


Human resource management (HRM) in temporary work agencies: Evidence from the hospitality industry

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Abstract

Overwhelmingly, research examining temporary work agency (TWA) employment suggests that agencies rely on cost-based HRM, which coincides with substandard outcomes for TWA workers and clients. While contrasting literature indicates that ‘value adding’ HRM may yield more positive outcomes, empirical evidence remains scarce. This case study-based research begins to redress this gap by comparing TWAs reliant on cost-based and ‘value adding’ HRM within the hospitality industry. Findings illustrate that TWA employment and ‘value adding’ HRM are compatible and advantageous, yielding superior outcomes for TWA workers and clients.

JEL Codes: L83, M5

Keywords

Hospitality industry, human resource management, temporary work agency

Research examining the temporary work agency (TWA) industry increasingly suggests that agencies’ primary focus is cost-minimisation and cost-based human resource management (HRM) (Burgess and Connell, 2004, 2006; Hall, 2006; Hoque et al., 2008, 2011; McDowell et al., 2008). Cost-based strategies are of particular concern because they are associated with substandard and undesirable outcomes among TWA employees and their clients (Aletraris, 2010; Burgess and Connell, 2006; Hall, 2006; Knox, 2010; McDowell et al., 2008). Although a small body of contrasting literature suggests that the negative outcomes associated with TWA work may be alleviated through the adoption of

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'value adding' HRM, there is a lack of empirical evidence to support such claims (Mitlacher, 2008; Peck and Theodore, 1998; Torca and Schyns, 2010).

This exploratory research seeks to generate empirical evidence that has remained elusive until now by comparing TWAs reliant on 'value adding' and cost-based HRM within the hospitality industry. In doing so, the research analyses whether a 'value adding' approach to HRM can improve the outcomes experienced by TWA workers and their clients. The findings have important implications for the TWA industry. The article proceeds as follows. The next section examines the literature related to 'value adding' and cost-based HRM. This is followed by an examination of the literature on the TWA industry, including its growth and effects in the hospitality industry. The methods and data are then outlined before the case study findings are presented. The final section comprises the discussion and conclusions.

Overview of the literature

According to theory and evidence, cost-based and 'value adding' HRM represent two distinct approaches. Cost-based HRM is consistent with control-based (e.g. Arthur, 1994) and cost-reducing HRM (Alleyne et al., 2006; Hoque, 1999; Lai et al., 2008; Michie and Sheehan, 2005) and focuses on reducing direct labour costs and improving efficiency by enforcing specified rules and procedures and basing employee compensation on output. This style of HRM is marked by lower than average wages (based on output), compliance with standardised rules and procedures, and minimal, if any, training and development (Alleyne et al., 2006; Arthur, 1994; Hoque, 1999; Lepak and Snell, 2002, 2007).

In contrast, 'value adding' HRM, like commitment-based (Arthur, 1992, 1994; Ceylan, 2013; Collins and Smith, 2006; Lepak and Snell, 2002) and quality-enhancing HRM (Alleyne et al., 2006; Hoque, 1999; Michie and Sheehan, 2005), focuses on building relationships with employees in order to gain their commitment to performing work in ways that are consistent with organisational goals. 'Value adding' HRM helps select and create knowledgeable and capable employees who are motivated to interact socially while performing their work tasks (Cabrera and Cabrera, 2005; Ceylan, 2013; Collins and Smith, 2006). This approach is characterised by selection policies targeting 'fit' and ability to learn, above average wages (based on merit) and additional benefits, enhanced employee involvement and formal training and development (Alleyne et al., 2006; Arthur, 1994; Ceylan, 2013; Collins and Smith, 2006; Hoque, 1999; Lepak and Snell, 2007).

Cost-based and 'value adding' HRM systems have been examined in a range of organisational contexts, including manufacturing, information technology (IT) and hotels, to assess their effect on performance outcomes (Alleyne et al., 2006; Arthur, 1994; Hoque, 1999; Liao, 2005; Michie and Sheehan, 2005). Research indicates that forms of 'value adding' HRM are associated with superior performance outcomes (Appelbaum et al., 2000; Arthur, 1994; Guest et al., 2003; Hoque, 1999; Michie and Sheehan, 2005). For example, in the UK hotel industry, Hoque (1999) reported that 'value adding' HRM was associated with higher job satisfaction, organisational commitment and flexibility and lower absenteeism compared to cost-based HRM. Moreover, in a study including

service-sector and manufacturing companies, Guest et al. (2003) reported a positive association between greater use of 'value adding' human resource (HR) practices and superior performance.

