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TEMPORARY WORK AND HRM IN EUROPE

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ABSTRACT

New information technologies and the increasing globalisation of commerce are opening up new work opportunities, especially for highly-qualified staff. These changes are being reflected in new types of work, temporary contracts and flexible work locations. This mobility developments lead to a international oriented Human Resource Management.

The international research project running from 1999-2001 is investigating the issues involved – particularly those concerning temporary work for highly-qualified managers & professionals in Europe – by reference to selected European countries (Great Britain, Germany, Italy), and further using the Delphi Method (surveys of experts on future-related subjects) to analyse probable developments in this area which is so interesting from the perspectives of employment policy and personnel management in an international context.

Key words

Term-time-contracts, Temporary work, Temporary work agencies, Delphi-Study, newwork patterns.

TEMPORARY WORK AND HRM IN EUROPE

INTRODUCTION

Temporary work and tele-work

The use of temporary employment for managers and professionals (m&p) is the subject of empirical research currently under way. We are due to be reporting on this in Paris: What possibilities - both risks and opportunities - does information technology present for novel forms of work (New work pattern), including the temporary employment of high qualified people?

In the past, agencies organised the temporary employment of mostly unskilled and semi-skilled workers in factories and offices. When there were fluctuations in production requirements or other staffing bottlenecks, it was possible to hire such workers without having to lose time training them. But as the tasks faced by companies have become more complex, there has been an increasing demand for (and placement of) highly qualified m&p, more and more on a temporary basis (1). Additionally, in the face of strong international competition, many companies in Europe have been compelled to reduce staffing levels, resort to outsourcing, and restrict themselves to their core competencies. This means they can no longer handle work peaks with their own personnel. The networking of permanent with temporary staff generates new systems of work, and lead to new aspects/foci of the human resource management (2).

In the context of temporary employment it is important to distinguish between, on the one hand, employment contracts of fixed duration signed directly with a company or institution and, on the other, staff loaned by temporary work agencies to companies or institutions for a limited period.

Eurostat's statistical data for the whole of Europe fails to differentiate adequately here. If one analyses the figures for employees working under temporary contracts, as a percentage of all employees, by sex, it can be seen that these figures refer to all kinds of temporary employment. It becomes clear that the situation in Europe is very diverse (see figure 1).

