

# FLEXICURITY AND TEMPORARY AGENCY WORK

## an international comparative study on organizational practices and consequences on employee wellbeing

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ITN CHANGING EMPLOYMENT THEME 3: EMPLOYEE WELLBEING AND WORK LIFE QUALITY

### Background

*Flexicurity* is the employment policy for creating more and better jobs, modernizing labour markets, and promoting good work through new forms of flexibility and security to increase adaptability, employment and social cohesion (European Commission, 2007). Employers' need for flexible workforce should be reconciled with workers' need for security through a combination of policy measures tailored by each member state through social dialogue:

- flexible and reliable contractual arrangements
- comprehensive lifelong learning strategies
- effective active labour market policies
- modern social security systems

*Temporary agency work* (TAW) with its triangular employment relationship can be seen as a measure for achieving flexicurity. In TAW, employers are provided with the benefit of numerical and/or functional flexibility while the resulting job insecurity for employees is compensated by a mix of other securities - successive placements through a work agency and gained work experience contribute to future employment security for example. In regulatory context, TAW balances between services, social and employment regulation and under the 'umbrella' of EU directives a mix of standard-setting and enforcement practices exist in their national regulatory regimes that together with local collective bargaining mechanisms create very different environments for TAW, leading to a variety of possible strategies and outcomes for organizations and individuals.

*Work Life Quality and Wellbeing in Temporary Agency Work in previous research*

- higher exposure to workplace risks when compared to permanent workers
- inherent conflict of interest between safety and business, unclear employer responsibilities and high risk for exposure to physical and psychosocial hazards
- high pressure to perform to 'earn' next/permanent placement coupled with insecurity
- status of the outsider challenges social values such as trust, support and mutuality
- risk of downward pressure for work quality for direct-hired employees.

### Project aim

**Understanding how does the practice of temporary agency work as 'the model of flexicurity' shape the work life quality and wellbeing of both agency workers and their user firm colleagues at workplace level.**

Theoretically, the project contributes to the discussions around *work life quality* and its objective and subjective dimensions in the 'era of flexicurity'.

The flexicurity framework (Wilthagen & Tros, 2004) carries an implicit understanding that a combination of the four dimensions of security can be sufficient to ensure decent work in the face of flexibility expected from employees. Taking this as a starting point, the current project explores the impact of work flexibilization by the example of TAW on a wider range of work life quality dimensions (Gallie, 2007, Standing, 2009, Munoz de Bustillo et al, 2011) as well as its consequences for employee *wellbeing*.

### Research questions

1. Are temporary agency workers at higher risk in terms of health and safety at the point of production when compared to direct-hired employees and what are the relevant mechanisms.

- How do organizational strategies and practices affect OHS for temporary agency workers?
- What is the role of trade unions in shaping the working conditions for temporary agency workers in these two cases?
- If, how and why do these mechanisms differ in the Swedish and Polish case? Can the similarities or differences be explained by organizational, national or EU level context of policy and practice?

2. How the practice of temporary agency work affects social integration and social support patterns in a user firm for both agency workers and firm's direct-hired employees.

- If and how does the social integration of temporary agency workers differ from that of permanent and temporary staff directly hired by the host organization?
- If and how do the patterns of perceived and received social support differ for temporary agency employees when compared to permanent and temporary staff directly hired by the host organization?

c) How do the similarities and/or differences differ in the two cases and how can these be explained by organizational and national context?

d) If and how are the possible differences in social integration and support patterns associated with individual wellbeing.

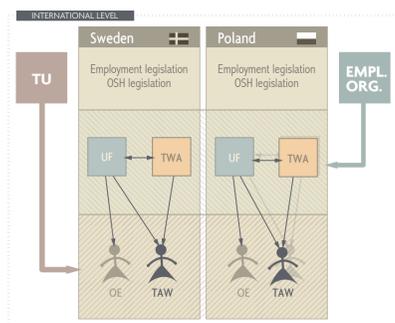
3. How the use of temporary agency workforce impacts work life quality for workers of a high-performance work organization, both for direct-hired employees and temporary workers.

