

The value of relationships in a transactional labour market: constructing a market for temporary employment

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INTRODUCTION

In recent decades, the concept of ‘normal’ employment has been challenged. For example, Beck and Beck-Gernsheim (2003) argue that the global, social and political landscape was characterised by an ‘epochal’ shift during the last decades of the 20th Century, echoing theorists from a wide range of political and intellectual persuasions (Paradeise 2003; Gorz 1999; Granovetter 1998; Rifkin 1996; Handy 1995; Harvey 1990). All of these scholars have pointed to increasing individualization and changing expectations about contractual specifications of rights and obligations in all areas of private and public life (Sennett 1998; Gellner 1997; Lyotard 1984). Kallinikos (2003: 595) described these trends as increasingly eroding work communities where ‘modern humans are involved in organizations *qua* roles, rather than *qua* persons’. In employment studies, this has led to a focus upon workforce, labour market and employment flexibility. It has generated extensive debates on, successively, the extent – and costs and benefits to employers and workers – of atypical work and contractual arrangements (for example, Barley and Kunda 2004; Rubery *et al.* 2004; Auer and Cazes 2003; Purcell *et al.* 1999; Burchell *et al.* 1999; Atkinson 1985) and – as part of the human resource management and performance debate – HRM architecture and selective labour contracting strategies with specific attention

to temporary employment (Boxall and Purcell 2011; Vidal and Tigges, 2009; Koene and van Riemsdijk; 2005; Kalleberg 2003; Lepak and Snell 1999; Pfeffer 1994). Essentially, it has been argued that competitive pressures in the marketplaces for goods and services, allied to changes in technology which have affected production, provision and transferability of goods and services, have led to increased individualisation and (re)commodification of labour, (Esping-Andersen 1990:37) to an extent that represents a tectonic shift from the traditional perspective of employment as preferably permanent and stable.

The use of temporary employment is an important means through which organisations attempt to externalise the problems created by these trends. The temporary work agency industry (TWA) has become an increasingly significant labour market stakeholder in most developed countries, but it has rarely been subjected to dispassionate analysis *as an industry*.

The industry grew in scale and importance throughout the last two decades. In the course of this, its services have evolved from one-dimensional placement of relatively low-skilled workers to cope with seasonal or less predictable temporary shortfalls in labour needs, to the provision of considerably more sophisticated, wide-ranging and carefully-targeted outsourcing and human resource services. Its increasingly important profile can be gauged from the rapidly growing body of literature investigating nature and growth of temporary employment (e.g. Peck and Theodore, 1998; Barley and Kunda, 2004; Houseman and Osawa, 2005, Benner et al. 2007; Garsten, 2008; Koene, Galais and Garsten 2014), and also the regulatory attention to contain the negative side-effects of temporary employment (e.g., Gleason, 2006; Ahlberg et al., 2008; Regalia et al. 2006).

In general, while researchers are aware of both its vulnerability and proactivity as an industry, most studies have focused on containing the possibilities for opportunistic and exploitative behaviour in the industry and *what* it does rather than *how* it operates. The temporary work agency business appeared to provide a prime example of labour commodification: indeed, it is no accident that the managers in client companies who deal with TWA transactions are often not part of the Human Resources or Personnel functional department and have job titles like 'Procurement Manager'. This explains trade union and policymakers' caution in dealing with the TWA industry in the past, when it tended

to be regarded as a threat to employment stability and employment relations, to be excluded or closely regulated rather than engaged with (Heery 2004).

However, over the past two decades the growing TWA industry has added a new organizational configuration to the landscape, developing a unique set of skills and capabilities for providing employment services and creating new possibilities for the management of the Individual-Organization relationship. National and European regulation and legislation has emerged, arguably providing a sustainable context for managing the tensions between flexibility and security inherent to temporary agency work (e.g. Vermeylen and Hurley, 2007; Wilthagen and Tros, 2004). Furthermore the temporary work agency industry has evolved, broadening the scope of its activities from simple matching and placing to a broad portfolio of ‘professional employment services’, ranging from labour market reintegration services to HR outsourcing activities (e.g. Ciett, 2000; Eurociett, 2007). When interviewing both agency and union representatives in the course of a recent research project on change in employment relations, we found evidence of growing consensus about the possibility of a positive role of agencies as intermediaries in developing and managing employment relations, subject to regulation.

The role of TWAs in this changing labour market thus deserves dispassionate examination. It has generally been discussed with reference to the functions that TWAs fulfil for client organisations or for job applicants and the degree to which they do this successfully, from the point of view of one or other (Beynon *et al.* 2003; Forde 2001; Casey *et al.* 1997; Parker 1994). On one hand, they provide: ‘interim solutions’ or workforce flexibility that enables clients to control labour costs and/or productivity where staffing needs are unpredictable or cannot be easily met through direct labour sourcing mechanisms. On the other, they offer contingent employment opportunities for job-seekers who cannot, or do not wish to, obtain permanent employment (e.g. Gray 2002; Druker and Stanworth 2001) and, recently, the triadic relationship and the relevance of the prime function played by third parties in establishing employment relationships has been usefully explored, building on the earlier theories of Simmel (1902): Khurana (2002) evaluated the role of executive search firms and Bidwell and Fernandez-Mateo (2006) studied how high skill contractors experienced working through TWAs.

