

Building principles of equality in the Finnish temporary agency work sector –

**How can the Finnish temporary agency work policies be developed to
encourage fair and equal treatment of temporary agency employees?**

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PREFACE AND ACKNOWLEDGEMENTS

This thesis, presented as a part requirement for international business and management studies at Hogeschool INHolland the school of economics and Metropolia School of Business, analyzes the phenomenon of temporary agency work in Finland and aims to provide viable development suggestions for building principles of equal treatment in the sector.

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TABLE OF CONTENTS

LIST OF FIGURES AND TABLES	vi
EXECUTIVE SUMMARY	vii
EXPLANATION OF ABBREVIATIONS AND TERMS	ix
1. INTRODUCTION	1
2. METHODOLOGY	3
3. INTRODUCTION TO TEMPORARY AGENCY WORK.....	5
3.1. What is temporary agency work?	5
3.2. Why does TAW matter?	8
3.3. From general to specific – Discussion about temporary agency work.....	9
3.3.1. <i>Increasing concern towards temporary agency workers</i>	9
3.3.2. <i>TAW on national basis</i>	11
3.3.3. <i>Finland as a case study</i>	12
3.4. Examples of temporary agency work in EU.....	13
3.4.1. <i>Austrian TAW legislation</i>	15
3.4.2. <i>Deregulation in German TAW sector</i>	16
3.4.3. <i>The Swedish collective agreement model</i>	17
3.4.4. <i>Finland in comparison to Austria, Germany and Sweden</i>	19
4. SITUATIONAL ANALYSIS OF FINNISH TAW MARKETS	20
4.1. Finnish TAW sector in 21 st century.....	20
4.2. Benefits of temporary agency work in Finland	23
4.2.1. <i>User organizations</i>	24
4.2.2. <i>Work communities</i>	25
4.2.3. <i>Temporary agency workers</i>	25
4.3. Key problems in Finnish TAW sector.....	27
4.3.1. <i>TAW policies in Finland</i>	27
4.3.2. <i>Inconsistent research outcomes</i>	29
4.3.3. <i>Unequal treatment of temporary agency workers in Finland</i>	30
4.3.4. <i>Industry specific problems in Finland</i>	33
4.4. Recent developments.....	37

5. HOW TO BUILD SUSTAINABLE PRINCIPLES OF EQUALITY IN FINNISH TAW SECTOR?.....	40
5.1. Establishing well-defined research standards.....	40
5.2. TAW legislation	42
5.3. Collective agreements	43
5.4. Critical success factors	43
5.4.1. <i>Feasibility</i>	44
5.4.2. <i>Commitment</i>	44
5.4.3. <i>Control and supervision</i>	46
6. CONCLUSION.....	48
7. RECOMMENDATIONS	50
BIBLIOGRAPHY AND REFERENCES	53
APPENDICES.....	60
I. Interview methodology.....	61
II. Interview: Miikka Hämäläinen (industrial sector)	62
III. Interview: Katja Hokkala (industrial sector)	63
IV. Interview: Maija Vainionpää (industrial sector).....	64
V. Interview: Katja Silvennoinen (commercial and service sector).....	65
VI. Interview: Heidi Teelahti (service sector)	67
VII. Interview: Henna Saarinen (service sector).....	68
VIII. Interview: Hanna Suoyrjö (service sector)	69
IX. Interview: Katri Vahtera (commercial sector).....	70
X. Interview: Satu Vihnusvuori (commercial sector)	71
XI. Interview: Henriikka Hallikainen (administrative sector).....	72
XII. Interview: Jari Koskinen.....	73
XIII. Interview: Pirjo Kupiainen	74

LIST OF FIGURES AND TABLES

List of Figures

<i>Figure 1: Triangular nature of temporary agency work.....</i>	<i>5</i>
<i>Figure 2: Workforce division within organization.....</i>	<i>6</i>
<i>Figure 3: The percentage of temporary agency workers of the entire workforce in EU15 countries.....</i>	<i>14</i>
<i>Figure 4: Temporary agency workers in Finnish private sector between years 1999-2008.....</i>	<i>20</i>
<i>Figure 5: Temporary agency work according to occupational sectors in Finland year 2008.....</i>	<i>22</i>
<i>Figure 6: Main benefits of temporary agency work in Finland.....</i>	<i>26</i>
<i>Figure 7: Key problems in Finnish TAW sector.....</i>	<i>32</i>
<i>Figure 8: Building principles of equality for Finnish TAW sector.....</i>	<i>46</i>

List of Tables

<i>Table 1: Temporary agency workers, employments, user organizations and the TAWs share of the whole employment in Finland in 1999-2008.....</i>	<i>21</i>
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EXECUTIVE SUMMARY

Temporary agency work has been generating discussion at government levels and academic circles as well as among trade unions internationally. The level of job quality and the rights of temporary employees have been topics of debate for years, but not much has been agreed upon. National legislations, diverse labour market structures and cross-cultural differences are the main reasons that complicate drafting internationally viable regulations for the use of temporary agency work, for example, within the European Union.

On national levels the problems of temporary agency work have been solved more successfully. For example, Austria and Sweden have succeeded in establishing viable ground rules for the use of temporary agency work. In Finland, however, use of temporary agency work is still relatively free and few regulations exist. Therefore, the purpose of this thesis is to examine the Finnish temporary agency work sector and the problems Finland is facing due to rapidly increased number of temporary agency employees and the country's inability to answer these challenges, as well as to present viable development suggestions for the future.

Because of the benefits temporary agency work has to offer for organizations, its popularity is continuously increasing in Finland. Organizations using temporary agency work can benefit from a highly flexible workforce and have access to skills unavailable within organizations. Temporary agency work also simplifies employment processes and can work as a recruitment channel for organizations. For employees, temporary agency work can provide flexibility in working hours and function as an employment channel. For some, temping can also be a career development opportunity.

However, due to insufficient regulations in Finnish temporary agency work sector, temporary agency employees are facing problems related to a lack of job security, instability of incomes and low career development possibilities, to name a few. Secondary and primary research conducted for this thesis support this argument by concluding that inequality exists among the temporary agency employees and permanent workforce. The problems are not however identical throughout all occupational sectors. There are industry specific characteristics complicating the general comparison of the key problems in temporary agency work sector.

The main reason for the current problems in Finnish temporary agency work sector is the lack of regulation in the field. Finnish government has failed to establish rules that contribute to solving the current problems occurring with the use of temporary agency work in Finland. Therefore, specific legalisation is needed to guarantee fair and equal treatment of temporary agency workers in comparison to other forms of employment. Finland could follow the examples of Austria and Sweden, where temporary agency work policies are well integrated with the countries' current labour legislations.

In order for the new Finnish temporary agency work legislation to be successful, commitment from both user organizations and temporary work agencies is needed. Compliance with the new regulations can be achieved through well-established control and supervision. Building principles of equality in Finnish temporary agency sector require time and resources as well as cooperation from all the parties of interest.

Key words: *Temporary agency work, Finland, employee rights, equal treatment, temporary agency work regulations*

EXPLANATION OF ABBREVIATIONS AND TERMS

Abbreviations

EK	Confederation of Finnish Industries
HRM	Human resource management
HPL	Finnish Private Employment Agencies Association
SAK	Central Organization of Finnish Trade Unions
SER	Standard employment
TAW	Temporary agency work

Terms

Agency authorization	Legally sound temporary work agencies can be authorized with reliability stamp.
Authorization certificate	Proof of qualifying as authorized temporary work agency. Granted by Finnish Private Employment Agencies Association.
User organization	Organization using temporary agency work
Temporary agency work	Form of employment, where worker is employed by temporary work agency, but works for and under supervision of a user organization.
Temporary agency employee	Person working for a user organization through a temporary work agency
Temporary work agency	A profit-oriented agency supplying workforce for other businesses

1. INTRODUCTION

Temporary agency work (TAW) is a topic discussed widely around Finland especially during the past decade. The topic has aroused much interest in political and academic circles as well as in the Finnish labour unions and amongst the temporary workers themselves. Debates about unequal treatment of temporary agency employees and the consequences of stressful work situation to employees' motivation, work quality and its social impact have been increasingly popular topics. This thesis examines the temporary agency work sector in Finland and its development needs in the future.

The aim of this thesis is to identify the key problems in the Finnish TAW markets and provide development proposals for the existing TAW policies. The thesis is based on the following assumptions:

1. *Temporary agency workers situation varies in different countries.*
2. *Finding viable solutions to temporary agency work problems in one country requires studying the topic on national basis.*
3. *There are many unsolved problems in the Finnish temporary agency work sector needing urgent fixing.*

The main goal of this thesis is to research *“how the Finnish TAW policies could be developed in order to improve fair and equal treatment of temporary agency workers in Finland”*. To answer this question several sub-questions have to be asked. These include:

- *What are the current problems of the Finnish TAW policies?*

- *What has been done to solve these problems?*
- *Why Finland has not been able to solve the existing problems?*
- *Are there any viable TAW policies within EU that could be used as an example in Finland in solving its TAW problems?*

The first part of the thesis is an introduction to the concept of temporary agency work and to the current discussions about the topic. Different TAW practices within EU are examined. The chapter also introduces theory related to TAW proving the importance of the topic as a part of management and human resource strategies.

The second part of the thesis is a situational analysis of the Finnish TAW sector and analyzes the current markets as well as examines both the benefits and the problems in the use of temporary agency work in Finland. Primary information is used to support findings of the existing studies.

Third part of the thesis focuses on finding solutions on how the Finnish TAW sector could be developed to ensure fair and equal treatment of temporary agency employees. Critical success factors are analyzed to established grounds for sustainable changes.

Finally, the fourth part of the thesis concludes the research, provides recommendations for changes and suggests topics for further studies. Additional supporting information can be found from the appendices in the last part of the thesis.

2. METHODOLOGY

The purpose of this thesis is to examine how Finland could develop its existing TAW policies in order to enhance fair and equal treatment of its temporary agency workers. This thesis is based on extensive secondary research and supporting primary data collected in the form of in-depth interviews.

The first and third parts of the thesis are mainly based on secondary research. Gathering of material started in October 2009. Sources used are existing studies and statistics, professional literature and articles published in professional journals. Various online publications and presentations also provide important source of information.

Qualitative primary research is used to support the analysis in the second part of the thesis. Material is collected between January and April 2010 using in-depth interviews conducted face to face, by phone and via instant messaging systems. Ten temporary agency workers were selected from the four largest Finnish occupational sectors (industrial, service, administrative and commercial) for the interviews. Interviewees were reached via the social media platform Facebook. The size of the sample group is relatively representative given the evidence that, in the existing Finnish studies, the maximum number of temporary workers interviewed for the purpose of one research is limited to seven. In addition, two Finnish professionals from health care and commercial sectors were also interviewed with the intention to gain better understanding of the TAW phenomenon in Finland. Summaries of all the interviews can be found in the appendices.

During the information gathering process for this thesis some limitations of study occurred. First, temporary agency work is still a relatively unknown topic in Finland. There are only

few notable qualitative studies conducted about the topic during the past decade. In addition, the statistical information available is limited and the methods of collecting the data have not yet been standardized, thus, complicating comparisons of existing information.

Second, as the primary focus of this thesis is on Finland, the relevant material available in English was limited. Therefore, a large part of the secondary research comes from sources written in Finnish. This may limit the possibilities of non-Finnish speaking readers to acquaint with the original bibliography.

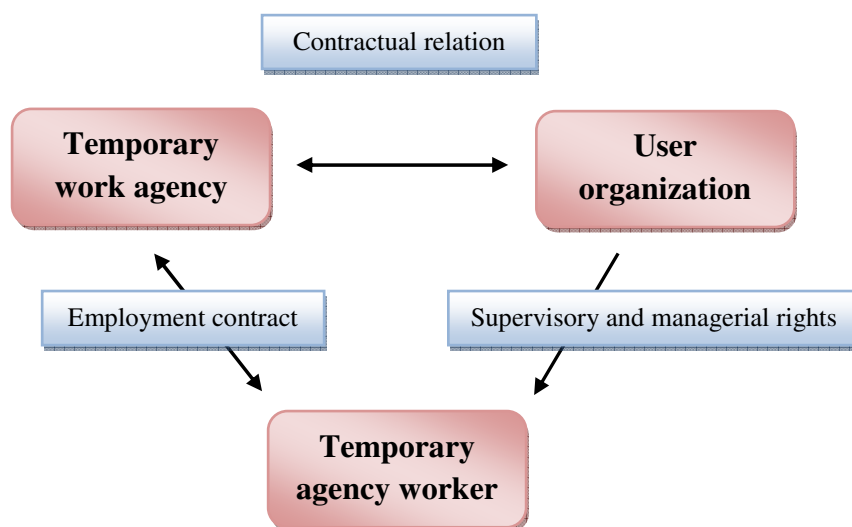
Third, because of the delegate nature of the topic, user organizations and temporary work agencies in Finland are reluctant to discuss the topic of TAW in public. Additionally, as giving the time limitation for completing the thesis along with the fact that the writing process took place in the Netherlands, it was not possible to organize interviews with representatives from each main occupational sector in Finland. However, the two representatives from commercial and health care sectors interviewed are professionals in their own occupational segments and therefore able to provide valuable insight information about the use of temporary agency work in Finland.

