

New forms of employment

Presentation to the European Parliament Committee on
Employment and Social Affairs

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

About the project

In 2013–2014, Eurofound conducted a research project on new forms of employment. The background to the project was some anecdotal evidence that societal and economic developments are leading to new employment forms, as well as discussions that these new employment forms could contribute to decreasing unemployment and creating jobs in the aftermath of the recession. However, little was known about which new employment forms are emerging and what their implications are for job creation, labour market integration and working conditions. Consequently, Eurofound launched this research project to map the new employment forms in Europe, to characterise them, to illustrate their effects on working conditions and the labour market, and to derive policy pointers from this endeavour.

Bearing in mind the heterogeneity of Europe as regards economic and labour market frameworks, situations and developments as well as institutional settings, there is at present no shared understanding of what constitutes ‘new forms of employment’. What is new in one country might be well established in another, and not exist at all in a third. To allow for the consideration of these differences among countries, Eurofound applied a national perspective in this project, taking into account those employment forms that are considered as new in the national context, irrespective of whether or not they are ‘standard practice’ in other countries.

Nevertheless, in order to ensure some level of comparability, some guidelines have been developed to steer the national input. Accordingly, employment that falls into one or more of the following categories qualified for inclusion.

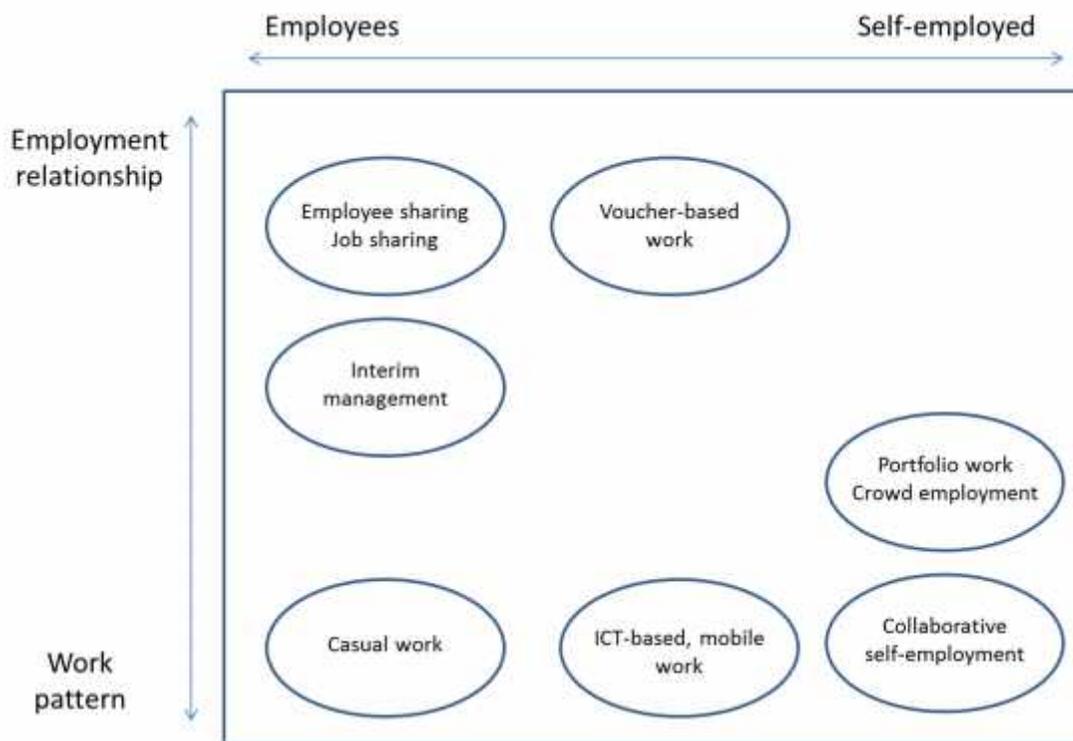
- Relationships between employers and employees that differ from established one-to-one employment relationships. Consequently, employment relationships involving either multiple employers for each employee, one employer and multiple employees, or even multiple employer–multiple employee relationships are of relevance for this project.
- Provision of work on a discontinuous or intermittent basis or for very limited periods of time rather than on a continuous or regular basis. ‘Standard’ part-time or concepts such as seasonal work were not considered as new, unless other features that made the employment relevant for this project applied.
- Networking and cooperation between self-employed, especially freelancers, going beyond ‘standard’ relationships along the supply chain, sharing premises or traditional conduct of project work.

