

# **Stable Flexibility – Long-term Strategic Use of Temporary Agency Workers in Sweden**

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The use of temporary agency workers is closely linked to the concept of numerical flexibility, entailing a need for additional staff in booms. However, previous research has also revealed a trend towards a more extensive and constant use of temporary agency workers. Even though the long-term use is not new, there is hardly any knowledge of how this transfer from short- to long-term use takes place. In this article, the exchange process between the temporary work agency and the user firm is scrutinised to explore and explain how the use of blue-collar temporary agency workers has become a long-term strategic use of the user firm's staffing strategy.

**Key words:** agency work, flexibility, flexible organization, labour market flexibility, staffing strategy, temporary agency workers, temporary work agency

## **1. Introduction**

The use of temporary agency workers is closely linked to the concept of numerical flexibility, entailing a need for additional staff in booms. According to the image of 'The flexible firm' (Atkinson, 1984) numerical flexibility entails a continuous change in the number of staff to exactly match the number of staff to the number needed. This "exactly matching" implies short term changes in the number of staff. However, previous research reveals

extensive long-term use of agency workers, indicating other motives besides short-term matching (cf. Purcell, Purcell, & Tailby, 2004; Stanworth & Druker, 2006; Theodore & Peck, 2002; Tijdens, van Klaveren, Houwing, van der Meer & van Essen, 2006; McKay & Markova, 2008; Elcioglu, 2010; Kalleberg & Marsden, 2005; Smith & Neuwirth, 2008).

Holst, Nachtwey and Dörre, (2010) also discern a new way of using agency workers, whereby assignments have no fixed termination date. Rather, temporary agency workers constitute a quasi-permanent part of user firms' staff, being labelled, by Holst et al. (2010), as the strategic use of agency workers. Voss et al (2013) argue that there is a trend towards a more extensive and constant use of temporary agency workers. However, even though the long-term use is not new, there is hardly any knowledge of how this transfer takes place.

The research overview indicates that there is a further need for empirical and theoretical research describing and explaining the long-term strategic use of temporary agency workers.

The aim of this article is to describe, analyse and explain the mechanisms at play when such an organizational shift from short term use of agency workers to the long-term strategic use of temporary agency workers takes place.

## **2. Research overview and theoretical framework**

In the public debate, numerical flexibility is the motive most frequently expressed by employers in connection with using agency workers. This corresponds to Atkinson's (1984) terminology, and entails temporary agency workers being hired during periods of peak demand or booms. However, a survey of Swedish workplaces paints a somewhat different picture (Håkansson & Isidorsson, 2007). According to that study 43 % of user firms used agency workers as a response to changes in demand, that is numerical flexibility. The majority, or 72 %, of user firms used temporary agency workers to cover for absent staff. Although the use of temporary agency workers could be seen as a flexible way of staffing, the motive for using them was in these cases not a need for additional staff. Rather, agency workers were used to

maintain a stable staff level, thus the motive could be labelled numerical stability. It is worth noting that, also in the UK, numerical stability was the most frequent motive for using temporary agency workers (Håkansson & Isidorsson, 2007). A Norwegian study also found that the stability motive for using temporary agency workers was favoured more than numerical flexibility (Nesheim, 2003). Accordingly, the conception of using agency workers in order to achieve numerical flexibility is not totally in accordance with results from research.

The motive for using agency workers connects to the relation between the user firm and the temporary work agency. Nesheim and Rørvik (2013) analysed this relationship, and found different kinds of relations, ranging from market solutions on ad hoc basis to relations based on dependency and inter-organisational collaborations. Nesheim and Rørvik discuss the exchange between the two organisations and the dilemmas inherent in the relation. The agency strives for predictability, for example by signing framework agreements with user firms. This kind of agreement opens up the possibilities for tailor-made supplies and a high volume of agency workers. Thus the two organisations are becoming closer, but there is an inherent tension as the user firm wants tailored solutions, but at the same time protects strategic issues.