Despite these positive research findings, the potential of 'value adding' HRM among TWAs remains contested. For instance, Hall (2006) argues that forms of 'value adding' HRM strategies are incompatible with TWA employment, whereas Mitlacher (2008) argues that the poor work outcomes common among TWAs can be addressed through the adoption of 'value adding' HRM: '[f]rom a business case perspective applying HR instruments to agency workers may be worthwhile' (p. 452). Indeed, the HR practices suggested by Mitlacher (2008) (including greater attention to pay and benefits, training and career development opportunities) echo those in the broader commitment-based and quality-enhancing HRM literature, previously outlined.

Overwhelmingly, however, the TWA industry is associated with cost-minimisation and cost-based HRM strategies (Burgess and Connell, 2004, 2006; Forde and Slater, 2006; Hall, 2006; Hoque et al., 2011). As a result, TWA workers typically bear a heightened risk of performing substandard work, involving lower levels of pay and security, less control and variety, reduced training and career opportunities along with higher injury rates, relative to workers employed on a standard (permanent) basis (Aletraris, 2010; Burgess and Connell, 2004, 2006; Hall, 2006; Kalleberg et al., 2000; Knox, 2010; Mitlacher, 2008; Underhill and Quinlan, 2011). Consequently, research by Aletraris (2010), Drucker and Stanworth (2001), Forde and Slater (2006) and Hoque et al. (2011) emphasises how TWAs' focus on cost reduction compromises the quality of service provided to clients.

At present, there is little evidence illustrating more positive outcomes associated with TWA employment other than some related to professionals and highly skilled workers who receive high pay, enhanced flexibility and greater autonomy and discretion (Alonzo and Simon, 2008; Kirkpatrick and Hoque, 2006; Rogers, 2000). These studies suggest that the key factors that determine whether individuals benefit from working for a TWA (as opposed to suffering some detriment) include their level of skills, experience, specialised knowledge/training in combination with their high demand and/or value to clients, thereby putting these workers in a stronger negotiating position (McKeown, 2005; Rogers, 2000).

It is therefore concerning that recent growth in the TWA industry is in areas of non-professional work where outcomes are more detrimental. In Australia, for example, the hospitality industry is experiencing significant TWA growth, especially in large hotels. Here, TWA workers (typically employed casually by agencies) are increasingly hired to perform cleaning work in preference to permanent workers employed directly by hotels (Knox, 2010; Oxenbridge and Moensted, 2011; Victorian Immigrant and Refugee Women's Coalition (VIRWC) and Liquor Hospitality and Miscellaneous Workers Union (LHMU), 2010). The deployment of TWA employees is also expanding in hotels' front-of-house operations, including restaurants, bars and banqueting.

As with the broader TWA industry, TWA employees in the hospitality industry frequently experience inferior work conditions, poor outcomes and marginalisation (Knox, 2010; Oxenbridge and Moensted, 2011; VIRWC and LHMU, 2010). Findings suggest that TWA workers engaged to clean guest rooms in the hotel industry endure heavy

workloads, intensification, underpayment, and high grievance and injury rates along with high turnover (Oxenbridge and Moensted, 2011; VIRWC and LHMU, 2010). Workers who express their grievances to managers are ignored or bullied (VIRWC and LHMU, 2010). In response, union led campaigns are attempting to redress these issues (LHMU, 2000, 2009) and growth in complaints regarding TWA workers substandard and often illegal wages and conditions has culminated in federal government bodies, particularly the Fair Work Ombudsman (FWO), fining both agencies and client firms found to be breaching employment regulations (FWO, 2012).

The FWO has signalled that firms ‘turning a corporately-sanctioned “blind eye” to outsourced work’ that breaches regulatory requirements are liable and will be prosecuted (Workplace Express, 2012: 1). Moreover, the FWO has launched a campaign to improve standards within the hospitality industry. Campaigns of this nature indicate that inadequate regulatory enforcement may be a factor that has facilitated the dominance of cost-based HRM among TWAs, including those in the hospitality industry. Yet, research examining TWAs’ HRM approaches remains scant.

For example, although Peck and Theodore’s (1998) TWA-based research suggested that ‘value adding’ HRM can lead to superior outcomes, the generalisability of their findings is limited by methodological problems (McDowell et al., 2008). Moreover, Torka and Schyn’s (2010) research, which similarly illustrates the potential worth of ‘value adding’ HRM within the TWA industry, did so by analysing the HRM practices of clients, examining whether their practices had a positive impact on TWA worker outcomes. Their research did not, however, examine the role of the HRM systems of the TWAs nor how the TWAs’ HR practices might affect agency workers’ experiences in their own right. The HR practices of the client firm can influence TWA employees’ outcomes but it is the agency itself that has an equal or greater responsibility for HRM (as the direct employer) and the more enduring influence.

