7. Temporary Employment Agencies’ Role in Work Inclusion of Immigrants and Refugees: Opportunities or a Permanent Precariat?

LISE CECILIE KLEPPE AND BLANKA STØREN-VÁCZY

ABSTRACT  Temporary employment agencies act as mediators between job-seekers with immigrant backgrounds and the labour market. We ask; do the agencies promote or inhibit participation and social inclusion among immigrants on the labour market? The most important finding, based on a literature review and interviews with representatives of agencies in Norway, is that the agencies primarily help immigrants with transition from unemployment to temporary work, secondarily from temporary work to permanent employment.

KEYWORDS: temporary employment agencies | temporary work | unemployment | work inclusion | immigrants

7.1 INTRODUCTION

The labour market is one of the most significant arenas for immigrants and refugees’ inclusion and participation in society, involving learning language and culture, establishing friendships and expanding social networks. On the societal level, increasing the employment rate of immigrants is critical for the sustainability of the welfare state.

In this chapter, we will look into temporary employment agencies as mediators between job-seekers with immigrant background and the labour market; how do the agencies promote or inhibit participation and social inclusion among immigrants on the labour market? The study is based on a literature review and interviews with representatives of agencies in Norway.
7.2 BACKGROUND

Refugees and immigrants struggle to enter the labour market, and a larger proportion within these groups end up dependent on health-related benefits, unemployment benefits and social assistance compared to the majority population. The employment rate in these groups is 60–70 % among men and 40–50 % among women (Berge, Olsen & Næsheim, 2017) compared to 83 % and 66 %, respectively in the majority population in 2010 (SSB).

There are persistent differences between the immigrant groups that are rather independent of economic fluctuations (Berge et al., 2017). In 2015 immigrants made up 28.5 % of the low-income group, and among households with children living on low incomes over time, a further 53 % are families of immigrants (Langeland, Furuberg & Lima, 2017). Residents from the EU area have a higher level of income (84 % of the level of income of the total population) compared to residents from Africa and Asia (68 %) (Strøm & Bye, 2017), which is strongly correlated to the level of education. We also have to distinguish the groups from Africa and Asia, depending on status as immigrants or refugees. The Somalis (predominantly refugees) are a group that stands out, as only 75 % have completed primary school and 6.5 % have no education at all. They also have the lowest employment rate (54.5 %) while refugees from Afghanistan are better off (67 %) (Bratsberg, Raaum & Røed, 2016).

Immigrants that have newly arrived will be worse off, and many of these come from Africa and Asia. Time of residence is of significance when it comes to level of income; the shorter time of residence, the lower income compared to the rest of the population. Despite of this the employment profile shows a falling tendency after 7–10 years settlement in Norway. Both the level of education from the country of origin and further/higher education after settlement in Norway have a rather significant impact on the level of employment (Bratsberg et al., 2016).

From the Norwegian activation policy point of view, work inclusion has been the main principle in social politics with a focus both on the demand and the supply side. Stimulating the demand has been addressed, e.g. through reduced payroll taxes in certain regions; stimulating the economy through public infrastructure investments, maintaining a large public sector etc. A focus on the supply side has been addressed by concentrating on the individual, through enabling approaches, helping these individuals adjust to changes in the labour market (Engelstad, 1999). Today the activating policy is characterized by both workfare- and enabling approaches (Bay, Hagelund & Hatland, 2016).

The Norwegian labour market has been characterized by a low level of temporary employment compared with the other Nordic countries (Dahl & Lorentzen,
It is knowledge intensive; the demand for non-skilled workers is only 5% (OECD 2010). In 2013 the EU directive 2008/104/EC was implemented in Norway. The aim was twofold; to remove restrictions and open up the market for temporary agencies, and to secure equal terms for workers whether they are employed or hired. Such concepts of employment represent a move towards the commodification of work. The labour contracts then become a transaction between the agencies and the employers.

