



Temporary agency work: national reports

Austria

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Currently, a little more than 1% of all the employees in Austria are provided by temporary works or staff leasing agencies. The temporary hiring out of employees, commonly known as temporary work¹ is a type of labour that seems to meet our economy's needs for flexibility in a perfect way. It is also increasingly used as a strategic element in staff policy. At the same time, the temporary provision of employees presents an atypical employment relationship that involves a lot of opportunities as well as risks for the employees.² Depending on the individual point of view, temporary agency work may either be seen as a modern and flexible form of labour, as a part of today's "lifestyle"³, or as a "modern form of slavery"⁴.

This paper describes the situation of temporary agency work - whose correct term in labour legislation is 'temporary hiring out of employees' - in Austria. At first, there will be a rough outline of the discussion about temporary agency work since the Seventies. After that, all the relevant legal regulations in connection with temporary agency work are presented, and the currently available data are used to demonstrate the extent and development of temporary agency work. This also includes a critical view on the validity of the basic data. The formal/quantitative portrayal is complemented by various results of qualitative analyses dealing with the "everyday conditions of temporary agency work", as well as by expert opinions taken from interviews that were carried out during the course of this project.

The specific legal literature on this topic differentiates between "real" and "unreal" temporary agency work.⁵ "Real" temporary agency work means that an employee is working in a different company only by way of exception. The term "unreal" temporary agency work is used for the temporary hiring out of employees on a commercial basis, which is exactly what this paper will focus on.

¹ For easier readability the terms 'temporary provision of workers', 'temporary hiring out of employees', and 'temporary agency work' are used synonymously. This does not imply a difference in value or significance.

² The term 'atypical employment relationship' applies to all those types of employment that differ from traditional standard employment relationships. 'Standard employment' applies to permanent, full-term employment, which is subject to labour and social legislation and provides an adequate income to make a living. See Haas, Wroblewski 2000 for an in-depth discussion of the opportunities and risks of atypical employment.

³ cf. Der Standard from June 11, 1999.

⁴ cf. Vlastos 1999, p. 26.

⁵ cf. Schwarz, Löschnigg 2000, p. 193.

2 Discussion about Temporary Agency Work

In the Seventies and Eighties, the discourse on the topic of temporary work was determined by the largely different positions of employees (Austrian Trade Union - ÖGB and Chamber of Labour - AK) and temporary works agencies. On the one hand, the employees' representatives demanded the prohibition of temporary agency work, which was also supported by the Social Ministers Weißenberg (in the Seventies) and Dallinger (at the beginning of the Eighties).⁶ The temporary agencies, on the other hand, referred to the economic advantages in the use of temporary agency work.

However, the employees' or union representatives (AK and ÖGB) believed that the temporary hiring out of employees would pose a threat to permanent jobs and social security, that the minimum standards of collective agreements would not be met, that the legal protection of temporary agency workers would not be adequate, that there would be a certain level of de-qualification, and that company risks would be shifted upon temporary agency workers. In this context, temporary work was considered a "modern form of slavery". That's why - in the ÖGB Federal Congresses of 1975, 1979, and 1983 - the unions demanded that the temporary hiring out of employees should be prohibited. The Mid-Eighties, however, brought a change of mind due to the continuing practical expansion of the employment form of "temporary work". From now on legal regulation was taken to be the only way to improve the working conditions of temporary agency workers. This was necessary to prevent that the prohibition of temporary work would encourage the companies to find other specific ways to bypass the legal regulations designed to protect temporary agency workers, in which case the actual working conditions of the employees in question would not change.

But within the context of this discussion about temporary work, the companies have always pointed out the necessity of the temporary provision of employees. On the one hand, this particular form of labour may be used to compensate for a temporary shortage of personnel, and on the other hand, it may save money. Temporary work has also become necessary due to the demand for shorter working hours. Therefore temporary work takes on the role of a "fire brigade", i.e. it is used in "critical situations", whenever there is a temporary need for personnel. That's why, on a long-term basis, the prohibition of temporary work would jeopardise regular jobs. The temporary works agencies, however, did not call for a total liberalisation of the trade. At the beginning of the Eighties, the Association of Temporary Works Agencies (Interessensverband der Personalbereitsteller) suggested that the hitherto free form of employment should be subject to a permit, among other things to restrict the access to the market.

In the Eighties, the discussion about this topic covered a specific spectrum of possible actions, ranging from the total deregulation to the total prohibition of this form of employment. The Act on the Temporary Provision of Employees (Arbeitskräfteüberlassungsgesetz - AÜG), which was passed in 1988 after lengthy negotiations with the social partners, presents a compromise between these two extreme positions.

During the Nineties, both the employees' view of temporary agency work and the media coverage have changed. In the Mid-Nineties, the workers' representatives (Austrian Trade Union - ÖGB, Chamber of Labour - AK) have rethought their approach to temporary agency work. It is now seen as a "part of the regular working world that is suitable for our fast-moving time".⁷ Now the main objective is to make temporary work socially compatible, which includes the protection of the regular staff on the one hand, and safeguarding the interests of temporary agency workers on the other hand (see also Chapter 3). One of the interviewed experts (I2) stated that "temporary agency work can no longer be rejected

⁶ cf. Geppert 1982.

⁷ cf. Info Folder on Temporary Agency Work by the Viennese Chamber of Labour (AK 1999).

without exception. As long as it truly is temporary work, i.e. if it meets a temporary need for an additional workforce, in order to reach maximum capacity, it is OK. Nevertheless, whenever wages are pushed or the wage regulations within a company are ignored it is illegal and ought to be prohibited.”

The media coverage of the topic of temporary agency work has also changed during the last decade. While at the beginning of the Nineties the discourse mainly focussed on the “exploitive character” of this type of labour and on the resulting problems for the workers in question, the various prospects of temporary agency work as a modern, i.e. flexible form of labour are highlighted as well. Due to the positive experiences, e.g. with non-profit temporary works agencies (as for instance *Flexwork*, see Chapter 6), temporary work is now seen as an alternative to unemployment as well as a chance for older employees (who are facing unemployment).⁸

Furthermore, the media also addresses the fact that temporary work may increasingly be found in higher qualified areas (offices, EDP, commerce). Although the experts, who were interviewed during the course of this project, generally believe that temporary agency work is likely to increase in the area of electronic data processing, the current lack of qualified personnel caused them to relativize this opinion. The focus on office work is not as pronounced in the statistics as it is often portrayed by the media (see Chapter 3). This distorted picture may be due to some notable examples, as for instance the use of temporary agency workers in the public sector during Austria’s first EU presidency (second half of 1998). This has also altered the character of temporary agency work in public service: The need for more staff during the EU membership negotiations was met by creating additional - and partly temporary - jobs in the public sector. The administrative efforts in this context were avoided by hiring temporary agency workers for the time of the EU presidency. Prior to this, temporary work on this scale had been practically unknown in public administration. Even though temporary agency workers had been used in some cases, they had only been hired on the lowest or highest hierarchical levels - as cleaning personnel or consultants for ministries or computer specialists. The use of temporary agency workers during the EU presidency gave rise to an entirely new dimension. For the first time temporary agency workers had the same jobs as “regular” civil servants, but were subject to different conditions (e.g. temporary agency workers did not receive certain optional social benefits).⁹

Altogether, one may say that the media rarely discussed temporary agency work. During the last few years, the topic was mainly addressed in connection with the annual presentation of the statistics (see also Chapter 4), negotiations about a collective agreement, or labour market flexibilisation in general, and whenever temporary agency work was mentioned as one of several types of “atypical” employment.¹⁰

⁸ cf. e.g. the daily newspapers *Der Standard* from March, 26, 1997, June 11, 1999, Juli 1, 2000 and *Kurier* Juli 2, 1996, October 20, 2000.

⁹ cf. the weekly magazine *Profil* 45/1998.

¹⁰ e.g. *Der Standard* from April 28, 1999, included a “Zyklus Arbeit” (“labour cycle”), and the weekly magazine *Profil* published a special issue on the “future of work” (“Zukunft der Arbeit”) in February 2000.