3. INTRODUCTION TO TEMPORARY AGENCY WORK

3.1. What is temporary agency work?

Temporary agency work (TAW) is defined as, “a temporary employment relationship between a temporary work agency (the employer) and a worker, where the latter is assigned to work for and under the control of an undertaking (user organization) making use of his or her services”¹. This relationship is often referred to as a triangular or tripartite employment relationship (Figure 1) because of the unconventional way the employment contract is formed.²

*Figure 1: Triangular nature of temporary agency work*³



¹ Eurofound, 2009. Available at: <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/TEMPORARYAGENCYWORK.htm>, (last accessed 24.4.2010)

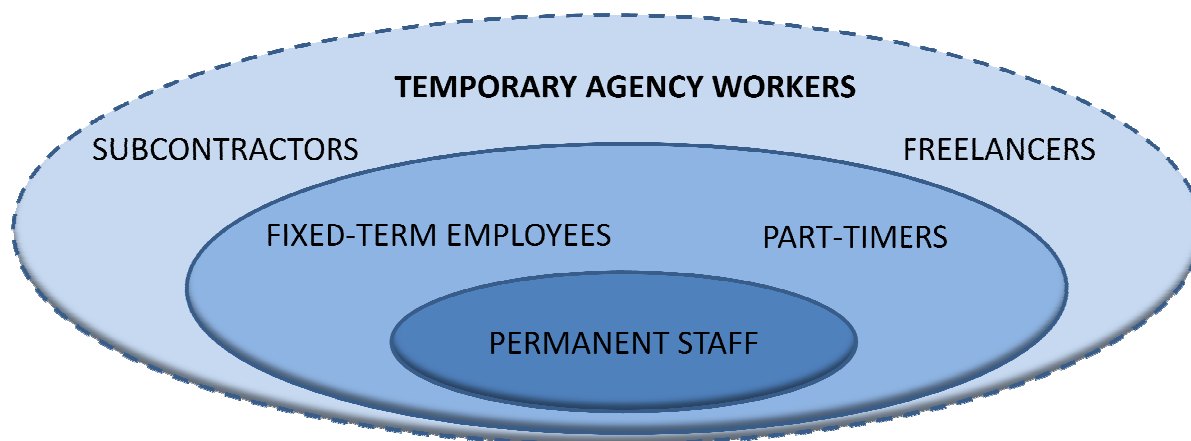
² Kauhanen, Merja, 2001. *Temporary agency work in Finland*. Helsinki: Labour Institute of Economic Research.

³ Ibid. p. 18

As presented in figure 1, the temporary agency worker “is employed by the temporary work agency and is then, via commercial contract, hired out to perform work assignments at the user firm”.⁴ The agency is still responsible for paying the employee’s salary and managing his or her overall employment situation, but the actual right to manage and supervise the temporary agency worker on the job is exercised by the user organization.⁵

Temporary agency work is categorized as an atypical form of employment together with other non-permanent employment relationships such as part-time, fixed-term, subcontracting and freelancing (figure 2).

*Figure 2: Workforce division within organization*⁶



Although it is debatable whether in today’s society the traditional permanent full-time employment can be used as a standard anymore, there are three profound differences between temporary agency work, standard permanent employment and the other atypical

⁴ Eurofound , 2009

⁵ The Finnish Ministry of Labour, 2007. *Committee report*. Helsinki: Työministeriö.

⁶ Adapted from: Viitala et al., 2005. *Työntekijä vuokrattuna*. The Finnish Ministry of Labour. p. 11

forms of employment.⁷ These differences are useful to effectively identify and better understand the nature of temporary agency work.

Firstly, “the SER (standard employment relationship) is characterized by permanency and continuity of employment, whereas the notion of ongoing employment is absent in temporary employment arrangements. Instead, temporary employment is of limited duration and often includes a fixed termination date”.⁸

Secondly, “under the SER, employees work at the employer’s company and on the employer’s premises, under his or her supervision”.⁹ This is applicable for most non-permanent employees as well. In the case of temporary agency work, however, the situation is different. The work is not done in the agency (the actual employer), but in the premises of user organization and on the organization’s terms. In addition, temps are frequently shifting between different work locations depending on the organization they are working for. Temporary agency workers’ work location is therefore in great extent determined by the market demand.

Thirdly, “unlike temporary employment in most countries, the SER is associated with extensive statutory benefits and entitlements such as minimum wage, unemployment insurance, protection against unfair dismissal and paid leave”.¹⁰ These are important topics discussed further in the following parts of the thesis.

⁷ De Cuyper et al., 2008. Literature review of theory and research on the psychological impact of temporary employment: Towards a conceptual mode. *International Journal of Management reviews* Vol. 10, issue 1, p. 26.

⁸ Ibid. p. 26

⁹ Ibid. p. 27

¹⁰ Ibid, p. 27

3.2. Why does TAW matter?

Temporary agency work is becoming an increasingly significant form of employment in many countries. Because of the flexibility it offers for user organizations, more companies are willing to pay high fees for temporary work agencies in order to have easy and fast availability of additional labour power. Most members of the EU have well-established TAW policies secured either through specific legislation or with the help of collective agreements. There are, however, countries such as Finland within the EU in which TAW policies are still relatively undefined and leave plenty of space for interpretation.¹¹ This allows user organizations and temp agencies to exploit temporary agency employees in terms of unfair and unequal treatment.

In studying the problems within TAW sector, the most common topics of research are related to job quality, job satisfaction, efficiency and organizational commitment of temporary agency workers. Researchers have utilized motivational theories such as Herzberg's two-factor theory¹² and Hackman and Oldham's job characteristics model¹³ to measure job satisfaction of temporary workforce. Several studies concluded that temporary agency workers have lower level of work motivation than permanent employees.¹⁴ This is found to be a result of the lack of extrinsic elements such as minimum wage, job uncertainty and a stressful work environment in temporary agency work, as well as the missing intrinsic elements related to individual's growth possibilities at work.¹⁵ These elements have an effect

¹¹ Arrowsmith, J., 2006. *Temporary agency work in an enlarged European Union*. Eurofound, Dublin

¹² Arnold, John et al., 2005. *Work psychology: Understanding Human Behaviour in the Workplace*. 4th edition. United Kingdom: Pearson Education Limited. pp. 338-340.

¹³ Ibid. pp. 341-345

¹⁴ De Cuyper et al., 2008

¹⁵ e.g. De Cuyper et al. 2008; Biggs, D., 2003. *Employment agency workers, their job satisfaction and their influence on permanent workers*. University of Leicester.

on individual's job performance, but also in the general well-being of temporary employees.¹⁶

Studies have also shown evidence of frequent use of TAW resulting in decreased production efficiency in user organizations.¹⁷ As a part of organizations' human capital, temporary agency workers perform the same tasks as permanent employees. Unfortunately, temps are used not only as extra help but in an increasing amount as a substitute for permanent staff, which influences the overall performance of companies. Still in Finland, temporary agency workers do not have equal rights in comparison to other employees making TAW an important subject for research.

3.3. From general to specific – Discussion about temporary agency work

3.3.1. Increasing concern towards temporary agency workers

The topic of temporary agency work has been studied and discussed in numerous studies and articles worldwide during the last two decades.¹⁸ At the end of 1990, discussions were still having an optimistic tone and concentrating on the phenomenon of temporary agency work as a new and rapidly growing form of employment.¹⁹ However, many of the current problematic issues temps are facing at their work were already identified in the nineties. These include the uncertainty of employment, difficulties in budget planning, no possibility

¹⁶ Varamiespalvelut (2004), Sataprosenttinen työntekijä, *Staff ok*, customer magazine, Spring 2004

¹⁷ Viitala et al., 2005

¹⁸ De Cuyper et al. 2008

¹⁹ Burgess et al. (2006) "Temporary Work and Human Resources Management" *Personnel Review* Vol. 35 No. 2

for career planning, limited feedback received, being treated as outsiders in the work community and stress caused by the frequent change of jobs.²⁰

During the past decade, discussions about the use of temporary agency work have started to evolve around ethical issues. Temporary agency workers' equality, fair treatment, job satisfaction and organizational commitment have become popular topics of debate.²¹ For example, job satisfaction of temporary agency workers has been researched in numerous studies internationally, but researchers have not been able to agree on the matter. Some researchers claim that job satisfaction amongst the temporary agency workers is lower than amongst permanent workforce²² whereas others insist that there is no proof of low levels of job satisfaction linked to TAW.²³ Similar inconsistent results have been obtained in studies examining organizational commitment.²⁴

There have also been large scale studies conducted about the linkage between the use of TAW and the performance of user organizations, but findings have been inconclusive.²⁵ Lower job quality of temporary agency workers in comparison to permanent employees has also been a topic of discussion and a general concern amongst many labour unions and human resource specialists.²⁶ Many HR and sociology professionals claim that the

²⁰ Melchionno, Rick, 1999 The changing temporary work force: Managerial, professional and technical workers in the personnel supply service industry. *Occupational Outlook Quarterly*. Spring.

²¹ ILO, 2009. *Private employment agencies, temporary agency workers and their contribution to the labour market*. Issues paper. Geneva

²² eg. Forde et al., 2006. The nature and experience of agency working in Britain: What are the challenges for human resource management. *Personnel Review*. Vol. 35, No. 2, pp. 141-150.

²³ De Cuyper et al., 2008

²⁴ Biggs, 2003

²⁵ De Cuyper et al., 2008

²⁶ Tanskanen, Antti, 2008. *Vuokratyö EU:ssa*. Yhteiskuntapolitiikka 74 (2009):3, Helsinki; Mitlacher, 2008

insufficient level of job quality amongst temporary agency workers may cause unreasonable amounts of stress and insecurity, increase health problems, lower work motivation and, as a result, decrease work efficiency and organizational performance.²⁷

3.3.2. TAW on national basis

International studies examining TAW have failed in trying to find solutions applicable over national borders to the problems of low job quality, organizational commitment and job satisfaction amongst temporary agency employees. This can be explained by the dissimilarities of national legislations, different labour policies in each country and cultural differences affecting attitudes towards work. These are also reasons why the European Parliament was only able to enforce its first collective directive on equal treatment of temporary agency workers in 2008 after almost a decade of negotiations on the topic.²⁸

However, studies conducted independently and on national scale by different EU countries have reached more viable solutions in much shorter time. For example, Germany, Austria and Sweden are good examples of the countries with successful TAW policies (see chapter 3.4.). The situation in TAW sectors varies from country to country. Therefore, the issue of TAW should be examined on national basis instead of trying to find internationally feasible solutions to the problem. This argument is also supported by research findings stating that

²⁷ Virtanen et al., 2006. Onko pätkätyö terveystriksi? *Työterveyslääkäri*. Vol. 24, No. 4, pp. 122-124.

²⁸ Eurofound, 2009

cross-cultural differences are an important reason why many studies regarding TAW have received inconsistent results.²⁹

3.3.3. Finland as a case study

Although many countries have found ways to deal with TAW issues, Finland belongs to one of the countries where TAW is still much unregulated. Legislative rules about the use of TAW are indistinct in Finland and the topic itself has not been researched thoroughly. This is exceptional, given the evidence that the Finnish labour legislation and regulations in general are highly focused on protecting employee rights.

Two major empirical studies were conducted for the Finnish Ministry of Labour during 2005 and 2006 that researched the topic of TAW. Both research projects were conducted on a limited number of companies and did not aim to find solutions that could be directly applied throughout the whole Finnish TAW sector. However, the outcomes of both studies were congruent with the problems introduced before in the context of temporary agency work in Finland. These studies concluded there to be inequality between temporary agency workers and employees hired directly in the company.³⁰ Additionally, issues regarding multiple successive fixed-term contracts and temporary agency workers' hopes for permanent employment were identified as problematic.³¹

²⁹ De Cuyper et al., 2008

³⁰ Viitala et al., 2005

³¹ Viitala et al., 2006. *Näkökulmia vuokratyöhön*. The Finnish Ministry of Labour. Työvoimapolitiittinen tutkimus.

Several smaller scale research projects have been conducted all around Finland examining improvement needs from the employees' perspective. Research outcomes show deviation from the studies of the Finnish Ministry of Labour, usually concluding more optimistic results. Moreover, surveys conducted in quantitative methods report even more encouraging situation in TAW field in Finland.³²

Research outcomes are especially inconsistent when compared to surveys conducted by Finnish Private Employment Agencies Association (HPL) and the Central Organization of Finnish Trade Unions (SAK). The inconsistent study outcomes could be one of the reasons why the Finnish government has not been able to form feasible policies for Finnish TAW sector. Information presented is too contradictory and thus fails to show congruent evidence of the changes needed. In fact, within the European Union, Finland is amongst the countries where the use of TAW is least regulated.³³ This makes Finland an interesting case study for temporary agency work problem.

3.4. Examples of temporary agency work in EU

Within the European Union, temporary agency work has become the fastest growing atypical form of employment.³⁴ This can be seen in the increasing deregulation of TAW towards this decade. Italy and Greece, for instance, had prohibited the use of TAW completely before 1994, whereas today it is licensed trade in both countries.

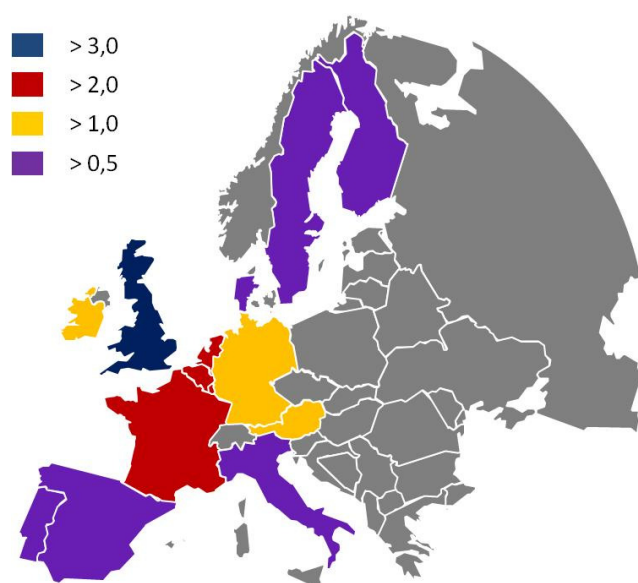
³² Promenade Research. 2008. *Valtakunnallinen vuokratyöntekijätutkimus 2008*. HPL.

