a temporary employment agency to its employees is almost identical to the contract required by regulations

for temporary work. Irish regulations hardly intervene in the relationship between temporary work agency and the worker since the Irish worker has been considered an employee of the client company for a long time.

In the United Kingdom no unique status is granted to TAW. It depends on the same regulations as any temporary work regardless of whether workers are employed directly by the client firm or by the employment agency, or even are independent. This treatment of TAW reflects two factors. First, it is frequently the same company that acts both as an employment agency and as a temporary employment agency as the term is used in this chapter. No statutory regulation now distinguishes one activity from the other. As for the formal employment relationship itself, the courts must determine the employer to whom the employee is contractually bound: the employment agency or the client company. Second, temporary workers increasingly can be self-employed. This means that the agency is only a structure that manages administrative procedures associated with the employment of the temporary workers.

However, in the beginning of the 1990s the situation of TAW changed in these countries. For example, in 1994 Finland abolished the existing regulations on hiring, which distinguished between permanent and temporary employees. To provide some protection for workers, the responsibilities of a temporary employment agency and its client company were clarified instead. In 1993 Ireland acknowledged that temporary contracts could be renewed repeatedly, but left it to the courts in case of conflict to determine whether employer abuses were being perpetrated. Furthermore, the principle was established that a temporary agency worker was not employed by the client company. In 1994 the United Kingdom abolished the necessity of TWAs receiving a permit to do business, and later contemplated new regulations to acknowledge that an employment relationship exists between the employee and the “employment agency.” The Employment Relations Act of 1999 removed the prohibition against regulations which restricted employment agencies from paying temporary workers directly.

Defining Only Temporary Work Agencies

In some countries the presence of TAW is determined by a company status known as the “temporary work agency.” The prevalence of TAW

is determined solely by identifying the companies given this status. These temporary employment businesses are formally recognized, but their temporary employees are not. This pattern is quite frequent.

The TWA "status" is conferred by very different regulations in these countries, however, and usually is determined in one of two ways. The first is to issue a permit for the TWA. A company given the status of a TWA then becomes the basis for specifying the temporary nature of the employment relationship between the agency and the employees the agency sends for assignment to the client firms. The second gives a permanent contract to all employees of a TWA who are sent to an assignment. This permanent contract can be a specific one, or a standard one used for ordinary open-ended contracts. In this situation it is no longer the employment contract that separates TAW and other forms of employment but only the status of the employer. The principle of authorizing TWAs as employment agencies now seems established. However, the principle of a specific open-ended contract, or even a standard open-ended contract, being used for temporary agency employees seems to be losing ground, and is now less frequently used than before.

The different national approaches are illustrated by five countries: Spain, Germany, Norway, Austria, and the Netherlands. For example, in Spain TWAs have been legally recognized since 1994 and must be licensed by the state. The employee's contract can be either permanent or temporary.

Private TWAs in Germany are subject to the approval of the Federal Employment Department. Until 1997 TWAs were bound to their employees by a permanent contract, basically similar to any standard employment contract but the periods of work were for a strictly limited period. However, a succession of deregulatory measures in 1997, 1998, and 2003 abolished these limitations. Temporary employment contracts such as those lasting only the length of a particular assignment were introduced. For these contracts there was the possibility of reemploying temps three months after a first assignment, subject to the limitations of the common regulation of fixed-term contracts.

In Norway temporary agency work is only allowed for unskilled office or commercial work. Its regulation has established the principle of the permanent contract, but acknowledges exceptions for which employment contracts can be temporary. The number of these exceptions

has risen since 1996. Today a temporary contract is more often used by TWA than a permanent one.

The content of the contract of a temporary agency employee in Austria is prescribed by regulation. It is not required to be a temporary contract, but it must stipulate the level of pay, the duration of work assignment, the amount of notice required for job termination, the nature of the work, and the place of work. Thus, while no principle requiring temporary contracts applies, the content of the contract defines the work as temporary.

From the perspective of both the status of temporary employment agencies and the content of the employee's contract, recent Dutch developments are atypical. The "Flexicurity" and "WAADI" Acts passed in January 1999 in the Netherlands abolished permits for temporary work agencies and determined that the temporary worker is progressively bound as employment continues to the employment agency by a standard contract. This means that time thresholds determine in stages the increases in employee rights and wages. After 18 months at a single client firm or 36 months at various firms, the employment contract becomes a standard open-ended contract with the TWA. Storrie (2002) judges the new Dutch legislation as "rather innovative."

Defining Both TWAs and Temporary Employees

Finally, in France, Portugal, Italy, and Belgium, a clearly defined legal status is given to the temporary employment agencies. In addition, a special status differentiates their temporary employees from other temporary workers with ordinary fixed-term contracts and their permanent employees such as the staff of the agencies.