3

Basic Legal Conditions

The Act on the Temporary Provision of Employees (Arbeitskräfteüberlassungsgesetz - AÜG), which was passed in 1988, regulates most of the questions raised in connection with the temporary hiring out of employees (temporary work). The provisions for issuing permits are defined in the Trade Regulation Act (Gewerbeordnung - GewO). Before that, the regulations on temporary work could be found in the Act on the Promotion of the Labour Market (Arbeitsmarktförderungsgesetz) (since 1969) as well as in the Foreign Labour Act (Ausländerbeschäftigungsgesetz) (since 1975).¹¹

Act on the Temporary Provision of Employees

According to §3 AÜG, the hiring out of employees means the provision of employees to a third party. This means that temporary agency workers are employed with a temporary work agency, but they have to actually work for another company (who hires them) - thus the triangular relationship between the employee (temporary agency worker), the temporary works agency, and the user firm (hirer). A temporary works agency is an undertaking that obliges employees by contract to work for a third party. An employer in this case is somebody who uses workers, who are provided by the temporary works agency, to work in his/her own company (§ 3 AÜG). Usually, the two functions are carried out together, but in the case of temporary work, they belong to two different areas.

The purpose of the AÜG was to establish temporary work as an independent form of employment that would outlast single temporary employment relationships; thus should be avoided that the employee is forced to take on employment risks. That's why the AÜG does not prescribe the maximum duration of temporary agency work.¹² In practice, however, almost two thirds of the temporary agency workers are hired out for no more than 6 months.

The AÜG serves the purpose of protecting the employees who are hired out, especially in view of labour or social security laws, employment contracts, safety regulations designed for the protection of employees, and the avoidance of disadvantageous developments on the labour market (§ 2 AÜG). It regulates the duties of employers and temporary works agencies on the one hand, and the demands of employees (temporary agency workers) on the other hand.

According to § 10 AÜG, temporary agency workers are entitled to an adequate, customary salary, which is subject to the applicable collective agreement. The AÜG, however, does not contain clear statements about surcharges, bonuses, additional pay, etc. - these have to be taken into consideration on average. In view of the safety regulations designed for the protection of the employees, the AÜG makes allowance for the divided function of the employer by allocating the employer's duties both to the temporary works agency and to the user firm: For the duration of the temporary employment relationship the user firm is exclusively responsible for the technical job protection. The temporary works agency is mainly liable for personal job protection. This sometimes leads to paradoxical situations - e.g. working hours are subject to the legal regulations of the user firm, whereas the temporary works agency is responsible for personal job protection, and in this case for the compliance with the proscribed working hours. This rather complicated regulation may be seen as an attempt to indirectly adapt a temporary agency worker's salary and working hours to the collective agreement of the user firm.

¹¹ cf. Talos 1999, 269p.

¹² cf. Schwarz, Ziniel 1988.

§ 2 AÜG states that employees may not be hired out without their explicit consent. In order to avoid misunderstandings about the essential rights and duties defined in the employment contract, a written agreement between the temporary works agency and the temporary agency worker, which also includes the minimum amount of remuneration, is mandatory (mandatory content: amount of remuneration, dates of payment, annual leave entitlement, notice period of at least 14 days, nature and location of the job). In addition to that, a separate notification including the most important information about the temporary employment relationship (esp. employer, working hours, duration of the temporary employment relationship, amount of remuneration) needs to be given prior to each job in a different company.

The Temporary Hiring out of Employees and the Labour Constitution Act

The Labour Constitution Act (Arbeitsverfassung) awards temporary agency workers a special status, since in this case the term ‘employee’ applies to actual employment in a company, i.e. temporary agency workers are employed in a double-sense. By virtue of the employment contract, they are employed by the temporary works agency, and by virtue of actual employment, they are employed by the user firm.¹³ That’s why temporary agency workers have the active and passive right to vote in works council elections both in the temporary works agency and in the user firm. Depending on the form of co-determination and the sphere of action, the ensuing competence of two works councils was defined by the Supreme Court (OGH).¹⁴

The AÜG also provides the works council of the user firm with information and co-determination rights in connection with the employment of temporary agency workers. The works council needs to be informed by the employer prior to an intended hiring of temporary agency workers. On demand of the works council, a consultation must take place. Furthermore, the works council is entitled to demand an agreement with the employer on the basic principles of employing temporary agency workers in the company.¹⁵

In co-operation with the work councils, the trade union drew up a “check list for work councils”, which should inform and support them whenever they are faced with the phenomenon “temporary agency work” in their company. On the one hand, it should point out the different ways to protect the permanent company staff as well as their rights of information and participation. But at the same time, the rights of the temporary agency workers should also be protected. This calls for a change of opinion among the members of the works councils, since temporary agency workers used to be seen as “the enemy” and thus are not considered part of the traditional clientele of a works council. The change of opinion amongst the employers’ representatives, which was already mentioned in Chapter 2, also becomes apparent in this context, since works councils now believe that “in reality, temporary agency work can not be prevented, i.e. it needs to become socially compatible”. On the one hand, this means the protection of permanent jobs (i.e. temporary agency work is not to exceed a certain portion (5% to 10%) of the total positions in a company in order to avoid the transformation of regular jobs into temporary jobs). On the other hand, temporary agency work - the salaries for which often barely meet the level defined by the collective agreement - should not become a threat to the customary income within a company.

¹³ The passive right to vote for the works council election at the temporary works agency requires a six-month employment period. The passive right to vote for the works council election at the user firm also requires a six-month hiring period.

¹⁴ The works council of the temporary works agency is responsible e.g. in the case of a general protection against unlawful dismissal; the works council of the hirer has information and consultation rights (cf. Schwarz, Löschnigg p. 200).

¹⁵ cf. Heider 1990, p. 4.

Trade Permit

The temporary hiring out of employees is subject to permission, i.e. it needs to be appropriated. This means that the approval of an enterprise requires a certificate of qualification and a permit issued by the responsible authorities. The detailed requirements for the temporary hiring out of employees are regulated in §§ 257 to 260 of the GewO. The State Governor is responsible for issuing a permit at first instance, and the Federal Ministry for Economic Affairs and Labour at second instance. The Chamber of Economy as well as the Chamber of Labour (i.e. company and worker's representatives) have the right of examination and party status.

Cross-Border Provision of Employees

The provision of workers who come from other countries to work in Austria or Austrian workers who are hired out to work abroad is regulated in §16 and §17 AÜG. These regulations only apply to the temporary hiring out of workers to and from countries outside the EEA (European Economic Area). The cross-border provision of employees within the EEA is regulated by the Directive 96/71/EG ("Directive on the posting of workers"; Entsenderichtlinie), which was passed in 1996 (and has been implemented in Austria since 1999). This directive aims to create a uniform and mandatory minimum standard for the protection of employees. However, trade permits are handled differently in each country and may be subject to different requirements.

According to the Chamber of Economics, the different regulations in each country are rather problematic, since the regulations in Italy and Germany - the two countries that are most relevant for Austria due to their geographic location - are extremely restrictive. The hiring out of employees to Germany, for instance, is subject to approval, which is usually a long and tiresome procedure. In Italy, it is only possible if a business is established in more than one region. Compared to that, the regulations in Austria are very liberal, i.e. a foreign temporary works agency that wants to hire out workers in Austria only needs to inform the Federal Ministry for Economic Affairs and Labour. The annual report in this case has to be handed in to the Federal Social Security Office (Bundessozialamt) (see Chapter 4) by the user firm (§13 AÜG).

If a worker from a third country (non-EEA country) is hired out to Austria, the Austrian employer has to comply with the provisions proscribed in the Foreign Labour Act (Ausländerbeschäftigungsgesetz - AuslBG). In addition to that, he needs to get a permit as defined by the AÜG from the Federal Ministry for Economic Affairs and Labour. This permit is issued by the Federal Ministry for each individual provision, in which case the Austrian employer needs to disclose why this provision is necessary (e.g. there are no Austrian workers available for this job and/or a lack of necessary skills in Austria). During the course of this administrative procedure, the social partners are also given a hearing (i.e. they have the right to get information and make a statement). Altogether, this is a long and tiresome procedure, which is only carried out in very few cases. AUA (Austrian Airlines), for instance, sometimes apply for a permit when they need foreign experts for specific technical training in Austria.

To sum this up, it may be said that the hiring out of foreign employees to Austria is rather unproblematic, whereas the provision of Austrian workers to foreign employers depends on the national regulations in each country. The provision of Austrian workers to a third country (non-EEA country) calls for a lot of bureaucratic steps and therefore rarely takes place. In practice, this problem is circumvented by making use of another legal instrument (posting) instead of the provision of a foreign worker to Austria.¹⁶

¹⁶ In Austria the provision of temporary agency workers and the posting of workers are two different legal instruments. Both of them are covered by the EU-directive mentioned above. The main difference is that the posting of workers involves two enterprises in two different countries whereas the cross-border provision of employees shows the characteristic triangular relationship (involving a temporary works agency).

Actually there are new developments in the field of cross border provisions of employees to be recognised. One of the interviewed temporary works agencies founded a branch in an east-european country where IT-specialists are employed on the basis of the national conditions. These specialists offer services in the field of software development and programming to Austrian enterprises which otherwise (in the case of available staff in Austria) would offer them regular jobs or employ temporary agency workers.

