

Perceptions of using Temporary Agency Work and Reasons behind the Decisions

CASE: Different stakeholders inside the S Group

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Bachelor's thesis
February 2016
School of Business
Degree Programme in International Business

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| Author(s) Vainio, Julia | Type of publication Bachelor's thesis | Date February 2016 |
| | Number of pages 53 | Language of publication: English |
| | | Permission for web publication: X |
| Title of publication Perceptions of using Temporary Agency Work and the Reasons behind the Decisions Case: Different stakeholders inside the S Group | | |
| Degree programme Degree Programme in International Business | | |
| Supervisor(s) Saukkonen, Juha | | |
| Assigned by | | |
| Description <p>The thesis explored the utilization of temporary agency work (TAW) in the four chosen co-operatives of the S Group. The aim was to find out to what extent TAW is utilized and what are the reasons behind the decisions regarding it, but also how TAW is perceived by the stakeholders included in the study: a number of HR managers, chief shop stewards and line managers.</p> <p>The research was carried out as a qualitative study while the research strategy was that of a case study. The semi-structured interviews served as the data collection method. Altogether, 10 interviews were conducted. The interviewees consisted of four HR managers, three chief shop stewards and three line managers. The interviews took place in the autumn of 2015 in the face-to-face form, except for one email interview and one phone interview. The interviews were audiotaped and then transcribed. The analysis was conducted with the help of color-coding, and by grouping the key words into categories.</p> <p>The results of the research show that all the four cooperatives utilize agency work to some, although varying, extent. Their main intention is, however, to primarily offer the additional work to the organization's own employees. Temporary workers were used to ensure that the business keeps running if the organization's own reserve of employees happened to be insufficient due to different reasons. TAW can thus bring valuable flexibility for the organization's operations. The most frequent drawbacks of TAW discovered in the research were the issues of orientation and commitment among the temporary agency workers.</p> | | |
| Keywords (subjects) Human resource management, temporary agency work, personnel planning | | |
| Miscellaneous Appendix number 3. is classified (14 pages) until 14.02.2021. | | |

| | | |
|---|-------------------------------------|-----------------------------------|
| Tekijä(t) Vainio, Julia | Julkaisun laji Opinnäytetyö, AMK | Päivämäärä Helmikuu 2016 |
| | Sivumäärä 53 | Julkaisun kieli Englanti |
| | | Verkojulkaisulupa myönnetty: x |
| Työn nimi Käsitykset vuokratyön käytöstä sekä syistä käytön takana Case: Eri osalliset S-Ryhmän sisällä | | |
| Tutkinto-ohjelma Degree Programme in International Business | | |
| Työn ohjaaja(t) Juha Saukkonen | | |
| Toimeksiantaja(t) | | |
| <p>Tiivistelmä</p> <p>Tutkimuksen tarkoituksena oli selvittää valittujen S-ryhmän alueosuuskauppojen vuokratyövoiman käyttöä. Erityisesti haluttiin selvittää, kuinka paljon vuokratyövoimaa käytetään ja mitä syitä sen käytön tai käyttämättömyyden takana on, sekä millaiseksi vuokratyö koetaan organisaatiossa henkilöstöjohtajien, pääluottamusmiesten ja yksiköiden esimiesten silmin.</p> <p>Tutkimus toteutettiin kvalitatiivisena tutkimuksena ja tutkimus strategiana toimi case- eli tapaustutkimus. Tiedonkeruumenetelmänä puolestaan käytettiin puolistrukturoituja haastatteluja. Haastatteluja tehtiin yhteensä 10, ja haastateltavina oli neljä henkilöstöpäällikköä, kolme pääluottamusmiestä, sekä kolme yksikön esimiestä (kaksi ravintolapäällikköä ja yksi marketpäällikkö). Haastattelut toteutettiin syksyn 2015 aikana, ja ne järjestettiin kasvotusten, lukuun ottamatta yhtä sähköpostihaastattelua ja yhtä puhelinhaastattelua. Haastattelut äänitettiin ja litteroitiin. Analyysin apuna käytettiin värikoodausta ja avainsanojen jakamista kategorioihin.</p> <p>Tutkimuksessa selvisi, että kaikki neljä alueosuuskauppaa käyttävät vuokratyötä jossain määrin, vaikkakin vaihtelevasti. Päätarkoitus on kuitenkin ensisijaisesti tarjota työtä organisaation omille työntekijöille. Vuokratyön käytön syynä oli erityisesti yrityksen toiminnan jatkumisen turvaaminen tilanteissa, joissa oma työvoimareservi ei riitä erilaisten syiden vuoksi. Näin ollen vuokratyö tarjoaa joustavuutta organisaation toimintaan. Vuokratyön suurimmiksi haittapuoliksi nousivat haastatteluiden perusteella vuokratyötekijöiden mahdollisen perehdytyksen määrä sekä heidän yleensä heikompi sitoutuneisuutensa.</p> | | |
| Avainsanat (asiasanat) | | |
| Henkilöstöjohtaminen, vuokratyö, henkilöstösuunnittelu | | |
| Muut tiedot Liite numero 3. on salainen (14 sivua) 14.02.2021 saakka. | | |

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1 INTRODUCTION

1.1 Background

Temporary agency work (TAW) is a rather controversial topic. There has been a lot of discussion and even debates about it throughout the years. Still in the beginning of 1990s, TAW was mostly stigmatised as a social problem by media. Back then, some collective agreements even prohibited the use of temporary agency workers. When turning to 2000s, there started to be more positive vibes in the talk; TAW was described as a phenomenon of which all the parties, even the society, can benefit from. It was tried to be turned into a solution to mass unemployment. (Koutonen 2013)

Now, even though the attitudes towards temporary agency work have improved, there is often still some stigma and prejudice attached to it. However, by people learning more about it and constantly more and more companies utilizing the services of temporary work agencies, the attitudes tend to shift to a more positive side. There are still relatively few temporary agency workers in Finland, in comparison with other European countries. The industry has, however, become an integral part of the Finnish business life. (Metsä-Tokila 2012, 7.) Furthermore, many companies have stated that the work could even be left undone without agency workers (Koivisto 2014).

The topic of this thesis was of interest, because as said, the temporary agency work has been under the discussion lately, and it is also an integral part of Finnish business life, whereas the S Group is the biggest private employer and one of the best known companies in Finland. Furthermore, the S Group has an interesting company structure, which increases the interest of this topic even more. In the end of this chapter more detailed information on the S Group will be provided.

The author was dealing with agency workers on a daily basis during the practical training at Opteam Jyväskylä that took place in the spring and

summer of 2015, and that is when the interest in the topic arose. The topic was defined in cooperation with Mr. Anssi Nieminen, Director of Opteam in Central, Eastern and Northern Finland.

