



Organizing strategic partnerships between temporary work agencies and client organisations

Workshop on Management and Organization of Temporary Agency Work
23-24 June 2004, Rotterdam School of Management

TNO | Knowledge for business



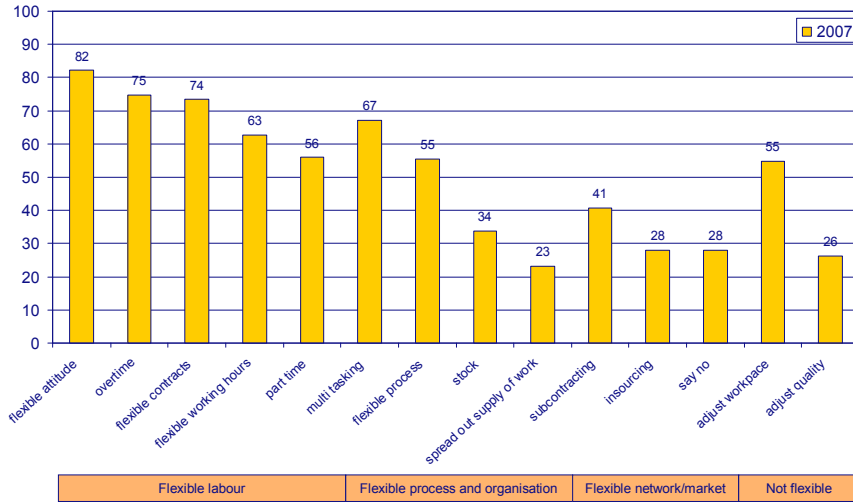
Anneke Goudswaard, Jan de Leeuw

Contents

- Future of flexible labour in the Netherlands:
 - Strategies of client organisations
 - Challenges for temporary work agencies
- Strategic partnerships between temporary work agencies and client organisations;
 - Examples: showcases
 - Different types of partnerships, different goals
 - Benefits for client organisations and workers
- Research questions



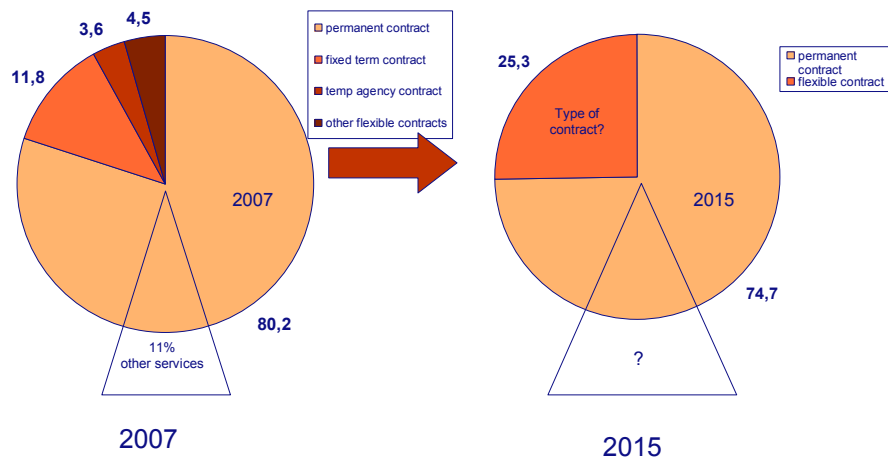
Flexibility measures (% of Dutch companies that apply these measures) (Source: TNO/ABU, 2007)



3 Workshop, 23 June 2008



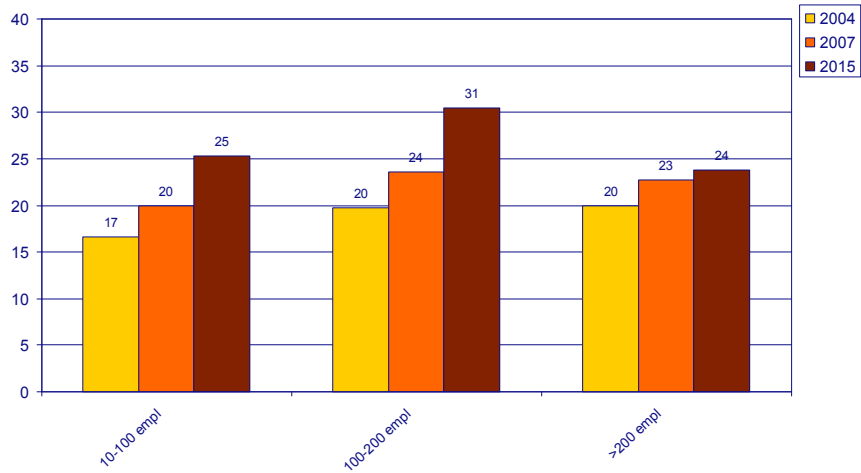
The future of flexible labour contracts? (Source: TNO/ABU, 2007)



