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UNIVERSITY OF VAASA

Annika Venäläinen

**Selection and satisfaction criteria of temporary  
work agency as a service provider in Finland and  
Norway**

School of Marketing and Com-  
munication  
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Business

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**UNIVERSITY OF VAASA****School of Marketing and Communication****Author:** Annika Venäläinen**Title of the Thesis:** Selection and satisfaction criteria of temporary work agency as a service provider in Finland and Norway**Degree:** Master of Science in Economics and Business Administration**Programme:** International Business**Supervisor:** Minnie Kontkanen**Year:** 2023 **Sivumäärä:** 85

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**ABSTRACT:**

In recent years, the acquisition of professional services has become increasingly relevant for value creation within companies. This growing trend of outsourcing has also been observed in the Nordic countries, where temporary work has grown rapidly to become a significant feature of many national labor markets. The utilization of employment intermediaries such as temporary work agencies has become an increasingly important area of research within the field of human resource management. This study contributes to advancing the understanding of partner selection criteria in the context of temporary work agencies and aims to broaden the existing knowledge regarding the perceptions of organizations' utilization of TWA.

The main purpose of the study is to determine the most important selection criteria for a company's choice of temporary work agency as a service provider and the criteria for client companies' satisfaction with the chosen agency. Specifically, this research examines the selection criteria and the satisfaction in the context of Finland and Norway and aims to comprehend whether the home country of the client company makes a difference.

The theory and main concepts are derived from previous literature and research on professional service providers. The theoretical framework consists of the importance of temporary work agency and prior research on the reasons for the utilization of TWA, the professional service provider selection process, the selection criteria and the criteria related to the client's satisfaction with the service provider. The study examines two TWAs operating in both Finland and Norway, and a quantitative research method is employed. All together 45 Norwegian and 10 Finnish clients answered an online survey via Webropol. The study excluded those who initiated cooperation through a lengthy bidding process. The data was collected in spring of 2023 and analyzed in IBM SPSS statistics software version 28.

The findings suggest that the primary motivations for utilizing a TWA are avoiding the hiring process, flexibility through on-demand workforce, substituting for absences, and preventing mis-recruitments. Respectively, the most significant selection criteria identified are the agency's ability to meet expectations, understand client needs, deliver quality service and offer flexibility. Regarding client satisfaction, the study reveals that several criteria impact the satisfaction with a TWA, including the ability to handle complaints, to meet or exceed expectations, adhere to agreed timelines and offer creative solutions and demonstrate accuracy. While statistical power limitations prevented a robust analysis, some differences emerged between the Finnish and Norwegian clients. The Finnish respondents placed a greater emphasis on avoiding the hiring process, cost of service, and service quality compared to their Norwegian counterparts. Additionally, the Finnish clients reported higher satisfaction with accuracy, whereas Norwegian clients expressed higher satisfaction with adherence to schedules.

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**KEYWORDS:** professional service provider, temporary work, temporary work agency, selection criteria, satisfaction criteria

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**VAASAN YLIOPISTO****Markkinoinnin ja viestinnän akateeminen yksikkö**

<b>Tekijä:</b>	Annika Venäläinen
<b>Tutkielman nimi:</b>	Vuokratyövoimayrityksen valinta- ja tyytyväisyyskriteerit palveluntarjoajana Suomessa ja Norjassa
<b>Tutkinto:</b>	Kauppätieteiden maisteri
<b>Oppiaine:</b>	International Business
<b>Työnohjaaja:</b>	Minnie Kontkanen
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**TIIVISTELMÄ:**

Viime vuosina asiantuntijapalvelujen hankinnasta on tullut yhä tärkeämpää yritysten arvonluonnin kannalta. Ulkoistamisen kasvava suuntaus on havaittu myös Pohjoismaissa, joissa vuokratyö on kasvanut nopeasti ja siitä on tullut merkittävä tekijä monilla kansallisilla työmarkkinoilla. Vuokratyövoiman käytöstä on tullut yhä tärkeämpi tutkimusalue henkilöstöhallinnon alalla. Tämä tutkimus edistää osaltaan kumppanien valintakriteerien sekä tyytyväisyyteen vaikuttavien tekijöiden ymmärtämistä vuokratyövoimaa välittävien yritysten kontekstissa. Tutkimuksen pää-tarkoituksena on selvittää tärkeimmät valintaperusteet, joiden perusteella yritykset valitsevat vuokratyövoimaa välittävän yrityksen palveluntarjoajaksi, sekä kriteerit, joiden perusteella asiakasyritykset ovat tyytyväisiä valittuun yritykseen. Tässä tutkimuksessa tarkastellaan erityisesti valintaperusteita ja tyytyväisyyttä Suomen ja Norjan olosuhteissa, ja pyritään ymmärtämään, onko asiakasyrityksen kotimaalla merkitystä.

Teoria ja keskeiset käsitteet on johdettu aiemmasta kirjallisuudesta ja tutkimuksista, jotka käsittelevät ammatillista palveluntarjontaa. Teoreettinen viitekehys koostuu vuokratyövoiman vuokrausyritysten merkityksestä sekä aiemmasta tutkimuksesta. Olemassa olevan kirjallisuuden pohjalta tässä työssä tarkastellaan vuokratyövoiman käytön syitä, ammatillisen palveluntarjoajan valintaprosessia ja valintakriteerejä sekä kriteerejä, jotka liittyvät asiakkaan tyytyväisyyteen palveluntarjoajaa kohtaan. Tutkimuksessa tarkastellaan kahta Suomessa ja Norjassa toimivaa vuokratyöyritystä, ja siinä hyödynnetään kvantitatiivista tutkimusmenetelmää. Tutkimukseen osallistui 45 asiakasta Norjasta ja 10 Suomesta. He vastasivat Webropolin kautta tehtyyn verkkokyselyyn. Kysely lähetettiin kaikille maiden asiakkaille lukuun ottamatta niitä asiakkaita, jotka aloittivat yhteistyön pitkällisen tarjousmenettelyn kautta. Tiedot kerättiin keväällä 2023 ja analysoitiin IBM SPSS 28 -ohjelmistolla.

Tulosten mukaan vuokratyövoimayrityksen käytön tärkeimpiä syitä ovat rekrytointiprosessin välttäminen, joustavuus kysynnän mukaan palkatun työvoiman avulla, poissaolojen korvaaminen ja virheellisten rekrytointien estäminen. Merkittävimmiä valintakriteereiksi nousi vuokratyöyrityksen kyky vastata odotuksiin, ymmärtää asiakkaan tarpeita, tarjota laadukasta palvelua ja olla joustava. Asiakastyytyväisyyden osalta tutkimus paljastaa, että vuokratyövoimayrityksen käytön tyytyväisyyteen vaikuttavat useat kriteerit, kuten yrityksen kyky käsitellä valituksia, täyttää tai ylittää odotukset, noudattaa sovittuja aikatauluja, tarjota luovia ratkaisuja ja osoittaa tarkkuutta. Vaikka tilastolliset rajoitukset estivät luotettavan analyysin tekemisen, suomalaisten ja norjalaisten asiakkaiden välillä ilmeni joitakin eroja. Suomalaiset vastaajat painottivat norjalaisiin vastaajiin verrattuna enemmän rekrytointiprosessin välttämistä, palvelun kustannuksia ja palvelun laatua. Lisäksi suomalaiset asiakkaat ilmoittivat olevansa tyytyväisempiä tarkkuuteen, kun taas norjalaiset asiakkaat olivat tyytyväisempiä aikataulujen noudattamiseen.

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**AVAINSANAT:** ammatillinen palveluntarjoaja, vuokratyö, vuokratyövoimayritys, valintakriteerit, tyytyväisyyskriteerit

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## **Abbreviations**

B2B	Business-to-business
HR	Human Resources
NSE	Non-standard Employment
TWA	Temporary Work Agency
TAW	Temporary Agency Work
HRO	Human Resource Outsourcing

# 1 Introduction

This chapter introduces the study's background and practical significance. Additionally it outlines the purpose, objectives, and delimitations of the research. Furthermore, the chapter provides a brief review of the main concepts related to the study and presents an overview of the thesis structure.

## 1.1 Background of the study

The labor market and the nature of work are rapidly changing around the world, and the Nordic countries are no exception. The increasing practice of outsourcing, defined as the strategic procurement of ongoing services and parts from external providers as opposed to internal provision, has been a recently growing trend (Wadhwa & Ravindran, 2007; Linder, 2004). Within the domain of outsourcing, human resources (HR) services have emerged as a crucial aspect of the expanding outsourcing industry. (Neisheim et al., 2007). Szierbowski-Seibel and Kabst (2018) noted that HR outsourcing (HRO) has become a prominent management trend within European organizations. The research carried out since 2000 has identified increased HRO in all aspects such as staffing, recruiting, training, and compensation (Szierbowski-Seibel & Kabst, 2018).

Collaboration through outsourcing enables organizations to focus on their core competencies and expand the scope of their business operations (Bicknell, 2009). According to Lawler and Boudreau (2018, p. 15) companies should outsource their HR functions when they can purchase high quality services more inexpensively or reliably than they can generate internally. In recent years, the acquisition of professional services has become increasingly relevant for value creation within companies. As a strategy to achieve flexibility and decrease fixed costs, organizations frequently resort to non-standard employment which includes temporary employment. This growing trend of outsourcing has also been observed in the Nordic countries, where temporary work has grown rapidly to become a significant feature of many national labor markets (Coe et al., 2010).

Consequently, the turnover of the industry has quadrupled during the 21st century (Marttinen & Raatikainen, 2010).

Even though quantitative data on temporary agency work (TAW) is challenging to gather and assess, most studies indicate a growing trend in the number of temporary work agencies and temporary agency workers in Europe. This growth is fueled by a rising number of workers offering their services through contracts that feature a fixed duration, with the conclusion of the contract being determined by objective conditions such as reaching a specific date, completing a specific task, or the occurrence of a particular event. This assertion is supported by the International Labor Organization (ILO, 2016).

The utilization of employment intermediaries such as contracting firms and temporary work agencies has become an increasingly important area of research within the field of human resource management (Neisheim et al., 2007). Coe et al. (2010) identify temporary work agencies as a key area for the future research agenda on the staffing industry. The current state of the temporary labor market is still evolving, which emphasizes the significance of a comprehensive discourse on the topic (Viitala et al., 2006, pp. 2-3).

The study conducted by Muzzolon et al. (2015) sheds light on the reasons why individuals choose temporary employment via temporary work agencies, while the research carried out by De Jong et al. (2009) explored the motivating factors behind the acceptance of temporary employment. Additionally, research in this field has examined the job insecurity of temporary workers compared to permanent workers, as well as the potential associations with their attitudes, well-being, and behavior (De Cuyper & De Witte, 2007). Furthermore, the literature regarding temporary staffing as an industry has been studied (Coe et al., 2010; Theodore & Peck, 2009). Eklund (2015) studied temporary work agencies in the Nordic countries. However, there is a scarcity of research in the context of temporary work agencies in the Nordics, as Eklund studied the origins and development of temporary workforce procurement policies in the Nordic countries.



To explore this matter from an international perspective, Håkansson et al. (2017) conducted a cross-country comparison of the job insecurity for temporary agency workers in Sweden and Belgium. Mitlacher (2007) examined this topic by analyzing the role of temporary work agencies within different industrial relations systems and by comparing the circumstances in Germany and the United States. Although prior international comparison research exists, the studies have primarily been conducted from either a workers or industry's perspective, leaving out the client company and temporary work agency perspective.

To conclude, the academic literature in temporary work agency (TWA) focuses on three main effects. Firstly, it examines whether and how temporary work can be a stepping-stone from unemployment to regular jobs (Amuedo-Dorantes et al., 2006; Ichino et al., 2008). Secondly, there is research on wage differences between temporary and permanent staff (Oliver & Sard, 2019; Elia, 2010). Lastly, the focus has been on the commitment of temporary workers (Felfe et al., 2008; Woldman et al., 2018).

As demonstrated, numerous studies have examined the phenomenon of temporary workers and work agencies, yet a significant majority of these studies have been conducted from the perspective of temporary workers, rather than the agencies themselves. As temporary work agencies have not received sufficient attention, little research exists on how companies make the decision to select a temporary work agency.

To the best of the author's knowledge, there is a gap in the literature concerning the choice of temporary work agency from the company perspective, which has not been the subject of prior research. Moreover, the aspect of cross-country comparison is yet to be explored, prompting the question of whether any discernible differences exist between various countries. Therefore, there is a need for this study to recognize the criteria that lead companies to select a temporary work agency and to discover whether there are country-specific differences.

## 1.2 Purpose, objectives, and delimitations of the study

The main purpose of the study is to find out which are the most important selection criteria for a company's choice of temporary work agency as a service provider and the criteria for client companies' satisfaction with the chosen agency. Specifically, this research examines the selection criteria and the satisfaction in the context of Finland and Norway and aims to comprehend whether there are differences depending on the home country of the client company.

To get answers for the purpose of the study the objectives of the study are as follows:

1. *To understand the importance of temporary work agency industry and specifically the reasons for companies to use the services of temporary work agencies.*
2. *To find out and clarify the criteria for the selection of a professional service provider.*
3. *To identify the criteria for the client company's satisfaction with the service provider.*
4. *To analyze the criteria for the selection and satisfaction of the temporary work agency case company by its clients in Finland and Norway.*

Therefore, the purpose of the thesis is to examine the use of temporary work agencies from the user company's point of view and gain an understanding of the criteria used for the service provider selection and their satisfaction in Finland and Norway. This study contributes to advancing the understanding of partner selection criteria in the context of temporary work agencies and aims to broaden the existing knowledge regarding the perceptions of organizations' utilization of TWA, while simultaneously gaining a comprehension of the underlying rationales that drive companies to use such agencies.

Temporary work is a part of non-standard forms of employment (NSE) also referred to as diverse forms of work. NSE is an umbrella term for different employment arrangements that deviate from standard employment. These include temporary employment,

on-call work, part-time employment, multiparty employment relationships including temporary agency work, as well as dependent self-employment and disguised employment. (ILO, 2016.) As this study focuses on temporary work agencies and on the perspective of how these get selected by client companies, this study leaves other non-standard forms of employment out of the research.