While literature suggests that ‘value adding’ HRM can enhance TWA worker and client outcomes compared to the substandard outcomes associated with cost-based HRM, such claims are contested and empirical evidence remains inadequate. This research uses case studies to examine whether a ‘value adding’ approach to HRM can improve outcomes experienced by TWA workers and clients. The findings shed light on TWAs’ approaches to HRM and allow us to begin specifying how HRM might be deployed to enhance temporary agency workers’ outcomes, as well as clients’ experiences.

Research methods and data

Case studies were the most appropriate method for analysing the relationship between HRM and TWA worker and client outcomes because they allow process tracing that links causes and outcomes, enabling a detailed exploration of hypothesised causal mechanisms (Flyvbjerg, 2011; Yin, 2003). Purposive sampling was used to select critical, extreme case sites (Flyvbjerg, 2011), one TWA characterised as deploying cost-based HRM and the other TWA deploying ‘value adding’ HRM, according to definitions derived from existing literature. Cost-based HRM was characterised by task/output focused compensation and lower than average wages, employee compliance with standardised rules and procedures, and minimal training and development (Alleyne et al.,

2006; Arthur, 1994; Ceylan, 2013; Collins and Smith, 2006; Hoque, 1999; Lepak and Snell, 2002, 2007). 'Value adding' HRM was characterised by employee selection based on 'fit' and potential to learn, merit-based compensation, above average wages plus additional benefits, and formal training and development (Alleyne et al., 2006; Arthur, 1994; Ceylan, 2013; Collins and Smith, 2006; Hoque, 1999; Lepak and Snell, 2002, 2007). The presence/absence of these practices was determined through initial meetings with senior management and confirmed during interviews that followed with employees, ensuring reliability. The representative case sites are referred to by pseudonyms: Maid to Order (MtO) relied on cost-based HRM and Silver Service (SiS) relied on 'value adding' HRM.

Both TWAs were Australian-owned single sites based in Sydney. They specialised in temporary labour provision within the hospitality industry; all of their temporary 'for hire' workers were employed on a casual basis. Within each case, both managerial and non-managerial employees were interviewed to examine employees' work experiences/outcomes. These data were supplemented and triangulated with interviews among union officials. Dimensions of TWA work highlighted in the existing literature were examined: pay and benefits, worker discretion and control, variety, training and skill development, career development, job security, temporary to permanent (temp. to perm.) employment transfer options, grievances, injuries and turnover (Alettaris, 2010; Hall, 2006; Mitlacher, 2008; Peck and Theodore, 1998; Underhill and Quinlan, 2011; VIRWC and LHMU, 2010). In addition, TWA client interviews and testimonials were used to gain an understanding of clients' experiences and outcomes. The core issues affecting TWA clients' experience and outcomes were explored, namely, TWA workers' performance on-the-job and how this impacted clients' quality of service provision (Drucker and Stanworth, 2001; Forde and Slater, 2006; Hoque et al., 2008, 2011).

At MtO, interviews were conducted with the Director and senior manager along with 10 temporary workers, including one supervisor. Nine managers from three client hotel firms deploying MtO were also interviewed: the HR manager, housekeeping manager and housekeeping deputy manager at each client hotel. At SiS, interviews were conducted with the General Manager and six temporary workers, including one senior waiter. These data were supplemented with detailed information obtained from the firm's website and ten testimonials provided by clients. Seven interviews were conducted with industrial officers at the hospitality industry union, United Voice. In total, 32 interviews were conducted between mid 2008 and 2010 (see Table 1).

Interviews were semi-structured as they involved posing questions around particular themes while also allowing discussion of additional issues that might arise. Semi-structured interviews enable the interviewer to elicit interviewees' viewpoints in a more nuanced, fluid manner (Flick, 1998; Yin, 2003). The interview question themes were based on the issues identified in the TWA literature, as described above. Each interview required around 90 minutes. Interviews were recorded and transcribed in most cases; however, a small number were transcribed *in situ* due to high background noise.

The data were content analysed in an iterative manner to identify common themes among workers' experiences and outcomes and clients' experiences and outcomes (Baxter and Jack, 2008; Yin, 2003). This iterative process enabled trends to be drawn out across the sample (Baxter and Jack, 2008; Yin, 2003). Associations between themes were assessed by examining how workers and clients explained any connections between

Table 1. Case site characteristics and interviewees.