³³ Saarinen, Mauri, 2005. *Pätkätyöt: Työnantajan ja palkansaaajan opas*. Helsinki: Edita Publishing Oy.

³⁴ Tanskanen, 2009

Great Britain, The Netherlands, France, Luxembourg and Belgium are the most frequent users of TAW within the EU. These are also countries where TAW policies are relatively unregulated in comparison to other EU members.³⁵ Furthermore, Finland, Great Britain and The Netherlands are the only EU15 countries where temp agencies can be started up without any business license, thus, complicating controlling the use of TAW.³⁶ Temporary agency work is especially common amongst lower skilled, blue-collar workforce in all these countries.³⁷ The proportion of temporary agency work out of the entire national workforce in EU15 countries is presented in figure 3.

*Figure 3: The percentage of temporary agency workers of the entire workforce in EU15 countries*³⁸



³⁵ Tanskanen, 2009

³⁶ Saarinen, 2005

³⁷ Ciett, 2010. *The agency work industry around the world*. Economic report 2010 edition.

³⁸ Adapted from: Tanskanen, 2009

In October 2008, after almost a decade of discussion, the European Parliament set a directive regarding equal treatment of temporary agency workers to be adopted as a part of national legislation in all EU member countries by the end of 2011.³⁹ The long timeline for drafting the common directive illustrates the complex nature of TAW. In the following chapters, four EU countries (Austria, Germany, Sweden and Finland) with relatively different TAW market structures are examined more closely.

3.4.1. Austrian TAW legislation

The number of temporary agency workers in Austria has quintupled between 1994 and 2004. Although Austria has one of the oldest established TAW legislations in the EU (passed in 1988), the legislation is able to answer the country's current labour market needs.⁴⁰ The legislation aims to prevent user organizations and agencies transferring employment risks to temporary agency employees by establishing "temporary work as an independent form of employment that would outlast the single temporary employments"⁴¹.

The Austrian legislation makes a clear division between different employer responsibilities; user organizations are exclusively responsible for the technical job safety whereas agencies are liable for personal job protection of temporary agency employees.⁴² Temporary work agencies are also accountable for paying temporary employees minimum wage regardless of whether the employee is currently employed by a user organization or not. Furthermore,

³⁹ Eurofound, 2009

⁴⁰ Palanko-Laaka, Kirsti, 2005. *Määräaikaisen työn yleisyys, käytön lainmukaisuus ja kehittämistarpeet*, Finnish Ministry of Labour. Helsinki

⁴¹ Eurofound, 2002a. *Temporary agency work: National reports – Austria*. Eurofound, Dublin

⁴² Ibid.

fixed-term contracts are only allowed on strictly justifiable grounds in order to help prevent the chaining of temporary work relationships.⁴³ For Finland, these are all currently unsolved problems.

3.4.2. Deregulation in German TAW sector

In Germany, about thirty percent of all temporary agency workers are low skilled and, in comparison to the overall economy, a considerable part are younger generation. TAW is most frequently used in the industrial sector, but the percentage of temps in the service sector is rapidly growing.⁴⁴ TAW is used as an effective tool to reduce unemployment in the country. Approximately sixty percent of all temporary workers in Germany were unemployed before entering into an employment relationship with an agency. The number of temps being hired as permanent workers is significantly higher than in other countries; twenty to thirty per cent of all temporary workers receive a permanent employment contract in user organizations after working as temps. For example in Finland this employment rate is significantly lower.⁴⁵

For the purpose of reducing unemployment, Germany has deregulated their TAW legislation. For example, directives about the limited use of fixed-term contracts have been removed completely. However, TAW still falls under the German labour legislation

⁴³ Palanko-Laaka, 2005

⁴⁴ Mitlacher, Lars W., 2008. Job quality and temporary agency work: Challenges for human resource management in triangular employment relations in Germany. *The international Journal of Human Resource Management*. Vol. 19, No. 3, pp. 44-60

⁴⁵ HPL, 2010c. *HPL pähkinäkuoressa*. Available at: http://www.ek.fi/henkilostopalveluyritysten_liitto/liitetiedostot/fact_sheet_250520071.pdf (last accessed: 23.5.2010)

preventing the TAW markets being freed completely. Additionally, some occupational sectors such as the construction industry have special directives in the legislation.⁴⁶

3.4.3. The Swedish collective agreement model

Comparing to other EU countries, the Swedish TAW policies are the most developed. The current Swedish TAW model strongly aims to secure the basic rights for temporary agency workers and promote the equal treatment principle without restricting competition in the field.

In 2000, two major collective agreements were established in Sweden. The first agreement focuses on Swedish white-collar workers and affects over 15,000 employees. According to this agreement, temporary agency workers have the right for guaranteed basic salary regardless whether they are currently working for user organization or waiting for a new employment. Guaranteed basic wage corresponds to approximately 75 percent of employees' average wage received during the previous work quarter. After ten months employment in the agency, the wage is increased to 85 percent. The second agreement applies to the blue-collar sector in Sweden. The general terms of the agreement are similar to the agreement made in the white-collar sector with the main focus being on guaranteed monthly salary. However in the Swedish blue-collar sector, the guaranteed minimum wage is even higher (85% for the first six months after which increased to 90%).⁴⁷

⁴⁶ Palanko-Laaka, 2005

⁴⁷ Eurofound, 2002c. *Temporary agency work: National reports Sweden*. Eurofound: Dublin.

This system guarantees stable incomes for temporary agency workers during the times when the agency fails to find employment for their employees. This increases job security and contributes to equal treatment of temporary agency workers. Moreover, the two agreements prevent the use of multiple fixed-term contracts within same agency. According to the agreement, the temporary employee can only work on a fixed-term basis once before he or she has to be taken in the agency as a permanent employee.⁴⁸ In addition, agency authorization in Sweden is compulsory; agencies are granted an authorization certificate based on their reliability and commitment to comply with the existing regulations. Any agency who wants to operate in Sweden must apply for this authorization.⁴⁹

Viability of the Swedish model can be seen, for example, in the Swedish metal industry and commercial sectors. In these occupational sectors, the average time a temporary agency worker has to spend unemployed, waiting for the agency to find a new job for the employee, has decreased significantly after the collective agreements came into force. Presently, guaranteed minimum wages have to be paid rarely since agencies do not let their employees have empty blocks between employment periods.⁵⁰

⁴⁸ Helenius, H. & Arapkirli, S., 2010. Ruotsin vuokratyöläisillä oma sopimus. *Ahjo* 18.2.2010

⁴⁹ Eurofound, 2002c

⁵⁰ Lehto, Anu-Tuija, 2009. Vuokratyöläisenkin on saatava vakituinen sopimus. *Helsingin Sanomat*. 8 Jan, p. A2.

3.4.4. Finland in comparison to Austria, Germany and Sweden

If compared to Austria, Germany and Sweden, the Finnish TAW policies are relatively undefined. The German TAW trend is closing up the Finnish TAW sector in terms of deregulation. However, the purpose of deregulation in Germany is to increase employment and has been a successful strategy. Despite the fact that four out of five temporary agency employees in Finland wish to find permanent employment through agency work, only a small percentage actually succeeds.⁵¹

The transfer of employment risk from employer to employee is also becoming problematic in the Finnish TAW sector. Austrian and Swedish TAW policies, on the other hand, prevent this from happening. Both Austria and Sweden have stabilized the situation of temporary agency workers through controlled regulation. An important characteristic of TAW both in Austria and in Sweden is the guaranteed minimum wage, which temporary agency workers are not entitled to in Finland. Whereas the Austrian legislation and the Swedish collective agreements have proven to be effective regulators of TAW, Finland has not yet been able to find viable solutions for many of the TAW problems.

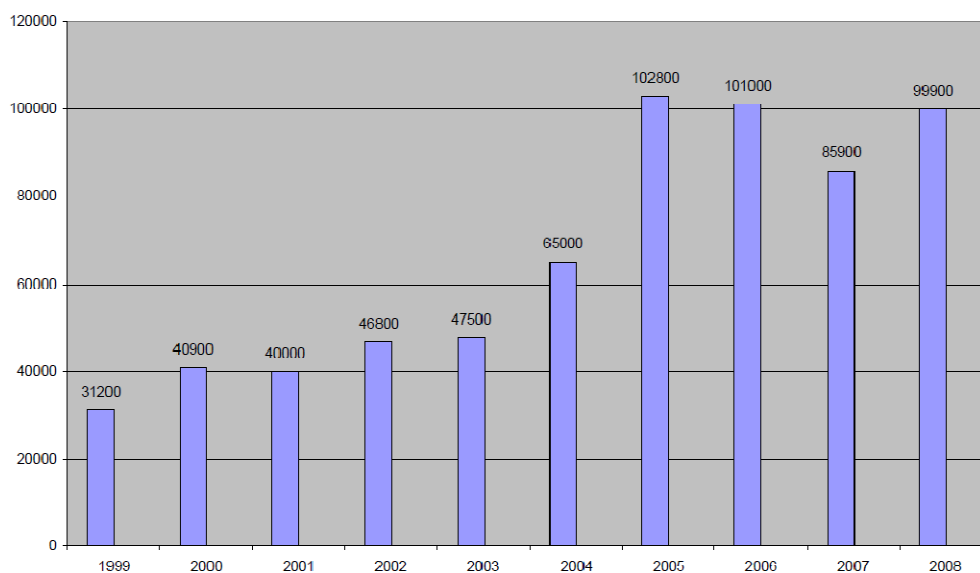
⁵¹ Viitala et al., 2005

4. SITUATIONAL ANALYSIS OF FINNISH TAW MARKETS

4.1. Finnish TAW sector in 21st century

Temporary agency work is a relatively new phenomenon in Finland. In the mid nineties TAW was steadily growing in popularity amongst Finns, but only from the beginning of the 21st century temping became a common trend. By the year 2005, TAW had spread in Finland with a thirty per cent increase in temporary agency workers in comparison to the previous year (Figure 4). The increase was almost as high among the organizations engaged in the use of TAW.

*Figure 4: Temporary agency workers in Finnish private sector between years 1999-2008*⁵²



⁵² Kostamo, 2008, p. 11

In 2008, there were approximately 99,900 temporary agency workers in Finland. The total turnover for Finnish TAW in 2007 was 850 million Euros.⁵³ TAW accounted approximately one percent of the whole Finnish workforce. However, in the private sector alone, the percentage was much higher. In 2007, TAW accounted 3,4% of the whole employment in the private sector and in 2008 the same figure had increased to 3,9% (Table 1).

*Table 1: Temporary agency workers, employments, user organizations and the TAWs share of the whole employment in Finland in 1999-2008*⁵⁴

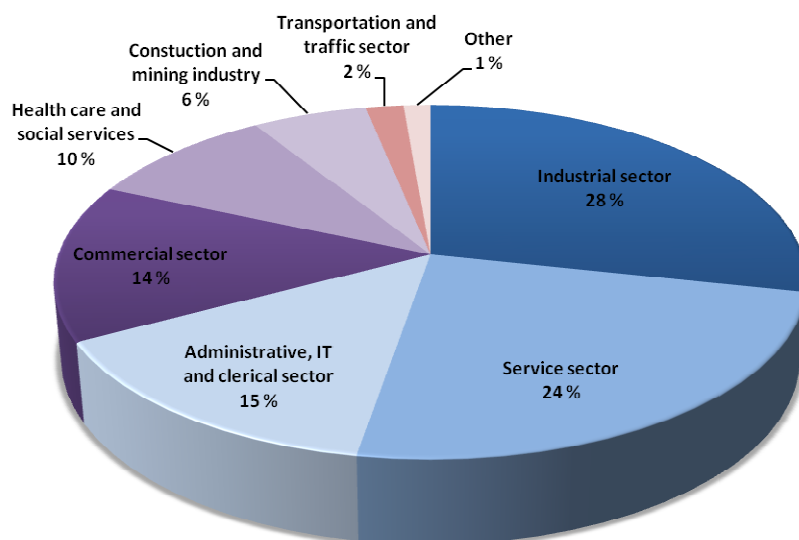
Year	Number of TAWs	Number of employment contracts formed	Number of user organizations	Share of the whole employment
2008	99900	388200	18100	3,9%
2007	85900	281700	18600	3,4%
2006	101000	267400	18300	4,1%
2005	102800	415900	20800	4,3%
2004	65000	260700	13900	2,8%
2003	47000	284700	13200	2,0%
2002	47000	208500	11600	2,0%
2001	40000	100000	10000	1,7%
2000	40000	140900	12400	1,8%
1999	31200	157000	14200	1,4%

⁵³ Etera, 2008. *Vuokratyöntekijät tyytyväisempiä kuin vakituiset?* Available at: https://www.etera.fi/FI/TIETOA_ETERASTA/UUTISET/Sivut/Vuokratyontekijat_tyytyvaisia.aspx (last accessed 10.5.2010)

⁵⁴ Adpted from: Kostamo, 2008

The majority of Finnish temps are working either in commercial sector, hotel and catering business, metal industries or in administrative tasks (Figure 5).⁵⁵ Most common the use of temporary agency work in private sector is in building trade where approximately forty percent of all businesses use temps. In the industry sector, temporary agency work is most frequently used by technology and chemical industries. An average of 16 percent of all businesses in the Finnish service sector is using temporary agency work.⁵⁶ Over one third of all hotel and catering businesses in Finland utilize TAW. In the public sector, health care and social services are the largest occupational group where TAW is used. Approximately 9,500 temps in total were working in the sector in 2008.⁵⁷

Figure 5: Temporary agency work according to occupational sectors in Finland year 2008⁵⁸



⁵⁵ Kostamo, 2007

⁵⁶ Saukkonen, Seppo et al., 2007. Työvoimatiedustelu, Elinkeinoelämän keskusliitto.