1.2 The objective of the research

The purpose of this study is to gain understanding of the utilization of agency work when it comes to these chosen cooperatives of the S Group.

Perspectives of three different stakeholders are considered; the HR managers, chief shop stewards and line managers. The objectives are to investigate the reasons behind the decisions regarding the agency work, and to find out how the HR managers, chief shop stewards and a number of line managers (restaurant and store managers) of chosen cooperatives perceive the agency work and their current situation with it.

These areas of interest were further developed into three research questions that this thesis aims at answering. **The research questions are;**

1. How do the HR managers of chosen cooperatives perceive the temporary agency work and to what extent it is utilized?
2. What are the reasons behind the decisions regarding the temporary agency work?
3. How is the situation perceived by the chief shop stewards and line managers?

These stakeholders were chosen, because the HR managers were expected to open up the situation in general, while the line managers could open up the reasons on in their own units. Moreover, the chief shop stewards were chosen to bring valuable information from the third perspective, as well as from the organization's own employees' side. In this thesis, temporary agency work is also synonymously referred as TAW or agency work.

The overview of the research process

The thesis process (see Figure 1.) started with defining the topic. The following step was doing some research on existing literature on topic and starting to form the theoretical framework, while concurrently contacting the HR managers of the cooperatives to find out their interest to participate in this research. Only the participation of enough HR managers would make this thesis possible. After the positive reply of four HR managers was received, the contacting of line managers and chief shop stewards started, while also establishing the theoretical framework continued.

Once the theoretical framework was established, the research objectives and questions were elaborated with the help of already gained knowledge on the topic. Subsequently the research strategy and methods were considered and the most suitable ones regarding this research were decided. Next, the data collection took place and was a rather long process due to busy schedules of participants. Some analyzing was done already simultaneously with data collection, but the deeper analysis started after all the data was collected. More about the methodology and data collection can be found in Chapter 3.

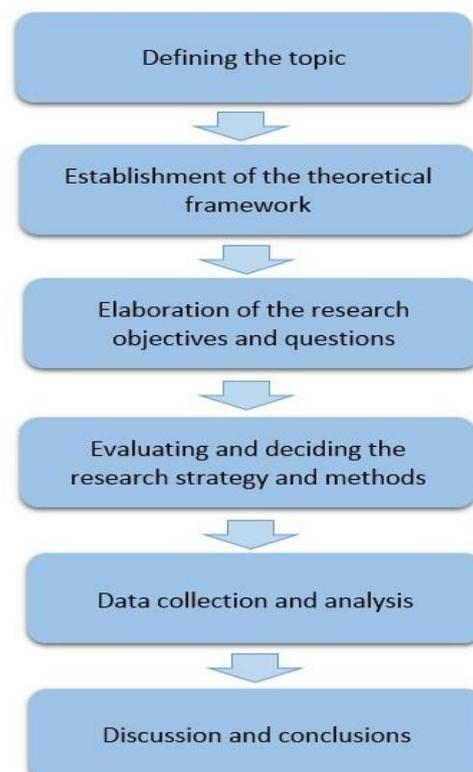


Figure 1. The overview of the process

1.3 Case company: the S Group

The S Group is a network of companies that operates in the retail and service sectors with more than 1600 outlets in Finland. The first cooperatives were established over 100 years ago to provide their members with affordable, high-quality products and services. In 2014, the S Group's retail sales were nearly €11.2 billion and the revenue totaled € 7 286 million, while the operating profit was €47 million. (S Group in brief n.d.)

S Group comprises twenty independent regional cooperatives and the SOK Corporation with its subsidiaries. (See Figure 2.) In addition, the SOK Corporation does business in Russia and the Baltic countries. The cooperatives of the S Group, seen in the Figure 3, are enterprises that operate in accordance with the principles of cooperative activities. The customers, the so called co-op members, own the cooperatives. (ibid.)



Figure 2. S Group. (S Group n.d.)

The purpose of the cooperatives is to provide its co-op members with competitive services and benefits in a profitable manner. The cooperatives are independently responsible for their business operations. The SOK Corporation operates as a central company providing the cooperatives with expert and support services. It is also responsible for strategic guidance of the S Group

and the development of the various chains. S Group operates in several business areas; supermarket trade, department store and specialty store trade, hardware trade, service station store and fuel sales, travel industry and hospitality business, S-Bank. Outside of Finland, the SOK Corporation pursue supermarket trade, travel industry and hospitality business operations in Estonia, Russia, Latvia and Lithuania. (S Group, cooperative activities and co-op membership, n.d.)



Figure 3. Regional Cooperatives and International Business. (S Group n.d.)

As said, the S Group is owned by its customers. The customers can become owners, the so called co-op members, by paying a membership fee of a certain cooperative. In 2014, the number of co-op members was 2 156 828, of which 83 825 were new members. There is a membership card called S-card that entitles the owners to various benefits such as discounts and a possibility to accumulate Bonus. Bonus is a purchase reward that is paid on the purchases when an S-Card is presented when paying. The amount of Bonus is determined by the total monthly purchases of the members in accordance

with the Bonus table of the relevant cooperative. The members can additionally receive payment-method benefits, because the members can, if they wish, include payment functionalities provided by the S-Bank in their S-Card. (ibid.)

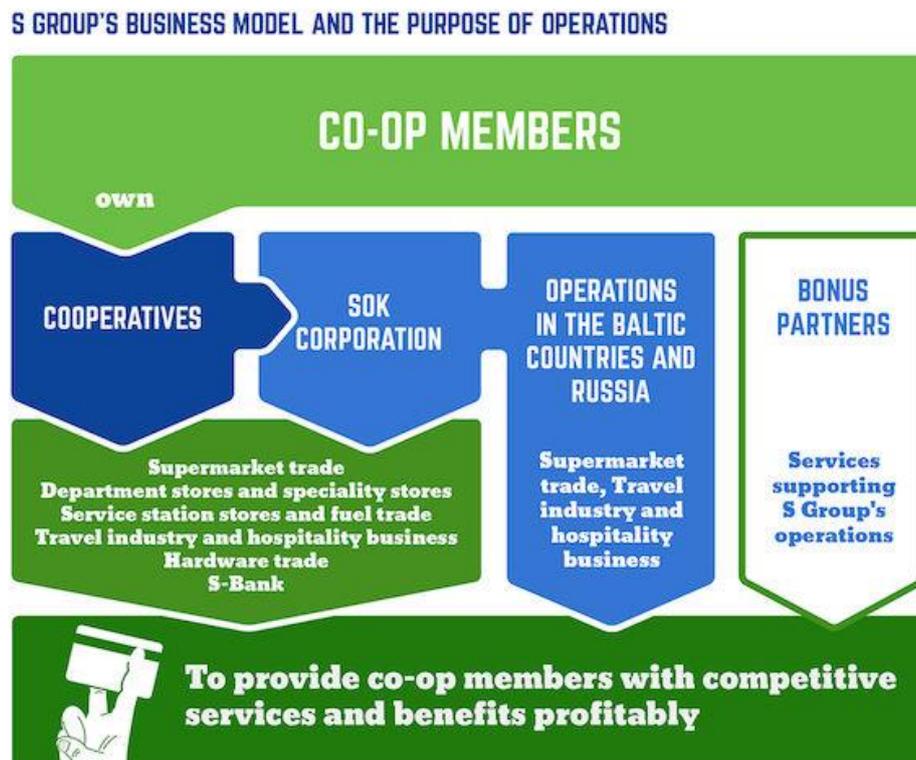


Figure 4. Business Model and the Purpose of Operations. (S Group n.d.)