Previous research has shown that temporary agency workers correspond to numerical flexibility, while functional flexibility is achieved via user firm employees. Functional flexibility means that workers have the multi-skills required to be deployed wherever they are needed within the work organisation (Atkinson, 1984). The theory of 'The flexible firm' states that using a numerical flexibility strategy implies the separation of the simplest work tasks to the peripheral workers, e.g. agency workers and employees on fixed-term contracts (Atkinson, 1984; Atkinson & Meager, 1986). This division of work tasks entails the segmentation of the core and peripheral workers, whereby the employees assigned to the periphery receive less benefits and training opportunities etc. A US study in line with Atkinson's model shows that organisations try to maintain the control of their core activities, and use consultants and agency workers almost solely for peripheral or separable work tasks (Kalleberg & Marsden, 2005). However, other research show mixed results, the core –periphery division is not a unanimous result. The

core-periphery division seems to be connected to low-skilled work (Håkansson & Isidorsson, 2013). Bidwell (2009) found, in a quantitative study of IT-consultants in a company, no clear division although the consultants were less likely to be used for firm-specific work-tasks. Besides high skill-level, the integration of agency workers and user firm employees in the work organisation contributes to the blurred border in the core-periphery division (Olsen, 2006; Håkansson & Isidorsson, 2012).

Holst et al. (2010), discern a new type of use of temporary agency work: i.e. strategic use. This type differs from previous use in several ways. Their study shows that temporary agency workers constitute a quasi-permanent workforce within the user firm, and the assignments have no fixed termination date. During strategic use, the motive for using agency workers originates from a staffing strategy formulated by top management, and not directly from production needs.

Karlsson (2012) distinguishes between *having* flexibility and *being* flexible. In this context, the user firm has flexibility while the agency has to be flexible. Likewise, Jonsson emphasises the importance of defining flexibility for whom. Flexibility implies that the situation is changing or varying. In addition, the positive connotation with the concept flexibility implies that it is something desirable. Accordingly, Jonsson defines flexibility as desirable variation. Variation that is not desirable is not flexibility, but instability. Just as important as flexibility is the concept of stability and its mirroring concept inflexibility. In stability, the situation is not changing and this stability is desirable. Inflexibility entails a situation that is not changing, although such change would be desirable. From this it follows that what is either seen as desirable flexibility or stability from one party's view may be seen as undesirable inflexibility or instability from another. Jonsson's (2007) arguments can be illustrated in a two-by-two matrix consisting of the concepts of flexibility and stability, and their mirroring counterparts of instability and inflexibility (see Figure 1 below). The illustration of how employment security or insecurity can be analysed from the standpoint of the employer and the employee, whereby, for example, flexibility for the employer becomes instability for the employee, shows the basis for this exchange-relation perspective.

**Figure 1: Illustration of the mirroring concepts flexibility-instability and stability-inflexibility**

<b>Flexibility</b> Employers can 'hire and fire' workers at will due to weak labour-market regulations.	<b>Instability</b> Employees have weak employment protection, perceived as job insecurity.
<b>Inflexibility</b> Employers cannot 'hire and fire' workers at will due to strong labour-market regulations.	<b>Stability</b> Employees have strong employment protection, perceived as job security.

Source. Adopted from Jonsson (2007).

The mirroring effect shows that flexibility and stability for one party may cause the other undesired effects. This could, talking with Jonsson (2007), be seen as the basis for an exchange-relation of the desired flexibility for employers at the expense of undesired instability for employees. Theoretically, the reverse is also possible in the exchange-relation, i.e. the desired stability for employees at the expense of undesired inflexibility for employers. However, there are also possibilities of achieving a win-win situation whereby both actors obtain desirable outcomes. Also, it is important to stress that, even though flexibility is regarded to be a desired phenomenon (in contrast to undesired instability), it may have undesirable consequences or side-effects. In addition, even though the example above uses the relationship between an organisation and an individual, the author emphasises the fact that 'the same type of analysis can be applied to exchange relations between a company and its suppliers or customers' (Jonsson, 2007, p. 37).

