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The decision-making process of hiring temporary employees

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Abstract

Authors	Elina Gesteby and Sara Wennerhag
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Title	The decision-making process of hiring temporary employees
Background and problem discussion	The temporary employment industry has grown extensively during the past two decades since the market was deregulated. Companies today need to be flexible to meet fluctuating demand and economic climate in society which has made the market expand. When using employees not directly employed by the company there is a risk that long term effects appears that the companies have not thought of.
Aim of study	To create a model of what negative aspects companies should consider when making the decision to use temporary employees.
Methodological framework	The study performed through an abdicative literature study and with an empirical data collection method of a qualitative approach where we interviewed five hiring companies and one temporary agency on the decision of hiring temporary employees.
Frame of reference	Problem areas with the use of temporary employments were identified through four perspectives of the organization; the structural, human resource, symbolic and political perspective. The problem areas we address are organizational learning, motivation, risk of eroding human capital, belongingness and conflicts. These will be described and presented together with management control to counter the problems.
Empirics	The empirics are focused on what aspects the companies of the study considered when making the decision to use temporary employment, what the companies' different reasons for using temporary employment are and what they do to minimize possible negative effects.
Analysis and conclusions	Companies use temporary employees mostly to become more flexible, both numerically and in their competence. The companies in the study do not consider long time aspects, when they make the decision to hire temporary employees they see more to the direct costs. The more learning cost connected to starting up a temporary employee, the more efforts are made to involve them in social activities and make them feel they belong. The companies are acting reactively and deal with problems first when they appear. Their efforts that prevent or decrease the effects of the problem areas are most often not strategic decisions as much as a result of their company culture, the design of the job that is to be performed and the communication of the company.

Definitions

Blue-collar	Employees working with manufacturing.
In-house production	Production taking place within the company.
Permanent employee	Regular employees of various forms of employment, employed directly by the company.
Temporary employee	A person that is employed by a temporary working agency but works at a hiring company.
Temporary agency	Short for ' <i>Temporary working agency</i> ', see definition below.
Temporary working agency	A company that have employees that they rent to other companies.
White-collar	Employees working in office and administration.

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1. Introduction

This introduction chapter starts with a short background of the temporary employment industry in Sweden and continues with a problem discussion, the problem formulation and the aim of the study.

1.1 Background

In 1993, the Swedish public employment service monopoly was deregulated, which opened up for temporary agencies to enter the market (Bergström et al. 2007, p 39). Companies need to be more flexible nowadays when they produce products on demand instead of producing as much as possible and keep in stock as were more common historically (Dicken 2007, p 97, 155f). The temporary agency industry became one of the fastest growing industries in Sweden in the years following the deregulation (Aronsson 2003). It is expanding at a rapid pace although the industry has suffered reduction in years of weak economic climate. There has been a clear decrease in hired temporary employment in 2001 and 2009 due to the economic climate. These setbacks have only been temporary; when the climate in the labor market has improved the temporary employees have been engaged to a higher degree again. Today the temporary employment industry in Sweden has exceeded the level it was at during the middle of 2008, before the economic crises. The trend is steadily continued growth (Bemanningsföretagens årsrapport 2010).

At the beginning of the twenty-first century the temporary employment industry engaged 0.9 per cent of the Swedish labor market. This is a low rate compared to other countries such as the Netherlands, the USA and Great Britain (Bemanningsföretagens årsrapport 2001). In the last quarter of 2010 there was a significant up-turn in industry, and Lars Kry, the CEO at Proffice, a Swedish temporary employment agency, said that he thinks Sweden is moving towards and will be on a par with the rest of Europe. In a couple of years the share of temporary workers will be twice as big as today, 2011, so continued expansion of the temporary employment industry in Sweden is expected (TT, 25 Feb. 2011). The subject is thereby topical and its importance will increase with expansion of the industry.

Trade unions have played an important role in making it possible for the temporary agencies to enter the Swedish labor market. The collective agreements, established by the trade unions, have given the temporary work agencies acceptance in the market amongst the corporations, which has resulted in companies hiring temporary employees to a larger extent than before. Without these agreements it would have been hard for the temporary employment industry to develop in Sweden because of the powerful position held by the trade unions. Although the trade unions seem to dislike this development in the labor market, they have played an important role (Bergström et al. 2007, p 55ff). There is still tension between trade unions and temporary agencies concerning the work conditions for the temporary employees. This

becomes very clear through a statement made by a trade union representative: “it is the slavery of the 21st century” concerning the temporary employment industry (Siwe 2010).

The phrase ‘the employees are our most important resource’ is widely used amongst companies. In the light of the expansion in the temporary employment industry, we believe a relevant question is how the trend of an increasing use of a new and different form of employment affects the employees as a resource and in turn the companies that use this solution. The common acceptance of the value of a company’s employees has grown over the years and connections between how successful a company is and how well it takes care of and understands its employees have been studied. The earlier assumption that employees do not care about the company’s performance is weakening. Some argue that many successful companies have a common denominator in knowledge and understanding of its employees’ needs (Bolman and Deal 2003, p 148ff). According to Maslow’s hierarchy of needs, often visualized as a pyramid, people are driven by their needs. The most urgent needs to fill are the physiological ones, after that safety, belonging, esteem and self-actualization. These can be applied to an employee’s role at work, where safety in the employment and appreciation at the workplace is important for the employee to perform well. Studies have shown that a company with satisfied and motivated employees is more productive than companies that steer their employees by setting strict regulations and do not consider the employees’ needs. Strict regulations and layoffs have historically led to employees becoming less motivated, loyal and they have in some cases even worked against and sabotaged the company’s business (Bolman and Deal 2003, p 155ff).

Researchers argue that the organizational culture has an important part in steering the employees towards the company’s goals. A well-functioning and strong organizational culture supports the employees in making decisions on how to handle different situations by themselves in a way that is coherent with the company’s strategy (Bang 1999, p 95ff). A well-functioning strong organizational culture is often characterized by motivating personnel through making them feel appreciated and important for the company. Large Japanese companies are well known for their strong organizational culture. This can be explained by them having a large number of long-term employees. An employee stays with the company for several years and often up to a life time (Merchant and Van der Stede 2007, p 90). We can through this see a connection between employee turnover and organizational culture. Therefore it is interesting to study whether companies try to motivate and include the hired temporary employees to be part of and preserve the organization culture.

1.2 Problem discussion

It is important for the company’s performance that employees feel appreciated and secure in the work place for them to work efficiently. Having a temporary work force is in conflict with these needs. If employees do not feel they belong with or can identify with the company, there can be a resulting lack of motivation and loyalty to the firm which affects the productivity of the company. Tensions between permanent and temporary employees can be a negative factor because of different working conditions between the groups (Bergström 2007, p 131ff). Tensions between the employees can, amongst other things, result in lower productivity.

Hiring temporary employees often results in a higher employee turnover (Ward et al. 2001, Koene and Van Riemsdijk). This interferes with long-term establishment of the company's culture and can have an erosive effect and result in a weak ineffective organizational culture. In this thesis we argue that companies forget to consider long-term aspects that can lead to costs and the importance of a good organizational culture. It is important that companies consider the long-term aspects when they make the decision to hire temporary employees; otherwise the decision is based on smaller costs than there actually are.

Since the trend indicates a future with an expanding market for temporary labor we find it important to find out on which bases companies make the decision to use temporary agencies to hire temporary employees. We fear that there is a risk in the companies' decision-making process where they do not consider long-term effects of temporary employment. Organizations are complex organisms which make it hard to predict what effects a decision of using temporary employees will have. Therefore we will attempt to identify problem areas through addressing the subject from four perspectives brought forward by Bolman and Deal (2003); the structural, the human resource, the symbolic and the political perspective. This is an attempt to cover aspects through different ways of looking at the organization and thereby get an overview of different kinds of challenges organizations meet when using temporary employment. We are going to look at the subject from the companies' perspective and specifically look at what aspects they consider when they make this decision.

1.3 Problem formulation

After the deregulation of the temporary agency industry the trend shows that companies' use of temporary employment is constantly increasing. Due to this we find it relevant to explore on what grounds companies make the decision to hire employees from a temporary agency instead of direct employment.

- *What positive and negative aspects do companies consider when making the decision to hire temporary employees through a temporary agency?*
- *What do companies actively do to minimize the effect of the negative aspects associated with hiring temporary employees?*

1.4 Aim of study

The aim of this study is to describe what positive and negative aspects, associated with hired temporary employment, corporations consider in their decision-making process and what they do, if anything, to decrease the negative impact on the company. The aim is further to create a model, based on the findings of the research questions, that can be used to identify and counter negative effects of using temporary employees.

2. Methodological framework

In this chapter we describe how we have proceeded with the study and what choices of methods we have made to reach the aim of this thesis. We start by explaining the research strategy in short and how we have used the methods and why they were chosen. At the end of the chapter we also discuss the credibility of this study.

2.1 Research strategy in short

The aim of our study is to see what aspects companies consider when they make the decision to hire temporary employees and from this develop a model that can be used to evaluate the use of temporary employees or help with the decision about their employment strategy. We initiated through reading extensive literature on the subject to get an overview and then phrased the frame of reference. To manage the aim of this thesis we have, besides using literature, also used a qualitative interview survey to be able to describe the decision process at a selection of companies (Blumberg et al. 2008, p 191ff). We chose to conduct interviews with some key informers at the different companies to collect our empirical data. We needed the cooperation of companies to access the information we needed to answer our research question since that information is hard to obtain from other sources. We chose a qualitative approach because organizations and the effect of different decisions is complex. A qualitative approach will give us a chance to reach a deeper understanding of what these companies consider and why when they make the decision to hire temporary employees due to the respondent having the possibility to answer thoroughly. Meeting the respondent gives an opportunity to ask questions more direct and customized to the situation at the company as well as the opportunity to ask follow-up questions.

We chose to do an abdicative study which means that during the working process we have been able to go back to the frame of reference and adjust which can be an advantage in obtaining relevant facts (Alvesson and Sköldböck 2008, p 55). Our study is of the descriptive kind; we want to investigate what aspects companies consider when they make the decision to hire temporary employees (Blumberg et al. 2008, p 197, 207f). We interviewed the companies at one point in time which makes it a cross-sectional study even though in the interviews we treat historical data. We are seeking the companies' views on how they made the decision to start using temporary employees (Blumberg et al. 2008, p 199). The empirical data gathered during the interviews are analyzed together with the frame of reference in chapter five, analysis.

2.2 Data Collection

When collecting data we used both monitoring and communication methods. We started with monitoring; reading articles and books on the subject and continued with communication methods in our empirical data that comes from interviews (Blumberg et al. 2008, p 197).

2.2.1 Literature study

To find relevant literature on the subject we started with a search for articles, essays and books in online databases through the homepage of Gothenburg University's library. We made use of the assistance available and booked a librarian that guided us in how and where to search for relevant data. We have searched for literature through databases such as the following: Gunda, Libris, Business Source Premier and Presstext. Other databases not connected to the library of Gothenburg University such as Google and Uppsatser.se were also used. Essays have primarily been used to see what current research there is on the subject as well as a way to find further relevant references. The information gathered from the literature study was mainly used in the background and the frame of reference, later in the thesis we also use the information in the thesis analyses and conclusions. In the frame of reference we will connect the literature to the subject of temporary employment by our own comments which will appear in the text at the end of several parts of the frame of reference.

2.2.2 Interviews

We started by interviewing a temporary agency to get their view of the market and find out what their customers' primary claims are when they consult a temporary agency. Through this we were hoping to find out who their major clients are, get some examples of companies that actively work with including the temporary employees in the organization, and to find appropriate companies to interview about their decision-making process to hire temporary employees. Through this we found one company to interview, but since the respondent at the temporary agency was reluctant in naming clients we contacted companies that through personal connections we know use temporary employment to a significant extent, companies that have appeared in the media in connection with temporary employment or through tips from other companies that we contacted who did not suit the study.

To get in touch with the right person at the companies we wanted to interview we contacted the companies and asked to speak with someone that was familiar with the decision to hire temporary employees. In many cases we had to speak to and email several different people before we got in touch with the right person and that was often a person working with human resources. Every company we interviewed was offered anonymity from the start since we did not want that to be an obstacle to setting up an interview. We also hoped for the interviewee to be able to speak freely during the interview and thought this to be encouraged through the possibility of being anonymous. Not everyone took advantage of this opportunity, but as some of the companies did we decided to leave out the names of all the companies interviewed to achieve a better coherence in the thesis.

The interviews were all of a qualitative nature and we visited the respondents at their offices and conducted the interview face-to-face. This helps with observing body language and nuances of the respondent's way to express themselves that can disappear in an interview where you do not physically see the person. All the respondents were emailed a selection of questions that we were planning to ask. This was to ensure for ourselves that we were going to interview a person that was familiar with how this decision was made and what aspects

they considered. It also gave the respondent a chance to prepare and search out the answer of a question if he/she did not know what to begin with. The selection of questions we chose to send was of a general nature; we avoided sending detailed questions to prevent the respondent from giving rehearsed answers. We wanted the respondent to answer with the first thing they thought of and not express themselves politically correct or what they thought we wanted to hear. During all the interviews we had an interview guide with questions. This was to ensure that the same questions were asked during all the interviews to facilitate comparability between companies, although we had the possibility to deviate from this structure with follow-up questions and if other questions came to mind. Thus we used a semi-structured interview model where we used the guide as a structure to check that we did not forget any questions and still being able to ask follow-up questions (Blumberg et al. 2008, p 385ff).

The interviews were conducted in about one hour depending on how much the respondent had to say. All interviews were recorded and transcribed for us to be able to give the respondent our full attention during the interview. It also gave us an accurate source of the data to minimize the risk of our personal interpretation of the answer as a result of taking notes on how we perceived the answers at that moment, the recordings help to go back retrospectively and check what was actually said. A transcription facilitates the management and analysis of the data. Knowing that we are recording the interview can make the respondent less willing to speak freely but we decided that the advantage of recording was greater than the impact this could have on the respondent's answers. We asked each respondent if we could record the interview and none of the respondents objected, seemed to think it was a problem or minded the recording device at all during the interview. Therefore we do not think this had any relevant impact on the results. In all we interviewed one temporary work agency and five hiring companies.

2.3 Validity, reliability, and generalization ability of the study

Some of the articles we used in our literature study are peer-reviewed and/or quoted several times and this we consider to be more reliable and trustworthy sources. We have also had more than one source stating the same thing, which makes the data more reliable. Our attempt to get an overview of the organization through using Bolman and Deal's (2003) four perspectives is not to be confused with us stating that we cover all relevant aspects; we have chosen to address the aspects that seem most relevant to us. When choosing what model to use to get a holistic picture Simons' (1995) Levers of Control also was considered. As the Levers of Control have a strategic perspective we felt that Bolman and Deal's four perspective would give a more nuanced view of the problems that can appear as a result of using temporary employment.

