New forms of employment
Employee sharing, France
Case study 12: Fédération Isocel

This case study examines the work of the Fédération Isocel, an employers’ group (Groupements d’employeurs, GE) which operates in the French department of Indre-et-Loire. The federation includes a special form of GE (GEIQ) that specifically seeks to help those in vulnerable groups, such as the disabled or the young unemployed, to find work.

Introduction
Employee sharing schemes in France under the form of groupements d’employeurs (GE hereafter) are seen as an instrument for pooling human resources. It is an innovative form of work organisation which combines flexibility for companies with less precarious working conditions for workers.

France was one of the first countries to introduce GE, and Law No. 85-772, introduced on 25 July 1985, provides its legal framework (Biche et al., 2000). Article L1253-1 of the Labour code introduced the 1985 Law into the Labour code and defines groupement d’employeurs. It describes GE as a way in which ‘groups of persons covered by the same collective agreement can come together to make their workers available to each other on the basis of an employment contract made with the GE’.

The same article adds: ‘Groupements d’employeurs can also provide help and advice in the field of employment and human resources management to their members. […] Groupements d’employeurs can only engage in non-profit operations.’

Generally, GEs enable companies to form a group in order to employ workers they would not have the capacity to employ on their own. Although the majority of members are private companies, other organisations, such as local authorities, can also join GEs in France.

The aim of a GE is to recruit workers and make them available to members based on their needs. GEs can also play a role in helping or advising members on employment or human resource management issues.

The GE is therefore the legal employer and organises workers’ activity between the various companies in the group. They must have a written employment contract with the GE and it must set out terms of employment and wages, the worker’s professional qualification, and list the potential users and work locations. The employment contract must also guarantee equal treatment on wages, profit-sharing and bonus schemes, and any employee savings plans between the worker employed by the GE and workers employed by the user company.

The GE can only conduct non-profit operations and can therefore only sublease its employees to members of the GE. Sending employees to other external companies or organisations is not allowed.
GEs were first created in France to encourage job stability by offering employees work with several companies in the same area, and were seen as an efficient way of maintaining the workforce, particularly in rural areas (Delalande and Buannic, 2006). According to the Union of French Employer Groups (Union des Groupements d’Employeurs de France), in January 2014 there were approximately 4,000 agricultural GEs, 100 GEIQs (‘groupements d’employeurs pour l’insertion et la qualification’ – GEs for inclusion and qualification) and 300 economically-oriented GEs in the market sector.

Despite these figures, knowledge of this scheme is still limited in France. Mainstream media do not often talk about the GE system, and when they do they still refer to it as a new and innovative form of employment, despite the establishment of this form of employment in the legislation in 1985. Most of the information available about GEs is available on the web, on governmental websites or on specialist blogs.

This case study discusses the Fédération Isocel, a departmental federation consisting of two different GEs and one GEIQ.

Information for this case study was mainly gathered through interviews with the GE management, the board management, employees of the GE and participating companies. The results of this interviewing process were confirmed by desk review of theoretical literature on GEs.

**General characteristics of the Fédération Isocel**

The Fédération Isocel is located in the French department Indre-et-Loire in the Centre region. This area is known for its industry, crafts and tourism. The area has approximately 600,000 inhabitants, a quarter of whom live in Tours, the department’s main town, and the remainder are spread across the rural areas.

Five GEs were created under the initiative of the region’s Chamber of Trade in March 1999. At first, they were mostly made up of craft workers and were established in the areas where these businesses operated.

The Chamber of Trade had carried out a feasibility study to test the initial proposal for creating single sector GEs. However, considering the spread of population in the area, single-sector GEs would have made no sense because workers would have had to commute too far between different work places. As a result, each of the five GEs was established as multi-sectoral and each has remained so to this day. Fédération Isocel has been dealing with sectors such as building/construction and public work, trade, services, production, executives, and so on.

Members include local SMEs, but bigger groups – such as the Vinci group for instance – and their subsidiaries also source workers through the Fédération.

The Fédération set the following recruitment objectives: 15 workers in its first year, 20 workers in the second and 25 workers in the third year. However, those objectives were quickly met and exceeded – 25 workers were recruited in the first year, 50 in the second and 75 in the third. In 2001, the management board decided to regroup the five GEs into two, including Isocel 37 and Isocel Touraine to make coordination and management easier. The two GEs were to be coordinated and managed by the Fédération Isocel (together with a third body, the GEIQ BTP 37 – see below). It became a departmental federation with a single management team taking care of all three GEs.

