

Temporary work agencies and the professionalization of flexible staffing in client organizations

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TNO | Knowledge for business



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The context – flexible contracts in the Netherlands

- Structural use of flexible contracts:
 - 2008: 74% of companies make use of flexible contracts
 - 2008: 20% of labour force within organisations flexible contract, expected growth to 25%
 - 2009: 56% of companies has cut personnel costs due to the crisis, mainly by no longer hiring flexible workers
 - However: expected growth in flexible staff in future (49% of companies foresee growth, 43% stable)
- Mainly ad hoc hiring practice: an example - case
 - 5000 employees, 60 million euro flexible staff (20%)
 - Old situation: ad hoc hiring practice – **inefficient and costly**
 - No long term HRM for flexible workers – **waste of talent**

Research Questions

1. How do temporary work agencies contribute to the optimization of the employment relationship?
 - Challenges in handling employment for client organisation
 - (Structural) contributions by temporary work agencies possible?
2. Challenges for organization and management of flexible employees
 - Involvement functional units client organisation (Procurement, HR, Operations, Finance)?
 - Tensions in professionalization process?

Research method

Case study - 1

- food industry (2)
- energy sector
- bank
- private services (2)
- logistics
- aviation
- municipality
- technical personnel

Case study - 2

- retail trade
- infra management
- bank/insurer (2)
- automotive (2)
- municipality

Interviews with managers:

- temporary work agencies (account managers, local agents)
- client organisations (HR, procurement, operations)

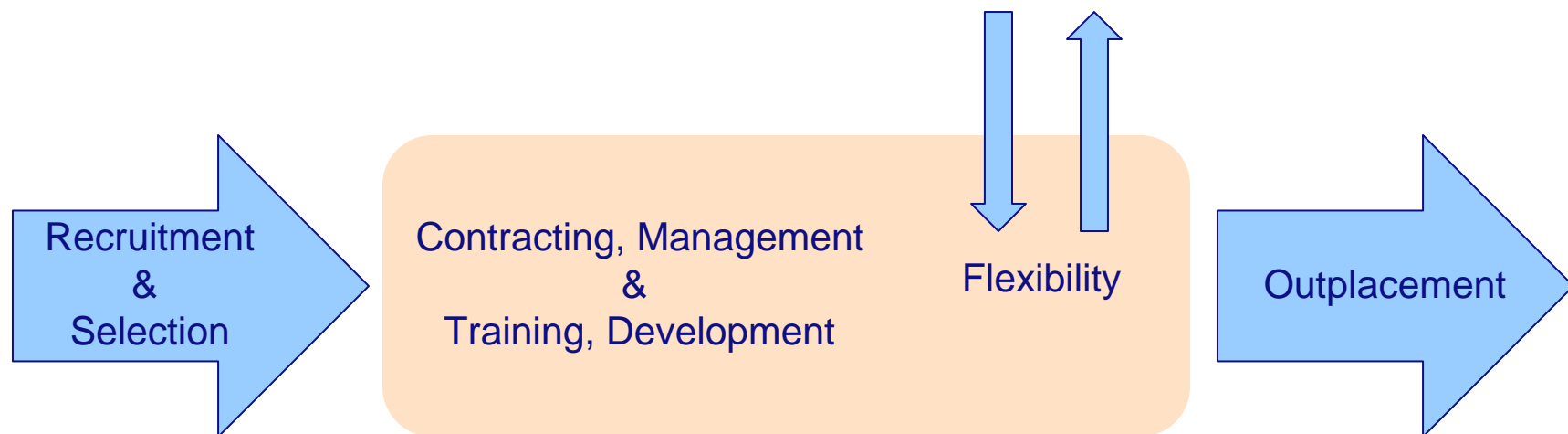
Cases provided by (1) TWA because of 'innovative aspects' or selected by (2) TWA and TNO because of long term contracts

1: How do temporary work agencies contribute to the optimization of the employment relationship?

- Handling of the employment relationship
- HR Roles

Handling of the employment relationship

Where do we find structural support temporary work agencies?



HR roles

Where do we find structural support temporary work agencies?



