

# Temporary Agency Work: Conceptual, Measurement and Regulatory Issues

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*This article examines the evolving temporary agency work sector in Australia. Agency work is expanding in Australia and in many other Organisation for Economic Cooperation and Development (OECD) economies, reflecting a worldwide trend as many businesses attempt to reduce labour costs and expand just-in-time employment arrangements. At the same time the temp help industry has been globalised through the multinational growth of large temporary agencies. However, the temporary agency employment relationship is highly ambiguous. While the European Union is attempting to regulate both the operators and employment within the sector, in Australia the sector is largely unregulated, although some developments are taking place in State jurisdictions (notably Queensland and New South Wales). In this article comparisons and contrasts are made regarding the temporary work situation and regulation in Australia with that of the European Union.*

## INTRODUCTION

Over the past twenty years most OECD countries have experienced substantial increases in atypical employment arrangements, particularly in relation to temporary workers. Rubin (1995:310) suggests 'impermanence is becoming permanent' for many temporary

workers. One of the major drivers of this trend relates to the demand for labour flexibility from user firms and the capabilities of supply from temporary work agencies (Hall, 2001; Rassmussen, 2001; Storrie, 2002). Tensions can arise, however, between the labour flexibility that is essential to employers, employment insecurity, lower wages, lower opportunities for skill acquisition and reduced union protection experienced by temporary workers (temps) compared with those on permanent contracts. While some temps may seek out temporary contracts in preference to permanent contracts (due to their family commitments, lifestyle or life-stage), there is ample evidence to suggest that many would prefer to hold permanent contracts (Connell and Burgess, 2002; Storrie, 2002).

This article assesses the development of temporary agency work in Australia, where it is also known as 'labour hire' (Hall, 2000). Comparisons are also made between the temporary work sector within EU member countries and Australia. The article explores a range of issues including:

- the nature of temporary agency employment;
- the characteristics of temporary agency workers and jobs;
- the extent and growth in temporary agency work;
- the reasons for temporary agency employment;
- regulatory approaches towards temporary employment; and
- some of the broader policy issues associated with temporary employment, including training, benefit exclusion and occupational health and safety.

## **CONCEPTUAL ISSUES ASSOCIATED WITH TEMPORARY AGENCY WORK**

Temporary agency working involves a triangular arrangement in which a temporary work agency (TWA) hires a worker for the purpose of placing him or her at the disposal of a third party, the user enterprise, for a temporary assignment (Bronstein, 1991:292). Temporary work is not new. It is a way of selling labour power that

dates back at least to the beginnings of the Industrial Revolution. Evidence suggests, however, that a new approach to temporary employment has emerged. Whereas temporary workers were once used primarily to fill in for sick or vacationing permanent employees, they are now frequently employed on an ongoing basis and are an essential component of the labour use process for many public and private business enterprises. Indeed, in many cases permanent jobs are being converted to temporary positions (Smith, 1998). Today's just-in-time employee is as likely to be found on the factory floor, in a laboratory, behind a computer and in the executive suite as on the company switchboard.

Temporary agency work can be placed within the context of contingent or non-standard work. There is also a need to distinguish between temporary agency work that involves a triangular relationship between the worker, the agency and the user firm, and temporary employment that involves a short-time direct hire of the worker by the employing organisation. The OECD (1996:7) notes that definitions of temporary work differ across countries according to relevant systems of employment regulation. Under the umbrella of temporary work there are a number of distinctive employment arrangements including:

- a) seasonal work;
- b) fixed-term jobs;
- c) irregular jobs;
- d) temporary agency jobs; and
- e) jobs that do not attract regular benefits or protection.

There are distinctive working arrangements that can be regarded as being temporary. In this context temporary agency employment is a component of the broader classification of temporary work. However, a temporary job may also be identified, as with casual employment in Australia (Campbell and Burgess, 2001a), by its exclusion from the entitlements associated with regular employment. In addition, depending on national systems of regulation, a temporary worker may be an employee or may include the self-employed. That is, the legal status of employee does not necessarily preclude temporary



employment arrangements and this is the case for employment in some industries such as housing and construction. The over-riding characteristics of temporary agency employment are that the job is for limited duration; the employment relationship involves three parties; and contemporaneous employment engagements (multiple job holding) may be associated with such employment.

