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**The changing world of the temporary worker: The potential HR  
impact of legislation.**

**David Biggs, Brendan Burchell and Mike Millmore**

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## **Abstract**

### **Purpose of this paper**

Temporary workers have many human resource and labour market implications. These consequences are further influenced with the introduction of new legislation relating to temporary workers. This article presents research on the impacts of the legislation – *Fixed Term Employees Regulations* (2002) and *Conduct of Employment Agencies and Employment Businesses Regulations* (2003) – on temporary workers in the labour force.

### **Design/methodology/approach**

Information from 24 Labour Force Surveys, conducted between December 1997 and November 2003, were analysed with two longitudinal Labour Force Surveys. Qualitative data was also gathered from six temporary worker employers and 17 agency workers.

### **Findings**

Analysis of data demonstrated firstly, that the utilisation of temporary workers had declined in the labour force: Temporary workers had decreased in real terms by 24 per cent and agency workers who were less regulated by only 11 per cent. Secondly, an increased take-up of permanent work by temporary workers was found post-legislation (27%) compared with pre-legislation (22%).

### **Research limitations/implications (if applicable)**

Some limitations exist in the study using National Statistics and qualitative data to analyse labour force dynamics. Further research is warranted in this area investigating how strategic decisions in utilising temporary workers are formed and how recent legislation has influenced these policies.

### **Practical implications (if applicable)**

Changes in temporary worker legislation have direct consequences to the labour force.

### **What is original/value of paper**

The paper reveals the decline of temporary workers in the labour force

between 1997 and 2003 and examines specific legislation, which may have influenced this phenomenon.

**Keywords:**

Labour force survey, Temporary workers, Legislation

## **Introduction**

A temporary worker may be defined as an individual who earns monetary reward from work that is established by the employer or contract to last for a limited period. Temporary workers within the UK economy consist of many different livelihoods (Casey, 1988; Felstead and Jewson, 1999; McGregor and Sproull, 1992; Tremlett and Collins, 1999); however, these can be summarised into four distinct categories consisting of: fixed-term contractors, casual workers, seasonal workers and agency workers. Understanding the extent of temporary employment within the UK and the reasons behind this employment is crucial to ascertain their future impact as human resources. The implications in using temporary workers vary enormously.

This paper first presents the implications of using temporary workers. Second, it presents the recent legislative changes impacting upon the labour force. Third, it predicts outcomes of the introduction of new labour force legislation.

## **Implications of Using Temporary Workers**

There are five main reasons for employers to use temporary workers:

- reduction of recruitment costs;
- recruitment of individuals for short-term positions;
- alleviation of managing workers;
- ease of dismissal; and,
- reduction of employee costs.

A key advantage in using temporary workers is the reduction of recruitment costs (Allan, 2002; Gunderson, 2001). This is especially noticeable with agency workers actively recruited by employment agencies, rather than by their eventual employers (Forde, 2001). Indeed, recruitment services by the employment agencies are sometimes extended to the recruitment of permanent personnel (Autor, 2001) and in the UK represent 7 per cent of invoiced sales turnover within employment agencies (REC, 2003).

Reduction of recruitment costs was also extended to using other temporary workers. For example, in the National Health Service (NHS), casual workers may be employed temporarily from an NHS bank, which acts as an internal employment agency (Buchan and Thomas, 1995). The recruitment of seasonal workers was also similar to casual workers, whereby in one example it was shown that organisations in the tourism industry tended to embrace the seasonality of their work and, as such, hire seasonal workers from a known pool of staff (Jolliffe and Farnsworth, 2003). Fixed-term contractors may also be employed in this way, with the same contractors repeatedly employed by the same organisation, especially if that organisation is large and bureaucratic (Davis-Blake and Uzzi, 1993).