This study comprises companies from Finland and Norway that, at the time of data collection, were existing clients of a Nordic temporary work agency company. As the companies taking part in the study are Nordic companies, the results received cannot be generalized to all countries. To avoid restricting the scope of the research too narrowly, there are no limitations on a particular industry regarding the client companies.

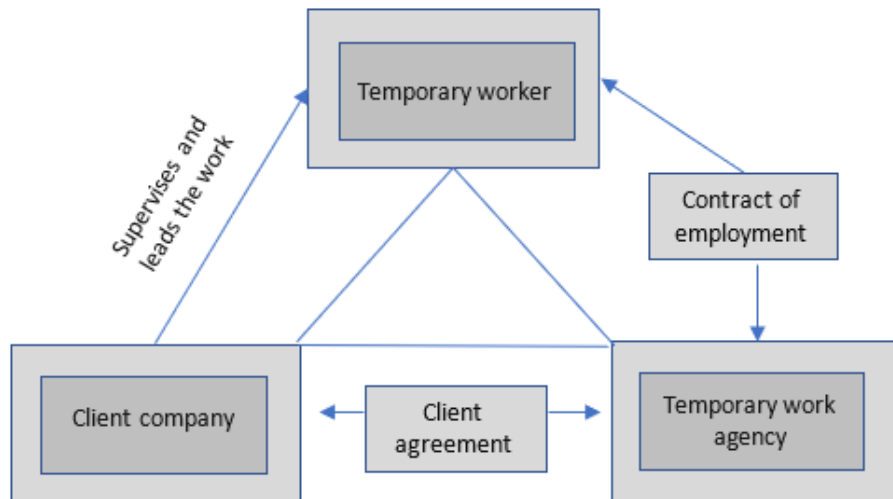
The scope of this study has been defined based on the theoretical framework and prior research. The thesis draws upon relevant literature and studies that explore the topic from a business perspective, while excluding those that examine the viewpoint of consumers or temporary workers. Furthermore, the selection process and criteria for professional service providers are primarily examined within the context of services. Nonetheless, the existing literature is subject to critical review if literature from a dissimilar context or perspective is utilized.

### **1.3 Definition of the main concepts**

Temporary work refers to the activity of a company needing employees and getting them from a temporary work agency. In this process a company (client company) wants to hire a new employee but rather than hiring them directly for themselves, they use external operator (temporary work agencies) for acquiring the labor. Thus, the temporary work agency executes the recruiting of the new employee on behalf of the client company and hires the temporary worker as their employee. Therefore, the temporary employee's official employer is the temporary work agency company, but the work performed by the employee is done for the client company and the temporary worker is under the

supervision and management of the client company. (Hietala et al., 2014, pp. 13–14; Viitala et al., 2006, pp. 12–13)

Temporary agency work can be defined by a triangular relationship between the agency, the temporary employee, and the client firm (Figure 1). Temporary work differs from a regular employment relationship in that the employment relation exists between the employee and the staffing agency but the work performance itself is conducted for the user company. (Gonos, 1997; Hietala et al., 2014, p. 13) Employment relationships involving multiple parties are usually mediated by a private employment agency who makes the worker available to a third party, under the supervision of the user firm or organization (ILO, 2016).



**Figure 1.** Triangular relationship in temporary work (Viitala et al., 2005, p. 18)

Temporary work agencies are a particular form of labor market intermediary that meet the needs of client companies for non-permanent workers. The core business of temporary work agencies consists of “selling” the labor of their workers to client companies.

The profit from the business is gained by extracting an agreed compensation based on the temporary worker's wage. This is usually done by charging the client company with a multiplier. (Parker et al., 1997; Reiter et al., 2000)

In temporary work, the company who needs employees and uses a temporary work agency to hire new employees is called a client company or user company. The client company is in charge of managing and supervising the work. Hence, the temporary worker is obligated to comply with the rules and regulations related to the user company's work. Companies can use external labor if it is not limited by law or collective agreements if they wish without having a specific reason for doing so. (Hjelt, 2017)

A temporary worker is an employee of a temporary work agency who works for the client company. Temporary worker signs the employment agreement with the temporary work agency. (Hjelt, 2017)

#### **1.4 Structure of the thesis**

This thesis consists of five chapters. The first chapter, the introduction, presents the background and justification for the study and demonstrates the research gap that the study aims to address, along with the research objectives. The second chapter delves deeper into the literature review and the theoretical framework selected for this thesis. The third chapter explains and justifies the research methodology and provides an overview of the study's execution. The fourth chapter focuses on the findings of the study. Finally, the fifth chapter discusses the findings in relation to the theoretical framework presented earlier and offers managerial implications together with suggestions for future research.

## **2 Selection and satisfaction criteria for professional service provider**

This chapter delves into the theoretical framework of the thesis by discussing the theories and concepts in more detail. The literature review integrates the key concepts of the study. First, the chapter begins by explaining the importance of temporary work agencies and opens the reasons for the utilization of TWA's. Second, the chapter sheds light on the use of TWAs in Finland and Norway. After this, the chapter looks into the selection process and criteria of professional service providers. Additionally, the selection criteria of a professional service provider will be examined in the context of temporary work agency. Finally, the criteria related to satisfaction are discussed in the context of professional service provider decision making.

### **2.1 The importance of temporary work agencies**

Temporary agency employment involves an arrangement in which a worker is employed by a temporary work agency and subsequently outsourced to execute their duties at the user company under its supervision. Although the user company may have legal obligations towards the temporary agency worker, particularly concerning health and safety, there is generally no employment relationship between the two parties. The labor contract associated with temporary agency employment is typically of limited or unspecified duration, providing no assurance of continuity. The agency charges the firm hiring fees, and in turn, pays the wages to the worker, even if the hiring company has not yet remunerated the agency. (ILO, 2016)

The successful identification, recruitment, and retaining of talented employees is a crucial factor in business success. In today's competitive job market, it is increasingly challenging for an organization to attract and retain qualified employees, not to mention the competition amongst the companies looking to hire. For this purpose, companies that lack the resources to implement a robust in-house recruitment department turn to

temporary work agencies. (Bilan et al., 2020) Temporary work agencies play a complex and dynamic role as they aim to meet the client companies' needs for workforce at multiple levels of skills and experience. Purcell et al. (2004) underlines that if TWAs seek to extend their operations beyond the standard practice of responding to immediate, short-term, one-time demands they must build a lasting supply relationship with each client and attract qualified labor to provide for their clients and thus remain available for future engagements.

Temporary work agency companies possess various strengths such as extensive knowledge of the labor market, prompt responsiveness to market changes, utilization of updated job search channels, and maintenance of comprehensive employee and employer registers. Moreover, their training programs cater to the demands of the current working environment. In addition, TWA companies can provide expertise in almost all industries. (HELA, 2023) According to Kvasnicka (2008) the significance of temporary work agencies has increased due to their growing utilization in the field of highly skilled labor.

Temporary work agency business has rapidly grown in the final decades of the twentieth century across the world. The industry has grown not only quantitatively but also qualitatively as the TWA sector has expanded to more diverse occupations and functions. The industry's function has evolved from merely providing temporary staffing as a solution for unexpected staffing shortages such as maternity leaves and seasonal fluctuations in demand, to a more systematic and continuous role. This is achieved by serving as a mediator between companies' personnel departments and a wider range of industries and occupations, facilitating the procurement of preferred labor supplies. (ILO, 2016)

The turnover of the personnel services industry worldwide in 2020 was approximately 465.8 billion euros decreasing by 9 percent from 2019 due to the COVID-19 pandemic. Although the COVID-19 pandemic influenced the industry negatively, the temporary work agency markets worldwide have experienced a remarkable recovery. The most

recent country data indicates that several countries are close to or above the pre-crisis levels when looking at volume and value in the industry. (World Employment Confederation, 2022)

In 2020, there were approximately 190,000 personnel service companies worldwide and 58 million employees found their place in the labor market through temporary work agencies. Globally, the penetration rate of temporary work - defined as the proportion of temporary workers in the overall workforce - was 1.5 percent in 2020. In Europe, this rate was slightly lower at 1.2 percent. (World Employment Confederation, 2022)

### **2.1.1 The reasons for utilization of temporary work agencies**

In general, the primary reasons companies decide to outsource HR are the achieved cost savings, the search for enhanced HR services and strategic concerns (Shen, 2005; Belcourt, 2006). Forde and Slater (2005) note that there are various explanations of companies' use of temporary agency workers. Researchers frequently rely on a demand-side-oriented approach to explain the use of temporary agency labor (Purcell et al., 2004). Accordingly, when examining the use of temporary work agencies employers' strategies of labor, criteria like cost aspects, flexibility requirements and risk-sharing should be considered (Lautsch, 2002).

According to Myllylä's (2011) research, the utilization of temporary labor has been identified as a crucial aspect in managing fluctuations in demand within organizations. Several criteria have been cited as contributing to this importance, including the ability to mitigate peak congestion, provide labor as required, manage seasonal changes, substitute for absences such as sick leave, and reduce the overall workload. Additionally, other criteria such as avoiding wrong recruitments, covering annual leave, serving as substitutes for other absences, minimizing the need for negotiations and avoiding related publicity, substituting for family leave, addressing a lack of suitable permanent employees, and reducing benefits costs were also noted as contributing to the importance of utilizing temporary labor. (Myllylä, 2011.)



In accordance with Myllylä (2011) De Graaf-Zijl (2007) indicated similar reasons for companies to utilize TWAs. This is because these agencies offer immediate access to workers when they are needed, eliminating the need for the hiring firms to undergo long and expensive hiring procedures of their own. Furthermore, temporary agencies can quickly replace workers who have quit or called in sick. Importantly, workers hired through these agencies are not subject to the same notice and severance payment terms as directly hired workers, since they are employed on a day-to-day basis. Thus, temporary agency work is a valuable tool for employers to adjust their workforce to changes in demand. (De Graaf-Zijl, 2007)

Regarding cost savings, Forde (2001) and Houseman et al. (2003) point out that according to studies, there are two main ways temporary work agencies can reduce hiring costs. Firstly, it can be assumed that temporary employment agencies are more effective in screening and matching employees, resulting in a higher likelihood of workers fitting well with the future client company (Forde and Slater, 2005). In addition, client firms have the freedom to evaluate the performance of temporary agency workers without being obligated to offer permanent employment contracts (Ward et al., 2001). Secondly, the recruitment and dismissal costs can be reduced by hiring workers through temporary labor agencies rather than using direct-hiring procedures, thus creating savings (Houseman, 2000). Additionally, further staff costs such as sick pay and holiday entitlements, provide an incentive for companies to utilize the labor of TWAs. (Forde, 2001; Ward et al., 2001)

Although cost savings arise as a reason for utilization of temporary work agency in previous studies (Shen, 2005; Belcourt, 2006; Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007), Thommes and Weiland (2010) argue that there are indicators that demonstrate that cost savings does not predominantly trigger firms' use of temporary agency work and support that with their findings from German market. Thommes and Weiland (2010) propose that some firms are neither able to save costs nor increase flexibility by utilizing

TWAs. According to their findings, the decision whether to hire temporary work agency workers or not cannot only be made by analyzing different aspects of costs associated with external employment. (Thommes & Weiland, 2010). Consequently, Fallon (2023) argues that using a TWA will increase the client company's hiring costs as the client company needs to pay an annual salary fee, a fee according to a multiplier or contract buyout fees if hiring the temporary worker permanently before the agreed date. Nevertheless, cost savings as a reason for utilizing temporary work agencies is reviewed in this study.

Although the use of temporary work agencies is beneficial for companies in many ways, their use is not without problems and thus there are also disadvantages. According to Fallon (2023), there are also potential risks and downsides when using a TWA and those can be seen as disadvantages. As mentioned previously, it can cause additional hiring costs, it might create a cultural gap within the company's culture, reduce team bonding or cause reputational consequences (Fallon, 2023). Furthermore, Kirk and Belovics (2008) note that the client company may encounter unwillingness to embrace the company's mission and values from the temporary worker. Additionally, another disadvantage arises from the increased probability of errors as temporary workers might lack proper company training and thus may be unable to follow established protocols, leading to mistakes and suboptimal performance. (Kirk & Belovics, 2008)

To clarify the reasons emerged from prior studies regarding the reasons for a company to utilize a TWA, the reasons are grouped under two categories 1) cost savings, and 2) flexibility and ability to adjust in the table (Table 1) below. These two categories were selected because, based on previous research, the reasons for using TWA are all somehow related to either cost savings or flexibility and the ability to adjust.

**Table 1.** Reasons for the utilization of a temporary work agency

Reason for the utilization of a temporary work agency:	Author:
<b>Cost savings:</b> Cost reduction Avoiding wrong recruitments Reduce benefits costs Risk-sharing Savings in sick pay and holiday entitlements Eliminating the need for the hiring firms to undergo long and expensive hiring procedures of their own	Shen, 2005; Belcourt, 2006; Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007; Fallon, 2023
<b>Flexibility and ability to adjust:</b> Managing fluctuations in demand Ability to mitigate peak congestion Manage seasonal changes in labor needs Managing fluctuations in workload Provide labor as required Immediate access to workers Substitutes for absences: sick leave, family leave, annual leave Obtaining skilled labor that is short in supply Ability to evaluate the performance of the employee before permanent hire	Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007; Fallon, 2023

### 2.1.2 Temporary work agency business in Finland and Norway

TAW is a relatively new employment phenomenon in both Finland and Norway. When examining the Nordic countries in cross-European studies, the Nordic countries are frequently noted as examples where uncertainties linked to non-standard employment (NSE) are comparatively scarce (Broughton et al., 2016). Frequently, the justifications for this observation are attributed to the relatively inclusive and egalitarian nature of the Nordic welfare states. These nations boast relatively high levels of social security, substantial wages, a large union membership, and collective bargaining alongside comprehensive welfare policies. Consequently, in these countries, flexible employment arrangements are not entirely unregulated or unprotected, and participating in Non-Standard Employment (NSE) does not inevitably result in an insecure labor market position, as asserted by Andersen et al. (2014).