The personnel of the S GROUP

The S Group is now the largest private employer in Finland. In 2014, the size of its personnel was 40 292, of which 87 per cent were permanent workers, and 13 per cent fixed-term workers. 36 per cent had a full-time contract, whilst the percentage of part-time workers was 64. The personnel work in various positions in different business branches: markets, restaurants, petrol stations, tourism, banking- and finance services, department stores and specialty shops, as well as in various positions in offices. (S Group's key figures 2014)

The aim is to constantly develop the operation in a way that the hours worked generate more value than they cause expenses for the company. The S Group supports the internal mobility of the personnel. The aim is to increase multiple skills and that way make it possible for the employees to work in different units. When the work is done by the own employees, that ensures that personnel expenses remain under control. Profitably done business contributes to business continuity and also secures the jobs in the future. That is why the employees are encouraged to widen their professional skills. Furthermore, a possibility to perform versatile tasks has an influence on wellbeing since it brings variation to both the physical and emotional load of work. (Personnel wellbeing and motivation, 2014)

As said, the S Group has also a number of part-time workers, who, however, have a possibility to increase their number of hours, because the additional hours are first offered to them. Thanks to the part-time workers, the employer has a possibility to give more flexibility to their employees, which contributes to a wellbeing and better combination of the job and free time. (ibid.)

Tempus-system

As mentioned, the S Group has a large number of part-time employees, and as the law requires, the additional work must be first offered for them. For that, the S Group utilizes a system called Tempus. It is a system for offering additional work to the part-time employees on a more efficient and cost-effective manner. Tempus has been integrated with the schedule planning software used by the S group. It sends the employees work invitations, which can be accepted by text message or via web-link. (Case SOK Tempus, n.d.)

When initializing the system, the skill level of an employee is estimated and put into the system, as well as the units employee is willing to work in. Before Tempus there were different methods used for offering additional work, such as mass text messages or simply calling potential employees. Due to this integration with the schedule planning software, the information moves smoothly and no double work has to be done. Tempus allows to send

invitations to employees that are available at that time and whose skills correspond to what is needed. Additionally, foreman can search for employees with certain kind of employment contracts. (ibid.)

2 THEORETICAL FRAMEWORK

Merriam (2014, 85) defines a theoretical framework as the underlying structure and the scaffolding of the study. The main concepts that will be examined in this theoretical framework are: human resource management (often abbreviated HRM), personnel planning, and temporary agency work (TAW) globally and in Finland, including its legal aspects in Finland.

First, the evolution of HRM in Finland is gone through, which naturally leads to examining the more modern human resource management, and its importance in today's business world. After that, one key function of HRM, personnel planning is considered. Lastly, the temporary agency work is gone through in more detail.

2.1 Evolution of HRM in Finland

The early form of *human resource management* started forming in 1940 and especially after the war. It started out as a social welfare, with first rather practical goals; the main concerns were issues such as vocational training, healthcare, and helping employees find accommodation. The employers even supported building the housing, because the lack of accommodation prevented the employees from moving to cities and manufacturing towns. The rapid industrialization demanded some new knowhow and the education provided by the society was not sufficient to meet the fast-increasing demand of manufacturing professionalism. Furthermore, the services the society provided were insufficient and the healthcare of employees was laid on the employer's responsibility. This early phase of HR continued until the mid-1950s. (Heinonen; Järvinen 1997, 8-10.)

Then, more emphasis started to be on handling the employment related issues. The labor code and collective agreement system were developed rapidly after the war. Also the shop steward -system was formed and the big organizations started to have departments for employment issues and people were hired to take care of these matters. In 1970, Aarno Palm and Eero Voutilainen introduced the eight divisions of human resources, which still is a useful method of viewing the functions of HR. Those eight divisions are personnel planning, personnel acquisition, personnel introduction, wages, personnel development, internal information services, guidance and supervision of personnel, and personnel services. In 1979, the Act on Co-operation within Undertakings (*Yt-laki* in Finnish) came into effect, and the HRM developed rapidly. Slightly after that, it started to be seen as an important part of strategic planning of enterprises. At the same time, the term *human resource management* got introduced. (ibid., 8-10.)

2.2 Basics of HRM and its importance

Dessler (2005, 4), defines human resource management as it is in these modern days, in the following way;

Human resource management is the process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns.

Everybody in working life deals with human resource management in some way, both employees and employers. Although many enterprises have a separate human resource department with its own top manager, all managers are in some way involved in the activities of HR, such as recruiting and training. For example, the line managers are authorized to direct the subordinates' work and responsible of accomplishing the tasks of an organization. The direct handling of people is an important part of line manager's responsibility. In small organizations, line managers may perform various personnel duties without assistance. However, in bigger organizations the assistance and special knowledge is often required, and that is where the HR department comes to picture. (ibid., 5-7)

Importance of HRM

The success of an enterprise greatly depends on its personnel. Therefore it is vital to find suitable employees and have strategies for better employee retention. The lack of knowledge or unsatisfactory quality of work directly reflect outside the company. It is important to ensure that employees are able and willing to perform well. Despite being a key factor for success, personnel is in addition usually the most expensive asset a company has. In addition to wages (including the contribution to pension funds and other benefits), there are various other costs such as ones related to training/educating personnel, fostering their wellbeing and acquiring new personnel. (Viitala 2007, 8-10)

Already in 1980s and 1990s many business leaders started to more and more accept the fact that the competitive advantage can be achieved only with the efforts of the people employed in a company (Foot; Hook 2008, 8). Still, even nowadays, the importance of HRM is often undervalued by some people. HRM supports company's execution of business strategy in a vital way. Hence, it has to be ensured that there is enough quality personnel to meet the current need. Apart from having enough personnel, an organization also has to ensure that the knowledge and know-how are up-to-date and to constantly keep on training the personnel in order to remain competitive in today's and tomorrow's world. Furthermore, the working ability, motivation and willingness to engage in achieving the organization's objectives are the aims of HRM. (Viitala 2007, 8-10)

According to Boselie (2010), Boxall and Purcell (2003) define the critical HR goals in a following way; labour productivity (cost-effectiveness), organizational flexibility, and social legitimacy. The organizational flexibility can be further distinguished into three parts; (1) numerical flexibility that represents flexibility in the use of employees, (2) functional flexibility representing the level of which employees are able to perform different tasks and functions, and (3) mental flexibility that represents the employees' ability and willingness to change without resistance. These three critical goals (productivity, flexibility and legitimacy) have natural tension in organizations;

for instance too much flexibility may have the bad impact on cost-effectiveness. In an optimal situation these three are well balanced. (Boselie 2010, 55-57).