Collective Agreement

At the beginning of the Nineties, two surveys on the situation of temporary agency workers were conducted in Vienna and Salzburg.¹⁷ They showed that in spite of the legal regulations there were several problem areas, which were also addressed by the worker's representatives (see Chapter 5).¹⁸ In 1993, the union demanded a collective agreement for temporary agency workers that would do away with the shortcomings of the AÜG. But since the temporary works agencies demanded an amendment to the Act on the Promotion of the Labour Market (Arbeitsmarktförderungsgesetz) (which would also entitle them to perform job placement services) as well as the right to hire out foreign workers the negotiations were not successful.¹⁹ The negotiations about a collective agreement were resumed in 1998 but were equally unsuccessful and finally broken off due to the too contrary positions of employers' and employees' representatives.²⁰ The plan is to resume the negotiations in the spring of 2001. In two interviews, temporary works agencies' and worker's representatives stated that "at that point the time for a collective agreement had not yet come for the businesses involved". (I5). But this has changed since then, i.e. now the temporary works agencies also see the necessity of a collective agreement. This change of opinion was brought about by an informative campaign by the trade unions, which has put some pressure on the temporary work agencies. At the end of the Nineties, the ÖGB (Austrian Trade Union) initiated a campaign for temporary agency workers, in the context of which they wrote to all the temporary agency workers informing them about their rights. This resulted in a "flood of trials", most of them related to § 10 AÜG (regulation of remuneration). Some of these legal proceedings have lead to an agreement, whereas others are still pending.

Employers' and worker's representatives clearly disagree on the following issues, which ought to be regulated by a collective agreement:

- Determination of the "salary customary in a given place"
- Determination of the salary during employment intervals (i.e. between two employment periods)
- Continuation of the employment relationships of temporary agency workers

¹⁷ Both studies on temporary work in Vienna (Hofer 1991) and Salzburg (Freudenthaler et al. 1992) used qualitative methods (participant observation and expert interviews). They mainly focus on the situation of the affected workers. A more recent study on temporary work in the Tyrol (Juffinger 2000) used quantitative as well as qualitative methods (questionnaires, interviews) and also included the viewpoints of the temporary works agencies and the employers.

¹⁸ cf. Heider 1990.

¹⁹ cf. Arbeit & Wirtschaft 12/93, p. 5.

²⁰ cf. Arbeit & Wirtschaft 10/99, p. 7.

The legal regulation defining that a temporary agency worker is entitled to a “salary customary in a given place” has turned out to be too ambiguous and in many cases inadequate. Therefore, the collective agreement should both be applicable to cases where an employer already has a collective agreement, as well as to those areas without a collective agreement. Furthermore, it should also apply to people who are working in the temporary works agency itself. Employees would mostly benefit from a clearly understandable regulation that assures a continuous wage and salary level for temporary agency workers (i.e. avoid bigger fluctuations). The collective agreement should therefore not only regulate their remuneration during the hiring period but also during employment intervals.

Worker’s representatives also believe that the notice periods for blue-collar workers ought to be extended (currently the notice period for blue-collar workers is 2 weeks) in order to encourage the continuation of temporary employment contracts. The reason for that is that most of the collective agreements for blue-collar workers in Austria already allow longer notice periods than those prescribed by the law.

The Development of Temporary Agency Work in Austria

According to § 13 par. 4 AÜG every temporary works agency needs to present the following data to the responsible Federal Social Security Office once a year (target date - July 31):

- the number of hired out employees,
- the number of employees, as well as
- the number of ongoing temporary employment relationships.

For this particular purpose, a printed notification form was provided by the former Federal Ministry for Labour, Health and Social Affairs (now Federal Ministry for Economic Affairs and Labour). This form needs to be handed in by all those temporary works agencies that hold a permit for the temporary hiring out of employees at the target date. This duty of notification exists ever since the AÜG was put into effect. There are only rough estimates about the extent of temporary work in Austria before 1989: Schwarz & Ziniel (1988) presume that at the beginning of the Seventies there were about 30 to 40 temporary works agencies. In 1977 the estimate was somewhere around 90 or 100 agencies with about 5,000 to 9,000 temporary agency workers.²¹ At the beginning of the Eighties, the number of temporary works agencies was estimated at 150 and the number of hired out workers between 7,000 and 10,000.²² In 1986, 400 permits had been issued to temporary works agencies, with about half of them actually hiring out employees. The number of temporary agency workers in 1986 amounted to at least 10,000.²³

Counting the Temporary Works Agencies and Employers

In 2000, 1,047 permits had been issued in Austria (1999: 903), 999 temporary works agencies were included in the target date survey. The majority of agencies that had not been included had meanwhile discontinued to hire out workers or shut down (e.g. due to bankruptcy). 41.5% of the temporary works agencies submitted a blank notification form at the target date, which means that they had not hired out any employees by this date. It is not mandatory to disclose the reasons for such a blank notification form; but the BMWA assumes that in most cases this was due to company vacations (cf. BMWA 2000, p. 3). An expert of the Chamber of Economics, however, believes that the reason for the large number of blank notification forms was that many of these agencies did not actually practice their trade and that the company vacations did not distort the actual number of temporary works agencies. "Temporary works agencies get most of their business during vacation time" (15).

The data about the surveyed temporary works agencies show a clear expansion of the market for temporary work in Austria: since 1989 the number of companies hiring out workers has almost tripled, whereby this increase was more pronounced at the beginning and at the end of the Nineties than it was between 1992 and 1995. The number of temporary works agencies increased by 14% between 1998 and 1999, and even by 18% between 1999 and 2000. Similar growth rates were only recorded between 1990 and 1991 and between 1996 and 1997. The number of companies hiring temporary agency workers has almost quadrupled since 1989. While in 1989 there were only about 2,300 user firms, the

²¹ cf. Geppert 1977, p. 45.

²² cf. Geppert 1982, p. 39.

²³ cf. Schwarz, Ziniel 1988, p. 2.

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amount has increased to more than 9,700 in 2000. Furthermore, the number of temporary agency workers has almost quadrupled as well: On July 31, 1989 about 8,000 temporary agency workers were counted, and in 2000 more than 30,000.

Table 1: *The development of temporary work in Austria 1989-2000*

target date: July 31	Temporary work agencies	employers	employees
1989	367	2,316	7,955
1990	356	2,525	8,947
1991	445	2,586	8,178
1992	453	2,704	8,716
1993	498	2,403	7,864
1994	537	3,204	10,492
1995	542	3,850	12,503
1996	593	4,190	14,548
1997	676	5,399	17,980
1998	742	6,408	20,772
1999	848	7,510	24,277
2000	999	9,704	30,120

Source: *BMAGS (since 1999 BMWA)*

The regional allocation of notifications depends on the business location of the temporary works agency. If an agency has more than one permanent branch, there will be multiple counts due to the principle of location. The majority (64%) of temporary works agencies is located in Upper Austria, Styria, and Vienna. The agencies in these three federal states provide about three quarters (72.8%) of the temporary agency workers hired out at the target date. A similarly high concentration can also be observed with the companies who hire these employees: 72% of the user firms are located in Upper Austria, Styria, or Vienna. However, due to the location of the temporary works agencies, no statements can be made about the temporary agency workers' employment location.

Table 2: *Temporary work agencies, employers, and temporary agency workers in each federal state 2000*

target date: July 31	temporary work agencies	employers	employees
Burgenland	27	55	215
Carinthia	84	631	1,784
Lower Austria	131	825	2,911
Upper Austria	275	3,247	10,191
Salzburg	54	616	1,627
Styria	168	1,710	5,237
The Tyrol	32	243	1,020
Vorarlberg	32	311	625
Vienna	196	2,066	6,510
Austria total	999	9,704	30,120

Source: *BMWA*

The concentration of temporary agency work in Upper Austria, Styria, and Vienna also results in the fact that the share of temporary work here takes up a larger portion of total employment than it does in other federal states. Especially in Upper Austria and Styria the proportion of temporary agency workers is clearly above average (see Table 9).

During the last two years it became apparent that temporary work will continue to grow in Upper Austria and Styria, whereas the tendency is slightly regressive in Vienna: Upper Austria still provides the largest proportion of temporary agency workers, whereby especially the portion of men in blue-collar positions (5.4%) is far above the Austrian average (see also Table 9). In 2000, the number of user firms in Styria was clearly higher than it had been the year before (2000: 1.710 user firms, 1999: 662). In Vienna, on the other hand, the number of hired out employees has steadily decreased: while in 1998 27% of all the temporary agency workers were employed in Vienna, there were only 22% in 2000.

