

## For better or for worse

Does the allocation function of  
temporary work agencies fluctuate  
with the business cycle?

The logo for the Amsterdam Institute for Advanced Labour Studies (AIAS) features the letters 'AIAS' in a large, white, serif font. The letters are overlaid on several overlapping circles of varying shades of blue. A small white circle is positioned above the letter 'I'.

AIAS

Amsterdam Institute for  
Advanced labour Studies  
*University of Amsterdam*

Marloes de Graaf-Zijl

Emma Folmer



# Overview

1. “Old work”: Stepping-stones for the unemployed: the effect of temporary jobs on the duration until (regular) work (with G.J. van den Berg and A. Heyma, published in Journal of Population Economics)
2. “New work”: Experiences and strategies of TWAs in crisis and boom.



## “Old work”

Hypothesis: Temporary jobs help unemployed workers to find regular jobs more quickly and enlarge the probability to find regular employment.

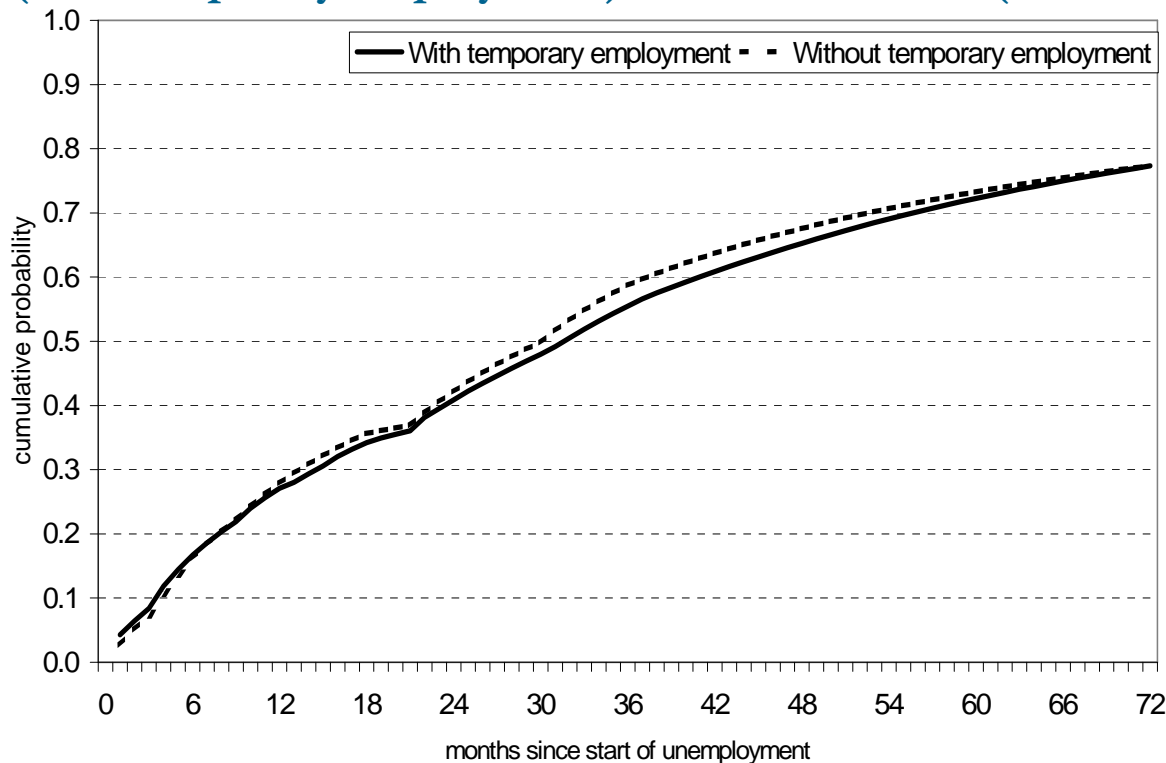
Data: Dutch longitudinal data set for years 1988-2000 on individuals that were unemployed at least once during this period.

Individuals observed in three states: unemployed, employed in contingent job (TAW, on-call or short-term) and employed in regular job.

Method: duration model with repeated spells, analysing time from start unemployment to start (regular) job.

