

New forms of employment Employee sharing, France

Case study 11: Groupement d'employeurs Île de Noirmoutier–Île d'Yeu

Employers' groups (groupements d'employeurs) are an innovative form of work organisation which combines flexibility for companies with less precarious working conditions for workers. This case study examines the work of the Groupement d'employeurs Île de Noirmoutier–Île d'Yeu, which operates on two islands off the north-west coast of France.

Introduction

Employee sharing schemes in France under the form of *groupements d'employeurs* (GE) – 'employer groups' – 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 under the scope of the same collective agreement can be established with the objective of making available to their members workers bound to the GE by an employment contract.' 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 actors such as local authorities can also join GEs in France.

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

The GE is therefore the legal employer who employs workers and organises their activity between the multiple companies involved. 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 actors 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 GEs 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 presents the Groupement d'employeurs Île de Noirmoutier–Île d'Yeu, a GE which is spread over two separate territories in France. The general characteristics of this GE are presented below.

For this case study, information was mainly gathered through interviews with the pool management, the board management, employees of the GE and participating companies. Results of this interviewing process were confirmed by some theoretical literature on GEs.

General characteristics of the GE Île de Noirmoutier–Île d'Yeu

The Groupement d'employeurs Île de Noirmoutier–Île d'Yeu is located in the French Vendée department in the Pays de la Loire region, and covers two islands that are part of the department. The two islands are situated in the Atlantic Ocean and are separated by 20 kilometres.

Due to the remoteness of these islands, the area is particularly known for tourism which is the main economic activity of the islands. Agriculture and fishing are other key areas of economic activity in the area, particularly fishing and oyster farming. The GE mainly covers activities related to agriculture and craftsmen, or to tourism such as the hotel and catering sectors and small retail businesses.

As a consequence, the local economy is strongly seasonal. With its five villages, the Noirmoutier Island has 10,000 permanent inhabitants, but the population goes up to approximately 100,000 people during peak season (April to September). The Yeu Island experiences the same situation during peak season, during which it has more visiting tourists than local residents.

This strong seasonality has always been a problem for employment in the territory, resulting in very different levels of demand for labour during peak and off-seasons. A number of local companies decided to pool their resources to better meet the demand for labour, resulting in the creation of Groupement d'employeurs Île de Noirmoutier.

Created in 1994, the Groupement d'employeurs Île de Noirmoutier is the oldest French GE, with over 20 years.

of active operation. The first legislation on GE in 1985 limited GE member companies to those that employed 10 or less people. As a result of this restriction, GEs were initially created only in agriculture. However, in December 1993 the threshold was raised to 300 employees, and this led to the creation of larger GEs. The Groupement d'employeurs Île de Noirmoutier was the first 'modern' GE created in France.

Starting with seven employers in September 1994, in January 2014 it had approximately 35 member companies and employed about 50 full-time equivalent workers. Member companies are primarily SMEs because the economic activity in the territory is mainly focused on agriculture and craftsmen, but there are also some subsidiaries of larger groups based on the island that use the GE (such as the France Turbot company, a member of the Adrien Group). Its members are not

only private companies, but also local authorities and public institutions, including local municipalities. Since further amendment to the legislation in 2005, it has become possible for local authorities to join GEs. This reform was particularly welcomed on the Noirmoutier Island, where the local municipalities are also dependent on seasonality.

Because of specific characteristics created by seasonality, the GE sometimes has to hire employees on fixed-term contracts rather than permanent contracts. Rather than changing working locations and companies on a weekly basis, the pool generally assigns workers to the same company for the entire season.

Generally, and due to the nature of the activities on the islands, the GE employs more blue-collar workers with low levels of qualification. However, the GE also hires some qualified workers for management positions (for example, in the tourism sector) or for highly specialised positions (for example, a Quality, Health, Safety and Environment Manager employed by the GE was interviewed). The management says that the gender distribution of its employees is evenly spread because women are happy to perform physical tasks. Likewise, the GE hires workers of all ages. Senior workers may remain on the island while the services provided by the GE can also be seen as attractive for young workers who no longer need to go to the mainland to find a job.

In 2011, the Groupement d'employeurs Île de Noirmoutier expanded when it agreed to extend its activities to the territory of Yeu Island, becoming the Groupement d'employeurs Île de Noirmoutier – Île d'Yeu.