Counting the Hired Out Employees (Temporary agency workers)

The statistics only include hired out employees (temporary agency workers) with an actual temporary employment relationship at the target date. Those who were not working due to vacation, sickness, childcare or nursing duties, etc. are therefore not counted. The disclosed data thus show the “actual amount of employed temporary agency workers” rather than the number of workers maintaining an employment relationship with a temporary works agency as defined by labour and social security regulations. Since the chosen target date of July 31 coincides with the peak vacation period, one may assume that the number of temporary agency workers is clearly underestimated (cf. Angerler/Kral-Bast 1998, p. 34).

The data collected each year (on July 31) show that at the beginning of the Nineties the number of temporary agency workers remained relatively constant - somewhere between 8,000 and 9,000 - but strongly increased after that. In 1994, the number of temporary agency workers was 33% higher than the year before. Altogether, the number of temporary agency workers has tripled between 1994 and 2000. In July 2000 30,120 people were employed under the AÜG. As a result of the increasing use of temporary agency workers in the industrial sector the number of hired out workers has grown above average.

Temporary work is dominated by men, which is mainly due to the large proportion of blue-collar workers. In 2000, 83% of all the temporary agency workers were working in blue-collar jobs. In spite of the growing number of temporary agency workers, the proportion of blue-collar workers remained relatively constant during the Nineties (it fluctuated between 80% and 83%). In 2000, the proportion of women amounted to 15%, most of which work in white-collar rather than blue-collar jobs. 9% of the blue-collar workers are women, whereas they make up 45% of the temporary agency workers in white-collar positions.

According to the representative of a temporary works agency (I3) the small portion of women in blue-collar jobs may, among other things, be due to the fact that most blue-collar workers are working in shifts in the area of production, in which case women are disadvantaged by the current legal regulations (women are not allowed to work at night)²⁴.

²⁴

Although there is a general ban on night work for women, that is the time between 8 p.m. and 6 a.m., there are numerous exceptions and restrictions which have to be specifically established in a particular case (especially in the social service sector and other services). On account of Austria's accession to the EU, it is expected that new legislation on night work will be adopted soon.

In 2000, 17.2% of all the temporary agency workers were foreign citizens. While the number of foreigners in blue-collar positions amounted to 19.7%, the proportion of foreigners in white-collar jobs was only 3.9%. This means that the proportion of foreign workers has grown since 1999 (In 1999, 15.2% of all the temporary agency workers, 17.9% of the blue-collar workers, and 3.4% of the white-collar workers were foreign citizens). In 1999, about 10% of all the gainfully employed people were foreigners.²⁵ Yet, the proportion of foreigners working in blue-collar jobs tends to be above the total average. Nevertheless, one may assume that the proportion of foreign workers in temporary agency work is still below the total average for all gainfully employed people (due to the legal regulations that only allow the permission of foreign workers who own a certificate of exemption).²⁶

Table 3: *The amount of temporary agency workers 1993-2000*

target date: July 31	total amount	blue-collar workers	white-collar workers	men	women
1990	8,947	7,439	1,508		
1991	8,178	6,495	1,683		
1992	8,716	7,054	1,662	7,512	1,204
1993	7,864	6,383	1,481	6,952	912
1994	10,492	8,588	1,904	9,196	1,296
1995	12,503	10,220	2,283	11,057	1,446
1996	14,548	12,052	2,496	12,974	1,574
1997	17,980	14,795	3,185	15,633	2,347
1998	20,772	17,015	3,757	17,527	3,245
1999	24,277	19,570	4,707	20,501	3,776
2000	30,120	24,912	5,207	25,439	4,681

Source: *BMAGS (since 1999 BMWA)*

Length of Hiring Period

Generally, temporary agency workers are only hired to work in a company for a short period of time. One out of four provisions lasts no longer than one month, and another fifth of these provisions up to three months. A long-term provision of employees (more than 12 months) is rather an exception to the rule - and is more likely to be observed in white-collar positions. As a rule, the length of the hiring period for white-collar jobs exceeds that of blue-collar jobs, with about one third of the provisions lasting longer than one year.

These different hiring periods are, among other things, due to the fact that such a provision of white-collar workers often goes hand in hand with job recruitment, i.e. the employer thus gets a chance to test the skills of a temporary agency worker, and - if he/she proves to be right for the job - hire him/her permanently. This way the usual trial period of one month can be prolonged without much risk or bureaucratic effort.

²⁵ cf. AMS 2000.

²⁶ A certificate of exemption will be issued for five years at a time only to foreign nationals who have either been lawfully employed in Austria for at least five years during the eight years or who have been married to an Austrian national and have had their residence in Austria for at least five years and, under certain circumstances, also to the children of these foreign nationals.

Table 4: Length of current provision of employees 2000

period of provision	total	blue-collar workers	white-collar workers
up to 1 month	25.3%	27.5%	14.9%
> 1 to 3 months	21.6%	23.0%	15.1%
> 3 to 6 months	19.6%	20.0%	17.6%
> 6 to 12 months	14.3%	13.9%	16.2%
> 12 months	19.2%	15.6%	36.2%
total	100%	100%	100%
N	30,120	24,912	5,207

Source: BMWA

Areas of Application for Temporary agency workers

Slightly more than half of all the temporary agency workers (50.5%) are employed in the industrial sector, where they mainly work in blue-collar jobs (85%). Another third of the temporary agency workers may be found in the trade and crafts sector as well as in the service sector, where most of them (91%) are also primarily working in blue-collar positions. Compared to that, the remaining economic areas play a rather unimportant part: 6% of all the temporary agency workers may be found in the trade sector, and 5% are working in the area of transportation/traffic/telecommunication.

An average of 82.7% of all the temporary agency workers are hired for blue-collar jobs, although this only applies to the industrial and trade/crafts/service sector, and to the quantitatively less important area of tourism. In the commercial sector and in the area of transportation/traffic/telecommunication only two out of three temporary agency workers are working in blue-collar jobs. Banks and social security companies mainly hire white-collar workers. Even though this sector currently only employs 1.6% of all the temporary agency workers, it has clearly expanded during the last few years (see Table 6).

Table 5: Areas of application for temporary agency workers 2000

	total	blue-collar workers	women	foreigners
industry	15,207	85.1%	13.8%	17.2%
trade, crafts, services	9,669	91.2%	7.7%	18.3%
commerce	1,750	62.4%	38.5%	13.8%
transportation, traffic, telecommunication	1,414	66.0%	21.8%	17.3%
banking, insurance	472	7.8%	49.4%	7.0%
tourism and leisure	296	95.6%	66.2%	28.7%
agriculture and forestry	2	100.0%	50.0%	---
others	1,310	62.0%	33.2%	13.9%
total	30,120	82.7%	15.5%	17.2%

Source: BMWA

During the last five years, the development within each individual economic sector has shown that the extent of growth in the areas of tourism/leisure and banking/insurance in particular has surpassed the overall average. While the number

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of temporary agency workers has just about doubled between 1996 and 2000, the number of temporary agency workers has multiplied by 6.3 in the area of tourism and by 5.4 in the area of banking/insurance since 1996. The number of temporary agency workers in the area of transportation/traffic/telecommunication has also more than tripled.

Table 6: *Areas of application for temporary agency workers 1997 to 2000 (total)*

	1996	1997	1998	1999	2000
industry	8,122	10,463	11,441	12,272	15,207
trade, crafts, services	4,826	5,421	5,714	7,685	9,669
commerce	794	969	949	1,554	1,750
transportation, traffic, telecommunications	433	470	781	1,091	1,414
banking, insurance	88	118	161	305	472
tourism and leisure	47	203	365	368	296
agriculture and forestry	1	1	0	5	2
others	237	335	1,361	997	1,310
total	14,548	17,980	20,772	24,277	30,120

Source: *BMAGS (since 1999 BMWA)*

Looking at the length of the hiring period in each area of application, one will find that especially in the areas of tourism and commerce the number of provisions for no more than one month is far above average. Longer hiring periods (for more than 12 months) can be observed in the banking/insurance sector as well as in the area of transportation/traffic/telecommunications. The fact that the proportion of white-collar workers is clearly above average in the commercial sector as well as in the area of transportation/traffic/telecommunications shows again - just as it was mentioned above - that the provision of white-collar workers usually lasts longer than that of blue-collar workers.