However, in virtually all theoretical debate about the role of TWAs, the emphasis has been on consequences of its intermediary position in relation to temporary employees and client organizations. The fact that TWAs themselves operate in the most uncertain market of all, with their success or failure contingent upon the unpredictable demand from their clients and the unpredictability of their temporary work applicants (sometimes with scarce skills, and restricted availability to work), has received relatively little attention. Recent research starts exploring the work in TWAs themselves. Smith and Neuwirth (2009) document selecting, matching and placement practices in Temporary Help Services in the USA, and McDowell, Batnitzky and Dyer (2008) investigated the recruitment and placement of, mostly Eastern-European, migrant workers in the UK.

In this paper we make a contribution to this emerging line of research. We conducted case studies in a number of established temporary work agencies to investigate the key ingredients of sustainable temporary work agency practices. Our agencies are largely representative of the legitimate and societally responsible TWA industry that has established itself in Europe over the past decades. We thus investigate how TWAs themselves think they create strategic value.

Our findings show that TWA employees themselves do not view the employment relationships they establish and maintain as being reduced to a transaction, which is often central in the debates about regulation and containment that are aimed at prevention of exploitation and illegal employment practices. Rather, they consider their key strategic activities to encompass building relationships with client organizations and temporary workers as organizational assets, and also industry professionalization and labour market regulation, to some extent structuring and organizing the market. Furthermore they gather labour market intelligence and carefully consider labour market power in shaping the dynamics of the triadic relationship to offset resource dependencies (Pfeffer and Salancik, 1978) and reduce labour market bottlenecks that hamper their performance.

METHODS

Our approach is to put the industry itself under the microscope, drawing on evidence from collaborative research conducted in the UK

and the Netherlands between 1999-2003, when the TWA industry in these countries was coming of age. The research reported here was initiated as part of a wider EU-funded project (see Bergstrom 2003 for more detail). Both the UK and the Netherlands have mature TWA sectors that grew throughout the last decade of the 20th Century. Detailed case studies were conducted in large generalist TWAs and in specialist agencies operating in niche markets, in each case involving a series of interviews with agency managers, recruitment consultants and temporary workers. The case studies enabled us to explore the policies and practices adopted by TWAs in the context of broadly similar labour market trends in the UK and the Netherlands, allowing for a comparison of the activities of 'High Street' TWAs – agencies that operate mainly at the 'volume low skill' end of the spectrum; and specialist agencies that provide mainly 'high skill' workers, often in particular sectors or occupational groups. In each country we studied two generalist "High Street" TWAs and two specialist agencies, giving us eight cases in total. We interviewed key informants at corporate and branch-office levels in the agencies, thus documenting both strategic and operational perspectives on agency activities. To triangulate our findings we studied secondary material and also interviewed other stakeholders such as union and employer representatives involved in policymaking and collective bargaining on temporary agency work. In this paper we focus on the perspective of the agency representatives, in all cases at least one corporate and one branch-level respondent. As we were interested in the possibilities of the agency formula we focused on reputable agencies that were widely considered responsible actors. To analyze our case material we organized the data by case and subjected it to thematic analysis (Boyatzis, 1998). Separately and then together we analysed the case study material to identify emerging and changing themes and issues (Miles & Huberman, 1994). Themes and issues were considered relevant if reference was made to them in two or more cases. On the basis of this analysis we distinguished four elements that TWA representatives considered important for sustainable success for their organizations.

FINDINGS

In the sections that follow, we address these themes. First, we discuss the role of the large generalists as advocates of industry regulation; second, we illustrate the efforts of agency personnel in managing

information; third, we document the centrality of relationships with both clients and job applicants; and finally, we illustrate the very different priorities of TWAs in the low skill, high volume market and those placing high skilled professionals, reflecting their recognition of the balance of their dependence on clients or workers.

Large generalist agencies as advocates of protective labour market regulation

The case studies of large generalist agencies illustrate the strategies and activities of agencies in a highly competitive market for labour supply services, providing low and medium-skill temporary workers who are generally not in short supply. The large global agencies, whose market power enables them to achieve economies of scale and oligopolistic control that protect their profit margins in a way that smaller, less established competitors cannot achieve, welcome a certain base level of regulation to stabilise operations and create a safe environment for both clients and temps to engage in responsible temporary relationships that safeguard the rights of both parties. These large agencies present themselves as responsible labour market stakeholders who anticipate as well as meet the needs of the wider community and they have developed a highly interventionist approach to working with policy-makers and other labour market stakeholders to promote this message. For example, the Manpower UK Marketing Director was part of a working party set up in 2000 to find ways in which the public and private recruitment sector could work more closely together, and Manpower has been a major player in the bid to demonstrate that the private sector could be a partner, rather than a threat, to address the Welfare-into-Work challenge.

