

# **The Case of ‘Unwanted Flexibility’: a study of Temporary Agency Workers in the U.K.**

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## **Abstract**

Temporary agency work in Britain has increased dramatically in recent years. Theoretical justification for this growth is centred upon an organisational need for greater efficiency as a result of increased competition in the marketplace. Cost advantages are often associated with the temporary nature of the agency contract and recent discussion suggests that recruitment of agency workers is a strategic practice, used to create competitive advantage. (Williamson 1985; Atkinson and Meager 1986; Matuski and Hill 1998; Lepak and Snell 1999; Houseman et al 2003). Organisationally sound manpower strategies are thus reasoned to be those that deliberately incorporate agency workers in a thoughtful, strategic and continually advantageous way. From this perspective, it is assumed that management control over the contractual nature of the workforce is essential, and failure to retain this autonomy would result in organisational inefficiency.

This thesis critically examines this conjecture, by investigating a situation where management cannot actively select the contracts on which they employ their staff. In the case of two Social Services departments in London, management have lost the ability to strategically determine the contractual nature of their workforce, stating a strong preference for open ended contracts, but forced to deploy agency workers when permanent staff cannot be recruited. Previous suggestions would indicate detrimental implications, but in this instance it is argued that these blanket assumptions may facilitate premature conclusions, as the associated consequences of this situation of ‘unwanted flexibility’ are unexplored.

## Table of contents

### Chapter 1 Introduction

1.1 Introduction	1
1.2 Thesis Overview	5

### Chapter 2 Temporary Agency Work in Britain

2.1 Introduction	9
2.2 The temporary work agency: the context	11
2.3 The extent and nature of temporary work agencies in the UK	12
2.4 Statutory regulation of temporary work agencies in the UK	16
2.5 Legal status of the temporary agency workers	20
2.6 The rise of agency work	21
2.7 Who are the agency workers?	23
2.8 In what sectors do they work?	26
2.9 Employers' use of temporary agency workers	29
2.10 Discussion and conclusions	32

### Chapter 3 What is Driving the Growth in Temporary Agency Work?

3.1 Introduction	34
3.2 Transaction Cost Economics (TCE) and the temporary agency worker	37
3.2.1 A transaction cost framework	37
3.2.2 The organisation of labour	39
3.2.3 TCE and temporary work agencies	40
3.2.4 TCE as a prescription for success	42
3.3 The Flexible Firm	42
3.4 The utilisation of agency work for knowledge creation	45
3.5 The Use of Temporary Agency Employment in Tight Labour Markets	48

3.6 Firm centred analysis: a critical overview	51
3.6.1 Theoretical weakness	53
3.6.2 Environmental factors	55
3.6.3 Management strategy and the implications of agency working	58
3.7 Discussion and conclusion	60

## **Chapter 4 Agency Working: the Case of the Public Sector**

4.1 Introduction	62
4.2 Decentralised employment relations in the public sector	64
4.3 Agency working and the public sector	68
4.4 Social care services	71
4.5 Social Services Workforce Survey (SSWS)	76
4.6 Agency social workers in London	80
4.7 Discussion and conclusions	83

## **Chapter 5 Research Strategy**

5.1 Introduction	85
5.2 Methodological considerations	86
5.3 The importance of philosophy in research	87
5.4 Developing a research approach	89
5.5 Choice of research strategy	90
5.6 Case study approach	92
5.7 Research design	94
5.8 Case selection	96
5.9 Research context	97
5.10 'The SSD'	99
5.11 'The Trust'	102
5.12 Data collection	105

5.13 Data analysis	111
5.14 Validity and reliability	115
5.15 Discussion and conclusions	118

## **Chapter 6 The Case of ‘Unwanted Flexibility’**

6.1 Introduction	120
6.2 Managers staffing preferences and practice	121
6.3 The erosion of traditional employment practices	121
6.4 The historical use of agency workers	122
6.5 Management preference for the permanent contract	124
6.6 Factors driving the situation of ‘unwanted flexibility’	127
6.7 Lack of graduates entering the profession	134
6.8 Advantages of the agency contract for social workers	136
6.8.1 Agency work: the preferred choice	137
6.9 Newly qualified workers	139
6.10 Reluctant agency workers	143
6.11 Escaping the bureaucracy	144
6.12 Discussion and conclusions	149

## **Chapter 7 Managing Unwanted Flexibility: Costs and Implications**

7.1 Introduction	152
7.2 Changing workforce dynamics: a management perspective	153
7.3 Recruitment and retention: costs and consequence	156
7.3.1 Continuous recruiting	156
7.3.2 Spiralling vacancies: a source of disillusionment	157
7.4 Agency working: costs and consequences	159
7.4.1 Dealing with the employment agencies	159
7.4.2 Managing agency workers	164
7.5 The selection of agency workers and their utilisation	171

7.6 Solutions to the crisis	177
7.6.1 The SSD: ‘Grow your own’ or go abroad	177
7.6.2 ‘The Trust’: matching the employment contract to the task in hand	180
7.7 Discussion and conclusions	187
<b>Chapter 8 Discussion</b>	
8.1 Introduction	189
8.2 Theories of the firm	190
8.3 Agency work: the preferred choice	190
8.4 The Consequences of Unwanted Flexibility	192
8.5 The management of agency workers: contrasting approaches	194
8.6 Managing unwanted flexibility: can the negative consequences be overcome?	196
8.7 Conclusion	198
<b>Chapter 9 Managing ‘Unwanted Flexibility’: Conclusions</b>	
9.1 Introduction	199
9.2 A distinctive organisational context	200
9.3 Is this strategy sustainable?	201
9.4 Methodological considerations	202
9.5 Future avenues for research	203
9.6 Concluding remarks	206
<b>Appendices</b>	
Appendix 1 List of Interviewees	208
Appendix 2 Interview questions	212
<b>Bibliography</b>	215

## **List of Tables and Illustrative Material**

2.1 Total Number of Temporary Agency Workers in the UK	22
2.2 Numbers of Agency Workers according to Occupation UK (1992-2000)	28
3.1 The Flexible Firm	43
4.1 Agency Working as a Proportion of Total Workforce in the Public sector	69
4.2 Regional Variations in Vacancy Rates (2004)	77
4.3 Regional Variations in Turnover Rates (2004)	78



## **Chapter 1**

### **1.1 Introduction**

Few debates are more pertinent to academic and political discussion than the future of work. At one end of the spectrum, pessimists create a poignant view of the future characterised by mass unemployment, widening social divisions and increasing insecurity (Riftkin 1995; Beck 2000), while optimists prefer to claim that the promise of the ‘knowledge economy’ will release many employees from the monotony of their previous working lives offering increased opportunities for fulfilment (Handy 1984; Leadbeater 2000). Against this backdrop of current debate, the growth of temporary agency employment over the last decade has been used to substantiate both arguments, representing either an opportunity for greater worker autonomy within the ‘knowledge economy’ or a signal for insecurity in the workplace characterised by falling levels of permanent employment.

Temporary agency working has increased dramatically in recent years, albeit from a relatively low base. Evidence drawn from the Labour Force Survey suggests that those employed on a temporary agency basis have increased in the UK from 50,000 in 1984 to 252,000 in 2005<sup>1</sup> (Casey 1988; LFS 2005). At any given point in the last five years temporary agency working has constituted around one percent of total employment (Forde and Slater 2005). Most of the theoretical literature justifying the growth of agency working focuses upon firm centred analysis, hinged around the need for greater efficiency as a result of increased competition and fundamental changes in the nature of production.

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<sup>1</sup> Author’s own calculations from the 2005 Labour Force Survey, Spring quarter.

Cost advantages are often associated with the temporary nature of the agency contract, as the firm is able to match economic uncertainty with the flexibility of labour costs due to the ability to dismiss temporary workers (Atkinson and Meager 1986). Alternate theorists also predict a clear set of circumstances in which agency workers will be used, in a rational way to maintain competitive advantage (Williamson 1985; Matuski and Hill 1998; Lepak and Snell 1999; Houseman et al 2003). For example, Lepak and Snell (1999) suggest that agency workers can be used in dynamic environments to bring valuable knowledge into the organisation. Organisationally sound manpower strategies are, from this perspective, those that rationally deploy agency workers in a deliberate and continually advantageous way.

These theories are based upon two key assumptions. Firstly, they assume that managers are able to adhere to a prescribed set of circumstances governing the use of agency workers and secondly, organisations failing to behave in this rational way will incur higher labour costs or organisational inefficiency. However, this first postulation may be discounted when external conditions impinge upon managers' ability to make a logical decision. In practice firms may lose control over the selection of workers, due to supply-side constraints such as worker preference or skill shortages (Ward et al 2001). The second key assumption, that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs, may also be called to question by the failure to consider how different management practices lead to varying levels of performance among these workers (Koene and Riemsdijk 2005). Ultimately, it is impossible to predict the consequences of the contrasting ways of managing agency workers as substantial assessment is to date absent from the literature, with a few notable exceptions (see Geary 1992; Ward et al 2001). Therefore, in cases when organisations are compelled to use these workers, the effects of management practice upon a firm's efficiency cannot be foreseen. Drawing upon

this uncertainty, this thesis focuses upon the way temporary agency social workers are managed in public sector organisations, under conditions which are not of the managements' choosing. These circumstances are described throughout this thesis by the term 'unwanted flexibility'.

The utilisation and management of agency workers in the public sector remains under explored to date, and this gap in the literature is especially significant considering the high incidence of agency working in this sector. Indeed, temporary working among professionals in Britain is largely a public sector phenomenon, driven by changing patterns of employment in teaching<sup>2</sup> and healthcare. Increases in agency working were initially prompted by fiscal stringency (Pollert 1991). Ironically, this emphasis upon market discipline over the 1980s and 1990s resulted in high quit rates among these workers, which have in turn led to staff shortages, especially in the area Social work. These skill shortages have ultimately shaped ideal conditions for the growth of temporary work agencies (Gray 2002), as mounting evidence suggests that positions in the public services can often only be filled through the use of agency temps (OECD 2001).

Case study investigation in two social service departments is used as a vehicle to explore instances where agency work is unplanned and to uncover the organisational impact of this situation. Analysis focuses on the large proportion of professional agency social workers deployed on temporary contracts in this part of the public sector, highlighting the scarcity of full time workers within the social services and hence the increasing managerial dependence upon agencies. It has been suggested that a shift in contractual preference among workers may exacerbate this situation, with more individuals selecting agency work

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<sup>2</sup> The rise of temporary jobs among teachers alone accounted for almost half of the net expansion in temporary employment over this period (Grimshaw et al 2003)

induced by higher wages (Jones 2001; Carey 2006). Although, some studies have suggested that money may form the main inducement for social workers to make the transition to agency work, this account may be at best partial. Current explanations create more questions than they answer, highlighting clear gaps in the literature, as the motivations behind the voluntary shift toward agency working are not fully understood.

The initial research questions focus upon this void, and aim to clarify whether the increasing numbers of agency workers in this sector is predominantly fuelled by a voluntary migration to temporary agency work. The key research questions therefore aim to uncover the rationale behind social workers contractual choices, and enquire ‘why do social workers select agency work?’ Thus, early interviews with agency social workers explore the perceived advantages of the temporary contract and research questions focus on their motivations behind moves towards agency work. These issues relating to supply of labour form the first theoretical proposition of this research, but are clearly linked to the second research question which inquires, ‘how do managers respond when they have lost the ability to determine terms and conditions of employment?’ In this case, worker preference, coupled with skill shortages severely limits management choice of contract and in reality managers are compelled to use agency staff. Current literature indicates that the suggested public sector response to severe constraint may be described as reactive and short term (Bach and Winchester 2003). However, this is a situation that is impossible to second guess, as the literature does not provide detailed analysis of how managers deal with the consequences of this unplanned situation.

The second set of research questions aims to close this gap in the literature, by endeavouring to understand how managers cope under conditions of ‘unwanted flexibility’. Although two distinct sets of questions are posed, the separate enquires are two sides of the

same equation, as factors encouraging workers to opt for temporary contracts in turn constrain management's contractual choice. At the outset both themes received equal weighting however, during the data collection phase it became obvious that management issues were uncovering especially interesting data. Ultimately, the analysis of interview data, relating to issues of how managers react to a situation of 'unwanted flexibility', began to shape the research process and formed the final focus for this research.

## **1.2 Thesis Overview**

A central theme of this thesis is to uncover the ways in which firms influence decisions relating to the deployment of agency workers, but before the extent of organisational influence can be fully examined it is firstly necessary to place these changes within their broad context. A detailed trajectory of change is therefore mapped out in Chapter two, using a combination of Work Employment Relations Survey (WERS) and Labour Force Survey (LFS) data. The growth of temporary agency work is placed within its industrial and occupational context, within the UK. This is followed by a more detailed examination of the character and consequences of the use of agency workers in UK firms.

By laying down this broad pattern of change from the onset, the scene is set for a theoretical investigation into the part that organisations play in shaping labour market outcomes. The theoretical literature covered in Chapter three all stems from the same postulation, that organisations utilise the temporary contract in strategic ways to enhance competitive advantage (Williamson 1985; Atkinson and Meager 1986; Matuski and Hill 1998; Lepak and Snell 1999; Houseman et al 2003). All these theories seek to identify different possible advantages for the deployment of agency workers, but consensus is reached in the fact that all these presumptions prescribe a definite set of conditions under

which the successful deployment of agency workers will occur. Similarly, they all suggest that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs or organisational inefficiency; but when attempting to underline the circumstances in which temporary agency work can be successfully deployed they fall short on a number of fronts. For example, managers' rational choice may in practice be constrained, and the successful utilisation of agency workers may also be dependant on other factors, such as how the workers are managed on a daily basis. Here it is also essential to present the narrow range of literature that focuses on the consequences of using agency workers and the different approaches to managing them.

This thesis focuses primarily on the ways in which professional agency social workers are managed in public sector organisations and Chapter four provides the backdrop to further analysis. Data gathered from the most recent Social Services Workplace Survey (LAWSG 2005) displays a sharp rise in the utilisation of the agency contract across the UK, and may be used to substantiate claims of a more strategic allocation of labour by employers (Kalleberg et al 2003). But in reality, these figures do not indicate a rise in measures designed to provide numerical flexibility within the social care sector. Further analysis points to alternate explanation, highlighting that supply factors are underpinning increases; as a complex mix of skill shortages and changing worker preference heightens managers' reliance on agency workers.

Chapter five provides the justification of the methodological approaches. It begins by examining the philosophical reasoning behind the case study approach, before moving on to justify the rationale for the selection of the specific cases from a theoretical standpoint. Data collection was partially reliant on a series of semi structured interviews, but it also utilised a number of other sources, interview data was triangulated with existing data sets,

and organisational protocol. The case studies had two key objectives. Firstly, to ascertain the power managers retained over the allocation of the employment contract and to uncover how agency workers are managed on a daily basis. To achieve these ends, the geographical location of the cases was fundamental, as it was essential to investigate unquestionable instances whereby managers had lost control over allocation of employment contracts. Consequently, the two cases were geographically in close proximity with one another in the London area, one situated within a primary healthcare trust and the other in the social services department of a local authority. From this opening dialogue, the chapter also moves on to provide an in depth analysis of the selected sector and places the cases within a wider perspective.

Chapter six reports some of the empirical findings focusing on managers' loss of immediate control over the employment process, charting factors driving conditions of 'unwanted flexibility'. Initially mapping out the social services preference toward offering open ended contracts, the chapter then sets this against the conditions in the market that lead to increased reliance upon employment agencies. Central to this dependence are the stated preferences of social work professionals for temporary agency work, which in turn creates a clear picture of management inability to determine the contractual nature of the workforce. The voluntary retreat of professional social workers towards agency work is presented as a rational decision, taken in part at least, because of the negative aspects of a full time permanent post.

Chapter seven charts the various implications of the growing proportion of agency workers within the two social service departments, 'The SSD' and 'The Trust'. Within this setting it is apparent that the managers within both departments have failed to retain their ability to strategically determine the contracts on which they employ professional social workers. In

the two case studies, the consequences of this growing proportion of agency workers are explored. Generally both cases agree that short term agency contracts cannot be successfully matched with the long term nature of clients' care. As managers try to limit the injurious implications of this situation, two contrasting approaches of how agency workers are managed on a daily basis are presented. In the SSD, workers are allocated a caseload and utilised in the same way as permanent staff. However, in the Trust agency workers are allocated specific tasks to complete contained pieces of work.

Chapter eight endeavours to highlight the insufficiency of the body of current research and contextualises the results from the case studies. The chapter also relates findings back to the current literature and to the initial research questions of, 'why do social workers select agency work?' and, 'how do managers respond when they have lost the ability to determine terms and conditions of employment?'

Drawing upon this analysis, it is apparent that agency work imposed upon an organisation is not always disastrous. Chapter nine argues that the harmful effects of 'unwanted flexibility' can be counteracted, depending largely upon how the situation is managed. In consequence, the negative effects of agency work caused by a lack of strategic governance over the type and duration of contract can be limited. Theory that defines adherence to a predefined manpower strategy as a prerequisite for organisational efficiency may prove inadequate in describing such situations. In conclusion an assessment of the long term sustainability of these approaches is discussed.



## **Chapter 2**

### **Temporary Agency Work in Britain**

#### **2.1 Introduction**

Temporary agency working emerges as one distinct form of employment that has risen dramatically in recent years (Forde and Slater 2005). Labour Force Survey (LFS) data indicates that the number of temporary agency workers have increased in the UK, to around 1 per cent of the total workforce (LFS 2005). The most rapid rises occurred throughout the 1990s and by the end of the century temporary agency work was the most common form of temporary working across all occupational segments, as the share of these workers increased as a proportion of all temporary jobs from 7 per cent to 16 per cent between 1992 and 1999 (Forde and Slater 2001:20).

Many of the contemporary debates around work futures have taken these figures, alongside other movements to 'non standard work', as evidence of a terminal decline in full time permanent contract work. For some, agency work and the growth of this contract, is part of an emerging 'risk society' (Beck 1992; Heery and Salmon 2000). In this premonition of the future, 'highly skilled and well paid full-time employment is on its way out' (Beck 2000:2) driven on by rapid technological and economic restructuring that could signal the end of secure employment. Other accounts have presented a rather different vision of the future, highlighting agency work as one of a number of empowering employment options in the 'new economy' (Leadbeater 2000). Definition of what constitutes the new economy is in itself a contentious issue (see Neumark and Reed 2004), but it is argued that new prominence of communications and information technologies are inevitably coupled with a

rise in professional, managerial and technological occupations. Change in the dynamics of the employment relationship occurs when these highly skilled experts actively choose to sell their labour to clients through labour market intermediaries. Employment agencies in this vein represent an avenue for greater choice and opportunity. This scenario is in direct contrast to those who have linked the increased presence of agencies to rising levels of insecurity.

Grand narratives, based on futurology, do raise some key issues relating to the direction and impact of changes in work and the dynamics of particular employment forms. But for a true reflection of employment patterns in the UK, it is necessary to understand the nature of these 'non standard' employment forms by studying systematic data which, in turn, may defy many of the claims of futurologists (see Nolan and Wood 2003). This chapter examines the nature of agency work and provides a coherent analysis of its growth through first hand evaluation of secondary data sets.

The chapter begins by outlining the unique triangular nature of temporary agency work and then discussion, running throughout the chapter, is divided into five clear themes. Firstly, the operations of the employment recruitment industry within the context of UK and European labour market regulation are discussed. Secondly, utilising first hand analysis of secondary data sets in the form of the LFS (2005), the dialogue moves on to chart the growing numbers of temporary agency workers in the UK as throughout the 1990s, agency work increased faster than any other type of temporary work. Thirdly, the characteristics of these workers are uncovered and fourthly, the occupations in which they are located are discussed, providing an indication of their pattern of usage among different industrial segments. Fifthly, an analysis of the rationale behinds firms' use of temporary agency work is developed, using for secondary analysis the WERS (2004) data.

Although this chapter touches upon the theoretical justification for the firms' usage of agency work, this section is brief as further information will be provided in Chapter three. In conclusion, developments relating to temporary agency working in the UK are placed in the wider context of the labour market as a whole, reflecting upon whether grand narratives relating to the significance of these changes actually hold true. For although rises in temporary agency employment are significant, they must be laid alongside the degree of continuity and the fact that permanent fulltime employment still forms the backbone of the workforces within the UK (Nolan and Slater 2003).

## **2.2 The temporary work agency: the context**

There are many definitions of temporary agency workers, but one recent description classifies them in the following way:

*'An agency worker can be defined as an individual who is employed on a temporary basis through an employment agency (for supply on a fixed or limited period) to a third party employing organisation'* (Biggs 2005: 8)

Under this assertion a person seeking temporary agency employment forms an agreement with a private sector agency so that the agency will find them work on a temporary basis. In return the agency will receive a fee, typically charged per hour (Gonos 1997), from the host organisations in which they place each prospective worker. The worker receives a portion of this hourly fee in the form of wages and the agency also takes a portion, typically in the region of 20-25 per cent (Peck and Theodore 1998). In this way, a triangular pattern of employment relations is formed between all parties, moving away from the more typical contract that involves just one employer. Thus the worker, the

temporary work agency (TWA) and the organisation utilising the services of the agency are linked under two types of contract, a temporary fixed term contract between the worker and the TWA and the assignment contract between the TWA and the purchasing enterprise (Burgess and Connell 2004). In many countries the worker is regarded as employed by the TWA, with the organisation purchasing the labour undertaking a secondary role, mainly related to the direct supervision and matters of health and safety in the workplace (De Ruyter 2004). However, this is not the case in UK and the legal status of who constitutes the employer of the agency worker still represents a contentious issue, with courts generally ruling that the agency workers are neither employees of the agency or the client (Davidov 2004).<sup>3</sup>

It is acknowledged that recruitment agencies can place either temporary or permanent workers, but throughout this chapter the term agency work or agency worker is referring directly to work through a private employment agency on a temporary basis. Although at times information from studies investigating temporary work in general may be drawn from, this will only occur when no information about temporary agency work is available. It is recognised that these studies will have their limitations when applied to the agency worker (Marler et al 2002).

### **2.3 The extent and nature of temporary work agencies in the UK**

Temporary work agencies have registered exponential growth rates in Europe and the US over recent decades (Peck et al 2005). Rises have been equally dramatic in Britain (see Forde and Slater 2005), where agency working has a long history dating back to the

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<sup>3</sup> A worker dismissed after four year of continuous service was found on appeal to be the employee of the agency, on the grounds that the payment of wages and the ability to terminate the contract gave the agency sufficient control to be deemed the employer. However the court of appeal subsequently overruled the judgement saying that the worker was the employee of neither organisation (REC 2004).

eighteenth century (Storrie 2002). Employment intermediaries in this context form a long established presence in the workplace, and the current market is diverse, covering many different occupational groups. Diversification has also occurred out of traditional sectors such as clerical work, into the fields of Information Technology and increasingly, 'professional' sectors. More recently multinational temporary work agencies have capitalised on emerging markets and the temporary staffing industry has been an active player in many different segments of the public sector including teaching and healthcare (Peck et al 2005).

In practice, most agencies supply both temporary and permanent workers, but with the majority of contract sales falling heavily in favour of the temporary placement, the market for temporary workers was valued at £22.8 billion in 2003/04, and accounted for 93 per cent of market turnover (Mintel 2004). Recent history of UK temporary staffing industry is one of expansion in terms of the number of agencies and the number of workers placed. Between 1996 and 2001 placements increased from 754 000 to over a million (Ward et al 2001). Low start up costs and few legal barriers to entry fuel instability in the market, as do the fluctuating dimensions, with the big players frequently merging<sup>4</sup>. Unlike other European countries, in the UK a few major organisations do not dominate, the market is built upon a diverse range of organisations consisting of a few major providers, well know medium sized agencies, niche suppliers and numerous small firms (Stanworth and Druker 2004). Continued dominance of small independents is a notable feature of the UK market and the largest three temporary staffing agencies have only 15 per cent share (Ward et al 2001). The sector favours self regulation and collectively opposes moves to increase agency worker protection. Even so, the large players are keen to be represented as

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<sup>4</sup> One notable example was when Adecco was created in 1996, following the merger of Adia (Switzerland) and Ecco (France), two leading personnel service firms (Adecco 2006).

legitimate organisations, recognising trade unions in an attempt to reinforce a respectable image. However, these concessions may be little more than a public relations exercise, as union membership among agency workers is still low (Heery et al 2004).

A clear pattern of the scope of agencies in Britain's labour markets is not easily ascertained as there are clear difficulties defining the industries size and scope; in consequence estimates vary (Hoptopp 2000). Employment agencies appear to act as an economic barometer, with their performance closely mirroring that of the economy, expanding in periods of growth and experiencing difficulties during recession. In the late 1980s the industry's buoyancy can be most effectively measured using the number of agency branches licensed, in 1989 the figure stood at 16,123, rising to 17,193 by 1991 but then falling to a low of 14,422 in 1993. The job placement market grew consistently after the recession of the early 1990s, and over 15,000 branches were licensed in 1994 (Mintel 1996).

Government devolution plans made in 1994, which became effective in January 1995, abolished the requirement for agencies to be licensed for business by the DfEE. Consequently, after this point there is no definitive register of number of agencies by which to measure the size of the market. The REC's Annual Recruitment Industry Survey estimates the number of agency branches, based on data provided by the Inter Departmental Business Register, one of the departments producing business monitor statistics for the government, at 14,700 in 2004. The REC's annual average estimates for the number of agencies since 1999 show a steady growth, but numbers have levelled out since 2001 (Mintel 2004).

Competition within the industry is fierce, and the recruitment industry has enjoyed more moderate rates of growth since 2001. Currently, the occupations displaying the highest growth and profit margins are nursing, healthcare, and the public services, where the government has pledged support for recruitment to fill vacancies and improve services (Intel 2004). However, in the National Health Service (NHS) the process of supplying agency workers operates differently as employment agencies are committed to certain pay rates via framework agreements. The Purchasing and Supplies Agency (PASA) manages this tendering process, undertaking national or regional tenders before entering into service level agreements.

Recently agencies have begun to seek new strategies to enhance profitability including focusing on fixed duration contracts, to supply large numbers of workers to individual organisations. These types of arrangements accounted for an estimated quarter of the market in 1999 (DTI 1999) and growth of this type of strategic resourcing has been highlighted from a UK perspective. Sectors developing this form of arrangement are mainly telecommunications and financial firms, although the IT and pharmaceutical industry also utilised these agreements. This area is experiencing market growth as a source of high volume new business even though the profit margins are seemingly slight (Forde 2001).

An extension of the recruitment agencies reaching into a number of different sectors and occupations reveals wider industrial and organisational restructuring, but also uncovers agencies' attempts to achieve the status of a legitimate employer. In recent times the majority of agencies have aimed to promote themselves as responsible employers working with trade unions and in line with the REC's code of practice. Evidence suggests that agencies are now established on a stronger footing than before the recession of the 1980's,

forming firm niches in a number of different sectors and professions, but whether this is a long term shift or simply due to agency contracts fulfilling the short term need caused by cyclical insecurities are not clear. Agencies are at pains to promote themselves as the specialist external business service of the future with an expanded HRM role in partnership with the client organisations, but this may be supporting ‘an image of the future of work which is based more on their own wishful thinking than grounded in labour market trends’ (Purcell and Cam 2002: 20).

Temporary work agencies in this context are competing for market share in what they consider to be a growing market, both nationally and internationally. Developments in Europe are fuelling this rivalry as individual controls at a national level begin to loosen in several of the EU member states<sup>5</sup>. Contrary to this picture of deregulation in Europe, the UK employment agency market has recently faced tightening controls.

#### **2.4 Statutory regulation of temporary work agencies in the UK**

Regulation of the temporary work industry is fragmented across Europe, with each EU member states adopting specific regulatory frameworks based upon national legislation, and also adhering to any changes in European law. In the UK, the Employment Agencies Act 1973 was the first piece of legislation to focus upon the TWA, introducing a licensing system which consequentially categorised the industry according to type of employment contract. The important operational effect of these classifications was the implementation of a requirement to keep temporary and permanent placements separate, isolating them as different types of transaction. In contrast to most other European countries’ agencies, in Britain recruitment firms can place permanent and temporary workers within the same

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<sup>5</sup> In Italy commercial employment agencies have recently become legalised (Stanworth and Druker 2004).



office in any category of employment and have the authority to fix their own commission (Purcell and Cam 2002).

The Conduct of Employment Agencies and Employment Business Regulations, 1976, supplemented this initial legislation with a complaints and enforcement mechanism. The main requirements of the 1976 legislation were that agencies must charge employers only<sup>6</sup>; each new branch would be required to obtain a licence, renewable annually, and would be inspected to ensure proper business conduct. Licences were initially cheap and remained so up until their abolition in 1994; consequently start-up costs were low, encouraging an influx of new entrants into the market every year. Success was not however guaranteed in this competitive market place, figures from the last year of licensing in 1994 demonstrate this fact, as 20 per cent of licences were not renewed from the previous year (DTI 1999).

With the continual growth in the recruitment industry in the UK economy, further legislation was introduced in 2003, coming into force on 6 April 2004. Amended regulations were, intended to legislate for the agencies right to ask for recompense when a temporary worker placed with a client is offered a permanent position. Initially, the government proposed new regulation of the 'temp-to-perm' transition by requiring temporary work agencies to waive the 'temp-to-perm' fee, an established method of preventing 'poaching' of temporary staff by the host organisation. However, the government responded to the concerns expressed by the Recruitment and Employment Confederation (REC 2000b) and now TWAs are restricted but not prevented from charging transfer fees. The limitation is related to the start date of permanent employment set against the commencement, or termination, of the contract. A fee is waived if the agency worker is offered a permanent position over four weeks after the contract has ended, or 14 weeks

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<sup>6</sup> The only notable exceptions being in the case of theatrical and model agencies.

after it commenced (Purcell and Cam 2002). Agencies under the new legislation were responsible in terms of health and safety in the user organisations and were required to inform workers with regard to their terms and conditions of employment. Such regulations were intended to provide greater clarity, and ultimately the Government's aim was to promote labour flexibility, without compromising the protection of workers, whilst at the same time reducing bad practice.

Agency workers' rights have been substantially increased by the extension of legislation to protect all workers in the UK, notably the Minimum Wage Act (1998) and the Working Time Directive (1998), although with regard to this last piece of legislation some agency workers initially slipped through the net.<sup>7</sup> Improved regulation has had a significant impact on the recruitment industry in recent years. The agency industry has always argued against new legislation bringing extra costs both in administration and in payments to workers through the extension of provisions (REC 2000b). Although legislation is implemented at a national and European level and systems of self regulation in Britain are widely supported, regulation protecting agency workers in the UK is still limited.

In the UK, the Recruitment and Employment Confederation (REC) dates back as far as the 1930s and is the main association representing all sectors of the industry, enforcing a comprehensive code of good practice. Members of the association account for 67 per cent of the total number of employment agencies in the UK. This means that the majority of businesses are required to abide by this policy, with the REC policing any complaints with

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<sup>7</sup> The Union Amicus won a landmark victory at the Court of Appeal in 2002, guaranteeing agency workers in Britain the right to four weeks paid holiday a year. Legal action was taken after the employment agency, Select Employment, refused to pay holiday pay under the Working Time Directive (WTD) claiming that the WTD requirement that all working people should receive four weeks paid holiday leave did not apply to their staff as the hourly rate included an element intended for holiday pay (Unison 2002)

regard to violations to the code. Confirmed breaches are referred to the Professional Standards committee, where representatives from Trade Union and the DTI review each individual case, the ultimate sanction is expulsion (Arrowsmith 2006). Although these internal actions have provided the procedural background to protect the rights of agency workers, in the absence of wider regulatory support it is argued that these measures will only have limited success, and agency workers will remain ‘one of the least protected groups . . . in the British labour market’ (Forde and Slater 2005: 250). Recent European legislation has attempted to redress this balance of inequality in the area of temporary agency work, but has seen active resistance from the British Government.

In 2002, the European Commission took the initiative to propose a draft directive on temporary agency work, endorsing the principle of non-discrimination between temporary agency workers and ‘comparable workers’ in the user firm. The proposal set out the general principle of equal treatment, under which temporary agency workers would receive the same pay and basic working conditions as permanent workers carrying out the same, or similar jobs in the company to which they were assigned. Issues covered in basic working and employment conditions included pay, working time rules, holiday entitlements, working conditions for pregnant women and protection against discrimination on grounds of sex, race or ethnic origin. Objections to the directive were raised by several Member States and, despite calls by the Trades Union Congress (TUC) for Britain to use its presidency of the European Council to push through the Agency Workers’ Directive, negotiations collapsed in 2005 (Smith and Morton 2006).

## **2.5 Legal status of the temporary agency workers**

The legal status of an agency worker is often a blurred area, as the very identification of which party is the legal employer of the temporary agency worker lacks clarification and poses a unique set of problems. It remains uncertain as to whether the employer is the client company or the agency themselves. In all but two of the EU countries the temporary worker is defined as an employee of the TWA under the control of the management within the user organisation. The UK remains one of the notable exceptions; here the situation is more ambiguous as there is no statutory definition of what constitutes a temporary agency worker. As previously noted the current legislation distinguishes between an 'employment agency', which it denotes finds permanent employment on the workers' behalf and an 'employment business' which places people in work under the control of others. Most agencies in the UK are classified as businesses, but in practice the courts are often left to decide what constitutes a contract of employment and which party bears responsibility for the employee (Arrowsmith 2006).

Currently, as the law stands, temporary agency workers do not have the same rights as permanent workers, as no provision for equal pay for agency workers, compared to their permanent counterparts, has as yet been established in the UK, beyond the effect of the national minimum wage. In terms of access to wider statutory rights, most temporary agency employees have legal status as workers rather than employees. Under European legislation the use of the term 'worker' in the Employment Rights Act (1996) and the EU Working Time Directive (1998) appear to have been included almost explicitly to bring temporary agency workers in line with current employment regulations. Agency workers now benefit from legal rights including statutory sickness and maternity pay as well as receiving four weeks paid annual leave after 13 weeks continuous service. Agency workers

are still not employees in the narrow legal sense and are consequently excluded from having to be granted statutory notice, redundancy and the option to return to work after maternity leave (Arrowsmith 2006).

## **2.6 The rise of agency work**

The extent and growth of the temporary work agency can be measured in a variety of ways. When considering patterns of agency working in Britain, reliable data is most accurately surmised from the Labour Force Survey (LFS). LFS survey data have been obtained from the ESRC data archive and all calculations that reference the LFS throughout the chapter are the author's own, derived in accordance with the most recent weightings to allow for population estimates to be calculated, with the aid of SPSS.

The LFS was formerly a biannual survey, with origins dating back to 1975. Amendments in 1984 led to the incorporation of a broader range of topics, encompassing questions on a wider range of employment contracts, and carried out on an annual basis. Further revisions followed in the spring of 1992, when data began to be collected on a quarterly basis, and at present the survey now samples 60,000 households across the UK yielding approximately 150,000 responses per quarter. Although this survey provides the most accurate measure of the number of people working in agency employment, definitions of categories change over time and in the case of agency workers, data are not available before 1992<sup>8</sup>.

Rapid expansion of agency work has been seen across many industrialised countries, and this has been strongly echoed in the UK as LFS data demonstrates. Rising numbers of

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<sup>8</sup> Adding a question in 1992 allowed agency temps to be distinguished from the rest of temporary workers. After the question inquiring whether the respondent was permanent or not, a new question required the respondent to identify whether they were either a seasonal worker, on a fixed contract, an agency temp, a casual worker or temporary for some other reason.

agency workers grew throughout the 1990s in Britain and, between 1992 and 2001, the number of people working through an employment agency increased by 346 per cent to stand at 281,000 (Forde and Slater 2003a). By 2001, numbers of agency workers had peaked, but figures remained roughly stable through to 2005 when 252,000 workers were recorded as working through an agency on a temporary contract, and at any point in the last five years agency working has represented around 1 per cent of total employment (LFS 2005). Figure 2.1 charts the rise of the agency working, distinguishing between sexes and demonstrating how a once predominantly female workforce in the early 1990s became a mainly male one by 2005. Rapid growth in this area is even more significant when placed in a wider context, as the number of agency workers in the mid 1980s was estimated at 50,000 (Casey 1988), a rise of over 500 per cent based on today's most recent approximation (LFS 2005).