⁵⁷ Kostamo, 2008

⁵⁸ Adapted from: Kostamo, 2008

The average length of a temporary agency employment has decreased drastically in the past seven years. In 2001, the average length of employment for a temporary agency worker was 100 days whereas in 2008, the same number was only 32 days.⁵⁹ TAW is a cyclical business, where economic downturns directly affect market demand.⁶⁰ Therefore, in between 2007 and 2008 there was a visible drop in the average length of temporary employment due to the economic crisis. Numerous newspapers were reporting temps' layoffs all around Finland during 2007 and 2009.⁶¹ Temporary agency employees are used as buffer workforce, which is also causing problems internationally.⁶²

4.2. Benefits of temporary agency work in Finland

The Finnish TAW sector has four parties of interest directly affected by the use of TAW: temporary work agencies, user organizations, work communities and temporary agency workers. For temporary work agencies, the benefits of TAW are clear; the agencies are profit-oriented business practices and their operations are guided by the law of supply and demand. In the case of the three other parties involved, the advantages of TAW are not so self-explanatory and therefore need closer examination.

⁵⁹ Kostamo, 2008

⁶⁰ Cielt, 2010

⁶¹ eg. STT, 2009. Cargotec irtisanoo lähes sata tampereella. *Helsingin Sanomat*, 24 Nov, p. B5;

Taloussanomat, 2009. Konecranesin yt-neuvottelut johtivat 39 henkilön vähentämiseen. *Taloussanomat*, 1 Sept.

⁶² ILO, press release, 19.10.2009, Geneva

4.2.1. User organizations

User organizations benefit the most from TAW. An important reason for organizations to use TAW is the possibility to get extra help quickly during peak seasons. Another key reason is high workforce flexibility. Temps can be hired promptly and whenever necessary without any minimum requirement for the duration of employment. If organization's demand decreases, temps can be sent off without any explanation or further notice. In fact, by using temps as buffer workforce, organizations can prevent downsizing their own staff and, thus, avoid the bad publicity caused by the company-based mandatory consultations between employer and employee representatives.⁶³ Using temps as buffer workforce is a growing trend in many organizations in Finland.

Recruiting activities and related paperwork take up resources that can be reduced to a minimum by using TAW. From an administrative perspective, the use of TAW decreases the work load significantly. TAW also enables organizations to fill in specific short-term tasks that require expertise that the company does not have. More increasingly TAW is also used as a recruitment channel for companies.⁶⁴ All the mentioned benefits are seen to contribute to cost-efficiency, which according to management of many user organizations is a much appreciated result of utilizing TAW.⁶⁵

⁶³ eg. Viitala et al., 2005; Lehto et al., 2005. *Pysyvän työn toivossa*. The Finnish Ministry of Labour. Työvoimapolitiittinen tutkimus

⁶⁴ Lehto et al. 2005

⁶⁵ Viitala et al., 2005

4.2.2. Work communities

The use of TAW also has an effect on user organizations' work communities. For permanent staff, the biggest, and perhaps the only real benefit of using TAW, is believed to be the decrease in work load.⁶⁶ Researchers have also suggested that the use of TAW reduces amount of stress in the work community by lowering the pressure for working overtime. In addition, knowing that the temp is qualified for the given tasks may also help to lower permanent employees' stress level.⁶⁷ Some studies have, however, shown very contradictory evidence on these benefits.⁶⁸

4.2.3. Temporary agency workers

For temporary agency workers, advantages differ according to the individual situations of temps. Most studies suggest that the freedom of being able to choose one's own work schedules and the flexibility of working hours are the most beneficial attributes in TAW.⁶⁹ These are important characteristics for students and people working voluntarily as temps in particular.

For people with marketable skills, usually white-collar workers, TAW can also be an opportunity to shape one's career in the desired direction.⁷⁰ Furthermore, TAW can provide work experience and opportunities for obtaining new skills through changing user

⁶⁶ Lehto et al., 2005

⁶⁷ Ibid.

⁶⁸ Viitala et al., 2005

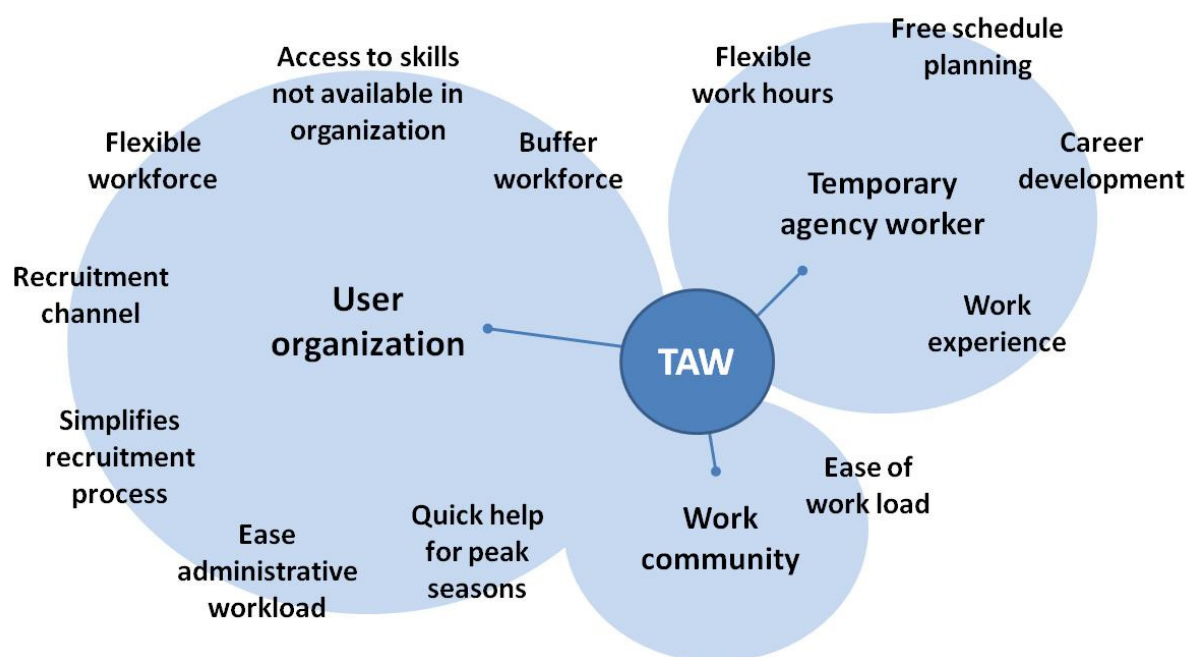
⁶⁹ eg. Melchionno, 1999; Viitala et al., 2005

⁷⁰ Melchionno, 1999

organizations and thus learning new tasks. Temporary agency work can also be a way of being employed for people who have not been successful in finding work through any other means.⁷¹ Figure 6 illustrates the key benefits of TAW in Finland for the three different parties of interest and shows their interconnections.

Many of the benefits mentioned are often dimmed by several negative aspects related to the level of job security, inequality and the level of job satisfaction. These issues will be further examined in the next chapter of the thesis.

Figure 6: Main benefits of temporary agency work in Finland



⁷¹ Finnish Ministry of Labour, 2007

4.3. Key problems in Finnish TAW sector

4.3.1. TAW policies in Finland

The legal rights of temporary agency workers have been examined in many Finnish publications.⁷² In the early eighties, temporary agency work was a licensed trade; any temporary work agency had to apply for a license from the Finnish government officials before starting up the business was possible. From 1985 onwards, Finland followed a special employment exchange legislation that limited temporary work agencies' operations with the purpose of eliminating any ongoing illegal activities. However, in 1994 Finland gave up the entire licensing arrangement and as a result freed up the employment service sector in order to encourage competition.⁷³ In the same year, Finland adopted the current practice in use, which obligates temporary work agencies to inform the Finnish occupational health and safety authorities when establishing an agency. In addition, agencies are required to file an official trade register notification after which it is legal to start up a temporary work agency.⁷⁴

Unlike the majority of countries within the European Union today, Finland still does not have a specific law covering temporary agency work. Instead, the terms of temporary agency employment must follow the Finnish labour legislation and the user organization's trade union contract. However, these terms are not specific enough to provide equal protection to temporary agency workers in comparison to the permanent employees. Unregulated policies enable employing temps successively on fixed-term contracts. Despite the Finnish labour legislation stating that fixed-term contracts should be formed only on

⁷² Saarinen, 2005; Sädevirta, 2002; Moilanen, 2008

⁷³ Finnish Ministry of Labour, 2007

⁷⁴ Saarinen, 2005

reasonable grounds, the majority of Finnish temporary agency workers are still employed on a fixed-term basis.⁷⁵

User organizations in Finland are also free from any termination clauses thus leaving temps with no period of notice and low job security.⁷⁶ No guaranteed minimum wage is required and while an agency is looking for a new employment for their temp, the employee receives no income during this time.⁷⁷ Basic employee rights regarding working hours, breaks and holidays, for example, are covered by the current Finnish labour legislation. However, the lack of both representation and supervision controlling the TAW sector often result in the negligence of basic employee rights.⁷⁸

The Finnish Ministry of Labour has been investigating these issues repeatedly during the past decade, but still most problems go unsolved.⁷⁹ One reason for this is the highly complex nature of temporary agency work, which complicates drafting legislation or a collective agreement that could be applied to all occupational sectors in Finland. This phenomenon is still relatively unknown and not as extensively researched as the other forms of employment.

⁷⁵ Lehto, 2009

⁷⁶ Tanskanen, A., 2010. Vuokratyöntekijän toimeentulo on pystyttävä edes osin takaamaan. *Helsingin Sanomat*, 16 March, p. C8.

⁷⁷ Lehto, 2009

⁷⁸ Viitala et al., 2005

⁷⁹ Finnish Ministry of Labour, 2007

4.3.2. *Inconsistent research outcomes*

Finland has not been able to establish clear rules for the use of TAW. One reason for this is likely to be the inconsistency of existing research outcomes that have failed to present congruent evidence of the problems in Finnish TAW sector. While the findings of quantitative studies have not shown any reason for urgent changes in Finnish TAW policies, the reported results related to temporary agency workers' job satisfaction are even relatively optimistic.⁸⁰ Qualitative studies, on the other hand, have identified several concrete problems in the use of TAW in Finland. However, due to inconsistent research outcomes, not much has been concluded in Finnish decision-making organs. The research outcomes between quantitative and qualitative studies conducted are inconsistent, but why?

In general, qualitative research aims to understand phenomena and their consequences by analyzing and learning more about the topics.⁸¹ Qualitative research methods are most suitable when examining relatively unknown issues, which go beyond the immediate observation capabilities.⁸² The purpose of quantitative research methods is to map the prevalence of already known phenomena. The main tools used are surveys, statistics and systematic observational methods, which all require well-established measurement standards.⁸³ For relatively fresh and unknown subjects, such as TAW in Finland, qualitative research is therefore more suitable method of gathering information.

⁸⁰ Promenade Research , 2008

⁸¹ Hirsjärvi S. & Hurme, H., 2000. *Tutkimushaastattelu. Teemahaastattelun teoria ja käytäntö*. Helsinki: Yliopistopaino. p. 23.

⁸² Vilkkä, Hanna, 2007. *Tutki ja kehitä*. Helsinki: Tammi. pp. 97–100.

⁸³ Ibid. pp. 74–77

The undefined research standards for examining Finnish TAW sector have resulted in conflicting study outcomes. When presented to Finnish decision-making organs, the inconsistent results cause difficulty in determining the urgency and importance of needed rules and regulation in the Finnish TAW sector.

4.3.3. Unequal treatment of temporary agency workers in Finland

Due to the fact that Finnish legislation fails to provide adequate protection for temporary agency workers, temps suffer from numerous problems that are uncommon among the permanent workforce. In order to further examine the issue, ten Finnish temporary agency workers from different occupational sectors were interviewed during January and April 2010. The results of the interviews support largely the existing qualitative studies.

According to the interviews, the main problems experienced in TAW are:

- job insecurity
- unstable incomes
- lack of sufficient training
- lack of task variation at work
- missing fringe benefits

Previous studies have, in addition, reported temps feeling “second best” due to not been invited to take part in organizations’ recreational events or being left out from companies’ bonus systems.⁸⁴ The lack of fringe benefits, such as personnel discounts, work phones and

⁸⁴ Viitala et al., 2005

discount coupons for sports activities, was named as one of the most common reasons for experiencing inequality at work. The majority of all temporary workers receive fewer fringe benefits than permanent employees.⁸⁵

Lack of training and support from the organizations was also an important issue during the interviews. Induction periods were acknowledged short and investment in temps' training insufficient. Lack of support arrangements for temps within the user organizations re-enforced the feel of uncertainty.

Other important issues amongst the interviewees were job security and stable incomes. According to existing studies, eighty percent of all temporary agency workers in Finland hope to be employed as a permanent employee. In fact, the possibility of permanent employment is the biggest motivator for many to work as a temp.⁸⁶ In reality, however, only a small percentage of temps get hired permanently. For example, the Finnish Private Employment Agencies Association currently has over 53,000 temps on their lists, but in 2009 only 3,000 (approximately 5,6%) of these temps were hired in the organizations as permanent employees as a result of their temping period.⁸⁷ When the goal is to get hired permanently, but the organization shows no inclination in establishing permanent employment relationships, this may decrease temporary agency employees' work motivation.