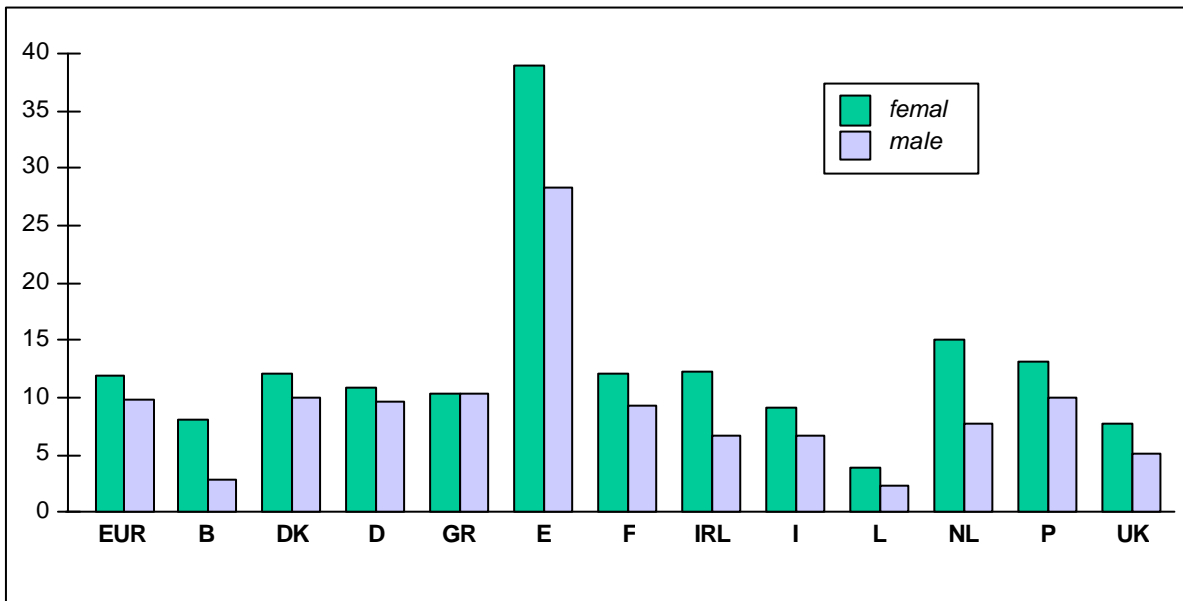
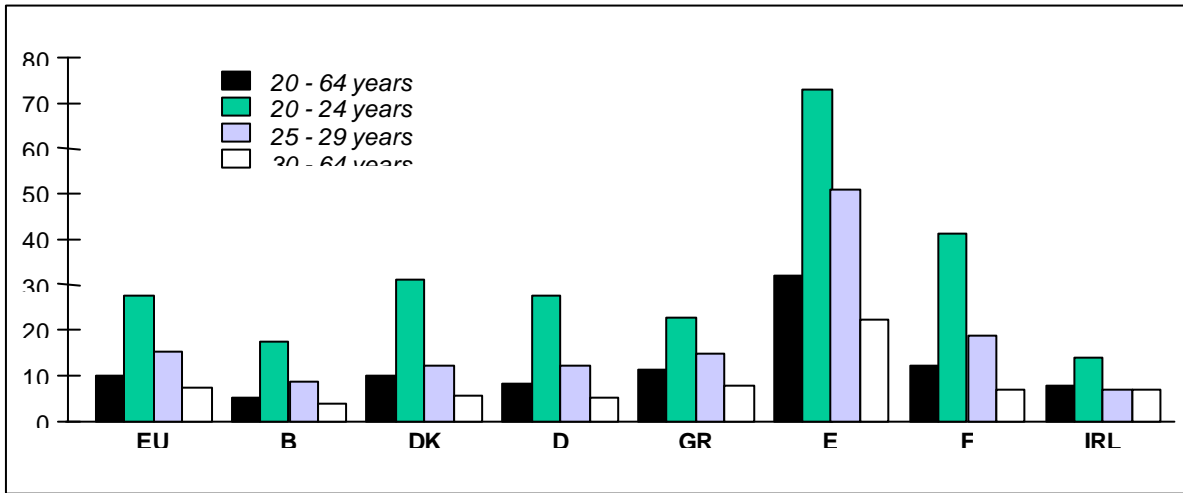


Figure 1: Employees working under temporary contracts, as a percentage of all employees by sex, 1992
Source: Women and men in the European Union, European Commission 1995: 153

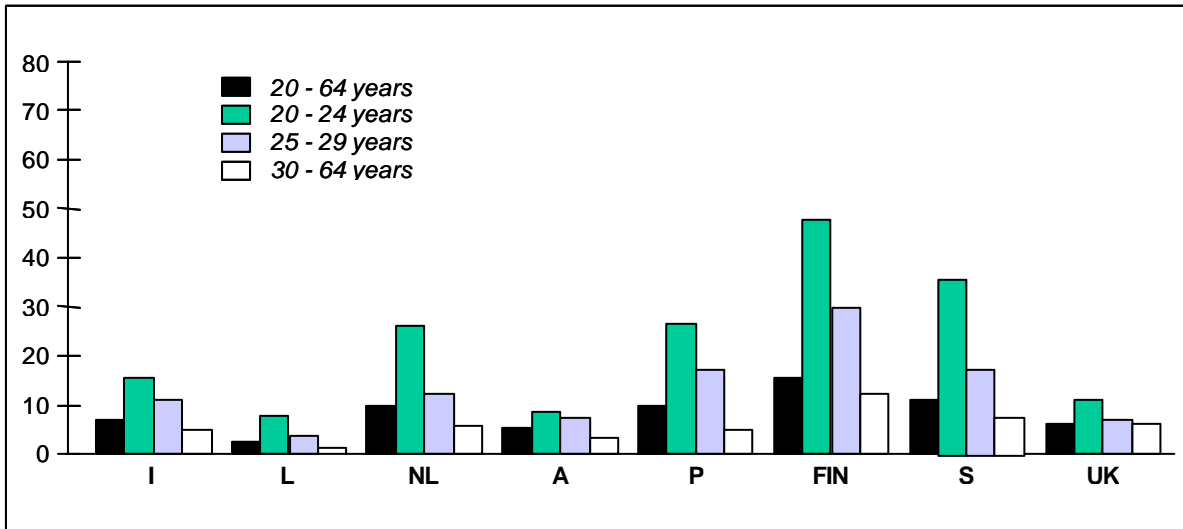
It is worth noting the exceptional case of Spain, where more than 30% of workers are employees with temporary contracts. This percentage is 10 times higher than in Luxembourg. In all the Member States other than Greece, this form of employment is more common among women than men. This gender difference is especially marked in Belgium, Ireland and the Netherlands.

