



WORLD EMPLOYMENT CONFEDERATION

The Voice of Labour Market Enablers

Social Impact Report

LABOUR MARKET ACTIVATION, TRANSITIONS AND INCLUSIVENESS

The contribution of the private employment services industry

Foreword

This new Social Impact Report from the World Employment Confederation aims to present the positive impact brought by the private employment services industry to labour markets around the world.

While the industry's social impact covers a broad range of fields and activities (including upskilling the workforce, securing quality work, providing innovative safety nets etc.), this first edition focuses more specifically on activation, transitions and inclusiveness in the labour market.

Raising employment participation by creating more work opportunities, facilitating workers' transitions between jobs and increasing labour mobility, while including vulnerable groups in the labour market, are shown to be the main contributions brought by the World Employment Confederation members.

This report is based on statistics and information gathered from the members of the World Employment Confederation, as well as international organisations and third-party research, and provides case studies on social innovation practices that have been implemented by the private employment services industry. For additional market information and statistics on the global private employment services industry, readers are also encouraged to explore

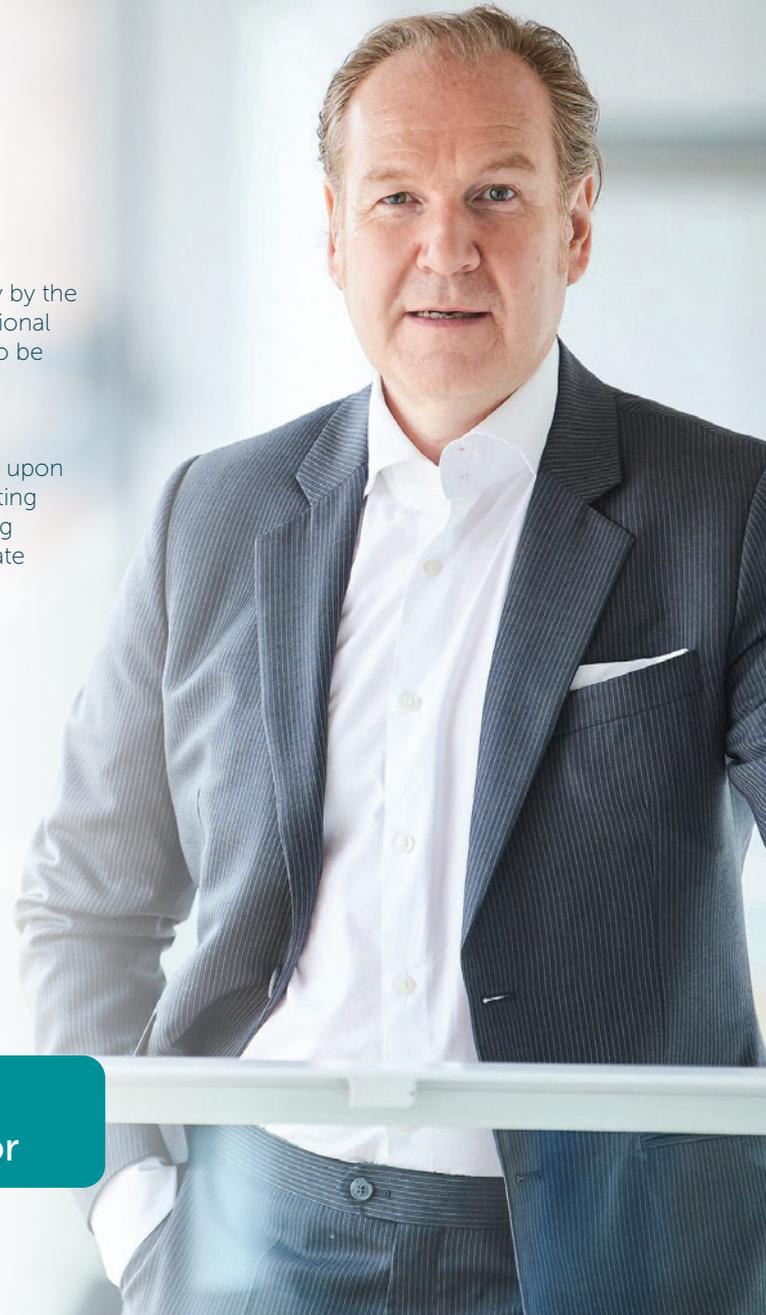
the Economic Report, published annually by the World Employment Confederation. Additional case studies on social innovation can also be found in our dedicated website: www.socialinnovationstories.org

Policymakers and stakeholders are called upon to implement measures aimed at supporting individuals in diverse forms of work, taking into account the contribution of the private employment services industry.

Happy reading!



Denis Pennel
WEC Managing Director



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Executive Summary

The world of work is changing. New reports hit the news every day, demonstrating megatrends, such as ageing populations, the rise in automation in the workplace, changing work preferences and the development of new and diverse forms of work. While these trends are inevitable, it is essential for a well-functioning society that labour markets remain inclusive, provide jobseekers with quality work, ensure skill maintenance and offer adequate social protection for workers.

From a worker's point of view, this changing environment has significant implications. People will need to work longer during their lifetime as improved healthcare results in higher life expectancy and ageing populations raise the dependency ratio. Increasingly automated workplaces require workers to respond by upskilling themselves more frequently to meet the changing skill requirements of employers. Transitions in the labour market will intensify: gone are the days when people could expect to remain employed in one job throughout their entire career.

The private employment services industry not only acknowledges these labour market trends but accompanies them by creating innovative and socially inclusive solutions to address them, effectively contributing to the UN Sustainable Development Goal of full employment and decent work for all.

As a uniquely placed intermediary in the labour market, the private employment services industry creates positive value for workers who may be struggling to find their way in the changing world of work. Every year, millions of individuals around the world, who may otherwise have remained unemployed, are placed in jobs by the industry, while a large number of workers are being supported in transitions to other jobs or labour contracts.

Vulnerable groups, who may face more obstacles in accessing the labour market, can find valuable opportunities in the services offered by private employment agencies. This is the case for young people who come into contact with the labour market for the first time, women who may face gender-related obstacles, and migrants, for whom access to work is crucial for successful integration into society.

At a time when the skills needs of employers are evolving, the private employment services industry provides crucial access to training for millions of workers each year in order to ensure their future employability.

The rise in new forms of work requires an overhaul of current social security systems, which are inadequate in providing safety nets for many people, as systems are often attached to traditional, permanent employment contracts. The private employment services industry, together with workers' representatives, is at the forefront of delivering access to social protection to inadequately covered workers, offering pension and health insurance schemes and services such as support in credit or housing access, that improve stability in peoples' lives.



Key Findings

on the private employment services industry's social footprint

More than **54 million people are placed in work** via agency work or direct recruitment services by private employment agencies, effectively raising employment levels in many countries around the world.



In more than two thirds of countries considered, **the share of young people in agency work is higher than in the overall employed population** and in **nearly half of the countries, the share of women is higher**, showcasing the inclusive character of the private employment sector in terms of labour market participation.



On a global average, **around 40% of individuals are either unemployed or inactive** prior to starting out in the agency work sector, highlighting the contribution of the private employment services industry to labour force participation.



Millions of workers in the private employment services industry are provided access to training programmes, which support people in enhancing their employability, in turn raising their prospects in the labour market.



On a global average, **74% of agency workers are still employed 12 months after** their initial assignment, either in direct open-ended or fixed-term contracts or in agency work.



Industrial relations, exemplified in the dialogue between social partners, are identified as a good practice in the agency work sector in many countries, resulting in **fair agreements benefiting workers in terms of access to social security benefits**.



Agency work serves as a steppingstone into permanent employment. In Australia, Spain and the United States, **20%, 33% and 46% of agency workers respectively are converted into permanent staff** by a user company.



On a global average, **more than one fifth of agency workers are students**. In Brazil, 60% are students, and agency work is effectively supporting them in financing their studies.



1 Labour market activation, transitions and inclusiveness

i) Participation – bringing people into employment

Through work, people secure their livelihood, both economically and socially, and establish meaning to their lives.

ii) Transitions – facilitating labour mobility

It is crucial for the efficiency of labour markets to ensure flexibility of the workforce and to encourage a high level of mobility by facilitating transitions between jobs as well as types of employment contracts.

iii) Inclusiveness – supporting the vulnerable

Inclusive labour markets are not only crucial for economic growth but also for social stability.

i) Participation – bringing people into employment

The world of work is changing rapidly and jobs are transforming due to societal, technological, demographic and economic shifts. At the same time, work remains a vital element in people's lives. Through work, people secure their livelihood, both economically and socially, and establish meaning in their lives.

The private employment services industry brings millions of people into employment every year. In 2017, agency work and direct recruitment services¹ matched more than 54 million jobseekers with

vacant positions, actively contributing to the UN Sustainable Development Goal 8 of full and productive employment and decent work for all (Figure 1).²

Long periods of unemployment can have significant detrimental impacts on individuals regarding their economic existence and their future employability. Nilsen et al. (2011) find a substantial scarring effect of unemployment, resulting in a strong negative relationship between periods of unemployment in the past and labour market attachment in the future. Arulampalam et al. (2000) and Gregg (2001) also find evidence of unemployment scarring.