Table 7: *Length of hiring period in each area of application 2000 (in %)*

	< 1 M	1-3 M	3-6 M	6-12 M	> 12 M	Sum*
industry	30.7	24.4	19.9	11.5	13.5	100%
trade, crafts, services	21.3	20.2	21.2	15.5	21.7	100%
commerce	33.2	22.2	14.9	16.0	13.7	100%
transportation, traffic, telecomm.	21.8	16.9	18.6	14.0	28.6	100%
banking, insurance	23.8	15.7	15.6	19.2	26.2	100%
tourism and leisure	37.8	40.2	9.8	4.7	7.4	100%
agriculture and forestry	0.0	50.0	0.0	50.0	0.0	100%
others	21.1	20.5	12.0	15.7	30.6	100%
total	25.3	21.6	19.6	14.3	19.2	100%

* *The underlying absolute values may be found in Table 5 and Table 6.*

Source: *BMWA*

Share of Temporary Work in Gainful Employment

Looking at the share of temporary agency workers in the total number of gainfully employed people, one will notice that the market for temporary labour has greatly expanded during the last decade: While the share of temporary work in the total amount of gainful employment only amounted to 0.4%, it had reached 1.4% in 2000. The beginning of the Nineties was subject to some slight fluctuations, but the expansion mainly took place during the second half of the Nineties.

Table 8: *Share of temporary agency workers in the total number of gainfully employed people 1989-2000*

	temporary agency workers	proportion (%)
1989	7,955	0.4%
1990	8,947	0.5%
1991	8,178	0.4%
1992	8,716	0.4%
1993	7,864	0.4%
1994	10,492	0.5%
1995	12,503	0.6%
1996	14,548	0.7%
1997	17,980	0.9%
1998	20,772	1.0%
1999	24,277	1.2%
2000	30,120	1.4%

Source: *BMAGS (since 1999 BMWA)*

In 2000, the share of temporary agency workers in the total number of gainfully employed people amounted to 1.4%. The majority of them were men in blue-collar positions: In 2000, 1.9% of all the gainfully employed men, but 2.8% of the blue-collar workers were hired out temporarily. With a total of 0.6%, women are rather under-represented in temporary agency work. Besides that, there are hardly any differences between white-collar and blue-collar workers: 0.6% of all the female white-collar workers and 0.7% of all the women in blue-collar jobs work in a temporary position.

However, a comparison from a regional perspective, which of course also reflects the different economic structures, makes the differences more apparent. While the share of temporary agency workers in the total number of blue-collar workers is below average in Upper Austria (where the formerly nationalised industry still plays an important part) and in Styria (where the industrial sector also dominates the economy), there are an above-average number of temporary agency workers in white-collar positions in Vienna.

Table 9: Share of temporary agency workers in the total number of gainfully employed people in each federal state 2000

Federal State	total	blue-collar workers	white-collar workers
Burgenland	0.4%	0.7%	0.0%
Carinthia	1.3%	1.9%	0.4%
Lower Austria	0.8%	1.1%	0.4%
Upper Austria	2.9%	4.4%	0.7%
Salzburg	1.1%	1.8%	0.3%
Styria	1.8%	2.7%	0.4%
The Tyrol	0.6%	0.9%	0.1%
Vorarlberg	0.7%	1.2%	0.0%
Vienna	1.4%	2.0%	0.9%
Austria	1.4%	2.2%	0.6%

Source: *BMWA*

The labour regulations (AÜG) as well as the quantitative development of temporary agency work have already been portrayed in detail. The following chapter about the working conditions is based on the results of literature research and expert interviews because of a lack of representative data. We will discuss the current tendencies and problems in connection with the provision of temporary agency workers, whereby the main focus will be on the situation of temporary agency workers, temporary works agencies and user firms. Due to the lack of resources, it was not possible to question temporary agency workers for this project. The discussion about the opportunities and risks for temporary agency workers is mainly based on the results of previous empirical studies in Austria.²⁷

Opportunities and Risks of Temporary Agency Work for Employees

The discussion about this form of employment focuses on both the opportunities and risks for employees.

According to the temporary works agencies the employees primarily have the following advantages:²⁸ First of all, temporary agency work allows or eases the entry into the labour market for problem groups (e.g. long-term unemployed, older people) and offers an opportunity to access the regular labour market. But some of these problem groups still need some support in order to be able to gain a foothold in the primary labour market (see also Chapter 6). Another advantage that is often mentioned in connection with the temporary hiring out of employees is the high level of flexibility offered by this type of labour, which seems to accommodate the changing needs and requirements of workers. In this case, temporary work presents an opportunity to combine one's job with other duties (e.g. childcare or education). Another positive aspect is the fact that temporary agency workers usually have more diverse and exciting jobs. They get the chance to work in various companies and fields, to find out what they want and test their own skills. This is an advantage for young people who still need to get some work experience before they can find their place on the labour market.

Nevertheless, the empirical studies about the situation of temporary agency workers show that different groups have different opportunities. This is further relativized by the risks involved in the practical application of temporary agency work. Problems and risks mainly exist in the following areas:

All the studies highlight the problematic income situation of temporary agency workers and the negative effects on the wage and salary levels (within a company). The use of temporary agency workers makes it possible for companies to reduce personnel costs by disregarding the company salary levels. According to the AÜG, temporary agency workers are remunerated as proscribed by the collective agreement, but their salaries don't have to correspond to the customary salary level within the company. Bassler (1997, p.203) states that for similar jobs the difference between the salary defined by collective agreement and the actual salaries within a company frequently amounts to 30%. Besides that, temporary agency workers hardly ever get company bonuses or social benefits.

²⁷ The following portrayal of the practical application of temporary agency work is primarily based on the studies by Hofer (1991), Freudenthaler et al. (1992), and Juffinger (2000). Hofer (1991) conducted a qualitative survey of the situation of temporary agency workers in Vienna and was also working as a temporary agency worker (participant observation, interviews). The study by Freudenthaler et al. (1992) was conducted in Salzburg. Similar to Hofer's study it was also based on participant observation. The study by Juffinger (2000) in the Tyrol employs qualitative and quantitative methods (interviews and questionnaires) and, in addition to temporary agency workers, it also includes temporary works agencies and hirers into the survey.

²⁸ cf. the international study by CIETT (2000), the Tyrolian study by Juffinger (2000), as well as the Info Folder by the Viennese Economic Chamber "More jobs through temporary agency work - temporary work agencies offer jobs for the future" (Informationsfolder der Wirtschaftskammer Wien "Mehr Zeit durch Zeitarbeit. Die Personalbereitsteller bieten Jobs mit Zukunft.")

Juffinger's study (2000, p.24) about temporary agency work in the Tyrol compares a temporary agency worker's average gross income per month with the average income in his/her line of work, and she finds that the differences are much smaller: Altogether, the average income of temporary agency workers is 5% below the average income of a particular sector. Hired out blue-collar workers earn an average of 10% less, and the wages of female blue-collar workers are even 58% lower than the sector average. However, the situation is different for hired out white-collar workers. Here the average income of men is 23% above and that of women 17% below the sector average. This shows that the use of temporary agency workers is of main interest for companies offering highly paid jobs (compared to the collective agreement), although most of the temporary agency workers work in blue-collar jobs.

In theory, each provision of employees could be subject to a different collective agreement, which would mean that the income of hired out workers constantly changes. Income fluctuations are usually problematic in the case of short-term provision and whenever the workers constantly have to switch to a different professional area (line of work). This mainly affects unskilled casual workers with low wage levels. A comparison of the average annual income of temporary agency workers with the sector average shows this even more clearly (Juffinger 2000, p.25). Due to the discontinuity of employment, the income of temporary agency workers is 76% below the sector average. Men in blue-collar position are more affected than women; their annual income is 81% lower than the sector average. The difference for female blue-collar workers "only" amounts to 56%. Just like in the comparison of monthly incomes, the situation of white-collar workers is different here as well: Men's income is 14% above the sector average, whereas women's income is 53% lower.

Discontinuous employment (temporary employment relationships are rarely established on a long-term basis, see also Chapter 4) does not only have a negative effect on people's income, but also on their social welfare. This is because whenever there is no longer a demand for temporary agency workers at the end of a hiring period they are frequently dismissed or asked to go on sick leave. The study on temporary work in Salzburg shows that only a little less than 30% of all the employment relationships last longer than a month, and about half of the employment relationships last less than 10 days (cf. Freudenthaler et al. 1992, p. 55).

Experience shows that temporary agency workers are not sufficiently organised at a union or company level (cf. Angerler, Kral-Bast 1998, p. 54). That's why the interests of hired out employees are hardly ever attended to by a company representative. They usually have the option to turn to an external representative (e.g. Chamber of Labour - AK), but the empirical studies show a clear lack of information among hired out personnel - both about their rights and about how to assert them.