2.3 Personnel planning – key function of HRM

As said, the people of an organization are a critical success factor of the whole enterprise. Hence, one of the key areas of HRM is personnel planning and staffing. It can be quite a challenging task due to the uneven demand and supply of talent in the market. It is extremely important that the decisions of taking people in or letting them go are based on the current and future demand scenarios. Thus personnel planning or staffing should not be only filling up the vacancies without any strategic planning. The human resource strategies of an organization often arise from the adoption of strategic approach to people management which is integrated with the business strategy; and whatever the goals are they can be achieved only by human skill and effort. (Foot et al. 2008, 38)

The management should take a long-term perspective in order to prepare the organization to meet the future requirements and achieve the predetermined strategic objectives. If demand exceeds supply, recruitment or other necessary skill acquisition, such as training the existing personnel, should be done. Subcontracting the work is another option to consider. Of course, the human resource planning is rarely all about staffing, often the internal supply can be greater than the demand. In such a case the surplus has to be eliminated in some way; e.g. through redeployment or redundancy. Another case is when even the internal and external supply together cannot meet the demand, and that is when the organizational goals might have to be adjusted to reflect the resourcing problems. (ibid. 40; 52)

When reflecting the importance of personnel planning on the S Group, a big part of their operation is formed by hospitality and service sectors, offering often intangible service products with the aim of making customer come back. The happy guest requires many different professionals doing various jobs.

Especially the front-line and customer-contact employees have the biggest influence on the customers, and those are the ones that the customers will remember the best, either in good or in bad. Not to forget the management or back-of-house employees such as cooks. Thus the staffing is extremely important task in service sector, and the organization must have a sufficient amount of employees with adequate skills. (Ford; Sturman; Heaton 2012, 152-153.)

Due to the changes in business operation an increasing amount of outsourcing; buying services from experts, have become an important part of operation especially with SMEs. It might be sometimes unreasonable to provide all the support services inside the organization, and outsourcing or subcontracting allow companies to focus on their core competence. Hence many enterprises form long and strategic partnerships with companies providing different kind of business services. These kind of partnerships can bring valuable flexibility. Agency work is one great example of that; during bad economic times or slow recovery, businesses might not be willing to hire a number of new employees due to the risks related, and hence agency work can be safer option. Furthermore, agency work can lead to permanent employment, which can be an advantage for both the company and the agency worker. (Metsä-Tokila 2012, 3, 7.)

2.4 Temporary Agency Work (TAW)

TAW is a term that can cover different employment arrangements such as fixed-term employment, temporary agency employment and on call employment (in which workers are called in when needed). These types and forms vary across countries and industries according to regulations and labor use needs and strategies. (Burgess; Connell 2006, 130) According to the report by CIETT (2015), agency work is an important way for labour markets to adapt to economic change and it shows rather strong a correlation to many economic indicators. Agency work is able to respond quicker to economic trends compared to other forms of work. This flexibility of agency work offers organizations a great possibility to get workers when there is more work

available, but perhaps not yet enough confidence to hire directly more workforce. (39-42.)

Triangular nature of temporary agency work

Agency work is known for its triangular nature (see Figure 5). There are three different parties involved: the temporary agency, the user company that needs workforce, and the worker.

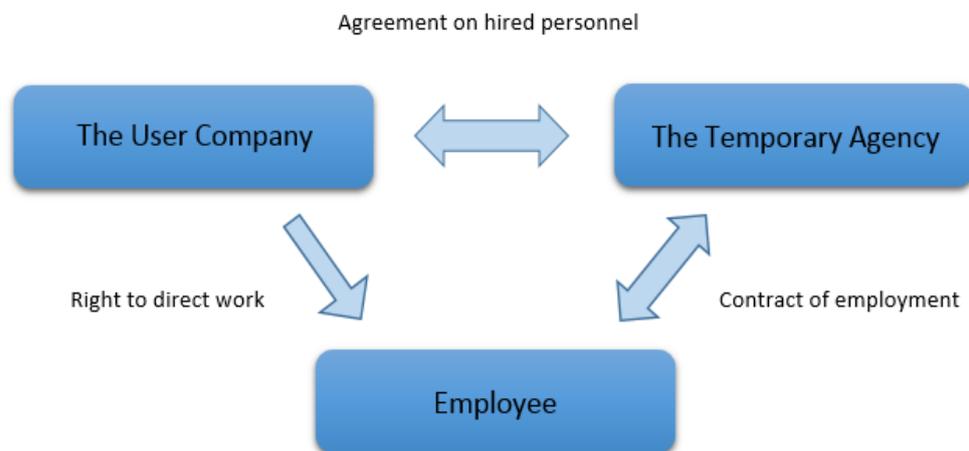


Figure 5. Triangulation of Agency Work. (Ministry of Employment and the Economy (Modified) n.d., 5)

A temporary agency is the employer of hired workforce. Therefore a temporary worker signs a contract of employment with this agency, and is then hired out to perform work at the user company. The employment contract is of a limited duration with no guarantee of continuation, and is completely dependent on the user companies' needs. The user company has a right and responsibility to direct and supervise the work while the agency is responsible for paying the wages and social security contributions and taking care of other employer's obligations. No employment relationship is formed between the user company and an agency worker. The agency and the user company have signed an agreement on leased workforce and the user company pays

the agreed fees to the agency. (Ministry of Employment and the Economy, n.d., 5) In temporary agency work, the obligations of an agency and a user company are defined by the labor code and collective agreement applied (Ministry of Employment and the Economy 2012).

Agency work globally

Agency work is gaining more and more market share in employment relationships globally. In 2013, about 40.2 million people worked as an agency worker at some point during the year, which indicates an increase of 9.6% compared to the year before. In Europe the number was about 8.7 million, and in Finland 90,000. (Cieltt 2015, 10-11.)

When calculated to full-time equivalent, globally about 12 million people were employed daily as agency workers. Of that, slightly more than 4 million were in Europe, whilst in Finland the daily average of agency workers was 28,000. Then, when examining the amount of agency workers as a share of the total working population (the penetration rate) it can be seen that globally (based on 29 countries) the penetration rate average was in 2013 1.6%, in Europe 1.7%, whilst in Finland the number is below average, 1.1% and has been slightly diminishing since 2011. (ibid. 27-31.)

