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### **3.6 GERMAN SMALL AND MEDIUM SIZED ENTERPRISES AND THEIR ROLE IN THE TEMPORARY WORK BRANCH**

**Summary:** There are two intentions of the paper: Firstly, to compare East- and West German small and medium sized enterprises in the private employment agencies branch with the fact that the development of small and medium sized enterprises in general is very important for any kind of policy decisions. By this comparison shall be found out, if there are significant differences between east- and west- German small and medium sized enterprises concerning the increase or decrease in the number of businesses and the increase or decrease in the number of employees. Secondly, the aim is to find out, if there is a higher contribution to the reduction of unemployment in East or in West Germany or, in other words, are small and medium sized private work agencies more successful in fighting unemployment in East- or West Germany. This information has to be considered in order to make labor market policy decisions successfully. Since the demographic change has substantial impacts on the German economy, one chapter deals with that topic. Insofar the paper has a descriptive nature that gives an overview about the current situation by comparing East and West Germany.

**Keywords:** small and medium sized enterprises, temporary work agencies

## **1. INTRODUCTION**

Time work has established itself in Germany and can continue to expand at high rates of growth. The reason for this is among others the gradual deregulation of temporary employment law cited. Working time flexibility meets the needs of companies and represents one of several ways to bridge personnel shortages. From employee perspective, it enables avoidance of unemployment and ensures the maintenance of a fixed income. In addition, the professional development supports and provides a means of contacting different companies. Overall, they make an important contribution to relieve the labour market (CIETT, 2007). Small and medium sized enterprises are the backbone of the German economy.

Although they are fraught by several disadvantages like more difficulties to get access to credits caused by a lower capital base compared to large companies they could prove successfully their flexibility and their ability to find innovative solutions (Houseman, 2003). They play an important role for the German economy in a whole as experts for regional solutions with a very high specification level, quite often for niches which, however, manifest as branches with a high growth potential (Klös, 2000). These solutions base on know-how obtained by a high ability to learn and transfer the knowledge into new solutions. These solutions are often the foundation stone of new technical developments and therefore have worldwide relevance (a good and current example is the development of the wind and solar energy technology). In Germany, the structure of the temporary employment agencies is characterized by high fragmentation. This is evident when considered in relation to business density and to the number of temporary workers in international comparison.

In this respect, there is still a considerable need for consolidation for the German enterprises level, if the relatively high distance of the leading countries is used as a yardstick. So far, however, a consolidation took place mostly only at the top of the temporary agencies, especially in foreign companies by acquisitions and of small and medium sized German competitors. To the estimation of the situation of small and middle businesses of the temporary work industry, a clear definition is required by quantitative and qualitative delimitation criteria, which take into account the specifics of the temporary work industry

being formed to large-scale enterprises. The temporary employment sector in Germany is especially marked through small and medium businesses where are the typical characteristics of small and medium sized enterprises such as a high level of personal, one relatively manageable market share and relatively low human and financial resources to bear.

## **2. DEFINITION OF SMALL AND MEDIUM SIZED ENTERPRISES**

### **2.1. QUANTITATIVE FEATURES**

In science and practice, certain differentiators have emerged, most of which are represented by absolute figures. Typically, the annual turnover, number of employees and total assets are used delimitation of the size classes. However, variables such as value added, payroll and capital ratios and absolute equity ratio, equity or return on assets and market share are isolated as relative measures, unless they leave on the typical firm size of middle class. In Germany, normally a quantitative differentiation of small, medium and large enterprises is carried out from the annual financial statements, total assets and the annual sales. From these sources, information's like the number of employees (annual average) in the balance sheet and further information can be taken. The quantitative definition of the German trade law is particularly good at applying commercial, corporate and publicity of legal regulations (e.g. preparation and publication of annual accounts). However, the regulations apply only to corporations.

At European level, the EU uses a differentiation by micro, small, medium and large companies. The term "small and medium sized enterprises" is also a criteria generated by the EU. Background for this definition is the unified support of small and medium sized enterprises at Community level, for example at small and medium sized enterprises support programs (EU Commission, 2003). As a quantitative separation the characteristics total asset, annual turnover and staff numbers are used. The German national bank finally draws a demarcation criterion for their studies on the economic situation of small and medium sized enterprises in Germany alone, the annual turnover approach. The reason for that is the fact that financial statements or balance sheets do not consistently contain information about the number of employees. The definitions are obviously inconsistent, because there are different approaches of definitions for small and medium sized enterprises. The decision for the underlying criteria for this paper are the following as they fitted best with the data used for the evaluations made: The selected enterprises of the temporary work branch had max.149 employees and an annual turnover of max.27, 5 millions € and, where possible, a balance sheet total of max.3, 5 million € (IfM, 2007).