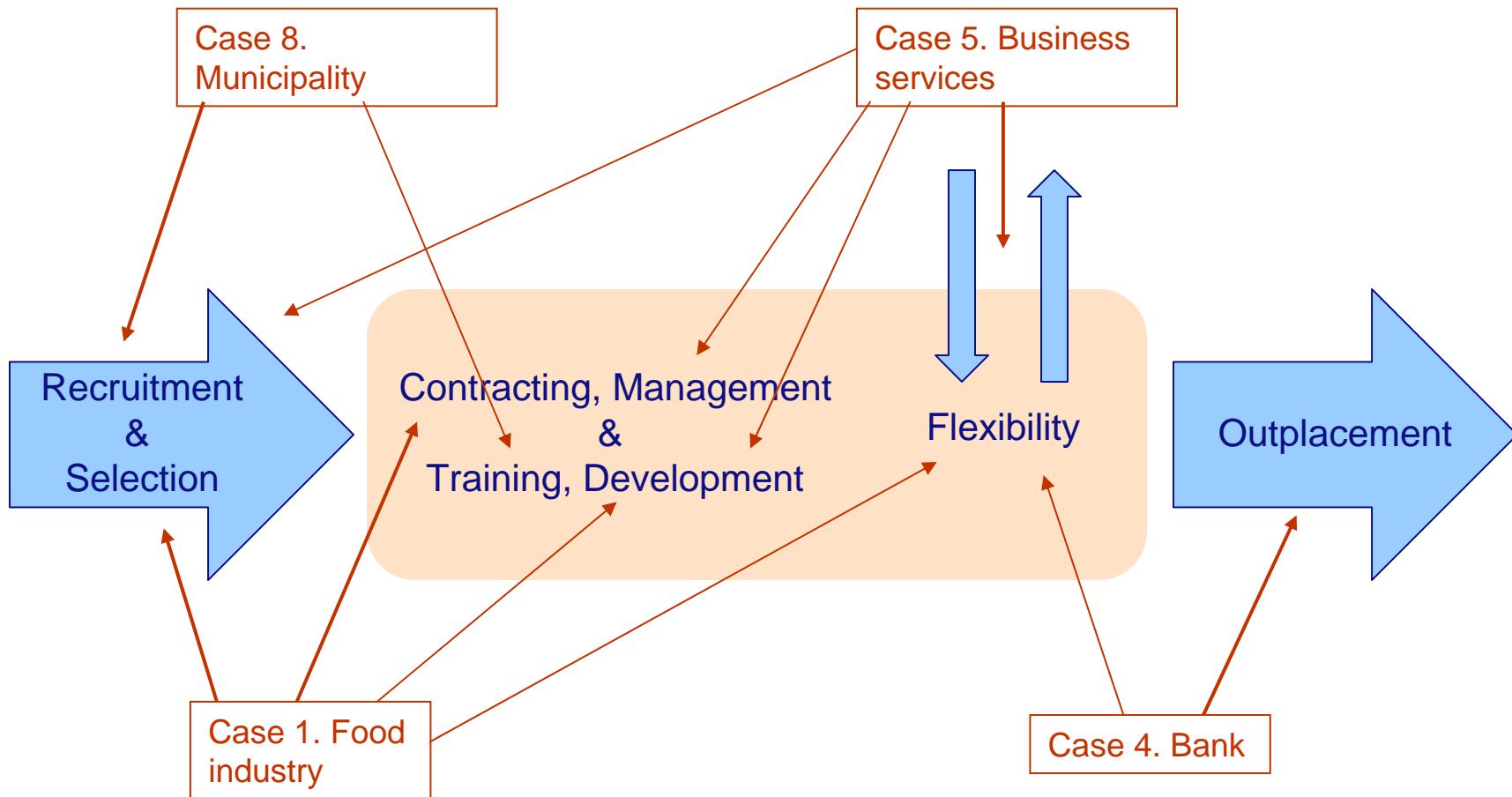
Source: Ulrich, 1997

Case study 1 – some examples

	Reason	Form of cooperation	Benefits for organization	Benefits for employees
Food industry (1) (production personnel)	Cost saving, efficiency need, risk for continuity of location, inefficient use of flexible staff	TWA in house, responsible for (all) personnel planning and development	15% cost reduction, 10% less hiring hours, multi-skilled personnel	Better use of qualities, broader job content, more training abilities
Bank (4) (all personnel)	Surplus of personnel, Slow and ineffective outplacement programme	Cooperation with 30 providers of flexible labour, internal and external market place and volunteer work (ICT system)	Improvement of internal and external mobility	Increased labour market chances
Business services (5) (reproduction personnel)	High flexibility demand, Inefficient deployment of personnel over locations, cost saving	TWA in house, partnership in improvement of all HR processes and personnel flexibility	Continuous improvement of efficiency and quality, higher productivity	More personal attention, retention plan, career supervision
Municipality (8) (technical personnel)	Recruitment problems, low image local authority for technical jobs	Traineeship set up by local authority (job), engineering firm (coaching) and TWA (contract)	Well educated and guided staff, better control over inflow of personnel	Personal development and training

Handling of the employment relationship

Where do we find structural support temporary work agencies?