In 2013, there were almost 260,000 private employment agencies in the whole world offering agency work but also other HR services such as research and selection, or outplacement. The number of agencies that were solely engaged to agency work was 62,500, while in Finland there were 1,250 private employment agencies. Agency work forms the biggest share of the sales revenue of the employment and recruitment industry. For agency work the global annual sales revenue in 2013 was €282 bn, whereas the number for the whole employment and recruitment industry was €415 bn. (ibid.13-18.)

Reasons for hiring agency workers according to studies made in the USA, and Europe (UK, Sweden, Germany and France) were the fact that it offers solution for an immediate need, e.g. when there is a peak demand, or to substitute absent or sick employees. In other words, basically the flexibility it

offers. Another frequently mentioned reason was the possibility to try worker's suitability before hiring into permanent positions. More reasons for utilization that were mentioned, were accessing more candidates and filling out positions quicker than on their own. Also cost and ease of hiring agency workers were mentioned; it is a way for keeping running costs down and it also requires less bureaucracy. (ibid, 65)

Agency work in Finland

Temporary agency work is relatively new sector in Finland, although there are also companies that have been on market for decades. There have been many kind of images towards agency work, many of which not the most positive ones. The industry has however developed quickly and it has become an integral part of the Finnish business life. Nowadays there is much more information available regarding the agency work, and all the time more and more companies utilize these services, which together have been part of shifting the images into more positive ones. (Metsä-Tokila 2012, 7.)

Agency work has not, however, increased its share significantly during the past years and instead has remained on nearly same level. In 2014, the amount of agency workers was 29 000, which is about 1% of all the wage earners. Between the years 2010 and 2014 the amount has been varying between 27 000 and 29 000. (Työvoimatutkimus [Labour Report] 2014). Even though the amount has remained on about the same level, the employment services, including agency work, have become more versatile during the past years. Furthermore, the amount of offices of companies providing agency work has increased from 804 to 1212 between the years 2006 and 2010. (Metsä-Tokila 2012, 7;17.).

In 2014, about every fourth agency worker was employed in retail sector, whereas slightly under fifth worked in manufacturing. The third biggest sector employing agency workers was hospitality (Työvoimatutkimus, [Labour report] 2014). The typical Finnish agency worker these days is a young person living in a city; 36% of agency workers live in the capital area and nearly third of

agency workers are simultaneously students. About 60% of agency workers are under their thirties, and 70% are under 40 years old. Between genders there is no remarkable difference. Often, temporary agency work is performed during the transition phases of life, such as after studies as a way to enter working life. Nevertheless, there is still a number of agency workers who do it for longer period of time, even for years. In 2013 about 5% of agency workers had been employed through agency since 2007. According to studies, every fourth wage earner has been facing agency work in their workplace. (Pasila 2015)

The companies utilize agency work for several reasons. The study made by Myllylä (2011) reveals the most common reasons for using temporary agency work among the Finnish enterprises that have gone through the employee co-operation negotiations. Those reasons are easing the workload of own employees, especially due to seasonal or other fluctuations in the workload, or using agency workers as substitutes for covering the absence of an own employee. Additionally, agencies are commonly used when there is an urgent need for workforce. These hires can also act as a way to recruit permanent workers and thus save costs occurring during the recruitment process and also decrease the possibility of recruitment mistakes. (9-10.)

In Finland, many of the temporary agency companies belong to HPL, the Private Employment Agencies Association. HPL drafts the code of conduct, general terms and conditions for this sector, all of which the member companies are committed to comply. HPL also negotiates collective agreements. There are more than 300 member companies in HPL, many of which provide agency work along with other employment services such as recruiting, outsourcing, sub-contracting and headhunting. HPL is part of the Confederation of Finnish Industries EK and the International Confederation of Private Employment Agencies CIETT. (HPL n.d.)

2.5 Legislation and regulations regarding TAW in Finland

There is no specific legislation regarding temporary agency work. Instead the common regulations of employment relationships as well as certain special provisions concerning temporary agency work are applied. For instance, Employment Contracts Act, Occupational Safety and Health Act, Act on Co-operation within Undertakings, The Act on the Contractor's Obligations and Liability when Work is Contracted Out have regulations concerning temporary agency work. In general, the Employment Contracts Act is applied to agency work as it stands. Next the important, related provisions are briefly gone through. (Ministry of Employment and the Economy 2012, 35)

The legislation does not state when an enterprise is allowed to use temporary workers and when not, which means that basically the whole personnel can be leased from an agency. The Act on the Contractor's Obligations and Liability when Work is Contracted Out, however, sets out certain obligations for a contractor when the hired personnel is used for a company's ordinary business;

The Act on the Contractor's Obligations and Liability when Work is Contracted Out (22.12.2006/1233) obligates a client to check that their contracting partners fulfill their legal obligations as contracting party and employer. The Act aims at preventing "grey", or undeclared, economy, and its purpose is to promote equal competition between companies as well as compliance with terms of employment. (L 22.12.2006/1233)

Another important provision affecting the use of agency work, is the employer's obligation to offer work to a part-time employee, which is defined by the Employment Contracts Act. Therefore, in case an employer needs more employees to perform the duties suitable for the already hired part-time employees, the additional work should be first offered to them. Furthermore, if the work could be carried out by an employee already working for the company with an additional training that an employer can reasonably provide considering the current aptitude of an employee, then such training should be provided. (L 26.1.2001/55)

Also, as mentioned above, the Occupational Safety and Health Act also includes some provisions concerning temporary agency work. According to it, both the user company and the agency have the responsibility for the occupational safety and health of a temporary agency worker. The user company has an obligation to define the professional competence requirements and some special features of the work and also to inform the agency about them. Subsequently, the agency has an obligation to inform a worker about the same facts, as well as to make sure the worker has the required professional competence and experience. The user company must, in addition, offer the needed orientation and guidance and inform the worker about the possible risks and safety factors. (L 23.8.2002/738)

In addition, the Act on Co-operation within Undertakings regulates that the principles regarding the use of temporary agency workers must be handled in the cooperation procedure, and that the employer must inform the representatives of the personnel groups whose work the temporary workers could have influence on about the plan to use agency work. The information should include the number of agency workers, their duties and work site, as well as the times agency workers will be used. (L 30.3.2007/334)

Furthermore, the collective agreements can, in certain industries, determine when the utilization of temporary agency workers is allowed, for instance the use might be entitled solely when there is a peak demand. The collective agreements do not, in any way, define peak demand, but the legal praxis generally sees that the employer has violated the collective agreement if the utilization of leased workforce has been continued for more than two years. Also, often it is seen that in case the use of agency work continues for more than six months, it is rarely seen as peak demand. The peak demand, however, varies between industries and no certain time limit can be set accordingly. (Lehto; Salonen n.d., 3)

3 METHODOLOGY

3.1 Research strategy and methods

The basic distinctive factor between qualitative and quantitative data is that the qualitative data is based on meanings derived from numbers, while quantitative data is based on meanings expressed through words (Saunders et al. 2009, 482). This thesis was conducted as a qualitative research, which was chosen due to the aim of the study to gain more in-depth meaning of the phenomenon than what the numerical and statistical data could have provided.