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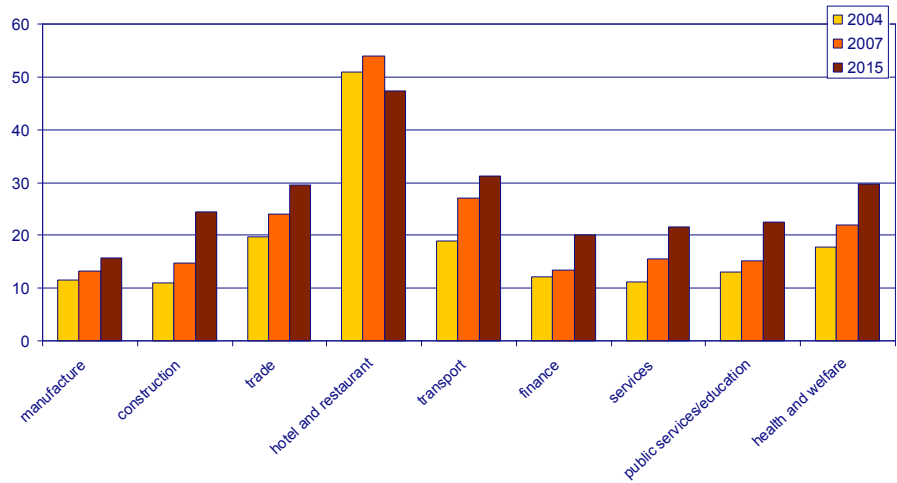
Volume of Flexible Labour in 2004, 2007 and 2015 for small, medium size and large companies (%) (Source: TNO/ABU, 2007)



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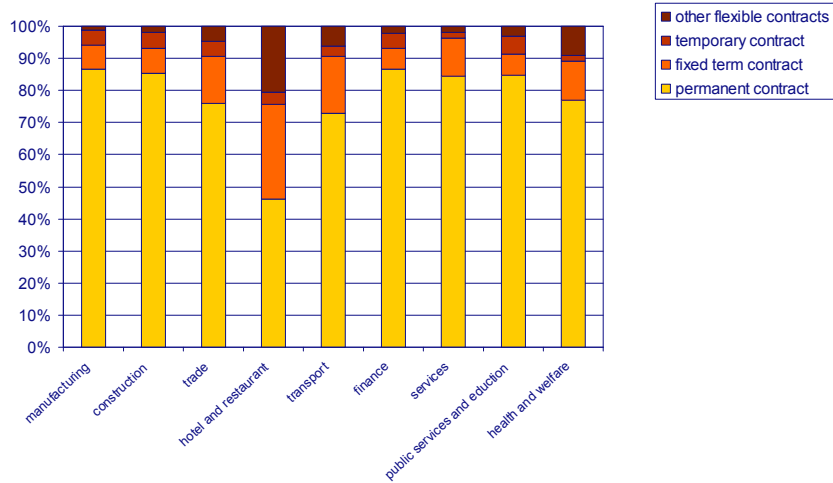
Volume of Flexible Labour in 2004, 2007 and 2015 for different sectors (%) (Source: TNO/ABU, 2007)



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Volume flexible labour and different contracts (1-7-2007)



7

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Reasons for hiring temporary workers (Source: TNO/ABU, 2007)

We do hire temporary agency workers because:

1. As a response to peaks in the supply of work (100%)
2. As a response to sickness absenteeism and leave (65%)
3. In case of recruitment of new personnel (57%)
4. In case of (undesirable) turnover (53%)

We do not hire temporary agency workers because:

1. Sufficient flexibility of own personnel (71%)
2. Temporary workers are too expensive (42%)
3. We believe that temporary workers have insufficient quality (39%)

8

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Assessment of services temporary agency by clients (Source: TNO/ABU, 2007)

Report mark:

