



Temporary agency work: national reports

Finland

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Summary

In recent years temporary agency work (TAW) has rapidly¹ been expanding in Finland. This has shown both in the increase of the number of temporary agency workers² and of the number of user firms as well as in the growth of industry's business turnover.

Reliance on temporary agency work in Finland is still quite modest. In 1999 the share of temporary agency workers of all labour force in Finland was around 1.2 per cent, i.e. around 31 200 workers, whereas the corresponding share in Europe was on average 2.5 per cent. Around 15 000 of these workers had temporary agency work as their major source of living. The number of temporary agency firms was around 170, of which nearly half operated in the entertainment industry. The business turnover of the whole industry in 1999 was around 1.08 billion FIM. In addition to hiring labour, some Finnish temporary agencies have broadened their scope of operation to include other services as well (e.g. recruitment, outsourcing).

Use of temporary agency work in Finland is concentrated in services, clerical work, and industry (including transport). Service sector is by far the biggest user of temporary agency work: over sixty per cent of all temporary agency workers work in the service sector.

In Finland temporary agency employment relationships are predominantly fixed-term contracts. By the Finnish law, an employment relationship in temporary agency work is established between an employee and a firm that acts as a temporary work agency. Another kind of contractual relation is set up between the temporary work agency and the user-enterprise, who hires a temporary agency employee. A temporary work agency pays wages and social security contributions, and bears the primary employer responsibility as regards tort liability and occupational safety. As far as occupational safety is concerned, a user firm is also partly responsible.

Typical motives for doing temporary agency work are need for change, using temporary agency work as a stepping stone to a permanent employment relationship, earning extra income, and unemployment. Workers regard as the greatest disadvantage connected to temporary agency work job insecurity, in particular economic insecurity and, thereby, difficulties to plan one's own economy. Another disadvantage is that temporary agency workers are not in as good position as permanent workers regarding statutory social security, although their social security has improved with legislative changes.

For user firms the most common reasons for using temporary agency work are easing workload, using temporary agency workers as vacation substitutes, and using hires as a way to recruit permanent workers.

There is relatively little specific legislation regulating use of temporary agency work in Finland. In 1994 use of temporary agency work was deregulated so that it was no longer a subject to a licence. Collective bargaining also plays a role in the overall regulation of temporary agency work in Finland. A general agreement (1997) exists between The Confederation of Finnish Industry and Employers (TT) and The Central Organisation of Finnish Trade Unions (SAK) about the conditions of temporary agency employment relationships and their use.

¹ Annual growth rate of those having temporary agency work as their major source of living has been around 15 per cent.

² Annual growth rate of business turnover has been around ten per cent.

According to the new Employment Contracts Act (which enters into force 1.6.2001), the conditions of temporary agency workers are safeguarded so that they are defined on the same basis as those for permanent workers in the user enterprise. In other words the temporary work agency is obliged to apply to temporary agency workers the same collective agreement as the user enterprise applies to its workers. The new law defines one exception: if a special collective agreement exists on temporary agency work, then the temporary agency firm is obliged to apply that collective agreement. However, no collective agreements on TAW exist except one minor branch level agreement and some undertaking level agreements between some unions and the temporary work agency in question.

Introduction

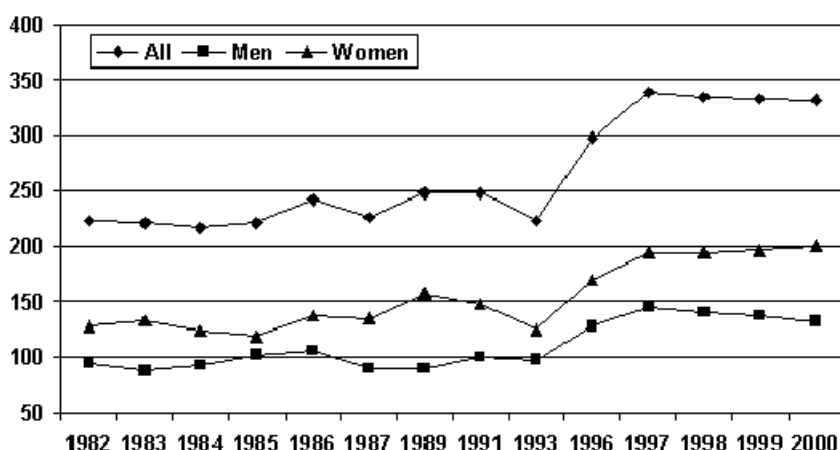
Temporary agency work (TAW) can be characterised as a triangular relationship involving a worker, a firm acting as a temporary work agency and a user firm, whereby the agency employs the worker for a fee and places her or him at the disposition of the user firm so that the worker is under the supervision and control of the user company while working (Michon 2000).

A Finnish definition of temporary agency work is given in the general agreement on the use of external labour force, which exists between The Confederation of Finnish Industry and Employers (TT) and The Central Organisation of Finnish Trade Unions (SAK). According to this agreement, from the point of view of a user firm, temporary agency workers belong to external labour force, who work in the user firm under the supervision and control of this firm. Temporary agency work is defined as hiring out labour force, where workers employed by a temporary work agency work for user companies under their supervision and control. (Työhallinnon julkaisu 211.) Among others, the Employment Services Act (Työvoimapalvelulaki), the Act on 'Supervision of Occupational Safety' (Työsuojelun valvonnasta ja muutoksenhausta työsuojeluasioissa annettu laki), and the Act on Occupational Safety (Työturvallisuuslaki) include regulations concerning temporary agency work in Finland.

Reliance on temporary agency work in Finland is still quite modest. In 1999 the share of temporary agency workers of all labour force in Finland was around 1.2 per cent (around 31 200 workers), whereas the corresponding share in Europe was on average 2.5 per cent. Of all wage earners temporary agency employees represented 1.6 per cent. The proportion of temporary agency workers is greatest in the restaurant sector, where agency workers make up around 2.5 per cent of the sector's labour force.

Temporary agency work can be regarded as one of the forms of temporary employment, of which the most common in Finland are fixed-term work (48 %) and temporary posts (20 %). It is noteworthy that in the 1990s temporary employment in Finland grew strongly and the number of temporary employees increased by nearly one hundred thousand people (See Figure 1 below). In 2000 332 000 people, i.e. 16.4 per cent of employed wage earners in Finland, worked in temporary employment relationships. In other words, every fifth woman and every eighth man worked in temporary employment relationships.