Recruiting individuals to cover short-term absences may also be achieved through the utilisation of temporary workers. The occasional usage of temporary workers to cover short-term absences of permanent staff may not present a particularly high cost to an organisation; however, in terms of necessity it may be essential to cover the workload of key members of staff who are absent on a temporary basis (Atkinson,

Rick, Morris and Williams, 1996). This short-term cover may be achieved through permanent workers; increasing the amount of hours they work through overtime or through learning new skills (Bergstöm, 2001; Druker and Croucher, 2000). However, if this is not possible the use of temporary workers may be ideal (Cully, Woodland, O'Reilly and Dix, 1999; McGregor and Sproull, 1992). For example, in a survey of 979 workplaces, Atkinson *et al.* (1996) found that 59.4 per cent of employers used temporary workers for short-term cover whilst staff were away on holiday or sick leave.

Long-term and short-term recruitment costs may be kept at a minimum by using temporary workers (Gunderson, 2001). Nevertheless, these estimates tend to negate the managerial time spent in recruitment even if this was merely picking up the phone to a preferred supplier or contractor (Ward, Grimshaw, Rubery and Beynon, 2001). Human resource managers must ensure that appropriate staff are selected on the basis of skill and organisational fit (Feldman, Doeringhaus and Turnley, 1994). Indeed, a recent study of US based employment agencies highlighted the need for this activity as it was found that only 42 per cent of employment agencies checked previous places of employment and only 25 per cent checked for criminal convictions (Allen, Sompayrac and White, 2002). This could be extremely problematic for the employers of the temporary workers who may be liable for any professional misconduct issues (Allen *et al.*, 2002).

Another advantage of using temporary workers for organisations was that much of the day-to-day management of temporary workers such as payroll and administration



fell upon the suppliers of temporary workers (Forde, 2001). Nevertheless, an implication for human resource managers was that the induction of temporary workers needed to be carried out by the direct employer (Druker and Stanworth, 2004; Feldman *et al.*, 1994; Feldman, Doeringhaus and Turnley, 1995; Foote and Folta, 2002; Koh and Yer, 2000; Ward *et al.*, 2001). Druker and Stanworth (2004) suggested that employers of agency workers wanted to conduct the minimum amount of induction as possible and that employers perceived a 'good temp' as someone who could be 'fitted in' quickly. However in the US, Feldman *et al.* (1995) found that in a sample of 186 agency workers it was often reported that no instruction about the job or duties were given. This could represent a real problem, as the productivity of temporary workers may be inhibited if organisations spend little time socialising them through induction processes (Foote and Folta, 2002). It may also make them more of a health and safety risk, which could be guarded against by implementing induction procedures (Clarke, 2003).

Performance evaluation and monitoring was also considered as an implication for the use of temporary workers (Koh and Yer, 2000; Smith, 1988). Smith (1988) suggested that three steps should be taken to effectively evaluate performance. Initially, clear performance indicators should be established so that temporary workers know precisely what was expected of them within their job role. These performance indicators may be similar to those used for permanent workers or they may be more lenient given that the temporary worker will have less organisational knowledge (Smith, 1988). Once the performance indicators were established, appropriate appraisal techniques should be decided upon giving the temporary worker clear

feedback on his/her performance. This feedback would then lend itself to appropriate corrective or developmental action that improved the performance of the temporary worker (Smith, 1988).

The proper monitoring of temporary workers was therefore an essential activity for human resource managers to conduct and should not be the sole responsibility of the temporary worker supplier (Feldman *et al.*, 1995; Foote and Folta, 2002). This, in conjunction with the induction of temporary personnel, could represent a burden to human resource managers. Nevertheless, the advantage for human resource managers in not having payroll, sickness or holiday administration for temporary workers should not be discounted in saving organisations the fixed costs associated with this supervision (Gunderson, 2001). In essence, temporary workers alleviated some of the managerial function (Ward *et al.*, 2001). However, using temporary workers does not totally eradicate the managerial function because best practice, as shown by the above research, recommended the use of induction and performance management.