In Europe it is in the agricultural sector that the level of temporary working is most striking, with 34.8% of female employees and 24.4% of male employees in the agricultural sector being employed under fixed-term contracts (3). Term-time contracts have been less common (until now) in the service sector and even less so in industry. At EC level, 9.9% of female employees and 9.3% of male employees in industry, and 11.9% of female employees and 9.4% of male employees in the service sector, have only fixed-term contracts (4).

The percentage of individuals with fixed contracts is also much higher among younger people than older employees (see figures 2 and 3).



Percentage of employees with a contract of limited duration - 1996



Percentage of employees with a contract of limited duration - 1996

Source: Social Portrait of Europe, eurostat, 1998: 122

On the one hand, this is the result of particular kinds of initial vocational training, e.g. apprenticeships and the dual system. On the other hand, the figures reflect the fact that young people are finding it increasingly difficult to start their working lives with jobs that could be classified as long-term. For many young people, fixed term contracts have been replaced by trial periods where they must first gain experience in order to lay claim to more enduring positions (5).

In general, the proportion of fixed-term contracts does not vary significantly according to level of education. However, in all the countries the analysis by age group reveals a relatively high proportion of fixed-term contracts among more highly qualified young people aged 25-29. In fact almost one employee in five aged 25-29 years and with a degree has a temporary contract.

Looking at the duration of temporary contracts, there appears to be a relationship between job instability and level of education. Of those EU employees with a temporary contract, university (or equivalent) graduates are twice as likely to have contracts lasting over one year than those employees with inferior qualifications (6).

Temporary work from agencies/Temporary Help Services

The study does not focus on an analysis of general temporary employment, but rather on temporary employment as provided by temporary work agencies and temporary help services.

Temporary work (professional loaning of staff, loan work) constitutes a three-sided employment configuration (7). Temporary workers are wage-earners who, in their capacity as employees of temporary work agencies, perform work for limited periods in different companies. They have an employment contract with the agency which is usually permanent in character (8).

The mid-1990's saw the start of a major wave of mergers between temporary work agencies, a process that is still continuing. Multinational corporations don't want to find a new personnel services supplier in every single country, and therefore prefer to sign general agreements with multinational temporary work agencies (cost savings)(9). As Europe still lacks a uniform system for regulating temporary work (10), these transnational companies have to be able to take the requisite actions in various countries (temporary work contracts, mobility in temporary work etc.)(11).

International Comparison

Developments in a number of industrialised countries suggest that temporary work has gained quantitatively in importance over the past few years (12). This leads us to believe that these discernible tendencies reflect a general trend in employment use, one that is evolving from new concepts in rationalisation and production (13). Attempting to sketch the diverse legal frameworks, historical developments and quantitative increases in temporary work in the various European countries – and to detail their implications for managers and professionals – would be impossible within the scope of this article. For this reason we have opted only to present some of the salient features:

By way of example, the employment trends for temporary workers in Germany are displayed in figure 4.