### Total Number of Temporary Agency Workers in the UK

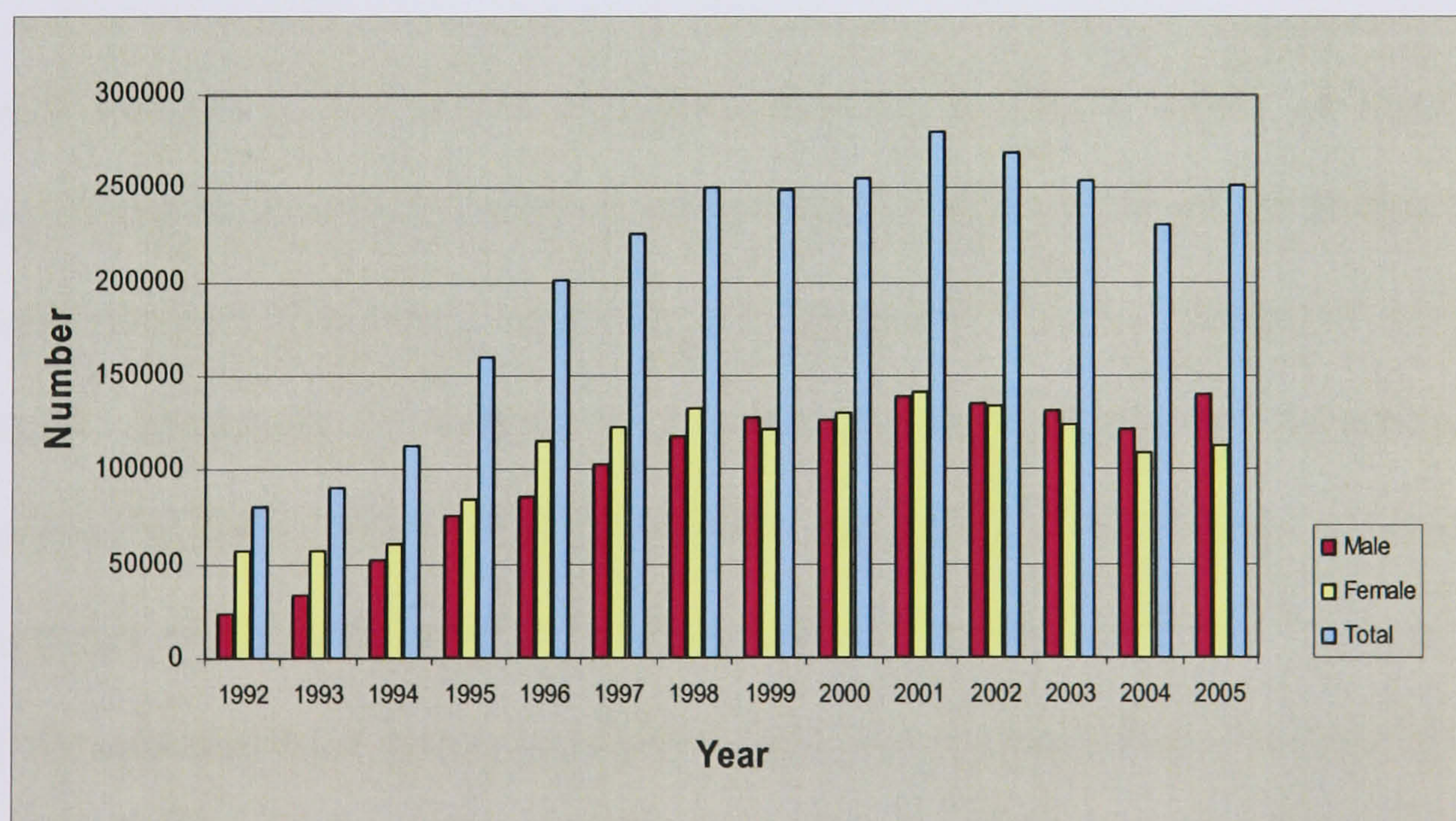


Figure 2.1: Source: LFS Spring Quarters, author's own calculations

LFS datasets are widely recognised as providing the most reliable depiction of the trends relating to temporary agency workers in the UK, but other estimates of temporary agency workers do exist. For example the DTI report the number of temps at around 600,000 in 2002 in a one-off survey (DTI 2003), representing a snapshot of workers at a particular point in time, and identifying the number of temps working during one week. These figures are markedly different from those reported in figure 2.1. Differences may be attributable to the 'per week' definition used on the DTI survey. Many workers may not work on a given day, but may have an assignment during the week. The LFS data are widely used, and allow for a consistent pattern of temporary agency employment over time, making it possible to chart emergent trends. Undoubtedly, significant growth of temporary agency work has occurred within Britain's labour markets and it is the rapid nature of this growth that has stimulated the interest of commentators in this area, but before the rationale behind this growth can be uncovered, it is necessary to highlight these changes in greater detail.

## **2.7 Who are the agency workers?**

Changing patterns in the growth of agency working attracts a variety of suppositions relating to factors driving the shifting composition of this section of the British Labour market. A number of contrary assertions have suggested that this method of working is voluntarily undertaken by workers as it meets the needs of students, women and the unemployed (CIETT 2000). This assumption contradicts a wide range of case study evidence that indicates the often involuntary nature of this type of work (Forde and Slater 2005). To examine these claims more thoroughly, the characteristics of an agency worker in Britain are explored, through a closer examination of the LFS spring 2005 dataset and information from other secondary sources.

Secondary analysis manages to dispel some of the myths surrounding the nature of the agency worker. It is commonly asserted that women actively choose this type of employment, benefiting from the flexible conditions that agency work affords (Feldman et al 1994). However, studies suggesting that agency work is female dominated (Casey and Alach 2004), may not be accurate as 55 per cent of agency workers are now men (LFS 2005). This is a significant change from the female dominated agency population in the early 1990s (see figure 2.1). In fact, workers with children are less likely to be working through an agency (Forde and Slater 2003a).

A detailed estimate of how both male and female temporary agency work has been developing indicates that the number of male agency workers increased from 0.2 per cent to 1.1 per cent of total male employment between 1992 and 2005 and, from 4.7 per cent to 22 per cent of total male temporary employment in the same period (LFS 1992; 2005). The number of female workers increased less but still came close to doubling in size. Changing gender balance in agency work is seen to reflect the increasing number of students of both sexes entering paid employment as a response to a change in higher education funding (Purcell and Cam 2002), although this belief is contested.

Growth of agency work cannot necessarily be accounted for by an influx of students into this type of work, as being in full time education does not increase the likelihood of working through an agency and the number of students in this area remain small (Forde and Slater 2003a), making up just 6.7 per cent of the total number of agency workers (LFS 2005). Interestingly, agency workers and permanent employees were found to have very similar educational backgrounds, with the only minor difference being that permanent workers were more likely to fall into the category of possessing no qualifications (Biggs 2003). This contradicts a wide assumption that agency workers are generally unqualified.



Agency workers are younger than their permanent counterparts (Forde and Slater 2005) with 58 per cent in the 16-34 age group (LFS 2005). It is suggested that younger workers are more attracted to this type of work, as they have difficulty securing permanent positions and they are less deterred by the insecure nature of this type of contract. Agency employment did however decrease for males with age but this was not the case for females (Biggs 2005). Males working through an agency also receive less pay, 11 per cent less than their permanent colleagues, with women also receiving 6 per cent less (Forde and Slater 2005).

In contrast to the assertions of the recruitment industry that suggest that temporary agency workers were voluntarily working in temporary positions, only 26 per cent of workers stated that they did not want a permanent job, whilst 48 per cent said they could not find one (LFS 2005). Indeed only a minority of agency workers stated a preference for agency work (Forde and Slater 2005:266) and the proportion of involuntary temps has exceeded voluntary ones throughout the whole of the 1990s. More interesting is that agency workers are more likely to consider themselves involuntary when compared to the temporary labour market as a whole, suggesting that many workers are opting for agency work as a last resort (Purcell and Cam 2002). However, using the LFS definition of voluntary and involuntary may be an over simplistic way of measuring worker preference (Ellingson et al 1998).

Ideas around employees actively selecting agency work have often been directly associated with skilled professions, whilst unskilled workers are believed to enter into agency work as the only option, unable to find permanent work. The next section uncovers a picture of the sectors and occupations in which agency workers are operating within the UK and the

motivations around this distinct pattern of agency work, according to both profession and sector.

## **2.8 In what sectors do they work?**

Widespread speculation has centred upon the occupational composition of agency work. Some commentators, focusing on the alleged insecurity of this type of contract, with reduced prospects for the workforce, point to the likelihood of unskilled workers becoming trapped in agency jobs with limited prospects (Heery and Salmon 2000). However, links have also been made to the increase of highly skilled autonomous workers, selecting agency work as a means of marketing their skills in the 'knowledge economy' (Leadbeater 2000).

In general it is assumed by proponents of the knowledge economy that changes occurring in the industrial make up of the economy now place the onus upon information and communication technology. A growing presumption is that the increase in knowledge work implies a growth in the technical and professional workforce and the decline in manual jobs. Taking this assumption one step further, visionaries predict an influx of portfolio workers into the labour markets, choosing to sell their services through employment agencies, providing a means for these experts to determine their own career path. A pattern emerges indicating the creation of this newly developed network of autonomous workers, there is a redress in the balance of power; it is slowly slipping through the fingers of the employer and into the hands of the employee (Riftkin 1995; Albert and Bradley 1997; Knell 2000).

A premonition of independence for some is an omen of insecurity to another and the rise of the agency contract provides evidence to fuel a vision of the future marred by precarious patterns of work, as agency workers become trapped in low skilled, low paid jobs (Beck 2000). This final deduction perhaps completes a picture of a polarised agency workforce, characterised by unskilled workers at one end of the spectrum, unwillingly accepting these insecure contracts, and skilled workers at the other, exercising their active choice to work in this way (Albert and Bradley 1997). To give an accurate assessment of these assumptions, once more it is necessary to turn to the LFS to gain an accurate picture of occupational change over time.

Growth in the temporary agency sector varied according to profession, but expansion has to some degree been skewed towards the higher skilled and professional segments of this workforce (as figure 2.2 demonstrates)<sup>9</sup>. These figures have been used to support the rise of the knowledge economy. Indeed, in 2005 the numbers of agency workers in professional occupations represented almost 20 per cent of the workforce, up from 16 per cent five years before (LFS 2005). The overall picture throughout the occupational segment appears to indicate that there has been considerable growth from relatively low base rates of managers and professionals.

Contrary to the belief that these figures support a rise in the knowledge economy, it must be noted that among all professional groups the greatest rise is in the area of professional and associate professional. This is a group largely made up of nurses, teachers and healthcare professionals, with a distinct absence of IT professionals. It is also especially important to note that the biggest area of growth has been among manual and unskilled

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<sup>9</sup> This table only includes 1992-2000 as after this date the LFS categorisation of occupational group changes rendering comparison impossible.

workers as clearly shown by the rise in machine operatives in figure 2.2. In essence, agency working remains more closely related to low-paying entry jobs in the service sector

**Figure 2.2 Temporary Agency Workers by Occupation UK (1992 – 2000)**

**Number of Temporary Agency Workers**

<b>Occupation</b>	<b>Year</b>								
	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Managers and Administrators	3474	1292	3154	6967	4069	8289	6368	9288	7901
Professional	3837	3689	6398	9536	9507	10150	12707	13420	15594
Associate Professional & Technical	11332	12545	9076	10743	16185	17435	14715	22797	20420
Clerical and Secretarial	37939	44453	52451	67416	98661	101424	101685	106129	104505
Craft and Related	2185	2293	2374	7668	5963	7903	10054	9997	7642
Personal and Protective	7532	5343	6307	8678	19179	18727	29939	19680	26079
Sales	1179	1799	2702	406	3160	6268	4439	5375	5120
Plant and Machine Operatives	7418	11819	17762	34256	30882	38214	47757	36543	48743
Other	5911	6425	11992	13654	11641	17123	22655	26129	19216

**Annual Growth Rates of Temporary Agency Workers**

<b>Occupation</b>	<b>Year</b>								
	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Managers and Administrators	-	0.37	2.44	2.21	0.58	2.04	0.77	1.46	0.85
Professional	-	0.96	1.73	1.49	1.00	1.07	1.25	1.06	1.16
Associate Professional & Technical	-	1.11	0.72	1.18	1.51	1.08	0.84	1.55	0.90
Clerical and Secretarial	-	1.17	1.18	1.29	1.46	1.03	1.00	1.04	0.98
Craft and Related	-	1.05	1.04	3.23	0.78	1.33	1.27	0.99	0.76
Personal and Protective	-	0.71	1.18	1.38	2.21	0.98	1.60	0.66	1.33
Sales	-	1.53	1.50	0.15	7.78	1.98	0.71	1.21	0.95
Plant and Machine Operatives	-	1.59	1.50	1.93	0.90	1.24	1.25	0.77	1.33
Other	-	1.09	1.87	1.14	0.85	1.47	1.32	1.15	0.74

**LFS Spring Quarters, authors own calculations**

(Forde and Slater 2003a), and to clarify the occupational profile of the temporary workers more carefully, clerical work continues to dominate. In 2005, the largest proportions of agency workers were found in clerical and secretarial occupations, totalling 23 per cent (LFS 2005), even though it must be noted that this group has been decreasing in both absolute and relative terms.

Growth in relation to agency contracts can be found in a number of different industrial sectors, driven by a range of factors. Increases in the areas of healthcare reflect the National Health Service decentralisation and privatisations stemming from government policy (Tailby 2001) and the introduction of NHS framework agreements. Similar growth is evident in other areas of the public sector reflecting the contracting out of local and central government services (Dex and McCollough 1995). Underlying these figures is the dramatic increase in temporary employment in general in the public sector, a pattern emerges showing the increased utilisation of fixed term and temporary contracts, particularly in the fields of health and education. For example, expenditure on agency workers in the NHS increased by a third during 1999 to 2000 (Bach and Winchester 2003: 296). Other investigations have uncovered that as many as one in five teachers are employed on a temporary agency basis, a figure that compares to one in fifteen temporary agency workers in the wider economy (LGMB 1998). Noticeable trends began to appear in the early 1990s and by the end of the decade the public services accounted for two fifths of all temporary employment (Nolan and Slater 2003).

## **2.9 Employers' use of temporary agency workers**

Comprehensive data uncovering employers' rationale behind the utilisation of the TWA stems back to the 1980s and is captured within the Workplace Employment Relations

Survey (WERS), representing the most complete account of the factors driving the use of temporary agency workers in the UK. The survey has been conducted periodically in the last 25 years, and collects information from a wide range of sources, across a range of different workplaces, maps employment relation practices across Britain and is partially sponsored by the Department of Trade and Industry (DTI). By questioning managers with responsibility for employment relations and trade union or employee representatives, data is collected that provides a full picture of employment practices. In this section the majority of data is drawn from the most recent 2004 survey with the aid of SPSS, but comparisons are also made with earlier surveys.

WERS indicates that by 1984 approximately one in five organisations deployed temporary workers (Casey 1988) and by 1990 this figure had grown to over half of firms (McGregor and Sproull 1992). By 1998 the question relating to temporary workers was refined to distinguish temporary agency workers and data indicates that 20 per cent of employers used temporary agency workers specifically (WERS 1998). By 2004 this figure had more than doubled to stand at 48 per cent (WERS 2004). Using information derived from the 1998 survey it is possible to see that 60 per cent of employers used agencies to provide short term cover for staff vacancies, but by 2004 this figure had declined to 53 per cent. Matching staff to peaks in demand also decreased as a rationale cited for the use of these workers over the same period, falling 4 per cent from 1998 to stand at 34 per cent in 2004. However, inability to fill vacancies as a rationale for agency workers usage increased, standing at 19 per cent in 1998 and rising to 23 per cent by 2004 (WERS 1998; WERS 2004)

Much of the literature debate surrounding employers' use of temporary agency workers focuses upon temps as an avenue to obtain numerical flexibility, as part of a policy of cost

reduction in the face of increased competition (Atkinson 1985). But WERS data indicates that between 1998 and 2004 employers decreasingly quote this as a rationale behind the use of agency workers. WERS data does however point to an increasing proportion of employers' using the agency contract, in instances when they cannot fill vacancies and recruit permanent staff (WERS 2004).

Moving away from the WERS data, a significant reason often cited by employers for their use of agency workers, which is not as yet provided in the WERS dataset, is to act as a trial for permanent positions. A recent CIETT survey indicated that one fifth of firms cited this as a reason behind their use of agency workers (CIETT 2000) and other evidence supports these findings that the agency contract is acting as a screening device (Clark 1996). Another significant development in an employer's use of the agency contract is the growth of long term contractual agreements between the client firm and the agency; some employers are deploying agency workers on a more 'permanent' basis, over lengthy periods of time (Peck and Theodore 1998; Purcell et al 2004). In this case agencies have come to actively influence the employers' usage, 'far from being passive intermediaries in the labour market...agencies have reinforced and regulated the employment of temporary workers in firms' (Forde 2001: 642).

It must be noted however, that possible short term financial saving of using agency workers must be set against possible reduction in performance of these workers and the long term efficiency of the organisation. Commentators point to the associated disadvantages of high levels of turnover among these workers, lack of commitment and the increasing levels of conflict between temporary and permanent staff (Geary 1992). Evidence suggests that a firm's performance is unlikely to be enhanced when such workers constitute a sizeable share of the workforce, as the substitution of temporary agency workers for permanent staff

raises a host of management problems (Ward et al 2001). Currently, it is difficult to accurately assess the extent to which these problems will impinge on the advantages of agency work, as studies detailing the consequences of managing these workers are limited.

## **2.10 Discussion and conclusions**

Postulation relating to the changing nature of British labour markets poses a unique series of difficulties, changes are not uniform and more generally they are contradictory and uneven. Dramatic rises in temporary employment in general have led many to claim that employment is increasingly becoming more unstable and insecure, but these findings must be laid alongside the degree of continuity that still remains an integral part of contemporary labour markets (Nolan and Slater 2003). Permanent fulltime employment still forms the backbone of the workforces within Britain, according to LFS data, 71 per cent of employees remain in permanent full time jobs in 2005 (LFS 2005). Emphasising the salience of the permanent employment relationship in this case is helpful, but it must be noted that temporary agency working has grown now significantly, now constituting 1 per cent of the total workforce (LFS 2005).

Agency work has increased and LFS data indicate that there has been considerable growth from relatively low base rates of managers and professionals. Although clerical and unskilled work still dominates in this area, growth among professionals is especially prominent in the area of professional and associate professional. This group is largely made up of nurses, teachers and healthcare professionals, reflecting increases in the agency contract across the public sector. For example, expenditure on agency workers in the NHS has grown, increasing by a third in 1999 to 2000 (Bach and Winchester 2003: 296) and agency workers in the public sector tripled over the period 1994 to 2004 (WES 2004).



Other investigations have also uncovered that as many as one in five teachers are employed on a temporary basis, a figure that compares to one in fifteen temporary agency workers in the wider economy (LGMB 1998). Surprisingly, in light of the increasing growth of agency work in this sector, developments are under explored, with only a few notable exceptions (Grimshaw et al 2003; De Ruyter and Fraser 2004; Carey 2006) and this area clearly warrants further investigation.

## **Chapter 3**

### **What is Driving the Growth in Temporary Agency Work?**

#### **3.1 Introduction**

Recent rises in the utilisation of temporary agency work are well documented (Forde and Slater 2005), but behind these acknowledged increases, a multitude of theories seek to uncover the factors driving this contemporary labour market change. Rationalised from diverse perspectives, demand-led approaches continue to dominate the attention of most theorists, who emphasise the role of the firm in moulding labour market outcomes. From these perspectives firms are not passive transmitters of supply and demand, but strategists playing a key role in determining the contractual mix of Britain's labour markets.

The rationale supporting this conjecture is based upon the premise that agency work has continued to grow throughout a period of strong economic expansion and low employment during the 1990s, despite the fact that agency workers expressed a desire for regular permanent jobs (Cohany 1998). It has thus been logically concluded that the growth in agency work during this period was most likely to be driven by employer demand (Houseman et al 2003). Although the theoretical literature on agency working remains limited, it is possible to identify a number of reasons as to why organisations would choose to utilise these working arrangements.

Building upon current debate, this chapter examines the way that theorists have come to explain the growth of temporary agency contracts through firm centred analysis. More specifically, attention is focused primarily on how commentators have come to accept and rationalise the role of the organisation in strategically directing, and determining, the type

and duration of contracts of employment. Labour market change and the growth of agency work from this perspective assumes that firms have retained the ability to match different contracts to a unique set of environmental conditions. From this standpoint the increased utilisation of the temporary agency contract is intrinsically linked to the employers' desire to reshape their workforce for maximum efficiency. In the same vein, the theories outlined in this chapter prescribe a comprehensive ideal for employment reorganisation in accordance to set criteria, clearly indicating when, and in what circumstances, the temporary contract can be used efficiently.

Building from this initial assertion, the chapter begins by outlining Williamson's theory of Transactional Cost Economics (TCE) (Williamson 1985). This approach primarily focuses on the set of conditions favourable for the utilisation of the permanent contract within the Internal Labour Market. By presenting his model from an opposing juxtaposition, it can also be logically concluded that in the absence of prescribed factors signalling the use of permanent employees, alternate employment contracts, including temporary workers, would be used. Agency workers as an instrument of efficiency also form the central theme of the second prominent theory within this chapter.

An alternative demand-led theory, the 'Flexible Firm', prescribes that employers should adopt a strategic stance towards labour allocation, advocating that successful manpower strategies depend on the ability to strategically segment the workforce according to contract. Temporary agency employees in this context provide flexible contracts with no time duration and are viewed as an instrument to ensure that agency workers provide a flexible buffer, which can be adjusted rapidly in the face of uncertain and fluctuating demand (Atkinson 1985). Numerical flexibility in this guise is not the only advantage associated with the deployment of agency workers.

The use of employment agencies can reap alternative rewards going beyond the idea that agency workers provide numerical flexibility. Deploying agency workers can guarantee a positive impact upon the knowledge stock of a firm (Matusik and Hill 1998, Lepak and Snell 1999), or relieve the pressure upon organisations to raise the wages of existing employees in tight labour markets (Houseman et al 2003), but in the case of all these theories success depends upon the ability of managers to strategically match the use of these workers to the correct set of external circumstances.

Inevitably, the weaknesses of these models are then discussed, as theories of demand perceive the organisation as the key element shaping the labour market, but the notion of strategic intent within this context must be questioned. Within a dynamic environment it is understandably difficult to comprehend how an organisation can consistently follow a premeditative strategic policy of labour deployment, as a firm's ability to direct labour is restricted by external factors. Notably, supply factors such as skill shortages in the external labour market restrict organisational choices, and in these instances firms may have to follow a more a pragmatic short term response to changes and pressures in the labour market (Hunter and MacInnes 1991) rather than follow a long term strategy. In some cases the effects of external pressures are so severe that it is not organisational choice, but the limited availability of workers that dictate the contractual composition of the workforce.

Demand led theories seek to identify different possible advantages for the deployment of agency workers, and all prescribe a definite set of conditions under which the successful deployment of agency workers will occur. Similarly, these theories all suggest that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs or organisational inefficiency, but when attempting to underline the circumstances in which temporary agency work can be successfully deployed, they fail to look specifically at

the managerial consequences of agency work in the UK. The last section of this chapter considers case studies that explore the specifics of how agency workers can impinge on efficiency. By detailing the ways in which agency workers create injurious implications for organisations, it is also possible to suggest that these negative consequences may be limited, depending on how the situation is managed. Finally, in conclusion, the chapter offers the suggestion that all current theory fails to account for how management practice can impact on the performance of agency workers under conditions of unwanted flexibility.

### **3.2 Transaction Cost Economics (TCE) and the temporary agency worker**

The basic aim of Transaction Cost Economics (TCE) is to consider the efficiency attributes of alternative methods of organisation, and to identify why some transactions take place in a market, whilst others occur between the two extremes of a hierarchy and network. Taking the transaction as the basic unit of analysis, this model focuses upon the differential efficiency attributes of allocating resources in alternative ways (Williamson 1985). This prescriptive framework can also be used to strategically determine choice of employment contract, and indicate when a temporary contract has preference over a permanent one.

#### **3.2.1 A transaction cost framework**

Contrary to neoclassical views, which postulate that the market and the price mechanism are the most efficient means for organising exchange, TCE argues that under certain conditions internal organisation will supersede this method. Restrictions to the market system are linked to assumptions relating to the complexities arising from behavioural factors of bounded rationality and opportunism. This first condition assumes that whilst individuals seek to make rational choices, they are limited in their capacity to do so

bounded by their own rationality. Williamson also points to opportunism or self interest as source of economic inefficiency. From this perspective parties will cooperate or abstain from cooperating based purely on their calculation of the return for themselves. To illustrate this point, the scenario of the second hand car salesman, making a sale to a member of the general public, is often cited. In this case a car salesman may fail to highlight the true state of repair of a vehicle in order to make a sale. In this instance the salesman is presented with an opportunity to act opportunistically and to exploit the other party's lack of knowledge.

Coupled with these behavioural restrictions are environmental conditions which also limit the efficiency of market transactions and are present within this framework in the form of specific assets, uncertainty and frequency. Under these environmental limitations, transactions will have assets that are only valuable in a context specific to that transaction, it will be impossible to foresee all eventualities during the course of the transaction, and transactions will occur frequently over a long period of time. In the presence of these conditions the transaction cost approach questions the feasibility of market contracts and signals the case for internal organisation (Williamson 1985).

In instances of great complexity created by the presence of behavioural and environmental factors, transaction costs are likely to be lower in a hierarchy than a market because hierarchies are better at adapting to changes which occur as a result of uncertainty. Comparative institutional analysis in the form of TCE therefore offers a means to infer which mode of organisation will best govern any given transaction, the decision resting on the efficiency attributes of these different modes of organisation. TCE was developed to match specific transactions with specific governance structures, but this framework for analysis can also be transferred to the transaction of labour.

### **3.2.2 The organisation of labour**

Differential cost implications of allocating resources in alternative ways is inherent part of the transaction cost framework and this principle may also be used to determine when a temporary contract has preference over a permanent one. To justify choice of employment contract TCE matches transactions in a discriminating way, highlighting three main governance structures, market contracts, a structured labour market with specific institutional arrangements or an internal labour market with a hierarchy (Williamson et al 1975).

A case for the internalisation of employment may be made in a situation where employees develop firm specific skills on the job, as then job idiosyncrasy is high and these skills can be considered to be transactional specific assets. Asset specificity is central to transaction cost analysis, and a labour market transaction that requires continuity between the firm and worker 'are those for which a firm-specific human asset condition develops' (Williamson 1985: 242). In the case of labour, firm specific skills are those that are learnt over time, idiosyncratic to the organisation and only of value in that particular setting. The example of a fireman operating in the public services may be given as his skills are only valuable in one organisation context. Outside the organisation it would be difficult for the fireman to find another avenue to market his specific skills and in the same vein these skills cannot be sourced by the firm directly from the external market.

In the presence of specific assets, the employer and employee become locked into a dependant relationship and there is an avenue to act opportunistically. Transaction costs are high due to the expensive nature of monitoring behaviour, and theoretical assumption under these circumstances points to an alternative to the costly method of market exchange, in the

form of an Internal Labour Market (ILM). A hierarchy in this form can economise on possible transaction inefficiencies, coping more effectively with information asymmetries occurring over time between employer and employee. By providing provision for incomplete contracting, creating trust between parties and initiating a more effective monitoring process, the internal market ensures ‘an affirmative job attitude whereby gaps are filled, initiative is taken and judgement is exercised in an instrumental way’ (Williamson 1985: 262).

An employment contract managed by the internal labour market requires continuity between the firm and worker and would support an open ended contract, as in this case it will be mutually beneficial. Workers, in this instance, would prefer long term permanent employment as there would be limited demand for their idiosyncratic knowledge outside the dynamics of the organisation. For the employer, hiring staff on a permanent basis is an efficient strategy, as it ties the employee to the firm more strongly, safeguarding the organisational investment in a workers training and ensuring the benefit from increased production rates of the fully skilled, committed employee.

### **3.2.3 TCE and temporary work agencies**

Transaction cost approaches maintain that the external market will effectively coordinate transactions that do not involve skills specific to the organisation, in instances of low uncertainty for one off transactions (Williamson 1985). Low asset specificity in this case means that jobs require general skills and a ‘spot market’ characterises transactions of this type, as monitoring is straightforward. Williamson under these conditions suggests recourse to the external market as neither the worker nor the firm requires continuation of employment. There is no efficiency rationale for the continuing employee relation as the



employer can easily hire a substitute and the employee can move across to alternative employment without any great financial loss. To pursue this logic we can clearly determine that in instances when non specific skills are involved a temporary contract has preference over a permanent one, as there is no need for expensive monitoring structure in the form of an ILM. Surprisingly, few studies have seized upon this principle and applied the concepts of TCE directly to the phenomenon of agency work, with a few notable exceptions (see Ward et al 2001; Koene et al 2004).

A relationship between a temporary employment agency and a firm would constitute a specific case of contracting through the external labour market. TCE would argue that a firm can hire temporary workers on short term contracts without the help of a intermediary, but the costs of searching, negotiating and monitoring the contract for these short term transactions would be higher for individual firms than for a temporary work agency (Williamson 1985). Cost advantages of outsourcing recruitment to agencies are realised in the form of the reduction of internal transactions and increased competition in the external market due to the recruitment agencies' presence (Dasborough and Sue-Chan 2001). Agencies also create a pool of temporary workers and a pool of firms, which enables them to transform the irregularity at individual level into a permanent demand and supply, an argument similar to the emergence of so-called trilateral governance within the transaction cost framework (Koene 2004). From this perspective the fundamental distinction that therefore sets temporary agency work apart from permanent employment is its reliance on market governance rather than on hierarchical governance over the employment relationship between the agency worker and the user organisation (Purcell and Purcell 1998).

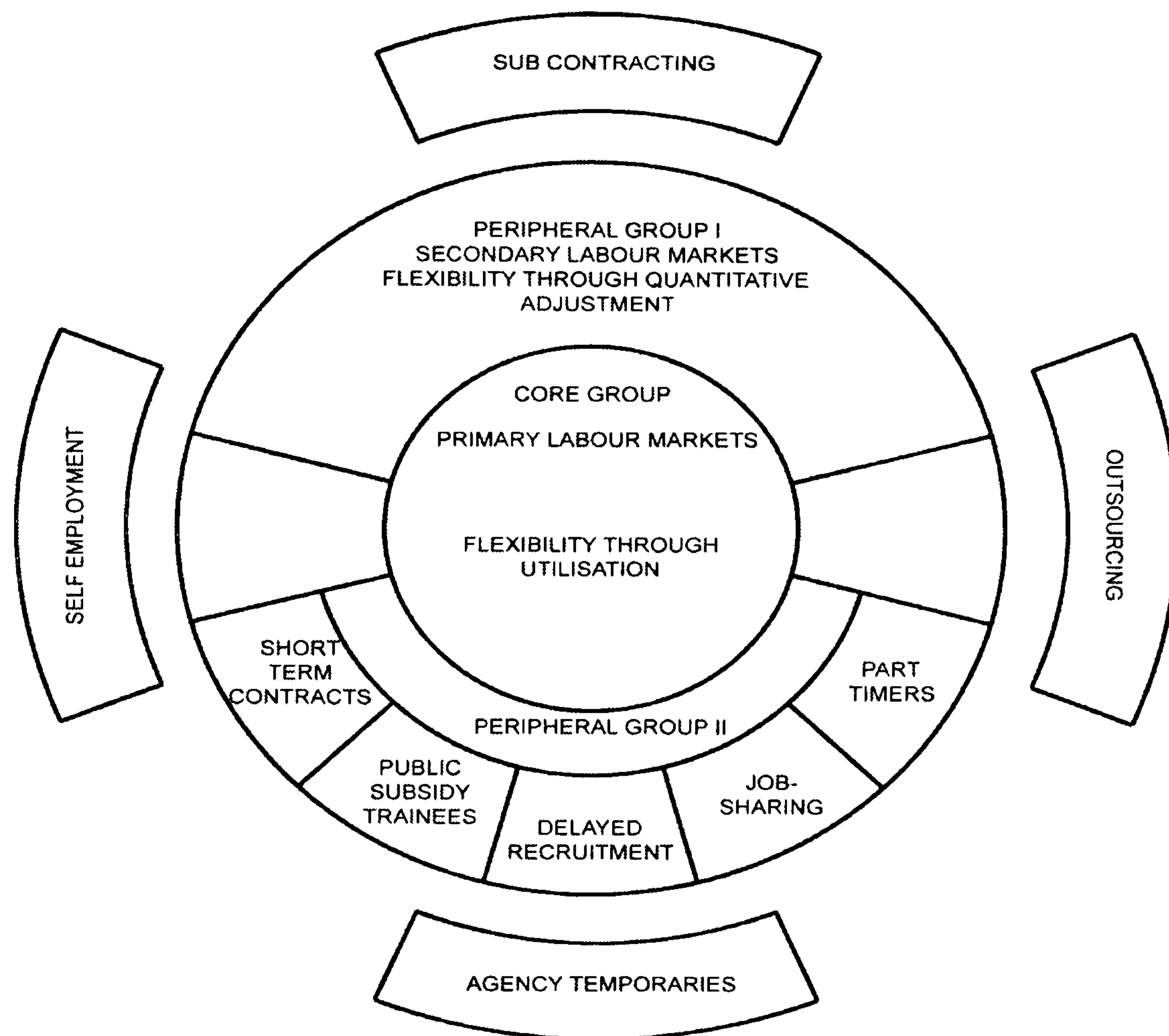
### **3.2.4 TCE as a prescription for success**

As a theory TCE aims not only to explain but also to influence practice, advising that managers use a transaction cost utilising calculus when making decisions relating to the governance of employment contracts (Williamson 1985), but prescribes that agency workers should be sourced from the external market when low levels of job idiosyncrasy and general skills are required. Conversely, internal labour markets should govern the highly asset specific idiosyncratic jobs, managed by open ended contracts. In accordance with the transaction cost framework a rational choice is made, as the transaction is matched discriminately to the character of the employee relations. Managers in this way choose between different systems of governance according to their subjective interpretation of transaction cost. In all instances decisions relating to choice of employment contract are presented as a selection between efficient or inefficient methods, a strategic option available to all. Conversely, the wrong choice or the organisational inability to act in a discriminating way would be associated with high transaction costs, regarded as a great source of inefficiency.

### **3.3 The Flexible Firm**

Models prescribing employment flexibility were viewed as a necessary counterpart to the new production systems evolving in the 1980s. Agency workers form a key component of many these frameworks, allowing managers to vary the numerical make up of the labour market without the associated contractual ties of permanent employment. Allocation of labour to benefit economic performance under this guise is believed to be one key element for organisational success. The strategic utilisation of labour in this way was initially put forward by Atkinson, in his seminal account of 'The Flexible Firm' (Atkinson 1985). This

much publicised account of labour market restructuring focuses resolutely upon the theme of the advantages of an employer strategy, which matches labour utilisation to product demand.



**Figure 3.1 The Flexible Firm. Source: Atkinson 1984.**

To obtain a match between labour costs and demand, employers are required to segment their workforce and compartmentalise workers into core and peripheral segments to provide two different kinds of flexibility (see figure 3.1). Core employees have a long-term permanent employment status and are engaged in pursuits of functional flexibility, a concept that relates to how firms deploy and re-deploy their internal human resources in order to cope with changing external demands. These permanent workers achieve this flexibility 'by crossing occupational boundaries, multi-skilling, and adjusting more closely to production demands' (Pollert 1988: 283). Core workers generally possess firm specific

skills that cannot easily be sourced from the external market and consequently, employees falling into this category have a high status within the organisation and include managers, professionals and 'multi skilled employees'. Atkinson (1985) indicates that functional flexibility is also supported by HR strategies that espouse empowerment and creativity among the core workers.