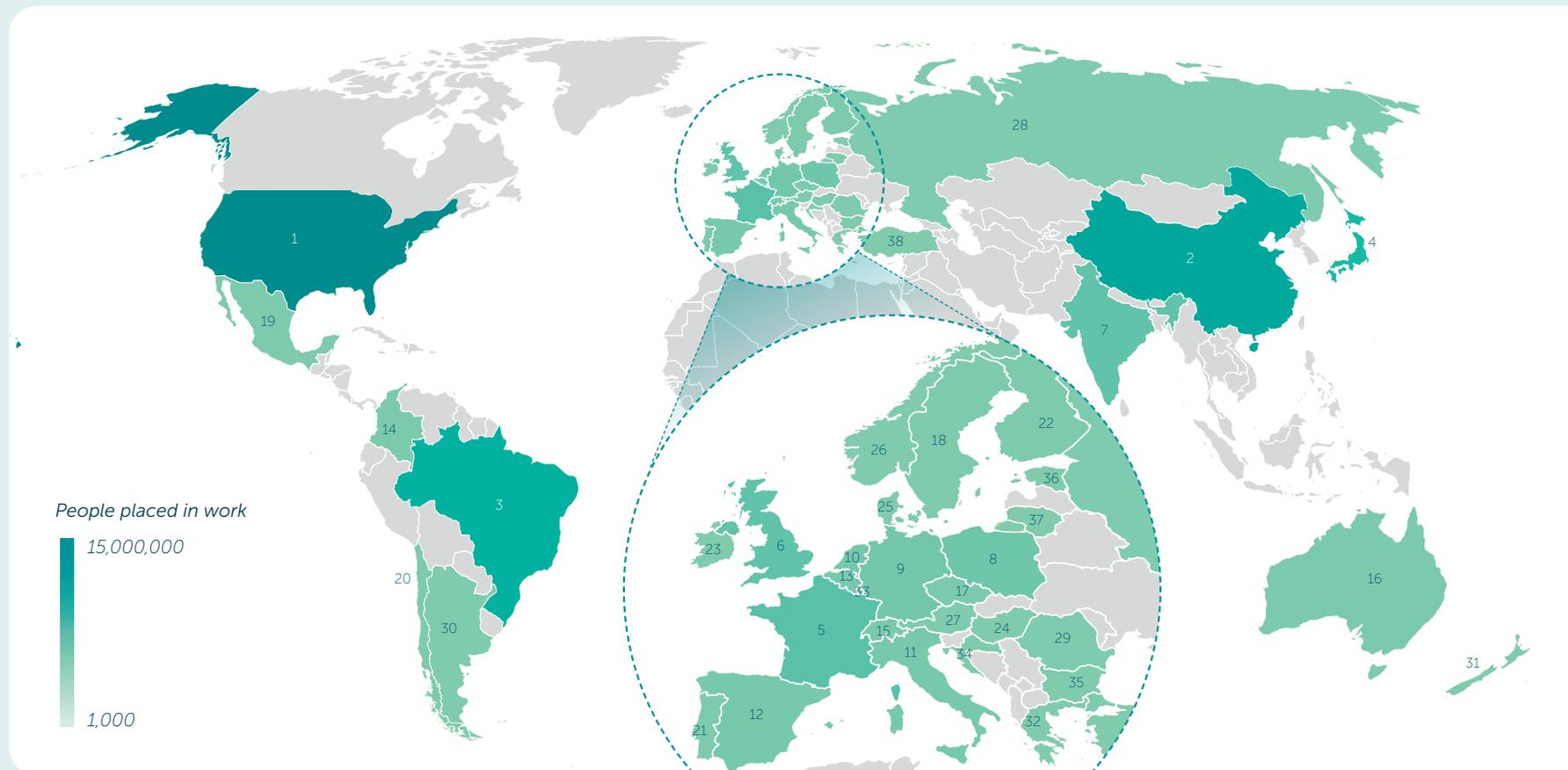


UN SDG 8
Goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

¹ Two of the five service segments within the private employment services industry represented by the World Employment Confederation. Other represented segments are: Career Management, Recruitment Process Outsourcing, Managed Services Providers. For additional information on these services, consult the 2019 WEC Economic Report.

² UN Sustainable Development Goal 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. More information can be found here: <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-8-decent-work-and-economic-growth.html>

Figure 1: Sum of placements through Agency Work and Direct Recruitment, 2017



Note: Figures as reported by WEC national federation members. For countries in grey, no figures were available.

1 USA	15,500,000	20 Chile	180,000
2 China	10,230,000	21 Portugal	166,000
3 Brazil	7,866,330	22 Finland	140,000
4 Japan	4,347,990	23 Ireland	130,000
5 France	2,690,400	24 Hungary	124,576
6 UK	2,142,289	25 Denmark	120,000
7 India	2,100,000	26 Norway	112,311
8 Poland	1,164,721	27 Austria	91,411
9 Germany	1,032,238	28 Russia	81,985
10 Netherlands	856,638	29 Romania	57,338
11 Italy	740,000	30 Argentina	49,991
12 Spain	708,613	31 New Zealand	40,600
13 Belgium	670,981	32 Greece	30,531
14 Colombia	461,041	33 Luxembourg	26,145
15 Switzerland	452,414	34 Croatia	18,700
16 Australia	344,900	35 Bulgaria	10,032
17 Czech Republic	236,000	36 Estonia	5,500
18 Sweden	195,000	37 Lithuania	2,774
19 Mexico	184,647	38 Turkey	1,000

Whereas permanent positions may be more sought after by some people, they offer reduced flexibility and are usually characterised by high entry requirements such as skills, education and previous work experience. The private employment services industry supports individuals who want to overcome such detrimental spells by offering reduced entry barriers into employment. 42% of Swiss companies state that entry requirements are lower for temporary employees than for permanent staff (Swisstesting, 2019). Unemployed jobseekers often find their way back into the labour market via private employment agencies and can use the work experience they gather in order to scale up their future employment prospects, while benefiting from flexibility, topped-up earnings as well as access to social security through formally declared employment.



More than
54 million
people found
work via agency work and
direct recruitment services

On average across countries, one third of agency workers who found employment via a private employment agency in 2017 was previously unemployed (Figure 2). For many unemployed people, the services offered by private employment agencies are their best chance to find work. Furthermore, on average, around 9% of agency workers were previously inactive and have joined the labour force through a private employment agency, a finding that showcases the contribution of the industry towards enlarging the workforce in many countries.

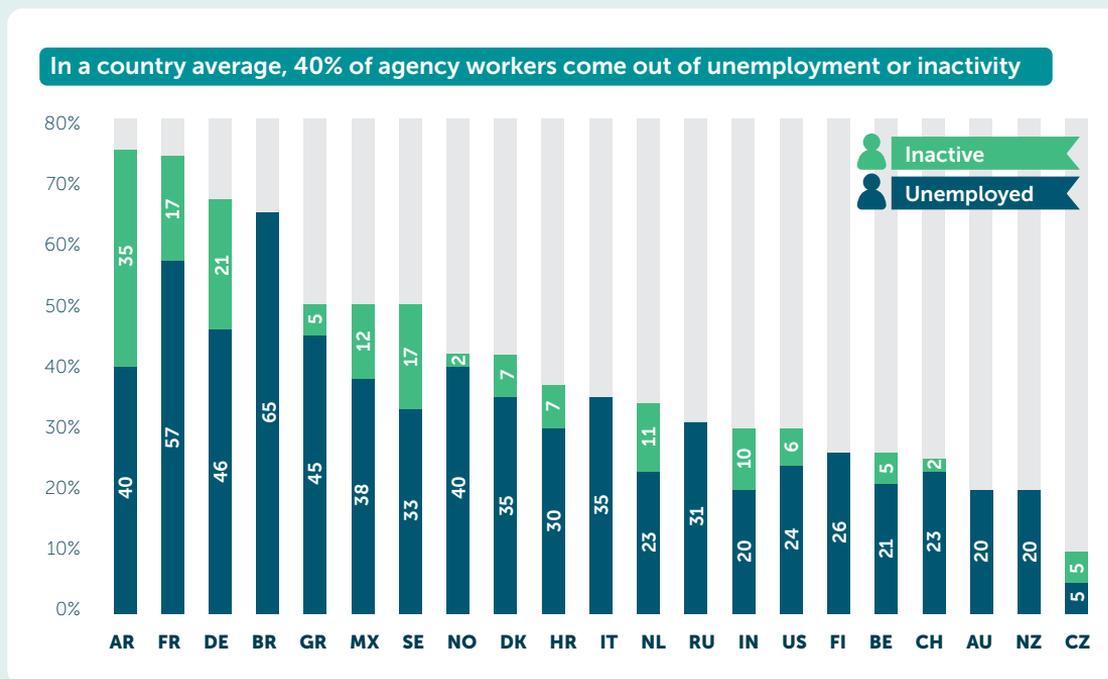


40% of individuals are either unemployed or inactive prior to

starting out in the agency work sector

Various studies find evidence of the contribution of agency work to reducing unemployment. Klaauw and Ziegler (2019) find that agency work provides a crucial channel for unemployed people to return to the labour market. According to this study, about one third of transitions from unemployment to employment in the Netherlands are attributed to jobs provided by temporary work agencies. Grzes (2014) finds that in Poland a rise in the number of temporary work agencies is strongly negatively

Figure 2: Share of previously unemployed and inactive people among agency workers, 2017



Note: Figures as reported by National Federation members of the World Employment Confederation.

correlated with the number of unemployed people, with the average effect of one additional agency being a fall in unemployment by 795 people. If temporary work agencies were to disappear in the Netherlands, there would be

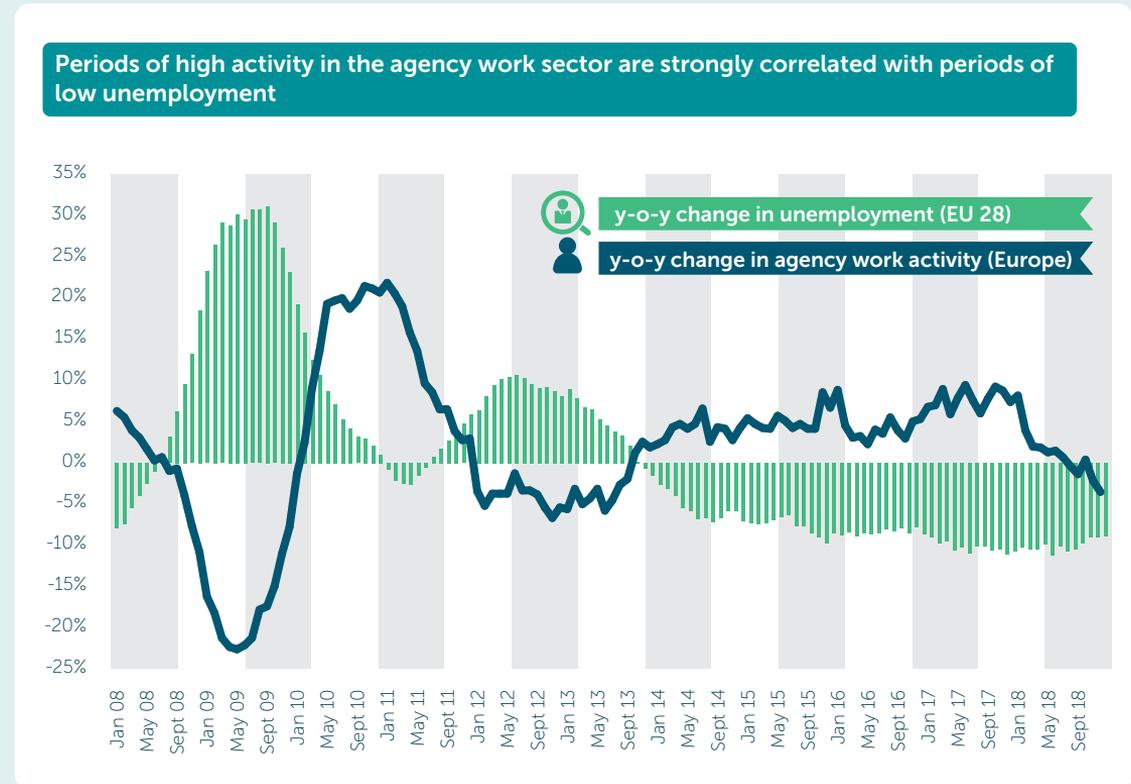
an increase of 34,000 unemployed people as a result, according to Bussink et al. (2019). Based on 2018 figures, this would correspond to a 9% rise in the number of unemployed in the Netherlands.³

³ Figure for the number of unemployed persons taken from the OECD statistical database.