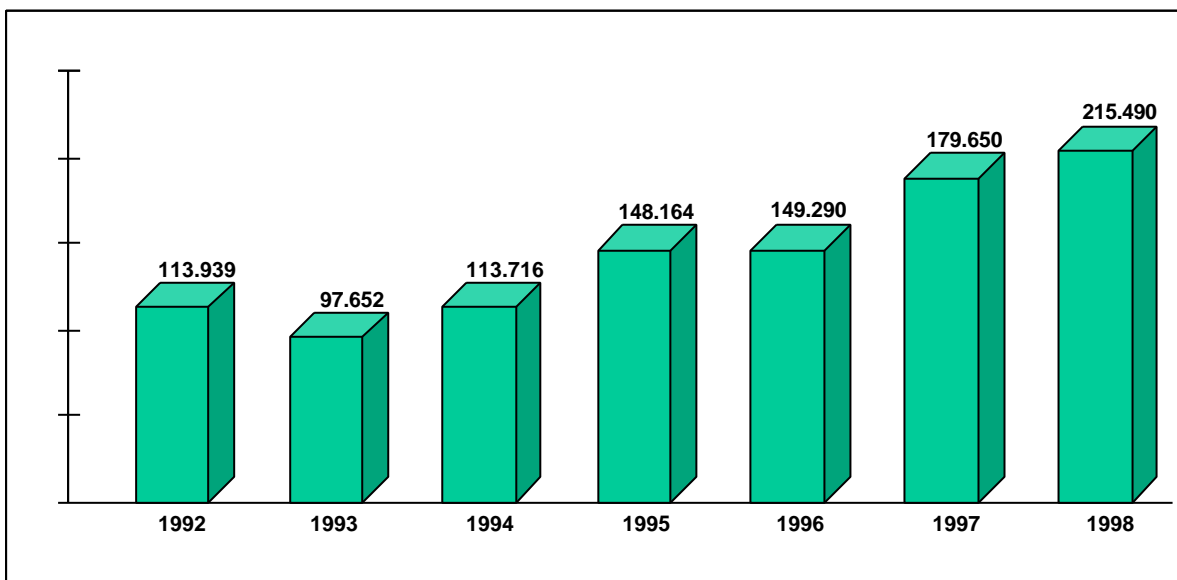


Figure 4: Temporary employed workers in Germany

Source: Bundesverband Zeitarbeit Personaldienstleistungen e.V., 1999

This shows that figures have doubled during the period 1993 – 1998. Similar trends can be observed in almost every country in Europe. However, until now statistics providing specific data on managers & professionals have been few and far between, given the fact that the percentage is still very low, if growing steadily.

Temporary work has existed in Germany since the mid-1960's (14), and has been regulated since 1972 through the Law on Temporary Employment ("Arbeitnehmerüberlassungsgesetz"). In this law, Germany has the strictest legislation of any country in Europe (15). Temporary work organised by agencies in Germany is subject to a stigma that cannot be discerned, for example, in the U.S.A. German managers and professionals still consider it desirable (albeit not with the extremity of their counterparts in Japan) to devote their entire working lives to developing a career with the same major corporation.

France shows similar trends in temporary work as Germany does. In both countries, people with no or low qualifications are overproportionally represented among the temporary workers. Equally, men dominate among the temporary workers in both countries (in contrast to the U.S.A., Great Britain and Japan (see below)). However, unlike in Germany, in France workers in the construction industry can be given temporary contracts and temporary workers can be given several limited term contracts (16).

In Great Britain, beyond a broad spectrum of generally-based temporary work, specialist agencies also supply temporary work as defined above to particular professional groupings (secretaries, programmers) who are in short supply in specific regions (London, south-east England). In the U.S.A. the so-called Temporary Help Services (THS) have expanded dramatically since the 1980's. The most important markets here remain the administrative and office sector which accounts for about half of all temporary workers. Women – displaying extremely diverse qualification matrices (17) - make up 90% of these staff. 40% of temporary jobs here are part-time.

In Japan the country's Law on Temporary Employment has only been in force since July 1, 1986. Historically-speaking, temporary work only became established slowly in Japan against the background of an existing range of supra-corporate and intermediate employment arrangements. Alongside the prolific practice of subcontracting (Shagaiko) – particularly in the construction industry – and the loaning of workers between companies (Shukko), the importance of temporary/loan work (haken; rijinko) also grew. This development – which increased in impetus following the two oil crises – has always conflicted fundamentally with the highly-esteemed Japanese practice of working one's whole life for a single company. Most temporary jobs placed in Japan are in the tertiary sector. By contrast, loan working is not permitted in those areas of work directly related to production (18)

As stated above, this study deals exclusively with highly skilled managers and professionals (university degree or/and with many years of experience). It becomes clear that there is neither explicit statistical data at a European level for this specific target group, nor studies or publications treating the subject and its context. Developments in Germany show, for example, that the percentage of m&p with temporary contracts may be growing, but that it still constitutes an infinitely small proportion.

New Information Technology

Prepared for the European Council in Vienna of December 1998 in the context of the European Employment Strategy, the European Commission adopted a report on "Job opportunities in the Information Society (IS)" (19). The report concluded that employment prospects in the IS sector are bright – but only if Europe acts decisively to make the most of the potential of this rapidly-growing and rapidly changing industry.