1. Accessibility of temporary agency (8)
2. Relationship with contact person (7,6)
3. Administrative transactions (7,4)
4. Absenteeism and turnover of temporary workers (7,4)

Importance:

1. Professional quality of temporary personnel (79%)
2. Quick delivery time (70%)
3. Think along with wishes of the client (48%)
4. Relationship with contact person (35%)

Challenges for temporary work agencies

- Increase market share in small & medium enterprises
- Do not compete on price alone
- Establish strategic partnerships with client organisations (understand needs and processes of client organisation)
- Provide in professional personnel (easily adaptable to circumstances, quickly employable)
- Given tight labour market:
 - Establish long-term relations with (flexible) employees
 - Understand the needs of (new types of) flexible workers
 - Make use of other employee groups

TNO project: flexible organisation and temporary agencies

1. How can we achieve a shift from ad hoc hiring of temporary agency workers in case of peaks and absenteeism ... towards a more structural contribution of temporary agencies to the flexibility of the client organisation?
2. Under which conditions can a strategic partnership between temporary work agency and client organisation contribute to
 - the improvement of company performance (cost saving, flexibility, innovation) ... and
 - the utilization of the talents of employees (commitment, employability)?

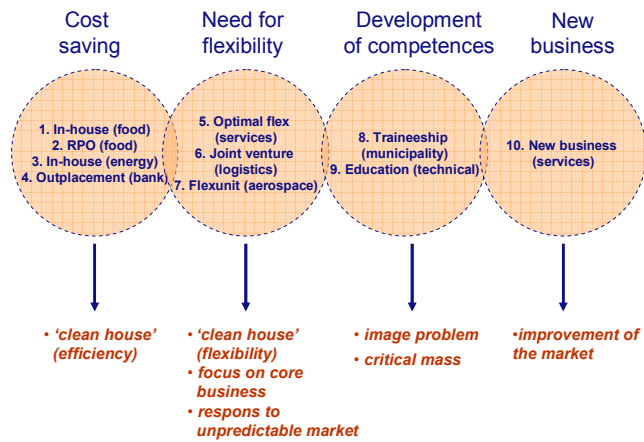


Ten showcases

1. In-house in production (food industry)
2. Recruitment Process Outsourcing (food industry)
3. In-house in call centre (energy sector)
4. Outplacement (bank)
5. Optimal flexibility (private services)
6. Joint venture (logistics)
7. Flex-unit (aviation)
8. Traineeship technical personnel (municipality)
9. Education (technical personnel)
10. New business (private services)



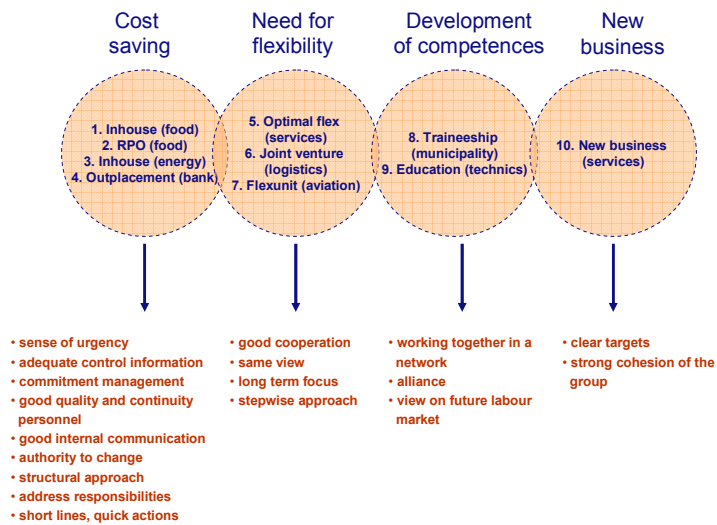
Different origins and reasons



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Conditions for success



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Ten showcases - 1

- 1. In-house in production (food industry)**
 - Need for higher efficiency and cost reduction
 - Temp agency provides personnel planning (all personnel, incl development)
 - Cost reduction 15%, 10% less hiring, better use of qualities personnel
- 2. Recruitment Process Outsourcing (food industry)**
 - Slow and inefficient hiring and selection, high turnover
 - Total process outsourced to temp agency (in-house)
 - Cost reduction 0,5 milj. euro, time-to-hire from 8 to 4 weeks, turnover from 50% to almost 0%, better guidance of personnel
- 3. In-house in call center (energy sector)**
 - Problematic match between demand and supply of temporary labour
 - Temp agency in-house, partner, common focus on improvement of the process and cost reduction
 - Lower turnover and absenteeism, higher commitment of personnel
- 4. Outplacement (bank)**
 - More efficiency in outplacement (quicker flow of personnel)
 - Co-operation with 30 providers of flexible labour, internal market place, external market place and volunteer work
 - Improvement in flow in and out of the company, increased chances of new employment for workers