Furthermore, **agency work accounts for a large share in overall annual job creation in some countries**, with 24% of new positions having been created in Brazil through the agency work sector in 2017. In Germany and France this figure was 19% and 12% respectively⁴. Indeed, the private employment services industry is found to be an engine for job creation, as it typically reacts quickly to fluctuations in the economic cycle (Boston Consulting Group; Cieltt, 2011). In 2009, at the onset of the recovery following the global financial crisis, the private employment services industry contributed quickly to the reduction of unemployment rates, by facilitating access to labour markets for people who had been out of work. Indeed, as seen in the figure below, historically a rise in agency work activity coincides with a drop in unemployment rates in Europe (Figure 3)⁵. In addition, the graph indicates that when demand for labour is high, the agency work sector expands.

  Denmark: **82% of agency workers are either satisfied or very satisfied with their work situation. 74% would recommend agency work** (Dansk Erhverv 2018)

Figure 3: Evolution of unemployment and agency work activity in Europe



Note: Agency work activity is measured as the change in the number of hours worked by agency workers. These figures were collected from a selection of European members of the World Employment Confederation. Unemployment figures come from Eurostat.

⁴ Figures as reported by the members of the World Employment Confederation.

⁵ NB: Due to prolonged periods of rising employment rates in Europe along with maintained demand for labour, activity in the agency work sector has been on a downward trend in Europe since the second half of 2018.



PHILIPPINES

Raising labour market participation through job fairs

The Philippine Association of Legitimate Service Contractors (PALSCON) works continuously with the Philippine department of Labour and Employment (DoLE) to offer decent job opportunities for jobseekers. In 2018, as part of this collaboration, PALSCON and DoLE launched a national Job Fair Caravan reaching out to workers across the country. The Job Fair Caravan includes training and human resource development activities and creates training modules and information campaigns related to workers' welfare, enhancement and growth. As part of the programme, PALSCON and DoLE also exchange labour market information to support employability and participation.



USA: **89% of agency workers** would or might be open to working again as an agency worker

(Staffing Industry Analysts 2019)

ii) Transitions – facilitating labour mobility

Labour markets are evolving and have already moved away from permanent, full-time jobs being the norm. Careers have changed as well, with workers nowadays holding several jobs over the span of their lives. It is crucial for the efficiency of labour markets to ensure flexibility of the workforce and to encourage a high level of mobility by facilitating transitions between jobs as well as types of employment contracts. The private employment services industry contributes to this facilitation via its various service segments, such as agency work and career management services.

It has already been established that the private employment services industry offers a valid entry point into labour markets for unemployed jobseekers. At the same time, while some of these individuals seek out the flexibility offered by agency work, others aim to find a permanent position, using the experience and skills gained during their time as an agency worker.

One of the main reasons for companies to choose agency workers is to screen potential future staff, while at the same time allowing for

staffing flexibility to adjust to economic cycles. Specifically, during times of sluggish economic growth or recession, employers need to retain a degree of flexibility to ensure profitability. Were it not for agency work, companies might be deterred from hiring new staff during an economic downturn, due to the fact that the element of flexibility is then lost. Through agency work, potential employers can hire staff on a temporary basis, with the goal of eventually employing them permanently. This provides employers with needed flexibility, while at the same time ensuring access to work for people during recessions or labour market slumps. Jobseekers who wish to find



France: **68% of agency workers** say that agency work has been **useful or very useful to find an open-ended or fixed-term position of long duration**

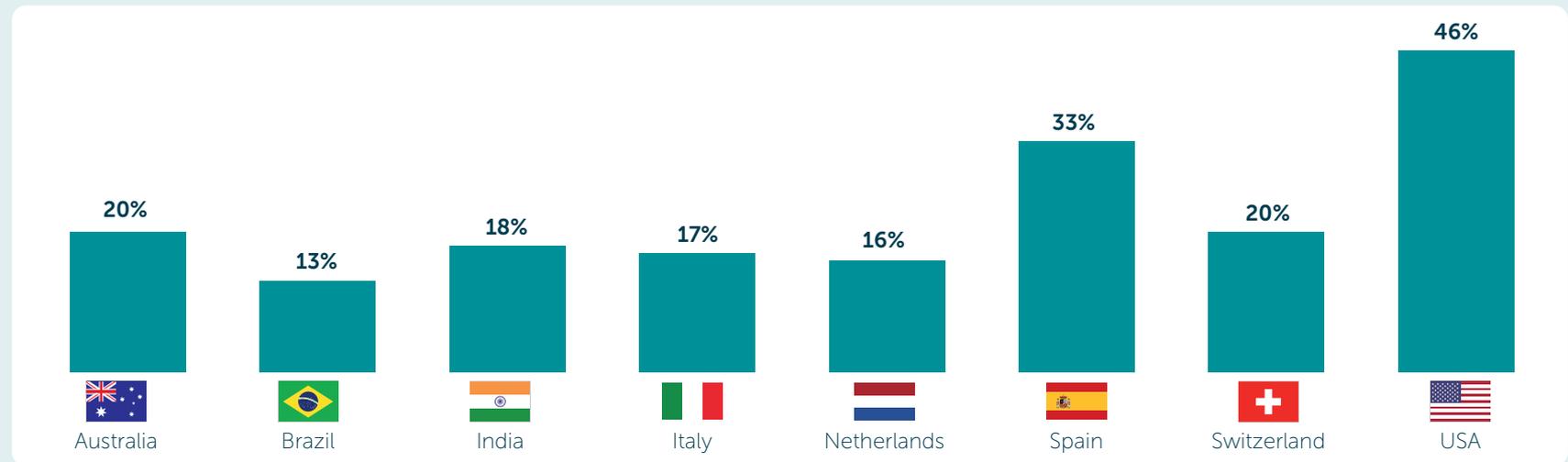
(Observatoire de l'Intérim et du Recrutement 2019)

a permanent position but are not successful in such times can **leverage agency work as a means to retain their employability as well as to increase their chances to be converted to a permanent staff member** at the company where they have previously been employed on a fixed-term basis. In Spain, during the first six months of 2019, 37.4% of all new open-ended contracts in Spain were converted from fixed-term contracts⁶ and on average, one third of all agency workers

in Spain are taken over by the client company and converted into permanent staff. In the USA, this number is nearly half of all agency workers (Table 1). According to the Institute of Labour Economics (IZA, 2013), the possibility to screen potential future employers as well as to gain experiences in different fields of work, are reasons as to why "[...] temporary agency work can serve as a steppingstone to permanent employment [...]" (IZA, 2013).

 Belgium: **82% of agency workers are satisfied with their work situation. 74% would work again as an agency worker** (Federgon 2018)

Table 1: Conversion rates from temporary to permanent employment of agency workers, 2017



Note: Figures as reported by National Federation members of the World Employment Confederation.

⁶ Randstad Spain analysis from August 2019 (based on news release by Staffing Industry Analysts).

1 Labour market activation, transitions and inclusiveness

Beside the prospect of being converted to a permanent staff member at the company for which an agency worker has worked, being employed via agency work can have positive effects on employment prospects compared to unemployment. On average, 74% of agency workers are still employed 12 months after their assignment, either in a direct fixed-term or open-ended position or in the agency work sector (Figure 4). In France, for 68% of agency workers, agency work has been a useful way to obtain a permanent position, while for 91% it was effective in providing them with professional experience, in turn raising their employability on the labour market (Prism'emploi, 2019). In Switzerland, among all agency workers with the goal of obtaining a permanent position through agency work, 55% have achieved this goal 24 months after having started their agency work contract (SwissStaffing, 2019). Around half of those who found a permanent position now work for a company at which they were placed during their agency work period. **For individuals who struggle to find a permanent position, the private employment services industry can provide an effective steppingstone in these instances.** In the United States, around 90% of agency workers find that they have scaled up their employability, while 49% see agency work as a way to get a permanent job.⁷ In fact, 46% of all agency workers in the United States are offered a permanent position by the company where they were assigned (Table 1).



USA: **92% of agency workers** are either satisfied or **extremely satisfied** with their work situation

(American Staffing Association 2018)



UNITED STATES



Transition support to veterans re-entering the labour market

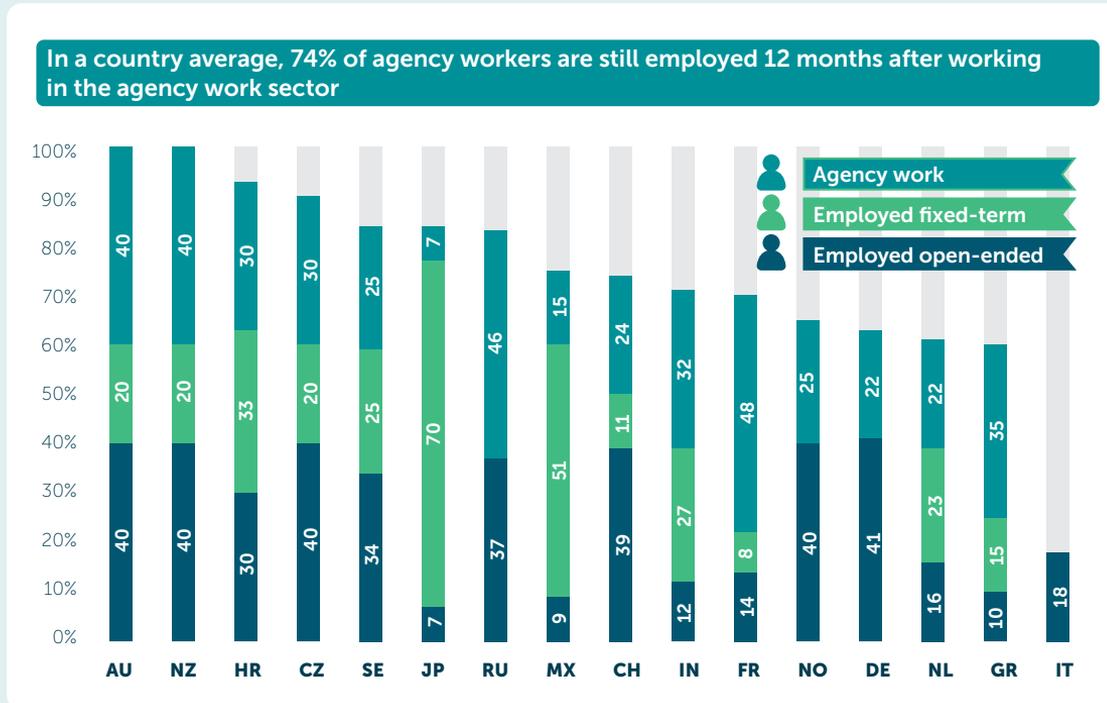
Recognising the value of the former military staff as a key talent pool, Kelly Services set up a dedicated programme to support veterans in all stages of transition to civilian careers. Through partnerships and collaboration with public and private partners alike, Kelly Services helps veterans to align their skills and experience to customer-defined requirements and provides them access to training and jobs. Thanks to this special programme, former military staff have successfully transitioned to jobs in sectors as diverse as education, engineering, accounting, science, IT, manufacturing and logistics.