- Does the presence of temporary agency workers enhance or harm the job quality of direct-hired workforce?
- Are there differences between the cases of Sweden and Poland and how can these be explained?

### Research design

The mixed-methods multi-level study aims to triangulate data from national, organizational and individual level to understand the drivers of work life quality for blue-collar workers at a multinational production company (MNC) with global HR policies that profiles itself as a high-performance work organization, the 'top employer' in its sector in Sweden and Poland.

Data is collected through documentary analysis, qualitative interviews and quantitative questionnaire survey.



*Documentary analysis* is used to investigate regulatory regimes that shape working conditions of temporary agency workers in Sweden and Poland, paying attention to standard-setting and enforcement activities of both state and non-state actors (including social dialogue).

*Semi-structured expert interviews* are carried out in the two subsidiaries of the MNC in the two countries to investigate practices at organizational level. This is supplemented by review of organizational policies and records.

*Quantitative questionnaire survey* focusing on aspects of work life quality, occupational health and safety, social integration and subjective wellbeing is administered to all production workers in the two cases. In two departments of the Swedish case, an additional element aimed at investigating work-related advice and support networks by social network analysis approach (SNA) is used.

### Preliminary findings

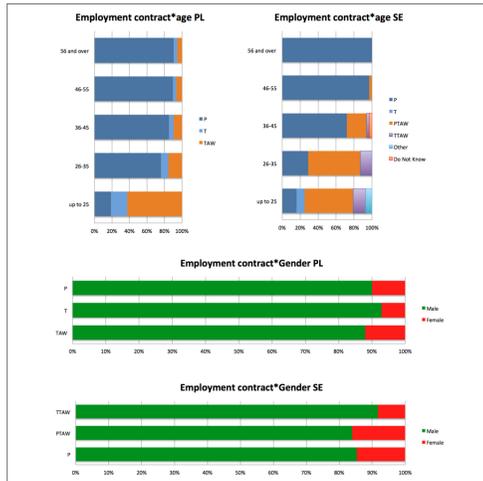
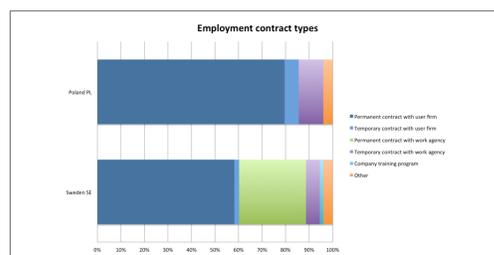
Poland

- 1215 questionnaires distributed to all production employees, 497 responses collected (RR= 41%)

Sweden

- 228 questionnaires distributed to all production employees, 203 responses collected (RR= 89%)

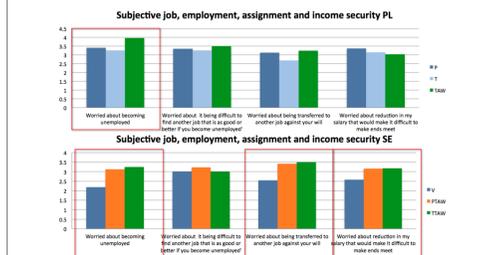
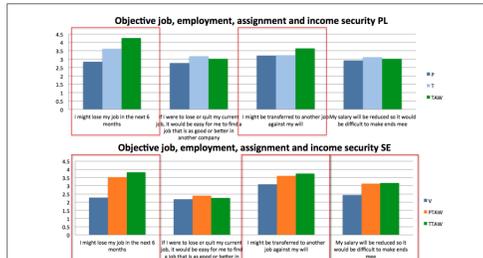
Preliminary descriptive results from survey are presented below with comments on organizational and national context.