Ten showcases - 2

- 5. Optimal flexibility (private services)**
 - Increase efficiency and flexibility on locations
 - Partnership with temp agency, structural analysis of labour demand and labour market, improved systems, plan for retention of flexible labour
 - Quick time-to-hire, better planning, continuous improvement of quality and efficiency, more personnel attention to personnel
- 6. Joint venture (logistics)**
 - Focus back on core business (logistics director in stead of employer)
 - Joint venture with temporary agency for executing warehouse
 - New market for client company, higher productivity and flexibility in warehouse, better planning of staff and personal attention (short term), better labour market position of staff (long term)
- 7. Flex-unit (aviation)**
 - Response to unpredictable market with flexible personnel
 - Personnel permanent contract with agency, business partner in personnel management
 - Flexibility without reorganisation of the company, guarantee on work for personnel

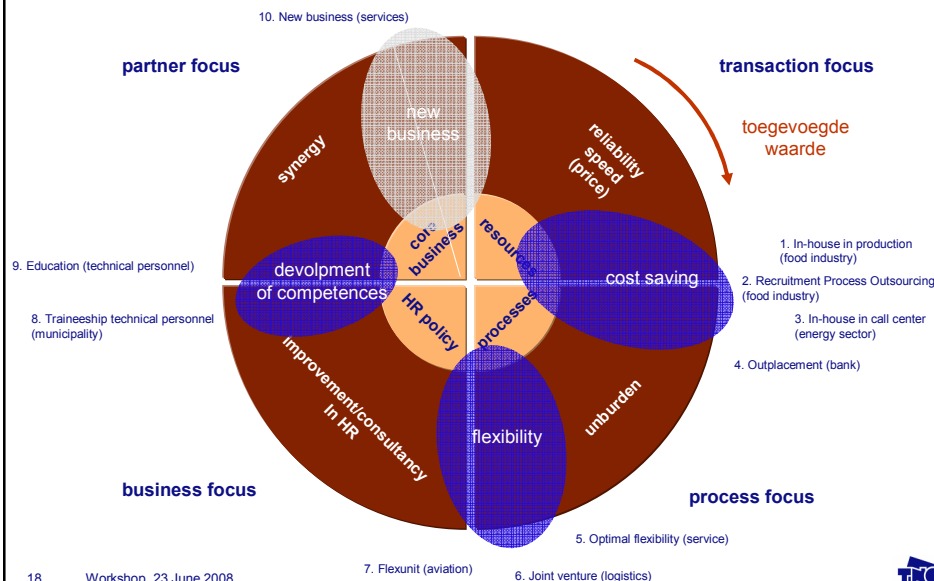


Tien showcases - 3

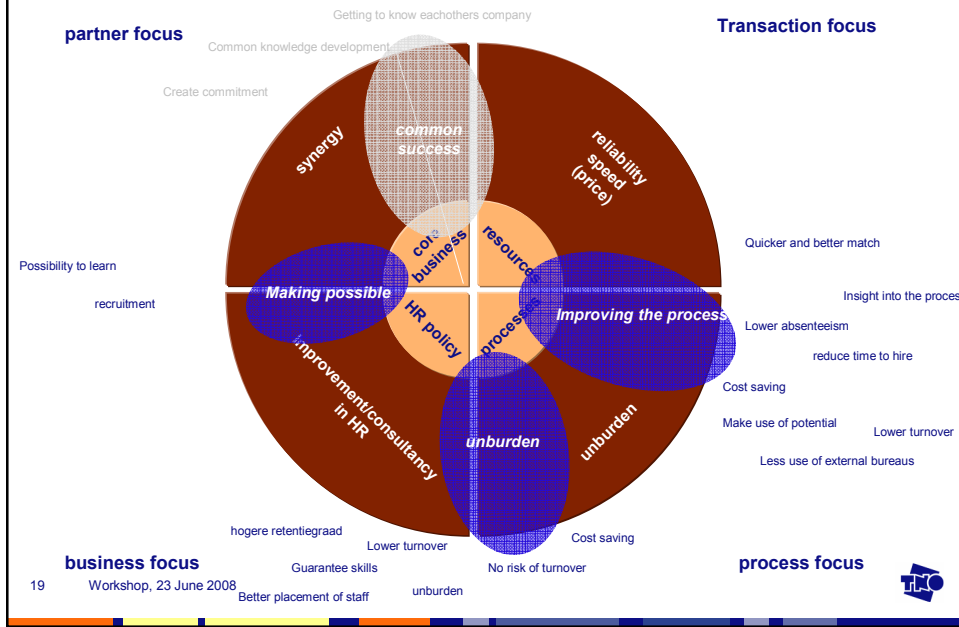
8. **Traineeship technical personnel (municipality)**
 - Insufficient possibilities in recruitment by municipality (low image in technical jobs)
 - Co-operation in training of young technical staff by municipality, temporary agency and engineering bureau
 - Municipality receives well educated and well guided staff, trainees are positive on personal development, engineering bureau gains access to municipality
9. **Education (technical personnel)**
 - Insufficient custom made education
