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TEMPORARY EMPLOYMENT IN MEMBER STATES OF THE EU

Abstract

As for Member States of the European Union, a necessity for the deregulation of a labour market can be seen. Supporters of the liberalization of legal regulations see a chance for improvement in processes of labour force allocation and a fall in unemployment. On the other hand, opponents pay attention to danger to social safety of workers. However, making labour markets of market economy countries more flexible seems to be an unavoidable and even necessary process in a situation of current changes in the domestic economy.

Too high unemployment makes one look for new solution that can contribute to an increase in employment. One of means is an increase in the flexibility of employment, including the use of flexible forms of employment such as job on the basis of temporary contract, work carried out by hired workers, work carried out when there is a call, outwork, or telework.

The article is aimed at presenting temporary employment in particular Member States of the European Union. Apart from that, in addition, the diversity of women and men situation in this respect will be presented.

Key words: labour market, temporary and permanent job

Introduction

The flexibility of employment implies the ability to adjust the number of workers in enterprises to changing economic conditions, triggered by technical and technological progress as well as created by structural policy of a country (Kryńska, 2001). This kind of flexibility manifests itself mainly in the tendency of an enterprise toward using so-called flexible forms of employment among which the most important are: job on the basis of temporary contracts, work carried out by hired workers, work carried out when there is a call, outwork, telework (Hajn, 2003).

Temporary job is a temporary contract of employment which is used by employers more often than other typical forms of employment due to minimal outlays connected with the fact that a worker is made redundant. This allows for easy exchange of workers or a fall in employment without bearing extra costs. From the point of view of an employee, it does not provide him or her with stability and does not provide any service when a period of employment is over.

Work carried out by hired workers consists in hiring workers by temporary job agencies. Such an agency is an employer and takes over all duties connected with employment.

Work carried out when there is a call consists in the fact that an employee is at an

employer's disposal, and work is carried out at the moment of a call. An employee has to be fully flexible. He or she does not know when there are periods during which work will be carried out and is not sure whether such periods will occur at all. This type of work finds application in, among others, trade, the hotel trade, tourism.

Outwork consists in the fact that an employee carries out an appointed work in the place indicated by him or her, not by an employer.

Tele work is a modern form of working at home. It requires an access of potential workers to modern communication and computer techniques. Its main advantages are: an increase in the efficiency of work, lower indexes of employment fluctuation, lower costs of training and recruitment of new workers, a limited demand for office space, lower costs of real estate, shorter reaction time (Nilles, 2003). Tele work is not only a change in a workplace, but also a change in the way in which particular tasks, that make up labour processes, are organized and carried out. This provides the disabled people with opportunities of employment.

Substitute work is carried out during a long and excused absence of a worker (e.g., because he or she is sick). The period of time during which a worker is employed and the moment when work is over is not specified. A contract is automatically cancelled the day a substituted worker comes back to work.

Subcontract – in the case of subcontract, an employer appoints other subjects to carry out particular tasks, that are not within his or her basic activity, e.g., information service, property security, legal consultancy, transport, actions aimed at the maintenance of a workplace. These subjects carry out their work through their workers (so they are employers as well). In order to do this, workers are delegated to an employer who appointed particular work (contractor). As a result, workers of one employer carry out work for other employer (client). A client preserves managerial rights over his or her workers. He or she is responsible for providing the service in a right way, from which responsibility for workers also results. Pay for work that has been carried out is given by a client. In Member States of the European Union, handing over the part of peripheral activity to an external firm (out sourcing), e.g., cleaning services, information services, bookkeeping services, legal services, advertisement services, or distribution services, becomes more and more popular. In this way, a firm may concentrate on its basic activity. Workers providing the services may be employees of a client, and a service may be provided at contractor's place, as well as outside his or her office. The basis for providing the services is a civil-legal contract between a firm that commissions a service and a person who provides it.

Hiring the workers – in the case of this form of employment an employer (under certain circumstances) hires his or her permanent workers (with their approval) to other employers who need more workers. Delegated the worker to other employer is connected with the fact that this employer takes over managerial rights. This employer takes the risk of carrying out the work. An employer who hires his workers is not responsible for work carried out by them.