- 3 main types of employment contract in PL: direct-hired permanent (P), direct-hired temporary (T) and temporary agency workers hired on temporary basis (TAW)
- 3 main types of employment contract in SE: direct-hired permanent (P), temporary agency workers hired at permanent (PTAW) and temporary (TTAW)

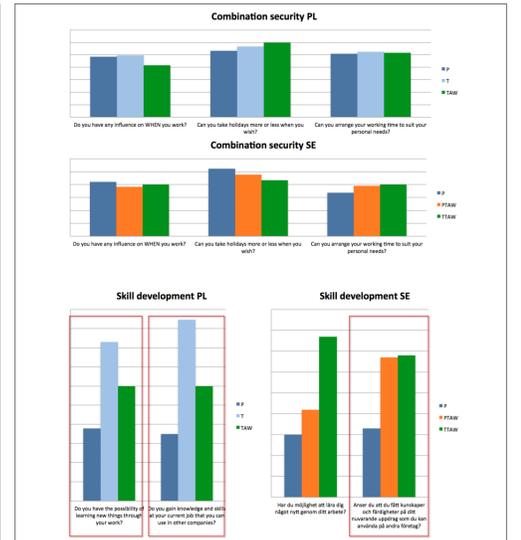
*\*The relatively restrictive statutory legislation in PL only allows temporary contracts for agency work while TAW in Sweden is considered as any other form of employment where open-ended contracts are the norm and sectoral collective agreements set working conditions.*

- Threshold for % of agency workers agreed with trade union in PL, no limit agreed in SE.
- TAW used by user firm as an intermediary step for direct hiring, though in reality chances of direct contract are slim in both cases. In PL only temporary direct-hire contracts are offered when threshold is exceeded and in SE first permanent direct-hire contracts were offered to few agency workers in 2015 after a 5-year break in direct hiring.

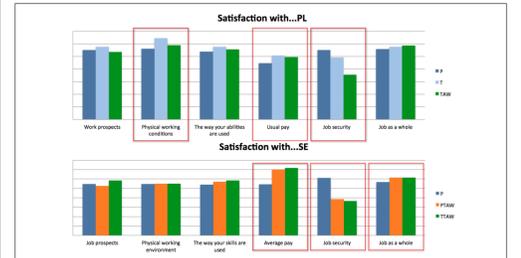


- In both countries, agency workers consider their risk of losing their job and being transferred to another job involuntarily significantly higher than direct-hired employees.
- Additionally in SE, agency workers on both contracts considered it more likely to have their wage cut so that it would lead to financial difficulties.
- In PL agency workers' responses reflected subjective job insecurity but they were not worried about being reassigned on their job. In SE agency workers perceive significantly higher job, employment and income security when compared to direct-hired employees.

*\*While in PL employees are hired for certain assignment in the company, in SE the agency workers are re-assigned between different user firms.*



- In terms of skill development, direct-hired temporary workers estimated their chances to learn new things at work significantly higher than permanent workers while in Sweden the differences were statistically significant only for skills that could be transferable to other companies. There were no differences in satisfaction on how employee skills were used in both cases.



- In both cases, direct-hired permanent employees were least satisfied with their pay and in the case of SE, they were also least satisfied with their job as a whole.
- In both countries, temporary agency workers were least satisfied with their job security.

*\*In SE, the sectoral collective agreement ensures waiting pay between assignments as well as average pay at the workplace.  
\*Wage negotiations with local TU were ongoing in PL during the survey period.*

Data analysis to be continued...

### Implications

This project aims to fill the gap in research regarding multi-disciplinary international comparative analysis on national flexicurity systems and how the employment practices inspired by flexicurity are designed, implemented and maintained, considering also the effects on work life quality and employee wellbeing.

Given the continuous popularity of flexicurity policies and the bias of these towards flexibility at the expense of security, there is a need for evidence-based studies on mechanisms and consequences of these trade-offs for individuals and organizations. The results of this study could be useful in policy design at both organizational and national level for achieving the objectives of flexicurity – improved social cohesion and better jobs for employee wellbeing.