A definition of temporary agency work provided by the European Foundation (see Storrie, 2002) is one whereby the temporary agency worker is employed by the TWA and is then, via a commercial contract, hired to perform work assignments at the user firm. Storrie (2002) points out that this definition is not, however, fully applicable to all EU Member States. In general terms we would regard temporary contracts as being for a limited period, not including the benefits associated with ongoing work and representing ambiguous employment status. When labour force statistics from Australia and the EU are compared, it appears that there are quite distinctive approaches to the definition and measurement of temporary employment. Australia has a very broad approach that essentially divides the workforce into permanent and casual workers. They can be distinguished because of the assumption that if a worker does not receive the benefits associated with permanent work, then they must be a casual worker. In this context temporary agency workers may be a subset of casual employment if they are employees and they do not receive standard employment benefits. However, not all temporary agency workers are casuals or employees, so in this context temporary agency employment represents a sub-set of casual employment but is not exclusively located in casual employment.

The suitability and extensiveness of the employment typology in Australia has been debated previously (see Campbell and Burgess, 2001a; Murtough and Waite, 2001; Campbell and Burgess, 2001b). At a fundamental level employment is differentiated by:

- a. **status:** employee versus non-employee;
- b. **hours:** full-time versus part-time; and
- c. **access to employment benefits:** permanent versus casual.

In the case of temporary agency work all aspects of the employment typology are challenged. According to the NSW Taskforce on Labour Hire (2001:19), the main services provided by labour hire companies include:

- a. supplementary labour – short term hires, usually on an hourly basis;
- b. managed services – the provision of outsourced services on a project basis;
- c. direct contract arrangements – placement of individuals into contract arrangements; and
- d. recruitment services.

It is not clear who is the employee in the above examples. Indeed, the worker could be regarded as being a self-employed independent contractor.

Temporary agency workers compromise all three components of the traditional employment typology found in Australia. First, it is not clear what type of employment relationship they have with the agency and the contracting organisation. Temps could be regarded as independent contractors selling their services to the TWAs or to the user firms. In turn, they may be regarded as an employee of the TWA or the user firm. The hours of work may be irregular and inconsistent, periods of full-time work being interspersed with part-time engagements and no employment. The essential temporary characteristic behind such engagements could lead to their being classified as casuals, yet if they are contracted to a TWA they may be regarded as having an ongoing employment arrangement with the agency (see Table 1). To further confuse the issue the agencies may be also placing the unemployed and organising training and apprentices through group training arrangements. This suggests that within the temporary hire sector there are also those not in the workforce.

**Table 1: The Employment Classification of Temporary Agency Workers**

<b>Criteria</b>	<b>Classification</b>	<b>Comment</b>
Status	Ambiguous re employment and labour force status	Employee of agency; employee of hiring organisation; self-employed contractor; trainee; unemployed
Hours	Ambiguous re full-time or part-time	Multiple engagements; at call; irregular hours
Entitlement	Ambiguous re employee status; identification of employer and term of engagement	See status; see hours; continuity or discontinuity of engagement

In addition to the typological problems discussed, there is doubt if some form of temping is included in the employment estimates for many OECD economies. For example, retirees may be on the books of temp agencies and prepared to carry out the occasional short-term engagement since they possess specialist skills. Also the unemployed may sign on with temp agencies in order to obtain work experience, training and job placement under the umbrella of the Jobs Network in Australia. Indeed, in Australia it is the provision of labour services to the unemployed that has provided an indirect boost to TWAs. Short-term employment practices associated with labour hire may also be associated with clandestine activities such as the employment of illegal immigrants and, as such, there will be a degree of under reporting of total employment in the sector.

In principle there is a three party relationship between the TWA, agency workers and user firms. This process of intermediation blurs the employment relationship, blurs the employment status of the labour hire worker and blurs the responsibilities of the three parties. In other words, the relationship is not transparent, not linear and indeed may involve more than three parties. The contracting organisation itself may be an intermediary, so the relationship can be extended through subsequent sub-contracting. Multiple employer and multiple contracting arrangements serve to further complicate the employment



relationship, the status of the agency worker and the responsibilities of the parties involved (Rubery et al, 2000).