In 1994, Finland started to allow private companies to offer TAW services after the legal monopoly of public job centers was liberalized. Norway followed the suite later in 1994.

Despite the growth of TAW, it still accounts for a small percentage of the workforce in these countries. In Finland, temporary workers make up 1 percent of the workforce, while in Norway, the respective figure is 0.2 percent. (Eklund, 2015) However, some surveys suggest that the number of temporary workers in Norway is higher, estimating that they account for 1.2 percent of the workforce. Thus, the incidence of TAW is relatively similar across these countries. (Neergaard, 2016) Additionally, the study conducted by Eurostat confirms that a mere 1.5 percent or less of the working-age workforce are engaged in temporary work through an agency in the Nordics (EUROSTAT, 2020).

#### Finland:

In Finland the turnover of personnel service industry has shown consistent growth over the years. Accordingly, the temporary work agency sector generated a turnover value of 1.679.5 million euros in 2022. (EUROSTAT, 2020) As reported by Statistics Finland, the percentage of temporary workers among wage earners was 2.3 percent in 2021. According to an estimate by Henkilöstöala HELA (2023), the TWA industry offers employment opportunities to over 170.000 workers annually, encompassing a diverse range of industries. Among the sectors with the highest number of temporary workers are industrial industry, office/administration/IT/expert jobs, construction, and accommodation, restaurant, catering, and leisure services. (HELA, 2023)

#### Norway:

In 2021, the staffing industry served as a gateway to working life for many Norwegians and provided job opportunities to around 75.000 people, thereby contributing to the flexibility of the labor market by catering to businesses with sudden labor needs. Despite a significant reduction in activity due to the pandemic in 2020, the industry experienced growth in turnover and the number of hours worked in 2021. The industry's turnover reached 21.5 billion Norwegian krone in 2021, with approximately 1.000 companies providing staffing services in Norway. The industry's growth did not occur at the expense

of other forms of employment, as the percentage of total man-years provided by the industry remained around 1 percent. The construction industry had the highest number of billed hours in 2021, followed by storage, logistics, transport, and industry and production. The ten largest companies in the industry controlled nearly 65 percent of the market. (Rekdal, 2022)

## **2.2 Selecting a professional service provider**

In recent years, the acquisition of business services has become increasingly relevant in creating value within companies (Hoffmann et al., 2016). The choice of service providers is a crucial strategic consideration for organizational management. According to Kumar Kar and Pani (2014), the identification of professional service providers who possess the necessary capabilities to meet an organization's needs involves the implementation of a systematic evaluation and selection methodology.

Professional service provider selection is the process of evaluating a potential service provider with a wide range of criteria such as value for money, quality, reliability, and service. The importance of different criteria is based on the priorities and strategy of each company. (Cheraghi et al., 2011) Efficient and effective purchasing of professional services is a critical and paramount matter for both the buyers and the providers of such services. Hence, it is important to understand how companies (buyers) purchase professional services, which decision criteria they use and how these criteria differ in their relative importance when selecting the professional service providers. (Sonmez & Moorhouse, 2010)

Professional services can be purchased either by individuals (consumers) or by organizations (businesses) (Patterson et al., 1996). However, this study focuses on the organizational purchasing of professional services. The criteria selected for this study will be based on multiple studies conducted in related fields to gain understanding of the criteria leading to a professional service provider selection in the context of temporary work agencies.

Despite recognizing the significance of business services in companies, most purchasing managers are still facing difficulties in implementing an effective purchasing and evaluation process (Rottmann et al., 2015). Thus, when looking into business service purchasing, one must understand the selection process and the criteria for selecting a service provider. By business services the author means services that are exchanged between organizations. Also, the term professional service is used. In this context the temporary work agencies are the services referred to.

While goods purchasing is a well-researched process, there is scarcity of research regarding the purchasing and evaluation of business services both theoretically and practically (van der Valk & Rozemeijer, 2009; Hansel & Hoffmann, 2017). In comparison to goods purchasing, the evaluation and acquisition of business services are very difficult. This is mainly because of the intangible and frequently heterogeneous characteristics of services. Vargo and Lusch (2015) note that the value of service always involves multiple actors, and the beneficiary is always included. Due to the distinctive attributes of business services, it is necessary to adopt a different approach towards both the procurement and evaluation process than in the purchasing of goods. Moreover, it is not common to test business services beforehand, thereby further complicating the professional service provider selection. Therefore, a transaction typically relies on the experience and trust between the business partners. (Min, 2010; Axelsson & Wynstra, 2002)

In contrast to goods, professional services have far higher risks and profit opportunities and consequently, their potential to add value is much greater. Day and Barksdale (1994, p. 44) argue that selecting a professional service provider can be one of the most important decisions and potentially one of the costliest mistakes a client firm can make. Thus, it is essential to gain understanding on how professional service providers can gain new clients. It is important to identify the various phases and relationships among the steps in the process by which professional service provider companies are selected.

### **2.2.1 The process of purchasing professional services**

This paragraph examines the process of purchasing professional services based on a model created by Day and Barksdale (1994). The chapter focuses solely on the model they formed, as no other prior research has been conducted on a comparable subject.

The process of purchasing professional services (Figure 2) begins when the client recognizes or identifies a need that can potentially be met by the purchase of professional services. Typically, the client company's alternatives for meeting that need include utilizing in-house resources, hiring the services of an external firm, or disregarding the issue altogether. After the need has been recognized, the company needs to identify the specific criteria that are used in selection and evaluation stages, as it reduces risk and uncertainty. Typically, the selection process prequalifies potential providers based on their "product" portfolios, allowing the client to assess their capability of meeting their needs. If a company considers multiple options of TWAs to work with, they need to reduce their list of firms that will be considered further. At this point, the decision rule is commonly employed, wherein the client identifies the attributes that a provider must possess. Essentially, the client seeks reasons to disqualify firms. (Day & Barksdale, 1994)

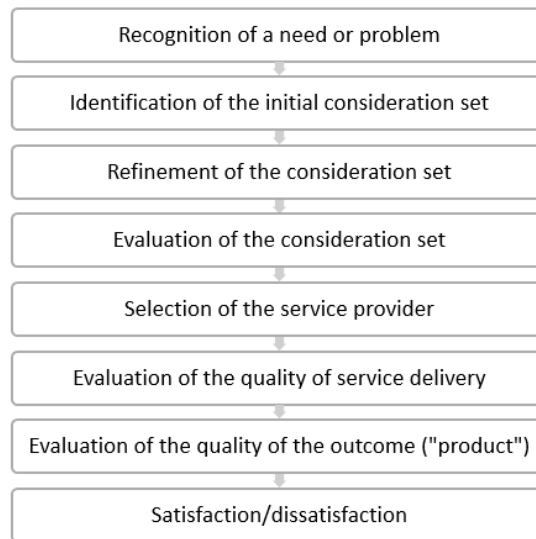
The evaluation of the consideration set for professional services is challenging due to their lack of search properties. Surrogate indicators, such as factual information or assumed experience, are used to assess the provider's past performance as a predictor of future performance. Thus, specifying required or desired attributes is important for clients and professional firms. Similarly, it is important to identify the indicators or clues clients use to evaluate a professional service provider's industry expertise, reputation of the firm and overall professionalism. Clients often require a proposal or a request for proposals and a subsequent presentation or interview after completing the evaluation process. This provides clients with substantial information about a professional service firm's ability to deliver the required services within budget and on time. (Day & Barksdale, 1994)

The evaluation is followed by selecting the professional service provider. The selection is a result of prior assessment of how well each professional service provider rates on each of the essential elements. As the providers already meet the baseline requirements, the selection is based on the differentiating criteria, known as discriminating attributes. These attributes are believed to vary among providers and are the basis for the selection decision. Accordingly, if the need that initiated the buying process changes during the purchase process, the selection criteria need to be redefined. (Day & Barksdale, 1994)

Initially, performance evaluation focuses on the client-provider relationship and predicts the quality of the final product. As service delivery spans a long time and involves various players, the evaluation criteria and expectations can change. While identifying the evaluation criteria is essential, determining the surrogate indicators or cues that personnel within the client firm use to assess performance is more crucial. Objective measures like meeting deadlines do exist, but subjective indicators, such as the degree of liking/disliking for service delivery personnel, can significantly affect client perceptions and satisfaction with the outcome. (Day & Barksdale, 1994)

After evaluating the quality of the service, the quality of the outcome is evaluated. This is done once the project is complete and this often leads to a performance evaluation of a more holistic nature which manifests as overall feelings of either satisfaction or dissatisfaction with the client-provider relationship and with the final product. In the context of TWA, this stage is challenging as the projects are the temporary employees and the "project" runtimes are long. Additionally, seeing them as a successful outcome depends on so many factors as temporary work agencies deal with people as a service. The last phase of the process: satisfaction and dissatisfaction will be discussed in detail later. (Day & Barksdale, 1994)





**Figure 2.** The organizational buying process for professional services (Day and Barksdale, 1994, p. 46)

The selection process of a service provider is vital, as it initiates the relationship between the professional service provider and the client (Day & Barksdale, 2003). Thus, acknowledging the central role of relationships in the management of the purchasing process and understanding personal relationships' impact is invaluable in understanding the underlying processes in the purchasing of professional business services. Building and managing organizational relationships are frequently perceived to be rooted in the personal relationships that exist among staff in the involved organizations, which, in turn, are seen to be significant criteria influencing on the worth and nature of the purchasing process.

The organizational buying process for professional services is introduced here to enhance the comprehension of the topic in general; however, this study primarily focuses on the service provider's selection criteria and the resulting criteria for satisfaction, rather than the purchasing process itself.

### 2.2.2 Selection criteria for professional service provider in TWA context

The academic literature on the criteria used in selecting professional service providers is relatively scarce, necessitating an exploration of the selection criteria used in supplier selection as well. It is worth noting, however, that these criteria must be subjected to critical scrutiny, given that they have not been explicitly developed for the selection of professional service providers.

Ho et al. (2010) analyzed 78 articles published between 2000-2008 regarding the supplier selection process and identified 14 main criteria that affect the selection criteria in the context of supply chain management. According to their findings, the most popular selection criteria presented in existing literature are in the order of importance as follows: *quality*, followed by *delivery*, *price/cost*, *manufacturing capability*, *service*, *management*, *technology*, *research and development (R&D)*, *finance*, *flexibility*, *reputation*, *relationship*, *risk*, as well as *safety* and *environment*. (Ho et al., 2010) As these criteria arise from the research regarding supply chain management, they need to be critically examined. Thus in the context of TWA, the criteria clearly related to supply chain management can be discarded, as those are not applicable in this context. For this purpose *manufacturing capability*, *management*, *technology*, *R&D* and *safety and environment* are omitted from the selection criteria for selecting a temporary work agency.

Furthermore, Sonmez and Moorhouse (2010) examined learning and developing managers' decision-making in purchasing professional services. Based on their results, Sonmez and Moorhouse (2010) created six main criteria from multiple criteria. According to them, the most important high-level criteria for selecting a professional service provider are *reputation*, *organizational capabilities*, *quality of service*, *cost of service*, *knowledge* and *understanding* and lastly *competence*.

According to Lehman and O'Shaughnessy (1982) the key criteria generally thought to affect supplier selection decision are *price, quality, delivery, and service*. Further analysis of the criteria led the researchers to identify five primary choice criteria. Although these five underlying choice criteria were identified in research of buying different categories of products, Lehman and O'Shaughnessy (1982) argue that these five types of criteria are likely to operate in every buying situation, including B2B professional services as they represent different facets or problems associated with purchase. The five underlying choice criteria adapted to the perspective of a professional service provider are:

1. Performance criteria: *How well will the service do the job?*
2. Economic criteria: *What are the various cost outlays that will be associated with buying and utilizing the service?*
3. Integrative criteria: *Is the professional service provider oriented and committed to meeting or exceeding the buyer's expectations?*
4. Adaptive criteria: *How certain is the buyer that the professional service provider can deliver to specification?*
5. Legalistic criteria: *What legalistic and policy constraints must be borne in mind when buying this professional service?*

When examining the five underlying selection criteria by Lehman and O'Shaughnessy (1982) in the context of temporary work agency selection, the performance criteria can be interpreted as the agency's ability to provide quality service that aligns with the client's needs. Economic criteria, on the other hand, can be related to the cost of services. Integrative and adaptive criteria, in combination, can be evaluated to assess whether the agency can meet the client's expectations and deliver temporary workers as promised. Although Lehman and O'Shaughnessy (1982) identified five choice criteria, the current study excludes legalistic criteria as legal and policy constraints are criteria that a client company usually considers more after initiating collaboration with a temporary work agency.

Day and Barksdale (1992) investigated how firms select professional service providers in the context of architectural and engineering services. According to their analysis, four major dimensions appeared to underlie the selection decision: **perceived experience**; expertise, competence of the provider, **the provider's understanding** of the client's need and interests; **the provider's relationship** and communication skills and the likelihood of **the provider conforming to contractual and administrative requirements**. The figure below (Figure 3) presents the criterion which these four main criteria consist of:

Experience, Expertise, Competence	Understanding Client's Needs and Interests	Interaction, Relationship, Communication	Contractual/ Administrative Conformance
<ul style="list-style-type: none"> <li>•Reputation of firm</li> <li>•Client-oriented</li> <li>•Qualifications of personnel, team</li> <li>•Staff capabilities</li> </ul>	<ul style="list-style-type: none"> <li>•Creativity</li> <li>•Knowledge of the field</li> <li>•Understanding client's business</li> </ul>	<ul style="list-style-type: none"> <li>•Good presentation</li> <li>•Ability to work as a team</li> <li>•Listening skills</li> <li>•Chemistry</li> <li>•Trust</li> </ul>	<ul style="list-style-type: none"> <li>•Competitive fee</li> <li>•Can meet schedule</li> <li>•Efficiency</li> </ul>

**Figure 3.** Criteria for professional service provider selection (Day & Barksdale, 1992)

In accordance with Ho et al. (2010), Day and Barksdale (1994) point out that relationship between the service provider and the potential client is an important criterion when selecting a service provider. The relationship and especially the chemistry might be difficult to explain but the "right chemistry" between the service provider and the buyer (potential new client) affects the decision making.

