

Agency work in Europe during the economic crisis and thereafter

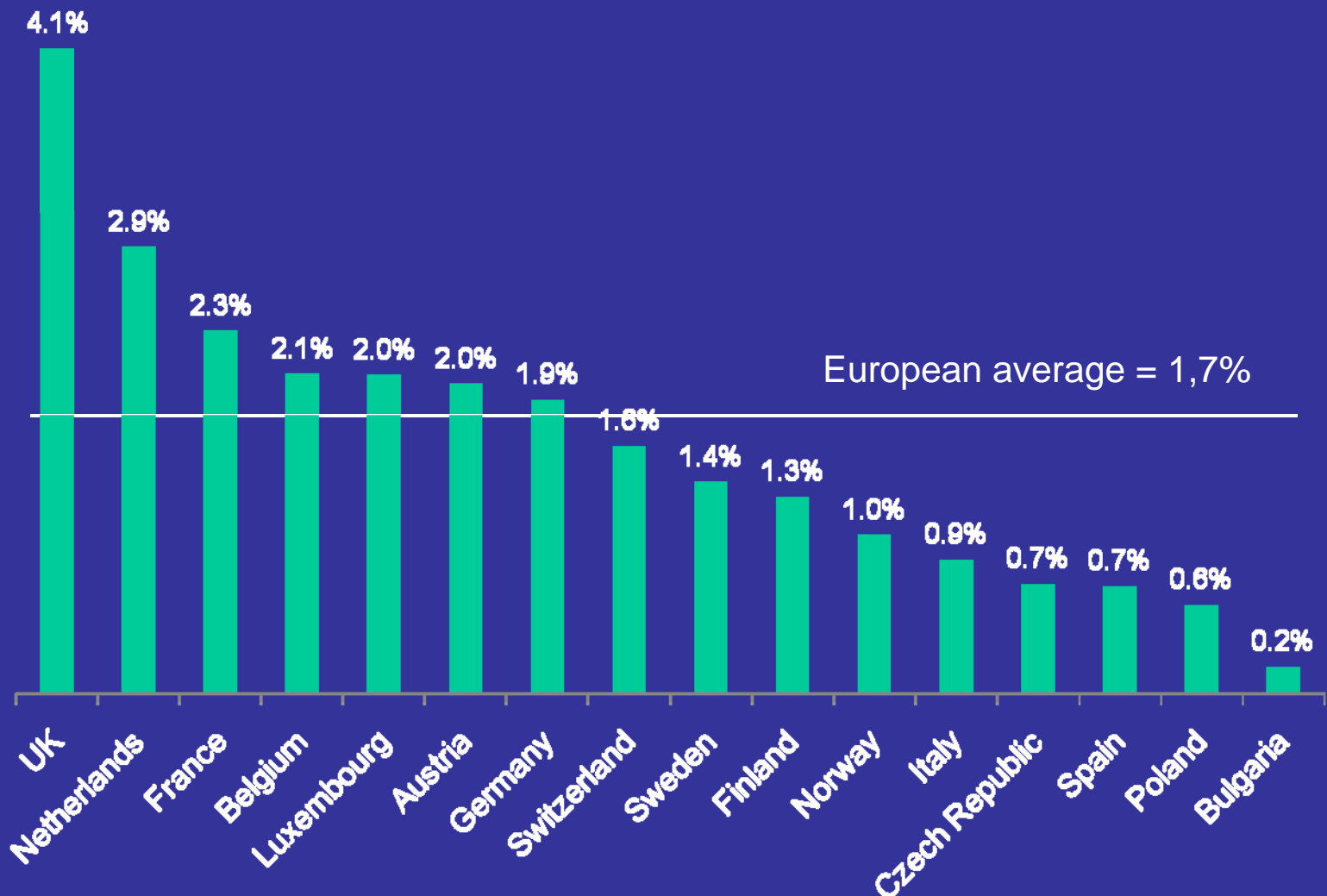
*Annemarie Muntz – Eurociett President
Brussels, 26th November 2009*



Eurociett in a nutshell

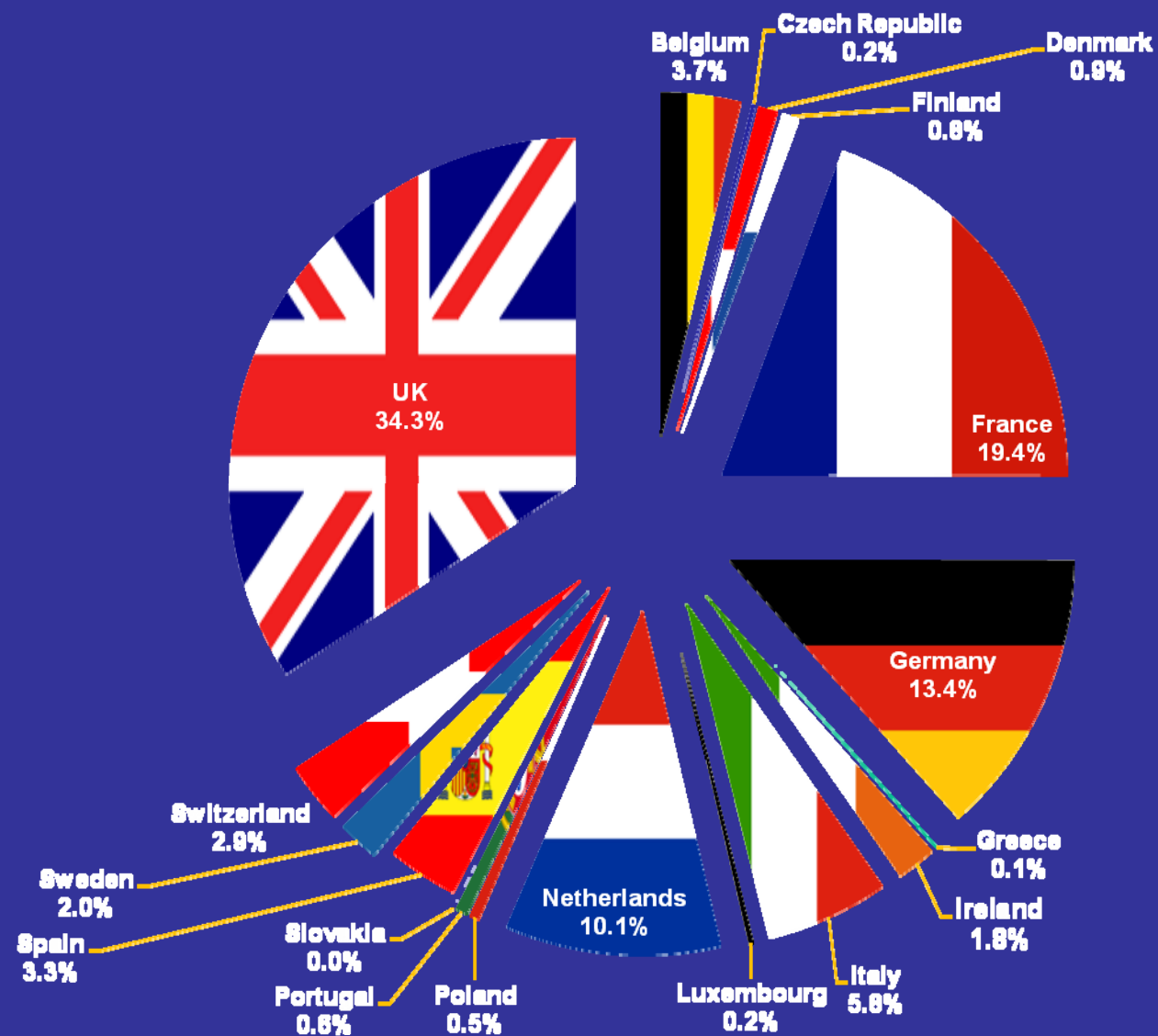
- Eurociett is the European arm of Ciett, the International Confederation of Private Employment Agencies
- Is the only authoritative voice representing the interests of agency work businesses in Europe:
 - Recognised as such by the European institutions as well as by key European stakeholders (e.g. ETUC, UNI-Europa, BusinessEurope)
 - Eurociett is the employers' official social partner within the EU sectoral social dialogue on temporary agency work
 - Accounts for more than 90% of the total sales revenues of the industry in Europe
- Eurociett is the only association representing agency work:
 - At large: brings together 27 national federations
 - In its diversity: uniting six of the largest multinational staffing companies as well as tens of thousands of SMEs
- Eurociett Members consist of private companies operating in the following HR activities: temporary agency work, recruitment, interim management, executive search, outplacement, training
- Eurociett Members gathers 30,000 branches, employ 250,000 internal staff and more than 3 million agency workers on a daily average (FTEs) and around 10 million a yearly basis (headcounts)