The interviews are meant to describe how some companies handle the issue and the results are highly influenced by the respondents. There is always a risk that the particular respondent's opinion and knowledge does not reflect the company's point of view and the study will be limited in objectivity. The respondent can also have an intention of presenting his or her company in the best way, consciously or subconsciously. This could result in a subjective image where the company's efforts are enhanced. This risk should be decreased to some

extent by us giving all companies the possibility to remain anonymous. This is because anonymity will prevent negative statements being traced back to the company.

It was difficult to find companies that wanted to participate in an interview. First it is hard to know if companies are using temporary employees, there is not any database or in any annual reports that say if they do so some of the companies we contacted did not use this kind of workforce and was thereby not suited for the study. It seems to be a sensitive issue for many companies which were noticed during the interviews with company A and B who specifically asked to be anonymous in the study. This can be explained by media often reporting about negative situations connected with temporary employees. It has also been hard to find the right person to talk to, at some of the companies we contacted where we did not get an interview it was because they did not know who could answer how the decision was made while some companies did not have time to participate.

Some of the companies that turned our interview request down were companies that we have heard used temporary employees to get around Swedish labor laws. This is a reason for companies to use temporary employment that has been much debated in media and made temporary employment considered a sensitive issue. It would have been interesting to hear these companies' perspective. Frequent debates in media can have had an effect on these companies' decision not to participate in the study. We think that companies that do not treat the temporary employees as their own employees but instead as workforce that is there only to do their job, do not want to show where they stand and therefore decided not to participate in an interview. This is still a sensitive question to many companies and can be a reason to why some of the companies interviewed wanted to be anonymous in this thesis.

The study is intended to be a few descriptive studies in various industries to give a few examples and see how it might differ between different companies. The number of hiring companies we interviewed is too small to give a general answer to our study, but that was never the intension. All citations of statements made by respondents of the interviews are translated from Swedish into English and we take responsibility for any translation errors or misinterpreted nuances.

3. Frame of Reference

In this chapter we take a closer look at what reasons there are for companies to use temporary employment. These reasons represent the positive aspects of using temporary employment. Then we look at the organization from different perspectives to get an overview of the organization, present relevant theories and formulate problem areas that can be affected by the use of temporary employees. The different problem areas are addressed together with management control theory of how to counter negative effects.

3.1 Reasons for using temporary employees

There are several reasons for employers to use temporary agencies. Temporary employees can provide assistance needed at times when business increases temporarily. In this case it is common that the decision is based on saving money and cutting costs. The number of employees can be adjusted to fluctuations during the day, week or month, so you do not have to risk overstaffing and paying permanent employees for work hours when there is no work to be done (Housman 2001). Numerical flexibility is a common reason for using temporary agencies to hire employees (Ward et al. 2001, Housman 2001). According to Vidal and Trigges (2009) it is the primary reason. They differentiate three ways to achieve numerical flexibilities using temporary employees; reactive use, planned use and systematic use. With reactive use they mean that companies use temporary employees to deal with fluctuations in demand. Planned use is to fill in for permanent employees when they are absent, to help during expected fluctuations or screen for candidates when recruiting new permanent employees. With systematic use Vidal and Trigges (2009) mean that companies use temporary employees to fill a position permanently.

To be able to respond rapidly to market changes and competition, companies need to be flexible (Porter 1996) and also to be able to respond fast to or not be affected by changes in the external labor market conditions (Ward et al. 2001) that can have an effect on the company through, for example, increased costs. The Swedish Act on Employment request legitimate reasons to dismiss employees. There are two legitimate grounds for terminating an employment in Sweden: lack of work or termination for personal reasons such as the employee having misbehaved repeatedly or committed gross professional misconduct. If the reason for terminating an employment is lack of work, a re-employment requirement states that the company has to rehire former employees if the workload increases again. The re-employment requirement is valid for nine months (LAS, SFS 1982:80). The Swedish Act on Employment is strong, which makes it difficult for companies to make people redundant without legitimate reasons, once they have been employed. This makes companies less flexible when using permanent employees and encourages the use of temporary employees to gain the needed flexibility.

Another reason for using temporary employees is to fill in for employees that are on sick leave, on vacation or family medical leave rather than to use overstaffing or pay permanent employees overtime in case of such absences. Making employees do extra work can be

burdensome when they need to do their own job as well as someone else's, and to keep an overstaffing level of employees just in case of an unpredicted absence is expensive (Housman 2001).

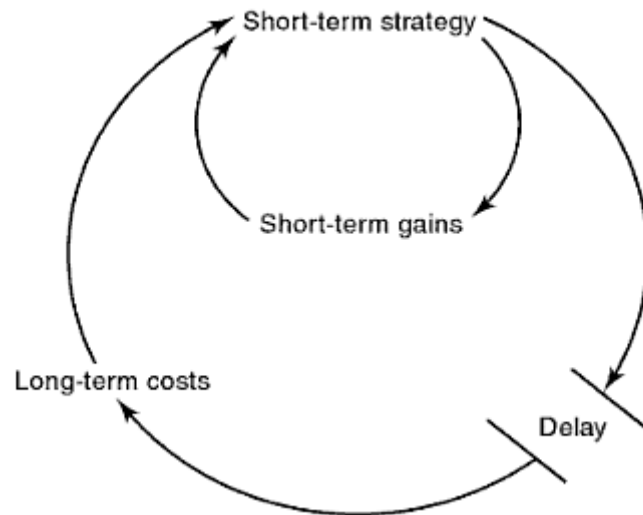
Temporary employment is also often used to manage special projects that are time-restricted or to get access to special skills that a company does not have in its ordinary human capital. Temporary employees can be used to fill in a vacant position until a permanent employee is employed for the position. If the company wants a trial employment they can hire on a temporary basis instead of using an ordinary trial employment period. Using temporary employment agencies as a screening tool to find new permanent employees, can drive less cost than if the company were to recruit by themselves. A temporary agency has economies of scale since they constantly recruit large numbers of people and therefore can be more efficient in their recruitment process (Housman 2001). Ward et al. (2001) also mention the screening process as an inexpensive way to recruit staff, and companies often strive to reduce labor costs. Some companies have a restriction on the number of employees they are allowed to hold, temporary employees can in those cases when more work hours are needed be used to mask true employment statistics (Ward et al. 2001).

Besides the reasons based on cutting expenses mentioned above, companies can also save money on benefits. If you want to offer different benefits to different groups of employees it can be an incentive to use temporary employees. In this case the companies can give the permanent employees benefits to reduce employee turnover or to motivate them to stay at the company if the employees have a high level of firm-specific human capital. If companies have too much inequality it can damage the work ethic amongst the employees, it can be easier to use temporary employees that do not need to receive the same benefits (Housman 2001).

Companies can meet resistance against the use of temporary employment from labor unions. In Sweden the labor unions' opinions concerning working conditions and dismissals of employees, weigh heavily. According to the law on codetermination in the workplace the labor unions have the right to negotiate if a company wants to hire temporary employees from a temporary agency (MBL, SFS 1976:580). The labor unions have many members and have historically been strong, but in recent years their number of members has declined and with that the labor unions' influence (Medlemsantal LO-förbunden åren 2006-2010).

3.2 Four perspectives of the organization

Below we will look at a number of factors that can be affected by the choice of employment status and which are therefore important for the companies to remember when the decision is made to hire temporary staff from a temporary agency. The effect of the decision can be both positive and negative and steps toward avoiding negative effects can raise unpredicted costs if they are not considered in the decision-making process. As Bolman and Deal (2003, p 54f) suggest short-term decisions for short-term gain can lead to costs and negative effects in a long-term perspective that are hard to link to the decision due to time delay.



(Bolman and Deal 2003, p 55)

An organization can be viewed from different perspectives; the perception of the organization greatly depends on how the organization is viewed. Bolman and Deal (2003, p 37ff) suggest four different perspectives by which an organization can be mapped; the structural, the human resource, the symbolic and the political perspective. We choose to view organizations through these perspectives as an attempt to get an overview of the whole organization and through them find different aspects and problem areas that are relevant for the organization to consider when making the decision of what employment strategy to use.

3.2.1 The structural perspective

The structural perspective focuses on the formal elements of the organization and is a common way to look at organizations. The perspective relies on formal structure and rationality and suggests that emergence of problems in the organization will be minimized, while the profits are maximized through having the right organization architecture and design. Formal structure in the organization facilitates specialization in different units through specifying what role units and employees have in the organization. It is however important to remember the risk of sub-optimization and prevent it. Sub-optimization means optimization of the unit's targets and achievements without them being coherent with the goals of the whole organization. Even though the unit's results are optimized they lead to a lesser result summed across the organization (Bolman and Deal 2003, p 75ff). This implies that it is important for individuals in an organization, both permanent and temporary employees, to recognize the aim of the whole organization to avoid sub-optimization.

A major part in the structural perspective that is central for the structure of the organization is how to divide labor amongst employees and groups to create differentiation. The structure decides who does what and how the different areas are integrated (Bolman and Deal 2003, p 79f). This is important to consider when looking at different groups such as permanent and temporary employees. It is important to reflect on how the proportion between the different

kinds of employees should be in each work group to create a good structure for the organization to function at its best.

Organizational learning can be seen as a social activity which functions as a result of employees interacting (Elkjaer 2004). How different functions and employees interact is greatly dependent on the organizational design and structure which states how to coordinate different roles and functions (Bolman and Deal 2003, p 79ff). The organizational learning hence is influenced by the organizational structure which decides how and when employees interact.

3.2.2 The human resource perspective

The human resource perspective is based on the view that organizations exist to fulfill the needs of people and not the other way around. An organization needs new ideas, knowledge and qualities while people need salary and possibility for personal development. When the criteria for both organization and individual are fulfilled, a mutually beneficial situation occurs. The individuals question whether the organization can fill their needs while the organization reflects on how to find and keep employees that have the right knowledge, experience and attitude for the job (Bolman and Deal 2003, p 151f). From this we can see that the human resource perspective to a great extent treats the issue of motivation amongst employees. This is not least important when looking at temporary employees and could be a problem area. The perspective also presses the importance of having a sustainable human capital; keeping knowledge and competence within the organization. We see this as another problem area with the use of temporary employees as they are further beyond the company's control than permanent employees a risk of eroding the human capital appears.

3.2.3 The symbolic perspective

The focus of the symbolic perspective lies in how human beings try to create an understanding of chaotic and ambiguous surroundings. The central issues in the symbolic perspective are purpose, conviction and belief. The perspective orbits around organizational culture which to a great part is expressed through symbols of different shapes, and views the world more as randomly composed elements rather than linearly organized. An organization's symbols express the culture, and acceptance of their importance has grown over the last decades. Some argue that there is a link between an organization's symbols and its results. Symbols can take many different forms: tangible things such as logos but also of a more abstract kind such as myths, rituals, ceremonies and histories (Bolman and Deal 2003, p 294ff). To communicate the organizational culture to its employees is important for the organizational culture to survive. A relevant aspect when it comes to temporary employees is that there often is a time restraint in communicating the organizational culture. As is often said, you are only as strong as your weakest link, and it is important to reflect on what happens if the organizational culture erodes. For the temporary employees to be receptive of and willing to absorb and understand the organizational culture as well as identify with the organization, we consider it important for them to feel they belong.

3.2.4 The political perspective

The political perspective assumes that organizations are coalitions of several individuals and groups. Differences in values, opinions, interests and so forth will be found between these individuals and groups. Scarce resources and how they should be distributed are main factors in the political perspective. Because of the scarce resources, power is the most important asset and decisions have to be made through negotiations and bargaining. One of the main and basic assumptions of the political perspective is that conflicts will arise as a result of limited resources (Bolman and Deal 2003, p 228ff). In this case a permanent employment can be viewed as the scarce resource in the work place, which we assume that the major part of temporary staff seeks.

The political perspective has a big focus on power but not only formal power is important. Subcultures can develop with informal leaders who have influence over the other employees. There is also power that comes with having information, knowledge and competence to solve certain problems. The power that comes with knowledge can prevent willingness to share information and experience to preserve that power which can lead to conflicts when knowledge becomes a scarce resource (Bolman and Deal 2003, p 228ff). If the temporary employees are viewed as a threat to the permanent positions, permanent employees can be reluctant in sharing knowledge to preserve their own power and employment. Using temporary employees can cause uncertainty in the work place amongst other employees and give rise to political conflicts.

3.3 Management control

To find out how organizations can reduce negative effects that might appear when using temporary employees, we take as our starting-point the theory of management control and how it can be used for this purpose.

'Management control systems are the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities.'

(Simons 1995, p 5)

Management control is used to steer an organization towards its economic goals using different types of control tools. The tools can be categorized differently depending on the nature of the control. One way of categorizing the control are formal control, organization structure and less formal control used by Ax (2005, p 62). Formal control refers to tools of a financial nature such as budgeting, product costing and performance measurement. Organizational structure refers to personnel structure, distribution of responsibilities, decision-processes and reward systems. And finally, there is less formal control, which includes organization culture, capacity building and empowerment (Ax 2005, p 62ff). The two last categories are the most relevant types of control in the context of reducing negative effects

linked to temporary employment since they deal with the structures and social aspects surrounding employees.

We will address management control from the problem areas identified within each of Bolman and Deal's (2003) four perspectives, mentioned above, to see what organizations can do to minimize the negative effects of temporary employment. From these problem areas we will look at different management control models, theories and tools.

3.4 Organizational learning; Long-term aspects

'All organizations learn, whether they consciously choose to or not -it is a fundamental requirement for their sustained existence.'

(Kim 1993)

Organizations learn through their individuals (Kim 1993, Bhatt 2002). Ax et al. (2005, p 77) see organizational learning as a change in how work is performed to the better. According to Argyris (1964, p 20ff) there are three requirements that are essential to get the right psychological energy from humans so they can perform their best. The first requirement is that employees need to be in the proper state of mind, they need to value themselves and strive after a higher level of competence. The second requirement is the organization's goals being coherent with the individuals' interests. The third and last requirement addresses the importance of having the right surroundings; people are affected by environment, society, culture and economic development. The influence of the environment is also supported by Weick (1979, p 31), who argues that the external environment affects the internal environment of the organization and the other way around. It is important to companies to constantly improve the operational effectiveness to achieve profitability (Porter 1996).

Organizational learning has been criticized for example by Abrahamsson and Andersen (2005, p 268) who claims that organizations are incapable of learning and should not be compared to humans and their capabilities. Ax et al. (2005, p77) say that first it is the individual that learns. After time the knowledge spreads in the organization and puts into practice and then organizational learning have occurred. For this to happen there must be an organizational culture that supports this type of learning, initiative and thinking outside the box has to be encouraged. Elkjaer (2004) sees organizational learning as a social activity which needs action and interaction between employees to function. This view is supported by Brown and Duguid (2001), who think this interaction plays a crucial part in organizational learning. It is therefore important that temporary employees interact with the permanent employees so they can learn from each other and enrich the organization. This is greatly dependent on the structure of the organization which decides who interacts with who.