Furthermore, Day and Barksdale (1992) studied how client companies assessed quality of the professional service provider before the selection is made, as quality is usually associated with satisfaction that can be analyzed after the selection of the service provider has been made. Indicators of quality in the selection phase consist of the following indicators are presented in the Figure 4 below:

Experience, Expertise, Competence	Understanding Client's Needs and Interests	Interaction, Relationship, Communication
<ul style="list-style-type: none"> <li>•Satisfaction with previous projects</li> <li>•Has worked on similar projects in past</li> <li>•Has dealt with similar problems</li> <li>•Satisfaction of previous clients</li> <li>•Referrals</li> <li>•Prestige of clients</li> <li>•Specialized knowledge</li> <li>•Latest technology</li> </ul>	<ul style="list-style-type: none"> <li>•Asks questions about needs, concerns</li> <li>•Seems to want to solve client's problems</li> <li>•Willing to listen</li> </ul>	<ul style="list-style-type: none"> <li>•Asks the right questions</li> <li>•Coordination among team members</li> <li>•Listens</li> <li>•Likeability</li> <li>•Presentation</li> <li>•Apparent interest in project</li> </ul>

**Figure 4.** Indicators of quality in the selection of professional service provider (Day & Barksdale, 1992)

B2B customer relations are characterized by the cultivation of long-term customer relationships. For the customer, continuity is paramount since they either utilize the received service directly or employ it to create products or services for the end user. This cannot be achieved without the involvement of one or more business service providers. The more unique the customer's preferences, the greater the degree of cooperation required. At the very least, service providers and users collaborate when the customer communicates their expectations to the supplier regarding the ongoing service's performance. Such cooperation assists the supplier in responding more effectively to customer needs and contributing to the creation of service value. (Raišienė & Raišys, 2022)

The nature of agencies' relationships with client companies can vary from direct recruitment, where the cooperation ends when a suitable employee is found, to a long-term cooperation when a "temp to perm" contract is made. In the latter, the dependence on the TWA deepens as the client company, the TWA and the temporary worker form a triangular relationship. (Purcell et al., 2004) It is important to remember that this research will focus on the staffing aspect of temporary work agencies and excludes agencies that offer only direct recruitment services.

When a company selects a temporary work agency to cooperate with, there is no certain approach that suits all situations. Researchers have not directly investigated the selection of a temporary work agency from a client company perspective. Thus, the background for selecting a temporary work agency has been gathered by examining articles written by either recruitment companies or those working in the industry. Therefore, generalizations are made from related literature. This is being done to form an understanding of the criteria that could influence the choice of a temporary work agency.

As there are a myriad of temporary work agencies to choose from, selecting the suitable one can be overwhelming. For a company to choose an agency that is aligned with their needs, organizations must consider several aspects. (Britt, 2021; Sparks Group, 2020) According to Britt (2021), organizations must consider their own core values, describe their workplace culture and the qualities they value in prospective candidates before selecting a TWA to cooperate with. When considering the outsourcing to a temporary work agency, the company must define its objectives and needs, such as whether the partnership will be long-term or short-term and whether the agency will be used for direct hire or temporary workers.

Selecting a staffing agency requires careful consideration of various criteria. Apollo Technical LLC (2023) proposes that it is important to evaluate an agency's experience and familiarity with the business's field of industry and specialization and scrutinize their recruitment methodology and candidate screening procedures. Establishing a timeline for receiving qualified candidates and selecting an agency with a dedicated point of contact and ethical treatment of candidates are also vital considerations. Ultimately, a successful staffing agency should prioritize forming a long-term partnership and providing appropriate candidates for a business's requirements. (Apollo Technical LLC, 2023; Gaedeke and Tootelian, 1988)

Furthermore, LinkedIn (2023) recommends considering additional criteria such as the reputation and experience of the agency, their specialization and expertise in the

business's niche and sector, the cost and value of their services, their communication and responsiveness, and the flexibility and scalability of their services. Leverant (2023) also emphasizes the importance of selecting a temporary work agency with a stellar reputation and who in general abide by sound business practices (Fallon, 2023). Accordingly, Gaedeke and Tootelian (1988) identified the reputation of the firm as key criterion when selecting a professional service provider.

Companies should choose an agency with a proven track record of delivering high-quality service, meeting deadlines, and satisfying clients. The agency should also understand the business's specific needs, offer competitive and transparent pricing, and be easily accessible and proactive in problem-solving. By carefully considering these critical criteria, companies can make an informed decision and establish a successful long-term partnership with the chosen staffing agency. (LinkedIn, 2023.)

As there is no certain universal system or criteria for service provider selection that could be used for all kinds of purchasing decisions (Cheraghi et al., 2011; Borges de Araújo et al., 2015), the selection criteria for this study are leveraged from the previous studies (Ho et al., 2010; Sonmez & Moorhouse, 2010; Lehman and O'Shaughnessy, 1982; Day & Barksdale, 1992) together with industry's knowledge (Britt, 2021; Sparks Group, 2020; Apollo Technical LLC, 2023; LinkedIn, 2023). The following figure (Figure 5) has been developed based on the emerging criteria that are appropriate for this context and serves as the fundamental basis for the research.



**Figure 5.** Selection criteria for temporary work agency

In line with this, this study assumes that these are the effective criteria. However, no decision can be drawn about their effectiveness based on prior research. As a result, hypotheses are not being developed at this stage.

### 2.2.3 Service provider satisfaction

In customer satisfaction, it is crucial to differentiate between business-to-business (B2B) and business-to-consumer (B2C) customers. A B2C customer typically refers to an individual or an organization that purchases a product or service once, without establishing a long-term relationship with the supplier. In contrast, a B2B customer is a company that orders professional services from other enterprises and maintains a sustained relationship with them during and after the service acquisition process. Hence understanding the difference is fundamental when evaluating service provider satisfaction. (Raišienė & Raišys, 2022)



The business-to-business (B2B) service provider satisfaction has its challenges, as the end user of the service is another company with complex organizational needs. Consequently, the satisfaction of corporate customers is strongly dependent upon the value generated by B2B service providers, in this case, the temporary work agencies, which the customer can utilize to enhance their business achievements. Professional services cannot be assessed prior to purchase and only some can be evaluated during and after service delivery. However complicated the evaluation of professional services may be, the client will still form an overall impression of the quality of the service delivery in one way or another. Thus, it is important to examine the criteria clients use to evaluate the quality of the service being provided and to understand which contributes to the clients' feelings of satisfaction or dissatisfaction. (Day & Barksdale, 1992; Day & Barksdale, 2003; Raišienė & Raišys, 2022; Sonne, 1999)

Information on the criteria that determine client satisfaction is especially important for consultant businesses such as TWA business, as customer satisfaction is what the service business depends on for repeat business. (Raišienė & Raišys, 2022) Therefore, uncovering these evaluation criteria is necessary for the service provider to control the service quality and ensure customer satisfaction. (Day & Barksdale, 2003)

The concept of perceived service quality frequently arises in discussions surrounding consumer satisfaction, as it is similarly defined as the gap between a customer's perception of a service and their expectation of it; nevertheless, it should be noted that these are distinct concepts (Benazic & Varga, 2018). Consumer satisfaction is typically understood as an emotional response to a service experience, while perceived service quality is regarded as a cognitive judgment of performance excellence based on evaluation criteria (Oliver, 2014). According to Spreng et al. (2009), both concepts can be seen as either transaction-specific or cumulative, reflecting a consumer's judgment of a single service interaction or multiple service experiences. While satisfaction is a broader concept than perceived quality, research has shown that the latter has a significant positive

impact on consumer satisfaction in B2B services (Jayawardhena, 2010). For instance, although price may influence a consumer's satisfaction assessment, it may not be a criterion in their evaluation of service quality. Therefore, service quality is considered a part of satisfaction in this study and the study will focus on the B2B consumer's satisfaction towards the service provider.

According to the research conducted by Day and Barksdale (1992), there were four major categories of criteria contributing to overall client satisfaction or dissatisfaction. The primary classifications consist of (1) the provider's understanding of the client's needs and interests; (2) the provider's relationship and communication skills; (3) the provider's conformance to contractual and administrative requirements; and (4) actual performance. The specific reasons for client satisfaction with professional services are further explained according to the major categories below (Figure 6). (Day & Barksdale, 1992)

Understanding client's needs and Interests	Interaction, Relationship, Communications	Contractual / Administrative Conformance	Performance/ Outcome
<ul style="list-style-type: none"> <li>•Attitude</li> <li>•Appears to want a long-term relationship</li> <li>•Listened</li> <li>•Responsive</li> <li>•Personal attention</li> </ul>	<ul style="list-style-type: none"> <li>•Receptive to client's questions and suggestions</li> <li>•Pleasant to work with</li> <li>•Project manager on top of the job</li> <li>•Constant communication</li> <li>•Attended to client's needs</li> <li>•Continuous follow-up</li> <li>•Involvement of project executive</li> <li>•Well coordinated</li> <li>•Talked to each other and to client</li> </ul>	<ul style="list-style-type: none"> <li>•On time, on budget</li> <li>•Extra work orders minimal</li> <li>•Provided detailed schedule up front and stuck to it</li> <li>•Informed clients of... and explained... deviations</li> <li>•Met schedule</li> </ul>	<ul style="list-style-type: none"> <li>•Did what they said they would do</li> <li>•Consistency in quality</li> <li>•Did what was required without being told</li> <li>•Responded to client's needs</li> <li>•Responded well to client on the job</li> <li>•Functional thinking in early stage of projects matched with final design</li> <li>•No turnover of staff working with same people throughout</li> <li>•Met or exceeded client's expectations</li> </ul>

**Figure 6.** Reasons for client satisfaction according to Day and Barksdale (1992)

Although Day and Barksdale's (1992) study focused on a particular segment of professional services firms, the findings are consistent with research conducted by Raišienė and Raišys (2022), who examined business customer satisfaction with B2B consulting services. Raišienė and Raišys (2022) identified several key criteria that significantly

influenced customer satisfaction such as *service providers' ability to offer customized services, reliability, meeting customer expectations, treatment of customers, and accessibility.*

Sonne (1999) examined customer satisfaction through three measures: an overall rating of satisfaction, the degree to which performance lives up to expectations, and a rating of performance relative to an ideal service provider. Correspondingly Sonne (1999) argues that customer satisfaction with professional services is determined by the outcome quality which is mostly affected by hard quality. Hard quality refers to non-interactive elements and covers elements such as professionalism, skills, and the physical resources that the service provider uses when working towards the solution and outcome. Hence Sonne (1999) suggests that professional service provider companies should mostly concentrate on the hard quality elements to influence their customer satisfaction.

To the author's best knowledge there are no existing criteria specifically tested and designed for satisfaction of a temporary work agency, thus the criteria utilized in this study are based on the prior findings related to professional service provider satisfaction (Day & Barksdale, 1992; Day & Barksdale, 1994; Raišienė and Raišys, 2022; Sonne, 1999). Therefore this study will examine satisfaction of the clients with the chosen temporary work agency based on the criteria presented below (Figure 7).



**Figure 7.** Key criteria for service provider satisfaction

As with the selection criteria, this study presumes that the criteria for service provider satisfaction are effective. However, due to the absence of prior research, it is not possible to make a conclusive determination about their effectiveness. Therefore, no hypotheses are being formulated based on the effectiveness of these criteria.

### **3 Research Methodology**

In this chapter, the research philosophy, approach as well as the methodology and design of the thesis are introduced, discussed, and argued. Furthermore, this chapter presents the sample of the study, explains the data collection, and describes the analysis. Lastly, the quality of the study is evaluated through reliability and validity.

#### **3.1 Research method and design**

The term research philosophy refers to a system of beliefs and assumptions about the development of knowledge. In business and management studies, positivism, critical realism, interpretivism, postmodernism and pragmatism are considered the five major philosophies. Positivism is considered a philosophy that relies on observable and measurable facts and numbers, is highly structured, has large samples, is typically deductive and utilizes quantitative method of analysis. Thus, this study adapts positivism as its research philosophy. (Saunders et al., 2016, pp. 128-144)

When conducting research, one must select a suitable research approach that aligns with their research goals and objectives and offers the potential to generate credible and reliable findings. The degree to which a research study focuses on testing the existing theories or constructing new ones presents a significant question regarding the research approach. (Saunders et al., 2016, p. 152) According to Bryman and Bell (2015, p. 20-21), research can be built on either deductive, inductive, or abductive approach based on the origin of the theory and the research design.

Deductive study commences with a theory based on an extensive review of academic literature and proceeds with the design of a research strategy aimed at testing the theory. Conversely, an inductive approach begins with data collection to investigate a phenomenon and subsequently generates or constructs a theory, typically in the form of a conceptual framework. Furthermore, when data collection is conducted to examine a phenomenon, identify themes, and explain patterns, leading to the development or

modification of a theory that is subsequently verified through additional data collection, an abductive approach is employed. (Bryman & Bell, 2015, p. 20-21; Saunders et al., 2016, p. 152) This study takes a deductive approach, as the questionnaire questions are based on existing literature and studies, and the relationships between variables are tested without modifying the literature. Although deducing hypotheses from the existing theory and testing them is common in deductive research (Ghauri et. al, 2020, p. 171), hypotheses are not formed, and thus accepted or rejected, in this study.