Agency work penetration rate varies widely according to countries (2008*)



*As defined by Ciett: number of full-time equivalents - as supplied by member National Federations - divided by the total active working population - as published by Eurostat & the ILO

European AW sales revenues split per country





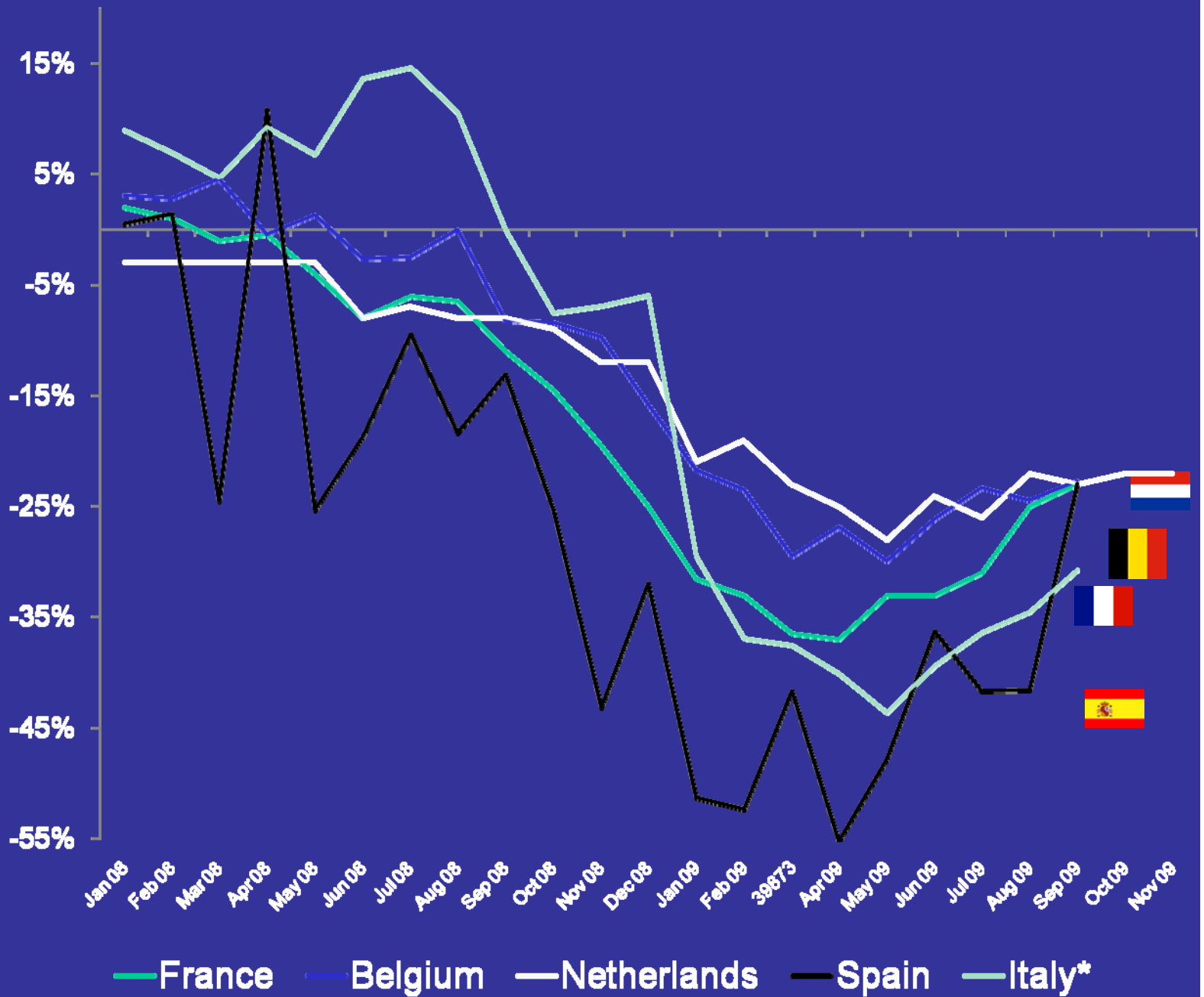
Impact of the crisis on the labour market

- Sharp increase of unemployment at EU level
 - Unemployment rate at 9.1% in 2009 (expected to reach 12.3% in 2010)
- Public employment services overwhelmed by the number of people registering as new unemployed
 - e.g. 8,000 in Spain every day
- Persisting mismatch between supply and demand of work:
 - 22 million people in EU 27 are today unemployed
 - At the same time, still millions of job vacancies are not filled in within the EU
- Economic crisis should not hide labour markets' long term challenges:
 - Ageing population leading to shortages of skills
 - New skills will be needed for jobs that do not exist today
 - Lack of work mobility
 - Work flexibility needed to meet customers request (services-oriented economy with customised production)

Impact of the crisis on the AW market: The latest statistics

	FR	BE	NL	ES
Evolution of number of hours worked (year-on-year)	-23.0%	- 22.8%	- 22.0%	- 23.0%
Period of reference	September 2009	September 2009	Week 41 to 44 of 2009	September 2009
Evolution of turnover (year-on year)	-22.5%	- 23.3%	-21.0 %	- 23.3%
Period of reference	September 2009	September 2009	Week 41 to 44 of 2009	September 2009

Evolution of number of hours worked



The EU 2020 Strategy: Towards a sustainable social market economy



Addressing future demographic challenges by raising employment levels and by providing more work opportunities for more people