Case site	MtO	SiS
Ownership	Australian	Australian
Number of sites	Single	Single
Location	Sydney	Sydney
Major clients	International luxury hotels	High-end corporates/events
Number of staff	Approx. 500	Approx. 500
Interviewees	Director (sex: male, age: 44 years, tenure: 4 years) Senior Manager (sex: male, age: 39 years, tenure: 3 years) 10 Room Attendants, incl. 1 Supervisor (sex: 7 females & 3 males, age: 22–38 years, tenure: 3 months–4 years) 9 Client Managers (HR & Housekeeping Managers & Deputy Housekeeping Manager from each client hotel – sex: 8 females & 1 male, age: 39–55 years, tenure: 1–12 years) 7 Union Officials (sex: 5 females & 2 males, age: 25–42 years, tenure: 2–5 years)	General Manager (sex: male, age: 47 years, tenure: 6 years) 6 Waiting/Bar Attendants, incl. 1 Senior Waiter (sex: 3 females & 3 males, age: 19–26 years, tenure: 1–3 years) 10 Client Testimonials

MtO: Maid to Order; SiS: Silver Service; HR: human resource.

TWAs' HRM practices and their experiences and work-related outcomes. Wherever possible, managerial and union perspectives were used to triangulate the data collected from workers and clients.

The case study sites

MtO provided housekeeping staff to luxury hotels, offering ongoing contract-based and/or ad hoc non-contractual services. Clients expected high service quality provision, including high-level interactions with hotel guests. For example, housekeepers were expected to greet all hotel guests and engage in courteous conversation; it was not uncommon for regular female guests to invite housekeeping workers to join them for conversations and/or lunch. At the same time, cost minimisation was also important to hotel clients. MtO was operated by a Director and one senior manager and employed around 500 temporary workers. Workers were largely unskilled but around 5% were semi-skilled (supervisory-level), and there were roughly equal numbers of international students and immigrants. The MtO workforce was female dominated (65%) and ranged in age from 19 to 40 years; management tended not to employ workers beyond 40 because of the physical nature of the work. The work involved cleaning guest rooms, including changing bed linen, cleaning the bathroom, vacuuming, as well as tidying and replacing amenities. Workers typically cleaned 14 rooms per day but room quotas varied depending on client needs and workers cleaned up to 21 rooms per day.

The work was physically demanding, highly routinised and performed alone for the most part.

SiS provided waiting/bar attendants to two main client types: corporate and events. Typically, corporate clients relied on contract-based regular service provision, involving waiting attendants for boardroom meetings. Corporate clients highlighted cost imperatives but service quality was also important and regular, experienced waiters were required. In contrast, event-based clients organising 'A-List' events/functions were less inclined to form contracts as service provision was irregular. While cost was not unimportant to these clients, quality of service was very important. SiS was operated by a General Manager and three administrative staff, employing around 500 temporary workers. The SiS labour force consisted of international travellers on working holiday visas (60%) and local university students. Workers were largely unskilled; however, semi-skilled workers were valued and they formed a small proportion (10%) of the workforce. Around 50% of staff were female and workers ranged in age from 18 to around 45 years. Workers performed waiting/bar attending across a range of venues for between 5 and 1000 guests, including both stand-up and sit down parties and events. The work was physically demanding, relatively routine and sometimes stressful; it tended to be performed alone or by a team of workers at larger venues.

Although the nature of the tasks performed differed for housekeepers at MtO and waiting/bar attendants at SiS, there was sufficient similarity in the physical and emotional labour performed to justify comparisons. Both jobs required substantial physical labour (lifting and carrying bed linen, bending and cleaning, compared with lifting and carrying trays of food/drinks, stacking crockery and cleaning up kitchen and/or food and drink service areas) and emotional labour (greeting guests, responding to guest requests, being personable and charming in the case of housekeepers providing high-end service at luxury hotels and waiters providing high-end service at special events). Moreover, both jobs demanded similarly high levels of service as a result of the high-end, luxury segment of the industry that they occupy.

Case study findings

Overall, in both cases there was a distinction between the agencies' HRM approach and how management then went about assigning workers to clients. Within each agency, HRM practices were applied uniformly across the workforce. Workers were supplied to clients on the basis of their reliability and work ethic. In both cases, management relied on the most 'reliable and hardworking' (director, MtO) employees to complete placements for the agency's regular and long-term clients. Workers who were relatively new and 'untested' were deployed to complete more ad hoc placements or to cover for more established employees if the agency got 'stuck' (general manager, SiS). In this way, managers segmented their workforces though, as mentioned, this did not alter the consistency of their HRM approaches.

With this in mind, workers' experiences and outcomes are analysed below in relation to the following dimensions: pay and benefits, discretion and control, variety, training and skill development, career development opportunities, job security, temporary to permanent employment transfer options, grievances, injuries and turnover (see Table 2).

Table 2. TWA worker experiences and outcomes.