The research strategy chosen for this research was a case study. According to Saunders et al. (2009), Robson (2002) defines a case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context. Case studies can be either multiple-case studies or single-case studies. Multiple-case studies focus on finding out whether the findings occur in other cases as well. Since the aim of this study was investigating the phenomenon of agency work within four cooperatives, this was a multiple-case study. The case, S Group, was selected because it is intrinsically interesting, and thus of interest for studying to gain as good understanding as possible. (Saunders et al. 2009, 145)

According to Merriam (2014, 88.), interviewing is the best method when conducting intensive case studies of a few selected cases. The purpose of interviewing is to enter into the other person's perspective and it is necessary when the behavior, feelings, or how people interpret the world around them cannot be observed. In this research, the interviewing was chosen as a mode of data collection based on the reason that it was seen as the best way to get the kind of in-depth information needed. No other methods could have provided more detailed information on the topic. The interviews were further chosen to be in a semi-structured form, which is in between of structured and unstructured interviews and generally guided by a number of issues to be explored. This allows interviewee to respond to the situation and can help to

explore new ideas to the topic and to access participants' perspectives more than predetermined questions would. Usually, like in this case as well, some specific information is desired from all the respondents and hence a more structured section might be added to the interview. Furthermore, follow-up questions and probes were asked in order to get deeper understanding. (Merriam 2014, 89-91)

The participants were selected because of their positions. Three perspectives, the HR managers, chief shop stewards and line managers (including both restaurant and store managers), were wanted in order to gain a deeper understanding than would have been possible with only the HR managers' perspectives. There were various aspects considered when deciding who to contact for this research; both restaurant and store managers were wanted to be included, as well as chief shop stewards from both market- and hospitality-sectors.

3.2 Implementation and data collection

Contacting the possible interviewees started right after the idea of the topic arose. As said, the participation of enough cooperatives/HR managers was crucial for the implementation of this research and if not enough cooperatives showed interest in participation, another topic should have been chosen.

Contacting of possible participants started with the HR managers. Contacting was executed both via phone calls and email but it was quickly discovered that the latter served the purpose better. A couple of cooperatives rejected the request of participation, mostly due to busy schedules. In addition, a couple of requests were never gotten an answer. Four cooperatives were luckily managed to get to participate. After that, contacting the chief shop stewards and line managers was done. Altogether ten interviews were managed to be set; four HR managers of four different cooperatives, three chief shop stewards, and three line managers; of which two were restaurant managers and one store manager. The number of interviews had to be restricted due to

time and money resources. Moreover, not all the contacted cooperatives and stakeholders were willing to participate due to different reasons.

The interviews

Preparing the interview questions was done after examining the existing literature on the topic. The questions were organized by categories and thus interviews followed loosely a certain pattern. After the questions and themes were decided, the suitability of them was checked with an ex-employee of S-Group, after which a couple of new ideas were gotten. Most of the interviews were in-person interviews, including all four interviews with HR managers and all three of chief shop stewards. One interview of a restaurant manager was held via phone and another one in email form due to conflicting schedules, and were thus lacking the personal contact. All the interviewees were Finns, hence the interviews were held in Finnish.

The interviews were conducted in four cities around Finland between September and November 2015. The first two interviews, one with HR manager and another one with chief shop steward were held about one month before the other interviews and acted as pilot interviews. As the result after the pilot interviews, the suitability of questions was analyzed and slightly modified to fit the purposes even better in remaining interviews. The good preparation was done with the various questions thought through, but as this was a semi-structured interview, the basic questions acted as conversation themes and a big number of probing questions was asked in order to gain a deeper understanding of topic. Depending on the answers, not all the questions were found necessary to ask from each interviewee. The themes of the interviews were sent to three next HR-managers beforehand in order to give a possibility to prepare for the interviews by for example checking some information beforehand.

The interviews of HR managers lasted from 30 minutes to 60 minutes, whereas the rest were on average about 30 minutes. All the topics were covered in this time. The most interviews were held in quiet office rooms with

minimal distractions. However, one interview was held in the empty restaurant with minor distraction of background music, which became slightly more distracting during transcription process. The phone call was on speaker mode in order to record the interview with a voice recorder, and during the transcription process some minor difficulties were faced with the quality of voice.

3.3 Analysis of data

All the interviews excluding the email one were recorded with an audio recorder and subsequently transcribed for the ease of analyzing. First, a verbatim transcription was planned to use, although it was quickly realized that it would just be time-consuming without bringing any additional value compared to less verbatim transcriptions. After the transcription process, the interviews were thoroughly read through several times in order to find certain recurrent patterns.

The color-coding with basic text formatting software was used as a help in defining the similar topics from the interviews, which were then grouped into categories. The interviews were divided into three according to the position of an interviewee: the HR managers, chief shop stewards and line managers were analyzed separately. First individual analysis was done on each cooperative, after which cross-case analysis was easier.

3.4 Ethics

Saunders et al. (2009, 182-183.) define ethics in the context of research in the following way:

Ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by it.

In this research, the ethics were considered throughout the process. Naturally, the participation was voluntary, and all the interviews were confidential and anonymous. For this reason, neither the names of the cooperatives are mentioned. Furthermore, the permission for audiotaping was asked from each

participant, and also permitted. Also the permission to interview the chief shop stewards was asked from the HR managers. Both during the interviews and in reporting phase of the data, causing discomfort of any kind to the participants was avoided, and as a researcher the author pursued for total objectivity throughout the process. Lastly, the permission for publishing the thesis was asked from the representatives of the S Group, and the most of the results of the research were agreed to keep confidential.

4 RESULTS

In this chapter the findings of the research will be gone through. Most of the findings were, however, agreed to be kept confidential with the S Group and will thus not be seen here. The rest of the results can be found in Appendix 3.

4.1 How do the chosen cooperatives utilize agency work?

All four cooperatives included in this study use temporary agency work to some extent, with some variation in the amounts. The use is rather subtle, and there were no cooperative that would use it significantly more than others. In all four cooperatives, the Tempus -system is utilized for offering extra work for the organization's own employees. Only in the case of a shift still being unfilled after Tempus, it is offered for TAW.

