

Private employment agencies contributes substantially to the provision of skills for improved productivity, employment growth and development

Assessment and Recommendations to the ILO Report on Skills for productivity, employment growth and development

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1. Ciett Assessment of the ILO Report

- Private employment agencies contribute substantially to improved productivity, enhanced employment opportunities and economic development around the world. The main aspects of these contributions are related to the role that private employment agencies play in matching skills demands, reducing adjustment costs, facilitating access to training, supporting target groups, and in contributing to more effective, active labour market policies.
- Ciett is concerned that the ILO Report “Skills for improved productivity, employment growth and development”, which will be discussed during the 2008 session of the ILO Conference, does not sufficiently recognise this contribution.

2. The contribution of private employment agencies to productivity, employment growth and skills development

Private employment agencies contribute substantially to the principles identified in the ILO Report on improved productivity, employment growth and development. The most important aspects of this contribution are the following:

- **Providing more work opportunities for more people and contributing to a decent work agenda:** Private employment agencies provide more work opportunities to more people and help to integrate more people into the labour market. Private employment agencies are already today an engine for job creation and employment growth, currently employing for example just in Europe around 3.3 million workers (daily full-time equivalent), a job creation potential which will be raised to 4.98 million jobs by 2012 based on the structural growth of the industry. Similarly, the private employment agency industry is also a major engine of job creation in other regions of the world. Looking at the international level, the private employment agency industry employed 8.9 million workers (full-time equivalent) worldwide.

Based on the ILO Convention 181, which is fully supported by Ciett, through national regulation on private employment agencies, collective labour agreements and instruments of self regulation, the private employment agency industry is a largely well-regulated industry that contributes to promoting decent work.

- **Matching skills demands:** The agency work industry contributes substantially to ensuring a better matching of skills demands, thereby increasing the efficiency of labour markets. This has been recently confirmed by a survey carried out among European stakeholders, which illustrates that 85% agree with this assessment.¹ Furthermore, through the services they provide, private employment agencies contribute to transition processes between unemployment and work, between education and work and between different jobs. Private employment agencies also help to bring students, retirees and other inactive people back into the labour market.

In addition, private employment agencies offer opportunities for skills development to their workers, particularly by offering access to professional experience in various, different working environments, thus helping workers to multiply their skills and expertise. This contribution of agency work should be taken into account by governments when developing national policies based on the recommendations developed in chapter 3 of the ILO Report.

- **Facilitating access to training:** In addition to the opportunity to acquire new skills through professional experience, the private employment agency industry is also committed to facilitating access to training for agency workers. Indeed, working through private employment agencies represents a rare opportunity for people to gain new skills, since the industry has significantly increased its investment in training. For example, private employment agencies facilitate access to training and professional experience to those voluntarily seeking to change careers. For those compelled to switch jobs, private employment agencies assist and support reconversion. The industry also gives students privileged access to the labour market and provides new entrants with access to training.

In several European countries, the agency work sector has established dedicated training funds, which facilitate the access to vocational training and help enhance the employability of workers. In France, for example, 200 000 agency workers received training in 2006, based on a training fund with an annual budget of 330 million €. Vocational training schemes for the agency work sector also exist in other European countries, such as Spain, Italy, Netherlands and Belgium. Furthermore, the European Alliance for Skills and Employability, run by Ciett member Randstad, in cooperation with Microsoft and other IT companies, and aiming to train 20 million people by the end of 2010, provides another example of the role, private employment agencies play in skills development policies. Based on the experience of Ciett members, it is evident that private employment agencies are an important element of skills development policies.

- **Inclusion of target groups:** In addition to its role in facilitating access to training and the matching of skills demands, the private employment agency industry also provides labour market access to outsiders (like the long term unemployed, first time entrants, disabled, ethnic minorities and women returning to the labour market after a maternity leave). By offering employment opportunities for these target groups, private employment agencies help increase labour market inclusion and diversity.

Most of these groups are over-represented among temporary agency workers, particularly the former long-term unemployed, which account for a higher share of the temporary agency work population compared to the overall working population. A large share of agency workers have been unemployed prior to start working for private employment agency (amounting to share of 69% in Germany and 25% in France). Private employment agencies do not only offer access to the labour market for these outsider groups, but the industry also helps them to find permanent employment. The long-term unemployed regain self-confidence, hone skills and make new contacts with potential employers. Furthermore, empirical evidence illustrates that in countries where the private employment agency industry faces few or no restrictions, it is able to assist a

¹ More work opportunities for more people. Unlocking the private employment agencies contribution to a better functioning labour market, Ciett Strategic Report for Discussion (2007), p. 24.

larger proportion of people who are furthest away from the labour market to return to work. By bringing target groups back into the labour market the private employment agency industry increases participation and diversity in the labour market.

