GUEST EDITORIAL

Temporary work and human resources management: issues, challenges and responses

John Burgess
Newcastle Business School, University of Newcastle, Callaghan, Australia

Julia Connell
Newcastle Graduate School of Business, University of Newcastle, Callaghan, Australia

Abstract

Purpose – The purpose of this paper is to introduce the special issue volume that examines a range of concerns, challenges and responses relating to temporary workers and human resource management (HRM).

Design/methodology/approach – The paper highlights eight key research questions and describes the structure of the issue. The various articles investigate six main areas: the rationale for using temporary workers rather than permanent workers; factors determining types of temporary work arrangements; the rationale for temp workers entering into temporary employment; the nature and extent of the relationship between TWAs and user firms; the relationship between employment regulations and an organisation’s labour use patterns of temporary workers and the HR challenges associated with ongoing and extensive use of temporary workers.

Findings – Findings varied according to the main focus of each paper. It is evident, however, that no one perspective, public policy or organisational strategy is likely to fit all situations in relation to temporary work and HRM. Many differences exist in the skill levels of temp workers, their demographic characteristics and reasons for undertaking temp work. Likewise, as pointed out by many of the authors included in this volume, there are also differences within user firms with regard to their reasons for employing temps.

Originality/value – There is a paucity of literature examining temporary work and HRM and this issue endeavours to fill that gap and may prompt further research.

Keywords Temporary workers, Human resource management, Labour, Employment, United Kingdom, Australia

Paper type Literature review

Introduction

Research gaps in relation to temporary work and HRM are particularly acute given that during the 1990s it was apparently the most rapidly growing form of atypical employment in the European Union (Storrie, 2002) and in Australia (Burgess and Connell, 2004a). One of the driving forces for this increase in temporary working has been the demand from user firms and the ability to supply from temporary work

The authors would like to thank the referees of the articles and the Editor of Personnel Review for their support. They would also like to thank Kate Flint for organizing correspondence and undertaking the editing and formatting that was necessary to produce this special issue.
agencies (TWAs). The most frequently cited reason for user firm demand for temporary workers has been the labour flexibility it provides (Carre and Tillyy, 1998; Connell and Burgess, 2002; DIR, 2001; Gonos, 1997). Hence, TWAs become purveyors of flexibility and HR “brokers”, frequently undertaking the HR roles that were previously conducted “in-house” such as recruitment and selection, payroll, appraisal and training.

Temporary work is an omnibus term that covers several different forms of employment arrangement including fixed term employment, on call employment (workers called in to an organisation as and when required) and temporary agency employment (Campbell and Burgess, 2001). The forms and types of temporary employment vary across countries and industries according to employment regulations and labour use needs and strategies (Burgess and Connell, 2004a; OECD, 2002).

One feature of temporary employment that is evident from the papers in this issue is that, on average, temporary workers remain detached from an ongoing relationship with the organisation where they work. This detachment can extend to factors associated with a lack of any access to training, career development, employment benefits and organisational identification (Bendapudi et al., 2003). It is also conceivable that this detachment can be ongoing, with “long-term” temporary arrangements evident within some organisations – referred to as “permatemps” by Cole (1999). Recent cases illustrate that permatemps are, however, fighting for their rights (Cole, 1999) with the Microsoft lawsuit just one example of a company being forced to improve work benefits for their temporary staff. The Microsoft Corporation was ordered to pay US$97 million to settle a long-standing lawsuit by thousands of temporary workers who claimed they were denied benefits at the software giant whereby long-term workers were hired through temp agencies so it could allegedly avoid paying pensions, health care and stock options (The Nation, 2000).

The rationale for utilising temporary as opposed to permanent employees is one of the key issues explored in this issue. Evidence suggests that the reasons are varied and involve both short-term and ad hoc strategies through to long-term and carefully planned strategies (see Stanworth and Druker, this issue). Similarly, the consequences of temporary employment can be considered from a number of perspectives – that of the workers, the employing organisation and the labour market. The majority of the articles in this issue assess the case of agency working, involving a three party employment relationship whereby the agency intermediates between the worker and the user firm. This intermediary arrangement generates ambiguity regarding the employment relationship and consequently, it is not overly clear who bears the responsibility of an employer and where the commitment and loyalty of the agency worker lies. This is one of the regulatory issues that differs in its application and impact across countries in terms of defining the employment relationship, and determining employment rights and responsibilities (Burgess and Connell, 2004a).