According to Argyris (2002) organizational learning occurs when errors occur. They see two ways that people can relate to errors; single loop learning and double loop learning. Single loop learning can be described as mechanical learning, when a problem occurs it is corrected and then the working process is resumed without any reflections on why the problem

occurred. When you are using double loop learning you reflect on why the problem occurred and correct the underlying causes, changing the working process to prevent the problem from occurring again.

3.5 Organizational learning; Management control

Ax et al. (2005, p 78) suggests several different ways of learning in the work place such as teamwork around shared tasks, work rotation, mentorship, education and social activities but states that learning through own experience is the most effective way to learn. Much of these ways to learn presses integration between employees.

To avoid incoherence between the individual's interests and the organization's goals two methods are used; a vertical approach and a lateral approach. A vertical coordination is supported by formal power, control systems, policies and rules that are formed by the structure of the organization. Distributing power through appointing a formal manager or leader at different levels of the hierarchy, will distribute the responsibility to communicate to the employees what is expected of them. Through them knowing where to turn with questions regarding the work you avoid inefficiency and confusion through formal power and structure. Making sure of whose responsibility it is to lead, for example, temporary staff through the workload you make sure that there is no confusion as to whose responsibility the temporary employees are and what job they are supposed to do. Rules and policies will limit the operating freedom which creates consistency and predictability (Bolman and Deal 2003, p 81ff). This is a form of action control where you control through determining how to perform a task or act in the organization (Merchant and Van der Stede 2007, p 76f).

Lateral coordination is often used as a complement to vertical coordination and consists of tools such as meetings, committees, networks and coordination roles. Both formal meetings and informal communication are the most common and major lateral types of coordination of organizations. Lateral coordination is often formed to fill the void that comes with dysfunctional vertical techniques and is often less formal and more flexible. The flexibility makes room for fast coordination that can be accommodated to the current situation. Meetings open up for communication between employees and two of the strong features of using the tool are the simple and stable structure of regular meetings (Bolman and Deal 2003, p 81ff). Meetings are a simple tool where it is easy to include temporary employees to make sure that they are updated in the workplace and to remind of what goals the organization is striving for as well as making sure of interaction between permanent and temporary employees.

Communication is a central part in the interactive control system which is one of the four levers of control, used to implement strategies in companies, brought forward by Simons (1995, p 6f). The interactive control system is based on interaction between management and subordinates on different levels and gives the manager possibility to be an active part in the subordinates' decision-processes. The aim of an interactive control system is to a great extent to find new strategies, but it also functions as a way of spreading knowledge among the employees and has a stimulating effect on organizational learning (Simons 1995, p 91ff).

3.6 Motivation & Risk of eroding human capital; Long-term aspects

3.6.1 Motivation

There are many different definitions of motivation. Porter et al. (2003, p 1) believe that motivation is primarily about what stimulates human behavior and how to maintain it. People work at their best when they feel motivated (Whiteley 2002, p 2). One explanation to why some companies get more out of their input is because they are better in motivating their employees (Porter 1996).

There are several theories about motivation but two of the best known are Herzberg's motivation-hygiene factors model and Maslow's hierarchy of needs model. According to Maslow there are five stages of emotional needs and a normal person needs to achieve the lower steps in order to reach the higher ones. At the bottom of the hierarchy there are physiological needs followed by safety and security, belongingness, esteem and ego and at the top, self-actualization (Maslow 1987, p 15ff). The first step applied in a working situation implies that people need basic working conditions. The second step can be referred to the need of a safe workplace and job security. The third step can be the need for interaction with co-workers and can also be satisfied by employee-friendly leadership. The fourth step can be reflected through a desire for a job with high status or recognition of an assignment well done. The last step can be characterized by the desire of getting assignments that challenge one's skills and ability so that the employee may be creative and need innovative thinking (Porter et al. 2003, p 6f).



(Model based on Bolman and Deal 2003, p154)

According to this model people are motivated to fulfill the needs not yet achieved so it is only the unsatisfied needs that affect the behavior and work as a motivation (Porter et al. 2003, p 6f). Temporary employees can feel insecure in their employment situation; even if they are employed on a permanent basis at the temporary agency they do not know for sure where they

are going to work tomorrow or next week. This can motivate them to perform well if they strive for a permanent employment at the hiring company. The third step of Maslow's hierarchy of needs, that people strive for belongingness, supports the logic that temporary employees strive for permanent employment at the hiring company. It is important to make the temporary employees feel they belong at the hiring company since negative effects on motivation and loyalty can arise if temporary employees feel they do not belong there.

"A satisfied need is not a motivator of behavior!"

(McGregor 2006, p 48)

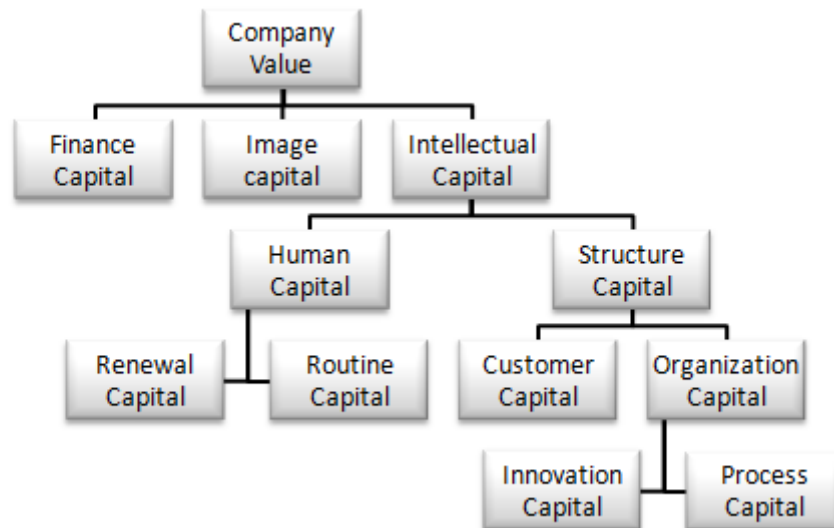
Herzberg's motivation-hygiene theory came into existence through a study where he interviewed employees to have them share moments when they had felt exceptionally good and exceptionally bad in their work situation. The good time periods were characterized by the employees feeling they had achieved something, had got recognition, been given responsibility, learnt and grown. This is what Herzberg calls motivational factors (Porter et al. 2003, p 9). They are motivational because they satisfy every employee's need for self-actualization. The bad experiences described by the employees were not associated with the job itself but were instead related to conditions that surrounded doing the job; these are called hygiene factors (Herzberg et al. 1959, p 113f). This can be factors such as company policies, administration, supervision style and terms of employment (Porter et al. 2003, p 9).

Herzberg called using higher salaries, benefits, improving the terms of employment or other hygiene factors a kick in the tail and did not consider these factors to be motivational. He claimed that this would suggest that people would work better if they are kicked in the butt, which he did not agree with. Herzberg instead thought that job enrichment is central to motivating people; people get satisfaction and motivation only by using motivational factors. The theory implies the importance of giving temporary agency workers the same recognition in the job they do as the permanent employees; money alone is not sufficient as a motivational factor (Bolman and Deal 2003, p 190). The hygiene-factors try to prevent poor job attitudes rather than creating a good job attitude through motivation (Herzberg et al. 1959, p 113). Herzberg's theory, although well known, has been criticized for not having a sufficient empirical ground. Despite that, the theory has several strong supporters and is frequently used by managers (Porter et al. 2003, p 10).

3.6.2 Risk of eroding human capital

The market value of a company often exceeds the accounted value of a company today, and the traditional accounting does not cover all assets the market considers valuable. Edvinsson and Malone (1997, p 17ff) also state that the difference in value can be derived from intangible assets which are not legitimate in traditional accounting, more specifically intellectual capital. This is supported by Gille and Rudebeck's (1999, p 40) organization chart where the company's value is derived from three areas. Firstly finance capital, which is represented in the traditional accounting. Secondly image capital, which contains the company's brands and image on the market and in the community. Lastly intellectual capital,

that consists of the residual elements when the values of finance and image capital have been excluded from the total value of the company. Further they consider structure capital and human capital to be subgroups within the intellectual capital.



(Gille and Rudebeck 1997, p 40)

The human capital of an organization is the total of all individual capability, skills, knowledge and experience of its employees, in short, the gathered competence held by an organization. Human capital is supported by structure capital, which can be defined as the organization's capability to communicate and keep intellectual substance within the organization (Edvinsson and Malone 1997, p 56f). Gille and Rudebeck (1997, p 38ff) state that the competence of an organization is equal to its ability to realize its intention, which can be back-tracked to the employees', also known as human capital, ability to realize the organization's intentions. The employees' ability is, amongst other factors, determined by the organizational structure, which can help or block the employees' ability.

Gille and Rudebeck (1997, p 40ff) divide human capital into two subcategories, routine capital and renewal capital. Routine capital aims at the professional skill held by the organization due to routine and experience while renewal capital aims at the innovation capability of the employees and their capacity to handle and function in new environments with the competence they already hold. The bonds between employees in relation to the organization are important to see to understand how the organizational structure helps or holds back the performance of the company (Gille and Rudebeck 1997, p 40ff). Therefore it is relevant to acknowledge that the bonds between temporary employees, permanent employees and the organization can be affected by temporary employment and thereby affect the human capital.

An asset has to meet three criteria to be recognized in the statement of financial position. One criterion is that it has to be identifiable. Another is that the company has to have control over the asset, and a third is that it has to be shown that the asset will lead to future revenues which

will come into the company's possession (IAS 38). The second criterion makes human capital fall outside of the report of financial position since a company will never have full control over its employees. However the control over a temporary employee hired through a temporary agency is far less than the control an organization has over its permanent employees. In several agreements a temporary employee can be replaced from one day to another, while a permanent employee always has a period of notice (LAS, SFS 1982:80). It is therefore important for the companies to consider what effect temporary employment will have on the sustainability of its human capital and competence in the long run. If the source of human capital is the competence of an organization's employees, it is important to reflect over what happens with the human capital when the organization has very limited control over it.

3.7 Motivation and Risk of eroding human capital; Management Control

Motivation can be obtained in two ways, intrinsic and extrinsic. Intrinsic means that the motivation comes from within because of people believe on the goals that they are pursuing. This motivation is seen as the 'first-best' solution on how to motivate. Manager can emphasize the organizations ideals and beliefs so the employees will feel proud over their work and strive to meet the company's goals. If the company let employees be involved in the goal setting they will embrace them and strive to achieve them. The last way to reach intrinsic motivation is for the managers to describe to the employees the cause-and-effect linkage that underlies the company's strategy and will make the employee understand how their efforts effect the company's goals achievement (Simons 2000, p 245). Individuals are more motivated to perform well if the performance is fueled by commitment to the organization of the emotional kind; the emotional need sets aside personal interests. Committing to others inside or outside of an organization lies in the nature of human beings. To commit to the organization the individual must believe in the organization's values to be willing to put in the greatest effort possible to achieve the goals of the company (Simons 1995, p 38). Therefore it is important for employees to absorb the values of the company to feel motivated and hence for the company to communicate the values to, in this context, the temporary employee.

Extrinsic motivation is a formal control tool. The motivation comes from the outside. It can be rewards or payment that is given to motivate the employees to perform well. It can be in the form of bonuses that is linked to specific targets or percentage of profit or revenues. Financial incentives are a common element in most performance measurement systems (Simons 2000, p 245f).

There are two theories, X and Y, of how to handle employees and their motivation according to McGregor (2006, p 45ff). These are based on the assumption that employees will behave and do what is expected of them. Theory X builds on the assumption that employees do not like to work and therefore has to be controlled to perform well. There is a hard and a soft school of theory X, the hard one stressing the need for hard control, forced tasks and punishment, while the soft approach stresses the need of avoiding conflicts and see to filling the needs of the employees, for example through giving rewards. One criticism McGregor has of theory X when looking at rewards is that most of the rewards give satisfaction to the employee first when he or she leaves work. Special benefits, vacation and the regular wage

cannot be enjoyed while still at work, this makes the work itself being perceived as a kind of punishment that has to be suffered to gain the aimed satisfactions first when you leave work (McGregor 2006, p 52f).

Theory Y is based on Maslow's hierarchy of needs and stresses the importance of the surroundings to make the employees perform well. The basic assumptions are that it is not in nature of human beings to have a negative attitude towards work; they only react on the environment. The company needs to organize the surroundings in a way that makes the employees direct their efforts to gain rewards provided by the organization. This makes them committed through striving for self realization. It leads to intrinsic motivation and the employees will be self-monitoring. If theory Y is not possible, the organization has to rely on theory X and corporate control at the expense of self-monitoring (McGregor 2006, p 63ff, 181ff).

Merchant and Van der Stede's (2007, p 83ff) personnel control relies like theory Y on the individuals' ability to motivate themselves when working under proper conditions. All organizational rely to some extent on the employees ability to motivate themselves. Personnel control focus on three major purposes. First, they help make it clear to the employees what is expected of them. Second, they see to that the employees have all resources and capabilities that are needed to do what is expected of them. Third and last, they enhance the probability of the employee being self-monitoring.

To reach these effects Merchant and Van der Stede (2007, p 83ff) mention three methods of how to implement personnel control; selection and placement, job design and providing the right resources and training. The first, to find the right person for the position put pressure on the recruitment process to find good candidates that have the right knowledge, experience and personality that fits the organization. Second, a good outcome can be achieved through making sure that the job to be done is designed in a way that gives the employee a possibility to perform it. Having too big of a work load, not having authorization to make the decisions needed to be made or the job being too complex will work against a successful outcome. Having the right resources is crucial for completing the task. This includes equipment, staff support, time and information but also communication of information and coordination with other functions that have an impact on the job. Third and last, training can give the employee a better understanding of what it is that is expected of them and how the work can be carried out in a good way. Knowing what is expected and understanding the job make the employee more interested in performing well and training can give employees a feeling of professionalism. Training can be of both formal and informal kind such as practical educations and the use of mentors.

Bolman and Deal (2003, p 175ff) supports the need of recruiting the right people and presses the need to develop a profile of who suits the job, this includes knowledge and competence as well as mentality. They also consider it important to invest in employees through education to improve human capital and create space for personal development. They also press the importance of keeping employees. To avoid high personnel turnover you can reward employees when they perform well, offer a secure employment, recruit internally and share

profits. Bolman and Deal also claim the importance of giving employees more influence through information and support, encourage independent work, develop independent work teams and promote equality in the work place. In all they believe you need to develop a human resource philosophy and have it formed to be more than just words on a paper. The organization has to live by the philosophy and the organization has to be formed in a way that allows translation of the philosophy into practice.

Giving employees more influence is supported by several other sources. Empowerment can be a strategy to increase the employees' commitment and willingness to perform well (Ax et al. 2005, p 78). Using results control the employees get empowered to take actions that they think will lead to the wanted results because that is the results that the organization rewards (Merchant and Van der Stede 2007, p 25). According to Blanchard et al. (1999, p 17ff) there are three keys to empowerment; first, spread information to all employees at the company, through sharing all information concerning the company, both good and bad the employees trust is gained and they get a better understanding of the company and its needs which makes them able to make more decisions. The second key presses the importance of defining boundaries to clarify within what limits the employees are able to make decisions, this in a different way than hierarchy bounds which mainly are based on rules and reports, instead the boundaries are defined through visions, goals and joint evaluations. The third key is to replace hierarchy with self-managing teams. For self-managing groups to function the first two keys have to be in place, empowerment without the information to make good decisions will not result in a better outcome.