In 2008, the GEIQ BTP 37 was created. French law has established special provisions for GEIQs. The principle of this provision is the same as for traditional GEs, but encourages the hiring of people who face particular difficulties accessing the labour market. In order to be recognised as a GEIQ, a GE must therefore target specific target groups.
The newly created GEIQ BTP 37 focuses on building/construction sectors and public works and targets specific groups of job seekers, including workers under the age of 26 or over 45, people benefiting from active solidarity income, young people without qualifications or disabled workers.

The Fédération’s management team reports that its ordinary GEs employ workers of all ages and backgrounds and, being multi-sectoral, require workers with a range of qualifications, and both white-collar and blue-collar workers.

Before joining the Fédération, an interviewed worker explained that he was doing the same type of job for another company, but decided to resign. When looking for a new job, he heard an advert on the radio about the GE and so found his new position. He now works, via the GE, for two different companies over the week.

Overall, workers are distributed between two to four different companies over the working week and their working schedules are generally regular (the same rotation between companies each week) are fixed well in advance so that workers do not have too many unexpected changes.

### Design and implementation process

Considering the critical employment situation in some parts of the area, the Chamber of Trade of Indre-et-Loire and local authorities decided to carry out a feasibility study in 1999 to see whether GEs could reinvigorate the local labour market. The primary objective was to support the labour market and economy of the Indre-et-Loire department.

The feasibility study found that a GE could indeed improve the labour market. A GE manager was recruited who had previous experience of managing companies and he contacted local companies to ask if they might wish join a GE. Fédération Isocel’s manager, when interviewed for this case study, said that the GE met a number of important needs for local companies, giving them access to skilled workers as and when they needed them, and hence initial demand was high. Many of the interested companies had previously used temporary work agencies, but without much success, and so were willing to try this new form of employment.

According to one interviewed representative of a member company, the process of joining the GE was not formal or challenging and required no significant changes. Some of the interviewed workers employed directly by a member company were not aware that their employer was a member of a GE.

Since the evolution from five separate GEs to the federation comprised of Isocel 37, Isocel Touraine and GEIQ BTP 37, Fédération Isocel has considered merging the first two GEs into one. A second feasibility study was carried out and revealed that such a merger would be too expensive and could jeopardise the future development of the GE. The administrative burden, social and fiscal contributions and other costs and obligations would be more onerous because of the size of the structure. This is why the policy of Fédération Isocel is to keep each GE under the threshold of 50 employees. With more employees, GEs would have to comply with a different set of legal obligations that cover companies with more than 50 employees. These include the setting up of a works council and various obligations related to union rights.

### Working method, processes and procedures

Fédération Isocel is located in Chambray-les-Tours and based in an industrial area near the department’s main town. The management team consists of six permanent employees including the manager who work full-time to take care of the organisation and management of the three GEs. At the top of Fédération Isocel, the manager is assisted by a development manager and an executive secretary. Three other administrative assistants are in charge of various tasks, including
HR management, accounting, organisation of training activities and the monitoring of/liaising with the workers. One of the administrative assistants was previously a GE employee and was hired by the GE administration after one of its member companies went bankrupt while she was working there.

This size of the team is considered necessary for the effective operation of the GEs so that both the member companies and workers get the attention they need. It is essential that Fédération Isocel has enough staff to fulfil all of its obligations.

The Fédération also has a management board composed of some of the member employers. It takes important decisions about the development of the GEs, such as approving new member companies. Historically the Fédération has maintained a non-rejection policy for all applicants, as long as companies which want to join are in good economic health and understand the obligations involved. In January 2014, approximately 80 companies were members of Fédération Isocel and it employs a total of 52 workers on full-time contracts.

The board is also informed of new recruitments but its approval is not required. No particular eligibility criteria for workers was mentioned, except for the GEIQ that targets specific categories of workers (workers in building/construction sectors and public works, those under the age of 26 or over 45, people benefiting from active solidarity income, young people without qualifications or disabled workers). However, when hiring new workers, the GE pays particular attention to make sure these workers will be able to meet the usual needs of member companies.

According to some interviewees, Fédération Isocel can be considered first and foremost as an effective external HR management service for the companies involved. The process of hiring a worker from the GE first starts with a meeting with the employer, during which the GE’s representatives find out exactly which type of worker (skills, experience, training needs) the employer prefers. Once the employer’s needs are defined, the GE starts the recruitment process and presents one candidate to the company who best fits the profile. The length of this process is kept to a minimum usually because companies need to fill vacancies rather quickly. The interviewed manager of one member company said the recruitment process was very quick and of high quality.