In 2015 the Working Environment Act was changed opening for more temporary employment contracts. The government proposed a closer cooperation between the public employment services, which in Norway is part of the Norwegian work and welfare administration (NAV) and employers, including temporary employment agencies. All job seekers are encouraged to register themselves at temporary agencies (Ministry of Labour and Social Affairs, 2015). Private actors; employers, private service providers and temporary employment agencies have also been given access to the employment database in NAV, which register vacancies. Job seekers may follow a common application process or use an agency. The agencies are not subcontracted by NAV and their income is based on each signed contract with employers when staff is mediated. In this study our perspective is that the job-seeker ‘buys’ or make use of employment services from the agencies, and as such act as customers in a market. They may act on their own initiative or because NAV expects them to register themselves at temporary agencies. We often distinguish between ‘private’ and ‘public’ services and think that the public services are working for social interests whereas private companies are working for private interests. However, public and private services are often mixed and ‘the commercial market’ is actively involved in the ‘production’ of welfare services e.g. aiming to increase social integration of immigrants. The question is; whether this mix promotes or inhibits the public welfare service achieving its goal? Do ‘private markets’ contribute to increasing social interaction explicitly or implicitly?

So far, most studies on integration of immigrants have focused on the role of public employment services. Little attention has been paid to the role of private market actors, such as temporary employment agencies.

7.3 THEORETICAL PERSPECTIVE

If we assume that employers are purchasers and labour power is a commodity, what kind of social logic of consumption appears in this market with regard to immigrants? Social logic of consumption, according to Baudrillard, reflects
actions and behaviours, which can be visible or invisible, that are associated with the individuals’ social position (Marchetti, 2017). Dual labour theory contributes to an understanding of the labour market and its social logic. Dual theory specifies a differentiation of labour markets into two largely non-overlapping sectors: a primary market consisting of jobs that offer high wages, good working conditions, employment stability and job security, . . . and chances for advancement (Piore, 1970, p. 55), and a secondary market with opposite types of jobs. (Snyder, Perez & Maldondo, 1978).

The primary market is characterized by permanent job positions, while the secondary is characterized by temporary positions.

In both markets there is a match between job and employee, social position and behaviour. However even if a person is qualified for a job in the primary market, he/she may be locked into the secondary market, because an unstable work position is attributed to characteristics of the employees such as gender and ethnicity. The entry point into the labour market is of significance for further career development. Entering the primary market opens up for upward career opportunities. However, entering the secondary market characterized by low skilled jobs and work insecurity may inhibit an upward job mobility. Further, a shift into the primary market is difficult even if the worker is qualified for the job.

7.4 METHOD

We conducted a search, facilitated by OsloMet’s Library, in order to review the literature on temporary employment agencies’ role as employment providers for immigrants. The search strategy was designed in collaboration between researchers and the librarians. Search terms were chosen from four strategic important publications. Test searches were made to ensure a satisfactory degree of sensitivity and specificity, and to keep the number of results manageable. As such, the search was structured, but not as exhaustive as you would expect from a systematic literature search (Higgins & Green, 2011).

Both international and national databases were searched. The number of studies included in the final selection is 1022. In addition, 7 records were identified. Abstracts of 1029 records were screened and in total 66 full text articles were assessed for eligibility. We excluded studies from very different geographical contexts than the Norwegian. Several studies including A8 migrants from EU countries, or with, e.g. a focus on health-related consequences of harsh working condi-
tions or active labour market policies, we judged irrelevant. In the end we had 23 studies; 10 based on a qualitative and 13 based on quantitative designs.

Much of the literature is based on research from other contexts than the Norwegian, so we supplemented the search with a case study consisting of interviews with temporary employment agencies in Norway. The aim of a case study is not to arrive at generalizations but rather particularization where we try to understand the selected case in depth and as such contribute to the ongoing knowledge development on the role of temporary employment agencies with regard to labour market integration of immigrants (Stake 1995, p. 8). The purpose of drawing on several units of the case is not to look for similarities and differences, rather, we draw on different units in order to ‘dig deeper’ into the question. (Yin, 2009 p. 48).

We selected agencies in sectors open for non- or semi-skilled workers, because this is a characteristic of immigrants who are struggling the most to enter the labour market. One possible bias is that we don’t consider gender, though the agencies included mostly recruit to male-dominated sectors.

