

WEC Staffing Executive Regulatory Outlook

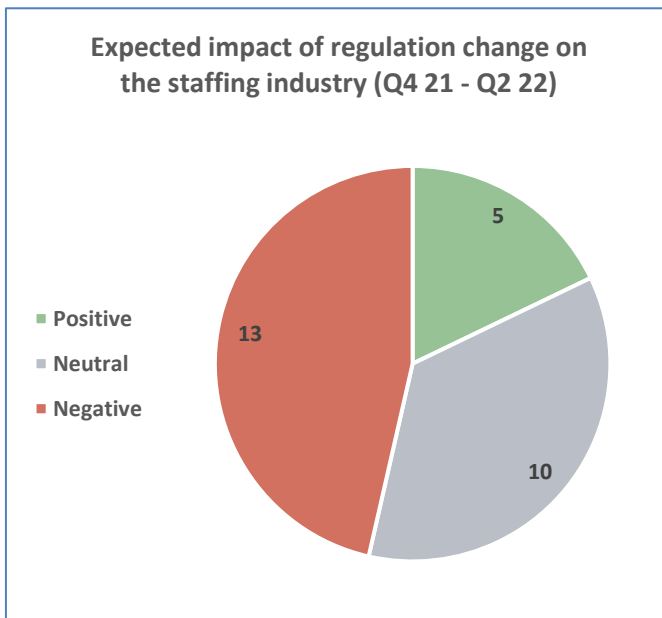
Q4 2021

Executive Summary

WEC’s Staffing Executive Regulatory Outlook (SERO) presents the results from a quarterly poll of top executives of National Staffing Federations around the world, asking them to assess the likelihood and potential impact of regulatory changes on the staffing industry within the next six-month period.

Executives of 28 different National Staffing Federations have responded to this edition of the SERO poll.

The **overall regulatory outlook in the period between Q4 2021 and Q2 2022 is negative in 13 countries** from an industry perspective. In 10 countries, the impact of regulation changes is expected to be neutral overall, while in 5 countries, the overall outlook is positive.



In **Chile, Norway, Russia and Sweden**, the impact of regulation changes on the staffing sector is expected to be the most negative, according to the SERO poll. In **Norway** the industry faces a proposed sectoral ban in the construction sector and stricter conditions for use. In **Sweden**, new regulation aims at facilitating the recruitment and dismissal of employees. A further focus was laid on retaining employees. In **Chile** a left-wing government takes office in March 2022 and labour reforms have been announced which imply additional regulatory constraints for the staffing sector. In **Russia**, regulatory barriers for the staffing sector and potential further regulation of outsourcing activities are expected.

In **Italy and Spain**, the staffing industry anticipates regulation changes, which will have an overall strong and positive impact on the sector. In **Spain** there is an extension to the range of contract options: the so-called “fixed-discontinuous contract” and the training contract. The industry can conclude permanent contracts with agency workers to cover temporary needs in the different user companies, providing new business opportunities. The reform includes these positive elements, but also some challenging features related to higher costs and the limitations on fixed-term contracts, making an accurate early impact assessment difficult. In **Italy**, restrictions introduced by the Dignity decree were eased based on an amendment to the law allowing for specific rules in collective labour agreements, benefiting the sector.

Changes to **labour conditions for agency workers** will have an expected negative impact on staffing in 7 countries, while changes to regulation on the **conditions for the use of agency work services** are expected to negatively impact staffing in 6 countries. On the other hand, in 5 countries a positive impact is anticipated from regulatory changes to conditions for use.

1 - Likelihood of regulatory change between Q4 2021 and Q2 2022

24 out of 28 countries included in this quarterly poll report at least some likelihood of regulatory change across 7 regulatory elements (scroll to the end of this document for information on methodology).