In the UK, the effect of successive government policies has been to deregulate employment and give free rein to market forces, coupled with making it both easier and less necessary for employers to use temporary labour. It also created labour market polarisation: in particular, it nurtured an underclass of socially-excluded citizens where, in some disadvantaged areas, the more recent generations of young people have reached adulthood with little prospect of employment and few role models of economically-active parents, relatives and neighbours. Manpower operates at the low-skill end of the labour market and has an interest in its efficient operation. (CaseUK p. 8, Manpower)

Such large generalist agencies sell themselves as operating at the high-quality end of the employment services market, citing professionalism and high selection standards as a competitive edge. Those running the agencies were aware of the need to raise the legitimacy of the industry, to ensure their survival and growth. There was some evidence that their approach had been meeting with success in the UK, in terms of both government and trade union recognition of their role. The same Manpower respondent reflected:

For example, [trade unions] a few years ago wouldn't countenance notions of working with a flexible working company – they weren't "real" jobs that were full time, etc. We've now actually got a true partnership and they say "This is reality, this is how employers running large organisations - we don't have a choice but to partner with an organisation that's going to be responsible here, is going to drive standards forward". [They recognise that] we have a common interest in the way the labour market develops and there are always going to be things that will be different but there are common goals as well, depending on the area - and that is still the way Manpower sees it. (CaseUK p. 8, Manpower)

The company had worked hard, both at local company levels and nationally with the Trades Union Congress (TUC), to convince the unions of the desirability of recognising the legitimacy of the company and reassuring them that it could represent opportunities rather than threats to workers. In contrast, Dutch TWAs have worked with unions since the outset; largely because they recognised the right of workers to be represented by a trade union and have sought to maintain good relations with the unions. The TWAs' interest in standard setting and good relations with both social partners reflects their recognition of the fact that their functioning in the labour market is dependent on a fragile shared understanding that temporary work is only feasible in the long-term when it does not upset the complex balance that has been established between the social partners over the past century. Where they actively engage in regulatory discussions, agencies clearly seek to maintain their discretion whilst recognising the importance of being seen as a responsible labour market party.

Information processing and building relational assets

The initial priority of TWAs is accessing and selecting workers who can be kept in regular work and relied upon to deliver the TWAs'

product effectively – demonstrating flexibility and adaptability in new contexts and efficiency in carrying out allocated tasks. In addition to possessing the appropriate range of skills, this implies particular behavioural traits. The process of matching is at the heart of the work of a temporary work agency: the description of the matching process indicates the importance of informational assets for the TWA as part of the delivery of their core product. A senior Dutch recruitment advisor explained the mixture of objective and subjective criteria in the application process:

When a job is vacant, a [computerised] check is first made to see which employee has the right qualifications [matching] applicants and clients on hard criteria [like]... knowledge of languages and knowledge of computers. The soft criteria are matched through the consultant, who knows the organisational culture best and can estimate whether or not a person will fit in the organisation. This is where the consultants can add value to the whole process. Soft criteria are as important as hard criteria. (Dutchcase p. 22-23 DTE Randstad uitzendbureau)

Building and maintaining these informational assets is seen as a key role for the agency's consultants. It is important to match applicants quickly, otherwise they will accept a job through another agency. According to recruitment advisors interviewed in both the UK and Dutch general companies, most temps are routinely registered with other agencies – which dilutes the extent to which they are dependent upon, or in any secure sense, employed by, the TWAs in question. A large part of the agencies' role at local level is nurturing relationships with appropriate job applicants to maintain loyalty and ensure that they will develop a preference to work through the agency in question when they are required.

Relationships with targeted temporary workers

The general agencies, in particular, were concerned to manage their own need for a flexible labour supply, by attracting a pool of workers who were not necessarily seeking continuous employment but who could be relied upon to amplify the workforce during periods of high demand without becoming alienated during the low-demand phases. In the UK-based general TWAs studied, local employment advisers described how they nurtured relationships with students and others who positively required employment flexibility and preferred discontinuous work: older

workers, mothers with school-age children who preferred to avoid paid work commitments during school holidays and others who were prepared to trade the disadvantages of employment insecurity for the ability to, themselves, be unpredictable. They advertised for temporary workers in venues likely to attract such workers; student unions, local newspapers, door-to-door leafleting and parish magazines in areas of routine labour shortages. One UK branch manager told us:

Some [of the people on their database] are clearly not looking for a permanent job, for whatever reason. A lot of them might be recent graduates who might be looking to earn money over a gap year. It might be individuals who have a part time business, or a part time job and they just need something else to keep them going while they run their business in the evening. Some of them are people who don't even need to work, but want to work to "keep their hand in". The others are people who have something else going on outside of their working life that gives them an income of some sort, but which means they cannot get a permanent position because that would affect whatever they are doing ... [For example] we have two actresses, always looking for the big break - and they don't want to take a permanent job in case that big break comes along, so they are happy temping. (UKcase; Randstad local branch)

Such candidates, where they had sought-after skills, were nurtured because, along with students and other more predictable peripheral workers, they could often be both relied upon to work at short notice, and to 'take some time out' or to work for another agency when demand was slack.