France has been one of the leaders in the development of TAW and its regulations since it was first regulated in 1972. Consequently, information on TAW is relatively plentiful when compared to many other countries. In France, the TWA is not an ordinary firm. Until the beginning of 2005, the provision of temporary employees hired and paid by the TWA had to be the only profit-making activity of the agency. However, a new regulation in 2005 allowed a TWA to perform as ordinary employment agency in addition to its specific TWA business. The TWA also is subject to two special obligations. First, the company must file statements to document a specified level of financial resources and

regularly provide the government with a full account of its activities. Second, a temporary employee of this type of company has a unique legal contract known as an “assignment contract” with prescribed content, accompanied by a set of extensive rules protecting the employee.

Some other countries have chosen similar approaches. In Portugal, TWAs must be licensed. Employment contracts are subject to specific legislation that stipulates the regulations of the three-way relationship. In Italy, TAW was forbidden until 1997. A law passed in that year authorized TAW for the first time and established the conditions for its use. The specific character of temporary work agencies was acknowledged. This legislation established a contract for temporary work that is drawn up between the TWA and the client company. In addition, special provisions were included that relate to the situation of temporary employees.

The legislation in Belgium defines the various forms of temporary work but appears to formally avoid defining a status for temporary employment agencies. However, the content required in a TAW contract is specified and known as “temporary for work on the premises of a third party.” However, TAW has been affected by the general trends in Belgium toward regulating all nonstandard forms of employment. These efforts toward formal regulations include extending the required length of an employment assignment; less monitoring of employers to verify that they are observing the required length of employment, particularly by union representatives; and improving social security coverage and ongoing training for temporary agency employees.⁸

This section has discussed how regulations have been used to clarify the three-way relationship specific to TAW. Even those countries pursuing labor market deregulation to extend the use of more flexible types of employment have developed regulations to provide a clearer legal framework and better social protection for temporary workers. Thus, nontraditional forms of employment may be regulated with the ultimate goal of deregulating more traditional forms of employment. But the result is the creation of a paradoxical situation: far from deregulated flexibility, more regulation is being introduced to increase the flexibility of the labor markets.

EMPLOYER AND UNION ORGANIZATIONS AND STRATEGIES TOWARD TAW

As discussed above, the temporary agency business in many European countries is a relatively new and poorly regulated institution. Consequently, it is not surprising that the relationships between TWA employer organizations and unions also remain relatively underdeveloped, and that collective bargaining in this sector is still evolving.⁹

In most EU countries TWAs are organized to varying degrees to create their own national employer organizations. Today in France, Luxembourg, Norway, and Portugal, there is one national employer organization. A single organization in France was created when two earlier organizations merged in 1998. In Spain and the Netherlands there are two employer groups. Employers are not organized in a separate association in only a few countries, such as in Sweden.

In contrast to employers' organizations, the organization of temporary agency workers in specialized unions is rare, as reported in the 1999 EIRO survey. The report on Italy is the only one that indicates that unions are exploring concerns related to separate unions for temporary workers. However, although union attitudes toward TAW are generally changing as the importance of labor market flexibility is acknowledged, unions remain largely hostile to TAW. It is this hostility that explains why unions favor bargaining with the client firm rather than the TWA, despite the fact that regulations identify the employer for the purposes of collective bargaining as the TWA instead of the client firm.

As a result of the relative lack of employer and employee organizations, the organization of industrial relations in the TAW businesses remains relatively weak. A number of TWAs are not covered by the agreement between sectoral organizations of the social partners. These TWAs conclude work agreements with their own work councils. Germany is one notable exception, however. An employer organization for the TWA businesses, the Unternehmensverband für Zeitarbeit e.V (UZA), was founded in 1969. The first collective bargaining agreement for TAW was signed in 1970.

Employer and Union Attitudes toward TAW

The relations between TAW employers and unions are fraught with tensions and conflicts that arise from the relatively recent growth in most countries of temporary agency work. All employers who are potential users of TAW understand the benefits of temporary employment. They now advocate flexibility in employment arrangements and appreciate the options provided by TAW for adjusting their labor force with fewer restricting regulations. In contrast, unions in all of the EU countries perceive the negative impact of TAW since it threatens the employment-related rights of the permanent employees. Temporary agency workers are paid less than the permanent workers, do not have equivalent social protection, and continue to be subject to employer “abuses.” It is easier for employers to hire and fire temporary agency workers than permanent employees, to hire temporary workers to replace strikers, and to fire temporary workers for minor causes without an appeal process.

