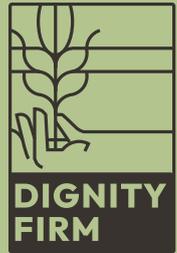




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Policy Brief

Strengthening employee protection through greater control over intermediaries

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1. Introduction

Intermediaries have become a central and increasingly problematic element of the European labour market, particularly in the farm-to-fork sectors and other labour-intensive industries reliant on migrant workers. Temporary work agencies, recruitment companies, subcontractors, and informal mediators now play an increasing role in matching labour supply and demand, managing seasonal peaks in labour shortages, and navigating regulatory complexity. While intermediation can offer flexibility for the employers, its rapid expansion can also contribute to widespread regulatory evasion, fragmented accountability, and heightened vulnerability for migrant workers. Across EU Member States, the growing reliance on intermediaries poses challenges for the national regulatory framework. The use of layered contractual

arrangements often obscures who the real employer is, making it difficult to enforce labour standards, ensure occupational safety, or access to social rights. Migrant workers are disproportionately affected by these developments due to many, often overlapping factors, such as social and spatial isolation, lack of access to information, lower language skills, economic dependence on employers, and lower access to legal services. Intermediation can increase migrants' dependency, precarity, and "blackmailability," particularly when access to housing, transport, legal status, or residence permits is tied to a single agency or employer.

This policy brief draws on the cross-country survey, country reports, mapping exercises, national policy briefs

and other publications prepared within the DignityFIRM project. It places migrant workers at the heart of the analysis and argues that strengthening control over labour intermediation is essential not only for protecting workers' rights, but also for ensuring long-term food security, fair competition, and the credibility of EU labour market governance. This policy brief and its recommendations are primarily addressed to the decision-making bodies of the European Union, as well as to national governing bodies.

2. The growing role and diversifying forms of labour intermediation

Labour market intermediaries constitute a central institutional component of modern labour markets. In the European context, the role of intermediaries has undergone a significant historical transformation from the 1970s onwards: structural economic changes such as deindustrialisation, globalisation, and technological transformation undermined the institutional foundations of the post-war labour market model. In this context, many European countries liberalised their labour markets and shifted from public employment services to a market-based model of intermediation. Temporary work agencies and private recruitment firms expanded rapidly, reflecting a broader shift towards labour market flexibilisation and market-based coordination. EU-level policies further reinforced this trend by promoting labour mobility, competition,

and cross-border employment services. Recent developments across European labour markets show a growing and increasingly differentiated reliance on intermediaries in job placement, particularly in sectors characterised by seasonal demand, labour shortages, and a high share of migrant workers, such as agriculture, food processing and catering. Evidence from the DignityFIRM project demonstrates that while the scale and form of intermediation vary significantly by country, a common trend is the expansion of intermediary roles beyond recruitment toward more complex, multi-layered employment arrangements.

In some Member States, formal temporary work agencies (TEAs) have become the dominant channel for labour recruitment and job placement. In the Netherlands, for example, temporary employment agencies play a central role in agriculture and horticulture, with the vast majority of labour migrants employed through such agencies. In Spain they are used by 52% of firms in agriculture and 44% in gastronomy. Similarly, in Poland, following the integration of refugees from Ukraine into the Polish labour market, the role of TEAs employment agencies in job placement for other third-country nationals is growing, especially in the food processing and hospitality sectors.

Alongside 'traditional' temporary employment agencies (TEAs), we have observed the development of other forms of intermediation in the form of various recruitment agencies, employment chains

and subcontracting, often involving cross-border recruitment and deployment. In the Netherlands, this phenomenon is linked to policy reform and increased control over TEAs. In Ukraine, international recruitment agencies are increasingly used by employers to manage logistics and sourcing labour, particularly in response to administrative risks associated with workers mobilisation during the war. Especially in Ukraine, Poland and the Netherlands, these agencies often rely on civil-law contracts or self-employment arrangements.