Several sources do not consider money to be a motivational factor (Herzberg et al. 1959, p 113, Bolman and Deal 2003, p 190, McGregor 2006, p 45ff). Merchant and Van der Stede (2007, p 25) on the other hand, states that paying for performance are a effective motivator and are what they call results controls because it means rewarding for good results. There are temporary employees of different kinds who are motivated by different things. Money can work as a motivator on some groups such as students since they often need more money. Temporary employees are often forgotten when it comes to actively motivating employees. Even minor things like giving them a tour around the office and introducing them to the co-workers are overlooked. The temporary employees need to feel part of a team and a simple tour can contribute to that. One good way to motivate temporary employees is to have the same reward system that motivates the permanent employees. That would get everyone to work towards the same goals (Coleman 2004).

3.8 Belongingness; Long-term aspects

According to Simons (2000, p 306) people are the key to success in any great business. To find, employ, educate and motivate employees is important to gain a competitive advantage that is sustainable in a changing market. To sustain a competitive advantage there need to be barriers for other companies to imitate the advantage. One criterion for imitation is identification (Grant 2010, p 214). As organizational culture and employee behavior is hard to identify this is a competitive advantage that is hard to imitate once gained.

We divide the problem area belongingness into two subgroups based on organizational culture and loyalty both which presses the importance of employees feeling belongingness to the organization. The members of the organization have to identify themselves with the organization strongly to feel they belong and develop a distinct organizational culture. If the organizational culture is less distinct, members will seek out alternative identification sources, such as a department, a project, specific work tasks or professions. It creates conditions for subcultures to develop and further divide the organization (Alvesson and Sveningsson 2008, p 60f).

When employees identify with the organization they work for, it makes them do a better job. This is because they take threats to the company personally and connect the survival of the company with their own. When a person views herself as the professional role of the particular organization instead of her private role, or if the person can identify with and share values between her and the organization the person will strongly identify with the organization. There are a number of things that play a positive role in how much a person identifies with the organization she is working for. To get a high level of identification between the organization and its employees, it is important that the organizational identity is attractive, distinctive and well known from a public perspective. Identification with the organization will make the employees work well together in groups, and result in them behaving more competitive towards outsiders (Dutton et al. 1994).

Organizational culture is considered an important part of the organization (Alvesson and Sveningsson 2008, p 55). It is described as the way employees at a company imagine and evaluate reality in a similar way. The group has a set of values, norms and attitudes by which they evaluate the world, and their way to view the reality differs from people outside the group (Alvesson and Sveningsson 2008, p 57). Organizational culture has often grown to be the reality inside the group over a long period of time; it takes time to build a common set of values in a group (Bang 1999, p 93). A company's organizational culture is not a permanent conception; it changes with its employees over time. Either a new employee absorbs the existing culture or the culture changes with the new thoughts of the employee (Alvesson and Sveningsson 2008, p 70). In large organizations with many employees it is hard to keep one consistent culture; subcultures are often developed in subgroups of the organization (Bang 1999, p 93).

An important function of a strong organizational culture is to provide its members with a map to guide them through the workday towards making the right decision, according to the organizational culture, when a situation arises. This gives the employee his or her own tool to make a decision that is in line with the company's values. If the employee instead was to follow a specific set of rules for every situation that arises, it would mean that the employee did not know what to do when confronted with a new situation that is not previously documented. An organization exists in an ambiguous, fluctuating and chaotic environment which makes it hard to predict. With support from the organizational culture, employees bring structure to and learn to deal with the complexity of the unpredictable environment (Bang 1999, p 95f).

The organizational culture can be divided into three levels; artifacts, espoused beliefs and values and basic underlying assumptions. Artifacts are described as the shallowest level, which includes visible processes and structures of the organization. They are easy to observe, but it is hard to see why they are done or what they mean for the organization. One example is the climate of the group; it is easy to see the behavior of the members but it can be hard to understand the underlying reasons for it. Over time the meaning of the behavior or other artifacts will become clear and understandable (Schein 2004, p 25ff). This is a problem when it comes to hiring temporary staff; even though they can observe how things are done they probably will not understand why and therefore find it hard to absorb the culture of the organization. Since temporary employment is often time restricted there is a problem for the employee to become a part of the group.

The second level, espoused beliefs and values, refers to employees knowing, for example, a leader's beliefs and values and committing to them. This is usually the case when the organization has not experienced a certain situation but follows the leader's beliefs when countering the situation. These are beliefs and values on a conscious level, what the organization attempts to be, and can function to decrease uncertainties in different situations presented to the employee. The beliefs and assumptions are of great help in guiding and integrating the organizations employees if they are cohesive to the third level, the underlying assumptions. They can however sometimes be contradictory to the beliefs and values themselves or to the underlying assumptions, which can cause confusion to the employee as to how to act in line with the organization's values (Schein 2004, p 28ff).

The basic assumptions are the core of the organizational culture, the values and beliefs that over time have become undisputable and taken for granted by the members of the group. These values permeate the organization to the extent that they are rooted in the subconscious level and vary very little within the group. The group develops an integrated set of assumptions by which they navigate in the organization. The way to act becomes familiar and comfortable within the group (Schein 2004, p 30ff). Without having the knowledge of the core level, the basic assumptions, it is difficult to understand and act according to the organizational culture even at the first and second level. This becomes a problem with temporary employment, the person hired from the temporary agency will not have the understanding of the organization that someone who has worked in the group for a long time has. Since the nature of the employment is temporary it gives the temporary employee little time and motivation to absorb the culture and function as a valid part of the group.

It is important that the employees feel motivated and loyal to their employers to be able to perform their best (Abrahamsson and Andersen 2005, p 212). Temporary employees are working for the temporary agency and their loyalty should lie with them and not with the hiring company. This can be a problem because it makes the temporary employees disloyal and they can quit from the hiring company at any time. Companies that have a high degree of temporary working force normally also have a high turnover of employees (Ward et al. 2001). This can also give reason to question temporary employees' loyalty since there is a risk for them to drop out of the agreement with the hiring company before the end of the agreed time

period if they get an interesting offer of permanent employment from another company. In this case the temporary agency would send another temporary employee but it might come with increased learning costs to get the new temporary employee ready to be able to work independently.

Koene and Van Riemsdijk (2005) agree with Ward et al. (2001) about the high turnover rate at hiring companies and claim that typical flexible staffing problems are mainly about the temporary employees' working attitude. They have a high sick leave percentage, are unreliable due to a high number of temporary employees not showing up for work, several of them quitting in the first few days and having a low work ethic.

3.9 Belongingness; Management Control

To strengthen the organization culture, tools such as myths, visions and values often are used. Myths enhance what the organization is beyond being a workplace, to anchor an organization's values which in turn create a sense of identity. Histories also reinforce the organization culture and guide employees to feel safe in their decisions. Rituals create a central point to start from, both initiation rites to include a new member in a group and recurring ones used to strengthen the ties of individuals in a group. Ceremonies are used for the same purpose but differ in that they occur less frequently and are more grandiose than rituals that are often of a more casual nature (Bolman and Deal 2003, p 306ff).

Merchant and Van der Stede (2007, p 85ff) states that managers try to develop and form the organization culture in many different ways by using cultural controls. One way is by establish codes of conduct which is a formal written document with rules and principles. It states some organizational values and can help the employees to understand what the company expects from them. To succeed with this, managers must be strong and set a good example, show the employees that the codes are to be taken serious. Having a dress code can help in strengthening the organizational culture and make employees feel more belongingness with the group when they all dress the same.

Another way to affect the organizational culture is by using group rewards like bonuses or profit sharing. Evidence show that group rewards may have positive impact on motivation and performance. Rewards based on common performance encourage team work, learning from each other and make people perform well because of the whole group gaining a reward on joint efforts (Merchant and Van der Stede 2007, p 88ff). To encourage team work and enhance learning from each other increases the interaction in the group and reinforces the organizational culture and the feeling of belongingness.

To counter the problem with low loyalty among the temporary employees Ward et al. (2001) think it is important for the hiring company to give the temporary employees some benefits or recruit permanent employees from the temporary agency so the temporary employees see the job as a possible career path and be motivated to do a great job to enhance the chance to get a permanent employment and Bolman and Deal (2003, p 175ff) agrees with this. Stronger

loyalty leads to lower employee turnover, which gives a stronger organizational culture according to Merchant and Van der Stede (2007, p 90).

3.10 Conflicts; Long-term perspective

Conflicts can arise between the different subcultures in an organization. Subgroups are often formed in large organizations and these groups will develop subcultures over time; cultures within the organizational culture. A subculture is often formed within a group of people who frequently interact with each other and face certain problems that the subgroup collectively considers demanding. The group forms a common apprehension of reality that is specific for the subgroup and differs from the rest of the organization (Bang 1999, p 29ff).

An organization with a weak identity will lead its employees to seek identification in other groups than the organization as a whole, which fosters subcultures (Alvesson and Sveningsson 2008, p 61). According to Trice and Beyer (1993, p 176) there are three primary circumstances that lead to subcultures being formed within an organization. Firstly, sharing the same experiences amongst the group members will synchronize their way to deal with different situations and their perception of reality. Secondly having common personal qualities, such as age and personal values that make the members identify with the group and each other, they do not have to change their old values and reality perception to feel belongingness with the others. Lastly having frequent and close contact within the group, people tend to develop the same beliefs and perceptions when spending much time together. The way work in the organization is organized plays an important part in what subcultures will emerge.

Various kinds of conflicts can arise between the different subcultures such as those in different functions, layers, professional groups, people with different socioeconomic status or ethnic background, sex, age, geographic units, or merged groups or organizations (Bang 1999, p 33). Conflicts tend to arise between different groups or units. Horizontal conflicts are between departments and divisions, vertical conflicts are between different levels. Organizations tend to adopt cultural conflicts that exist in society, for example differences between sexes or between races (Bolman and Deal 2003, p 246). Subcultures give the members of a group a social identity. Conflicts between subcultures can be a result of a group's attempts to preserve and reinforce its own culture, to defend it from being diminished (Bang 1999, p 43). This is relevant when looking at temporary employment. Ordinary employees and temporary employees can be viewed as two groups. The ordinary employees can view the temporary employees as a threat, both to their own permanent employment but also to their existing organizational culture. Conflicts and tensions between the groups can arise and occasional temporary employees can feel excluded from the group.

According to the traditional assumption conflicts are harmful and affect organizations efficiency negative but this is not always true (Abrahamsson and Andersen 2005, p 121). Conflicts arise because of scarce resources and are not only bad. Companies should not just have focus on how to solve conflicts but also on strategies and tactics, how can the company do the best of the situation. Conflicts that are properly managed stimulate personal and society

change and it can also stimulate creativities and innovations skills which is good for the growth of the company (Bolman and Deal 2003, p 246). Abrahamsson and Andersen (2005, p 119ff) agree with this, internal struggle that comes with conflicts can make the actors in the conflicts more productive and it can be good for the organization that ideas, goals and resources competes and compares.

3.11 Conflicts; Management Control

Conflicts can be very time and energy consuming and are therefore not good (Bolman and Deal 2003, p 245, Torrington et al. 2002). To avoid subcultures and tension between groups, companies need to get a better cohesiveness, which they can get trough common symbols and rituals. It can be the easiest things, for example employees can have morning coffee together and this will make them a stronger group (Bolman and Deal 2003, p 295ff). Managers can make sure that permanent employees get to know the temporary employees, have common breaks or take part in social events. Companies can also avoid some conflicts through a good and clear structure; knowing who should do what and what responsibility everyone has can prevent misunderstandings that lead to conflicts (Bolman and Deal 2003, p 146). Companies gain significant strength through united and harmonized employees, which makes it important to create conditions that facilitate this (Abrahamsson and Andersen 2005, p 36).

Promoting equality and letting people from different groups take part in the decision making process can be one way to get groups work better together and strive for the same goals (Bolman and Deal 2003, p 193ff). As conflicts can result in productiveness among the employees the manager has a great responsibility in creating an environment where conflicts are accepted and handled in a constructive way to take advantage of eventual positive effects (Abrahamsson and Andersen 2005, p 121).

4. Empirical data

In this chapter we start by presenting our findings from the interview with the temporary working agency followed by the interviews with the companies that use temporary employment. We describe each company separately to give a holistic view of the responses made by the respondents; one respondent was interviewed at each company.

4.1 Temporary working agency

Companies need to be flexible and avoid overcapacity in their workforce because it drives salary costs for hours they did not need. Undercapacity can also be expensive; there are costs related to delivering products too late to customers and cost related to not answering the telephone, in a customer services department, when a customer calls for help. The hiring company needs to think about what negative effects they avoid when they use temporary employees, cost for having to keep products in stock or the cost if for example a bank customer calls and does not get an answer. Will the customer then call a competitive bank where they can get the help they need? When companies choose to use temporary employees they are paying to reduce the risk of having over- or undercapacity in their workforce. How many temporary employees the company hires can be decided from day to day or planned for a longer time ahead; it depends on the agreement between the company and the temporary working agency. According to the respondent at the temporary working agency it is more common to use temporary employees in countries with strong labor legislation because it is harder for the companies to dismiss an employee in those countries.

The respondent at the temporary agency suggests high employee turnover as a reason for organizations to use temporary employment. The company can have a base of temporary employees who perform easier tasks in the organization. Then, when a permanent employee at a 'higher level' in the organization resigns, the organization can hire the temporary employee on a permanent basis instead and quickly fill the vacancy without having to go through a recruitment process. The previous temporary employee is well-known at the company, and the company knows what they get. Through using this recruiting strategy the organization can lower its costs linked to recruiting new co-workers, which are usually high when having a high employee turnover.

To get the best performance from temporary employees, the respondent at the temporary working agency thinks that the company should treat the temporary employee as they treat their own permanent employees. The hiring company is the one that should give the temporary employees feedback but if there is a problem or if there is something that the hiring company reckons too difficult to deal with, the temporary working agency can help them. However, the respondent considers it better for everyone involved if the feedback comes directly from the hiring company. The respondent of the temporary agency points out that they are very thorough when recruiting their employees; they have to have good social skills, be forward, engaged and able to motivate themselves. This because they will represent the

temporary agency at several different hiring companies and be able to take on the assignments without hesitation.

4.2 Company A

Corporate A is a manufacturing company that produces a customer-unique product and exports 95 % of its products. It has used temporary employees in the office-section as well as in the manufacturing section where it is to a greater extent. At the time of the interview company A had reduced the use of temporary employees in the office section a great deal and because of that we will focus on the use of temporary employees in the manufacturing section. Altogether there are 150 workers in this office and 100 of them works with manufacturing. In the plants on the day of the interview there were 85 of the company's own employees and 20 temporary employees, which reflected an average day. The number of temporary employees can vary between 0 and 40 depending on the daily need. The respondent has the position of personnel manager and has had this position for a little bit over three years.