However, the strategic objectives of employers and unions are not always antagonistic. Since TAW in Europe is often considered by workers as the worst type of flexible employment arrangement, employers in some countries have declared their willingness to limit abuses related to TAW and tried to improve the image of this work. For example, Manpower France declared its willingness to limit TAW abuses, which led to negotiations with unions before the first TWA regulation in France in 1972. Also, the public relations activities of French temporary work agencies seek to convince workers that TAW can be highly skilled and better paid employment, which can introduce a worker to a real career for life. They try to convince potential client firms that they can provide to them highly skilled and better selected people at a lower cost. Spanish employers also agreed to limit abuses, although they disagree with the unions over what should be done. Swedish employers complain about the poor quality of temporary agency workers. They consider better training a more pressing need than any change in the regulations. German employers also have focused on finding ways to improve the relatively negative image of TAW.

However, some progress has been made, as unions generally are no longer overtly hostile to TAW. This reflects either a strategic fallback position in the face of a *fait accompli*, or the recognition that it is better to work toward the improvement of social protections that fit the spe-

cial situation of TAWs. In some countries the unions now acknowledge the valid role of TAW. However, they retain the objective of providing a framework for this type of work, even if it is only to ensure that the uses of TAW remain within established limits. This is the case in the Netherlands, Denmark, and Italy.

Strategies for Compromise

The process of identifying common ground between employers and unions is not easy. However, appropriate strategies can create the conditions for compromise through collective bargaining between temporary employment agencies and unions, or client companies and unions.

France and Belgium are countries where some common ground has been found. French employers in the temporary agency industry called for standards to be adopted for TAW. Although historically the unions have long demanded a ban on TAW, they participated in the discussions. The 1990 cross-sector collective bargaining agreement, extended in the form of a law in the same year and still in effect today, deals with most aspects of the relationship between the temporary agency employer and its employees. A number of agreements in the client industry sectors relating to areas such as vocational training, safety and hygiene, and union rights have complemented this agreement. In Belgium, employers have declared themselves in favor of controlled growth for TAW. The unions within several client companies demanded long and renewable periods of temporary agency employment. However, they signed an agreement in 1997 supporting the principle that TAW is the best means for employment flexibility. This represents a major change in the attitude of the unions toward TAW.

In Italy, a cross-sector collective bargaining agreement quickly followed the enactment of the 1997 law authorizing TAW, even though differences of opinion between employers and unions delayed the passage of this law. The agreement seems to have been based on the notion that regulation by collective bargaining agreement is the only way to avoid inflexible labor markets, and that legislators should not be writing these regulations.

Even in the United Kingdom, the idea has begun to take root that some action must be taken due to the increasingly widespread use of the services of temporary work agencies. The concern is that the lack of

regulation may create conflict between the dual functions of TWAs of selecting and hiring permanent workers for their clients, and providing their own workers for temporary use by the client. This turnabout in the United Kingdom attitude is particularly interesting since it is the most hostile country in Europe to any employment regulation other than the protections against discrimination. However, no major reform has been undertaken yet.

In addition to negotiations between temporary agency employers and unions, collective bargaining in client companies also can focus on TAW at either the firm level or the cross-industry level. In Austria, France, Italy, and the Netherlands, negotiations have become more prevalent in both the client company sectors and temporary employment industry, and in Italy and France, even at the cross-sector level. In a few countries, such as Belgium, Denmark, the United Kingdom, and Luxembourg, negotiations take place almost exclusively, and sometimes totally, at the level of the temporary employment agency industry. Organization in Belgium is exemplary. Since 1987 there has been a jointly run employers and unions committee in the temporary employment industry, which is similar to the organizations used for other industries in Belgium. In Finland and Sweden, however, there is no negotiation at the temporary agency industry level; negotiations occur only at client company level.

THE REGULATORY FRAMEWORK: LAW AND COLLECTIVE BARGAINING

Temporary agency work is a form of employment that has appeared in Europe because it initially provided employers with a way to avoid the constraining regulations governing standard employment. Legislated and negotiated regulations on TAW were developed in response to limit the maneuvers of employers to cases in which exceptions to the standard of employment can be justified. As employer ingenuity found ways to increase the margin for maneuvering despite, or in parallel with, the law or collective agreements with which they are supposed to comply, regulations have been updated in an effort to reduce the margin for maneuvering, reduce the scope of abuses, and impose standards.

Temporary agency work and its regulation have continued to evolve over the past 10 to 15 years, but are not reproducing the traditional industrial relations models previously used in Europe.