Figure 1: *Temporary employment in Finland in 1982-2000, 1000 persons*

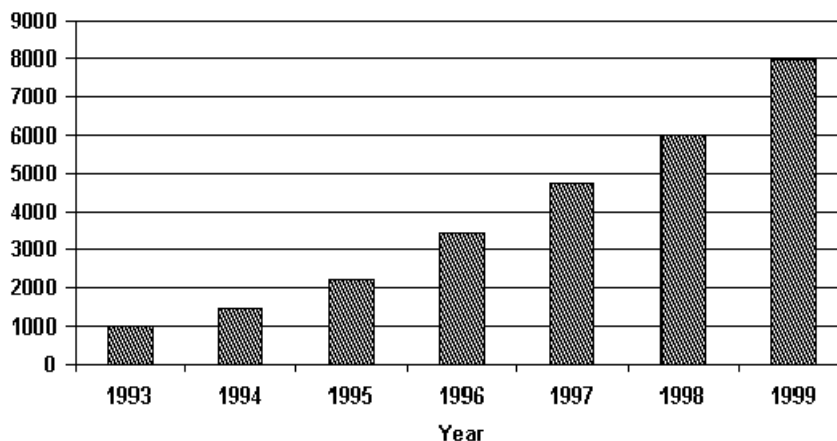


Source: *Statistics Finland*.

Temporary Agency Work: Finland

Despite its relatively low share, the share of temporary agency work in Finland in the 1990s, like in other EU-countries, has also shown a rising trend (see Figure 2). This increasing use of temporary agency work has caused concern as to temporary agency workers' rights and their job security.

Figure 2: *Number of temporary agency staff in Finland, 1993-1999*



Source: *Statistics Finland*. Number of staff refers to both salary earners and entrepreneurs. This number is expressed as a number of year-round, full-time employees. For example, two half-day employees correspond to one year-round employee.

The growth of temporary agency work in the 1990s can be attributed to similar factors as the growth of temporary employment in general. There are both demand side and supply side factors (see e.g. Delsen 1994, Meulders et al. 1994, OECD Employment Outlook 1996) behind this development.

First, on the demand side one explanatory factor is the state of the cycle: the share of temporary agency work usually fluctuates procyclically. Secondly, there may be some underlying trend towards more temporary work and temporary agency work in line with the structural shift towards services. One of the sectors where use of temporary agency work in Finland is prominent is services (restaurants, trade). Thirdly, an often given explanation for growth of temporary employment is a desire to increase flexibility in the labour market. In the surroundings of tightening competition, faced with greater uncertainty about product demand and growing labour costs, employers seek numerical flexibility of their work force by resorting to temporary work as a way of matching their labour input more closely to seasonal and cyclical fluctuations.

Supply side factors also explain the spread of temporary agency employment. For example, for some temporary agency work provides flexibility that they need to e.g. to be able to combine work with studies or childcare. From a viewpoint of user firms, temporary agency work can be regarded as an external labour market strategy where flexibility is achieved by an externalisation of the use of labour. In this risks associated with uncertainties and fluctuations of production are transferred to temporary staff. (Delsen 1994.)

The purpose of this national report is to view temporary agency work in Finland. In particular, the aim is to discern the relationship between temporary agency work and the following variables: working conditions, labour market organisation, and collective bargaining. The analysis is based on the existing data and research on the subject.

This report is organised as follows. Section 2 describes temporary agency work and labour market paying special attention to temporary agency labour market in Finland, the specificity of the employment relationship, the main actors' behaviour and strategies towards temporary agency work, and links with other labour markets. Section 3 views temporary agency employees' working conditions and Section 4 tackles with temporary agency work and collective bargaining. Finally, some concluding remarks are presented in Section 5.

Development of temporary agency work in Finland

In this section quantitative analysis on temporary work agencies, a number of employees in temporary agency work, on duration of their contracts, and a number of user firms is presented based on data from Statistics Finland, from questionnaires carried out by Temporary Agency Employers' Association, and from the Ministry of Labour.

No continuous time series data on the development of the number of temporary agency workers in Finland in the 1990s are available. There was a break in the series in 1994, when the use of temporary agency work was deregulated so that it was no longer subject to a licence. Before that temporary work agencies needed a licence for their operation during the period 1986-1993, which also meant that employment authorities could get information about temporary work agencies and their employees.

The existing Finnish data on temporary agency work do not provide information on characteristics of temporary agency workers such as gender, age group, educational level, or on occupational segregation in temporary agency work. Korhonen's study (1991) on temporary agency workers in clerical work (N=180) detected that 92 per cent of temporary agency workers in clerical work were women and 42 per cent were under 25 years old. Half of these workers had at least upper-level secondary education.

What we know from temporary employment in general in Finland is that temporary employment is more common among women and young 15-29-year-olds. In the last few years the share of temporary workers of all women employees has been around twenty per cent, whereas the share of temporary workers of all male workers has been around fifteen per cent. Around 36 per cent of all temporary workers are under 30 years old. Temporarily employed women most often work in education, in health care, or in services (hotels and restaurants).

Table 1 below presents data on the number of temporary work agencies, of temporary agency employees, as well as of user firms during 1986-1999. For the years 1987-1993 the data derive from the employment authorities and the number of temporary work employees refers to the number of hirings. This implies that this number can include the same employee more than once. For the years 1996, 1998 and 1999, this table has been supplemented by data from questionnaires made by Temporary Agency Employers' Association among their member companies. For these years the number of employees refers to those workers who had temporary agency work as their major source of earnings.

These figures show that reliance on temporary agency work in Finland is still quite modest, but that there has been a rising trend in the use of temporary agency work. According to Temporary Agency Employers' Association's figures, in 1999 temporary agency work was a major source of earnings for 15 000 temporary agency workers, whereas the corresponding figure in 1996 was 11 000. According to a recent study by the Ministry of Labour (2000) on temporary agency work, the total number of workers employed by temporary work agencies in 1999 was 31 200 .

³ The Ministry of Labour's survey (2000) is based on a questionnaire among 209 private temporary agency firms in Finland. Of these firms 134 responded to the questionnaire.

Table 1: *Temporary agency work in 1987-1993 in Finland*

Year	Number of temporary work agencies	Number of hirings/employees*	Number of user firms
1987	250	20908	16149
1988	283	23924	21056
1989	353	29438	-
1990	430	30564	30631
1991	458	17296	19321
1992	470	15000	18000
1993	488	-	-
1996	150	11 000*	-
1998	160	13 000*	-
1999	170	15 000*	7300

Source: Työhallinnon julkaisu 1998, Temporary Agency Employers' Association's questionnaires.

Table 1 shows that the number of temporary work agencies reached its peak in 1993, when there were 488 temporary work agencies in Finland. In the last few years the number of temporary work agencies has been around 170. Nearly half of these temporary work agencies operate in the entertainment industry.