### **2.2. QUALITATIVE FEATURES**

With a qualitative delimitation, the attempt is made to fix enterprises with a certain business type. This can be made by qualities and structures appearing typically at small and middle class enterprises. The union of the enterprise owner and the corporate management is primarily characteristic for medium-sized enterprises. The owner is planning, heading and supervising similarly. The advantages and disadvantages, which appear at the separation from management and those who control are dropped with that. By flat organizational structures and a low formalization degree there is usually a personal contact between the businessman and the employees with each other. Due to the scarce resources and limited capital in comparison with large-scale enterprises, the spectrum of possibilities of-medium-sized enterprises is restricted (Gilmore, 1997). Due to the typically low capital base of medium-sized enterprises they have only a restricted access to the capital markets in comparison with

(listed) large-scale enterprises. Responsible for this are the relatively high financing costs and the proportionally low financing volume. Therefore, performance supply at simultaneously higher performance, flexibility and distinction and it requires a less friction losses organization to remain competitive.

In principle, business small and medium sized enterprise decide different from manager or a management team particularly since personal motives, such as impulse after independence, independence and personal liberty or responsibility opposite the business family, the society and the environment, at the entrepreneurial decision making flow more and more. The legally highest decision competence lies with the owner businessman so that as opposed to hired managers no-one else has the right to the prevention, revision and control of his decisions. Managers do not get their decision competence right based on an employment contract from an (original) right of their own but from strange (derivative). Authorities are often absent for the justification of the entrepreneurial decisions in medium-sized enterprises. This leads in the decision behaviour to the subjectivity whereas objectified decisions are met more strongly at management - team's decisions. Due to the mostly temporal restriction of an employment contract, from the point of view of time the decision competence is limited so that hardly a relationship can arise to the enterprise. A lifelong relationship, however, normally lies in front of, with the owner enterprise, which is transferred to the following business generation. With the characteristic features of the middle-class business type a strategic profile also can be created by middle classes enterprises (Waas, 2003). This contains on the one hand the middle classes specific strengths and weaknesses as well as on the other hand the middle classes specific chances and risks which are significantly different from those of the large-scale enterprises.

In addition to quantitative definitions the EU uses "independence" as a qualitative indicator. Here, a company must be regarded as independent, if not 25 % or more of the capital or voting rights owned by one more firms jointly available. Exceptions are the involvement of state holding companies, venture capital firms, Business angels, Universities, research centers, institutional investors including regional development funds and autonomous territorial authorities.

### **3. GERMAN SMALL AND MEDIUM SIZED ENTERPRISES IN THE TEMPORARY WORK BRANCH**

The systematic support of small and medium sized enterprises is quite an important part of the German Business development policies. The small and medium sized enterprises in general are characterized by a high flexibility and innovation capability. However, the small and medium sized enterprises are typically confronted with certain typical problems like a smaller capitalization or a more difficult access to credits. In this context, the small and medium sized enterprises of the temporary work branch are not different from the ones in any other branch. The temporary work branch is of particular interest as it offers a chance to be a "springboard" into permanent jobs. An important indicator for the successful transition is the duration of the work at the borrower companies before acquisition by the borrower. More about that interesting topic is described under "5. Results and Conclusions". Another aspect is particularly worth being mentioned, namely, the temporary work agencies have several functions, especially the adjustment of labor demand for the labor market in a whole. In this sense timework offers an opportunity for the work borrower companies to support the process of adjusting the needs of employees with the increase of their order volumes. Another important aspect is the development of the real wage of time workers, where an "equal pay, equal treatment" of time workers and unlimited employees couldn't has been realized. Although there has been a significant change within the last years, still the wages are not

everywhere governed by unique rates. The differences between the wages of the permanent workers and the wages of the time workers, which result of supply and demand (with hardly any regulation), are part of a research area which shall not be extended here (Kvasnicka 2002).