According to the interviews, each cooperative is an independent organization and makes their own decisions regarding the agency work. The S Group promotes good personnel policy, but does not define it in details. In addition, the S Group has done some competitive tendering on temporary work agencies but that acts more as a help, and each cooperative still independently selects their partners. The most important rule, also defined by the law, is that the additional work must first be offered to the organization's own part-time employees. In addition, due to each cooperative being an independent organization, neither the decisions of other cooperatives have affected these. However, some HR managers mentioned that the HR managers of cooperatives might share views and thoughts regarding the agency work and other matters. Although, it was pointed out that it might be challenging to for example recommend certain company for other cooperatives, since in different cities there are obviously different people in offices and as agency workers.

5 DISCUSSION

5.1 Conclusions and recommendations

The aim of this study was to investigate the use of agency work in chosen cooperatives of the S Group. The reasons behind the decisions regarding it, and how it is perceived by the HR managers, chief shop stewards and line managers.

The aim of the first research question was to find out to what extent agency work is utilized in these cooperatives, as well as how it is perceived by the HR managers, while the second research questions deals with the reasons for the utilization. It was discovered that all four cooperatives use agency workers at some level, but would prefer offering all the hours for the organization's own employees. In fact, all the hours are first offered to organization's own employees through Tempus-system. If the shift remains unfilled, it will be offered for agencies. One cooperative, however, uses agency work less than others, basically only during a yearly organized festival and as bouncers throughout the year. The reason for this minimal use seems to be quite a good internal mobility of employees between the units, with the aim of constantly increasing it. It seems that the cooperatives use agency work as a tool to ensure that business keeps running in case of the own reserve is insufficient for different reasons.

The biggest advantage and reason for using TAW was found out to be the availability of workforce/help when needed, which contributes to a certain flexibility without needing to have a huge reserve of their own. This was no surprise, since as was found out in the theoretical part, the flexibility was in fact one of the critical HR goals.

Other popular advantage and reason for using agency work was the possible cost-effectiveness that becomes valid in certain situations, however, it was mentioned that it is vital to find the saturation point for that. Another advantage that was brought up was the smaller level of employer risks, since the agency

bears the risks and there is also a possibility to “try a worker’s suitability”.

These reasons are quite similar to the ones discovered in theoretical part, in the studies made in USA and chosen countries in Europe, as well as Myllylä’s research on the use of agency work among the Finnish enterprises that have gone through the employee co-operation negotiations.

When discussing the drawbacks of agency work, the HR managers mentioned mostly the challenges with orientation and commitment of agency workers. In addition, the fact how TAW often becomes more expensive compared to organization’s own employees was brought up.

The third research question deals with the perspectives of chief shop stewards and line managers. All the chief shop stewards were rather happy with the current situation with the agency work, especially if compared to the situation some years ago. They prefer the agency work to remain on a really low level, and it should only be used when the own employees cannot work, as their wellbeing and satisfaction is extremely important. The complaints about using agency workers are rarely gotten by the own employees anymore, perhaps because the utilization is so low in the most cooperatives compared to some years ago. The biggest drawbacks of agency work perceived by chief shop stewards were the quality of orientation that can be given for agency workers, and their commitment, which is generally worse than with organization’s own employees, and the fact that the hours will then go outside the organization. These are also the reasons why the chief shop stewards highly encourage the employees for increased internal mobility between the units, which would result in needing less agency workers. However, it is still seen as a great advantage that the help is available when needed, and the organization’s own employees do not need to get overloaded.

When it comes to line managers, as it was found out, the amount of agency work used in these units differed quite a lot; two use more, whereas one only as bouncers. Regardless these differences, all the line managers would prefer providing all the hours for the organization’s own employees rather than for the agency workers. In fact, the two units with bigger utilization have intentions

to reduce it. The main reasons for wanting to offer all the hours for the organization's own employees are cost-effectiveness and the varying skills and quality of work of agency workers. Agency workers are, however, seen as a great help in the two units that utilize them. In the unit that uses agency workers only as bouncers, the own personnel is really flexible and can gladly work more sometimes, and thus using agency workers would probably annoy those who are willing to work more.

Recommendations

Although the current utilization of agency work seems to be on a rather good level in these cooperatives and the stakeholders were relatively satisfied with the situation, there were still some hopes of decreasing the amount according to some participants. Perhaps this could be done by promoting the internal mobility between units even more and really encourage the employees for it by e.g. sharing good experiences and lowering the fear to try it. As was mentioned by some chief shop stewards, the fear and the will to stay within one's comfort-zone are the most common reasons for not taking shifts from other units. The longer the employees work in just one unit, the harder it probably gets to try something that is not so familiar. Consequently, perhaps already in the recruiting process it would be good to emphasize more the possibility of having a really versatile employment contract with the opportunity to diversify one's skills, professionalism and network, as well as the career opportunities by working in several different units. However, the author is unaware of whether this happens already during the recruitment process, and if yes, to what extent.

Not all the units or cooperatives had aims at decreasing the use. Many of the participants see the varying skills of agency workers as the biggest drawback. Perhaps one help for that could be better cooperation with the agencies when it comes to training the workers; in which areas the skills are lacking the most and could some brief training done by agency improve the quality of work. Furthermore, perhaps there could be some material about that certain cooperative and S Group that could be provided for the agency workers. The

materials could define the values of the S Group, as well as provide some information about the company culture. Perhaps also some basics of the tasks could be included if found necessary. These could lead to all the parties being more satisfied, the agency worker would feel welcomed and appreciated, which could further lead to better commitment, whereas the S Group could get better quality of work and satisfied agency workers.

5.2 Credibility of the research

Credibility is the key concept in determining the quality in any, including qualitative research. The most common factors for evaluating the credibility are reliability, validity and generalizability. **Reliability** refers to the consistency and repeatability of the methods and research results, whereas **validity** refers to whether your thesis answers the questions it is intended to answer, so in other words, have the right things been researched. (Kananen 2011, 66)

First of all, this thesis succeeded at answering the questions it intended to answer. Also, the chosen research method, semi-structured interviews, were found to be successful, since with no other methods the in-depth information could have been gained. All the interviews of the HR managers, as most other interviews, were in the face-to-face form that allowed better interaction and a possibility to ask various probes in order to gain a better understanding of the matters discussed. However, it is worth considering that when talking about a big organization like this, there is a chance that the participants ended up giving rather political answers for the sake of the organization. Due to interviews being anonymous, it is still assumed that the participants spoke truthfully.

If this research was conducted again, the results would most likely be similar, although the possibility of changing situations or mindsets cannot be ruled out. However, according to Merriam (2014, 221-222.), the more important question to ask is *whether the results are consistent with the data collected*, and if it is so the study can be considered dependable.

