

Opportunities for the development of TAW in various national contexts: A European perspective

Denis Pennel - Eurociett Managing Director



- Eurociett is the European arm of Ciett, the International Confederation of Private Employment Agencies
- Is the only authoritative voice representing the interests of agency work businesses in Europe:
 - Recognised as such by European organisations (e.g. EU, ETUC, BusinessEurope)
 - Is the official EU social partner for the temporary agency work sector from the employers' side (along with UNI-Europa)
- Only association representing agency work at large and in its diversity:
 - Brings together 26 national federations
 - Unites seven of the largest multinational staffing companies as well as tens of thousands of SMEs
 - Gathers private companies operating in the following HR activities: temporary agency work, permanent recruitment, interim management, executive search, outplacement, training
- Eurociett's mission is:
 - To enhance the recognition of the positive role agency work plays in the labour market
 - To create the most suitable legal environment for the industry to operate in
 - To promote quality standards within the industry

National Federation members



Denmark
Dansk Erhverv



Sweden
ALMEGA



Finland
HPL



Norway
NHO Service



Ireland
NRF



Slovakia
APAS



Belgium
FEDERGN



UK
REC



Switzerland
SWISSSTAFING



Netherlands
ABU



France
PRISME



Luxembourg
ULEDI



Germany
BZA



Spain
AETT &
AGETT



FYR of Macedonia
PARTNER



Austria
VZA



Portugal
APESPE



Hungary
SZTMSZ



Czech Rep
APPS



Italy
ASSOLAVORO



Estonia
EFPPA



Turkey
OIBD



Poland
ZAPT



Greece
ENEPASE



Bulgaria
BG Staffing



- Last November, Eurociett published a comprehensive report about the agency work industry's contribution to a better functioning EU labour market
- The European research was conducted with the support and assistance of Bain & Company, the global management-consulting firm
- Entitled « More work opportunities for more people », the report:
 - Describes the contribution of the agency work industry to growth and jobs
 - Identifies obstacles that limit this positive contribution to better functioning labour markets



The TAW worldwide market in a snapshot



Drivers & opportunities for future growth



TAW vs its competitors



A growing social acceptance of TAW

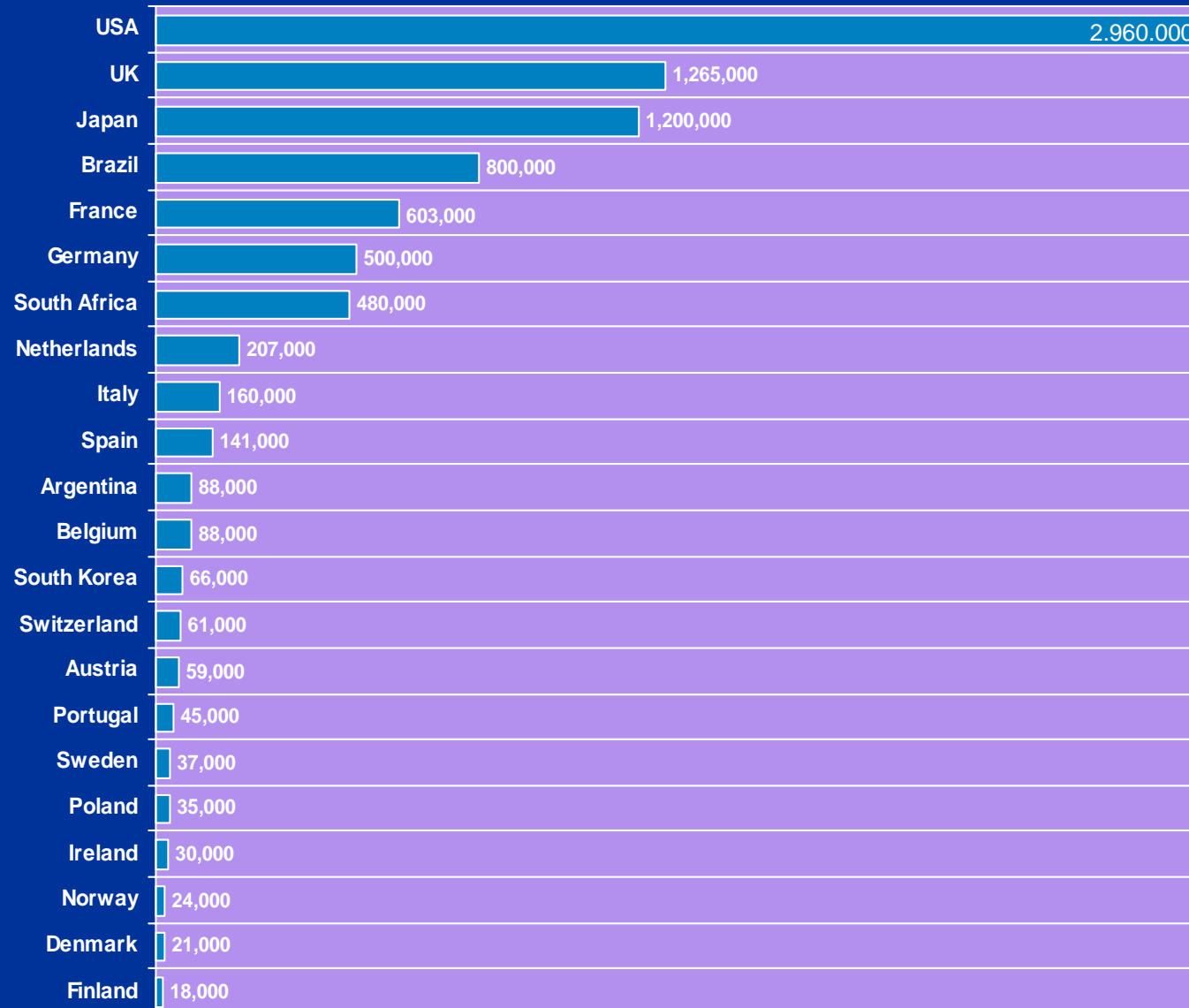


A large room for additional HR services



Conclusion: A challenging future

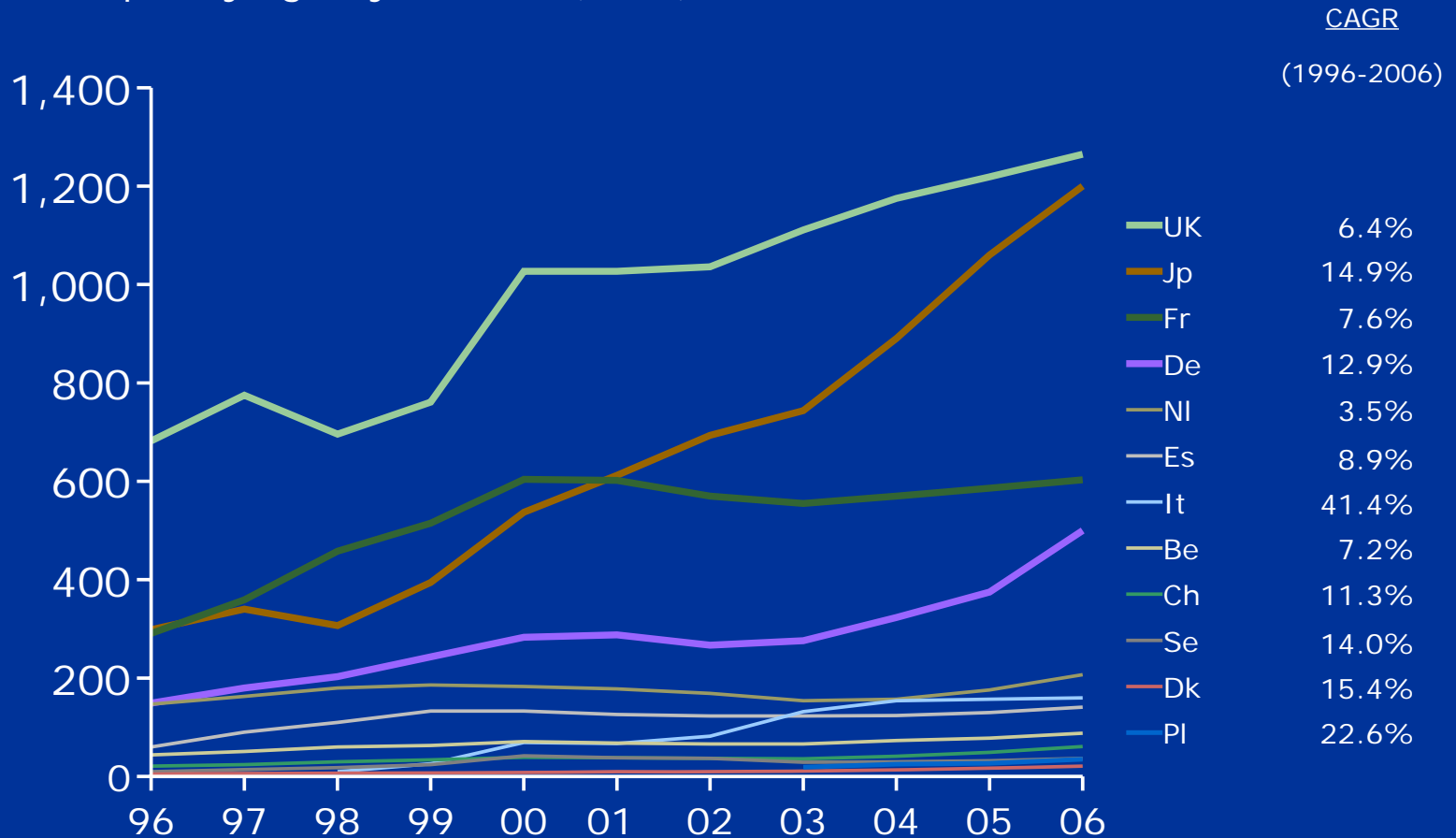
8.9 million agency workers employed worldwide in 2006 (FTE)