The relationship between a user firm and a temporary work agency could thus also be understood as an exchange relation. The user firm pays the work agency for taking on traditional employer responsibilities such as matching, hiring, and severance. Shifting requirements away from the user firm entails the work agency having to adjust its services to correspond with these shifts. In brief, the flexibility achieved by the user firm is at the expense of the temporary work agency which experiences instability; thus, flexibility and instability become mirroring effects experienced by the two parties. For the agency this means that it has to find strategies for managing this instability and, in doing so, it becomes a 'risk caretaker'. However, stability is also

desirable and the user firm's desire for stability may bring inflexibility to the temporary work agency.

To understand how agency workers become a long-term strategic use of firms' staffing strategies, we claim that the exchange relationship between the user firm and the work agency needs to be taken into account. We have used Jonsson's (2007) exchange –relation-based model as a tool for our analysis. Hence, the aim of this study is to describe, analyse and explain the organisational shift from a use of agency workers to achieve short-term flexibility to a long-term strategic use of temporary agency workers.

### **3. The context – Temporary agency work in Sweden**

Prior to the Private Employment Agencies and Temporary Labour Act of 1993 (SFS 1993, p. 440), it was illegal to run private work agencies for profit-making purposes in Sweden (Berg, 2008). According to the Swedish Staffing Agencies, temporary agency work has increased rapidly over the last two decades. An international comparison made by the International Confederation of Private Employment Agencies (Ciett, 2009) shows that Sweden, among twenty or so countries, has experienced one of the fastest rates of the temporary work industry growth between 1997 and 2007. However, the temporary staffing industry is very sensitive to shifts in business cycles. There was a substantial drop in the number of agency workers in 2009, but in 2010 gainfully employed in the industry increased with 30 % (SCB, 2012A, p. 7). Data from Statistics Sweden shows that 53,000 were gainfully employed within temporary work agency industry in 2010, which is equivalent to 1.2 % of all gainfully employed (SCB, 2012A, p. 7; 2012B). However, even if the number of agency workers is low, the impact of using agency workers on the labour market should not be underestimated. In Sweden, about one third of all private sector employers with at least 100 employees use agency workers, with the corresponding share for the UK being 46 % (Håkansson & Isidorsson, 2007).

In an international comparison, Sweden's legal regulation of temporary agencies is liberal, both as regards to the use of temporary agency workers and to the establishment of temporary work agencies (Arrowsmith, 2006;

Coe, Jones & Ward, 2009). Davidov (2004, p. 731) distinguishes between four possible employer relations for temporary agency worker, in the UK where the employer relation is unclear, in Canada where it is usually the user firm who is the employer, in US where it is often both agency and user-firm. Sweden falls into the continental European way where the temporary work agency is the employer. The Swedish agency business is treated like any other industry with no special legislation (Arrowsmith, 2006; Coe et al, 2009). This lack of any specific legal regulation is in line with Swedish labour market practice, whereby the social partners are made responsible for regulation via collective agreements. The widespread use of agency workers and regulation via collective agreements both indicate that temporary work agencies can be seen as institutionalised in Sweden (Bergström, Håkansson, Isidorsson, & Walter, 2007).

#### **4. Method and sample**

This study forms part of a larger research project on Sweden's staffing industry, encompassing several case studies, more than 70 interviews, and a questionnaire study, carried out between the autumn of 2007 and the spring of 2012. These studies have focused on work agencies' operations and customer relations, on different user firms' hiring strategies, on how agency workers are integrated into the work organisation, on union strategies with regard to agency work, and on the working conditions and environment of agency workers (Kantelius, 2012; Håkansson & Isidorsson, 2011).

In this article, we analyse the changing use of blue-collar temporary agency workers. For this purpose, we have selected one user firm and its contracted temporary work agency in order to conduct an in-depth longitudinal case study of the two organisations (Yin, 2003, pp. 39-46).

The empirical data in this article consists of a total of 13 interviews, collected on 2 occasions: spring 2008 and spring 2011, and a survey to user firm employees and temporary agency workers in 2012. During this period, the user firm's use of blue-collar agency workers in its production shifted from short-term flexibility to strategic long-term use, during which the agency workers became a quasi-permanent part of the user firm's workforce. The

data collected is thus mainly on the organisational level, but we have also information from user firm employees and agency workers.

