

New forms of employment: Developing the potential of strategic employee sharing

Introduction

Although standard employment practices are still dominant in European labour markets, an increasing mixture of new employment forms is emerging; their implications for working conditions differ, with some being more beneficial than others. This study explores the employment model of ‘strategic employee sharing’, which can be applied if a group of employers have specific recurring, human resources (HR) needs that can be planned in advance and combined across companies. The participating companies establish an ‘employer group’ which becomes the formal employer of one or more shared workers and coordinates their assignments to the participating firms. In this way, the workers get access to permanent full-time employment with a single employer (although they work in several different companies) that would not be otherwise available.

This study investigates how to develop the potential of this employment form by identifying the factors which favour or hinder its establishment and growth. It also discusses the positive and negative effects of the employment model on workers and companies. Finally, it provides pointers on how to foster the introduction and spread of strategic employee sharing in Europe.

Policy context

In Europe, new employment forms can refer to a changed relationship between employer and employee (or client and worker); to new forms of work organisation (as regards the time and place of work or the use of modern information and communication technologies); or to a combination of both. These new forms are caused by economic circumstances, but also by technological and societal change. While most new employment forms are still marginal, it can be assumed that some of them have the potential to effect a complete structural change of the labour market.

In recent decades, Europe has put considerable effort into improving employment and working conditions. The limited evidence available, however, hints towards a wider spread of new employment forms with potentially negative implications for workers. Against this background, it seems reasonable to further explore strategic employee sharing as an employment model that provides companies with the HR flexibility they require while, at the same time, offering job, employment and income security to workers.

Key findings

Strategic employee sharing is a form of cooperative HR management at regional level. Companies with specific HR needs that recur from time to time, and that can be foreseen in advance but do not justify a permanent full-time position, can jointly hire one or several workers who are repeatedly given individual assignments in the participating companies. The companies have a joint responsibility and liability towards the shared workers who are ensured ‘equal pay, equal treatment’ with their core staff in the participating companies. The employment form provides security to workers who otherwise might have to accept more precarious employment forms.

Strategic employee sharing is, so far, only marginally used in Europe. This can partly be explained by the fact that this employment model is a solution for a specific type of HR demand and cannot be used for all everyday employment situations. However, it is generally felt that the potential of this employment form is underdeveloped.

This research explored what might encourage its establishment and further development, and concludes that the necessary conditions can be grouped into four areas which influence each other.

Demand: Companies need to be aware that this employment model exists and be willing to engage in it. This is affected by legal frameworks, but also by the existence of alternative employment options and the companies’ own attitudes towards HR innovation and cooperation. Furthermore, the HR needs of individual firms must be complementary and it must be possible to reliably anticipate them.

Supply: Shared workers need to be adaptable, flexible, autonomous, reliable and have certain social skills.

Framework: Labour market players need to support this employment form. Suitable legal framework conditions must be designed; financial support is needed for the operational implementation of the employment model; and information needs to be shared with companies and workers.

Operational support: The use of strategic employee sharing needs some impetus. Resource centres are needed to raise awareness among institutional players, companies and workers, and to guide those who apply this employment model. Individual employee sharing models are administered by an employer group's management team, which plays a vital role in communicating with companies and workers; ensuring that the employment model is only applied when and for whom it is really suitable; dealing with the various related administrative tasks; and coordinating the assignment of workers.

The main advantage of strategic employee sharing for companies is the way it can provide cost-efficient and flexible access to (skilled) workers. There are other benefits such as improved HR administration, HR practices and employer branding. There are, however, potential disadvantages. The joint responsibility and liability within the employer group may oblige companies to cover for the deficiencies of other members, and workflow and work organisation challenges can also adversely affect productivity levels.

For the participating workers, the main advantage is access to permanent full-time positions that otherwise would not be created and which give them job and income security. A job with an employer group can improve employability as workers acquire a range of on-the-job skills as they move between companies. However, there is the potential of increased stress levels and work intensity, less integration into the individual firms and limited representation.

Policy pointers

To take advantage of the potential of strategic employee sharing, the identified preconditions for its establishment and wider use would have to be put in place. This suggests the following policy pointers:

- awareness-raising among institutions, companies and workers;
- recognition of the employment model through a stable and simple legal framework that clarifies the concept and its implications for the involved parties;
- active support of strategic employee sharing by governments and social partners, including financial support for resource centres and the start-up of employer groups;
- creation of a collaborative spirit among companies, encouraging their HR innovation and medium to long-term HR planning;
- support to employer group management, for example through the provision of codes of conduct, contract templates or training.

Further information

The report *New forms of employment: Developing the potential of strategic employee sharing* is available at <http://www.eurofound.europa.eu/publications>.

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