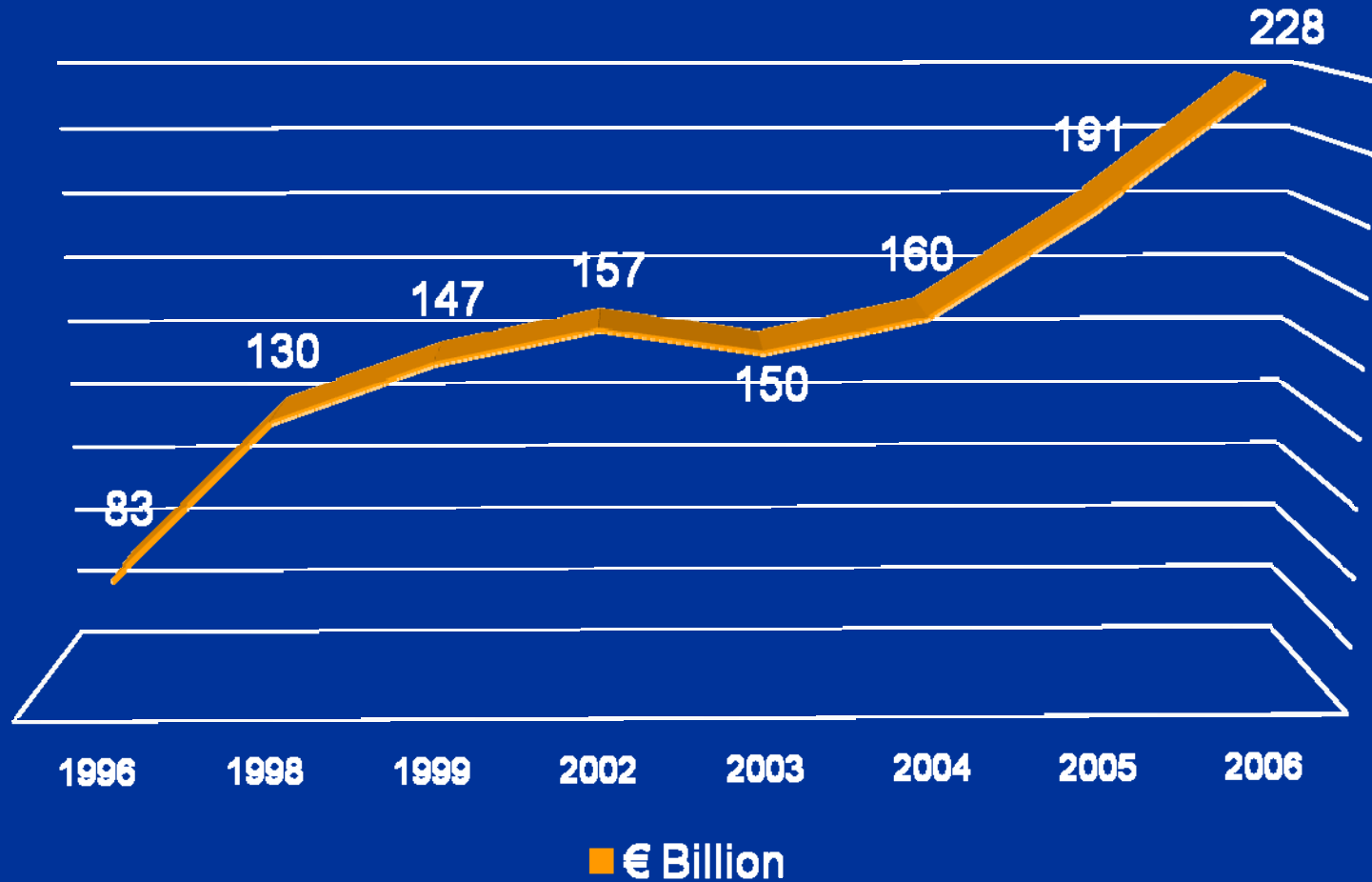


Daily average number of temporary agency workers (Full Time Equivalent) in 2006 - Source: Ciett

TAW is a growing industry but has increased at different paces

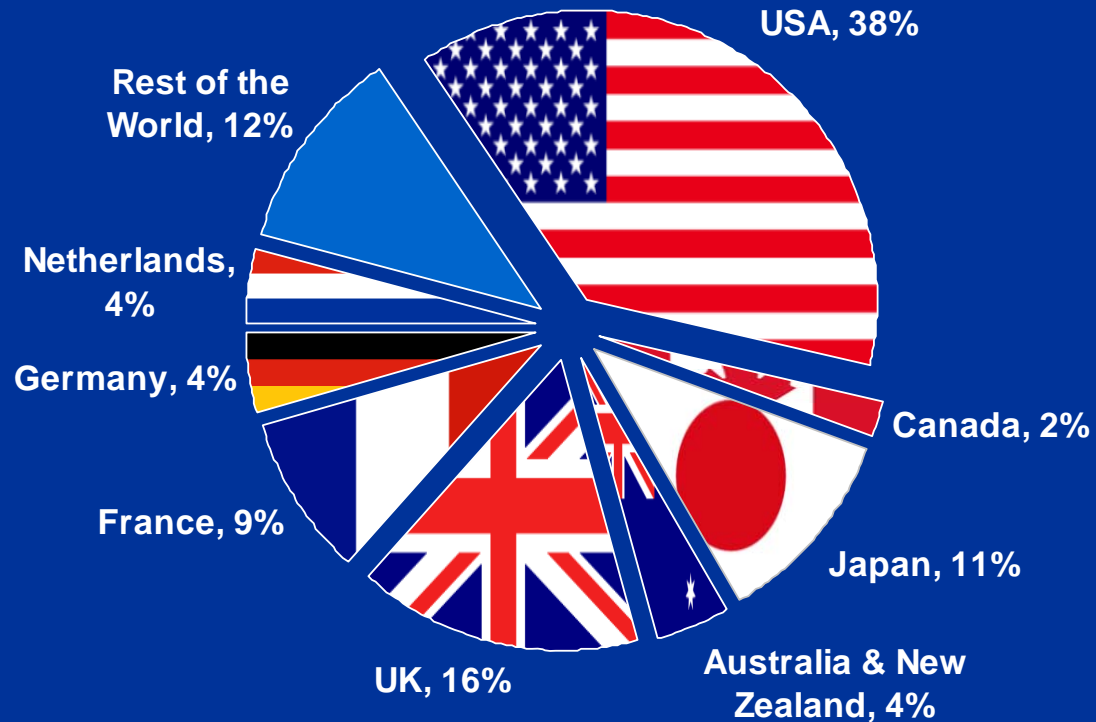
Temporary agency workers (KFTE)