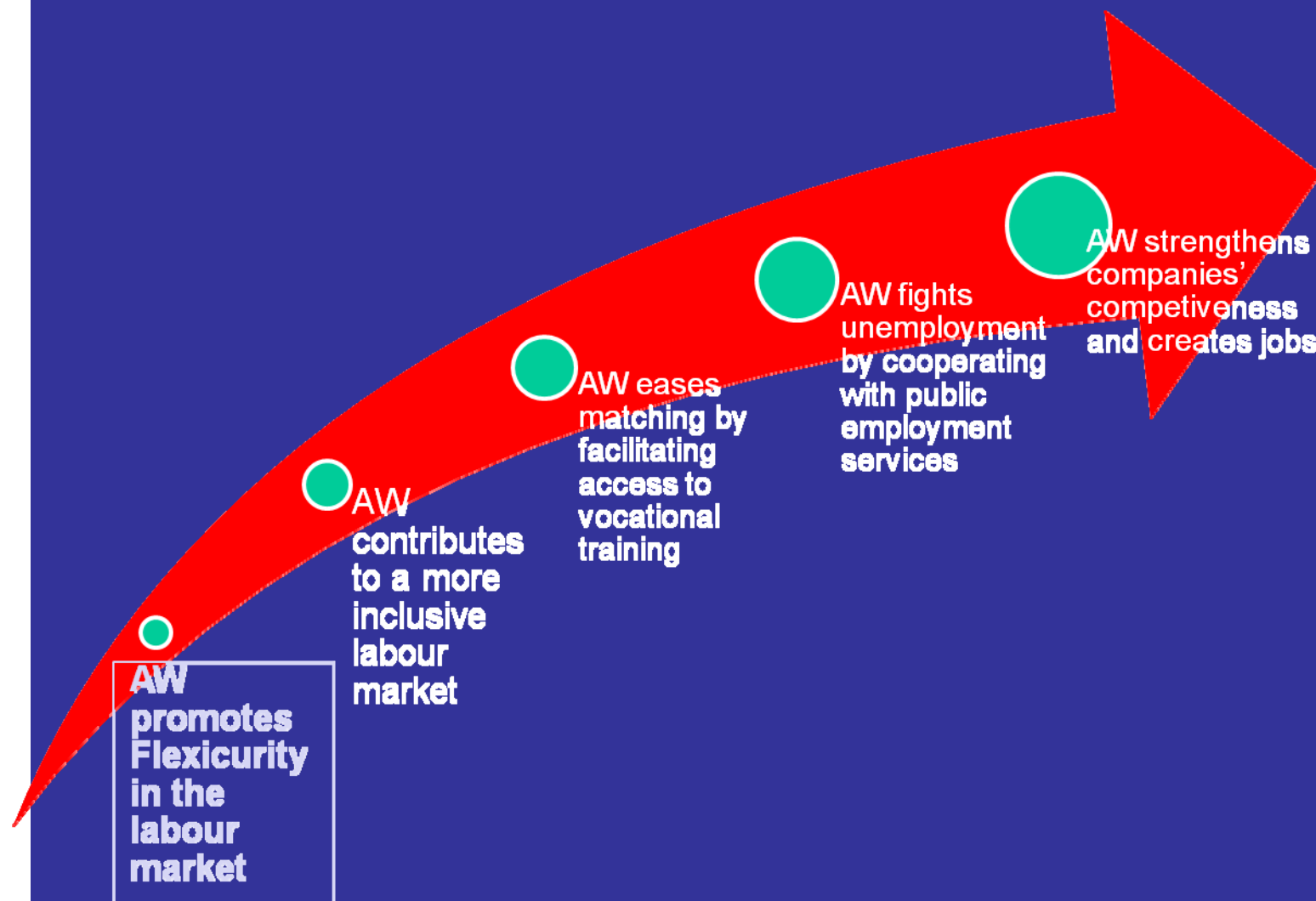
Facilitating access to the labour market by providing a stepping-stone to employment

Reconciling Flexibility and work security
(Flexicurity approach)

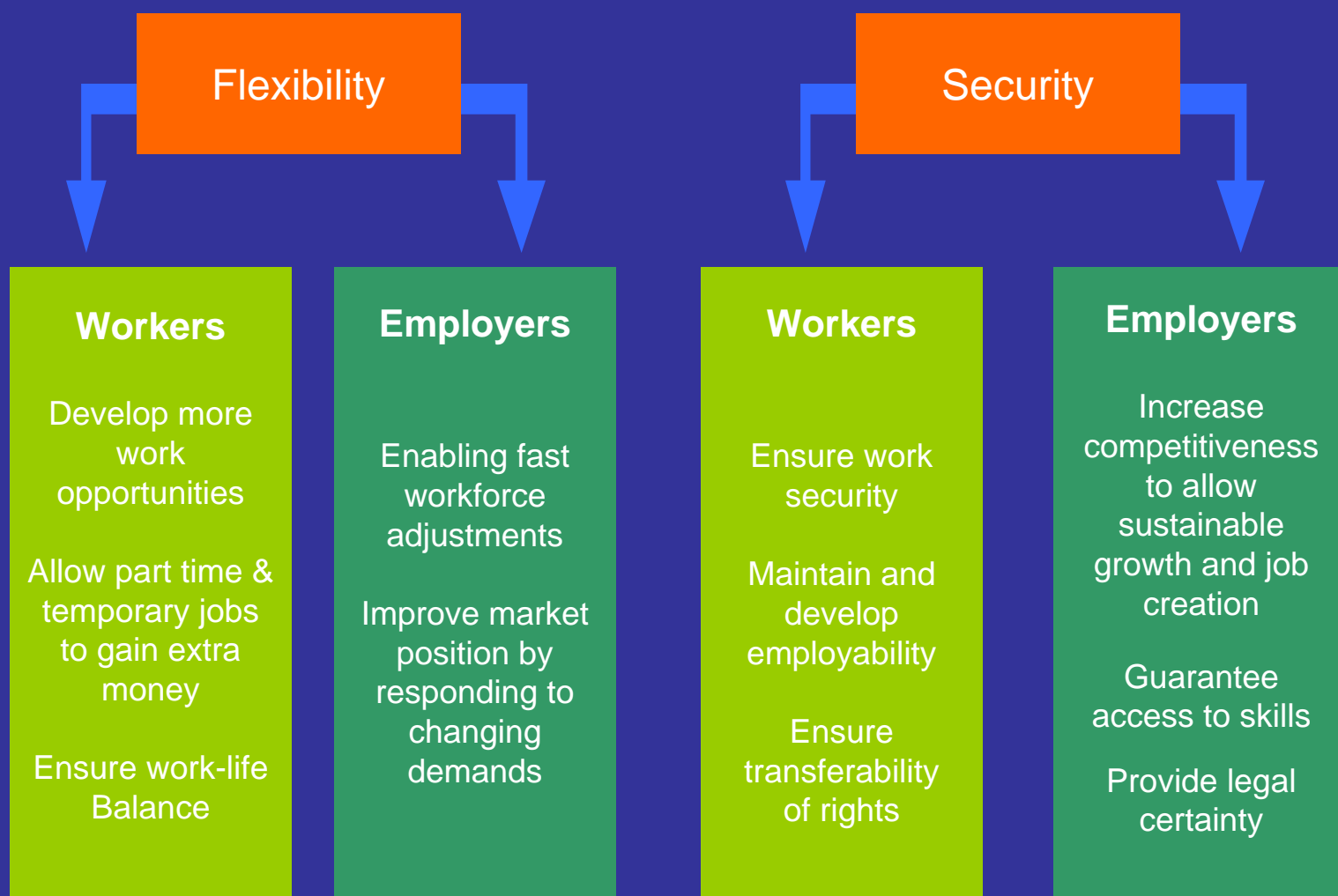
Offering New Skills for New Jobs
By developing new skills and qualifications for a smarter and greener economy

Promoting work mobility at all levels

The role of agency work in the future EU Employment strategy



AW is at the heart of Flexicurity, providing flexibility and security to both companies and workers