A typology of three regulatory frameworks is commonly used in Europe. The first model is the Latin countries (the South), where the state imposes a large number of regulations which are not always properly obeyed. The second is the German-Scandinavian model (the continental North), in which regulation has historically imposed obligatory minimum standards. Finally there is the British model, largely influenced by the dominant free market theories of the 1980s and 1990s. In this model there is an almost total absence of regulation for TAW.

The following analysis of the national reports from the EIRO centers illustrates the limitations of these traditional industrial relations models when applied to the case of TAW because new employment trends are reducing the differences between the three models and thereby the relevance of such a typology. Negotiation no longer augments the legally enforced standards as was the usual historical function of collective bargaining in many countries. Instead, negotiation may, under some conditions, remove or challenge the advantages granted to employees under the law. The interesting question is what the regulatory model of the future will be.

The Latin Model

According to the Latin model, the state imposes many regulations, but they are not always followed properly. However, there have been no regulations for TAW for a long time, and the need for a framework has surfaced only in the last few years. This change occurred in a period when the Latin model had already been altered to some extent through negotiated regulation achieved through collective bargaining. Although almost unknown in the past, negotiated regulation has become to varying degrees an accepted practice in recent years. Italy and Spain are examples of this model, while Greece and Portugal are exceptions. The early and protective regulation of TAW in France is unique.

Italy is an excellent example of the change operating within the Latin Model. According to the 1999 EIRO survey, the late recognition of TAW in this country in 1997 is attributable to the deep-seated differences in the positions taken by employers and unions toward TAW. Two

collective bargaining agreements (one national across industries and the other national for the TWA business sector) were signed in 1998 immediately after this recognition. Compared to the provisions of the 1997 law, the negotiated agreements were more restrictive on certain points, such as the introduction of a maximum length for TAW assignments. However, the agreements were more flexible on other points, such as identifying new situations in which TAW can be used by a company and stipulating the rights of temporary employees. Thus, negotiation rapidly imposed its mark.

Spain has followed a pattern similar to that of Italy. Temporary agency work has been recognized in Spain by law since 1994 (with amendments in 1995 and 1997). Some unions refused any recognition of TAW. Others tried to limit the use of TAW to the strictly temporary needs of client companies or to give some special permanent contracts to temporary workers, and to provide better protections to workers. Employers recognized that abuses occurred. Finally, the collective bargaining agreements of 1997 and 1998 attempted to improve the regulation of TAW. These agreements were negotiated cross-sector and within the TWA sector, including one known as the state agreement, which was later changed into a law. The 1999 EIRO survey stressed that TAW remains a central theme of collective bargaining negotiations in Spain, but it is the subject of incessant dispute between employers and unions about the desired model of TAW.

Greece and Portugal are the exceptions to the Latin model. In Greece, as already noted, there is still no official acknowledgment of TAW either in legislation or negotiated agreements. The 1999 EIRO survey stressed that in Portugal TAW is regulated by a 1989 law. This legislation supersedes a collective bargaining agreement that has never been enforced. However, union participation is occurring now as part of the general public debate over the changes that should be made to the 1989 law.

France is a special case within the group of Latin countries due to its early and very protective regulation of TAW. Moreover, contrary to the reputation of the French government that regulates everything, regulations negotiated through collective bargaining have been part and parcel of the French legislative decisions for many years. Although the regulation of TAW in France is principally carried out by enacting legislation, on several occasions the law has only reviewed and modified

a number of the issues previously negotiated by employers and unions. For example, the first French law on TAW in 1972 was based largely on the previous provisions adopted by Manpower France. Again, in 1990, the government used the option known as “extension” in the French industrial relations system to confer legal status on the provisions of the cross-sector collective bargaining agreement for the temporary work business.

The German-Scandinavian Model

The principles of the German-Scandinavian model include minimum standards imposed by legislation with almost all additional regulations imposed by collective bargaining. This model is not any better suited to the field of TAW than the Latin model. Although Austria is still a good example of this model as applied to TAW, it does not fit the other countries well (Denmark, Norway, Sweden, the Netherlands, and Germany) due to one of two considerations. In some countries the law prescribes some limits and/or principles that significantly restrict the opportunities for collective bargaining negotiations on TAW. In other countries the current trend toward deregulation and increased flexibility in employment are changing profoundly the fundamental characteristics of the relationship between legislation and negotiation to the detriment of the former.

Austrian law carefully frames the work of temporary employment agencies. These agencies must have permits to operate and observe the obligatory content of the contract binding the TWA and the employee. A TWA sector-level collective bargaining agreement complements the law on pay issues. Moreover, the collective agreements of many client companies deal specifically with the issue of TAW. The primary concern is the requirement that temporary work agency employees must be recruited on permanent contracts.