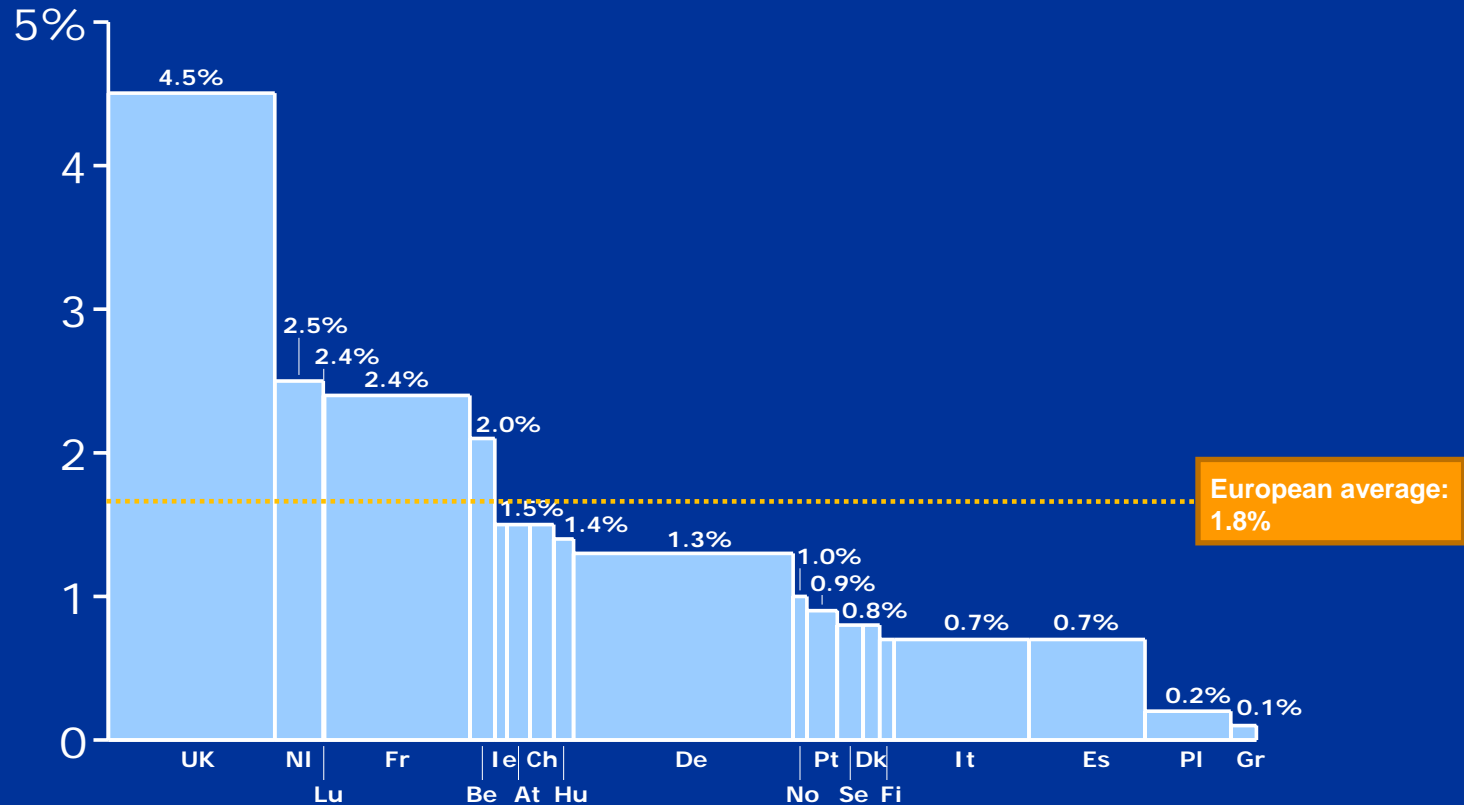


The US are the global leader by country in terms of sales revenues

% of total worldwide revenues (2006)



TAW penetration rate* (2006)



Total Employment (2006)*

*Penetration rate = TAW FTE as a % of total employment (active population including self employed – unemployed),

**Average on 19 countries

Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos



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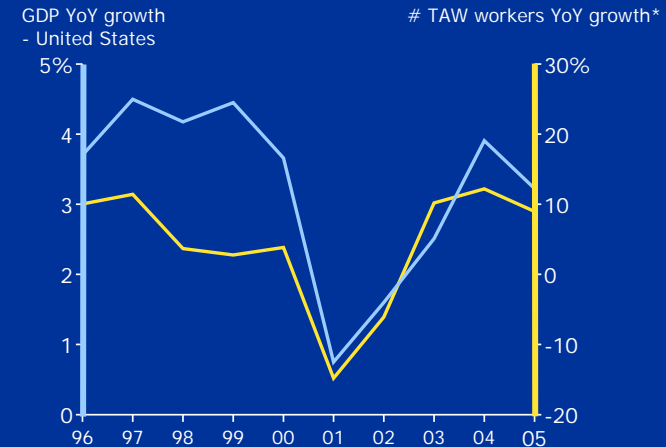
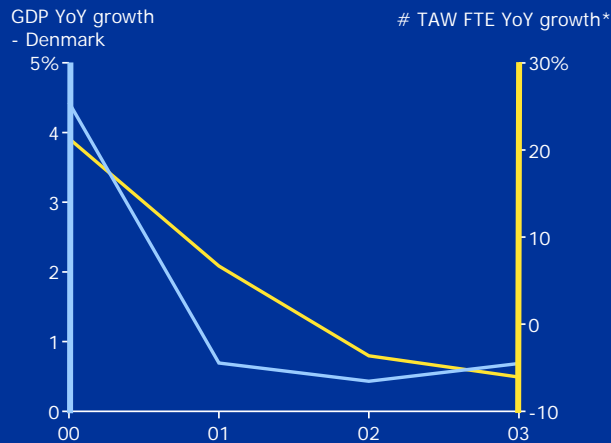
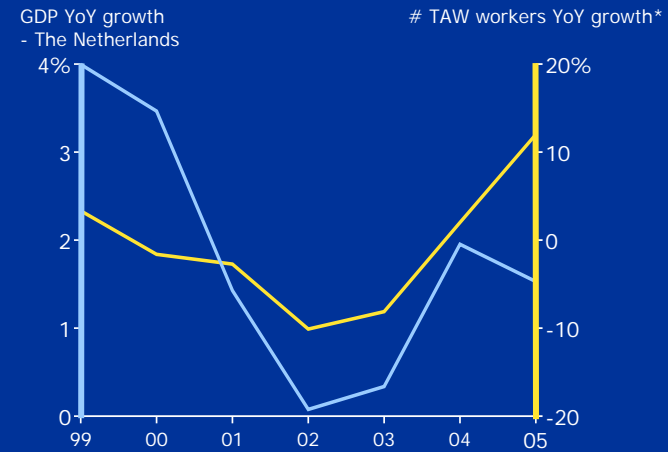
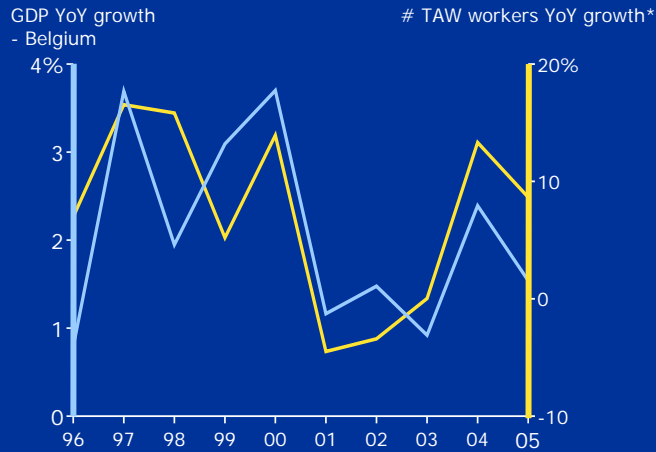


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TAW activity is directly related to economic growth

