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*Building the future of work together*

## **Growing Healthcare demand presents significant opportunity for agency work sector**

by Michael Freytag

**Tag:** #healthcare #agencywork #futureofwork

Healthcare services represent an increasingly important feature in modern economies, and this is creating significant opportunities for the agency work sector.

While the global pandemic saw a spike in demand for staffing in the healthcare sector at the start of the decade, ageing societies across the developed world mean that cost-effective, quality healthcare will continue to be a growing priority in the years to come.

OECD data<sup>1</sup> show that Covid-19 has prompted an unprecedented reduction in life expectancy around the world. Those countries with modern, effective healthcare systems were better able to weather the pandemic storm and, as we look to the future, societies will need to invest in resilient healthcare and hospital systems able to withstand shocks from everything from pandemics and economic crises through to climate change.

Meanwhile, the HR services industry, and its agency work services sector in particular, are becoming increasingly important in the healthcare segment. The external contracting services that they offer can be essential in ensuring and maintaining services and adapting to crises. In an environment where staff absences or shortages can pose a risk to patient safety, staffing agencies are able to fill the gaps in a cost-efficient way and ensure that high-quality service provision is maintained. Not only do work agencies support organisations to become more efficient in work process organisation and management, they also attract quality talent as workers seek greater work/life balance, flexibility and attractive working conditions.

The share of agency workers in healthcare services across the globe ranges from 0.5% in France, 1% in Brazil and Norway, 1.4% in Germany, 2.9% in Belgium and 4.4% in the US to a substantial 26% of healthcare workers in South Africa. Regulation of the sector varies too with markets taking a variety of different approaches to issues such as equal pay, equal treatment and working conditions – even within the European Union, where the provision is regulated by the Temporary Agency Work Directive.

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<sup>1</sup> OECD Health Statistics 2022

Our World Employment Confederation (WEC) regulatory survey shows that regulation on equal pay and/or treatment is applied in 27 out of the 29 countries surveyed around the world and is applied on either an occupational level – including regulated via a Collective Labour Agreement, regional/state level, or national level.

Specific approaches to establishing regulation on equal treatment or equal pay are essential in the context of the debate on agency work in healthcare and hospitals. They have important implications for the costs of using agency work and staffing in the sector.

We have observed increasing discussions focused on the corresponding regulation at the national level, pay and working conditions for agency workers and the costs of using agency work and staffing services. On this last point, the main elements of the costs charged to healthcare institutions are made up of wages and social security contributions and the agency fee is not significantly different from that charged to other sectors seeking flexible and adaptable HR services solutions.

Practices among our WEC member countries show considerable diversity in the systems - mirroring national discussions on the use of agency work in the health sector. While countries including Australia, Belgium and Ireland largely recognise and value the benefits of agency work as a service provider and instrument to cope with the fluctuating demand in the healthcare sector, other markets continue to debate the issue. In some, these debates are leading to disproportionate regulation and unjustified restrictions - trends that have been observed in Denmark, France, Germany and South Africa.

The best basis for using agency work effectively is of course to take a balanced and appropriate approach to regulation and in most countries agency workers' pay is equal to that of directly employed workers doing the same job. In some markets, agency workers working in healthcare have been able to negotiate more favourable pay and conditions, reflecting the rising labour shortages in healthcare and hospitals.

As the penetration of agency workers in the healthcare sector continues to grow, WEC is calling for three key actions in order to futureproof healthcare provision for citizens while also offering appropriate working conditions for staff: Firstly, the role of agency work in healthcare and hospitals should be recognised and valued so that societies can adapt to ageing demographics and emerging risks. Next, appropriate and fair working conditions should be the norm for all healthcare professionals - regardless of the type of work contract that they hold. Finally, in these times of rising labour and skills shortages, we urge jurisdictions around the globe to acknowledge the importance of adaptable and diverse forms of work and to apply them to their healthcare services sector in order that they can deliver optimal care to citizens.

For more insights take a look at our [Strategic Issue Paper](#) released this past summer.

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