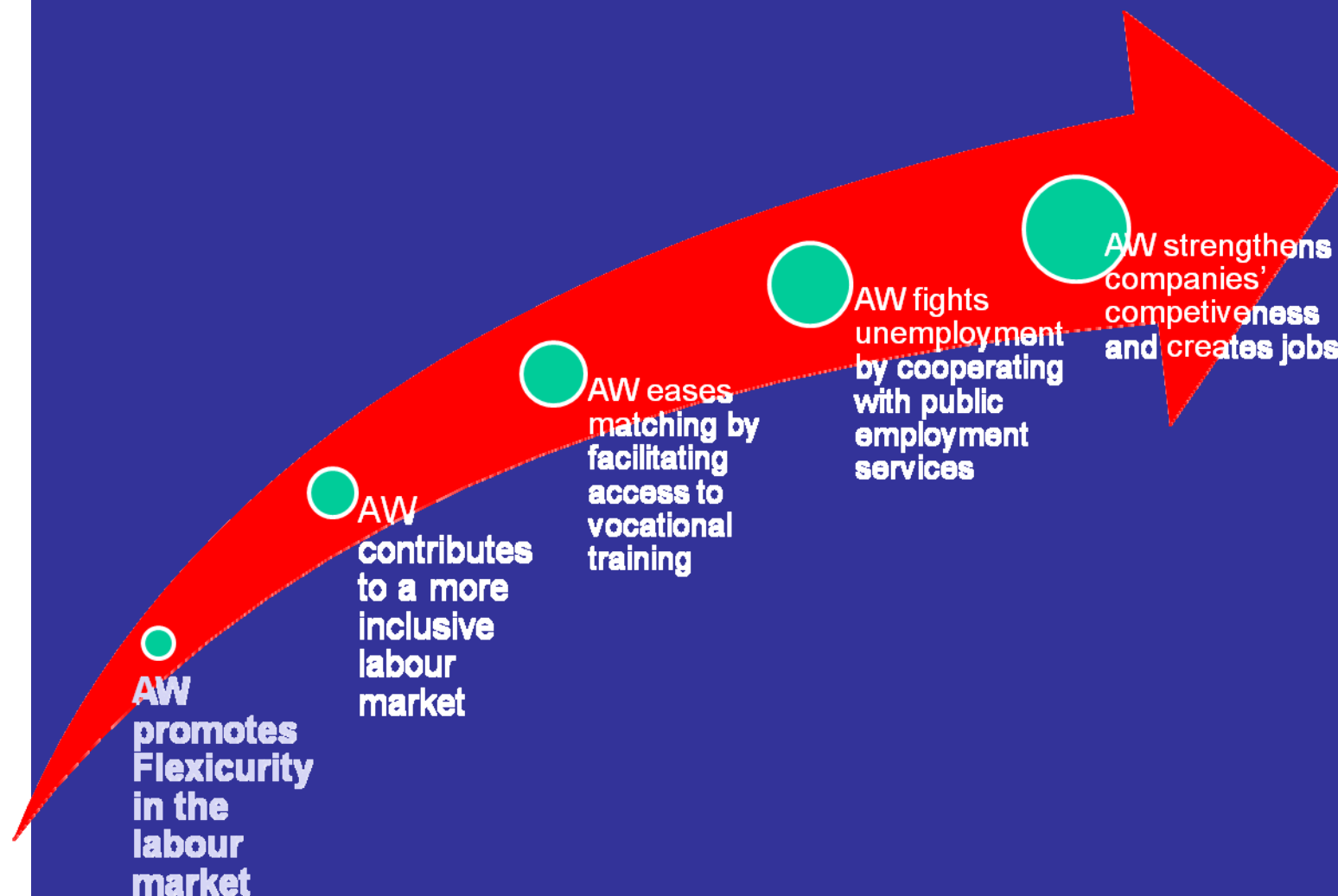
Agency work offers more work security compared to other forms of flexible labour

Agency work	Other forms of flexible labour
<p>The agency remains the employer of the agency worker and support them in finding new assignments (transition function).</p>	<p>Workers need to find new employers at the end of each employment.</p>
<p>Agency work is based on a system of transferable and transparent benefits, which can be accumulated (e.g. complementary pension rights, .access to vocational training etc.)</p>	<p>Workers have limited access to social benefits (like complementary pension schemes) due to the short duration of their contracts.</p>
<p>Agency work facilitates the access to vocational training and therefore contributes to an enhanced employability of the agency workers.</p>	<p>Workers employed based on a fixed-term contract usually have very limited access to vocational training and therefore fewer chances to progress in the labour market.</p>
<p>Agency work is organised as an own sector, including a sectoral social dialogue and the appropriate representation of the interests of employers and workers.</p>	<p>Workers employed on fixed-term contracts usually lack appropriate representation of their interests.</p>

Agency work is a highly regulated sector: The different sources of regulation

- Global level
 - ILO Convention 181 on PrEAs (adopted in 1996): 21 countries have ratified it (more than 50% are EU countries)
- EU level
 - AW is covered by several general or specific “directives”:
 - Posting of Workers Directive
 - Health & Safety Directive
 - Personal data protection Directive
 - Information on employment contract Directive
 - Agency Work Directive (adopted in 2008, to be implemented by 2011)
- National level
 - Large range of legal restrictions and requirements in labour law, particularly in western European countries
- Social partners
 - Collective labour agreements
- The AW industry (Self regulation)
 - International and national Codes of Conducts developed by national and international trade organisations
 - Private companies’ Code of Ethics/Conduct

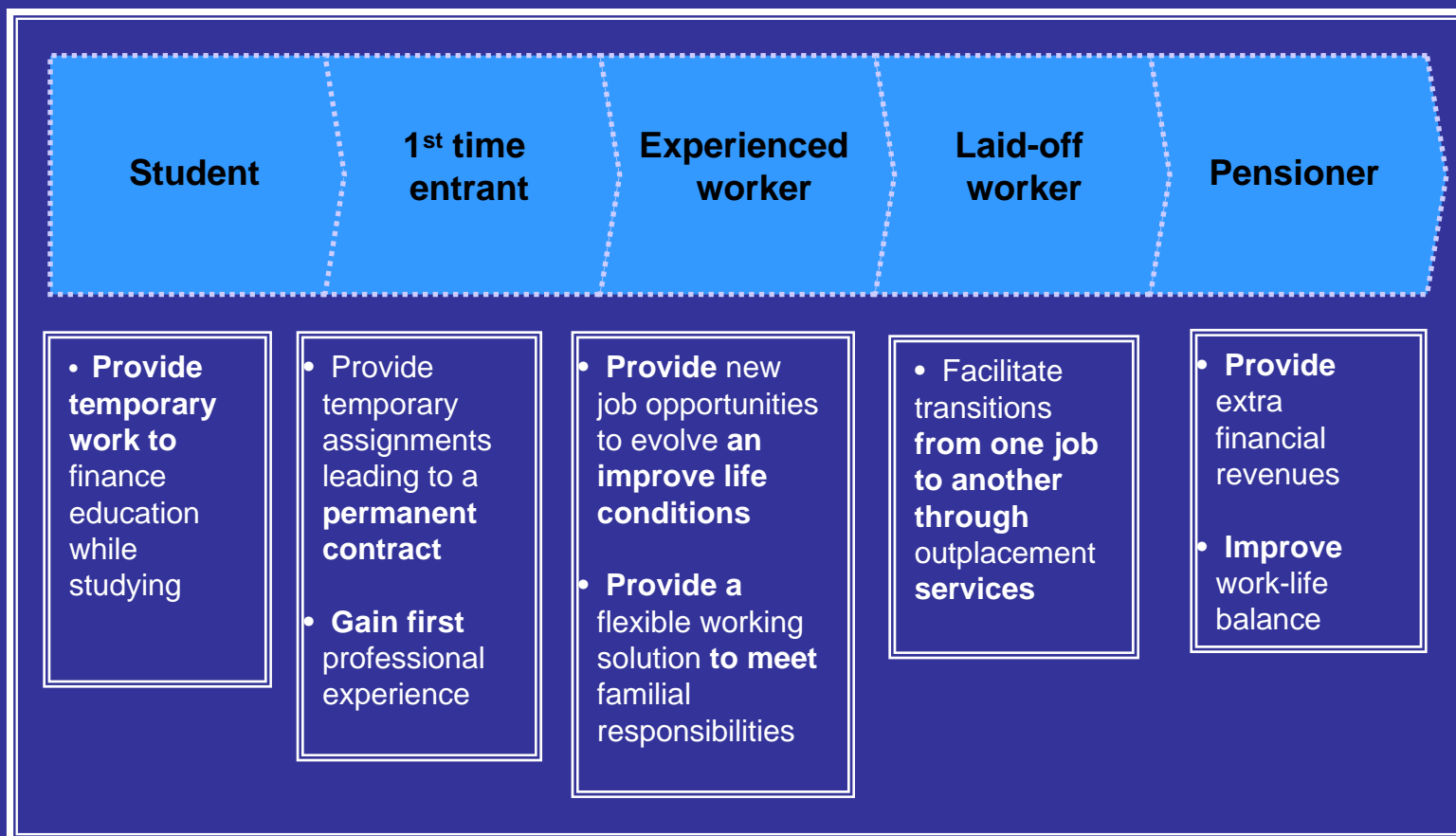
The role of agency work in the future EU Employment strategy