Examples of large Finnish temporary work agencies are Eilakaisla Toimialapalvelu, Olsten-Firabeli, Varamiespalvelu-Yhtiöt and Extra . Many of these run their businesses in all bigger cities in Finland. In recent years international temporary work agencies have also expanded their businesses to Finland. Of international temporary work agencies e.g. Manpower, Adecco, Olsten, Vedior, Proffice and Poolia operate in Finland.

In 1999 an average turnover of a Finnish temporary work agency was around 11 million FIM. The turnover of the whole sector in 1999 was around 1.08 billion FIM, whereas in 1998 it was 1.02 billion FIM. As far as different sectors are concerned, the largest turnover was in clerical and related work: 412 million FIM (see Table 2 below).

Table 2. *Turnover of temporary work agencies by staff group in 1999*

Sector	Turnover, million FIM
Clerical work	412
Services (restaurants and trade)	232
Industry, stock, transport	149.2
Programme services (restaurant musicians, disc jockeys)	287.1
Health services	3.9
Total	1084

Source: *Temporary Agency Employers' Association. Figures are estimates*

Except hiring labour, temporary work agencies also provide recruitment services to their customers, i.e. they can take care of recruiting permanent workers. A new service offered by temporary work agencies is so called

⁴ Eilakaisla Toimialapalvelu and Varamiespalvelu have franchising as their form of business.

outsourcing services, where the idea is that a firm can outsource some of their activities (e.g. cleaning, telephone exchange, storehouse) and a temporary work agency takes care of this outsourced activity.

In addition to private temporary work agencies, a few Finnish public employment offices have also been engaged in hiring labour for a fee⁵. In Finland employment offices in Turku, Helsinki, Tampere, Lahti, Oulu and Pori also provide this service⁶. In particular, the aim has been to promote employment of ageing workers.

Sectoral use of temporary agency work

In Finland temporary agency work has traditionally been used in clerical work, service sector (restaurants), construction sector, and in programme services. However, in the 1990s, use of temporary agency work has spread to all sectors. The following table illustrates use of temporary agency work in different sectors in 1999. This information derives from a questionnaire carried out by Temporary Agency Employers' Association among its member firms. Utilisation of temporary agency work in Finland is concentrated mostly in services, clerical work, and industry (including transport). The service sector is by far the biggest user of temporary agency work: over sixty per cent of all temporary agency workers work in the service sector. On the other hand, as far as the number of user firms is concerned, greatest number of user firms are found in clerical and related work.

Table 3: *Sectoral use of temporary agency workers in 1999*

Sector	Number of temporary agency workers/ working years	Number of user firms
Clerical work	5341/2826	3614
Services (restaurants and trade)	15015/1568	1496
Industry, stock, transport	2426/752	517
Programme services (restaurant musicians, disc jockeys)	1324/200	470
Health services	127/23	22
Total	24233/5369	6119

Source: Temporary Agency Employers' Association. Data derives from a questionnaire among member firms of Temporary Agency Employers' Association.

As the same temporary agency employee can be "hired out" many times during one year, the number of temporary agency employment relationships per year is much higher than the number of employees. In 1999, one temporary agency employee worked on average in over five temporary agency work relationships and the total amount of temporary agency work relationships was as high as 153 7000 (Ministry of Labour 2000). The following table presents number of temporary employment relationships in 1999 by occupation.

⁵ These public employment offices apply to temporary agency workers the same collective agreement as the user enterprise applies to its workers

⁶ The employment office in Turku was the first one of Finnish employment offices to begin hiring labour for a fee in 1994.

Table 4: *Number of temporary agency employment relationships by occupation and by type of temporary work agency*

Occupation	Organised temporary work agencies	Other private temporary work agencies	Employment Offices	Total
Technical and natural work	269	281	7	557
Health services, social work	3139	68	10	3217
Clerical and related work	12098	1554	287	13939
Sales work	3652	55	48	3755
Agricultural and forestry work	1	49	10	60
Transport equipment operators	250	39	13	302
Construction, mining work	3156	1197	292	4645
Production work	5996	381	152	6529
Service work	11777	629	727	119131
Restaurant musicians	594	918	0	1512
Total	146930	5171	1546	153647
Number of employers	95	57	4	156

Source: *Ministry of Labour's survey on temporary agency work (2000)*

In 1999 average duration of temporary work agency contract was 51 days⁷. A year before, in 1998, this duration was about the same - 55 days. It is, however, noteworthy that great differences exist in average durations of temporary agency work contracts between sectors (see Table 5 below). For example in clerical work, duration of employment contract in 1999 was on average 111 days, whereas in services duration of contracts was much shorter, only 6⁸ days on average. Compared to the average durations of temporary employment relationships in general, durations of temporary work agency contracts are short.

Table 5: *Average duration of temporary agency employment contracts in Finland in 1996 and 1999, days*

Sector	1996	1999
Clerical work	76	111
Services (restaurants and trade)	4	6.2
Industry, stock, transport	50.5	90
Programme services	6	7
Health services	-	21
Total	-	50.8

Source: *Temporary Agency Employers' Association. Duration expressed as days*

⁷ According to Temporary Agency Association's questionnaire. According to the Ministry of Labour's survey (2000), the average duration of temporary agency relationship was 43 days.

⁸ Around 40 per cent of temporary agency relationships last from 4 to 12 months. (See more closely Kauhanen 2000).

Labour market flows

Temporary agency labour market in Finland can be characterised as a dynamic one, because labour turnover among temporary agency workers is high. For many temporary agency employees, temporary agency work is only an interim phase in their life and they want to get a permanent job.

To what extent temporary agency employment or temporary employment in general acts as a stepping stone into permanent employment relationships in Finland has not actually been studied. What we know, however, is that the share of temporary contracts of all new employment contracts in Finland is considerable. Of all new employment contracts in recent years they have explained over 50 per cent.

Ministry of labour's survey (2000) indicates that temporary agency work relationships also lead to permanent employment relationships. In 2000 temporary agency work relationships acted as a stepping stone into permanent employment for 3484 employees.