In 2008, interviews were carried out at the user firm with the HR manager, with first line managers, and with union representatives regarding the company's sales, staff turnover, staffing strategy, motives for using agency workers, integration of agency workers into the work organisation, skill requirements for agency workers, and forms of co-operation with the temporary work agencies hired. Interviews were also carried out with blue-collar workers, both from the agency and the user firm, regarding their work tasks, work environment, employment relations, skill development opportunities, social relations between user firm employees and agency workers etc. In addition, observational studies of production were made on two occasions, allowing brief talks with agency workers as well as user firm employees and supervisors. Through these early studies, much knowledge was gained about the user firm's operation, staffing strategy, work organisation and work tasks as well as about how agency workers were integrated into the work organisation.

In 2011, follow-up interviews were carried out with high-level management at the user firm: with the HR, production and quality managers. Two of these people were interviewed in 2008. In addition, a survey of user firm employees and temporary agency workers was carried out in 2012. The survey included items on, among other things work content and perceptions of job security. All temporary agency workers had open ended contracts at the agency. The questionnaire was distributed and collected by the researchers during a production meeting. The response rate was estimated as 80 %.

This longitudinal approach makes it possible to compare the situations and the arguments used by the interviewees in two different times, thus the risk of reconstruction of acting and decisions are minimised.

In 2011, the user firm had signed a collaboration contract with one temporary work agency. The interviews focused on how the user firm was being affected by the financial crisis, on the new staffing strategy, and on how this affected the use of blue-collar agency workers and collaboration with the temporary work agency. Interviews were also carried out at the temporary work agency used by the user firm, where the local branch manager and the



consultant manager, i.e. the manager responsible for the temporary agency workers at the user firm, were interviewed regarding collaboration between the agency and the user firm. These interviews also focused on how the agency was being affected by the demands of the user firm, and how the agency works with its staff and customer relations etc. The 13 interviews are presented in Table 1 below.

**Table 1: The longitudinal case study**

Interviews carried out	
<i>At the user firm</i>	
2008	1 HR manager, 1 first-line manager, 1 union representative, 3 user firm blue-collar workers, 2 temporary agency blue-collar workers
2011	1 HR manager, 1 production manager, 1 quality manager
2012	Survey to user firm employees and temporary agency workers. For blue collar workers there were in total 169 responses, 139 user firm employees and 30 agency workers.
<i>At the work agency</i>	
2011	1 local branch manager, 1 consultant manager

All interviews lasted for one and a half to two hours. The interviews were recorded and transcribed. We have used Jonsson's matrix as an analytical tool to interpret the statements from interviewees. The analysis of the interviews focused on developing analytical generalisations, in accordance with Yin (2003, pp. 31-33), with the aim of uncovering the organisational level mechanisms capable of explaining the behaviour within and between the studied organisations. These changes have an impact on day-to-day operations on the shop-floor level.

#### **4.1 The organisations**

The case study involves two companies: the user firm and the temporary work agency. The user firm is part of a multinational corporation within the automotive industry and has operations worldwide. The studied plant is a

medium-sized production unit (approx. 500 employees), with day-to-day operations consisting of assembly work as well as some R&D. Production is staffed by skilled workers, since work tasks require two to three months' training. Most of the employees have a long tenure. Production is organised into separate flow systems, where each flow consists of a number of workstations with up to four workers per workstation. The work content is rather extensive, and each workstation has a work content circle of approximately 80 minutes. In addition, all production is based solely on customer demand, entailing that demand can fluctuate at short notice. This study comprises the use of blue collar workers in the production.

The temporary work agency, which has been under contract to the user firm since November 2009, is one of the ten largest in Sweden. During the financial crisis, its local branch office was forced to carry out large-scale layoffs of both agency workers and office staff, and was on the brink of closure. During 2010 the demand for agency workers increased rapidly. In 2011, the office has a number of key customers, and the majority of temporary agency workers have been engaged on fairly permanent assignments. Almost all of the temporary agency workers engaged at the studied user firm have open-ended contracts.