Design and implementation process

The creation of the GE on the Noirmoutier Island in 1994 was entirely demand-driven. Confronted with the seasonality of the economy and the resulting difficulties in the local labour market (mainly resulting in precarious, temporary work for the local workforce), employers tried to find a solution that would be suitable for all stakeholders and quickly established that employee sharing was well suited to their needs. Before the 1985 legislation on GEs, employers on Noirmoutier Island were accustomed to sharing the same workforce on an informal basis as an alternative to temporary work. A small group of seven employers used to coordinate their common needs and employed workers accordingly. However, in the absence of a separate entity at that time, workers were hired on several part-time contracts by several employers.

After the threshold of 10 employees had been raised for the establishment of GEs, employers on Noirmoutier Island decided to take advantage of this legislation. Even though the initiation process was quite smooth, the GE was the first of its type and there was no previous model to rely on and it could not benefit from advice from other GEs.

No feasibility study was felt necessary because a type of employee sharing was already working in this territory and it was felt that a GE would make the established system easier. The GE allowed companies to exchange experiences and needs on a more formal basis. Groupement d'employeurs Île de Noirmoutier–Île d'Yeu was later used as a model for other GEs, mainly in areas facing similar seasonality in the labour market, such as a GE created on Oléron Island further south.

In 2005, another GE had been in the planning phase on the Yeu Island and a meeting was held by the local authorities to discuss the advantages and disadvantages of this form of employment with employers. Several key drawbacks were raised at the meeting, including the very small size of the island and its workforce, the commitment needed to create and run the GE, and that activities were very closely related to the many seasonal activities on the island. The initiative was therefore eventually abandoned.

In 2011, however, the local authorities from the Yeu Island contacted the GE on the Noirmoutier Island and enquired if they could join the Groupement d'employeurs Île de Noirmoutier. The

Groupement d'employeurs Île de Noirmoutier accepted the enquiry and has since been organising employee sharing on the Yeu Island with the help of its town hall services.

Despite the fact that the Groupement d'employeurs Île de Noirmoutier – Île d'Yeu is one joint GE, there is no employee sharing between the two islands because commuting between them would be difficult. The majority of the GE's activity is on the Noirmoutier Island rather than on Yeu Island. In Yeu, the economic department of the town hall acts as an intermediary for the GE. However, the two islands can share some of the administrative costs since the legal employer is the GE in Noirmoutier, and a representative from their visits Yeu once a month and meets the employees involved. Workers can also contact the GE by mail or phone, or refer to the town hall representatives who will act as intermediaries.

According to the manager of the economic department at Yeu's town hall, this solution works, given the remoteness of the island and has a positive effect on the local labour market. However, constant effort has to be made to promote the GE in Yeu because it is not physically present on the island. In such a small territory, the best way to promote the GE is by word of mouth. Town hall representatives are keen to refer to the GE whenever they are in contact with employers or job seekers. Despite employers' interest in the GE, it takes time to change workers' preferences and perceptions about employee sharing. However, as this system allows inhabitants to remain on the island and to improve their employment situation, workers' enthusiasm has been growing for this form of employment.

The GE's manager in Noirmoutier, meanwhile, pointed out that when creating and developing the GE on the island, no particular effort had to be made to convince companies and workers to join it. In fact, the interested parties welcomed the initiative and were eager to join in. Most of the workers claimed they joined the GE because this form of employment is closest to permanent full-time employment and being hired by the GE is, according to them, not very different than being hired by a single standard employer. It has meant there has been no real need to promote the GE as it has become highly visible locally. Networking is therefore not part of the manager's duties.

Working method, processes and procedures

French legislation obliges GEs to be constituted as an association or a cooperative society and no particular prior authorisation is required. GEs can be incorporated as regular businesses. Member companies are part of the GE and are jointly responsible for its liabilities, meaning they can be asked to pay on behalf of another company, even if they have no other relationship with this company.

The GE is the legal employer and pays the wages of its employees. It is mainly funded by contributions and invoices paid by member companies for the services it provides.

Groupement d'employeurs Île de Noirmoutier – Île d'Yeu is in Noirmoutier-en-l'Île, one of the five villages on the Noirmoutier island, and has three permanent employees including the manager who work full-time to take care of the GE's organisation and management. Before joining the GE, the manager actually contacted the GE when moving to the island to find a job and ended up working full-time as the head of the management team.

In her work, the manager is supported by two administrative assistants, one in charge of HR management and accountancy and the other taking care of the partnership with Yeu and the so-called 'sea-mountain' system, described in the next section.

In 2011, with the district planning authority of Noirmoutier Island, the GE launched an initiative to tackle recurring difficulties in recruiting for the hotel and catering industry. This is the main source of employment on the island, but is not active during the off-season.