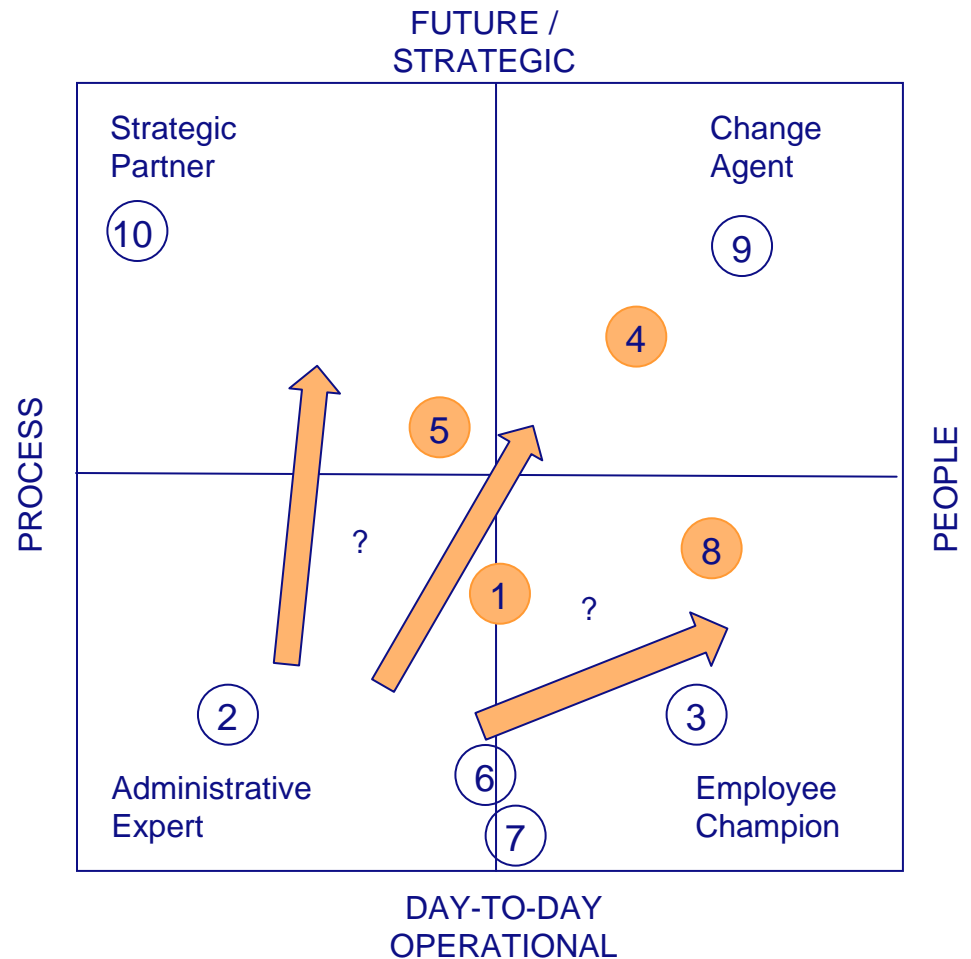


HR roles

Where do we find structural support temporary work agencies?

FINDINGS FROM THE 10 CASES (1):

1. In-house in production (food industry)
2. Recruitment Process Outsourcing (food industry)
3. In-house in call centre (energy sector)
4. Outplacement (bank)
5. Optimal flexibility (business services)
6. Joint venture (logistics)
7. Flex-unit (aviation)
8. Improving capabilities of technical personnel (municipality)
9. Education (technical personnel)
10. New business (business services)