Agency work facilitates transitions in the labour market

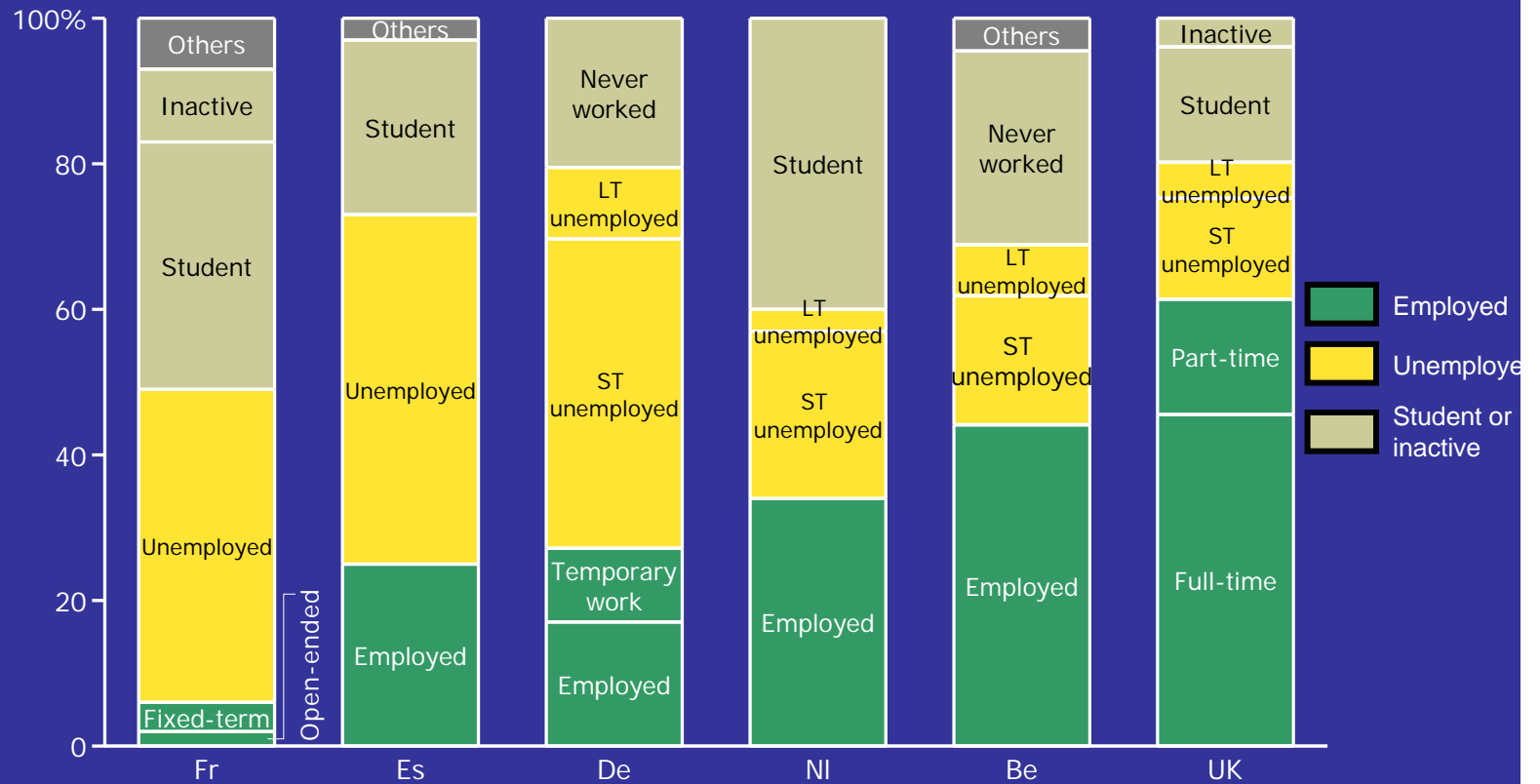
AW is a transition manager in the labour market between:

- + *Education and work*
- + *Unemployment and work*
- + *Job to job*
- + *Different types of contracts*



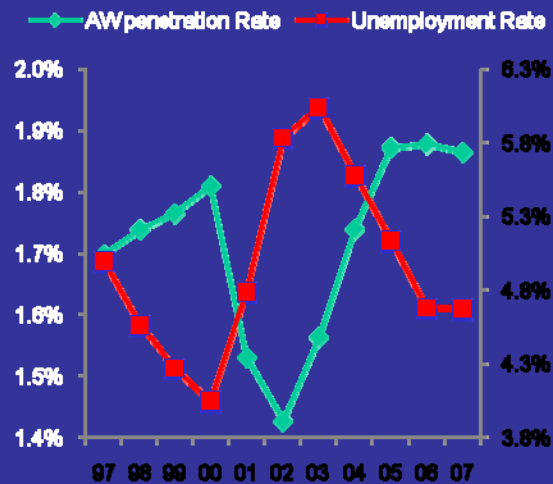
AW facilitates transition from unemployment to work: Prior to temping, most agency workers were unemployed

