THE CONTINGENT EMPLOYMENT IN THE ITALIAN HEALTHCARE SECTOR. ADVANTAGES AND TROUBLES OF THE HUMAN RESOURCE DIVERSITY MANAGEMENT ”

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1. Introduction – Idea question

The firms use a quantity of variables to face their need of flexibility, as for the human resources, there is a continuous huge resort to new temporary contracts, including both LDC – limited duration contracts and TAWs – temporary agency works, which differ from the long-term and permanent employment model (Barker and Christensen, 1998; Volberda, 1999; Costa, 2001; Bergström and Storrie, 2003).

In Italy, the contingent employment phenomenon (in particular TAWs) is well expressed in the healthcare sector and it is widely spread among many qualified professionals, first of all the nursing staff.

In the healthcare sector, contextually to the flexibility need, the organisations find the necessity to have a good health service quality and to equip themselves with motivated, self-contained, high skilled and high committed workers, who feels a strong identification with the organisation. However, those necessities, such as the contingent work spreading and the HR valorisation, hardly match together and involve a different approach to the HR management. In fact, the massive use of temporary workers implicate an increasing complexity for the healthcare organisations, that have to deal with several types of workers in the same work groups or in the same professional categories.
Moreover, the different contractual status may seriously affect the workers behaviour as well as the employment relationships and their performances.

In Italy, isolated experiences apart, there are no useful results or well-founded experiences to study that phenomenon and to give evidence to the actuality of it, especially in the healthcare sector.

In the light of these assumptions, we assume the main challenge that healthcare organisations are going to face is defining a set of diversified and integrated HR management policies. In other words, HR managers will have to develop and define operational HR choices focused on the valorisation of the differences, specifically applying the Diversity Management (DM) and working on the idea that their employees are no more the permanent ones (Lorbiecki and Jack, 2000; Barabino, Jacobs and Maggio, 2000, 2001).

This study arises as a working paper issued by early literature analysis and early opinions about the contingent employment and the HR management in the healthcare sector, which is the subject of the research carried out by the two authors in their Phd careers.

2. Theoretical framework

The adjustment requirements of the firms to the changing market demand and to the continuous technology progresses forced the traditional employer-employee relation - based upon the exchange between subordination and job security - to be modified for a less steady and regular relation between corporate employer and employee, mostly participative and market oriented.¹

Some studies emphasize that loyalty and trust do not more arise from the job security, which means long-term and permanent employment. On the contrary, it should lay on the recognition of the mutual peculiar needs. Hence, on one hand firms are looking for the quality in the production system as well as in the job; on the other, workers willing to actively participate in the production process and in the professional career ladder, gaining new skills and know-how, despite the “temporariness”. (Malandrini and Russo, 2006).

Even the Psychological Contract has a different value when issued among temporary workers and firms. Indeed, the awareness of a fair business treatment for all the temporary workers means high level of motivation, commitment and performances and it can positively influence organisational

¹The “market orientation” and the “hierarchies orientation” are the main options used by the Transaction Cost Economics to establish the relation between firms and human resources and to choice the most suitable work arrangements.

citizenship behaviours (Rousseau, 1989; McLean Parks, et al., 1998; Coyle-Shapiro and Kessler, 2002).\(^2\)

Notwithstanding that, several researches assert that people employed by temporary contracts are increasingly less satisfied in comparison with those permanent ones; in addition they show less motivation and lacking loyalty to the organisation which causes low results in their productiveness and performances. This is due to the absence of a continuous and steady working relation, to the awareness that they will not become “permanent” and to the perception of being not “core”. Given that, workers are not led to invest on their professional growth nor on their relationship with the organisation in which they do not feel to being part (Polivka e Nardone, 1989; Davis-Blake and Uzzi, 1993; Booth, 2003). Moreover, the coexistence of temporary and permanent employees in the same organisation or work group can cause many conflicts and badly affects the organisation’s atmosphere and the social relation network (Davis-Blake and Uzzi, 1993; Pearce, 1993; Feldman et al., 1994; McLean Parks, et al., 1998).

An indication of the various ways in which organisations can manage the relationship with their temporary employees can be found in the literature on HRM and Diversity Management (DM) (Roosvelt, 1995; Barry and Bateman, 1996; Litvin, 1997; Kandola and Fullerton, 1998; Lorbiecki and Jack, 2000; Barabino et al., 2001). The DM focuses on the valorisation and the management of the diversities of the workforce of an organisation. According to the DM, the organisations must diversify the means of managing and developing the human resources, taking into account the peculiar individual differences, in order to motivate the workers and to emphasize their skills and contributions to the business goals.

