

**JILL RUBERY**

(University of Manchester Institute of Science and  
Technology - UMIST)

**THE NETWORK FIRM –  
IMPLICATIONS FOR THE  
LABOUR MARKET**

## **Changing organisational forms and the employment relationship.**

Multiple employers - a missing concept in the debate on the changing nature of work

Broadening the legal definition of the employer-employee relationship:

- from employees to workers
- from single employer to multi-employer?

Blurring the boundaries of the organisation

- Network firms: the impact of employment relations on their effectiveness
- Human resource management: still bounded by notions of the single employer

Conflicts and contradictions in the management of multi-employer employment relationships

- Pay
- Performance management
- Organisational commitment

Towards contract or status:

- performance monitoring
- or relational contracting

## From employee to worker; now from single to multi-employers?

Table 1: Types of organisational arrangements where employment relations may be ambiguous

Dependent self employment and sub-contractors	Main 'employer' may be responsible for health and safety for all on site
Temporary agency workers	Agency, as the employer, not able to control the work or to verify basis for discipline cases
Franchise	Franchisor may control work processes through contract and/or issue grievance/discipline framework
Multi-employer site	Employees in one organisation may be reliant upon/ monitored by/ controlled by employees of another organisation- sometimes one with whom the employee's employer has no contract.
Partnerships and supply chain relationships	Partners may try to determine which employees are deployed on partnership activities
Outsourcing	<p>Outsourced employees may have work checked/verified by managers in client company if latter retains authority or knowledge.</p> <p>Terms and conditions of transferred employees may be preserved but frozen; differ from those left behind <u>and</u> from other employees in company to which they are transferred.</p>

Table 2: Main areas of ambiguity

Supervision and control	Employer not present at workplace or more than one 'employer' present. Employee on loan/on secondment to another 'employer'.
Discipline	Differences in rules between 'employers'; who is responsible for monitoring performance, identifying disciplinary issues, initiating actions, verifying information?
Grievance	Do duties not to harass staff apply to contract staff not just direct employees? Can employees have a grievance against employer if harassed by manger/employee of another organisation?
Terms and conditions- equal pay issues	Outsourcing may result in different pay for work of same or broadly equivalent value <u>either</u> for employees of same organisation <u>or</u> for employees of different organisations but working in same workplace.
Health and safety responsibilities and other legal/statutory obligations	Responsibility for health and safety of workers/general public lies with main employer/ owner of site. But can managers of main employer instruct employees of other employers not to behave in ways which endanger health and safety?
Loyalty and confidentiality	Duties of loyalty and confidentiality to employer but conflicts of interest may arise between own employer and those of the employer in the workplace where the employee is located.
Trade union recognition and collective bargaining	Multi-employer relationships may complicate the definition of appropriate systems of union organisation and collective bargaining.

Table 3: Employment relations and the realisation of gains from extending organisational boundaries

Type of organisational partnership/alliance	Assumed basis for synergy/efficiency	Role of employment relationship
Networked organisations	Drawing upon larger pool of expertise than in-house	Issue of who takes responsibility for training and development
Outsourcing	Reduction in costs  Concentration on core competencies	Power relations influences costs outcome. Short term cost savings may not ensure reproduction of skill base.  Outsource areas not apparently related to core competencies but low wage/ apparently routinised work may be significant for organisational performance.
Joint ventures/partnerships/strategic alliances	To maximise resource base of firm/dynamic capabilities  Learning and knowledge across organisational boundaries	Human resources central to resource-based theory of firm but contradictions/conflicts in managing and developing human resources not taken into account.  Contracts to share intellectual property rights but knowledge/expertise located in individuals and learning depends upon employee turnover, teamworking, loyalty/commitment to employer, capacity and willingness to impart knowledge to others.

## **Human resource management: still bounded by notions of the single employer**

### **Conflicts and contradictions in the management of multi-employer employment relationships**

#### **PAY AND CONDITIONS:**

- notions of fairness/hierarchy/incentive disrupted by multi-employer relationships

#### **PERFORMANCE:**

- inter-dependence of performance indicators and targets

#### **ORGANISATIONAL GOALS/CULTURE:**

- problem of establishing brand or company loyalty/ customer service

## **Towards contract or status; conflicting pressures from managing multi-employer relationships**

### Return to contract

reliance on performance criteria in employment

- performance criteria in inter-organisational contracts filters down to employment contracts
- contractual specifications act as substitute for either trust relations or direct supervision.

### Extension of status

autonomous workers needed to:

- realise learning/synergies
- co-ordinate activities
- form good personal relations
- take care of all uncertainties, unforeseen difficulties

Table 5: Towards contract or status?

	Return to contract	Extension of status
Performance	Strict contractual requirements between partners related to task performance	Reliance on employees' initiative and tact to manage relations between partners, to share knowledge; to 'chart unknown territories'
Autonomy	Strict regulation of responsibilities/ allocation of authorisation duties	Use of new forms to grow the business, develop spin-offs/ synergies- reliance on self-motivated workers
Job content	Emphasis on codified knowledge/processes as a means of control of labour process/brand image	Need to update knowledge/ retain exclusive access to knowledge as basis for partnerships/efficiencies
Recruitment and selection	Use tight contractual control rather than personal selection	Use professional status/ qualification/ experience as basis for selection for temporary/short term assignments
Training	Narrow task specific training; company branding	Training from multi-employers; broader range of tasks/ experience; reliance on self-trained/self-motivated workers
Time	Strict time accounting used to control relationship between employers/ allocate costs/ implement costs savings	Task and performance related contracts implemented through extended work time of employees/managers

## Conclusions

Employment relationship critical to the expected benefits from networks/partnerships/outsourcing.

Multi-employer relationships call into question

notion of single employer as dominant/only force in employment relationship

- In legal system
- In human resource management literature

notion of a single best way or best approach to employment management.