Self-employment and other civil-legal contracts – as far as European law is concerned, the notion of atypical work encompasses only employment of workers. At the same time, it should be noticed that in Europe employment which does not involve workers and is based on civil-legal contracts, and, most of all, carrying out work within self-employment or fee-for-task agreement becomes more and more significant. Self-employment consists in the fact that an independent subject, that conducts economic activity, provides services. Therefore, self-employed is an entrepreneur, and civil, not labour, law is applied to him or her. Thus, employers very often convince their workers (or applicants for a job) that they should undertake and register their own economic activities. Next, such a small entrepreneur provides former/potential employer with services. However, it should be borne

in mind that employment in conditions characteristic for labour relation is employment on the basis of labour relation, regardless the kind of a contract which has been concluded between the sides of a contract. Replacing contracts of employment with civil-legal contracts along with retaining the conditions on which work is carried out and which are characteristic for labour relation is unacceptable.

In this paper, temporary employment will be discussed in detail.

Temporary workers in the European Union

Among 133,8 million of EU workers, 17,7 million of persons have temporary jobs. This means that in the European Union 13,2% of employees work on the basis of temporary contracts. Women are exposed to temporary contracts to a greater extent than men. Women constitute 38,5% in the total of workers, while 41,2% in the total of temporary workers. Apart from that, as for all female workers, 15,2% of them work on the basis of temporary contracts. As for men, this index is lower and amounts to 14,2%.

Persons aged 15-24 constitute a group which is, to the greatest extent, exposed to working on the basis of temporary contracts. As many as 40,8% of women and 41,7% of men at this age work on the basis of such contracts, which is shown in table 1.

Table 1. The share of employees with temporary contracts by age groups and sex in the EU-25, 2005 (in %).

	15+	15-24	25-54	55+
Men	14,2	41,7	11,1	7,3
Women	15,2	40,8	12,4	7,4
Men and Women	14,7	41,3	11,7	7,3

Source: own compilation based on: Statistic in focus- Population and Social Conditions no 11/2006 "Labour Market Latest Trends. 4th quarter 2005". Eurostat, July 13, 2006.

On the basis of the table given above, it can be noticed that the share of people who have temporary employment in the total of employed becomes smaller along with age.

On the other hand, analyzing the share of persons who have temporary contracts in the total of employed, depending on activity section, it can be noticed that agriculture, hunting and fishing is a sector in which this share is the greatest, which is shown in table 2.

In the case of men, the share of persons who have temporary employment is also greater in the section: construction. On the other hand, the smallest share of women who have temporary employment in the total of all employed women was recorded in sections: construction (12%), as well as business activities and financial services (13,1%). In the case of men, the lowest indexes were recorded with regard to industry (11%) as well as business activities and financial services (12,4%).

Table 2. The share of employees with temporary contracts by broad groups of economic activity in the main job and sex in the EU-25, 2005.

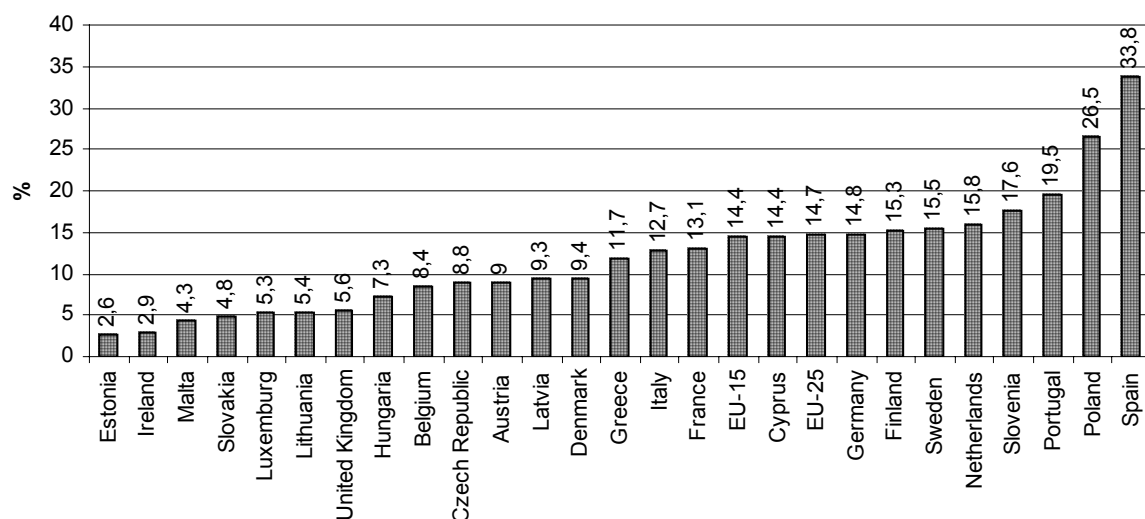
	Men	Women	Men and Women
Agriculture, hunting and fishing	30,4	42,1	33,9
Industry, incl. Energy	11	13,7	11,8
Construction	22,9	12	21,9
Trade, transport and communication services	13	16,3	14,5
Business activities and financial services	12,4	13,1	12,8
Other services	14	15	14,7
Total	14,2	15,2	14,7

