



New Forms of Contractual Relationships and the Implications for Occupational Safety and Health

Summary of an Agency report

This fact sheet summarises a report on the occupational safety and health (OSH) implications of changing contractual relationships. Based on current research and expert opinion, it covers trends in contractual relationships, the implications for OSH risks, the challenges for OSH prevention and the implications for future research.

Trends: Flexibility and Decentralisation

The major influences on the types of contracts used in the world of work have been changes in:

- Production: there has been a shift from industrial mass production towards more knowledge-intensive and service-based work;
- Work organisation: the imperative to operate more flexibly, for example to meet peak demands, has greatly influenced the types of contracts organisations use.



Modern organisations are more decentralised and use 'lean production methods'. The result of these changes has been a reduction in directly employed staff. Many companies now only carry out core functions inhouse and ancillary functions have been outsourced. This results in chains of suppliers and subcontractors. The way organisations operate and work together with others has become more complicated and less stable.

There is now more instability in work contracts and job descriptions. Companies make greater use of short-term contracts, temporary employees, freelancers or self-employed people. Increasingly, employees are flexibly deployed over multiple tasks. Some

contractual relationships have become more informal. More use is made of part-time workers, with women making up the majority. New technology may also influence the way people are employed, for example by creating more possibilities for people to work self-employed from home.

Current trends

- Increase in self-employment. The distinction between employees and self-employed seems to grow weaker.
- Decreased use of permanent or open-ended contracts and increase in fixed (or short) term and increased use of temporary agency contracts. However most jobs are still subject to permanent or open-ended contracts. Currently the percentage of employees in the EU with a non-permanent job seems to have stabilised at less than 15% of all employees.
- Increase in employment through a temporary employment agency, but still does not exceed 2% of total employment.
- Continued increase in part-time work. In 2000, more than a quarter of all employees in the EU worked less than 25 hours a week, and more than 40% of all working women

Implications for occupational safety and health

Although organisational change may provide opportunities for improving OSH, the report focused on the possible negative impacts and measures to avoid them. The changes mentioned in the way organisations contract staff and services can have various OSH effects. For example:

- There may be a decrease in OSH expertise and knowledge available inhouse;
- Temporary workers (and part-timers to some extent) may be less well informed about possible risks and have fewer opportunities to gain these insights;
- Although employees with a permanent or open-ended contracts usually face higher job demands, non-permanent employees have less job control. These are work-related stress issues;
- Subcontractors are put under pressure to deliver to tight schedules to meet their clients' own shortened production schedules.

Two important adverse effects on working conditions have been documented for temporary, fixed (short) term contracts or subcontracting.

1. A higher accident rate is documented for temporary agency work. Although difficult to verify using quantitative data, case studies frequently show a transfer of risks to non-permanent employees and to subcontractors, who have less protection and/or knowledge to cope with these risks. A relationship has also been found between bad ergonomic conditions and non-permanent contracts, but this relationship can also be explained by differences in age, in occupation and in sector.
2. Both case studies and quantitative data show a division of the workforce based on differences in contractual conditions of

employment (i.e. working hours, job insecurity, qualifications). In general non-permanent workers and part-time employees have less job security, less control over their working time, fewer career prospects, reduced access to training and perform less skilled tasks. These issues can result in work-related stress. The last issue, training and skills development, poses an extra problem. Lifelong learning and gaining of qualifications is important, not only to perform one's job, but also to cope with changing work organisations and risks. These issues have a gender dimension, since women are relatively over represented in non-permanent and part-time jobs.

Changing work organisations - possible OSH implications:

- Speed of change and the complexity of work organisation can give the feeling of losing control over one's life or job ('nothing is permanent');
- Insecurity can go beyond the boundaries between 'permanent' and 'temporary' workers. Increasing time pressure and intensification of work have a similar impact.

Changing contractual relationships – possible OSH implications:

- Transfer of risks to non-permanent employees and subcontractors;
- Accident rates among temporary agency workers are higher, possibly due to less experience and training;
- Employees with short-term contracts are exposed to worse ergonomic conditions than employees with open-ended contracts, but these differences can also be explained by differences in age, occupation or sector;
- Employees with a temporary or fixed-term contract have less access to training (including OSH training), have less control over their working time, have fewer career prospects. These can contribute to work-related stress;
- The effect of part-time work on OSH is less clear, but they may have less access to training and less skilful tasks;
- There are gender differences in contractual relationships and in health outcomes.

Challenges for OSH prevention

The changes described all present challenges for OSH prevention, both within organisations and for the OSH authorities.

Measures to meet these challenges include:

- Effective ways to manage and integrate OSH into the management of complex contractual situations;

- The various parties involved in subcontracting effectively co-operating and communicating in order to manage OSH risks;
- Compensating for any loss of inhouse OSH knowledge;
- Methods to ensure that temporary and agency workers have sufficient knowledge, instruction and awareness of risks and their prevention. They should be aware of the procedures they have to follow.

Many small and medium-sized firms and self-employed people work as subcontractors to larger enterprises. Small firms have higher accident rates than large organisations. The larger organisations they work for are often better resourced and organised to manage OSH. One challenge is to encourage larger organisations to co-operate effectively with their smaller contractors. This includes:

- Incorporating OSH into the tendering and contract management processes. There are already some examples of good practice in this area (1);
- Encouraging larger companies to share resources with their contractors on OSH matters common to both as part of a contractual relationship. For example larger organisations providing training to contractors before they come onto their building site (2).

The recent EU Green Paper on corporate social responsibility (3) encourages such approaches and examples of good practices in this area need to be evaluated to determine their success factors.

Future Research Needs

The report suggests a number of areas for further study including:

- The long-term effects of job insecurity, downsizing and subcontracting;
- The gender dimension;
- Success measures, including OSH in different forms of contractual relationships.

How to get the report

The full report is available in English on the Agency's Web site at <http://agency.osha.eu.int/publications/reports/206/en/index.htm> where it can be downloaded free of charge. The printed report - "Research on New Forms of Contractual Relationships and the Implications for Occupational Safety and Health", European Agency for Safety and Health at Work, 2002, ISBN 92-95007-40-9 can be ordered from the EC's Publications Office EUR-OP in Luxembourg (<http://eur-op.eu.int/>), or from its sales agents. The price is 7 EURO in Luxembourg (excluding VAT). This fact sheet is available in all EU languages at <http://agency.osha.eu.int/publications/factsheets/>

(1) <http://agency.osha.eu.int/publications/reports/#marketing>

(2) <http://agency.osha.eu.int/publications/reports/#practice>

(3) http://europa.eu.int/comm/employment_social/soc-dial/csr/greenpaper.htm