We contacted ten of the larger agencies that operate nationwide. Semi-structured interviews led by an interview guide with five agencies (seven representatives consisting of middle managers and consultants/counsellors) were conducted. All of them covered the following sectors: building construction, industry, administration, service, production and logistics. Furthermore, one of them also delivered to the finance and IT business, sectors which to a larger degree require skilled workers. The interviews lasted one to one and a half hours and were taped before being transcribed in their entirety. During analysis the texts were highlighted in different colours divided by the focal points; the agencies/the employees/the employers. These focal points were then separated into two categories; hampering or inhibiting factors. Both authors took part in the whole process.

A bias/weakness when interviewing the agency representatives is that it can be considered an intervention affecting the participants. They may experience the interviews as a kind of inspection and adjust their answers according to what they expect to be the “right” or politically correct answers.

7.5 FINDINGS

Both the literature review and the interviews with the Norwegian agencies show that it is not possible to discuss the use of temporary employment agencies as something unambiguously positive or negative. Research gives evidence both for the stepping stone effects and for the locked-in or dead-end effects on the use of such agencies for migrant workers.
7.5.1 A VOLUNTARY OR INVOLUNTARY CHOICE

Hopkins and Dawson (2016) identified two pathways into non-permanent work, which are labelled voluntary and involuntary. One of the key findings of their study is that those who choose temporary jobs voluntarily are more satisfied with their work; they have higher skills and qualifications and good language skills; conversely for those who are involuntarily in non-permanent work. The involuntary route has negative consequences for both the career progression and the level of wages. Interviews with the Norwegian agencies confirm that some of their temporary workers are involuntarily in temporary work:

We experience that some of our people get a permanent position... if they perform very well in their temp job and it is possible to offer them a more permanent position... we have several examples... But some end up as eternal temps.... We find them also among the Norwegians, totally Norwegian, but not as many as among the migrants.

Others want to have the flexibility coming with a temporary contract. So, when offered a fixed contract with the temp agency or a clients’ company, they might turn it down.

In their survey, Ellingsen et al. (2018) presented three dimensions of temporary employment. The first, the time dimension, is about the possibility of being evaluated as employable during a time-limited contract, however there is danger of being locked in as temporarily employed or screened out as unemployable. The second dimension is the ‘position on labour market’, where being a temporary employee is considered to be in a vulnerable situation affecting how they think about their (self-perceived) employability. This is related to self-esteem and level of education. Like Hopkins and Dawson (2016) they found that temporary employment to a larger degree is a stepping stone if the position is based on a voluntary choice which is the third dimension. In contrast, a considerable number of respondents who are involuntarily in a temp job due to low education, lack of experience and lack of language skills and absence of a permanent alternatives consider their situation more in terms of being locked-in (Ellingsen, Underthun, Wathene, & Ingerslud, 2018). Alberti et al. (2015) emphasize that the initial transition into work often results in immigrants being locked into precarious, low paid, under-valued, insecure work in the secondary labour market. The increased usage of temporary agencies represents an occupational downgrading for migrants, particularly present at the first transition into work. A Canadian study of relevance points out that the degree of disadvantages is dependent on the type of contract, race, and time since arrival and immigrant status (Fuller & Vosko, 2008).
Jahn and Weber (2016) revealed that the temporary employment agencies hold a buffer function, meaning that the agency constitutes a buffer by portfolio of the job-seekers in case of a down- or upturn. Nevertheless, not all job-seekers benefit from this function. The authors conclude that vulnerable groups (with low skills and education, lack of language skills and work experience, young people) are more exposed to unstable job positions and they are the first to lose their jobs during the low economic activity.

Some migrants chose temporary work as a strategic plan of mobility. The relative success of mobility differed according to age, capacity to juggle shift-work, to live with precarity and find new routes away from exploitative employment. Their relatively low attachment to a particular employer or occupational sector made this possible (Alberti 2014). However, their ‘volunteerism’ depends on factors like class background, strong transnational friendships and access to financial support. Also, the juridical position in terms of migrant status in combination with their employment status as temporary workers, contributes to the ‘intensification of work, inferior terms and conditions, greater insecurity and dependence for migrant temporary workers’ (Alberti & Danaj, 2017, p 3065). Under such conditions the lock-in effect due to the role of the transnational regulation of labour on the experiences of migrants can be reinforced (Op. cit.).