Dimensions of work	MtO	SiS
Pay & Benefits	Piece rates AUD12 to AUD18 per hour (during standard hours) No penalty rates paid during non-standard hours No additional benefits	Hourly rates AUD19 to AUD30 per hour (during standard hours) Penalty rates paid during non- standard hours Meals provided at many events
Discretion & control	Low	Moderate to high
Variety	Low	Moderate
Training & skills	Low (no accreditations)	Moderate (includes some accreditation)
Career development opportunities	Low	Moderate to high
Job security & temp. to perm. transfer options	Low (only managerial staff have security) Limited options in internal & external labour markets	Low (only managerial staff have security) Limited options in internal labour market & good options in external labour market
Grievances	Moderate to high	Low
Injuries	High	Low
Turnover	300% per annum	100% per annum

TWA: temporary work agency; MtO: Maid to Order; SiS: Silver Service.

Clients' perceptions of workers' performance and service provision outcomes are also examined.

Cost-based HRM: The case of MtO

Consistent with MtO's reliance on cost-based HRM, pay and benefits were low with MtO paying piece rates based on the number of rooms cleaned. Management indicated that pay rates were based on the assumption that employees cleaned two rooms per hour and the relevant industry award minimum was AUD17.72 per hour for casual staff (including a 25% wage loading). Employees who cleaned fewer than two rooms per hour received lower rates of pay. Accordingly, the union indicated that these workers were being paid as little as AUD6 per room, equivalent to AUD12 per hour. Employees indicated that the use of piece rates along with insufficient training and excessive workloads often impacted their pay. An agency worker explained how this operated:

Staff ... are paid by the number of rooms that they complete so if they only clean 10 rooms [in a 7.6 hour shift] ... they only get paid for 10 rooms not their full 7.6 hour shift because the quota is 14 [rooms] for a day. (attendant, MtO)

Moreover, union officials and an MtO supervisor noted that attendants stayed at work 3 or 4 hours beyond a standard shift to complete their set quota of rooms, though they did

not receive overtime payments. Regulatory breaches of this nature, in conjunction with inadequate enforcement, facilitated MtO's cost-based approach. According to the union, most workers lacked knowledge of their rights and/or they were hesitant to trigger enforcement for fear of losing their jobs. Workers generally earned around AUD300 per week; however, more efficient workers and those committed to working longer hours earned up to AUD600 or AUD700 per week. MtO did not provide any other additional benefits.

In addition to low wages, MtO's workers reported minimal discretion/control with respect to their work tasks, working hours and workloads. Work tasks were narrowly defined through detailed procedures and checklists, creating a 'long list of things that need to be cleaned and checked in every room' (attendant, MtO). Similar comments were made by other attendants and management highlighted the lack of work discretion available, designed to increase efficiency. Low discretion/control also extended to working hours, with workers expected to be available 'at any time' requested to ensure an efficient response to clients. According to managers and employees, workers who were less available or changed their availability at short notice received less or no work. Relatedly, workers had little workload control: 'some days I'd just like to do say seven rooms and finish early but I can't ... I wouldn't get any more work' (attendant, MtO). Consequently, workers expressed a lack of control and they felt 'disposable':

there is a lot of pressure and if we can't survive that we will be replaced almost instantly, they just call someone else in to do it, I've seen people disappear that way. (attendant, MtO)

As another means to increase efficiency, work variety was low. Tasks did not vary from one room to another or from one shift to another: 'so you finish cleaning one room and then you just start all over again on the next, the same thing over and over again ...' (attendant, MtO). In addition, practices that might increase variety, including team work, forms of job rotation and/or cross training, were not utilised. An MtO attendant highlighted the lack of variety by contrasting it with her previous work as a room attendant: 'My job is much more repetitive now than it ever has been before [working directly for a hotel], all I do is check rooms'. Low variety adversely impacted motivation and job satisfaction according to interviewed workers; for example, the previous worker noted, 'there's nothing to motivate workers' and another stated, 'it's hard to like a job like this'.

According to management, routinisation enhanced worker efficiency, consistent with their cost-based approach. Similarly, training was minimised to ensure that workers were placed in client sites as quickly as possible, increasing efficiency and revenue. Illustrating this, workers indicated that MtO provided initial on-the-job training involving provision of checklists, basic instructions and brief demonstrations. One room attendant noted that 'the training is pretty basic: basically I was told what to do and then I was sent to a hotel' (MtO). Similarly, a union official stated that

it's not like [formal] training [provided by MtO], you sort of just watch them and then they push you out on your own, within a few days you've got up to 21 rooms, doing it on your own, no certificates after the training or anything. (United Voice)

Union officials also noted that workers were not receiving health and safety training. Workers therefore lacked knowledge regarding the chemicals being used (including correct application, precautions and storage) as well as ergonomic cleaning techniques that would enhance cleaning results and protect against physical injuries on-the-job. Employees indicated that no further training or skill development was provided by MtO and ‘under-performing’ attendants, including those whose performance was impaired by injuries suffered at work, were simply replaced rather than provided with additional training or skill development.

