HR staff leasing: opportunities in the digital economy environment (case of Russia)

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Abstract. The informatization of managerial activities, the growing importance of IT technologies, providing the processing of an extensive amount of information that is necessary for making decisions in the field of HR management, are considered. It leads to a change in the requirements for the skills and abilities of future employees. Also, the requirements on the part of companies for HR specialists change in the direction of their complexity, orientation on friendly environmental production, which leads to the need for intellectual capital in the organization. Modern information and communication technologies lead to the transformation of forms of employment and affect all subjects and all institutions of the labour market. In this situation, companies, especially industrial ones (such as agricultural, engineering, machinery), should also follow the rules of ecofriendly environment that could be supported by digitalization. There is the formation of an ecosystem of personnel in the world: management of employees outside the enterprise. Since HR functions in many companies belong to those serving the main process, it seems appropriate to use alternative forms of employment, for example, staff leasing. Advantages and disadvantages of HR staff leasing were described. Despite the recent development of staff leasing in Russia, there is a good future, as it will allow many companies to take a balanced approach to resolve the issue of optimal use of personnel in the organization's activities.

1 Introduction

Digitalization is one of the main trends in the development of society in the modern world. It applies to all spheres, including the economy. Within the digital economy, the key to production is digital data. On the other hand, company should be as much ecofriendly as it could be – this is one of the main trends nowadays in society. Processing large amounts of data and using the results of their analysis significantly increase the efficiency of many processes. For companies, incorporating digitalization measures into the development strategy is more likely the rule, not the exception. In the manufacturing sector, the Industry 4.0 concept is used [1]. Its distinguishing features are the synergy and convergence of several large- scale technologies: bio-, nanotechnology, artificial intelligence, IT, digitalization, robotics, the usage of cyber-physical systems in production, the creation of new materials and 3D printing. These changes certainly affect organizations management in new business

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conditions. In these conditions, new types of organizational structures, management technologies are formed, the characteristics of the business environment are radically changing. These processes have a significant impact on human resource management in the organization. In their practice, some companies began to digitize their activities and introduce advanced technologies in human resource management.

Information and communication technologies have changed most HR tools. The informatization of managerial activities, the growing importance of IT technologies, providing the processing of an extensive amount of information that is necessary for making decisions in the field of HR management, the formation of a new communication system for the exchange of information in organizations, increasing attention to training and development of employees take a place.

It follows that one of the important factors in increasing the efficiency of HR functions in fulfilling their functions is the ability to work with Big Data. Important skills are media literacy (the ability to navigate information sources), the ability to design processes, control one's load, virtual communications, multi-thinking as a quick analysis through the quick decision making and forecasting [2]. Also, at the moment, many companies are changing the requirements for the "input" knowledge, skills and abilities of future employees. All this leads to a change in the requirements on the part of companies for HR specialists in the direction of their complexity, which leads to the need for intellectual capital in the organization.

Accordingly, HR managers need to modernize management tools in such a way that they, on the one hand, meet the expectations and preferences of employees as much as possible, on the other hand, meet the goals, settings and capabilities of the company, and on the third, the realities of the new business environment and technology. Under these conditions, new demands are made on the job and professional suitability of HR managers, which are precisely the task of coordinating the interests of all subjects of social and labour relations both within the organization and beyond. In the XXI century. intellectual capital holders do gain significant benefits in the labour market and have much higher wages. Unfortunately, in Russia only 17% of workers can be attributed to the category of "knowledge", and almost 35% are engaged in low-skilled labour [3].

Today in Russia much attention is paid to the discussion of innovation, the digital economy [1, 4, 5], labour productivity and competitiveness. However, these plans are not feasible without a systematic approach to the development of human capital, including both attracting and retaining the best minds, and providing the conditions for the growth of progressive employer companies.

The world of work is changing [6]. New reports hit the news every day, demonstrating megatrends, such as ageing populations, the rise in automation in the workplace, changing work preferences and the development of new and diverse forms of work. While these trends are inevitable, it is essential for a well-functioning society that labour markets remain inclusive, provide job seekers with quality work, ensure skill maintenance and offer adequate social protection for workers. All of the above determines the relevance of the chosen research topic and emphasizes the need to investigate in the context of the digital economy HR tools that correspond to the new reality.

2 Materials and Methods

In the new conditions, the following most important competencies are distinguished, which an effective and competitive HR specialist should have in 2020: integrated vision and problem-solving; critical thinking; creativity; the ability to manage people; cooperation; emotional intelligence; the ability to make and evaluate decisions; high-quality service;

negotiation skills; cognitive flexibility. It is advisable to add digital thinking to this list of competencies.

The private employment services industry continued to grow on a global level in 2018 [7]. Agency work is a triangular employment relationship, defined as: “Services consisting of employing workers to make them available to a third party, who may be a natural or legal person which assigns their tasks and supervises the execution of these tasks”. Managed Services Providers (MSP) is a service whereby a company takes on primary responsibility for managing an organization’s contingent workforce programme.

The global private employment services industry reached an estimated market value of € 473 billion in 2018 – up nearly 2% compared with 2017. Agency work is the largest segment of the private employment services industry and its market is quite concentrated at global level, with the three largest markets (USA, Japan, UK) accounting for the majority of sales revenues (54%) [8].

Growth in the MSP market has been strongest in Europe, the Middle East and Africa, with sales revenues up 13.7% in 2018. Global market growth was slowed down by subdued growth in the Americas, including the USA which represents more than 50% of the global MSP market.