The other UK general agency reported well-developed procedures for maintaining relationships during and between placements. Allocated consultants were claimed to be in 'constant contact' with contract workers and with members of the client company staff. Contract workers interviewed verified this and felt that they were able to contact consultants as required and were 'looked after' by the consultant who had placed them, who was regarded as having a protective influence in the face to potentially unreasonable treatment on the part of client companies. This is an image that the agency fosters: *'the agent who acts on your behalf to ensure that you get the work you want'*.

The maintenance of good relationships with both client organisations and active temporary employees was reported by all the TWA employees interviewed as the core priority for agency staff. Building

strong relationships is important for creating commitment to the organisation, but also for thus reducing matching costs, as a Dutch Randstad manager explained:

It is cheaper to place a worker you know, because there is no need for an entire application procedure. Besides, in a tight labour market it is not easy to find new qualified employees. The best way to create commitment is by providing good jobs for people. If they are satisfied, they will trust the organisation in offering more suitable jobs in the future. They will tell other people about their experiences with Randstad. More satisfying jobs can be offered by working on the employability of employees. (Dutchcase p. 26 DTE Randstad uitzendbureau)

Good relationships, however, are also very important for maintaining the agencies' role as 'information broker' in the matching process, as the social network is an important source of market information. Frequent contacts with placed employees are an important way for the Randstad organisation to show commitment towards its employees, but also a way to gather information. A senior advisor stated:

A company visit can make the employee feel appreciated. Every Friday employees have to hand in the number of hours they have worked. Production units, in particular, offer Friday afternoon drinks. This is an informal way of finding out how people are doing and, at the same time, how clients are doing. If employees complain about being very busy, the consultant can call the client and ask whether they need more employees. A variety of information is gathered through contacts with employees. In this way, Randstad can act on the problems encountered by their employees on the shop floor. Other ways of creating commitment are by offering good salaries, as Randstad does. (Dutchcase p. 26 DTE Randstad uitzendbureau)

This, of course, is the theory, reflecting the company's ideology and aspirations, and the practices described are remarkably reminiscent of benevolent paternalism management styles in direct employment (Purcell 1994). A UK branch manager gave a very similar description of the approach he and his staff took to maintaining good relations with temps on their books, but he was more cynical about the tenuousness of this relationship and did not believe that the company's brand or its commitment to longer-term benefits for employees were important in maintaining loyalty:

...it's great that we have these benefits, it's fantastic because when they arise and people are able to take benefit from them – super, they are

very happy and they tell their friends – word of mouth, etc. I think the reality of it is, the bottom line is, that the hourly rate is slightly higher than what the competition offer. (UKcase: Randstad local branch).

The same informant nevertheless stressed the centrality of nurturing relationships with workers and clients:

We, effectively, are Randstad – myself and my four colleagues up there. If tomorrow we all left Randstad and went to somewhere else, then I believe that within six months we would be doing business with the same companies. Often people are not necessarily interested in the company that you work for because they have to deal with consultants on a daily basis, they need to be able to get on with them. The only time they will see the corporate Randstad is when there is a bill to settle. We as individuals couldn't operate it if we didn't have the support and the backing of a company like Randstad, of course, but it's very much down to the individuals, I firmly believe that.

Relationships with 'client organisations'

Besides working on its relationship with temporary employees TWAs also work hard to develop a proper 'client base,' *i.e.* agencies work to establish good relations with user organisations that pay for their services. Despite the relative market power of the large TWAs, the industry is highly competitive and inherently a contingent industry – contingent upon the demand from the client industries that need their matchmaking services and upon a supply of workers willing to be part of the contingent workforce. Developing relationships with key staff in client companies is consequently a high priority. The big agencies invest a great deal in high profile national advertising to draw attention to their services, but they are well aware that both accessing and retaining clients is predominantly achieved at company level, in communication and negotiation between client company staff responsible for procuring temporary staff – both on an *ad hoc* and labour supply contract basis – and their own recruitment consultants. The agencies studied tended to split volume and retail contracts into separate divisions, with specialist staff trained to develop the relevant networks of relationships. At local branch level, the TWA advisory staff interviewed described the importance of 'local knowledge' and building up relationships with the people in client companies who recruit agencies, with a view to becoming the sole or preferred agency.