The Information and Technologies (ICTs) which underpin the IS have rapidly become one of the biggest and fastest-growing sectors in the EU economy, already accounting for over 5% of the EU's gross domestic product. The IS-related sector now leads employment growth in Europe with over 4 million people employed. Between 1995 and 1997 more than 300,000 new IS-related jobs have been created. Thus the IS is now responsible for one in every four new jobs in the EU. Moreover, the future employment potential is enormous. The European audio-visual market is expected to grow by around 70% between now and 2005, and could itself yield as many as 300,000 additional jobs.

Thanks to these new information technologies, highly qualified specialists are now able to offer their services from home or any other location - just-in-time and worldwide. These services – e.g. in the areas of public relations, marketing, design, and accounting - are increasingly being used by all kind of companies

worldwide. Another new phenomenon is the increasing availability of experienced managers on a temporary basis.

Given the potential of the new information technologies and the trends outlined here (increasing temporary work / highly qualified fixed-term work), it is all the more remarkable that Human Resource Management and International Management research has only ever dealt with the topic of temporary work in a peripheral fashion, and in particular that it since now has never turned its attention to the managers and professionals target group.

Aim

Given this, the aim of the study is on the one hand to present an up-to-date and comparative overview of the situation within Europe:

- Past developments and the current situation on the temporary work agency market (historical approach)
- Temporary work involving managers and professionals
- The influence of new information technology on managers and professionals with temporary employment contracts
- Differences between the image of m&p temporary work and that of other temporary work

However, the main goal of the study is to provide a future-oriented analysis by implementing the Delphi Method (see description in "Methods" below). The objective was to find out what experts consider the possible future developments and scenarios:

- Description of the possibilities (quantitative and qualitative) for new jobs for m&p
- Developments on the market for temporary employment agencies (mergers, specialisations etc.)
- New work patterns for temporary m&p due to IS

A plan of action will be drawn up based on the results of the survey. This plan should enable the various countries of Europe and the European Commission to improve their use of the opportunities offered by m&p temporary work in the future and, where applicable, to promote developments through their own programmes or plans of action.

METHODS

Since 1999, an analysis of data and literature has been under way in collaboration with the European Commission, the Employment & Social Affairs section (formerly DGV Industrial Relations and Social Affairs), together with an European-wide survey of experts using the Delphi method. The research project is due to run until the end of 2001. The report will be published in German and English.

Delphi Method

The Delphi Method was selected for this research project because it not only enables situative data to be collected, as in a normal questionnaire-based survey (situational analysis), but also allows feedback to be played back and discussed. As a result it enables a joint vision to be created during the course of the survey.

The Delphi Method was developed at the end of the 1940's and start of the 1950's by the RAND Corporation. It was commissioned by the U.S. Air Force to draw up a future scenario providing an overview of the likely technological advances twenty years later. Helmer/Rescher presented this method to the public for the first time in 1959 (20). In 1964 the report on the above-mentioned project (21) was

published, and in 1968 the methodology implemented in the Delphi Method was explained in detail in two papers (22).

The idea behind the Delphi Method is based on the following considerations (23). Selected experts are asked for their views and assessments of future developments – in our case on the development of temporary work for managers and professionals, specifically in the light of new information technologies until the year 2020. More than one round of sending questionnaires is held (in our case two), with the questions for subsequent questionnaires being partially based on the answers of the previous ones.

Against this background, the following characteristics are typical of the Delphi Method:

- Expert opinions rather than mass surveys
- Group assessments rather than individual interpretations
- Structured questioning rather than the unguided expression of opinions
- Anonymous questioning rather than group discussion
- Repetition with controlled feedback
- Statically-determined group statements, augmented by reasonings and counter-arguments
- Long-term, development-related visions rather than short-term, situational analyses describing situations at a specific point in time

The criticisms leveled at the Delphi Method focus primarily on the following issues:

- Selection of the experts
- "Band wagon effects"
- The calculation of the median

The quality of the results of any study based on the Delphi Method stands and falls with the quality of its selection of experts.

Although the survey is performed anonymously and the experts don't know each other in most cases, the feedback process means that the possibility of "band wagon effects" – i.e. situations where experts assimilate their views to those of certain opinion leaders – cannot be excluded completely.

The standard way of calculating averages (medians) for this method can result in "extrempositions" being excluded or leveled out. In some cases these positions may constitute "visionary" expert opinions that are of particular interest.

For over thirty years Delphi Studies have been performed regularly in Japan to forecast long-term developments in science and technology. The National Institute of Science and Technology Polica (NISTEP) – which reports to the STA (24) - has responsibility for these studies.