At the end of June 2011, there were 910.000 temporary workers in Germany working in 17.400 temporary employment agencies. 11.100 or 64 % (Germanys Federal Employment Agency, 2011) of these agencies were predominantly or exclusively working in the temporary employment business. In the development of the number of temporary workers, there is a typical pattern recognizable: At the beginning of an economic upturn the need for additional workers is covered with temporary workers. After that the enterprises start slowly to hire the workers as their own employees. To measure the contribution of the temporary work branch for the permanent end of unemployment by a take-over by the temporary work place, the number of the measured duration of the temporary work is an important number. Short durations of a temporary work are typically a sign for a take-over which ends unemployment permanently.

### **3.1. SMALL AND MEDIUM SIZED ENTERPRISES OF THE TEMPORARY WORK BRANCH IN WEST GERMANY**

In June 2011 in West Germany 15.018 temporary work enterprises were counted altogether, as small and medium sized enterprises they were 1.214 in the temporary work branch. These small and medium sized enterprises employed about 65.000 workers. In comparison to June 2008: 1.050 small and medium sized enterprises employed about 56.000 workers which meant an increase of about 13 % of the number of workers (Germanys Federal Employment Agency, 2011).

The number of employees in West Germany which worked for a small and medium sized enterprises in the temporary branch for duration between one week and three months was 15.500 (status in June 2011, the number that worked for more than three month was 16.808 and the distribution by sector of the employees worked for temporary work agencies in small and medium sized enterprises was the following: 33% as laborers without a specific vocational training or education over all branches, the further most important distributions of applications of the employees were in the services branch (13%), administration (8,8%), metalworking (9,6%) and in the manufacturing branches (4,3 %) (German Federal Employment Agency, 2011).

### **3.2. SMALL AND MEDIUM SIZED ENTERPRISES OF THE TEMPORARY WORK BRANCH IN EAST GERMANY**

In June 2011 in East Germany were 2.350 temporary work enterprises counted, 193 as small and medium sized enterprises. These small and medium sized enterprises employed about 13.746 employees. In comparison with June 2008: 161 small and medium sized enterprises employed about 11.400 workers, which means an increase of about 17 % of workers, the number of employees in East Germany which worked for a small and medium sized enterprises in the temporary branch for a duration between one week and three months was 6.531 in total in all small and medium sized enterprises temporary work agencies (status in June 2011/Germanys Federal Employment Agency, 2011).

The number that worked for more than three month was 3024 (Germanys Federal Employment Agency, 2011). The distribution of the employees worked for temporary work agencies in small and medium sized enterprises was: 27% as laborers without a specific vocational training or education over all branches, the further most important distributions of

applications of the employees were in the services branch (17%), administration (7,3%), metalworking (5,4%) and in the manufacturing branches (2 %) (German Federal Employment Agency, 2011).

## **4. IMPACTS OF THE DEMOGRAPHIC CHANGE**

### **4.1. GENERAL IMPACTS ON THE GERMAN LABOR MARKET**

The impacts of demographic change on society are varied and cover all areas of life: the pension situation and the associated security systems, the education sector, urban, rural and urban structures, the medical sector and in particular the economy and the labor market. The implications of the demographic change on businesses, particularly small and medium sized enterprises will be extensive (Schlasze, 2009). Although the changed circumstances not uniformly affect the business some of the macroeconomic developments and therefore more or less all companies will be affected. The demographic change is taking place in an economic situation that requires more skilled workers than ever before.

The economic and social change is characterized by the globalization, technical developments and the transition from an industrial to a service economy (Prezewowsky, 2007, p. 28). Each of these processes represents an independent transformation. However, strong mutual interdependence and linkages are typical elements of impacts of the demographic change. In particular, the transformation from an industrial to a service economy has caused profound changes in the structure of the employment. As a result, within the tertiary sector (services) is an over-proportional growth measurable in the last few decades. The shift from less productive activities to a higher proportion of services means that the work will be less physical but more ambitious relating to the skills; associated with the increasing spread of information and communication technologies, which calls this trend continues to strengthen and to demand increasing knowledge-intensive activities in the workplace (Prezewowsky, 2007, p. 31). The required knowledge for the exercise of these activities is largely personal. Thus is the ability to use knowledge sources in order to constantly improvement a key competitive factor. Currently are no longer the classical factors of production labor, land and capital a determinant factor for the performance of the company, but the knowledge of its employees (Prezewowsky, 2007, p. 34). In the view of the demographic developments there will be fewer young people available, who bring new knowledge and innovation into the enterprises. The term “demographic change” is synonymous with demography, often used with population.