During a worker’s employment, Fédération Isocel acts as their legal employer. The GE pays their wages, but working conditions, such the time and distribution of working hours, are set by member companies. However, the Fédération has the legal form of an association and when companies join the GE they adhere to standards of the association

In the case of a dispute, either the company or the worker asks the GE to resolve the problem. Where there is conflict, the GE acts as a mediator between a worker and the member company, or between member companies. However, the need for this is relatively rare as companies can often communicate and coordinate their actions with each other without the involvement of the GE.

As part of the service provided by the GE, its manager also mentioned that Fédération Isocel often offers advice to member companies, especially SMEs. This is possible because of the experience and qualifications of the management team in matters such as HR management and accountancy. In particular, the GE gives regular advice on personnel needs and offers solutions for companies that face particular economic challenges. Even though this is not its primary objective, some user companies of the GE have found this service particularly helpful.

The most difficult management and coordination issue is the distribution of workers across the companies, especially when there are unexpected spikes in demand for labour. It may sometimes happen that more than one company needs the same worker at the same time. In this case, the GE management acts as a mediator between the companies and tries to find a solution that suits their needs. This flexibility is seen as an advantage compared to temporary work agencies, where companies are served on a first-come, first-served basis.
In order to facilitate effective communication between the member companies, a new initiative started in 2014 which involved the publication of a monthly newsletter distributed to each member company of the GE and all its workers.

**External support**

The Chamber of Trade of Indre-et-Loire provided material support (such as financial advice and business experience from chamber members), initiating the GE project and helping to conduct the feasibility study. There has been no further assistance since the GE was set up.

During the first three years of the GE’s operation, financial support came from the European Social Fund, the Labour Department (DIRECCTE) and the Regional board (Conseil régional).

Overall, however, the GE has been trying to be as self-sufficient as possible and has gradually become so. Being independent, particularly on the financial side, makes it possible for the management of the GE to pursue its own objectives and needs, and preserves its freedom of decision making, since it is not accountable to public or private investors but only to its own members.

Fédération Isocel has also actively cooperated with the local public employment services (Pôle Emploi). As most of job seekers are registered with the public employment service, it offers a large group of potential GE employees. However, interviewees said that cooperation with the employment service was a work in progress, and it was sometimes difficult to establish common ground and understanding of the GE’s needs.

**Outcomes**

Since its creation in 1999, Fédération Isocel’s services have gradually grown and evolved.

Starting with 15 employees distributed across five GEs, it has since been regrouped into three GEs employing 52 full-time workers in 80 of its member companies. The 2012 data show that the GE has contributed to creating about 470 permanent contracts since its inception. This suggests that the GE has significantly contributed to improving the employment situation in the local area.

The GE has become a well-established entity locally and has worked independently to provide workers with full-time permanent contracts as far as possible. In general, the policy of the GE is to offer permanent full-time contracts. It is only in special circumstances, when there is no other possibility, that the GE employs workers on fixed-term contracts. It often happens that shared workers are later hired directly by one of the member companies, and this policy is actively encouraged by the GE. Other member companies do not have to agree to such ‘integration’ because they don’t directly employ the worker.

From the workers’ point of view, being employed by the GE has a positive effect on their employment situation and guarantees them job security. In many cases, it offers them the opportunity to work full-time. The fact that their employment relationship is established with a single employer under a single contract of employment is also seen as a positive aspect of being part of a GE. The increased job security of employment and the associated increase in their income, since workers frequently move from a part-time to a full-time contract, was also said to have a positive impact on quality of life. Interviewed workers did not complain about difficulties balancing work and family life. They said that working for the GE and therefore for different companies did not make them feel more stressed.

The interviewed member companies said that one of the strongest effects of the GE was that their labour needs were more efficiently met. The flexibility offered by the GE is also highly appreciated and, unlike temporary work agencies, its services are considered to be more personalised and tailor-made for each company. As a consequence, the companies have realised
that the GE gives a viable and often superior alternative to the services provided by temporary work agencies. This, in turn, has resulted in a high regard for the GE in the local labour market. Likewise, companies are also very satisfied with the work provided by the GE’s workers. They welcome a loyal and motivated workforce.