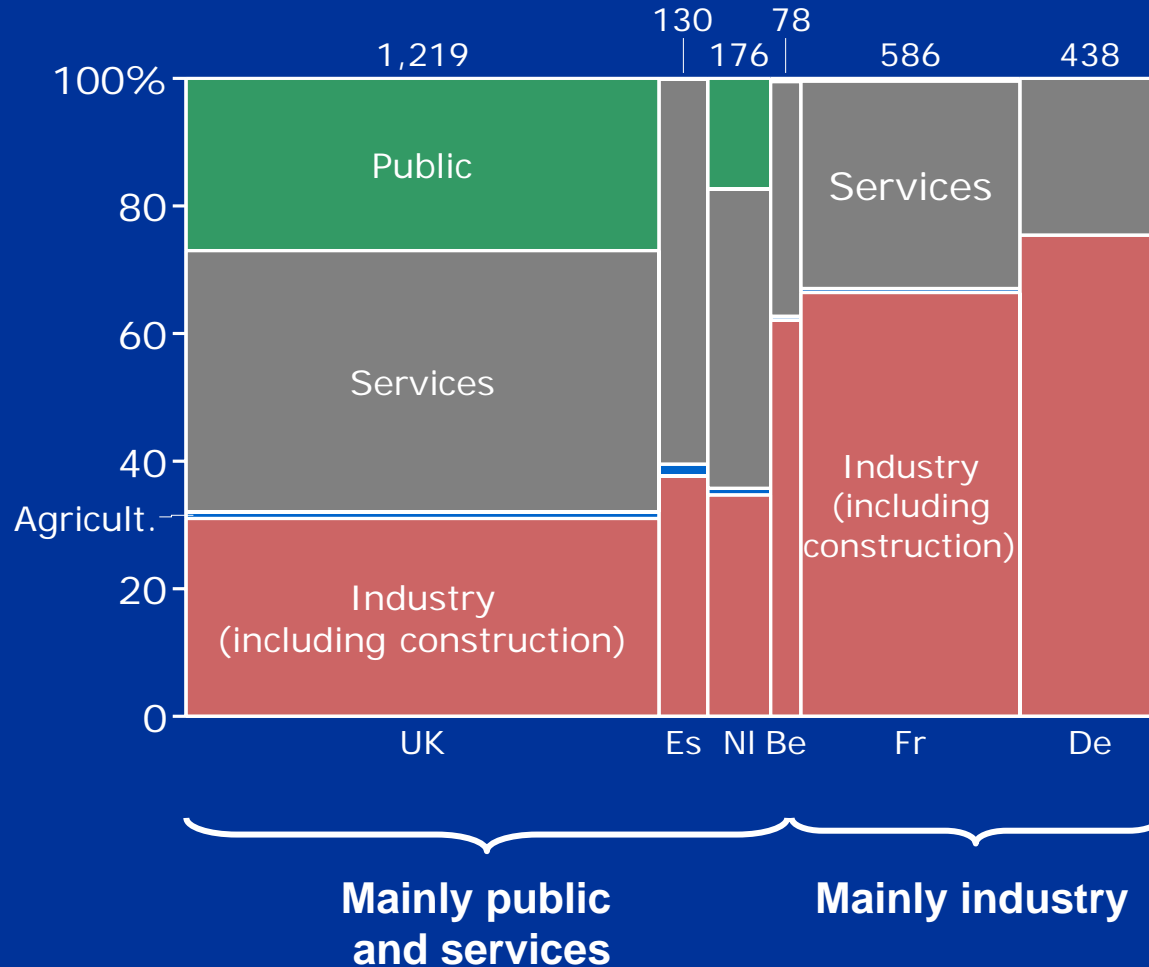


Note: *# TAW workers in FTE; GDP real
Sources: PrEA national federations, EIU, Analyst reports

Sectors covered by TAW largely vary across countries

FTEs by sector (2005)

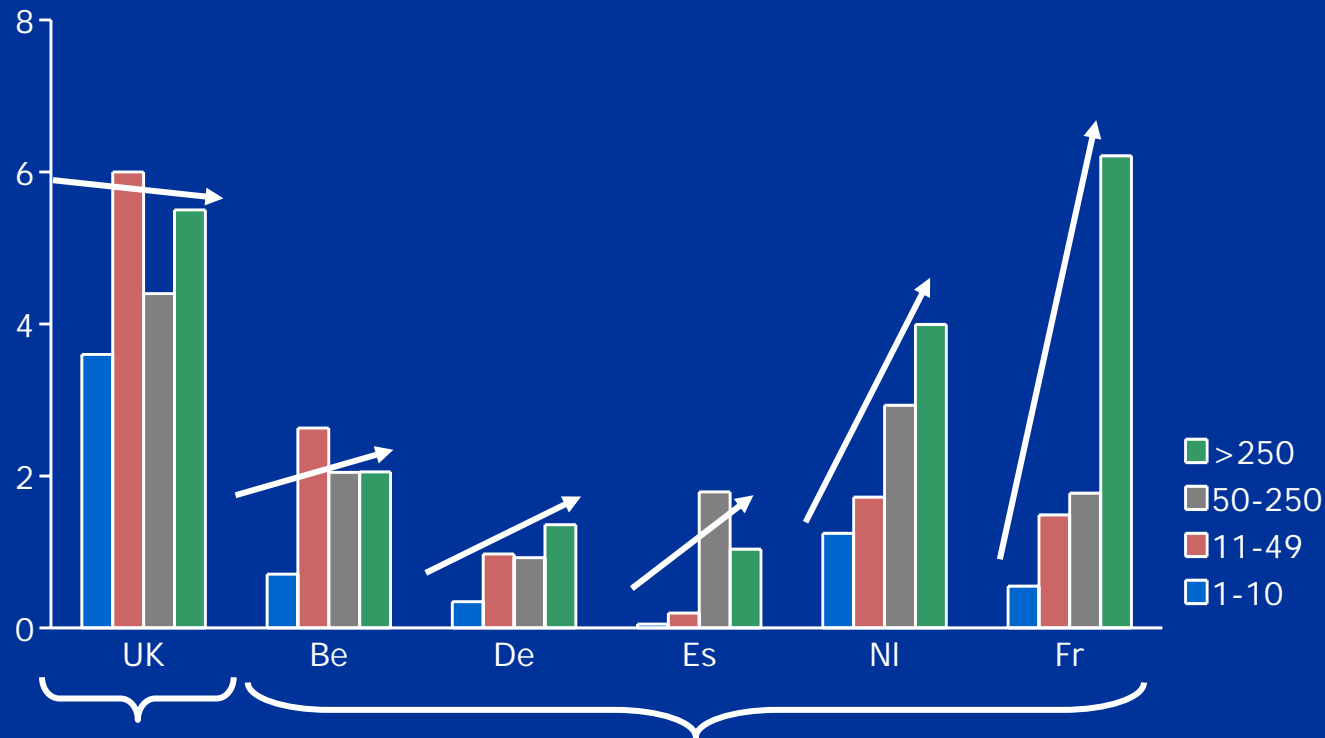
Total = 2,762



Note: Netherlands split is from '04

Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos
In Spain, industry does not include construction as the sector is not opened to TAW

Penetration rate by company size* (2005, %)