The research design represents a critical component of the research process, and it can adopt either a quantitative or qualitative approach. The research design chosen shapes the analysis and contextualization of the information obtained through data collection. By selecting an appropriate research design, researchers can employ the appropriate methods to achieve their research objectives and maximize the validity and reliability of their findings. As the aim of this research was to get information from as many companies as possible, a quantitative research method was selected, as it describes a phenomenon based on numerical data and can be utilized when researching a numerically large sample. Furthermore, the quantitative research method was chosen as it generally answers questions such as who, what, where how much and how many and enables statistical generalization. (Saunders et al., 2016, p.146; Heikkilä, 2014, p. 15)

Although qualitative data gathering (including interviews, content analysis etc.) could have been considered to enhance existing literature, there was a sufficient background for the current research so that a questionnaire could be created, and thus quantify the information. Given that the data was gathered in two countries with various geographical locations, qualitative data gathering would have been unprofitably costly and time-consuming. (Ghauri et. al, 2020, p. 78)

Research can be designed to fulfil either an exploratory, descriptive, or evaluative purpose or a combination of these. When conducting an exploratory study, it can be useful to ask open questions and gain insights into a particular topic of interest. Such studies

typically use "What" or "How" questions during data collection to explore an issue, problem, or phenomenon. Exploratory research enables researchers to explore relationships between variables. By utilizing quantitative data and statistical tests in exploratory research, a clearer understanding of these relationships can be gained. (Saunders et al., 2016, p.186-187) Hence, the research objectives of this study are pursued through exploratory analysis to gain answers.

### **3.2 Sample**

The study focuses on two temporary work agencies which are a part of a Nordic temporary work agency group that has operations in both Finland and Norway. The reason why these temporary work agencies and their clients were selected as the subject and sample of the study is because the author of this thesis works in the Finnish company.

The survey was sent to all clients that both temporary work agencies' CEOs considered suitable to answer the survey. Therefore the survey excluded clients who had initiated their cooperation through a lengthy bidding process, as it implies that the client did not originally select this specific company. The survey was sent to a total of 776 clients in Norway and in Finland it was sent to 42 clients. It is important to note that the number of recipients in Finland is much smaller compared to Norway to begin with, as the operations in Norway are larger and there are more customers. For this reason, the sample size is smaller for Finland right from the start.

When defining the scope of a sample, the characteristics of the unit studied need to be defined. According to Ghauri et. al (2020, p. 95), there should be clear criteria for the sample such as age, size, revenue, and industrial sector when companies are studied. In the context of this thesis, the firms taking part in this study are selected by one main criteria: they are a client company of a Nordic temporary work agency company either in Norway or Finland at the time of the study. Thus, the criteria typically defined when studying companies are used to form an understanding of companies' backgrounds and to analyze the differences between these countries if possible.

When sending out a survey, one must consider the level of knowledge, education etc. needed by the respondents to answer the survey and not create unrealistic demands on the respondents' know-how (Ghauri et. al, 2020, p. 176). Accordingly, the survey was sent to people in upper management level such as founder of the firm, HR director, head of department, country manager or CEO, who can be expected to be in the position to have the required level of understanding of the company to provide appropriate answers. The recipients of the survey are clients of a Nordic temporary work agency who acts as a point of contact at the time of data collection.

In Norway, altogether 45 clients answered the questionnaire, forming the response rate of 5.8 percent, whereas in Finland 10 clients answered the questionnaire, making the response rate 23.8 percent. Baruch and Holtom (2008) argue that the response rate among data collection from top executives representing the firm has been reported to be 35.7 percent which indicates that the response rate of this study is low. Hence, the low response rate and its effects need to be examined later when analyzing the validity and reliability of the study.

### **3.3 Data collection and analysis**

The data for this study was collected through an online survey as it is an effective tool for obtaining opinions, attitudes, descriptions and capturing cause-and-effect relationships (Ghauri et. al, 2020, p. 169). The respondents received a link via email inviting them to complete a self-completion questionnaire where the respondents answer the questionnaire themselves. The questionnaire was created with Webropol, an online survey and reporting tool. The data for this thesis was collected during the spring of 2023.

Amongst the multiple options for obtaining data, the online questionnaire was selected, as the sample respondents were geographically dispersed in multiple countries. Questionnaire is a general term for a method of data collection in which each person is asked to respond to the same set of questions in predetermined order and is often used in



quantitative studies. Questionnaire is a common and widely used strategy in business and management research. (Saunders et al., 2016, p. 502; Ghauri et. al, 2020, p. 171)

Questionnaire survey is not free of limitations as there are circumstances that might influence respondents in their answers (Ghauri et. al, 2020, p. 175). Thus it is important to form the questions in simple and concise language, deal with only one aspect or dimension in one question, ask specific questions and to avoid questions of suggestive nature. Additionally, the language and words of the questions should be straightforward and should not have hidden meanings as the respondents might understand the questions differently and thereby contribute negatively to the conclusions of the study. (Saunders et al. 2016, p. 502; Ghauri et. al, 2020, p. 176-177)

The quality of an answer is contingent upon the respondent's willingness to participate in the survey by providing responses and returning the completed survey (Saunders et al. 2016, p. 505). This was taken into account in the survey by mainly using closed questions where all the possible alternatives were listed. The respondents were given an opportunity to give open answers if they chose the "other, please specify" alternative. In addition, rating questions were presented that allowed the respondent to indicate a number that most accurately characterizes their perspective towards the assertions (e.g. 1 indicating "strongly disagree" and 5 representing "strongly agree"). All the questions were mandatory and the questions including the option "do not know" or "no comment" were mainly avoided, as it provides the respondent with an escape route. Although closed and rating questions are relatively easy questions to answer, they might lead to the respondents not considering their answers carefully and thus leading into selecting the option "somewhat" or "neutral". (Bryman & Bell, 2015, p. 241; Ghauri et. al, 2020, p. 175)

As this research is conducted in multiple countries, it is important to take the language of the questions into consideration (Saunders et. al, 2019, p. 504). Since the countries where this research is conducted have different languages, the author has made the

choice of writing the questionnaire in English. Thus, the questions will have the same meaning to all respondents and the possibility of misunderstanding the lexical, idiomatic, experiential, and grammatical meaning is minimized (Usunier et al., 2017). The questionnaire was tested by the CEO of the TWA in Finland to be sure of the comprehensibility and clarity of the questionnaire. Moreover, the questionnaire was tested to get certainty regarding the time it takes for the respondents to complete the questionnaire. Based on the test, it was also confirmed that the survey would take a maximum of 10 minutes to complete.

Bryman and Bell (2015, p. 242-243) note that there is a tendency for questionnaire surveys to generate a lower response rate than comparable structured interview surveys. Accordingly, Sonmez and Moorhouse (2010) state that it is often difficult to obtain response from online surveys in business-to-business market research.

Various actions by the author were conducted to improve the response rate. In accordance with Saunders et al. (2016, p. 303) and Bryman and Bell (2015, p. 242-243), a proper cover letter was created to explain the motivation for the research, why it is important and why the recipients have been selected. The recipients received two reminder messages to answer the survey: one after three days of sending the email and the second two days before the deadline. To further increase the response rate of the survey, the questionnaire was designed to minimize the response time, as shorter questionnaires tend to achieve higher response rates. Moreover, the survey link was open for 10 days, since a longer period does not generally generate more responses (Bryman & Bell, 2015, p. 243).

Furthermore, attention was paid to clear instructions in the questionnaire and the researcher's contact details were provided in the email sent to the potential respondents to offer help if needed. Additionally, the potential respondents, namely the designated contact persons of the target companies, were contacted by email. The messages were addressed directly to the intended recipients by name and sent by the CEO or contact

person of the respective country, thereby ensuring that the email was dispatched from a familiar sender. This approach aimed to foster a sense of trust and credibility with the recipients. As an incentive to participate can increase the response rate (Ghauri et. al, 2020, p. 178), the clients were promised a summary of the key findings of the research.

According to Ghauri et. al (2020, p. 95), anonymity of the respondents may be compromised if the completed questionnaires reveal information about the respondent's email addresses. Anonymity of the respondents was guaranteed by sending the survey as a Webropol link so that Webropol does not connect the respondent and the email to which the survey was sent.

### 3.3.1 Variables

As this study is an exploratory study aiming at describing variables related to selection as well as satisfaction criteria, there are no specific independent or dependent variables. When the differences between Finland's and Norway's client companies are examined, the independent variable is the home country of the client. The table below (Table 2) presents the variables including variable name, variable type, and the category or scale. Additionally, it presents the source if the items were derived from prior research.

**Table 2.** Variable table presenting the variable name, type, and the category or scale

Variable Name	Type of Variable	Category/Scale	Source:
<i>Background variable:</i> Size of the company	Categorical	4 categories: 1-9 employees 10-49 employees 50-249 employees 250 employees or more	
<i>Background variable:</i> Type of industry	Dichotomous	1 primary chosen: List of industries	
<i>Background variable:</i> Length of using TWA	Categorical	4 categories: •Less than one year	

		<ul style="list-style-type: none"> <li>•1-2 years</li> <li>•3-5 year</li> <li>•Over 5 years</li> </ul>	
<i>Background variable:</i> The number of employees obtained via this TWA during years 2021 and 2022	Continuous	Scale: 0-150	
<i>Background variable:</i> Frequency of using manual/office labor	Categorical	5 categories: Never Rarely Sometimes Often Very often	
<i>Reasons for using TWA:</i> Avoid hiring process Avoid mis-recruitment Cost savings Enhanced flexibility Managing fluctuations in demand Alleviating congestion peaks Reducing costs associated with full-time employment benefits General risk mitigation Substituting for employee absences Testing for potential permanent hires Leveraging the expertise offered by temporary work agencies Other, please specify:	Dichotomous	Yes/No	Shen, 2005; Belcourt, 2006; Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007; Fallon, 2023;
<i>Selection criteria for TWA:</i> Ability to meet the expectations Cost of the service Financial state of the TWA Flexibility of the TWA Industry-specific experience Knowledge Organizational capabilities Personal relationship Quality of the service Reputation of the TWA Similar values Suitable processes for recruitment Understanding the needs	Dichotomous	Yes/No	Ho et al., 2010; Sonmez & Moorhouse, 2010; Lehman and O'Shaughnessy, 1982; Day & Barksdale, 1992; Britt, 2021; Sparks Group, 2020; Apollo Technical LLC, 2023; LinkedIn, 2023
<i>Importance of selection criteria:</i> Ability to meet the expectations Cost of the service Financial state of the TWA Flexibility of the TWA Industry specific experience Knowledge Organizational capabilities	Interval	3-point Likert-type scale: 1=not important 2=somewhat important 3= very important	Ho et al., 2010; Sonmez & Moorhouse, 2010; Lehman and O'Shaughnessy, 1982; Day & Barksdale, 1992; Britt, 2021; Sparks

Personal relationship Quality of the service Reputation of the TWA Similar values Suitable processes for recruitment Understanding the needs			Group, 2020; Apollo Technical LLC, 2023; LinkedIn, 2023
Overall satisfaction	Continuous	5-point Likert- type scale:  Very unsatisfied Unsatisfied Neutral Satisfied Very satisfied	
<i>Importance of satisfaction criteria:</i>  Understanding your needs and interests Attitude Personal attention Consistency in quality Accuracy Ability to meet the agreed timelines No turnover of staff in the project Working with the same people throughout Ability to meet or exceed your expectations Trustworthiness Reliability: keeping their word Receptive to your questions and suggestions Pleasant to work with Constant communication & follow-up Ability to offer new and creative solutions to problems Customer service Level of service provided Assistance provided Resolving issues Ability to manage complaints On time & budget Met schedule Informing of clients Value for money The cost of the service The level of service provided for the cost Return on investment	Continuous	5-point Likert- type scale: 1=Very unsatis- fied 2=Unsatisfied 3=Neutral 4=Satisfied 5=Very satisfied	Day & Barksdale, 1992; Day & Barksdale, 1994; Raišienė and Raišys, 2022; Sonne, 1999

### **3.3.2 Data analysis**

Upon completion of data collection, delimitation, and verification, the statistical analysis is conducted utilizing IBM SPSS statistics software version 28. Descriptive statistics will be utilized to examine the reasons companies use the services of TWA as well as the selection and satisfaction criteria. Hence, frequency distributions, means, and standard deviations are provided. To analyze the criteria for the selection of and satisfaction with the TWA case company by its clients in Finland and Norway, inferential statistics will be utilized. To examine the variations among countries, crosstabulation of frequency distributions will be employed for categorical variables. The Fisher Exact test will be used to test the differences, and the reported p-value will be for a 2-sided test, considering the absence of a hypothesis guiding the direction of the differences. Additionally, t-tests will be conducted for continuous variables, and 2-sided p-values will be reported accordingly. (Field, 2013)

### **3.4 Reliability and validity of the study**

The initial requirement for quality is that the research has been conducted in compliance with the standards established for scientific research. Consequently, the quality of research is evaluated through reliability and validity. (Heikkilä, 2014, p. 177) According to Bryman and Bell (2015, p. 51), reliability refers to the evaluation of consistency of the measures and repeatability of the research, whereas the concept of validity refers to the degree to which a measurement instrument accurately captures the intended construct. (Heikkilä, 2014, p. 177)

Reliability is a key characteristic of research quality. The reliability of a measurement is defined as the ability to produce non-random results. The reliability of the study can be established by measuring the internal and external reliability. The internal reliability of the study can be established by measuring the same statistical unit several times. If the measurement results are the same, then the measurement is reliable. The external reliability of the study means that the measurements are repeatable also in other studies

and situations. (Heikkilä, 2014, p. 178) The questionnaire sent to the respondents is attached to this thesis (Appendix 1). By attaching the survey to this study and making it repeatable, if necessary, the reliability of the study can be enhanced. It is worth mentioning that the attached questionnaire is the questionnaire which was sent to the clients of the Finnish TWA. The questionnaire for the Norwegian clients is identical except for the name of the country in the questions.

The accuracy of the results increases reliability, which then again depends up to a certain degree on the sample size. The smaller the sample, the more random the results may be and thus it can provide inaccurate information about the true average. (Heikkilä, 2014, p. 178) As the sample size of this research is relatively small, it can be considered a factor reducing the reliability.