18,000
veterans hired
since 2015.

⁷ Figures from the website of the American Staffing Association (ASA)

Figure 4: Situation of workers 12 months after their assignment in the agency work sector, 2017



Note: Figures as reported by National Federation members of the World Employment Confederation.

The private employment services industry also provides services which aim at facilitating workers' transitions between different employers and jobs. Career management firms specialise in these types of services. Employers and workers increasingly utilise outplacement services, a segment of the career management industry, wherein the client company hires the service provider to assist the client company's employees in transitioning to another job in the case of dismissal. In Belgium, more than 13,000 individuals were outplaced by such service providers in 2017. In both Brazil and Sweden, more than 40,000 people were outplaced in the same year.⁸ Lee Hecht Harrison, the Adecco Group's branch specialised in providing career management services, reports that at a global level more than 150,000 individuals have benefitted from their outplacement services in 2018.⁹

74% of agency workers **are still employed 12 months after their assignment**

⁸ Figures based on National Federation members of the World Employment Confederation.

⁹ Figures gathered within the World Employment Confederation's Career Management Taskforce, in which Lee Hecht Harrison is a member.

Transition support to athletes into the labour market

Athletes need to think of a career after elite competition. Transitioning into the next phase of a career needs thought, planning and action. The better prepared they are, the smoother their transition. The Adecco Group (TAG) provides a steppingstone for elite athletes to become elite workers and gives companies access to world-class employees. Athletes acquire many transferable skills during their sporting careers. TAG supports athletes with career counselling, job placement and more to enhance their success beyond sport. TAG works closely with the International Olympic Committee [IOC] and the International Paralympic Committee [IPC] to provide athletes with the education, life skills, career and job placement opportunities they need to successfully transition into the workplace.



Over **30,000**
athletes supported.



185
countries represented

iii) Inclusiveness – supporting the vulnerable

Inclusive labour markets are not only crucial for economic growth but also for social stability. In times of rapidly ageing populations and worker displacement due to megatrends such as automation, it becomes increasingly vital to provide access to jobs for those who may otherwise be left behind. More progress on UN Sustainable Development Goal 8 is needed, in particular regarding the gender employment gap, informal employment, and youth unemployment.¹⁰

Thanks to the flexible nature and reduced entry barriers within the private employment services industry compared to conventional permanent, full-time positions, vulnerable cohorts of labour market participants can benefit by receiving work, when otherwise they might not be able to. Amongst vulnerable groups are: young people as first-time labour market entrants (i.e. students and recent graduates or young people who are neither in employment nor in training and lack professional experience); older people (i.e. people above the age of 54) in need of work to supplement their pension income; women who are discriminated against by potential employers due to the perceived risk of bearing children; migrants and refugees for whom access to work provides a crucial element for successful integration; people with a low level of education; and people with disabilities.

¹⁰ For more information, see: UN Sustainable Development Goal 8: Progress of Goal 8 in 2019 <https://sustainabledevelopment.un.org/sdg8>



Raising labour market participation among people with disabilities

To increase labour market inclusiveness and the participation of people with disabilities, the Norwegian Federation of Service Industries created a dedicated programme together with employers, trade unions and the Labour and Welfare department. "Ripples in the Water" provides jobseekers with tailored support and training, while at the same time subsidising enterprises.



1,700
people with disabilities
finding work each year.



80%
of candidates getting
permanent positions.



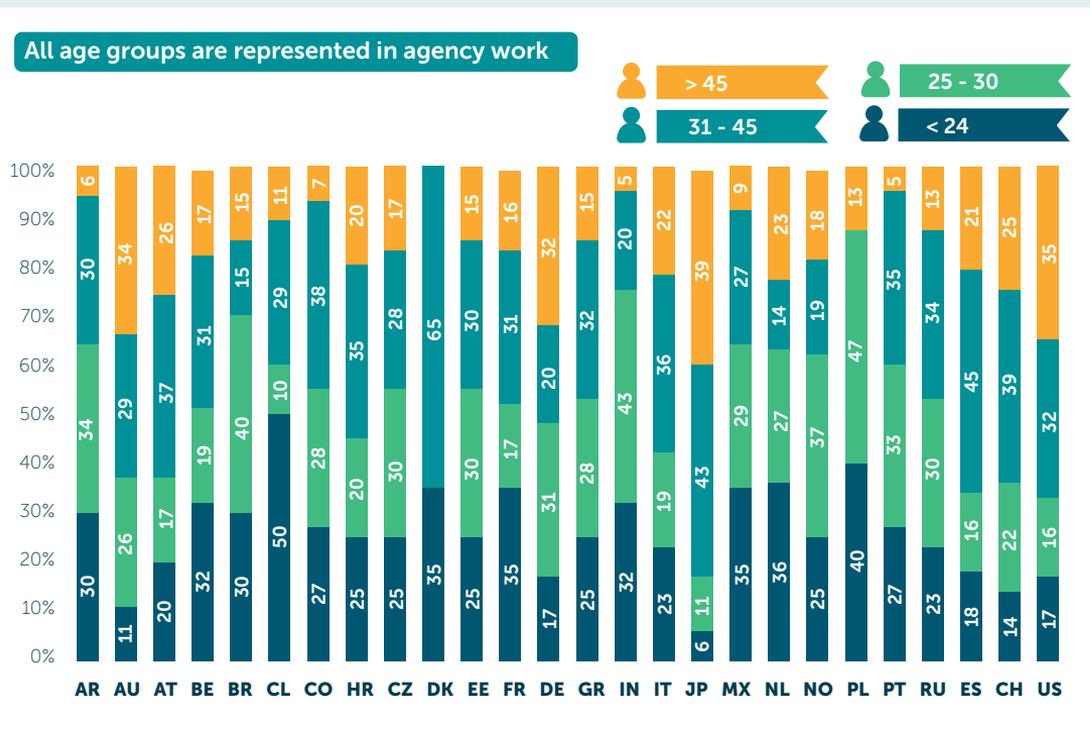
2,000
companies signed up to
the programme.

1 Labour market activation, transitions and inclusiveness

While in most of the countries for which figures are available the majority of agency workers is middle-aged (Figure 5), all age groups are represented, providing work opportunities for people in all stages of life. The share of young people among agency workers is larger than the share of young

people in overall employment in more than two thirds of these countries (Figure 6). These figures are an indication of the integratory character of the industry, offering labour market access for new participants, who may struggle to find their way, especially when they lack work experience.

Figure 5: Agency workers by age and country, 2017



Note: Figures as reported by National Federation members of the World Employment Confederation. Belgium: age groups are <25; 26-30; 31-45; >45. Denmark: age groups are <30; >30. Poland: age groups are <26; 26-50; >50



JAPAN



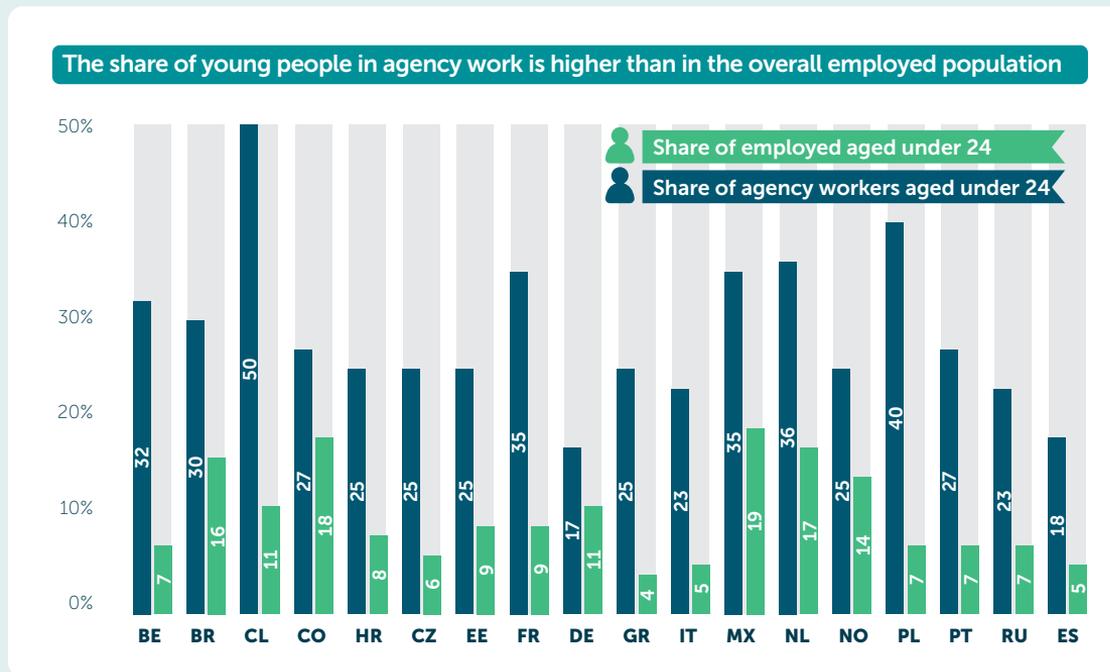
Tackling population ageing by securing work for older people

In Japan, an ageing population presents a particularly large challenge for the labour market, with 27% of the total population aged above 65 in 2018. Ensuring that older people who wish to remain in the workforce have access to jobs is key in tackling this challenge. This is why The Adecco Group (TAG) collaborates with the Japanese government in the Tokyo Career Trial 65 initiative, which engages companies to dispatch workers over 65 years old. TAG offers jobs and career consulting to people who are over 65 and eager to work. The first term was successfully completed in March 2019, with a contract renewal for another term (Aug 2019 – March 2020).