Given MtO’s cost-based approach, it was not surprising that career development opportunities were limited. Some supervisory positions were available, but they formed a small proportion of the labour force (10%) and they were not permanent jobs. Permanent employment was not offered to any non-managerial workers, and there were only two managerial staff. Subsequently, non-managerial workers lacked employment and financial security and access to paid annual and sick leaves. Additionally, agency workers had difficulty obtaining permanent employment or career development opportunities at client sites as a result of their poor cleaning skills and performance. Managers at client sites confirmed that they would not employ MtO workers directly because of their ‘bad habits’ (due to poor training/skill development) and inadequate performance on the job. Those workers interested in progressing in the industry felt a sense of hopelessness: ‘it’s a dead end’ (attendant, MtO).

According to workers and the union, poor and unsafe work practices, excessive working hours, fatigue and physical strain were common (typically resulting from the minimal training provided by MtO and the use of piece rates), and they precipitated injuries. Illustratively, during the interviews many workers reported that they had experienced back pain and repetitive strain injuries in their wrists. A union official stated that ‘injuries have just skyrocketed’ (United Voice). Moreover, the union was aware of agency staff showing signs of exhaustion:

I just feel their body language is so tired [and] ... you can see they wear almost the same outfit almost every day It’s pretty full on, no time to wash their clothes. (union official, United Voice)

In combination, cost-based HRM and poor employee experiences and outcomes were associated with a turnover rate of around 300% per annum.

In terms of client experiences and outcomes, client managers emphasised that inadequate training by MtO meant that their workers lacked the correct knowledge and experience to adequately complete their work. As a result, MtO’s workers frequently performed substandard work, which compromised quality standards within the client sites. In addition, clients indicated that MtO’s employees came to work tired, as a result of poor work practices, long working hours and physical strain, which reduced their physical capacity to perform their job effectively. Tired and/or injured workers ‘cut corners’ to reduce effort and physical strain leading to less than optimal job performance.

Additionally, as a result of the low, output-based pay, employees tended to ‘speed up’ their work to increase the *quantity* of room completions and pay. Such work methods compromised the *quality* of job performance, including cleanliness and presentation of rooms and attention to guests’ personal needs. Therefore, clients reported that it was

more difficult to maintain high job performance and superior housekeeping standards when relying on MtO's workers. Furthermore, evidence indicated that guest satisfaction ratings were negatively associated with the number of MtO workers deployed among the client sites examined in this research. Clients' dissatisfaction with MtO workers' performance led to a decreasing reliance on MtO as some client managers reverted to a greater use of 'in-house' staff in order to maintain greater consistency in job performance and housekeeping standards.

'Value adding' HRM: The case of Silver Service

In accordance with SiS's 'value adding' HRM practices, SiS was one of the highest paying agencies in the hospitality industry, providing above average wages. Entry-level waiting staff received award rates equivalent to around AUD19 per hour and higher rates for work performed during non-standard hours (after midnight and on weekends and public holidays), while workers with more experience and senior waiting staff were paid above award rates, up to AUD30 per hour during standard working hours plus additional penalty rates during non-standard hours. Workers typically earned between AUD380 and AUD900 per week, depending on their elected working hours. In terms of additional benefits, meals were provided to employees at many events. These free meals were well received by employees, functioning as group incentives/bonuses; however, they were non-existent at MtO.

In addition to better pay and benefits, SiS attendants had greater discretion and control than their counterparts at MtO. Nevertheless, SiS waiting/bar attendants indicated that their level of discretion and control regarding work tasks varied depending on the nature of the work placement. In some instances, such as banquet waiting at large events, work tasks were relatively narrowly defined, but in other instances, such as dinner parties at small or private events, work tasks were more broadly defined, offering workers a far greater level of discretion and control. On average, attendants suggested that they had a moderate level of control over their work tasks.

Attendants possessed a high level of discretion with respect to their working hours as indicated by one attendant:

I really could call up, say 'give me a job Tuesday, my date just fell through', okay that never happened but it could have, and they would make it happen. (attendant, SiS)

Employees also indicated that they were able to work their preferred hours. Additionally, workers stated that they had a high degree of discretion regarding their work placements, which largely determined their workloads. Illustrating this, one attendant reported that

you could choose where you worked, so you could have the races, or Luna Park, if there was an event. Like they tell you when is available and you say yes or no. (SiS)

The ability to control work schedules and placements was attractive to most staff because they were frequently combining work with travel and/or study. In addition, discretion regarding placements allowed workers to generate substantial work variety and

they typically enjoyed the varied nature of their work. Illustrating this, a waiting/bar attendant explained,

It's always different every time, so it's never boring, it's at different locations as well. So that's really fun. (SiS)

Similarly, other workers indicated that they valued their ability to choose different work times, venues and events, all of which motivated them to perform their work with diligence:

I only work when and where I want to so if I'm doing it it's because I really want to ... yeah so I do it well. (attendant, SiS)

Management expressed similar feelings and indicated that employee control and involvement in decision making about work schedules and placements resulted in greater job satisfaction and performance outcomes.