Generalizability, also referred to as external validity, deals with the extent to which the research results can be generalizable. Can the findings be equally applicable to other situations or circumstances, like other organizations? (Saunders et al. 2009, 158) Merriam (2014, 224.) also points out that generalizability in a statistical sense cannot occur in qualitative study in the same way than in quantitative.

In this study, it was neither possible nor needed to include all the cooperatives. Although there were cooperatives and units with different amounts of utilization of TAW, it was still inevitable to notice that similar patterns recurred. The maximum variation in the sample was hard to gain since there was very limited information available beforehand on the cooperatives' use of agency work. Thus, there might be some other cooperatives with significantly higher utilization of agency work, as well as some cooperatives that do not use it at all and have much stronger opinions towards it. However, relatively wide range of participants were included.

The aim of this research was not to create a theory fully applicable and generalizable in all the cooperatives of the S Group, and particularly not all the other organizations, but instead to gain a deeper understanding of the phenomenon (agency work) within these chosen cooperatives of the S Group. It can, however, be assumed that the findings represent the most popular views inside the S group.

Considering these above mentioned factors, the results can be said to be credible.

5.3 Research limitations and ideas for future research

When considering the limitations of this study, it must be pointed out that this was a case study concerning the cooperatives of the S Group.

As explained in the beginning, the company structure of the S Group is special compared to most companies, and thus the results might be completely different if similar research was conducted in any other company. Moreover,

this research took place in Finland, and when considering the different cultural and legal factors elsewhere, the study might not be applicable, but can, however, provide some guidance on the topic researched.

Furthermore, the aim was to conduct a face-to-face interview with all the participants, but due to the conflicting schedules this was not possible. As said, one email interview was done, in which the answers were shorter than they probably would have been in a synchronous voice-to-voice interview, and some questions were left unanswered. It is possible that some underlying meaning might have stayed unrevealed, which could have been discovered with probes in a face-to-face interview. There, however, was a possibility to ask questions afterwards if something remained unclear. Moreover, the phone interview was lacking the personal contact, and thus e.g. facial expressions could not be evaluated. A phone interview can also leave the relationship between the interviewer and interviewee quite distant, and perhaps the needed level of trust to answer the questions as truthfully as possible cannot be formed.

The future research could dig deeper for example into a certain cooperative's utilization of agency work, and interview a larger number of participants within an organization regarding it and thus form a more comprehensive picture of it. Another possibility for a future research could be to focus on the HR managers' perspectives in the whole S Group, although it is rather unlikely to be able to include all the cooperatives.

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APPENDICES

Appendix 1. Interview questions for HR managers and line managers

Puolistrukturoitu haastattelu: henkilöstöpäälliköt sekä pienin muutoksin ravintola- ja marketpäälliköt

Haastatteluteemat:

1. Käytetäänkö alueosuuskaupassanne/yksikössänne vuokratyövoimaa? Jos kyllä, kuinka paljon?
2. Minkälaisissa tehtävissä?
3. Yhden vai useamman toimijan kautta?
4. Mitkä ovat syyt ratkaisunne takana vuokratyövoiman käytön suhteen?
5. Onko tilanne vuokratyövoiman käytön suhteen muuttunut näkyvästi viime vuosien aikana? Lisääntynyt/vähentynyt/vaihdellut?
6. Onko muutoksia tiedossa? Mitkä asiat voisivat vaikuttaa mahdolliseen muutokseen?
7. Mitä hyvää ja huonoa henkilöstövuokrauksessa on?
8. Onko teillä Tempus-järjestelmä käytössä?
9. Onko S-ryhmällä yleisiä sääntöjä vuokratyövoiman käytön suhteen?
10. Onko alueosuuskaupassanne yleinen linja asian suhteen ja kuinka pitkälle toimipisteet saavat itse päättää vuokratyövoiman käytöstä?
11. Koetteko mahdollisen kauppojen aukioloaikojen laajentamisen vaikuttavan vuokratyövoiman käyttöönne?
12. Onko Teillä jotain lisättävää/jotain mitä haluatte vielä tuoda esille?

Translation

Semi-structured interview questions for the HR managers, and with some modifications for the line managers

1. Do you use TAW in your cooperative/unit? If yes, to what extent?
2. For what kind of positions/tasks?
3. Through one or more service providers?
4. What are the reasons behind the decisions regarding the use of TAW?
5. Has the situation regarding the TAW changed a lot during the years?
Has the amount increased/decreased/fluctuated considerably?
6. Are there any changes coming regarding the TAW? Is there something that could affect the possible change?
7. What benefits/advantages and drawbacks does the TAW have?

8. Do you utilize the Tempus-system in your cooperative/unit?
9. Does the S Group have some rules regarding the TAW?
10. Is there a general policy regarding the TAW in your cooperative and to what extent the units can make decisions regarding their use of TAW?
11. Do you think that the possible extending of the opening hours will affect your use of TAW?
12. Do you have anything to add or to bring up to the conversation?

Appendix 2. Interview questions for chief shop stewards

Puolistrukturoitu haastattelupohja: Pääluottamusmiehet

1. Kuinka kauan olette toiminnut pääluottamusmiehenä?
2. Mikä on oma mielipiteenne henkilöstövuokrauksesta?
3. Mitä hyvää henkilöstövuokrauksessa on ja miksi
 - a. yrityksen kannalta?
 - b. vakinaisen väen kannalta?
4. Mitä huonoa ja miksi?
5. Minkä näet olevan syynä sen vastustamiseen / kannatukseen?
6. Millaisia kommentteja organisaation omilta työntekijöiltä on tullut vuokratyövoimaa koskien?
7. Miten vuokratyövoiman käyttöä on perusteltu omille työntekijöille? Joutuuko käyttöä usein perustelemaan?
8. Millainen ilmapiiri vuokratyötä kohtaan alueosuuskaupassanne on?
9. Miten koet alueosuuskauppanne nykyisen tilanteen vuokratyövoiman suhteen?
10. Miten näet vuokratyövoiman käytönne tulevaisuudessa?

Translation

Semi-structured interview questions: Chief Shop Stewards

1. For how long have you been a chief shop steward?
2. What is your personal opinion about TAW?
3. What are the benefits of TAW;
 - a. For the organization?
 - b. For the organization's own employees?
4. What are the drawbacks?
5. What do you think are the reasons for supporting / protesting the TAW?
6. How have the organization's own employees been commenting the use of TAW?
7. How the use of TAW have been justified for the organization's own employees? Does it often need to be justified?
8. What is the atmosphere towards TAW in your cooperative?
9. How do you perceive the current situation regarding the TAW in your cooperative?
10. How do you perceive the cooperative's use of TAW will be in the future?

Appendix 3. Research results (CONFIDENTIAL)