For the purpose of this project, Eurofound focuses on forms of employment that have either emerged since around the year 2000 or have existed before but have become more common since then.

What new forms of employment are emerging in Europe?

In line with these working definitions, nine broad new employment forms were identified (see Figure 1). They either refer to new models of employment relationship between employer and employee or client and worker or to new work patterns, that is, how the work is conducted. Sometimes, these two are interlinked. At the same time, the employment forms can be differentiated by whether they pertain to employees or self-employed workers and freelancers; they might also apply to both groups.

Figure 1: Nine new forms of employment identified by Eurofound



Source: Eurofound

In the discussion that follows, four of the nine new employment forms identified will be described in more detail: strategic employee sharing, casual work, ICT-based mobile work and voucher-based work. The selected forms are those assumed to have had the strongest impact on the European labour market or, while still not that widespread, those with a good potential for improving working conditions and the labour market.

Strategic employee sharing

Strategic employee sharing is a form of cooperative human resource management. A group of employers jointly hires (a group of) workers for whom the individual firms could not provide sufficient workload. The employers form a separate legal entity that becomes the legal employer of the workers, giving them stability and a single contact point for contractual issues. It is applied in the case of seasonal work, fluctuating demand, need for specialist staff that does not justify full-time employment or for strategic development projects that cannot be covered by core staff. The structure is similar to temporary agency work, with the difference that the workers are exclusively assigned to the member company and that the sending employer does not aim to make a profit out of the employee sharing. In general, equal pay, equal treatment practice is applied, ensuring that the working conditions of shared staff are the same as those of core staff of the participating companies.

Strategic employee sharing contributes to job stability by providing permanent full-time jobs rather than short-term and part-time employment. Being employed by a single employer while operating in different companies makes negotiations on working conditions easier for the worker, increases transparency about responsibility and facilitates aligning work assignments in different firms. Employee sharing can also contribute to workers' skill development. They benefit from broader work experience arising from the variation in the occupation itself and from any training they might be offered with the various employers.

Due to the rotating character of work placement, there is some danger that shared workers are less well embedded in the organisational structures and communication flows in the participating companies, resulting in worse working relations with the management and co-workers and less representation. Workers are required to show a comparatively higher level of flexibility and adaptability to their different work environments, which might be exciting for some, but stressful for others who experience work intensification due to the combination of different part-time jobs.

From a labour market perspective, strategic employee sharing provides companies with access to human resources that they would not get otherwise, which is particularly beneficial for SMEs. The participating companies also benefit from the cross-company work experience of the shared workers, which might result in efficiency and productivity gains. There is some indication that employee sharing fosters regional cooperation in other business areas, thereby benefitting the local economic development.

Casual work

Casual work refers to a type of work where the employment is not stable and continuous, and the employer is not obliged to regularly provide the worker with work but has the flexibility to call them in on demand. This project differentiates two types of this employment form, and both types may coexist in a country:

- Intermittent work: Employers approach workers on a regular or irregular basis to conduct a specific task, often related to an individual project or seasonally occurring jobs. The employment then lasts for a fixed-term period.
- On-call work: A continuous employment relationship is maintained between an employer and an employee, but the employer does not continuously provide work for the employee. Rather, the employer has the option of calling the employee in on demand. There are employment contracts that indicate the minimum and maximum number of working hours, as well as employment contracts – so-called 'zero hours contracts' – whereby no minimum number of working hours is set, which means that the employer is not obliged to ever call in the worker.

In both cases, employers establish a pool of workers that can be activated if needed. In general, this form of employment has most relevance to lower-skilled occupations and is undertaken by

young, less-educated and predominantly female workers. Depending on the individual arrangement, workers might be informed on short notice or longer before the work assignment, but in general have little room to plan. In theory, workers can refuse a work assignment when called in, but anecdotal evidence points to reduced job offers if work is repeatedly rejected.