Although low reliability diminishes the measure's validity, it is crucial to understand that reliability is distinct from validity. In the case of survey and interview studies, validity is primarily determined by the efficacy of the questions utilized, that is, their ability to effectively address the research problem and produce meaningful results. Validity, as well, can be assessed through internal and external validity. Internal validity is achieved when a research study demonstrates a cause-and-effect relationship between two variables. In the context of a survey study, internal validity is established when a set of questions can be statistically associated with an analytical outcome. External validity, on the other hand, pertains to whether the research results of a study can be generalized and applied to other theoretical contributions. (Heikkilä, 2014, p. 177; Saunders et al., 2019, p. 516)

A valid questionnaire will enable accurate data that measure the concepts that the research is interested in to be collected. Factors such as high response rate, representative sample, in addition to the clearly defined population increase the validity of the study. In the context of this study, the small representative sample, and low response rate reduces the validity of the study. (Heikkilä, 2014, pp. 177-178.)

Bryman and Bell (2011, pp. 163–164) note that quantitative research is often thought to result in generalizable results. However, as this research is conducted in the context of two countries of which Finland's sample size (N=10) remains small, there is less statistical power, and it should be emphasized that the results are indicative rather than generalizable. The study's validity is strengthened by the questionnaire's development, which was based on previous research and included the same criteria used in existing scientific theory. Additionally, to ensure maximum validity of the data collected through questionnaire survey, clear wording of questions and the usage of familiar terms were verified before sending the survey, enhancing the comprehensibility and thus the validity of the study. (Ghuri et. al, 2020, p. 175; Saunders et. al, 2019, p. 516)



## **4 Findings**

The following chapter presents the findings of the empirical study conducted as part of this master's thesis. Initially, the chapter provides an overview of the sample characteristics to develop a comprehension of the sample population. Subsequently, the reasons why companies utilize temporary work agencies are examined. Furthermore, the selection criteria employed by organizations while selecting a temporary work agency, along with the satisfaction criteria regarding the services provided by such agencies are scrutinized in detail. Furthermore, findings are compared between the two countries to identify any differences.

### **4.1 Sample characteristics**

To get a better understanding of the sample body, all participants were asked questions regarding their company's size and industry background. Furthermore, the inquiry encompassed duration of engagement with the temporary work agency in question, the number of personnel procured by the company in the years 2021 and 2022, and the frequency of utilizing temporary workers for either manual or office tasks. The demographic data of the survey participants is presented below (Table 3).

**Table 3.** Demographic data about the survey participants

<i>Number of employees</i>	All respondents N / %	Finland N / %	Norway N / %
1-9 employees	9 (16.4%)	0 (0.0%)	9 (20%)
10-49 employees	18 (32.7%)	3 (30%)	15 (33.3%)
50-249 employees	19 (34.5%)	4 (40%)	15 (33.3%)
250 employees or more	9 (16.4%)	3 (30.0%)	6 (13,4%)
<i>Industry</i>			
Primary industries	2 (3.6%)	0 (0.0%)	2 (4.4%)
Manufacturing industries	12 (21.8%)	2 (20.0%)	10 (22.2%)
Construction, logistics, and transport industries	15 (27.3%)	4 (40.0%)	11 (24.4%)
Service industries	25 (45.5%)	3 (30.0%)	22 (48.9%)
Operations in several industries	1 (1.8%)	1 (10.0%)	0 (0.0%)
<i>Years of using this TWA</i>			
Less than one year	8 (14.5%)	1 (10%)	7 (15.6%)
1-2 years	10 (18.2%)	4 (40%)	6 (13.3%)
3-5 years	12 (21.8%)	3 (30%)	9 (20.0%)
Over 5 years	25 (45.5%)	2 (20%)	23 (51.1%)
<i>Employees obtained via this TWA in 2021 (av.)</i>	4 employees	7 employees	2 employees
<i>Employees obtained via this TWA in 2022 (av.)</i>	5 employees	8 employees	2 employees
<i>The use of temporary workers (frequency)</i>			
<i>Manual labor</i>			
Never	27 (49.1%)	3 (30.0%)	24 (53.3%)
Rarely	10 (18.2%)	3 (30.0%)	7 (15.6%)
Sometimes	10 (18.2%)	0 (0.0%)	10 (22.2%)
Often	4 (7.2%)	3 (30.0%)	1 (2.2%)
Very often	4 (5.5%)	1 (10.0%)	3 (6.7%)
<i>Office work</i>			
Never	14 (25.4%)	4 (40.0%)	10 (22.2%)
Rarely	20 (36.4%)	2 (20.0%)	18 (40.0%)
Sometimes	15 (27.3%)	2 (20.0%)	13 (28.9%)
Often	3 (5.4%)	1 (10.0%)	2 (4.5%)
Very often	3 (5.5%)	1 (10.0%)	2 (4.4%)

The data provided indicates that most respondents are from companies with 50 or more employees (51%). However, a small percentage of respondents (16.4%) are from companies with fewer than 10 employees. This suggests that the survey sample is relatively diverse in terms of company size, with a range of small and large organizations represented.

In terms of industry, service industries are the most common among respondents (45.5%), followed by construction, logistics, and transport industries (27.3%) and

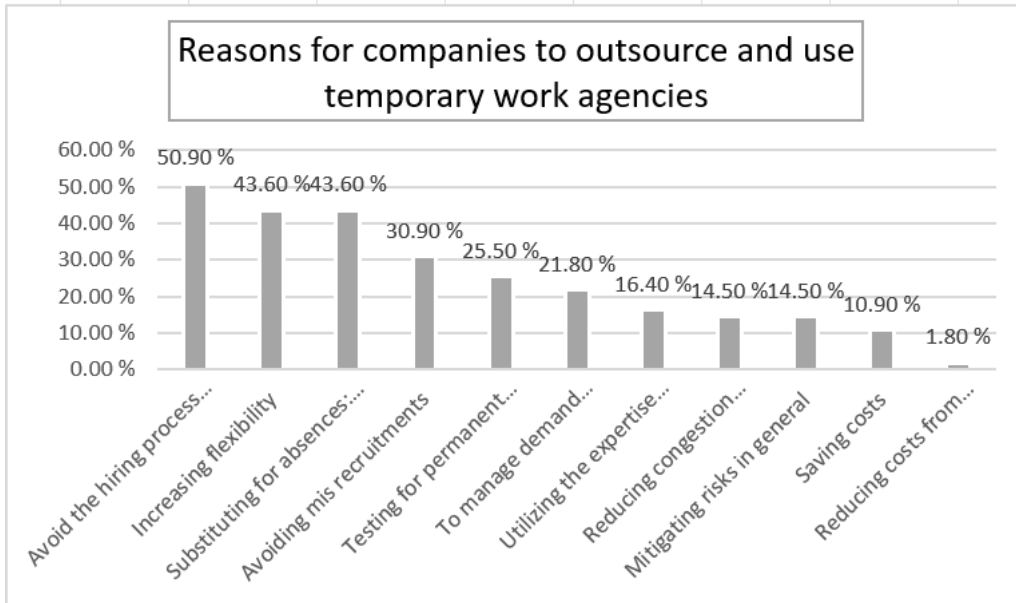
manufacturing industries (21.8%). As there is versatility between industries, it suggests that temporary work agencies are used in a variety of sectors and industries, which may reflect the service's flexibility and adaptability to different business needs.

Nearly half of the respondents (45.5%) have been using this TWA (either Finland or Norway) for over 5 years. Furthermore, 21.8 percent of the respondents have been a client for more than 3 years, whereas 18.2 percent of the clients have been using this TWA for one to two years. Only 14.5 percent have been a client for less than a year. The years used indicate that the use of a service like this is well-established among the survey sample and has been used for a significant amount of time. On average, respondents obtained 4 employees via this TWA in 2021 and 5 employees in 2022.

When examining the responses, it becomes apparent that the utilization of temporary workers is more prevalent in manual labor tasks, with 13.2 percent reporting frequent or very frequent usage, compared to 10.9 percent for office work. Nevertheless, it is important to note that a significant majority of respondents (67.3% for manual labor and 61.8% for office work) indicated rare or nonexistent usage of temporary workers.

## **4.2 The reasons for utilization of temporary work agency**

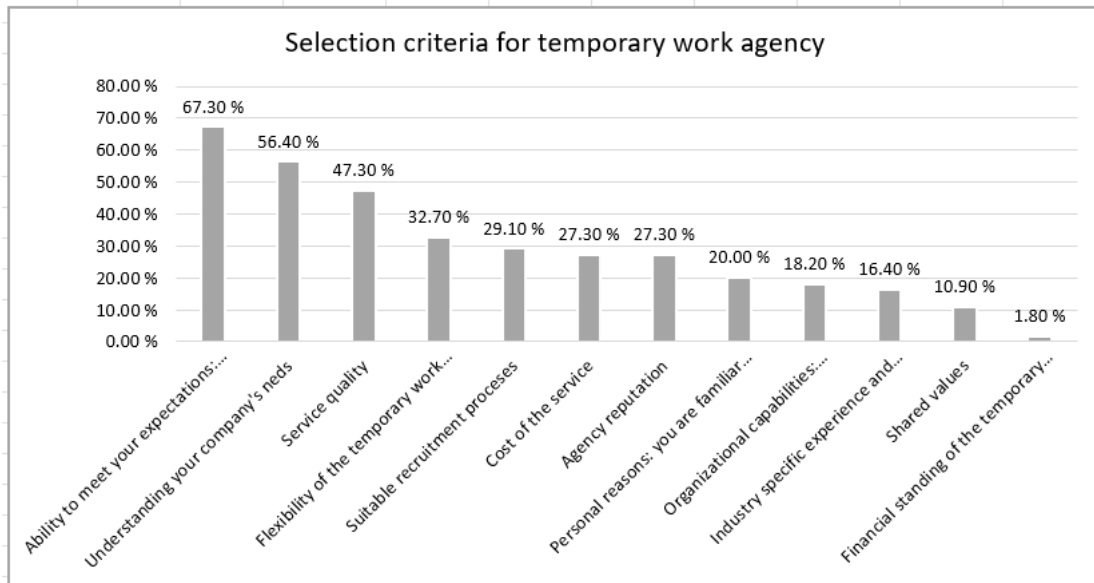
Basic descriptive statistics for all 11 reasons revealed that the most frequently endorsed reason for companies to outsource and use temporary work agencies was *“avoiding the hiring process”* with 50.9 percent. The next were *“increasing flexibility”* and *“substituting for absences”* 43.6 percent. The least reported was *“reducing costs from benefits or other expenses associated with full-time employment”* 1.8 percent. The complete results are presented below in Figure 8.



**Figure 8.** Reasons for companies to outsource and use temporary work agencies by the order of importance

### 4.3 Selection criteria for temporary work agency

According to the results, the top reason for companies to choose a temporary work agency was their “*ability to meet delivery expectations*”, with a high percentage of 67.3 percent. Another frequently reported criterion was “*the understanding of the company's needs*”, with 56.4 percent of respondents indicating it as an important criterion. “*Service quality*” was also considered as an essential criterion for companies, with 47.3 percent of respondents citing it as a criterion. Respectively, “*industry-specific experience and knowledge*” 16.4 percent, “*shared values*” 10.9 percent and “*financial standing of the temporary work agency*” 1.8 percent were considered the least important criteria. A detailed breakdown of the selection criteria is presented below in Figure 9.



**Figure 9.** Selection criteria for temporary work agency in the order of importance

In Table 4 below, the description and importance of selection criteria for selecting a temporary work agency are presented in order of importance. As the question measuring the importance of the selection criteria was measured in a scale of 1 not important to 3 very important, it can be considered that if the criterion has a mean ( $\mu$ ) of over 2.5, it is considered important. (Saunders et al., 2016, pp. 523-527; Field, 2013) However, it should be noted that the respondents answered and thus rated this question only regarding the criteria that they themselves felt had influenced their selection. For this purpose the importance of the answers is interpreted by looking at the size of the sample in relation to its mean.

Hence the most important selection criteria are in order of importance “*ability to meet expectations: delivery*” ( $\mu=2.89$ ), “*understanding the company's needs*” ( $\mu=2.94$ ), “*service quality*” ( $\mu=2.77$ ) and “*flexibility of the TWA*” ( $\mu=2.61$ ). Correspondingly, “*industry-specific experience and knowledge*” “*shared values*” ( $\mu=2.50$ ), and “*financial standing of the temporary work agency*” ( $\mu=3.00$ ) were considered the least important criteria despite their high mean due to the interpretation.

**Table 4.** Description and importance of selection criteria for selecting a temporary work agency in the order of importance

Selection criterion:	All respondents N	All respondents mean / Standard Deviation	Finland N	Finland Mean / Standard Deviation	Norway N	Norway Mean / Standard Deviation
Ability to meet your expectations: delivery	37	2.89 / 0.31	7	2.86 / 0.38	30	2.90 / 0.31
Understanding your company's needs	31	2.94 / 0.25	7	3.00 / 0.00	24	2.92 / 0.28
Service quality	26	2.77 / 0.43	7	2.86 / 0.38	19	2.74 / 0.45
Flexibility of the temporary work agency	18	2.61 / 0.50	6	2.50 / 0.55	12	2.67 / 0.49
Suitable recruitment processes	16	2.44 / 0.63	4	2.50 / 0.58	12	2.42 / 0.67
Cost of the service	15	2.67 / 0.49	6	2.67 / 0.52	9	2.67 / 0.50
Agency reputation	15	2.40 / 0.63	3	2.33 / 0.58	12	2.42 / 0.67
Personal reasons: you are familiar with someone working in the temporary work agency	11	2.36 / 0.50	3	2.33 / 0.58	8	2.38 / 0.52
Organizational capabilities: competence to carry out the process	10	2.70 / 0.48	3	2.67 / 0.58	7	2.71 / 0.49
Industry specific experience and knowledge	9	2.67 / 0.50	1	3.00 / -	8	2.63 / 0.52
Shared values	6	2.50 / 0.55	1	3.00 / -	5	2.40 / 0.55
Financial standing of the temporary work agency	1	3.00 / -	0	- / -	1	3 / -

#### 4.4 Identification of satisfaction criteria

The study's results indicate that a significant majority of the respondents expressed high levels of satisfaction with their temporary work agency in either Finland or Norway. Specifically, 52.7 percent of the respondents reported feeling very satisfied, while 32.7 percent expressed satisfaction. A small proportion of respondents, 9.1 percent, reported

feeling neutral about their level of satisfaction. Notably, a minority of respondents, comprising 1.8 percent, expressed dissatisfaction with the agency, with a further 3.7 percent reporting a high level of dissatisfaction.