Source: own compilation based on: Statistic in focus- Population and Social Conditions no 11/2006 “Labour Market Latest Trends. 4th quarter 2005”. Eurostat, July 13, 2006.

Temporary workers in the European Union Member States

The answer to the question about the degree of diversity of temporary employment in particular EU countries seemed to be puzzling as well. The share of employees who work on the basis of temporary contracts in the total of all the employed differs as far as particular Member States of the European Union are concerned, which is shown in chart 1.

Chart 1. The share of employees with temporary contracts by countries, 2005.

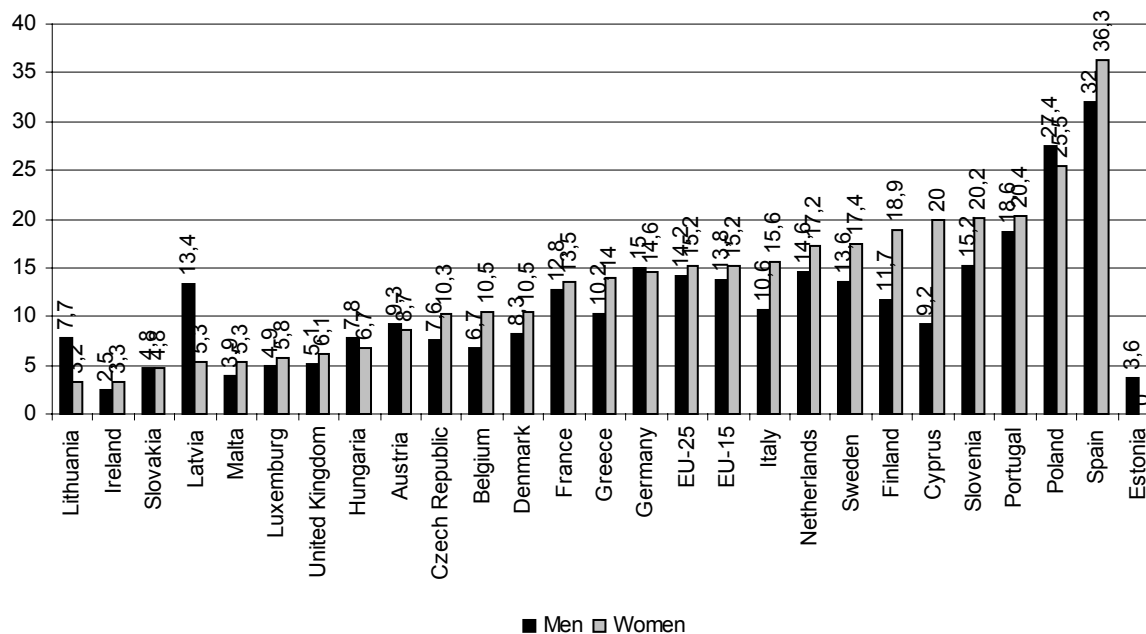


Source: own compilation based on: Statistic in focus- Population and Social Conditions no 11/2006 “Labour Market Latest Trends. 4th quarter 2005”. Eurostat, July 13, 2006.

The greatest share of temporary workers could be found in Spain. As many as 33,8% of the Spanish are temporary workers. A high index was also recorded in Poland (26,5%), Portugal (19,5%) and Slovenia (17,6%). The smallest share of such workers can be found in Ireland (only 2,9%), Malta (4,3%) and Slovakia (4,8%). In the European Union, 14,7% (on average) of workers are employed on the basis of temporary contracts.

In addition, it should be noticed that a great diversity is found not only among particular countries but also between sexes in particular countries, which is shown in chart 2.

Chart 2. The share of employees with temporary contracts by countries and sex, 2005.