So the pooling of human resources was extended to include a partnership with a mountain tourist sector in the Alps. The idea was to offer workers continuity by offering seasonal work during the summer on the island and in the winter season in the Alps. No other GE was created and all workers who take part in this scheme are employed by the Groupement d'employeurs Île de Noirmoutier – Île d'Yeu but are posted during winter to other companies in the Alps which are members of the GE.

Workers are able to have full-time work all year round, and employers in the hotel and catering industries solve their recruitment problems. The participating workers receive help with accommodation and, if needed, training is organised during the 'inter-season'. Because this initiative requires geographical mobility, it mainly attracts young workers without family or caring responsibilities who can easily move from one place to another. The objective was to create 10 permanent contracts through this initiative by 2013.

The GE is also headed by a management board composed of a group of nine employers from the member companies. The board is in charge of taking important decisions about the development of the GE such as acceptance of new companies into the GE or dismissal of workers. The board is also informed about new recruits but its approval is not required.

Board meetings are generally low-key according to interviewees, and the board usually approves and follows the opinion of the management team without too much debate. Discussions among the management board are important for the effective functioning of the GE. Disputes and disagreements between the GE manager and the board management are relatively rare and it is usually quite easy to agree on key decisions. For example, the choice has been made to move the GE into new, better equipped offices to provide a wider range of services than before, including better training of its workers.

A key aspect of a seasonal job market is that workers often have to perform a wide range of tasks in their jobs and so must have a wider range of skills. Tailored training of employees makes this possible and the GE has been making a particular effort in this area. A special room is to be set aside for training in the new GE premises. For instance, the GE organises training on office automation, computer science, security and prevention, communication and management. All workers can take advantage of these training sessions, including those working in member companies but not employed by the GE, as part of their individual training right (*'droit individuel à la formation'*). These activities are financed through mandatory employers' contributions and are organised in line with the needs and demands of workers and companies. They can take place either during or outside working hours.

As one of the main objectives of the GE is to provide workers with stable and secure jobs, the GE has a policy of asking member companies to take workers onto their own permanent staff after a certain amount of time spent working for the same company. It sometimes happens that a company is increasingly asked for the same workers until they almost exclusively work for one company. If a vacancy arises, the worker will leave the GE and join that company. Other employers do not need to agree to this integration, as they do not directly employ those workers. A number of workers leave the GE in this way each year. Since the beginning of the GE, just over 100 GE workers have found a position with member companies.

Usually, the GE's employees work for between two and four different companies. Some work for different companies during the working week. Others working in highly seasonal roles work for the same company for a few weeks or months before switching to another company for another period of time. Interviewed workers claimed that work plans are quite stable, they receive their working schedules in advance and they say they have never felt they needed to complain about uncertainty in work organisation.

The feedback received suggests that the Groupement d'employeurs Île de Noirmoutier – Île d'Yeu is particularly appreciated by member companies for its HR management. The GE deals

with employment contracts and provides member companies with the workforce needed. The GE also handles recruitment procedures and handles most of the administrative burden associated with the hiring and dismissing of workers.

In practice, member companies contact the GE when they need workers. They provide the GE with specifications of what they want – for example how many workers, for how long and how many hours per week, and which qualifications might be needed – and the GE will try to find workers who match the requirements and present them to the company. Companies are not particularly involved in the recruitment process because workers are hired by the GE, but the GE pays particular attention to making sure that these workers will be useful for member companies.

As part of its administrative tasks, the GE will take care of administrative details prior to employment regarding social contributions; it will deal with payroll paperwork, declare accidents at work, deal with paid holidays, and initiate and conduct dismissal procedures. Since French bureaucracy, particularly in employment matters, is very demanding, this is very much appreciated by the GE member companies.

If there is a conflict between companies or between a company and a worker, the GE plays a key role in mediating disputes. It has created a special dispute board consisting of any interested parties whether workers or member companies, a few members of the management board and the GE's manager. The aim is to try to find a balanced and fair solution without having to resort to legal proceedings.

Interviewees said the coordination of activities between member companies and the GE's management was satisfactory. Each actor is aware of their role in the functioning of the GE. The GE manager said that its origins, created at the request of the member companies, plays an important role in its smooth running. Companies are actively involved in the management of the GE and it provides a viable alternative to temporary work agencies on the island.

Overall, the member companies have not reported any major communication problems and the GE makes its activities as transparent as possible so that its members can effectively coordinate activities. For instance, no disputes about the distribution of workers or invoicing were reported.

External support

At the initiation stage, the GE benefited from some financial support from the Labour department (DIRECCTE). GEs can also employ workers through state-subsidised contracts aimed at promoting employment among specific groups. For instance, if the GE hires a young worker without qualifications, it can benefit from a reduction in social contributions and so receive indirect financial support from the government.