Table 6: *Recruitments on a basis of temporary agency work relationship*

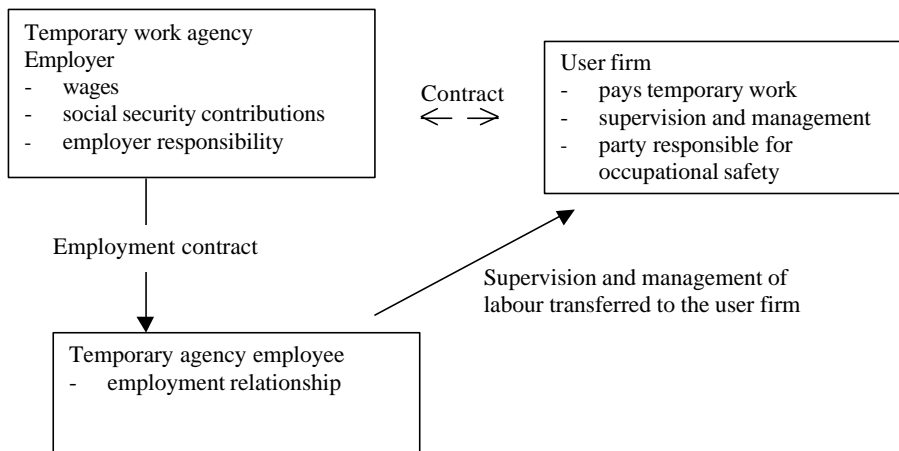
Occupation	Organised temporary work agencies	Other private temporary work agencies	Employment Offices	Total
Technical etc. work	41	25	1	67
Health services, social work	1	9	1	11
Clerical and related work	962	233	118	1313
Sales work	104	2	8	114
Agricultural and forestry work	0	10	0	10
Transport equipment operators	22	1	3	26
Construction, mining work	1	9	25	35
Production work	152	207	38	397
Service work	1334	29	29	1392
Restaurant musicians		119		119
Total	2617	644	223	3484

Source: *Ministry of labour's survey on temporary agency work. (2000)*

Temporary agency work and employment relationship

By the Finnish law, an employment relationship in temporary agency work is established between an employee and a firm that acts as a temporary work agency. Another kind of contractual relation is set up between the temporary work agency and the user firm. So this relationship is a triangular one in nature as is illustrated in Figure 3 below. The temporary work agency acts as the employer and is responsible for paying wages and social security contributions. The agency also bears the overall employment responsibility. When the temporary agency hires the worker for a fee it also places her or him at the disposition of the user firm so that the worker is under the supervision and control of the user company while working.

Figure 3: *The triangular nature of employment relationship in temporary agency work*



Source: *Rusanen (1999)*

This triangular nature of temporary employment relationship also affects a division of employer responsibilities between a temporary work agency and a user firm. Although a temporary agency employee works under the supervision and control of the user firm, the temporary work agency is not free of its employer obligations towards the employee as regards tort liability and occupational safety. The primary employer responsibility of the temporary agency employee is still carried by the temporary work agency.

The Act on Occupational Safety considers both the temporary agency firm and the user firm as employers of the temporary agency worker. So the user enterprise also bears the responsibility for temporary agency worker's occupational safety and health. The firm has an obligation to inform the temporary work agency about professional competence requirements and special features of the work, and also inform the temporary agency worker about the risks and safety factors of the work.

Main economic actors' behaviour and strategies towards temporary agency work

The third issue in the inspection of the relationship between temporary agency work and labour market is to address temporary workers', temporary agency firms' and user firms' behaviour and strategies towards temporary agency work. Here the analysis will have to be based on very scattered information as Finnish research on this subject is very scarce. This is probably due to the fact that utilisation of temporary agency work in Finland is still so modest.

Temporary worker's behaviour and strategies towards temporary agency work

A Swedish study (SOU 1997) on temporary agency workers' attitudes and behaviours towards temporary agency work found out that a majority of temporary agency workers would take permanent jobs, if they only could get them, and that for most temporary agency work is only an interim phase in their life. For many temporary agency job was the only way to get employed. But many also saw positive things in temporary agency work such as getting job experience, getting contacts, and being able to experiment different jobs. In Finnish wage earners' opinion these attitudes match well with Finnish wage earners' attitudes as well (Työhallinnon julkaisu 1998).

A Finnish study (Toikka 1999) on temporary agency work in one temporary agency firm detected the following motives for doing temporary agency work: a need for change, using temporary agency work as a stepping stone to a permanent employment relationship, earning extra income (e.g. students), and unemployment.

According to Toikka's study, of personal characteristics age, education and family situation affected how temporary agency employees experienced their job. Most satisfied with their jobs were those employees who believed that temporary agency work acts as a stepping stone to a permanent employment relationship. On the contrary, those temporary agency employees who accepted temporary agency work as an alternative to unemployment were most unsatisfied with their jobs. In addition, the longer an employee had been working in temporary agency work, the less satisfied (s)he seemed to be with her/his work.

In Finland temporary agency work contracts are mainly and predominantly fixed-term contracts with a short duration and majority of temporary agency workers are women. Temporary agency workers regard as the greatest disadvantage connected to a temporary agency work job insecurity, in particular economic insecurity and, thereby, difficulties to plan one's own economy (e.g. Kalliomäki et al.1998).

Finnish studies (e.g. Santamäki-Vuori-Sauramo 1990, Parjanne 1998, Sutela 1999) have established that temporary employees' working careers are clearly more unstable than working careers of employees who work in permanent employment relationships. These studies have detected that temporarily working employees have a greater probability of entering unemployment or even exiting from the labour force than permanent employees do.

As far as statutory social security rights in Finland are concerned, many of them such as unemployment benefits, holidays, sick pay, and maternity pay are tied to a minimum length of employment relationship and a minimum level of wages. Some temporary agency workers have had difficulties in fulfilling these minimum requirements and, thereby, getting social security benefits (see more closely Kauhanen 2000).

Another disadvantage is that many temporary agency workers have to do involuntarily part-time work, when they would rather work full-time (Työhallinnon julkaisu 211).

Involuntariness is connected to temporary work in Finland in more general terms as well. According to Eurostat's labour force survey (1998), in Finland 70.1 per cent of temporary workers worked in temporary employment relationship because they could not find a permanent job. This share is much bigger than in the EU countries on average where 39.6 per cent worked involuntarily. In particular, 24-49-year-olds (81.6 per cent) did temporary agency work because they could not find a permanent job.

User firm's attitudes and strategies towards temporary agency work

From a viewpoint of a user firm, temporary agency work is one of the ways to use external labour force⁹. Empirical evidence in the OECD countries show that temporary agency work plays an important role in many firms' short-term adjustment strategies. Surveys among employers and managers show that reasons for

⁹ Another similar type of way to use external labour force is subcontracting. Subcontracting is distinguished from temporary agency work on grounds whether the user firm or subcontractor uses control over temporary agency employee's work.

utilisation of temporary agency work are predominantly traditional. The principal reasons for using temporary agency workers and fixed-term staff are identical: flexibility and cost saving. Reasons for using both forms of employment include seasonal and other fluctuations in the workload, cover for holiday, sickness, absence, maternal leave of permanent workers, special projects, fill vacancy until permanent worker is hired. (Delsen 1999.)

In Finland among the most common reasons for use of temporary agency work are easing workload and using temporary workers as vacation substitutes. Temporary work agencies are also used when workers are needed in a very short notice. Hires may also act as a way to recruit permanent workers.