For local contacts, you will tend to find they will establish their relationship with one company, that could be through word of mouth or a friend who knew them - somewhere a relationship has been struck. Our aim is to start a relationship and maintain a relationship, even if that is just a mailing regularly to them, or a regular phone call. You will often find that the local smaller companies will need holiday cover for a week, or when Trudy on reception goes off sick. Holiday cover, peaks and troughs in seasonal business - and we do map out the trends of our clients that do use us. Let's say we have a trend going from September, October, November - we would obviously be talking to them throughout the year, but increase our calls to them, because we want to be in the forefront of their mind come that September when we do know that their headcount or need for cover goes up. Likewise we targeted retail this year, which previously wasn't really targeted [by the company]. (UKcase: Manpower Branch manager)

The priority of nearly all the agencies researched, at both national and local levels, was increasing the ratio of managed contracts (*i.e.* volume temporary worker supply) to *ad hoc* placements. The core of the strategy is to develop much closer relationships with a smaller number of (generally large) customers and the thinking behind such developments is radical, summed up very well by the managing Director of a medium-sized UK TWA:

Recently we have gone from providing people to providing solutions to problems. We now approach organisations who might have 150 temps through 13 different agencies to attempt to provide a more straightforward solution in terms of managing. (UKcase: Eden Brown)

Such initiatives were not only taken at national level. Local agency staff described how a significant part of their job was identifying and 'cold calling' large companies which had already moved to sole supplier arrangements, to persuade the company to invite them to tender for their business. The onus and work (without any guarantee of payback) is on the agency.

We've just been through that process with [a major insurance company] and we are about to tender, ten of us. We were invited to tender on the basis that one of our consultants spoke very nicely to the HR manager, who said "Why not? We'll give you the opportunity" - Sometimes it's as simple as that, really. (UKcase Randstad: local branch manager)

To win a contract, the TWAs claim to offer a customized approach to client organisations that 'buy into' a longer-term contractual arrange-

ment. For example, in the case of Capac, discussed more fully below, on-site subcontracting of recruitment and substantial aspects of human resource management illustrates the evolving role for the TWAs that most organisations aspired to develop.

Thus, the work of generalist agencies clearly reflects the agencies' role in managing transactions, but given that the core is developing networks and collaborative communities, the skills exercised appear to be less in dealing with asymmetries of information or reducing uncertainty than in managing unpredictability, and convincing both the other parties in the triangle of their capacity to do so by providing them with the commodities they require. At the core of these activities is the development, not the attenuation, of working relationships - but relationships are with the intermediary rather than the organisation in which needs the tasks to be carried out. The downside may be that it is the development of relationships that exclude workers with least skills and greatest need of employment and/or flexibility. The other clear implication is that the rhetoric of the agencies has some credibility: some of the risk associated with unpredictability of a labour demand is shifted to the TWA sector, as well as onto workers.

THE LOW SKILL MARKET: MATCHING AND EFFICIENCY, CLIENT CONCERNS REIGN

Although the most firmly-established role of all the major global players in the High Streets of the world has been the provision of medium-skilled workers (most often women with clerical and basic secretarial skills), most agencies also developed their activities in the low skill routine manual and service operative markets throughout the latter part of the twentieth century. In this market agencies increased the ratio of labour supply contract, high volume placements to *ad hoc* temporary placements. Capac (Dutchcase p. 50) provides an interesting example of 'lower skill' market operation, as an on-site provider of high volumes of temporary employees (over 25 per day on a given site) in the Netherlands. The whole intermediation process has been streamlined into a seven-step program with an emphasis on efficiency, control and reliability. The process focuses on the cost effective delivery of labour supply flexibility for client organisations and incorporates thorough controls to minimise surprises for the client organisation. A nominated Process Ma-

nager will initially visit a client and carry out a scan of their employees, the way they are currently organised - and identify any problems. There will be a continuing review as the company works with the client and an account specialist in Capac takes over responsibility for accounts and attends site meetings. After three months, it was claimed that there was invariably an increase in the retention, in efficiency and a saving in indirect costs, such as induction and use of management time.

The success of Capac relies heavily on the quality of the matching process and the long-term relationship with the client organisation on whose premises it establishes an office. This case also illustrates the role of the agency in 'sifting' appropriate applicants on behalf of client companies, minimising the risk of 'bad' appointments and eliminating the need for costly in-house personnel operations at the low skill, low-paid end of the labour market where low levels of motivation and work ethic can, not surprisingly, be a problem for employers. Capac competes in the market with what it claims are very low rates and actually maintains that its labour supply management processes are more efficient than any system set up by an individual company, because they are able to reap economies of scale from the use of standardised centralised administrative systems.

The organisation rarely advertises for temporary workers, claiming to rely successfully on the name and reputation of their client organisations, their own reputation, and on word-of-mouth promotion by temps that they currently employ. Capac prioritises maintaining contact with the temps it employs; both for control purposes and for gaining information and establishing a basic level of commitment with the active temporary employees; but the emphasis seemed to be on control:

Clients usually do an initial check on Capac employees. Most of the time this is necessary because Capac employees are lower educated and do not have a strong work ethic. It often happens that people do not show up at work. This is why [on high volume contracts] more people are scheduled than [the client] requests.