Most TWAs offer a range of human resource services. Referred to as external HRM providers, Medcof and Needham (1998) refer to TWA growth as being driven by outsourcing, the contingency workforce and inter-organisational alliances. Peck and Theodore (1998) stress this development in their study of temporary work agencies in Chicago arguing that many agencies are doing far more than delivering “warm bodies” by moving into long-term, human-resource-based functions. Organisations such as
Adecco, one of the largest temporary providers in the world (alongside manpower), operate on a principal of “one-stop shopping” for any kind of temp staffing. This approach led a human relations executive to comment “Adecco are acting more like a consultant than just a people factory” (Sansoni, 1997).

Positive outcomes arising from temporary employment are that: it can improve job matching within the labour market, reduce job search time and expenses, and offer a transition to permanent employment (OECD, 2001). Nonetheless, there are potential dangers associated with expanding the relative size of the temporary workforce, such as exclusion from standard employment benefits and from an organisation’s internal labour market (including training and career paths), job and wage insecurity and segregation into a cycle of contingency employment arrangements (Burgess and Connell, 2004bb). While these aspects of temporary employment are important, the focus for this collection is on the implications for the organisations contracting temporary labour services and whether these are intermediated via an agency or arranged through a direct employment contract.

The key research questions
From the organisational or labour user perspective, there are a number of core questions that are addressed in this issue in relation to temporary work and HRM concerning the:

**RQ1. Rationale for using temporary workers rather than permanent workers.** What are the advantages and disadvantages? Are decisions concerning temporary employment strategic and long-term, or short-term and reactive?

**RQ2. Factors determining type of temporary arrangement.** In particular, why use agency employment as opposed to short-term direct employment arrangements such as fixed term contract employment?

**RQ3. Rationale for temp workers entering into temporary employment arrangements?** Is temp work a preference, is it related to an absence of opportunities related to permanent employment or, is it seen as having the potential to move into permanent employment arrangements?

**RQ4. Nature and extent of the relationship between TWAs and user firms?** What type of services are provided by agencies? Is it a strategic partnership or, is it an occasional at-call transactional relationship between the TWA and the client organisation?

**RQ5. Relationship between employment regulations and the organisation’s labour use patterns of temporary workers?** In particular, are temps a means of avoiding regulations concerning permanent workers, avoiding trade unions or even disciplining permanent workers, or is the use of temps complementary and supportive to an established internal labour market of permanent workers?

**RQ6. What are the HR challenges associated with ongoing and extensive use of temporary workers?** Can such workers be committed and where product quality and organisational reputation is important, can they be sustained through a temporary workforce? Druker (2002) challenges the notion that
temporary employees can develop commitment to the organisation they are contracted to. The productivity of people, he argues, depends not only on how and where workers are placed, but also on who manages and motivates them – an area the temporary agency has no control over.

**RQ7.** Relationship between temps and the permanent workforce? Are they divided or integrated? Under what conditions are each of these scenarios likely to occur? What pressures and tensions are present within an organisation where there is an extensive temporary workforce working alongside a permanent workforce?

**RQ8.** Sector demand for temps. Are some sectors and organisations more prone to the use of temporary workers? What product or labour market factors generate this need for temps?

In relation to the above it is clear that the nature of temp work and the temporary workforce itself has changed and continues to change over time. First, changes are occurring in the breadth of activities performed by temp workers. Temps used to be contracted to undertake low-skilled, clerical positions but are now just as likely to be found in the professional and technical occupations (Hipple and Stewart, 1996) or in the teaching (see Bryson and Blackwell in this issue) or nursing professions. Second, the utilisation of temps was once considered to be a “stop-gap” while permanent employees were ill or on holiday. Now, there is evidence that firms are using temps as part of their competitive strategy to improve bottom lines and avoid unfair dismissal claims if employees have to be laid off (Connell and Burgess, 2002). Uzzi and Barness (1998) report, that reorganisation and technology is aimed at the reshaping of permanent jobs so that contingent workers who can “complete the full sequence of a permanent job” are substituted easily for permanent workers, leading to claims that organisations are shedding permanent jobs and hiring in agency workers (Workers Online, 2003).