Another advantage of using temporary workers was the ease of their dismissal (Allan, 2002; Golden and Appelbaum, 1992). In the US, Gunderson (2001) suggested that due to the lack of costs associated with laying off temporary workers, they were an attractive option. This was especially noted within organisations that operated in a fluctuating market of workload (Allan, 2002). Indeed in the UK, a strategic use of temporary workers was to adjust the workforce to match demands (Atkinson *et al.*, 1996; Cully *et al.*, 1999; McGregor and Sproull, 1992). This gave organisations an advantage in terms of numerical flexibility employing 'just in time'

workers to cope with increased or decreased demand without resorting to making permanent employees redundant (Allan, 2002; Henricks, 1997).

Although the ability to bring people to work at short notice and let them go again gives organisations tighter control on their payroll costs, this may be to the long-term disadvantage of the organisation (Medcof and Needham, 1998; Ward *et al.*, 2001). Temporary workers may be less productive due to their time spent in learning new tasks (Allan, 2002; Stratman, Roth, and Gilland, 2004). Increased pressure may be placed upon human resource managers or supervisors to induct and train the new temporary workers (Allan, 2002). Further pressure may also arise as managers try to control the numbers of staff in accordance with workload (Henricks, 1997). In addition, permanent employees may not like the extensive use of temporary workers, especially if they feel their employer would like to substitute them with more precarious working arrangements (Pearce, 1993; Porter, 1995; Ward *et al.*, 2001).

This was certainly found in the US by Pearce (1993) who stated that the employment of contractors resulted in negative attitudes towards the organisation by permanent workers. These negative attitudes have also been extended to US based nurses employed with casual and agency nurses (Porter, 1995) and with UK permanent call centre workers working with agency workers (Biggs, 2003). Moreover, the influence of temporary workers on permanent workers may be much more complicated than anticipated. Indeed, this area of research has so far been hampered by the lack of, and difficulty in obtaining, control groups that may offset the influence of temporary workers on permanent staff (Biggs, 2003).

Reducing employee costs within any organisation is an essential aspect of strategic human resource management especially in a competitive global market (Allan, 2002). The strategic use of temporary workers may, therefore, involve the reduction of wage costs achieved by employing temporary workers who are paid substantially less, either in direct wages or benefits, than permanent employees (Allan, 2002; Houseman, 2001). Nevertheless, in the UK the reduction of wage and non-wage costs have not been cited as a primary reason for using temporary workers (Atkinson *et al.*, 1996; McGregor and Sproull, 1992). In other European countries, such as Greece, it was also found that costs failed to predict the use of temporary workers (Voudouris, 2004). Kandel and Pearson (2001) suggested that temporary workers may actually be more expensive to an organisation due to increased marginal costs. This was especially noted in relation to the possible reduction of productivity that may result when temporary workers take time to learn the job (Allan, 2002; Stratman *et al.*, 2004). Consequently, temporary workers are not cheaper in terms of wages than permanent staff (Allan, 2002; Kandel and Pearson, 2001; Stratman *et al.*, 2004).

### **Legislation and regulation of temporary Workers in the UK**

In the UK, seemingly little legislation covered temporary workers in the UK up until recently (see Table I). During the 1980's and mid to late 1990's, temporary workers were afforded protection against discrimination on the basis of sex, race, disability and trade union membership. However, these workers did not have any protection against unfair dismissal or redundancy rights, which meant they could be dismissed relatively easily, even after working for an employer for many years.

INSERT TABLE I HERE

This situation began to change after 1996, when employment legislation recognised and even protected the employment rights of temporary workers (see Table I). One of the most significant pieces of legislation was the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002. These regulations stated that non-agency temporary workers (which includes: seasonal workers, fixed-term contractors and casual workers) should not be treated less favourably than comparable permanent employees unless this was objectively justified. In short, this legislation protected non-agency temporary workers by giving them the same employment rights as permanent employees.