In other national contexts, intermediation remains strongly shaped by informal or semi-formal practices. In Italy, despite the presence of formal agencies, agricultural labour recruitment continues to be heavily influenced by informal brokers and gangmasters (*caporali*), particularly to manage harvest-related peaks in labour demand. Alongside these practices, new formalised intermediary models have emerged, such as so-called “landless cooperatives,” which provide employers with bundled services including recruitment, transport, equipment, and housing, often targeting asylum seekers and migrants from reception centres. In Poland as well, informal intermediary figures called “bus drivers” involved in wage mediation, organising work and transport, have become part of the recruitment and employment process in agriculture. Similar mechanisms may develop in Morocco, where, in addition to public agencies, also private companies operate. Moreover, informal intermediaries are operational

originating from a migrant community, which act as brokers or caporals in farms and processing units and facilitate the recruitment, the supervision and management of migrants at work.

Beyond agriculture, the phenomenon of precarious, semi-informal employment of migrant workers is exacerbated by new developments in the food delivery sector. In Spain and Poland, platform-based business models have given rise to intermediary “fleet partners” companies that formally employ workers while operating on behalf of digital platforms, partly as a response to evolving legal frameworks.

Overall, recent developments indicate a diversification and consolidation of intermediary models, with intermediaries assuming greater control over recruitment, employment conditions, and ancillary services. While these models provide flexibility for employers, they also contribute to more complex employment relationships, setting the stage for challenges related to accountability, regulation, and the protection of migrant workers’ rights.

3. Consequences for Workers

As evidenced by the findings of the DignityFIRM project, the increasing reliance on intermediaries has profound and largely negative consequences for all workers, both native and migrant. Across countries and sectors, intermediation augments precarity, weakens access to rights, and deepens power imbalances between

workers, intermediaries, and end employers.

A central consequence for all the workers is the erosion of accountability and transparency in employment relationships. The involvement of multiple intermediaries often blurs responsibility for working conditions, wages, and social protection. Workers frequently do not know who their actual legal employer is, particularly in layered or cross-border arrangements. This makes it extremely difficult to claim contractual rights, seek redress in cases of abuse, or even identify the appropriate authority to contact. In some countries, gaps in record-keeping requirements for agencies further undermine the ability of labour inspectorates and other public authorities to trace responsibility when violations occur.

Intermediation is also widely used as a cost-cutting strategy, with direct implications for employment security and social rights. Due to time-limited work permits, especially seasonal work permits, employers use intermediaries for both recruitment and work-placement, to reduce costs associated with employee turnover. Temporary agency work, civil-law contracts, and self-employment schemes are used to bypass standard labour protections, reduce social security contributions, and keep workers in less favourable contractual phases. As a result, workers often receive lower wages, have limited access to paid leave, accident insurance, or sick pay, and face abrupt work termination without compensation.

These practices especially affect migrant workers and contribute to heightened precarity and dependency, increasing migrants' vulnerability to exploitation. When intermediaries control not only employment but also access to housing, transport, equipment, or legal documentation, workers become highly dependent on a single actor. In particular, linking work permits to an intermediary fosters "blackmailability," where migrants are reluctant to report abuses for fear of losing their jobs, accommodation, or residence status. In contexts where informal mediators or gangmasters operate, this dependency can escalate into severe forms of labour exploitation, with migrants subjected to abusive conditions while having few viable alternatives.

Intermediation can also trap migrant workers in a vicious circle of legal insecurity. In several cases documented in the project, migrants employed through intermediaries in unstable or non-standard contracts are unable to meet the income, tax, or employment continuity requirements necessary for long-term residence permits. This reinforces temporary and irregular statuses, further limiting workers' bargaining power and increasing their reliance on intermediaries to remain legally present and economically active in the destination country.

Finally, the widespread use of intermediaries affects migrants' ability to collectively organise and access support mechanisms. Fragmented employment relationships, frequent job changes, and

unclear employer identities make unionisation and collective representation difficult. This isolation weakens migrants' capacity to challenge unfair practices and contributes to the normalisation of substandard working conditions in sectors heavily dependent on intermediary labour. Overall, the current models of labour intermediation systematically shift risks onto workers, undermining labour rights, social protection, and legal security, especially among migrants. These consequences highlight the need for stronger regulation, clearer allocation of responsibility, and policies that reduce migrants' dependency on intermediaries for both work and legal status.