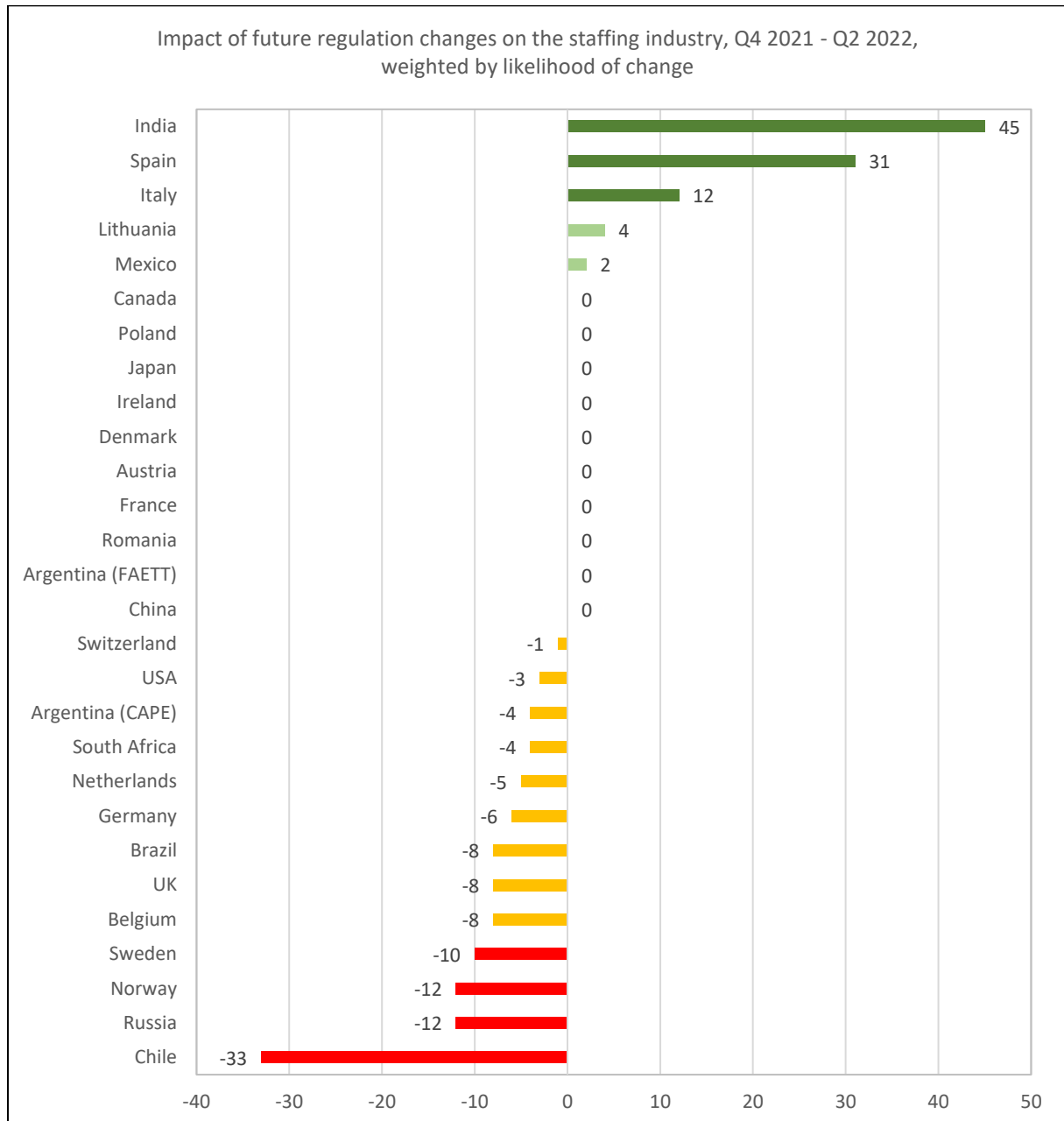
Country	Change Likelihood Index (1-5 scale)
India	4.3
Netherlands	4.1
Spain	3.9
Chile	3.6
UK	3.0
Russia	2.4
Italy	1.7
Germany	1.7
Argentina (FAETT)	1.6
Switzerland	1.4
Norway	1.3
Brazil	1.0
USA	1.0
Ireland	0.9
Poland	0.7
Sweden	0.7
Belgium	0.7
South Africa	0.6
Argentina (CAPE)	0.6
Lithuania	0.6
Romania	0.4
China	0.3
Mexico	0.3
Canada	0.3
Denmark	0.0
France	0.0
Japan	0.0
Austria	0.0

By regulatory element:

- Conditions for establishment to provide agency work services and contracts:
5/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Argentina, Chile, India, Netherlands, Romania
- Conditions for use for agency work services:
8/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Chile, India, Italy, Netherlands, Norway, Spain, Switzerland, UK
- Labour conditions for agency workers:
8/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Chile, India, Ireland, Netherlands, Russia, Spain, Switzerland, UK
- Social protection coverage for agency workers:
6/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Chile, India, Netherlands, Russia, Spain, UK
- Taxes/premiums related to agency work contracts/services:
5/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Brazil, Chile, India, Spain, UK
- Other labour regulations:
9/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Chile, Germany, India, Italy, Netherlands, Norway, Poland, Spain, Sweden
- Other regulations:
6/28 countries report a rather strong likelihood of regulatory change (≥ 3 out of 5)
Chile, Germany, Italy, Netherlands, Spain, UK

2 - Impact of potential regulatory changes on the staffing industry between Q4 2021 and Q2 2022

Out of the 28 countries surveyed, 5 countries foresee regulatory changes that will overall positively impact the staffing industry within the next 6 months. 10 countries expect a neutral impact of any regulatory changes on the industry. In 13 out of 28 countries, regulatory changes might have an overall negative impact on the staffing industry across 7 regulatory elements (scroll to the end of this document for information on methodology).



By regulatory element:

- Conditions for establishment to provide agency work services and contracts:
*3/28 countries report a potentially negative impact of regulatory change
Chile, Norway, Switzerland*
- Conditions for use for agency work services:
*6/28 countries report a potentially negative impact of regulatory change
Chile, Norway, Belgium, Netherlands, Argentina, Switzerland*
- Labour conditions for agency workers:
*7/28 countries report a potentially negative impact of regulatory change
Chile, Russia, Belgium, Germany, Netherlands, South Africa, Argentina*
- Social protection coverage for agency workers:
*3/28 countries report a potentially negative impact of regulatory change
Chile, Russia, Belgium*
- Taxes and premiums related to agency work contracts and/or services:
*5/28 countries report a potentially negative impact of regulatory change
Chile, Belgium, UK, Brazil, USA*
- Other labour regulations:
*6/28 countries report a potentially negative impact of regulatory change
Chile, Norway, Sweden, Germany, Argentina, USA*
- Other regulations:
*4/28 countries report a potentially negative impact of regulatory change
Chile, UK, Netherlands, South Africa*

3 - Source of potential regulatory change between Q4 2021 and Q2 2022

Across most of the 7 regulatory elements, the source of any potential change comes from regulatory proposals, followed by political agreements. Social partner agreements play a role to a lesser degree.



4 - Information on the SERO (methodology)

The SERO poll asks WEC Member National Federations about their self-assessment on the likelihood (scale: 0 to 5) of regulatory changes being implemented within the next 6-month period for the following 7 elements:

- Conditions for establishment to provide agency work services and contracts
- Conditions for use for agency work services
- Labour conditions for agency workers
- Social protection coverage for agency workers
- Taxes and premiums related to agency work contracts and/or services
- Other labour regulations
- Other regulations

The Change likelihood index is a number between 0 and 5 that is calculated by summing up the likelihood (between 0 and 5) of regulatory change for each of the 7 elements and then dividing the sum by the number of elements (7), therefore providing equal weighting to each element.

The SERO poll also asks about the impact (scale: -2 to +2) on the staffing industry of the potential regulation changes in the 7 elements listed above.

The **Total Weighted Impact** factors in the likelihood of change and is calculated by weighting the impact of a regulatory change on the industry (from -2: very negative to +2: very positive) by the indicated likelihood of the potential regulatory change to happen. This is done for all 7 regulatory elements, which are then summed up to generate the total weighted impact.

Example: The likelihood of regulation change in the regulatory element “labour conditions for agency workers” is expected to be relatively high (4 out of 5), and the impact on the staffing industry in the case where this regulatory change actually occurs is expected to be very positive (+2 on the scale between -2 and +2). The total weighted impact for this regulatory element would therefore be +8, i.e. the likelihood (4) multiplied by the expected impact (2). Another example would be a country which expects change in one regulatory element to happen with a high likelihood (5), but the impact is expected to be neutral (0). In this case the total weighted impact for this element would be zero. The country indicator of total weighted impact is gained by adding up the total weighted impact for each of the 7 regulatory elements.

Note: Due to the summing up of the weighted impact across the 7 regulatory elements, a country might have a positive total impact, even if it indicated a negative impact in one or more of the 7 elements. This would mean that the positive impact outweighs the negative in total, either because the likelihood of the positive change is higher, or because the impact of the positive change is stronger than the one of the negative change, or both.

Lastly, the poll also asks about the **source of the potential regulatory changes** (regulatory proposal, political agreement, social partners agreement).