In this study, participants were requested to express their level of satisfaction regarding specific criteria, based on which the criteria influencing satisfaction were derived. Satisfaction was rated on a five-point scale ranging from 1 (very unsatisfied) to 5 (very satisfied). The respondents were most satisfied (very satisfied) with *“the ability to handle complaints”* ( $\mu=4.5$ ). The next most satisfied (satisfied), in the order of importance, respondents were with *“ability to meet or exceed expectations”*, *“ability to meet the agreed timelines”*, *“ability to meet the agreed timelines”*, *“ability to offer new and creative solutions to problems”*, *“accuracy”*, *“assistance provided”*, *“attitude”*, *“consistency in quality”*, *“constant communication and follow-up”*, *“customer service”* and *“keeping the client informed”* with the mean of 4.3. Regarding satisfaction, it should be pointed out that the respondents were remarkably satisfied with everything, as the respondents were the least satisfied with *“working with the same people throughout: no turnover of staff in the project”* with the mean of 3.7 indicating that the respondents were satisfied with that as well. All the satisfaction criteria, their mean and standard deviation are presented below in Table 5.

**Table 5.** Satisfaction criteria in the order of importance

Variable	All respondents Mean	All respondents Standard Deviation	Finland Mean	Finland Standard Deviation	Norway Mean	Norway Standard Deviation	2-sided p-value (t-test)
Ability to handle complaints	4.49	0.63	4.60	0.70	4.47	0.63	0.84
Ability to meet or exceed your expectations	4.38	0.76	4.30	0.95	4.40	0.72	0.76
Ability to meet the agreed timelines	4.31	0.74	4.30	0.67	4.31	0.76	0.29
Ability to offer new and creative solutions to problems	4.31	0.77	4.20	0.92	4.33	0.74	0.51
Accuracy	4.31	0.84	4.40	0.70	4.29	0.87	0.05
Assistance provided	4.29	0.63	4.10	0.88	4.33	0.56	0.60
Attitude	4.29	0.66	4.10	0.57	4.33	0.67	0.71
Consistency in quality	4.29	0.69	4.30	0.67	4.29	0.69	0.40
Constant communication & follow-up	4.25	0.75	4.40	0.70	4.22	0.77	0.42
Customer service	4.25	0.78	4.20	0.63	4.27	0.81	0.97
Keeping the client informed	4.25	0.64	4.10	0.57	4.29	0.66	0.68
Level of service provided	4.20	0.85	4.30	0.82	4.18	0.86	0.41
On schedule	4.20	0.68	4.10	0.74	4.22	0.67	0.09
On budget	4.18	0.77	4.30	0.67	4.16	0.80	0.61
Personal attention	4.18	0.77	4.00	0.82	4.22	0.77	0.81
Pleasant to work with	4.15	0.70	3.80	0.63	4.22	0.70	0.55
Receptive to your questions and suggestions	4.13	0.79	4.10	0.57	4.13	0.84	0.31
Reliability: the agency keeps their word	4.07	0.84	4.00	0.94	4.09	0.82	0.62
Resolving issues	4.05	0.78	4.10	0.57	4.04	0.82	0.91
Return on investment	4.02	0.76	4.00	0.67	4.02	0.78	0.93
Cost of the service	3.95	0.80	3.50	0.85	4.04	0.77	0.80
Level of service provided for the cost	3.93	0.77	4.00	0.67	3.91	0.79	0.74
Trustworthiness	3.93	0.79	3.90	0.57	3.93	0.84	0.96
Understanding your needs and interests	3.91	0.87	3.70	0.95	3.96	0.85	0.50
Value for money	3.76	0.86	3.60	0.70	3.80	0.89	0.91
Working with same people throughout: no turnover of staff in the project	3.75	0.75	3.80	0.79	3.73	0.75	0.71

#### 4.5 Comparison between Finland and Norway

The comparison of the reasons for the use of TWA and the selection criteria in Finland and Norway are both analyzed through Fisher's Exact Test. This test was used, as many of the cell sizes were small. No statistical tests are reported in cases where the cell size is less than 5. The difference between the criteria for satisfaction is analyzed with a t-test where 2-sided p-values were used as there is no hypothesis regarding the direction of the difference. Also, t-tests were conducted to assess differences between countries.



Many did not have sufficient sample sizes and where tests could be conducted, none approached significance. (Field, 2013)

**Reason for the utilization of temporary work agencies:**

By looking at the results for the reasons companies utilize TWA, the only significant difference which can be ascertained is the reason *to avoid the hiring process of own* as almost all of the Finnish respondents (90.0%) endorsed the reason, whereas 42.2 percent of the Norwegian respondents chose this reason. The further distribution of the responses and the reported 2-sided p-values can be seen from Table 6 below.

**Table 6.** Reasons for companies to outsource and use temporary work agencies by the order of importance

<i>Reasons for the utilization of TWA</i>	All respondents N / %	Finland N / %	Norway N / %	2-sided p- value (Fisher's Exact Test)
<i>To avoid the hiring process of own</i>	28 (50.9%)	9 (90.0%)	19 (42.2%)	.012
<i>To increase flexibility: quick access to workers when they are needed</i>	24 (43.6%)	3 (30.0%)	21 (46.7%)	n/a
<i>To substitute for absences: sick leave, family leave, annual leave</i>	24 (43.6%)	6 (60.0%)	18 (40.0%)	.304
<i>To avoid mis recruitments</i>	17 (30.9%)	2 (20.0%)	15 (33.3%)	n/a
<i>To test for permanent hire without making a long-term commitment</i>	14 (25.5%)	0 (0.0%)	14 (31.1%)	n/a
<i>To manage demand fluctuations: the ability to quickly adjust the workforce to meet the needs of a changing business</i>	12 (21.8%)	3 (30.0%)	9 (20.0%)	n/a
<i>To utilize the expertise that a temporary work agency provides: specialized knowledge and expertise in the recruitment of certain industries or positions</i>	9 (16.4%)	1 (10.0%)	8 (17.8%)	n/a
<i>To reduce congestion peaks: possibility to manage seasonal changes</i>	8 (14.5%)	4 (40.0%)	4 (8.9%)	n/a
<i>To mitigate risks in general</i>	8 (14.5%)	4 (40.0%)	4 (8.9%)	n/a
<i>To save costs</i>	6 (10.9%)	3 (30.0%)	3 (6.7%)	n/a
<i>Reducing costs from benefits or other expenses associated with fulltime employment</i>	1 (1.8%)	1 (10.0%)	0 (0.0%)	n/a

**Selection criteria:**

Regarding the differences between the countries in selection criteria, there are three differences that can be reported. As the 2-sided p-value for *cost of the service* is 0.018, it can be stated that there is a significant difference, as the respondents in Finland (60.0%) endorsed this criterion more than Norway (20.0%). Additionally, conclusions can be drawn from the results, that *flexibility of the service* with a p-value of 0.063 is marginally statistically significant and there is a difference between Finland (60.0%) and Norway (26.7%), thus indicating that flexibility is more important for Finnish clients. Lastly, it can be stated that *service quality* was approaching significance with the value of 0.16 where Finland (70.0%) and Norway (42.2%) endorsed this as an important criterion. Further values can be examined in Table 7 below.

When the importance of the selection criteria was tested, the respondents evaluated only the importance of the criteria they had selected as the criteria influencing their selection. Thus the given sample sizes regarding the importance of selection are so small, no comparison between countries is made.

**Table 7.** Selection criteria for temporary work agency by the order of importance

<i>Selection criteria</i>	All respondents N / %	Finland N / %	Norway N / %	2-sided p- value Fisher's Exact Test
<i>Ability to meet your expectations: delivery</i>	37 (67.3%)	7 (70.0%)	30 (66.7%)	1.00
<i>Agency reputation</i>	15 (27.3%)	3 (30.0%)	12 (26.7)	n/a
<i>Cost of the service</i>	15 (27.3%)	6 (60.0%)	9 (20.0%)	.018
<i>Financial standing of the temporary work agency</i>	1 (1.8%)	0 (0.0%)	1 (2.2%)	n/a
<i>Flexibility of the temporary work agency</i>	18 (32.7%)	6 (60.0%)	12 (26.7%)	.063
<i>Industry specific experience and knowledge</i>	9 (16.4%)	1 (10.0%)	8 (17.8%)	n/a
<i>Organizational capabilities: competence to carry out the process</i>	10 (18.2%)	3 (30.0%)	8 (15.6%)	n/a
<i>Personal reasons: you are familiar with someone working in the temporary work agency</i>	11 (20.0%)	3 (30.0%)	8 (17.8%)	n/a
<i>Service quality</i>	26 (47.3%)	7 (70.0%)	19 (42.2%)	.164
<i>Shared values</i>	6 (10.9%)	1 (10.0%)	5 (11.1%)	n/a
<i>Suitable recruitment processes</i>	16 (29.1%)	4 (40.0%)	12 (26.7%)	n/a
<i>Understanding your company's needs</i>	31 (56.4%)	7 (70.0%)	24 (53.3%)	.486

**Satisfaction criteria:**

In relation to the variations among countries concerning the satisfaction criterion, it can be asserted that a significant difference exists in satisfaction regarding “*accuracy*” between Finland ( $\mu=4.40$ ) and Norway ( $\mu=4.29$ ), as evidenced by the 2-sided p-value of 0.05. This implies that the Finnish respondents exhibited higher satisfaction levels with accuracy.

The second difference to be considered is the marginal significance of “*on schedule*” with the 2-sided p-value of 0.09. According to this data, Norway ( $\mu=4.22$ ) demonstrated a higher level of satisfaction in terms of adhering to the schedule compared to Finland ( $\mu=4.10$ ). No other differences regarding satisfaction between the countries emerged. To a large extent, this is influenced by the already mentioned level of satisfaction, which was generally on a high level. Further data related to satisfaction criteria was provided earlier in Table 5.

## 5 Conclusions

The final chapter of this thesis will present the summary of the study, illustrate the key findings and answer to the objectives of the study. Furthermore, the theoretical contribution and managerial implications will be discussed. Finally, the limitations of the study will be acknowledged, and further research suggestions will be provided.

### 5.1 Summary and key findings

Regarding the sample characteristics, the survey data indicates a diverse sample of respondents in terms of company size and industries. This suggests that temporary work agencies are utilized across a range of sectors, highlighting their adaptability to different business needs. Furthermore, a significant portion of respondents (45.5%) have been using the researched temporary work agency for over 5 years, indicating a long-standing relationship. These findings demonstrate that the use of this service is well-established among the survey participants and has been utilized for a substantial period. It is also notable that there has been a slight increase in the number of employees obtained via this TWA between 2021 and 2022, which may suggest that the respondents are increasingly relying on the service (TWA) to meet their recruitment needs. However, it emerged that only 13.2 percent of respondents reported frequent or very frequent use of TWA for manual labor and 10.9 percent for office work. This may indicate that respondent organizations rely on TWA for certain roles and thus the need for the use of TWA is all in all relatively small.

The aim of this study was to identify the criteria for the selection of professional service provider when companies choose temporary work agencies and to recognize the elements which affect the client companies' satisfaction. Additionally, the objective was to discover the reasons for companies to use the services of TWA. Finally, the goal was to examine whether there are differences between Finland and Norway. The key summary of the findings is presented in the below figure (Figure 10) and further discussed below.

The reasons for the utilization of TWA	Selection criteria	Satisfaction criteria
<ol style="list-style-type: none"> <li>1. Avoiding the hiring process of own</li> <li>2. Flexibility through on-demand workforce</li> <li>3. Substituting for absences</li> <li>4. Preventing mis-recruitments</li> </ol>	<ol style="list-style-type: none"> <li>1. Meeting the expectations: ability to deliver</li> <li>2. Understanding the needs</li> <li>3. Service quality</li> <li>4. Flexibility of the agency</li> <li>5. Suitable recruitment processes</li> <li>6. Cost of the service</li> <li>7. Reputation of the agency</li> </ol>	<ol style="list-style-type: none"> <li>1. Ability to handle complaints</li> <li>2. Ability to meet or exceed expectations</li> <li>3. Ability to meet the agreed timelines</li> <li>4. Ability to offer new and creative solutions to problems</li> <li>5. Accuracy</li> <li>6. Assistance provided</li> <li>7. Attitude</li> <li>8. Consistency in quality</li> <li>9. Constant communication and follow-up</li> <li>10. Customer service</li> <li>11. Keeping the client informed</li> </ol>

**Figure 10.** Key summary of the study in the context of temporary work agency

Based on the obtained results, it can be assumed that the primary motivations for utilizing a temporary work agency, ranked in order of importance, are as follows: (1) *avoiding the hiring process of own*, (2) *flexibility through on-demand workforce*, (3) *substituting for absences*, and (4) *preventing mis-recruitments*.

The most frequently occurring criteria and thus considered the most significant selection criteria in the context of temporary work agency are in the order of importance the following: (1) *meeting the expectations: ability to deliver*, (2) *understanding the needs*, (3) *service quality*, (4) *flexibility of the agency*, (5) *suitable recruitment processes for the purchasing company*, (6) *cost of the service* and (7) *the reputation of the agency*.