In contrast, TAW in Norway is an excellent illustration of how the legal framework significantly restricts the opportunities for collective bargaining negotiations on TAW, thereby deviating from the German-Scandinavian model. The 1999 EIRO survey emphasizes that a wide margin has developed in Norway between the laws which establish legal principles and bans on activities so that TAW is strictly regulated, relative to the actual practices of the client firms. Probably for this rea-

son, TAW is as widespread in Norway as in many other EU countries, and now accounts for 2 percent of the labor force. The EIRO survey observes that collective bargaining seems to have neglected TAW since this sector is not yet covered by a collective bargaining agreement. However, TAW does not seem to be the subject of any significant dispute. With no information available on disputes, the report can only theorize that issues related to TAW are discussed in the in-house negotiations with the client companies.

The case of TAW in Denmark illustrates a change in the relationship between legislation and negotiation. Prior to 1990, the regulation of TAW was carried out by legislation. The law only allowed TAW in a few industries (retail and office work) and only licensed temporary employment agencies were allowed to handle it. In 1990 both sets of restrictions were lifted. Subsequently collective bargaining has grown rapidly in the newly opened industries.

Curiously, the regulation of TAW in Germany appears to be a bad example of the German-Scandinavian model. Regulations in this country have undergone a rather stormy passage. The first and only collective bargaining agreement ever reached on TAW dates back to the 1970s. The principle of a permanent contract binding a temporary employee to the TWA was laid out in the first piece of legislation in 1972. In 1989 the collective bargaining agreement was not renewed. In 1997 statutory constraints were greatly relaxed. At present temporary employees still are not covered by a collective bargaining agreement and remain outside the participation system which regulates all the German industrial relations.¹⁰

In the Netherlands the model of a complementary relationship between laws and negotiation is apparent. A law passed in January 1999 altered the legal framework by removing any specific definition of TAW, requirements to license temporary employment agencies, and the need to acknowledge the temporary nature of the employment contract. However, TAW has been the focus of a high degree of negotiation between temporary work agencies and unions, client companies and unions, and employers' associations of temporary work agencies and associations acting on behalf of client companies.

A similar scenario to that of the Netherlands occurred in 1991 in Sweden, when the sector called "workforce rent" was deregulated. Since the deregulation collective bargaining in Sweden has devoted

more attention to TAW. For example, the local union must approve the hiring of any temporary staff, including temporary agency workers. The union also must participate in a discussion of pay between two assignments for temporary agency workers. However, this is not as radical as in the contemporary Netherlands. Despite deregulation the Swedish law still guarantees temporary agency workers some minimal protection. Examples include the possibility of being hired on a permanent contract by the client company, and prohibiting a client firm from asking its employees whose fixed-term contracts have just expired to return to work as temporary employment agency workers. The current debate primarily is focused on the possible introduction of a system of licensing by an independent authority for temporary employment agencies.

The British Model

The British model is still in effect in the United Kingdom, even though the current administration is said to be thinking of regulating the employment contract by binding the employee and the “employment agency.” Since there are only a few regulations of employment relationships in the United Kingdom, and above all of TAW, firms do not have to use any innovative practices to avoid the prescriptions of the legislator.

RULES GOVERNING THE USE OF TAW AND THE PROTECTION OF EMPLOYEES

The discussion in the previous section focuses on the differences in the policy approaches used to control the use of TAW. They typically involve the joint use of legislation and collective bargaining agreements in various combinations determined by the national industrial relations systems of each EU country. In this section the discussion is focused on the key aspects of TAW that legislation or bargaining seek to regulate.

In addition to the rules that control the business of TWAs such as the requirement to have a permit to operate, the regulations control the use of TAW by client firms and provide some social protection to the temporary employee. There are four main types of regulations:

those that 1) control the length of TAW contract; 2) define the employment situations in which user firms can ask for workers from agencies; 3) require parity in the conditions of employment and pay between temporary agency workers and permanent workers doing the same work in a client company; and 4) grant union and representation rights to temporary agency workers in the client company and/or in the temporary employment agency, and regulate union and representation rights to ordinary employees and union representatives in the client company when temporary agency workers are present.

Table 9.3 presents a brief overview of the key regulated aspects of TAW. It can be observed that a deep gulf divides the countries that have deregulated TAW to varying degrees (in some cases, almost completely as in the United Kingdom) and those that are maintaining or even strengthening the legislative or negotiated framework.

Permitted Use of TAW, Contract Length, and Parity

Many European countries (Belgium, France, Italy, Luxembourg, Norway, Portugal, and Spain) always control TAW in the first three key aspects simultaneously. Therefore, regulations determine the maximum length of assignment for which a worker is hired, the circumstances in which temporary agency workers can be used, and the principle of parity in conditions of work and pay between TAW and permanent employees.