approximately
300
people placed in
work in the first term

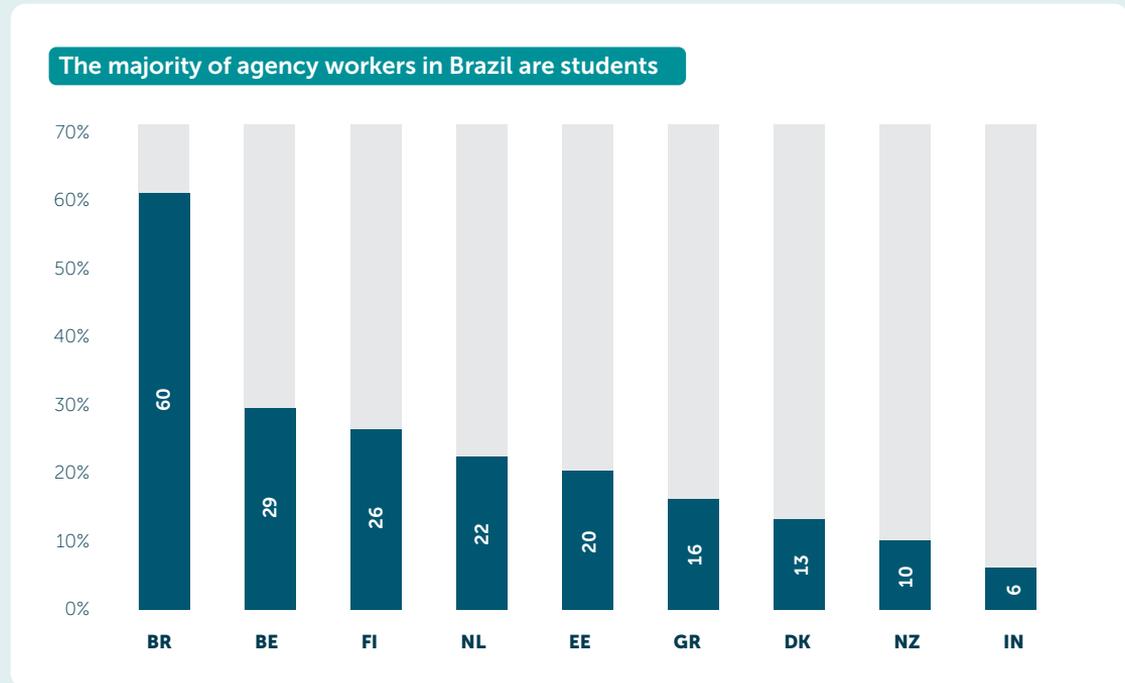
Figure 6: Share of agency workers aged under 24 compared to employed aged under 24, 2017



Note: Figures for agency workers as reported by National Federation members of the World Employment Confederation. Figures for employed people extracted from the OECD statistical database. Poland: agency workers under 26 years old.

Students comprise above one fifth of all agency workers, on average, for countries in which figures are available (Figure 7). Young graduates who come into contact with the labour market for the first time may find it difficult to receive a permanent contract immediately, due to relatively high entry requirements and lack of professional experience. Private employment services agencies provide a useful bridge to the labour market for them. They also provide students with valuable professional experience allowing them to enhance their future employability as well as to offer an important income channel to support their studies. Furthermore, the flexibility element that comes with working for a private employment agency may be more suited to students who wish to supplement their income while they study. In Belgium and the Netherlands, one in five agency workers is a student, while in Brazil more than half are students, enabling them to combine their studies with professional experience and income.

Figure 7: Share of students among agency workers, 2017



Note: Figures as reported by the members of the World Employment Confederation.

 **France: 71% of agency workers say that agency work has been useful or very useful to finance their studies**

(Observatoire de l'Intérim et du Recrutement 2019)

The gender employment gap remains a critical issue in many parts of the world. In the European Union, the female employment rate stood 11.5 percentage points below the male employment rate in 2017.¹¹ It is crucial for inclusive and diverse labour markets to offer equal opportunities for women in the workplace. **While in the agency work sector, the share of men is higher in some countries (Figure 8), the share of women is higher than in the overall employed population in nearly half of these countries (Figure 9).**

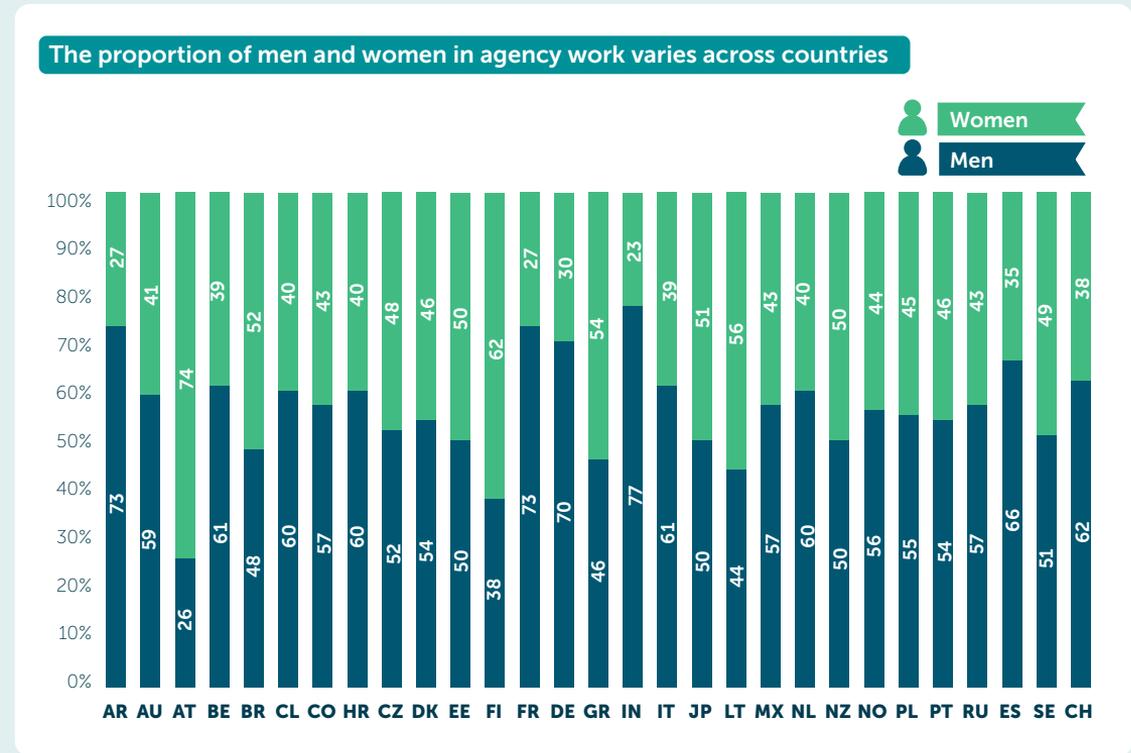
Discrimination against certain types of applicants remains an issue and prevents inclusive labour markets. Centralising HR services, for example through hiring private employment agencies, can be an effective solution in fighting discriminatory practices in hiring, notably thanks to the increased expertise of HR professionals. This is supported by research conducted in France, where the centralisation of recruitment reduces discriminatory practices in hiring new applicants compared to firms that keep their recruitment in-house (Berson et al. 2019).



Finland: 88% of agency workers recommend agency work. 44% are satisfied with remaining in the agency work sector (HPL 2018)

¹¹ Based on statistics from Eurostat

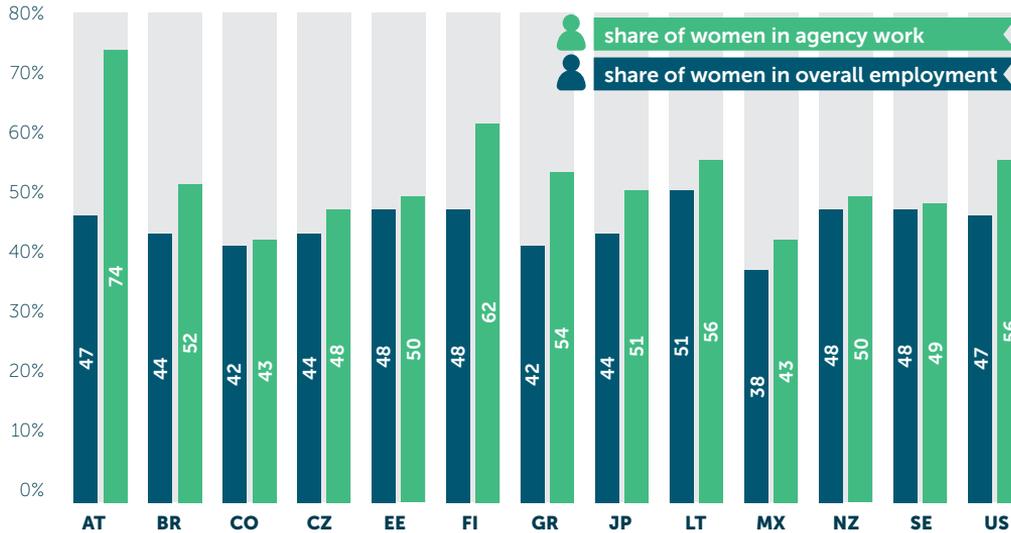
Figure 8: Gender distribution of agency workers, 2017



Note: Figures as reported by the members of the World Employment Confederation.

Figure 9: Share of women in agency work and share of women in overall employment, 2017

In some countries, agency work offers more opportunities for women to access the labour market



Note: Figures for agency workers as reported by National Federation members of the World Employment Confederation. Figures for employed people extracted from the OECD statistical database.



JAPAN

Facilitating the combination of work and parenting

Against the backdrop of demographic challenges experienced in Japan, Recruit chose to focus on the 1.2 million Japanese women who want to work but find it difficult to combine work with caring responsibilities. To encourage their participation in the labour market, Recruit launched "Iction!". The programme engages with businesses and young parents in creating the right conditions for them to combine caring responsibilities with work in a new way.



170,000
part-time jobs created.



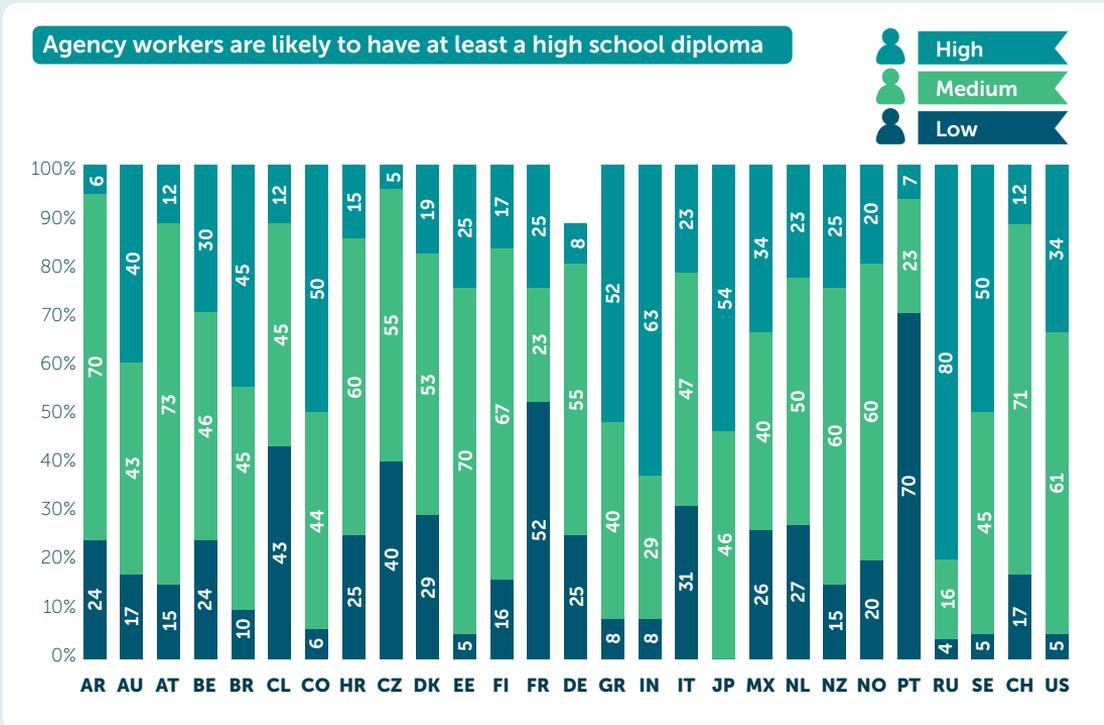
1 million
child-raising mothers received support and information.