However, the GE is trying to be financially independent so that it keeps its freedom of decision-making and is not accountable to public or private investors. It is very careful about any decisions that might affect its capacity to act. Buying new premises was, for instance, a very important decision for the GE, but owning its own premises has ensured a certain degree of financial security.

Concerning non-financial support, the GE has established a good relationship with the public employment service (Pôle Emploi in France) and, having signed an agreement, the two institutions work together with the common objective of improving the employment situation on the island.

Outcomes

Since its creation in 1994, the Groupement d'employeurs Île de Noirmoutier-Île d'Yeu has evolved from a small entity to a largely independent and self-sustained organisation. Starting with

seven member companies 1994, in January 2014 the GE had about 35 member companies and employed 50 workers on full-time contracts, 26 of whom had permanent contracts.

GEs seem to be well suited to a highly seasonal local labour market. They have helped to improve working conditions and provided essential key support for companies.

When interviewed, workers stress the fact that working for the GE was a substantive change in their employment situation, but most of the changes were positive. Generally, academics and specialists in GEs stress that one of the main advantages is that workers can enjoy higher job security and permanence (Delalande and Buannic, 2006).

This is confirmed by the interviewed workers. Being employed by the GE has had a positive effect on their employment situation and job security. In many cases, the GE has offered them the opportunity to work full-time. The majority of workers on the island have worked on fixed-term/seasonal contracts for years. Having a single employer and a single contract of employment is also seen as a positive effect of being part of a GE. The workers generally feel happier about having to deal with only one employer on matters such as wages and social contributions. The increased job security and permanence of employment has also had a substantial effect on the workers' quality of life and level of income, particularly when they switch from part-time or seasonal contracts to full-time/permanent contracts, a change that has been clearly noticed by the interviewed workers.

No specific remarks were made about stress or work intensity. Changing working locations is not a problem since the islands are small and workers said that they adapt themselves to the different working conditions in different companies very easily. They also did not complain about integration issues, saying they were treated the same as permanent workers and were even able to experience some stability in their working relationships since they frequently returned to work for the same companies.

As far as participating companies are concerned, their main objective was greater flexibility. They have access to skilled workers when needed without the administrative and financial burdens imposed by legislation when hiring or dismissing workers. GE workers also tend to have higher levels of skills compared to temporary agency workers.

Strengths and weaknesses

Participation in the GE is generally seen as bringing a number of benefits for the participating companies and workers.

From the participating companies' point of view, the GE reduces their administrative burden and provides higher flexibility as opposed to, for example, employment services provided by temporary work agencies. It frees them up from recruitment processes, HR management and mentoring/monitoring of employees.

In addition, the GE provides high quality services in an environment which is primarily characterised by mutual trust. The limited geographical area within which the GE operates ensures that every member company knows the others well. As a result, the member companies can count strongly on the GE management being a trustworthy and efficient partner and on a loyal workforce. This 'trust' component has been found in research to be a key success factor for the effective functioning of GEs (Delalande and Buannic, 2006). The same could be said about the participating workers, who could build more lasting relationships with the participating companies through longer-than-usual spells of work, leading to direct employment in some cases.

Using the GE also gives a certain amount of budgetary certainty for the member companies and they do not have to allow for extra costs at the end of the season such as severance pay. As the GE is the legal employer, the member companies also do not have to allow for any unexpected

costs incurred as a result of a dismissal or some other employment-related reason. If an employee is dismissed, severance pay will be paid by the GE from its own budget and financial reserves.

An important feature of the French system is that GEs impose joint and several liability on companies. As a result, they 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 Fadheule, 2008). For instance, if a company fails to pay its social taxes, the creditor institution can turn to any or all other companies in the same GE until they get paid. When interviewed, the member companies said this was not a major concern for them because of their close geographical proximity and overall good knowledge of each other's businesses. The limited size of the GE allows for a considerable degree of mutual trust and companies claim that this mechanism of joint and several liability would not deter them from being a member of the GE.

The GE has introduced a mechanism allowable under French law which divides the companies' liability in proportion to how often GE workers have worked in each user company. A company that has only used the services of the GE for a short period of time and on a limited basis will not have to face the same liability as a regular GE user. However, this provision does not allow a company to escape joint and several liability. Each company remains liable and a creditor may turn to any company within the association (the GE), but the proportion of a debt they can claim from one company is determined by this mechanism.

The participating workers generally said the GE fully met their needs, offering full-time and often permanent contracts. They felt more secure in their job and this is reflected in many aspects of their lives. For instance, an employee testified that when she was only working on a seasonal basis she had to save enough money for the off-peak season. Being employed by the GE, she can now work during the off-peak season. Being able to stay, live and work on the island was also quoted as a key advantage of the scheme.