Manpower needs, in addition to those required to maintain a firm's core activities, can either be acquired on a temporary or part-time basis, either through direct hire or with the help of employment agencies. In this case, these workers are labelled as peripheral employees, mainly deployed in the organisational pursuit of numerical flexibility (Atkinson 1985). Low skilled temporary workers are sourced from the external market to obtain flexibility through quantitative adjustment, allowing employers to strategically maintain their workforce at an appropriate level, even in the event of changing levels of demand. Generally, these peripheral employees are subject to a different developmental regime than that of the core, their work is closely controlled and training opportunities are limited.

Agency workers within this framework fall into the peripheral group of agency temporaries, these are lower skilled workers that are deemed easily replaceable and therefore enjoy fewer privileges within the organisation. Workers operating within this context may have an irregular contract with the client firm, and form little or no relationship with the organisation. It is the flexible nature of the temporary agency contract that is of importance in this case, allowing firms to strategically alter it staffing numbers and labour costs in line with even short term changes in the demand for labour (Atkinson 1985). Agency workers in this context are utilised purposefully as part of the organisation's conscious manpower strategy, when work is not related to the core activities of the organisation and when numerical flexibility is deemed necessary.

Within this framework, organisations have a clear strategic intent with regard to their policies of labour utilisation, determining clear premeditated strategies for the deployment of agency workers, using them as a means of reducing labour costs. The flexible firm has been presented as a model of best practice, but Atkinson's model has been subjected to a number of criticisms, not least that it mixes description, prediction and prescription (Pollert 1988). So whilst the model is putting forward something that organisations should be moving towards to improve performance, it is also providing a description of what firms were actually doing in the mid 1980s. In reality, the flexible firm overemphasises both the degree that firms were strategically segmenting their workforce and the extent of the subsequent categorisation.

### **3.4 The utilisation of agency work for knowledge creation**

Commentators reflecting upon more subtle strategic advantages of the agency contract, suggest that agency working can affect a firm's ability to accumulate knowledge, create value and establish competitive advantage (Matusik and Hill 1998). From this perspective, agency work can bring public knowledge into the firm and have a catalytic effect on the knowledge creation process in dynamic environments. Utilisation of agency workers in this strategic way can be beneficial, creating value and helping to establish a clear competitive advantage over opponents in the marketplace. Once more, these theories are prescribing a set of criteria in which the organisation can control, and direct, temporary work agencies for their own strategic advantage.

Theorists pointing to the importance of strategically allocating agency workers to aid knowledge creation highlight the fundamental importance of organisational learning within a 'new competitive landscape' (Matusik and Hill 1998), as pressures to reduce costs

increase as part of a knowledge revolution. Within this new environment, characterised by the deregulation of industries and technological change, agency working presents a means of lowering cost structures and increasing flexibility. In this case the cost savings are associated with the deployment of professional agency workers, and advantages become apparent when these highly skilled workers enter the individual organisation for short periods of time.

Working as an integral part of a team composed of both permanent and temporary staff these technical experts carry out a vital function within the life of a specific project, such as in the installation of complex information systems (Wysocki 1996). Organisations that rely on the external labour market to contract work in this manner make substantial cost savings, as the burden of expense associated with the training and development of transient agency workers is negligible because the costs associated with their professional development has largely been borne previously, by the individual or by another organisation, in an earlier period of their employment history (Becker 1975).

Beyond these obvious cost savings a more subtle advantage of deploying agency workers comes in the form of knowledge creation, when temporary workers who are deployed for short periods possess skills which are deficient within the host organisation. Intellectual resources are thus brought into the firm and in order to maximise the benefit from this influx of new knowledge, external best practice is integrated into the firm. Organisationally, the drive is towards permanent employees absorbing this knowledge, to ensure new methods eventually become incorporated into the firm's formal and informal structure. Agency workers in these instances bring public knowledge into the firm, '[but] moreover, it can have a catalytic effect on the knowledge creation process, helping to create new private knowledge'. (Matusik and Hill 1998: 694). However, high risks may more

generally be associated with workers on short term contracts, as they represent an avenue through which primary knowledge leaks into the public domain.

Workers entering the organisation for limited periods do not develop a firm attachment to the firm and the employment relationship may be most aptly described as transactional, suggesting that employers psychological contract focuses on short-term economic exchanges (Rousseau 1995). Questionable commitment among agency workers may be the end result and consequences can mean the detrimental leakage of the organisations unique knowledge into the external environment. In the past, the only rational solution against the risk of the dissemination of knowledge was believed to be to only outsource employment in non core areas of the business, therefore, insulating core areas, protecting unique knowledge and retaining it within the boundaries of the organisation.

Calling into question the ‘one size fits all adage to protect core functions and outsource liberally in non core areas’ (Matusik and Hill 1998: 694) some theorists have suggested the utilisation of agency workers reaches far beyond these standardised models and that the selection of appropriate employment contract should be clearly influenced by the external environment. This indicates that firms based in stable industries where competitive pressures are mild may be wise to avoid outsourcing within their core functions, however, in dynamic environments characterised by high technology, agency contracts for workers with technical skills aids the creation of knowledge and may help organisations to sustain competitive advantage.

Other commentators have also endorsed this approach for value creation pointing to the advantages of external employees, combining their knowledge with other permanent employees within the organisation to produce an asset that has even greater value (Lepak

and Snell 1999). By establishing this type of alliance, both parties benefit from the exchange, the external employee acquires standardised knowledge, whilst the host organisation gains value from knowledge transfer without incurring the entire associated costs of internal employment. To minimise this risk, firms must manage and direct the employment relationship, creating partnerships between workers on short term and permanent contracts, nurturing the partnership and ‘building trust among involved parties, while still protecting their investments and gaining access to each other’s talents’ (Lepak and Snell 1999).

Once more within these frameworks the organisation is an active and strategic agent, in this instance matching external conditions to employment contracts. Agency work is not viewed as a cost saving device designed to fit all situations, managers must match the use of skilled individuals to a dynamic external environment. Demonstrating that managers under these prescribed conditions can deploy agency workers advantageously, not just as a way of lowering labour costs, but as a means of bringing new ideas into the firm, enhancing competitive advantage by accumulating and creating valuable knowledge. Once more the manager is prescribed a set of conditions under which to deploy agency workers; to use them specifically in dynamic environments.

### **3.5 The use of temporary agency employment in tight labour markets**

Agency work has continued to grow throughout a period of strong economic expansion and low unemployment during the 1990s, despite the fact that agency workers expressed a desire for regular permanent jobs (Cohany 1998). Thus it has been logically concluded, that the growth in agency work during this period was most likely to be driven by employer demand (Houseman et al 2003). Once more commentators focus upon the beneficial



implications of retaining employees on temporary contracts, pointing to the strategic ways in which organisations can use agency work as a low cost screening device; in effect the agency contract becomes the first rung into the ILM. Agency work may also act as a means to reduce the pressure on employers to raise wages among their permanent workers in tight labour markets (Houseman et al 2003).

It is assumed that organisations find it more cost effective to employ temps when the work is of uncertain duration, in these instances there is a presumed trade off between the decreased output of the temporary worker and the inevitable fact that they will ultimately cost less to dismiss. Recent opinion seeks more subtle explanation, moving on from blanket postulations indicating that agencies are solely used when the workload is viewed as uncertain. By depicting this rising trend from an alternate perspective, agency workers may also be used as ‘a response to the informational problems associated with hiring’ (Forde and Slater 2005:252). It is therefore, assumed that the agency represents a more efficient method of matching and screening employees beyond the realms of the probationary contract.

In tight labour markets, probationary contracts may be used to alleviate some of the uncertainty attached to workers when productivity potential is not guaranteed, but agencies can better ease problems associated with direct recruitment of these workers with uncertain employment histories, by taking the burden of responsibility for screening. Temporary work agencies enjoy considerable cost advantages as the labour market tightens, in contrast to a market abundant with skilled workers, when it is relatively easy for companies to establish pools of temporary workers under direct hire agreements. As the market tightens, the number of workers willing to accept temporary conditions of employment decreases, as

agencies pool jobs across many companies then enjoy economies of scale in recruiting and screening workers (Houseman et al 2003).

Under these circumstances the agency is often presumed to be more efficient at matching worker to workplace and providing an avenue to reduce dismissal costs, as more extreme benefits are felt when employers are unsure of the potential of a prospective candidate. In this way temporary employment agencies are buying and selling information about the quality of potential employees, and this may be the rationale behind the growing demand for agency workers in Europe (Autor 2001). Growing in importance, this screening process becomes even more significant if it is considered that temporary workers are ultimately being screened for permanent vacancies (Abraham 1988; Houseman 2001; Kalleberg et al 2003; Osterman and Burton 2004). More interestingly, to follow this line of thought, during an expansion the number of temporary workers would also increase even if the workload was not viewed as temporary.

By viewing the labour market as pro-cyclical, theorists have demonstrated how employers may be use the employment agency in an attempt to prevent subsequent wage rises among their existing workforce (Houseman et al 2003). Theory dictates that in an upswing firms would need to raise wages to attract new recruits, culminating in pressure for an inevitable increase in compensation for incumbent workers. Under these conditions it may be more attractive for firms to hire more 'risky' workers on temporary contracts and lower wages, who may prove useful in filling permanent positions as the labour market tightens. Attracting direct staff on higher wages would mean it was also necessary to increase wages for the existing permanent workers, due to the damaging implications upon productivity of a two tier wage system across the workforce as a whole. Using agency workers in this way

lowers total labour cost, as employing these workers on lower wages mitigates the need for companies to raise wages for new and existing workers (Houseman et al 2003).

Additionally, in the case of skilled professions in a tight market, evidence suggests that agencies can still provide skilled workers in short supply, by offering a premium wage. Once more temporary agencies provide the avenue to raise wages for new entrants without raising the wages of existing staff. Hiring these workers on direct contracts would create the possibility of the reduction in morale with the creation of a two tier wage system, but the use of temporary agency workers makes it possible to discriminate in the compensation package offered in ways that would be considered illegal if all were permanent members of staff.

Temporary work agencies in this case potentially offer employers a number of key advantages, a more adequate job matching process, wage discrimination towards new entrants and lower associate costs of hiring more risky workers. Total labour costs are reduced as in the case of high skilled professions, temporary help agencies reduce the pressure on companies to raise the wages of their existing workforce as the labour market tightens and in low skilled occupations agencies facilitate the use of more 'risky' workers by lowering their compensation package and the costs associated with dismissal. Overall, through this detailed insight it becomes increasingly possible to understand how agency workers can be used in a strategic sense, deployed for a number of key advantages.

### **3.6 Firm centred analysis: a critical overview**

A good deal of attention has been placed upon theories highlighting the firm as the driving force behind the rises in agency working in the UK. More specifically, the theories

illustrated within this chapter rationalise the role of the organisation in strategically directing the type, and duration, of the employment contract with the aim of maximising efficiency.

In summary, the transaction cost approach provides organisations with a prescriptive framework, to help decide which contract of employment represents the most efficient option in view of differing environmental and behavioural constraints (Williamson 1985). In essence this choice is represented in the 'make' or 'buy' decision or in other words, what skills should be fostered within the firm and which sourced from the external market. The flexible firm model in some ways appears to draw on this question, dictating that skills central to a firms activities should be nurtured within a core permanent workforce, whereas general skills can be accessed from the external market or a peripheral workforce containing agency temps (Atkinson 1984).

Others have called into question this standard approach of protecting core functions and outsourcing liberally in non core areas (Matusik and Hill 1998: 694), suggesting that this model fails to take into account the environment in which firms operate and predicting that agency workers may be used advantageously in the core activities of the firm; in this case by bringing external knowledge into the organisation. Finally, recent theories have suggested that agency contracts may be used as a low cost screening device and as a means to reduce the pressure on employers to raise wages among their permanent workers in tight labour markets (Houseman et al 2003). All these theories seek to identify different possible advantages for the deployment of agency workers, and all prescribe a definite set of conditions under which the successful deployment of agency workers will occur. Similarly, they all suggest that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs or organisational inefficiency, but when attempting to underline

the circumstances in which temporary agency work can be successfully deployed they fall short on a number of fronts.

Prescribed approaches highlighted in this chapter provide a useful basis to consider how and why agency contracts can be used strategically for organisational advantage, but they have limitations. The forthcoming analysis attempts to redress this balance by addressing the following flaws of these approaches. Firstly, the theoretical weaknesses and problems associated with the failure to consider adequately environmental conditions are broached. Then, it is noted that although these theories assume that agency work is always utilised as part of a considered employment model in practice, this is not always the case. Finally, the premise, that inefficiency will result if agency work is not planned, is measured. For although theories highlighted within this chapter suggest a range of negative implications, they do not look specifically at how these will manifest themselves in the organisation. Therefore, the section closes with a review of the narrow range of literature examining specifically, the managerial implications of deploying agency workers, and the way inefficiency manifests itself in the organisation.

### **3.6.1 Theoretical weakness**

There are theoretical weaknesses within all the theories covered in this chapter, but in some cases the critical literature is extensive and for this reason this section aims to provide a brief overview of the main issues.

Transaction Cost Economics carries a number of weaknesses. Indeed Williamson himself acknowledges the limitations of this binary approach, but the concept of bounded rationality causes a more obvious contradiction within this model. Within this framework it

is assumed that managers will decide rationally between transactions in a discriminating way, to ensure greatest efficiency. A contradiction is immediately apparent as to how a rational agent, if bounded by rationality, can make accurate choices or indeed know if they have made the correct decision. Finally, if the market will determine that the most efficient system will succeed, then the model fails to explain why there are different systems of employment operating under similar circumstances successfully within the market. For example, within the transaction cost approach, there are intrinsic difficulties in always assuming an efficient match between the type of governance structure and the attributes of transactions, within what is a rather narrow consideration of employer and worker bargaining power (Grimshaw and Rubery, 1998). From this perspective it appears unlikely that employers' use of temporary agency workers is purely a rational response to the type of skills within the organisation, since these complex factors can rarely be fully known and are often misunderstood (Feldman et al, 1994; Geary, 1992; Grimshaw et al 2001).

There is a vast literature critiquing the flexible firm, numerous weaknesses having been highlighted by a range of authors (see Keenan and Thom 1988; Pollert 1988; Blyton and Morris 1991). Main criticisms focus on the validity of the model because of the selectiveness of the case study base. Set in its historical context this framework is not representative of the majority of workplaces at the time, as the study mainly focused upon organisations within the same geographical locality. From this standpoint cases cannot be regarded as representative, as they were selected, and those studied were regarded to be among the most radical and innovative organisations within the market place.

*'Cases were specifically selected because they were known to have introduced changes to work organisation specifically to promote greater flexibility, or because they were clear examples of flexibility already achieved'* (Atkinson 1984: 4)

The model ignores the fact that agency workers have always been used in the public sector to provide some degree of flexibility (Pollert 1991); segmentation may also occur for a number of other reasons. Construction of a core workforce may be partially due to the male domination of certain activities, women on the other hand may actively choose to work in the periphery, to combine work and childcare responsibilities in a type of gender segmentation (Pollert 1988). Interpretation of the model is also complex as ‘it is a blend of description, prescription and prediction’ (Pollert 1988: 299) and applying the framework to unique situations is in some instances difficult (Keenan and Thom 1988).

Problems are encountered when attempts are made to generalise beyond the remit of the theoretical reasoning of the latter two theories represented in this chapter. Results in both instances are obtained through detailed case studies in a narrow section of the economy, making it difficult to generalise beyond their particular context. It is therefore difficult to ascertain if their findings are representative of the majority of workplaces, and how they can be applied to wider trends in the labour market. Coupled with this reasoning, further work attempting to link temporary agency work and low wage growth have described their results as ‘speculative’ (Katz and Krueger 1999). But beyond these limitations lie substantive factors that serve to render these explanations incomplete.

### **3.6.2 Environmental factors**

Although theories of the firm outlined in this chapter go a long way to explain the rising trend in the utilisation of agency workers within today’s labour markets, an inherent flaw lies in their inability to incorporate the changing environmental factors into their accounts.

All these theories assume that managers are making choices in a situation in which the parameters of knowledge are clearly defined, with the core of the analysis emphasising too great a degree of managerial autonomy with regard to being able to develop strategies independently of environmental factors. Rationalisation of firm policy from this perspective is derived from the analysis of rational actors in a timeless, placeless, steady state (Jacoby 1990); an approach ill suited to the dynamic relationship between the organisation and its external environment. Labour markets are strongly influenced by wider society and in particular, these approaches fail to take sufficient account of the influences of laws and regulations governing employment and trade union influence, which in turn reflect the values, norms and beliefs of society. More explicitly European and national legislation impinges on an organisation's choice with regard to whether agency workers are cost effective. For example the adoption of employment directives from the European Commission enhanced temporary agency workers rights, including four weeks paid holiday a year. As a result of these new legislative constraints, the financial incentive to deploy agency workers was reduced, and as a result agencies reacted to this, providing these entitlements to the workers on their books.

The implication of this is that the behaviour of firms in regard to structuring their labour inputs is, first and foremost, a function of the labour markets' institutional environments. Skill shortages within these environments create severe limits on an employers choice of contract. In the case of low skilled agency contracts, employees filling these positions rarely have choice with regard to alternative employment, and in periods of high unemployment in general, new jobs are temporary or part time. With a large pool of workers to choose from, firms find it easy to employ workers without offering permanent employment. However, when unemployment is low and labour markets are tight,



employers may especially struggle to recruit workers into their organisation and have to offer enhanced conditions of employment, in the form of full time open ended contracts.

However in some instances, firms are unable to make their jobs appear attractive enough and in these instances they may have to utilise labour market intermediates to supply workers at a premium price even though their preference is to offer 'permanent' employment. This situation is exemplified by the situation among nurses, teachers and social workers in the UK public sector. For example many hospitals have been unable to recruit and retain the required numbers of permanent full time staff (Tailby 2005) and these severe skill shortages have led to rapid growth in the number of agency staff working in these professions (Audit Commission 2002). Changing employee preferences may also be driving this move toward agency work. Various studies have found that, in some high skilled occupations, there is a strong preference towards agency work (see Kessler et al 1999; Kunda et al 2002). Other reasons for not wanting a permanent job have been attributed to the desire for a better work life balance or, for a worker to gain more control over their career (Albert and Bradley 1997).

Agency working cannot be detached from social values in the context in which the employee is operating. In fact, in some cases, the actions of the employment agencies themselves may in part explain the growth of agency working (Koene et al 2001). Markets involving agencies are three sided, with all sides playing an equally vital role. Commentaries within this chapter ignore the presence of this third party and do not question how this intermediary impinges upon the dynamics of the employment relationship (Peck and Theodore 1998).

### **3.6.3 Management strategy and the implications of agency working**

Strategy will inevitably be the outcome of managerial choices, but the notion of strategy is a limiting factor in the case of the theories discussed in this chapter. The use of temporary agency work may not be a component of a planned human resource strategy; instead, it may emerge as an ad hoc response to a range of pressures (Gannon and Nollen, 1997). A number of studies have demonstrated that agency work is not always utilised as part of a coherent employment model (Geary 1992; Peck and Theodore 2002). In fact at times, deploying agency workers contradicts other corporate strategies, for example when there is a jobs freeze (Ward et al 2001). When looking at firms' use of agency work it would be wrong to make the assumption that the objectives of individual firms were rational or could be modelled against a rigid set of prescribed conditions.

The firm-centred approaches reviewed in this chapter also point to the fact that when agency working is unplanned, there will be a range of negative costs. These theories do not look specifically at how these consequences will manifest within the organisation. The current literature, focusing specifically on the range of detrimental implications stemming from the use of agency work, is limited, and there are only a handful of studies to date. In general, it was found that management's reliance on temporary agency employees gave rise to a number of contradictions and tensions, and in the end was considered to be disadvantageous (Geary 1992; Feldman et al 1994; Ward et al 2001; Tailby 2005).

These studies suggest that an increased reliance on temporary agency staff must be regarded as a problem in terms of cost, quality and the increased problems associated with the management of these workers (Tailby 2005). Quality issues arise when there is a mismatch in the workers the agency supplies set against management expectations. Agency

staff do not always meet quality expectations, and this in part due to the fact that temporary agency workers engender less effort and demonstrate less commitment to the organisation (Feldman et al 1994; Ward et al 2001; Coyle-Shapiro and Kessler 2002). At times, deploying these unsatisfactory workers may be at odds with other organisational desires such as the need to provide first class customer service (Ward et al 2001). However, in these instances when the quantity or quality of agency labour supplied is low, the performance of the workplaces is directly affected by the performance of the agency. Situations arising from employment agencies incompetence may be hard to manage, as it is also noted that the relationship with agencies are difficult and complex (Ward et al 2001).

In other ways, for the manager in the host organisation, a temporary workforce presents unique challenges. For example, a manager does not have the same level of control over the agency employees, as they do not have the jurisdiction to reward good work with pay and promotion. Lack of continuity of the temporary workforce often leads to more work for management as they have to continually guide new staff, unsure of the specifics of the organisation (Feldman et al 1994). In some areas, inconsistency caused by turnover of workers can be more damaging over time. For example in the case of teachers, lack of continuity will lead to a disruption in patterns of education (Grimshaw et al 2003).

There is evidence that there are a number of problems associated with the management of agency workers in the form of quality, consistency and increased management workload; these may be enhanced when temporary agency workers are used in large numbers (Ward et al 2001). Interestingly one recent study, exploring the management of temporary workers, has uncovered that different operational human resource management practices led to differences in performance (Koene and Van Riemsdijk 2005). This poses the question of whether the way in which temporary agency workers are managed may serve to

limit these negative consequences. To date it is impossible to predict whether different ways of managing these workers will limit the negative consequences, as the relationship between host organisations and the agency worker are underexplored. Clearly in this area further research is needed to uncover the dynamics of this complex situation.

### **3.7 Discussion and conclusion**

Demand led employment systems are elegant and provide a helpful vehicle in understanding current increases in agency working in UK. All the theories presented within this chapter seek to identify different possible advantages for the deployment of agency workers, and all prescribe a definite set of conditions under which the successful deployment of agency workers will occur. Similarly, they all suggest that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs or organisational inefficiency, but when attempting to underline the circumstances in which temporary agency work can be successfully deployed their reasoning falls short on two fronts.

These theories are based upon two key assumptions. Firstly, they suppose that managers are able to adhere to a prescribed set of circumstances governing the use of agency workers. Secondly, organisations failing to behave in this rational way will incur higher labour costs or organisational inefficiency. The idea that management deploy agency workers in a consistent planned way does not necessarily occur in practice. The social services represent a good example of a case where flexibility is unplanned. Managers in UK social services state a strong preference for open ended contracts, but source agency workers in the absence of a permanent alternative. Clearly this case demonstrates that firms may lose their ability to dictate terms and conditions of employment, and under these

conditions the theories highlighted within this chapter suggest negative implications. But the question of how inevitable these consequences are has not been posed, and it may be possible that these problems can be overcome, depending on how the situation is managed.

## **Chapter 4**

### **Agency Working: the Case of the Public Sector**

#### **4.1 Introduction**

Agency work in the public sector is particularly under explored, with only a few notable exceptions (Grimshaw et al 2003; De Ruyter and Fraser 2004; Carey 2006), a fact that remains immensely surprising considering the high numbers of agency workers operating in this area. Within the public sector, the rationale behind the rise of the use of agency contracts largely focuses upon the impact of years of reform, as public institutions are placed under increased fiscal stringency. Increased focus upon employment practices in the private sector led the public sector down the same road, drawing on the positives from the accepted models of the flexibility (Atkinson 1984), using agency workers as a means to reduce labour costs and achieve numerical flexibility. Such theories are in direct opposition to the traditional model of people management in the public services, with a long history of employee stability, job ladders, and overall security.

The use of employment agencies remains a salient feature within the public sector (Pollert 1988) but recently, the way the organisation deploys these workers has shifted. Transcendence from facilitating these staff to provide cover for short term absence, to providing long term relief has occurred. Agency workers still remain temporary elements of the organisations, but this is a key development, as it appears that the long term deployment of temporary agency staff suggests that public institutions have moved away from the traditional approach to people management. Drawing upon this discussion, this chapter begins with an outline of the changing nature of employee relations within public

institutions before moving on to explore the role of temporary agency workers in this sector.

Social services form one key area within a changing public sector, an area which was subjected to external pressures to modernise in the late 1980s, driven on by governmental reforms demanding greater fiscal stringency. Accompanying this drive for greater effectiveness was a renewed interest in measures to reduce labour costs; agency work may be seen by some as one of the ways in which labour can be matched most effectively to levels of demand. Indeed, data gathered from the most recent Social Services Workplace Survey (LAWSG 2005), reported in detail in this chapter, display a sharp rise in the utilisation of the agency contract across England. Certainly these figures may indicate a rise in measures designed to provide numerical flexibility, but further analysis points to alternative explanations.

As the second half of this chapter clearly demonstrates, a move towards agency working in some areas of the public sector is strongly driven by supply factors. A closer look at the LAWSG data in 2004 reveals that social services departments across the country are in the midst of a severe recruitment and retention crisis, a situation mirrored by many other areas of the public sector (Audit Commission 2002). A careful focus upon the rationale behind the increase in agency staffing levels uncovers a situation whereby managers, unable to recruit full-time permanent employees, are placed in an impossible predicament, forced to fill vacancies by recruiting agency workers. Current staffing shortages highlight the inevitable dilemma facing managers left with the difficult task of directing a temporary and constantly fluctuating body of workers. By presenting a number of issues that are currently unaccounted for in the literature, this chapter provides the background behind the evolving

staffing crisis within social services departments and, addresses questions around the increased utilisation of agency workers.

#### **4.2 Decentralised employment relations in the public sector**

From a British perspective, debate surrounding the area of changing workplace relations and the role of the employment agency within public institutions is a topical and timely issue. Governmental reform has been cited as one key instigator of recent rises in agency work. Rises within the public sector represent a dramatic shift away from the post war ideals on which the public sector was previously founded (Conley 2002; Tailby 2005) and a dramatic move away from traditional employment relations practices.

Traditional public sector personnel practices were in the past distinguishable, from those of their private counterparts, by the high level of centralisation over employment relations resulting from political control over policy and expenditure. Within this framework, pay determination was generally linked to national structures of collective bargaining, allowing little scope for local variation within grading structures (Farnham and Horton 1996). Consistency and procedural fairness were determined by collective bargaining agreements, and employment relations advocated increased investment in training, equal opportunities and continuity of employment. Standardised practice resulted in the state becoming defined as the 'model employer' (Freedman and Morris 1989) as this version of personnel management arose as the most comprehensive account of best practice. This ideology shaped the conduct of conventional employment relations in the public sector, but the nature of the practitioners implementing these practices was also distinctive. Personnel specialists, rather than line managers, were associated with most of the day to day tasks, and the personnel function remained relatively segregated, in a direct contrast to private



sector firms. Public sector employment relations in this form represented a distinct example of personnel management but, the individual nature of these systems was, by the late 1980s, beginning to gradually erode.

During the 1990s, sustained reform undermined this individual model of centralised administration. As part of a general process of restructuring, the public sector was subjected to market pressures. Essentially, the government believed that markets were superior to politics, and competition would serve to stimulate enterprise, ensuring wealth resided within the most efficient organisations. Public institutions were seen to epitomise the inadequacies of past systems of government, labelled as a cause of high taxation and a stimulant to inflationary pressure (Morgan and Allington 2002). Invoking private sector practices, the UK government introduced a range of new measures which aimed to replace large unified service providers with smaller, more focused, 'business units' (Winchester and Bach 1999). Internal markets were formed for key service providers, the most obvious example being the National Health Service (NHS). NHS trust hospitals were forced to interact with grant funded purchasers such as district health authorities to provide a certain level of service at a previously agreed cost.

One consequence of this new autonomy was that 'organisations' became 'employers' in their own right with new control over employment relations (Kessler and Purcell 1996: 207). Increased questions arose from this new autonomy, addressing the appropriateness of centralised employment relations, when under these new conditions decentralisation into the hands of local managers appeared to present a more viable option. As the strength of the management function within the public sector increased, operational responsibility for employment relations was eventually decentralised to lower level line managers, a change associated with the rise of New Public Management (NPM).

New Public Management encouraged a contractual approach to public services delivery, instead of relying on rules-based administration, government appoint management to contract with public and private sector organisations in a deregulated market. Governmental policy during this period encouraged the public sector to emulate the practices of the private, requiring the displacement of the traditional methods of public administration and replacing them with the techniques of their private counterparts. Ingrained within this new management role, the pursuit of more efficient ways of managing people was a prime consideration. At this point the labour market was to prove the testing ground for many new policies (Kirkpatrick and Hoque 2005).

Government consistently promoted 'rhetoric of best practice', encouraging public organisations to shift the personnel function in line with emergent models of human resource management established in the private sector (Oswick and Grant 1996). Employment relations would now hinge around private sector techniques being transferred across, and applied successfully to, public institutions. Assisting these transitions, managers were granted more independence in applying their own pay and grading structures, increasing flexibility at the local level. Declines in the importance of collective bargaining increased managerial autonomy as links were made between public-sector pay and merit; systems of performance-related pay were now developed for professional groups such as nurses and senior teachers (Heery 1998). Since 1997, the government has continued to push for localised and variable pay (Colling 2001) and increased flexibility in pay structures has been used to respond to recruitment and retention problems for key occupations.

Sustained political pressure resulted in a 'widespread decentralisation' of the management of employment relations across UK public services (Corby and White 1999). Not all

commentators have drawn favourable conclusions when considering the beneficial nature of these transitions, highlighting the need to address the impact of the policies upon the workforce and the long term viability of the organisation. This contrasting standpoint emphasises the negative consequences of change, citing that exposure of the public services to commercial pressure, and the spread of the new management techniques, has detrimentally led to the break up of the traditional model of public sector employment (Pollitt 1993), suggesting that this will inevitably lead to the degradation of public sector employment.

Careful consideration of emerging human resource strategies during the period of restructuring suggests that the prime focus was on short term efficiency gains, conceivably traded for losses in the long term. To reflect upon this, it might clearly be suggested that, in the long term, losses came largely in the form of the gradual erosion of the public service ethos. Exhausting an employee's willingness to work beyond the formal boundaries, their contract may be linked to a reduction in the motivation and commitment of workers. From an employer perspective this can be associated with a sharp decline in the effectiveness of the workforce. An unquestionable commitment to the organisation was intrinsically linked to the traditional ideal of public service, but this unwritten ethos has in recent times been negatively affected by work intensification and an overwhelming reduction in staffing levels. Many now question the sustainability of this distinct form of commitment in the public sector (Du Gray 2000; Grimshaw et al 2003), employees become increasingly disillusioned as workloads intensify and staffing levels decrease.

Indeed, figures charting public sector employment during the last decade support this notion of a gradually declining workforce. Between 1991 and 1998, public sector employment fell every year, with an overall reduction of 816,000 in this period. As a

proportion of total employment it represented 20.4 per cent of the total in June 2005, a figure that was below the 23.1 per cent level recorded in June 1992, but above the low point of 19.2 per cent in June 1999 (Labour Market Trends 2005)<sup>10</sup>. Recent trends also disguise the magnitude of change over a larger timescale; in 2000 compared with twenty years before, 2 million less staff were employed within the public domain (Pratchett and Wingfield 1996)<sup>11</sup>. Conversely, these figures record a dramatic reduction in headcount of permanent workers, but they can increasingly be positioned against an ever rising body of temporary agency workers.

### **4.3 Agency working and the public sector**

A more strategic approach to people management within a high performance framework may be seen by many as the driving factor behind the increase in temporary agency working in the public sector. Public institutions experienced moves towards headcount reduction, viewed as the most appropriate cost cutting measure in the face of financial pressures. The desire to duplicate models of workforce allocation in the private sector were seen to be the driving factor, drawing on the positives from accepted models of flexibility (Pollert 1991). Such theories were in direct opposition to the traditional model of people management in the public services, characterised by employee stability, clearly defined job ladders and overall security. But increasingly this legacy was ignored, as pressures to reduce employment costs in the face of budget deficits rose, along with the increased utilisation of temporary agency workers.

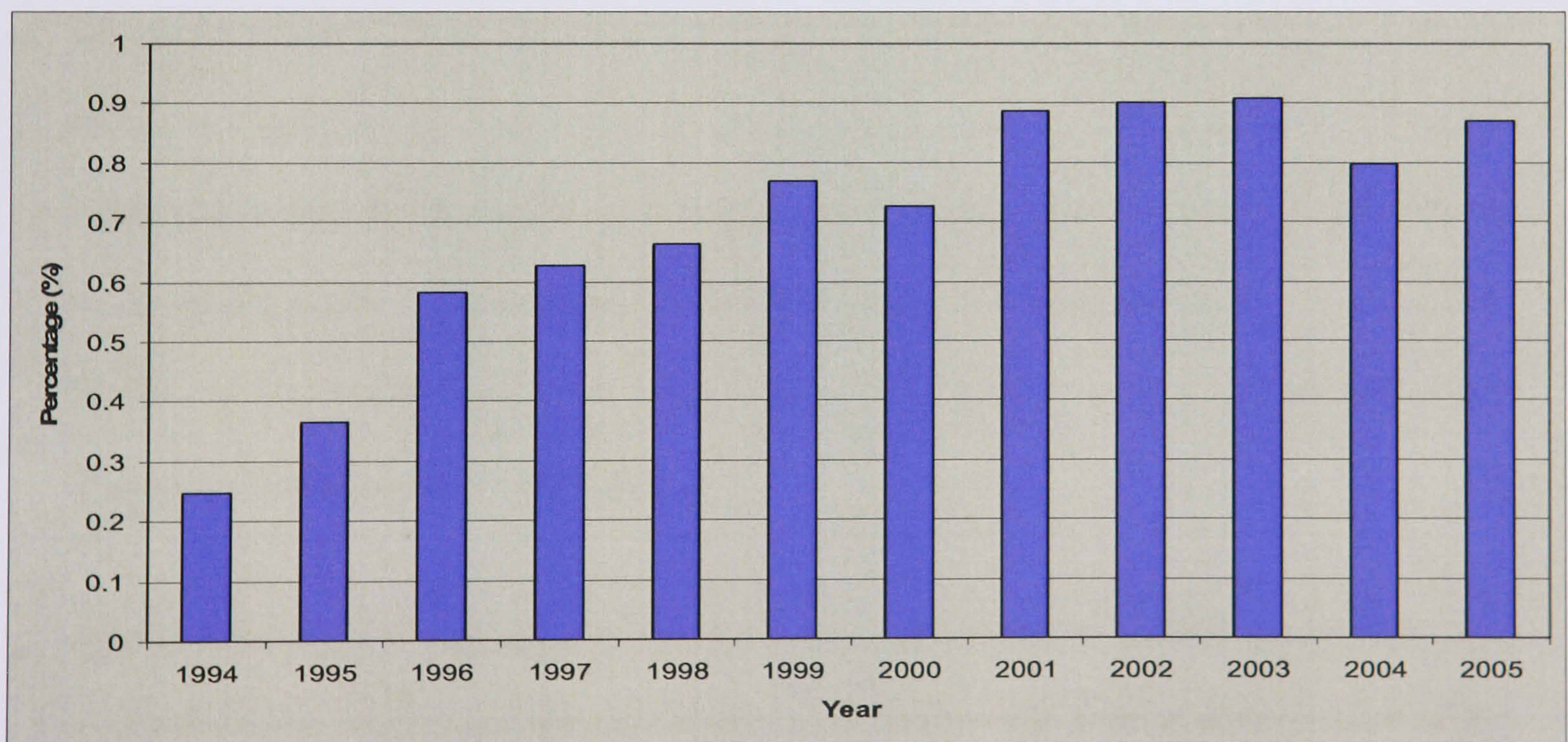
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<sup>10</sup> It must be noted that from 1998, public sector employment rose every year reaching a high of 5,846,000 in June 2005. This was 680,000 higher than in June 1998, a total rise of 11.6 per cent. This is set against increases in the private sector of 1,241,000, equating to just 5.7 per cent rise during the same period (Labour Market Trends 2005).

<sup>11</sup> Many of these losses will be undoubtedly associated with the privatisation of previously nationalised commodities, such as steel, gas and telecommunications.