4. Policy responses

To counteract these negative effects, policy responses have already begun to emerge in various countries. For example, in the Netherlands, a major regulatory response is the Wta law, which mandates that all temporary work agencies, in order to be certified, pay a €100,000 bank guarantee and pass periodic checks on tax and wage compliance. New Polish regulations require temporary work agencies to have a two-year clean compliance record before they are permitted to employ foreign workers. In Germany, the 2021 Occupational Health and Safety Control Act (Arbeitsschutzkontrollgesetz) restricted agency work in the meat industry by banning subcontracting and limiting temporary agency staff to strict conditions promoting direct employment. With its aim to end labour exploitation and improve

worker protection, this act also mandates digital time tracking, sets accommodation standards and increases penalties for violations. Several European Union countries, for example, Lithuania and Italy, have also introduced firm-level quantitative limits on the number of temporary workers within an enterprise's total workforce.

5. Policy recommendations

Based on evidence gathered through the DignityFIRM project as well as recommendations provided in the national reports prepared by the project partners, we identify the need for a coordinated and targeted response to address the negative effects of labour intermediation on migrant workers and EU labour markets. The following recommendations focus on strengthening regulation, restoring accountability, and reducing migrants' dependency on intermediaries.

Strengthen the regulation of intermediaries and limit their use

Stronger regulations on labour intermediation are necessary, particularly in sectors with a high concentration of migrant workers, such as agriculture. This includes limiting the proportion of a workforce that can be employed through temporary work agencies by a single employer, in order to prevent the systematic replacement of direct employment with agency-based arrangements. In the agricultural sector, tighter oversight of intermediaries is

essential to curb regulatory evasion and informal practices.

Introduce and enforce shared responsibility across the labour chain

Clear and enforceable rules on shared liability between intermediaries and end employers should be established and consistently applied. Client companies should be required to verify the employment contracts, wage conditions, and social security contributions of workers supplied by agencies. Such shared responsibility mechanisms would reduce the blurring of accountability and ensure that responsibility for labour standards cannot be shifted entirely onto intermediaries.

Implement robust licensing and monitoring systems for agencies

Mandatory registration and licensing of all temporary work agencies and recruitment intermediaries should be introduced or strengthened. The Dutch proposal for obligatory licensing combined with financial guarantees provides a relevant example of how to potentially deter fraudulent operators and increase compliance. Effective monitoring mechanisms and accessible registers are essential to support labour inspections and enable authorities to trace responsibility and accountability to individuals in complex intermediary chains.

Reduce migrant workers' dependency on single employers or intermediaries

Policies should aim to delink residence status from a single employment

relationship in order to reduce migrant dependency and vulnerability. Additionally, legal mechanisms should allow for the conversion of nine-month seasonal work permits into longer-term single permits for work and residence when workers are in fact performing continuous, non-seasonal tasks. Such conversion should be based on a monitored record of actual employment and on demonstrated demand for non-seasonal labour, rather than solely on employer-led sponsorship, and should be supported by simplified administrative procedures.

Use of economic incentives to enforce labour standards

Public funding and subsidies should be made conditional on compliance with labour and social standards. In particular, access to agricultural subsidies, including but not limited to Common Agricultural Policy (CAP) funds, should be strictly linked to respect for labour law, wage regulations, and health and safety requirements. Conditioning financial support on compliance would create strong incentives for employers to avoid abusive intermediary practices. The Employer Sanctions Directive offers EU Member States this option, which could be made a mandatory action to address cases of abusive practices of intermediaries in the labour chain.

Address regulatory evasion and anticipatory practices

Regulatory frameworks should be designed to prevent circumvention through shifts to alternative legal forms, such as bogus

self-employment or rapid re-registration of agencies, to avoid legal responsibility. This requires coherent legal definitions, close coordination between authorities (also across borders), and proactive enforcement strategies that respond to evolving intermediary models rather than reacting after abuses have become entrenched.



Deliverable information

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About DignityFIRM

Towards becoming sustainable and resilient societies we must address the structural contradictions between our societies' exclusion of migrant workers and their substantive role in producing our food.

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