As discussed above, when TAW was legally introduced in Italy, it was with strict control of TWA businesses. The Italian law did not set any limitation on the length of assignments. However, two 1998 collective bargaining agreements limited both the use of TAW and the length of contracts. One contract that covered the TWA businesses determined that TAW could be used only in case of an absence of an employee, to provide skills that are not present within the client firm, or for any other reason negotiated through collective bargaining. The other contract was the April 1998 national multi-industry agreement. It identified which reasons are acceptable to use temporary agency workers: to provide coverage in periods of additional workload, skills not present on the labor market, and employees who could perform specific tasks that could not be performed by an employee of the firm. Contract length, includ-

ing four renewals, was limited to 24 months. Other regulations required parity with permanent employees.

Since TAW was first regulated in 1972, in France the regulations have been relaxed or strengthened in response to the interest of the political majority and new choices of collective bargaining. For example, a 1990 change reintroduced a list of authorized uses for temporary agency workers which had been suppressed a few years earlier. The list limited the use to the replacement of an absent employee, the replacement of a departing employee when the job must be filled only temporarily, filling a position until a new permanent employee arrives, handling a temporary additional workload, and completing tasks defined as temporary "by nature." Temporary agency workers thus cannot be used to do the standard work of the firm, to fill core permanent jobs, or to replace strikers. The standard length of assignments is limited to 18 months, including renewals. The length of the contract must be indicated in a written contract between the employee and the employer. In some very specific situations, such as those that arise when the end of the work assignment cannot be determined at the time the contract is written, the contract can be left open-ended. However, in these cases, the written contract must indicate a minimum length for the assignment. Parity with permanent workers is formally required. In this context, the recent 2005 change is often considered a "revolution." Some new uses are authorized, which are not defined in terms of user firm needs, but in terms of worker profile: to contribute to employment policies, it is authorized to use temporary agency work for people with very low employability.

If controls are present generally in all the three areas simultaneously, there are countries where they may be very strict in some area or concerning some specific situation and weak in another. For example, in Belgium the maximum period of time for which temporary agency staff can be employed varies greatly. Temporary agency work contracts are limited to 15 days if the employee is covering for a permanent member of staff, or 12 months with possible extension for a further six months if there is an increase in company workload. Compared to Belgium, Italy with its maximum of a 24-month period and four renewals (see above) is the complete opposite.

For continental Europeans, it is not surprising to observe that the United Kingdom has no regulations stipulating a maximum length of

Table 9.3 Regulation of Key Aspects of Temporary Agency Work

Country	Regulation of maximum length of TAW contract	Restrictions on use of TAW (permitted uses)	Parity with permanent workers	Exercise of union/representation rights for TAW workers
Austria	None	Very few	Yes	No special provisions
Belgium	15 days–12 months (including renewal) depending on circumstances	Significant (replacement of employee, temporary increase in workload and special work)	Yes	Mainly in agency
Denmark	None	None	No (only by CB in some sectors)	No special provisions
Finland	None	None	No	No special provisions
France	Usually 18 months (including renewal), but 9 of 24 months in some circumstances	Significant (replacement of employees, temporary increase in workload and inherently temporary work), specific workforce groups (very low employability)	Yes	Mainly in agency
Germany	None	Very few	Introduced in the 2003 legislation, can be suppressed by CB	Divided but mainly in agency
Greece	None	None	No	No special provisions
Ireland	None	None	No	No special provisions

Italy	24 months (including 4 renewals) by CB	Significant (replacement, special skills, or—by CB—for workload peaks, specific tasks/skills)	Yes	Divided but mainly in agency
Luxembourg	12 months, including 2 renewals	Significant (specific, non-permanent jobs, not part of enterprise's normal activity)	Yes	Divided but mainly in agency
Netherlands	None	Very few	Yes	No special provisions
Norway	None	Significant (replacement, seasonal work and unpredictable, short-term changes in activity—exceptions by CB)	No	In agency
Portugal	6–12 months	Significant (replacement, temporary increases in workload, and short-lived seasonal tasks)	Yes	In agency (user company after 2 years)
Spain	No maximum in some cases, 6 months in others (up to 18 months by CB)	As for other temporary work (replacement, specific work, market circumstances, temporary increases in workload)	Yes	Mainly in the user company
Sweden	None	None	No	In agency
UK	None	Very few	No	No special provisions

NOTE: CB = collective bargaining

SOURCE: 1999 EIRO Survey (reproduced from EIRO [2000]).

contract, rules on parity, nor constraints restricting the activities of “employment agencies” to specific employment situations in which they can be used. Existing regulations only impose the principles of racial and sexual equality, and equal opportunities for the disabled and union members, for every type of employment contract.