# “Old work” - results

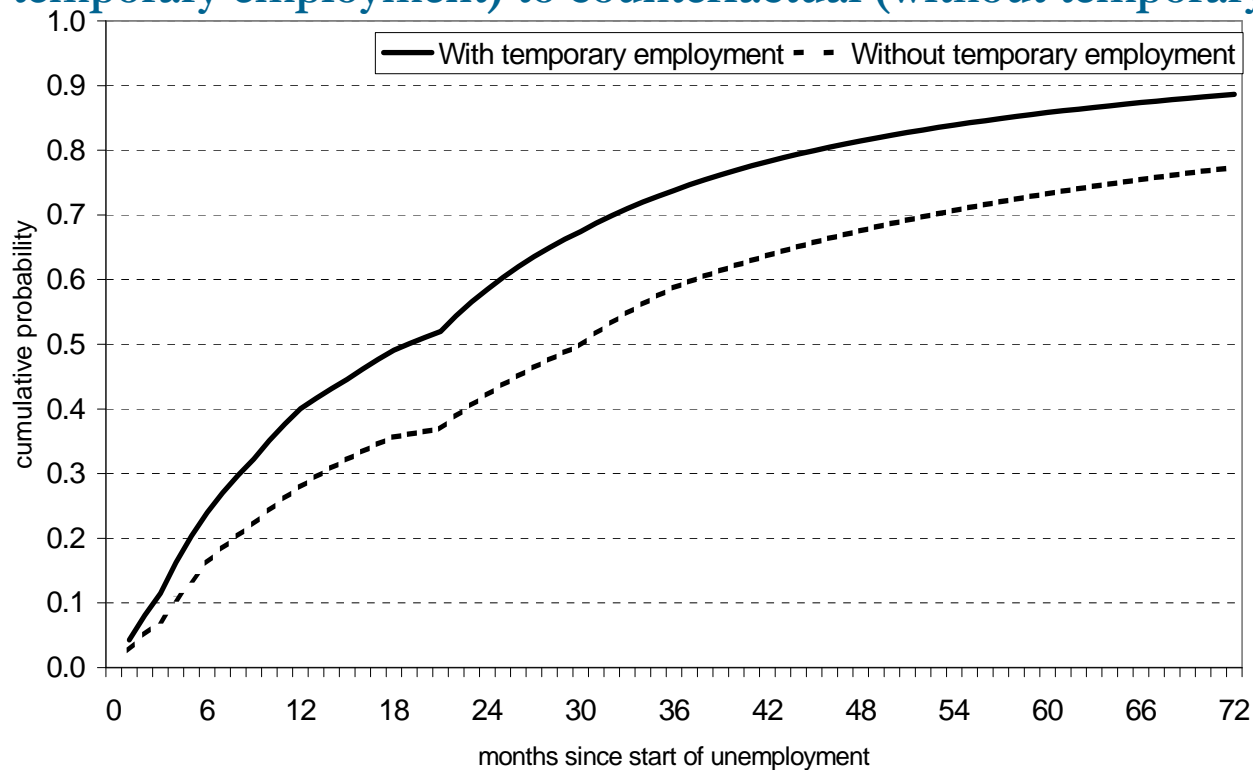
Cumulative probability of having found a **regular** job - comparing actual situation (with temporary employment) to counterfactual (without temporary employment)



**Conclusion:** No difference between situation with or without temporary employment

# “Old work” - results

Cumulative probability of having found a job - comparing actual situation (with temporary employment) to counterfactual (without temporary employment)



**Conclusion: Higher employment probability in situation with temporary employment**



## “Old work” - conclusions

1. Accepting a temporary job does not increase the probability of finding regular employment, nor does it decrease this probability.
2. Temporary work reduces the unemployment duration.
3. W.r.t. crisis: Transition rates into temporary work are less sensitive to business cycle fluctuations than transitions into regular work. As a result the stepping-stone effect differs between recessions and booms.
4. Overall stepping-stone effect consists of the increase in search rate and the take-up of the temporary jobs. In recessions the increase in the search rate may be lower, but the take-up is higher.



## “New work”

Question: How has the crisis changed the operation of temporary work agencies?