Agency workers were not included under this legislation; however, a similar regulation giving them equal employment rights was accepted in November 2003 by the European Parliament. This legislation had been delayed due to the substantial lobbying pressure of the Recruitment and Employment Confederation (REC) and other similar European enterprises that have represented employment agencies. Nevertheless, other legislation has been introduced that does affect the rights of agency workers but to a lesser extent to those given to non-agency temporary workers and permanent employees. Agency workers are protected by the Conduct of Employment Agencies and Employment Businesses Regulations 2003, which require employment agencies and third party employers to agree upon the legal employment

status of the agency worker before they commenced their assignment. This legislation at its bare minimum has sought to clarify some of the issues found in common law cases such as *Montgomery v Johnson Underwood Ltd* (2001) where the agency worker had argued that she was the employee of the employment agency (Nairns, 2003). However, although this legislation does give a firm agreement on the employment status of the agency worker, it does not give them similar rights to other non-agency temporary workers and permanent workers.

One of the advantages of using temporary workers was stated as the relative ease of dismissing temporary workers without the cost implications compared to dismissing permanent workers. Nevertheless, if temporary workers were given similar employment rights to permanent workers, employers may have to finance the dismissal of these temporary workers, which would be a huge disincentive for employers to use temporary staff. Given their further disadvantages the temporary worker would be unattractive to employers who may instead embrace fluctuations in the workload by utilising permanent staff in terms of numerical and skill flexibility (Bergstöm, 2001; Druker and Croucher, 2000).

Investigating this issue, the professional body of employment agencies in the UK researched what the impact of new agency worker legislation would be on employers (REC, 2002). They surveyed 190 employment agencies that had contacted their clients regarding this issue and found that 39 per cent of organisations would not employ agency workers under the new regulations, as they would have to match the agency worker's benefits to that of a permanent worker (REC, 2002). Further

evidence was cited from the Confederation of British Industry that surveyed 210 companies and found that 57 per cent of organisations would reduce their use of agency workers if the legislation was passed.

If employers were likely to reduce their agency workers given this new employment legislation it follows, that any employment legislation protecting temporary workers may influence the employers' decision to hire them. In this regard, increased employment protection would likely result in a decreased use of temporary workers. This leads us to our first hypothesis. Due to the improved employment protection given to non-agency temporary workers through the *Fixed-term Employees Regulations 2002* and the clarification of employment status for agency workers under the *Conduct of Employment Agencies and Employment Businesses Regulations 2003*, it is hypothesised that temporary workers will have declined in the UK labour force since these changes were introduced. The existing variations in the coverage of the law complicate this hypothesis, which is especially apparent with agency workers who have less employment rights than other temporary workers. Thus, an additional hypothesis is that agency workers will have declined in the labour force to a lesser degree than other temporary workers such as fixed term contractors. Agency workers therefore represent an interesting variation in the coverage of the law. This is therefore worthy of additional qualitative study, particularly ascertaining how agency workers are affected by these legislative matters.

A stated objective of the new labour legislation was that by increasing employment protection for temporary workers, permanent jobs will be created as employers will

be encouraged to give long-term temporary workers permanent employment. In the past, some employers have continually renewed the contract of a temporary worker to keep a particular member of staff over an extended period especially if the organisation had recruitment and overtime restrictions (Conley, 2002). This used to have distinct advantages for an employer but due to the fairer treatment of workers under the new legislation, there is little advantage for employers to persist with this practice. In addition, some of the obstacles in employing temporary workers as permanent workers have been removed. Employment agencies, for instance, are now limited in terms of what they can charge a third party employer for taking an agency worker into full time permanent employment (by the Conduct of Employment Agencies and Employment Businesses Regulations 2003). Given this new legislation, it seemed likely that there would be an increased take-up of permanent work by temporary workers. It can be hypothesised therefore, that a greater percentage of temporary workers will have become permanent workers post-legislation as opposed to pre-legislation.

### **Research Design**

The primary source of data for this article was the Labour Force Survey (LFS), which is a cross-sectional household survey representative of the national population (Office for National Statistics, 2003). The LFS data were segmented into four seasonal quarters being: Quarter 1 (Winter: December-February), Quarter 2 (Spring: March-May), Quarter 3 (Summer: June-August) and Quarter 4 (Autumn: September-November). A total of 24 Labour Force Surveys were examined from December 1997 to November 2003 surveying 1,310,968 workers in total.