Figure 4.1, (compiled from the author's own estimates) shows that temporary agency workers in the public sector now constitute a significant and growing proportion of the total agency workers in the UK, constituting 24 per cent of the total in 2005 or around 60,000 workers (LFS 2005). Public sector agency workers also represent a growing portion of the public services, trebling over the ten year period displayed in figure 4.1<sup>12</sup>. Labour Force Survey (LFS) data forms the basis of much of the recognised analysis in this area, but broader scale data sets may disguise an even greater utilisation of these contracts in certain areas. For example, other investigations have uncovered that as many as one in five teachers are employed on a temporary agency basis, a figure that compares to one in fifteen temporary agency workers in the wider economy (LGMB 1998). Expenditure on agency nurses in the NHS also increased by a third during 1999/2000 (Bach and Winchester 2003: 296).

#### **Agency working as a proportion of total in the public sector workforce**



**Figure 4.1 Source LFS Spring Quarters, author's own calculations.**

<sup>12</sup> No figures are available before 1994 as the LFS categorisation does not distinguish between public and private sector workers before this date.

Some studies relate the growth of the agency contract with an employer's desire to externalise employment, citing perceived cost advantages in the form of numerical flexibility (Kalleberg et al 2003). How accurately these theoretical perspectives outline the situation in reality is contested, as it appears that within the public services, the deployment of agency working is reactionary and short term, rather than long term and strategic (Lloyd and Seifert 1995). Rises in the use of agency staff may more accurately reflect the tight budgets that constrained staffing in the 1990s (Tailby 2005). Rises in agency workers at this time were not accompanied with management enthusiasm, and overall, managers' preference for openended contracts remained unchanged.

Dependence on agency working appears to be exacerbated by worker preference for the agency contract among professionals. Evidence suggests that individuals in the areas of teaching and social work are working through agencies to avoid the administrative burden arising from increased governmental targets that, in turn, increase workloads (Grimshaw et al 2003; Kirkpatrick and Hoque 2004). Professional agency workers thus gain two key advantages from working on temporary contracts, the escape from bureaucracy and the ability to walk away from stressful assignments. This retreat from full permanent employment may be interpreted as a reaction to the degradation of professional standards in the public sector. Workers believe their core duties are being eroded by an increasing burden of paperwork and many view agency contracts as a form of individualised resistance (Grimshaw et al 2003:283).

Agency working in the public services is not a new phenomenon and has always remained a salient feature, supply teachers and bank nurses traditionally formed integral parts of the organisational stability of health and education. As a feature of many services, agency workers were conventionally used to fill short term vacancies, such as illness and maternity

cover (Conley 2002). Budgetary pressures coupled with an inability to recruit and retain permanent staff extended the need for the agency contracts in some sectors and altered the ways in which they were deployed. Within this framework, the transcendence of the traditional role of the agency workers to cover short term absence shifts, as managers move toward facilitating agency staff for indefinite periods.

In this context agency workers become long term but temporary elements of the organisations and although managerial preference for the open ended contract has not changed, the ability to employ permanent workers has, because of skill shortages and budgetary pressures. An exploration of the associated managerial implications surrounding the deployment of agency workers under these extreme conditions has not currently been undertaken. A number of sectors provide the appropriate setting for an in depth illustration of the effects of this phenomena, but in the case of this thesis, the U.K. Social Services provides the backdrop for further exploration of the issues surrounding the long term deployment of agency staff under conditions of ‘unwanted flexibility’.

#### **4.4 Social care services**

Social care services form one segment of the public services and are primarily concerned with the health and welfare of the population. These were first established in England and Wales after 1971 following the recommendations of the Seebohm Report (Webb and Wistow, 1987). The function of these departments was, and remains, to assess social care needs and provide services for different client groups, including adults, children, and families within a given geographical area. The structure of the workforce is based on small teams of professional social workers, headed by a team leader and a Director of Social

Services<sup>13</sup>. In 2004, local authority run social service departments in England employed 275,395 staff. Approximately one fifth of this workforce were qualified social workers, 80.5 per cent of staff were white and over 89.5 per cent of the workforce were female (LAWSG 2004).

The responsibility of social care services in England rests principally with local councils, but historically, the NHS has always shared responsibility with local authorities for the care of the elderly, the mentally ill and people with learning or physical disabilities. The 1944 NHS Act and the 1948 National Assistance Act categorised this responsibility of care making the long-term care of sick or infirm the primary responsibility of the NHS, and care of frail and old people the responsibility of local authorities. In reality the distinction between these two groups forms a grey area and it is continually difficult to distinguish the responsibility of the NHS from that of the local authority.

Funds within the local authorities are primarily raised in the form of council tax levied upon all residents; coupled with this, local authorities also receive central funds from government via the standard spending assessment (SSA). Local authorities can allocate as much or as little of their budgets as they wish on social care, money can be allocated to fund other areas, creating a fragmented picture of a diverse range of services across England. Juxtaposed against this is the standardised service supplied by the NHS, resources being funded directly from central taxation and across the country social care is considered a 'priority service'.

Public sector organisations have been traditionally funded primarily through taxation, as opposed to the direct sales of services, but constant measures to reform public sector

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<sup>13</sup> Although these workers are described as 'professionals' until recently, with the introduction of registration, it was not even necessary to be qualified in order to practice as a social worker.



institutions and the introduction of market based approaches has created a rather fragmented picture of social care services. The 1990 'NHS and Community Care Act' endorses these new philosophies, encouraging a 'mixed economy of care', supporting the Government's view that better services will result from increased competition from a variety of providers. Competitive behaviour was ensured by stipulating that 85 per cent of the government's grant had to be spent in the private sector (NHS and Community Care Act 1990).

Under this new legislation local authorities must show, in their Community Care Plan, that they will encourage the independent sector to provide services. In reality, differing local circumstances and levels of funding, mean the mixed economy of care will look different in each individual local authority. Local authorities receive central funds from government via SSA, but as part of the community care plan, authorities are also required to charge clients for services. This central grant from the government assumes that local authorities will raise a third of the cost of residential homes but once more, there is no standardisation across the system. Geographical inequities, resulting from the amounts councils raise from local charges, are not present in the health service because in the NHS charges are uniform and are backed up with clear national criteria.

Ambiguity also surrounds who has the responsibility for funding services within this new fragmented system of social care. From the initial formation of the act in 1990 the grey area that formed the boundary between closely related services running under the NHS and local authority became a closely contested area for the service provider and user. For example, the distinction between frailty and infirmity is difficult, yet crucial, to make as NHS services are free for the former while local authority ones for the latter may be charged to the client. Uncertainty in the funding arrangements for health and social care led

the Labour Government to attempt to improve the quality of public services by finding solutions which combined services provided by more than one agency.

The Health and Social Care Act 2001 enables the NHS and local government to voluntarily form Care Trusts from 1<sup>st</sup> April 2002. Under this new jurisdiction, the transfer of most of the functions of the care commissioning budget is shifted from Health Authorities to Primary Care Trusts (PCTs). Development of Care Trusts involved the delegation of social services functions to the newly established NHS body in accordance with local partnership agreements. Development of these new entities involved the partnership of elements of the NHS with elements of local government to create one uniform body to service a specific locality's health and social care needs. The introduction of new legislation enabled local authorities to delegate health-related functions to Care Trusts, as social services departments, and PCTs, establish pooled budgets to help provide 'flexible' and integrated services. (Health and Social Care Act 2001) Currently, there are 365 such budgets, accounting for £1.5bn, or 10 per cent of the projected English care spend for 2005/06 (LGA 2005).

Social care departments across all organisations underwent a process of formal restructuring during the 1990s. Reform included an increased emphasis on budgetary stringency, a strengthening of the management function, financial cutbacks and the introduction of patient charges (Kirkpatrick et al. 2001). There are genuine concerns amongst front line professionals about the desirability of this reform. Many staff hold strong ethical reservations about the practice of charging and the explicit rationing of services. Linked to this are more general concerns about the bureaucratisation of work, declining professional autonomy, and the future ability of social workers to meet or respond to client needs. Such change was often seen as encouraging superficial

relationships with clients, increasing the risk of poor assessments (Jones 2001). Evidence of growing work intensification in SSDs and rising caseloads are coupled with budget cuts, as front line professionals are increasingly forced to reconcile the financial cost with the quality of client care (Langan, 2000).

As social workers grow dissatisfied with their positions, many are leaving the profession or selecting to work through agencies, causing widespread skill shortages (Jones 2001). Although employment agencies have always remained a salient feature within social services, their importance is growing (Pollitt 1993). In certain localities social workers working on a full time permanent basis are in a minority position due to skill shortages and vacancies are frequently filled with agency staff. These are important changes as they may have a direct effect on the operational efficiency of social services departments, directly compromising the long term nature of client care.

Recruitment and retention issues in this sector have obviously played a major part in shaping this situation, along with the presence of a growing number of specialist employment agencies streaming into this market, filling the gap between supply and demand when authorities fail to recruit professional social workers. An exploration of the consequences of these unique circumstances is long over due, but before in depth exploration into this complex situation can occur, an indication of the changing labour market within the social service sector is established through closer analysis of the Social Services Workforce Survey (SSWS).

#### **4.5 Social Services Workforce Survey (SSWS)**

Evidence of labour market change within social services sector is most clearly documented by the Social Services Workforce Survey (SSWS). This annual survey, published by the Local Authority Workforce Survey Group, gathers information on recruitment and retention, training and qualifications, as well as pay and benefits in local authority social services departments (SSD's) across England. Covering many different aspects relating to the makeup of the social sector workforce, the survey seeks responses from all of the 149 local authorities. In 2004 (published 07/2005) it was well supported, with 77 per cent of SSD's taking part. Unsurprisingly, the survey highlights current trends relating to issues of recruitment and retention, demonstrating clearly that vacancy rates have continually risen in the last five years. The average vacancy rate was recorded at 11.1 per cent in 2004, a substantial rise from the previous year when the figure stood at 10.7 per cent<sup>14</sup>. A breakdown of vacancy rates according to region is detailed in figure 4.2 and it is clear that the area with the highest concentration of vacancies is London.

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<sup>14</sup> A rise that is even more significant when viewed over a two year period. Vacancy rates in 2002 stood at 8.4 per cent, rising 2.7 per cent by 2004 to reach an 11.1 per cent high.

### Regional Variations in Vacancy Rates (2004)

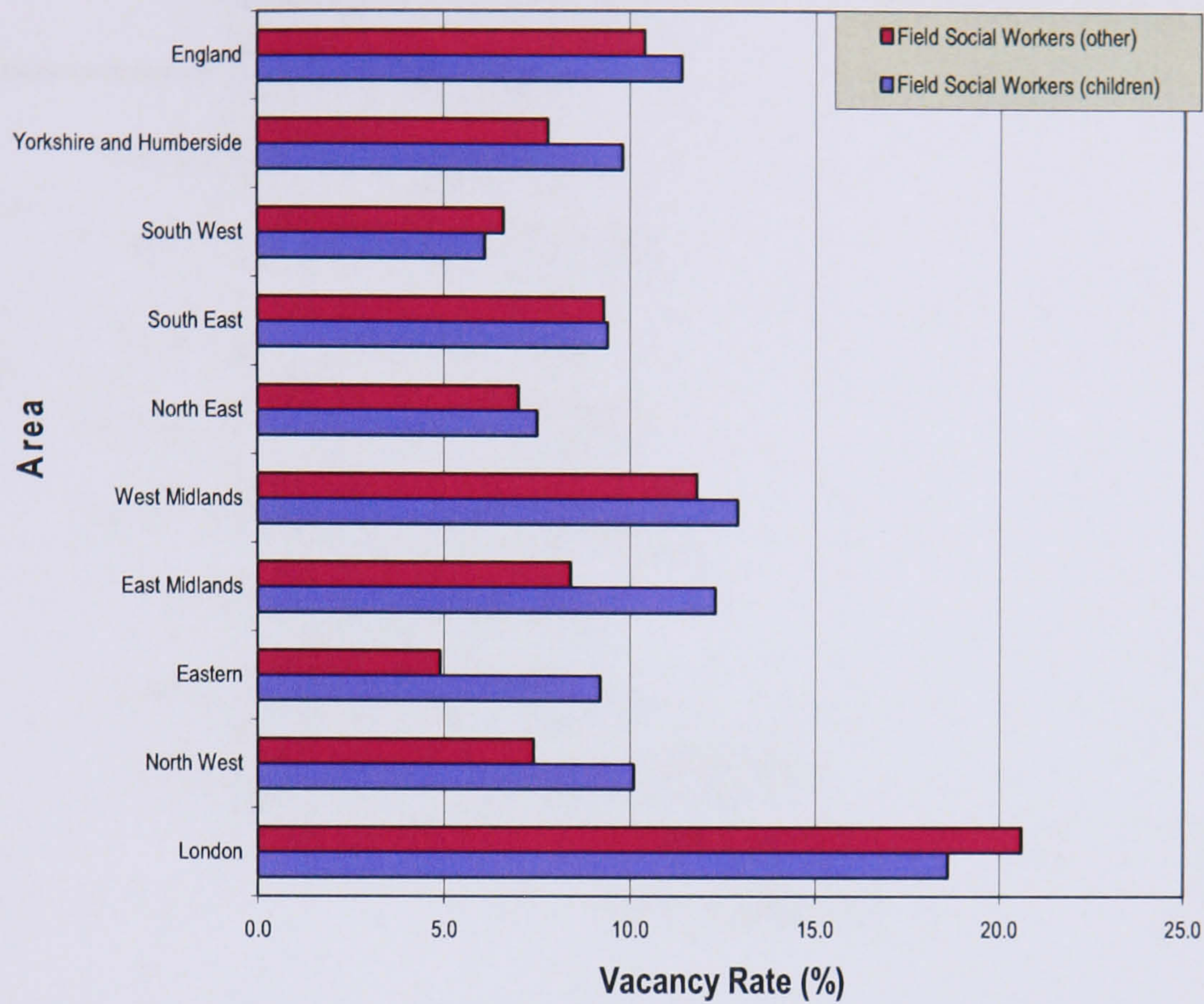


Figure 4.2 Source: LAWSG 2005

Survey data also documents information relating to turnover rates, the average rate across England stood at 13.1 per cent (LAWSG 2005), once more the highest rates were in London (see figure 4.3).

### Regional Variations in Turnover Rates (2004)

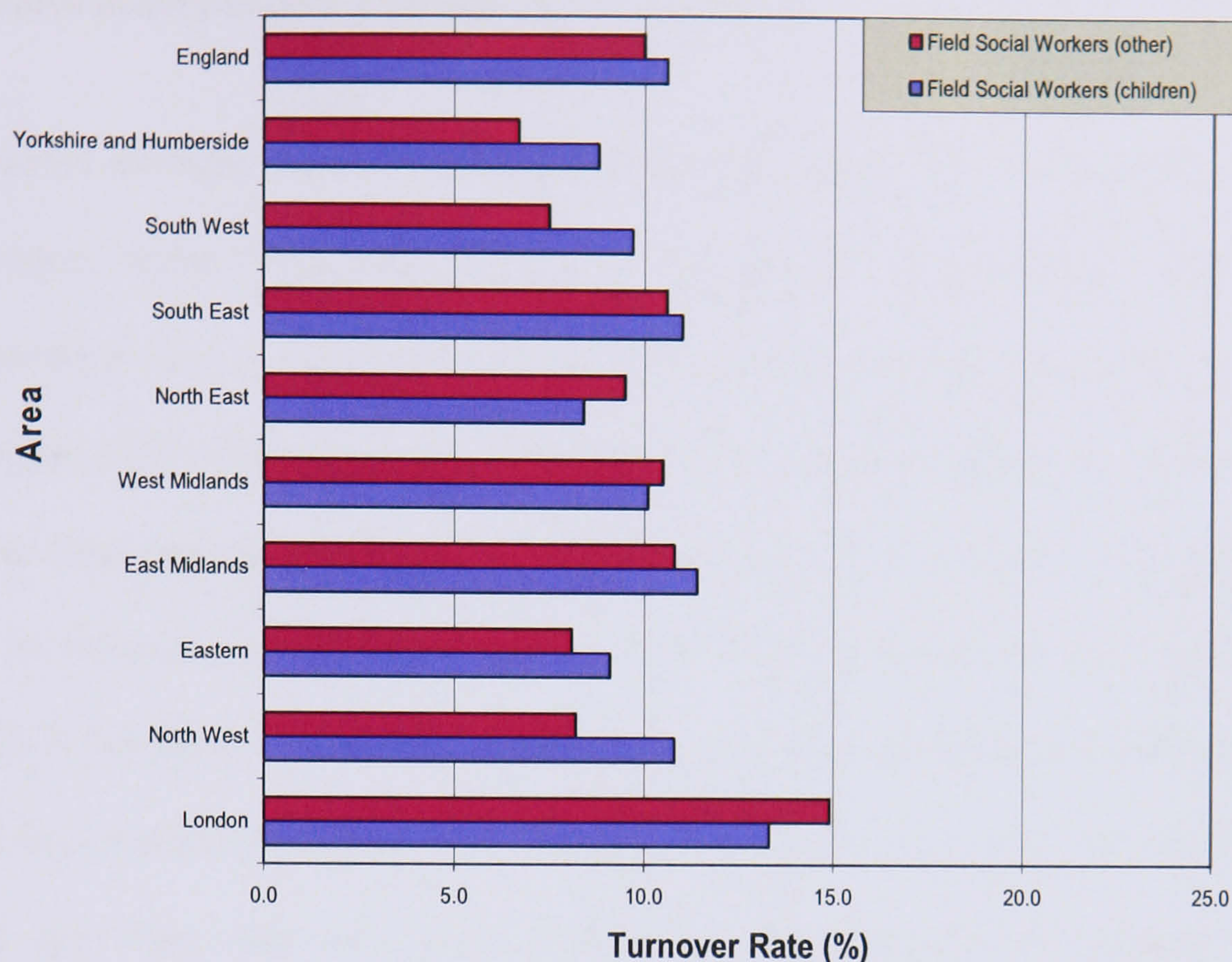


Figure 4.3 Source: LAWSG 2005

According to the survey information, recruitment and retention difficulties were primarily caused by a lack of suitable candidates and in many instances applicants applying for permanent positions lacked both qualification and experience. Poor response rates to advertisements were attributed to unattractive pay or the nature of the work for positions relating to child social workers. Within this tight labour market local authorities not only vie with voluntary sector organisations for skilled workers, but competition from other local authorities was also cited as a major factor affecting departments' ability to recruit staff. A number of proactive steps were also proposed by councils to try and overcome recruitment difficulties in the short term, these included a more focused advertising campaign, recruiting social workers from other countries and raising salaries. Ironically, all

the time and expense used attempting to fill permanent positions appeared futile as the measures listed had only a limited amount of success.

Managers strongly identified the problems that result from an inability to maintain a consistent, stable workforce within their departments and continual short staffing was appearing to take its toll among present employees as morale in many departments was low (Douglas 2002). Faced with this seemingly unsolvable predicament, managers often had to utilise employment agencies to provide temporary social workers to fill permanent posts and an increased utilisation of agency staff, to fill this vacuum was reported (LAWSG 2005). It becomes increasingly apparent that the rationale behind the utilisation of agency staff has changed dramatically in the last five years. Utilisation was previously focused upon providing temporary short term cover, for maternity or sickness. Survey data indicates that many authorities are now employing temporary agency workers on a long term basis, and over 91 per cent of authorities reported using long term agency staff to cover indefinite permanent vacancies<sup>15</sup> (LAWSG 2005).

The main jobs in which long term agency staff were used was in the role of the social worker; this accounted for almost half of their use in local authorities. Over a six month period in 2004, local authorities in England spent an estimated £151m on long term agency staff, up £31m from the previous year<sup>16</sup>. After doubling to produce an annual estimate this equates to slightly over 5 per cent of payroll costs and the main rationale for utilising these workers was cited as temporary cover for vacant posts<sup>17</sup>.

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<sup>15</sup> Long term agency staff were defined as FTE workers engaged for more than a month on the 30<sup>th</sup> September 2004.

<sup>16</sup> The survey defines long term staff as those that were engaged for more than a month.

<sup>17</sup> Over 96 per cent of authorities reported temporary cover for vacant posts as the main reason for the employment of these workers.

Managers face a number of challenges in dealing with the organisational and financial consequences of a temporary and fluctuating workforce. The severity of this situation cannot be underestimated as, in total, authorities across England employed an estimated 6,981 long term agency workers which equates to around 3.3 per cent of the total FTE workforce, a figure that was up from 2 per cent the previous year. More importantly it must be noted that these figures hide wide ranging regional variations, as the worst case scenarios were in London where the utilisation of long term agency staff was calculated to be as high as 10.8 per cent of the local authority social care workforce or 17 per cent of payroll costs (LAWSG 2005). It is logical to assume that the negative implications and the problems associated with the management of these workers would be heightened within this locality, as London accounts for some 40 per cent of the long term usage of agency staff. Thus, case study exploration focuses upon this area charting the problems and predicaments facing managers dealing with teams of social work professionals that are often made up of predominantly agency staff, in this, a clear case of ‘unwanted flexibility’.

#### **4.6 Agency social workers in London**

London has an individualised system for the governance of social care services, mainly due to the unique nature of the local governance within this area. Overall responsibility for social service issues in Greater London is vested within an elected body, the Greater London Authority, which oversees the workings of the 32 London boroughs and the City of London. Social service departments (SSD) are located within each of these London boroughs with the local borough council possessing powers which fall between a normal district, and a unitary authority. The National Health Service (NHS) traditionally shares responsibility with local authorities for the care of the elderly, the mentally ill and people with learning or physical disabilities. Crossover and ambiguity between the two authorities



regarding responsibility for services, led the Labour government to attempt to improve the quality of public care by combining services provided by more than one agency.

The NHS and local government may voluntarily form Care Trusts, receiving their budget directly from the Department of Health, with Strategic Health Authorities monitoring standards and performance. Public social care services operating in London, therefore, fall under the jurisdiction of either a Care Trust, or under the remit of services provided by the local borough council. London boroughs find it more difficult to attract public sector workers as a whole, as the high cost of living is not matched by the comparably low wages that public sector employees earn. In 2004 the average wage for a children's social worker in the capital was £28,771 (LAWSG 2005). Even though this figure includes London weighting this comparably low wage does not enable workers to buy houses close to their place of work making positions unattractive<sup>18</sup>, a problem exacerbated by the recent rises in property prices within the capital.

Geographically this area faces the most severe recruitment and retention crisis in the country, vacancy rates are, by some distance, highest in London for most job groups. Another recent report clarifies the situation, highlighting the fact that some social work departments may have vacancy rates between 25 to 40 per cent, and in the most extreme of cases this figure could rise to 60 to 80 per cent for short periods of time, illustrating the impossibility of recruiting the required personnel (Douglas 2002).

Factors exacerbating this situation are also linked to the fact that fewer people are entering the social work profession. The need to recruit new staff becomes increasingly more pertinent when we consider that the workforce is ageing. Demographics within the social

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<sup>18</sup> Schemes to enable public sector workers to buy houses have not been extended to the social services

service workforce indicate that almost a third of those working in this sector are over 50, with London having one of the highest retirement rates nationally, with 3.1 per cent of the workforce leaving annually (LAWSG 2005). Younger workers are also leaving the profession completely with the rate of progressive turnover of staff estimated to be 15 to 20 per cent in some departments (Douglas 2002). Inability to fill vacancies creates a disjointed service and lowers the morale of permanent staff.

A rapid turnover in social care staff damages the ability of local authorities to provide a seamless service and creates additional pressure on permanent staff, increasing the likelihood of further turnover (Douglas 2002). A vicious circle is thus created as vacancies increase workload and pressure, in turn causing disillusionment and further resignations. Demographic changes and an ageing population have increased the pressures on workers in this sector, for example in Havering, one person in two over the age of 85 receives a care package from the local council (Wanless 2002), but as demand increases, the numbers of staff employed in social service departments have remained static (Department of Health 2001).

Although expenditure in this sector is rising<sup>19</sup>, local and central government have reached consensus that significant investment is still needed in the social care workforce. Vast overspending has occurred within this sector, with children's services recording a £120 million overspend in 2004/2005. A portion of this money must be attributed to the premium wages associated with the employment of temporary agency workers, with costs exacerbated by increasing rivalries between authorities. Competition increases the price that departments are willing to pay for staff whether recruiting on a temporary or

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<sup>19</sup> In London budgets increased from £62,901,000 in 2003 to £81,637,000 in 2004 (LAWSG 2005)

permanent contract. Against a backdrop of financial limitation, any decisions relating to the employment of new staff must carefully consider the financial implications. At present it seems unlikely that a long term solution to the deepening recruitment crisis, and the escalating numbers of temporary agency workers, can be found (Douglas 2002).

#### **4.7 Discussion and conclusions**

The injection of private sector management techniques into the new public services is 'undeniable and has been both wide ranging and intrusive' (Farnham and Horton 1996: 40). No part of the sector has escaped the new ideology that internal competition breeds efficiency, and the labour market is a key component within this new vision of effectiveness, as temporary workers become a central part of the workforce.

Agency working in the public sector has reached record highs, and in the last five years within the field of social services, there has been an increasing imbalance in the supply and demand of professional social workers (Douglas 2002; LAWSG 2005). This situation is at its most extreme in London, where the costs of living are disproportionately high when set against the salaries earned; conditions that in part are fuelling a recruitment crisis. Competition for staff has become intense and many London boroughs, in desperation, have resorted to short term measures, including the widespread recruitment of temporary agency workers for indefinite periods of time.

As a decreasing number of permanent workers enter the labour market, an increasing body of temporary agency workers step in to replace them and a distinct pattern emerges, relating almost solely to the impact of supply factors driving these developments. Conceptually, the idea of the firm as an entirely free agent unencumbered by pressures

arising from labour market constraints, is not appropriate in this instance. Here the notion of employee choice provides a considered challenge to the idea that demand, rather than supply, is the component driving the increase of temporary agency workers among this professional segment of the workforce.

It is apparent that under these conditions managers are unable to recruit and retain professional social workers on a permanent basis, even though they express a preference for the open ended contract. Such circumstances suggest that the move towards the agency contract is prompted by an increasing desperation to fill the escalating number of vacancies. How managers direct and control their temporary agency staff, in situations where they have lost their strategic control over the contracts that they are issuing, forms the central theme of this thesis. From this perspective, the case of social services poses a number of interesting questions. Issues surrounding the factors driving the move towards agency work need further exploration, as do the organisational consequences of changes to the dynamics of the workforce, and the ways that managers control these workers under these forced conditions. Identification of inadequacies in current research agendas makes this situation immediately valid for exploration. An investigation into the uses and effects of the deployment of agency staff by managers under these conditions of ‘unwanted flexibility’ is as yet unknown, and it is the case of the social services that provides the focal point for this research.

## **Chapter 5**

### **Research Strategy**

#### **5.1 Introduction**

Contextual information demonstrates that the increasing numbers of agency social workers in the social care sector in London are being driven by factors outside the management control. In essence, background information outlines a situation where there is a strong preference for permanent staff, but an inability to recruit them. A situation therefore arises where the use of agency work is unplanned and unwanted; this presents a new and interesting angle for research. Out of this situation arise a number of questions relating to the possible consequences of agency work under these conditions, and the possible ways of directing and managing these workers. This chapter provides a justification of the methodological decisions taken in this thesis, outlining a defensible research strategy carefully matched to the questions posed.

Research is generally regarded as ‘a systematic investigation to find answers to a problem’ (Burns 2000:3) but beneath this general consensus of definition, there is a need to identify an appropriate methodology. Choice of method in this case is philosophically based and intrinsically dependant on the questions posed. In this instance, questions of ‘how’ and ‘why’ are most appropriately linked to qualitative research and the first half of this chapter presents a comprehensive justification of research strategy in the form of a carefully adopted case study methodology.

The focus of the chapter then shifts to creating comprehensive outlines of the cases in question. Background characteristics and organisational framework of the two cases are

clearly laid out within this chapter. Both studies are in the same locality in London; the first case is situated in a social services department within a Primary Health Trust (PCT) and the second, within a local authority Social Services Department (SSD). The choice of cases was determined after careful contemplation of key objectives with locality, and type of institution, forming key considerations. Details relating to the research process and the way in which the data was analysed are also provided.

## **5.2 Methodological considerations**

Consideration and justification of methods form a key part of any primary investigation, leading the investigator to develop a rigorous approach to the process of research. The retention of an objective overview of the whole process of research is essential, and must be maintained, from the initial primary undertaking of critically reviewing the literature, right through to the point of discussion and conclusion. Methods form a key part of any approach and must be justifiably linked back to the set of questions posed as part of a comprehensive and defensible research strategy.

Literary awareness forms the initial part of the process of research, as ‘knowledge does not exist in a vacuum and work only has value when placed in relation to other peoples’ work’ (Jankowicz 1995:128-9). From this standpoint it is immediately obvious that an awareness of the current state of knowledge will inevitably lead to a fuller understanding of limitations of current research agendas and allow further reflection upon how any proposed research fits within a wider context (Gill and Johnson 1997). Critical literature review therefore forms the foundation of this study, serving to provide an understanding into existing research. In this instance, issues relating to the theoretical rationale behind the rising utilisation of temporary agency work were explored and the implications of agency

work for management. From a demand perspective there is a clear set of circumstances laid out in the literature under which firms will seek recourse to agency workers. However, in certain situations, managers fail to determine the contractual nature of their workforce as supply factors drive the increasing importance of the agency contract. An exploration into how managers adapt and react to the fact that they have lost strategic control over when to deploy temporary agency workers is uncharted territory, posing a number of questions.

From this perspective the choice of organisation for this study is vital, linked back to the need to find situations where strategic control is lost when agency contracts are utilised. But within this context issues relating to the appropriateness in which the data is gathered must be related to a selected methodology. Methodology forms the basis of any research strategy, through a careful consideration of the suitability of the chosen methods for generating new evidence, which will build on the body of existing knowledge. Any research strategy should be rooted in more than just practical requirements, but should be linked to philosophical beliefs.

### **5.3 The importance of epistemology**

Philosophy plays an integral part in all social situations, and it is vital that this set of values and beliefs is carried across to the process of research. Not engaging with these issues by deeming oneself 'unphilosophical', is merely failing to identify with an individual philosophy; each person is still governed by a perception of the world, even if it is an unconscious one. Researchers must identify deliberately with their own conceptions, as the confidence provided by understanding different philosophical positions provides the researcher with the power to determine their sphere of activity. Beyond this, reflecting upon and explicitly defining a philosophical standpoint will allow for more coherent

research, as suppositions concerning the nature of the world have formed an intrinsic part of the research process. In essence, 'the nature of what exists cannot be unrelated to how it is studied' (Archer 1995:16-17). What exists or does not exist forms the basis of our own ontological perspective, determined by the way in which we see the world and our place within it. Given that the philosophical underpinnings of social science research are central to the approach taken by the researcher, it is arguable that researchers need to be clear in their own minds about their own beliefs regarding the nature of the phenomenon under investigation and their relationship to it. The basic ontological assumption running throughout this piece of research is that of the critical realist, and it is this approach that forms the foundation for the selection of methods.

Critical realism is built upon a rejection of positivist approaches, and captures the belief that a mind independent reality exists; an existence that is not dependant on mans' thinking and knowledge. This challenges the empiricist view of reality, where causal laws are identified as empirical regularities between two or more variables and the perceptions we have of events are not separated from the events themselves. For a realist, in contrast, reality and our representation of reality operate in two different domains, a transitive epistemological dimension and an intransitive ontological dimension. Allowing for the existence of structures, processes and mechanisms within this framework is a vital consideration for the realist and the most important driver for decision on methodological approach will always be related to the intransitive dimension; attempting to unearth the systems and structure behind perceived events. Our knowledge of reality is deemed a result of social conditioning and therefore it cannot be understood independently of the actors involved in the process of deriving it, but reality itself must not be viewed as a product of this knowledge derivation process.



*'People do not create society. For it always pre-exists them and is a necessary condition for their activity. Rather, society must be regarded as an ensemble of structures, practices and conventions which individuals reproduce or transform, but which would not exist unless they did so. Society does not exist independently of human activity (the error of reification). But it is not the product of it (the error of voluntarism)'* (Bhaskar 1998: 36)

Critical realism sees philosophy as operating at the same level as methodological issues, as philosophical issues are an integral part of the research process, and the continued success of a philosophy is considered to be conditional on its success as an underpinning of the research process (Bhaskar 1997).

#### **5.4 Developing a research approach**

Management research is akin to any other field of investigation in its strict adherence to recognised method, as analysis must be carried out in accordance to exacting guidelines, so that outcomes are based on logical relationships and not just beliefs (Ghauri et al 1995). From this context, researchers are often presented with a choice between using quantitative and experimental methods on the one hand or, qualitative and naturalistic approaches on the other. In the former, the methods are used to generate and test hypothetical-deductive generalisations. In the latter, the approaches are used to inductively and holistically understand human experience and construct meanings in context-specific settings (Patton 1990).

Research methods have often been classified in this way, as objective versus subjective, qualitative versus quantitative or, deductive versus inductive. Complete differences in

approach have prompted debate over which one is 'better', and practices deemed superior are often associated with the traditional conceptualisation of science, defined essentially, by a process of systematic observation and experimentation (Hussey and Hussey 1997). However, naturalistic approaches would refute these assumptions based on a premise that the social world can only be understood by obtaining first-hand inductive knowledge of the subject being investigated, as insights into multifaceted social situations are lost if complexities are reduced to law-like generalisations (Easterby-Smith et al 1991).

For many, each of these perspectives is a rather blinkered view based on the premise that one source of 'best' practice can always be carried across effectively, to all lines of inquiry. Arranging research approaches hierarchically is a common misconception missing the vital point that research approaches do not need to be viewed as either better or worse than one another. It is possible to give an account of science under which the methods of both the natural and social sciences can fall; for although there are significant differences in these methods, 'it is the nature of the object that determines the form of its possible science' (Bhaskar 1998:3). Each will be best at doing different things, according to the nature of the research topic, the wealth of literature surrounding it and the researcher's individual philosophical perspective. Ultimately, it is this topic of research that will determine whether you are able to define a theoretical framework or whether in the absence of knowledge you want to generate theory.

### **5.5 Choice of research strategy**

There are several varied ways typically used to undertake research in the field of employment relations and HRM. These include traditional methods of experimentation but also include case studies, surveys, histories and grounded theory. Each particular strategy is

a different way of collecting and analysing data following its own logic and has its own advantages and disadvantages when presented along side ontological, epistemological and relational considerations. It has often been assumed that each research strategy has to be compartmentalised, case studies forming the appropriate methods for the exploratory phase, surveys for the descriptive phase and experiments for causal inquiries. Isolating the suitable context for each strategy does not adequately explain the ways in which they can be deployed within the field of social science research. A more appropriate view of these different research strategies is a pluralistic one, using each strategy for all three purposes; exploratory, descriptive or explanatory (Yin 1994).

In practice, what distinguishes the strategy is not a hierarchy, as this narrow view would only serve to reinforce the idea that case studies are only an exploratory tool and cannot describe or test propositions (Platt 1992). For in reality, there may be exploratory case studies, descriptive case studies or explanatory ones, and in the same way there may be exploratory, descriptive and explanatory experiments (Yin 1981). Nevertheless, this does not imply that there is no overlap between strategies, but ultimately what creates a degree of distinction between the strategies is the type of question posed, the extent of control over actual behavioural events and the degree of focus on the contemporary as opposed to historical events.

Research questions can vary, a basic way of categorisation falls in to a familiar series of 'who', 'what', 'where', 'how' and 'why'. Although 'what' questions generally fall under the heading of an exploratory study, an exploratory experiment, exploratory survey or exploratory case study can be conducted under these circumstances. Situations can be created when all strategies can be used, all considered equally attractive. More than one strategy can also be used within any given study, for example, a survey within a case study,

and to this extent they are not mutually exclusive. But in some cases a specific strategy can have some distinct advantages, namely when a 'how or 'why' question is being asked about a contemporary set of events over which the investigator has little or no control (Yin 1994: 9).

## **5.6 Case study approach**

Case studies have a long tradition in the field of industrial relations and human resource management. An interpretive approach using case study analysis was found to be appropriate for the objectives of the study, determined because of the nature of the topic under exploration and the set of questions posed. By developing detailed intensive knowledge about the two cases, a rich understanding of the context of the research setting and the processes being enacted will be gained (Morris and Wood 1991). Objectives in this instance rely upon the need to develop an understanding of a complex, unique situation, characterised by in depth detail focusing primarily on human experience (Patton 1990). Primarily, it is therefore justifiable to assume that inductive methods offer the potential of generating theory from observation, capturing a snapshot of a situation, illuminating on actions and behaviours where little or no research is currently available (Glaser and Strauss 1967).