## 5. Results and analysis

### *5.1 The use of agency workers with the intention of achieving numerical flexibility*

At the beginning of the millennium, the user firm experienced a decline in demand, and thus reduced its employees accordingly. In 2003, a larger number of employees were laid off. When demand increased in 2004, due to a large and unforeseen order, the user firm decided to use temporary agency workers, since this increased need for staff was thought to be temporary. Since these workers were intended to help handle a sudden short-term peak in demand the original motive could be labelled *short-term numerical flexibility*. The relation between the user firm and the temporary work agency could be described as *ad hoc* (Nesheim and Rørvik, 2013), the contact started as a temporary solution and there was no intention from the user firm to continue

the hiring of personnel after the peak. However, the plant has been using temporary agency workers on a fairly regular basis ever since 2004. Most assignments have been staffed by the same agency workers for a long time, exceeding two years in some cases. In the spring of 2008, temporary agency workers constituted approximately 10-12 % of all blue-collar workers at the plant. Both the HR-manager and the production manager described the use as a means to achieve numerical flexibility. Also, there is a conception of agency work as limited in time and scope:

From our [the managers'] perspective, the use of temporary work agencies is an effective way as there is such short lead time /.../ previously, the production was more predictable (HR-manager, 2008).

We need an elastic band... But as we have such extensive induction time, we should not have a large proportion of agency workers (production manager, 2008).

Although the use was anticipated to meet short-term variations in demand, in practice it became quite long-term. This was also justified by managers in terms of 'just in case there's a downturn', which could be labelled long-term numerical flexibility (cf. Håkansson & Isidorsson, 2007). There was no expressed staffing strategy for the use of agency workers at that time. With the extended use of agency workers, the relation between the user firm and the temporary work agency became more formalised and could be interpreted as *framework agreement* using Nesheim's and Rørvik's categories. However, even though there is an extended, more constant use of agency workers, the use was non-reflected by the management and no efforts were made to analyse its consequences.

The agency workers were assigned to only one workstation, and did not partake in work rotation; they thus belonged to the peripheral workforce (cf. Atkinson, 1984). The interviewed agency workers also perceived low job security, they expected the assignment to last for the coming two months, but were not sure. Another important difference between user firm employees and agency workers was that the former were receiving additional training for work enlargement and work enrichment (cf. Trist & Bamfort, 1951) in order to contribute to functional flexibility.

Besides the demand for flexibility, the user firm had a strong require for stability. This was directly linked to the long period of time needed for initial training at the user firm, as clarified by the user firm's HR manager:

We want experienced workers, it's also a matter of quality. You can't put someone in just for a day or two, they must have been here before. You don't learn to do your work tasks that quickly. /.../This is also how the work agency sees it. The agency keep a close eye on their skills so when we terminate our agency workers, they [the work agencies] try to hold onto those who worked here until we need them again (HR manager, 2008).

Since the agency workers did not participate in job rotation, no user firm employees could operate or learn the workstations occupied by agency workers, which meant limiting both job rotation and functional flexibility among user firm employees.

In essence, neither the use of agency workers as a means of achieving short-term numerical flexibility nor long-term numerical flexibility did, in fact, work as supposed. The long period of on-the-job training made the agency workers too valuable for the user firm to get rid of when there was a decline in demand, due to the risk of not getting the same trained temporary agency workers back when there was an upturn. Consequently, the trained agency workers tended to be stationed at the user firm for years, thus hardly contributing to short-term numerical flexibility. Using Jonsson's (2007) theoretical model, we can conclude that from the user firm's perspective, the intended flexibility turned out to produce inflexibility.