Company A has chose, to use temporary employees because of the costumer unique product; how many employees they need is highly dependent on how many and how large orders they get every day or week. The company needs flexibility in their workforce and has to be able to man up and down their production with short notice. The production is dependent on the present demand which varies to the extent that prognoses cannot be used; although the company has a budget it follows which includes the expenses for temporary employees and which is based on prognoses of how much the company thinks will be produced. Company A also uses temporary employees to fill in for people that are on sick leave, vacation, and planned or unplanned absence.

Company A and its employees are very proud of their craftsmanship which affects their whole company culture. The respondent says that they have a very friendly atmosphere both between and within all departments. The office workers have their office in the same building as the manufacturing plant, the departments work close to each other and share a lunchroom. Everyone is committed and that is important since their work in the factory includes solving problems that come with the building of the company's products, everyone has a large responsibility. In the future the respondent wants the company to have mentorships when new employees arrive so new employees can be taught by the experienced employees. Due to their production being so unique the respondent claims that that they have nothing to gain by the temporary employees' experiences from other companies.

The company has a base of temporary employees at the temporary agency and the temporary employees they hire, often stay a long time at the company and learn how everything works. They have had some of their temporary employees for years. The respondent at company A explains that they have worked with structural changes much the last few years and with that lost some of the focus on preserving and working with their organization culture actively, but the organization culture is still there. They treat the temporary employees like their own employees; they are invited to department meetings, Christmas parties and other joint activities. According to the respondent they treat temporary employees maybe even a bit too

much like their own employees. According to the respondent it can be distinguished who is a temporary and who is a permanent employee in the factory through their clothes, since the temporary employees use shirts with the temporary agency's logo. However when we visited the factory area, the temporary employees had regular shirts without any connection to the temporary agency.

At company A, the respondent thinks that the temporary employees are motivated and want to perform well. If a temporary employee were not motivated the company would not use that person; they would contact the temporary agency and ask for someone else.

'We have used these for so many years, if we did not think that they were motivated then we would not choose this form of workforce.'

-Respondent company A

When company A recruits they primarily employ one of the temporary employees. The respondent thinks it is possible that recruiting among temporary employees can motivate the temporary employees through seeing that if you perform well there is a chance of getting permanent employment. But the main reason to recruit from temporary employees is because the company knows that the person already knows how to do the job, they know what is expected of him or her and functions well in the work environment. They have made an active choice to treat the temporary employees in the same way as the permanent employees; they are included at meetings, participate in in-house education and social activities. The respondent states that this has made the temporary employees blend in with the rest of the employees and the permanent employees not seeing them as outsiders. This is clear through an example the respondent gives us of the permanent employees questioning why the temporary employees did not get a share of the bonus distributed to the permanent employees when the company showed good results for a couple of years. Because of this good climate and interaction between the two groups of employees there are, according to the respondent, no tensions between the groups although she also says that this might be information that has not reached into the office department. It may be different on the work floor if you are in the middle of it and see the interaction up close. The respondent mentions situations where permanent employees have been dissatisfied when a temporary employee gets to go through an education that the permanent employee had his or her eyes on, but the respondent also states that similar rivalry over different educations and assignments exist within the group of permanent employees as well.

The respondent at company A thinks that the temporary employees are 'fantastically loyal'. They treat the temporary employees well and many of them stay for years and want to be permanently employed at the company. This is clear because they have had several applicants amongst the temporary employees when they are recruiting, the company primarily recruits 'in-house'. The respondent points out that the employees are not safer when they are employed by them than they are employed by the temporary agency; in the economic crisis year 2008/2009 the company had to lay off people they had just employed who previously worked as temporary employees.

The company realizes that the employees have much knowledge of the production and that shows in their occupational pride. Company A has much internal training and has taught several employees at the temporary agency so they can order in up to 40 people that can go directly into work. The respondent sees a risk that comes with their use of temporary employment; they invest time, money and knowledge in people they do not have a contract with and that could quit at any time.

4.3 Company B

Company B operates in the media industry and uses temporary employees in their office section which employs around 140 people; 10 of these being temporary employees. They use temporary employees full-time for longer periods of time, between three months and several years. The respondent at company B works in the human resource department, mostly toward the business section but also with some personnel matters involving the editors.

The company needs to be flexible with the fluctuations of the business and also needs to get the right competence; these are their two primary reasons for using temporary employees. The technological development in the industry is fast and the company needs to be a part of the development, not just keep up with the changing environment. For this they need to educate permanent employees and complement with specialists and use temporary employees to find the right competence or to take in extra reinforcement. They need to adjust their competence to the environmental changes and at the same time keep the knowledge and stability of a permanent workforce. The company wants to have a proportion of temporary employees but have not stated a certain optimal percent rate. They want to spread the temporary employees evenly over several departments instead of all temporary employees in one, and through that gain flexibility to be able to meet ups and downs in different departments.

Company B has an outspoken organizational culture and work according to three core values which are local, trustworthy and open. These core values are reflected throughout the whole company and it is inculcated in the organization culture that employees should work according to these values. The company recently updated the core values but it was primarily to reinforce the values that have been in the company for a long time through expressing the core values more clearly through these three keywords. Because of these core values having been in the company for a long time they feel genuine according to the respondent. By open they mean that everyone can speak up and say what they are thinking. Their market is local. Trustworthiness is important for this media company because they need to have the trust of the public and that means that they also need to be reliable in their sales and marketing departments. They have policies that say how they should treat customers and how they should dress when they have meetings with external contacts. Much of the information they share are communicated on their intranet.

The respondent states that in the big picture the temporary employees are treated in the same way as the permanent employees. They have for example the same opportunity to be involved in special projects. No difference is made between temporary and permanent employees in matters of work related or social activities such as conferences and after work activities. The

respondent mentions two differences between temporary and permanent employees. First, the temporary employees do not have annual career discussions with the closest manager that are held with the permanent employees. However, they have monthly individual meetings concerning work progress with the manager just as the permanent employees. Second, the temporary employees do not have the same benefits as the permanent employees; they have the benefits offered by the temporary agency instead. This had been perceived as a difficulty a couple of years earlier when the permanent employees had free access to the company's product as a working benefit while the benefit was hard to extend to include the temporary employees. This was considered somewhat unfair since the product was a result of joint efforts and was something that company B would have liked to offer but could not because of different conditions for temporary employees. Today this is not a relevant question since the benefit is no longer in use because of changed tax rules, but you can still see differences and limitations between the temporary and the permanent employees in the benefits section. This is something that company B has discussed with the temporary working agency to find good solutions, but the employee groups are employed by two different companies, which means that there will be differences and it is hard to find an exactly equal situation.

The respondent says that they do not see any tensions between temporary and permanent employees generally but there have been tensions and conflicts between people and different groups, sometimes groups of temporary employees and permanent employees with contradictions between the two groups. The respondent however believes that those tensions and conflicts have had to do more with different types of personalities rather than being caused by different employment status.

In company B they do not see any motivational differences between the temporary employees and the ones that are permanently employed and think that has to do with the fact that they treat all employees the same way. This was not something the respondent believes was an active choice but something that came natural, although it is now clearly outspoken. The respondent thinks most of the temporary employees are loyal and stay the time they have agreed on in the contract but that it of course occurs that temporary employees drop out prematurely and that is never good for the company. When they lose competence, a person, it results in an additional burden for the nearest manager who has to educate a new employee, but also for the colleagues who can get burdened with extra work especially during the learning period. According to the respondent, employee turnover amongst the permanent employees is not always negative but instead reckons that the employee turnover at company B is too high in some departments, while a bit too low in others. In the departments where the employee turnover is considered to be low the respondent thinks the department would benefit from some 'new blood'. When hiring a new temporary employee company B is very involved in the process and always conducts an interview with the candidate before making their choice. It is a shorter process than if they would recruit themselves but they want to make sure that they get a temporary employee that is well suited for the company.

The respondent in company B says that they need a stable workforce but are in need of special competence and often need to have that competence before they have had the time to educate

their own employees. In company B they have monthly performance reviews no matter the type of employment. In these meetings they discuss the employee's performance, what he or she needs help with, how to move forward and so on. In these meetings the temporary employees can talk about ideas they have about how the job can work better, and how the employee and the closest manager can have a close connection. It is important for them that the temporary employees feel like one of the group and they treat the employees the same and their close dialogue in order to facilitate this.

4.4 Company C

Company C is a manufacturing concern in the motor vehicle industry; they produce transportation-related products and services, have many subsidiaries and are active on a very competitive global market. They use temporary employment primarily in their production and in their product development department. The respondent at the company works with labor relations on their corporate human resource business department and is oriented towards the Swedish labor market. The respondent deals with labor laws, employer issues, collective agreements and have frequent contact with different labor unions and help managers in the company's subsidiaries handle labor related issues of various kinds.

Company C uses temporary employees in the production but also in product development and product planning. In the white-collar sectors the reason for hiring temporary employees for special projects is that they need special competence for different projects. In the production or blue-collar section the reason is the need for flexibility when it comes to fluctuations in the economy since the demand for their products is greatly dependent of the economic situation. In the crisis year 2008/2009 the company had to dismiss a large share of their employees due to a decrease in production with three quarters compared to the previous year. They laid off employees four times and had despite this major reduction in the number of employees large lagging personnel expenses far into the recession. This situation led to a clear message from the group Chief Executive Officer that the company had to create greater flexibility to be able to fend off labor costs in case of a new recession. They needed to become more flexible in their workforce to handle the fluctuations of the economy and demand, which led to a new staffing strategy including the use of temporary employees in the blue-collar section. Company C has a strategic proportion goal and strives for a share of 15-25 % temporary employees in the blue-collar section. The proportion is not that explicit in the white-collar section although the company uses temporary employees in that section too. In some of the smaller units they have also used temporary employees to fill in for sickness and vacations and in some departments they recruit from the temporary working agency. The respondent thinks that it is good to have a certain level of employee turnover since there is a risk of employees settling in old paths, they welcome new people, and using temporary employees gives a possibility to increase the flow of employees.

Company C is an old company that has a strong organizational culture and has been perceived to be a safe employer that listens to their employees and has a tight relation to the labor unions representing their employees; the labor unions have in turn a strong influence on the company. Company C thinks that their organizational culture is shaped after their close

contact with the labor unions and that they through them give the employees great influence. Company C has a written document called code of conduct where they focus on the individual; they think it is important to treat employees with respect. They see it as a given that they must follow the laws and regulations of every country they operate in. The company culture is very important to company C. They consider it to be a competitive advantage and it would not be good if the company culture was affected in a negative way by using temporary employees.

The respondent says that there is a risk that A and B teams could develop in the production plants with this kind of employment strategy. The A team would consist of permanent employees and the B team of temporary employees much depending on the temporary employees often performing easier tasks with 'lower status' in the manufacturing process that does not need much education. The important thing here, according to the respondent, is to try to mix the two groups to prevent this type of grouping. The respondent reckons that there have been some cases of this kind of division between different employment groups and that it is important to acknowledge. However, not much has been done actively to prevent the situation. They have some problems with a handful of local labor unions that are dissatisfied with the company using temporary agencies. In some factories they are not able to use temporary employees because of not reaching an agreement with the local labor union.

Because of the size of company C the respondent do not work close to the temporary employees, especially in the blue-collar section, and therefore did not know exactly how the temporary employees performs or whether the motivation and loyalty differs between temporary and permanent employees. However, if there had been a problem with lacking motivation, performance or loyalty of the temporary employees, the respondent thought that information would have reached the department. Company C they try to treat the temporary employees in the same way as the permanent staff but there are differences. The temporary employees are not involved in department activities such as conferences but if there is a Christmas party or some social event the respondent thought the different departments would include their temporary employees, although the respondent pressed not knowing exactly how that works in the different subsidiaries. This company recruits from temporary employees to fill vacancies but does not consider it a strategy to motivate temporary employees to perform at their best even though they see it as a positive side effect. The reason for recruiting previous temporary employees is because it is a person that showed that he or she can do the job and it decreases the resources needed in a recruitment process.

Company C needs special competence in their product development and product planning departments, to satisfy this need they use temporary employment. In this department the newest technology is constantly needed and using temporary working agencies to get the right competence is an effective way to settle the need. Temporary employment creates a possibility of flexibility and updating of competence. In the factories of company C, low employee turnover is to some extent considered a problem. People have a tendency to get stuck and not evolve which is bad both for the individual and for the company as a whole.

They think it is very beneficial for the company when people from the outside come with fresh and new ideas for the organization.

'.. if you stay at a workplace too long you get stuck; to get new fresh ideas and fresh blood is very good.'

-Respondent company C

Company C does not see big fluctuation in productivity depending on the degree of temporary employees they use, the respondent explains that the tasks in the factories are tightly regulated and if a person does it the right way it cannot go wrong. Most of the temporary employees are members of a labor union, which gives them the possibility to express their opinions through them to the management. There is nothing that prevents department managers to have performance reviews with the temporary employees but it is not mandatory. The respondent sees this as a possible problem in the long run because of the temporary employees not having a plan in the same way permanent employees has in the performance review and that can make the temporary employees less motivated. If their organizational culture deteriorates they will handle it and look over their use of temporary employees because they see the culture as a competitive advantage. If problem appears, the company will deal with it then.

4.5 Company D

Company D is one of the largest banks in Sweden. The respondent works as a human resource partner, supporting managers and leaders in their personnel issues. The respondent is employed by the central region and work with bank units in western Sweden including about 40 bank offices and 450 people.

This bank have previously used temporary employees but chose to stop using this service 2-3 years ago but the question of temporary employment has resurfaced several times and is something that is continuously discussed. They had a Nordic agreement with a temporary working agency for 5-10 years before it was terminated. The reason to end the agreement was that they went into an economic crisis where they needed to save costs. Their costs had to be reduced fast and that is one of the benefits with using temporary employees, you become more flexible. They also froze their recruitments and in their agreement with the labor union it is stated that they are not allowed to use temporary employees when on a recruitment freeze. They primarily used temporary employees at their customer service and for handling money at the counters of the bank. The company had temporary employees both for full-time in projects and for specific hours at the bank office.

Company D have core values that are structured in a 'house of values', this is something they communicate to all new employees. They have an introduction plan where it is carefully specified how the managers should take care of all new employees which also includes temporary employees. The other employees see the temporary employees as a member of their group quite fast and they are included in social activities and personnel parties. What they are excluded from is the things they cannot do because of their form of employment like salary negotiations process but also in-house educations; they got their training at the

introduction which was enough education for job they were hired to do. Although they were accepted as one of the group there was always a barrier, conscious or not as a result of them not being employed directly by company D.

The atmosphere in the bank is open according to the respondent. Managers and employees at the bank are open and friendly. The permanent employees were positive towards the temporary employees who often worked hours that the permanent employees did not want to work such as Saturdays and evenings. The temporary workers had to learn the safety routines and got to take a big responsibility. The company had not seen any conflicts due to the use of temporary employment. In some cases company D has recruited among the temporary employees on account of those individuals having shown interest, drive and commitment. Although the respondent felt that they were lucky in getting motivated temporary employees he showed some concern over the risk to have temporary employees with lacking motivation.