Case studies in the field of human resource management have been used in varied investigations; an ideal methodology when a holistic, in-depth investigation is needed (Feagin, Orum, & Sjoberg 1991). Although there is not absolute definition of what a case study actually is, it is often suggested that they are typified by qualitative methods, more than one case may be included in the research project (Platt 1992) and vitally, they should

seek to place the phenomena in their wider context (Yin 1994). Thus the case study may be defined as,

*'a research strategy or design that is used to study one or more selected social phenomena and to understand or to explain the phenomena placing them in their wider context'* (Whitfield and Strauss 1998:103).

Subjects covered in case studies have developed over time, early studies included exploration of the role of the union in the workplace (see Flanders 1964), whilst insights in to the changing nature of work also relied heavily on case studies (see Beynon 1984; Mathews 1994). Ongoing popularity of this approach is related to the fact that it accurately mirrors the multidisciplinary character of human resource management research and provides greater understanding of the complex situations found within institutions.

Case studies can deal more effectively with the complexities of organisations and how they interact with the wider environment. Often it is impossible to detach organisations from their context, and interviews and observation have to be used in conjunction with contextual evidence derived from the workplace. There are numerous illustrations of detailed case studies in the field of employment relations, for example see Brown's (1973) study of payment systems or Lupton's (1963) 'On the Shop Floor', which showed how workers could manipulate effort and output. In these instances it was necessary to gain information relating to the company beyond the planned interviews and observation, forming detailed cases. Otherwise the activities of the individuals would be difficult to understand (Beynon 1984). By focusing upon the research context, case studies bring out the details behind the viewpoint of participants by using multiple sources of data and robust procedures (Miles and Huberman 1984; Yin 1994; Stake 1995).

Whether a research topic generally lends it self to a case study largely depends on the research questions posed. Case studies lend themselves best to answering these ‘how’ and ‘why’ questions (Yin 1994). Research questions in this case can be identified as, ‘why’ is there an increasing number of agency social workers working within the social care sector, when managers display a preference for permanent contracts, and ‘how’ do managers direct and control these agency workers under forced circumstances. In this instance it is clear that these questions are of an exploratory nature and that the case study will be especially well suited to uncovering the complex processes of social interaction.

A focus on the case study approach is especially pertinent in the area of agency working as to date, much of the analysis has been based upon large scale quantitative survey data, although limited case studies have been used to unpack some of the particular aspects relating to the management of agency workers (see Geary 1992; Ward et al 2001). These studies consider the detrimental implication of the agency contract and the different approaches to managing these workers (Koene and Riemsdijk 2005).

### **5.7 Research design**

Every type of empirical research has a research design, this may be implicit or explicit, but in essence it is there to provide a logical link between questions posed and conclusions drawn. Despite the popularity of the case study approach among researchers in the field of human resource management, there are no accepted standards for its use. For some, case study research remains more of an art than a science, requiring experience and judgment (Whitfield and Strauss 1998); others have attempted to introduce more rigour into proceedings. Yin (1994) is one researcher attempting to inject firmness into the process suggesting that there are five main components of a case study design. These are; the

study's questions, its propositions, its unit of analysis, the logic linking the data to the propositions and the criteria for interpreting findings and, in this case, this framework was loosely followed.

An initial definition of the research question in broad terms is an important starting point for this investigation, although it is recognised that research questions may shift over time. At the extreme, the research focus can emerge after the data collection process (Gersick 1988). Research questions make up the first component of this design and here the nature of the questions and the propositions determine the geographical locality of the selected study. A precondition of the initial research question of 'how do managers direct agency workers when they have no control over when they employ them?' must be that cases are located where there is strong evidence of a recruitment crisis. In this case it is proposed that the inability to recruit permanent staff is driving the increases in agency social workers, cases are therefore located where there is strong evidence of a recruitment crisis. In this instance London was selected as the most extreme example, as it makes sense to use polar types in which the process of interest is transparently observable (Pettigrew 1988).

The boundaries that define the cases include the unit of analysis on which the case will be based. It is thus necessary to identify the exact unit of analysis and focus upon the fundamental problem of defining what the case actually is. In the classic case study the 'case' may be an individual (Platt 1992), but in this instance it is the two social services departments that define the boundaries of the two cases<sup>20</sup> and each are described in detail in the next section. It is assumed that the employees within the boundaries of this department

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<sup>20</sup> In some ways definition is more problematic in the case of transitory temporary agency workers, as they do not represent a permanent entity within the boundaries of the two departments classified as 'the cases'. They may be classified as self employed, detached and these workers may more appropriately be viewed as individual 'cases' in themselves. This represents a common issue relating to the ambiguous conception of who employs these workers and for the remit of this study it is assumed that 'The Trust' and 'The SSD' are their employers.

form the unit of analysis, with the beginning and the end of the case defined as the six month period in which the data collection took place. Defining the boundaries of the unit of analysis does not artificially restrict the study as one of the key features of case study research is the ability to explore the relationship between the unit and the wider environment. Indeed, a study exploring the changing nature of an organisation may require detailed case studies to be undertaken within those industries (Kitay and Lansbury 1997).

Linking the data to propositions and the criteria for interpretation are the least developed concepts within this framework; currently there is no precise way of interpreting findings. In the case of social services, different patterns of managing agency workers under conditions of ‘unwanted flexibility’ emerged, and findings could be interpreted in terms of comparing the two distinct patterns. Here the researcher must be careful to ensure that the analysis will be of high quality, showing that all relevant evidence and all rival explanations have been explored, ensuring that the analysis addresses the most significant aspects of the case study.

## **5.8 Case selection**

Selection of cases in a case study approach is not based on the same sampling logic as surveys, where the researcher selects the sample to reflect particular characteristics of the population. Under these conditions the case will not be representative of the population as a whole, but it will aim to highlight what the study seeks to explain. In this instance, questions relating to the management of agency worker under conditions of unwanted flexibility is the phenomenon of interest.



The case of social services highlights these issues, as departments across England currently have a heavy reliance upon agency workers, in London this reliance is magnified by a recruitment crisis. In the absence of permanent workers, agency staff are routinely covering permanent posts for indefinite periods of time. Issues relating to the management of agency workers under these conditions is an unexplored phenomenon, questions relating to ‘how’ workers are managed within this broad context, and ‘what’ factors are fuelling this situation need to be addressed within a carefully considered environment. In order to address the questions posed it is vital to ensure that the managers within the host organisations have had the strategic choice removed over which contracts of employment they can utilise. This case study focuses upon two organisational settings, in an effort to accurately reflect the way in which professional agency workers are managed.

### **5.9 Research context**

In depth exploration focuses upon the geographical area encompassed by one London borough, and although the primary data was drawn from two diverse organisations, the individual cases were located within the same geographical area. Building upon the importance of context for research, the study aimed to incorporate a cross section of public social care organisations utilising temporary agency work. Information relating to the first case was drawn from an NHS Hospital Trust, classified within the health service as a Primary Care Trust and identified for purposes of anonymity as the ‘Trust’ from hereon. The second case was located within a social services department under the jurisdiction of the local borough council and is identified for similar reasons of confidentiality as, the ‘SSD’. From these two diverse settings, the cases examine the driving factors behind, and the consequences of, the dramatic rise in the use of temporary agency workers within London.

The population served by the two departments falls into a relatively small, but affluent, area of London straddling two Parliamentary constituencies, with both MPs representing their constituency as members of the Liberal Democrat party. The area served is suburban, and contains some of the wealthiest areas in the whole of the country; average house prices in the area are above £375,000 (Rightmove.co.uk 2006) and average gross weekly earnings are over £820.00 a week. Over 60,000 people work in the area and unemployment is low, standing at just under 2.5 per cent, constituting only half of the average for London<sup>21</sup>. Annual league tables also ranked the Local Education Authority in the top ten in England in the achievement and attainment tables for pupils of secondary school age (Department for Education and Skills 2005). Standards of education are high, and numbers of students obtaining five or more GCSE's is well above the national average. A picture of relative affluence hides the presence of pockets of poverty and the disparity between wards. Relative deprivation may in fact be higher than the national average, a problem exacerbated by a persistent and increasing need for social housing, obvious knock on effects are an unusually high problem of homelessness.

Social care services operating in this area fall under the authority of either the borough council or the local health authority and data drawn from each of these authorities contributes to the case studies. Both 'The Trust' and 'The SSD' have reported increased difficulties associated with the recruitment and retention of permanent social workers in both child and adult services. In both cases professional workers in short supply can be separated from other social care staff by their skills and qualifications<sup>22</sup>. Inability to recruit

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<sup>21</sup> Information gathered from the council's website. Full details retained to maintain confidentiality.

<sup>22</sup> Professional social workers hold either a Diploma in Social Work (DipSW), or one of the previously recognised qualifying awards, which are a Certificate in Social Service (CSS) or the Certificate of Qualification in Social Work (CQSW). All three of these awards represent the recognisable professional qualification for social work, and are accepted by employers throughout the United Kingdom.

permanent staff is perceived to be a persistent problem in both departments, where there is a managerial commitment to maintaining many of the institutions of an Internal Labour Market (ILM). Both institutions display some of the stylised features of the ILM, job ladders, job security, training, no compulsory redundancies and transparent pay structures; there is also a strong management preference for permanent posts. However, in both departments, there is current acceptance that agency staff provide the only option to cover social worker related vacancies.

### **5.10 'The SSD'**

The SSD provides child and adult services to a small population of around 150,000 (2001 Census), and is under the jurisdiction of the local authority. The department is effectively divided into two; Children and Families and Community Care Services. Both of these departments have a similar organisational setup, each consisting of a number of small teams made up of six to eight professional social workers, supported by a number of administrative staff and a team leader, who is responsible at a local level for directing and managing the workload. Each team leader heads a specific service area and interacts with their appropriate director to decide matters relating to workforce planning. Services in this context do not operate in isolation as interaction between teams is common, as is the requirement to work with outside bodies including local charities and the NHS trust. Significant progress has been made in establishing effective partnership arrangements with a range of external agencies, alliances of this nature are aimed at securing external funding and, the joint management of mental health services with the primary care trust is generally regarded to have delivered improvement in client care.

Social services operate from two key sites in the principal town within the borough, providing a base for the field social workers, administration staff, and a home for the business service section, forming a significant part of a 2500 strong workforce within the council. From this base the SSD looks after about 105 children, plus 60 asylum seekers and 45 to 50 children are on the child protection register. Operating within one of the smallest London boroughs, the department currently serves a growing, but older than average population, placing extra burden upon the social services department. The number of residents that belong to ethnic minorities has also increased, but this level remains well below the London average of around 25 per cent.

Central governance within the Council has responded to the central governments modernising agenda in a number of ways, including the strengthening of performance management criteria and the reinforcement of targets of achievement against objectives. The implementation of new policies still appeared to occur in a rather an ad hoc way, and a common view expressed was that the council was often reactive rather than pro-active. Policies implemented on different fronts appeared to be introduced in isolated ways, without full synchronisation of changes occurring at different levels. It is noted that this caused friction among employees who could not gain a clear understanding of the direction the council was moving in, a fact exacerbated by several changes in the strategic direction of the authority.

According to official statements, the current Human Resource strategy sought to reflect the changing environment, linking the development and recruitment of staff to key organisational objectives related to this process of renewal. In this vein, people management practices focused upon policies that aided the smooth transition of the current program of modernisation, addressing the problems associated with wide ranging

organisational change. Striving to be a good employer, the council has a policy to ensure that all employees are recruited, trained and promoted on the basis of ability. All employees are equally encouraged to take advantage of the opportunities for training and development, provision for childcare is also provided, ensuring that working parents are adequately supported. In general employees were regarded as very committed to the authority, a fact supported by the figures that indicate there are relatively low rates of sickness and turnover compared with other London boroughs.

Behind the rhetoric there was concern that the HR policies were not being implemented consistently and an annual performance appraisal was one key component that was not carried out with any consistency. Failure of management to carry out these initiatives may demotivate staff, especially when coupled with successive budget cuts. Evidence from an internal report<sup>23</sup> suggested that budgetary constraints and change initiatives left workers feeling stressed, there was also a strong consensus that a recent reduction in the training and development budget was not a helpful strategy in a time of great change, and upheaval. This supports the fact that an elaborate strategic policy of human resource management may mask the reality of a short term approach to people management in the light of budgetary constraint. Indeed the report also reviews the achievement of annual objectives and suggests an ad hoc approach to financial management.

*'The Council is facing major budgetary pressures and has demonstrated a great capacity for reducing costs. However, its approach to budgeting tends to be rather incremental and there is a clear need for the Council to adopt a more strategic approach to the management of its finances'* (Annual Local Authority Review 2004)

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<sup>23</sup> The name of the report has been withheld to maintain the anonymity of the organisation

Over a number of consecutive years an overspend has left the department in an uncertain financial situation. In a continuing attempt to make savings, claw backs were made but often at the margins, rather than stemming from a comprehensive overview of budgetary requirements, once more displaying the short term nature of management practice.

Short term solutions relating to the effective management of people were offered to ease the recruitment and retention crisis within the social services department. According to internal sources social workers could not be found to fill permanent positions, resulting in an increasing number of temporary workers, to fill gaps in the short term. It must be noted that the appointment of agency workers was only possible when tight budgets allowed. Under these conditions the department expressed a strong preference towards the employment of permanent social workers, but it is suggested that the long term issues relating to the supply of these skilled workers could not be resolved at a local level, and that these issues needed to be addressed by central government. It is however, conceded by the Directorate of Social Services within the SSD, that more appropriate workforce strategies linked to pay and development could be used to attract permanent social workers.

### **5.11 'The Trust'**

'The Trust' provides social care services within the same locality as the SSD, but specialises in the field of community and mental health. As a service provider, the department works with a number of different councils to provide an integrated package of social care to clients in the community and in various hospitals. Investigation centred upon separate teams located at the department's main sites, situated in a town centre, and in two hospitals. All social service teams were under the direct authority of the local Primary Care Trust (PCT). The hospitals in which the social service departments are based provide a full

range of diagnostic, treatment and general hospital services to residents within a specific catchment area. Serving a population of around 320,000 (Commission for Health Improvement 2004), the residents served by the trust are around 75 per cent white British compared to the National average of 87 per cent (Commission for Health Improvement 2004). 'The Trust' has over 550 beds in total and employs a total of around 650 permanent employees (Commission for Health Improvement 2004).<sup>24</sup> In the 2005 assessment 'The Trust' was awarded one star out of a possible three, in the NHS performance ratings, indicating that the services provided were not deemed to meet the required standard.

Employees are grouped in a similar way to the SSD, with up to eight social workers in each team, supported by administrative staff but all under the jurisdiction of a team leader, who has responsibility for the management of the caseload. Each team has an autonomous budget over which the team leader is in charge, alongside the responsibility for the employment of new staff. In the light of the considerable overspend of the PCT's budget in the last financial year, the employment of new staff is subject to strict financial constraints as each team battles to work to tight budgets. Interviews for the recruitment of permanent and temporary staff are held in a process of systematic interviews, with the human resource department and team leaders taking an active role. A marked difference in the dynamics of the teams operating under the jurisdiction of 'The Trust' is the presence of mental health nurses, who operate alongside social workers.

'The Trust' wishes to be presented as an organisation that attaches importance to the management of its workforce. An annual report, clarifies this standpoint.

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<sup>24</sup> Although, it must be noted that this figure only includes staff that are directly employed by the trust and excludes "bank" staff.

*'The trust attaches great importance to staffing and staff management issues at an operational level and is committed to creating an open culture, where staff are valued and enjoy coming to work'* (Annual Report, 'The Trust' 2004).

One key aim is to pursue a continuing personal and professional development plan to provide support to all staff. In reality staff may be overworked, as nearly 80 per cent of staff were working extra hours due to the demands of their job and that the trust fell into the worst 20 per cent of PCT's nationally for work pressure felt by staff and staff intention to leave their jobs. Average turnover rates are 16 per cent, slightly higher than the public sector average of 14 per cent. (Commission for Health Improvement 2004). Vacancy rates for all staff groups are 10 per cent, whilst sickness is recorded at over 4 per cent, and the principles of staff training and development are believed to be limited due to the fact that these values are not linked to the strategic planning. (Internal Workforce Development Report 2004).

Some disruption has occurred within the human resources department, with the turnover of senior management, including the HR director. Systems of appraisal were in operation but fewer than half the staff had been appraised by the end of the financial year. A two day induction programme for all staff was also in place which included mandatory training aiming to make staff feel part of their new place of work. Other policies, stressing the importance of wider inclusion, include a number of ways to share information between different levels of the organisation. A staff magazine, daily emails and a monthly news update attached to staff pay slips all reinforce channels of communication.

As with many other public sector organisations in the London area 'The Trust' has encountered difficulties in recruiting qualified staff. Social care services within the



organisation have suffered considerably in the last few years and the number of temporary agency workers has risen to around 15 per cent of the workforce. A strong dissatisfaction with this situation is evident, as the department undertakes an active programme of recruitment displaying a preference for permanent staff. Overseas recruitment is considered as a possible solution in the light of the current skills shortage, viewed as one effective solution to the rising vacancies. However, the most frequently utilised method of providing cover for the rising number of vacancies is the same preferred method as the SSD, and that is to draft in temporary agency staff to provide cover for the growing numbers of positions vacant.

### **5.12 Data collection**

Documentary analysis played a key part in the initial stages of data collection. Initially, national survey data from the Social Services Workforce Survey (SSWS) provided evidence of broad trends relating to recruitment and retention in local authorities across the London area. This survey also enabled estimates of the numbers of agency social workers operating in this locality to be drawn. Internal reports obtained directly from both case study organisations presented detailed information relating to the background of both cases and helped to provide the in-depth setting for each of organisational background (see 5.10 and 5.11). This information included details of internal protocol in relation to the recruitment, management and utilisation of agency workers.

External reports commissioned by each organisation, but undertaken by independent consultants were also provided by the respondents in each case, although it must be noted that no pressure was applied to any person to offer this information. These documents were invaluable as they helped build a comprehensive picture of the local circumstances in

which agency workers and managers were operating. In accordance with ethical considerations, derived from the assurances given relating to the anonymity for all respondents, details of the exact titles of these documents cannot be provided. Although, throughout the thesis, an indication of when data is drawn from internal sources is always given, the author was careful not to reveal any information that could lead to the disclosure of the organisational identity.

An important factor when preparing for the data collection phase was a pilot study. In this case an interview with a high level director of social work aided the development of specific lines of inquiry. In part this provided some conceptual clarification of the research design, the selection of the pilot case was influenced by issues of access and the geographical location of the respondent. From this initial point of focus, the case study design relied heavily upon a series of non-standardised, semi-structured interviews, as the exploratory and explanatory elements of the study would be best explored and understood using this approach. Additionally, they provided opportunity for the researcher to 'probe' answers, so responses could be explained or built upon.

It is also argued that participants also prefer to be interviewed rather than fill in a questionnaire (Healey 1991), as importantly, face-to-face contact with the participants provides the opportunity for the researcher to give assurance about the anonymity of the research. Indeed, in the case of potentially sensitive and confidential data, participants may have been reluctant to provide such information had they not been in dialogue and actually met the researcher in person. Also it is arguable whether participants would have been willing to provide lengthy written explanatory answers because of time constraints. It is however, acknowledged that interviewing is a time-consuming process. Evidently, where participants receive a request to participate in a research project, they will clearly consider

how much of their time they may be willing, or able, to devote to such an activity. To manage this problem, the likely time required of each participant was highlighted clearly in any initial letter, email or conversation. All of the interviews also took place close to the participants' place of work, to ensure complete convenience for the contributor.

Physical access is often much more easily obtained than cognitive access. In this instance physical access was negotiated at a high level, it was necessary to provide a detailed outline of what was required from the organisation at the onset of the process, clarifying timescales for research and confidentiality. Ensuring access at a higher organisational level almost guaranteed access at lower levels, as consent passed down through the organisation as each direct line of authority endorsed the research. It was also vital to obtain the cognitive access of individuals within this process, ensuring them of the researcher's integrity and confirming their anonymity. Ethical issues also played a prime consideration within this process of gaining access and no pressure was applied on intended participants to grant access. Full respect was given to the decision of intended participants not to take part in the research, and there was no attempt to try and coerce parties to take part in the research. All intended participants were contacted within working hours and all participants were able to determine, within reason, when they would participate in the data collection process. The right of the participants not to answer any question was also respected, and both anonymity and confidentiality were explicitly agreed between researcher and participant. Informed consent was obtained from all participants, as expressed through a verbal agreement at the point of data collection.

Respondents came from a number of different teams located within each of the two case studies. Interviews were conducted with directors of social work, agency workers, team leaders and senior human resource managers responsible for recruitment across the social

services departments, and an interview with a recruitment consultant from an agency was also included (see Appendix 1). A list of themes and questions to be covered was prepared prior to the course of interviews (see Appendix 2). As is typical in the use of semi-structured interviews, some questions were either included or omitted depending on the organisational context of each participant. Furthermore, the order of questions did also vary depending on the flow of the conversation.

Concern has been expressed for qualitative data collection about the rigour and naming of sampling selection (Curtis et al 2000). This study clearly necessitates that the sample population should have knowledge and experience of the study subject. Participants selected in this case needed to be able to reflect and discuss their experiences clearly and be willing to share them. Selecting cases is an important part of building theory from case study analysis, defining the set of entities from which the sample is drawn and defines the limits for generalising findings. However, sampling of cases from the chosen population is unusual in the process of case study research, as cases are selected for theoretical not statistical reasons (Glaser and Strauss 1967), with the aim being to choose cases that are likely to replicate or extend emergent theory. This is in direct contrast to the traditional experimental approach which relies heavily upon statistical sampling, where a random sample is drawn from the population to obtain statistical evidence of the distribution of variables.

A key issue in sample selection is the optimal number of participants for an interpretive, approach. Typically, qualitative inquiry normally relies on the use of relatively small samples with an in-depth focus. In this instance 32 detailed interviews were conducted and this included the majority of agency workers within both departments and all team leaders. To this extent, the sample size was also determined by the requirement to test

understanding and add to the categories emerging from data analysis. Another key issue for any research is the specific techniques that were used to construct the sample. 'Snowball' sampling was used identifying cases of interest from people who know which cases are rich in information. In this way good examples for study can be recognised, along with 'good interview subjects' (Patton 1990:182).

Data was recorded by note taking and tape recording the conversation where permissible and the majority of the interviews were conducted on a one-to-one basis, where the interviewer and participant met 'face to face'. Advantages of utilising tape recording, is that the interview is captured totally, apart from body language. To record changes in body language it is suggested that field notes are taken during the interviews (Hycner 1985). Recording equipment made this possible, for even if respondents spoke rapidly, taped interviews allow freedom for the interviewer to take notes. The typical interviews lasted approximately one hour although many were longer than this.

The aim of this approach was to facilitate the telling of different individual interpretations without limiting the response. Research conclusions formed in this way may allow the most interpretive understanding of in-depth situations, but are open to the possibility of observer bias. As we are part of the social world we are studying 'we cannot detach ourselves from it, or for that matter avoid relying on our common sense, knowledge, and life experiences when we try to interpret it' (Delbridge and Kirkpatrick 1994:43). Although this bias cannot be eliminated, a process of using informant verification and presenting the transcribed interviews back to the interviewee to confirm their content can avoid some misinterpretation. As a form of triangulation, this works well with more formal interview results, but as is typical with any case study interviews, data can be rigorously triangulated with information obtained from other sources.

Data collection obtained in an observational form through a number of semi-structured interviews was by no means exclusive, methods and avenues of data collection varied greatly, ranging from information obtained from large scale employer surveys to documentation describing procedure and protocol within each of the organisations. Theory building researchers typically combine multiple data methods, as triangulation made possible by multiple data collection methods provides stronger substantiation of hypotheses (Eisenhardt 1989). The key focus of analysis of the kind adopted here is that of making accurate interpretation, and a multitude of sources can only add to the reliability of this understanding. Multiple data sources can include the combination of qualitative and quantitative evidence (Yin 1984). Quantitative evidence in this case can indicate relationships which may be salient and keep researchers from gauging false impressions from qualitative data.

Methods of data collection and data analysis were not mutually inclusive and the two processes overlapped. Attempts to analyse data occurred simultaneously with the data collection stage, in a process often labeled explanation building (Yin 1994). At first, this appears to be similar to grounded theory approach, but this may be differentiated by the fact that explanation building is still designed to test a theoretical explanation, albeit in an iterative manner, rather than solely to generate theory (Yin 1994).

The initial theoretically based proposition in this case, related to the motivations behind the predilection of social workers towards agency work and considerations of how managers cope when they have lost control over the contractual nature of their workforce. Testing these propositions involved a period of initial data collection in the form of semi-structured interviews and findings were then related back to the original questions. Where necessary the next stage in the process would involve amending the theoretically based proposition in

the light of findings from the initial data collection phase. Interview questions were also modified in response to the evolving direction of the research. Further iterations of this process occurred until a satisfactory explanation was derived, more detail of this simultaneous process of data collection and analysis may be found in the next section (see 5.13).

### **5.13 Data analysis**

A feature of the case study research was the frequent overlap of data analysis and data collection. Question and answer cycles entailed examining a case and then modifying it and the basis of subsequent findings. A constant comparative method of data analysis was carried out based on the principle of concurrent data collection, analysis, and interpretation, to strengthen theory generation (Chenitz & Swanson 1986). In qualitative research these processes are akin to ‘grounded theory’ approach (Glaser and Strauss 1967). Within this framework, when a theme or pattern is detected, the researcher moves into verification mode in an attempt to confirm or qualify the finding (Huberman and Miles 1985). Continual revision and analysis throughout the life span of the study has distinct advantages, as errors in the field can always be rectified and adjusted the second time round.

Analysing data is at the heart of the process of building theory from case study research. Undoubtedly it is the most challenging and least codified part of the process. ‘One cannot ordinarily follow how a researcher got from 3600 pages of field notes to the final conclusions, sprinkled with vivid quotes though they may be’ (Miles and Huberman 1984:16), and it has often been highlighted that the volume of data can pose difficulties for even the most experienced researcher. For this study the problems are clearly recognised as

even with the help of specialist equipment each interview took between eight and ten hours to transcribe. The transcriptions were carried out by the researcher and were listened to several times following each interview, to ensure accuracy of the interpretation. A further aspect of this process was that the researcher had a further opportunity to hear the tape in entirety and become acquainted with the data in depth. This opportunity assisted 'closeness to data' (Richards 1998) and although the process was time consuming, it was essential. Each transcript was written in a script form that would be able to show the conversations that emerged throughout each interview.

Within this analysis come two different levels of understanding. Initially, it is possible to understand what is occurring and allow the researcher to account for the phenomena observed, making 'complicated things understandable by reducing them to their component parts' (Bernard 1988). Explanation or questioning why something occurs is the second level of understanding and is generally a case of making a description intelligible. Explanations are always condition and context dependant; these are features that are not solely limited to qualitative studies (Kaplan 1964). The notions utilised by the researcher to explain the patterning of reasoning are products of many levels of interpretation (Van Maaen 1988) and qualitative researchers need to be aware of this fact as they are constructing theory that they will consciously or subconsciously influence in the data collection and interpretation phases.

Data analysis enabled the researcher to inductively develop concepts and categories, including the 'testing' of developing categories on further appropriate research subjects. Case orientated strategies allow comparison between the same types of cases in a process of cross case analysis. Cases in the study are inspected to see if they share the same patterns, in this instance a conceptual framework oversees the first case and then



successive cases are examined to see if new patterns match previous examples (Yin 1984). This is a continual process throughout the research collection and analysis phases and it uses the same principles as the 'grounded theory approach' (Glaser 1978), building up theory inductively. Shifting from cycles of inductive collection, to deductive cycles of testing and verification, leads to the consequent decisions about what data is to be collected next. Gradually, these data assemblies become more conclusive as naturalistic researchers subscribe to this basic analytical cycle (Huberman and Miles 1985).

From this process of analytical revision comes a process of coding the data into a set of conceptual units. By creating categories, each with a conceptual label, and allocating the same label to similar units of data in a process of open coding, comparisons of differences and similarities can be made. From this constant comparison, concepts begin to group into categories as connections are made and further questions of the data are explored for their properties and dimensions. Rigour was observed within the analysis as the developing findings were constantly tested against new information until saturation was reached. Categorisation in this way indicates significant themes upon which research questions are broadly focused, whereas the second stage in this procedure refers to the process for looking for relationships between the categories of data. At this stage the process becomes analytical, rather than merely descriptive, development occurs through the process of theoretical sensitivity, in the progression from open coding to axial coding, as the detail of the categories becomes more explicit. A stage called selective coding follows (Strauss and Corbin 1990) in an attempt to identify the principal theme of the study, a core category is selected only after each category has been explored. This core category relates to all other categories and is the central phenomenon of the study. It is essential that personal interpretation is avoided as much as possible at this stage, care was taken during this study

not to arbitrarily cluster phrases together; for this reason, the original tapes and transcripts were listened to again and field notes were studied if context was in doubt.

These coding procedures ensure an analytical framework is followed in order to minimise assumption and bias whilst ‘maintaining a balance among the attributes of creativity, rigour, persistence, and above all, theoretical sensitivity’ (Strauss and Corbin 1990). The transcriptions were read and re-read many times during all stages in order to be reflective and true to the data. The danger is that investigators can reach premature conclusions because of information processing biases. In this instance the appropriate tactic to reduce the possibility of reaching premature conclusion was to select a pair of cases and distinguish the similarities and differences between them. Framing the problem differently in the search for disparity as well as likeness can lead to a more sophisticated understanding, thus forcing researchers to go beyond initial impressions.

From this initial starting point it is also vital that the links between each case and the emerging data are systematically compared, heading to a theory that most closely fits the data. The underlying logic behind this is replication, treating each case on its own individual merits, and deciding whether they confirm or dispel the hypothesis (Yin 1984). Cases which confirm emergent relationships may enhance confidence in the validity of the relationships, but more importantly disconfirmation can provide a platform to extend emergent ideas. Throughout this process of theory building it is essential to examine literature that confirms or conflicts with emergent concepts. Discussing similar findings is important because it ties new theory to similar phenomena, providing stronger internal validity and generalisability. Juxtaposed against this is the possibility that conflicting literature will present an opportunity to force the researchers into a more frame breaking

mode of thinking than what otherwise could have been achieved (Miles and Huberman 1984).

#### **5.14 Validity and reliability**

A process of verification must follow any data analysis and entails checking the emergent data for the most common biases. Some of the most frequent shortcomings include data overload and the overlooking of significant trends because of the wealth of information which is being collected. Each design can be measured against the criteria of construct validity, internal validity, external validity and reliability (Yin 1994).

Quality, according to the first test of construct validity, is reduced by the investigator using subjective judgments to collect the data. Collecting multiple sources of evidence and having a draft case study reviewed by key informants may reduce the level of subjective perspective within the research and both these methods were deployed in the cases of the social services. Although the second concern of internal validity is only applicable to causal or explanatory case studies it may be extended to the problem of making inferences. Inferring that a specific event led to another one, gives the investigator the constant dilemma of whether all possibilities have been considered and whether deductions are sound. Specific tactics for achieving internal validity are difficult to identify, but pattern matching is one way of addressing this problem (Yin 1994).

Classical views of external validity consider whether, 'results are reproducible in those target instances to which one intends to generalise – the population, situation, time, treatment, form or format, measures, study designs and procedures' (Kratwohl 1985:123). In qualitative research it is often suggested that generalisability to a larger population is

unfeasible in most situations. Many of these assumptions regarding the inability to generalise are based on flawed interpretations of what generalisation means in the case study context. It would be fatal to conceive that statistical generalisation is the proposed method for generalising results in case study approaches. Case studies are not sampling units rather individual cases are selected in the same way that the laboratory investigator selects the topic of a new experiment.

Care must be taken when assuming external validity and cautionary warning may be gathered from a study by Coch and French (1948) exploring worker participation in the US. In this case it was supposed that the results demonstrating a rise in production had good external validity, but generalisation was not viewed with careful consideration of the initial context in which the exploration was undertaken. In this instance, when the study was repeated it generated very different results indicating that production had not improved and failure to replicate the results was ascribed to differences in the external environment. As the replication of the study was undertaken in Norway, a stronger union tradition appeared to have resulted in different attitudes to worker participation.

Work by researchers has also dealt with developing a concept of generalisability that is appropriate for qualitative work and may be useful in the field of human resource management. Often the concept of generalisability is replaced by a notion of 'fittingness', suggesting that for qualitative researchers' generalisability is best thought of as a matter of the 'fit' between the situation studied and others to which one might apply the same concepts and conclusions. In a process called 'naturalistic generalisation' findings from one study can be applied to understanding other similar situations and, through experience, individuals come to use both explicit comparisons between situations and tacit knowledge of those same situations forming naturalistic generalisation (Stake 1995). Relating results

to existing theory will enable a study to have a greater significance beyond the cases in question (Marshall and Rossman 1999). Multiple case designs in this instance are regarded as more compelling and robust. Reliability forms the last test and its object is to ensure that if another investigator carried out the same piece of research the same conclusions would be reached (Hycner 1985). In order to ensure this is possible it is essential to make the steps as operational as possible, this includes providing evidence and documentation of procedures so that another investigator would reach the same results. A concern in this case is the use of non-standardised interviews impinging upon reliability (Robson 1993), but variations in interpretations in qualitative research are not the prime consideration as long as they truly reflect the essence of the phenomena as experienced by the participant of the study. In this case, the use of a narrative style of writing added validity by providing an illustration to the stages of the research and therefore an audit trail. Furthermore, non-standardised interviews are not necessarily intended to be repeatable, as they reflect reality at the time they were collected (Marshall and Rossman 1999). Theory in the case of the social services was also tested through replication of findings; this replication extends to interviewing a number of team leaders within both cases, in order to be assured that the patterns emerging relating to the methods of directing agency social workers are uniform throughout the organisation.

Examples of the participant's original dialogue throughout the presentation of this case added reliability by permitting the reader to see how the findings emerged from the participants' experience. Indicative quotes are continually placed in the correct context, linking frequency of opinion to the rest of the study to ensure that findings were not overweighted. Reliability was also enhanced in the interview process by the researcher personally conducting all the interviews. In a further attempt to establish credibility, and to

minimise bias, participants were supplied with relevant information with regard to the interview themes, enabling the participants to consider the issues to be discussed, and also to allow them the opportunity to gather supporting documentation where appropriate. Participants were also offered the opportunity to see a more detailed synopsis of the research, and assured about the confidentiality of the interview.

Reflection upon the process was an integral and continual part of the research to ensure the research instrument tests what it sets out to do and, to make sure interpretation is accurate. Although no claim of transferability is made with regard to the end product of this study, all measures have been taken to ensure that a fitting and accurate account is presented of the issues and consequences surrounding the management of temporary agency workers.

### **5.15 Discussion and conclusions**

Methodology must provide much more than a practical narrative account of the process of research. To ensure airtight conclusions it is essential that the process of research is carefully planned, documented and underpinned by clear philosophical perspectives. Meeting these criteria creates credibility within the research process enabling emergent theory to be placed comprehensively within the wider sphere of management research. An exploratory case study approach provides the most appropriate way of addressing the questions posed in this research. More explicitly, an understanding of how managers deal with consequences arising from the lack of strategic control over the contractual nature of their workforces is currently unexplored.

In the case of social services, labour markets are currently characterised by an inability to fill permanent posts and a severe retention crisis, a problem exacerbated in the London area

by regional factors. In the case of 'The Trust' and 'The SSD' a shortage of full time permanent staff has shaped a deeper reliance upon agency staff, creating a situation whereby temporary agency workers represent a growing proportion of the social services workforce. The following chapters chart this situation of uncertainty and instability, exploring the factors driving social services dependency upon employment agencies and then detail how managers deal with the associated challenges.