Based on SiS's 'value adding' approach, workers' skills were developed through the provision of both formal and informal training. Formalised training tended to be offered during the induction period, most commonly consisting of training and accreditation for Responsible Service of Alcohol (RSA). Although RSA was a legal requirement, it was a portable accreditation. Provision of additional training depended on employees' prior experience and skills, and included wine appreciation courses as well as structured training programs designed to enhance the skills of baristas and waiting/bar staff. For example,

there's a cocktail course ... and then they have the ... course which shows you how to open a bottle of wine, serve a bottle of wine, yeah (attendant, SiS)

Another worker stated,

we were in good hands, and we'd had a bit of training, so they didn't just launch us out there. (attendant, SiS)

Several attendants indicated that their skills had developed since working at SiS, which enabled them to achieve superior performance outcomes. One worker reported, 'learning the right service techniques to be able to impress guests' (attendant, SiS). Additional training was more informal and conducted on-the-job:

the informal training [occurs] pretty much at the beginning of the shift, they say; 'this is what we're doing tonight ... this type of food' ... that sort of thing'. (SiS)

Informal on-the-job training was ongoing in order to further develop attendants' skills and performance on the job.

Career development opportunities were available at SiS to the extent that workers could advance to more senior levels based on experience and merit:

many do move up the ladder by working hard and being good at what they do. (attendant, SiS)

While most of this employment remained temporary (casual), one worker noted how a colleague progressed from temporary waiting/bar attending into a permanent managerial position at SiS. Other workers highlighted that their work at SiS offered good career development opportunities in the external labour market. For instance, a former worker at SiS explained how his training, skill development and experience at SiS facilitated his progression into waiting in restaurants: ‘I had the skills that restaurants want’. The ability to progress in this manner seemed to be associated, at least in part, with the ‘value adding’ training options provided by SiS, including a

... barista course and a fine wine course [offered by SiS], which I was very tempted by ... for other jobs [and my] personal interest. (attendant, SiS)

For these reasons, jobs at SiS offered greater skill and career development opportunities than those at MtO.

At the same time, it must be noted that the bulk of jobs at SiS, like those at MtO, lacked security. With the exception of permanent managerial positions, all other non-managerial employment at SiS was casual – lacking financial and employment securities as well as sick leave and annual leave. Although the option of transferring into permanent employment at SiS was therefore limited, several temporary workers indicated that it would be possible. For instance, Tony explained,

I think it’s quite difficult to get higher up in the company because it’s so, quite large numbers of low levels, but very small numbers of more senior people ... but I know it’s possible and I know people who did. (SiS)

For many workers, the temporary nature of their employment was not problematic because their working hours were so flexible and they were satisfied with their rates of pay. Illustrating this, one attendant noted the ‘reasonably good money [and] very flexible hours’ (SiS).

On average, labour turnover at SiS was approximately 100% per annum. Management indicated that most of this turnover was the result of ‘backpackers and travellers moving on’ (SiS). Offering support for this, workers expressed few grievances in relation to their employment at SiS, and the union was not aware of any grievances or issues being reported by SiS workers. Similarly, there was no evidence of problems related to work safety or worker injuries at SiS.

Management reported that it endeavoured to develop strong, trusting relationships with employees in order to gain their commitment, which it believed to be integral to achieving high-level performance outcomes. Indeed, clients’ ongoing use of SiS as well as numerous client testimonials indicated that clients’ expectations regarding workers performance and service quality were fulfilled. One client stated of SiS’s workers,

[y]our boys are an asset to you, they were absolutely fantastic professionals who went above and beyond to look after our guests ...

Another client noted that

[t]he whole day ran so smoothly and as usual the staff were very helpful and lovely to work with.

Summary of findings

In sum, MtO's cost-based HRM was associated with low pay (AUD12–AUD18 per hour; notably facilitated by poor regulatory enforcement), minimal control regarding work tasks, working hours and workloads, and inadequate training and skill development. These factors contributed to heavy workloads, fatigue, high injury rates and substandard performance standards. Moreover, there were minimal opportunities for career advancement and limited options to transfer into permanent positions, which further exacerbated workers' poor experiences. The employment relationships formed were highly transactional and workers were constantly aware of their disposability. MtO's cost-based HR practices impacted adversely on employees' willingness and capacity to perform effectively, leading to client dissatisfaction. It is perhaps unsurprising that MtO experienced a labour turnover rate of 300% per annum, and its client firms indicated that workers performance was lacking in terms of quality and attentiveness to guests' needs.