Today the company D does not have the same need for temporary employees. They have reduced the open hours in the bank office to save costs and there are less cash transactions made. The company has many students that work extra for them during the semester which has reduced the need for temporary employees. When company D hires temporary employees they have to go through at least one week of education and followed by some training before they can work by them self. This makes it easier for the company to use permanent employment so they have more control over the employees. To increase the control over the temporary employees the agreement with the temporary agency stated that the temporary employees could not work for any other bank during the time they were hired by company D. They had this rule because they viewed it as a risk to put in time, effort and resources to educate people that could use the education to work at another bank because of them using similar systems. The risk consisted of them taking the cost for education and training and their rivals taking part of the harvest without having to do the investments. Through having the rule of temporary employees not being able to work at other banks at the same time they decreased this risk. This rule limited the temporary employees to work at other companies which the respondent acknowledged as a concern for the temporary employee as his or her income became more dependent on the number of hours that company D needed him or her for since their salary was based on hourly work instead of a monthly payment.

Company D did use temporary employees at a whole project department when they implemented a security change for the customers. This was because the temporary agency could deliver employees easier and faster. During a period of 9-12 months company D had this department to answer questions from customers that arose because of the new technology. Their customer service department has after the central agreement with the temporary working agency continued using temporary employees but it falls under local agreements and not to any big extent.

When company D used the most temporary employees it was not a big percent in total but at some offices they used temporary employees more than others. At the respondents office about 10 % was temporarily employed in the department where it was used. The respondent

says that it is important to have a balance and not use too many temporary employees at the same place.

'It is a bit like eroding a brand if you do not have a sufficient volume of permanent employees. If you have too many [temporary employees] then no one answers for the company's soul (...) no one puts in the little extra that is needed to create a company culture (...) if you have a significant amount, in proportion temporary employees versus permanent employees (...) it can be a risk of eroding your own brand that way.'

-Respondent company D

For company D this was not a problem because they always had a high proportion of permanent employees. The respondent also says that some of the temporary employees could become a bit neutral and not so engaged, they only work their hours and leaves. It happened that some were not very motivated, loyal and did not embrace the organizational culture. If the company had a problem with a temporary employee's performance they talked to that person first and then with the temporary agency if the problem were not solved. They gave the temporary employee a chance to change, as the respondent states; the company is the working manager of all employees, it comes with the job and cannot be avoided.

The respondent says that from an employer's perspective it is good using temporary employees because it comes with more flexibility. It is sometime connected with higher cost but the company also becomes more flexible or if the company needs to reduce cost through dismissing employees it is easily done. The respondent think company D will use more temporary employees in the future because of the Swedish law of employment which the respondent think is very old-fashioned, it is not as flexible as the society has become in other areas. The respondent think it is too hard for companies to dismiss employees that misbehave or do not do their job. The respondent thinks they will specially use temporary agencies when recruiting for higher positions because it is so important to employ the right person to that kind of position. The advantage of using temporary agencies is that they have access to a larger base of candidates on short notice.

4.6 Company E

Company E runs two grocery stores in central Gothenburg. The respondent of the interview has the position of personnel manager of the company and has worked with employment and scheduling issues for the last ten years at the company. Company E is a family business where the father of the family bought the first store in the 1970s, the respondent is the daughter of the family and both her siblings and parents still run the company. The company employs a total of 50 people, 35 at one store and 15 at the other. A large proportion of the permanent employees have chosen to work part time. It is common that the permanent employees work on the side of their studies to supplement their student incomes and that makes the employee turnover high.

Company E has used temporary employees for four years and used it for the first time after a presentation made by a company who both presented and offered the service. Today company E uses a temporary agency that specializes in grocery stores and guarantees that their temporary employees are educated in the profession. They know how the cash-register and charcuterie works on arrival. Company E's intention of using temporary employees is to use them as back-up in emergency cases, for example, when an employee calls in sick right before his or her shift begins. At the moment, in addition to those situations, they use two temporary employees to fill in for permanent employees that are on sick leave and have been so for several months. This was in the charcuterie department where it takes almost three weeks to educate an employee with no prior knowledge of the department. The respondent expresses dissatisfaction with this kind of use since it is more expensive to have temporary employees full time on the schedule compared to using permanent employees. The reason for this solution is that the sick leave only stretches for one month at a time which makes the respondent hesitant in employing a substitute since the length of the sick leave is so uncertain. If the length of the sick leave had been known beforehand they would have employed a substitute instead, if it would have only lasted a month the education of the new employee would have been finished right when the ordinary employee came back to work.

The company uses temporary employees to gain more flexibility; they do not need to plan far ahead if they need more work hours put in. They can call the same day or the day before to get a person to come in and can cancel a planned hiring 24 hours beforehand if they do not have the need for the temporary employee. This back-up allows them to reduce hours and keep a slim ordinary schedule. They have for example rationalized the cash-register schedule to consisting of two instead of three full time employments, that is an entire full-time salary removed from the personnel expense account. When recruiting new permanent employees they often recruit previous temporary employees that function well at the store.

The need for temporary employees is high in the charcuterie which is more exposed because the department requires extensive knowledge from the employees and craves a longer education period than other departments. Since the temporary agency offers employees that have prior knowledge and experience the learning period is shorter than if employing a substitute to learn from scratch. In the cash-register and the product managing departments they have employees who work part time they can call in, but this range of back-ups is not as wide for the charcuterie. When there are emergent sick-leaves, temporary employees are used to fill absences in the cash-register department. It is also timesaving for the respondent to call the temporary agency and have them send a temporary employee instead of calling several permanent employees trying to find someone willing to fill in, although they are not scheduled to work.

The company culture of company E is strongly influenced by the fact that they are a family business. It is the father of the family who is in charge and has previously taken a majority of all decisions concerning the business, but now the respondent and her brother take more responsibility in the larger store. A characteristic that the respondent points out to be typical of a family business which describes the structure of company E is that outsiders cannot get to

the top of the hierarchy; the ultimate power stays inside the family, although they share much with their employees.

The stores have a dress code that all employees have to follow. They have a work shirt to use at the store to show customers that they work in the store which is worn by the temporary employees as well. This gives the impression that they are all employed by the store and there are no distinct differences in appearance between temporary and permanent employees.

There are different formations and groupings amongst the employees within the stores but not a division between temporary and permanent employees. Instead it depends on what department they work in. Most of the permanent employees have a positive attitude when temporary employees come to work because it means less of a work load for them and getting more time to do their own assignments. Company E is not as good at arranging social activities with the employees as they would like to be. The respondent thinks that in part it can be explained by the stores' long opening hours. The stores have to be manned from early morning to late evening, and arranging an activity for the entire workforce would require an early closing. Every year, the last Friday before Christmas they set up a Christmas smorgasbord in the lunch room for all employees. Permanent employees that are not scheduled often come to work for lunch that day and those that are working, both permanent and temporary employees, enjoy it over their lunch break. There is no tradition for temporary employees not on schedule to join the Christmas lunch. All permanent employees get a Christmas present each year. This is usually not extended to the temporary employees. However, the temporary employee they kept on a scheduled contract over Christmas got a little present too although it was not exactly the same kind of present that the permanent employees got. The company tends to look out for their own employees more than the temporary employees. A temporary employee is primarily placed at managing the cash-register, partly because it is the most efficient place to put an employee who does not know his or her way around the company, but also because it is a heavy task physically with monotone motions which are strenuous for the body. The respondent does not want to wear out the company's own employees if there is someone else who can do the heavy tasks and reckons that she probably is not the only hiring company that reason this way.

The respondent at company E does not perceive that the temporary employees are as motivated as the permanent employees; sometimes they are not as service-minded or customer oriented as the permanent employees. The respondent at company E believes that if you have to face the same customer several times you are more concerned of behaving well towards that customer than if you think you will never see them again. This is however greatly dependent on each individual but the respondent can see a general difference. Another problem is that the temporary employees often do not know which customers are regulars, whom the company wishes to treat with extra care.

Company E gave an example of a temporary employee that went from functioning well at the company for a long period to suddenly be noticeable less motivated and not performing as well as before. After having the temporary agency look into the problem it surfaced that the

temporary employee had finished her education and was now totally dependent on the hours to provide for a living. This insecurity had a huge effect on her motivation and performance.

As shown by the example, if company E feels lack in a temporary employee's motivation or service-mindedness they call the temporary agency and discuss the problem after what the temporary agency deal with the problem and communicate with the temporary employee in question. The respondent sees this as a positive aspect of using a temporary agency, having to spend less time solving conflicts and deal with that kind of issues. Most problems with temporary employees are handled through the temporary agency and the respondent states that it can be nice not having to deal with the problems. The complaints are never left anonymously to the temporary agency; the respondent feels that it is important for the temporary employee to know the origin of the complaint to be able to relate to the situation and understand the problem. If there is a mismatch between the company and the hired temporary employee they do not hesitate to express to the temporary agency that they do not want to have that specific temporary employee coming back again.

The respondent thinks many of the temporary employees want to get a permanent employment and view working for the temporary agency as a way to get experience and contacts. Company E recruits from the temporary working agency but not for strategic reasons such as motivating the temporary employees to perform well, but to find good individuals to employ more easily. Through using the temporary agency they can try out temporary employees as kind of a trial employment, the difference is that if the temporary employee does not function well only a call is needed to get the temporary agency to send another candidate. The respondent feels that she does not have the competence to perform employment interviews and finds it practical to instead let the temporary agency, which bases its whole concept on being good at recruiting employees, find candidates for the company to try out.

The respondent perceives the temporary employees' loyalty to be good; they normally stay the agreed time period and on the occasions when they do not, a replacement will be sent to the store and that is better than the alternative which is to have to make it work without a temporary employee at all. If the temporary working agency needs to send a temporary employee that is insecure of the assignment, for example how to manage the store's cash-register, the agency accounts for the learning cost.

The respondent is highly aware of the cost of using temporary employment. The cost is 25 % higher when using temporary employees compared to using their own employees, which leads them to primarily use their own employees. Since they have a tighter schedule than before they started to use temporary employment, they cannot refrain from filling in for a missing employee without reducing the quality and service in the store. It is not acceptable to have too long a queue to the cash-register in a store, as long queues will drive customers away. Therefore temporary employment comes in very handy for the company in cases of unplanned absences. There is a vision of creating a pool of permanent employees that can fill the emergent absences between the company's two stores which would decrease the company's need to use temporary employees in the future, which is what they strive for.

5. Analysis

In this chapter we analyze and set the frame of reference and empirical work against each other. The first section will address reasons for companies to use temporary employment which can also be viewed as the positive aspects connected to the use of temporary employment. After that we address other possible negative aspects viewed through the problem areas mentioned above.

5.1 Reasons for using temporary employees

The companies interviewed in the study gave us different views of why they chose to use temporary employees as a part of their employment strategy. All of the companies gave flexibility as a primary reason to use temporary employment but what form of flexibility varied. We can divide the companies in the study into Vidal and Triggés (2009) reasons to use temporary employees to achieve numerical flexibility. Reactive use; to cope with fluctuations in demand, is the main reason for company A's use of temporary employees. Their demand fluctuation varies from day to day and they handle this through the use of temporary employees. Company D uses temporary employees as a reactive use to man up specific hours or projects.

Planned use (Vidal and Triggés 2009) is the reason for company B, C and E. Company B and C use temporary employees to manage the fluctuations in demand during the business cycle. For company E temporary employees are a buffer to the permanent employees in case of emergent absences which makes the company able to have a slim schedule and avoid overstaffing. When an employee is absent there are assignments that need to be done and it can be burdensome to put it on the other employees, if they feel they have to do two jobs in one day it can lead to a stressed work situation and be bad for the working climate.

Planned use can also, according to Vidal and Triggés (2009), include screening for candidates to recruit which is used actively by company E. This is used by the other companies in the study as well although not as a strategy, they have employed former temporary employees when a vacant permanent employment appears since they know that the former temporary employee is qualified for the job. Company D states that when they employ through the temporary agency the recruitment process goes faster and the company does not need to put in as much time as they need if they recruit on their own. It can be cheaper to use this type of recruitment in the long run because they can test several candidates if they feel they have the need, and make sure that they find the right person for the job. This is supported by the respondent in company E, Housman (2001) and Ward et al. (2001). All companies in the study have recruited temporary employees that they have had working at their company, which made the cost smaller than if they would have recruited externally. Company A use reactive flexibility to meet fluctuation in demand, but as they in practice fill permanent positions they also use flexibility in a systematic way, according to Vidal and Triggés (2009).

With the Swedish act on employment law (LAS, SFS 1982:80) a risk of employing the wrong person arises. Since it is hard to dismiss employees once you have employed them it is

important to find the right person from the beginning. To avoid this risk companies can use temporary agencies to hire temporary employees, and have an agreement which they can terminate with one phone call. The respondent in company D think this is a problem with the law, that it is not flexible and it is hard to dismiss employees even if they do not perform satisfactory. In situations where a company is facing a restructuring of the organization the reorganization can benefit from new employees with a different mindset, the Swedish act on employment limit the possibilities to inject fresh blood and new perspectives on how to perform the job. Hiring temporary employees has because of these limitations been used for this purpose. In company C the respondent point out that they think it is positive to have a certain employee turnover and get some fresh ideas. This law also makes it impossible for companies to change competence; they cannot dismiss one employee and hire someone else just because they need different competence. This is the case for both companies B and C who chose to use temporary employees in their product development because of the rapid market changes. The law also affects the decision to use temporary employees in company C because of the time of notice, they need to make more costs variable and not have lagging personnel costs if they have to dismiss employees due to a fall in demand.

The labor union has a big influence on the companies; if they are allowed to use temporary employees and to what degree, this is mentioned by company A, C and D. For company A this has not been a problem as they have reached an agreement that works for both parts. At company C the respondents work involve discussions with the labor unions and in some subsidiaries they do not use temporary employees because they have not reached an agreement with the local labor union on the matter. Company D mentions that their agreement with the labor union states that they cannot use temporary employees when they are on a recruitment freeze. This could otherwise be a reason to use temporary employees, to mask the employee statistics according to both the respondent at the temporary working agency and Ward et al. (2001). If the number of members in the labor unions continue to decrease their influence on companies will decline in the future and an effect can be increased use of temporary employment.

When companies choose to hire temporary employees they pay for the specific time they need the extra workforce, they also eliminate the risk of having to pay for people that are sick. They can eliminate benefit costs according to Housman (2001), but that can lead to less motivated employees according to the temporary working agency respondent and Ward et al. (2001), most of the companies have this insight. As an effect of using temporary employees we can see that companies converts variable costs into fixed costs when it comes to peripheral costs. Instead of having to account for sick-leaves or overtime they can hire temporarily to a fixed cost per hour. At the same time, if wages of permanent employees are considered to be semi-fixed costs due to lagging costs after laying off employees, the temporary employment alternative makes the monthly cost more variable since the agreement with the temporary agency can be terminated on short notice.

