

Making ends meet – Ensuring adequate and fair wages in Europe

The agency work industry is committed to offering adequate and fair wages and ensuring social protection for workers

Executive Summary

- **Ensuring adequate and fair wages is an important element of the political agenda**, especially in the context of the rising living costs in 2021 and 2022. Based on the latest European Commission analysis, wage growth has been moderate until the end of 2022, leading to lower levels of purchasing power.
- **The agency work industry is offering adequate and fair wages and is ensuring social protection.** This includes in all EU Member States the principle of equal pay (covering remuneration), combined with the principle of equal treatment (thus including basic employment and working conditions). In 10 European countries, Member States have given social partners the option to settle pay and working conditions via collective labour agreements, while these collective labour agreements need to ensure an overall level of protection for agency workers.
- **In several European countries, complementary elements of benefits and remuneration are established based on bipartite funds**, including end-of-the-year bonuses, training entitlements, complementary health insurance and sectoral pension funds.
- **Adequate and fair wages depend on the level of pay for the workers, but also on the number of hours worked and the personal situation of the worker.** Thus, elements such as a worker being a student (and working only to gain additional income) and caring responsibilities need to be considered to determine the adequacy of remunerations.
- **Based on the evidence presented in this paper and in the context of the specific, national and European regulatory framework outline, the agency work industry, represented by the WEC-Europe, is committed to contributing to adequate and fair wages for agency work.** Wages for agency workers should be settled based on the described interplay of national equal pay regulation and collective labour agreements while ensuring an overall level of protection for agency workers. In this context, the positive role of diverse forms of work in providing access to work and therefore securing income should be better recognised. WEC-Europe advocates for setting appropriate and fair wages at the national level concerning statutory minimum wages, as well as through collective labour agreements and at the company level. Finally, WEC-Europe underlines that the agency work industry is a socially responsible employer ensuring adequate and fair pay, which is reinforced by further social benefits based on social dialogue.

13 April 2023

1. Some facts about wage evolution in Europe

- Ensuring adequate and fair wages for workers in general and for workers in diverse forms of work (including part-time work, fixed-term contracts and agency work) is an important element of the political agenda in Europe. It has also been one principle in the European Pillar of Social Rights.
- The focus on adequate wages has been reinforced in 2022 and early 2023 by the rising cost of living in Europe. Public policy decisions taken during the Covid-19 pandemic (lax ECB monetary policy and government support) led the EU inflation rate to rise to 5,3% in December 2021. The EU citizen's

purchasing power plunged even further as a result of the sanctions imposed on Russia following the start of the military operation in Ukraine. The inflation rate in the EU reached 9.2% in December 2022.

- The most recent EU Commission Report on Labour Market and Wage developments in Europe highlights that despite the rising inflation, wage growth in Europe has been moderate so far.¹ The resulting fall in real wages can lead to social risks for many workers. Low-wage earners are more likely to be affected. Against this background, discussions on wages and a living wage have gained momentum, for example, in Ireland and the Netherlands, other countries have increased the statutory minimum wage. Based on the latest Randstad work monitor, economic and job security is at the top of the minds of people in Europe and worldwide: a possible global recession is weighing on the minds of people worldwide, and this may have repercussions on employers. 37% of workers are worried about losing their job, and 23% want to increase their working hours to help with the rising cost of living. 52% are concerned about the impact of economic uncertainty on their job security.²
- An [EU Directive on adequate minimum wages](#) was adopted in 2022 and will be transposed by 2024, providing a framework for setting and adapting minimum wages in Europe. An EU initiative for a [Recommendation on adequate minimum income](#) was adopted by the EU Council in January 2023.

2. How wages are set in the agency work sector

- In the agency work sector, the level of pay and wages are determined through an interplay of equal pay and equal treatment rules set by law, collective labour agreements or a combination of both. The EU Directive on temporary agency work determines that the pay for the agency worker must be, for the duration of the assignment, at least equal to the comparable worker at the user company occupying the same position. This Directive, which all EU Member States have transposed, foresees that social partners may determine pay and working conditions through collective labour agreements. At the same time, an overall level of protection must always be ensured. Member States may allow for derogations concerning pay in the case of open-ended contracts which provide pay between assignments. In its 2014 [Report on the Directive](#), the European Commission concluded that there have been no major gaps in the transposition of the Directive with regard to Article 5 of the Directive.
- In addition to the principle of equal pay, the EU Directive on temporary agency work provides for equal treatment of the agency workers, referring to rules in force at the user company with regard to the protection of pregnant women and nursing mothers, the protection of children and young people and well equal treatment for men and women and any action to combat any discrimination based on sex, race or ethnic origin, religion, beliefs, disabilities, age or sexual orientation.
- Based on WEC-Europe analysis in 2022, which confirms findings of the EU Commission Report on the Directive on temporary agency work, equal pay regulation based on Article 5 of the Agency Work Directive is in place in all EU countries, Norway, and the UK. Options to arrange equal pay in collective labour agreements are provided in 10 countries. In Denmark, The Netherlands and Sweden (blue collar), this leads in principle to equal pay in practice. In Germany, a derogation from equal pay is possible for the first nine months of the assignment. Only if there is a sectoral collective labour agreement, which finally assures a collectively agreed equal pay, the derogation can last up to 15