As most casual work arrangements are based on standard employment contracts, workers have the same access to social protection as any other employee. However, as entitlements are often linked to a minimum number of working hours in a specific period, coverage in practice is questionable.

The legislation related to intermittent work tends to limit its scope to the maximum number of days per year or hours per week a worker can be employed for casual work, and in several cases, it can be applied only in certain sectors or for specific tasks. The aim of this is to avoid a crowding out of standard jobs. Similarly, a few countries set a minimum wage for casual workers. In contrast to this, almost no limitations could be found for on-call work, and on-call workers are hardly ever guaranteed payment for waiting time.

In general, casual work results in a high level of flexibility for the employer and in low levels of security for the workers. Work (and hence related income and often social protection) is provided to them only on occasion and probably also for limited durations. This results in little job security, no predictable and regular working hours, low wages, no or limited benefits, and less job satisfaction. There is some anecdotal evidence that casual workers tend to accept everything that is offered to them, even if this interferes with their private life. In models where, in practice, there are no upper limits to working time, as an indefinite number of casual jobs can be combined, there is potential for long working hours and hence reduced work–life balance. Due to their more fragmented presence at work, casual workers tend to receive less training and have less representation. Altogether, the research evidence points to increased precariousness of casual work contracts and less favourable working conditions.

Nevertheless, casual work can be a stepping stone for particular categories of workers, for example younger or displaced workers, to enter the labour market and gain some valuable work experience, as well as being a means to reduce undeclared and illegal work. At the same time, however, casual work is seen to have the potential to restructure the labour market towards an increased acceptance of precarious forms of employment and to contribute to labour market segmentation.

ICT-based mobile work

ICT-based mobile work refers to work arrangements carried out at least partly, but regularly, outside the main office, be it the employer's premises or a customised home office, using information and communication technologies (ICTs) for online connection to shared company computer systems. In contrast to traditional teleworking, mobile workers do not work in a fixed other location, but more flexibly, in varying places or even on the road. The case studies analysed show that mobile work is generally conducted on the basis of standard work contracts, in most cases related to full-time positions of indefinite duration. The workers tend to be young, highly educated and male. As ICT-based mobile work implies a relatively high level of trust of the worker on the part of the employer, it tends to be the preserve of specialists and management. Implementation and application of mobile work tends to be largely informal, covered by a general element of flexibility in the company agreement or work contract. Interestingly, mobile work seems to be driven by the wish for flexibility, not only from employers but also from workers.

Due to the remote nature of the work, ICT-based mobile work results in a higher level of flexibility and autonomy for the worker, allowing them to make personal efficiency gains as they can structure the work as suits them best. In general, ICT-based mobile work is related to increased job satisfaction. At the same time, it brings the danger of professional and personal

isolation and the outsourcing of traditional employer responsibilities to the employee (particularly as regards health and safety issues or working time). In some cases, employers implement control mechanisms that might interfere with workers' privacy.

The boundaries between work and private life are another aspect of working conditions that can be blurred by mobile work. Work–life balance is thought to be influenced positively by home-based telework. But mobile workers rarely work from home, and therefore their work–life balance is more comparable with that of those working only at an employer's premises. Some experts suggest that it is even worse as due to the round-the-clock availability of mobile workers implied by their 24/7 access to work-related information from any location, the borderline between work and private life has been erased. At the same time, there is some evidence that if individual work contracts or company agreements limit working hours for mobile workers (for example, by technically cutting access to the company network outside of company working hours), this is not appreciated by all mobile workers as they feel less free to organise their working time.

There is some anecdotal evidence, coming from the Nordic countries particularly, that ICT-based mobile work has the potential to revolutionise the means of production, consumption and working. Furthermore, it results in upskilling, new working practices and organisational efficiency gains, strengthens overall competitiveness, and contributes to growth (including job creation). The danger is, however, that employers and employees cannot adapt to accelerating technological developments and consequently fall behind.

Voucher-based work

In voucher-based work, an employer acquires a voucher from a third party (generally a government authority) to be used, instead of cash, as payment to a worker providing a service. Often, the services provided are specific tasks or fixed-term assignments and consequently are related to casual work. The current project identified such systems in operation mainly in household services and agriculture. The rationale behind the concentration in these two sectors is that they are often core areas for the operation of undeclared work, and voucher-based work aims to provide an easy-to-handle instrument to legalise such employment. It involves a low administrative burden to establish and end the employment relationship and offers the flexibility to do so quickly when human resources demand occurs.