Related to work motivation, more intrinsic values, such as the lack of both social relationships and respect at work were discovered in the interviews. Interviewees reported a positive correlation between a relaxed working environment with friendly colleagues and the

⁸⁵ Viitala et al., 2005

⁸⁶ Ibid.

⁸⁷ HPL, 2010c

level of job satisfaction. Thus, social relationships at work have been shown directly affect employee job satisfaction.⁸⁸ In TAW lack of psychological commitment to the work community and user organization is typical.⁸⁹ Problems such as these can lead to low levels of job satisfaction and work motivation causing insecurity and stress not only at work but also outside the workplace.⁹⁰

Many temporary agency workers in Finland are also excluded from development discussions between employer and employee.⁹¹ Development discussions are a common practise in Finland, and their purpose is to appraise employee's performance and discuss future prospects in the organization. These are important occasions for receiving individual feedback for one's performance. According to social studies, employees' motivation can be kept high by giving possibilities for self-development and growth through a goal-directed approach.⁹² Only three out of ten interviewees had had development talks with their bosses during their employment period in temporary agencies. Lack of development discussions leave the employee with uncertainty of one's performance.

⁸⁸ Tuomi, Kaija, 2007. *Työyhteisön toiminta, henkilöstön hyvinvointi ja yrityksen menestyminen työelämän murroksessa*. Artikkelikokoelma Työn murroksessa. Helsinki: Työterveyslaitos.

⁸⁹ Varamiespalvelu, 2004; Viitala et al., 2005

⁹⁰ Viitala et al., 2005

⁹¹ Ibid.

⁹² Tuomi, 2007

4.3.4. Industry specific problems in Finland

When analyzing the existing information on TAW by occupational sectors, some interesting findings, relevant for drawing viable collective agreements on national basis, were discovered. The industrial, commercial, service and health care sectors all have industry specific issues that complicate forming a collective agreement throughout the Finnish TAW sector.

Industrial sector

In industrial sector, where the use of TAW is most frequent, there is often very little task variation.⁹³ According to the interviewees, work motivation in this sector comes from social relationships within the work community. Traditionally, in the Finnish industrial sector, the permanent employees are willing to stand up for themselves and defend their rights. Temporary agency employees in this sector, however, feel insecure about defending their rights for the fear of losing their jobs. This fear is not unjustified. Temps are increasingly used as buffer workforce and thus, first to be given notice if downsizing becomes a current issue.⁹⁴

Other problems in the industrial sector have also occurred. Newspapers have reported that trade union contracts, especially in industrial sector, were often evaded in the case of temporary workforce thus weakening temps' rights in comparison to permanent

⁹³ Viitala et al., 2005

⁹⁴ Viitala et al., 2005

employees.⁹⁵ For user organizations, the main reason for doing this is the possibility for tax evasion. This has not gone unnoticed by the Finnish public authorities who have taken the issue under closer examination.⁹⁶

Service and commercial sectors

The interviewees working in commercial and service sectors all agreed TAW to be a good fit for these sectors because flexibility is necessary and employee turnover high. However, still problems occur. In both sectors, the interviewees experienced the instability of work schedules and being “on call” all the time problematic.

An interesting phenomenon that is specific to restaurant and catering businesses was revealed during the interviews. Many companies in the service sector, especially restaurants and night clubs, have set up their own temporary work agency and transferred their entire staff on the pay list of the agency. This is a way for companies to avoid promising fixed amount of working hours per week and enables them to have a staff continuously on call without having to pay anything for it. This is likely to bring reductions in personnel costs, but as a result employees are left uncertain of their job security. There is no previous record of this kind of behaviour in any existing studies, but the legality of these kinds of practices is more than precarious.

In retail business, the effects of using temporary agency result in decreased customer service levels. Jari Koskinen, the manager of two large hypermarket stores in Finland, says that

⁹⁵ e.g. Salonen, Juha, 2010. Vuokratyövoiman ketjutus verojen kiertämiseksi yleistynyt. *Helsingin Sanomat*, 3 Jan, p. A7.

⁹⁶ VIRKE, 2009. *Vuokratyövoimaseelvitys*. Viranomaisyhteistyön kehittämisprojekti. Available at:

during his twenty years of experience in the field, there really has been a visible negative change in customer service levels in many shops engaged in the use of TAW on a regular basis. According to Mr Koskinen, due to uncommitted, unmotivated temporary agency employees working in customer service jobs, there is reason to argue that also customer service levels have decreased. From consumers' perspective, this has a negative effect on company's image and the effect may be much more considerable than companies can anticipate.

Healthcare sector

In the health care and social services sector, TAW is a recent phenomenon. Hospitals and other employers in this sector do not benefit much from trying to bend laws and exploit their temporary agency workers since Finnish health care and social services belong to the public sector and are not therefore profit oriented.⁹⁷ The main reason for using TAW in this sector is the lack of employees. Unlike some other occupational groups such as the industrial sector, temporary agency workers in the field of health care seem to be relatively satisfied with their jobs.⁹⁸ This is likely to be a result of the high intrinsic value that the job has to offer.

Although temporary help is needed, TAW does not necessarily fit best in the field of health care. Pirjo Kupiainen, the head of the physiotherapy department in the city hospital of Kotka, has worked thirty years in the health care sector. She sees multiple problems with the

⁹⁷ Kinnunen-Moilanen, Tuija (2010), Viidakon lakeja, *Tehy*, No. 6

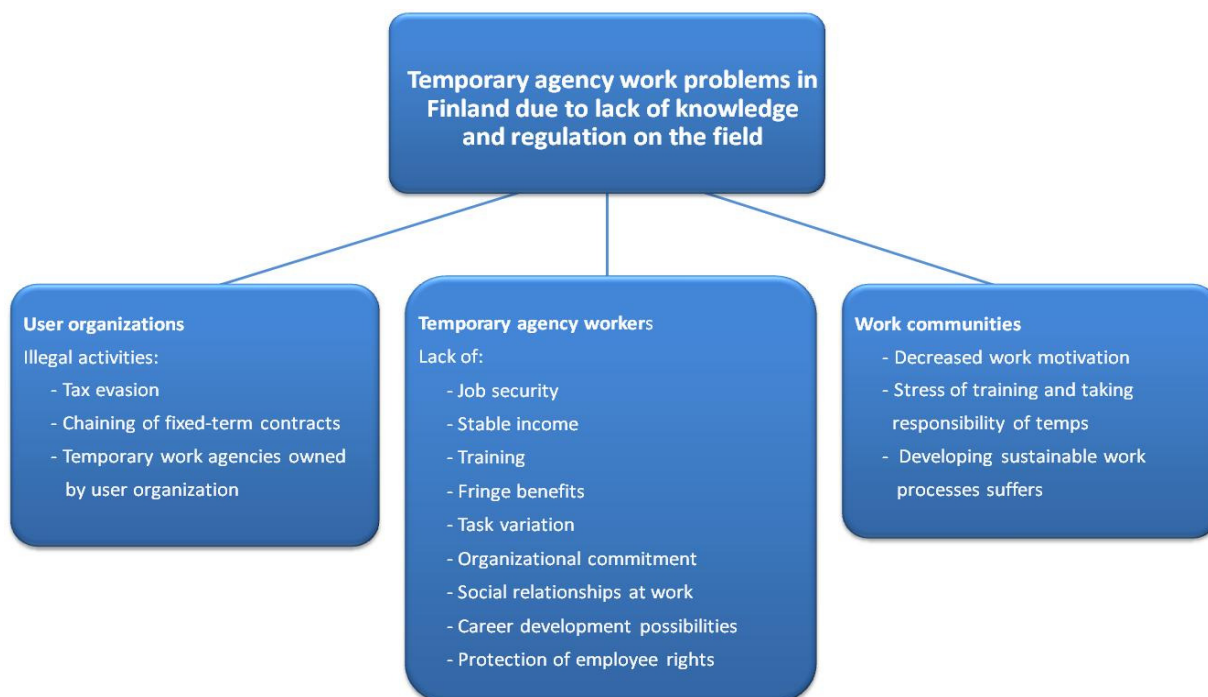
⁹⁸ Meurman, Jaana (2009), Vuokrafirmissa hoitajien työmotivaatio on korkealla, *Helsingin Sanomat* 7.9.2009

use of TAW. According to Mrs Kupianen, the ability to work independently is a necessity in the health care sector and it will take roughly six months for new employees accommodate to a hospital's work methods.

Mrs Kupiainen states that the nature of work has visibly changed during the past thirty years. The requirements to be more efficient while working with fewer resources are profound and can put strain on the permanent staff. In hospitals, temporary workers should be under continuous supervision due to the risk for malpractice. Because of temporary agency workers' high employee turnover, the attitudes of permanent staff towards temporary workers are becoming more negative and in some cases hostile. Constant training and supervision of temporary agency workers have started to decrease permanent staff's work motivation.

Another issue with the use of temps, according to Mrs Kupiainen, is the problem of developing more innovative and effective work methods. Improving existing work procedures requires commitment and team effort. Efficiency comes from coherent and committed work methods as a result of team work. This is likely to be true also for other sectors where team work is needed. Temporary agency workers, although full of ideas, are not in reality able to contribute much for development processes because they lack understanding of team organization and its procedures, as well as organizational commitment. This raises the question about the cost efficiency of using agency work. The main problems in the Finnish TAW sector are summed up in figure 7.

Figure 7: Key problems in Finnish TAW sector



4.4. Recent developments

Finland added a section in the labour legislation in 2009 about equal treatment of temporary agency workers. This was done shortly after the European Parliament imposed a directive regarding the issue in October 2008. In short, the EU directive states that, “All temporary workers should have the right to basic protection from the first day of employment in the user undertaking, together with the right to benefit from labour law, equal pay and social protection available to directly employed workers. -- The directive also provides the right to representation --”.⁹⁹ This directive has to be adopted and implemented in national

⁹⁹ Eurofound, 2009

legislations in all countries in European Union by 2011.¹⁰⁰ However, this directive is subject to interpretation

In the case of Finland, the new directive imposed as a result of the new EU regulations, is as indistinct as the EU directive. It obligates agencies to organize temporary agency workers representation within the agency, but does specify how this should be arranged. Despite the new directive, many temps experience difficulties in defending their rights. This indicates that the directive is either not complied with or is ostensibly adopted within agencies. Because the directive does not specify clear rules for the equal treatment and therefore it therefore does not solve any existing problems. Whether the current Finnish directive has to be further adjusted to better correspond the EU standards is a subject for later consideration in Finland.

From the beginning of 2010, the Finnish Private Employment Agencies Association (HPL) started to use voluntary authorization of temporary work agencies in order to bring forward their commitment to legal and ethical business operations.¹⁰¹ An authorization certificate functions as a sign of professionalism and helps user organizations to choose a reliable temporary work agency for cooperation. In order to be granted an authorization certificate, agencies must comply with the policies set by the Finnish Ministry of Employment and the Economy. Agencies must have valid occupational injury insurance as well as occupational health care contract. In addition, financial statements and tax and pension insurance premium details of each agency will be checked.¹⁰²

¹⁰⁰ Ibid.

¹⁰¹ HPL, 2010a. Available at:
http://www.ek.fi/henkilostopalveluyritysten_liitto/auktorisointi/index.php (last accessed 6.5.2010)

¹⁰² HPL, 2010b. Online brochure. Available at:
http://www.ek.fi/henkilostopalveluyritysten_liitto/liitetiedostot/HPL_auktorisointiesite.pdf
(last accessed 6.5.2010)

The authorization is a welcome development in the Finnish TAW sector, but it is still viewed as a way to improve the tarnished reputation of temporary work agencies rather than a true attempt to reduce the amount of malpractices in the sector.¹⁰³ From over 400 Finnish temporary work agencies, only 180 belong to HPL leaving more than 200 agencies outside the authorization requirement.¹⁰⁴ Additionally, HPL has not disclosed how frequently authorized agencies' will be inspected in order to ensure that they are practising their business operations according to the authorization certificate standards.

¹⁰³ Salmela, Marja, 2009. Vuokratyö sääntelyn alle. *Helsingin Sanomat*, 12 Dec, p. 6A.

¹⁰⁴ Ibid.

5. HOW TO BUILD SUSTAINABLE PRINCIPLES OF EQUALITY IN FINNISH TAW SECTOR?

5.1. Establishing well-defined research standards

In order to better understand the requirements of the TAW sector and the changes needed, the research standards for examining the issue must be further developed. Currently, qualitative studies agree on the main problems in the Finnish TAW sector, but no common measurement standards have been established in order to enhance comparability of quantitative surveys and decrease subjectivity in research approaches.¹⁰⁵

Statistics about the Finnish TAW sector have been gathered since 1999, but the standards for gathering information vary making it hard to compare the results.¹⁰⁶ HPL has conducted a large job satisfaction survey in Finnish TAW sector, but it only included the member agencies of HPL while leaving out over half of the temporary work agencies currently active in Finland.¹⁰⁷ Quantitative surveys conducted in Finland have selected the sample groups randomly. Many surveys do not take into consideration the variation between temporary employees' age structures, occupational sectors, educational backgrounds or situation in life. Instead, survey data is analyzed and compared with an assumption that temporary agency workers are a homogeneous group. In reality, however, there are several factors diversifying temporary workers and making them a highly heterogeneous group as a whole.¹⁰⁸ For this reason, quantitative surveys conducted are not yet the most accurate parameter for measuring TAW.