¹ European Commission [Labour market and wage developments in Europe 2022](#). At global level, ILO Global Wage Report 2022-23 [The impact of inflation and COVID-19 on wages and purchasing power](#) provides further insights on wage developments

² Randstad: Work Monitor 2023. [Workmonitor | Randstad](#)

months. At the same time, Germany applies the employer principle, which warrants, in the case of fixed-term contracts and open-ended contracts, pay between assignments combined with a higher protection against dismissal.

Country	Regulation on equal treatment based on Art 5 Agency Work Directive	Regulation on equal pay based on Article 5 Agency Work Directive	Legal Option to arrange pay in CLAs	Effect in practice with regard to pay
<i>Austria</i>	Yes	Yes	Yes	<i>Differentiating system of settling pay by CLA³</i>
<i>Belgium</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Bulgaria</i>	Yes	Yes	Yes	<i>Equal pay</i>
<i>Czech Republic</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Denmark</i>	Yes	Yes	Yes	<i>Equal pay (CLA)</i>
<i>Estonia</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Finland</i>	Yes	Yes	Yes	<i>Equal pay (CLA)</i>
<i>France</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Germany</i>	Yes	Yes	Yes	<i>Agency pay (CLA)</i>
<i>Greece</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Hungary</i>	Yes	Yes	Yes	<i>Equal pay</i>
<i>Ireland</i>	Yes	Yes	Yes	<i>Equal pay</i>
<i>Italy</i>	Yes	Yes	Yes	<i>Equal pay</i>
<i>Latvia</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Lithuania</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Luxembourg</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Netherlands</i>	Yes	Yes	Yes	<i>Equal pay (CLA)⁴</i>
<i>Norway</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Poland</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Portugal</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Spain</i>	Yes	Yes	No	<i>Equal pay</i>
<i>Sweden</i>	Yes	Yes	Yes	<i>Combination of equal pay & agency pay (CLA)</i>
<i>United Kingdom</i>	Yes	Yes	No	<i>Equal pay</i>

The Directive on temporary agency work also provides for the option of derogation from equal pay in the case of open-ended contracts. This derogation has been implemented into national law by Germany, Hungary, Ireland, Malta, Sweden and the UK. In the United Kingdom, the derogation for open-ended contracts was abolished in 2019. Following up on Brexit, the UK had by March 2023 not (yet) repealed its Agency Work Regulation based on the Agency Work Directive.

In Switzerland, pay and working conditions for agency workers are regulated based on an interplay of national regulation and collective labour agreements. Collective labour agreements are negotiated at different levels, including the agency work industry and the sectors of the user undertakings.

3. Making ends meet – the level of pay in the agency work industry

- With regard to pay and when comparing temporary agency workers with fixed-term employees, already the results of the 5th European Working Conditions Survey (EWCS) conducted in 2010 by Eurofound showed that the proportion of temporary agency workers who earn more than €9.000 per

³ For white-collar workers, application of the CLA of user companies that provides favourable conditions. For blue-collar workers, equal pay is applied where there are systems of reference pay based on sectoral collective labour agreements of user companies. In case these are not applicable, the minimum wages included in collective labour agreements are applicable.

⁴ For target groups with a distance to the labour market, temporary work agencies are allowed to deviate and use their own salary scheme during the first year of working as agency workers.

Strategic Issue Paper

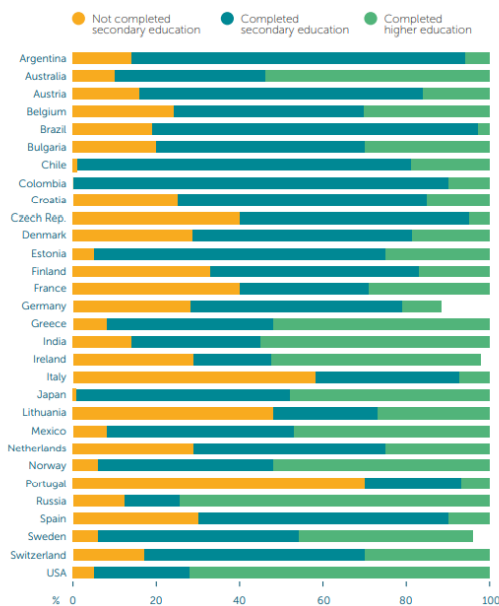
year was higher than when considering fixed-term contracts (46% vs. 40%) but smaller than when considering open-ended contracts or self-employed (74% for open-ended contracts and 68% for self-employed).