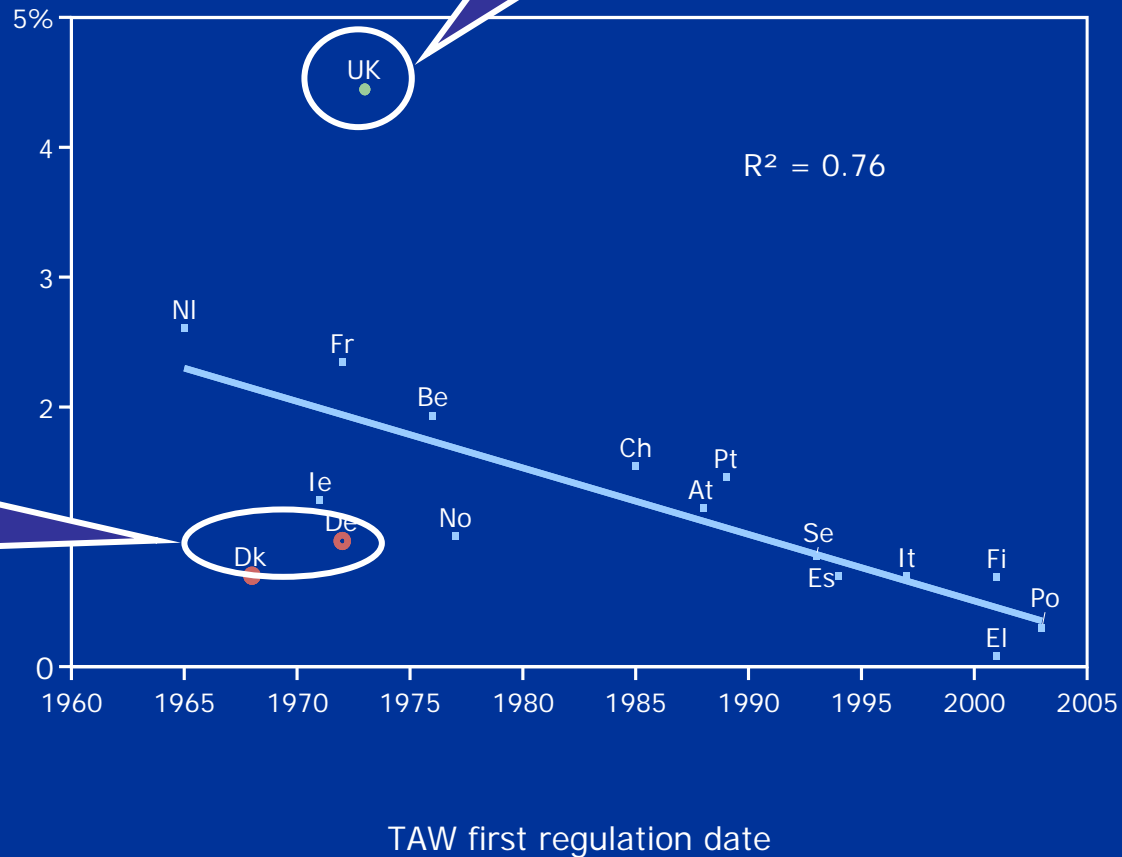


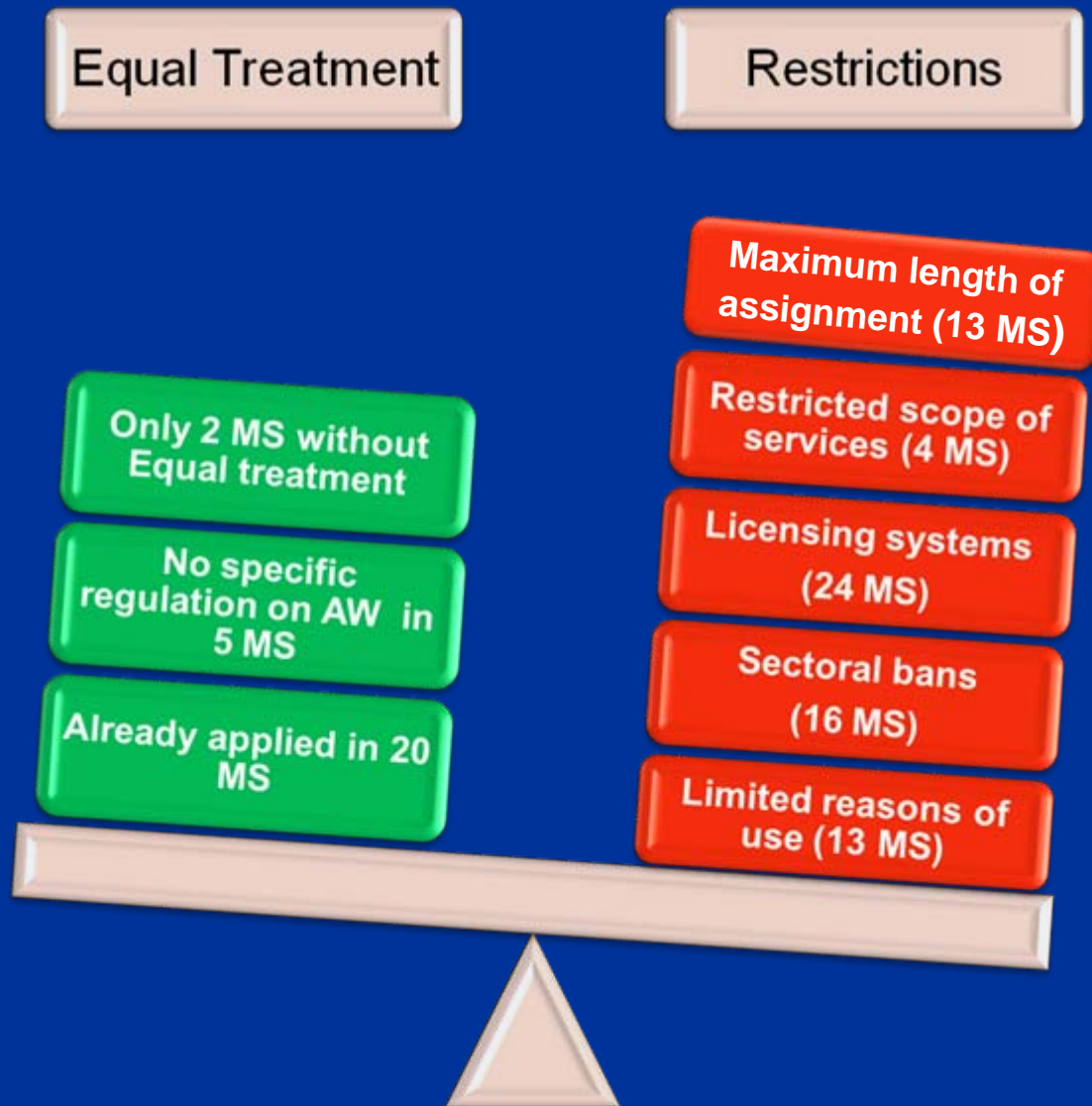
Penetration is relatively similar among company size

Penetration is higher in large companies than in SMEs

Note: *Penetration rate = # of TAW workers / Number of employees, 2003 split for Belgium, In Spain, data covers 60% of total market
Source: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos

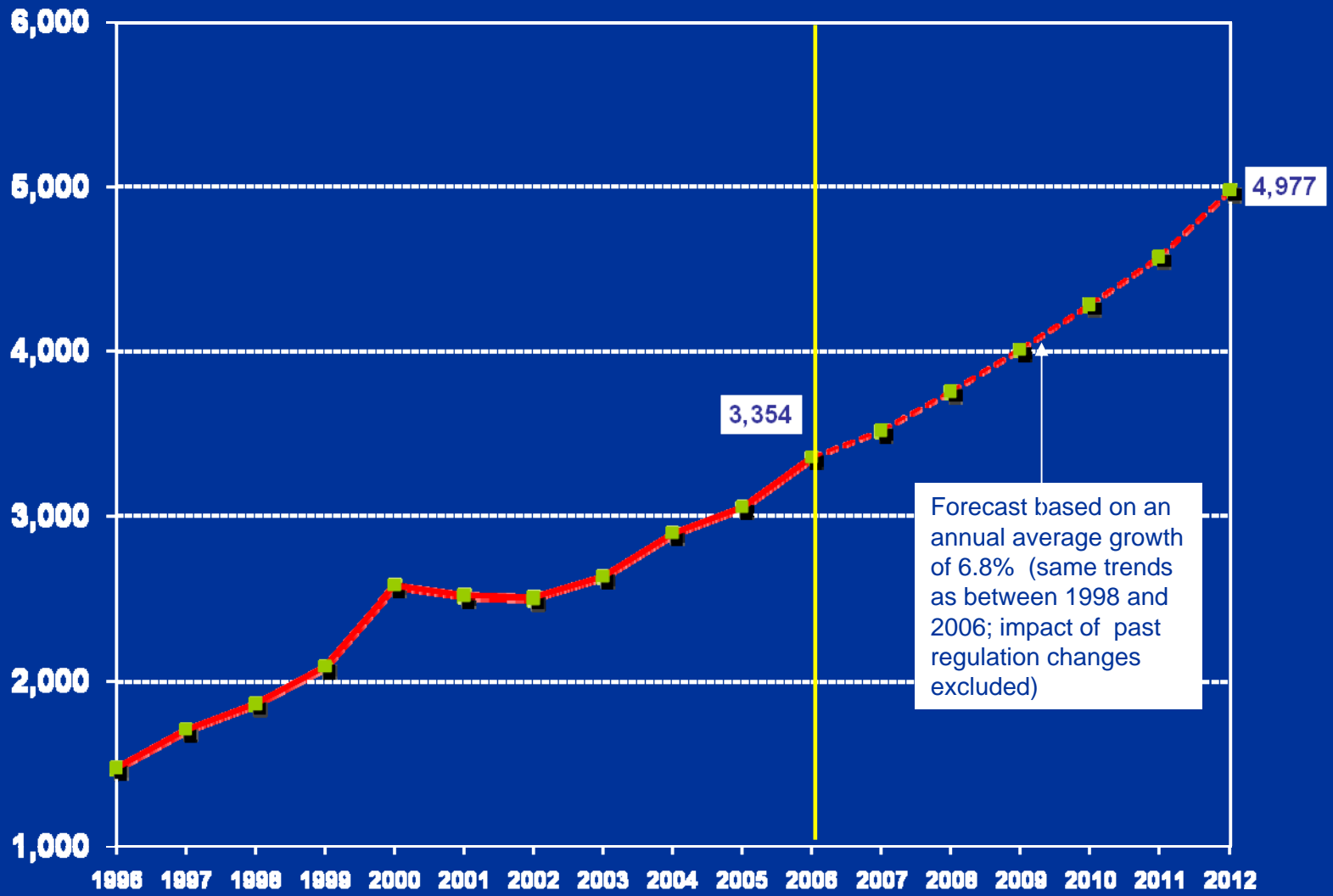
TAW penetration (2005)





The AW industry employs 3.3 million workers (could increase to 5 million by 2012)

Number of Agency workers (daily FTE x 1,000)



Source: SEO Economic Research – Amsterdam
NB: job creation are raw figures with no substitution effect