¹⁰⁵ Viitala et al., 2005; Lehto et al., 2005; Viitala et al., 2006; Tanskanen, 2007

¹⁰⁶ Tanskanen, 2009

¹⁰⁷ Promenade Research, 2009

¹⁰⁸ De Cuyper et al., 2005

Qualitative research methods are especially suitable for examining social phenomena.¹⁰⁹ When researching unknown subjects, the goal is to first learn more about the topic through qualitative research. After the topic researched has been fully examined, quantitative research can be used to measure frequency, prevalence and other quantitative elements of the phenomenon based on the existing research definitions. Qualitative research can therefore be further utilized to find support and explanation for the findings of quantitative surveys.¹¹⁰ This process helps build strong foundations for later research projects and can be used to develop better research standards in Finnish TAW sector.

Designing well-established and comparable standards for quantitative research requires more qualitative studies and analyses of the outcomes. This process is time-consuming, but can help to build more reliable and informative research standards for the future. Meanwhile, the existing qualitative research outcomes in Finnish TAW sector can be used as a basis for evaluating the necessity of changes in the current TAW policies.

¹⁰⁹ Järvenpää, Eila, 2006. Laadullinen tutkimus. Online presentation. Helsinki University of Technology. Available at: <http://www.cs.tut.fi/~ihtesem/k2007/materiaali/luento4.pdf> (last accessed: 21.5.2010)

¹¹⁰ Vilkkä, 2007

5.2. TAW legislation

In the field of TAW, one of the big problems is that employment risks are not transferred from agency to user organization, but rather the risk bearer is the temporary employee. This can be prevented by establishing clear rules to regulate the sector. One solution to guarantee equal treatment for temporary agency workers would be to pass an act on temporary agency work in Finland. Specific TAW legislation would provide protection from illegal practices and increase temporary workers' job security. Finnish labour legislation is based on permanent employment contracts and, for hiring on a fixed-term basis, companies must have valid reasons. However, still the majority of temps work on fixed-term basis often without any justifiable grounds, which causes insecurity about the stability of the job.¹¹¹ Basic employee rights also include guaranteed minimum wage, which temporary agency workers in Finland are not currently entitled to. In fact, instable incomes have been found to be one of the main stressors amongst temporary employees.¹¹²

Finland could take example from Austria where the employment agencies are treated as any other employers. Agencies are obligated to pay minimum wages for temporary workers even if the agency fails to find employment for temporary workers at certain period. The agency should be the risk taker, not the employee. In addition, the law should clarify the roles of the agency and user organization while making a distinction between the responsibilities of both parties. This would also contribute to guaranteeing a safe and stable work environment for temporary agency workers. These changes together with the existing directives would help improve temporary employees' work quality and lower the experienced dissatisfaction.

¹¹¹ Lehto, 2009

¹¹² Viitala et al., 2005

5.3. Collective agreements

An alternative for enacting a specific TAW legislation in Finland in order to protect the rights of temporary agency workers' could be the establishment of collective agreements between Finnish Private Employment Agencies Association and various Trade Unions. Example can be taken from Sweden where the collective agreements have been proven functional. Swedish practices were already used as a model when HPL launched the current authorization system in Finland from the beginning of 2010.¹¹³

However, the Finnish and Swedish labour market structures differ. One profound disparity is that, in Finnish labour markets, different occupational groups all have their own trade unions represented by SAK (Central Organization of Finnish Trade Unions). Each trade union has its own collective agreements and those agreements are used as basis for employment contracts. To solve these problems researchers should take into consideration the differences in occupational sectors in Finland. Drawing a collective agreement (or legislation) throughout the Finnish TAW sector requires knowing the phenomenon thoroughly.

5.4. Critical success factors

Regardless of what changes the Finnish government will pursue, it is crucial to recognize the important factors that affect the success of imposed changes. The feasibility of the plan, commitment from the Finnish trade unions, user organizations and employment agencies as well as sufficient controlling from the supervisory authorities are critical factors for developing sustainable principles of equality in Finnish TAW sector.

¹¹³ Palanko-Laaka, 2005

5.4.1. Feasibility

Feasibility is essential for the intended new TAW policies in Finland. Viable change plans contribute to successful policy development.¹¹⁴ It is important to thoroughly examine the phenomenon and its side effects regarding all four parties of interest in order to test the feasibility of intended changes. Temporary agency workers' interviews also suggest that job satisfaction and overall situation varies according to, for example, different age and occupational groups as well as in relation to education level. Therefore, feasibility of TAW regulations should be examined in these different subgroups before the new rules on the TAW sector are set. Functionality and sustainability of the changes in TAW policies can only be achieved by ensuring the feasibility of the new policy changes.

5.4.2. Commitment

One deciding factor for successful TAW policies is the ability to commit both user organizations and temporary work agencies into building the equality principles in the TAW sector. Imposing new legislation on temporary work agencies is a way to reduce illegal activities. However, voluntary commitment on fair treatment principles may work as effectively. The new agency authorization system, if not yet perfect, is already an improvement. Agencies belonging to HPL are all eventually required to apply for the agency

¹¹⁴ Jackson, Michael C., 2000. *Systems Approaches to Management*. New York: Kluwer Academic Publishers.

authorization certificate or they may be expelled from the union.¹¹⁵ This would create negative publicity and thus be bad for business.

User organizations' commitment in fair TAW policies is equally important. Some user organizations evade the law in order to enhance their cost-efficiency at the expense of temporary agency workers. By improving the existing legislation some of the loopholes can be abolished. An effective way of committing the user organizations into following principles of fair and equal treatment is to elaborate more on the benefits for user organization and especially communicating the disadvantages of not investing in TAW.

The extent to which the regular use of temporary agency work affects organizations has not been much researched. Some more apparent disadvantages for user organizations are the uncertainty of getting skilled employees and the natural lack of employee commitment.¹¹⁶ These are known risks most user organizations are willing to take when using TAW. However, the real costs of the use of temporary agency work in long term have not been studied in Finland.

Training temporary workers is time-consuming and usually permanent employees are made responsible for giving the training. For example, in the industrial sector training takes up to six months.¹¹⁷ Due to the high temporary employee turnover, studies have reported decreased production efficiency levels after companies have started using TAW on regular

¹¹⁵ HPL, 2010

¹¹⁶ Viitala et al., 2006; Mitlacher, 2008

¹¹⁷ Viitala et al., 2005

basis.¹¹⁸ This questions the actual cost-efficiency of using TAW and may work as a “selling point” in promoting investment in TAW.

Furthermore, use of TAW has also been identified to have a negative impact on work communities. Temporary agency workers have become a stress factor for permanent staff. Studies have reported that the use of TAW causes uncertainty about the stability of jobs amongst permanent employees.¹¹⁹ Additionally, permanent employees are burdened with the responsibility of training the temps while trying to perform their own daily jobs. This has shown to decrease the permanent employees’ work efficiency.¹²⁰

5.4.3. Control and supervision

To successfully develop the change towards equal treatment principles in TAW markets, large scale controlling of the sector is needed. In Finland, only government officials can effectively interfere with illegitimate action immediately. Therefore, the Finnish government should assign a supervising body to control the business practices both in temporary work agencies and in user organizations.

Another supervisory body could be gathered from the members of HPL and SAK to monitor the execution of TAW policies within both user organizations and agencies. For authorized agencies, there already exists a committee whose function is to inspect agencies. The committee has not yet established clear rules on how often the agencies are inspected after granting the authorization certificate. This kind of supervision should be used more

¹¹⁸ Viitala et al., 2005

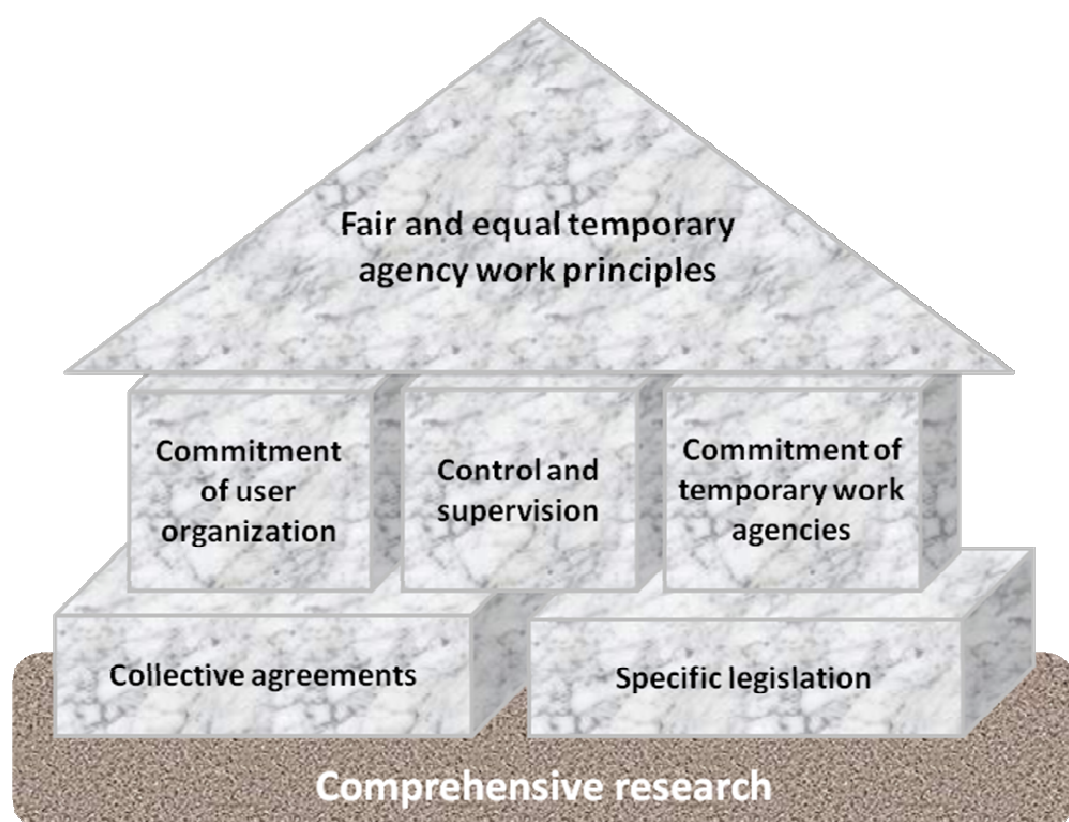
¹¹⁹ Ibid.

¹²⁰ Ibid.

frequently to keep agencies in pursuit of fair treatment policies in order to maintain their authorization certificate.

TAW supervisory bodies should be granted sufficient amount of resources to properly monitor the progress of implementing the new TAW policies and to interfere when any problems occur. Sufficient supervision and control of TAW policies is a critical success factor and a supporting pillar for developing sustainable equality principles in Finnish TAW sector.

Figure 8: Building principles of equality for Finnish TAW sector



6. CONCLUSION

While the use of temporary agency work has become a common phenomenon in Finland, there has also been a shift towards a more mechanical way of managing certain parts of an organization's human capital. Modern society demands efficiency and flexibility from employees, and temporary agency work is seen as a way to combine these two. High temporary agency employee turnover, quick pace of hiring and training, pay as a main motivator and highly specified and monotonous task descriptions have led to efficiency-centred HRM methods often ignoring the value and importance of human capital. In the knowledge-based economy, where human capital plays a key role, it is reasonable to question the sustainability of these kinds of methods.

Qualitative studies conducted in Finland conclude there to be great inequality between temporary agency workers and permanent employees in terms of job security, reward methods and career development possibilities. Thus, there is strong evidence for the need to develop clear rules for the Finnish TAW sector. These rules are needed to protect the equal treatment of temporary employees and prevent illegal conduct such as tax evasion and negligence of employee rights exercised by some of the user organizations. Stricter rules are vital in order to guarantee sustainable development principles in the Finnish labour markets.

Challenges are set by the urgency of needed changes and commitment from all parties of interest. Finnish well-fare society has currently over 99,900 temporary agency workers whose basic employee rights are not in line with the current Finnish labour legislation. Although these issues have been frequently discussed in media, government level and between representatives of employees and employers, Finnish trade unions and employment agencies have not been able to find common ground for viable solutions. The Finnish

government has equally failed to settle the matter. The welfare of the Finnish society is ultimately the responsibility of the Finnish Parliament who therefore should act upon the TAW problems setting goals to find viable and sustainable solutions for the existing problems.

Temporary agency work as a whole is not necessarily a negative phenomenon. It can provide flexibility to both employees and employers and serve as an excellent recruitment and employment channel. The problem is that TAW sets new challenges for Finnish labour markets, which need to be acknowledged and effort made to solve these problems. Changes are needed in order to secure sustainable temporary agency work policies that follow the fair treatment and equality principles set in the EU level.

Sustainable temporary agency work principles of tomorrow are a result of well-established and consistent work methods, availability of tools, commitment and pursue for equality and fair treatment in the Finnish labour market.

7. RECOMMENDATIONS

First, both qualitative and quantitative methods are currently used to measure the phenomenon of TAW in Finland. While quantitative data is not, however, consistently measured and therefore not comparable, the existing qualitative research projects are able to provide more congruent results and thorough analysis of the situation. Ideally, these two research methods can be later integrated and built into well-established and effective measurement and analysis tools for TAW markets. For now, the qualitative studies reflect more accurately the real situation in the Finnish TAW sector and are recommended therefore to be used as a main source of information by Finnish decision-making organs when looking for solutions to the existing TAW problems.