Capac consultants are frequently on the shop floor, not only to check employees but also to gather information about the work and to stay in touch with their employees. All contacts between the consultants and the employee are put into a computer system, including reasons for and times of absence. This system enables the consultant to check how the employee is performing. The development of employee commitment

to the agency is also an objective, but appears to be relatively perfunctory, less of a priority than in the agencies dealing with higher (scarce) skilled workers - although there is a 'care programme' that is clearly designed to motivate and retain reliable workers, entailing the sending of birthday cards, giving of small gifts with the passing of exams and checking people who have been ill for some time.

This low skill/high volume case shows that in this market *niche*, the agency maximises its partnership role, and relationships, with the hiring organisation, creating an on-site office on client premises in the case of large contracts. In the hiring, matching and management of temporary employees the agency's selection role is confined to screening out undesirable recruits rather than seeking out particular skills or attributes.

THE HIGH SKILL SEGMENT: ATTENTIVENESS TOWARDS THE TEMPS

In the case studies of the specialist temp agencies that operate in specific high skill market *niches*, information appears to be more important, amplifying their role in building networks and relationships. Their operations reflect the proactive role of the TWA industry in shaping markets rather than operating as passive agents that react to demands from buyers and sellers in the labour market. In the high skill segment, it became rapidly apparent in the research fieldwork that the specialist agencies invest even more effort in developing relationships with temporary workers in order to be equipped to exploit the more transactional relationship with the client organisations.

Relationships with temporary workers

A comparison between the Dutch agency, Yacht, and the UK Elan organization, both providing high skill specialist temporary placements to client organisations but with apparently fundamentally different contractual relationships with their temps, reveals the similarities in the companies' approach to their 'product' at core. Both organisations aim to develop long-term relational contracts with the specialist employees. Yacht employs 'interim professionals' on permanent contracts, and provides them as 'staffing solutions' to clients. Its recruitment practices are relatively traditional, relying on internet, advertising and direct mailing.

Every worker has a designated Yacht manager who maintains weekly contact to discuss his or her experiences on the job, training needs and future work preferences, at several points in the placement there are formal monitoring points:

After one month a manager contacts both client and employee to check up on the situation. ... Further on, there will be two meetings about the progress being made on the project. There will be one meeting in which the employee's job performance is the main topic and one pertaining to assessment. Training needs are also recognised in the assessment of an employee's performance... At the end of a project, the manager contacts the employee about the next project, [and] the employee evaluates the way he or she performed and how well the client operated in the project. The employee is also asked whether he or she would like to continue working with the same company. The client also evaluates its experiences with the employee and with Yacht, indicating whether the client will order more placements from Yacht in the future. (Dutchcase p.42, Yacht)

In comparison, the British specialist agency does not employ the temporary ICT professional workers, referred to as 'contractors', whom it places with client organisations. However, Elan also prioritises the maintenance of long-term relationships with its temps and the maintenance of excellent knowledge of the supply side of the market as *the* crucial tasks for its own consultants:

We encourage a lot of networking. People know people. Our people know the people in the market, they build up a whole network of IT professionals, they meet with them socially and therefore they know what's happening in the sector, they know who is probably out of a job in the key areas or key skills areas. We would keep track of who is in the skills market. Who are the people? – You network them, lunch them. (UKCase p. 40, Elan)

This company also offers temporary workers opportunities to update their skills and offers excellent terms and conditions, stressing that their concern is to provide career opportunities and development rather than simply placements. Elan consultants emphasize that in the specialised ICT field, the importance of industry-specific matching skills are a crucial element of their product. Knowledge of the market is important for credibility and effectiveness, but relationship building is at the core of the activities of the Agency itself. It differentiates itself from the competition by very careful selection procedures and encouraging

its consultants to build strong relationships and credibility with the IT professionals, to develop high trust levels. Contractors want an agency which they can rely on to negotiate the best possible rate for them, to work for people who understand their needs and who understand the language of the technology '*the meaning behind the jargon*'. However, it is significant that they do not employ IT-qualified people as consultants, but rather people with *sales* skills [our emphasis] who are trained by the company to become specialist in particular areas of technology, stressing the importance of good communication skills and relationship-building. The emphasis appeared to be on attracting excellent contractors and selling the company primarily to the contractors, on the grounds that if they get the labour supply right, that will reinforce their reputation within client companies and the sectors served. One of their key selling points to contractors is the free skills training which they offer.