Previous situation of Agency Workers

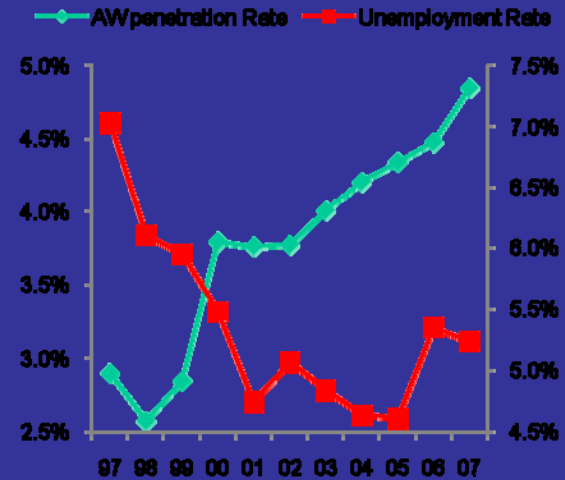


Source: Etude 'Regard des Intérimaires' (BVA for FPETT, Sept 06) / BIBB (Adjusted data for students with IABS) / ABU (Ecorys 04) / Federgon (Idea Consult 06) / REC (BMG Research survey) , AGETT

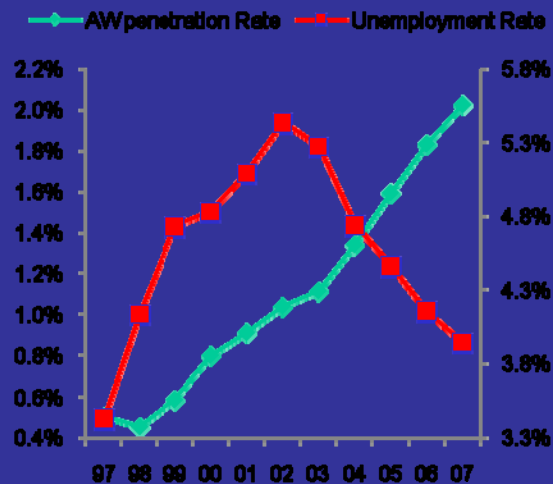
By identifying any job opportunities, AW reduces both frictional and LT unemployment



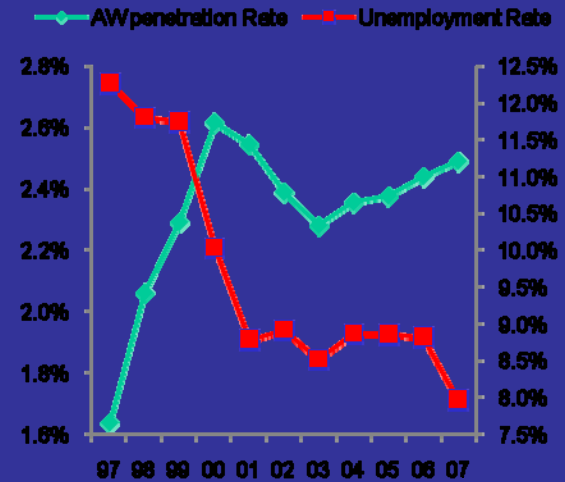
USA AW penetration vs Unemployment Rates