## **Chapter 6**

### **The case of ‘unwanted flexibility’**

#### **6.1 Introduction**

Theories of the firm have come to rationalise the role of the organisation in strategically directing contracts of employment and the growth of agency work, assuming that firms retain the ability to match different contracts to a set of unique environmental conditions. Idealist in their construction these theories presume a directive role for the firm in the allocation of labour, neglecting instances when managers may have failed to retain the ability to determine the contractual nature of their workforce. In reality, supply factors such as worker preference and skill shortages restrict management choice, creating instances where agency workers represent the only option. From a demand perspective this would represent a range of negative costs, but there is currently a neglect of the consequences of situations when managers are compelled to use agency staff.

By exploring the case of social services in detail, this chapter analyses a situation when managers are obliged to source workers from employment agencies. Case study analysis from within ‘The SSD’ and ‘The Trust’ highlights the complex set of reasons behind managers’ use of agency workers under these forced conditions. By focusing firstly on the factors shaping the contractual nature of social work teams, management preference for permanent contracts, is matched against the reality of a workforce containing an increasing proportion of temporary agency workers. This mismatch is in some measure due to the growing preference of social workers towards agency employment, a partiality linked to the perceived advantages of this type of contract. In essence this chapter charts the changing



character of employment within the social services, uncovering the diverse aspects driving a situation of ‘unwanted flexibility’.

## **6.2 Managers’ staffing preferences and practice**

Traditionally, both ‘The SSD’ and ‘The Trust’ have focused their staffing strategy on recruiting newly qualified social workers on permanent contracts, preferably on a full time basis. Both institutions support many of the features traditionally associated with conventional public sector employment. Workforce structuring has previously been consistent with the conventional features of an internal labour market, with wages attached to jobs along carefully defined pay scales, liberal benefits for staff including generous sick and holiday entitlement, a company pension scheme and internal training opportunities including the chance to obtain the post professional social work qualification. Employers have in the past dictated these favourable terms and conditions of employment for their staff, displaying a strong preference for permanent posts. Although these features still remain in principle the reality is a workforce currently in a state of flux, as it becomes increasingly difficult to consistently support these structures in both case study organisations.

## **6.3 The erosion of traditional employment practices**

Over the past six years, the labour force has undergone a gradual transformation, as a result of external and internal pressures which have served to fundamentally alter the nature of employment in both departments. The two most obvious trends are the declining proportions of full time permanent employees and the corresponding increasing reliance on temporary agency workers. Alterations are influenced by the decline in the availability of full time permanent workers and either a corresponding or subsequent expansion of the

number of employment agencies offering the specialist services of social workers. Current estimates place the number of dedicated social work recruitment agencies operating in the Greater London area at around 50, and in addition many other general agencies offer the services of social workers. Public sector organisations, of which the social services is included, have traditionally relied upon workers on open ended contracts buying into a tacit but implicit agreement to work beyond contract, commonly defined within the term ‘public service ethos’.

Any rise in the numbers of temporary agency workers, paid by the hour, erodes many of the organisational benefits which stemmed originally from employee ethos to work beyond the boundaries of the typical ‘9 to 5’ contract. Employment agencies do not uphold the traditional principles of public sector employment, as they do not ‘employ’ workers on open ended permanent contracts but more fundamentally, they are not legally classified as the employer of the workers they hire out. Agencies simply act as a screening device matching worker to client, setting wages in accordance with the corresponding demand in the labour market. In many cases agencies do not provide provision for training, pension or sick pay, as they have no legal duty to uphold these responsibilities (Finegold et al 2005). The presence of intermediaries in this labour market serves to reinforce the erosion of long serving principles attached to the social services workforce, altering the character and scope of traditional public service employment within the two case study organisations.

#### **6.4 The historical use of agency workers**

Respondents reporting from across both organisations are quick to report that there has in the past always been an agency element within each of the departments. Historically, the changing usage of the implementation of these contracts differs slightly across both of the

departments and this is partially due to the age of each department. The Trust is a relatively new department and reliance on agency social workers can be traced back to its foundations in 2001. When the department was established full time social worker positions could not be filled; at this stage agency workers were employed to provide what was presumed to be short term cover until the recruitment process could be completed. This supposed interim period transpired to be an enduring situation, as continual inability to fill permanent posts increased the demand for agency workers. Subsequently, these temporary workers were consistently used within the departments for long periods of time as the recruitment of permanent workers could not be realised.

Conversely, the SSD is an old established department, and from this perspective can chart the modification in the utilisation of agency workers across a greater timeframe. The Director of Children and Families has worked in the SSD for over 25 years and recalls the fact that rises in agency working over the last 10 years initially occurred on the periphery of the organisation. Concentration of temporary staff was mainly focused in the area of administrative support, with these workers remaining on the periphery playing a relatively minor role with regard to the key functions of the department. Agency social workers or locums have previously only being deployed on very rare occasions, drafted in to fill short term vacancies such as maternity leave or to cover illness. However the department is currently witnessing a rise in this type of contract for this professional segment of the workforce. The Director of Social Services clarifies this pattern of change:

*Although, there was always admin staff recruited through agencies there has in the last two years been a considerable increase in professional and residential care social workers employed through agencies.* Director of Social Services, the SSD.

From an organisational perspective, judgments about when these contracts are to be utilised within the SSD has traditionally always remained in the hands of those in charge of directing labour resources, a decision made jointly by Human Resources department and the Director of Services. In this way questions of when and how to deploy agency workers remained an organisational choice, with managers preferring to position agency workers to provide short term cover in the case of social workers or to fill administrative positions.

Management at all levels in both departments currently state a strong preference for their core workforce of social workers to be made up of full time permanent employees, with agency employees remaining in the margins in positions of administrative support. It is therefore difficult to reconcile the rise in agency work and the decline in the permanent contract as a rational choice. If the situation is framed from an opposite perspective, these trends are not driven by the organisations themselves, as managers are increasingly compelled to deploy agency workers.

### **6.5 Management preference for the permanent contract**

Increases in the agency contract from within the SSD are not attributed management choice, rather a more reactive response to the fact that vacancies cannot be filled. Skill shortages within the labour market mean that there is a distinct absence of suitable candidates to fill available positions. Agency workers in this context are seen by managers to constitute the last resort, the Director of Children and Families, clarifies the transformation in the rationale behind the use of agency workers:

*In the past, agencies have been used to fill gaps when people are off sick or on long term secondment. Now the situation has changed, we use agencies as we can't find any one else to fill the full time posts, Director of Children and Families, the SSD.*

Traditionally, deployed on short term contracts for defined periods of time, the boundaries defining length of placement within the SSD are now becoming increasingly blurred. Managers clearly articulate that there is an absence of a distinct timeframe on which these workers are employed, instead of providing short term cover they are increasingly becoming a long term element of the department. These workers are still seen as 'temporary' but are in fact providing indefinite cover for vacant permanent positions. Although it is difficult to place a definite figure on the number of agency workers operating within the department because of the fluctuating nature of the temporary contract, estimates from managers and team leaders suggest that around 30 per cent of the current professional social workers within the SSD are agency workers. On average this is three agency workers in each team, although numbers may be higher or lower at any one time. A senior manager also recorded numerous instances of agency workers being deployed continuously within the department for period of over a year.

Information gathered from within the Trust corresponds closely with the situation within the SSD. All teams also record high levels of agency workers, and note that their usage amounts to a similar long term expedient:

*It isn't what we want to do. Five years ago an agency worker was an occasional worker to fill a gap. Now they are contributing to the fabric of the team. Team Leader C, the Trust.*

Although the general way in which agency workers are retained for indefinite periods of time within the trust is comparable to the SSD, the context is slightly different. Within the SSD this represents a complete change in the contractual nature of the workforce traditionally built around open ended contracts for social work professionals, whereas during the brief history of the Trust, agency social workers have always formed a key component of the workforce from the initial foundation of the department.

During the establishment of the department, workers were drafted in from other areas of the trust to form the core elements of the workforce. After this process of internal recruitment any remaining vacancies were advertised externally. However, even after a sustained recruitment drive there were still numerous available positions. An inability to fill these positions can most likely be attributed to a skill shortage in the labour market at the time, as the trust was attempting to fill vacant positions at a point where it was becoming increasingly more difficult to recruit experienced social workers. In this case the numbers of agency workers within the department equated to around 25 per cent of the total, although numbers did rise and fall in line with internal factors such as levels of sickness and budgetary considerations.

A sustained usage of agency workers throughout the history of the Trust has amounted to an acceptance of this method of deploying temporary workers for indefinite periods of time. Although this practice was accepted, it must be stressed that this does not constitute the preferred contractual choice; a manager from the trust reinforces this situation:

*This is not something that organisations want to do, but they are often left with no choice when permanent staff can't be found. Team Leader B, the Trust.*

Agency workers have thus become an accepted, although not preferred, method of employment within both of the case studies.

In essence, the case study data charting the usage for agency workers in this context creates a set of circumstances that are directly opposed to the conventional wisdom attributed to the deployment of the agency contract for strategic advantage (Atkinson 1984). Here conditions are complex and external factors compel managers to use agency workers rather than representing the preferred option. In this case, temporary workers are not used selectively but consistently in the light of the current recruitment and retention crisis, as a number of underlying factors heighten this situation of ‘unwanted flexibility’.

#### **6.6 Factors driving the situation of ‘unwanted flexibility’**

Team leaders and managers within both organisations recognise that the inability to recruit and retain staff is exacerbated by factors stemming directly from the locality of each of the departments. When questioned with regard to the perceived causes of the inability to fill vacancies, managers often made a distinction between issues that related to locality and universal factors that were affecting departments across the country. Speaking generally, team leaders’ from the SSD and the Trust talk about the widely recognised shortage of qualified social workers applying for fulltime posts at a national level. Factors fuelling this situation are considered more fully in the following section, but it is conceded that this is a situation which is magnified within both departments due to local conditions. Issues relating to recruitment are intensified by a number of different regional factors linked to the high cost of living in London and the relatively low wages professional social workers receive. In the case of the Trust this situation was initially heightened by the absence of London weighting, for this locality is situated on the edge of London and consequently did

not receive provision to provide London weighting to salary brackets. Although this is a situation that has subsequently been remedied, lower pay brackets discouraged many people from settling in the area for a sustained periods as the cost of living was comparable to London but the wages were not:

*About three years ago the situation began to deteriorate, [this area] at the time was behind on pay as it didn't have London weighting and therefore [social workers] went to other boroughs.* Human Resource Manager, the Trust.

It is perceived by all managers questioned, that high costs of living in the capital are a significant factor making social work an unattractive occupation within this locality. The majority of respondents emphasise this point, with many focusing on how rising rents and escalating house prices have made it impossible for workers to buy homes or live in the area. One manager also emphasised the fact that social workers are often placed behind other public sector workers, for government initiatives such as shared ownership schemes aimed to help key workers buy houses. Although governmental policy also classifies professional social workers as key workers, it is perceived that housing schemes designed to relieve the financial pressure of living in London seemingly gave preference to other workers, such as teachers and nurses. One manager discusses how the skills shortage is severely exacerbated by the disproportional cost of living in the capital:

*There is a huge skills shortage, yes, but when people in this area are paying £900 for rent on a flat [every month] and are earning £2000 before tax, you have nothing left to live on. So that's the prime reason that we can't attract people into London.*

Team Leader A, the SSD.



In both cases localised management policy aims to implement salary rises in a direct attempt to attract workers, but any increase must be set against the severity of current skills shortages. Placed in this context these measures appear to have had little or no effect in both departments and instead of pay rises serving to attract workers, it has created a situation of internal competition between rival local authorities. As one department offers financial inducements to attract workers another offers greater inducements, creating a set of circumstances whereby each borough must continually increase wages to remain competitive as the situation spirals out of control:

*We are paying social workers £1000 a year above their salaries some other authorities are paying £2000 or £3000 grand. Some local authorities are then combining this with much more generous resettlement packages than we do and you are in a situation where you are competing with each other for employees. Director of Social Services, the SSD.*

Financial inducements to attract workers to each organisation include increasing wages above usual market rates. However, in both departments strategies of retention are also implemented, including a series of financial rewards the longer a worker stays within the organisation. In the case of the SSD this comes in the form of a retention package that pays workers an extra £1000 on top of their salaries for every year they remain within the department. Interestingly, a team leader within the SSD emphasises that this is a limited package when compared to other local authorities, who are offering even greater financial enticements. In the SSD, it is widely recognised that these inducements are not financially viable, budgetary restrictions do not allow for never ending increases in remuneration packages:

*We just can't compete, some local authorities are giving people a golden hello, saying sign on the dotted line and there is £1500 and then £1000 for every other year you stay.* Director of Children and Families, the SSD.

In this case financial incentives have been restricted to the areas where vacancies are highest, namely in the specialist positions that are the hardest to recruit, most commonly in the area of child protection work.

Requirements to utilise agency staff in both departments also fluctuate from team to team, although, it is widely acknowledged that vacancy rates and in the area of children and families recruitment difficulties are worst. Work involving children is unanimously seen as the most stressful and high pressure role that may be undertaken in the field of social work, an opinion that extends throughout both organisations. Team leaders report that vacancies within these teams in the SSD are the most difficult to fill, whether attempting to recruit permanent staff or to contract workers through agencies. As a consequence, this is where the majority of agency workers are located and in this area vacancies went unfilled for long periods of time.

*In my section with regard to professional social workers I reckon about 20 per cent are agency staff. But the child protection services could be as high as 30-35 per cent.* Director of Adult Services, the SSD

In this context the number of posts that are deemed difficult to fill, or unfillable, begins to rise, and managers recognise that financial inducements do not work in these areas and that raising salaries above the recognised market rate does not necessarily attract workers more readily. This point is emphasised by the director of Childcare Services who stresses the fact

that even the councils that are offering the highest remuneration packages are still struggling to recruit staff:

*There aren't enough social workers out there; I know this because even the local authorities that are paying out the big premiums are finding it difficult.* Director of Children and Families, the SSD.

Ultimately, managers in both departments recognised that there are not enough skilled social workers in the labour market, and this prompted them to consider other methods that may have more success in challenging high vacancy rates. In both cases a formalised Human Resource strategy specifically focused on the retention as well as the recruitment of staff, as alternative ways of marketing positions were recently trialled. Traditional recruitment methods and conventional ways of advertising in newspapers are now combined with advertising on the internet and at recruitment fairs, designed to reach a wider audience.

In both cases managers also recognise the importance of building up a reputation as a good employer, as demand far outreaches supply, and prospective employees are faced with the choice among numerous alternative employers. One manager commented on the importance of creating a first class image to prospective applicants in the current climate, suggesting that this reputation must be validated with a series of training and development packages. However, even organisations that were considered excellent employers were experiencing recruitment difficulties, a point validated by Director of Services within the SSD. He highlights the fact that despite his department having an excellent reputation, and being seen as a good place to work, 'this is no longer enough'. A Human Resource manager from the department reinforces this assumption:

*A few years ago the situation was much better, [the SSD] attracted people as it was generally seen as a good authority to work for.* Human Resource Manager, the SSD.

It is duly noted that in each case the departments' internal recruitment and retention drives appear to have limited success in curbing vacancy rates, although managers generally perceive that their circumstances are not as desperate as other London boroughs. However, the situation was still recognised as severe, exacerbated by the numbers of social workers moving from the front line positions or away from the profession all together.

During the creation of the Trust in 2001 a process of reallocation of jobs from other areas of the organisation was needed to help establish the department, but there have also been other problems associated with the redistribution of social workers within the organisation. A wealth of newly created management positions also appeared within the Trust and professional social workers from the front line moved to fill these posts, thus vacancies appeared at a lower level fuelling the rising numbers of front line social work vacancies:

*About three years ago the situation began to haemorrhage, as with the introduction of Trusts, senior social workers began to move up into management positions and people wanted career moves and there was no one to replace them.* Human Resource Professional, the Trust.

Experienced social workers flooding into the newly established management positions exacerbated vacancies at a lower level, as there was simply no one to replace them. The proportion of management to front line staff increased throughout the Trust, but the preference for managerial positions extended past the desire for promotion. Team leaders

were not allocated a specific caseload and therefore these positions involved less direct contact with clients, a part of the job deemed incredibly stressful. One manager emphasises this point and ascribed the preference for higher level positions as a means of escaping the demanding elements of the job. It must however be noted that all vacancies were not among front line social workers, as an instance of a temporary agency manager was also recorded, deployed to cover maternity leave.

Correspondingly, the SSD also has had to deal with a recent trend of a high number of experienced employees vacating front line positions, but in this particular case it was mainly due to retirement:

*We weathered the storm for a long while but it is only recently we went down this route and now have a high level of agency dependency. We have experienced a lot of people retiring and when you try to replace them you can't.* Team Leader D, the SSD.

In both cases managers expressed a deep concern about the consequent effects that current skills shortages are having upon their ability to recruit and retain their current employees. It was widely noted that the rising number of vacancies lowered morale within the department. In turn, teams operating without a full complement of staff cause higher amounts of stress among the remaining members who have to compensate for missing employees by taking on increasingly large workloads. The Human Resource manager from within the Trust reaffirms this stance indicating that agency workers joining social care teams were seen to be a 'welcome relief' improving morale as caseloads diminish.

Social work is conclusively perceived to be highly stressful and managers attribute this, and the largely negative image of social work portrayed by the media to the lack of new blood entering the profession (DTI 2002). A newly qualified agency social worker categorised what she regarded as a 'vilification by the media' of the social work profession, when speaking of her reaction to the press coverage of the Victoria Climbié<sup>25</sup> case. In this instance she perceived the negative image portrayed by the media of the social worker in charge of the case to be 'unfair', also emphasising that the death of Victoria could more accurately be attributed to the excessive workload that each social worker is placed.

All social workers in both cases contend that the job of social worker is highly demanding and team leaders stressed that workloads were increasing disproportionately to funding. Many social workers are finding that they are under intense pressure due to the demands of their job and in many instances morale is incredibly low. A social worker from within the SSD encapsulates the mood of the majority of workers in both departments:

*It's a hard job and a thankless one, people don't want to do it, two or three years of child protection work is enough to burn you out.* Field Social Worker, the SSD.

This is a sentiment expressed by the majority of social workers, and in most cases workers emphasise the negative aspects of their job in preference to any positives, creating a picture of disillusionment.

## **6.7 Lack of graduates entering the profession**

There is a general consensus that this problem of recruitment cannot be solved at a local level by either department, as there just are not enough qualified workers coming through

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<sup>25</sup> A high profile public inquiry was staged in 2002 into the death of Victoria Climbié, an abused and murdered child under the protection of social services

the system. Managers recognise that central policies are needed, implemented at a national level, to attract prospective social workers and encourage them to enrol on graduate courses. Currently bursaries, supplied by the General Social Care Council (GSCC), help to relieve the financial burden for candidates wishing to attend university courses to train as social workers. However, these grants are not substantial and students are also expected to take out a loan from the Student Loans Company, to meet the costs of living. Reluctance to take on an added financial burden to study will undoubtedly dissuade some prospective applicants from enrolling on courses. Lack of potential candidates coming through the system is a major factor driving the staffing crisis. A team leader in the Trust attributes his recruitment problems directly to the reduction of graduates entering social work courses in the late 1990s, believing this is only now having an effect. Evidence obtained from the Human Resources department confirms that a previous shortfall in newly qualified workers exacerbated recruitment problems:

*[The organisation] at this time was behind on pay as it didn't have London weighting and therefore they went to other boroughs, but the situation wasn't helped by the fact that people had just seemed to have stopped attending social work courses.* Human Resource Manager, the Trust.

Ultimately, fewer qualified social workers are coming through the system and in the past this has been a major contributor to the shortfall but these patterns may be changing.

More recently, the latest statistics on new students entering social work programmes have revealed that there has been an unprecedented increase in the last few years with some

courses being oversubscribed<sup>26</sup>. Although figures on social work degree entrants appear to be much more promising this does not necessarily mean that managers within the two organisations perceive a more promising outlook for the future. Indeed this news may not necessarily be greeted as the far reaching solution to the current crisis, as another team leader emphasises the fact that many of these newly qualified workers are coming straight out of university and opting to work for agencies. As in this case, demand outstrips supply, and social workers may use the agency contract strategically, shaping the labour market for their own ends.

### **6.8 Advantages of the agency contract for social workers**

Supply factors have a considerable effect on shaping labour market outcomes within this setting. Managers are experiencing severe difficulties with regard to recruiting for full time posts, as qualified social workers choose to reject these positions and market their skills through agencies. Agency social workers employed within the boundaries of the two case study organisations describe various motivations for the preference of the agency contract. Issues relating to the agency work as the preferred contractual arrangement, underline the way that the choice of the worker and the activities of employment agencies can shape the current situation of rising vacancies. By highlighting a number of respondents from across both cases, the next section aims to highlight the perceived advantage of the agency contract as a means to gain more favourable labour market conditions and career prospects.

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<sup>26</sup> Social work education and training statistics published by the General Social Care Council show an 11 per cent increase in the number of new students enrolled on the Diploma in Social Work 'DipSW' in England in the year 2002-03, compared with 2001-02 (General Social Care Council 2004)



### **6.8.1 Agency work: the preferred choice**

A preference toward the agency contract is illustrated among many of the locums working within the case study organisations. Both managers and social workers clearly listed a set of perceived advantages of working under these contractual arrangements. It is documented from evidence collected from the spiralling vacancy rates that the agency, and its role in the labour market, intermediately plays a vital part in shaping the outcomes of this current situation. The number of agencies retaining the services of professional social workers has increased exponentially in recent years, and the irony of the situation becomes apparent; managers within social services departments across London appear unable to recruit workers but agencies do.

In an attempt to increase their market share, agencies have sought to offer the best possible inducements to entice social workers on to their books. Agency work in the social services was at one time, considered an inferior contractual arrangement. As even though this type of work has always been associated with a preferential rate of pay, this advantage had to be balanced out against the lack of holidays, sick pay, pension provision and security that a permanent post could offer. When placed in this wider context the permanent position was historically perceived as superior option. However, as the labour market tightened the social workers bargaining power and the financial inducements to opt for agency work increased, as agencies began to introduce a range of associated benefits for those retained on their books:

*You can get exactly the same with an agency sick pay, maternity pay, pension schemes and holiday pay. Years ago it used to be that the council job set you up, giving pension and when you get in there, you will be sorted, and it was the fact that*

*agencies were not offering that. Now agencies are offering it all and it is the council that is lagging behind. Agency Social Worker 3, the SSD.*

Locums from within the sphere of both social services departments are quick to describe the package of benefits they receive when opting to be on the books of an agency, comparing their benefits package to that of a permanent worker on top of a much higher rate of pay. One junior locum from within the Trust described her hourly rate as ‘phenomenal’, stressing that the amount of money she was earning was comparable to that of a very senior social worker within the same team.

These preferential rates are confirmed in an interview with Social Work Solutions (now Hayes Social Care)<sup>27</sup>, a large employment agency operating throughout the UK with a strong presence in the London area. A recruitment consultant confirms that a newly qualified social worker start on £18 per/hour, whereas a fully senior social worker can get as much as £35 per/hour. In addition workers receive guarantees that positions will be for at least 3 to 6 month contracts, with implicit agreements that many may be longer. Holiday is paid at the legal requirement of 20 days a year, and workers are encouraged to join an agency run pension scheme. The agency also offers the Post Qualifying Award (PQA) 1 and 2 at a much cheaper price, brokering a deal with an educational supplier to provide the course at a discounted rate, offered as a distance learning course.

Although it must be noted in this case, that pension schemes were not comparable to the ones provided by local authorities. More accurately they equate to paying into a private

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<sup>27</sup> Hays Social Care is one of the leading providers of qualified Social Workers, Social Work Assistants, Residential Support Workers (RSWs) and Care Staff to Social Services, the NHS, private, voluntary and charitable organisations, operating throughout the UK.

scheme without the generous employer contributions. In the same vein sick pay is generally paid at statutory rate.

### **6.9 Newly qualified workers**

Over a third of agency workers interviewed across both cases were graduates straight out of university, choosing agency work without any experience of a permanent position within a social services department. All these newly qualified workers appeared to have a very positive view about what agency work had to offer, speaking enthusiastically about the perceived advantages. This in part was due to the way the agency marketed itself, strongly targeting the graduate market. A recently qualified worker spoke about how agencies were much more proactive with regard to the tactics they deployed to encourage new social workers to come straight out of university onto their books. Employment agencies made their presence felt at graduate recruitment fairs, whereas there was a notable absence of representatives for the local authorities, with the former portraying themselves as the preferred employer. Establishing themselves as the employer of a choice extended beyond preferential hourly rates of pay, agencies workers talked about how they were offered training and development opportunities throughout the year. These include attending lectures hosted by their agencies to discuss current practices within their field, and the fact that they were supported financially through post qualification awards. These initiatives enable agencies to create a profile of a preferred 'employer' keen to support and cultivate the careers of its 'employees', as agencies embedded themselves within the labour market.

Graduate social workers at the beginning of their careers adjudge that some aspects of the remuneration package are not relevant to them and four out of five of the newly qualified social workers did not believe that pensions were a pressing concern. However, the

graduate market is strongly targeted by agencies who tailor benefit packages to match the needs of this segment of the social work labour force, offering incentives such as golden hellos, higher earnings and the promise to pay off student debts. These inducements are very appealing to former students with large debts:

*They will pay back your student grant and all this sort of stuff. For me there is no difference, why should I go and earn less money as a permanent member of staff, I would rather be a locum.* Agency Social Worker 2, the SSD

Although all workers, regardless of age and experience, were quick to stress the financial benefits of working for an agency, this was often not the prime concern among the newly qualified segment of the workforce. Recent graduates often describe the lack of direction they felt when leaving university, the need to gain experience and discover what area they want to specialise in. In turn they emphasise that the agency contract gives workers the freedom to switch between different areas of social work, without the associated stigma attached to changing permanent jobs frequently. Workers assume that recurrent change from one permanent position to the next will be frowned upon by prospective employees, as this would be associated with the belief that a worker could not 'stick a job out':

*When I finished college I didn't have a clue where I wanted to work and in which area. I thought the best course of action would be to go to an agency then I could try out different things without looking like I was uncommitted and was chopping and changing from one permanent position to another if I decided I didn't like it.* Agency Social Worker 3, the Trust.

This type of response was given by all of the six newly qualified social workers that were interviewed. All stress the importance of using the agency as a means to build up a portfolio of skills in different areas. In this context, agency work is viewed as the best avenue to pursue a purposeful career development strategy. This is an image of agency work that agencies may have in part generated or at least seized upon, by stressing the ability to gain a range of skills and experience over a short period of time and modelling themselves as organisations able to shape successful careers. Within the Trust, a Human Resource professional isolated career development as the main reason for recently qualified workers selecting agency work. This rationale was partly generated by a carefully managed strategy of the agencies marketing themselves as an avenue to gain a wealth of experience:

*All my friends that left Brunel took locum work. It was because of getting experience as there was a lack of placements at Brunel so we all wanted to get experience. Agency Social Worker 2, the SSD*

However, these carefully constructed beliefs that agency work would provide a wealth of experience for graduates was not always matched by employer perceptions. Many team leaders stressed that agency social workers were building up a broad pattern of understanding but a number of short term assignments provided a wide range of skills but little depth of experience. In effect, managers still favour in depth experience built around long term permanent contracts:

*Locums have had a variety of jobs and on paper and it looks like he is highly qualified but you don't know the extent of that. You don't know whether he did the initial assessment work or was involved in the care planning or if he was just holding a case between one person going and another one coming. They may look*

*impressive on paper but in reality they aren't.* Director of Children and Families, the SSD.

Although team leaders realise that although they would prefer quality of experience above quantity they realise that it is often the agency acting on behalf of the social worker who is dictating terms and conditions of employment rather than visa versa.

Agency workers often perceive that it will be beneficial to their career to gain experience in many different areas, with many noting that it allows them to make a considered judgment about many different organisations and if they would constitute a good employer. As previously noted there is a strong difference in perception about which social services departments constitute a favourable working environment. Agency workers based in both departments are working across various boroughs establishing their own preferred list of employers, which they will consider if they contemplate a permanent post. This in itself is a complete contradiction to the traditional view where it would be the organisation that would use the agency as a screening device to evaluate prospective employees, a situation that for the employee would represent the first step on the ladder to enter an the ILM (Houseman et al 2003; Osterman and Burton 2004). A Human Resource professional speaking generally about the traditional use of agency working across the organisation reiterates this point:

*In the past the environment was much more stable and people generally came from an agency using it as a foot in the door, the first step to find permanent work within [the Trust]. The Trust.*

Now however, it is widely acknowledged that the rationale for the use of agency work is changing. Junior social workers are now using agency work as means to control their own career progression and retain the freedom to dictate the terms and conditions of employment.

### **6.10 Reluctant agency workers**

All of the locums interviewed did however stress the importance of their clients' care, with most managers verifying this by saying agency workers were generally of a good standard being highly committed. Half the locums displayed guilt about the disruption of care caused by clients having to frequently change social workers. Among these workers there was a feeling that long term continuity of care was not compatible with working on a temporary basis, with one also mentioning that she frequently did not claim expenses because she felt uneasy about the vast amount of money she was costing the department. Another agency worker encapsulates both of these sentiments, explaining how she is driven to work harder through a feeling of remorse.

*'I feel guilty that I am getting paid so much more for a job that I really should be doing on a permanent basis so I do not mind putting in the extra mile'* Agency Worker 7, the Trust.

This is an interesting counterpoint to the usual idea that agency workers are unwilling to go beyond contract. All of the locums moving to the agency contract from permanent work expressed a deep regret that they had opted for this line of work, but emphasised that this voluntary decision was deemed essential and unavoidable, driven by a deep dissatisfaction with past employers and jobs in previous permanent posts. The majority of the permanent

social workers interviewed within the two cases also echoed this same feeling of being undervalued. Most of the agency workers interviewed emphasised the agency contract as an opportunity to present their needs above those of the organisation, clients or the agency itself.

Financial rewards were set against the need to feel valued and one agency worker was quick to stress that increased wages should not be seen as an isolated case of greed on the part of the worker, rather monetary rewards were always linked directly back to a need to feel valued within the organisation:

*I never thought that I would be forced to choose agency as it stands for everything that I am against but it is about being valued at the end of the day and I don't believe that my local authority respected the job I was doing. Agency Social Worker 6, the Trust.*

In this quote this agency worker clearly articulates her own difficulties in reconciling agency work with her professional principles. In the end she chooses agency work reluctantly in an attempt to ensure her work is valued.

### **6.11 Escaping the bureaucracy**

Agency contracts in this context provide the springboard for workers to escape the negative aspects of their organisation's culture. Social workers complained that their opinions were often not considered with regard to decisions involving cases and the amount of contact that they could have with their clients was continually being reduced because of their increased caseload and workload caused by mountains of paperwork. Agency work enabled social workers to feel autonomous, as they made independent evaluations about clients



without feeling accountable to their direct line of supervision, believing themselves to be their own boss and thus removing the suppression that they had once felt as permanent members of staff. Within the trust, a human resource manager also comments how agency workers can avoid much of the required paperwork, only filling in what is mandatory rather than the vast amount of internal reports. A situation is therefore created where they can select certain facets of their jobs creating the feeling that they are covering the important aspects of their work well and feeling they are really making a difference to the clients in their care.

Under the current labour market conditions, agency workers believed that they were controlling their own careers and workload. When agency workers were answering questions relating to who they believed their employer to be, they consistently remarked that they did not believe that they had one:

*I see me. I don't have any loyalty towards my agency and although I do my job to the best of my ability I run my own career. I feel that I am only answerable to myself.* Agency Social Worker 1, the SSD.

Constantly, the word 'freedom' was mentioned in response to questions relating to the advantages of agency work. This was seen to relate to many different aspects of the employment contract, including the ability to retain choice over where to work and for how long, what emphasis to place upon different aspects of the job, when to take holidays or days off, and in a number of cases, 'freedom' referred to escaping the culture of employment within the social services. Organisations were duly criticised for their poor management and decision making, even though under funding seemingly exacerbated organisational problems; on the whole social workers gave negative reports of what it was

like to be in their occupation. Workers felt disenfranchised, and previous allegiance towards the social services department was replaced by loyalty towards themselves and their profession:

*But there is also this sense of freedom that you don't have a strong allegiance with the local authority and you are almost privatising your skills rather than making them part of what I consider to be an anonymous organisation. I like the fact that I am now removed from the organisational politics and organisational priorities and hierarchical decisions. I am here in a professional role and I feel that I have some autonomy within that and have more power within the relationship. Agency Social Worker 6, the Trust.*

Some of the power within the relationship stems from the feeling that agency social workers at times are almost irreplaceable, workers can make demands upon their employers knowing that they are unlikely to refuse and risk losing these workers whose skills are in short supply. A point reinforced by a team leader that would often make concessions to avoid losing the services of these workers, allowing workers large amounts of time off that he would not consider granting permanent staff.

Agency contracts are traditionally deemed unfavourable because of the insecure nature of the work, but all of the workers interviewed mentioned that they felt completely secure in their positions. This is a feeling extenuated by the fact that all of them had been in their current position for at least three months, with one worker being placed for over a year. Team leaders are keen to create favourable working conditions for all workers, creating a climate within the organisation that will facilitate the retention of workers on both agency and permanent contracts. Agency workers were aware of their enormous value to their

department, realising that both departments would not be able to conduct their statutory duties without their assistance. Ultimately, agency workers appear to be using this position to their advantage, using the imbalance in supply and demand to carve out an autonomous role within their department, without the associated pressure and bureaucracy of permanent work. Unanimously, all locums agreed that severing the attachment to an organisation and working independently changed their attitude towards their work. One agency worker talks about how she feels like she is achieving much more and consequently more satisfied with her role:

*I am much happier. I am escaping the politics of the organisation the mentality here makes you think that there are all those children out there that we haven't got the resources to help. Now I can see it from a different standpoint and I feel more positive helping and focusing on the ten families that I am helping rather than the two hundred that I can't.* Agency Social Worker 5, the SSD.

By emphasising commitment to their clients in this way agency workers are almost redefining professionalism within their sector. As regaining autonomy and exerting influence over the aspects of their work that they deem vital in their expert opinion, agency work is allowing them to be a 'true' professional.

Overwhelmingly, agency workers pointed out the benefits of the agency contract. Disadvantages of this type of work were seen to be limited, but centred upon a degree of animosity within the workplace. Permanent workers at times displayed resentment towards temporary workers believing they were paid more for less work; such attitudes created a feeling of isolation among some agency workers. Feelings of exclusion were accentuated by the fact that workers were short term elements of the team and therefore they could not

build lasting relationships with colleagues. This type of response was limited among workers, with only a couple of workers having encountered a negative reaction in their role as agency social worker.

On the whole it is appropriate to summarise responses of temps as conclusively favourable to agency working. All agency workers had voluntarily opted for this type of contract, with around 65 per cent of these workers having extensive experience of social work through a series of permanent positions and the remainder adopting these positions straight after qualifying. But this voluntary retreat away from the permanent contract should not be perceived just as a way for these workers to command higher salaries, but as a way of relieving work related pressure, controlling their career and creating more autonomy for their role within the department. For those rejecting the permanent contract it should be more aptly described as a reaction to being consistently overworked and undervalued.

From a managerial perspective, this series of apparent advantageous elements surrounding the employee's adoption of temporary work arrangements, only serves to fuel a powerless situation and enhances a feeling of vulnerability within each department. Lack of control over the workforce in each case was exacerbated by the way agencies had embedded themselves more strongly within the labour market. Managers did not believe they could compete with the higher remuneration packages and the aggressive tactics agencies used to market themselves to newly qualified social workers. Team leaders are faced with the predicament that their preferred contractual arrangements are strongly in favour of the full-time permanent contract, whereas the workers within this occupational labour market are displaying a strong preference towards agency contracts. Agency workers operating within the case study organisations had all voluntarily opted for this type of arrangement, but as

supply factors shape the labour market preference towards agency work is fuelling the current skill shortage.

## **6.12 Discussion and conclusions**

Agency workers in this case can be classified as voluntarily opting for this contractual method, and the sheer numbers of staff operating through an increasing number of agencies within the market highlights the strength of supply side variables in the sector. Self determination of contract is an obvious option within this labour market where demand far outstrips supply, a situation that is magnified in the London area. Social workers within these two case study organisations are seemingly selecting agency work because of a perceived mismatch in their salaries, against their work expectations. In this context the rise of the agency contract is not as a direct result of any organisational initiative, or driven by demand side variables, but as a proactive measure from the agency workers themselves who are taking advantage of the imbalance of power in the employment relationship.

