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## Agency workers' directive

Within a few days of each other last month, two companies in very different markets announced changes to their employment base in the UK. Corus, the Anglo-Dutch steelmaker, announced 1,150 job losses in plant closures, while Pizza Hut said it was to create 3,500 jobs as it opened a series of new outlets.

Steel to pizza. This seems indicative of the shifting labour market in the past decade or two. I remember interviewing workers at the former North East Shipbuilders in Wearside in 1988. The only options for those losing their jobs were in retailing, such as check-out operators, or in warehousing jobs. In succeeding years I spoke to Welsh miners after their pit closed, who complained that the only jobs were those in a chicken-packing factory. I met call-centre workers who used to have jobs in textiles. Steel, coal, shipbuilding and textiles, those bedrock sectors of the industrial revolution, have all retreated like endangered species.

Does it matter? To communities such as Stocksbridge in Sheffield, and Rotherham, where 700 steelworkers will lose their jobs, it certainly does. On a broader scale, if new industries are providing more and better jobs I suppose it would be Luddite to complain about change. But how can we compare the large-scale production and sale of comfort food with that of steel and ships? You could take pride in the launching of an ocean liner. How much joy can you get from serving doughy pizza?.

The comparison came to mind last week when I was looking into the progress of the European Union's agency workers' directive. Underpinning the directive, which is still experiencing difficulties in its drafting phase, is the commitment of the Lisbon summit in 2000, with its promise to create 20m new jobs across the EU. The promise would be worthy were it not so steeped in policies of social protectionism.

These policies are anchored to the idea that a permanent job is the most important career goal of any right-thinking European and that agency working can be regulated so that temporary workers have every opportunity to convert their jobs to permanent positions. Nowhere in European social policy is there any concession that some temporary workers may prefer their status, or that anyone in a permanent job could contemplate the apparently less secure existence of contract and temporary work.

Yet such people exist. You find them in interim management, in information technology jobs and in other professions. I know of teachers who have resigned their permanent jobs to take up "supply" teaching where, usually for higher rates, they fill in for vacant permanent posts.

Such interim positions can appeal because they attract a premium rate - the price that can be charged for flexibility. But the lawmakers in Europe do not appear to understand this concept. The agency workers' directive has no greater ambition than making a case for parity. It takes the view that, in the past, temporary workers have been regarded as second-class employees with few rights. To be fair, the statistics support this: the Trades Union Congress has estimated that temporary workers in the UK on average earn £110 a week less than permanent colleagues.

The aim of the directive, therefore, is to secure a minimum level of protection for temporary workers. At the same time it will include revisions of existing restrictions on temporary work in certain job categories, improvements in training, parity of pay and

conditions after six weeks with an employer and better access to permanent work for the temporary employee.

Jerome Caille, chief executive of Adecco, the world's largest temporary employment agency, has been watching developments in the directive closely since the company is well placed to benefit from removal of state restrictions on agency workers. However, he is anxious that the directive recognises the economic advantages in promoting a more flexible labour market.

"The role of an employment agency is not to guarantee a job. It is a guarantee of income and a guarantee of employability. Our job is not to be obliged to place a person long-term at a company, it is to help a person develop his or her career through different assignments so as to guarantee the continuity of income but not continuity in the same position," says Mr Caille. There is a difference, then, between this "professional temp" approach and the "temp to perm" assumption among the employment ministries of some EU states.

The two main sticking-points in discussions on the draft directive have been parity of pay for agency workers (opposed by UK employer organisations) and proposals that member states review their existing restrictions on agency work. In Spain, Germany, Italy and France, for example, an assignment is limited to 12 months - to prevent the substitution of permanent workers by temporary workers. It can, though, lead to a situation where an agency has to remove an employee after a year.

Other restrictions in some countries are focused on specific jobs, such as construction, on the premise that temporary workers are not qualified and constitute a safety risk. Adecco, on the other hand, argues that such restrictions are based on outdated assumptions that temporary workers are cheap, unskilled casual labour. Mr Caille says that it is in the interest of temporary agencies to provide good-quality, trained employees. "The salary level, the benefits level, the training level should be key components of our service. We don't sell low salaries; we sell a flexible workforce," he says.

Some countries have been dealing with restrictions. Germany approved legislation in the autumn removing numerous obstacles to the use of temporary workers that will be formalised in law next year. France insists on equal pay for equal jobs; but the law does not take seniority into account so experienced temporary workers are often engaged at entry-level salaries.

The EU is in a position to iron out most of these national differences but it should be doing so from the assumption that Europe needs a labour market that can respond to large-scale structural changes in employment.

A free market cannot uphold a manufacturing base where businesses remain uncompetitive. It remains to be seen, for example, whether the UK can support a steel industry in the long term. The real key to a healthy employment base is the provision of education, training and solid opportunities for meaningful work. The question of whether work is temporary or permanent should be irrelevant.