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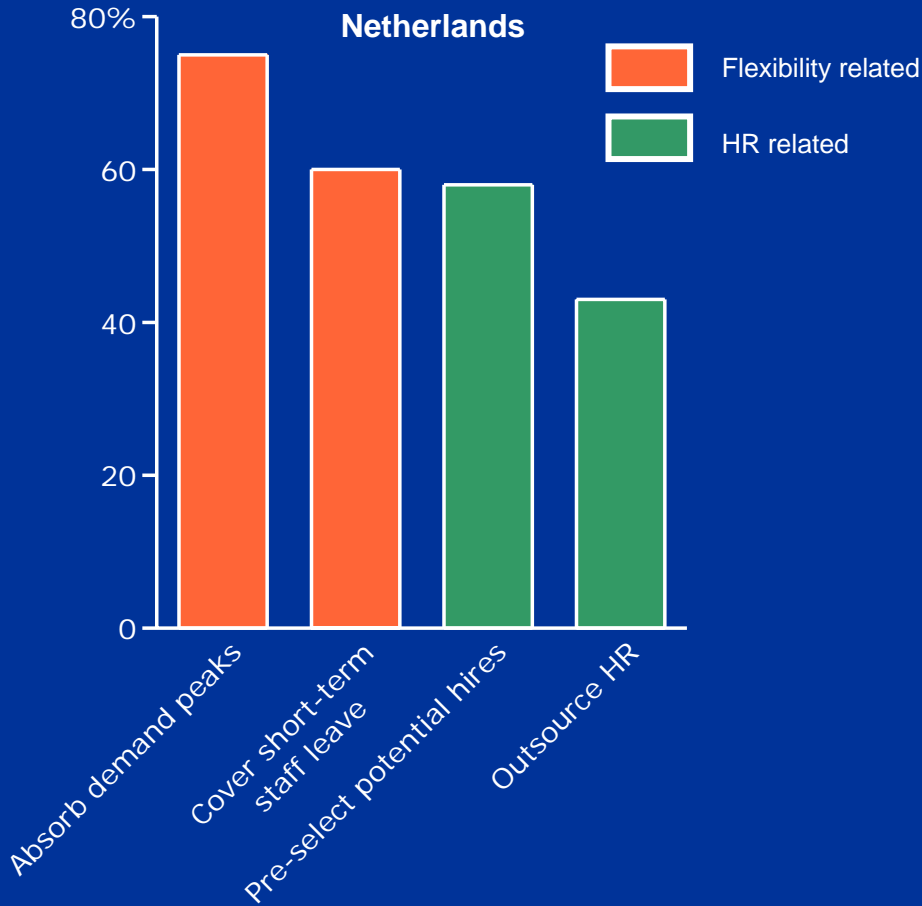
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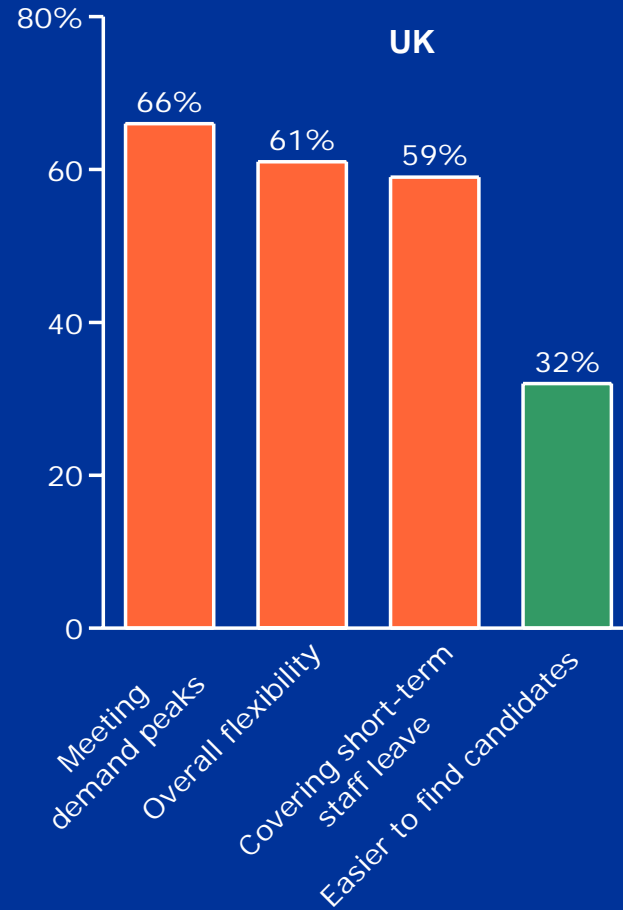
Conclusion: A challenging future

Companies call on TAW for two key reasons: labour flexibility and HR outsourcing

Why TAW?

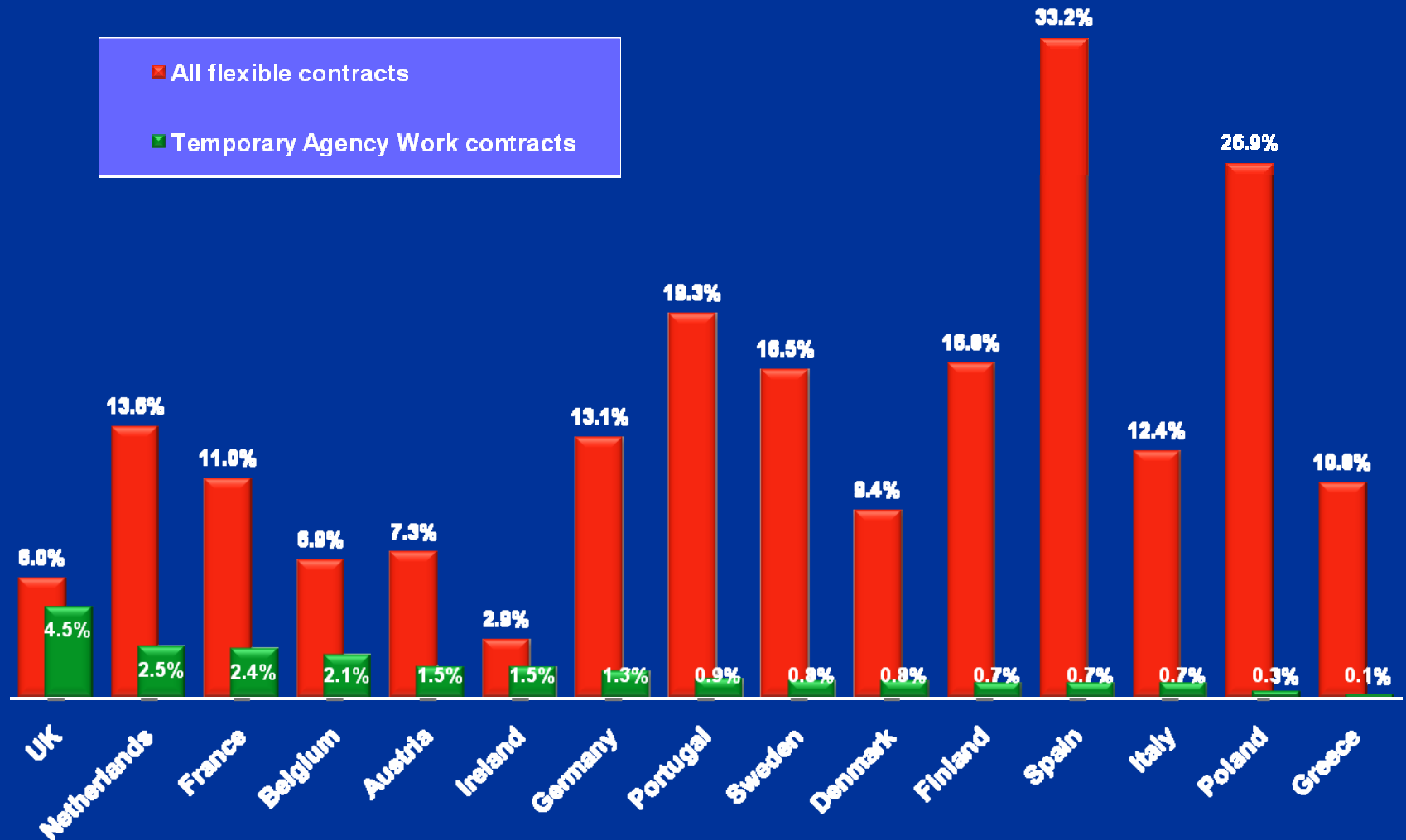


Why TAW?