Among the systems analysed in this project, Greece, France, Italy and Lithuania have established a maximum number of hours per week, number of days or level of income per year for which an individual worker can be employed based on vouchers. In Austria, such a threshold is implicit due to tax and social insurance issues. In Belgium, the scope of voucher-based work is not limited for workers, but is for employers. Austria, Greece and France explicitly limit the use of vouchers to private individuals or households, and in the other countries analysed, the eligibility of employers is implicitly limited due to the services for which vouchers can be used. Interestingly, in four of the six systems analysed, some level of minimum pay is set, with the intention to avoid a 'race to the bottom'.

One of the main advantages of voucher-based work for the workers involved is the legalisation of their employment and, with that, access to social protection is secured. All of the systems analysed provide workers with access to at least some social insurance coverage, with two countries ensuring full coverage.

In general, voucher workers might experience job insecurity, excessive flexibility and little guarantee of employment. However, from the fragmented data available, it seems that voucher workers succeed in arranging working time with their employer according to their needs; hence, they seem to benefit from the flexibility and autonomy it provides, as well as the opportunity to work locally.

In some countries, the legal framework does not regulate individual aspects of employment relationships, but leaves that to the agreement between the client and the worker. Hence, working conditions, including health and safety provisions, are not necessarily adequate. Bearing in mind that voucher-based work often involves physically demanding activities, the potential long-term danger to workers' health should not be neglected. Furthermore, voucher workers have hardly any access to training, and their career development prospects are quite limited.

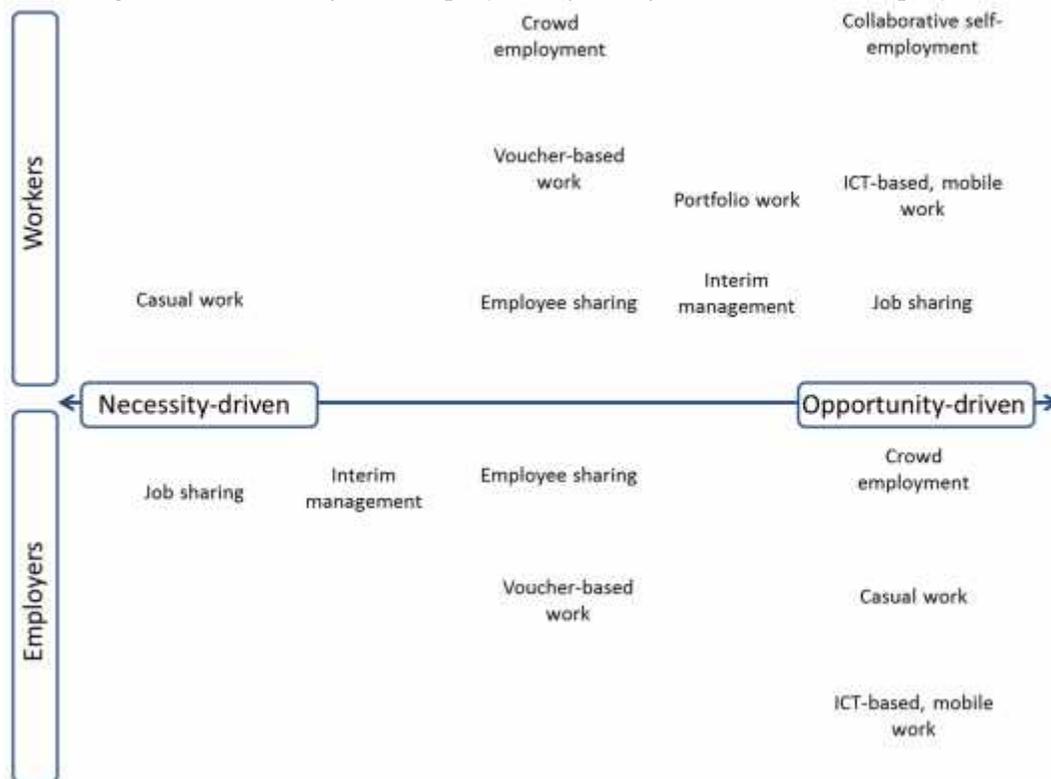
In general, however, remuneration is available for voucher workers comparatively quickly, which might be an important advantage for low-income earners particularly. Similarly, the access to social protection is a considerable benefit of voucher-based work.