In addition to the cross-sectional data, two longitudinal datasets were investigated. The longitudinal datasets allowed the employment of individuals to be tracked from one quarter (June to August) to the next (September to November). This would specifically allow the percentage of temporary workers who became permanent workers to be calculated. Differences in this percentage were then ascertained in a pre-legislation period (June-November 1996) against a post-legislation period (June-November 2003).

The quantitative evidence used for the article was further enriched by using qualitative evidence gathered from employers of temporary workers and agency workers. These individuals were surveyed during the legislative changes in August 2000 as part of a PhD research that surveyed 222 workers (Biggs, 2003). Employers identified via the workers were approached by telephone and asked to take part in face-to-face interviews to discuss their organisations' policies relating to temporary workers. All of the employers contacted took part in this research, six of which were relevant for this study as they employed temporary workers alongside their permanent staff (See Table II). 32 per cent of the agency workers surveyed in the quantitative study (n=96) agreed to take part in the qualitative interviews; however, many of their details had changed over the three month period between the quantitative and qualitative surveys and, as such, a total of 17 agency workers were interviewed by telephone.

## **Results**

The data from the 24 Labour Force Surveys clearly demonstrated the decline of temporary workers as a percentage of all workers (See Figure 1). In Spring 1998, the percentage of temporary workers at 7.1 per cent of all employees was similar to levels found in other studies (Booth, Dolado and Frank, 2002) and two years earlier in Spring 1996 by Sly and Stillwell (1997). However, after this period, the percentage of temporary workers decreased steadily until, in Spring 2003, temporary workers consisted of 5.8 per cent of the total workforce replicating similar levels found in the mid-1980's. This data has not been seasonally adjusted and therefore peaks and troughs within the data demonstrated the seasonal employment of temporary workers in industries such as agriculture and tourism. Comparable quarters (Spring 1998 and Spring 2003) were analysed demonstrating a real decline in temporary workers of 24 per cent.

INSERT FIGURE 1

It was suggested that the decrease in temporary workers may be more prominent in those categories covered by the recent legislation, that is the non-agency temporary worker groups. Figure 2, demonstrated the different categories of temporary workers analysed against the period 1998 to 2003. This data found that all temporary worker categories have declined although to different degrees depending on the temporary worker category analysed. The real difference between temporary worker categories

was calculated between Spring 1998 and Spring 2003. This number of workers was then expressed as a percentage of the Spring 1998 levels, which gave the percentage decrease witnessed in that temporary worker category. This found that agency workers had declined the least by 11 per cent. Non-agency temporary workers had declined to a greater degree with seasonal workers declining the most by 33 per cent, fixed-term contractors by 27 per cent and casual workers by 22 per cent.

INSERT FIGURE 2

Differences between two longitudinal data sets was observed in that 27 per cent of temporary workers found permanent work post-legislation in 2003 as opposed to 22 per cent in the pre-legislative period in 1996 (See Table III). The differences between these groups was statistically significant ( $X^2=16.09$ ,  $p>0.01$ ) suggesting that a greater percentage of temporary workers became permanent workers in the post-legislation period.

INSERT TABLE III

Qualitative data was gathered concerning the impact of legislation on temporary workers from all six employers, which can be summarised under the headings of

recent legislative acts, equal opportunities at work, bullying and sexual harassment at work. All of the employers were aware of recent legislative acts and four of the six employers had strict guidelines that they used to enforce the new regulations. One organisation tried to adhere to the regulations but had difficulty enforcing them as managers would tend to deviate from corporate policy. Another company blatantly disagreed with some of the new regulations and did all it could to discourage their enforcement within the organisation.

