

## Basics of Temporary Employment

### Triangular relationship – supplier, hirer and temporary worker

- Temporary employment is characterised by a triangular relationship between a temporary employment agency (supplying company), a temporary worker and a client company (hiring company). The temporary worker has an employment contract with the temporary employment agency and no contractual obligation with the client company. Instead, the temporary employment agency has a contract with the client company (staff placement contract).
- Clear rules apply to temporary employment: statutory, collectively agreed and Association rules, which the General Association of Personnel Service Providers (*Gesamtverband der Personaldienstleister*, GVP) develops for its member companies.

### Legal framework

The Act on Temporary Agency Work (*Arbeitnehmerüberlassungsgesetz*, AÜG) is the legal basis for temporary employment in Germany. It stipulates the employer principle for temporary employment in Germany. This means that temporary workers are permanently employed by a temporary employment agency and have the same rights as all employees. For example, they receive continued payment of wages during holidays, illness and non-working periods and, of course, all regulations on protection against dismissal apply to them.

The AÜG comprises 20 sections that define the framework conditions for temporary employment in great detail. Important regulations are:

- Permit subject to revocation and assessment: Temporary employment may only be carried out with a permit. The permit is issued by the Federal Employment Agency (*Bundesagentur für Arbeit*, BA) and can be withdrawn in the event of offences. Temporary employment agencies are monitored by the BA and customs authorities to ensure compliance with all legal regulations.
- Equal treatment and equal pay: The AÜG provides for equal treatment of temporary employees with regard to all essential working conditions (“equal treatment”). According to the EU Temporary Employment Directive, this includes pay (“equal pay”), holidays and days off, overtime, working hours, breaks, rest periods, and night work. Collective agreements may deviate from this statutory principle of equal treatment.
- Maximum duration of temporary assignment: The assignment of a temporary worker to the same hirer is generally limited to 18 months. Deviation from this rule is possible through collective agreements (company-specific or master contracts) in the deployment sector.

## Collective bargaining framework

As a social partner of the German Trade Union Confederation's (*Deutschen Gewerkschaftsbund*, DGB) collective bargaining organisation for temporary employment, the GVP is committed to fair working conditions. All eight individual DGB trade unions belong to this collective bargaining organisation, including ver.di, IG Metall and IG BCE, to name just the most important ones.

- The comprehensive collective agreement regulates not only the pay groups, but also collectively agreed industry bonuses, holiday and Christmas bonuses, overtime bonuses, inflation compensation premiums and much more.
- Since 1 January 2024, the minimum wage threshold for temporary employment in Germany has been €13.50, which is significantly higher than the statutory minimum wage of €12.41.
- According to the Federal Statistical Office, 88 per cent of temporary staff are covered by collective agreements, which is far more than the average of 43 per cent.

## Association framework

The ethical guidelines of the GVP and its member companies are set out in the Association's [Code of Conduct and Ethics](#). Fairness, transparency, reliability, respect and integrity are the principles that the GVP and its member companies stand up for. The focus is always on people. The GVP's Code of Conduct and Ethics guarantees sustainable quality assurance of personnel services above and beyond the existing legal requirements.

In addition to the Code of Conduct and Ethics, an independent [Contact and Arbitration Centre \(\*Kontakt- und Schlichtungsstelle, KuSS\*\)](#) has been established which can be contacted not only by GVP member companies, but also by temporary workers and client companies. The Contact and Arbitration Centre monitors compliance with the ethical principles and penalises infringements.

In addition, the GVP sets [standards](#) for the industry. Currently, standards exist for temporary work in the care sector, for international mobility and for training. These standards define basic criteria for good temporary work in the employment of temporary workers and in the training of young people. These quality standards are guidelines of the Association. GVP members can use the digital badges "We apply GVP care standards", "We apply GVP international mobility standards" and "We apply GVP training standards", provided they fulfil the respective quality criteria and guarantee compliance with them in writing.