1 Labour market activation, transitions and inclusiveness

The private employment services industry can provide work for individuals with all kinds of educational backgrounds. Whether a jobseeker has completed secondary education or not, or whether they have obtained a university

degree, there are a large variety of jobs available to workers placed via agency work (Figure 10). Overall, the majority of agency workers in nearly all countries considered have at least a high school diploma or higher.

Figure 10: Education level of agency workers, 2017



Note: Figures as reported by the members of the World Employment Confederation. Low: not completed secondary education; Medium: completed secondary education; High: completed higher education. For Germany: 12% unknown.



ARGENTINA

Upskilling vulnerable jobseekers in deprived neighbourhoods

Randstad Argentina is currently running a programme in the shantytown Barrio 31, located in the centre of Buenos Aires. Randstad has interviewed potential candidates from this neighbourhood since late July 2018, getting to know them and providing tips and training to help them find a job. The candidates were selected on the grounds of having previously undergone three training modules with the City Government's employment office. The project is a result of collaboration between CeDEL (Buenos Aires public employment service), the City of Buenos Aires, Randstad and the World Bank. So far, considerable talent has been found among the 142 candidates and a match was found for 34 positions. Randstad Argentina continued this project in 2019, as it has proven to be a great success case for social inclusion.

134 candidates.

34 placed in jobs.

In Germany, refugees and asylum seekers benefitted significantly from agency work over the last few years. As the number of displaced people, most from African and Middle Eastern countries, who sought out a better life in Germany peaked during the migrant crisis, the private employment services industry was well placed to provide the crucial integratory factor that is employment, as a “[...] temporary contract is often the first step into the labour market” (OECD 2018).¹² Low entry barriers to a formal labour market resulted in many migrants being hired in the agency work sector in Germany, where 36% of all migrants in employment work as an agency worker.¹³ In the UK as well, as Forde et al. (2015, p. 2) find, “[...] temporary employment agencies continue to be an important means of accessing the labour market for migrants.”

In times of ageing populations, it is also crucial to create flexible solutions for older people who wish to remain or re-enter the labour market. In the United States, older people would work longer before retiring if there were more flexible jobs available to them, as Ameriks et al. (2018) show. **Private employment agencies are in a strong position to provide such flexibility to older people to ensure that those who wish to work can do so.** Figures from the



GERMANY

Connecting refugees to meaningful employment

In 2018, over 70.8 million people were forced to flee their countries due to conflict, violence, human rights violations or persecution. This is the highest level of displacement on record with one person becoming displaced every 2 seconds. It's vital - for both humanitarian and economic reasons - that refugees find meaningful employment in their new countries. ManpowerGroup Germany has opened 12 "Welcome Centres" to provide refugees with training and resources to transition into the local workforce. The Centres focus on three key steps to integration: Building Expertise (Language, trade skills and occupational qualification), Cultural Integration (Understanding and overcoming cultural differences) and Skills Focus (Developing local in-demand skills).



2,200

refugees found work between 2016 and 2018.

Netherlands indicate that older agency workers, on average, find new work faster after periods of unemployment compared to older workers who were previously on a permanent contract. The difference in the share of people aged 55 years or over who have found new work within one year is more than 40 percentage points between agency workers and workers on an open-ended contract.¹⁴



United States: **61%** of agency workers are likely or extremely likely to recommend their agency

(Net Promoter Score: 42)¹⁵ (Staffing Industry Analysts 2019)

¹² OECD (2018). Settling In 2018. Indicators of Immigrant Integration, page 80

¹³ Based on statistics from Bundesagentur für Arbeit (German National Statistics Agency)

¹⁴ ABU (2018)

¹⁵ To the question "On a scale from 1 to 10, how likely would you be to recommend your staffing agency to a friend or colleague", 49% answered with 10; 11% with 9.

2 Driving employability – *Upskilling the workforce*

In today's constantly changing labour markets, with evolving worker and employer preferences coupled with the effects of megatrends, such as demographic changes, digitalisation and automation, it has become increasingly crucial for labour market participants to keep their skillset up to date. The UN has identified lifelong learning as one of the key priorities of Sustainable Development Goal 4.¹⁶ As a person can no longer expect to remain employed in the same job over the entire course of their career, workers need to maintain their employability, i.e. their competencies corresponding to potential employers needs in a changing environment.

In this respect, agency workers may be in a favourable position as they acquire a variety of new skills and expertise when changing their working environment more frequently than traditional employees, resulting in increased employability compared to unemployed jobseekers. As previously established, prolonged periods of unemployment can have significant detrimental effects on future employment prospects. For

one, this is due to falling encouragement and motivation among jobseekers as their time spent in unemployment increases. Secondly, they suffer a depreciation of skills and being outside of employment for too long results in the risk of a lower chance of being hired as employers may feel that the applicant has lost a large share of their skills.

The private employment services industry provides a large set of solutions for workers to keep their skillset relevant and to enhance it.

In many countries around the world, agency workers can have access to training, often via a bipartite fund (i.e. managed by both the association of private employment services and the workers' representatives) (Table 2). Such funds provide specific services to upskill agency workers (e.g. training vouchers, career advice, etc.). In Italy, out of all participants in the training services provided via Forma.Temp, 30% find a job afterwards. In France, 77% of those individuals who were granted individual training leave found a job. In the United States, more than half of

surveyed agency workers agree or strongly agree that the agency they work for provides quality training programmes.¹⁷

Besides bipartite training fund initiatives by National Federations and unions, companies in the private employment services industry also invest in training their workforce. The Adecco Group trained more than 11,000 apprentices and interns in 2018, while Randstad trained 306,000 candidates in the same year.¹⁸



France: **91% of agency workers** say that agency work has been useful or very useful to **acquire professional experience**

(Observatoire de l'Intérim et du Recrutement 2019)

¹⁶ UN Sustainable Development Goal 4: Ensure inclusive and equitable education and promote lifelong learning opportunities for all

¹⁷ Staffing Industry Analysts (2019)

¹⁸ The Adecco Group (2019); Randstad (2018)

 USA: **55% of agency workers** agree or **strongly agree** that their agency provides **quality training programmes**

(Staffing Industry Analysts 2019)

Table 2: Training provision for agency workers, 2017

Country	Percentage of workers trained	Number of workers trained	Budget spent on training provision (million €)
Mexico	58%	98,956	-
France	42%	1,092,000	450
India	32%	960,000	14.7
Italy	35%	239,400	200
Netherlands	14%	119,929	64.9
Brazil	15%	1,170,000	79
Belgium	16%	105,005	11.9
Switzerland	14%	51,000	11.3
Chile	14%	25,200	-
Japan	51%	2,195,735	-

Note: Figures as reported by the members of the World Employment Confederation. The definition of training may differ across countries, resulting in differences in the figures for the number of workers trained.

 **FRANCE**



Access to training via bipartite fund for agency workers



The social partners in France work together in order to ensure that workers in the agency work sector can benefit from access to tailor-made training courses aimed at raising the participants' employability. The FA.F.T.T (social training fund for temporary workers) is administered jointly by the professional organisations of employers (Prism'Emploi) and employees (CFDT, CFE-CGC, CFTC, USI-CGT, FO, UNSA FCS).



59,133 training courses provided to agency workers in 2018.



77% of participants feel that the training course has enabled them to obtain this job.



84% of participants are in employment 12 months after the training course.



59% in agency work.

26% in an open-ended position.

15% in a fixed-term position.



JAPAN



Career development support

In order to assist agency workers with their career development as well as improve their understanding of Japanese labour laws, JASSA (the Japanese federation of private employment services) has implemented the JASSA Career College. This e-learning service provides 300 different courses for agency workers and serves to improve different competencies, such as business or technical skills or provide training related to a specific occupation or role. Ten courses are specific legal courses on Japan's Worker Dispatch Act and the Labour Standards act.



300
courses



400
companies providing the service



230,000
agency workers participated



SWITZERLAND



Bipartite training fund for agency workers

Temporary agency workers often look for work in various industries, staying only for a short time in one company, or lack the necessary resources to finance training on their own. To tackle this, Swisstaffing created a training fund, *temptraining*, together with the trade unions. Every agency worker that has worked over four months is entitled to a CHF 5,000 (approx. €4,500) training voucher. To compensate the loss of income during training hours, the worker is also entitled to receive up to CHF 2,250 (approx. €2,000) as a training allowance.



€16.2 million
annual budget



€11.5 million
spent in 2017



7,544
people trained in 2017

3 Working conditions – Securing quality work

While having a job is a crucial aspect of people's lives, providing them with a sense of purpose and an income, it is also essential that the quality of the work is of a certain standard. Informality, exploitation, child labour and forced labour remain significant issues in many parts of the world.