All organisations were aware of the equal opportunities legislation and all but one company monitored, regulated and enforced these regulations. One organisation even examined the local population demographics and ensured this was replicated in their staff make-up especially in terms of ethnic minorities. Another company, that did not regulate equal opportunities, reported overall problems with recruitment and retention and as such “if they walked and talked, they would be hired”. Interestingly, it was also the same organisation that disregarded the new employment legislation and has, since the time of the survey, been bought out in a hostile take-over bid.

Bullying and harassment was taken seriously in all organisations and where temporary workers were harassed they were treated in the same manner as permanent workers who made complaints. Some discrepancies existed in how organisations dealt with temporary workers who were the harassers, with three of the six organisations immediately suspending the temporary worker. This was different to how permanent workers were treated; permanent workers who were harassers would have all allegations investigated thoroughly before they were suspended.

Interestingly, 65 per cent of the agency workers interviewed made unsolicited remarks on legislative issues with thirteen comments made in total from eleven agency workers. Eleven of these thirteen comments regarded employment differences between agency and permanent workers in terms of holiday (four comments), pay (two comments), benefits (two comments), employment protection (two comments) and lack of formal performance appraisal (one comment). The other two comments concerned a case where health and safety regulations were disregarded and an issue involving contract legislation preventing agency workers gaining permanent work.

## **Discussion**

The data analysed in the study demonstrated that the level of temporary workers recorded in the LFS was less in 2003 than in 1998. It was originally suggested that one possible cause of this decline was increased employment protection legislation. Nevertheless, a decline was seen in all types of temporary workers, although to different degrees, even though agency workers do not have the same employment protection as non-agency temporary workers. This indicated that legislation may not be the only reason for the decline in the number of temporary workers and there may be other economic factors such as an increasingly stable economy that help to explain the results.

However, an alternative explanation may be offered for the decreased level of agency workers recorded in the LFS. In the qualitative data, it was evident that employers were very aware of future legislation. Employers may have, therefore, been aware of

the *Directive on Working Conditions for Temporary (Agency) Workers* (2003) that was not enforced at the time of this study. Consequently, employers may have perceived a situation where agency workers are afforded the same employment protection as non-agency temporary workers and permanent staff. As such, employers may already be decreasing their use of agency workers in readiness for legislative changes. This may explain the smaller decrease in agency workers compared with all other non-agency temporary workers.

Differences were found between the take-up of permanent work by temporary workers in the pre-legislative and post-legislative periods. On closer inspection of this data, differences emerged between the categories of temporary workers. For example, a higher percentage of agency workers became permanent workers compared with fixed-term contractors, casual and seasonal workers. Agency workers were not given the same employment rights as permanent workers under the Fixed-term Employees Regulations 2002, so it seemed strange that this category would be the highest in gaining permanent work. Nonetheless, the recent introduction of the *Conduct of Employment Agencies and Employment Businesses Regulations* (2003) removed much of the cost implications that previously prevented agency workers becoming permanent employees. This was not enforced during the time that the LFS data was gathered; however, agencies may have relaxed their rulings on agency workers becoming permanent workers in readiness for the implementation of the legislation in July 2004.

The reduction of fees paid to employment agencies by employers for taking on their agency workers was an important development. In the qualitative interviews with agency workers, individuals had commented on the barrier that these fees constituted. In particular, one person stated:

It is very difficult to get a permanent position if you are a temporary worker because ... they have to pay [*the employment agency*], to buy the staff.

This arrangement was limited by time, typically for a six-month period, after which the former agency worker was allowed to work for their previous client. However, this was not particularly constructive for the agency worker trying to get a permanent job as:

You have to wait six months and not work in the organisation in the meantime ... but six months is quite a long time and they can find an extra person to fill that job.

In the qualitative data, it was evident that legislation governing temporary workers was an important topic. Indeed, two of the interviews were totally dominated by legal issues such as the right to holiday pay or employment protection. Holiday pay was a frequent topic discussed. Agency workers were legally entitled to holiday pay paid by the employment agency and not the third party employer after a certain period. Four of the agency workers had commented that they had received no paid holidays. One agency worker stated:

Even though the government said temporary workers need to get paid holiday, I was working the whole year and didn't get any paid holiday.