In contrast, SiS's 'value adding' HR practices were associated with good rates of pay, including premium rates for experience (AUD19–AUD30 per hour), moderate control related to work tasks, high control regarding working hours, some control over workloads, and valuable training and skill development. Subsequently, employees typically expressed positive work experiences and satisfaction regarding their jobs. Although permanent employment options were limited, workers indicated that they did possess career development opportunities both within and outside of SiS because of the diversity of work experiences gained and the training and skill development options provided. Management strove to build personal relationships with employees in order to encourage strong job performance. Compared to those of MtO, SiS's employees expressed greater satisfaction and had longer tenures, both of which were inclined to contribute to the superior performance outcomes at SiS. These findings suggest that agencies' HRM systems can play a significant role in shaping worker and client outcomes. Perhaps even more importantly, these results indicate that agency workers can obtain 'good' outcomes, even if their bargaining positions are not strong, providing that their TWA invests in 'value adding' HRM.

Discussion and conclusion

While much existing literature indicates that TWAs opt for cost-based approaches to HRM (Hall, 2006; Hoque et al., 2008; McDowell et al., 2008), the case study results presented here suggest that alternative, 'value adding' approaches do exist. Evidence illustrating that commitment-based, 'value adding' HRM is compatible with TWA employment provides a critical counter argument to Hall's (2006) claims of incompatibility. Moreover, 'value adding' approaches to HRM can substantially improve outcomes for workers, clients and the TWA industry. Until now, the benefits that 'value adding' HRM may yield for temporary agency workers, and in turn clients, have been inferred by researchers (Aletraris, 2010; Kalleberg et al., 2000; Mitlacher, 2008) but empirical evidence has been lacking.

As illustrated in the findings, 'value adding' HRM enhanced workers' pay and benefits, work variety and control, access to training and skill development and career development opportunities, while also improving employee retention rates. In combination,

SiS's HRM practices contributed to employees superior work experiences and job performance, which clearly benefited clients. In contrast, cost-based HRM was associated with poor pay and benefits, little work variety and control, excessive working hours and demands, limited access to training and skill development, restricted career opportunities and high injury and turnover rates, which is consistent with much of the extant evidence (Burgess and Connell, 2004; Forde and Slater, 2006; Hoque et al., 2008; Knox, 2010). MtOs cost-based HRM was associated with employees' substandard work experiences and poor performance, which negatively impacted clients' ability to provide a high level of service to guests.

Moreover, when faced with poor performance and inadequate service quality, client firms such as those reliant on MtO often ceased engaging agency workers, shrinking the agencies' client base and reducing their profitability, as predicted by Forde and Slater's (2006) research. The survival of these 'poor' agencies is further threatened by recent evidence indicating that the government is enforcing workers regulatory rights more vigorously and prosecuting and fining agencies and clients found to be breaching regulations. This type of regulatory enforcement (ramped up since the case data were collected) is both critical and overdue. The findings presented indicate that MtO's cost-based approach depended in part on the absence of regulatory enforcement. Greater enforcement should effectively restrict the most extreme cost-based approaches in the TWA industry, and it may induce some agencies to consider alternate strategies, including 'value adding' HRM.

In this context, the case study data signal the significant potential of 'value adding' HRM for the TWA industry. This evidence extends upon Torka and Schyns's (2010) findings, which illustrated the importance of clients' HR practices, by highlighting the value of HRM for TWAs themselves. Such findings are consistent with the propositions developed by Peck and Theodore (1998) and Mitlacher (2008) and provide important empirical evidence that has been absent in pre-existing research. The development of 'value adding' HRM can substantially enhance the experiences of TWA employees, including relatively unskilled workers, who do not possess bargaining power or necessarily provide any unique strategic value to the firm.

That said, it must be noted that caution is necessary in interpreting and generalising these findings. Further research is required in order to overcome the limitations of this study. Although the two cases have provided important new evidence about the outcomes associated with cost-based and 'value adding' approaches to HRM, the two cases were from different sub-sectors of the same industry. Future research in Australia and elsewhere should expand the analysis to include cases from same industry sub-sectors with different HRM approaches to provide further evidence about the links between HRM and outcomes in TWAs. Future integration of quantitative methods would also be beneficial. Nevertheless, the potential role that TWAs' HR practices can perform in shaping and improving work outcomes should not be overlooked.

On the basis of these findings, there is now more reason than ever for agencies to reassess their approaches to HRM and consider investing in their HRs in order to improve workers' experiences and outcomes. Although it is recognised that it is not feasible or appropriate for all types of TWAs to make such investments, TWAs more focused on high-end service/hospitality, for example, would be wise to do so. As demonstrated in

this research, TWAs investing in ‘value adding’ HRM are likely to reap significant benefits, including heightened employee performance and retention as well as enhanced client satisfaction and loyalty.

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