The user firm was trapped with indispensable highly-skilled agency workers. This inflexibility also had the side-effect of decreased functional flexibility among user-firm employees. The assignation of specific workstations to agency workers made it impossible for user firm employees to rotate to workstations assigned to agency workers, making the job rotation less extensive for user firm employees. However, in the deep downturn after the financial crisis the long-term numerical flexibility came into force and the contract with all of the agency workers were terminated. The crisis thus forced the company to handle those work-tasks and re-train the own employees.

From the perspective of the temporary work agency, the user firm's dependence on experienced agency workers entailed some stability in predictions and demand concerning agency workers. At the same time, the user firm's long term demand for numerical flexibility brought uncertainty to the work agency's predictions; thus, the user firm's need for flexibility brought instability to the work agency.

### ***5.2 The long-term strategic use of agency workers***

In 2008, the user firm took on the services of different temporary work agencies; however, since the winter of 2009, only the studied work agency is under contract. In January 2010, the user firm's sales started to recover and demand continued to grow, reaching higher production levels than during the years prior to the crisis. In the wake of the financial crisis, the corporate executive board enforced local plants to provide for 30 % flexibility. Thus, this new use of agency workers is not directly linked to increase in orders but to a strategic management decision. This is in line with the strategic use distinguished by Holst et al. (2010). Also, the decision to contract just one agency is part of the user firm's new staffing strategy. The relationship between the user firm and the temporary work agency is more intertwined, and the two organisations are more dependent on each other.

In the spring of 2011, temporary agency workers constituted about one third of the blue-collar workforce. With the new staffing strategy, management at the user firm had reconsidered how temporary agency workers were to be integrated more efficiently into the work organisation than before, which is also an important part of the shift towards long-term strategic use. Since complex work tasks require skilled workers and extensive on-the-job training, skill and competence became key issues in making the new staffing strategy work, as elaborated on by the production manager:

[Before the crisis] we hadn't been working on how we wanted to use them [the agency workers] or how we could optimise it, so they more or less became a kind of regular employee, but with the employment status of an agency worker. Later on, after the financial crisis, the HR manager and I started looking into it [the use of agency workers] and we thought a lot about competencies. This is very important. When [prior to the crisis] you

had an agency worker, you were very afraid of losing that person. /.../ So we kept them on even when we didn't really need them, so we overwintered them a while. But with the crisis, it became very clear that we weren't able to handle it that way. So we thought a lot about how best to handle these issues of skill and competences. They are connected somehow, skill and staffing (production manager, 2011).

The main change was a new way of working with competence development and work enlargement. The long-term strategic use of agency workers allows first-line managers to handle day-to-day short-term absences in the entire workforce, by means of deploying both regular employees and agency workers where there is a gap in the production line. Consequently, the agency workers make up a stable and 'quasi-permanent' part of the user firm's core workforce, contributing to internal functional flexibility as well as numerical flexibility. One could say that the user firm's first-line managers have a second group of workers whose skills and competencies they need to be aware of, as well as maintain and develop over time. To achieve this stable flexibility, the trained and skilled agency workers must be accessible for the user firm, since a high turnover of agency workers could still disrupt production if replacements were to be inexperienced. This requires close co-operation between the user firm and the work agency that is supplying the workers.

#### *The exchange-relationship between the user firm and the work agency*

The main reason for the user firm to use agency workers is achieving numerical flexibility, both short- and long-term. However, the user firm still needs to have stability in the multi-skilled agency worker group, so they can also contribute to functional flexibility. In effect, this places all the instability factors on the temporary work agency, which must be able to supply a qualified and skilled workforce that the user firm could make redundant at short notice.

To shorten the initial period of on-the-job training, every agency worker being assigned to the user firm for the first time must previously have a basic skill-level that is stipulated by the user firm. However, to facilitate this preparatory training, the user firm provides the work agency with the firm-

specific training material needed. Very much worth noting is the fact that the work agency's consultant manager himself used the user firm's competence inventory and development tool, a so-called competence matrix, to work with the competence and skill development of the agency workers. This matrix also facilitates discussions and co-operation concerning participation in job rotation and training, and is one of the tools jointly used to make the user firm's staffing strategy work. It is also a way of embedding the temporary agency workers into the work organisation at the user firm. Thus the relationship between the user firm and the temporary work agency is more close and intertwined.