Temporary agency working has grown in what can only be described as a stable economic period, and in both case studies there has been no pressure to reduce headcount in the form of permanent members of staff. Within this sector underlying trends, including the fall in unemployment coupled with increased competition for skilled workers, have influenced the increasing use of agency working. Social workers in this current climate are seemingly unsatisfied with their wages and working conditions in comparison with other sectors of the economy and therefore begin to raise their expectations. Unfortunately in this case they increase them above what social service departments are permitted to offer and, in turn, they look to employment agencies to resolve this mismatch.

The temporary work agency is used by workers as a means to take advantage of their favourable position when their skills are in short supply. Agencies have partially shaped this situation by embedding themselves in the labour market and advertising themselves as a preferred employer, a means to enable workers to demand greater salaries with no detriment to career progression. In effect, the dominant position held by agencies becomes an impossible situation for managers to control, as they become increasingly aware that the numbers of social workers disengaging from permanent employment is continuing to rise. This is a situation that does not appear solvable in the near future as newly qualified workers continue to fuel this desperate situation by coming straight out of university on to the books of an employment agency.

An increase in the preference for agency work has deep rooted financial and organisational implications; the short term character of the agency contract disrupts the long term nature of the client care, and has deep rooted financial implications for both departments. Managers have identified major pressures and disruptions associated with the failure to employ permanent staff and ultimately departments would prefer to make offers of open ended contracts. In both case study organisations there is enough scope within the budgets to employ permanent workers but unfortunately suitable candidates could not be found. Ironically, in a situation where budgets are overstretched it was the emergency utilisation of the temporary agency worker that applied the most strain upon finances as departments were now required to pay a premium hourly wage that was not comparable to a permanent employees wage.

Temporary agency working has reached high levels in both the Trust and the SSD, but neither was pursuing a deliberate policy of agency employment. Under this set of forced conditions it appears impossible to control and direct a workforce efficiently, as factors

beyond the organisation's control continue to shape terms and conditions of employment. In these circumstances the most logical outcome would be disruption and inefficiency as managers have lost their strategic ability to govern their workforce. This set of circumstances presents a unique situation for further exploration and the preceding chapter documents the way in which managers direct and allocate their labour resources in this environment of 'unwanted flexibility'.

## **Chapter 7**

### **Managing Unwanted Flexibility: Costs and Implications**

#### **7.1 Introduction**

Social work managers display a strong preference toward the open ended contract, but this is matched against a current skills shortage and social workers partiality for agency work. Managers are left in a situation where they can no longer determine the contractual mix of their teams; agency social workers are the only option when permanent workers cannot be recruited. The consequent shift away from the stable employment relationship has created many problems within the SSD and the Trust; this chapter explores the costs and consequences of different ways managing this environment of ‘unwanted flexibility’.

Constant vacancies carry a number of problems, including the expenditure associated with a continuous recruitment campaign. But the inability to recruit staff in itself creates a negative image of the working conditions within each department, a situation that can discourage new staff into joining the organisation, sparking a downward spiral of decreasing morale. Costs associated with the fact that managers are compelled to use agency work are both financial and operational. Financial implications are evident in the wasted investment in training and the fact that agency workers command higher wages. Operational costs come in the form of the demoralising effects of a continually changing workforce, which lowers drive, and creates disjointedness within the organisation.

The analysis of the two cases in this chapter draws upon these costs, relating them directly to the predicaments facing managers in charge of supervising a growing number of agency staff. Under these conditions the damaging effects associated with a rising proportion of



agency workers within each department are explored. The focus of investigation then shifts to examining ways in which managers in both departments attempt to deal with the current situation. Under these conditions, the proportion of agency workers is currently rising, and this chapter charts the dilemmas of the managers forced to direct and control these temporary workers on a daily basis.

## **7.2 Changing workforce dynamics: a management perspective**

Traditionally within social services, managers only deployed agency workers for short periods of time, to cover absences caused by sickness or maternity leave. In recent years, the rationale for the use of these contracts has changed dramatically, as temporary agency workers began to form a long term element of the workforce. In the case of the SSD this change is deemed considerable; a growing reliance on the agency segment of the workforce is in direct contrast to the previously perceived organisational culture, and the principles underpinning the social services. Long serving members of staff, within the department, find it impossible to reconcile the high fees commanded by agency individuals with the altruistic and caring nature of the position of social worker:

*The free wheeling agency culture just isn't compatible with the caring nature of social work.* Director of Children and Families, the SSD.

Reflection and comparisons were frequently made by managers between how the service runs now, and in previous years where permanent teams created more constancy in the workplace. Changes to the workforce dynamics within the SSD may appear more overwhelming for those long established members of the organisation, who have become accustomed to the presence of permanent workers making up the core members of their

teams. Team leaders responding to questions relating to the changing dynamics of the department appear genuinely surprised, at the increasing prominence of agency contracts:

*It really is exceptional because we haven't ever been reliant on agency staff in the past, but now people are not coming through the system and not wanting to do the work anymore, so the proportion of agency workers has increased in the last two years.* Director of Social Services, the SSD.

In contrast, the response to the comparably high levels of agency workers inside the Trust appears to receive a different reception entirely. Team leaders are much more accepting of the role of the temporary agency worker within their teams, even when deployed for indefinite periods of time. Neutral opinion regarding the utilisation of agency workers may be due in part to the fact that temporary agency workers have always formed a part of the department and the short history of the organisation determines a consistent usage of these workers in this way:

*This team is only three years old and it would only be this year that we have come near to reaching our established workforce. [In this period] we have used temporary workers to fill the gaps in some area over fairly long lengths of time. But I feel that this isn't necessarily a bad thing, as we also have the luxury of being the newest service in place, and because of this we can find ways of adapting,* Team Leader B, the Trust.

Founded whilst the labour market was in the midst of a severe shortage of professional social workers, reliance on temporary agency staff is constant throughout the brief history of the department. Team leaders adopt an attitude of reluctant acceptance, but are still quick

to illustrate the shortfalls of this method of employment; however, on the whole, they remain relaxed about the apparent implications to the service. In each of the departments there is a strong ethos of working beyond contract, but in the SSD this is accentuated as many teams contain social workers that had worked for the organisation for many years, displaying consistently high levels of loyalty.

Commitment to their work of this faithful core of workers within the SSD is transmitted in many ways. Loyalty is primarily displayed in the fact that staff often work beyond their 9 to 5 contract, but also in the genuine despair and frustration because workers feel that their work is insurmountable, due to lack of resources within the department. A dependence upon this segment of the workforce was initially credited with reducing the negative effects of the wide scale introduction of temporary agency staff. Team leaders concede that their reliance upon these workers has grown immensely in the past five or six years, as the numbers of temporary workers increase:

*Initially permanent staff provided some consistency and we managed to avoid the initial chaos associated with the migration towards agency work. We were not severely affected until recently. Team Leader A, the SSD.*

In both departments managers do not shy away from the associated problems of a growing presence of agency staff, although the current Director of Children and Families within the SSD is most despondent, describing how, 'prospects for the future remain bleak'. Managerial problems stemming from this current situation can be neatly divided into two camps. Firstly, there are associated problems of spiralling vacancy rates covered in detail in the next section; secondly, there are issues relating to the selection and management of the agency workers (see 7.4.).

### **7.3 Recruitment and retention: an impossible situation**

Costs linked to the continuous vacancies come not only in the form of the financial pressures of an ongoing recruitment process, but also the way in which working short staffed lowers morale impinging on the team's effectiveness as workloads increase. The following section documents the ongoing recruitment campaign in both departments and the implications of spiralling vacancy rates on permanent members of staff in each.

#### **7.3.1 Continuous recruiting**

Recruitment difficulties are experienced by both departments, and all team leaders and Human Resource professionals made constant efforts to attract permanent staff. Costs associated with recruitment campaigns extend well beyond the time and effort needed to deploy these approaches; there are also implications relating to the fact that advertising is phenomenally expensive. Financially, the costs associated with the inability to fill positions are beginning to escalate within the SSD, as one Human Resource professional clarifies:

*We recently advertised for a qualified social worker in the Guardian. It was a huge advert costing £10,000 and in the end we had three applicants, two of which weren't suitable.* Human Resource Manager, the SSD.

Costs associated with advertising one position are immense, and the very fact that these are matched against such a poor response rate exemplifies the extent of the labour shortage and, the futile nature of the task of attempting to employ social workers. Under these circumstances it does not appear surprising that managers are turning to agencies to recruit staff for them. Agencies do not have the large initial outlay associated with advertising vacant positions, as they retain the ability to source staff from a permanent pool of workers.

In theory they have the ability to act as a screening device and successfully match worker to placement. Managers in both departments stress the importance of the agency in the recruitment process and the Human Resources Manager in the SSD emphasises this point:

*Recruiting staff is impossible at the moment and the service just wouldn't survive if you didn't use agencies, we just can't find permanent staff.* Human Resources Manager, the SSD.

An incomplete workforce poses increased challenges to management, because staff recruitment is obviously a time consuming process, especially when they must oversee what appears to be an endless recruitment campaign. Inability to fill vacancies placed a strain upon the rest of the team as often, the remaining team members were expected to fulfil extra duties to compensate for vacancies.

### **7.3.2. Spiralling vacancies: a source of disillusionment**

Demoralised workers may have no option but to accept increased responsibility in the light of ongoing vacancies without the promise of rewards such as promotion, or wage rises. There is clear evidence that these policies were leading to loss of morale among the permanent staff. Retention levels of permanent social workers may also be negatively affected by the increased workload; workers do not want to remain in a disorganised stressful environment. Directly exacerbating this situation is the possibility of long standing permanent workers turning their backs on permanent employment and dealing with their impossible situation by leaving to join employment agencies. This in turn causes more disjointedness:

*If people are constantly leaving then that is stressful as the team is not settled. The end result is chaos, and you are constantly thinking how are we going to manage.* Field Social Worker 2, the SSD.

Some permanent social workers seek more radical solutions and staff, within the SSD, agree that workers often view leaving the profession as the only way out:

*I reckon the average for people staying in [social work] is five years. Then they get out of completely. It is the stress and the increased work load.* Field Social Worker 1, the SSD.

The presence of agency staff does not always completely relieve the burden on permanent workers. As a consequence of the cost of this type of contractual arrangement, recruitment policies are often ad hoc, either keeping vacancies open or requiring existing staff to provide cover for the remaining amount of time. When the use of the agency worker is sanctioned, it may be that one agency worker is employed in place of two permanent workers, and the stress upon other team members not completely relieved. On the whole permanent workers are beginning to resent the situation, as they dislike continually having to train and retrain agency staff to make sure they are aware of the specifics of policies within the department. In one instance a permanent social worker from the SSD describes how she was required to ‘baby sit’ agency workers, which distracted her from her own workload. In part a situation of bitterness and demoralisation was initiated by this situation, as there is no perceived long term benefit to permanent workers if agency workers are not going to remain in the team for a sustained period. In one instance permanent workers became aggrieved when temps were allowed to attend an internal training session; this type of training was regarded as one of the perks of their permanent positions.

Interviews with permanent staff do also indicate that there is also some resentment regarding the level of remuneration in relation to the quality of work received from agency workers. But on the whole, teams are grateful to have anyone employed to relieve pressure arising from their unmanageable caseloads. The rising vacancies had amplified discontent within the department, but dissatisfaction was directed more towards the lack of funding within the sector rather than consistently attacking the performance of temporary agency workers.

#### **7.4 Agency working: costs and consequences**

Dilemmas relating to management of agency workers are multifaceted, stemming from interaction with the agency themselves and the detrimental consequences of deploying agency workers, creating a fluctuating workforce. Closely associated with this last point is the question of how effectively can these workers be managed and integrated into both of the departments and the next section focuses upon the consequences created by using agency workers.

##### **7.4.1 Dealing with the employment agencies**

It may seem obvious that employment using an agency would seriously reduce the aggravation associated with spiralling vacancies, but it must be noted that agency workers were also difficult to recruit and team leaders encountered problems when attempting to deal with the employment agencies themselves. These issues are related to the apparent shortage of agency staff within the labour market, but also with associated issues arising from the tactics that agencies employ.

Agencies utilise their leverage in the market to target those authorities in most desperate need of workers, in areas where vacancy rates are highest. Managers speak of agencies responding to requests for workers by offering available staff, but also mentioning that another borough was interested in this worker offering to pay a premium rate. Although managers were acutely aware that this was a bluff to push up the associated price of the worker, the often desperate need for workers left them in an impossible situation, forcing them to surrender to the agency's tactics.

Forceful strategies by agencies in an attempt to guarantee their workers employment were adjudged to be one of the major downfalls of this type of contract. Team Leaders noted the rising number of employment agencies within the market and the fierce competition between them. In this climate, the agencies desire to place the social workers on their books led to a continual process of promotion, which created great annoyance among managers. Competition among agencies ultimately forces a situation where numerous different recruiters are advertising their agency staff by continually 'cold calling' social work departments throughout the course of the working day. A number of team leaders highlight the fact that they were repeatedly approached by agency representatives and emphasise that not only was this extremely annoying but it is also extremely time consuming:

*I do take all the calls from agencies even if they can be a real nuisance. Yesterday we had five or six but by the same token if you do respond positively when they get through they will be more responsive when you need them.* Team Leader D, the Trust.

Annoyance is displayed with regard to this continual intrusion in the workplace, but more interestingly it must be stressed that managers are forced to react in a polite and positive



way as they are highly aware that it would be counterproductive to get on the wrong side of the agencies. Hiding their disdain for these recruiters reiterates the balance of power within this employment relationship, team leaders realise that they need the temporary work agencies much more than they need them. Another team leader is more eager to represent the agencies recruitment approach in a more negative way, reacting angrily to the continual bombardment of callers representing agencies:

*I have a negative attitude to the agencies at the moment and they really need to stop these tactics. I have told them to stop but still on one day I had a call from six agencies.* Team Leader B, the Trust.

In general, managers possess a very low opinion with regard to the employment strategies deployed by agencies. It appears that every tactic was deemed acceptable by the agency representatives no matter how unethical it may seem. Often managers express a degree of surprise that recruitment consultants operated in this rather mercenary way, and it was widely considered that many practices were unprofessional:

*I have even had a recruiter from an agency phoning me up pretending to be a personal friend to get past the lady on the switchboard, which I think is completely underhand. These kinds of tactics will shape your views of the agencies and for me it's not a good picture.* Team Leader D, the SSD.

Team leaders also believe that the standard of service between individual agencies varied along with the quality of the social workers that they placed within each department. Inconsistency had left both organisations attempting to resolve this varying quality by devising a catalogue of preferred providers:

*We have tried to develop a preferred provider list of people that you can go to and you know that the service quality is good and that you are going to get good value for money.* Team Leader A, the SSD.

The SSD extended this scheme by attempting to create co-operation between local boroughs, establishing a list of favoured providers intended to be used across a number of different organisations. Clearly, this was a reaction to the inappropriate tactics utilised by temporary agencies and a recurrent number of unsuitable placements, but ultimately, attempts to gain bargaining power by grouping together proved unsuccessful. This strategy represents the official line taken by the organisation, but there is some inconsistency in its implementation. Team leaders in the SSD recognise that there are two answers to the question of which employment agencies should be used, ‘the official answer and, the unofficial one’. Urgent positions could not always be filled by solely using the list of preferred suppliers, managers in practice used alternative providers if they promised to supply workers quickly. Each borough was forced to protect their own individual interests, and as one team leader commented, if a worker could not be provided from agencies on the official list he would simply ‘look in the phone book’. Competition for staff between boroughs is fierce, under these conditions it is deemed impossible to create a climate of cooperation and adhere to a standardised list of employment agencies.

A Human Resource professional within the Trust also mentions that her list of preferred providers would often take second place to budgetary requirements. Although, the department demanded high quality workers at all times they were often limited by lack of money:

*We basically use the cheapest option, although we do want good quality staff. We receive endless phone calls each day from agencies promising you the earth and there has been a massive increase in the number of agencies, but basically we use the cheapest option.* Human Resource Manager, the Trust.

Strategies and tactics employed by agencies in this context, are described as an ‘annoyance’, but it was a frustration that managers now realised was becoming an intrinsic and necessary part of each department. Extra irritation surrounding the use of agencies extended from this initial process of recruitment to the administrative duties which were often also extended with regard to these temporary workers.

In both departments, all workers had to complete a compulsory induction process, but on top of this team leaders were often required to record information regarding the worker’s progress and feed this information back to the agencies. Generally, there was a consensus that this data, documented in the form of questionnaires and progress reports, often required extra effort. In effect, these were time consuming requirements in the overseeing of an agency worker, tasks that were hidden or overlooked at the initial onset of each contract:

*I have had to use agencies this year and the agencies which I use will also place demands upon me asking about the person’s performance and health and safety questionnaires, which I am happy to do if I have people from their agency working for me, but it is still time consuming.* Team Leader C, the Trust.

Within both departments there is also the possibility that agency workers will not fulfil the duration of their contract, which in turn creates more serious issues. Retention issues also

surround the use of agency workers in this field; team leaders reported locums simply not returning to their job after only a week. Although this may not be seen as the norm, the locums remaining for only short period of time within the department will warrant their employment counterproductive, as for each placement, time and energy must be expended during the initial induction period before these workers can begin to take on a case load.

#### **7.4.2 Managing the agency workers**

It must firstly be noted that budgetary restraints mean that in certain instances it is unfeasible to employ an agency social worker to match every permanent vacancy within the department. Team leaders stress the constant need to place staffing consideration behind the need to adhere to a strict and often limited budget. Although there was a stipulation within this carefully mapped out financial provision that a certain number of permanent staff could be employed within each team, there was often no extra allowance for the premiums that agency workers commanded. In effect the only way that team leaders could compensate for this imbalance would either be to provide cover for a shorter duration or reduced total staffing levels. For example, contract the agency worker to cover three days as opposed to five days or, more likely, one agency worker was employed to cover the two permanent vacancies.

Once an agency worker was deployed within the host organisation the employment agency would take no responsibility for their day to day management. Over half the team leaders interviewed strongly asserted that they believed that the agency should take a more active role in the management of temps, at the very least initiating them prior to them entering the department. In both organisations the management of the agency workers was solely the responsibility of their team leader. These tasks included inducting workers, allocating case

loads and the responsibility of supervising the work including the right to veto any inappropriate judgments. Problems of managing these workers were strongly associated with the continual renewal of staff within department, stemming directly from the problems associated with integrating into a new place of work.

Difficulties are highlighted by individual team managers who stress the inefficiencies of a continual system of renewal and replacement within the team. In this context, a changing workforce is deemed inefficient as workers have to be trained to the specifics of the organisation. It was noted that often temporary workers would be unaware of the localised policies within the department and decisions of temps had to be supervised more carefully than permanent staff to ensure consistency. In the case of social services, checking on decisions is especially important, as the risks associated with a wrong choice are exceptionally high, and agency workers must understand the individual policies and workings of each department. The SSD and the Trust has individual thresholds and policies that must be adhered to:

*Sometimes these people may make decisions based solely on their knowledge and not what the current policies and procedures allowed them to do at the time. I had an experienced member of staff [agency worker] and where he fell down was that he had taken the wrong course of action and given the wrong advice as he was unaware of the policies and procedures. They clearly didn't recognise what guidelines they needed to work within because they are coming in completely blind of the local procedures. Team Leader E, the Trust*

In order to make successful subjective judgements in line with these guidelines, a good feel for the organisation is required; this is something that can largely only be attained through

experience of working within the department over a sustained period of time. Time is something that agency workers are often short of, as they are free to leave to seek better terms and conditions elsewhere. Continual change from this perspective represents a wasted investment by the organisation, in the time and money lost interviewing, inducting and integrating staff, on top of paying premium wages to employees that ultimately may stay a week. In effect, this equation demonstrates that the organisation at times are investing resources but ultimately receiving few benefits, exemplifying the importance of the recruitment process and the need to employ workers from reputable agencies; it also highlights the importance of identifying suitable prospective workers.

Retention of these workers is often considered a minor inconvenience when matched against the difficulties linked to the direct management of these workers on a day to day basis. Two team leaders in the SSD mentioned the independent nature of the agency worker, this amounted to them not sticking to departmental policy and ignoring thresholds. It was assumed that this occurred mainly through ignorance of individual departmental principle, but it was also believed that some of these workers were especially strong willed and simply chose to ignore them. This could create an uncomfortable situation or even create conflict within the employment relationship for managers who had to carefully monitor all decisions. Resentment would be exacerbated if a team leader was continually forced to highlight the way the individuals work did not meet with the requirements of the departments' policy.

Once more this situation of control over agency workers was not as obvious as portrayed in this case, as managers were aware of their distinct lack of autonomy within the employment relationship. A team leader exemplifies these contradictions speaking about the lack of power he felt he possessed over individual agency workers when they came to

work within the Trust, clearly illustrating this situation by citing an individual example of an agency worker who asked for an unreasonable amount of time off at a particular busy time. Requesting time off during the traditionally busy Christmas period was considered inappropriate by the manager, the unsuitable nature of this demand was stressed by emphasising that a permanent worker would be unlikely to consider making such a request.

In any other circumstance this stipulation for time off would have been denied immediately, however, the manager felt that he was placed in an impossible situation, feeling that if he did not permit the time off he was sure that the employee would leave. In this instance this situation created by the employee's departure would have far worse connotations, for not only would there be a vacancy in the team there would also be an increased amount of disruption to clients' care:

*With permanent staff I can manage them and talk to them and try and compromise but if they are not willing to compromise then the only thing that I can say is that if you are not willing to compromise I will end your contract. This creates all these other difficulties and I will have to go through the process of interviewing other agency workers so even though I am not happy saying to this person take this time off as it is affecting the service because in the long run it is less detrimental than saying thanks very much and good bye. Team Leader B, the Trust*

A clear contrast is represented here in the levels of control the manager retains over the permanent members of the team in comparison to the agency element. Lack of control is emphasised in this case, and it appears blindingly obvious that the agency worker is fully aware of the amount of power they wield within this relationship.

Traditionally, it would be expected that a manager employing agency workers would be able to retain an amount of control comparable to a permanent member of staff. However, under the current pressures managers are left feeling exposed with ‘the agency worker holding all the cards’:

*The difficulty for me is that I don't have the same level of control. If an [agency] worker is saying that she wants something then I just feel like I have a gun to my head, there is no other choice. Especially if a person is a very capable at work and although I am not happy with the situation I have to weigh it all up and decide what is the best course of action. I could be firmer if they were permanent members of the team.* Team leader C, the Trust.

This illustration exemplifies the position of the agency worker; managers perceive that within the employment relationship the temporary employee can use the fact that their knowledge and their skills are in short supply to gain a degree of leverage over their employer. Team leaders are highly aware if they do choose to let them go then the employees skills are currently in such high demand they would easily be able to find an alternative position in another department. Thus the threat of displacement is an empty one in this context and managers are placed with a difficult decision to make concessions or loose their member of staff.

From the point of interview, team leaders from within the Trust feel that it is them that must sell their department's merits to the agency worker. Dialogue is almost a one way process, where it is the agency worker weighing up whether or not they want to work in the organisation:



*I definitely feel like I am being interviewed by the candidates not the other way round.* Team Leader E, the Trust

The managers' vulnerability is clear, as the presence of these professionals operating through agencies and the skill shortage in the labour market is creating a situation of internal competition. Different departments are even fighting among themselves to recruit the best agency workers. Although, it is generally considered that the situation is fuelled mainly by a skills shortage and a lack of workers, it is also exacerbated by the workers themselves who renounce permanent posts. For although there are numerous vacancies for full time positions available, they select this position of power and choose to operate through an agency.

The most striking detrimental implication of the sustained presence of agency workers in both departments appeared to be the incompatibility of the short term nature of the agency contract against the long term nature of the work. Managers stress that the greater proportion of agency workers within the organisation, the greater the increased risk posed with regard to inconsistency of client care. The Director of Children and Families reiterates the contradiction in the short term nature of agency work, set against the life span of a child in his care, emphasising that children do not want to retell their stories continually to one social worker after another. Effective social care is reliant on the need to build up a relationship and a level of trust, so that the client will be more responsive and the both parties will get the most out of the relationship. Agency social workers themselves repeatedly supported this line of reasoning, with a number of them retaining feelings of guilt as they felt they were compromising their clients care. A clear need to nurture stability and consistency is why both of the social service departments support full time permanent employment as it is most compatible for this type of work:

*These people [agency workers] do create issues for the client as six months is a short length of time in any ones life time and change disrupts their care.* Human Resource Professional, the Trust.

A lack of constancy over time caused by agency staff is clearly an unwanted and negative intrusion into both departments ways of operating. Even though all parties are aware of the fallibility of this approach, managers are in no position to alter the contractual mix of their labour force. The realisation hits hard; although short term contracts are far from ideal, without these workers, the departments would not be able to perform its statutory duties. Some resentment is directed towards these individuals that deliberately choose to work under these contractual arrangements, as for some it appears to be irreconcilable with the ability to successful help clients in their care:

*There would be a lack of consistency over time. If some people think the free wheeling agency culture is the way of the world and they want to be part of that then that's fine, but they have to realise that it is at variance with how local government operates and develops better outcomes for children because that is a process that takes place over time.* Director of Children and Families, the SSD.

Injurious effects of the agency culture will be greater in situations when agency workers continually change for one department to the other, never getting fully established or effectively manage a case load:

*On the other had we had someone who worked in the child protection unit and they walked out after only a week. Managing this is quite challenging with the lack of consistency from case to case.* Director of Children and Families, the SSD.

Although it is clear from interview data in both cases that this switching between workplaces does occur, it is not generally the norm. Agency workers were reported to be local, committed and in general of a good quality; many of them resided within departments for up to a year, establishing a limited degree of consistency. Overall, the workers presented many difficulties for the team leaders that corresponded to their immediate line of control, creating detrimental implications both financial and operational.

### **7.5 The selection of agency workers and their utilisation**

Within each of the departments there was a clear divide governing the alternatives towards the selection and utilisation of agency workers. Further investigation into the practices associated with the recruitment of agency staff demonstrated that within the SSD, there was often no formalised interview process. Agency workers were vetted from assessment of their curriculum vitae and previous experience; basic professional qualifications were duly matched against the vacant post. The department also relies heavily upon the discretion of the employment agency itself to provide suitably qualified staff and uses agencies from a list of preferred providers.

Consultation with higher levels was only required on occasion when deciding when to use agency workers against budgetary constraints, but there was no consultation over who was to be employed. In effect, this policy was a rather ad hoc reaction to internal pressures which left team leaders making key decisions regarding recruitment of agency workers completely on the basis of how someone looked on paper. It is therefore unsurprising that managers felt it took a sustained length of time, before these employees were working effectively in the team context, for neither party in the employment relationship at the onset had a comprehensive knowledge of each others' capabilities.

It was also noted by one Team Leader that he felt there was a need to test out agency employees' knowledge and experience when they embarked on a new position, prior to allocating a full case load:

*We have their CV and their basic professional certificates but you need to test it out for yourself. We have just employed someone [an agency worker] in our accompanied asylum team that has worked in seven boroughs in the last two years. He has done a variety of jobs and on paper it looks like he is highly qualified but you don't know the extent of that.* Team Leader C, the SSD.

In reality, this initial process of acclimatisation could be reduced by the introduction of a more formalised recruitment process, including matching candidates to the requirements of the vacant position. Harmonising the recruitment process has benefits for the smooth integration of temporary agency workers into the organisation; this is clarified by the current strategy deployed in The Trust.

Agency workers employed in the social services department of the Trust have to undergo a formalised interview process very much in line with the protocol in place for permanent staff. Generally, the human resources department will screen initial curriculum vitae and compile a shortlist of candidates. From this point, interviews will be held in conjunction with the prospective team leader. In this way the qualities of the candidate can be matched more effectively to the vacant position, any ambiguities relating to the rhetoric contained in the curriculum vitae can thus be ironed out:

*Agency workers are generally of a good standard and we vet the locums here very carefully. We will interview them and only pick the ones that we deem to be the*

*most experienced and successful. We sometimes find at interview that these people do not even know the very basics of social work.* Human Resource Manager, the Trust.

Although this way of recruiting agency workers represented a coherent policy throughout all social service departments, under the jurisdiction of the local Trust, it must be highlighted that in one department, where there was a joint responsibility for services between the SSD and the Trust, the formers recruitment policies appeared to take precedence.

In this case the Team Leader describes how he is ultimately managed by the Trust, but to recruit agency staff he has a preferred list on which he relies, and if these cannot supply a suitably qualified candidate within the required timeframe, then he will simply select another agency:

*Generally I have around six agencies that I use and I will go to them. If they can't help me I can ask colleagues for details of other agencies or look in my resource book.* Team Leader D, the Trust.

In both organisations budgetary constraints also played a large consideration in the selection process as fees charged by agencies can vary enormously. Information gathered from across both organisations indicates that the newly qualified agency workers can earn between £15 and £25 per /hour, whereas a fully qualified service manager can start on £35 per/hour rising in some extreme cases to over £40 per/hour. For team leaders the variation in fees commanded by each agency worker means that the opportunity is always there to shop around for the option that represents the best value for money. In the case of these

professional agency workers the choice is often experience set against cost. As one Human Resource manager describes, cost considerations are generally the most pressing:

*We basically use the cheapest option, although we also want good quality staff. We receive endless phone calls each day from agencies promising you the earth and delivering very little.* The Trust.

Costs associated with agency work were also attributed to the high fees agencies commanded to recruit workers:

*We pay a huge premium to the agency; if we pay £500 a week for a main grade (permanent) social worker then we are paying the agency £1000 a week so it is double. I don't know whether they get £500 or £700 but the agency does get a big chunk of that £1000 pounds,* Team manager D, the SSD.

Financial implications also make a great impression on who is employed and for how long.

Budgetary constraints often mean that teams run with considerable vacancies before agency staff were considered as an option, and many teams were permanently short staffed. Under funding is perceived as the root cause of under staffing and was heightened in the Trust by the desire to maintain strict budgetary controls over all teams in the light of the previous over spend. In effect the need to fill the gaps left by permanent vacant positions had to be reconciled with cost implications. Budgets often provide little provision for workers that are paid premium hourly rates so, although there is a clear understanding that individual teams want to fill the gaps with locums, when permanent staff cannot be found, ultimately managers have to adhere to budgets:

*The financial implications associated with this type of work are immense. Only if there is money in the budget then we will cover using locums. But there has to be a situation where a team has two or three vacancies before we even consider it.*

Human Resources Manager, the Trust.

Each team leader in this case was granted autonomous power over their section's individual budget and considerations about the employment of new staff were always made in relation to tight budgetary constraints.

Information collected from managers within the SSD also supports this strict adherence to budgets and a manager from the local authority clarifies the situation:

*The service managers sanction the use as agency staff. This is necessary as agency workers cost almost double. Clearly there is a budgetary factor and this has to be considered before you decided to employ an agency worker.* Director of Social Services, the SSD.

In theory, decisions about when and how to employ staff were made by the team leaders heading a specific service sector within each the SSD. In practice however, decisions relating to individual teams staffing were often influenced by the Director of Children and Families or the Director of Adult Services. Under increasing pressure to balance the books at a higher organisational level, directors sought to make saving in the area of labour costs to offset against shortfalls in others. Deficits in the past had also often been attributed to the increasing utilisation of agency workers on premium rates of pay for indefinite lengths of time, and this had prompted directors to monitor more closely when and how these workers were utilised.

All team leaders noted that there was increased pressure to work to increasingly tight budget as resources were squeezed year on year; over half of the respondents complained about under funding in their departments. Financial pressures were exacerbated by the fact that permanent staff are unable to be recruited, as the knock on effect of this was that the proportion of temporary agency workers within individual teams was increasing and these workers commanded a premium rate. It must be noted that all managers expressed a strong preference for the employment of permanent workers, and the increased reliance upon agency workers was seen as a problem from all angles, in terms of cost, quality control and the management on a daily basis.

An inability to recruit permanent staff is perceived to be a persistent problem as both social services departments where there is a managerial commitment to maintaining many of the institutions of an Internal Labour Market (ILM). There was however, an acceptance among team leaders within the SSD that this was a problematic but unsolvable situation at a local level, requiring the establishment of central government policy to remedy the situation. General consensus is that if there are not long term initiatives put in place to resolve this problem then services in the future are set to haemorrhage. On the other hand, the Trust's approach to the recruitment and management of agency workers was slightly different; they attempted to achieve a better fit of worker to vacant post through a formalised screening process. In some ways the need for this process comes as a surprise as the employment agency were paid a large premium to ensure a good fit between candidate and placement. The majority of managers signaled that they could not comprehend what the agency was actually doing to earn this vast fee.

Data collected from both departments present a picture of the reluctant utilisation of agencies, demonstrating that the need to cover full time vacancies must be continually



reconciled with the need to adhere to strict budgets. Managers are also aware of the associated cost implications associated with this contractual method. This realisation has led many of the managers to analyse the current situation and implement a range of practical initiatives in an attempt to ease the damaging effects of the current situation.

## **7.6 Solutions to the crisis**

Although, managers throughout both departments are acutely aware of the detrimental effects of the current recruitment crisis, approaches to dealing with this predicament vary immensely. The SSD focused upon ways of bringing more permanent workers into the department, whereas the Trust developed initiatives to manage the agency workers more effectively. As the approaches to managing this crisis were remarkably different, so were the results as a comparison of both cases demonstrates.

### **7.6.1 The SSD: 'grow your own' or go abroad**

Managers within the SSD were aware of the continual drain upon the organisational resources that the current recruitment crisis was causing, and although they were demoralised by the perceived vulnerability of their situation they did set about trying to combat these circumstances. As previously mentioned they attempted to find short term solutions to the crisis in the form of wage rises and retention bonuses, however these appeared to be having a very restricted effect. Limits of effectiveness can be easily gauged by the number of applicants applying to work within the department, in the case of the response to one particular advert, only one suitably qualified applicant responded.

The other short term option that the SSD explored was to look to other countries to provide trained social workers, a strategy implemented solely to ease this situation of rising

vacancies. Workers from South Africa, America, Canada, India and Australia were all working within the SSD, although it must be noted that some of these were operating through employment agencies. Supplying workers from abroad, involved a great deal of time and expense and this type of employment creates a huge administrative burden. A general consensus was reached within the department that this initial effort to complete all the legislation to bring foreign workers into this country would be more than adequately repaid by the stability and commitment provided by these foreign permanent workers being present within the teams.

Within the departments, principle managers also sought new ways of finding sustainable long term solutions to the current predicament. One such initiative that was still in its infancy was termed 'growing your own' and it encompassed the idea of the department sponsoring untrained workers through their social work qualification. This was a concept that initially drew upon the vast presence of people in the work place that were eager to work in the social services in an unqualified capacity:

*There are a lot of people out there that would like to be social workers but have no professional qualification. If we advertise unqualified positions we are inundated with applications. But when we want to recruit qualified staff it is a different story.*

Director of Social Services, the SSD.

In an attempt to tap into this unqualified segment of the workforce, current policy initiatives focused upon sponsoring selected workers through social work courses. Trainees would be affiliated to the SSD and work for the department during their placements and through vacations. This was based on the hope that once qualified, they would be able to work in a qualified capacity for the SSD:

*We are trying to grow our own at the moment, by drawing people from the community that have done unqualified work but have a skill for working with people. We are paying for them to go on the new degree courses for social workers. Currently we have managed to recruit 8 who will start the 4 year degree course. Their placements will be with this council and they will work for us in the holidays. We will support them with time off for study.* Director Children and Families, the SSD.

A number of solutions were thus proposed in a direct attempt to relieve the pressure of the rising vacancy rates, as the current measures appeared largely ineffective. Short term financial inducements did not create enough incentive to entice workers into the organisation and the financial outlay associated with sponsoring workers through the department may be wasted if the qualified workers choose to work in a different locality or for a different organisation. Managers within the SSD appeared to see government intervention, promoting schemes to encourage more workers to train as social workers, as the only real way of reversing this trend. The Director of Social Services believed the only way to solve this current crisis was to reverse the trend of the agency contract:

*The local council still has the responsibility for delivering statutory services and it is a long game; really it is children's lives and I can't see how a short term agency culture would respond to that,* Team Leader B, the SSD.