Fossland (2012) found that language and education can be both legitimate and illegitimate barriers in the local labour market. Employers are sceptical of employing migrants despite good language skills and relevant education. However, competence is not limited to knowledge and skills, it is also about how the job seekers manage to make their background and personal skills relevant and as such appear employable. We found similar arguments when interviewing the representatives from the Norwegian agencies. Some of them underlined that when the job seekers lack formal education or approved education, their personal traits become even more important: such as reliability, punctuality, ability to work independently and take initiatives. This is where the mediating and negotiating role of the temporary employment agencies become significant. In an ordinary job-seeking process, these candidates would be excluded even before the interview. As one of the informant states:

...the importance of the temporary employment agency business… because if we hadn’t existed many of the job seekers would not get a job at all. … I think that we are the gate openers to the labour market for many people… We are actually very supportive, and we seldom take into account where you come from and we are familiar with foreign workers… We take all of them in…
Findlay et al. (2013) found evidence of ‘essentialist claims about the traits of migrants from different places of origin’ (p. 163), by the employers. The agencies emphasize demonstration of certain traits, such as flexibility and reliability, and as mentioned above this may act as a means to socialising workers into certain regimes of work. The agencies have ‘sought to exploit growing numbers of economic migrants, in order to facilitate their strategies; to fulfil their obligations with client firms’ by actively cultivating dependence amongst employees for continued temporary work (Forde, 2015).

Brain waste, meaning that the migrant’s education is not approved, and they end up in the secondary labour market, despite being qualified for jobs in the primary market is also a topic of concern (Fossland, 2012, 2013). In Fossland’s study interviewing representatives of temporary employment agencies’, they reported that employers do not appreciate and value the skills and education of their migrant employees (2012). On the one hand, how the migrants present themselves and make their knowledge and credentials relevant is of significance. On the other hand, the employers’ preferences in terms of valuing and recognising the qualifications as employable human capital are essential for employment (Fossland, 2013). This is in line with Hira-Friesen’s (2018) findings on migrants with higher education in Canada. This was also reinforced in some of the interviews with the Norwegian agencies:

I experience that those who apply for a temporary job have applied for many jobs without result. They get a chance through us, because it is so difficult to get a job when they apply directly. In some ways we have a lower threshold for bringing people in for an interview…I can give you examples. A company had advertised a position, then they came to us because they didn’t find the right person for the position. A person was hired through us… one that also had applied for the position earlier without getting the job. It was a great candidate and a really good match.

7.5.2 A TRIANGULAR PARTNERSHIP

In order to meet their clients’ expectations (employers) the temporary agencies play a major role in mediating the ‘right type of workers’. This is a process in which they contribute in shaping the human capital of the migrants by changing their behaviour in direction of a normative expectation of ‘the good worker’ (Findlay, McCollum, Shubin, Apsite, & Krisjane, 2013, Fossland, 2012). Therefore, the agencies’ role goes beyond mediating. In the screening process they also
contribute to creating and moulding workers. An overall theme in the interviews, is the significance of trust in the triangular partnership between agency, employer and employee. Based on this trust the agencies experience that they can challenge the employers’ preconceptions/prejudices about certain groups of workers, such as migrants from certain lands of origin. Based on this trust and because the agencies guarantee the quality of the candidates they mediate; the employers are willing to take ‘risks’ and employ people they otherwise would not hire. In order to keep the clients’ trust the temporary employment agencies follow up the temps they mediate. They offer training and advice in order to maintain the employability.

Good workers are also encouraged to recommend other good workers from their network. This is profitable for the agencies (MacCollum & Findlay, 2018). For some groups this can have an including effect, but it entails an exclusion mechanism too. A representative for an agency told during the interview that if their clients have good experiences with a certain group, there is a tendency that they prefer people with the same national background. This contributes to excluding others from finding jobs. At workplaces which have many workers of the same nationality, there are examples of workers influencing leaders to recruit additional workers from their country of origin. One gave an example of false accusations against employees of other nationalities to get them fired and open positions for people of their own national background. Problems arise when there are too many workers of one nationality at the same workplace.