The user firm allows the consultant manager to attend daily start-up meetings to facilitate accurate staffing. This could be seen as an involvement in user firm's supervising, which is in contrast to previous studies by Kalleberg and Marsden (2005) and Nesheim et al. (2007). Planning ahead as regards how to cover future needs is one of the consultant manager's responsibilities. The consultant manager explains:

If I have someone who lacks an assignment that I feel can do the job at [the user firm], I'll bring him/her up there with me [to begin training]. I did so two weeks ago. I spoke with [the user firm] first, so they took care of him, because there was no need then but there was in the future. And it worked out well and now he's working there as one of the guys (consultant manager, 2011).

Temporary agency workers are becoming integrated into the user firm's work organisation, and are trained to man different workstations. The survey to both user firm employees and agency workers reveals no significant differences between the two groups regarding the perceived possibility to learn new things. However, the equality between user firm employees and agency workers is limited to the work content, learning new things is coupled to the ability to move between different workstations according to the user firm's needs. This means that the agency workers are contributing to functional flexibility, as illustrated by the office manager at the agency:

Those [agency workers] who are in the pool and lack an assignment will start their day at the user firm instead of waiting at home. In that way, the first-line manager will know right away in the morning what competen-

cies the pool consists of, then being able to deploy [agency workers] accordingly. And if there are two or three [agency workers] left over, they will have to take on an assignment at another user firm if there is an opening there. But, if no alternate assignments are available, they will spend time with someone at the user firm to learn that workstation. Because the more workstations they master the better, we know that there will always be about ten people absent from such a large plant. It's all about raising the skill levels of the agency workers so they can be deployed almost everywhere (office manager at the work agency, 2011).

Any temporary agency workers who are not needed by the user firm are in first hand assigned to another user firm, prior to receiving additional training at the case user firm. However, when deploying these multi-skilled agency workers to other assignments, the work agency has elaborated a strategy for managing this instability without endangering the trust and cooperation built up with the user firm, as explained by the office manager at the work agency:

If you have a user firm where a particular agency worker spends most of his time, say 75 %, then it'll be better not to assign that agency worker [regarding the other 25 %] to a similar user firm but to a user firm where there are unskilled work tasks that don't take too long to learn and where that agency worker is not indispensable. Because then the agency worker can be returned to his/her main user firm much faster and easier, if sudden needs arise. And we do have these kinds of easy assignments that you can learn in a couple of hours (office manager, 2011).

Continuing to use Jonsson's (2007) model, Figure 2 illustrates the long-term strategic use of agency workers and the effects of this on both the user firm and the work agency.

In accordance with Jonsson's (2007) theoretical model, the user firm's demand for flexibility and stability leads to the temporary work agency to handle both inflexibility and instability. The user firm has thus pushed its undesirable conditions onto the work agency. The user firm's need for numerical flexibility, both upwards and downwards, creates instability for the work agency. In turn, the work agency has developed a number of strategies for managing both inflexibility and instability, without endangering the trust that has been built up with the user firm. One strategy involves a kind of assignment flexibility, whereby redundant highly-skilled agency workers are



given assignments at other user firms which only require very short on-the-job training. Even though this is a flexibility strategy, this also contributes to stability of operations.

**Figure 2: Long-term strategic use and its effects on user firm and work agency**

<b>Flexibility</b>	<b>Instability</b>
<i>User firm:</i> Short-term numerical flexibility Long-term numerical flexibility Functional flexibility.	<i>Work agency:</i> Uncertainty in the demand for agency workers.
<b>Inflexibility</b>	<b>Stability</b>
<i>Work agency:</i> Must have a pool of trained agency workers on stand-by. <i>User firm:</i> Cannot easily shift to other agency	<i>User firm:</i> Access to trained agency workers. <i>Work agency:</i> Long-term contracts for experienced agency workers. Assignments at other user firms without training requirements.