Among other things, popularity of temporary agency workers has been influenced by temporary agency workers' professional skills and reliability of temporary work agencies (Työhallinnon julkaisu 1998). According to Temporary Agency Employers' Association, temporary work agencies provide user firms skilled labour without separate screening and administrative costs.

Temporary work agencies' strategies towards temporary agency work

As was already mentioned in Chapter 2.1. the number of temporary agencies in Finland is around 170, of which half operate in the entertainment industry. In the last few years the temporary agency work industry in Finland has been growing fast. The growth forecast for business turnover from year 1999 to year 2000 was as high as 31 per cent. Greatest growth has been predicted for those temporary work agencies who hire employees in clerical and IT-work¹⁰, and industry, stock and transport work. Temporary work agency business in Finland is also characterised by internationalisation as the biggest international temporary work agencies have also started to run their businesses in Finland.

The industry has also been sensitive to business fluctuations as demand for temporary agency workers by user firms fluctuates procyclically; i.e. increases in upturns and decreases in downturns. Therefore some temporary work agencies in Finland have broadened their scope of operation to include other services besides hiring and recruitment services. For example, some agencies offer services, which support recruitments such as interview services, aptitude tests, headhunting, training, outplacement, and other services liable to charge. Of these interview services and aptitude tests are most common.

A survey questionnaire on 80 Finnish temporary office work agencies (Korhonen 1992) revealed that the strategic choices made by temporary office work agencies depend on the firm's location, age and scale of operation. Agencies consider as the strengths of their business orientation to customers needs, quality of services, and flexibility.

¹ IT=information technology.

3

Temporary agency work and working conditions

TAW and working conditions

In international comparisons (see e.g. Letourneux 1997) a statistical link has been pointed out between non-permanent employment in general and poor working conditions. According to these studies, temporary workers have worse working conditions than permanent workers do. They work more in painful or tiring positions, are more exposed to intense noise, perform more repetitive movements, and perform more short repetitive tasks compared to permanent workers. In addition, temporary workers also show more of health problems than permanent workers do, although differences exist between subgroups of temporarily employed (Letourneux 1997, Aronsson et al. 2000).

The purpose of this section is to provide information on the working conditions of Finnish temporary agency workers such as e.g. *job contents, physical and psychosocial working environment* and compare these features with working conditions in other forms of employment. However, in Finland no studies have been carried out on working conditions of temporary agency employees. Statistics Finland's Quality of Working Life Surveys (e.g. 1990 and 1997) include data on employees' working conditions in Finland. But the number of temporary agency employees in these surveys is far too small for a proper analysis of temporary agency employees' working conditions. Therefore we have to base our analysis on the information on all temporary workers' working conditions. We believe that an inspection of a profile of all temporary workers' working conditions is also, at least to some extent, indicative of temporary agency workers' working conditions.

In the following inspection of temporary workers' working conditions data from Statistics Finland's Quality of Working Life Survey from the year 1997 is utilised.

Quantitative and qualitative flexibility

Working conditions have several dimensions such as physical environment, job contents and psycho-social factors, and several indicators of both qualitative and quantitative nature can be used to describe them.

One aspect of working conditions is quantitative flexibility. It has to do with whether or not employers can vary working hours and/or pay; i.e. whether pay includes a fixed component. As regards the form of pay, the Quality of Working Life Survey shows that in Finland it is slightly more common among permanent workers to have flexible elements in their wages than among temporary workers. The share of those permanent workers who lack a fixed element in their wages was around four per cent, whereas the corresponding share for temporary workers was around three per cent. Only for men in temporary jobs was a piece-work pay more common than for men working in permanent jobs.

Working conditions are also influenced by how labour organisation and employee allocation is modified. This kind of flexibility includes things such as e.g. night work, Sunday, Saturday work, and shift work.

As far as the form of working time is concerned, the Quality of Working Life Survey suggests that regular day-time work in Finland is more typical for permanent workers than for temporary workers (70.7% vs. 66.6%). There are not so clear differences in Saturday, Sunday or night work. However, three-shift work and period work are more common for temporary workers.

Factors of physical discomfort

Physical discomfort in working environment can be illustrated by two kinds of factors: factors that measure physical strenuousness of working environment and factors of ergonomic strenuousness that arise from the organisation of work. The former is described by exposure to factors such as e.g. heat, coldness, draft, vibration, and noise. The latter is described by work in painful or tiring positions, short repetitive tasks lasting less than ten minutes, repetitive hand or arm movements, and carrying or handling heavy loads.

The Quality of Working Life Survey implies that greater differences exist in Finland between temporary and permanent workers in ergonomic strenuousness than in physical strenuousness. As far as the defect factors of working conditions in Finland are concerned, both temporary and permanent workers seem to be exposed to factors such as heat, coldness, vibration, draft and noise to approximately the same extent (see Table 7). However, especially men on temporary contracts seem to suffer more about ergonomic strenuousness such as repetitive movements, difficult working positions, and carrying heavy loads compared to men on permanent jobs (see Table 8).

It is also noteworthy that there are differences in experiencing ergonomic strenuousness between sectors. Temporary workers working in the manufacturing sector and in the construction consider their work especially strenuous. Instead, in the service sector such difference does not exist between temporary and permanent workers. (Saloniemi 1999.)

Table 7: *Factors of physical strenuousness in working environment, %*

	Temporary workers			Permanent workers		
	All	Men	Women	All	Men	Women
Heat	27.6	32.2	24.7	29.5	30.1	28.9
Coldness	25.9	37.1	19.0	27.0	29.0	25.0
Draft	23.5	30.2	19.3	30.8	32.8	28.9
Vibration	5.8	13.7	0.9	6.8	12.3	1.4
Noise	31.7	42.0	25.3	36.0	41.6	30.7

Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

Table 8: *Ergonomic strenuousness in working environment, %*

	Temporary workers			Permanent Workers		
	All	Men	Women	All	Men	Women
Repetitive Movements	27.7	32.2	25.0	27.1	21.7	32.3
Difficult working Positions	31.7	39.0	27.1	26.3	24.8	27.7
Carrying Heavy loads	29.4	35.6	25.6	24.0	20.9	27.0

Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

Similarly, especially men working on temporary contracts experience their jobs to be more physically burdensome than men on permanent contracts (see Table 9 below). In the case of women, situation is the opposite: female workers in permanent jobs felt that their jobs were physically more strenuous than temporarily working women. As regards mental stressfulness of work, permanent workers experienced their work to be more stressful than temporary workers did. Workers on permanent contracts also seem to be more exposed to high-speed work than workers on temporary contracts.