In view of the safety regulations designed to protect the employees, the actual distribution of responsibilities between the temporary works agency and the user firm often leads to a de facto disregard of these regulations. The practical implementation of these regulations shows that in spite of the detailed legal protection standards temporary agency workers still tend to be faced with more unfavourable working conditions and a lower level of protection.

Temporary agency workers need to be extremely flexible. They are expected to be able to work in different companies and/or professional areas as well as in different locations. These constant changes make the integration of the workers into a new company rather difficult, and the problems are often compounded by the companies' attempts to separate the regular staff from the flexible staff. Voswinkel (1995) discusses the stress that results from such a working situation and the higher risk of accidents that workers are faced with at the beginning of a new job.

Based on the length of the employment period, Hofer (1991) defines four types of temporary agency workers, who are each differently affected by these opportunities and risks:

Type A only works as a temporary agency worker for a short time and pursues permanent employment in the user firm. In this case, temporary work may be seen as a first step towards employment or as a result of a short-term interruption of his/her professional career. In this case, temporary agency work serves as a bridge between education, training or unemployment and permanent employment.

Type B works as a temporary agency worker on a medium-term basis. He/she is less likely to be permanently employed in the user firm. This group includes young adults who still haven't done their military/civil service, people who haven't finished professional training, and people with health problems.

Type C is confined to the market of temporary work on a long-term basis, since he/she does not have access to the "regular" labour market. This group mainly consists of fringe groups on the labour market, e.g. migrants, homeless people, drug addicts. In this case, temporary agency work presents an alternative to unemployment.

Type D is also working in temporary employment relationships for a longer period of time, but he/she does this "voluntarily". This group is made up of specialist or experts who are able to earn higher salaries with this type of employment, or people who deliberately chose this form of labour (e.g. desire to be flexible). This mostly applies to a highly qualified workforce, who are usually hired in addition to the regular staff, and in the latter case to women with childcare duties and students who prefer flexible and short-term jobs in their current situation.

Since the available data only allows limited statements about the qualification of temporary agency workers and the actual area where they are employed it is rather difficult to say which one of these four types temporary work in Austria mainly corresponds to. One may assume that during the last few years the employment opportunities for highly qualified computer specialists have also increased in the area of temporary work (type A). But the area of application for specialists (type D) is comparably small and expansion is rather unlikely. Since experts are currently very much in demand, they probably have the possibility to find something better than temporary employment.

Furthermore, it can be said that a large portion of temporary agency workers in white-collar jobs belong to type A, i.e. temporary work is a "stop over" on their way to the regular labour market. However, the majority of temporary agency workers are still blue-collar workers (i.e. type B and C). For these groups temporary work represents an alternative to unemployment rather than an opportunity to get a firm footing on the regular labour market, but only if this is not prevented by accompanying measures - as for instance in the context of an active labour market policy (see chapter 6).

Temporary Agency Work from the Viewpoint of Temporary Works Agencies

On its homepage, the Viennese Economic Chamber explains the boom on the market for temporary agency work by the high labour costs combined with the performance pressure in our economy. This has also led to a change of the image of temporary agency work during the last few years: While a hired out worker only used to serve as a stand-in for employees on sick-leave or vacation, temporary agency work has now turned into a strategic element in company

politics: Hired personnel is the only way for larger companies to reduce its regular staff but at the same time have enough capacity to handle busy times or bottlenecks.²⁹

Generally, it can be said that this economic development (need for flexibilisation and rationalisation) will continue for the next few years. This will be an opportunity for temporary works agencies to expand. According to the interviewed temporary works agencies the greatest potential for future expansion can be found above all in the area of EDP and office work, and to some extent also in the social sector. But the statistics show that these potentials have not been used yet. In connection with future developments, it should be pointed out that the greatest potential for growth is most likely to be found in small and medium-sized companies, which make up the largest part of all the companies in Austria. Compared to that, the temporary provision of employees is already well established in larger companies, especially in firms with international connections.

The temporary works agencies emphasise that this form of employment can raise the employment quota by integrating people who have lost their jobs and hitherto unemployed people (e.g. housewives), and by offering job opportunities for older employees.

The interviewed experts name a variety of factors that could restrain a future expansion of the market for temporary agency work:

- One of the greatest obstacles for a future expansion of the market is the lack of sufficiently skilled personnel. This mainly applies to the area of higher qualified EDP.
- According to the temporary works agencies, development could also be hampered by the fact that they are only allowed to hire out foreign citizens with a certificate of exemption³⁰ (Befreiungsschein), but not those with a regular work permit³¹ (Arbeitslaubnis). The same goes for the restrictive regulations in connection with the cross-border provision of employees.
- Some legal regulations and the administrative effort incident to them were not exactly seen as an obstacle for a future expansion of temporary agency work, but rather as a bureaucratic hurdle. This primarily applies to the ambiguous regulation of remuneration, the duty to report to the Federal Social Security Office, the dual liability for workers' protection, as well as the dual contracts (labour contracts between the temporary works agency and the worker on the one hand, and the notification for each temporary employment relationship on the other hand).
- Another concern is the "image problem" of the trade, especially the fact that the workers' representatives still have some doubts about temporary agency work. However, everybody agrees that the climate has greatly improved during the last decade, which, among other things, was also reflected in the media coverage of this topic.

²⁹ cf. <http://dienstleister.wkw.at/default.htm>.

³⁰ See footnote 26.

³¹ A work permit will be issued for a term not exceeding two years if the foreign national concerned has been lawfully employed in Austria for a total of 52 weeks during the past 14 months.

Various measures were taken during the last few years in order to eliminate these problems and obstacles. Public relations, for instance, should improve the image of the trade. Besides that, the economy also encouraged a resumption of the negotiations about a collective agreement in 2001, since most of the practical problems occur in connection with the remuneration of temporary agency workers (§ 10 AÜG).

Currently the temporary works agencies also intend to invest in the better qualification of workers. This mainly applies to white-collar workers, whereby the temporary works agencies also co-operate with the AMS (Labour Market Service) and the WAFF (Fund for the Support of Employees in Vienna - Wiener ArbeitnehmerInnenförderungsfonds). Job training is either provided by the temporary works agency, the user firm, or by various well-established institutes for continuing education (e.g. BFI, WIFI). It is primarily offered to employees who have been working with the temporary works agency for a longer period of time and whose placement value will rise through further training. Compared to that, blue-collar workers receive training less frequently. In some cases, blue-collar workers who have also been working for the temporary works agency for a longer period of time and who have proven their worth, are trained to get a permit to operate a fork-lift truck.

Furthermore, the Economic Chamber also aims at changing restrictive and obstructive legal regulations. These changes concretely apply to the following items:

- To the dual liability for the protection of employees. This liability ought to be entirely transferred to the user firms, which would in turn lead to a clearer and less ambiguous regulation.
- It is only possible to hire out foreign citizens with a certificate of exemption (Befreiungsschein), but not with a regular work permit (Arbeitsbewilligung). That's why the Economic Chamber calls for a change of the Foreign Labour Act (Ausländerbeschäftigungsgesetz - AuslBG).
- The administrative procedure in connection with a cross-border provision of employees (applying for the necessary permits in Austria and abroad, see Chapter 3) is criticised for being too long and tiresome. The Economic Chamber hopes that there will soon be one standard regulation for the entire EU.

The interviewed experts believe that the legal prohibition of private job placement, which still exists in Austria, only plays a minor role. For two reasons: On the one hand, temporary works agencies see themselves as a provider of services in the area of "recruiting" and staff selection rather than a direct competitor of the AMS. Little by little, they have started to provide such services in Austria, but these services still don't belong to the standard repertoire of temporary works agencies (except for large agencies with international connections). On the other hand, the temporary works agencies point out that their co-operation with the AMS has clearly improved during the last few years. They do not just co-operate with the AMS in recruiting unemployed people but they also take joint measures in the area of staff qualification.

The ÖVP-FPÖ³² government, which has been in office since the beginning of 2000, started another program ("Österreich neu regieren") that deserves to be mentioned in this context. This program also explicitly focuses on the temporary provision of employees, it explicitly aims at a better co-operation between AMS and temporary works agencies. The

³² <http://www.austria.gv.at/e/> (download coalition program).

access to the trade ought to be facilitated. The goal is to partly remove administrative hurdles for temporary works agencies (e.g. report duty) and relax the prohibition of private staff provision. But the necessary measures have not yet been taken.