In Germany a "Delphi I" survey was performed for the first time in 1992 on developments in science and technology. The survey was executed by the Fraunhofer Institute for System Technology and Innovation Research on behalf of the German Ministry of Education, Science, Research and Technology (25). In 1996 a second survey ("Delphi II") was initiated, with questions more closely trimmed to the situation in Germany.

Sample

For the current study on temporary work, a structured initial questionnaire was drawn up and tested (in a pre-test) for its validity, reliability and objectivity.

In the first round of questioning, the questionnaire is being sent to selected experts by email, after which it will be completed and also returned by email. This allows the processing time to be cut considerably and hence the time between each round of questionnaires to be reduced as well.

The respondents will comprise at least fifty experts in the following areas from each of three European Union countries – Germany, Great Britain and Italy:

- Temporary working managers and professionals
- Temporary employment agencies
- Company representatives/human resource managers (high tech companies)

- Consulting companies

Items

The questionnaire will integrate questions on the following main issues (26).

- The use of temporary employment for m&p against the background of increasing globalisation and the international networking of work processes in different countries and companies
- The deployment of information technology for the successful involvement of temporary managers and professionals
- A discussion of what the creation of novel forms of temporary employment managers and professionals means in terms of quality and quantity
- A study of the image of managers and professionals engaged in temporary work (personal assessments compared with outside assessments) (27)
- The opportunities for using - and potential growth of - "temporary managers and professionals", the benefits and drawbacks, cost comparisons, cultural problems etc.

FINDINGS

The initial results of the European-wide Delphi Study will be available in part at the conference in Paris. The final results of the study will be available at the end of 2001 and published in both English and German.

CONCLUSION

The EU is clearly well placed to exploit the potential of the IS and the challenges of the new century. With the largest single market in the world, a single currency, liberalised telecommunications markets, a strong voice on the world stage, and a diverse, creative and innovative pool of talent, all the ingredients are in place for sustained success.

But in spite of these positive aspects, there is worrying evidence that the EU is not making the most of the IS potential. Over 500,000 ICT job vacancies in the EU were vacant by late 1998 due to skill shortages. This calls for urgent attention. A europeanwide strategy for highly skilled m&p placed throughout international working temporary work agencies might offer a helpful first step, although it cannot, of course, hope to provide a general solution.

The German prime minister Gerhard Schröder started an innovative campagne by offering 20.000 foreign professionals of internet technologies a "German Green Card" with a temporary work contract for 5 years. This shows how actual and important the research focus of the presented research project is.

Temporary work for managers and professionals are opening up novel work prospects for many people in Europe and could help the European market to succeed/step forward in the international competition.

How an international oriented Human Resource Management could handle the challenges of this developments in an effective and successful way, will be presented and should be discussed within the presentation.

ENDNOTES

- (1) Armstrong-Strassen, 1998
- (2) Albeda/Veldkamp, 1978
- (3) Women and men in the European Union, European Commission 1995:153
- (4) Women and men in the European Union, European Commission 1995:153
- (5) Social Portrait of Europe, eurostat, 1998:122
- (6) Social Portrait of Europe, eurostat, 1998:122
- (7) Meyer/Wohlrab-Sahr, 1991: 11
- (8) Saks/Mudrack/Ashforth, 1996:227
- (9) Maurer, 1995
- (10) Blanpain, 1993
- (11) Dale/Bamford, 1988:193
- (12) Belous, 1989
- (13) Brose/Schulze-Böing/Meyer, 1990:60
- (14) Schneider, 1991:17
- (15) Hoffritz, 1999:71
- (16) Brose/Schulze-Böing/Meyer, 1990:63
- (17) Brose/Schulze-Böing/Meyer, 1990:66
- (18) Brose/Schulze-Böing/Meyer, 1990:61
- (19) http://europa.eu.int/comm/dg05/soc-dial/info_soc/jobopps/summen.htm
science and technology
- (20) Helmer/Rescher, 1959:25-52
- (21) Gordon/Helmer, 1964
- (22) Helmer, 1968; Brown, 1968
- (23) Brown, 1968
- (24) Japanese authority for science and technology
- (25) Which was still called the German Ministry of Research and Technology at that time
- (26) Feldmann/Doerpinghaus/Turnley, 1994:50
- (27) Krausz/Brandwein/Fox, 1995:218

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