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Table 9: *Physical and mental strenuousness of work, %*

	Temporary Workers			Permanent Workers		
	All	Men	Women	All	Men	Women
Work physically burdensome	38.0	43.4	34.6	35.1	32.2	37.8
Work mentally stressful	41.2	35.1	44.9	52.5	50.4	54.5
High speed of work	43.9	37.1	48.2	58.1	56.0	60.1

Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

Psycho-social working conditions

Psycho-social factors of working environment refer to factors such as opportunities to develop oneself, workers' autonomy, support workers receive, and job enrichment that people experience (monotonous tasks, complex tasks, learning new things). According to the Quality of Working Life Survey (1997), temporary workers in Finland actually regard their opportunities to develop themselves in the working place quite good: around 40 per cent of the temporary workers regarded their possibilities as good and around 37 per cent considered to have some kind of possibilities in this respect (Table 10).

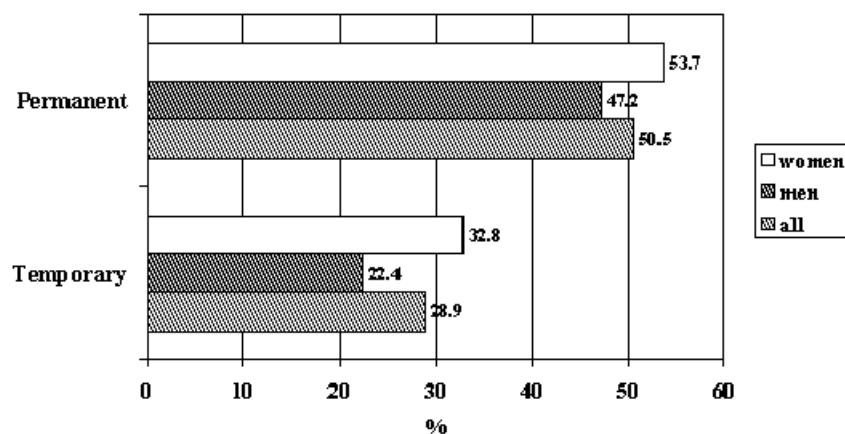
Table 10: *Opportunities to develop oneself in the working place, %*

	Temporary Workers			Permanent workers		
	All	Men	Women	All	Men	Women
Good opportunities	41.4	45.1	39.2	31.6	27.4	35.7
Some kind of opportunities	37.3	37.3	37.3	20.0	16.5	23.3
Weak opportunities	19.8	37.3	21.7	16.7	12.1	21.2

Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

As can be expected, employers in Finland pay more often for their permanent workers' training than for temporary workers' training (see Figure 4 below).

Figure 4: *Temporary and permanent employees' training paid by employer, %*



Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

Working conditions are also influenced by how much workers have autonomy as to their job, i.e. are able to influence their job tasks, pace of work and working methods. In this respect, differences exist in Finland between temporary and permanent workers: temporary workers do not have the same possibilities to influence their work tasks as permanent workers do. Of temporary workers over one fifth saw that they could not affect their work tasks at all, whereas the corresponding share for permanent workers was 17.3 per cent. More often than other groups, women on temporary contracts saw that they had no influence on their work tasks. As far as influence on pace of work and working methods is concerned, temporary and permanent workers had quite similar views about their opportunities.

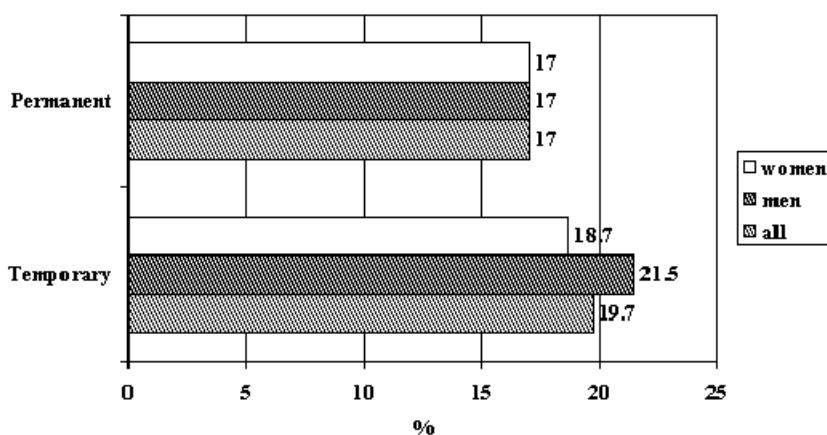
Table 11: *Workers' opportunities to influence their work, %*

	Temporary workers			Permanent workers		
	All	Men	Women	All	Men	Women
Not able to influence work tasks	23.1	16.6	27.2	17.3	14.5	19.9
Not able to influence pace of work	11.6	6.3	14.8	10.7	7.9	13.4
Not able to influence working methods	8.4	4.9	10.6	7.0	6.3	7.8

Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

In addition, both men and women on temporary contracts considered their work more monotonous compared to permanent workers (Figure 5). Temporarily working men felt their jobs monotonous more often than temporarily working women.

Figure 5: *Monotonousness of work experienced by temporary and permanent workers, %*



Source: *Statistics Finland's Quality of Working Life Survey (1997)*.

Health effects

One element of working conditions is how work is affecting workers' health. In the Statistics Finland's Quality of Working Life Survey this aspect was surveyed by asking respondents e.g. about back problems, muscular pain in the arms or legs, headaches, eye problems and general fatigue. In this respect no great differences seem to exist between temporary and permanent workers (see Table 12).

Table 12: *Health problems caused by work, %*

	Temporary workers			Permanent workers		
	All	Men	Women	All	Men	Women
Back problems	28.4	27.6	28.9	31.6	27.4	35.7
Muscular pain in the arms or legs	16.5	16.9	16.3	20.0	16.5	23.3
Headaches	19.6	11.7	24.4	16.7	12.1	21.2
Eye problems	8.0	13.7	9.0	6.9	6.1	7.6
General fatigue	11.0	12.7	9.9	12.2	10.5	13.7

Source: *Statistics Finland's Survey of Living Conditions 1997. Headaches, general fatigue at least once a week (general fatigue= over-tiredness).*

Occupational safety and health policies dedicated to temporary agency workers

In the last few years there have been some legislative changes in Finland that have influenced temporary agency workers' occupational safety and health policies dedicated to temporary agency workers.

In 1997 the occupational safety of temporary agency workers was improved by extending responsibility for temporary agency workers' occupational safety to user firms. An amendment was made to Occupational Safety Law so that user firms of temporary agency workers are responsible for these workers' occupational safety in the same way as temporary work agencies are. The purpose of this amendment was to provide temporary agency employees the same level of occupational protection as to other workers in the user firm. According to this act, the user firm has an obligation to inform the temporary work agency about the professional competence requirements and special features of the work.