**Strengths and weaknesses**

The interviewed companies attributed a number of strengths to Fédération Isocel. These included:

- significant reductions in the administrative burden associated with hiring new workers, with the majority of the procedures and obligations linked to employment contracts being administered by the GE;
- greater flexibility in meeting the labour needs, as companies can benefit from a skilled worker even if they do not have the financial means to hire him or her directly;
- reputation and trustworthiness, as the GE is seen as a preferential and trustworthy partner who knows the peculiarities and specific needs of each company, and is actively trying to provide the appropriate solutions.

The few drawbacks mentioned relate mainly to the extra costs incurred by hiring a worker through a GE as opposed to through a temporary work agency. However, as the GE provides a wide range of personalised services and can often offer highly skilled workers, companies admit that this extra cost is justified.

An important feature of the French system is that GEs impose joint and several liabilities on companies. As a result, all member companies are required to pay on other companies’ behalf should any member of the GE be unable to honour their wages and social security debts (Dalichoux and Fadheuile, 2008). Each company can be held responsible, even if it did not employ the same workers and had nothing to do with the company that failed to pay its debts. For instance, if a company fails to pay its social taxes, the creditor institution can turn to any or all other companies until they get paid. This, however, was not a major concern for the participating companies because they all had good knowledge of each other’s businesses and invested a good deal of trust in each other’s activities via the GE.

The interviewed workers shared a similarly positive opinion of the GE. For them, the GE represented an opportunity to avoid precarious work by being employed full-time by a single employer, often on a permanent basis.

Being hired by the GE offers additional stability, since the workers no longer need to be preoccupied with finding several employers to secure enough hours of work. It is the GE’s responsibility to offer them a specified number of hours, and if the GE cannot find a complementary placement for the worker to work full-time, then the workers will still be compensated according to the terms agreed in the employment contracts.

The increase in job security associated with the GE was also mentioned as affecting the workers’ quality of life. Some of the interviewees suggested that they felt less stressed not having to worry about finding permanent employment or finding yet another temporary job in the immediate future, while others referred to the improvement in their financial situation.

The fact that workers have to change working locations and sometimes fill different roles in different companies could be seen as a potentially negative aspect of employee sharing. However, the interviewed workers suggested that this prevented them from falling into routine and monotony at work and stimulated them to develop their personal and professional skills.

The triangular form of employment did not exclude the interviewed workers in the user companies, who claimed that they barely felt the difference as compared to being employed under a more traditional form of employment. Their opinions suggested that they were well integrated
in the companies where they worked and did not find it difficult to establish working relationships with their colleagues. They were treated the same as other employees from the user company.

The fact that the workers were not actually performing work for their direct employer was not seen as a problem because workers were still able to interact and communicate easily with representatives of the GE. Some interviewed workers suggested that this brought a substantial advantage compared to being employed by a temporary work agency. It was easier to identify and recognise the legal employer, leading to stronger professional relationships. The employment relationship with a GE seems to be more personalised than with a temporary work agency, partly because the GE’s structure is simpler and more human in scale. Broadly speaking, a worker from the GE knows the face of his employer and can have a proper discussion with him, which might not be the case in larger temporary work agencies. This also reflects the associative characteristic of GEs.

The GE’s management team agreed with these assessments of the advantages of GEs. However, some reservations about using the GE were also mentioned.

One of the first difficulties highlighted was that the GE sometimes has to be careful that it is not used purely as a replacement for temporary work agencies (Delalande and Buannic, 2006). Even if GEs can be seen as an efficient alternative to temporary work agencies, there are important differences that need to be considered. In GEs, the member companies have to be fully aware that their active participation is required. This is not the case when they hire from temporary work agencies.

It has also been pointed out that, sometimes, it is difficult to convince companies to share the same worker. The GE takes particular care not to place the same worker performing the same type of work in two competing companies, so as to respect confidentiality. Nevertheless, some occupations are more problematic than others, particularly those in accounting or HR services. For example, companies might be put off by the fact that an accountant will be aware of their financial situation while at the same time working for another competing company. Despite the fact that companies are still slightly reluctant to disclose their internal matters to someone who is not permanently working for them, the GE’s managers notice that the situation is changing and the member companies have been increasingly willing to entrust the GE workers with these more confidential types of tasks.

Another caveat related to the French system of GEs is that the implementation of collective agreements can be tricky to achieve in GEs where companies from many different sectors are involved. If a GE covers only one sector of activity, then the problem does not really arise. However, in multi-sectorial GEs such as Fédération Isocel it becomes more difficult to find an appropriate collective agreement which could be suitable for all activities. As a consequence, the solution is often to adopt a collective agreement which has generalised standards, so that they can be adapted to each specific need.