**The structure of the issue**

This collection concerns studies undertaken in two countries: the UK and Australia. Both are light regulators of temporary and agency work, although the UK is moving towards more extensive regulations – largely in response to recent EU directives (see article by Biggs et al.). All of the articles comprise national studies with the exception of the contribution by Bryson and Blackwell. The articles by Forde and Slater, and Biggs et al. draw on national British databases to provide insights into the reasons why user firms employ temporary workers, the characteristics of temporary workers and temporary jobs and the impact of recent employment regulations on the incidence of temporary employment. Stanworth and Druker utilise case analysis to examine the client firms of agency workers in the UK in order to determine the nature of temporary work and labour use strategies influencing temporary agency labour use. Hall utilises both national employment estimates and surveys of the temp industry to assess the nature of temporary work in Australia, while Bryson and Blackwell use structured case studies to examine the use of temporary workers in the UK higher education sector.

Forde and Slater draw on three UK national surveys – the Labour Force Survey, the 1998 Workplace Employee Relations Survey, and the 2000 survey of Working in
Britain. Using multivariate analysis they interrogate the data sets to examine the nature of agency jobs, labour use strategies behind agency use and the experiences of agency workers. In particular, they are interested in whether agency jobs are associated with “new economy” work where temp agency workers are mobile, in demand, and building a career out of temping (Albert and Bradley, 1997) – or whether they are insecure, low skilled and in precarious jobs (Allen and Henry, 1996). Forde and Slater also consider the client firms using agency labour, their characteristics and motivations and the implications for HRM arising from the employment of temps.

From their analysis, Forde and Slater advise that there is little evidence of “new economy work”. Their findings indicate that employers’ use of agency workers is related to pressures on labour costs, probably driven by short-term considerations. Forde and Slater’s study highlighted relatively high levels of dissatisfaction amongst temp agency workers in relation to the content of the work undertaken and the limited scope for using their initiative. Perhaps unsurprisingly, they also found significant differences in the commitment levels of agency temps compared to other workers. Overall, the study paints a picture of agency working in Britain, which is precarious, comprises low quality work and is associated with poor outcomes for temp agency workers. This study also suggests that the use of agency workers has a negative impact on organisational outcomes and performance associated with outcomes that conflict with generally accepted human resource management goals.

Hall examines temp agency employment in Australia, noting its high density in comparison with other OECD economies. First, he examines the industry and occupational distribution of agency employment, before considering secondary data on the reasons for client use. In relation to a national employment survey, Hall finds that agency workers are less satisfied than permanent workers across a range of criteria. In common with Forde and Slater (this issue), Hall concludes that the use of temp agency workers is not compatible with HR strategies that promote high commitment and high performance work systems. Key findings from this paper are that although temps may well provide flexibility for client firms, agency workers do not report high levels of satisfaction with their flexibility and ability to manage work and non-work commitments. Moreover, they report high levels of job instability. There is also little evidence that temporary work agencies are succeeding in more efficiently matching skills to job requirements. In fact, Hall contends that agency workers are actually less likely than direct employees to report good utilisation of their skills. As such, Hall concludes that agency work presents a significant challenge to the HR function given the aims of promoting high involvement and high performance work practices (Ramsay et al., 2000).

Stanworth and Druker undertake 12 case studies of client organisations that employ temp agency workers. The authors develop a typology to examine labour use strategies comprising: either ad hoc/planned supplementation or ad hoc/planned substitution strategies in relation to temporary staffing. Their research highlights the diversity and complexity of labour use strategies. These are reflected in a number of factors including: the use of temps as a permanent buffer against uncertainty in a cyclical industry, to reduce costs in the face of ongoing budget controls and the use of temps in one industry where there were ongoing skilled staff shortages. Stanworth and Druker report that strategies for labour use can sometimes be imposed by head offices and contested between HR and line managers. In some cases, they report that TWAs...
offered a range of HR services to client firms in addition to temporary labour. This generally occurred as a result of long-term, strategic relationships leading the authors to conclude that the use of agency temps represents a challenge to the integrity of the internal labour market and to internalised and autonomous HR functions. Stanworth and Druker’s research also revealed a growing trend towards the adoption of market-led solutions to diverse resourcing problems. The case firms tended to react to periods of turbulence by taking on more temporary labour, and, in some cases, boundaries between “core” and “periphery” were redrawn, usually shrinking the former and enlarging the latter.