For Elan, the actual management of the temps whilst under placement is not considered their business, relying on the competences and skills of the placed temporary employee, most of whom are professionally-qualified and highly-experienced specialists who are likely to be placed in organisations where their skills and knowledge are in short supply. In Elan, the clear implication of all that was said was that the agency seeks to help manage the career of the contractor and certainly will manage the arrangements relating to the match between client and contractor. Their responsibility (beyond providing a good 'fit' for both parties) ceases when that match is made, except for administrative purposes. Even in the managed services examples, it appeared that what was being managed was the labour *supply* rather than the labour *process* and the agency played little part in employment relations except, occasionally, as problem-solvers when things went wrong for either party - where the main priority would be to withdraw the contractor and substitute a better match and/or terminate the relationship with the client or contractor.

Relationships with clients

Does the chosen focus of the specialist agency influence its relationship with 'the other side' of the employment relationship? Our examples indicate that this question may be answered differently depending on the chosen market segment and the related strategy of the temporary work agency.

The market niches in which Yacht operates are highly competitive leading to an effort on the part of the Agency to establish a relational base with clients to ensure future dealings/reduce the uncertainty inherent in the market relationship. In other cases, agencies corner a market *niche* in such a way that they create a dependent situation for client organisations. An example is the case of an English nursing agency that only provides highly skilled specialised nurses. The company does not have labour supply contracts with clients, preferring to provide staff to clients on an 'as needed' basis. The proprietors recognised a market gap:

We ...took the line some time ago now, that our speciality was to fill shifts that were difficult to fill; to provide nurses where others couldn't provide them. So we went more down the line of being able to place very specialist nurses and those with critical care and in parts of the country where it's difficult to find temporary staff... (UKCase p. 43, Nurseaid)

This enables them to charge high fees to clients and it was conceded by the agency that they are relatively expensive in comparison with competitors: they make no attempt to compete on price. They do, however, also offer higher than average rates to their temporary nursing staff, work hard to accommodate their working preferences and offer them refresher training and other career management support.

In this, Nurseaid exemplifies the approach of agencies operating at the high-skill end of the temporary labour market. Their success fundamentally depends on the quality of the match to the vacancy and the performance of the temp-contractor. Thus, they are selling a commodity to client companies - high quality (and often, scarce-skilled) labour - but this is only made possible by the degree of success they have in selling *their services* to temp-contractors as being better able to get them the employment opportunities or employment conditions they seek, than they could easily access directly. To the extent that they are successful, they then become powerful job-brokers. In the UK, the TWA industry has achieved this in both healthcare and substantial areas of ICT at the high-skill end, and more generally, supplying routine operatives in some new areas of employment, such as the provision of call centre staff.

DISCUSSION

In this study we investigated the business policies and practices in highly respected temporary work agencies to investigate the key ingredients of sustainable temporary work agency practices, largely representative of the legitimate and societally responsible TWA industry that has established itself in Europe over the past decades. As the above discussion and case study research comparing practices in different sectors and occupations illustrated (Purcell et al (2004)), it is a highly diverse industry, but our findings show that dealing with labour market uncertainty is at the heart of the TWAs' activities. As intermediaries, their competitive success depends upon their ability to build a reservoir of labour market knowledge and relationships that nurture mutual dependency and trust with both employees and user organisations.

Although agencies facilitate a transactional approach to employment relations and erosion of the employer/employee relationship, the agencies' *own* prime concern is to co-opt both workers and employers as partners with whom they nurture open-ended relationships. Our analyses of the cases show that most of the factors that TWAs consider to be at the heart of their competitive advantage (industry professionalization and labour market regulation; collecting specialist labour market intelligence; building relationships with client organisations and temps) are factors that, in theory, may offset - or compensate for - the limitations of the transactional nature of the new employment relationship. Considering the role of the TWAs as third party in a triad, it is clear that although the agencies are self-interested players that seek to gain from their participation in the triadic relationship, their stakes in the longer term viability of the relationship, where there is no security, require them in most cases to be a relatively principled partner for both client organizations and temporary employees.

As such, it is interesting to compare issues from the regulatory debate with the issues that our agencies pointed out as important for developing sustainable temping activities. The regulatory debate addresses the need to contain opportunistic exploitation of labour market imperfections by short-term oriented labour market actors. It reflects a discussion of necessary conditions for acceptable TWA operation. The agencies' perspective reflects how TWAs could be pushed further to put their professional expertise to use in developing a sustainable temporary labour market. For example, TWAs engage in industry professionaliza-

tion and labour market regulation to stabilise the quality of temporary agency work in the market, reducing uncertainty for all involved parties, as well as to create a 'level playing field' for doing business as responsible TWAs.

