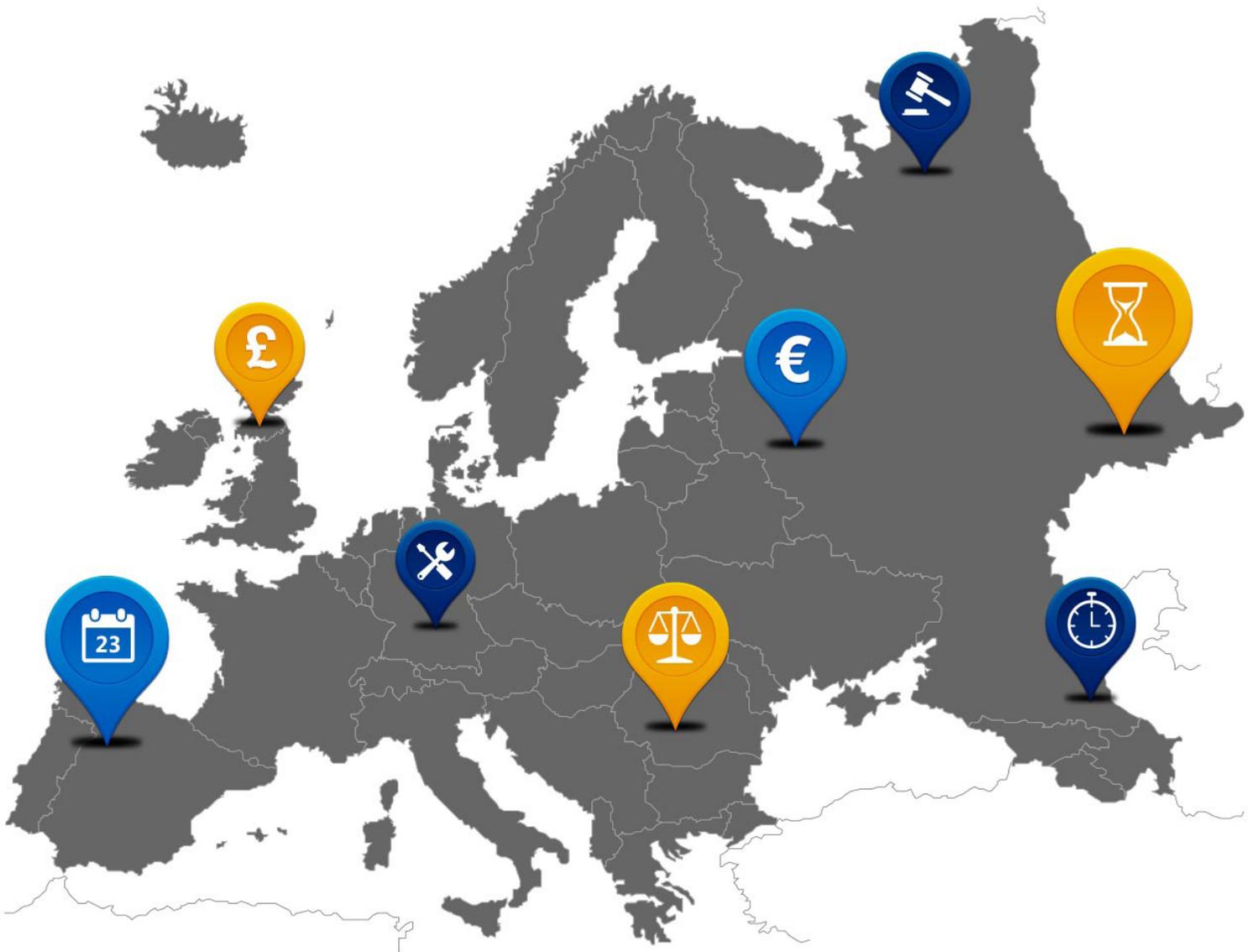


HANDLING PARITY LEGISLATION IN EUROPE

AN SAP FIELDGLASS WHITEPAPER



The following information is intended only to provide general business information relative to the AWR legislation and should not be interpreted as legal advice. Please consult with an attorney to ensure that you are in compliance with all applicable laws.