In the next article Biggs et al. examine the impact of an extension of regulations over temporary employment in the UK on the extent of temporary employment. Specifically, the authors assess the impact of the Fixed Term Employees Regulation (2002) and the Conduct of Employment Agencies and Employment Businesses Regulations (2003) on this sector. They draw on information from 24 Labour Force Surveys in conjunction with longitudinal studies and interview data from agencies and temporary workers. Analysis of the data demonstrated firstly, that as a result of legislation, the utilisation of temporary workers had declined in the labour force in real terms by 24 per cent with utilisation of agency workers declining by 11 per cent. Secondly, Biggs et al. found that more temporary workers had become permanent post-legislation (27 per cent) compared with pre-legislation (22 per cent). Given that the Conduct of Employment Agencies and Employment Businesses Regulations is relatively new legislation the authors also examine how these regulatory changes are expected to impact on the workplace and client firms labour use strategies. To date, they conclude that, post-legislation, temps are a less attractive option for user firms. Accordingly, they predict that the pressure for flexibility adjustments is likely to be transferred to permanent workers within internal labour markets.

Bryson and Blackwell present the only industry study in the issue. They examine the use of temporary workers in the UK higher education sector (where the density of temporary employment is over 50 per cent) reviewing the evidence from five case studies in relation to labour use strategies. Although the predominant hiring route is through direct and on call contract workers, there is evidence of some agency use in the sector (note – one of the case studies outlined in the Stanworth and Druker article involves a higher education provider). The Bryson and Blackwell article highlights two contrasting strategies associated with temporary labour use – integration versus differentiation. The authors describe how each strategy could be pursued both by HR divisions and departmental managers. Differentiation can generate flexibility but can also compromise quality and commitment, whereas integration may reduce flexibility but also reduce the risks associated with differentiation. In common with Biggs et al. (this issue) Bryson and Blackwell report that in order to comply with new regulations many HR divisions are moving towards an integrationist approach.

Findings from the issue
While this issue provides some clear answers to the key research questions, it is equivocal on some and leaves others unanswered. The main findings from the articles included in this issue are summarised as follows.
Utilisation of temps
Temps are used for a variety of reasons from the traditional role of filling labour shortages, through to strategic motives relating to the accommodation of product market uncertainty. The case studies of Stanworth and Druker reveal the diversity and complexity of labour use strategies and the fact that, in some cases, control is not being exercised within organisations by HR or line managers but are being imposed by external head offices or because of government budget directives.

Nature of the temp workforce
The configuration between different forms of temporary and contingent employment is still an issue that requires further investigation. Temporary agency employment is utilised where there are skill shortages or where there is a need to manage ongoing risks and contingencies associated with product market uncertainty. The higher education case study revealed a high use of direct contract employment where casuals and post graduate students were used as an ongoing “reserve army” to cover for the fluctuations in teaching demand and to meet the imposed budget guidelines emanating from government directives.

Motivations for entering into temporary work
These are varied, although Forde and Slater (this issue) make it clear that many temps are not high skilled knowledge workers that exercise control over placements (also see Hall this issue). While highly-skilled, knowledge workers do operate in the temp agency market, in the main they are relatively low skilled, in low paying occupations and suffer from job and income insecurity. Examples are also provided of long-term temping arrangements (see Stanworth and Druker, this issue) and there is evidence that regulatory changes can move temps into permanent employment arrangements (Biggs et al., this issue).

Relationships between temp employment agencies and user firms
Temp employment agencies offer a range of services and, in some instances, they enter into long-term strategic alliances with client users (Stanworth and Druker, this issue). These strategic alliances allow for the clients to reduce risks associated with product market uncertainty and labour market problems such as skill shortages. The services offered can range from recruitment through to training and payroll management.

