

The Temporary Agency Work Market in France: Diversity and Segmentation



François Michon, CNRS

*MATISSE (Université de Paris 1) **

*Institut de Recherches Économiques et Sociales (Noisy-le-Grand) ***

Courriel : fmichon@univ-paris1.fr



1- Introduction

➤ **Issues :**

- ◆ *TAW as a mean for greater labour market flexibility?*
 - *The flexible firm (Atkinson): core and periphery ?*
- ◆ *TAW as an institution for labour market segmentation?*
 - *The Dual Labour Market (Piore): good / bad jobs ?*

➤ **Argument**

- ◆ *TAW is not for peripheral / bad jobs only*
- ◆ *TAW is not homogeneous but segmented*



2- The French Agency Work today

- **A large market (quantitative framework)**
- **A highly regulated market**

2-1- A large market: *i) international comparison a)*

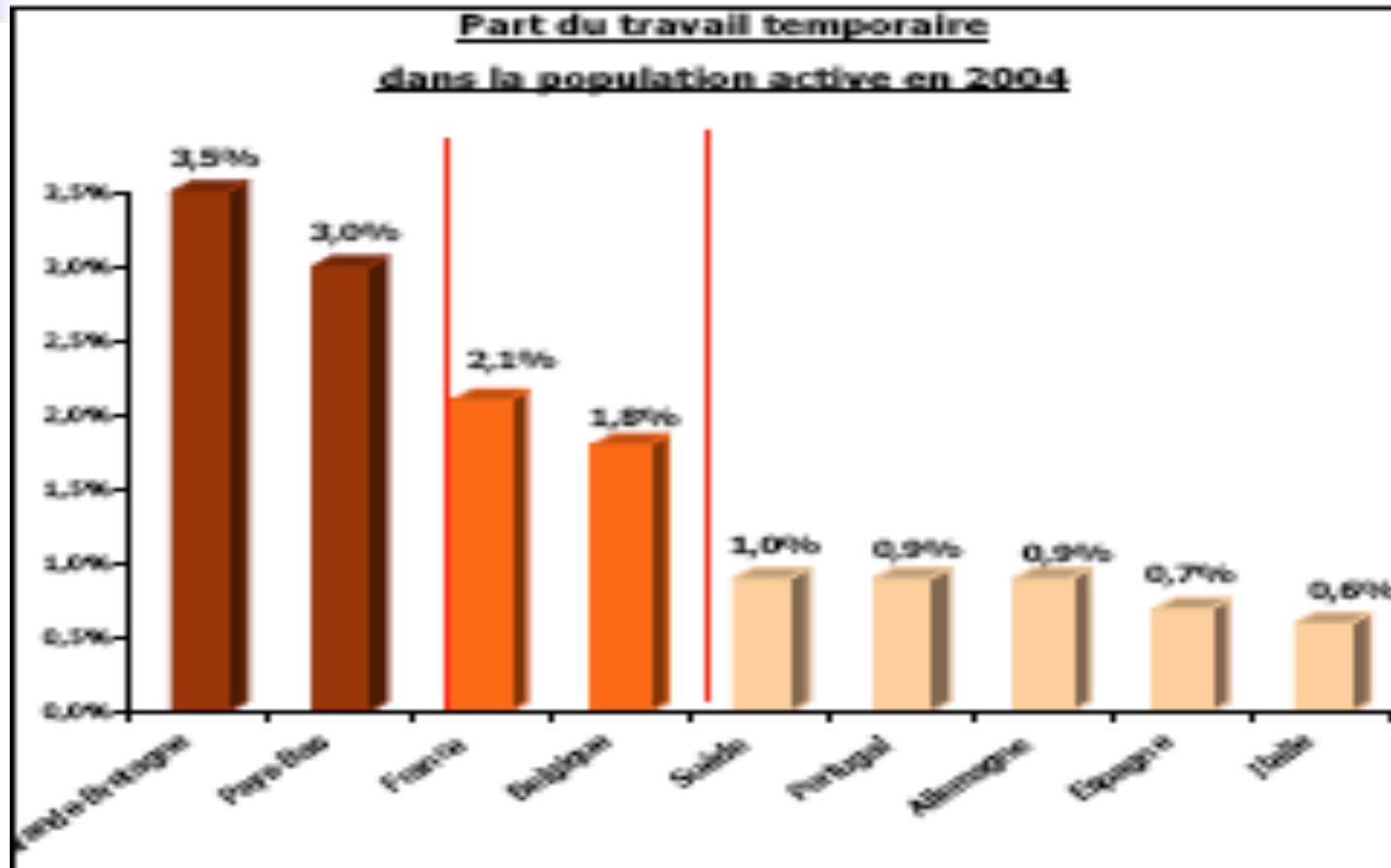
Turnover of the interim sector (thousand millions €)

	1998	2003	2004
USA	55,2	55	56
Europe *	46,7	70	75
UK	19,8	32	na **
France	13,6	17,7	18,4
Netherlands	5	7	na **
Japan	5,8	16	19

* including: Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom ** non available

Reproduced from SETT (1999), SETT (2003) and SETT (2004) (SETT : Syndicat des Entreprises de Travail Temporaire, the French employers union)