The complexities of managing a flexible workforce and more specifically, global rates and legislation can be staggering. Temporary work has had a negative connotation in many parts of Europe so to counteract these misconceptions, many countries have enacted legislation to protect the interests of temporary workers and grant them equality not just in terms of pay, but also for working conditions and benefits.

With the help of a [Vendor Management System \(VMS\)](#), organizations can take a more systematic approach to complying with laws and local practices no matter the country or regulations. In this whitepaper, we'll discuss the background of trade unions, Collective Bargaining Agreements (CBAs), and worker pay parity, and outline some common considerations for parity — all of which have driven legislation. Next, the role of the VMS and how several companies have managed complex rates will be addressed. We will then give some examples of customers who've expanded into these areas and how they've used SAP Fieldglass to ensure they're compliant. You'll come away with a more thorough understanding of how to better manage parity.

Background

When parity is discussed, it's imperative to understand the cultural backdrop that shapes the perception of external labor and drives legislative change. Each country approaches parity differently but the underlying goal — equality in terms of pay, benefits and hours worked — is constant. Understanding the background behind the formation of trade unions, emergence of CBAs and the concept of worker parity lays the groundwork for better management of global rates.

Just 30 years ago, temporary work was actually illegal in parts of Europe and since then, the flexible workforce has struggled to repair its reputation. As CBAs are unique to each country, organizations must be careful to understand the intricacies of these laws to mitigate risk and ensure compliance. While enforcement in heavily regulated regions alleviates complexities and confusion, some argue that the presence of these unions and CBAs can further muddy an already complicated market and utilizing a temporary workforce is not worth the effort.

Common Considerations for Parity

Although the term “pay parity” is frequently used, the actual legislation is much broader and includes additional benefits such as base pay, special pay and paid time off (PTO), as well as processes around authorizing temporary labor and tenure.

Enter the VMS

Organizations are now responsible for showing they're compliant with various CBAs and legislation. As a result more companies have begun to engage solution providers like SAP Fieldglass that are capable of providing an audit trail. The technology's role is to guide users through the proper processes, ensure appropriate pay rates, accommodate PTO and ultimately, to show compliance.

SAP Fieldglass has developed functionality that can support worker pay parity, manage workers' compensation rights, handle worker types, control working hour management and govern tenure management. Because there is no global standard by which to manage these areas, we've outlined how SAP Fieldglass customers have implemented them in their own programs in different countries.

Compliance With the Agency Worker Directive (AWD) in the UK

This legislation was originally proposed by the European Union in 2002 to ensure temporary workers receive the same pay and working conditions as their full-time equivalents.

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The treaty governing EU members dictated that the member countries needed to "transpose" a directive into local law within three years' time. The UK was unique in its approach to AWD because, unlike other countries, the English parliament outlined a guidance policy document for how it must be applied. Other countries do not have a "one size fits all" approach and instead rely on individual employers and labor unions to implement the directive how they see fit.

The implementation of the UK AWD was three years — to the day — from when the directive was first mandated. Several other countries also delayed enforcement of the directive, indicative of the stigma still attached to the flexible workforce in that many were unwilling to grant temporary workers the same rights.

Ensuring Comparable Benefits for Temporary Workers in France

France has a particularly complex staffing environment because the temporary workforce is frequently perceived to be exposed to unequal treatment and compensation compared to full-time staff.

To ensure equality with full-time employees, temporary workers are entitled to a variety of benefits for each hour or day they work. These benefits vary — some are established at a national level, others are established at the sector CBA level, and others are specific to a company. For example, PTO is a common benefit. A VMS can automatically compute PTO based on the hours worked as well as a number of other conditions such as overtime and shift patterns. Similarly, French workers are paid various premiums depending on conditions, such as where they work or the hardship of an assigned task.