The studies of Loweler III and Finegold (2000) and Koene and Van Riemsdijk (2005) consider the employment contract among the main sources of the DM’s diversity. The main point for these theorists is that too much standardized policies in the HR management, if on one hand can still improve the operative effectiveness, on the other are no more able to identify the organisational goals to be chased and can prevent the identification process of the temporary workers, that, if well structured, it could generate organisational culture and innovation, and make employees responsible for as well.

\(^2\) It is important to highlight that the proliferation of the contingent work implies the transition from a “relational” psychological contract, where the firms guarantees job security and career ladder in return for the maximum commitment and productivity of the workers (Rosseau, 1989), to a “transactional” psychological contract, based upon the opportunities of short term exchanges between firms and workers.

Koene and Van Riemsdijk assert that organisations, after making the strategic choice to operate with a differentiated workforce, have to choose operational structures and systems to manage the flexible workforce. In particular, the organisations may have three different approaches of DM: (1) clear distinction between temporary (treated as undifferentiated commodity) and permanent workforce, (2) no distinction between the operational management of the temporary and permanent workforce, (3) special attention to the temporary employees, recognising both their specific needs and their specific possibilities in the organisation. These three approaches are depending on two main dimensions: proactiveness, i.e. the explicit recognition of need for diversity management and the extent to which diversity management is integrated in the operational HR management of the organisation.

In the latter hypothesis the Temporary Work Agencies (TWA) plays an important role in the incorporation of the DM in the HR function, from a “subrogating” role to a “complementary” one. In the healthcare sector, in Europe, and in Italy especially as regards the big private hospital groups, TWAs seems to play a strategic partnership role, through the creation of business lines to be physically introduced in the organisations (so-called TWAs “in-house”) (Walter and Tailby, 2002; De Pietro, 2005).

Another interesting framework that our study takes into account is that of a potential plurality of valorisation and HR management activities in which a DM strategy takes place. The two main theories in the literature are those of Laweler III and Finegold (2000) and of Pfeffer (2001). Laweler III and Finegold theorize highly personalized and contingent strategies of valorisation through one-to-one solutions. In opposition to that, Pfeffer proposes strategies of diversity valorisation oriented to the best practices replication for the whole workforce of an organisation, in accordance with an one-size-fits-all approach, based on the assumption that a motivating organisation must reduce as much as possible the differences, in spite of personalizing the interventions stressing the diversities itself.

3. Definition and leading questions - Research hypothesis

The purpose of this research is to analyse if and to which extent healthcare organisations are able to reach a balance between the new temporary contracts and the necessity of integration of their own HR and their need of satisfaction. We aim to understand by which modifications the principal HR management policies - particularly training, competences development and evaluation - can be applied to the “new diversities” management.
The study starts from one basic hypothesis:

(H1): the higher the use of TAWs in the health care organisations is, the more likely their interest to adopt and incorporate DM approaches into the HR function will be, so that diversifying HR management policies (personalized or best-practices replication).

The frequent resort to temporary contracts (especially TAWs) intensifies the relation between organisations and TWAs. TWAs are more and more supporting HR functions. These intermediaries with specific business lines and “in plant” managers identify projects and DM solutions which adapt their characteristics and needs to the “atypical” working relationships.

In this case we define another one hypothesis to be tested:

(H2): the higher the use of TAWs in the healthcare organisations is, the more likely their interest to introduce DM approaches into the HR function by performing the role of dedicated “in-house” TWAs will be.

4. Research methodology

The nature of the phenomenon subject of the research requests a direct approach to the healthcare organisations. Indeed, significant conclusions will only be issued by direct investigations and interviewing privileged interlocutors. The main effort of this research consists of verifying and orienting the preliminary hypothesis which determine the study’s object, to reduce the gap between the theoretical assumptions and the real aspects of the research problem. Some firstly potential positive results will be able to contribute to better identify specific organisational variables affecting the research questions.

The activities accomplished during this first step of the research are the following:

1. Bibliography research and literature analysis of the contingent employment and the DM approach for the use of diversified HR management policies.

2. semi-structured interviews over privileged interlocutors in order to deepen the study’s topic and to identify some additional research questions. The interviews were carried out over:

2a. five managers of TWAs (“Adecco Italy”, “Gruppo Vita Serena”, “Humangest”, “In Time”, “Quanta Italy”) who developed business line “in-house” in the Italian healthcare organisations during the last years.

2b. two HR managers of hospital structures;
3. investigation of three case-studies showing diversified working settings.

The research hypothesis are verified through structuring case-studies aimed at improving the theoretical model of the study’s investigation, and it will be tested in the second part of the research program by means of qualitquantitative analysis tools.

5. Expected research findings

The main results we expect are an increasing trend in the use of the new temporary contracts (in particular TAWs) by the healthcare structures and that this trend led the organisations to better develop DM policies to deal with different types of workers. At the same time we expect that the TWAs will contribute to the changing process undertaken by the HR function of the healthcare organisations.

6. References


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