The temporary workers quoted did not take actual holidays, although it was likely that the employment agency that hired them did add this money to their wages; this was disputed by the individual agency workers. The implications of this for organisations are fairly clear. Workers that have had no holiday are much likely to be less productive than workers who have taken their leave.

Another agency worker spoke about infringement of health and safety regulations where they knew of a fellow agency worker that was not given the correct personal protective equipment to clean out a septic tank:

I know that an agency worker was asked to go to a job, given a big broom and told to climb into a septic tank and told to clean it with a bucket of water, its an absolute joke, and they [*the permanent workers*] knew it as well.

Practices such as these make for worrying reading for the human resource manager. In this scenario, the respondent stated that the permanent workers were deliberately baiting the temporary worker and laughing at him for doing the work. This could open up the organisation to health and safety litigation, especially if an injury or accident had occurred (Clarke, 2003).

Given the qualitative data, it seemed vital that employment protection was offered to agency workers in that safeguards were afforded to all workers whether they are on an open-ended contract, fixed-term contractors or agency workers. Nevertheless, what this paper has shown is that temporary workers with better employment rights may be less attractive to employers and as such this type of employment reduced in



the labour force. This may restrict flexibility in the workforce and in organisations coping with fluctuations in demand (REC, 2002). It may also prevent vulnerable groups such as working mothers and students from finding entry into the job market (Feldman *et al.*, 1994).

The implications of this legislation for human resources are clear. Recruitment costs, daily management costs and dismissal costs can be reduced by using a temporary workforce. This workforce may buffer the permanent workers from varied demand (Houseman, Kalleberg and Erickcek, 2003; Ko, 2003). Nevertheless, if this buffer is removed then permanent workers may suffer as a result being dismissed during a downturn of work and hired again during increased workload. This will bring with it a variety of costs that employers will have to face. It may also reduce the flexibility in the overall workforce in not being able to deploy workers quickly through temporary contracts.

## **Conclusions**

The data from the Labour Force Survey confirmed the decline in the number of temporary workers from Spring 1998 where they represented 7.1 per cent of the workforce, until Spring 2003 where they dropped to 5.8 per cent of the workforce. This represented a real decline in temporary workers of 24 per cent. It was originally proposed that changes in legislation may have been the cause of this decline. However, it appeared that the decrease was evident in all temporary worker groups, although the decline in agency workers was much less than others covered by the new employment legislation. Consequently, the decrease in the numbers of

temporary workers is likely to be more complicated than just due to the introduction of new employment legislation. Nevertheless, the qualitative data demonstrated how aware organisations were of existing legislation and possible future legislation. Thus it may be argued that employers expectant of future legislation covering agency workers were reducing these workers before their rights were equal to that of other temporary and permanent workers. This was especially noted in the increase witnessed of agency workers becoming permanent workers due to the possible early reduction of temporary worker to permanent worker fees by employment agencies before legislation had been enforced.

The decline of temporary workers is likely to represent many issues for human resource managers. If it continues workforce flexibility may have to be achieved through the permanent workforce. This can be undertaken through numerical flexibility, increasing overtime and, the skills of the permanent workers in periods of high. The legislation may encourage the flexible usage of permanent workers and create a sub-class of permanent workers that are used in a similar way to temporary workers today.

The current study demonstrated limited evidence for some of the questions posed in the review with regards to the employers strategic use of temporary workers. Further research is warranted in this area investigating how strategic decisions in using temporary workers are formed and how recent legislation has influenced these policies. Some of the disadvantages of temporary workers stated in the study are also debateable. The influence that temporary workers have on permanent workers is not

clear and more studies should investigate this phenomenon. Differences in the use of temporary workers pre- and post-legislation may also be interesting to examine investigating the extent temporary workers are used in a strategic deployment versus operational necessity.

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