## **THE GROWTH OF THE TEMPORARY AGENCY WORK SECTOR**

The temporary work sector is expanding across the OECD. An increasing number of multinational TWAs (such as Manpower, Randstat, Kelly and Drake) are developing an international model of labour brokerage by providing labour matching services for job seekers and job providers. These TWAs offer services for employers that range from payroll administration to staff appraisal systems. As such, they intermediate between the purchasers and providers of labour and their services can be used to blur regulatory responsibility, de-unionise workplaces and reduce wage rates (Peck and Theodore, 2001). Consequently, TWAs offer the ultimate form of labour commodification, hiring strictly on a 'needs basis' with no attached obligation or commitment. Such services provide employers with extensive numeric, functional and labour cost flexibility with respect to the deployment of labour. In some countries, such as Australia, the temp work industry has been assisted by the closure of the public employment service and the placement of job brokering and training for the unemployed to tender (Junankar, 2001).

Despite its rapid growth, and the obvious presence of TWAs across every town and city in OECD nations, the temporary employment sector appears to account for under three per cent of total employment in most countries. Hence, growth in the sector has been from a very low base, yet it has been persistent over the past decade. It has also been found in countries with tight labour markets and relatively low unemployment rates, such as Ireland and the USA, and in countries with relatively high unemployment rates such as Spain and Germany. So while it is not that significant in the overall context of employment, its growth cannot be ignored (see Table 2).

**Table 2: The Growth of Temporary Work in EU Member States and Australia**

Country	Numbers	Workforce Share (1999)	Growth	Other issues
Austria	24 777	0.7%	quadrupled since 1992	
Belgium	62 661	1.65%	doubled since 1992	
Denmark	18 639	0.9%	5-fold increase since 1992	46% workers have low level skills
Finland	15 000	0.6%	from 11,000 since 1996	
France	623 000	2.7%	rapid growth	
Germany	243 000	0.7%	doubled since 1992	Many foreign workers
Ireland	9 000	0.6%	moderate recent growth	
Italy	31 000	1.5%	very rapid recent growth	Many students, 40% in parental home
Luxembourg	6 065	2.3%	doubled since 1992	
Netherlands	305 000	4%	doubled since 1992	
Portugal	45 000	1%	doubled since 1995	
Spain	109 000	0.8%	5-fold increase since 1995	
Sweden	32 000	0.8%	rapid current growth	
UK	557 000	2.1%	3-fold increase since 1992	
Australia	95 000-250 000	1.3-3.2%		

*Source: ABS, Catalogues 6361.0, 8558.0; Storrie, 2002.*

During the 1990s, temporary agency work was the most rapidly growing form of atypical employment in the EU, albeit from a low base. Since 1992 temporary work doubled in most member states whereas in Denmark, Spain, Italy and Sweden numbers increased five-fold (Storrie, 2002). In real terms this equates to between 1.8 and 2.1 million people working for temporary agencies in the EU (1.2-1.4% of the total number employed). However, CIETT 2000 (cited in Storrie,



2000) calculated the daily average figure of temporary workers in the European Union at 2.2 million workers in 1998, with an average of 6 million persons employed at some time during the year. As with much of the data on temporary work, there are some serious problems with even the most basic labour market statistics. In many countries temporary agency working is not included in the employment typology and national authorities responsible for gathering statistics have yet to include it in national surveys (Storrie, 2002).

The temporary workforce in the US is estimated to be 3 per cent of the total workforce (Peck and Theodore, 2001), while in Australia it is estimated to be 2.1 per cent - equivalent to the UK (Campbell, Watson and Buchanan, 2001). In Australia, the estimates for temporary agency employment are problematic for the reasons outlined previously. It is also difficult to obtain reliable estimates across time. The Australian Bureau of Statistics (ABS) Employment Arrangements series (Catalogue 6361.0) is very recent while agency worker estimates are only available from unpublished data associated with the survey. The NSW Labour Hire Task Force (also referred to the ABS Employment Services Survey, Catalogue 8558.0) indicated that around 280 000 workers were on-hired in 1999 by businesses providing employment services, while around 30 000 of the labour hire workers were apprentices and trainees associated with group training arrangements. There is a gap between the number of labour hire workers as estimated by the labour task force survey as opposed to those estimated by the survey of the employment services industry. This reflects the different sources of data and the confusion over status and employment classification for those reasons as previously outlined.