The population statistics include the population its structure and population movement, population models and projections. A population forecast is an estimate of future population growth. Important factors are the number of births the mortality and the migration. At the end of 2010 lived 82.1 million people in Germany. This will be reduced by 2050 to nearly 69-74 million. At the same time will increase the average age of residents from 42 years in 2005 to 50 years in 2050. Here, the relations between old and young will change significantly. On the one hand, decreases the number of people less than 20 years in 2050 to more than 30% of the population and the 20 - to 65-year-old to below 22-29%. On the other hand, the number of 65-year-old and older increase by about 43% for businesses, the development of the labor pool is more important than the development of the population in a whole. The labor force will decline from 2004 to 2050 by 13 million people to 31.5 millions. The decline of the labor force potential in the former East Germany is with 55.4% more dramatic than in western Germany with 22.9%. At the same time shifts the age structure of the labor pool. Both, the number of employed persons between 15 and 29 years and the 30 to 50 year olds will fall sharply. Only the number of older workers raises from 10.3 million in 2004 to 14.3 million in

2020 to 2050 back to about 11.2 million. In addition to the decline in the labor pool also the shift in age structure vary significantly from region to region, in some districts of Germany, the number of older people is about two thirds or more. Because of the sharp decline in the younger labor force, the competition between the vocational training alternatives, i.e. the dual training system and the technical and higher education sector, as well as between the companies will increase. In addition to the reduction and the aging of the labor force potential the skill level and the skill structure of the population will change. The nowadays middle-aged people between 30 and 50 years of age will not be replaced adequately neither with the proper qualification levels nor at the needed extend. Their departure creates not only a quantitative gap, but the companies are facing the problem to replace its quality. The assumption that better qualified younger generations replace older employees is pretty unlikely. If education continues to stagnate at the current level there will be a huge lack of skilled workers. For example, an increasing shortage of machinery, electrical and industrial engineers as well as a lack of skilled workers in the IT- branch is already recognizable. Summarized the demographic change will lead to a partial shortage of labor, a labor force reduction followed by increased wages, an increase of employees with performance constraints, reduced staffing flexibility, know-how gaps and a loss of innovation are predicted (all data including percentages are taken from: Germany Federal Statistical Office (2006) and (2011)).

#### **4.2. IMPACTS FOR GERMAN SMALL AND MEDIUM SIZED ENTERPRISES:**

Small and medium-sized companies compared to large enterprises have different initial conditions in order to respond to the impact of change. Consequently, not all demographic and personal-developing concepts, which are related successfully in large enterprises to solve problems caused by the demographic change, are also suitable for small and medium sized enterprises. Moreover, in this context the current research results offer only sparsely methodological approaches for small and medium-sized companies. For this reason it is important to identify specific characteristics of small and medium sized enterprises, by means of suitable approaches but also to identify barriers to action.

The characteristics of small and medium sized enterprises depend among other reasons on the size of the company, the organizational structure, and the strategic orientation. The aging and shrinking of the total population result a change of the scale and structure of the labor force. A clearly noticeable change of the situation is to be expected until the year 2015. A general labor shortage is not expected in the short run but the demographic developments have led to a result that a high proportion of the workforce will have an average age over fifty years by 2050 (Länge, 2007, p. 38). However, the aging of the workforce is not a new phenomenon, but as not each company was affected by a large extent of aging workers a demographic change in Germany is to be expected as a problem for many firms in the coming decades. This is due to the fact that the older cohorts will be more occupied in the future. Moreover, at present there are government plans for an early retirement practice which could be explained by the intention of the companies to retire older workers as early as possible in order be replaced by young people; especially the 1990s were a period of time when several possibilities of an early retirement were used for this purpose provided by the rules and laws for State funding retirement (Kay, 2008, p. 19). As a rule, the early retirement leads to no significant financial and social losses to the company. For this reason, early retirement is usually carried out without resistance. In future, the demographic effect is enhanced by the increase in the retirement age, because older people will stay longer in employment. The employment rate of older people will also rise for other reasons: the planned and already partially realized abolishment of early retirement instruments will limit these possibilities (Bellmann, 2007, p. 2). Thus in the future, the pressure increases on the elderly to stay longer

in the business, even nowadays the number of younger workers is larger than the one of older people in the company, nearly 60 percent of German companies have no employees who are older than 50 years (Länge, 2007, p. 22).