The results of the European Working Conditions Survey (2010) show that **79% of agency workers declare that their safety is not at risk at work**, which is a slightly higher share than among employees under an open-ended contract (76%). In order to ensure safe working conditions, many initiatives have been implemented by the private employment services industry which are aimed at educating workers and supervisors on safety measures in the workplace.¹⁹

The private employment services industry provides work opportunities for all, offering formal employment with decent working conditions in a wide range of occupations and industries. Average assignment lengths of agency workers vary significantly when comparing countries (Figure 11), with assignments tending to be of a shorter term (i.e. less than one month) in some countries, while agency workers in other countries are on average assigned to one user company for a longer period (i.e. more than three months). In most countries, all ranges of assignment length are represented. In the United States, at least 25% of assignments in nearly all occupations within the agency work sector are longer than one year.²⁰



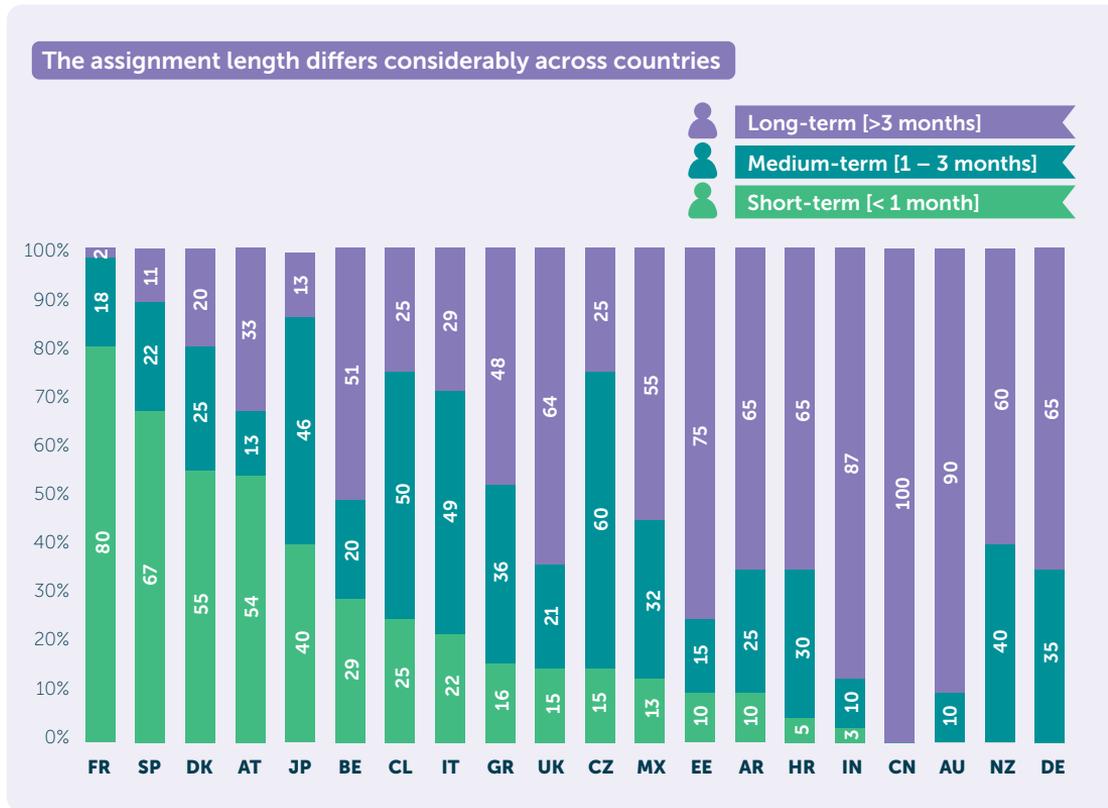
Voluntary practices by the private employment services industry to raise quality standards

The World Employment Confederation opposes indecent practices in the private employment industry and promotes the provision of quality work, with decent working conditions and fair recruitment by employment agencies. Its members have implemented a number of voluntary initiatives aimed at ensuring high quality standards in terms of recruitment practices by employment agencies in their respective countries. These initiatives can be explored in the World Employment Confederation's "Compendium of voluntary initiatives promoting ethical recruitment practices". Examples include codes of conduct/ codes of ethics, accreditation systems for employment agencies, educating user companies and anti-discrimination and diversity pledges.

¹⁹ Examples: American Staffing Association – Safety Standards of Excellence; ACSESS – Workplace Safety and Insurance Board Safety Group; RCSA – StaffSure.

²⁰ Staffing Industry Analysts (2018)

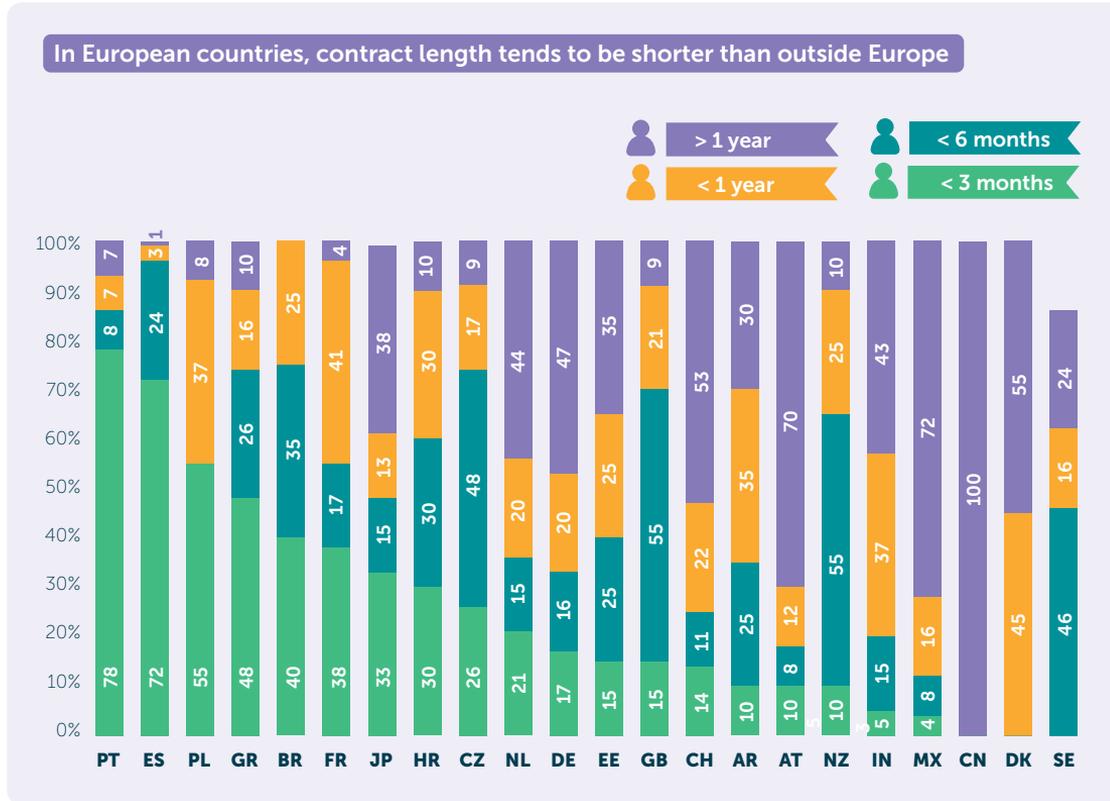
Figure 11: Average length of agency worker assignments, 2017



Note: Figures as reported by National Federation members of the World Employment Confederation. For Germany: 35% shorter than 3 months, 65% longer than 3 months.

The duration of contracts for agency workers varies across and within countries (Figure 12). However, in a number of European countries the majority of contracts tends to be of a shorter duration (i.e. less than 3 months), although there are exceptions (e.g. Germany, the Netherlands, Switzerland). It should nevertheless be noted that a large share of contracts in many countries is longer term (i.e. over one year). In Australia, Denmark, Mexico and Switzerland, the majority of contract durations are longer than one year, while in China, all agency work contracts are long term. The dominance of long-term contracts in China is a result of a different business model tailored to a labour market that consists primarily of permanent work relationships. In general, the length of a contract does not imply that assignments are of a similar length, as an agency worker under a long-term contract may work on several assignments at different companies over the duration of their contract.

Figure 12: Average length of agency worker contracts, 2017



Note: Figures as reported by the members of the World Employment Confederation. For Japan: 2% unknown. For Sweden: 14% unknown.

 USA: **75%** of agency workers are either satisfied or **very satisfied** with the **availability and quality of assignments**

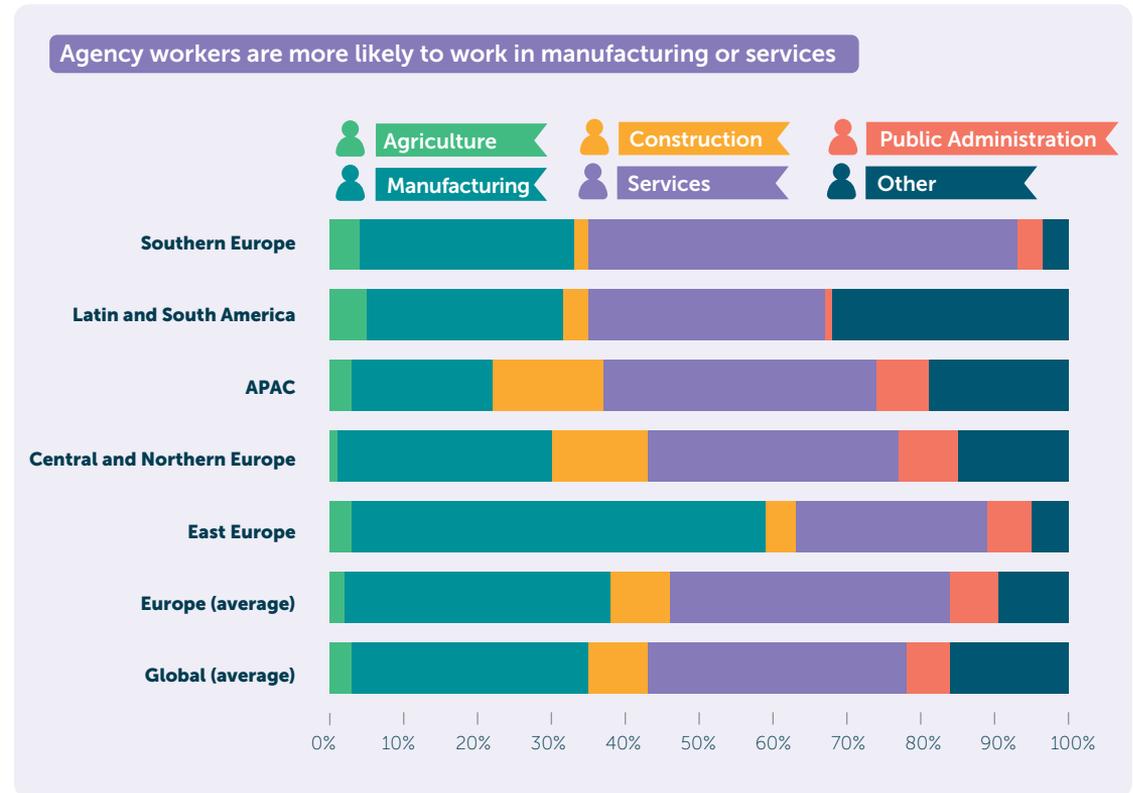
(Staffing Industry Analysts 2019)

3 Working conditions –Securing quality work

Regarding the sectors in which agency workers primarily work in, there are difference across regions (Figure 13), although the vast majority are employed in either the services or manufacturing industries.