Our findings do acknowledge that TWAs have influenced employment relations and HRM practices. In some cases (as among ICT professionals), agencies have become a main route into both temporary and permanent work, as employers increasingly source initially through TWAs and recruit permanent staff from 'tried and tested' temp-contractors. This, alongside growth of the managed services component of their activities, provides evidence that, increasingly, they have succeeded in becoming embedded in the selection and recruitment process in a way that has led many employers to rethink their own organisational structures and processes. It is significant in this respect that a high proportion of the client companies cited by the TWAs as their main customers were themselves contingent organisations: ICT services sub-contractors, outsourced specialist contractors providing flexibility to the larger organisations for which they produced products or services. The traditional view here would be one of layers of risk-management that end in the inherently risky business of being a temporary worker - with those higher up the chain shifting risk downwards at each stage of the relationships. This does remain an issue. The agencies who allowed us access recognize the need for proactive engagement to build a sustainable market, but they represent good practice in an industry where the battle against illegality has not been unequivocally won. Our analysis shows that TWAs actively work to manage uncertainty, by developing relationships of mutual dependency that protect their interests. In a labour market where there is a growing reliance on precarious employment relationships (Standing, 2011), the employment intermediation industry plays a critical role.

Agencies have also become a significant element in the lower-skill labour markets and have succeeded in growing, largely as a result of their successful nurturing of demand for their services from workers, who have increasingly preferred their intermediary services to their public sector job-brokering equivalents (e.g. Bergstrom and Storrie, 2003). In the UK, this has been to some extent a result of the growth of peripheral labour market participants whose needs for paid work they have sought, proactively, to meet.

The accounts from agency industry personnel revealed that building and nurturing of relationships, allied to the collection and deployment of labour market intelligence, are the main mechanisms through which established agencies promulgate their services. The development of personal relationships with both workers and user organisation representatives is important for developing in-depth knowledge of the market. Building (and controlling access to) information, knowledge of relevant labour market regulations, and knowledge of the specific requirements on the part of clients, temporary employees, all serve to strengthen the relationship with potential contract parties. In line with economic fluctuations and impending legislative changes, TWAs have developed new products and new emphases in their marketing.

CONCLUSION

In conclusion, our findings indicate that there is more than just rhetoric to the claims of the established, mostly larger and professional TWAs about their societal engagement and the relevance of their activities in the labour market. However, these activities clearly are not charitable acts. Our analyses show how they are related to specific strategic choices of the TWAs and the types of market uncertainty that they face. TWAs supported labour market regulation to safeguard the long-term sustainability of their markets. They built relationships to buffer for market imperfections, created some flexibility in matching supply & demand, and were able to deal with the market power of scarce client organizations or specialized labour. Resiliency of the industry meanwhile relying on the ‘lightness’ of its business model and the careful consideration of labour market power in shaping the dynamics of the triadic relationship to deal with resource dependencies and reduce labour market bottlenecks that may hamper their performance. As such, the window on ‘what temporary work agencies actually do’ presented in this paper thus shows interesting possibilities and challenges for future research that aims to investigate the dynamics of management and organization of temporary work.

(Recebido para publicação em janeiro de 2012)

(Ressubmetido novembro de 2012)

(Versão final em junho de 2013)

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RESUMO

Na maioria dos países desenvolvidos, relações de emprego e carreiras se tornaram progressivamente mais individualistas, com um declínio na importância dos mercados internos e o crescimento de relações de trabalho transacionais e por tempo determinado. O crescimento do setor de agenciamento de trabalho temporário (TWA em inglês) reflete um aspecto disso, fornecendo serviços comerciais de intermediação. Ele se tornou um interveniente significativo, mas raramente foi analisado de maneira desapassionada como um setor econômico em si mesmo. A análise das operações das agências revela o paradoxo de que, enquanto de fato reforçam a mercantilização do trabalho, suas atividades principais como intermediárias em relações triádicas de emprego estão muito focadas em desenvolver e nutrir relações colaborativas voltadas para a criação de confiança, e para engendrar comprometimento, tanto da parte das organizações clientes, que usam seus serviços, quanto dos trabalhadores temporários, de cuja disponibilidade dependem. Isso reflete os mercados contingentes com os quais as TWAs operam. O artigo estuda diferentes tipos de TWAs, revelando o impacto dos mercados de trabalho nos quais operam, e o impacto de sua dependência das firmas clientes ou dos que procuram trabalho em suas políticas e práticas.

Palavras-chave: operações de mercado de trabalho, agências de trabalho temporário, relações de trabalho, emprego flexível

ABSTRACT

In most developed countries, employment relations and careers have become progressively more individualistic, with a decline in the importance of internal labour markets and the growth of fixed term, transactional relationships, particularly in some sectors. The growth of a temporary work agency (TWA) industry reflects one aspect of this, providing commercial intermediary services. It has become an increasingly significant labour market stakeholder, but it has rarely been subjected to dispassionate analysis as an industry in itself. Analysis of the agencies' operations reveals the paradox that, while they do reinforce the commodification of labour, their core activities as intermediaries in triadic employment relationships are very much focused upon the development and nurturing of collaborative relationships geared to create trust, and to engender commitment, both on the part of client organisations that use

their services and the temporary employees on whose availability they depend. This reflects the contingent markets within which TWAs operate. Different types of TWAs were studied, revealing the impact of the labour markets in which they operate and the balance of their dependence upon client firms or job applicants on agency policies and practices.

Key words: labour market transactions, temporary work agencies, employment relationships, flexible employment