In this case, the collective agreement that is applicable to the wholesale trade has been chosen. The GE bears the burden of organising the workers’ schedules so that they work sufficient hours to complete a full-time contract. If the GE does not manage to find enough placements for a worker, this worker will still be paid on a full-time basis, and the compensation for unworked hours is paid by the GE which uses its own financial reserves. Although this represents a great advantage for the worker who is guaranteed to collect his monthly wage, the GE might face a financial burden if it is regularly unable to cover the number of hours agreed under the employment contract.

There has been some debate about the usefulness of implementing a collective agreement specific to GEs. However, it looks like the idea has been set aside for the time being because GEs lack
Representativeness and visibility at the national level. GEs are efficient at the local or regional level, as they help build networks and improve cooperation between businesses. According to the management team, being part of the Union of French employer groups (UGEF) is a good first step towards more representativeness at the national level and may help to create a national initiative involving many different GEs. However, additional efforts are yet to be made to develop access to and knowledge of GEs at national level (Dalichoux and Fadheuile, 2008).

Future plans
At Fédération Isocel, no key changes are foreseen in the future. The recent feasibility study revealed that the merger between the two GEs (Touraine and Isocel 37) would be too expensive. Nevertheless, Fédération Isocel hopes to pursue its further development and publicise its presence in the local labour market, building on the success achieved since its inception. The lack of knowledge about GEs is still an issue, and finding new ways to develop the GE is one of the major challenges the GE currently faces. Participation at workshops and other job forums and fairs is seen as a good way to make the GE visible, an opportunity to network and convince new companies and workers to join the GE.

However, the focus of concern is mostly at the national level and targeted at GEs in general. The manager of this GE seems to think that a stronger coordination of all French GEs would solve a number of important issues and create the necessary conditions for their further development. For instance, it has been suggested that interaction and collaboration between different GEs in France could be encouraged. Even if there has already been some communication between GEs, it seems that all of them may benefit from stronger ties and cooperation.

One solution could be to improve exchange of experiences and good practice at the national level. The first step would be to create a national federation of GEs, similar to the one created for the specialised GEs that integrate jobseekers with specific needs into the labour market (GEIQ). GEIQs are supervised by a national federation whose main role is to decide whether applicant GEs fulfil the criteria for its grants.

According to the management team, the French union of GEs (UGEF) could perhaps provide a good basis for a national federation to promote common interests. As it stands, the UGEF represents GEs in the market sector and so does not include agricultural GEs and GEIQs, there is no obligation any GE to join it. The manager of the GE in this case study pointed out that a willingness to develop national representation of GEs might be boosted by more active participation of the social partners.

The manager was also concerned about a new law adopted in June 2013 (in force since the beginning of 2014) which regulates part-time employment and which, according to the interviewee, represents a significant threat to the development of GEs. It stipulates that a part-time employment contract cannot be concluded for less than 24 weekly working hours. The interviewee says this complicates the part-time work system and potentially discourages companies from using part-time work. This, in turn, might make it more difficult for GEs to be seen as an alternative (‘combination of part-time contracts’) and, according to the interviewed manager, it might also negatively affect the member companies in the GE.

Commentary
The issue of gender equality and parity is of particular interest for Fédération Isocel. As some studies have shown, women are particularly affected by involuntary part-time work and are often trapped into precarious work because it is too difficult for them to combine more than one part-time job or to find a full-time job.
As one of the aims of the GE is to facilitate workers’ access to full-time jobs, in 2010 Fédération Isocel started a pilot project called ‘from involuntary part-time work towards voluntary full-time work’ in collaboration with a departmental network called Egalité 37. This is a network initiated by the delegation for professional equality between men and women, and comes under the umbrella of the French Ministry for Women’s Rights.

At the very beginning, two women turned to this network because they were looking for a supplementary wage. They were not earning enough from their part-time jobs but could not find a solution on their own. Egalité 37 decided to approach Fédération Isocel because the GE was used to finding complementary jobs for their workers.

Fédération Isocel accepted the invitation to join the network and is now one of its current 45 partners (in January 2014). It has helped the network to reach its initial objective to help 10 women to find complementary work to their existing part-time job through the GE. Therefore, these women have all become GE workers.

The network is still evolving and has been trying to develop other partnerships, including with the public employment service. Fédération Isocel has derived considerable benefits from this collaboration as it has demonstrated the potential of the GE model for contributing to gender equality and improving working conditions for women.

**Information sources**

**Websites**


**Bibliography**


Carole Lang, IR Share