A pharmaceutical company with a flexible workforce program in France needed to comply with the Minimum Employment Leave statute, which requires a minimum of five weeks of vacation as well as 22 days of RTT (“Reduction du Temps de Travail” or Reduction of Working Time). This statute was enacted for regular employees and applicable to the external workers based on parity laws. Additionally, workers are provided bonus days if they take leave outside of summer.

To help ensure compliance with those rules, SAP Fieldglass provided functionality that allowed the organization to represent all of the different rates that might be applicable for the workers. The tool also automatically computed and tracked a variety of entitlements for a particular worker.

Additionally, the application also automatically distributed hours and calculated other associated items such as accrued PTO. The system can also automatically allocate hours or track entitlements such as increased rates when working in a cold room or overtime hours.

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Complying With CBAs in Germany

[Several scandals have contributed to the negative perception of flexible labor in Germany.](#)

As a result, organizations place a higher priority on compliance with cost savings as a secondary benefit.

Historically, unions in Germany have been very influential and continue to demand equal pay legislation for external workers. One customer in the manufacturing industry needed to comply with two specific clauses of a CBA that passed in May 2012 for temporary agency work. The first clause governed tenure of temporary workers while the second clause created pay parity between temporary workers and full-time workers, whose wages increase based on tenure.

The organization ran the risk of misclassifying workers as staff augmentation rather than full-time workers which could have led to a loss of visibility and a lost savings opportunity. To help this customer remain compliant, SAP Fieldglass' Decision Wizard tool assisted in properly classifying workers. An “audit trail” ensured compliance and visibility into its workforce. SAP Fieldglass also automatically increased rates at fixed times and enforced a workflow that required certain parties be notified or provide explicit authorization under particular circumstances.

Enhanced Visibility into Workers in the Netherlands

Independent contractors and freelancers are known as “ZZP” workers in the Netherlands and are not temporary agency workers in the classical sense. The Federation of Private Employment Agencies, known as the Algemene Bond Uitzendondernemingen (ABU) in the Netherlands, serves as the primary representative for private employment agencies. According to its website, the [ABU provides oversight to ensure workplace safety, rules of conduct, employment conditions and payment of social premiums.](#)

In an effort to ensure equality, all temporary workers in the Netherlands receive a “Collective Labour Agreement” with workers categorized into one of three phases — A, B or C — depending on their work experience. The agency work employment contract stipulates the phase in which the agency worker falls. In principle, the longer agency workers work, the further they progress in the system of phases, obtain rights and thus, the more permanent the relationship with the employment agency.

Because of this agreement, organizations must pay close attention to worker tenure. Depending on the phase in which workers are categorized, they are entitled to certain accruals and benefits. As workers progress through a work contract, they move closer to the next phase. SAP Fieldglass allows organizations to track worker tenure and have full visibility into the benefits and rates associated with each. The tool can accurately track worker hours and provide visibility into worker assignments to make sure that they progress at the right pace and receive the appropriate pay and benefits.

Conclusion

The rise of the external workforce has coincided with a focus on equality between flexible workers and regular employees. Organizations are taking steps toward compliance through engaging a VMS capable of automating complex global rates and allowances to ensure temporary workers are afforded equal treatment.

In conjunction with technology, companies that have successfully navigated complex rate management also have an appreciation for the cultural and legislative drivers in each region. Your own flexible workforce program can achieve compliance through the same thoughtful approach.



Related Resources

- [Webinar: Contingent Workforce Programme Evolution](#)
- [eBook: Go Global — Expand Your Contingent Workforce Program Worldwide](#)



Contact

To learn more about SAP Fieldglass and how we can help you gain insight into parity, please don't hesitate to contact us at fieldglassinfo@sap.com or visit www.fieldglass.com.

About SAP Fieldglass

SAP Fieldglass provides the industry's leading cloud technology for services procurement and external workforce management. More than 400 global businesses leverage SAP Fieldglass' intuitive Vendor Management System (VMS) to gain visibility into its external labor, project-based services including Statements of Work (SOWs), independent contractors and additional flexible talent pools.