From a labour market perspective, voucher work has the potential to legalise undeclared work and contribute to labour market integration of specific groups, notably women, low-skilled workers, young people and workers with migration background.

Conclusions

The mapping exercise conducted in the framework of this project illustrates that across Europe a wide variety of new employment trends is emerging. In spite of the considerable differences among these employment forms, flexibility is the key concept inherent in all. The increased demand for enhanced flexibility can be driven by both employers and employees, either due to the economically challenging times or societal developments. Consequently, some of the employment forms discussed are opportunity-driven while others emerge out of necessity, and the respective drivers might differ between employers and workers.

Figure 2: Drivers of new employment forms for workers and employers

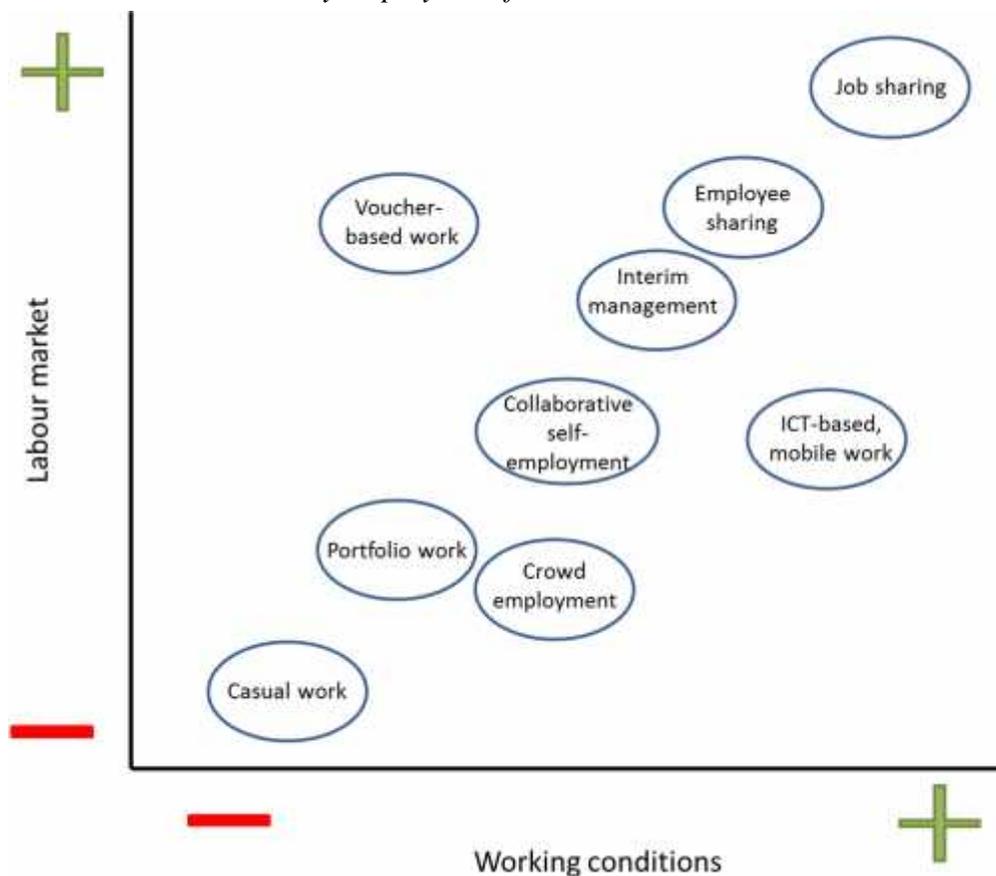


Source: Eurofound

While it has to be highlighted that the operational implications of each employment form might vary greatly from case to case, some generalisations can be derived from the current study. It should be borne in mind, however, that elements presented as beneficial in the following discussion can turn out disadvantageous in the individual case and vice versa, depending on the employers' and employees' characteristics and preferences as well as the bilateral agreements among them.