From the viewpoint of temporary agency workers and temporary workers in general, another improvement was a change in the Employment Contracts Act in 1997 that entitles those workers whose employment contract has lasted less than one month to also get wages during their illness. In cases where the worker has been employed for a period shorter than one month when the said disability commences, she/he is entitled to receive 50 per cent of her/his wages during the period of disability up to the end of the seventh working day following the day on which it commenced.

Temporary agency work and collective bargaining

Regulatory framework concerning temporary agency work

Before 1985 there were no specific regulations concerning temporary agency work in Finland except for some regulations in the Finnish Co-operation within Undertakings Act. In the beginning of 1986 a change in the Labour Exchange Act came into force and during 1986-1993 temporary work agencies needed a licence for their operation. This act regulated use of temporary agency work as to e.g. licences, preconditions for hiring temporary agency employees, supervision, temporary work agencies' obligations, and preconditions for cancelling licences.

The Labour Exchange Act included regulations among other things as to duration of TAW contracts and circumstances under which user firms could utilise temporary agency work. For example, during 1986-1993, maximum duration for which the temporary work agency could hire its worker for the user firm at a time was six months. The user firm could not either use temporary agency workers for the same job longer than six months with the exception of a single job assignment, some temporary posts and, a job of a performing artist.

At the beginning of 1994 the Employment Services Act was launched and use of temporary agency work was deregulated so that it was no longer subject to a licence, but temporary work agencies need only declare in writing to the labour inspectorate about hiring out labour. After this deregulation Finland has belonged to those EU-countries, where there is relatively little specific legislation regulating temporary agency work.

For example, after the deregulation of temporary agency work, no specific regulations as to grounds for temporary agency employment contracts has existed. Instead, the use of temporary agency work is regulated by the same legislation as the use of temporary work in general. According to the Employment Contracts Act, acceptable grounds for temporary contracts are a nature of job, a temporary post, an apprenticeship or some other comparable reason. If a contract for a specified period has been concluded one after another, the contract shall be considered to be valid for an un-specified period. (Kahri and Hietala 1997.)

Before the deregulation it was prohibited to place obstacles to a temporary agency worker's permanent employment relationship in the user firm. After the deregulation, it has been possible for a temporary agency firm to demand a commission, if the temporary agency worker is employed by the user firm during the contract employs or immediately after that. Originally it was meant that this commission should not prevent temporary agency worker's employment. But, according to the wage-earner side, this commission has in practise prevented temporary agency worker's employment relationships.

Besides the Employment Services Act (Työvoimapalvelulaki), the Act on 'Supervision of Occupational Safety' (Työsuojelun valvonnasta ja muutoksenhausta työsuoj-eluasioissa annettu laki), and the Act on Occupational Safety (Työturvallisuuslaki) include regulations regarding temporary agency work in Finland.

The Act on Occupational Safety was amended in 1997 so that it includes regulation on how employer responsibilities between a temporary work agency and a user firm are divided. According to this amendment, as far as occupational safety is concerned, a user firm is also considered to be responsible.

In 1998 Finland ratified ILO's convention on private employment agencies number 181. According to this convention, a member country shall take all the necessary measures to ensure adequate protection for workers employed by private employment agencies in relation to, among other things, freedom of association,

collective bargaining, minimum wages, working time and other working conditions, statutory social benefits, access to training, and occupational safety and health.

Due to this ratification, some amendments were made in 1999 to the Finnish Employment Services Act and the Act on Supervision of Occupational Safety. For example, the Employment Services Act was amended by a prohibition of discrimination (3a §): agencies must not discriminate their employees. In addition, temporary work agencies were prohibited to charge any costs to their workers from recruitment services (16 §). Temporary work agencies were also obligated to deliver labour administration information about their employment services at intervals and in form determined by the competent authority (The Act on Supervision of Occupational Safety 18 §).

In general, employment conditions in temporary agency work in Finland are determined by legislation, by employer-binding collective agreements and by an employment contract between the employer and the employee. Which conditions are applied in individual cases is always solved by a priority order. The Employment Contracts Act is applied in temporary agency employment relationships on the same conditions as in other employment relationships. (Työhallinnon julkaisu 211.)

Extent of collective bargaining at different levels

Collective bargaining also plays a role in the overall regulation of temporary agency work in Finland. A general agreement (1997) exists between The Confederation of Finnish Industry and Employers (TT) and The Central Organisation of Finnish Trade Unions (SAK) about the conditions of temporary agency employment relationships and their use. This agreement sets preconditions for use of temporary agency work. According to it, temporary agency work should only be used for easing work load, for contracts of specified duration, which due to their urgency, requirements of professional skills etc. are such that permanent workers in the firm are not able to do them. This general agreement is to be applied, when it is a part of that sector's collective agreement. By the Finnish Collective Agreements Act those employers who are bound to collective agreements have an obligation to apply collective agreements' conditions as minimum conditions in their employment relationships.

According to the Employment Contracts Act's clause concerning generally binding collective agreements, the employer should comply with at least such wage and other conditions as are prescribed for the work concerned in a national collective agreement which may be deemed to be generally binding in the branch concerned. In order to be generally binding the collective agreement must be a national-level agreement, which covers about half of the workers in the branch. There has been a disagreement with respect to the fact what is to be considered as the branch concerned, as no established practise about this exists. In the manufacturing sector the branch concerned (according to which collective agreements are drawn) is determined by the so-called industry sector principle. In the service sector a collective agreement to be applied is chosen on the basis of employers' branch, nature of work, or its principal nature.

In Finland no national temporary agency collective agreements exist except for musicians and disc jockeys. A first sector-specific collective agreement concerning temporary agency work was concluded between ERTO (Federation of Special Service and Clerical Employees) and Employer Association of the Special Branches in June 2000. This agreement deals with hiring out of labour for tasks of financial administration, information technology and clerical work. The agreement includes regulations about probationary periods, midweek holidays and maternity leave's salary.

Besides this sectoral collective agreement, there are few firm-specific collective agreements between trade unions and temporary work agencies. First, two unions in the health and social sector, Tehy (Union of Health and Social Care Services) and Super (The Finnish Union of Practical Nurses), have a firm-specific collective agreement with a temporary work agency Helsingin Työvoimapalvelu.

This agreement concerns union members working in Helsingin Työvoimapalvelu and is based on the collective agreement in the municipal sector. The wage level is in line with the wage level in the private health care sector. In the agreement the brevity of employment contracts is taken into account so that under certain conditions an employee can be paid his/her salary during sickness, a maternity leave, a temporary child care leave although the employment contract would not be effective. Similarly, earlier employment contracts in Työvoimapalvelu are taken into account in determining annual holidays. In addition, shop stewards and health and safety assignees of user firms will also serve temporary agency workers.