…You can say that the Polish do not want to work with people of other nationalities. I can tell you that… If we have 70 % Polish on the site, and someone from Lithuania, Latvia, Asia or Africa arrives, they will not be included. I have a lot of experience on this… then we have to intervene and solve the problems.

Then they say to your face that they will behave differently and include the others…but when we leave, they continue as before… it’s almost easier to keep them separate…

Jahn and Rosholm (2010) found no evidence of a lock-in effect, but rather a stepping stone effect. Holding a temporary job led to an extended professional network and improved human capital for the candidates and increased possibilities of gaining a regular job. During periods of low unemployment, the effect is stronger. They found that “agency employment is a means to improve the quality of post-unemployment jobs, in terms of subsequent hourly wages, the duration of the first non-temp job after unemployment, and the total (uninterrupted) employment
duration after unemployment” (pp. 4–5). Those who profited most were non-western immigrants.

There is evidence that receiving unemployment benefits is more stigmatizing than holding a temporary job (Jahn & Rossholm, 2013), and the effect is most profitable for male non-western and eastern European immigrants. In both studies by Jahn and Rossholm, they explain the positive effects based on the mediating role of temporary agencies in reducing stigma and information asymmetries without risk for the employer. In the interviews with the Norwegian agencies, the informants presented themselves as mediators and negotiators between job seekers and employers. This, they explain, is a so-called triangular partnership, where the agency on behalf of the employer conducts a screening of potential workers. They know the clients and their business, and the people they recommend very well. In the process of screening the agencies become gatekeepers. This position indicates a power to decide if the job seeker should be included or excluded in the further process. Nevertheless, a job seeker can be turned down even after being recommended by the agency. However, the clients and the employees are not the only ones to have preconceptions. Although the agencies say they let everyone in, they also told about people of some nationalities that were seen as difficult to employ.

Even if there can be some good candidates in the group, we will have to invest so much time and effort in finding the one good worker among them… it’s not worth it…

One consequence of the use of temporary employment agencies is the creation of new labour markets. Creating such new labour markets also contributes to an erosion of workers’ rights that opens up for new modalities of exploitation. Further, the agencies are no longer intermediaries between capital and labour, they have become enterprises in their own right. And they have a proactive role, as profit-oriented agents, to form the relation between market (demand) and job-seeker (supply) (Andrijasevic & Saccetto, 2017).

By contrast, Hopkins and Dawson found that the temporary employment agencies pronounced themselves as “passive reactors to demand” (2016, p. 19).

7.6 CONCLUDING DISCUSSION

In the last five years the public employment services have been liberalized, and services that traditionally were provided by NAV have been partly commercialized. As a result, employment services and NAV measures are increasingly being
influenced by market principles. One market appearing for NAV users is the market of mediating manpower through temporary employment agencies. This used to be a choice and solution for those who wanted the kind of jobs that are mediated in this market, a voluntary choice. Now NAV expects their clients to enter this market and make use of the agencies in their efforts to find jobs.

Below in the table we present the findings related to the research question; ‘How do the agencies promote or inhibit participation and social inclusion among immigrants on the labour market?’

Step 1 corresponds to the transition from unemployed to employment in the secondary market (temporary job) and Step 2 corresponds to a permanent job in the primary market (the transition from temporary job to a permanent job). Our discussion is organized around the inhibiting and promoting factors as they are positioned in the four cells in Table 7.1

**TABLE 7.1.** The table resents the findings related to the research question; “How do the agencies promote or inhibit participation and social inclusion among immigrants on the labour market?”