Labour use patterns
Employment regulations in the UK have had an impact at the aggregate level (see Biggs et al., this issue) and have also played a part in shaping labour use patterns (see Bryson and Blackwell, this issue). Relationships between the use of temps and permanent workers within the same organisation remain complex with tighter regulations over temporary employment contracts having the potential for greater pressure on permanent workers (Bryson and Blackwell, this issue).

Challenges and contradictions
HR challenges deriving from the use of temps remain considerable. By their very nature, temps are marginalised from the internal labour market and, as such, their commitment and identity with the user organisation remains uncertain. Both Hall (this
issue), and Forde and Slater (this issue) raise questions concerning the effectiveness of using temps in the context of high performance work systems. Hall also makes the point that as much as HR managers might like to regard the management of workers supplied by an agency as not being their problem, they are likely to be asked to manage the potential organisational damage that could flow from the presence of insecure, uncommitted and distrustful temporary agency workers.

Integration versus separation
Integration versus separation strategies for utilisation of temps within internal labour markets were investigated by Bryson and Blackwell (this issue). They highlighted the tensions and problems associated with both strategies and whether the form of temping (permanent versus casual, versus agency) can overcome the fundamental division that remains between permanent and temp workers.

What factors influence the utilisation of temporary labour?
Temporary work is important for many organisations that cannot recruit skilled labour, that are facing product market instability, are engaged in an organisational restructure or have to meet imposed external directives regarding payroll or employee deployment. Forde and Slater (this issue) found that, as expected, the public sector, traditionally a large user of temporary staff, were facing increasing budget uncertainties, privatisation and continued contracting-out of services – all factors that encouraged the use of temp agency labour (TUC, 2002; Conley, 2002). They also found some evidence to support the presence of a relationship between competition in the product market and the use of agency labour. Specifically organisations that described the market for their main product and service as “international” (rather than national, regional or local) were significantly more likely to be users of agency labour.

Further research issues
This issue is limited primarily to national reviews relating to the UK and Australia. Hence, the richness of divergent experience across countries and industries are not captured. It is clear, however, that the consciousness of HR practitioners and academics has been raised regarding the use of temporary, fragmented and often external, working arrangements. The temporary agency industry is growing and is increasingly becoming internationalised (Peck and Theodore, 2004; Sansoni, 1997; Schellhardt, 1997). It offers an array of services that can, in the extreme, supplant traditional and internalised HR functions. Therefore, this issue offers an entrée into a range of further research issues that await exploration. These include:

- What governs the labour use of different fragmented employment arrangements from casuals, contract and agency workers. It is clear that in the UK higher education sector there is heavy dependency on temps, yet there is relatively minor use of agencies. Why do agencies predominate in some sectors while direct employment arrangements operate in others?
- What role and effectiveness of regulations in limiting temporary employment or in configuring the composition of employment? Biggs et al. outline the trend towards more extensive regulation in the UK, a trend repeated in Europe (De Ruyter, 2004). In Australia, the regulations are more fragmented and largely
concerned with assigning employee responsibilities (occupational, health and safety) (Burgess and Connell, 2004b). The question is that if temporary employment and agency employment is more tightly regulated over such issues as the length and turnover of contracts, access to employment rights and benefits, whether this will lead to a substitution of permanent workers for temps, or whether this will lead to greater use of other forms of externalised and contingent labour use such as outsourcing and the use of independent contractors?

- For HRM there are sources of conflict, tensions and contradictions associated with the use of temps. Some forms of control are enhanced (e.g. costs, labour discipline, exclude unions) while other objectives are compromised, such as commitment. The use of agency workers can bring savings in job matching but also compromise the integrity and even existence of HR branches. As the issue has demonstrated, the organisational dynamics can see HR divisions at odds with head offices and internal line managers over the use of temporary workers. How these facture lines and internal contradictions are negotiated and resolved remains an ongoing area of research.

- The strategic uses of temps are many and varied, as highlighted by Stanworth and Druker (this issue). Labour use strategies can range from the short-term and ad hoc through to the long-term and strategic. Indeed, different strategies are often present within the same industry, and in some cases, within the same organisation. What factors are associated with the different labour use strategies and how do strategies develop? Specifically, where does a labour use strategy originate, is it part of a corporate plan, is it a response to financial reporting?