When asked whether the system of changing companies and work tasks affected their working conditions in any negative way, the interviewed workers were in fact very pleased with being able to move between different jobs. They said a changing work environment was more enjoyable and reduced monotony in their work, and for some workers this brought about health benefits in the form of reduced risks of developing musculoskeletal disorders.

One interviewed manager thought that workers changing jobs and activities were less likely to have accidents at work because they were more attentive. Moving between different tasks and activities also enables people to develop new skills.

Changing workplaces and commuting is not a problem as participating companies are all located on the island.

In addition to this, the interviewed workers also said they enjoyed building professional relationships with their colleagues from the GE and with their legal employer through interactions with its management and employee representatives. They said they had no difficulty in arranging an appointment with GE staff and could also call in at the GE premises to talk with the management team. This is probably a more personalised relationship than in most temporary work agencies. The presence of a works council in the GE also helps the workers. It organises events such as Christmas meals and bowling nights and provides other benefits such as discounted prices for leisure activities.

According to the interviewees in the Groupement d'employeurs Île de Noirmoutier-Île d'Yeu, the establishment of the GE has had a significant impact on job creation on the island, and local actors are not always aware of this because such employment of workers is 'concealed'. Some stakeholders believe that many of the economic activities on the island would perhaps not have developed as much as they have over the past decade or so if companies had had to rely on temporary work agencies providing workers who might not be as reliable and loyal as the GE workers.

Some weaknesses were also mentioned. A major concern for the GE is finding full-time employment for the participating workers. If a worker is hired on a full-time basis, enough hours must be worked to complete the contract or the shortfall must be paid by the GE, forcing it to dig into its financial reserves.

The question of who is liable to pay in the case of a workplace accident is problematical for the GE. In this GE it has been decided that the user company should compensate for any damage incurred, although compensation should be paid through the GE and not directly to the worker.

Future plans

The Groupement d'employeurs Île de Noirmoutier-Île d'Yeu has no particular ongoing projects at the moment. Its development is constrained by the geographical limitations of the island. The GE has not set any limit on the number of workers or participating companies it is ready to accept.

However, the GE is considering covering the services sector. It already covers the service sector to some degree, but some member companies think expanding further into this sector would be beneficial for the future development of the GE.

On a more general note, in 2013 the French university of Nantes, located in the same region as Noirmoutier island, introduced a new diploma in GE management (Diplôme universitaire manager de groupement d'employeurs). This initiative is proof that GEs are gaining in importance in France and is an encouraging sign of the development of existing and new GEs. The GE manager of the Groupement d'employeurs Île de Noirmoutier-Île d'Yeu has decided take this training by distance learning.

Concerning the future of GEs in France in general, the GE manager was asked about her opinion on a new law adopted in June 2013 and in force since the beginning of 2014 which reforms the regulation of part-time employment in France. Her view was that this reform will be a great boost for GEs because it may raise awareness of the alternative form of employment they offer. It will make it possible for GEs to be promoted as a way of moving from part-time to full-time employment.

Information sources

Websites

GE Île de Noirmoutier-Île d'Yeu (undated), 'Info.GE', available at <http://www.ge-iledenoirmoutier.fr/>

Ministry of Work, Employment and Professional Formation and Social Dialogue (undated), 'L'embauche par un groupement d'employeurs' [Hiring by a group of employers], available at <http://travail-emploi.gouv.fr/informations-pratiques,89/les-fiches-pratiques-du-droit-du,91/embauche,108/l-embauche-par-un-groupement-d,975.html>

UGEf [Union of French Employer Groups], available at <http://www.ugef.fr/>

Bibliography

Biche, B., Desbois, A., Le Monnier, J. and Monteillet, Y. (2000), *Le groupement d'employeurs, une innovation économique et sociale* [Employment groups: an economic and social innovation], Editions L'Harmattan, Paris.

Centre des Jeunes Dirigeants (2004), *Les groupements d'employeurs: une innovation pour créer des emplois et développer les PME* [Employer groups: an innovation to create employment and develop PMEs], available at <http://www.jeunesdirigeants.fr/Default.aspx?tabid=79>

Dalichoux, J. and Fadheuille P. (2007), *Les groupements d'employeurs* [Employer groups],

Edition Liaisons Sociales, Paris.

Delalande, F. and Buannic, L. (2006), *Groupements d'employeurs, mode d'emploi* [Employer groups, how to use them], Edition Eyrolles, Paris.

Carole Lang, IR Share