Another challenge in the context of demographic change is the decline of the labor potential of young people. In the near future, it will be more difficult to bridge the gaps of the output that emerge in the labor market by the retirement of the baby boomers. By the year 2050, the number of people less than 20 years of age will decline from now 17 million to a little more than twelve million people (Germany's Federal Statistical Office, 2006, p. 19). Consequently, the number of persons in a vocational training-related age will decrease disproportionately. As a result, there will be fewer young people seeking work and thus give a smaller number of apprentices (Länge, 2007, p. 38).

The relationship between the advancing and retiring cohorts will continue to deteriorate. In the next few decades, the shortage of skilled workers through will still strengthen. A skilled labor shortage could, according to a study from the IAB establishment panel in 2005 and 2006 could not be proved for the economy in a whole so far (Bellmann, 2007, p. 2). It therefore seems likely that these developments presently in small and medium sized enterprises are not yet noticeable. In addition to the quantitative number of workers, the qualification-substitutability also plays an important role. A partial mitigation of the decline in skilled labor could be reached, if the educational level of the younger parts of the population could be significantly increased (Kay, 2008, p. 22). However, a complete coverage of the skilled labor demand by raising skill levels will probably not be reached. The advancing cohorts are always numerically smaller than the retired vintages, in addition there 's a stagnant level of education among the population (Bellmann, 2007). In contrast, challenges due to increased global competition and rapid technological and organizational progress, the requirements for the qualifications of the staff will grow. Consequently, the demand for higher skilled workers will increase and decrease the need for people with no further vocational training. As a result, with an expected shortage of university graduates as well as a smaller amount of people who have completed vocational training, probably an excess supply in the future will prevail in the labor market for unskilled and unqualified persons. In summary, the results of the significance of demographic change mean two central developments for the companies:

The long-term leveling of a higher average age of the workforce and the gradual retirement of the baby boomers, with a moderately lower numbers of offspring recruits. However, the demographic change has "(...) neither automatic nor identical effect for companies." (Länge, 2007, p. 42). This means that not every company will inevitably be faced with a rapidly aging workforce. Rather, the previously existing age structure of the company for further development initiate measures to maintain the performance and productivity of older workers. It is quite necessary to deal with an aging workforce and generate adequate organizational development activities for the 40 plus generation. These also includes to recognize and to support the potential and skills of older employees. The promotion and education will last "life-long" and life-course-related employment policies are central fields of activity of the company. Small and medium sized enterprises might be more affected because large companies will probably be able to satisfy their demand for junior staff due to their greater attractiveness in the labor market (Regnet, 2004, p. 13). In this context, both conducive to learning and healthy working conditions, an optimal environment and good training opportunities, are central criteria for small and medium sized enterprises and their workforce. The change in the labor force is a factor that will affect the operational workforce for an extended period of time. By the aging and the shrinking of the workforce some fears developed whether the growth and innovation potential could sink within the German companies, especially within small and medium sized enterprises (Bellmann, 2003, p. 26).

#### **4.3. POSSIBLE SOLUTIONS FOR SMALL AND MEDIUM SIZED ENTERPRISES**

Small and medium sized enterprises networks provide an increased ability to learn and gain external intangible resources (Evers, 1998). Small and medium sized enterprises can overcome typical network capacity and environmental constraints. Furthermore, there is the advantage of reducing uncertainties in the behaviour of other actors which can be expected. They can also lead to an increase in performance of their outputs by new knowledge that is gained and thereby start a collective learning process (Weyer, 2000). It could be shown that through common network activities a high standard of information and experience can be achieved for network operators of small and medium sized enterprises and in particular the extent of reduction of information asymmetries could be realized through the formation of networks and therefore raise the profit (Astor, 2001, p. 16).

The establishment of regional networks for professional development qualification offers the possibility to initiate joint labor pools. If this setting is a success, it could be a solution for the qualification problems that come in the wake of the demographic change. Faced with a higher and higher percentage of older employees in the next few years this appears to be an important possibility. In addition, networks offer the possibility of the temporary use of competencies (Kowatsch, 2005, p. 29). Small and medium sized enterprises will thus allow access to new competencies. Special services can be used mutually and learning and knowledge effects are achieved. Regarding an impending demographic change, it should be emphasized that in particular in networks between small and medium sized enterprises and other institutions valuable knowledge of the common methods and ways to finding solutions are to be won. In this context one can speak about a change from a knowledge network to a cooperation network. Overall, networks must be evaluated as tools that promote organizational learning processes. However, these possibilities are combined with some threats as well.