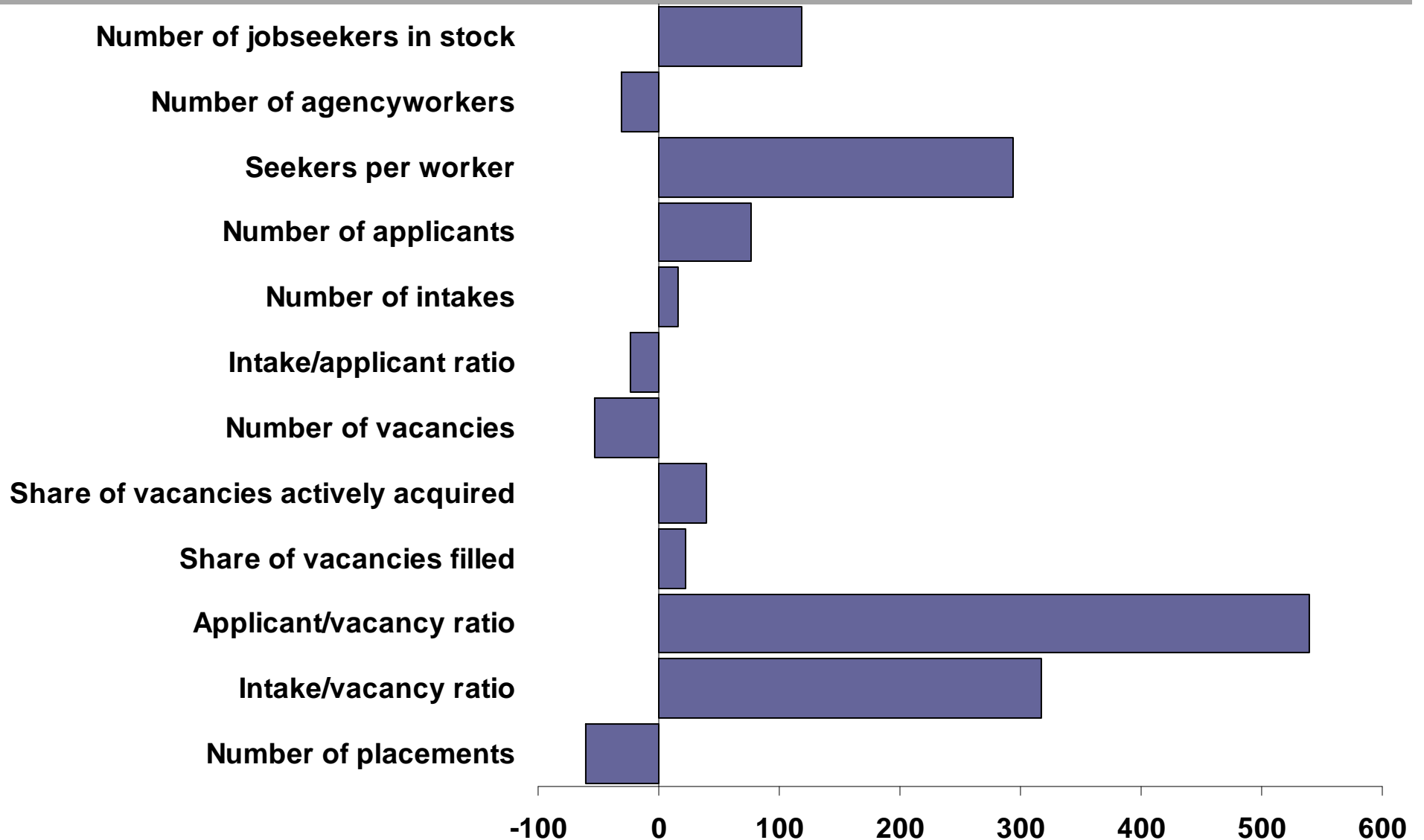
Method: Interviews (10) and web survey among establishments of TWAs in the Netherlands (so far 93 observations)



## “New work” results

- In the search for respondents, we found out that many TWA-establishments seized to exist. Due to bankruptcy or consolidation of establishments.
- All experience a shift from a supply-driven to a demand-driven market. Previously job seekers had much bargaining power, now hiring companies do.

# “New work” results





## “New work” next step

1. Finalize data collection
2. explain variation in these indices between regions using **cross-classified multi-level model** with observations nested in regions and in TWAs
3. Add information on different countries?