The relationship between the user firm and the temporary work agency has become closer. The user firm buys not only staff, but staff with firm-specific skills. One example of this is that the agency uses the competence matrix developed by the user firm. The user firm cannot easily shift to another temporary work agency and the agency has invested in training of workers that is tailored to this specific user firm. For the agency, this means that it can assign a large amount of workers to one user firm, at the same time it increases the agency's dependence on one customer. This dilemma is also recognised by Nesheim and Rørvik (2013). Thus there is a new interdependence between the two organisations. Even though this interdependence is based on a business contract, there is a clear power imbalance: the user firm dictates the conditions.

From the perspective of the workers, the long-term strategic use of agency workers entails quite similar work content for user firm employees and agency workers. The two groups of workers are used for the same work tasks, and all are expected to take part in job rotation. However, there is still an

imbalance regarding long term development and job security. User firm employees perceive much better possibilities to participate in change project and are also more prone to perceive job security. Even though the agency workers in this case have open ended contracts, job insecurity is highly prevalent. See Table 2 and Table 3 below.

**Table 2: User firm employees' and temporary agency workers' perception of possibility to participate in change project. Agency workers were asked about their possibilities in relation to user firm employees. User firm employees were asked about their possibilities in relation to agency workers (Per cent)**

Participate in change project***	User firm employees	Temporary agency workers
Better possibilities	43	15
Similar possibilities	47	37
Worse possibilities	10	48
Total	100	100
N	135	27

\*\*\*  $p < 0.000$

**Table 3: User firm employees' and temporary agency workers' perception of job security. All temporary agency workers have open ended contracts (Per cent)**

Perceive job security**	User firm employees	Temporary agency workers
yes	69	43
no	31	57
Total	100	100
N	137	30

\*\*  $p < 0.01$

## 6. Conclusions

The aim of this study was to describe, analyse and explain how the use of blue-collar temporary agency workers has become a long-term strategic use of the user firm's staffing strategy. Our analysis contributes to an understanding of what factors are important in this process. The striving for flexibility and stability is just a part of the explanation. More important is the avoidance of inflexibility and instability. By studying the strive for numerical flexibility both from the perspective of the user firm and the temporary work agency it was possible to reveal the exchange process where the user firm gets 'stable flexibility' while pushing the instability factors to the agency. The user firm pays for flexibility of tailor-skilled workers and the temporary work agency invoice for the instability of delivering these workers on demand.

The user firm's desire for stability pushed for integrating temporary agency workers with user firm employees, both performing the same work tasks and participating in the same job rotation. Thus, the user firm has managed to achieve numerical and functional flexibility. With the new long-term strategic use of agency workers the studied user firm uses a peripheral agency work force in its core activities. The temporary work agency is given access to the user firm's specific skill development schemes and the deployed agency workers' tasks are far from Atkinson's so called 'plug in-jobs' that should be assigned to the peripheral workers. The blurred border between periphery and core workers is also shown in previous research but is usually limited to high qualified service-jobs (Bidwell & Olsen 2006; Håkansson & Isidorsson 2012). The long-term strategic use of agency workers also differ from the findings of Davis-Blake and Broschak, (2000) where the long term use of agency workers solely were used as a recruiting channel. In long-term strategic use agency workers are intended not to be employees of the user firm. From the perspective of the temporary agency workers, the transfer from short term to long term strategic use of agency workers opens up for a work content similar to user firm employees. However, when it comes to the perception of job security the differences between the two groups are evident:

temporary agency workers are less prone to perceive job security compared to user firm employees.

However, there are several limitations to this study that must be considered. This research was carried out during a period spanning financial crisis as well as recovery. The new staffing strategy was implemented during the recovery and has not yet been tested during periods of significant fluctuation in the demand for products. It is thus impossible to conclude whether or not this strategy is going to work over the coming years. More importantly, it is impossible to say whether or not the user firm will have future access to this kind of highly-skilled temporary agency worker in the event of terminating contracts due to any great and enduring decline in demand. Based on our findings, it is also impossible to say whether or not the long-term strategic use of temporary agency workers is becoming more widespread in Sweden or elsewhere.

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