## **RATIONALE FOR THE USE OF TEMPORARY AGENCY WORKERS**

The rationale for hiring temporary workers tends to be the same as many other workplace initiatives – labour cost savings associated with downsizing, increased global competition, the introduction of new technology and the need to respond quickly to an ever-changing

marketplace. Consequently, flexibility has been hailed as the panacea for achieving greater organisational competitiveness, efficiency, effectiveness, the creation of more jobs and the introduction of change initiatives. The creation of flexible labour markets through numerical flexibility has led to increases in 'non standard working' whereby non-permanent and part time forms of employment are encouraged and enabled (Burgess and Strachan, 1999). The rise of the temporary agency sector can be interpreted as one manifestation of organisations shedding internal labour and internal labour costs and externally shifting recruitment, training and on-costs to the temporary agencies and temporary workers. Temporary agency employment not only offers flexibility and cost saving potential, it also potentially removes responsibility for the compliance with many employment regulations such as unfair dismissal, employment insurance, employment benefits and superannuation entitlements onto the TWA.

From the perspective of user firms, the top three reasons for using temporary agency workers in EU countries relates to labour flexibility requirements (see Table 3). Table 3 illustrates that only 4 per cent of temps are hired to cover specialised tasks, suggesting that the skill content of many temporary jobs may not be particularly high. This confirms the findings of Connell and Burgess (2002) in Australia, and Felstead, Ashton and Green (2001) in the UK. Both research groups argued that without policy interventions, inequalities in work skills will increasingly be based around the nature of the employment contract with temporary work being equated with sub-standard jobs.

What is interesting in relation to Table 3 is that traditional reasons dominate the use of temporary agency workers. For example, temps are used to fill in for short-term staff shortages and to cover short-term and unexpected increases in the demand for labour. This suggests that while the reasons for hiring temps are not new, temps may now be the first option for recruitment when vacancies become available, as opposed to direct recruitment.

**Table 3: Reasons for the Use of Temporary Agency Workers in the EU**

<b>Reason</b>	<b>%</b>
Leave replacements	27
Seasonal fluctuations	23
Unexpected peaks	21
Recruitment	11
Uncertain growth	9
Specialised tasks	4
To do regular work for another reason	3
To do regular work cheaper	1
Total	100

*Source: CIETT (2000)*

In contrast to the EU survey results in Table 3, Hall (2001) reported on an Australian survey that indicated while cost and flexibility are two major motivations for employers using temporary agency workers, the ability to draw on an increased range of skills was ranked third. Without assigning weights, the NSW Labour Hire Taskforce (2000) also identified the following as reasons for labour hire by business:

- a. risk management: to devolve the risks associated with direct employment such as being liable for unfair dismissal action;
- b. to access the specialist recruitment services of labour hire companies; and
- c. to reduce trade union presence at the workplace

## **THE CHARACTERISTICS OF TEMPS AND THE DURATION OF TEMPORARY CONTRACTS**

Although the temporary workforce has become older during the 1990s (particularly in the Netherlands and in France), the Eurostat labour force surveys for 1999 and 2000 report that those under twenty-five years account for 41 per cent of temporary jobs. In the EU, where the industry and construction sectors are heavy users of temporary



workers, men (except for the Scandinavian countries) dominate agency work. This is especially the case in countries such as Ireland that have sustained a long construction boom with tight labour market conditions. What is revealing about the characteristics of agency workers in Europe is the diversity across countries. For example, Danish women account for 70 per cent of agency workers (Storrie, 2002:31). In the Netherlands and Spain, workers under twenty-five years of age account for over 50 per cent of agency workers, while in Finland they account for less than 20 per cent of agency workers (Storrie, 2001:31). In Ireland, 80 per cent of agency workers are found in the manufacturing and construction sectors, while in Sweden only 12 per cent of agency workers are in these sectors (Storrie, 2002:31).