Source: ABU & REC tracking Monitor (N=997, Q3 2005)

Share of TAW contracts compared to all flexible contracts





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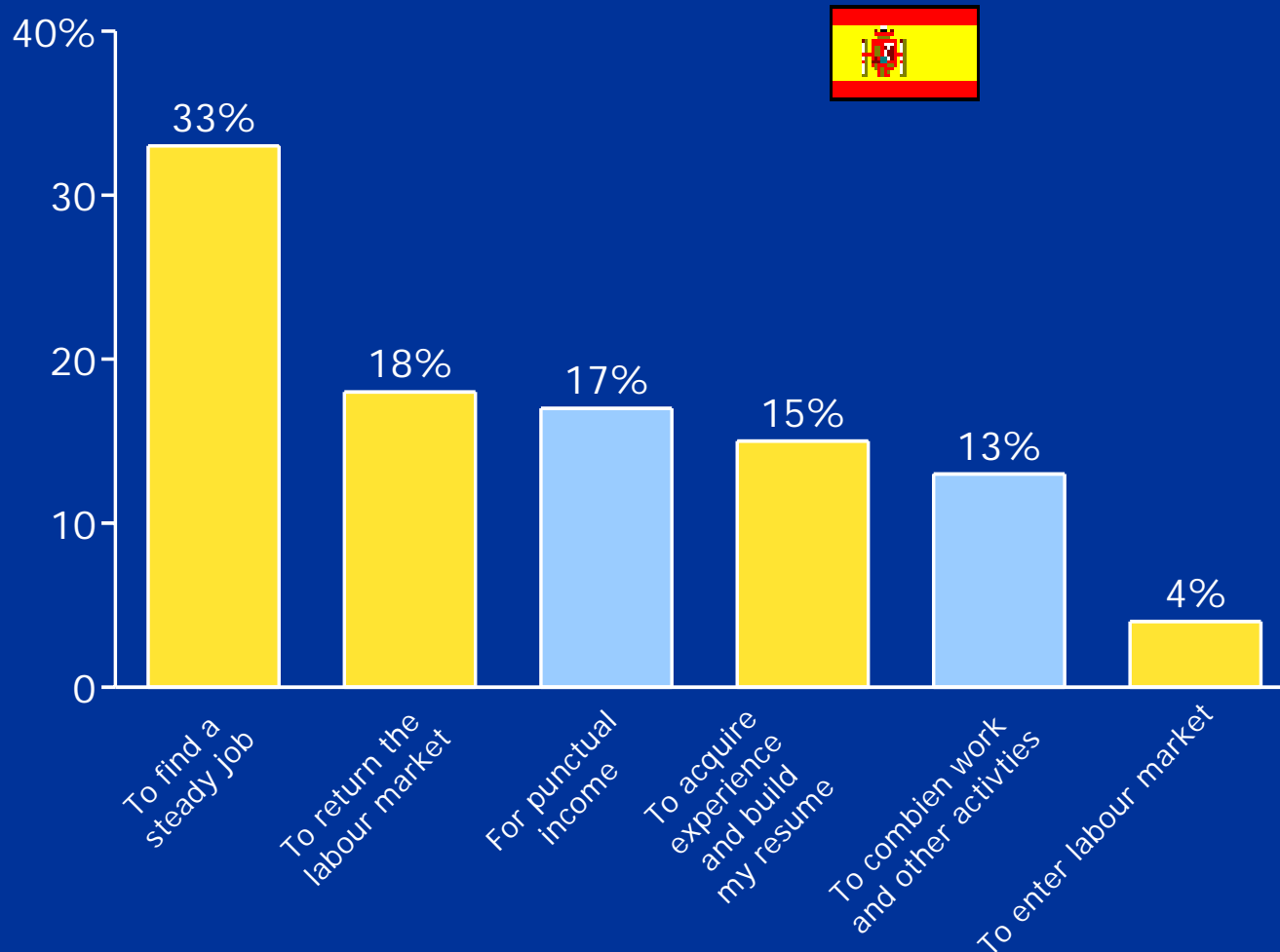
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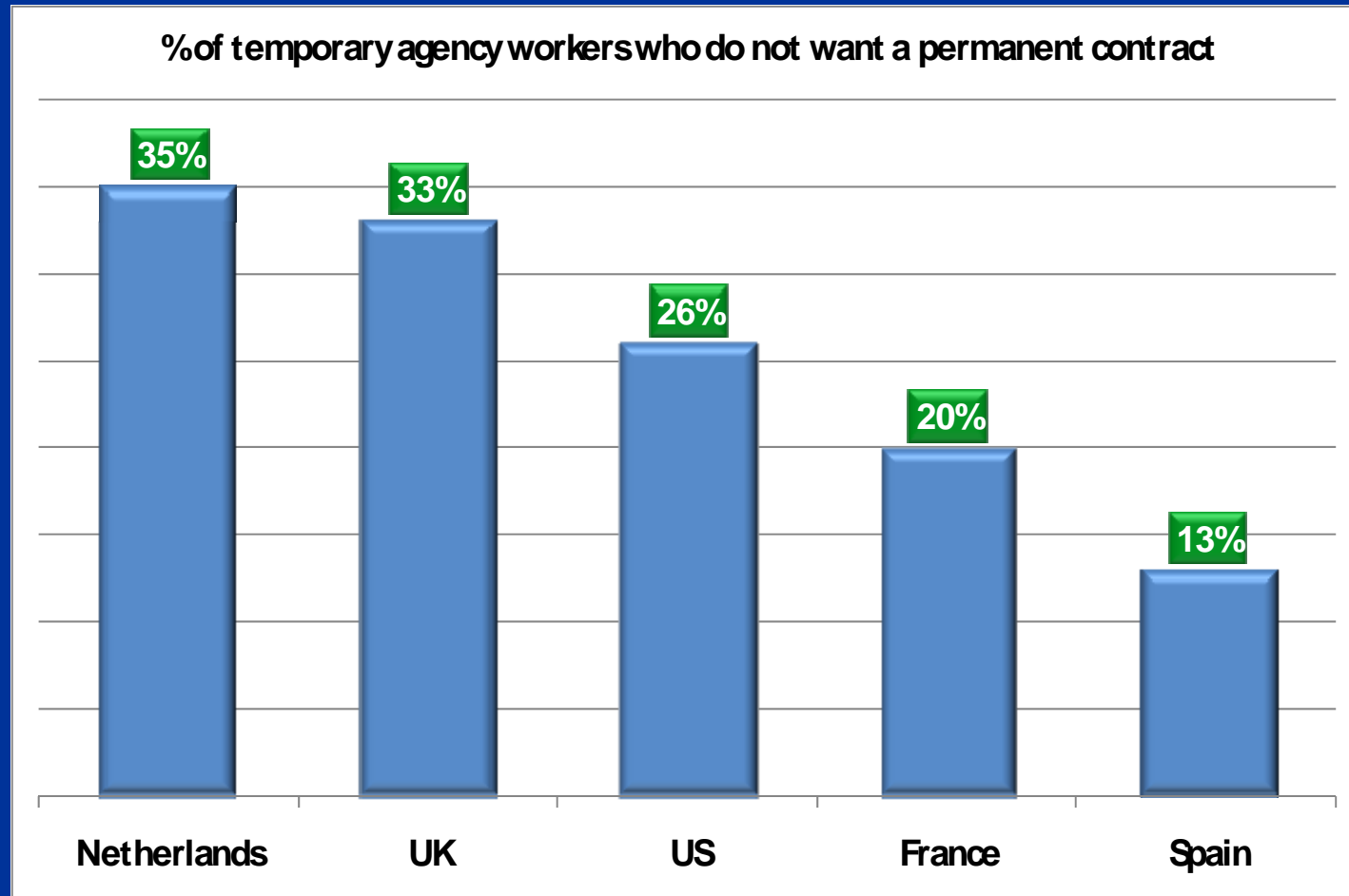