The organization of knowledge in networks is characterized by a combination of treads and chances. To organize a participating network companies must be highly reflective about their competences, strengths and weaknesses. The genesis and use of knowledge is significantly influenced by the design of communication techniques. Difficulties in networking also result from a reduced level of safety (Trier, 2003, p. 107). Fluctuation risks of network operators are in terms of human dependency particularly difficult to handle. Due to the voluntary nature of networks, the distribution of rights and obligations are problematic. In addition, both networks are prone to "over-complexity" of the membership structure and the general openness of the network, as well as to uncertainties in terms of planning (Trier, 2003, p. 107).

There are relevant regional aspects as well: Some regions have a long industrial tradition and well-trained employees, while other regions have significant structural deficiencies and thus little enforcement opportunities for extensive network concepts, especially for small and medium sized enterprises exist barriers for corporate development especially for regional networks (Astor, 2001).

Small businesses fear a loss of expertise and a lack of cooperation by naming a support demand to generate a network structure. There are access problems for small and medium sized enterprises to public funding and collaborative projects. Furthermore, there are not enough contact points, which could be helpful in finding a partner, which makes the search for network partners very laborious, and time consuming. However, not to lose sight of that business may be lacking even in strategic concepts, resulting from this there will be limitations of the possibilities of networking.

Networks are not able to compensate missing solutions for problems existing within the companies, especially organization structures or procedures. It is important that both partners are able to improve their output through the network and therefore design a situation, which is noticed as a “win-win” situation by both sides.

## 5. RESULTS AND CONCLUSIONS

The development of the small and medium sized enterprises in East and West Germany seems to be quite similar, however, at different levels. Although these levels are quite low, especially compared with the number of employees in Germany, which is currently approximately 41 millions, some aspects are quite interesting. E.g. it is mentionable that the small and medium sized enterprises in the temporary work branch kept growing continuously and with high growth rates in East and West during the last three years. A presumed common criticism of temporary work in general is the missing contribution of temporary work to reduce unemployment persistently. There is a lack of data to find out instantaneously how many time-workers ended their employment at the temporary work agency in order to begin a new permanent job typically at the employers where the time workers were working for while being an employee at the temporary agency, the so-called borrower or hirer.

To assess the impact of the takeover by the hirer for the permanent end of unemployment, an auxiliary can be used. This is the duration of the work at a temporary agency. The available data differs between three periods: up to one week, one week up to three months and more than three months work at the temporary agency before the temporary appointment ended by beginning a permanent job. The duration of one week up to three months is a typical duration for those time-workers who found a permanent job subsequent to the timework. The reason for this is that it is assumed that up to one week is a period, which is usually too short to be taken over by the hirer, in these cases the timework ends often earlier than planned for other reasons like missing qualification or reliability. If the duration of the timework as an auxiliary is considered as a possible indicator to measure the contribution of small and medium sized enterprises in the temporary work branch, then it is easy to see as described above that in East and West Germany the contribution is quite high without significant geographical differences. The impacts of the demographic change will have considerable impacts on the society and therefore on the Labor market as well. The small and medium sized enterprises of the temporary work branch will be confronted with these problems and have to find solutions just like any another company which is faced with the impacts of these changes. It is an essential goal to achieve a unique selling position for any company in the temporary work branch by providing the needed number of the “fitting employees” for a certain part of the Labor market. A possible way to deal with the looming problems could be the implementation of a systematic network system. However, networks can include several threads for the company, if it isn't well planned there could arise threads like a loss of competences and a lower market performance, they offer a large potential in order to improve the efficiency and effectiveness of the companies.

To resolve this barrier there has to be designed new platforms and approaches that lead to more formalized and structured procedures that allow a systematic network building which could be controlled by a neutral institution. It is extremely important for the companies in this branch to fulfill the demand of the markets, i.e. the needs of the hirer companies concerning the number, skills and abilities of the workers. This would reduce the fears and prejudices of potential small and medium sized companies. To create new ways of support programs for small and medium sized enterprises within the EU especially as a part of labor-market support in order to fight unemployment it would be a big step forward to find a unique definition for small and medium sized enterprises. Within the member states of the EU exists many

different types of definition approaches. With a definition like this, it would be possible to make policies generated to support the labor markets of the member states comparable, although regional aspects would be considered as well. Thus combined with a Europe-wide data about the temporary work branch would mean an improvement and allow careful decision-making.

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