Average weekly working hours differ across countries, although agency workers tend to, on average, work on a full-time basis in some countries for which figures are available. In the US, the median number of hours worked per week is 40.²¹ In Germany, 87% of agency workers are employed on a full-time basis, while in Denmark 41% work between 36 and 40 hours per week.²²

Figure 13: Sectoral distribution of agency workers, 2017



Note: Figures as reported by the members of the World Employment Confederation. Eastern Europe: Croatia, Czech Republic, Poland, Russia. Southern Europe: Italy, Spain, Portugal, Greece. Central and Northern Europe: Belgium, France, Germany, Netherlands, Norway, Switzerland.

21 Staffing Industry Analysts (2018)

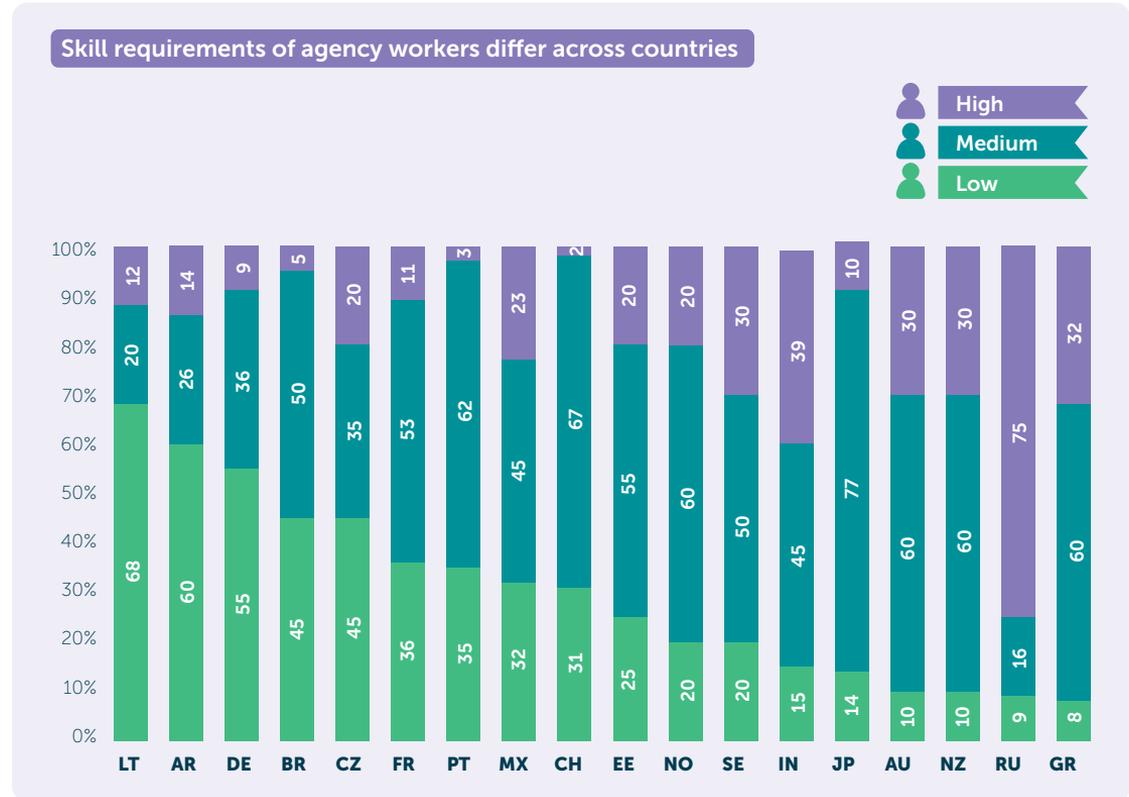
22 Figures as reported by National Federation members of the World Employment Confederation. Excludes health care workers for the case of Denmark.

The jobs performed by agency workers vary in the level of skills required, with all skill levels being represented to some extent in all countries. In most countries, the majority of jobs which agency workers perform are associated with a medium to high level of skill and expertise in order to successfully execute them (Figure 14).

 Sweden: **42% of agency workers would recommend agency work**

(Net Promoter Score: 9)²³ (Kompetensförentagen 2019)

Figure 14: Required level of skills of agency workers, 2017



Note: Figures as reported by the members of the World Employment Confederation. Low: equivalent to International Standard Classification of Occupation (ISCO) Skill level 1. Medium: equivalent to ISCO Skill level 2. High: equivalent to ISCO Skill level 3.

²³ To the question "On a scale from 1 to 10, how likely are you to recommend agency work?", 35% replied with 10; 7% with 9.

4 Protection and stability – *Providing innovative safety nets and predictability*

The variety of forms of employment relationships is increasing around the world, e.g. open-ended contracts, fixed-term contracts, independent contractors, etc., while current systems of social protection are still designed for the conventional permanent, full-time job, that is no longer the norm in many countries. As new forms of work emerge, so regulation on the access to unemployment benefits and health insurance needs to be revamped to reflect today's labour market situation. In particular, the portability of workers' rights is essential to develop in line with the increasing diversity in forms of work. Labour market participants outside the traditional, direct employment relationship (e.g. self-employed, contract workers, etc.) are rarely fully covered by national social protection schemes, as opposed to traditional employees or the unemployed. As Goos and Salomons (2019, p.42) find, "[...] this suggests that social insurance should be neutral to the work arrangement", proposing implementation of social insurance that is portable across jobs. The private employment services industry promotes the development of portable rights, attached to the worker, not to the job.

Research by the World Employment Confederation-Europe and Uni Europa (2015), shows that agency workers are, in many countries, receiving the same or similar access to social protection as employees under the benchmark open-ended contract. The difference in social protection benefits between agency workers and self-employed is especially significant, with the latter receiving virtually no benefits in relation to unemployment, sickness, pension or maternity leave. **Agency work therefore combines flexibility with social protection.** As agency workers tend to move often between various workplaces, portable rights are frequently implemented by sectoral social funds, designed to protect workers regardless of their current situation in the labour market.

The OECD (2019) finds in its Employment Outlook that the agency work sector is an example of good practice regarding collective bargaining, specifically in European countries, despite an increasing reduction in unionisation in many countries. In the European Union (EU), the Directive 2008/108/EU on temporary agency

work aims to ensure the protection of temporary agency workers while taking into account the need to establish a suitable framework for temporary agency work with a view to contributing effectively to the creation of jobs and the development of flexible form of work. Equal treatment and pay for agency workers (compared to directly hired employees) is one aspect of this directive. Social partners are, however, offered the opportunity to engage in dialogue, which has resulted in collective agreements being negotiated between workers' and employers' representatives in several countries.

 Russia: **61% of agency workers prefer working through a private employment agency to get into formal employment. 41% prefer private employment agencies for stability of salary** (ACHAZ 2016)

Regarding social protection for agency workers, the OECD (2019) further finds that industrial relations in the sector have also led to the establishment of “[...] specific funds for training, pensions and sickness leave (as in Belgium, France, Italy and the Netherlands), which are often more generous than those offered to employees on a fixed-term contract”.

Through Ebitemp in Italy, over 17,000 workers have received benefits in the form of complimentary health insurance, while over 12,000 have received access to credit or accommodation and 3,600 parents were supported in childcare.

Table 3: Benefits provided to workers by the private employment services industry, 2017

	Supplementary pension schemes	Complimentary health insurance	Access to credit or accommodation	Support to parents in childcare
Belgium	Yes	-	-	-
Brazil	Yes	Yes	-	Yes
China	Yes	Yes	-	-
Denmark	Yes	-	-	-
France	-	Yes	Yes	Yes
Italy	Yes	Yes	Yes	Yes
Japan	-	Yes	-	-
Lithuania	Yes	Yes	-	-
Netherlands	Yes	-	Yes	-
Norway	Yes	-	-	-
Spain	-	Yes	-	-
Sweden	Yes	Yes	-	Yes
Switzerland	Yes	Yes	-	-
United States	-	Yes	-	-

Note: As reported by National Federation members of the World Employment Confederation. The benefit provisions depicted in the table may differ in size and character depending on the country. Only schemes which are provided specifically for agency workers are considered. In other countries, which are missing from the table, benefits may be provided nonetheless regardless of employment status. Benefits depicted in the table include those which are part of a collective labour agreement between social partners.



Social security coverage for agency workers

To improve the social security coverage of agency workers in France, a supplementary health insurance scheme (*Intérimaires Santé*) has been implemented to cover medical costs and hospitalisation. This adds to the coverage already provided by the French state. The premium of the additional insurance is half covered by the employment agency. The insurance not only covers the worker, but also their family members. The scheme is jointly managed by the trade unions and *Prism'emploi*, the French association of private employment agencies through a bipartite fund (*FAS.TT*).



860,000
beneficiaries.



€47 million
provided as benefits.



52,000
partners and
children covered.



11,523
agency workers received
support to finance their
contribution.

4 Protection and stability – providing innovative safety nets and predictability

While for some people who choose to work in the agency work sector, flexibility is a main factor behind the decision, others seek more stable employment, with more predictable working hours. In various countries therefore, temporary work agencies offer candidates employment under an open-ended contract. In France, an open-ended contract for agency workers was created in 2014, offering workers enhanced stability and predictability of income. 58,500 individuals have signed this type of contract in the period between January 2017 and March 2019, with 25,500 having been signed in 2018.²⁴ With the inclusion of these types of contracts, jobseekers can choose one that best suits their work-life balance preferences.

 France: **78% of agency workers** has a positive or **very positive view on agency work**
(Observatoire de l'Intérim et du Recrutement 2019)

²⁴ Prism'emploi (2019)

 NETHERLANDS



Access to housing for agency workers

Until 2017, agency workers in the Netherlands were unable to apply for a mortgage. Together with banks, the Dutch association for employment agencies (ABU) created an accredited method allowing a big data assessment on one's future employability and earning capacity. The result of the assessment is presented in a "Prospect Statement" that banks can use in their decision to provide the loan. By doing so, a worker's future labour market perspective, rather than their current employment contract, provides security to third parties.



3,500
prospect statements provided



1,200
agency workers accessing housing

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World Employment Confederation

The World Employment Confederation is the voice of the private employment services industry at a global level, representing labour market enablers from 50 countries as well as eight of the largest international workforce solutions companies. Members of the World Employment Confederation represent a wide range of HR services, including agency work, direct recruitment, career management, Recruitment Process Outsourcing (RPO) and Managed Service Provider (MSP).

The World Employment Confederation works to broaden recognition of the positive economic and social role which the employment industry plays in enabling work, adaptation, security and prosperity. This work involves building networks with relevant stakeholders such as policy makers, social partners and the academic world; setting high recruitment and employment standards and practices; acting as a thought-leader shaping futureproof and competitive labour markets and providing strategic data on employment issues.



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IN A CHANGING
WORLD OF WORK