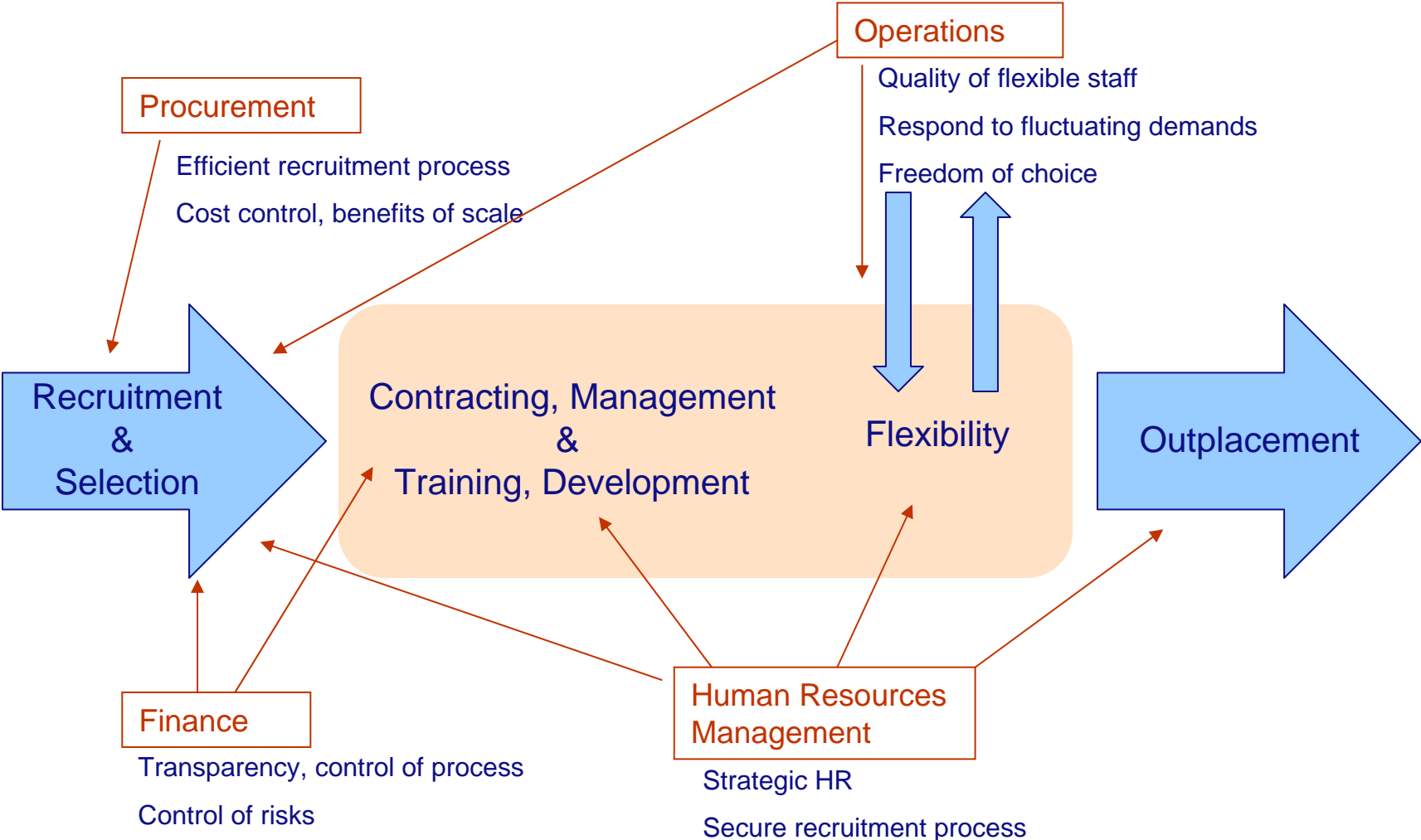


2. Challenges for organization and management of flexible employees

- Different actors have different responsibilities in building the relevant business case
- Process of involvement various actors is dependent on nature of trigger for process of professionalization
- Recurring tensions in this process

Handling of the employment relationship

Setting a proper business case



Process of involvement various actors – some possible routes

- Adding operational flexibility:
HR + Operations → Procurement → → HR → Operations
Main debates: (1) investment in people vs. cutting of costs, (2) short term vs. long term needs
- Achieving cost efficiency:
Finance + Procurement + HR → → Operations
Main debates: (2) commoditisation of employment, (2) discretion line managers
- Improving HR architecture / Building capabilities:
HR → operations → procurement → finance
Main debate: private (firm-specific) knowledge

Recurring tensions in the professionalization of management of temporary work force

- Top management and line management: uniform contracts/processes and freedom of choice/local diversity
- Procurement and HR: low costs and high quality of services
- Learning curve and stable contracts: cooperation not finished after setting the contract; constant need for revision
- Commercial contract and personal relationship: strategic partnership is more than a contract
- HR as business partner: responsibility for all personnel
- Improving the administrative processes with regard to flexible personnel can help to create insight into the flexibility need of company and translation into strategic human resources

Conclusions and further research questions

- Transforming HR into a business partner includes a vision on the (past and future) role of flexible labour within the organisation
- Professionalization of flexible staffing increasingly...
 - ... involves paying attention to all personnel, including flexible staff
 - ... is about more than operational day-to-day HR
 - ... involves more strategic and developmental issues

Further investigation on:

- Interactions and dynamics in these new roles:
 - including employees in different employment modes
 - involvement of multiple functional areas in setting up longer-term partnerships with client organizations
- Optimal portfolio of activities for client organization
 - which roles are best 'made or bought' or taken on in a partnership?
 - what is the most effective strategy for specific organisation and the (flexible) staff within the organisation?