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Trade unions say new OECD report confirms concerns about temporary work

Trade unions have often expressed concerns that yesterday's sweatshop is thriving in today's workplace. They are particularly worried about employers strategies to build up an increasing "just-in-time workforce", based on the use of temporarily hired staff and subcontracting, aiming to cut costs and shift responsibility for wages and working conditions. In criticising these strategies and expressing concerns, trade unions haven't exaggerated the disadvantages of temporary work. A new report released today from the OECD, the "Employment Outlook 2002", reveals that the spreading use of temporary work and day labour agencies is detrimental to workers interests regarding employment and income security as well as working conditions.

According to the "Employment Outlook 2002", it is clear that temporary jobs are becoming a significant feature of the employment landscape in many OECD countries. They are disproportionately held by younger and less educated workers, as well as by those employed in low-skill occupations, agriculture and small firms. In many OECD countries, there is also some tendency for women to be over-represented among temporary workers. However, temporary work goes along with a significant number of disadvantages.

- There is striking evidence for European countries that the average wage of temporary workers is substantially lower than that of permanent workers by between 17% (in Germany) and 47% (in Spain).
- Temporary jobs are providing limited access to fringe benefits, such as paid vacations, paid sick leave, unemployment insurance and pension. Although nominally covered by most public schemes and many voluntary, employer - provided schemes, in practice eligibility of temporary workers appears to be substantially lower. This is due to the impact of eligibility criteria, such as minimum contribution periods.
- Not surprisingly, temporary workers tend to be less satisfied with their job than permanent workers. The relative dissatisfaction of temporary workers focuses on pay and, especially, job security. Temporary workers are also significantly more likely to report monotonous work tasks and inflexible work schedules, and somewhat more likely to report working night and weekend shifts.
- Most temporary contracts are issued for a period of less than a year and most temporary workers do not remain on the same temporary job for longer than a year.
- In general, employers provide significantly less training to temporary than to permanent workers. However, temporary workers who are more educated have significantly better chances to receive training and to move into permanent jobs than less educated temporary workers.

These findings are very much in line with the conclusions of previous surveys, conducted by the US Bureau of Labour Studies ¹, the European Industrial Relations Observatory ² and a recent report from the US-based National Employment Law Project, 'From Orchards to the Internet: Confronting Contingent Work Abuse'³. They indicate that the practice by employers to use temporary work are not new phenomena. There is a long history, especially in apparel, building services, and agriculture. However, recently temporary work and subcontracting is spreading to more sectors and new high-tech jobs, like the high-profile Microsoft permatemp case, in which long-term "temporary" contract employees did the same work as permanent employees without the benefits. Quite often companies are trying to avoid employer obligations by simply renaming their workers independent contractors. The workers are then cut off from benefits and workplace protections, but still do the same jobs. Trade unions are particularly concerned about the fact that frequently businesses use temp agencies and labor contractors to evade their responsibility to their workers.

Temporary work does not have to undercut labor standards but it frequently does, not only for the temporary and contract workers themselves but also for others in permanent jobs whose wages and working conditions are depressed by the spillover effect of temporary work and subcontracting. As some employers in a particular industry are beginning to shift to a "low road" strategy of a low wage and disposable workforce, they may induce other employers to adopt the same strategy in order to stay competitive. This strategy can have a negative impact on productivity as well as on the quality of products and services to be produced. Efforts trying to avoid or to minimize such problems are increasing the division of work and thus monotonous tasks to be performed.

In order to stop good jobs from becoming bad, trade unions are urging labour law and employment policy reform providing adequate legal protection and social security for temporary workers, ensuring that all of them receive the same protections in the work place as permanent employees do. Moreover, it is important to ensure a "joint employer status" in all cases where two or more businesses share responsibility for determining whether a person is employed and the nature of that employment. In doing so, greater accountability among businesses that are using temporary workers can be achieved. However, it is also clear that labour organising efforts need to be strengthened.

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¹ BLS (ed): New Survey reports on wages and benefits for temporary help services workers, Washington 1995

² EIRO: Temporary agency work in Europe (1999) at <http://www.eiro.eurofound.ie>

³ NELP (ed.): *From Orchards to the Internet: Confronting Contingent Work Abuse*, New York 2002