Remarks: Estonia – lack of data concerning women

Source: own compilation based on: Statistic in focus- Population and Social Conditions no 11/2006 “Labour Market Latest Trends. 4th quarter 2005”. Eurostat, July 13, 2006.

In six of the Member States, the share of male temporary workers is greater than the share of female ones. These are the following: Lithuania, Latvia, Hungary, Austria, Germany, and Poland. In the remaining countries, the share of female temporary workers in the total of female workers was smaller than an analogous index for male ones. The highest index as for women was recorded in Spain, where 36,3% of women worked on the basis of temporary contracts. A high index as far as women were concerned, was also recorded in Poland (25,5%), Portugal (20,4%), Slovenia (20,2%), as well as Cyprus (20%), whereas the lowest one in Lithuania (3,2%), Ireland (3,3%), Slovakia (4,8%), as well as Latvia and Malta (5,3%).

In the case of men, the highest index was recorded in Spain (32%), Poland (27,4%), Portugal (18,6%), and Slovenia (15,2%), whereas the lowest one in Ireland (2,5%), Estonia (3,6%), Malta (3,9%), Slovakia (4,8%), and Luxemburg (4,9%).

In the EU-25, women work on the basis of temporary contracts 1,1 (on average) times more often than men, which is shown in table 3.

The greatest diversity as far as women and men were concerned, could be found in Cyprus, where the share of female temporary workers was more than two times greater than the share of male temporary workers. A great diversity was also found in Belgium and Finland, where the index given for women was 60% higher than the one given for men. The lowest indexes were recorded in Latvia and Lithuania (0,4%), where the share of female temporary workers was considerably lower than the one of male temporary workers.

Table 3. Proportion of the share of female temporary workers in the total of female workers to the share of male temporary workers in the total of male workers in the EU-25, 2005.

	The share of male temporary workers	The share of female temporary workers	The proportion of the share of women to the share of men
Cyprus	9,2	20	2,2
Belgium	6,7	10,5	1,6
Finland	11,7	18,9	1,6
Italy	10,6	15,6	1,5
Malta	3,9	5,3	1,4
the Czech Republic	7,6	10,3	1,4
Greece	10,2	14	1,4
Ireland	2,5	3,3	1,3
Denmark	8,3	10,5	1,3
Sweden	13,6	17,4	1,3
Slovenia	15,2	20,2	1,3
Luxemburg	4,9	5,8	1,2
United Kingdom	5,1	6,1	1,2
the Netherlands	14,6	17,2	1,2
France	12,8	13,5	1,1
EU-25	14,2	15,2	1,1
EU-15	13,8	15,2	1,1
Portugal	18,6	20,4	1,1
Spain	32	36,3	1,1
Slovakia	4,8	4,8	1
Germany	15	14,6	1
Hungary	7,8	6,7	0,9
Austria	9,3	8,7	0,9
Poland	27,4	25,5	0,9
Lithuania	7,7	3,2	0,4
Latvia	13,4	5,3	0,4