Conclusion: A challenging future

In Spain, most people turn to AW because of the stepping stone function

Workers' reasons to use agency work







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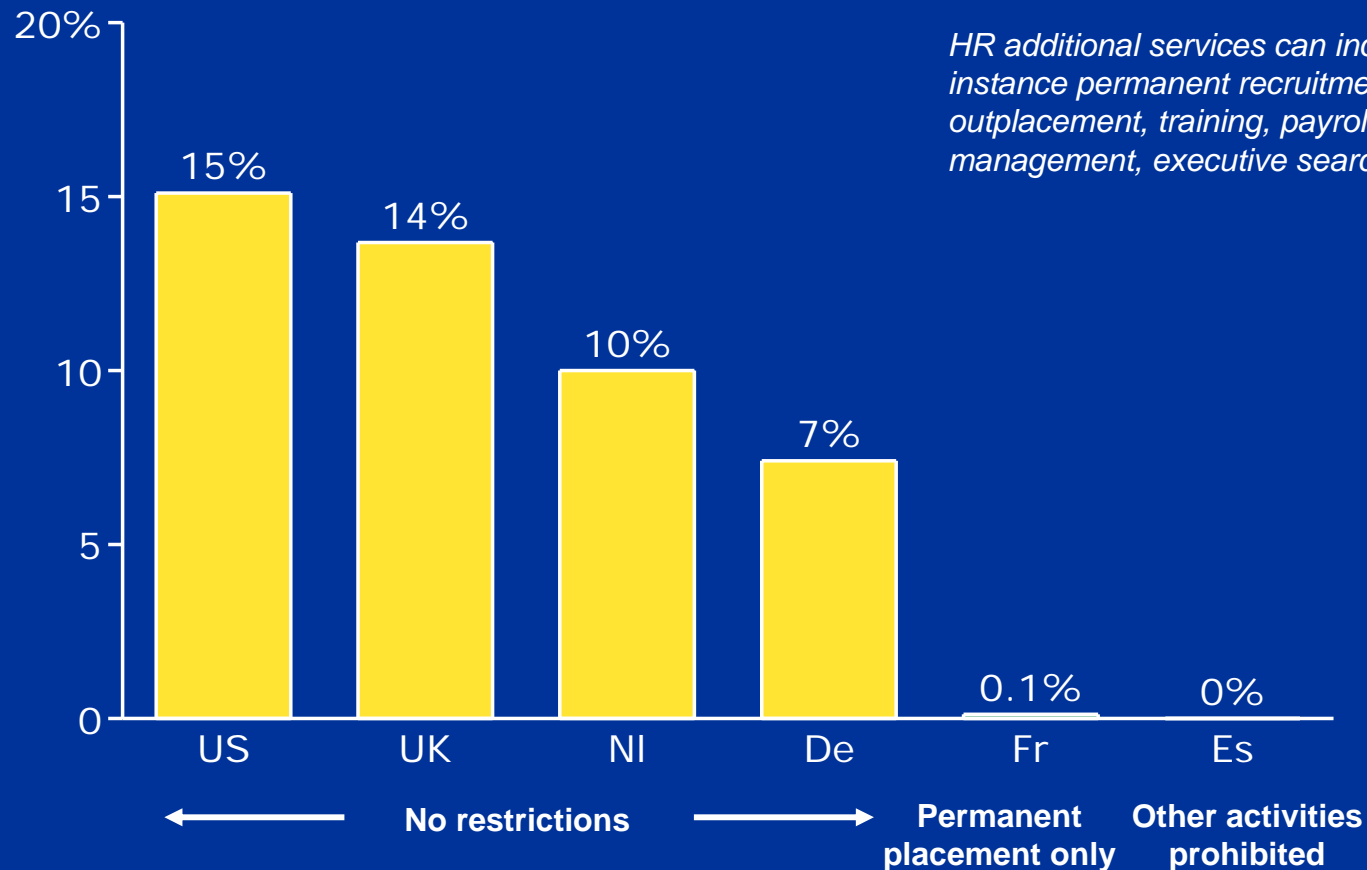


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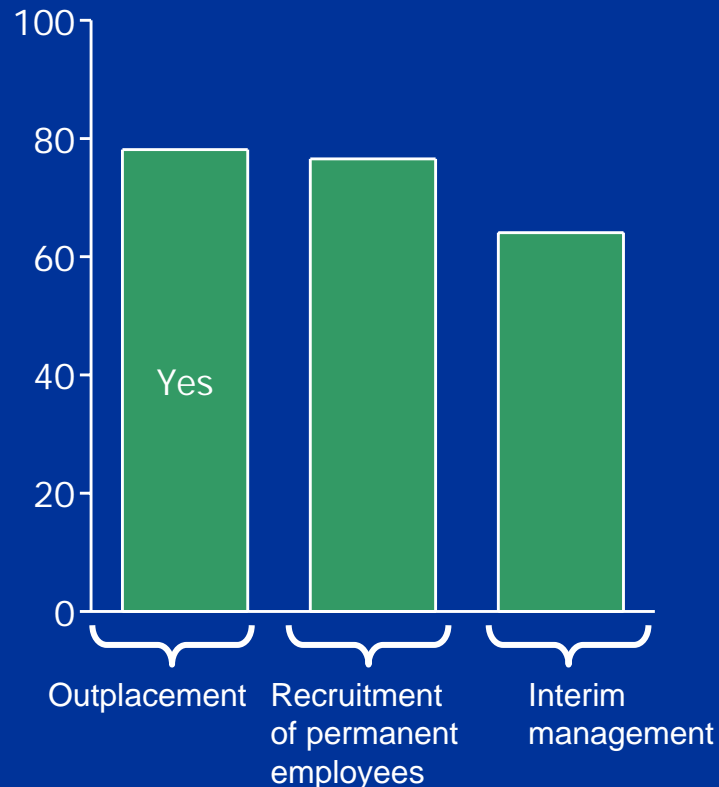
Share of HR additional services in PrEA total market (2005)



Survey shows that TW agencies are well positioned to ensure 3 key activities

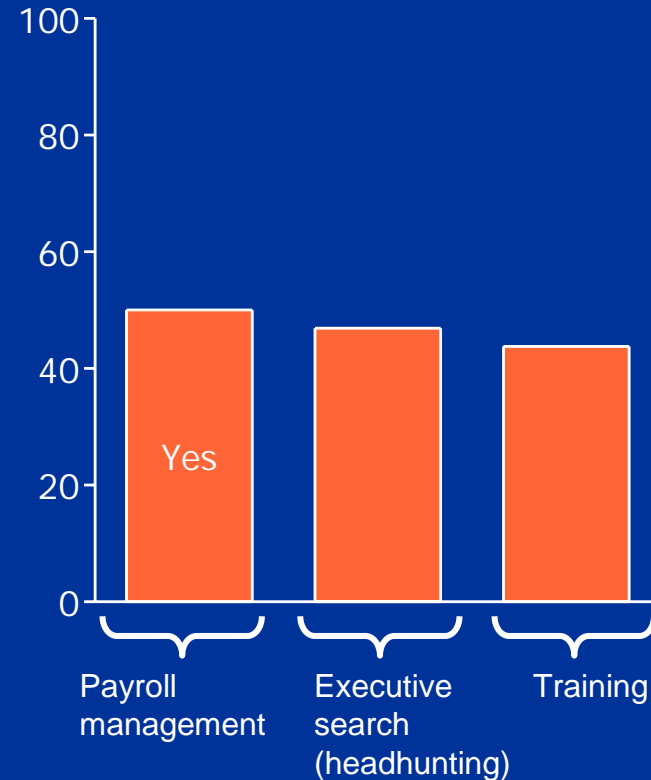
Activities where TW agencies are legitimate

Do you think that temporary work agencies are particularly well positioned to meet these needs? (%)



Activities where TW agencies have lower legitimacy

Do you think that temporary work agencies are particularly well positioned to meet these needs? (%)





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Conclusion: A challenging future

Mismatch between demand and supply of work

Persistent unemployment

Illegal work

Skill shortages
Job vacancies unfilled

Low employment rate

Women at work

Diversity

Insiders

Older workers

Ageing population

Discrimination

Outsiders

Early retirements

Complexification of people's behavior

Students

Workers

Individual

Short term

Consumers

Shareholders

Collective

Long term

Limited work mobility

Skill shortages

Illegal work

Restrictions to free movement of workers

Workers' reluctance to move

Mismatch between demand and supply of work

- As labour market intermediary, TAW helps to match supply and demand of work
- TAW contributes to fight illegal work



Low employment rate

- TAW reduces segmentation between insiders and outsiders
- TAW acts as a stepping stone function
- TAW increases diversity and labour market participation



Complexification of people's behavior

- TAW broadens the range of work solutions to meet worker lifestyle choices or personal constraints at each stage of professional life (tailor-made solutions)



Limited work mobility

- TAW provides a structured and regulated framework to organise work migration
- TAW facilitates work mobility by providing transitions



- The recruitment landscape will change beyond recognition over the next decade. Main challenges will be to:
 - Attract passive job seekers and inactive people
 - Into a diverse new workforce
 - Through bespoke and individualised solutions
- Recruitment is becoming more and more about:
 - Matching people with organisations, people's individual expectations/constraints with work
 - And not only skills with vacancies
- Power might swing back to workers' side
 - Ageing population will lead to 'War for talent'
- The TAW industry is well equipped to address these challenges
 - It provides more work opportunities to more people, contributing to increase participation but also diversity in the labour market
 - It has the expertise to manage individuals (act as a mentor) and provides more choices for both workers and companies