It is more surprising to observe the same absence of regulations in Finland, Sweden, Denmark, and the same exception for parity. In Denmark, for example, collective bargaining agreements in industries using agency workers include rules on wage parity. In Sweden, wage parity is not one of the basic principles enshrined in law, but temporary agency workers have the right to the same safety and hygiene conditions as permanent staff.

Two countries have recently relaxed their regulations: Germany and the Netherlands. Prior to 1997, Germany required open-ended contracts between an agency and temporary agency workers, and restricted TAW to a list of formally defined uses. In 1997 fixed-term contracts were introduced. These contracts must have exactly the same length as the assignment in the client firm, and maximum length of the assignment was increased from 9 to 12 months. Furthermore, the use restrictions were eliminated.

The Netherlands abolished maximum length limits on contracts in 1999. At the same time the employment contract for TAW was transformed into an open-ended contract after an employee worked for 26 weeks for the same client company. Also, the regulation determining the content of every standard employment contract, whether fixed-term or open-ended, was changed. The dismissal procedure for the open-ended contracts was relaxed. Furthermore, the existing regulations on parity were maintained.

It is difficult to evaluate these changes in Germany and the Netherlands. It is not clear whether they represent deregulation or a change in the regulation of TAW (see Storrie 2002, p. 17).

Unions' Effects on Key Aspects of TAW

The regulation of TAW within a country depends on the political and social power relations and the features of the national labor markets. Predicting the union and representation rights for temporary agency workers within a country is difficult due to several consider-

ations. First, weak, nonexplicit, and poorly formalized regulation of the conditions of TWA does not mean that unions are without any power against possible abuses by employers. It can be the opposite: union control balances the weakness of formal regulations. In Sweden, for example, where the constraints on the use of temporary agency workers are minimal, the request for temporary agency workers must be approved by employee representatives in the client company. Belgium, which otherwise imposes much more constraint, is the only other country where the agreement of employee representatives is required. In a small number of other countries, such as Germany, Italy, Norway, and Portugal, union agreement is not required, but employee representatives must be informed. In the other countries, whatever the regulations of the use of TAW—whether very detailed and strict, minimal, or no control—employers have no obligation to inform unions or employee representatives of the use of temporary agency workers.

Second, powerful unions and strictly controlled TAW do not necessarily imply either specific unionization or representation rights equivalent to those of every ordinary employee. Union rights of temporary agency workers are not always recognized. And where they are recognized, this may be within the temporary employment agency, as in France, Luxembourg, and Norway, or within the client company, as in Sweden and Italy. In Germany, temporary agency workers cannot vote or stand for election to representative authorities, but may take part in meetings and consult employee representatives in their company. In Italy, the right to engage in union activity does not prevent temporary agency workers from being excluded from calculations to work out the number of seats granted to employee representatives within the user firm or the appropriate unit of the user firm.

Finally, there is little correlation between the existence of regulations on the maximum length of employment, the circumstances of the valid use of temporary agency staff, and the principles of parity on the one hand, and the recognition of temporary agency workers' union rights and the role played by the employees' representatives on the other. It can be hypothesized that the more powerful unions are, and/or the tighter the labor market conditions, the more regulation of temporary agency work can be expected. However, this hypothesis has not been empirically tested.

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

This chapter has provided an overview of the development of TAW in the EU. However, it also has shown how large the differences in TAW are between the EU members and how difficult it is to make comparisons within the EU. Additional comparative research therefore will help us to better understand TAW and its contributions to improving labor market flexibility.

The history of temporary work agencies is highly variable within EU: some are relatively old businesses as in France, while others are very recent businesses as in Italy where TAW was authorized only a few years ago. In some countries TAW is highly regulated and strictly controlled by national legislation and collective bargaining, while in others, such as the United Kingdom, it is relatively unregulated. Even if the present dynamics suggest some convergence to more deregulated TAW, no really common definitions of TAW are used throughout the EU.

The widely varying status and regulation of TAW in the EU member states are closely linked to and dependent on those of standard employment relationships, which remain as different from one EU member to the other as those of the TAW relationships. Due to these significant cross-national differences, it is not surprising that any solid agreement at the EU level about TAW issues, even the principle of parity between temporary agency workers and permanent employees, remains illusive.

Today European labor markets are trapped between two contradictory dynamics. One set of increased pressures is working for a deregulated labor market at EU member states level. This is being countered by the increased necessity to provide some regulation at the EU level to avoid social dumping from unregulated countries, especially the new EU members from Eastern Europe.