In Australia, the evidence is more indefinite. The ACTU's submission to the NSW Labour Hire Task Force (2000:23) suggested that 54 per cent of labour hire workers were female and employed predominantly as 'advanced' clerical workers in the business and property services, and finance and insurance sectors. The average duration of labour hire was six weeks, with a quarter of workers estimated to have been on labour hire contracts for more than two years. The submissions suggested that the average duration of labour hire contracts was increasing (NSW Labour Hire Taskforce, 2000).

## THE REGULATION OF TEMPORARY AGENCY EMPLOYMENT

The EU issued the directive *European Union on Working Conditions for Temporary Workers* (Storrie, 2002). This directive intends that temporary workers will no longer be subject to discrimination due to the nature of their employment contract. Specifically, 'a temporary worker may not be treated worse, in terms of basic working conditions, than a comparable worker who is defined as a worker in the user undertaking in an identical or similar job' (p. 12). Nonetheless, there are two possible exemptions to the principle. The first concerns temporary workers, who have a permanent contract with an agency and the

second, (and this could be a major problem with the directive) is as follows:

A restriction can be made if there is objective justification for a difference in treatment. This is the case when circumstances dictate that a temporary worker is in a different situation from a normally comparable worker and cannot therefore be treated in the same way (p.12).

Comparability will play a major role in adjudicating whether temporary agency workers have been unfairly treated. However, the lower skill content of most temporary jobs (discussed later) is likely to reduce the number of successful claims, since comparable jobs may be difficult to identify (Felstead and Gallie, 2002).

Regulations can apply at a number of different levels with respect to temporary employment arrangements. The main areas of regulation are:

- a. direct regulation of the agencies;
- b. regulation of the contract of employment for agency workers; and
- c. regulation of employment conditions associated with agency employment.

Storrie (2002:7) catalogues the regulation of temporary work agencies across the EU. Regulation can cover official authorisation or registration, the posting of financial guarantees to protect employment benefits, the involvement of social partners, annual reporting obligations and limitations on the scope of activities. Table 4 sets out the application of regulations to the 6 largest EU members.

**Table 4: The Regulation of Temporary Work Agencies in the EU and Australia**

Country	Authorised	Financial guarantees	Social partners	Reporting obligation	Limitation on activity
France	Y	Y	N	Y	Y
Germany	Y	N	Y	Y	Y
Italy	Y	Y	N	N	Y
Spain	Y	Y	N	Y	N
Sweden	N	N	N	N	N
UK	N	N	N	N	N
Australia	Y/N	N	N	N	N

*Y = yes; N = no*

*Source: Storrie (2002); NSW Labour Hire Taskforce (2000)*

In Sweden and the UK there are no special requirements governing the establishment of temporary work agencies. Registration or authorisation provisions vary across the EU, as does the term of registration. In some countries such as Belgium and France, the social partners must approve the registration. Financial guarantees are required to ensure that worker entitlements can be paid in the case of corporate failure (referring to the agency or the hiring organisation). Reporting obligations are also variable. In France they include a quarterly statement on social security contributions and in Italy a copy of each commercial contract must be forwarded to the Ministry for Labour. In Austria, limitations can include a maximum duration of the employment contract.

In Australia there is no national regulation of temporary work agencies. Those regulations that do exist are confined to State jurisdiction. Employment agents must be licensed in all states and territories except Victoria, Northern Territory and Tasmania. Licensing involves an application for licensing; that is, filling in a form and paying an application fee. Without the caveats and limitations on operations found in much of the EU, Australian non-regulation of temporary work agencies stands alongside Sweden, the UK and the USA.



Many rights and obligations associated with employment follow from determining the nature of the employment arrangement, namely identifying who is the employee and employer. As already stated, in the case of the triangular relationship associated with temporary work, this is not clear-cut. In the EU, the nature of employment status associated with agency employment is not consistent across a number of criteria as follows:

- a. identification of the employer;
- b. whether the employee has a contract of employment;
- c. the possibility for self-employed (independent) employment;  
and
- d. regulation of the employment contract.

Table 5 outlines the employment status and contract regulation of temporary work in the six largest EU countries with Australia included as a comparator.