- The agency industry itself offers extensive opportunities for further research. The development and growth of the industry in the USA has been reported by Peck and Theodore (2004). Under what conditions has the industry grown and developed, and what determines the range of services offered and their relationship with client organisations? Is growth more related to public sector restructuring (privatisation, contracting out, hard budget rules) as opposed to fundamental changes in the private sector? With the growth in the industry is it supporting traditional temping functions or is it offering a portfolio of services (see Hall, this issue, and Druker and Stanworth, this issue) across all industries and occupations?

- Is agency work a manifestation of the globalisation of labour services and the emergence of portfolio and knowledge workers (Beck, 1992) within a future of work scenario? The evidence in this issue points towards the dominance of the unskilled and low paid, hardly in keeping with this scenario. Do knowledge workers wish to pursue agency work that, while offering potential advantages, also, as indicated in the issue, has many disadvantages?

In conclusion, we argue that further research is necessary concerning how strategic decisions in using temporary workers are formed and how recent legislation has influenced these policies. Differences in the use of temporary workers pre- and post-legislation may also be interesting to examine concerning the extent temporary
workers are used in relation to strategic deployment versus operational necessity. It is evident, however, that no one perspective, public policy or organisational strategy is likely to fit all situations in relation to temporary work and HRM. Many differences exist in the skill levels of temp workers, their demographic characteristics and reasons for undertaking temp work. Likewise, as pointed out by many of the authors included in this issue, there are also differences within user firms in relation to their reasons for employing temps. The rise of the temp services industry has triggered interest and debate in the labour market (Segal and Sullivan, 1997). Nonetheless, to date there have been very few attempts to fill the research gap with reference to temporary work and HRM. We have endeavoured to begin to address that gap with this issue and are optimistic that further necessary research will follow as the temp work phenomenon continues to grow worldwide.

References


TUC (2002), Rights to All: Responses to DTI Consultations on Employment Status, Trade Union Congress, London.


Further reading


About the authors

John Burgess is Director of the Employment Studies Centre at the University of Newcastle, Australia. He is joint editor with Julia Connell of International Perspectives on Temporary Agency Work.
Employment (published by Routledge in 2004). His research interests are in contingent employment, gender and work, call centre work and workplace bargaining. John Burgess is the corresponding author and can be contacted at John.Burgess@newcastle.edu.au.

Julia Connell is an Associate Professor at the Newcastle Graduate School of Business, University of Newcastle, Australia. Research interests encompass work and organisational studies. Recently published co-edited books (with John Burgess) include: International Perspectives on Temporary Agency Work and Developments in Call Centre Industry, Analysis, Changes and Challenges. The same team are also working on a new book – The Changing Nature of Work in Asia which will be completed in 2006.
This article has been cited by:


4. Gunnar Augustsson. 2014. Temporary and regular workers fulfill their tasks side-by-side, but in different learning conditions. *Journal of Workplace Learning* **26**:2, 79–90. [Abstract] [Full Text] [PDF]


18. Christa L. Wilkin. 2013. I can’t get no job satisfaction: Meta-analysis comparing permanent and contingent workers. *Journal of Organizational Behavior* 34, 47-64. [CrossRef]


28. Nele De Cuyper, Hans De Witte, Hetty Van Emmerik, Maria José Chambel, Filipa Sobral. 2011. Training is an investment with return in temporary workers. *Career Development International* 16:2, 161-177. [Abstract] [Full Text] [PDF]


40. Dr Hal G. Gueutal, Stefan Strohmeier, Rüdiger Kabst. 2009. Organizational adoption of e-HRM in Europe. *Journal of Managerial Psychology* **24**:6, 482-501. [Abstract] [Full Text] [PDF]

41. Susan Ainsworth, Alice Purss. 2009. Same time, next year?. *Personnel Review* **38**:3, 217-235. [Abstract] [Full Text] [PDF]

42. Nele Cuyper, Guy Notelaers, Hans Witte. 2009. Transitioning between temporary and permanent employment: A two-wave study on the entrapment, the stepping stone and the selection hypothesis. *Journal of Occupational and Organizational Psychology* **82**, 67-88. [CrossRef]


49. References 413-444. [CrossRef]