On the other hand a corresponding response relating to the best way of counteracting this situation was received from Team Leaders within the Trust, who emphasised that under certain conditions the short term agency contract could be compatible with social work.

### **7.6.2 ‘The Trust’: matching the employment contract to the task in hand**

With in the Trust a very different approach is taken to resolving the current crisis, instead focusing on ways to attract more permanent staff they have framed the question in the opposite way. By highlighting current problems arising from the deployment of agency workers they attempt to find ways to manage these more effectively. As previously documented the Trust appears to take a much more systematic approach in the recruitment and selection of agency workers, realising the importance of matching the vacancy to the most appropriate agency worker. A team leader stresses the importance of selecting the best possible agency candidate:

*As far as the service as a whole if you pick the right people for the team then it shouldn't be a problem and it shouldn't affect the clients.* Team Leader A, the Trust.

In the case of the Trust, managers have also come to recognise that for the foreseeable future they have lost the right to determine the contractual nature of their workforce and therefore, they accept they have a sustained reliance upon agency workers. Formed from this initial assertion, a means of directing agency workers has evolved out of managers' attempts to reduce the negative aspects of agency work.

As previously noted the injurious implications of the agency contract mainly arise out of the fact that the short term nature of the contract is not compatible with the long term nature of client care. Building upon this premise the social services department within the Trust proposes a means of allocating tasks to workers according to contract, achieving a degree of stability and consistency for their clients:

*Agency workers are given different tasks and just used for short term work. They are deliberately placed on short term assignments as this releases the other members to work on the longer term case work and protects continuity of care.*

Team Leader F, the Trust.

This is a response that ultimately evolves into an effective way of limiting the damage caused by the short term nature of agency work detrimentally affecting clients' long term care.

In the case of the Trust, a distinct way of allocating contained tasks to agency workers has managed to severely limit the negative effects of inconsistency of care. When team leaders are questioned regarding the usage of the agency workers they all confirm that they are largely deployed to complete short-term pieces of work. These are tasks that still constitute the core duties of the social worker's job, but they are duties that can be given a specific timeframe and they represent contained pieces of work:

*The way in which they [the agency worker] are used tends to be for short term pieces of duty work, largely incoming work and problem solving. For example they would do a lot more office duty and pick up short term interventions or specific pieces of work that I need doing. If, for example, I needed a detailed piece of work involving a client and a full history and medicine check was required, then they could do this as it is a time consuming piece of work but it is also a contained piece of work, Team Leader E, the Trust.*

Renewed emphasis upon the specific functions the agency worker undertakes cannot be defined in terms of a long term strategic management technique. This way of allocating

tasks emerged as a model of best practice within one specific team until it eventually spread, becoming ingrained within all the team leaders' protocol. It actually evolved as reaction to the current external conditions over which team leaders felt they had no control.

A catalyst to this separation of tasks according to contract emerged when it was discovered that from a legal perspective short term agency workers could not write tribunal reports and provide a credible opinion in cases when clients were being considered for sectioning. It was judged that a short term member of staff will not have known the client long enough to form a reliable professional opinion with relation to the proposed direction of their care.

A Human Resource professional from within the Trust verifies this situation:

*They are deliberately placed on short term assignments as this releases the other members to work on the longer term case work. If they are going to work in this way then that is the best way of managing it as they can't do tribunal reports as the court might not accept their opinion as they have not know the client long enough.*

The Trust.

Throughout the course of interviews with team leaders it became obvious that tribunal reports constituted large, lengthy, pieces of work that need to be completed by professional staff who have a deep understanding of the situation relating to the client in their care. If the tribunal was not satisfied then the report would be returned and then have to be rewritten, as a manager from within the Trust explains:

*I allocated two reports to both locums as there was no one else here at the time. It turned out that the tribunal reported back that they weren't happy that the locums had done the report and they required them to be revised, Team Leader D, the Trust*

Partially stemming from the practicalities of these instances it was adjudged that the most appropriate use of the agency contract was to be in contained pieces of work. Correspondingly, this policy was also founded upon the assumption that it was the most suitable way of caring for some of the most vulnerable members of society, as these methods of allocating tasks created consistency within care plans.

As one manager from within the Trust relays there are also certain clients that cannot be effectively allocated to agency workers as the complexities of the cases must be experienced over a long period of time:

*For example there is a patient with a long term eating disorder who we have had a protracted contact with and I wouldn't allocate her to any one who was going to be here short term. There are also a number of high risk individuals that I wouldn't assign to any one short term as you really need to understand the subtleties around how these people operate. In order to understand and to effectively care for them you need to understand where the triggers are and what to watch out for. I need to be very sure that the people who are following these cases through is somebody who is going to pick up these subtleties up and this takes time to understand where the client is coming from which is not a luxury that you have with these people.*

Team Leader B, the Trust.

Within this employment relationship it also takes a period of time to fully understand the capabilities of each individual employee. Difficult cases cannot be entrusted to short term agency workers as managers often have a limited experience of their background and therefore, their capabilities:

*I can't be sure with an agency worker as I don't know their strengths and weaknesses well enough. The emphasis for them may still be on the individual but it is always focused upon short term, contained pieces of work* Team Leader C, the Trust.

Matching the nature of the task to the nature of the contract is inherent throughout the department, the Human Resource manager verifies this by confirming that this is a tacitly assumed approach throughout all teams, engrained within the teams' working protocol.

It was unanimously agreed among all managers that this was a method that worked, as it limited the damaging effects of the short term contract. As a manager gives an example of how these procedures worked in practice he was quick to point out the benefits of this way of integrating the short term nature of agency work effectively within the organisation:

*But we have avoided disruption by using the core of long term staff to cover the long term work and using the agency staff to do a lot of the time consuming work that would otherwise have to be shared out within the team. This included things like finding out exactly what is being referred. A good example is that a week ago a dramatic referral from a GP came in but it transpires that the patient was making up the symptoms as she was unhappy with the way her GP was treating her. This can be a time consuming procedure to actually attempt to work out what is going on in a case like this and in this instance we used the agency work to do the homework and get to the bottom of what was going on. It is this sort of thing that can take up a vast amount of time and effort to get to the bottom of, especially when it is not going any where and then it is a waste of someone's time and effort when they could be focusing on long term work. They don't need to be tied up with these things as these*



*type of assignments are suitable for someone who is here for a short amount of time and they can still do them very effectively. They do these types of things well as it is a complete piece of work that they do not have to hand it on,* Team Leader D, The trust.

Agency workers are being used in this instance to alleviate the amount of stress caused by these time consuming assignments and having a real positive effect on the organisation. A manager is also assured under these circumstances that he has assigned a task that an agency social worker will be more than capable of undertaking. This is mainly due to the fact that they have all the available knowledge in front of them when making a decision in relation to this contained piece of work. With reference to sustained continuing care over a longer period of time, the agency worker would not have gained the required knowledge, through continual experience, of the client to enable them to make a sound judgement based on a complete understanding of the situation.

Locums may carry out the short term assignments and administrative tasks that are core duties, essential for the successful running of the department, but they will leave the majority of the sustained contact with clients to the permanent team members. All workers within the Trust appear positive about how this works in practical terms, and they do not discount the presence of agencies within the market as having a solely negative effect. A team leader discussing the impact of agency workers within the department emphasises the positive impact these short term members of staff can make:

*Not if you are very careful about how you use them within the operation in the team. It can be advantageous as you can get a different perspective. I have agency workers come to me and say that they can't see why we are approaching a case in a*

*certain way and this is actually quite valuable as you can't see the wood from the trees yourself because you have done it this way for so long and it is very difficult to see it any other way. If the person can do that in a constructive fashion it can be valuable, Team Leader C, the Trust.*

Agency workers are perceived to have a unique set of skills and knowledge derived from wide ranging experience of many different departments. In this way it is possible to carry across best practice from a number of different organisations and integrate these new ideas within the working protocol.

Short-term staff in this instance are valued and respected, and instead of focusing on the negative connotations surrounding the inability to retain control over their workforce, team leaders have reacted to the situation in a positive way. Rather than looking for ways to change external conditions they have sought to find the solution in the form of adapting the organisation to function better in the light of changing external factors:

*All the teams function slightly differently as it is a different culture dependant upon the cultures within that team. We have the luxury of being the newest service in place and we can find ways of adapting our intake process if you like to best cope with working in a way that is more satisfactory to the person being referred, Team Leader A, the Trust.*

As a relatively new department formed when agency workers already represented a growing proportion of the workforce, the teams did not have a rigid preconception of how agency workers should be utilised within the organisation, unlike the SSD.

Reacting in a considered way to external factors has enabled the Trust to develop a way of successfully matching the needs of the department with the nature of agency working, and thus perceive a positive future for the organisation:

*Constructing your workforce around agencies may work in some areas doing short term pieces of work because that is the way it works best and maybe some people see that as a way of the future, Team Leader A, the Trust.*

Team leaders began to focus upon the key functions of the department and matching agency workers to them. Dealing with the problem in this way the Trust believes it has managed to sustain a consistent level of care for all of its clients within the social services department, without being strongly affected by the injurious short term implications of agency workers. By accepting that the ability to retain control of the deployment of agency workers, managers aimed to find ways to better manage these temporary workers and counteract the negative affects of this situation.

### **7.7 Discussion and conclusions**

Preference for the full time permanent contract is inherent within both of the case study organisations. Management is however unable to sustain this partiality for permanence, as supply factors within the labour market dictate that social workers display a strong inclination toward the agency contract, placing management in a position of unwanted flexibility. Corresponding skill shortages within the social worker sector cement this position and the agency provides a lever to enhance terms and conditions of employment. As demand outstrips supply, local authorities and NHS Trusts across London operate in a

situation of internal competition, at times having to outbid one another for the services of these workers.

Under-subscription of social work courses in the 1990s may have fuelled the current crisis but even now when courses are over-subscribed, it appears that many newly qualified workers are entering the labour market in an agency capacity. From this perspective it appears that this situation is unsolvable in the short term, signifying a set of circumstances that are completely out of management control. Predetermined assumption would point to the grave inefficiencies of this situation, but this postulation does not account for the way that managers may react to this evolving labour market.

As demonstrated, the injurious implications of agency working in this case surround the inability to marry the long term care of the client against the short term nature of the temporary contract. A growing proportion of agency workers would in theory indicate organisational inefficiencies. However, in the case of the Trust, team leaders reacting positively to this set of external factors, managed to reduce some of the worst side effects of agency work. Matching short term functions within the department to short term members of staff creates consistency of care, allowing the allocation of tasks to be redefined and successfully married with each worker according to the duration of their contract. This is a reaction that is opposed to that of the SSD who attempt to resolve this situation by finding ways to alter and control factors in the external environment.

## **Chapter 8**

### **Discussion**

#### **8.1 Introduction**

Case study research in two social services departments explores the consequences of using agency workers under conditions of ‘unwanted flexibility’. Unsurprisingly, analysis from within ‘The SSD’ and ‘The Trust’ highlights a complex set of reasons behind managers’ compelled usage of agency staff. Supply factors currently shape the contractual nature of social work teams in the London area and management preference for permanent contracts has to be matched against the reality, a labour market containing an increasing proportion of temporary agency workers.

The chapter begins by briefly detailing the growth of agency work from a demand led perspective. All these theories seek to identify different possible advantages for the deployment of agency workers, and all prescribe a definite set of conditions under which the successful deployment of agency workers will occur. The next section questions this assumption, providing evidence that the deployment of agency work is sometimes unplanned, as in the cases explored in this thesis. The limited body of literature which currently exists in this area suggests that under these circumstances the ad hoc usage of agency workers will be accompanied by a range of negative costs (Geary 1992; Ward et al 2001).

Such assumptions are however in direct contrast to the findings of this research and in the case of the management of agency social workers, where evidence strongly links organisational implications to the actions of management. This chapter endeavours to

highlight the insufficiency of the body of current research by contextualising results from the case studies. The chapter also relates findings back to the current literature and to the initial research questions of, ‘why do social workers select agency work?’ and, ‘how do managers respond when they have lost the ability to determine terms and conditions of employment?’

## **8.2 Theories of the firm**

Explanations relating to the usage of the agency contract are dominated by theories of the firm, which continually advocate the importance of demand factors in the dynamics of the employment relationship. However, case study data presented within this thesis highlights the inadequacies of these approaches, as the increased utilisation of agency workers cannot always be explained by the increasing prominence of efficiency strategies advocating a systematic approach to the allocation of labour (Williamson 1975). This is because these perspectives present a rather narrow consideration of employer, and worker, bargaining power (Grimshaw and Rubery, 1998) based upon a blanket postulation that managers have an overriding choice about who they employ and on what contract. The case of social services verifies that these approaches are grounded in idealistic assumption, as managers here do not retain autonomy over the contractual nature of their workforce. Assuming the dominance of the firm in these instances disregards how factors of supply, such as skill shortages and worker preference, may restrict management contractual choice.

## **8.3 Agency work: the preferred choice**

The deployment of agency workers in both the Trust and the SSD is unplanned. Social work managers display a strong preference toward permanent full time staff, but this is

matched against severe skill shortages. These skill shortages have ultimately shaped ideal conditions for the growth of temporary work agencies (Gray 2002), as mounting evidence suggests that these positions in the public services could often only be filled through the use of agency temps (OECD 2001). In the case of social services skill shortages have in the last five years been coupled with a growing preference among social workers for agency employment, this is partially linked to the perceived advantages of this type of contract.

Undeniably, social workers within both case study organisations select agency work because of a perceived mismatch in their salaries against their work expectations. In the current climate of severe skills shortages, the temporary work agency is used by social workers as a means of exploiting their favourable position in the labour market, providing an avenue to command higher wages. Social workers are conscious their skills are in short supply and are highly aware that this position provides them with a degree of bargaining power. For them, opting for agency work and a premium wage is risk free, as the high level of demand for their skills means that the usual insecurity associated with temporary work is virtually removed.

In this case higher wages forms one stimulus behind the shift in contractual preference. Evidence in the current literature supports these findings and provides substantiation that social workers are utilising agency contracts as a means of attaining higher wages (Jones 2001; Carey 2006). Although these studies suggest that financial reward is the main objective driving social workers to make the transition to agency work, the results from within the Trust and the SSD indicate that this account may at best be partial. Initial research questions investigating explore the underlying motivations behind the preference for agency work, and evidence also points to other reasons behind the voluntary adoption of these contracts.

Case study research identified a number of factors which contributed to the attractiveness of the agency contract. Junior social workers use agency work as means to control their own career progression and screen prospective employers before applying for permanent positions. Agencies have partially shaped this particular situation by embedding themselves in the labour market and advertising themselves as a preferred employer, a means to enable workers to demand greater salaries with no detriment to career progression. This study demonstrates that agencies shape employers' use of temporary labour and this is concurrent with evidence drawn from existing literature (see Forde 2001)

Agency work has also enabled social workers to feel autonomous, allowing them to select certain aspects of the job, spending more time with clients and avoiding much of the required paperwork. Self sufficiency was possible because some of the autonomy of their direct line of supervision was reduced as managers were fearful of reprimanding these workers as it may cause them to leave. In this way temporary workers could make more independent evaluations about clients, enabling them to be true to their professional status.

#### **8.4 The Consequences of Unwanted Flexibility**

Studies indicate that a management's reliance on temporary agency employees gives rise to a number of contradictions and tensions, and must be been regarded as a problem in terms of cost, quality, continuity and associated management workload (Feldman et al 1994; Ward et al 2001; Coyle-Shapiro and Kessler 2002; Tailby 2005). The unplanned and widespread introduction of these workers in the end is considered to be disadvantageous (Geary 1992; Ward et al 2001). The main proposition of this research considered the consequences of using agency worker in an ad hoc way and this case exemplifies some of negative implications when managers are compelled to use agency workers.



Initially, managers within both cases point to the financial implications of the widespread deployment of agency workers. A principal manager within the SSD estimates that the cost of these workers may be as much as double when compared to a full time permanent equivalent. However, an increase in the proportions of agency workers also has deep rooted organisational implications. In this case, the short term temporary character of the agency contract disrupts the long term nature of the client care. Team leaders stress that the presence of agency workers creates issues for clients:

*[we are] delivering statutory services and it is a long game; really it is children's lives and I can't see how a short term agency culture would respond to that,* Team Leader B, the SSD.

Clearly there is mismatch in the temporary nature of the agency contract, set against the requirement to fulfil long term duties. In essence, turnover of agency staff will cause inconsistency and disruption to the clients care.

Managing this situation is exacerbated at times by the tactics of employment agencies. Agencies fuel internal competition across authorities, and at times take advantage of the fact that departments are left to compete for the services of these workers, supplying the workers on the books to the highest bidder. In practice the relationship between the departments and the agencies are often strained. Managers in some instances feel that the agency was not supplying a suitably qualified candidate. As choice of prospective worker is limited, so is the level of control managers can command over these workers. Aware that turnover of temporary agency staff will have serious negative outcomes managers are more likely to concede to requests relating to working conditions or extended absence.

Agency workers increase managers' workload, as they often require extra supervision, their presence also creates problems for the management of other team members. Permanent workers resent the situation, as they dislike continually having to train and retrain agency staff to make sure they are aware of the specific policies of the department. A situation of bitterness and demoralisation is created, as there is no perceived long term benefit to permanent workers if temporary workers do not remain in the team for a sustained period. Managers within both departments highlight the possible detrimental effects in the lowering of morale in their teams. Demoralised workers performance may dip as workloads increase and retention levels of permanent staff may also be negatively affected as workers do not want to remain in a fluid, disorganised, and stressful environment.

Although the problems stemming from this unwanted and unplanned influx of agency workers into the Trust and the SSD may be described as similar, the approaches of managing these workers are remarkably different.

### **8.5 The management of agency workers: contrasting approaches**

In both cases managers fail to retain rationality over whether or not they employ agency workers. Initial research questions enquired as to how managers recruit, allocate case loads and generally manage the temporary element of their workforce. However, right from the initial point of seeking to engage a prospective agency worker, the two departments demonstrate two contrasting approaches.

Within each of the case studies there is a clear divide governing the alternatives towards the selection and utilisation of agency workers. Conflicting attitudes towards the recruitment process of agency staff exist within the SSD and the Trust. Further investigation into these

practices, demonstrates that within the SSD there is often no formalised interview process. Agency workers are vetted from assessment of their Curriculum Vitae, previous experience, and their basic professional certificates. The SSD relies heavily upon the discretion of the employment agency itself to provide suitably qualified staff. In an attempt to ensure workers are of a good quality, a list of preferred employment agencies was compiled across a number of local authorities. In practice, cost considerations in the SSD supersede those of quality, and managers merely opted for the cheapest option.

Conversely in the Trust, agency workers have to undergo a formalised interview process in line with the protocol in place for permanent staff. In brief, the Human Resource department screen initial Curriculum Vitae and compile a shortlist of candidates; at this stage interviews are then held. In this way the qualities of the candidate can be matched more affectively to the vacant position, and ambiguities relating to the rhetoric contained in the résumé can be ironed out. After this initial process of selection the agency worker is assigned duties in a very different way to other permanent team members, this is once more a contrast to the approach of the SSD.

In the SSD, the temporary agency worker is assigned caseloads in exactly the same way as permanent employees and their work covers all aspects of the job. In contrast, the Trust has devised a distinct way of reserving specific tasks to agency workers. These are not distinguishable in terms of skill, but in terms of longevity of assignment. Team leaders confirm that they largely deploy agency workers to complete short term pieces of work. The tasks assigned still constitute the core duties of the social worker's job, but they are duties that can be given a specific timeframe and they represent contained pieces of work. Team leader E, exemplifies in what instances the agency worker would be used:

*The way in which [agency workers] are used tends to be for short term pieces of duty work, largely incoming work and problem solving. For example they would do a lot more office duty and pick up short term interventions. If a ... full history and medicine check was required, then they could do this as it is a time consuming piece of work but it is also a contained piece of work.*

Allocating tasks in this way emerged as a model of best practice within one team, until it eventually became ingrained within all teams' protocol. This is not a prescribed reaction initiated from the highest level, but a response that has gradually evolved in one department among a number of teams who have risen to the challenge of using agency workers within their service. The next section considers how successful the two contrasting measures have been at overcoming the injurious implications of the unplanned deployment of agency workers.

#### **8.6 Managing unwanted flexibility: can the negative consequences be overcome?**

The two departments pursue different ways of managing agency staff, in both cases the deployment of temporary agency work is unplanned and as previously highlighted, associated with a number of negative implications. This is in broad agreement with other studies that highlight the unfavourable organisational outcomes of the unplanned utilisation of agency contracts (Geary 1992; Ward et al 2001). One recent study has however suggested that management practices are likely to influence agency workers' performance (Koene and Van Riemsdijk 2005). This is highly relevant in the case of the Trust, where the deliberate method of allocating agency workers specific tasks plays a part in limiting the negative outcomes associated with the deployment of agency workers under these conditions. It appears possible that the detrimental effects arising in instances when

managers are compelled to use agency work may be overcome, depending on how the situation is managed.

Key findings suggest that the injurious implications of agency work mainly arise in social services, when the long term continuity of client care is compromised by the short term nature of the agency contract. Managers within the Trust, aware that choice regarding the contractual situation of their workforce may be limited, have proactively selected strategies to minimise the adverse affects of the short term nature of agency work upon clients' care. Projects within this environment are distinguishable according to the longevity of the assignment and tasks are allocated to match the length of their employee's contract. Distribution of assignments according to duration preserves the consistency and continuity of care, and the long term viability of the clients' care is maintained.

The disparity in outcomes of the contrasting approaches to the deployment of agency staff is evident from reviewing evidence from both social service departments. Within the Trust managers feel in control over their workforce. By preventing the agency worker getting embroiled in the long term care of the clients the team leader retains more command of the employment relationship. Using agency workers for short term assignments helps managers to retain more autonomy, aware that they can replace agency workers easily without the damaging implications to their client. From this perspective managers are beginning to recognise the importance of the role of the agency worker, and their ability to bring new insight, experience, and alternate ways of working into the department. Workers bring specialist skills into the organisation over short term periods, which enables new methods of best practice to become integrated within the service. This suggests that the use of these workers may even be beneficial to the organisation.

In essence the cases show that managers have reacted in different ways to the fact that they are compelled to use agency workers. Evidence indicates that under these conditions there is also a need to recognise the influence of management as their actions may limit detrimental outcomes of unplanned agency working. This is an important consideration and one that is currently absent from literature.

## **8.7 Conclusion**

Demand led theories seek to identify different possible advantages for the deployment of agency workers, and all prescribe a definite set of conditions under which the successful deployment of agency workers will occur. Similarly, these theories also suggest that organisations failing to adhere to the prescribed set of conditions will incur higher labour costs or organisational inefficiency. The data collected in the course of this research from two social services departments identify the way in which the unplanned use of agency workers can impinge on organisational efficiency. This research forms a distinctive contribution to the literature by exploring the impact of the management function under these conditions. By highlighting two contrasting ways of managing agency workers, this research provides a valuable counterpoint to the usual assumptions that the unplanned use of agency staff will be counterproductive, as negative outcomes may be limited, depending on how the situation is managed.

## **Chapter 9**

### **Managing ‘Unwanted Flexibility’: Conclusions**

#### **9.1 Introduction**

British labour markets have witnessed a rise in the utilisation of temporary agency work in recent times. Especially pertinent is the increased utilisation in the public services, where the number of agency workers as a proportion of the workforce tripled between 1994 and 2005 (LFS 1994; 2005). These figures may hide an even greater usage in some professional segments such as teaching, healthcare and social work (Conley 2002; Grimshaw et al 2003; Tailby 2005; Carey 2006). The management of these workers poses a unique set of problems, but currently these are unexplored, with a few notable exceptions (see Geary 1992; Feldman 1994; Ward et al 2001; Koene and Van Riemsdijk 2005). The narrow range of literature in this area does not uncover the full extent of the consequences of the unplanned use of agency workers, and the possible impact of differing management practices are not explored. Case study exploration in two social services departments within this thesis addresses the range of negative outcomes associated with unwanted flexibility, concluding that these implications may be limited depending on how the situation is managed.

Although these findings represent a distinctive contribution to the current body of literature it is still necessary to question whether the feasibility of each management approach is influenced by the individual nature of each organisational context. This chapter highlights the problems of marrying a standard management practice to two distinct environments and then questions the sustainability of each approach. A reflection on the research process and

the limitations of this study are also included within this chapter, before the implications for future research are considered.

## **9.2 A distinctive organisational context**

Undoubtedly, the contrasting management approaches in each case study organisation are interrelated to the unique nature of the organisational environment. In both cases agency workers are operating in completely different institution contexts and this undoubtedly influences the contrasting approaches management adopt.

The Trust is a relatively new department and was established at a time when social service departments already had a high reliance upon agency staff. The external circumstances at shortly after the time of foundation led the organisation to establish a protocol relating to the specifics of managing agency workers under these conditions. This workplace strategy developed alongside the department's other procedures and was drawn up specifically to suit a current climate where the heavy reliance on agency workers was expected.

On the other hand, the SSD has a long history reaching back to the 1970s. Best practice relating to the usage of agency work had arisen in an environment where permanent staff formed the main body of the workforce. Agency workers have a long history of been used solely to provide short term cover for holiday and sickness, and in practice these workers were only been used on rare occasion for short periods of time. In these instances their role would be to cover the caseload left by the absent member of staff. For the SSD, a complete overhaul of this institutionalised way of working would be necessary to allocate tasks according to the duration of the assignment, rather than this approach of allocating standard



caseloads to workers. As these methods form long established customs and norms instigation of change would represent a significant challenge for management.

Specific management strategies may only be viable under certain conditions and it must be noted that the two departments have a different client base. The SSD provides services for children, families and adults, whereas the Trust primarily deals with adults with mental health problems. It may be possible that work relating to the care of children because of its very nature needs to be conducted over a longer timeframe. If this is the case then these differences may mean that there are not enough suitable short term assignments arising in the care plans of the SSD to make the approach of the Trust a viable option.

### **9.3 Is this strategy sustainable?**

Although the response of the Trust alleviates some of the negative outcomes arising out of the situation, it does not eliminate all detrimental consequences. Agency work is still expensive and a continual drain on budgets. A short term policy response, highlighting agency workers as an intrinsic part of departmental policy, is in danger of becoming institutionalised into local managers' employment practices. In this instance managers may begin to lose sight of the increased financial burden that agency work poses, and fail to acknowledge that this situation may not be sustainable over a longer period of time.

Sustainability is especially pertinent with regard to this method of allocating task to worker, as it also assumes that the workforce still has enough permanent staff to fulfil the long term duties. In reality, this strategy can only be effective whilst there is a mixture of both agency and permanent staff within the workforce, and will not be sustainable if the number of agency workers continues to rise.

This policy does not appear to have explicitly considered the position of permanent workers and their feelings toward only being allocated long-term assignments. Long-term work invariably involves a large amount of contact with the client, and requires the building up of a relationship over time. Often this is considered to be the most demanding and stressful part of a social workers role. Under these conditions managers may risk encouraging their permanent staff into agency work, by presenting it as a means of selecting only the favourable aspects of the job.

#### **9.4 Methodological considerations**

Case study approaches utilised in this thesis proved especially useful in unravelling organisational complexities and undoubtedly produced much more detailed information than statistical analysis could ever provide. Statistical methods in this instance would not have been suitable to build explanations, and would have been unable to uncover the dynamics of this complex situation. In reflection, the use of comparative case studies was especially useful as it enabled the researcher to compare and contrast the findings across the two organisations.

The case study approach has the benefit of illuminating processes at an organisational level, but detractors may argue that case studies are difficult to generalise from because of inherent subjectivity and because they are based on qualitative subjective data. Although this approach inevitably suffers the drawback that it does not form a sound basis to generalise, it is noted that generalisability is not the key aim of this study in a statistical sense. This is because these cases are not sampling units and it is the previously developed theory which forms the template with which to compare the empirical results of the case study. From this perspective it may be legitimate to ask if there is any evidence that the

main trends are being played out in other parts of the public sector, a theme covered more fully in the section (9.5).

Every attempt was made to ensure that the data presented in this thesis was an accurate reflection of the each case, but the researcher recognises that their presence during the research process could introduce bias into procedures. In an attempt to eliminate this threat interview data was triangulated with other documentation, as introducing evidence from other perspectives meant that the end result did not represent a single point of view. The use of multiple sources of evidence in this way ultimately means that there are converging lines of enquiry, thus the case study is more likely to be accurate and convincing.

The report was written in a way as to maintain a chain of evidence from the initial research questions to the end result, so that the reader can make an independent judgement regarding the merits of the analysis. For similar reasons of transparency, when indicative quotes were used, an indication of how many other people supported the respondents perspectives was provided.

Every effort was made to relate conclusions back to current literature, although it must be noted that to date these issues represent a largely unexplored phenomenon. Due to this fact this analysis is especially pertinent, as to date it constitutes the only study detailing the responses of management under conditions of unwanted flexibility. As an investigation of major significance in theoretical terms, this research also has the associated benefit of raising a number of questions for future research.

## 9.5 Future avenues for research

It is well documented that supply factors are driving the rise in professional agency workers in parts of the public sector, such as health and education (Grimshaw et al 2003). Current research views the increased presence of these works in the public sector as an issue in terms of cost and quality (Ward et al 2001). Adopting this perspective fails to question the effect of management practice upon this situation. As this case study research is limited to one specific sector, the social services, it would be valuable to explore conditions of unwanted flexibility in different institutional setting and among different public sector occupations.

Throughout the course of this research it was apparent that the agency was strongly influencing employers' choices of worker and the fact that agencies shape themselves in the labour market as a preferred choice, is in part, fuelling the situation of unwanted flexibility. An ability to present themselves as a legitimate 'employer' was sustained by offering all aspects of the remuneration package, including pension and training opportunities. Fringe benefits coupled with substantially higher rates of pay were used as tools to actively encourage new workers onto their books. Although it has previously been suggested that agencies tactics shape labour market outcomes (Forde 2001), this is still an underdeveloped concept. Further research is needed to explore the influence of the actions of agencies within the labour market and certainly a detailed account from an agency perspective would be valuable addition to this case.

Results indicate that social workers are deliberately utilising the agency contract for their own purposes. Contrary to the usual belief that employers use agency contracts as a means of screening prospective employees for permanent positions (Forde 2001), in this case the

reverse is occurring, as employees screen the employer. This is a novel standpoint fuelled by the disparity of working conditions across local authorities in London. Workers are aware that some workplaces may offer more favourable terms and conditions than others, using agency work as a means to determine which employer is preferable before they commit to a permanent contract.

Testing prospective working conditions is especially prevalent in the case of graduates, who are eager to ensure they receive the correct supervision and training. For them the agency represents an avenue to build up a portfolio of skills, as the temporary nature of the contract allows them to work in a variety of locations. Building up a varied skilled base in this kind of way as a permanent worker would not be possible as it would offer a range of negative associations. Future employment prospects of permanent workers behaving in this way would be hampered, as frequently changing between workplaces could mean the social worker would quickly become labelled as uncommitted.

Although case study research in this instance explores the use of agency work from a management perspective, a variety of issues relating to the partiality of agency workers towards this type of temporary work warrants further exploration. Supply issues are exceptionally influential in shaping current conditions of unwanted flexibility. Currently literature substantiates this preference by assuming that workers are been induced by higher wages or desires for greater flexibility (Carey 2006). This perspective is at best partial, as this case study investigation highlighted a number of other factors shaping worker preference.

Areas of particular interest are instances when workers use the agency as a means of selecting certain aspects of their jobs. In this case the temporary contract seemingly allows workers to spend more time with clients and ignore the organisational pressures to complete paperwork. Seizing back autonomy over priorities in this way may make these social workers feel more true to their professional status. A complex range of motivations lie behind the rationale of why these workers opt for agency work and the current stereotype that these workers are solely driven by money is not convincing in the light of the data collected. An interesting counterpoint that illustrates the intricacies of these motivations is illustrated by one agency worker, who emphasises that she feels guilty about being paid what she regards as 'excessive amounts'.

## **9.6 Concluding remarks**

In case of the two social services departments in London, management have lost the ability to strategically control the contractual nature of their labour force, and are under increased pressure to deploy agency workers. Current literary debate would predict that failing to adhere to a prescribed set of conditions will incur higher labour costs or organisational inefficiency. However, these theories fail to underline the ways in which managers deal with the associated detrimental implications arising from the use of agency work.

Challenges in dealing with agency employment in these two separate cases evolve from a long serving tradition of social work departments designed around the open-ended employment contract. Tension only arises when a department cannot uncover the potential for adaptation and co-operation within these set practices. When procedures in the case of the Trust were altered to best meet the qualities of a changing workforce, a better match between the competencies of the worker and the assignment within the client organisation

was found. In short, 'successful' deployment of agency workers is in this case dependant on managers conceding to the fact that they cannot always shape conditions in a changing labour market. In this case, the possibility of limiting the negative consequence of the agency contract rests on managers' ability to react and adapt to changing external factors, not the capability to adhere to a prescribed set of conditions.

## Appendix 1

### List of Interviewees

#### The SSD

<b>Job Description</b>	<b>Gender</b>	<b>Age</b>
Director of Social Services	Male	50-55
Director of Children and Families	Male	55-60
Director of Adult Services	Female	40-45
Human Resource Manager	Female	40-45
Team Leader A	Male	40-45
Team Leader B	Male	45-50
Team Leader C	Male	35-40



Team Leader D	Female	35-40
Field Social Worker	Female	40-45
Agency Social Worker 1	Female	20-25
Agency Social Worker 2	Female	20-25
Agency Social Worker 3	Female	25-30
Agency Social Worker 4	Female	25-30
Agency Social Worker 5	Female	35-40
Agency Social Worker 6	Female	20-25

**The Trust**

<b>Job Description</b>	<b>Gender</b>	<b>Age</b>
Human Resource Professional	Female	40-45
Human Resource Manager	Female	45-50
Team Leader A	Male	35-40
Team Leader B	Male	40-45
Team Leader C	Male	45-50
Team Leader D	Female	50-55
Team Leader E	Male	35-40
Agency Social Worker 1	Female	20-25

Agency Social Worker 2	Female	20-25
Agency Social Worker 3	Female	25-30
Agency Social Worker 4	Female	40-45
Agency Social Worker 5	Female	35-40
Agency Social Worker 6	Female	45-50
Agency Social worker 7	Female	35-40
Field Social Worker 1	Female	45-50
Field Social Worker 2	Female	40-45
Principal Manager	Male	45-50

## **Appendix 2**

### **Interview questions Team Leaders/managers**

I am a post graduate researcher at the University of Leeds and I am exploring the use of agency working in the social services. Firstly I want to make it clear you will have complete anonymity with regard to publication of this information. Your answers will be treated with the highest degree of confidentiality.

1. With regard to temporary working, has there been an increase in your department in recent years and if so in what groups of employees?  
(Professional social workers, administration staff etc)
2. Have you got any idea of the numbers involved?
3. Is there a departmental policy which governs the use of agencies?
4. Why do you use agency work (supply or demand lead)?
5. How is this policy regulated and who has authority to decide when agency workers can be used?
6. Who is responsible for managing (agency or department)?
7. Have you developed any coping strategies to help with using agency workers?
8. Who is responsible for training?

9. Are agency workers committed and of a good quality?
10. How to maintain continuity with regard to cases?
11. How does agency working alter the dynamics of the team?

**Interview questions: social workers**

I am a post graduate researcher at the University of Leeds and I am exploring the use of agency working in the social services. Firstly I want to make it clear you will have complete anonymity with regard to publication of this information. Your answers will be treated with the highest degree of confidentiality.

1. How long have you been a social worker?
2. How long have you worked through an agency?
3. How many jobs have you had in the last five years?
4. Was the move from permanent to agency voluntary?
5. What do you believe are the advantages and disadvantages of temporary work?
6. What are your motives for opting to work through an agency?
7. Do you receive increased remuneration (holidays, sick pay)?
8. Do you think carefully about which agency you choose?
9. Do you think that your job is stressful?

10. Who do you think provides you with the most support the agency or local authority?
  
11. Do you feel more in control with regard to the relationship with the local council,  
because you have the right to leave at any time?
  
12. What are the negative consequences of agency work?

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