In addition, Rakennusliitto (Construction Trade Union) has concluded a firm-specific agreement with a big Finnish temporary agency firm Varamies-yhtiöt. In this agreement Varamies-yhtiöt commits to apply the construction sector's collective agreement in the employment contracts of those workers who work in the construction sector. Varamies-yhtiöt has also concluded with Hotel and Restaurant Workers' Union a similar firm-specific agreement, according to which Varamies-yhtiöt applies the hotel and restaurant sector's collective agreement in the employment contracts of those workers who work in that sector.

Temporary Agency Employers' Association consider that temporary agency firms are bound by laws, employment contracts and the Association's rules. Those temporary work agencies who belong to Temporary Agency Employers' Association have committed to apply agreed principles in hiring-out temporary agency workers (see more closely Työvoiman vuokraustoiminnan pelisäännöt 1997).

According to the new Employment Contracts Act in Finland which enters into force 1.6.2001, the conditions of temporary agency workers are safeguarded so that they are defined on the same basis as those for permanent workers in the user enterprise. In other words the temporary work agency is obliged to apply to temporary agency workers the same collective agreement as the user enterprise applies to its workers. The new law defines one exception for this rule: if a special collective agreement exists on temporary agency work, then the temporary agency firm is obliged to apply that collective agreement. However, as mentioned above, no collective agreements on TAW exist except one minor branch level agreement and some undertaking level agreements between some unions and the temporary work agency in question.

Collective rights of temporary agency workers

As far as the temporary agency workers' collective rights in Finland are concerned, no specific rules exist on the subject. Collective rights include information and consultation rights, the right to vote and eligibility in the elections for the worker's representation bodies, and the right to strike. Although no specific rules exist, it is the case in Finland that temporary agency workers have collective rights only in relation to the agency. This is also the case in most EU-countries (Clauwaert 1999). Since the temporary worker is in most countries considered to be the employee of the agency, he/she only has collective rights in relation to the agency.

Relationship between the user company and its workers' representation bodies

There are also some rules that deal with companies' use of external labour force. According to the Finnish Co-operation within Undertakings Act, the user company has to inform its permanent workers about the use

of external labour force, i.e. the use of temporary agency workers. A user firm must negotiate about the utilisation of temporary agency workers with workers' representation bodies, if this use can relevantly influence permanent workers' position and working conditions. This act supposes that temporary agency workers cannot be used for doing firm's regular work assignments. Further, this act stipulates that hiring temporary agency workers cannot either lead to a situation, where permanent workers are left without work.

This act applies only to firms with more than 30 workers. This means that the smaller user firms are not obliged to fulfil the obligations stipulated in this Act.

Conclusion

Reliance on temporary agency work is still quite modest in Finland. In 1999 temporary agency workers represented around 1.6 per cent of all wage earners. However, in the last few years temporary agency work has rapidly been expanding.

The increasing use of temporary agency work in EU countries in general has caused concern both at the EU and the national levels as to temporary agency workers' rights and their equal treatment. In Finland issues raised in this context have dealt with the quality of temporary agency jobs, temporary agency workers' social security rights and employment conditions in comparison to permanent workers' rights and employment conditions in user enterprises. In particular, Finnish trade unions have demanded equal treatment for temporary agency workers regarding employment conditions and wages. The new Finnish Employment Contracts Act conveys that employment conditions in temporary agency employment relationships would be determined by conditions of employment in the user firm unless there is a special collective agreement on temporary agency work. In addition, legislative changes have been made to improve temporary agency and other temporary workers' social security.

On the basis of existing data we know that in Finland temporary agency employment relationships are predominantly fixed-term contracts and their average duration is quite short. Labour turnover in the industry is high as for many employees temporary agency work is only an interim phase in their life and they want to get a permanent job. Workers regard job insecurity as the greatest disadvantage connected to temporary agency work and, thereby, difficulties to plan one's economy. For user enterprises temporary agency work is becoming an increasingly important part of their shortterm adjustment strategies. However, the existing data and studies on temporary agency work in Finland are very scarce. Therefore more information would be needed especially about characteristics of temporary agency workers, their working conditions, and job careers. Likewise, more information on the user firms would be useful.

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Definitions of TAW and other atypical forms of employment (fixed-term contract and part-time contract)

Temporary agency work (TAW)

A Finnish definition of temporary agency work is given in the general agreement on the use of external labour force, which exists between The Confederation of Finnish Industry and Employers (TT) and The Central Organisation of Finnish Trade Unions (SAK). According to this agreement, from the point of view of a user firm, temporary agency workers belong to external labour force, who work in the user firm under the supervision and control of this firm. Temporary agency work is defined as hiring out labour force, where workers employed by a temporary work agency work for user companies under their supervision and control.

Temporary agency work (TAW) is a triangular relationship involving a worker, a firm acting as a temporary work agency and a user firm, whereby the agency employs the worker for a fee and places her or him at the disposition of the user firm.

Fixed-term contract

According to EU's Fixed-term work directive, a fixed-term worker is a person having an employment contract or relationship entered into directly between an employer and a worker where the end of the employment contract or relationship is determined by objective conditions such as reaching a specific date, completing a specific task, or the occurrence of a specific event (Vigneau 1999, 100). According to Statistics Finland, fixed term employment is defined as follows: employees with an employment contract for a fixed term, for a trial period, or for carrying out certain tasks are considered as being in fixed-term employment.

The Finnish Employment Contracts Act requires that there has to be grounds for fixed-term contract. Acceptable grounds are: (i) nature of work, (ii) temporary post, (iii) apprenticeship, (iv) connection between fixed-term contract and employment subsidy, (v) other reasons related to firm's operation or a specific task. Maximum length of fixed-term contract is five years. According to the Employment Contracts Act, successive fixed-term contracts cannot be used without any valid reason. (Kahri and Hietala 1997, Saarinen 1998).

Part-time contract

There is no general definition of part-time work in the Finnish legislation. European Union's directive on part-time work defines part-time worker as a worker whose regular weekly working time or average yearly working time is shorter than corresponding full-time worker's working time. An indirect definition can be found e.g. in the Finnish job security legislation, where a worker is considered as part-time, if his working time is shorter than 75 per cent of full-time worker's working time. In addition, some sectoral collective agreements have defined length of part-time work. For example, in hotel and restaurant workers' collective agreement a part-time worker is such whose regular working time is at most 90 hours in three weeks. (Saarinen 1999.)

According to Statistics Finland, those working 30 hours or less per week are counted as part-time.

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