**Table 5: Employment Status and Contract Regulation of Temporary Agency Work in the EU and Australia**

Country	Agency as Employer	Contract of employment	Self- employed	Contract regulation	Excluded arrangements	Excluded sectors
France	Y	Y	N	Y	Y	Y
Germany	Y	Y	N	Y	Y	Y
Italy	Y	Y	N	Y	Y	N
Spain	Y	Y	N	N	Y	Y
Sweden	Y	Y	N	N	N	N
UK	?	?	Y	N	N	N
Australia	N	N	Y	N	N	N

Y=Yes N= No

Source: adapted from Storrie (2002); NSW Labour Hire Task Force (2000)

As illustrated in Table 5 there is either confusion or an absence of regulation in the UK while in Sweden there are few regulations

regarding temporary agency employment. Sweden is also the only country that sanctions the labour hire of independent contractors. A clear employer-employee relationship is established in most countries and the contract is subject to regulation to ensure that temporary agency workers receive the same benefits and protection as permanent employees. In some EU countries the regulation of the contract by the user or hiring firm is also subject to limitation through regulation. In France, Germany and Spain, labour hire is illegal if utilised to replace workers on strike, while in France and Italy labour hire is not permissible for dangerous work. Furthermore, some sectors are excluded from using temporary agency workers, including public administration in France and construction in Germany.

The situation in Australia is broadly similar to that in the UK and the largely unregulated temporary hire sector in the USA (Peck and Theodore, 2001). There has been an absence of regulation, there is confusion over status within the temporary work sector and there are no exclusions with respect to temporary agency employment arrangements. Queensland was the first state to attempt to set out the nature of the employment relationship between the labour hire company, hiring organisation and the worker (*Queensland Industrial Relations Act*, 1999). The *Queensland Industrial Relations Act* establishes the temporary agency as the employer and the labour hire worker as the employee. Similar legislation was introduced in Victoria in 2000. The NSW Taskforce on Labour Hire (2000) recommended that the employment relationship involved in labour hire arrangements should be clearly established through legislation. Unlike the EU, there is no social directive or no national policy that attempts to clearly set out the rights associated with labour hire employment.

## **TEMPORARY EMPLOYMENT, SKILLS AND TRAINING**

The workplace agreements database for Australia indicates that typically there is a training clause in around 80 per cent of Federal workplace agreements (DEWRSB, 2000). With respect to employers,

the average training hours per employee are declining (Connell and Burgess, 2001) and that:

- a. employees in small enterprises (less than twenty employees) receive around one-third the training hours of employees in large enterprises (over 100 employees);
- b. part-time employees receive less training than full-time employees; and
- c. casual employees receive less training than permanent employees.

The official data also suggests that the two most influential factors governing workplace training are technological change and managerial policy. The latter covers workplace re-organisation, new production processes and changes to job descriptions, work rosters and the like. VandenHeuvel and Wooden (1999) also point out that the three factors noted above are also predominant when the AWIRS 1995 (Moorehead et al, 1997) data is analysed, particularly where casual employees receive less employer provided training than permanent employees.

Hall (2001) reporting on a survey from the Australian Centre for Industrial Relations, Research and Training suggests that temporary agency workers receive less training than those working alongside them in permanent positions. One of the ironies of temporary agency employment is its appeal to employers in providing access to skills 'on demand'. Yet, the very nature of temporary employment precludes both agencies and user firms from investing in training (apart from mandatory OHS training) since the agency workers could apply the skills obtained through that training for other agencies, other employers, or to obtain a permanent job. Hall (2001) comments that one of the dangers of expanding agency employment is that its very nature reduces investment in skill acquisition and leads to a skills deficit that encourages the use of temporary agency workers. In the longer term, this cycle of under-investment is likely to impact on productivity and competitiveness at both the firm level and the national level.



Current conditions for temp workers in Australia indicate that, basically, a temporary worker is expected to 'come with the necessary skills' or acquire them on their own behalf. A recent survey conducted by the authors found that frequently the only training on offer from user firms for temps was essential safety training, induction or job specific familiarisation training (Connell and Burgess, 2001). User firms indicated that if more training were required they would be inclined to send for another temp. This reinforces the argument made by Cauldron (1994) that temps are considered to be truly expendable.