5.2 Organizational learning

Organizations learn through its individuals (Kim 1993, Bhatt 2002), therefore it is important to create an environment that support the organization's ability to absorb knowledge (Ax et al. 2005, p 77). The company that has the best structure to capture and use the competence, and learn from the temporary employees is company B. They have close communication between temporary employees and their managers with a monthly performance review where the company also can listen to ideas. This enhance organizational learning since communication is very important according to Simons (1995, p 91ff). Company C believes that new employees come with fresh thinking, but they do not seem to have any structure that captures the employees' ideas. As organizational learning is a social activity in need of interaction between employees (Elkjaer 2004, Brown and Duguid 2001), it is important to have an organizational structure that encourages interaction and have routines that capture the temporary employees' ideas. Ax et al (2005, p 78) mentions several different ways to learn that involves integration between employees, for example, teamwork when performing specific tasks. Company A uses teamwork in their production and want to use experienced employees as mentors for new employees in the future to enhance integration and have the employees learn from each other in the factory.

Not taking advantage of the possible ideas that employees comes with can disfavor the whole organization and in the long run lead to lower profits. If a large proportion is temporary employees and they are less familiar with the organization, less improving ideas could reach the management and result in stagnating organizational learning. Porter (1996) and Kim (1993) states that companies need to constantly improve operational effectiveness and learn to be profitable and continue to exist.

Company A does not consider the temporary employees' previous experience as an asset or think they can gain anything from their prior assignments due to company A's production being so unique. Although they cannot use their experience for improving the production as a whole, there can still be possibilities for them to learn from the temporary employees' former experience; it can be a thing as simple as a more timesaving way to screwing or how to organize the workspace. Company A has an informal environment which enhances communication of the company, having the right surroundings is very important to enhance learning and performance (Argyris 1964, p 20ff, Weick 1979, p 31). Company E has a different situation with their use of temporary employees because they get different people coming to their stores due to the need being of a more urgent kind. This makes it harder for the employees to understand the organization since they are not at the store for long time periods, it is therefore harder for them to see opportunities and come with good ideas concerning work.

It is important to learn from each other's mistakes in an organization. This can be a problem with temporary employees if they solve a problem and how it was solved is not documented. If that temporary employee is not at the company next time a similar problem occurs the employee faced with the problem has to solve the problem all over again instead of taking advantage from the previous situation. If companies do not have a way to catch the temporary

employees' experience and knowledge the organization miss opportunities to learn, and in the long run it is more time consuming because they do not learn from their mistakes. If companies do not have a structure that captures mistakes and problems solved by temporary employees, the risk of them staying at single loop learning is high. If they can capture and change the process to prevent mistakes from being made in the first place they use double loop learning which is more time efficient in the long run (Argyris 2002). Company B is the only company in this study that has a clear structure that captures organizational learning by the lateral coordination of close communication with their closest manager and the frequent use of their intranet. They succeed to transfer the learning from the individual to the organization as Ax et al. (2005, p 77) claim is a condition for organizational learning to occur. In company A the employees work so close together and the interaction make it possible for them to learn from each other. This is more of a lucky convenience than a strategic decision, their friendly organizational culture works to their advantage. All companies in the study included the temporary employees in work related meetings which also enhances communication and open up for organizational learning.

Abrahamsson and Andersen's (2005, p 268) critic about organizational learning, that it is only the individuals in the organization that have knowledge and can learn, not the organization itself. This implies the importance of preserving the knowledge through interaction between temporary and permanent employees to make individuals that will stay in the organization learn as the organization itself is incapable of learning. This is also supported by Elkjaer (2004) and Brown and Duguid (2001) that point out the importance of interaction for organizational learning to occur. Therefore we consider it important to see to that there is enough knowledge and stability through permanent employees in the group to support new temporary employees. Company B considers it important to have a stable workforce. They use temporary employees to gain flexibility for when the business cycle goes up and down. Company C and D consider how the structure should be with the proportion of temporary versus permanent employees. Company C has the proportion of temporary employees that they want to have, 15-25%, but the reason is to gain flexibility in cost and being able to cut large personnel costs quickly rather than preserving organizational learning. Still, it is important to reflect on the number of temporary employees and see to that there are not too many in proportion to permanent employees in the organization. What company C does not ensure is that the temporary and permanent employees interact with each other, and that is a condition for organizational learning (Brown and Duguid 2001).

Company D considers the structure but this is mentioned in an organizational culture perspective but is important when looking at organizational learning as well. It is important to consider what happens with the knowledge of the organization if there are only temporary employees at one specific task, if all leaves at the same time the knowledge could go lost. These are risks that can be minimized with designing the organizational structure in a beneficial way. The structure is also important in looking at to what extent the temporary employees are able to benefit from the organization's knowledge and the other way around. The knowledge that the organization has learnt before will not be used in groups where a large proportion consists of temporary employees if they do not have a chance to interact with

the permanent employees. The organization will not be able to benefit from the temporary employees previous experience. Structurally dividing permanent and temporary employees can be sub-optimizing for the organizational learning.

Organizational learning was not a factor that any of the companies in the study considered when making the decision of using temporary employment. The companies have not seen any negative effects on account of using temporary employment, but several of them integrate temporary and permanent employees which help spreading knowledge across the organization. This is not a conscious strategy but a natural result of their organizational culture and how the jobs are designed.

5.3 Motivation and risk of eroding human capital

5.3.1 Motivation

According to Coleman (2004) it is best to have the same reward system for permanent and temporary employees to make them strive for the same goals. The respondent from the temporary working agency agrees with this and believes that to get the best performance from the temporary employees, the hiring company should treat the temporary employees the same way they treat permanent employees. With treating them the same we imply that they have the same possibility to participate in work related and social activities, can go through further education, have the possibility to affect the work place and belong to the group. This is the case in company A and B in general. Company C try to do this but give temporary workers easier assignments which in some cases has led to more groupings that divide temporary and permanent employees in different groups, this is not good for motivation according to Maslow's hierarchy of needs where people strive for belongingness. Company D tried to treat the temporary employees the same but they never had the chance to go through further education. Company E's primary use of temporary employees in emergent situations have an impact on how they are treated. When a temporary employee comes to the store he or she is assigned heavier tasks, not to wear out the permanent employees if it can be avoided. Companies A and D actively chose to treat them the same way while in company B this was just the way they treated employees and it was natural for them that the temporary employees were to be treated in the same way. During the time company B has used temporary employment they have clearly phrased that employees should be treated as if they were permanent employees.

Maslow's third step, belongingness, can be a problem for companies using temporary employees because the temporary employees are employed by another company and that can make them feel like an outsider even if the hiring company is welcoming. As company D expressed, they quickly became a member of and belonged to the group to a great extent. Still, there was always a barrier, knowledge of them not being employed directly by company D even though this did not show in the temporary employees' motivation. At company A the temporary employees have the same possibilities to grow and go through in-house training, learn complicated tasks and take much responsibility. At company B they give the temporary employees the same chances to lead projects as the permanent employees. This is consistent with Maslow's (1987) theory to motivate with self actualization and Merchant and Van der

Stede's (2007, p 83ff) use of personnel control through training employees. At companies A and B the temporary employees get a chance to improve themselves. This is also consistent with Herzberg's (1959) motivation factors since it aims to satisfy the temporary employees need for self actualization. This was not a strategic decision or something they reflected over when making the decision to use temporary employees at neither company A or B. The motivational effects have come as a result of the nature of the assignment for which they chose to use temporary employees. The nature of the assignments depend on how the job is designed which if it is designed properly can be motivational according to Merchant and Van der Stede (2007, p 83ff)

According to Maslow (1987), higher steps in the hierarchy of needs are not motivating unless the lower steps are already fulfilled. In connection to this, one aspect worth addressing is the status of employment the temporary employee has at the temporary agency. As Maslow's second step implies that people strive for a secure employment, this has to be fulfilled before belonging and self-actualization can be motivating. Several of the temporary employees at the companies in the study had a permanent employment at the temporary agency and thereby a secure income, this was the example at company A and B where the temporary employees were not dependent on the exact number of hours they get at the hiring company. Temporary employees at D and E were more dependent on the number of hours they got at the company depending of their form of employment at the temporary agency. As the example at company E of the temporary employee that went from functioning well at the company to not being motivated and not performing well shows. The reason was a change to a more insecure income and this insecurity had a huge effect on her motivation and performance.

According to Herzberg's theory company A and B motivates their temporary employees through giving them responsibility, this because of it lying in the nature of the positions filled with temporary employees rather than as a conscious strategy. Company E tends to use Herzberg's hygiene factors that prevent the temporary employee from misbehaving but are not motivating according to Herzberg's theory. They want to prevent them from doing a poor job performance not inspire them to do a good job. Company E is the only company that expressed that motivation had been a problem, that there were differences in motivation between temporary and permanent employees although it was far from all cases. Company D expressed concern over lacking motivation being a result of using temporary employees but claimed that they had been lucky not to have experienced this.

All companies in the study expressed that if there was a problem with motivation or performance among the temporary employees, they could always solve the problem through asking the temporary agency to send another individual. The respondent at the temporary agency explained that to get an employment at the agency you have to have social skills, being very forward and engaged as a person; otherwise you are not fit for the job. This selection in recruitment probably has an effect on the performance at the hiring companies. It is also in the temporary agency's interest to motivate their employees to perform well at the hiring company which is the customer of the agency.

Company E does not do anything actively to motivate the temporary employees. If company E is not satisfied with a temporary employee's motivation or job performance they ask the temporary agency to send another person. Because of the access to educated temporary employees, company E does not in general have any learning costs and does not have the need for the same temporary employee turning up to the same extent as the other companies have. Even though it is preferred at company E as well since temporary employees that have been there before knows their way around the store and personnel spaces, and as the respondent at company E mentions if you have to face the same customer several times you are more concerned of behaving well towards that customer than if you think you will never see them again.

Merchant and Van der Stede (2007, p 83ff) as well as Bolman and Deal (2003, p 175ff) point out the importance of recruiting the right person for the job. The companies in the study are involved in the recruitment process to different extents. Company B is very involved in the process and always wants to meet and interview the candidate before making the decision to hire the temporary employee. Other companies such as E ask for a number of temporary employees and they are sent directly to the store although they have the possibility to ask for a certain individual. The differences can be explained by the reason to use temporary employees and the length of the agreements. As company B hires temporary employees for a significant time period it is not surprising that they put more weight in finding the right temporary employee for the position. At the same time, all of the companies could benefit from having a clear profile of who they want at their company. All companies have costs related to new temporary employees coming in to work and it should be in their interest to find the right temporary employee for the job on the first try even if they have the chance to exchange the employee if they are not satisfied.

When the companies in our study make the decision to hire temporary employees they do not seem to consider how they can motivate this group of employees or that lacking motivation can be a problem. They have not calculated with any increase of cost due to lacking motivation when making the decision to use temporary employment. Four of the five companies in the study cannot detect any lacking motivation among the temporary employees in general. In those cases when a temporary employee is not motivated or performs to the company's satisfaction the company solve the problem by asking the temporary agency to send a new temporary employee. The motivation not being perceived as a problem can be a result of that several companies in the study treat the temporary staff as if they were permanent employees and include them in activities arranged by the company, this make the temporary employees feel they belong to the group and the organization. This does however not seem to be a strategic choice but a result of the organizational culture of the companies.

5.3.2 Risk of eroding human capital

This aspect is of varying weight depending on the reason for the companies to use temporary employment. The human capital partly consists of the competence of a company's employees according to Gille and Rudebeck (1997, p 40ff), this supports that the more competence needed to perform a task; the higher the value of the human capital that knows how to

perform it. If the companies use temporary employees to perform easier tasks, it is implied that the permanent employees perform harder tasks and assignments preserving the human capital within the company. Looking at the companies interviewed in this study the reason for using temporary employment to a large extent decides what kind of tasks the temporary employees are assigned.

Company A, B and D who hire temporary employees to perform tasks that craves more education need to consider this aspect more than company C for their use in the blue-collar section or company E for their use in emergent situations because there the permanent employees perform tasks craving more education. It would hit harder on company A, B, D or C's white-collar section, if a temporary employee is no longer available and a new candidate has to be educated. Both company A and B expresses that a temporary employee leaving the assignment before the agreed time period or no longer being available to hire is a problem that would lead to inconvenience for the company. Especially for company A, who spend much resources and train temporary employees over several years to the same extent as their own employees. Company B expresses the importance of having a stable and continuously improving base of competence among the permanent employees not to get vulnerable, and protect the human capital of the company. Company A does not seem too concerned about the human capital of the company being lost, but see a risk in using large resources to train a person not employed by the company. This person could decide not to show up for work the next day, as one element of counting a resource as an asset and being of value to the company is the company having control over it (IAS 38). This makes the value of the human capital of the company more uncertain since temporary employees are less controllable and sustainable than permanent employees.

Company B seems to have reflected over the human capital issue and tries to allocate the temporary employees evenly over the different departments and expresses the importance of having a stable competence that they complement with special competence over shorter periods. Company A is concerned about losing trained and educated temporary employees but it did not seem to have been an issue in the decision-making process, they try to ensure the sustainability of their human capital through making sure that the temporary employees are happy at work, want to stay and come back to work at the company. Company C has used temporary employees in specific projects and product development for a long time and seems to rely on the market having competence to offer. Since they constantly need to be updated they do not consider it possible to have all the human capital needed in the company but is dependent on finding competence outside of the company. This because you cannot employ and let go of employees when you want to change competence, it is not a reason to dismiss an employee according to the Swedish law (LAS, SFS 1982:80). In the blue-collar section of company C the temporary employees perform the easier tasks which require only short education why they do not seem to feel the need to protect their human capital in this section.

Company E only sees temporary employment as a service to use when emergent absences appear indicates that all competence is held by the company since all scheduled employees are supposed to be permanent employees. Despite the original intention of how to use the

service, company E has two temporary employees on a rolling schedule. This is because of lacking competence among the permanent employees, in managing the charcuterie department, due to two full-time employees being on sick leave. This could be a result of the company keeping a slim schedule over all. Not as many know how to perform the assignments that requires more education, and the company has to find this competence outside the company, which indicates that their human capital is vulnerable. The tighter schedule as a result of the availability of temporary employees to fill absences may have lead to their human capital being more vulnerable.

Bolman and Deal (2003, p 175ff) presses the importance of keeping employees and present rewards, secure employment, internal recruitment and shared profits as tools a company can use to lower employee turnover. As it lies in the nature of temporary employment that the employment is just that, temporary, it is contradictive to try lowering employee turnover. The companies have chosen not to use secure employment to keep the human capital within the company. As we have seen in the empirical chapter the companies in the study are reluctant to use rewards and shared profit to employees not directly employed at the company, they do not seem to see it as a possibility at all, instead the companies see it as something that is impossible to use in this context. There is always a possibility to use rewards; it is an internal cost related decision for the companies. Internal recruitment on the other hand is something we can make an analogy of in the context of temporary employment. Four of the five companies in the study look among their temporary employees primarily when recruiting a vacant position. This can be compared to an 'internal recruitment' since the temporary employee already know his or her way around the company. Among the companies in the study it does not seem to be used strategically to preserve human capital, instead it is used as a way to minimize learning costs. Company B is the one company who does not recruit primarily among their temporary employees even though they have the same opportunity to apply for a position as external candidates. It is not a strategic move of the companies to recruit among temporary employees, but it can give the positive side effect of stabilizing the human capital through giving the temporary employees the possibility to receive a permanent employment at the company.