2-1- A large market: i) international comparison b)



Reproduced from SETT (2004)

2-1- A large market: *ii) activities*

Temporary Agency Work – 2004 (yearly full time equivalent)

	Numbers	% *	Using rate **	Assignment length ***
Agriculture	3 684	0,6	1,2	8,4
Industry	272 788	47,9	6,6	11,6
Construction	109 988	19,9	8,4	14
Services	182 854	31,6	1,5	7
All activities	569 314	100		9,9

*100 = total number of TAW ** 100 = total number of employed by the activity *** average length (in days)*

from: UNEDIC (2005) et SETT (2004)



2-1- A large market: *iii) services are rapidly increasing*

Temporary Agency Work 1998-2004

(yearly full time equivalent)

(%, 100 =all activities - source : DARES)

	1998	1999	2000	2001	2002	2003	2004
Agriculture	0,4	0,5	0,5	0,5	0,6	0,6	0,6
Industry	55,2	51,9	51,6	50,0	48,1	48,8	47,9
Construction	17,2	18,2	17,0	16,8	17,0	18,1	19,3
Services	27,2	29,4	30,9	32,7	34,3	32,5	32,1

reproduced from : SETT (2003) and SETT (2004)



2-1- A large market: *iv*) occupations : globally low skills, increasing skills

Temporary Agency Workers Occupations (Yearly full time equivalent - %, 100 = all occupations)

	1999	2004
Unskilled Manual Workers	47,7	43,7
Skilled Manual Workers	33,2	35,7
Clerical Staff	13,6	12,6
Intermediary Occupations	4,7	6,4
Managerial Staff	0,9	1,6

From : DARES (reproduced from SETT, 2004).



2-2- A highly regulated market: *i) international outline*

- TAW is allowed but strictly regulated
 - ◆ Germany, Netherlands, France...

- TAW is allowed only for some occupations, some sectors
 - ◆ Finland, Denmark, Japan (until a few months)...

- TAW is not well (formally) differentiated from many other employment relationships
 - ◆ UK, USA...



2-2- A highly regulated market: ii) the Agency statute

- Agencies are formally declared near the Employment Administration
- Until January 2005: agencies had (formally) a unique business: temporary work assignment
 - ◆ Close relationships with National Employment Agency
 - ◆ TAW as an entry point to hiring by the user firm (with temporary or permanent contract)
- Now : agencies can act as any ordinary Employment Agency.



2-2- A highly regulated market: iii) the TAW statute

- Work contract only during assignment
- All assignments are formally registered by Employment Administration
- All assignments must obey to some formally defined motives
- All assignments have a limited duration (renewals included: currently 18 months)
- Advantages relatively to other employees of the user firm
 - ◆ Wages : parity + precariousness compensation (10%) + compensation in lieu of paid holidays
 - ◆ Training: a higher contribution of Agencies to vocational training
 - 1.6% for ordinary firm,
 - 2% for temporary work agencies (+ 0,1% decided by agreement)



2-2- A highly regulated market: iii) agencies and user firms

- Agency is the employer
- Rights and duties of Employer are distributed between Agency and User Firm
- Rights and duties of Employee are distributed between Agency and User Firm
- User firm employees are protected against competition of Temporary Agency Workers
 - ◆ Parity of wages
 - ◆ Numbers of employees in the User Firm are evaluated including TAW (e. g. for thresholds which decide employees representation, employer duties)



3- Figures of insecurity

- **A diverse industry - the best and the worst ?**
- **A segmented labour market ?**




3-1- A diverse industry - the best and the worst: i) the *industrial organisation*

➤ **A highly concentrated sector**

- ◆ The first Ten of the sector : 71% of the turnover, 77% of the numbers
- ◆ The first Three of the sector: 65% of the turnover

➤ **Big firms and little firms: a different business**




**3-1- A diverse industry - the best and the worst:
*ii) underemployment / trap within precariousness /
career in interim ?***

- TAW and work force flows
 - ◆ One year before their assignment contract:
 - 59% of TAW were unemployed
 - ◆ One year after their assignment contract:
 - 24% have a permanent job
 - 12% have a fixed-term contract
 - 41 % are agency workers
- Typologies of TAW : insertion, transition, career
- “Professionals”: a strategic staff
 - 25% of numbers
 - 62% of turnover



3-2- A segmented labour market: *i) a few insights*

- A forecasting indicator of employment fluctuations
- A core of permanent TAW, a periphery of “temporary” TAW?
- Work security, job insecurity ?
- TAW is active in all Labour Market Transitions



3– A segmented labour market: ii) a challenge to models by Atkinson or Piore

- A tripartite Labour Market Segmentation
 - ◆ External / Internal / Professional Labour Markets

- + various models for Agency Work Business
 - ◆ Employment Agency / Permanent Interim / Externalised human resources management

- = Each Labour Market segment has its own Agency Business model
 - ◆ Employment Agency = External Labour Markets
 - ◆ Permanent Interim = Internal Labour Markets
 - ◆ Externalised Human Resources Management = Professional Labour Markets