Regional case studies of labour hire in the Hunter region of NSW found that, where temps are concerned, the traditional HR functions of recruitment, HR administration and training have shifted completely (Connell and Burgess, 2001). From the user firm's perspective there is frequently little or no emphasis on strategic HR as temporary workers tend to be recruited 'just in time' to fill a gap at short notice. Conversely, it could be argued that the recruitment of temporary employees on short-term contracts that are continuously renewed is a strategic HR initiative on the behalf of the contracting organisation. Where this occurs, it allows screening within the workplace to occur, labour 'on-tap', a negligible utilisation of HR resources and is immediately cost effective.

In short, traditional processes for formal and informal skill acquisition are being compromised through the restructuring of the public sector, the short-term pressures on organisations to reduce costs, and the development and extension of irregular and fragmented employment arrangements. The regional case studies of temporary agency employment (Connell and Burgess, 2001) suggest that it is the responsibility of temps to acquire skills even though they lack the resources, time or employment continuity to do so. In turn, skill verification falls to the agency who is increasingly not only becoming an employment broker but a provider of many traditional HR services. For the user firms, the provision of training is rudimentary, often being determined by what is required to satisfy fundamental OH&S requirements. ACCIRT (1999:145) suggests that a decline in training opportunities is one of the hidden costs of the increase in contracting and labour hire.

## **TEMPORARY AGENCY WORK AS PRECARIOUS EMPLOYMENT**

The Labour Hire Taskforce reported that 95 per cent of agency workers were casuals and, as such, they suffer from all the forms of benefit and protection exclusion attached to casual employment (Campbell and Burgess, 2001a). In addition, the union submissions to the NSW Taskforce suggested a pattern of persistent under-award pay and very low rates of unionisation. Their pay rates were often below those of workers who performed the same job, but under those for standard employment arrangements (Hall, 2001). Without a clear designation of responsibility, agency workers are not covered for holidays, sickness or severance. Furthermore, there is an imperative for many temporary workers to maintain continuous assignments without a break for sickness or holidays, since their non-availability may mean they are relegated in the queue of available agency workers when assignments become available (Connell and Burgess, 2001). In between employment assignments temps are effectively unemployed. Unlike some EU countries, the temps are not paid by the agency between engagements. Also of concern is that ambiguous employment arrangements can result in an absence of OH&S coverage and no insurance cover for rehabilitation and return to work in the case of work related injuries (Hall, 2001). This issue was of major concern for the NSW Labour Hire Taskforce (NSW Department of Industrial Relations, 2000).

From the perspective of user firms, temporary workers offer the possibility of extensive numeric and functional flexibility. For temporary workers, such arrangements may suit education and family commitments, yet there are many more workers who would prefer regular employment, a predictable income flow and established employment rights. In Australia and in most EU member states, the temporary employment sector has experienced low rates of unionisation, reinforcing the relative lack of protection. Further, the globalisation of the temporary help industry will continue to encourage greater utilisation of temporary agency workers. That is, the demand



imperative for more just-in-time employment arrangements is being matched by the global growth of an industry that can facilitate this process. As already discussed, this particular employment arrangement is characterised by ambiguity in terms of employment status and employer responsibilities. For some occupations (for example nursing, teachers, IT programmers), the shortage of trained and available workers is driving the expansion of TWAs, but in many cases it is the possibility of lower labour costs and further labour flexibility that is providing employers with the incentive to replace permanent workers with agency workers. This, in turn, will place pressure on employment security and on the employment conditions of permanent workers.

## CONCLUSION

This article has outlined the expansion of temporary agency employment arrangements in Australia and the EU member states. For user firms, the utilisation of temporary workers provides extensive labour flexibility with reduced obligation. Labour costs can be cut and labour can be employed on a needs basis. However, the implication of such developments is negative in terms of aggregate skill acquisition, employment security and the sustainability of employment conditions. Therefore, the lack of career paths, adequate training, protection and conditions for temporary agency workers in Australia has led to a growing 'second-class' workforce. Australia needs to encompass the EU debate over temporary agency employment and establish regulatory norms for the industry and employment arrangements within the industry. Currently the ambiguity, confusion and absence of regulations surrounding the temporary work sector indicate that there is an urgent need for policy reform within Australia. Reforms to the industry are being implemented, but largely on an *ad hoc*, state-by-state jurisdictional basis. At the Federal level the dominant policy concern with labour flexibility will result in little or no regulatory action with respect to temporary agency employment.



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