 - Agency starts new trainings with regional education center, for own personnel and for client companies (combination of learning and working)
 - Client companies are guaranteed well educated personnel and employees have good possibilities for developing themselves
10. **New business (private services)**
 - Client company seeks large assignments, but seeks partner for managing HR
 - With agency, they offer new services (technical knowledge and personnel staffing)



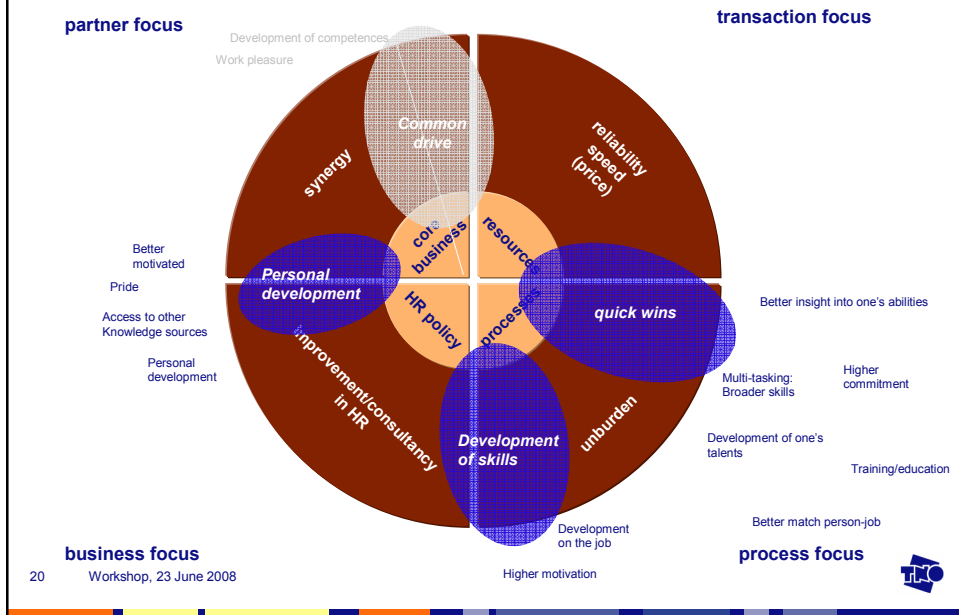
Overview of cases, different focus



Benefits for the company



Benefits for workers



Research questions

- What are the conditions for an effective strategic partnership between client organisation, temporary agency (and intermediary organisation), e.g. multi-vendor, master-vendor, neutral-vendor, commodity?
 - Effective on company level
 - Effective on employee level (both perms and temps)
- How can learning speed of (temporary) workers be increased?
 - What are the factors that influence learning speed?
 - How can they be improved by innovative forms of (e)learning, intelligent workplaces?



Main Source:

Goudswaard et al., De toekomst van flexibele arbeid: hoe flexibel is Nederland? (*The future of flexible labour: how flexible are Dutch companies?*) Een onderzoek van TNO naar flexibiliseringstrategieën van Nederlandse bedrijven in opdracht van de ABU. Hoofddorp: TNO, 2007 (Contents: results of research TNO/ABU and description of showcases TNO project: flexible organisation and temporary agencies)

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