UK AW penetration vs Unemployment Rates

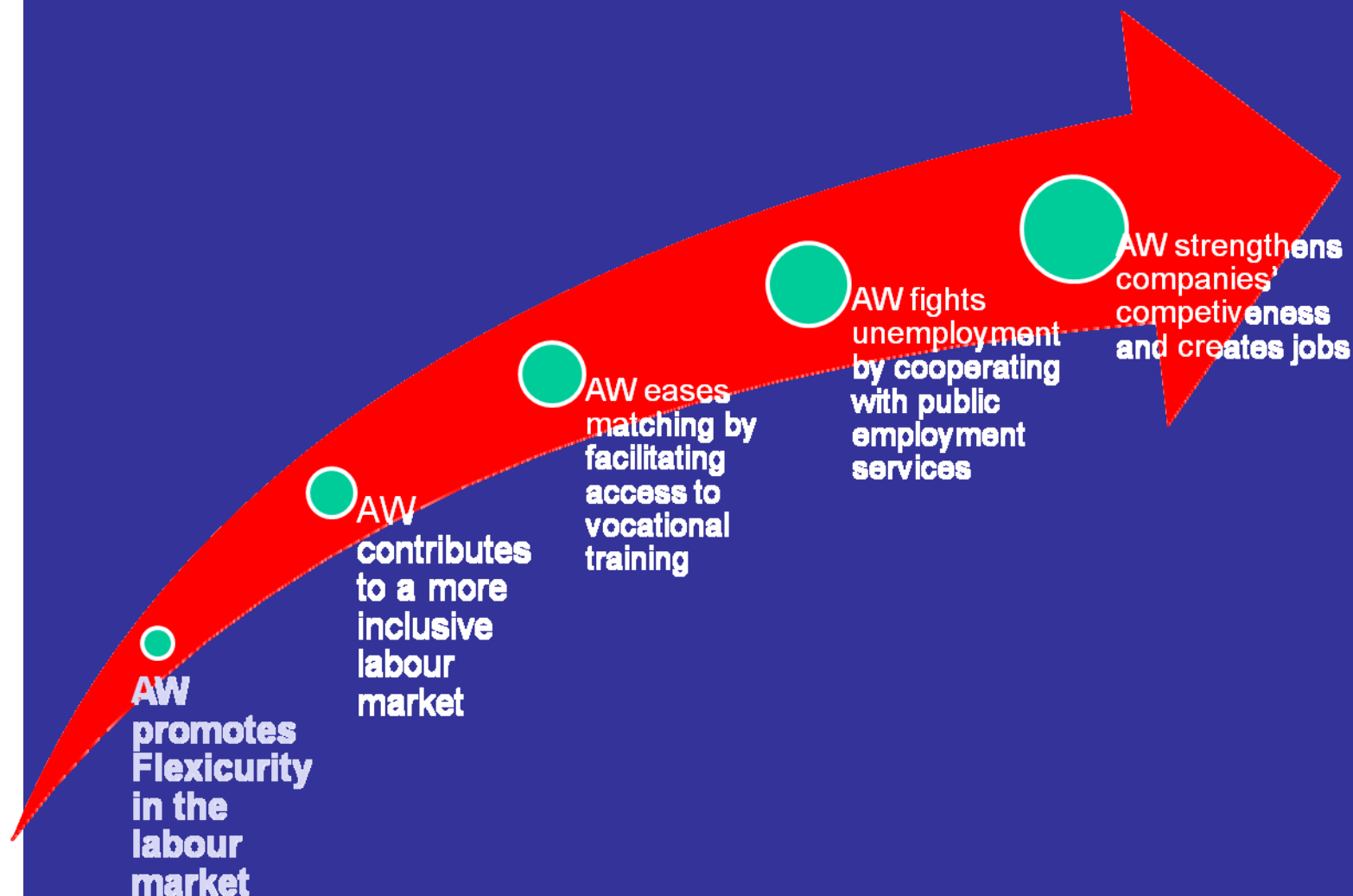


JP AW penetration vs Unemployment Rates



FR AW penetration vs Unemployment Rates

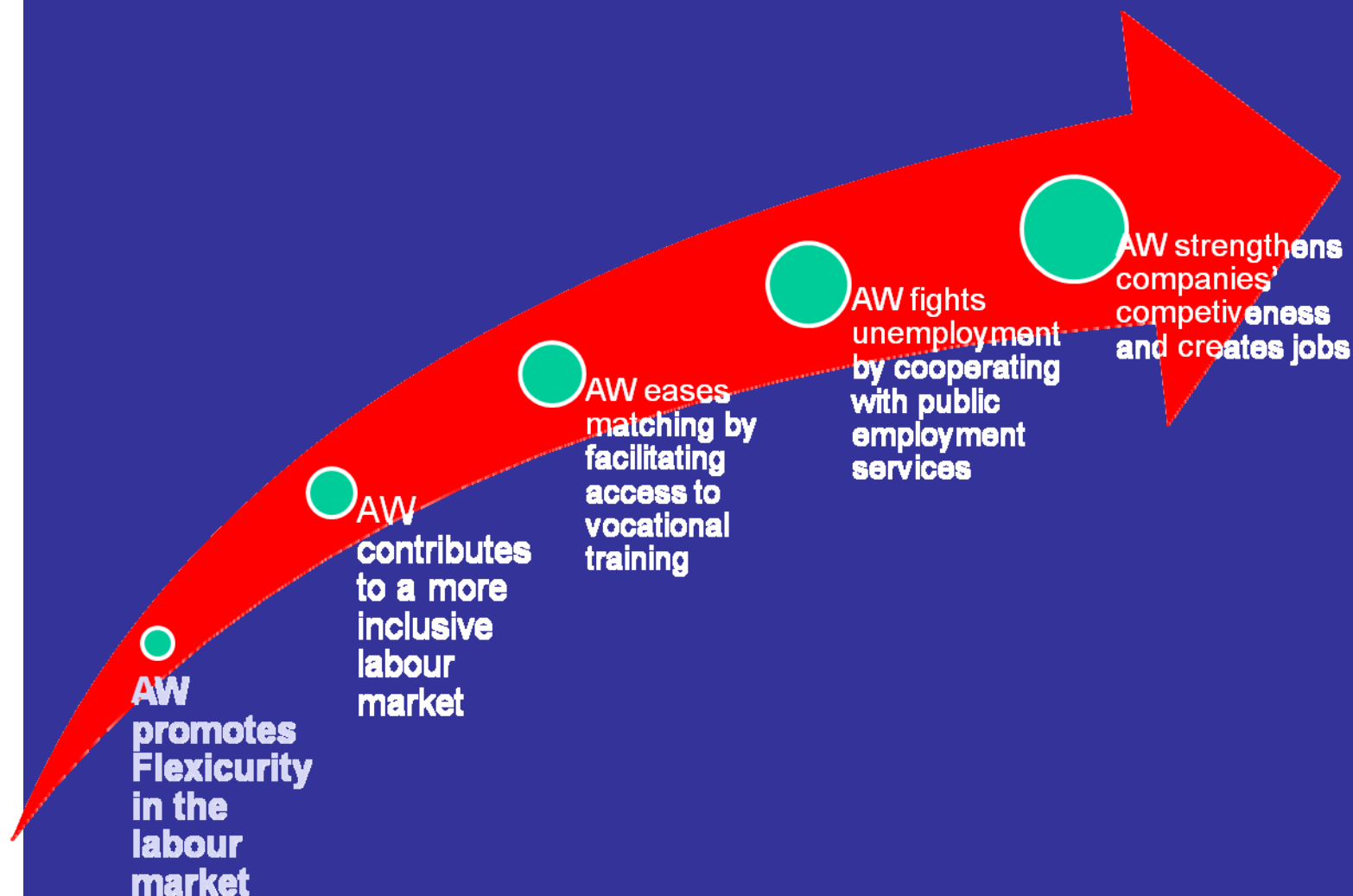
The role of agency work in the future EU Employment strategy



Agency work facilitates the access to vocational training: The facts

- In general, temporary agency workers have access to the standard vocational training system that is made available to all workers
- In six EU Member States (Austria, Belgium, France, Italy, Netherlands and Spain), temporary work agencies and trade unions have established bi-partite training structures:
 - As a result, €524 million have been invested in 2008 for more than 650,000 agency workers
- AW is particularly well fitted to develop training schemes that meet the expectations of both workers and user companies:
 - It is the interest of the temporary work agencies to develop or upgrade agency workers' skills and improve their employability in order to facilitate transition between assignments or jobs
- Vocational training for agency workers is demand driven and organised in close cooperation with user companies with a short term and pragmatic approach catering especially well to lower skilled workers

The role of agency work in the future EU Employment strategy



Why cooperation between AW and PES is needed?

- Labour markets are no longer efficient enough
 - Structural mismatch between supply and demand
 - Demographic changes will lead to labour shortages
 - Workers' geographical mobility is still very limited
 - New needs are emerging: working flexible, work-life balance
- Neither the public nor the private sector can tackle on its own these evolutions
 - Discussion should no longer be about why cooperate but how
 - More-than-ever needed to share tools, expertise and know-how and to provide complimentary services
 - Need to develop win-win partnerships to address these issues between all labour market institutions: PES, private employment agencies, local authorities, NGOs

Need to develop PrEA-PES cooperation is recognised at EU and international level

**ILO
encourages
cooperation in
Convention 181**

**European Commission
has stressed the added value of
developing cooperation: 2007
Communication on Flexicurity/ 2009
Communication “Shared
Commitment to Employment” (2009)**

**European Sectoral Social Partners of the
agency work industry (Eurociett & Uni-Europa)
stressed the benefits of cooperation in Joint
Declaration on Flexicurity of 2007**

Cooperation PrEA – PES: How to work together

Exchanging information
on labour markets



Pooling data & defining
common terminology

Sourcing candidates



Sharing candidates
and job vacancies

Managing skills



Assessing and
creating skills (training)

Providing services



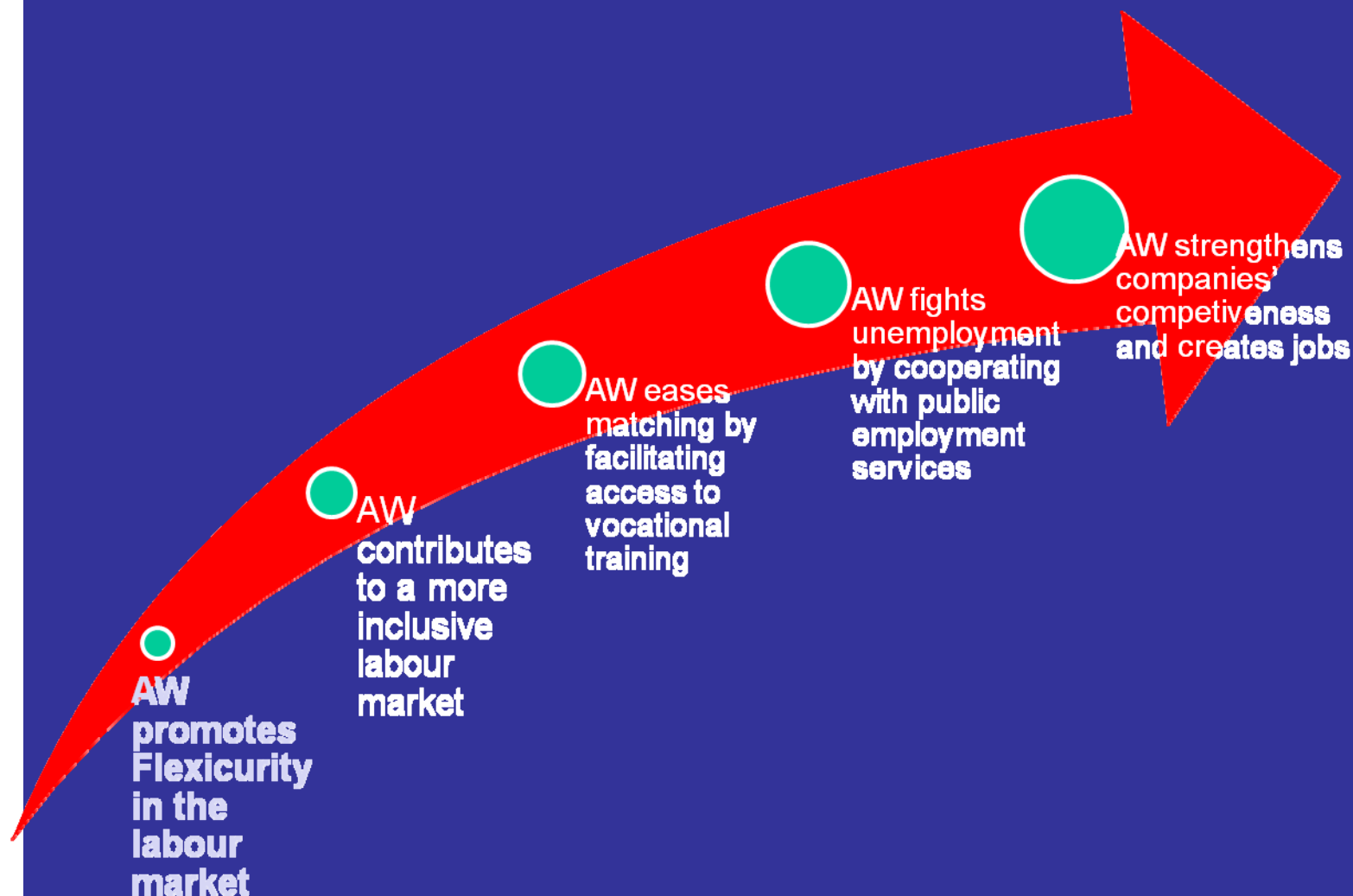
Subcontracting
(outplacement services
to reintegrate unemployed)