Temporary Agency Work from the Viewpoint of the User Firms

According to the interviews with various user firms by Juffinger (2000, p. 35pp.), their motives for leasing personnel are as follows:³³

- The use of temporary agency workers primarily covers a lack of staff, which mainly occurs during peak times, due to seasonal fluctuations or an unexpected loss of personnel.
- The use of temporary work lowers overhead costs. This objective makes the use of temporary agency workers an integral part of company politics. Personnel expenses, for instance, can be decreased, since there won't be any employment intervals (or, if there are, the temporary works agency has to deal with them) and the staff can be reduced independent of notice periods. On the other hand, hired out employees are subject to the salary level proscribed by the collective agreement rather than the customary salaries within a company. Bassler (1997) states that differences up to 30% may be found quite frequently.
- Increasingly, temporary work is used as an instrument of staff policy. This way, the skills of an employee can be tested for longer than the legally prescribed trial period (1 month), and with little or no risk involved. In large international firms temporary agency work also serves as a flexibilisation tool (key word "head counting"), which does not only make it possible to hire or change staff but also takes very little administrative effort.

Nevertheless, empirical studies, as for instance the study conducted in Austria by Juffinger (2000) and in Germany by Voswinkel (1995), showed that the fast turnover of staff within a company may also lead to various problems and "hidden" costs for the user firm. This is the case, e.g. whenever conflicts arise between the regular staff and temporary employees, or as a result of the higher occurrence of accidents among hired workers. From the viewpoint of the user firm's works council the following problems may also arise in connection with the use of temporary agency workers (Bassler 1997, p.207)³⁴: Firstly, the short-term use of workers prevents the creation of a corporate identity with the firm, which has also turned out to be a problem among unskilled casual workers. Secondly, the qualification of hired workers poses a problem. Since the workers don't bring in the necessary skills, the lack of company know-how becomes an additional expense factor. Thirdly, Bassler believes that the lack of accuracy of real costs also presents a problem: If the principle of accuracy of real costs is applied and all the costs, i.e. also the use of various company features (e.g. canteen, company bus, work clothes), are taken into consideration, the economical advantages of using temporary agency workers might be much smaller. Based on these problem areas, the above authors assume that the possibilities to apply temporary agency workers are limited.

³³ These results correspond to those by Voswinkel (1995) as well as to the experts opinions from the interviews that were conducted during the course of this project. The monthly economic magazine *Trend* describes the situation in a similar way (cf. *Trend* 3/97, p. 152-157; *Trend* 5/96, p. 181-184).

³⁴ Similar to Hofbauer 1999, 87pp.

6 Temporary Agency Work as an Instrument of an Active Labour Market Policy

During the last few years, non-profit employment projects have increasingly been used as an instrument of an active labour market policy. Since 1994, the non-profit provision of employees has also played a major part in this context. The success of these projects has substantially contributed to an image change for temporary work and to a change of opinion among the workers' representatives. These examples are also used to show that temporary work can actually be socially compatible.

Contrary to the commercial provision of employees the non-profit hiring out of workers is also directed towards the labour market in addition to pursuing economic goals (mainly cost covering) (cf. Hofbauer 1999). The labour market goal of the non-profit provision of workers is to re-integrate unemployed people into the working world and to offer temporary work as an opportunity to transfer to the regular labour market. Non-profit temporary works agencies behave just like any commercial temporary works agency on the market (i.e. they compete with commercial agencies), but they do not try to make a profit. Instead, they only aim at covering their expenses and supporting the unemployed. Generally, they co-operate very well with the regional labour market service. In Austria, temporary works agencies receive subsidies for employing people from various problem groups.³⁵ The provision of employees helps certain problem groups on the labour market, who are otherwise difficult to place, to be re-integrated into working life. The difficulties in placing them are often due to various prejudices, which often go hand in hand with certain individual characteristics that prevent them from being hired (e.g. long-term unemployment, age, disability).

With the foundation of "espora" in 1994, the non-profit provision of employees was first established as an instrument of an active labour market policy in the federal state of Upper Austria. By now there are several examples for a non-profit provision of workers in Austria, some of which will be presented in detail below (espora, JONA, Trendwerk, and Flexwork).³⁶

The "espora Personalservice GmbH" is a non-profit staff-leasing firm with its headquarters in Steyr (Upper Austria) and seven branches in Upper Austria, Salzburg, the Tyrol, and Vorarlberg. The company was founded in 1994 on initiative of the AMS Upper Austria and has expanded ever since. They exclusively recruit unemployed people. About 60% of all their employees successfully transfer to regular employment. An evaluation of this measure, which was carried out in 1996, shows that even though the workers earn less as temporary employees than they did before they became unemployed the period of unemployment could be substantially shortened. However, after leaving espora they were able to improve their income situation (cf. Dworschak 1996, 1997).

The project "Experience", which has been carried out since 1999 by espora and the AMS Vorarlberg, tries to counteract the marginalisation of older unemployed people on the labour market. The target group of this project consists of women

³⁵ In Austria, specific labour cost subsidies are used as a tool to fight long-term unemployment and to promote the (re-) integration of people with few chances to be re-employed. This is based on the idea that it would be better from a social point of view to actively use public funds for the creation of more jobs rather than for the passive support of unemployed people. This would not only reduce the money spent on unemployment, but also create additional revenue from employment (social security contributions, reflux from direct and indirect taxes).

³⁶ This is just a random choice. espora and Flexwork are the largest and most well-known non-profit temporary works agencies in Austria.

over the age of 50 and men over 55, who need to be re-integrated into the labour market. The project offers an opportunity to companies as well as employers in the public sector to meet the demand for temporary agency workers. Public subsidies are provided to cover the staff and administrative expenses involved in hiring unemployed people over the age of 45.

JONA Personnel Service is also located in Upper Austria. This project, which was started in 1994 by the Episcopalian Foundation for Unemployed People (Bischöfliche Arbeitslosenstiftung), exclusively places unemployed people, especially those who are threatened by long-term unemployment. Currently JONA employs about 50 people in various lines of work. This project also shows a high re-integration quota. 45% of the workers are able to transfer to the regular labour market.³⁷

One of the largest non-profit temporary works agencies is the Viennese agency Flexwork. Flexwork was founded in 1996 as a limited company and works in close co-operation with the AMS Vienna, whereby the partly formal support structures have made it easier for Flexwork to approach employers and employees. Flexwork stands for the combination of flexibility and social responsibility, i.e. they try to use temporary work to integrate unemployed people into the regular labour market. In this case, the non-profit provision of workers is seen as a professional service for unemployed people and for companies in need of staff. Since they started doing business in 1997, Flexwork has employed about 1.743 people, and by the end of 2000 they had 332 employees. About 50% of the workers transferred directly from Flexwork to the regular labour market, i.e. they became part of the regular staff in the user firm. About 50% of the employees belong to the primary target group (long-term unemployed and/or older people).

An evaluation of this measure shows positive long-term effects, both in view of employment and income levels (cf. Lehner et al. 2000). About 52% of all the workers were able to seamlessly move on to another employment relationship. Their income was higher on average than in the job following Flexwork and prior to working for Flexwork.

To encourage a re-integration into the regular labour market, employment intervals are used to improve the skills of workers. In 1999, 52 qualification measures (e.g. getting a permit to drive a fork-lift truck, welding courses, EDP classes, motivation and communication training) for a total of 110 people were carried out. In addition to that, 12 qualification measures (2 weeks each) were carried out in 1999 to help a total of 78 workers find a job. Based on prior experience with qualification measures, the "Flexwerkstatt" ("FlexWorkshop") was established in January 2000. This workshop gives workers the chance to actively use employment intervals for their job search on the regular labour market. The training activities focus on "non-job-related features", such as support for job applications, presentation techniques, and negotiation and communication skills.

The association Trendwerk is the holder of a socio-economic employment company. In co-operation with the Labour Market Service, they have been hiring out temporary agency workers on a non-profit basis in the Burgenland (Oberpullendorf and the Southern Burgenland) since June 1999. Their target group consists of men and women who have been unemployed for a long time. In the district of Oberpullendorf, they focus on the provision of men who have been

³⁷ cf. <http://www.ams.or.at/ooe/med/ad/ad52/ad2.htm>.

unemployed for a long period of time or (older) men who are threatened by long-term unemployment, while in the Southern Burgenland most of the workers are women facing long-term unemployment and older unemployed people. In 1999, 109 people (91 men and 18 women) were working for Trendwerk, 40% of them were older than 40 years.³⁸ Trendwerk focuses on people in specific problem situations, who would usually not get a chance to prove their worth. During the first few months on the job, Trendwerk offers to mediate between employers and employees in case of possible conflicts and thus establish a foundation for a transfer to the regular staff. During this period, the AMS provides subsidies for the accruing labour costs.

In the year 2000, Trendwerk opened up another branch in Vienna, which also hires out people who have been out of work for a long time. Contrary to Flexwork, the non-profit association Trendwerk exclusively focuses on the fringe groups of the labour market.