Furthermore, the following eleven criteria can be presumed to impact the satisfaction of a professional service provider in the context of a TWA. These criteria are presented in descending order of importance: (1) *ability to handle complaints* (2) *ability to meet or*

*exceed expectations, (3) ability to meet the agreed timelines, (4) ability to offer new and creative solutions to problems, (5) accuracy, (6) assistance provided, (7) attitude, (8) consistency in quality, (9) constant communication and follow-up, (10) customer service and, (11) keeping the client informed.*

Lastly, it was assessed whether there are differences between the clients of Finland and Norway. To begin with, it is important to acknowledge there was not sufficient statistical power to test the differences reliably. However, despite that, a few differences emerged from the study. Concerning the reasons for TWA utilization, one significant difference was identified in the reason *to avoid the hiring process*, with a higher endorsement observed among Finnish respondents compared to Norwegian respondents. Furthermore, differences between the countries were found in three selection criteria: significant difference in *cost of service*, marginal significance in difference in *flexibility* and approaching significance in *service quality*. Finnish respondents endorsed the *cost of service, flexibility, and the service quality* more than Norwegians and thus it can be concluded that these are more important criteria for Finnish companies than Norwegian companies.

A significant satisfaction difference was observed in *accuracy* between Finland and Norway, indicating higher satisfaction levels among Finnish respondents. Correspondently, marginal significance was found in the satisfaction criterion *on schedule*, with higher satisfaction reported by Norwegian respondents compared to Finnish respondents. No other satisfaction differences emerged between the countries. The difference related to satisfaction was overall difficult to assess, because there were so few observations for Finland and the overall satisfaction was very high, thus making it difficult to differentiate.



## 5.2 Theoretical contributions

As all the reasons provided in the survey for utilizing a TWA were derived from previous studies, the survey did not uncover any novel justifications for a company's decision to utilize the services of a TWA even though the respondents had the option of an open answer. Nevertheless, it offers contribution as to whether companies perceive these existing reasons relevant. In accordance with the findings, several studies (Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007) have identified that *avoiding the hiring process of own, flexibility through on-demand workforce, substituting for absences, and preventing mis-recruitments* are the reasons for the utilization of TWA's.

Multiple studies (Lautsch, 2002; Myllylä, 2011; De Graaf-Zijl, 2007; Forde, 2001; Houseman et al., 2003) suggested that cost reasons such as *reducing benefit costs of fulltime employment, saving in severance payments, or sharing the risks* were reasons why companies turned to TWA. However, only minor similarity was found for these reasons as *mitigating risks in general, saving costs and reducing costs from benefits or other expenses associated with full-time employment* were the least chosen reasons. Thus, this study supports the study of Thommes and Weiland (2010), where they argue that there are indicators that demonstrate that cost savings does not predominantly trigger firms' use of temporary agency work.

Given the lack of prior research on the selection criteria for choosing a temporary work agency, all the information presented contributes to enhancing theoretical understanding in this area. The main criteria Ho et al. (2010) determined through articles published in 2000-2008 regarding supplier selection criteria was very similar to the findings of this study as they identified criteria such as *quality, delivery, cost, service, flexibility, and agency reputation* as a part of 14 main selection criteria. In contrast to Ho et al. (2010), the order of importance differed slightly in this study. Compared to the criteria identified by Ho et al. (2010), criterion such as *understanding the company's needs and suitable recruitment processes* emerged in the study as some of the most important selection criteria. As Ho et al. (2010) conducted the research within supplier selection criteria, it

is understandable that criterion such as *suitable recruitment processes* was not considered as key criteria. Nevertheless, based on the findings from this study it could be argued that the criteria used in professional service provider selection are similar to the ones utilized in supplier selection.

Furthermore, the results of the study regarding selection criteria are similar to the ones pointed out by Sonmez and Moorhouse (2010) when examining decision-making in purchasing professional services. There were similarities concerning the following criteria, *understanding the company's needs, service quality, cost of the service and agency reputation*. Then again, this study identified *ability to meet expectations, flexibility, and suitable recruitment processes* as criteria with most importance, and that was not included by Sonmez and Moorhouse (2010). Similarly to the findings of Ho et al. (2010), the findings of Sonmez and Moorhouse (2010) were conducted in a different field as the criteria were comprised from learning and developing manager's decision-making, which yet again can explain the nonexistence of *suitable recruitment processes* as a key criterion.

Various research (Lehman & O'Shaughnessy, 1982; Day & Barksdale, 1992; LinkedIn, 2023; Leverant, 2023; Gaedeke & Tootelian, 1988) identified similar selection criteria as the most important selection criteria arising from this study. Accordingly, the prior studies acknowledged criteria such as *ability to meet expectations, understanding the company needs, service quality, flexibility of the agency, suitable recruitment processes, cost of the service and agency reputation*.

In the theoretical part of the study, the selection criteria were also examined from the industry's perspective as there is no prior research on criteria affecting the choice of temporary work agencies. Surprisingly, the criterion emphasized by the industry (LinkedIn, 2023; Apollo Technical LLC, 2023), *industry specific experience and knowledge*, was not considered important.

As previously mentioned within this study, since there are no established and specifically tested criteria for assessing the satisfaction with temporary work agencies, the study provides supplementary insights into the criteria that influence such satisfaction. This, in essence, constitutes a theoretical contribution by expanding our understanding of the subject matter.

The results related to satisfaction were very consistent, as the criterion with the weakest influence on satisfaction was, on average, satisfied. As the criteria for influencing satisfaction were derived from prior research (Day & Barksdale, 1992; Raišienė & Raišys, 2022; Sonne, 1999) and no significant signs arose from the study indicating that many amongst the respondents were not satisfied with, it can be stated that these criteria can be utilized in studies related to temporary work agency.

### **5.3 Managerial implications**

The findings of this study hold significance for managers engaged in professional services, whether they operate as service providers or service buyers. This research offers valuable insights to service providers, enabling them to adapt their services based on the criteria associated with service selection. By prioritizing the aspects identified in the study, service providers can enhance customer satisfaction. On the other hand, from the perspective of service buyers, this study equips managers with valuable information regarding the criteria to consider when selecting a professional service provider and evaluating their satisfaction.

Specifically, this study provides significantly important information for managers in the temporary work industry on both sides of the process. As the research findings shed light on the reasons influencing companies' utilization of temporary work agencies, this information can be leveraged by temporary work agencies to determine the appropriate companies to approach and understand their specific service requirements. A temporary work agency can utilize the information by emphasizing their ability to offer flexibility through on-demand workforce and provide substitutes for absences as these reasons

arose as the most important criteria why companies turn to TWA. Furthermore, they can offer their services to companies looking to avoid the hiring process of their own and thus preventing mis-recruitments. Correspondingly, the buying manager can already at this stage begin to consider whether a potential new TWA offers services that are important to them.

Moreover, this study can help Finnish and Norwegian temporary work agencies to understand what are the selection criteria based on which the client companies make their decision on, and more importantly, what are the ones with most significance. As the most important selection criteria for client companies in this study were the TWA's ability to meet the expectations, understand the needs, service quality and the flexibility of the agency, the agency can address these criteria in their own activities and thus make them a more likely choice for new clients. The valuable knowledge from the study enables the temporary work agency to understand what potential clients value in a temporary work agency and thus devise their strategies accordingly. Likewise, in the selection phase, the potential new client can assess and question whether the agency can offer such capabilities.

Information on the criteria that determine client satisfaction is especially important for consultant businesses such as TWA business, as customer satisfaction is what the service business depends on for repeat business. (Raišienė & Raišys, 2022) Hence, this study enables these TWAs to comprehend what criteria affect the satisfaction of clients and as a result, the TWA can develop its own operations based on these and increase the satisfaction of existing customers and future customers with the service offered.

Lastly, this research offers valuable insights for Nordic temporary work agencies seeking to comprehend the preferences and priorities of Finnish and Norwegian companies, as well as potential clients. By leveraging the findings of this study, these agencies can utilize the information to enhance their services and explore opportunities for cross-Nordic collaborations with existing customers, thereby boosting their sales potential.

## 5.4 Limitations and further research suggestions

The study has several limitations that need to be acknowledged. Firstly, the sample size of the study consisted of only 10 Finnish clients and 45 Norwegian clients. This small sample size, coupled with low response rates of 23.8 percent for Finland and 5.8 percent for Norway, introduces limitations in terms of statistical power and representativeness. Furthermore, the significant disparity in sample sizes between the two countries poses challenges in making meaningful comparisons. Additionally, it is important to recognize that this study was conducted within a limited geographical context, focusing solely on the two Nordic countries of Finland and Norway. Consequently, the findings may not be applicable to other regions or countries. Moreover, it is worth mentioning that the sample for this study was drawn exclusively from the clientele of two temporary work agencies, which further restricts the generalizability of the results. Therefore, caution must be exercised when attempting to generalize the findings of this study to broader populations or contexts.

This study did not investigate the relationship between the selection criteria and satisfaction, and thus it would be highly beneficial to explore this connection in subsequent studies to ascertain whether such a relationship exists. Additionally, it would be important to specify which selection criteria are related to a particular satisfaction and upon that, to test whether the selection criteria influence satisfaction towards the service provider.

Furthermore, in future studies, there is potential for a more in-depth evaluation of the satisfaction criteria. In this study, a scale consisting of 25 satisfaction criteria was derived from prior research. Hence, it would be advantageous to devise a questionnaire that elucidates and determines the interconnectedness of different satisfaction aspects. By doing so, the measurement of redundant constructs can be avoided, leading to more generalizable and applicable results regarding satisfaction.

Overall, it would be beneficial to pursue additional research on this topic using a larger sample size to improve the generalizability of the findings. A larger sample would also allow for alternative comparisons, such as examining the results based on industry, company size, or the duration of service utilization, thus providing a more comprehensive understanding of the subject. Lastly, given the limited sample size of this study and the emergence of very few differences between Finland and Norway, it would be valuable to conduct a broader examination of discrepancies among the Nordic countries to determine if additional variations exist.

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## Appendices

### Appendix 1. The questionnaire of temporary work agency in Nordic countries: selection and satisfaction

#### Background questions:

#### 1. How many employees does your company have? Please select one: \*

- 1-9 employees
- 10-49 employees
- 50-249 employees
- 250 employees or more

#### 2. In which industry does your company operate in? Please select one: \*

- Accommodation and food services
  - Agriculture
  - Arts, culture, entertainment, and design
  - Construction
  - E-commerce
  - Education and training
  - Fashion
  - Financial
  - Fitness and sport
  - Hairdressing and beauty services
  - Healthcare
  - Insurance
  - IT or ICT
  - Logistics
  - Marketing and advertising
  - Mining
  - Professional services
  - Public service
  - Retail trade
  - Security
  - Transport
  - Wholesale trade
  - Other, please specify:
-

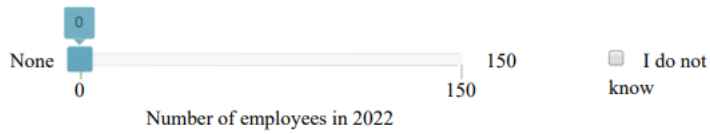
3. How long have you been using [redacted] Finland as a service provider for? \*

- Less than one year
- 1-2 years
- 3-5 years
- Over 5 years

4. How many employees obtained via [redacted] Finland did you approximately have in 2021? \*



5. How many employees obtained via [redacted] Finland did you approximately have in 2022? \*



6. How frequently do you use temporary workers for the following: \*

	Never	Rarely	Sometimes	Often	Very often
Manual labor (blue collar) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Office work (white collar) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**Questions related to selection criteria:****7. Why did your company decide to outsource the hiring of employees? Please select all that apply: \***

- To avoid the hiring process of your own
- To avoid misrecruitments
- To save costs
- To increase flexibility: quick access to workers when they are needed
- To manage demand fluctuations: ability to quickly adjust the workforce to meet the needs in a changing business
- To reduce congestion peaks: possibility to manage seasonal changes
- To reduce costs from benefits or other expenses associated with full-time employment
- To mitigate risks in general
- To substitute for absences: sick leave, family leave, annual leave
- To test for permanent hire without making a long-term commitment
- To utilize the expertise that a temporary work agency provides: specialized knowledge and expertise in recruitment of certain industries or positions
- Other,  
please specify: \_\_\_\_\_

**8. Which of these criteria influenced your decision to choose ██████████ Finland as a temporary work agency? Please select all that apply: \***

- Ability to meet your expectations: delivery
- Agency reputation
- Cost of the service
- Financial standing of the temporary work agency
- Flexibility of the temporary work agency
- Industry specific experience and knowledge
- Organizational capabilities: competence to carry out the process
- Personal reasons: you are familiar with someone working in the temporary work agency
- Service quality
- Shared values
- Suitable recruitment processes
- Understanding your company's needs

**9. Did any other criteria (not mentioned in question number 8) affect your choice when selecting ██████████ Finland as a temporary work agency? If yes, please specify: \***

Yes

No

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**10. Please evaluate the importance of the following selection criteria on a three-point scale, ranging from 1 (not important) to 3 (very important): \***

	Not important	Somewhat important	Very important
Ability to meet your expectations: delivery *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of the service *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial standing of the temporary work agency *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexibility of the temporary work agency *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry specific experience and knowledge *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organizational capabilities: competence to carry out the process *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal reasons: you are familiar with someone working in the temporary work agency *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service quality *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agency reputation *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shared values *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Suitable recruitment processes *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understanding your company's needs *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Questions related to satisfaction:**

**11. How satisfied are you with the service provided by ██████████ Finland? \***

- Very unsatisfied
- Unsatisfied
- Neutral
- Satisfied
- Very satisfied

**12. Please indicate on a five-point scale, ranging from 1 (very unsatisfied) to 5 (very satisfied) how satisfied you have been with the following: \***

	Very unsatisfied	Unsatisfied	Somewhat satisfied	Satisfied	Very satisfied
Ability to handle complaints *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to meet or exceed your expectations *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to meet the agreed timelines *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to offer new and creative solutions to problems *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accuracy *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assistance provided *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attitude *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consistency in quality *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Constant communication & follow-up *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer service *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Keeping the client informed *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of service provided *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On schedule *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On budget *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal attention *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pleasant to work with *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Receptive to your questions and suggestions *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reliability: the agency keeps their word *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolving issues *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Return on investment *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of the service *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of service provided for the cost *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trustworthiness *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Value for money *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working with same people throughout: no turnover of staff in the project *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Have any other criteria (not mentioned in question 12) influenced your satisfaction towards ██████████ Finland as a temporary work agency? If yes, please specify: \*

Yes

No

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