Second, there is a need for legitimately established rules in the Finnish TAW sector either in the form of new legislation or nationwide collective agreement. Considering the structure of the Finnish labour markets, the number of trade unions and the cultural characteristics in Finland, legislation reform is more recommendable option. The authority of legislation puts more stress for agencies and user organizations to adjust their work principles accordingly and therefore is the best way to ensure fast implementation of imposed changes.

The advantage of being one of the last countries in the EU to impose regulations on TAW sector is the ability to compare the existing models in other countries in order to choose the most feasible solutions and integrate them into Finnish labour policies. The Finnish government is recommended to utilize the Austrian and Swedish TAW models as an example. Characteristics that are recommended to adapt from these countries into the Finnish TAW system are the following:

-
- Temporary work agencies should be treated equally in comparison to other employers and in accordance to Finnish labour legislation. The law of supply and demand applies to the TAW market, and therefore there is no reason to give agencies exemptions from their employer responsibilities. This should result in:
 - job stability through amount of successive fixed-term contracts allowed
 - stability of income through guaranteed minimum wage
 - legal rights in the user organization and in the agency through elected employee representative for temporary workers
 - Controlling the realization of the new legislation should be the responsibility of the Finnish public authorities.
 - Agency authorization should be made compulsory in Finland. This would guarantee that not only user organizations are following the labour legislation but that the temporary work agencies are also committed to acting for the best interest of their employees.
 - HPL should be responsible for controlling the authorization process. A special supervisory committee should be appointed to conduct regular inspection in temp agencies to assure the agencies comply with the authorization principles.
 - To guarantee objectivity, the authorization supervision committee should consist of representatives from the trade unions and the employment agency association. Success of the authorization supervision relies on cooperation between the two parties.

Additionally, industry specific needs have to be taken into consideration in the legislation to ensure viability of the new TAW legislation in all occupational sectors. This requires further studies conducted about the use of TAW in the different Finnish industry sectors. Currently, there are no studies of the real consequences of regular use of TAW in companies. In order

to show the importance of investing in temporary agency workers and commit user organizations into complying with the set regulation standards, effects of the use of TAW for organizations should be further researched.

Moreover, it is recommended to further study TAW according to different variables such as age, gender, educational background, situation in life and personality to better understand the TAW phenomenon. These elements may be crucial to the further development and improvement of the existing policies as well as contribute to the sustainability of the TAW policies.

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APPENDICES

- I Interview methodology**
- II Interview: Miikka Hämäläinen (industrial sector)**
- III Interview: Katja Hokkala (industrial sector)**
- IV Interview: Maija Vainionpää (industrial sector)**
- V Interview: Katja Silvennoinen (commercial and service sector)**
- VI Interview: Heidi Teelahti (service sector)**
- VII Interview: Henna Saarinen (service sector)**
- VIII Interview: Hanna Suoyrjö (service sector)**
- IX Interview: Katri Vahtera (commercial sector)**
- X Interview: Satu Vihnusvuori (commercial sector)**
- XI Interview: Henriikka Hallikainen (administrative sector)**
- XII Interview: Jari Koskinen**
- XIII Interview: Pirjo Kupiainen**
- XIV Literature review & Research proposal**

I. Interview methodology

For the purpose of this thesis ten interviews were conducted from temps all around Finland. The interviewed temps were selected from the four largest Finnish occupational sectors using temporary agency work most frequently. These sectors are: Industrial, service, administrative and IT, and commercial sectors. All interviews were carried through by using informal and narrative method of interviewing where the interviewee is allowed to talk about the topic freely. The job of the interviewer was to ask in-depth questions about the topics introduced by the interviewee. This is so called unstructured way of interviewing and its purpose is to find out as much as possible from the interviewees' experiences in order to gain better understanding of the phenomenon. All interviews were conducted in Finnish.

During the interviews some of the main questions asked included:

- *Why did you choose temporary agency work?*
- *What kind of experiences you have from working as a temporary agency employee?*
- *What benefits does temporary agency work bring to you?*
- *What motivates you in your job?*
- *Have you experienced any problems in working as a temp?*
- *Can you see any differences between a temporary agency worker and a permanent employee in your company?*
- *Do you think temporary agency work is a good solution for your industry sector?*
- *Do you see future development opportunities at your current job?*
- *What do you think should be changed in the current temporary agency policies?*
- *Would you recommend temporary agency work for others?*

The main themes occurring in the interviews can be concluded to regard insecurity, inequality and instability at work. Lack of fringe benefits, training, job security and development discussions were issues interviewees experienced most problematic.

Temporary nature of the jobs was mentioned repeatedly; temporary agency employees clearly related agency work only as temporary solution and the permanency of the agency work was not seen as a realistic option.

Additionally, two professionals from the sectors of health care and retail were interviewed with the purpose to gain broader perspective of the phenomenon. All interviews can be presented as summaries in the following parts of the appendices. The summaries are written intentionally with informal style in order to sustain and bring forth the original tone of the interviewees.

II. Interview: Miikka Hämäläinen (industrial sector)

I worked as a temp in several companies. My temporary agency work periods have been quite short although all through the same agency. I have mainly worked in production line jobs, where the work is really monotonous. In maximum, I have had a same temporary agency job for half a year, but the majority of jobs lasted less than three months. The pay was good and was something that motivated me. Additionally, the relaxed work environment and nice colleagues made the job bearable.

For me the temporary agency work was just a way to support myself financially when no other work was available. My employment contracts were usually made for an unspecified term, but in reality the job could end whenever. In fact, that is the tricky thing in temporary agency work; you never know how long your employment is going to last. Moreover, in all the industrial jobs I have been doing, I have received no fringe benefits. Actually, even the health care services only came available after working six months with the agency. That I found strange because during the first six months, if I would have fallen ill, I guess I should have paid everything myself.

During the times I have been working as a temp, I have always had something else to expect from the future; for example army or beginning of studies. That was also something that kept me motivated. I never had any talks about my future with my bosses or received any feedback from my agency or from the companies I was working in. For me temping was purely temporary solution; I do not think I could have worked through an agency permanently. In my opinion, temporary agency work is a good solution for students or people who are only looking for work for a short period of time. I think the chance of getting a permanent job through temping is not very likely.

III. Interview: Katja Hokkala (industrial sector)

I have worked through this temporary work agency now for a month. This is a small agency, but I have also worked in still a smaller firm. In both firms the contracts have been fixed-term basis. I haven't been able to find any permanent job so temping is currently my only option. I am working in a factory and the work has really narrow task description. I have to admit that my only reason for doing this work is money. If I could get a permanent job, I would take it immediately, but I am already over 40 years old so I think the companies do not want to hire middle-aged people as permanents. It is easier for them just hire us through an agency. I do think that temporary agency work fits for industrial jobs where the tasks are easy and simple to learn, but temping has become too common. Actually, the current company I am working for hires almost all their employees through an agency. I think it is sort of an ongoing trend; companies frequently employ people through agencies and you cannot even apply for many jobs directly, but have to sign a contract with a temporary work agency.

Personally, I cannot see many positive aspects in temporary agency work. One advantage could be that I can stop working whenever I want and ask an agency to try to find another job for me. I have noticed though differences in occupational sectors so maybe for example in service sector the temporary job are more appealing. In reality, however, I think the negative things are more dominant in temporary agency work. The fear of losing your job is all the time present. The permanent employees are also entitled to all kind of incentives that we temporary agency workers do not receive. I also do not get paid from the days I am ill. That I find really unfair because there is nothing I can do about it; I cannot work when I am sick, but I also would need the money. Permanent workers do not have this problem. What also really makes me feel sort of second best is that temporary agency workers are often not invited in companies recreational activities such as Christmas parties and summer trips. I think this makes us appear less valued also in the eyes of the permanent workers.

Especially in my previous job the permanent workers were showing clearly that in their opinion our work is less important than what they are doing. I find that amusing because we are doing exactly the same work that they are. In my current job there are so many temps that it is not as easy to detect the attitudes of permanent staff. Only sometimes I notice that they are talking to me in a bit dismissive way as if my opinion would not be as important or relevant as theirs. In a way I am jealous for permanent employees; you can really see that they have firmer grip from life because they do not have to worry about losing their jobs and earning stable incomes. If I could get a permanent job, I would take it without hesitation. Everyone hopes for permanent employment. Working through a temporary agency work stops you from planning your future. Permanency does not necessarily mean having a job for life. You never know, if a company goes bankrupt or has to downsize, but while you are working as permanent employee, the uncertainty of your future is not present every day.

IV. Interview: Maija Vainionpää (industrial sector)

I have worked some months for a big electronics manufacturer. The only way to get that job was through a temporary work agency so I had to sign a contract with them. I did assembly line related tasks so the job itself was not very interesting, but I was not able to find any other job so the agency work was left as my only option. After all, it is better to have some job than be unemployed.

I did not really experience any big problems with the agency, but in the company it was made clear to me that I was “only” a temporary agency worker. For example they did not let me participate in the firm’s summer parties and none of the temps received any sport coupons or discounts from cafeteria. What bothered me most, however, was the attitude the permanent employees had towards all the temps of the company; actually even the temporary workers who had been hired directly by the company were giving comments about me being only a temp. The co-workers definitely did not make any effort in trying to make me feel like a part of a team. We had our own “camps” within the company; the permanent staff and the temporary agency workers. Only comforting fact was that there were plenty of other temps working in that assembly line as well so we could still enjoy each other’s company and get peer support from one another. It would have been really hard to be on that situation alone.

I only worked for this company relatively short duration so the work was still quite nice in the end. However, in the long term I would have had to find something that would have matched my education. Doing that kind of job could not have motivated me.

V. Interview: Katja Silvennoinen (commercial and service sector)

I have worked for many temporary work agencies in the service sector. In my previous job I was working in restaurant for two years from which a year through an agency. Currently I am working in an information technology company mainly in customer service and sales. This work I also got through temporary work agency. I have been in this company now for 18 months.

The reason why I am using agencies to get jobs is simply because in many companies today you can only apply through agencies. That is also the case with my current job. In order to get the job you will have to agree to work for some agency. Actually, with my previous job in the restaurant the situation was different at first. I was employed there directly by the restaurant, but later they transferred us all in the pay roll of a temp agency. It turned out that the restaurant chain owned that agency and we were given no choice, but to agree to write new contracts with the agency or resign. Some people were trying to ask from the trade union the legality of this thing, but did not get proper representation and finally just had to sign the new contract with the temp agency. After we were transferred to the temp agency there was a lot of problems with salaries and pay offs. All issues related to salary and money in general became much more difficult to discuss. That is actually one of the reasons why I finally decided to take off and applied for another job. I live in a small city. There are not so many jobs available and like mentioned my current job I could only apply through agency. The difference is that this agency is much bigger and they are more committed to their employees. I get now better pay and I like this job much better than the previous one. In agency work there is also a bit more freedom to

I have never actually seen my current boss from the agency. I just send them the work hours done and they pay my salary. Even the work contract came though post and I just signed and sent it back to them. I feel that my boss is the manager in IT firm, not the agency.

There is a big difference whether you are company's own staff or a temp. The fringe benefits for permanent are really good. They have all possible sport coupons, lunch benefit, company credit cards and even apartments, cars and what not. We only get the mobile phones. Also, the health care works differently. If I need to go to doctors, I have to first call the agency and ask for permission. And that is separately for every single time you need to go to see the doctor. Also company's recreational activities usually exclude the temporary workers. I got in to the last summer party, but I really had to almost make a scene and finally my coworkers "smuggled" me in the party. I thought it to be extremely unfair that everybody else from my office is invited and I would have needed to stay home because I have technically different employer than everybody else. One another thing that I experience as a stressful thing is that since I'm a temp I have to be "on the alert" all the time. Technically I should be on call continuously in case someone needs me to do extra. It is sometimes hard because I feel that to show the commitment to the job I don't want to turn

down the offered extra hours. On the other hand however, I already work as much as anybody else, which makes my life very hectic sometimes.

Money is the primary reason for working through agency. Difficulty to get the job elsewhere forces you to accept working through agency. But the pay in my job is actually quite good. I have also always been interested in technology and therefore the job itself is very interesting for me. Also, the benefit for working in a big company is that the trainings are held frequently and for those I am allowed to take part just as anybody else from our office. I worked a lot in customer service so I also have lot of variation in my job and no day is the same. It keeps the work interesting. I have also worked in the same office now almost a year so I have been accepted as part of the team although especially in the beginning I had problems with some permanent employees who felt necessary to remind me constantly that I am “only a temp”. Only when I started really show my capability of earning high commissions they started slowly accepting me. Now everything is better already. I do understand that some permanent employees feel threatened by temps. For example in one of our units the office just laid off all its permanent workers and hired temporary workers to substitute them. People are scared for their jobs. Therefore even more, it definitely takes time, several months, to become part of the team and be accepted. I know that not all have been so lucky. Many of my colleagues, who are also working through temporary employment agency, have only worked few months’ periods in different offices and they find it very stressful to change the work environment. They have also had lot of problems with the permanent staff.

I think temping only mainly suits students. Or if you are in the position to really negotiate your own wage and work hours. But that is usually the case only with highly educated people. If people are looking for permanent and stable job, temping is definitely not the answer. It is really hard to get hired permanently and competition is really tough. In my understanding temporary agency work was originally a solution for covering peak seasons and extra help. Nowadays companies seem to be using temps to work just as any permanent staff, but with less security and worse employment benefits. I think that should not be allowed. I personally would also change to a permanent job at any time because you never know when the company decides to lay off people and they always start with temps. For me it now actually seems that I may get hired permanently in this firm within few months. That’s at least what was talked about in our development discussions. That really motivates me to now try even harder than before. That is by the way another problem with many temps; many do not have any discussions about their future in the company. In my opinion it really causes uncertainty and insecurity at work when you just do not know, if you are doing well or not and whether there is any chance for you to get permanent contract someday. Temporary agency work is a temporary solution. It really does not suit as a long term solution.