- The agency work industry in Europe, as a socially responsible employer is fully committed to ensuring appropriate and fair pay for agency workers. Apart from the obvious social impact that flows with paying decent wages, there are other reasons the sector is incentivised to do so. First and foremost, in times of talent scarcity, temporary work agencies and recruiters will only be able to serve their clients with the talent they seek when wages are at or above market value to attract candidates. Furthermore, from a business perspective, the agency work industry has a genuine interest in appropriate and fair wages, as a large part of its revenues is based on fees calculated based on the wage sum (the higher the wage, the higher the recruitment fee).
- These facts are illustrated by a global report on wages conducted in 17 countries by one of the WEC corporate members. The [Adecco Group Report "Paying attention"](#) demonstrates that agency workers employed by the company earn on average 2.5 times the minimum wage of the respective country they are working in. In many situations, these workers' wages are higher than the national average. With regard to the current inflationary pressure, the Report shows that although some countries have taken temporary measures to adjust wages to cushion increased inflation and cost of living, no trend to structurally change the way minimum wages are regulated is visible so far.
- In addition to the statutory elements linked to the level of wages and the question of reaching a level of income corresponding to a living wage, it is equally important to look at the overall remuneration, compensation and social benefits provided to agency workers in Europe. In addition to the statutory elements, there is a broad range of voluntary or collective labour agreement-based benefits, such as access to training, complementary social benefits, health insurance schemes and end-of-the-year benefits. These complementary benefits are an embodiment of social innovation and contribute to better levels of pay and benefits compared to other workers in diverse forms of work. The additional benefits for agency workers based on collective labour agreements and bipartite funds are well developed in Austria, Belgium, France, Italy, the Netherlands, Spain and Sweden.
- When identifying the most suitable way of settling an appropriate level of pay and remuneration above the legal minimum rates of pay, social dialogue and collective bargaining play an important role, particularly in Northern European countries. In Sweden, for example, the government has not set a statutory minimum wage at the cross-industry or sectoral level. Still, social partners have settled an appropriate level of pay through collective labour agreements. For blue-collar agency workers, this includes the rule that the level of pay should be equivalent to the average wage at the client company.
- Ensuring adequate and fair wages depends not just on a worker's level of pay or hours worked but also on their personal situation. A student working to earn money in the holidays is not in the same situation as someone whose wage needs to support a number of dependents. For those workers for whom agency work is a primary source of income, the number of hours worked is equally important as the hourly wages. The [EU Directive on transparent and predictable working conditions](#) provides particular guidance here. It will prove valuable in those countries with flexible labour contract law and working time arrangements where the focus needs to be given to the number of hours worked by a worker.
- Given the different levels of economic and social development in Europe and the various traditions in wage setting and collective bargaining in the agency work sector, it is more feasible to define criteria that need to be met to reach adequate and fair wages rather than an absolute amount of an adequate wage at European level. Wages need instead to reflect the economic development and the

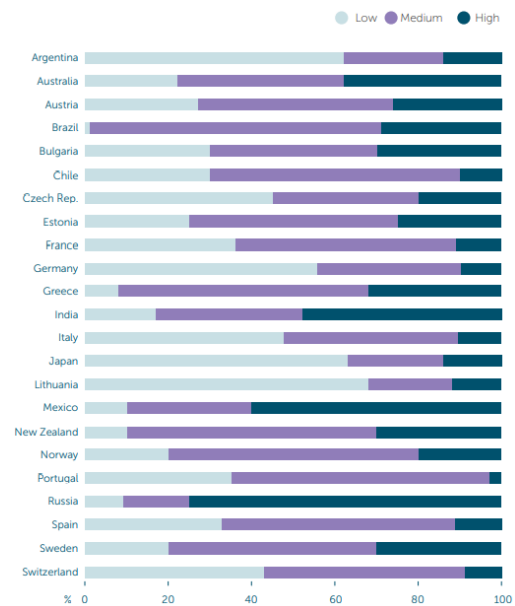
purchasing power in the EU Members States. Romania, for example, had a per capita purchasing power in 2022 which was 51% below the European average.