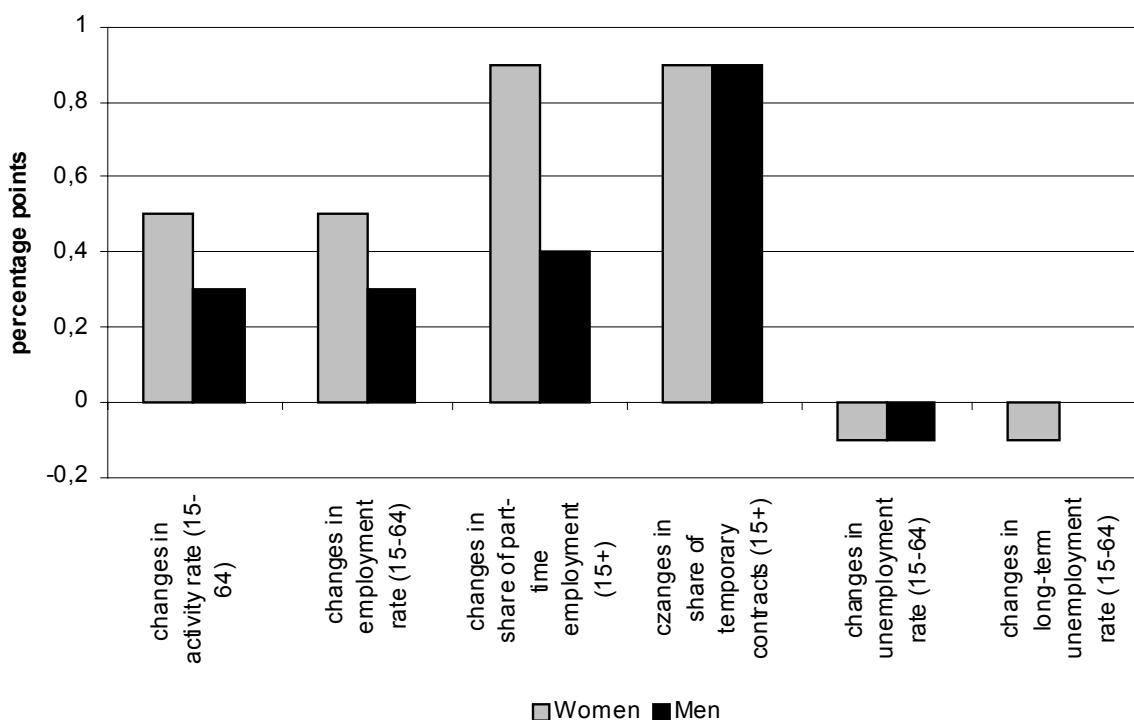
Remarks: Estonia – lack of data

Source: own compilation based on chart 2.

Conclusion

Temporary contracts become more and more important in the world. Statutory limits, concerning their repeatability or a period for which they may be concluded, indicate that temporary contracts are an attractive and readily applied, by employers, form of employing the workers. In comparison with 2004, the share of temporary workers increased by 0,9 percentage point, both for women and men. This increase was greater than the increase in employment as well as the increase in activity rate, which is shown in chart 3.

Chart 3. Changes in the labour market indicators in the EU-25 from 2004Q4 to 2005Q4 (in percentage points).



Source: Statistic in focus- Population and Social Conditions no 11/2006 “ Labour Market Latest Trends. 4th quarter 2005”. Eurostat, July 13, 2006.

Gradual moving from a traditional model of labour is caused by the globalization of economic processes, the development of information and telecommunication technologies, as well as the expansion of services sector. The dynamics of these phenomena and more and more fierce competition make enterprises become flexible when they choose a form of employment. The choice of a form depends on the type of a company and its activity, in particularity on groups of workers and the kind of work they carry out.

Firms must do their best in order to achieve a high level of quality and modernity of products and services and not to be outdone by competitors. This requires the ability to react to changes quickly which is connected with the formation of flexible labour resources. What is more, productive employment, i.e. the one which is needed in a firm and is used to the full by it, should be paid more and more attention.

In current conditions in which enterprises function, effective and productive employment have to be characterized by the flexibility of forms which allows for adjusting the number and type of employees to quantitative, qualitative and temporal need for labour. The cost-effectiveness of employment forms, which involves minimization of labour costs and maximization of benefits for employees and an enterprise is a component of effective employment. The necessity of adjusting various forms of employment to particular conditions brings about the need for their evaluation paying special attention to their flexibility, productivity, and cost-effectiveness.

Flexible forms of employment carry with them economic and social consequences for enterprises and workers. Economic consequences are as follows:

1. Lowering high labour costs,
2. Adjusting the firm to the requirements of modern labour market,

3. An increase in the adaptation of firms to market changes,
4. Possibility of employing highly regarded experts on a fixed period.

On the other hand, among social consequences the following are distinguished:

1. lowering the standards of social safety of workers,
2. a probability of social exclusion in the case of isolating the worker from his or her work environment,
3. lack of security of employment,
4. lack or low degree to which an employee identifies with a firm.

At the same time, it should be noticed that applying non-standard forms of employment, including temporary employment, ought to be always well-grounded rationally. They should not also be overused by employers so that they would not reduce their obligations. For these contracts are often connected with slighter legal safety at work due to, e.g., shorter periods of notice, smaller gratuities – which may cause frustration of workers, slighter identification with objectives of a firm, slighter involvement in its development. They are often connected with lower pays as well. What is more, they do not provide one with a sense of professional stability, as well as additional training and professional promotion. However, despite the fact that non-standard forms of employment are not free from disadvantages, they often increase chances of taking up job as for groups which are particularly endangered with unemployment. Apart from that, making flexible forms of employment more common may be a chance for the development of the sector of services.

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