Employee sharing, job sharing and interim management, particularly, seem to result in beneficial working conditions and labour market implications. For employees, ICT-based mobile work offers some important advantages related to flexibility, autonomy and empowerment, while at the same time incurring some dangers related to work intensification, stress levels, increased working time, blurring of boundaries between work and private life, and the outsourcing of traditional employer responsibilities to the workers. Among the new employment forms analysed, casual work is the one that raises most concerns regarding working conditions. It is characterised by low levels of job and income security, reduced social protection and limited access to human resources measures; in many cases, the work is tedious. The high degree of flexibility might be appreciated by some workers who benefit from an improved work–life balance, but it tends to be excessive for the majority of casual workers, who would prefer more continuity.

Figure 3: Assessment of implications of new forms of employment for working conditions and the labour market, by employment form



Source: Eurofound

The research conducted clearly shows that new trends are emerging. Some are rather marginal phenomena, with little overall impact as of yet. Others are much more widespread or can be expected to become so in the future. Consequently, there is some potential that they will strongly influence the European labour market by transforming what is known as standard or established as regards contractual relationships (including employer versus worker responsibilities), the understanding of a 'job' (a bundle of tasks versus fragmented task orientation), and the place and time of work.

Policy pointers

This report tried to collect as much information as possible on the discussed employment forms, but while, for some of them at least, fragmented research or data is available, others do not even have an established name, clearly highlighting that more information is needed. Consequently, as a first step, it is recommended that governments, employers' representatives and employees' representatives come to a Europe-wide joint understanding about what the emerging 'new forms of employment' are, including a shared terminology based on the main characteristics of the employment form (while making clear that operational differences will always occur across countries due to differences in labour market characteristics, institutional settings, traditions of work organisation and so on).

The evidence indicates that some of the new employment forms that could have positive effects on working conditions and the labour market are not very widespread across Europe, which is to be attributed to their recent appearance and 'traditional thinking'. In those cases, information provision and other awareness-raising measures targeted at both employers and workers are recommended. Some of these forms of employment could be a more beneficial alternative to other forms of flexible work discussed that turn out to be less advantageous for the workers and the labour market, but they need a critical mass before working effectively and efficiently.

In addition, it seems that in some cases the labour market is not fully prepared to assimilate such beneficial new employment forms. There can be a cultural aspect to this, or the existing legislation might impose a framework on the new employment form that prevents its full exploitation (found, for example, in some countries for employee sharing or voucher-based work). Regarding the regulation of new employment forms more generally (and referring to both legislation and collective agreements), the anecdotal evidence from this project highlights scope for improvement as regards the clarification and facilitation of the regulatory frameworks. While it is acknowledged that they need to be designed as a safety net for workers, they should at the same time find a balance to incorporate the flexibility needed by the employers, particularly in the current economically difficult times. Furthermore, they should be formulated in a clear and concise way to make them easy to understand for employers, workers and their representatives and consultants. It also became obvious from the analysis that frequent legislative changes caused confusion and a feeling of insecurity among the target groups.

For some of the analysed employment forms, the findings show the need for some safety nets for the workers. Such flexible forms of employment are either keenly required by employers to cope with fluctuations in demand or requested by employees in an effort to achieve a better work-life balance. Consequently, it can be assumed that flexible forms of employment – in general – are a necessary element of modern labour markets, with little potential of avoiding them. Nevertheless, they entail some inherent danger for working conditions and the labour market that should be addressed. In some countries, this has already been done through legislation or collective agreements. Sometimes this results in a situation in which either workers continue to be poorly protected, or they are protected in a way that makes the employment form unusable for the employers in practice (and hence maybe giving rise to undeclared work). A balance is

challenging to find, highlighting the benefit of cross-national exchange of experience and lessons learned.

Furthermore, not only regulating frameworks should be established or reconsidered, but also monitoring and control mechanisms might need to be designed or improved. From the anecdotal evidence of this project, it appears that labour inspectorates do not direct much specific focus on new employment forms, partly due to lack of awareness and partly due to lack of resources. However, there are, for example, initiatives by trade unions, which have set up special institutions where workers can report misuse of the system that might then be followed up.

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