- The assessment and calculation of appropriate and fair wages can only be made if a worker's overall personal and living situation is considered. Concrete examples can illustrate this: A student who opts to work as an agency worker to finance their studies, working part-time or during the summer months only, will not need the same level of a living wage compared to a worker who depends entirely on agency work to cover living costs. Similarly, a single parent caring for a child will have different income needs than a couple with two incomes. Thus, the calculation of an appropriate income and living wage for people in diverse forms of work depends not only on the employment opportunities offered and the pay/working conditions attached to them but also on the personal situation of the worker. The number of working hours based on a given labour contract to reach a wage level that provides for an appropriate income also highly depends on qualification levels, professions and level of seniority of a worker. A highly qualified worker will likely need fewer working hours to earn a living wage than a cleaning or healthcare employee.

The average level of education of agency workers, by country



The average level of skills required to perform jobs of agency workers, by country⁵



4. Conclusions and Recommendations

Based on the evidence provided above and in the context of the specific, national and European regulatory framework outline, the agency work industry represented by the WEC-Europe:

- ⇒ ***Is committed to contributing to adequate and fair wages for agency work.*** Wages for agency workers should be settled based on the described interplay of national equal pay regulation and collective labour agreements while ensuring an overall level of protection for agency workers. In

⁵ The information in these two charts is based on a survey the World Employment Confederation conducted in 2022 among all its members and was published in the [World Employment Confederation Social Impact Report 2022](#).

this context, the positive role of diverse forms of work in providing access to work and securing income should be better recognised.

- ⇒ **Advocates for setting appropriate and fair wages at the national level** with regard to statutory minimum wages, as well as through collective labour agreements and at the company level.
- ⇒ **Underlines that the agency work industry is a socially responsible employer** ensuring adequate and fair pay, reinforced by further social benefits based on social dialogue.



Annex: Detailed overview of areas of pay and working conditions for agency workers regulated by law and collective labour agreements⁶

Country	Main areas of regulation on basic labour conditions set by national law	Main areas of regulation covered by collective labour agreements (agency work, sectoral level of client, client company level)
AT	Social inconvenience pay, maximum working hours, old-age pension, training benefits	Basic (hourly) wage, variable working-time arrangements, bonus and other benefits
BE	Basic (hourly) wage, variable working-time arrangements, maximum working hours, old-age pension, training benefits	Variable working-time arrangements, maximum working hours, bonus and variable benefits, training benefits
DE	Basic (hourly) wage, social inconvenience pay, maximum working hours, old-age pension	Basic (hourly) wage, social inconvenience pay, variable working time arrangements, maximum working hours, bonus and other benefits
DK	Maximum working hours, old-age pension	Basic (hourly) wage, social inconvenience pay, variable working hours, bonus and other variable benefits, training benefits
ES	Basic (hourly) wage, social inconvenience pay, variable working time arrangements, maximum working hours, old-age pension, training	Not applicable
FR	Basic (hourly) wage, social inconvenience pay, maximum working hours, old-age pension, training benefits	Basic (hourly) wage, social inconvenience pay, variable working time arrangements, bonus and other benefits
IRE	Basic (hourly) wage, variable working time arrangements, maximum working hours, old-age pension	Basic (hourly) wage, old-age pension, training
IT	Social Inconvenience pay, maximum working hours, old-age pension	Basic (hourly) wage, social inconvenience pay, variable working time arrangements, maximum working hours, bonus and other benefits training
NL	Basic (hourly) wage, social inconvenience pay, maximum working hours	Variable working-time arrangements, bonus and other benefits, training, old-age pension
NO	Basic (hourly) wage, social inconvenience pay, variable working time arrangements, maximum working hours, bonus and other benefits, old-age pension, training benefits,	Basic (hourly) wage, variable working time arrangements, bonus and other benefits
PL	Social inconvenience pay, maximum working hours, old-age pension	Basic (hourly) wage, variable working time arrangements, bonus and other benefits, training
SW	Social Inconvenience pay, maximum working hours, old-age pension	Basic (hourly) wage, variable working time arrangements, bonus and other benefits
UK	Basic (hourly) wage, maximum working hours, bonus and other benefits, old-age pension	Not applicable

About the World Employment Confederation-Europe

The World Employment Confederation-Europe is the voice of the employment industry at the European level, representing labour market enablers. Its membership includes national federations from across Europe, as well as several of the largest international workforce solutions companies. It is therefore fully representative of the industry, both in size and diversity. The World Employment Confederation-Europe brings unique access to and engagement with European policymakers (EU Commission, European Parliament, and Council) and stakeholders (trade unions, the academic world, and think tanks). The World Employment Confederation-Europe strives for a recognition of the economic and social role played by the industry in enabling work, adaptation, security and prosperity in our societies. Its members provide access to the labour market and meaningful work to almost 11 million people in Europe.

⁶ The overview is based on an annual WEC Regulatory Survey conducted in August 2022. Given the fact that elements related to health and safety at work are less relevant for this issue paper, the aspect has not been covered in the table.