VI. Interview: Heidi Teelahti (service sector)

For me, the main reason to work through a temporary work agency is that in my city there are not enough part time jobs for students. Therefore the only solution was to try to find employment through an agency. Money is my main motivation for working as a temp. Working for agency is also more flexible than having a permanent part-time job; I can work when needed, which basically means that I can choose relatively freely whether to take the shifts offered or not. However, of course there is a catch. If you turn down jobs too often and become too picky, the agency simply stops calling you. For example, I have had a contract with the same agency now for over a year but during the last 6 months they have not contacted me once. I admit that due to my school work have not been too eager to initiate the contact either.

Working in this sector is not really pleasant for me because of the late hours and it has absolutely nothing to do with my education. The pay is also not that good. Additionally, at work people are nice to me, but it was obvious that I was a temp and came last in the list in everything. I had no say in the decision-making, and, suggestions I made were usually ignored. I was not accepted as a part of the team. I guess it is understandable considering that I only worked there for 6 months and it will usually take much longer to find you place in the group. I know the permanent workers also had benefits, such as discount cards and free entrance tickets, which we temporary workers did not get. That also does make you feel sort of second best.

From the temporary work agency I don't particularly have anything bad to say, but if any other form of employment would have been available, I would have taken it immediately. Besides, I feel it is bit strange that the agency that I have the employment contract with is actually owned by the restaurant chain I work for. They keep people like on call without paying me any extra, and I have no chance knowing when they might need me next. It is really an uncertain situation and makes it impossible for me to plan much ahead because you will never know when they will call and offer more work.

VII. Interview: Henna Saarinen (service sector)

I worked for the same temporary agency firm for over three years. I feel that it is really difficult to find full-time permanent jobs, if you are a young graduate student and due to family reasons cannot move to the other part of Finland simply to get a job. During the three years I was working as temp, I have been employed, for example, by several department stores and fashion boutiques. Some of the jobs stopped simply because I turned down some of the shifts offered too many times, but I also have been offered permanent position once.

I was quite happy with the agency I have been working for. It is one of the biggest temporary employment agencies in Finland. They gave sufficient amount of training for all the new jobs and the personnel was always really friendly. They also paid relatively good salary. I think I would not have gotten better salary even if I would have been working directly for a company. These were all motivating factors for me. I also did not mind changing the job location often. It kept the work interesting. However, I could not have done it for much longer. It started to become very stressful at some point. Now I have a permanent full-time job and I would not go back to work for a temporary work agency.

What I did not like was the fact that I was not always entitled to same fringe benefits as everyone else within the user organizations. I think that temporary agency workers should have the exact same benefits than everyone else. After all, we are doing the same job as the permanent employees. Another stress factor was the unpredictability of work schedules. On the other hand, you are relatively free to choose your own timetables, but then again, agency may call you on Saturday morning asking if you can take an evening shift for that night. When that happened, I always had to think whether I can still afford to turn down the shift without being considered picky. Keeping holidays was also often out of the question; I just got all my holidays as paid bonuses. This made planning of my personal life difficult. I also never had development discussions with the agency or with the companies, and therefore in the end I started feeling that I am not advancing in my life and I had to find permanent work. That is what I think most temps in the end want.

VIII. Interview: Hanna Suoyrjö (service sector)

For me temporary agency work has been a good solution already for almost seven years. I work mainly in restaurant and hotel business and in these segments there is a lot of short time jobs available. The flexibility temporary agency work offers is something that is really important to me. You can change a city tomorrow and less than a week the agencies have already found a new job for you without having to worry about any terms of notice. In my job there is also a lot of variation because it is possible to work, for example, in three different jobs in one week. Therefore, the work does not get monotonous. I need diversity in my work and temping is an excellent way of getting exactly that.

I really think that in service sector in general temporary agency work is the best fit. There are so many unexpected situations for example in restaurant) when customer turnover for the week just exceeds expectations and then extra help is needed as soon as possible. Actually, majority of people in hotel business, for example, are working through an agency because companies are afraid of hiring permanent employees. It is really more common to have more temporary agency workers than permanent staff in the line of work I do. I believe there are a lot of differences in the different occupational sectors as well. In many fields temping is not even close as much appreciated as it is in my work. The fact that I know that my work is appreciated motivates me and keeps me quite satisfied.

Although for me temping has for now been a good solution, there are of course problems as well. For example, with this ongoing recession the work offers clearly decreased; you could say even that the temporary work just disappears. This business is really dependent on economic situation. The uncertainty of income is really a stress factor. That is actually why I am now going back to school in order to have better chances to get permanently employed and would not have to worry about money anymore. In temporary agency work you just have to stay optimistic and rely on the fact that there is enough work for you.

I have a lot of experience from working with different agencies and one thing that I have noticed is that the bigger the agency the better their working principles. Smaller agencies often try to bend the law and take advantage of you whereas in the big temp agencies their behaviour is much more professional and they are more committed into following the law and working for temps' best interest. Smaller agencies are not able to find you new employment as fast as the bigger ones which means that you may have even weeks of unemployment before new job is found. That is one of the reasons why I think that everybody should be looking for a permanent job. Temporary agency work is good short term solution, but especially if you have mortgages or other loans or a family to feed, temping is not an ideal option.

IX. Interview: Katri Vahtera (commercial sector)

I have worked already two years through different temporary work agencies mainly in supermarkets and other retail stores. First, I went to work through a temporary work agency because I needed flexible part-time job that I could do along with my studies. However, now it has been really difficult to find permanent full-time job so my options are quite limited.

I find temporary agency work a really good solution for students, but when you have to do this as a full-time job, it gets quite stressful. I have had multiple fixed-term contracts and you never know when the companies are going to tell you that you are no longer needed. That is why I am working in several companies at the same time to make sure that if one firm does not want anymore temporary agency workers, I have a back-up plan. The agency I am working through is really professional, but I do not have much contact with them. I merely send my schedules to them and they pay my salary.

I am actually hoping to get a permanent job from the current firm I work most of my time, but I am not sure if that will ever happen. I have asked about the chance of getting hired several times because I have been working for them now already a year and I think it is obvious that they need me. I have a lot of work. However, the answers are always really vague and nothing is ever promised directly. When you have been working like crazy for the past year and then start realizing that the company has no intention of hiring you, it does not exactly motivate you to do your best anymore.

There are also plenty of other things that make being a temporary agency worker difficult. I do not get the same discounts as everyone else, which I think is really unfair when considering that I have been working in that same company for a whole year and everyone else will get it after two weeks of working in the firm. For me a really demotivating thing is the fact that I am often not able to take part in trainings that would be beneficial for me. The more I get different trainings, the more task variation I will have in my job. I also never have development discussions with my employer at the organization so there is no way for me to find out really where I stand. I like my current job, but I feel that I do not get enough support for developing myself professionally. For that reason I would change a job immediately if a company would offer me a permanent position.

X. Interview: Satu Vihnusvuori (commercial sector)

My situation is the following: I have been working through a temporary work agency now for three years. This position I was only able to apply through an agency; the company did not want to hire directly. During the first six months I was working on a fixed-term basis, but later my contract with the agency was changes as permanent. I have a job where I have to travel all around Finland and therefore I do not have that much contact with the agency.

My job is very diverse. I travel a lot, meet new people and have a possibility to actually influence on my own work. The work is challenging and corresponds to my education. On top of that, my pay is also relatively good. Therefore I feel very motivated to work in my current job. Naturally I would prefer being employed permanently by my company, but there is nothing I can really do about the situation.

Main reason why I hope I could get a permanent job is that although I like my job, there are some inequality issues that I find unfair. I am not entitles to annual bonuses although I am working as much and as hard for contributing to the company's performance as any other employee. Moreover, there are some fringe benefits and some other bonuses that I do not receive. Those are issues that I think should be changed because me and the other colleagues working in the similar jobs through the same agency should have the same rights as the permanent staff has. Other than that I have not experienced any difficulties in my job. I do feel part of the team; after all I have been working in the same job already for three years and very rarely the topic of temporary agency work comes up.

I cannot deny that if I would get a job offer from some other company who would be willing to hire me directly and on permanent basis I would seriously consider changing a job. As much as I like my current work, permanent job would bring a feel of stability in my life that is now mostly missing.

XI. Interview: Henriikka Hallikainen (administrative sector)

I signed a contract with a temporary work agency because they had an interesting job to offer from my field of work. I am doing administrative tasks which correspond to my education. In the beginning I was hired in my current job because the company needed someone quickly to substitute and it was not certain at all how long the job would last. I am really lucky because, after I had worked in the company for about five months, they finally hired me as permanent employee. Some of my other colleagues were not that lucky; we have originally ten people working through an agency, but already for a month now five of them have been laid off.

When I was hired in the company as a permanent employee, I got more responsible and interesting tasks. Also, my pay was increased which I certainly did not see as a negative issue. It was great also because I did not have to fill in my schedules and send them to the agency every week. That was a lot of extra work.

I am currently working also with invoicing and therefore know approximately how much our company is paying for the agencies they are using. For me it seems that it is actually more expensive for the company to use temporary agency workers than if the company would see the trouble to recruit directly. Therefore, I assume that at least in my company they really are not willing to hire any new people directly. Probably they are afraid of the economic situation and what will happen if things start going bad for them too. In that sense temporary agency workers are a handy solution; the company can just lay-off people without a need to give any further explanation. It is also a really easy solution because we do not have to pay temps salaries or handle any paperwork caused by recruiting and hiring.

In a small company like ours I do not see any problems really with using temporary agency work. At least the temps are treated equally in comparison to permanent staff and you learn to know everyone really fast and socialize with your colleagues. I think it is also good for temps that you know your boss in the company so if there are any problems, you can go talk to the boss and not have to call to the agency and whine there. One thing that our company could improve though is that with temporary agency workers there the development discussions are never held. I think it would be important also for the temporary agency employees to know where they stand and whether they have any development opportunities or, maybe more importantly, chances to get hired permanently.

XII. Interview: Jari Koskinen

Jari Koskinen, a manager of two large hypermarket stores in Finland, says that during his twenty years of experience from the field there really has been a visible negative change in customer service levels in many shops engaged in the use of TAW on regular basis. Mr Koskinen acknowledges an enormous increase in the use of temporary agency work due to easy access to flexible workforce without having to tie the company to these employees. He states that with a current mentality where temporary agency workers are treated as trade goods, the effect of kind of behaviour will become visible in few years time.

In retail business the effects of using temporary agency work can be seen already now as decreased customer service levels. Mr Koskinen suspects that the effect on the company's image in the eyes of the consumers may be much more considerable than the companies can expect. "If you think about it, it is logical that when you take on people in your company who do not know your organization, your values or your working methods, how could they help building good company image? Many companies in retail business do not take into consideration that unlike with your permanent staff, temporary agency workers are working for many different organizations and do not build similar commitment to one organization as the permanent employees do. Therefore, it cannot be expected that these workers would be as motivated to contribute for the performance of the company as the permanent employees".

Mr Koskinen also suspects that the lack of skills to manage this new type of workforce is a reason why companies may face trouble in the future. "Managers are not prepared for handling temporary agency workforce. For this group of people the investments made are usually lowered to minimum. For example, companies are expecting the same level of customer service from the temporary workers as they do from their permanent staff, but do not seem to realize that the good customer service levels are a result of integrating the employees into the company and making them want to pursue organizations' goals. Training of the temporary agency workers is often left to minimum leaving the employee completely without foundation for acting according to the desired company standards."

According to Mr Koskinen, the effects of especially badly managed temporary agency work may in fact have quite negative effects on companies' performance in long term. "If a company's business strategy comprises even partially principles of good customer service, the companies who have understood the importance of investing not only in their permanent employees, but also in the temporary agency workers, will have a definite competitive advantage over those firms unwilling to acknowledge temporary workers as an important of their human capital. Furthermore, Mr Koskinen speculates that depending on business strategy, for many companies the best solution would be to avoid the use of temporary agency work completely. In any case, the statement is made that the regular use of temporary agency work will have an effect on companies in a long term and therefore, the topic should evoke interest in the user organizations in Finland.

XIII. Interview: Pirjo Kupiainen

Pirjo Kupiainen, head of the department in physiotherapy section in the city hospital of Kotka, sees a lot of problems with using temporary workforce in the sector of health care. “It will take about six months to properly learn the job and be able to work independently which is requirement for people working in the organizations such as hospitals. Only to learn to familiarize oneself with the patient register software will take time and before that it is not really possible to work with the patient. During the past thirty years the nature of work has visibly changed. Requirements to be more efficient while working with fewer resources are profound. Strain of the permanent staff is high. In hospitals the temporary worker has to be monitored all the time and when this is not allowed by the lack of time and resources, the risk for mistreatment of the patients becomes higher.

Because of the continuous induction of the newcomers, the attitudes of the permanents towards the temporary workers are becoming more negative, even hostile. We have already reached the point where the permanent employees are willing to work overtime, overloaded with work and under a lot of stress but with fewer employees just to avoid having to take on another temporary worker. We are working in the boundaries of safety and risky.

The temporary workers, however full of ideas, are also not in reality able to contribute nothing feasible for the department because they don’t have the organizational commitment and understanding needed for really help building and developing more innovative and efficient operation modes. In the health care section the efficiency, which is also very important for us, comes from the coherent and committed work methods which then in long term can be further developed together. If I could choose from two agencies where in the other one the workers would be much experienced and well trained and in the other one there is no guarantee, I would be ready to pay more to get the experienced one.”