<table>
<thead>
<tr>
<th>A Promoting factors</th>
<th>B Inhibiting factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
</tr>
<tr>
<td>From unemployment status to the secondary labour market (unemployment benefit-&gt; temp contract)</td>
<td>Mediating role (helping to “sell” job-seekers’ formal, -non-formal competences and, their soft skills) To find good match between job-seeker and employer To be evaluated as employable by the agency Follow-up on the workplace</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
</tr>
<tr>
<td>From the secondary labour market to the primary labour market (temp contract-&gt; permanent contract)</td>
<td>Get work experience and increased professional network Be evaluated as employable by the employer</td>
</tr>
</tbody>
</table>

The most important finding in this study is that temporary employment agencies primarily help immigrants with transition from unemployment to temporary work (Step 1 A), secondarily from temporary work to permanent employment (Step 2 A).
On the promoting side we find evidence that the use of temporary agencies may be a stepping stone in the transition from unemployment to temporary jobs (Step 1). The role as mediators is of significance in the first transition. Due to a trusting relationship between the agency and the employer the threshold for hiring immigrants is lowered. The employer’s risk when hiring immigrants is transferred to the agencies and makes them more willing to hire immigrants despite being sceptical. Because this is a market of profit, the agencies are depending on a good match (mediating the ‘right’ employee for the job) to reduce the risk and as such secure their income. One strategy is to some extent to follow up the employee in order to enhance their employability.

On the inhibiting side (1 B) of the table we find that the agencies also may act as a gatekeeper for the groups that are far from being employable (the clients of NAV). The aim is to make business more cost effective and after a screening process some immigrants are evaluated as unemployable also by the agencies. This can be labelled a creaming process. They represent a group that is too expensive for the agencies to take in, because they need a lot of facilitating of training and following up. They may lack both language skills and the ‘right’ personal traits (e.g. punctuality and flexibility) that might lead to a temporary job.

The probability for a transition from Step 1 to Step 2, a permanent position, is not that strong. But for some workers this transition takes place, because a temporary contract gives them an opportunity to be evaluated as employable by the employer. In this group we also find workers who entered the secondary market as part of a strategic plan of mobility (Alberti, 2014). The reasons why the agencies to a lesser extent act as an efficient market for immigrants in the transition from temporary to permanent jobs (2 B) can be many. Since the agencies are private companies whose primary objective is to accumulate capital (rather than get people into permanent work), one explanation is that they may have an interest in retaining good employees, that is to say, those who are most saleable. This is probably also the group that most likely will be offered permanent jobs.

Both the literature and the interviews emphasize the significance of education, class and personal resources in the process of obtaining work. This is in line with Baudrillard, who links actions and behaviours to the individuals’ social position (Marchetti, 2017). For the immigrants that are better off, the use of agencies will probably be promoting in that they are able to be evaluated as employable and as such can make the transition to the primary market, from Step 1 to Step 2. They are able to overcome illegitimate barriers in the labour market (Fossland, 2012). For those the agencies represent a stepping stone.
For those less attractive on the market the use of agencies can inhibit a further transition and as such be a dead end where they end up on a series of temporary contracts. It is open for further discussions whether such temporary contracts can be conceptualized as a way of being socially included or not. The literature points to the fact that the use of temporary agencies leads to erosion of workers’ rights that opens up for new modalities of exploitation (Andrijasevic & Sacchetto, 2017).

The Working Environment Act requires equal terms for workers whether they are employed or hired. However, in a market based on profit a price must be paid, and this price may be distributed among all workers in the secondary market, in terms of lower wages. When the government and NAV recommend immigrants to register themselves with an agency, they should on the one hand be aware of this market logic and some of the possible consequences, such as being locked in, in temporary work under conditions that are less advantageous. On the other hand, the service offered by the agencies is not restricted to mediating jobs, they also offer processes of trust and risk reduction.

The mix of public and private services in the commercial market in the ‘production’ of welfare services with the aim of increasing social integration of immigrants still leave us with some challenges. In the profit-oriented market, a group of immigrants will not even make Step 1 into the secondary market. Those immigrants require a lot of following up in terms of training and facilitation in order to be able to work; they are less attractive in the market since they don’t contribute to profit. This group will still be ‘customers’ of NAV.

For this group the mix will not promote the public welfare services in achieving their goal. However, one question is open for further discussion and elaboration; what NAV can learn from the agencies in terms of building relationships and alliances based on trust in relation to employers in order to increase the employer’s willingness to take the ‘risk’ of hiring an immigrant.

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