Sharing offices



One-stop agencies:
E.g. Job Centers (UK),
Maison de l'Emploi (FR)

The role of agency work in the future EU Employment strategy

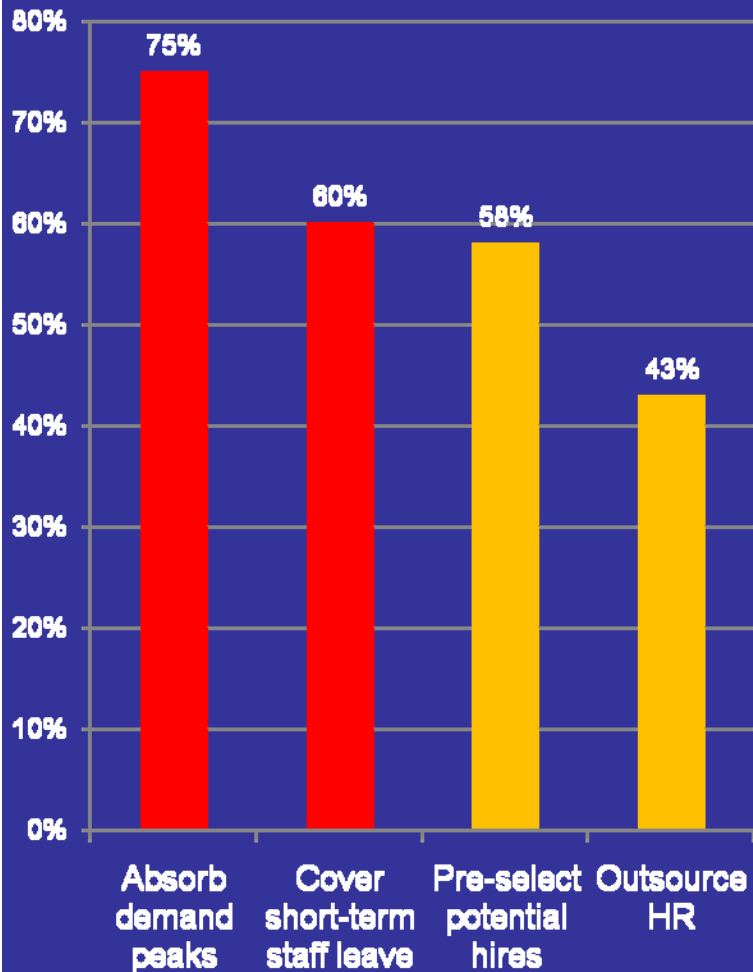


Agency work helps stabilising permanent jobs in economic cycles

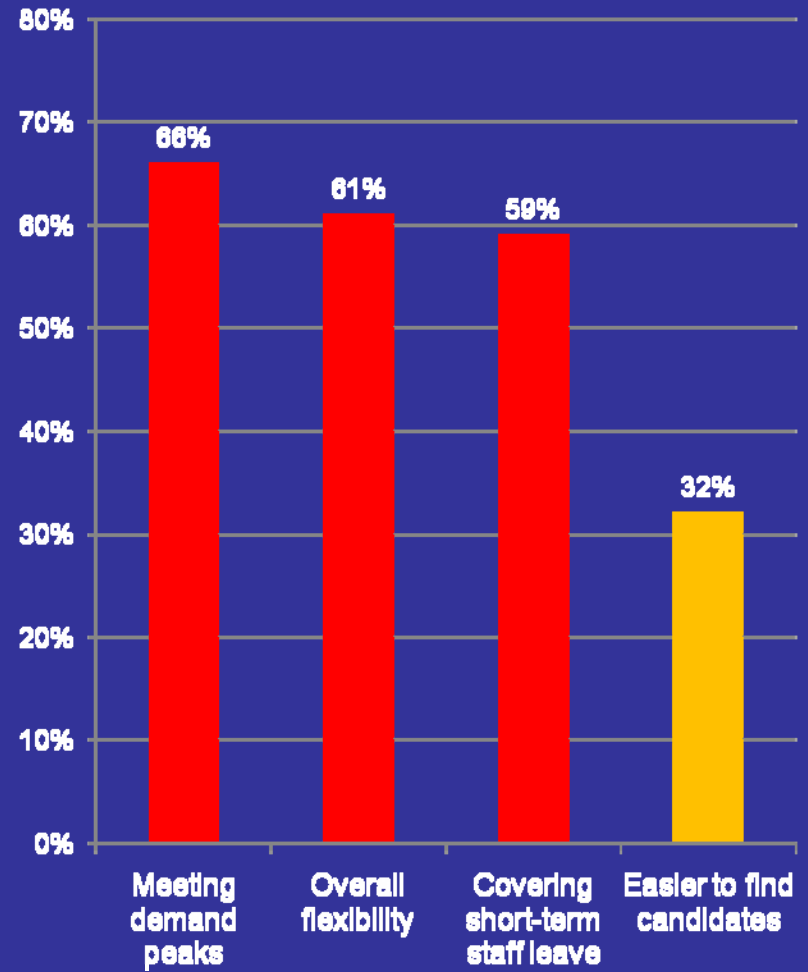
- Agency work offers a flexible layer, which helps companies to adapt to economic cycles
- Companies that are facing a reduced demand for goods or services use this flexible labour to adapt to the changed economic context
- By providing this flexible layer, permanent jobs are stabilised, as companies would otherwise have to adapt their own staffing to the changed demand
- Agency workers that are not needed anymore at a certain user company are provided new assignments through the temporary work agency. Therefore, they are able to implement transitions on the labour market and do not fall back in unemployment

AW creates jobs that would not exist otherwise (no substitution effect with permanent jobs)

Netherlands



UK



Flexibility related



Outsourcing related

Agency work acts as a facilitator of change in the labour market