Most of the companies interviewed did not seem to reflect on what effect using temporary employment has on their human capital or considered it when making the decision. Company B is the only company who expresses the need of a stable workforce and an even proportion of temporary staff spread over all departments not to become too vulnerable. They are also the only company who has a strategy to preserve the human capital. Structural integration and 'in-house' recruitment are, however, used by several companies although this is not a conscious strategy to eliminate the risk of eroding their human capital.

5.4 Belongingness

When employees feel belongingness to each other and the company they embrace the organizational culture more and become more loyal which also strengthens the organizational culture (Merchant and Van der Stede 2007, p 90). The use and awareness of the organizational culture differ among the companies in the study. Only one of the companies,

company D, reflect on how their organizational culture would be affected if they started using temporary employees again. The respondent says that a too large proportion of temporary employees can erode the organizational culture.

Companies B, C and D have the most outspoken organizational culture. This can be a result of company B recently having the culture refreshed and formulated into three core values and them communicating it to all employees through their intranet. Company C has a code of conduct they work with and think their culture is a competitive advantage. Code of conduct is, according to Merchant and Van der Stede (2007, p 87ff), a culture control tool that can be used to strengthen the company's culture. Company C is well known and considered to be an attractive employer by the public which, according to Dutton et al. (1994), makes the company's employees work better together. Company D works actively with communicating the organizational culture to all employees with their 'house of values' that are introduced to all employees, both temporary and permanent. The organizational culture in these three companies; B, C and D, have been there for a long time and as Bang (1999, p 93) states, it takes time to build and root a common set of values in a group. It is important that the temporary employees understand the organizational culture since it will help employees in how work is supposed to be performed, this is supported by Bang's (1999, p 95f) view of the organizational culture being a mental map to support employees decisions in the work day.

The more learning cost the company has to invest in a temporary employee, the more the company seems to think about having to motivate and involve temporary staff in the organizational culture. Company A, B and D includes temporary employees in many areas and treat them quite the same as the regular employees, because they have to invest more resources in them before they are ready to work and therefore have an interest in them wanting to stay. At company E this is not the case; the temporary employees are already trained when they come to the company which makes them more replaceable. Company E is also the company with the least distinct organizational culture and that can be because they have a higher turnover of employees, if employees stay for longer time the culture get stronger (Merchant and Van der Stede 2007, p 90). They arrange very few social activities for the employees, that otherwise can strengthen the company culture. At the Christmas lunch they arrange once a year for the employees, the temporary employees are not invited if they are not working at the store that day. All of the other companies in the study were including temporary employees in social events which is good for the employees to feel belongingness and strengthen the culture (Bolman and Deal 2003, p 306ff). The reason for this is that Company C has more random temporary employees that come to the store because they are educated by the temporary working agency and company C hires a competence not a specific individual in emergent situations.

Another way of strengthening the organizational culture is by giving group rewards, according to Merchant and Van der Stede (2007, p 88ff). Company A gave their permanent employees bonuses the years when the company made large profits, but they did not involve the temporary employees in these bonuses which can lead to them feeling less belongingness to the company. It is a risk of making them strive for different goals if they do not have the

some rewards (Coleman 2004). It would be good for company A to consider this when they use temporary employees to quite a large extent and there is a risk of making them less loyal.

The longer time companies hire temporary employees the more they will embrace the culture and as Schein (2004, p 25ff) states, the meaning of behavior or artifacts and espoused beliefs will be understandable for a new member of the group over time. Both companies A and B have the same temporary employees over long periods of time, at company B this is stated in an agreement and in company A it is often the same people that fill in even though it is not stated in a contract.

All companies in the study have employed among their temporary employees but it is not a strategy to get them more loyal and motivated which is an effect of recruiting among the temporary employees, according to Ward et al. (2001). Instead it is because the temporary employees are good at their job and know how everything works at the company. The company can save time and money on employing someone they know is fit for the job without having to go through a recruitment process. The increased loyalty is just a good side effect which makes the temporary employees stay longer which in turn strengthen the organizational culture (Merchant and Van der Stede 2007, p 90). At company B they always advertise externally when recruiting to find the best individuals and competence, although it can be a good reference to have worked as a temporary employee at the company; they have had the possibility to show that they can do the job. It is clear that all companies see that there is something to gain from the temporary employees feeling they belong, being loyal and wanting to stay at the company.

The working agencies' and the hiring companies' interests are aligned; the temporary agency wants a satisfied customer, which implies that they have the same goals as the hiring company and wants what is considered to be the best solution for the hiring company. This makes the issue about which company the temporary employees' loyalty belongs an insignificant problem. Only one, company D, of the companies' respondent thinks that the temporary employees can be less loyal as Koene and Van Riemsdijk (2005) argue that they are.

The importance of the temporary staff to feel they belong to avoid problems and costs due to lacking loyalty or a weakened organizational culture is nothing the companies in the study, apart from company D, considered when making the decision to use temporary employment. After they start using temporary employees they have thought about the problems associated with temporary employees leaving when the company still has use for them, above all in the companies with high learning cost and reactively seen the importance of the temporary staff being happy at work. In several of the cases the temporary employees have been included in both work related and social activities but this is primary a result of the company's culture and climate as opposed to being the result of a strategy. The companies that work actively with their organizational cultures have tried to communicate the culture to the temporary staff in the same way as they do when employing a new permanent employee, without having the specific issue of temporary employment in mind.

5.5 Conflicts

Four out of the five companies in the study gave the response that they had not seen any tension or division between groups of temporary versus permanent employees. Company B mentioned a situation when a group of temporary employees and a group of permanent employees had disagreements between the groups but did not connect this with them having different employment status. Instead the reason seemed to be them having different kinds of personalities between the groups. This is possible in considering Trice and Beyer's (1993, p 176) view of having the same personal qualities is one of the primary reasons for subcultures to be formed.

At company D there were no conflicts between the employment groups and that can be because the permanent employees appreciated the help they came with and that company D integrated the two groups. Company E could see a division of groups depending on what department they work in and what assignments they have at the company, but had no recognition of there being any division between temporary and permanent employees. There not being any tension in company D and E could be explained by the permanent employees feeling relief, when an emergent absence is filled because it decreased their workload, instead of perceiving temporary employees as a threat to their own culture or employment which is one reason for tensions according to Bang (1999, p 43). Company A could see some dissatisfaction among the permanent employees when a temporary employee got the chance to be educated in a special area that a permanent employee wanted to be educated in. This can also be linked to the temporary employee being a threat to the self-actualization of the permanent employee (Bang 1999, p 43), but the respondent at Company A reckons that the same situation can arise between two permanent employees and does not see it as tension between the employment groups even though it might be more frequent when it involves a temporary employee.

A few of the companies in the study expressed that the permanent employees do not view the temporary employees as different and that this climate prevent conflict and tension. The temporary employees are as welcome and natural in the workforce as permanent employees much because they are so used to the company using temporary employees. In Company C on the other hand, in the blue-collar section, the temporary and permanent employees perform tasks of varying difficulty that in some places have led to A and B squads, where the permanent employees were the A squad with higher status in the factory. This because the temporary employees work at different stations than the permanent which means that there is not much integration between the employment groups in the work day which can lead to conflicts. Company C is aware that this is a problem or could be a potential problem in the manufacturing units and see a need to prevent this trend. A possible strategy is to mix work groups so the temporary and permanent employees work more integrated. This is in line with Trice and Beyer (1993, p 176) statement that frequent and close contact with the group lead to people developing the same beliefs and perceptions, and thereby decrease contradictions between the two employment groups. All companies except from company E included the temporary employees in social events and parties which are intended to help the employees to

get to know each other, mediating the company culture and also lead to fewer conflicts because of fewer groupings. This is consistent with Bolman and Deal (2003, p 146) who say that socialization leads to fewer conflicts.

None of the companies seemed to have considered the risk of tension and different subcultures forming depending on employment status when making the decision of using temporary employment. As they have not seen a major problem in this area they have not done anything strategically to prevent conflicts. If they would have experienced more problems, they would probably have thought more about the issue and how they can prevent and solve conflicts. Increased belongingness prevents the forming of different groups and thereby prevents conflicts, and the problem can have been declined by the companies trying to make temporary employees feel belongingness. Still, there were conflicts and tension at the companies in the study, the fact that the respondents do not see them as connected to temporary employment can be a wrongful interpretation, it is not always easy to see the cause of an effect.

6. Conclusion

In this chapter we present what conclusions we can draw from investigating the research questions in this thesis. First, we shortly present some of the positive aspect companies consider when they make the decision to use temporary employees. Then we present the conclusions of how the companies in the study handle the different problem areas identified in our model, and if these were considered when making the decision of using temporary employment.

All companies in the study consistently name flexibility as the major reason for them to use temporary employment. Flexibility of various forms has been their focus when making the decision of using temporary employment. They have considered over and under capacity due to fluctuation in demand and absences of permanent employees which are forms of numerical flexibility, as well as the need of flexibility in their competence and costs.

The companies in the study do not consider how the organizational learning is affected by the use of temporary employment and it was not an aspect considered when making the decision. Organizational learning is not perceived as a major problem at any of the companies who seem to capture it by having an organizational culture and structure that make the temporary and permanent employees work close to each other, have an open communication and include temporary employees in meetings concerning the work process. This has not been a strategy from the companies to ensure organizational learning.

The companies did not consider lacking motivation as an issue when making the decision of using temporary employees, although they acknowledge that motivation is important. The companies with higher learning costs consider it important to include the temporary employees to different degrees in social and work related events, for them to feel like they belong and want to continue working at the company. This has given motivational effects through belongingness and responsibility, both which are enhanced by the organization's structure and the design of the job assigned to a temporary employee. This does not seem to have been a conscious strategy. At the company that has more exchangeable temporary employees who worked at the company for shorter time periods and do not have much responsibility or a job that made them interact with permanent employees. The hiring company could see that the temporary employees tended to be less motivated than the permanent employees. All companies in the study have used the possibility to have a temporary employee, who has not performed to their satisfaction, replaced by the temporary working agency.

Using temporary employees is a risk of eroding the company's human capital because of the temporary employees not being tied to the hiring company. Few of the companies considered this risk when making the decision of using temporary employment. One company considered the risk and the importance of having a stable competence within their permanent workforce. Their strategy is to educate permanent employees and complement with special competence through temporary employees. The temporary employees are spread over several departments

to prevent the departments from being too vulnerable. A second company has, a few years in to using temporary employment realized the risk of losing temporary employees that they have trained for years. They did not have a strategy to prevent the temporary employees from leaving, but try to make them feel that they belong in the organization and want to stay. Only one out of five companies had a strategy to preserve the human capital of the company.

The companies in the study handle their organizational culture differently, some communicate their culture clearly to the temporary employees while others try to treat them the same to have them included in the group. Only one out of the five companies in the study communicated their organizational culture to the temporary employees as a strategy to preserve it. The remaining companies did not consider what effect temporary employment would have on the organizational culture when they made the decision but has retrospectively stated the importance of the temporary employees feeling belongingness to the company.

Conflicts between temporary and permanent employees have not been a major problem for any of the companies in the study, and as a result they do not think much of how to prevent conflicts. If companies work with organizational learning, human capital and organizational culture by integrating the different groups of employees with each other, it results in a workplace with fewer sub-cultures. If the groups are integrated, work together and communicates; conflicts are prevented from becoming a problem. This was not a concern in the decision-making process for any of the companies interviewed but if a problem appears, the only company that has experienced some problems with division of employee groups believes integration is the way to solve it.

We can see a connection between the cost of educating a new employee and what activities they are included in at the hiring company. The temporary staff is more included in both work related and social activities the higher the learning cost is in the companies we interviewed. The more cost that comes with educating the temporary employees in how to perform the job, the more important it is to make the temporary employee want to stay at the company as these individuals are not as replaceable as a temporary employee who performs a job that only takes a few hours to learn would be. We can in the study see that the company that had the lowest cost associated with starting up a temporary employee was the company that saw them as the most replaceable. The conclusion we can draw from this is that cost is a major drive for the companies in how they act towards the temporary employees and that they have not considered other aspects nor have a strategy of how to minimize the negative effects.

The companies in the study over all act on problems first when they appear. We believe it would be better if the companies would try to foresee and prevent problems from appearing. A feeling of not belonging at the hiring company is harder to overcome once the temporary employees feel excluded, some problems can become too large and complicated to be solved retrospectively. The companies' overall strategy when it comes to temporary employment is to react and solve problems as they come along instead of planning ahead.

7. Suggestions for further research

To find answers to the research questions that can be generalized a study with a larger selection of companies and respondents can be conducted. Further, a study of how well companies' efforts to minimize negative aspects are perceived by the temporary employees would be interesting to see. This study looks at what aspects are considered when making the decision to use temporary employees and present risks of long-term problems, further studies can be made to see what negative effects can be realized over time in companies that use temporary employees to a great extent. It would also be interesting to look at the issue and identify problem areas through a strategic perspective, for example through using Simons' (1995) Levers of Control.

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Appendix

Interview schedule

Company	Position of the respondent at the company	Date of interview
Temporary working agency	Sales Manager	2011-03-16
Company A	Personnel manager	2011-04-05
Company B	Works in the human resource department	2011-04-06
Company C	Works with labor relations	2011-04-14
Company D	Human resource partner	2011-05-19
Company E	Personnel manager	2011-05-10

Questions to hiring companies

- Describe the company and what your responsibilities are?
- What is the proportion of temporary employees compared to permanent employees?
- Is there a trend in your use of temporary employment?
 - Growing/decreasing, have you stated a certain goal proportion?
- In what departments do you use temporary employees? What kind of tasks are they assigned?
- Over how long periods of time do you hire temporary employees?
- For how long have you used this employment strategy?
 - What made the company decide to use temporary employees?
 - A specific event or situation?
- What are the reasons for the company to use temporary employment?
- How is the routine when introducing a new temporary employee at the workplace?
- How do you view the temporary employees?
 - As part of the ordinary workforce or as external individuals that are there to perform specific tasks?
- Describe the company's organizational culture?
 - Explain it shortly
 - How do you work with it?
- What are your values?
 - How does the company convey these to the employees/ temporary employees?
- What pros and cons do you see with the use of temporary employees?
- What costs do you look at when this decision is made? (Direct and indirect)
- Do you have any strategy or action program to counter the negative effects?
- How do the permanent employees react on the use of temporary employees?
 - Are there any conflicts between the two groups of employees?
- How do you think the company's use of temporary employment will develop in the future?