Only one trend has emerged that allows us to predict the directions in which TAW will evolve in the future: new employment relationships are being tested by EU members as ways of making European labor markets more flexible and adaptable to the changing economic forces of the global economy. Temporary agency work is one of these new relationships; it presently represents something like a social laboratory

in Europe. It can be expected to be an important issue at the heart of collective bargaining in Europe in the foreseeable future.

Several topics will provide useful insights to guide future developments in EU-level employment and industrial relations policies. First, in-depth national case studies will provide useful insights into the forces resulting in changes in labor market institutions. The cases should discuss the recent trends in the development of temporary agency work and the contribution of TAW to greater labor market flexibility. Second, more information is needed about the best way to regulate TAW. Conducting and comparing in-depth case studies in countries with different approaches to TAW will provide useful insights into the optimal policies for national regulation. Third, because at present only part-time and fixed-term contracts are measured by European surveys, while TAW is not, case studies will provide the knowledge needed to design statistical surveys to collect better comparative data on TWA and the other nonstandard employment arrangements that provide employers with options for better numerical flexibility. Fourth, national comparative case studies of the strategies of employers' organizations and unions will provide better information on issues related to the future of TAW. Specifically, it is necessary to understand why the national employer organizations did not succeed in harmonizing their positions at the European level and the implications for future harmonization efforts.

Finally, at present TAW remains primarily low-skilled jobs. However, two changes have been observed that may affect the future directions of the development of TAW. First, it has been observed in many countries that temporary work agencies are beginning to prospect labor markets with better qualified workers, but we do not know whether this is a new strategy in all European countries. Second, TAW is primarily present in the industrial sector in some European countries and in the service sector in other countries. It is not clear whether there is any convergence occurring between the European countries that will reduce these differentiations between European countries or whether such changes should be anticipated. Comparative case studies and comparative statistical surveys can be used to answer these questions.

Notes

1. The defining characteristic of TAW is the three-way relationship between the employee (the temporary agency worker), the company called the “temporary work agency” (the employer in most of the national legislation), and the client firm (the user of the employees of the temporary work agency). See Gonos (1997, p. 105) for further discussion of this relationship.
2. From 1990 through 2004, the seasonally adjusted unemployment rates in the EU-15 (the members prior to May 1, 2004, when new members were accepted) ranged from a low of 7.4 percent in 2001 to high of 10.5 percent in 1994. During the same period in the United States, the unemployment rate ranged from a low of 4.0 percent in 2000 to a high of 7.5 percent in 1992 (Bureau of Labor Statistics 2005a,b).
3. The Statistical Office of the European Communities (EUROSTAT) is the official institute for processing and publishing comparable data at the EU level. The statistical agencies of the EU member countries collect the data, but EUROSTAT works with them to define common data collection methods. EUROSTAT then consolidates the data and adjusts the data as needed so that they are comparable.
4. National estimates that are not based on a standardized definition of TAW cannot be used for any serious international comparison.
5. A summary of the study is available at the following Web site: http://www.eurofound.eu.int/working/tempagency_new.htm, updated December 2002. The summary presents the main findings and conclusions from Storrie (2002). The report is based on 15 national reports commissioned by the European Foundation for the Improvement of Living and Working Conditions.
6. Specifically, an industrial relations system for the EU is only beginning to emerge, and is in the very early stages of development. Many difficulties arise due to the fact that the national industrial relations systems are organized very differently, with varying rules for unions and different levels and competencies in collective bargaining.

The Union of Industrial and Employers’ Confederations of Europe (UNICE) on one side and the European Trade Union Confederation (ETUC) on the other are the main representatives of the national organizations and confederations for Europe-wide collective negotiations. Note that only confederations rather than the unions or associations themselves are represented in this organization of EU-level collective bargaining. Also, all of the national confederations of trade unions are not represented in ETUC. For example, one of the largest unions in France, the Confédération Générale du Travail (CGT), was not a member of ETUC until a few years ago. Furthermore, newly created national unions and confederations rarely are represented.
7. The one notable exception to these three categories is Greece. In this country even regular work is not formally defined, so there is almost no information

about the different forms of employment. However, TAW is known to exist in Greece.

8. In Europe, depending on the country, social security refers to benefits such as illness coverage and pension contributions as well as employment security and unemployment benefits.
9. There are three possible levels for collective bargaining on TWA: 1) the level of the actual TWA business when it exists in a specific sector depending on the rules of each country, 2) the level of client firms (each client sector or level of users of any sector), and 3) the cross-industry level including the TWA business and the client business.
10. The German participation system allows unions to be part of the decision system of the firm.

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