³⁸ cf. <http://www.ams.or.at/thema-alter/beta.med...content/case/18/index.htm>: 20000711.

Finally, it ought to be mentioned that all the expert interviews showed the same thing - the temporary provision of workers is a form of labour that can no longer be ignored on the labour market, and it will become more and more important during the next few years. Depending on the viewpoint of the interview partners, this development was assessed in different ways. While the economy believes that the provision of employees provides a tool that makes it possible to meet the constantly increasing need for rationalisation, to react quickly to varying levels of demand, and at the same time to create new jobs, the workers' representatives still focus on the employees' risks involved in this type of labour.

During the last few years, people's opinions about temporary agency work have somewhat changed. On the one hand, the image of the trade has improved, among other things due to well-aimed public relations by the temporary works agencies, but also due to the positive experiences with the non-profit provision of employees. At the same time, the temporary hiring out of workers is no longer just used to cover a short-term lack of personnel, but also as a strategic instrument of staff policy. After all, the provision of employees is - especially in companies with international business connections - increasingly seen as part of a broad range of company services. These services include various personnel management tasks (e.g. recruiting, payroll services), and in some cases even management consulting, e.g. the development of outsourcing concepts or call centre solutions.

Hofer (1991, p. 13) states that temporary work is a marginal area on the labour market for two different reasons: On the one hand, only a comparably small number of employees used to be affected by this form of employment (about 8,000 employees, which corresponded to about 0.5% of all the gainfully employed people), and on the other hand the practical implementation of legal regulations was rather "informal". According to some expert interviews, the situation has improved during the last 10 years, but the individual groups of temporary agency workers are still faced with various problems.

Based on the available data, a clear definition of the different groups of temporary agency workers is currently impossible. One may assume, however, that the majority of workers show a rather low level of qualification. The lack of other alternatives forces them to choose this kind of work, even though they would prefer a permanent employment relationship. For this group of employees temporary agency work presents an alternative to long-term unemployment and thus provides an opportunity to transfer to the regular labour market. But the area of unskilled labour is also faced with a greater need for rationalisation. This makes it more difficult for the workers to move on to the regular labour market - the competition for permanent jobs is getting stiffer. The problem groups on the labour market (older people, unskilled workers, people with disabilities) depend on accompanying and supporting measures for a successful transfer. In spite of the legal regulations, the employment risk is usually shifted upon the workers or public authorities, which means that temporary agency workers in blue-collar jobs are generally faced with a higher income and employment risk. This is the case whenever a worker is fired or asked to go on sick leave if he is no longer needed.

Employees with higher qualification (white-collar workers and other skilled workers) find it much easier to transfer to the regular labour market. This group of workers, who enter the labour market either right after school or after a longer employment interval (e.g. re-employment after childcare), have a bigger choice of jobs and a greater chance to be permanently employed by the user firm. In their case, the income risk is smaller, and due to their higher level of qualification or expert status temporary work may even be a more lucrative form of employment for them than a regular job.

In spite of the positive aspects (e.g. opportunity to transfer), the temporary provision of workers is still a problematic form of labour. Contrary to other atypical types of employment it clearly furthers the flexibilisation of employer-employee relationships within a company. Temporary agency workers are part of a flexible marginal staff, which is increasingly used to put pressure on the permanent staff. One interviewed expert thus points out that temporary agency work promotes the erosion of the labour market (I7). In spite of the fact that flexibilisation and rationalisation are indispensable factors in international competition, the companies cannot simply shift the involved risks upon the workers or public authorities. Discontinuous employment does not only involve disadvantages in view of income and social security (especially for older workers), but it also lacks opportunities for professional advancement or training. The non-profit temporary works agencies try to change that, even though this opposes the economic objectives of commercial agencies.

It is very likely that a collective agreement would improve the situation of temporary agency workers, at least in view of their income, but it will not solve the most fundamental problems of this type of labour.

The Act on the Temporary Provision of Employees (Arbeitskräfteüberlassungsgesetz - AÜG), which was passed in 1989, regulates most of the questions concerning the temporary provision of workers. The preceding discussion was determined by the opposing positions of entrepreneurs and workers' representatives (Trade Union, Chamber of Labour). The workers' representatives demanded a legal prohibition of temporary agency work, whereas the temporary works agencies first asked for liberalisation and later trade licensing. Due to the increased practical application of temporary agency workers, the Mid-Eighties brought a change of opinion among the employees. From now on, legal regulation seemed to be the only realistic way to improve the working conditions of temporary agency workers.

Since the AÜG has been enforced, every temporary works agency is required to hand in an annual report on the number of hired out employees (target date - July 31). That's why the available data on the development of temporary agency work in Austria go back to 1989. In the year 2000, the proportion of hired out workers amounted to 1.4% of all the employed persons. And during the last decade the market has continuously grown: By July 31, 2000 30,120 employees had been hired out in Austria, while in 1989 they numbered about 8,000. The number of temporary works agencies has also clearly increased since 1989. In 2000, 999 temporary works agencies were recorded in Austria as compared to only 367 in 1989. The number of companies employing hired out workers has quadrupled since 1989. While there were about 2,300 user firms in 1989, their number has increased to 9,700 in the year 2000.

Temporary agency workers are mainly hired in the industrial and trade sector, primarily for blue-collar jobs. A total of about 83% of all the hired out employees are blue-collar workers. Temporary work is a male-dominated form of labour, 85% of all the temporary agency workers are men.

Empirical surveys on the "every-day situation of temporary agency work" pointed out a number of problems that the workers in question are faced with: legal and social regulations as well as the customary salary levels within a company are frequently ignored, and the working conditions of temporary agency workers are often inferior to those of the regular staff. The practical implementation of legal regulations was subject to various misinterpretations, which should hence be prevented by collective agreements or legal changes. Negotiations about a collective agreement have already started a few years ago, but they have not yet been successful.

Nevertheless, temporary agency work also has a lot of positive aspects, as for instance the non-profit provision of workers, which has increasingly been used within the context of an active labour market policy during the last few years. In contrast to the commercial hiring out of employees, the non-profit provision of workers also pursues various labour market policy goals in addition to economic goals, i.e. easing the re-integration of unemployed people and promoting the transit to the regular labour market. The success of these projects has largely improved the image of temporary agency work in Austria. They are often used as an example to show that it really is possible to make the temporary provision of employees socially compatible.

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Appendix

List of Interview Partners

Karl Erber, Flexwork

Gerhard Flenreiss, Manpower GmbH

Dkfm. Fucker, inter-work, Berufsgruppensprecherin

Mag. Maria Kaun, Austrian Federal Economic Chamber

Dr. Engelbert Poropatich, Federal Ministry for Economic Affairs and Labour

Dr. Rene Schindler, Austrian Metal - Textile Workers' Union

Dkfm. Richard Trenkwalder, Trenkwalder Personaldienste

Dr. Josef Wallner, Chamber of Labour, Vienna

List of Abbreviations

AK (Kammer für Arbeiter und Angestellte) - Chamber of Labour

AMFG (Arbeitsmarktförderungsgesetz) - Labour Market Promotion Act

AÜG (Arbeitskräfteüberlassungsgesetz) - Temporary Employment Act

AuslBG (Ausländerbeschäftigungsgesetz) - Foreign Labour Act

BMAGS (Bundesministerium für Arbeit, Gesundheit und Soziales) - Federal Ministry for Labour, Health, and SocialAffairs

BMWA (Bundesministerium für Wirtschaft und Arbeit) - Federal Ministry for Economic Affairs and Labour

GewO (Gewerbeordnung) - Trade Regulation Act

ÖGB (Österreichischer Gewerkschaftsbund) - Austrian Trade Union Federation

WIFI (Wirtschaftsförderungsinstitut) - Industrial Institute

Table 10: Temporary agency workers in blue-collar and white-collar jobs by sector and gender 2000 (total)

	total			blue-collar workers			white-collar workers		
	men	women	total	men	women	total	men	women	total
industry	8,925	744	9,669	8,490	329	8,819	435	415	850
trade, crafts, services	13,116	2,091	15,207	11,593	1,342	12,934	1,523	749	2,272
commerce	1,077	673	1,750	857	235	1,092	220	438	658
transportation, traffic, telecommunications	239	233	472	32	5	37	207	228	435
banking, insurance	1,106	308	1,414	852	81	933	254	227	481
tourism and leisure	100	196	296	95	188	283	5	8	13
Agriculture and forestry	1	1	2	1	1	2	0	0	0
others	875	435	1,310	642	170	812	233	265	498
total	25,439	4,681	30,120	22,562	2,351	24,912	2,877	2,330	5,207

Source: BMWA

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