- **Active labour market policies and the cooperation with public employment services:** As recognised by the ILO Convention 181 and the accompanying Recommendation 188, private employment agencies can provide an important contribution to active labour market policies. In many countries, including the United States, Japan, and several EU Member States, the private employment agency industry is already playing today an important role in active labour market policies, aimed at improving the functioning of labour markets. Cooperation agreements signed between public employment services and private employment agencies in many countries are inspired by the objective of reducing unemployment, increasing workforce fluidity and inserting more people into the labour market, especially those who are furthest away from it. Already promoted by the International Labour Organisation in 1997 with Article 13 of the ILO Convention 181 on private employment agencies, the benefits of these forms of cooperation have also been briefly mentioned in the 2008 report on skills and productivity, which stresses in chapter 4.4.3 on migration policies the importance of the ILO Convention 181. However, Ciett strongly advocates that the contribution of private employment agencies should also be explicitly recognised by governments when designing and implementing active labour market policies (particularly based on chapters 2 and 4 of the report).
- **Reducing adjustment costs:** For companies, an essential competitive advantage in using private employment agency services is related to gains in productivity and competitiveness. To remain competitive, both companies and other organisations have to improve their responsive reflexes to output fluctuations, adapt their workforce skills to changes in the competitive environment and to focus their activities on their core business. The range of services offered by private employment agencies are an answer to these corporate challenges. Research² shows that companies rely on private employment agency services for two main reasons: flexibility and HR-related services.
- **Facilitating work mobility and work migration:** As recognised in the report in chapter 4.4.3, private employment agencies can play an important role in facilitating occupational mobility and work migration. Based on a genuine, international agreement as provided by the ILO Convention 181, private employment agencies offer a well-regulated *framework* for workers' mobility. Private employment agencies can offer an important access channel to the labour market for migrant workers legally residing in a country and foster occupational mobility of workers by offering the possibility to acquire professional experience in various, different working environments.

3. Ciett Recommendations

The findings of the Report «Skills for improved productivity, employment growth and development», and the contribution private employment agencies can provide to the objectives outlined in the report, should be more proactively taken into account in national labour market and employment policies. It is in this context that Ciett puts forward the following main recommendations:

1. **Active Labour Markets Policies should involve private employment agencies and strengthen the cooperation between public employment services and private employment agencies:** National governments should develop and strengthen their active labour market policies, focusing on developing the skills and employability of the existing workforce and helping the unemployed to (re-) enter the labour market. As stipulated in the Convention 181 of 1996, governments should consider developing and

² More work opportunities for more people. The contribution private employment agencies' to better functioning a labour market, Ciett Strategic Report for discussion (2007),p. 20.

strengthening the cooperation between national public employment services and private employment agencies in the context of these policies.

2. **Governments should more proactively use the contribution private employment agencies provide to job creation and the integration of target groups.** As illustrated above, private employment agencies help to create more work opportunities for more people and contribute to more inclusive labour markets, particularly by integrating target groups (like the long-term unemployed, first-time entrants, returning women, ethnic minorities and disabled). Governments should therefore use this contribution to help put more people to work. This applies particularly to the integration of target groups through agency work, which acts as a stepping stone to the labour market for these groups.
3. **Governments should recognise the contribution agency work provides to vocational training:** As illustrated above, private employment agencies offer the possibility to acquire professional experience in various, different working environments and are committed to facilitating access to training for the agency workers. Governments should therefore proactively take into account this contribution of the agency work industry and involve private employment agencies proactively in training policies. In this context, private employment agencies should have full access to governmental programmes of vocational training and should not be discriminated against compared to other labour market intermediaries.
4. **ILO Members should be more explicitly encouraged to ratify Convention 181 on private employment agencies.** While the report makes explicit reference to Convention 181 in a case study on managing labour migration, Ciett is convinced that further ratifications of Convention 181 by more countries needs to be promoted. The Convention 181 is an important framework for recognising and regulating private employment agencies and their contribution to better functioning labour markets. Ciett is committed to working jointly with social partners, the ILO offices and national governments towards further ratifications of the Convention 181.

For complementary information, please consult:

- More work opportunities for more people. Unlocking the private employment agencies' contribution to better functioning labour markets. Ciett Strategic report for discussion, available online: www.ciett.org
- The contribution of private employment agencies to active labour market policies. Leaflet published by Eurociett, the European regional organisation of Ciett. Publication is available online: www.eurociett.eu

About Ciett

Founded in Paris in 1967, Ciett is the authoritative voice representing the interests of the private employment agencies across the world. It is recognised as such by international bodies (e.g. European Union, International Labour Organisation, OECD, and IOM) as well as by key stakeholders (IOE, ITUC, and BusinessEurope).

Ciett is the only association representing agency work at large (brings together 37 national federations) and in its diversity (represents seven of the largest multinational staffing companies as well as tens of thousands of SMEs). Ciett members consist of private companies operating in the following HR fields: temporary agency work, permanent recruitment, interim management, executive search, outplacement and training.

Ciett promotes the contribution of millions of agency workers to our economy. Representing a well-regulated industry, members of Ciett refuse to compete to the expenses of workers' rights and work hand-in-hand with governments to fight illegal work and social dumping.

Through their network of 120,000 branches and their 700,000 permanent employees, Ciett members employ 8.9 million workers (full time equivalent) on a daily basis.