The share of agency workers within the overall employed population remained unchanged at 1.6% at the global level. With seven markets featuring in the top ten highest agency work penetration rates, the share of agency workers is highest amongst European countries, with the UK (3.4%), the Netherlands (3.3%) and France (2.9%) taking the top three slots. Outside Europe, Australia, the USA and Japan also showcase a high share of agency workers, 2.7%, 2.1% and 2.0% respectively. Overall, almost 160,000 private employment agencies, with 2.4 million internal staff, placed nearly 58 million people in labour markets across the world, the vast majority through agency work.

Considering those countries for which figures were available for both 2017 and 2018, the number of agencies operating was up 4.6% in 2018 compared to the previous year. Simultaneously, the internal staff grew by a little over 1%. As automation of business processes is becoming increasingly prevalent, this could be an underlying factor explaining the difference in growth rates between the number of agencies and staff. These agencies provide client companies and workers with various HR services including agency work, direct recruitment, career management, MSP and RPO. Complementing the public employment services, they contribute to well-functioning labour markets by matching employers with job seekers.

Nearly 58 million people are placed in jobs in 2018 and nearly 54 million people are placed through temporary work agencies. At a global level, the majority of agency workers are employed in the services industry (50.2%), while nearly one-third work in manufacturing. The construction sector is the third-largest agency work sector, although it comprises only 6% of global agency work employment. Just over 3% of agency workers are employed in the agricultural sector.

The scale of the leasing services market in the world can be judged from the fact that the number of companies specializing in personnel leasing annually increases by 1.5 times. According to British researchers, temporary employment was widespread among specialists.

Data for the research are collected based on official sources in the public domain.

In our paper, Russia was chosen as an object.

Research methods used: system analysis, synthesis, comparison and generalization, statistical analyses.

Firstly, we examined how expectations from the competencies of specialists have changed. Then we justified the need to use new tools. We examined staff leasing, its advantages and disadvantages and studied the state of the sphere in Russia concerning world

trend of support of ecofriendly environment that provides especially opportunities of the use of HR staff leasing in such industries as agriculture, consulting, transport.

3 Results

By digitalization, we mean the penetration of information technologies into various spheres of industrial and economic activity. [2] Modern information and communication technologies lead to the transformation of forms of employment and affect all subjects and all institutions of the labour market.

Already, the digital transformation is leading to a review of labour law and the workflow system. For example, from January 1, 2020, an electronic workbook was introduced in Russia. The electronic book will provide permanent and convenient access for workers to information about their work activities, and employers will open up new opportunities for personnel records. The development of cloud-based technologies and the use of cyber-physical systems resulted in the emergence of new forms of employment: work-on-demand via apps and crowdwork [9].

Under the new conditions, it is planned to increase the attention of the company's management to the development of new tools and methods for staff training. As part of the development of a mobile workplace system, transition not only to flexible working hours but also to the further development of the system remote workplace. Already in developed countries, remote work and freelance have become the norm for many professions, and their share continues to increase. A new trend in global employment has been the spread of cross-border remote employment, and some European countries, regulatory of remote work from home has already been introduced.

As a result of these factors, the leaders of many companies are increasingly faced with the fact that familiar approaches and HR technologies no longer demonstrate the expected effectiveness. Among the problems that HR managers face is the lack of HR software and effective tools to help employers manage such non-traditional employees, as well as a training and performance evaluation system for such employees.

In general, companies face new challenges that require certain competencies for HR employees. For example, the task of digitalizing recruitment technologies. Key trends in this area are the automation of screening and the recruitment process. Another challenge is the digital transformation of employee training [10]. Its main features can be considered: firstly, the constant exchange of experience and knowledge, training in the process of working on real work processes; secondly, the formation of personalized digital learning content; thirdly, providing access to training programs at any time, anywhere and with any type of device (implementation of a mobile learning system and cross-platform solutions); fourthly, the formation of an electronic distance learning system: MOOC (mass open online course, for example, through the Coursera, EdX), COOC (corporate open online course), SPOOC (small private online courses), webinars; fifthly, the creation of virtual learning platforms (solving cases and exercises in a virtual environment, creating virtual simulations); sixthly, providing the possibility of instant feedback (automated work verification using Big Data technology, the introduction of micro-learning technology with a time-distributed assessment of granular knowledge, skills). Tasks in the field of HR marketing: creating ambassadors of the company's HR brand; creation and support of external and internal communications through the media, various employee blogs, HR events; creation of non-standard and creative corporate content aimed at promoting an HR brand; development of new programs of personnel loyalty and involvement, a special corporate culture of the company in which people want to work.

Companies need to introduce new programs, use new approaches, and rebuild business processes. HR-specialists, however, do not always have the required competencies here and now.

The formation of the ecosystem of personnel: management of employees outside the enterprise. For several years now, “alternative employment methods,” such as freelance, project work, part-time work, or gig work, have become more common. Currently, the traditional relationship between the employee and the employer is being replaced by a whole “ecosystem of labour resources”, represented by a diverse pool of employees, talent networks, gig workers and service providers, which provides employers with flexibility, opportunities and potential for work. The ecosystem includes both full-time and part-time workers, as well as contractors, remote workers, partners, agents, freelancers, gig workers, and crowdsourcing workers focused on a variety of projects and individual tasks.

In Russia, a clear idea of the mechanisms for managing the ecosystem of personnel has not yet been formed, and almost 40% of the heads of HR departments have an obstacle to its development, reputation risks, the problem of maintaining confidential commercial and technological information, and lack of confidence in the stability of attracting such personnel.

Trends in optimizing business processes within companies lead to a redistribution of responsibilities among internal employees and the withdrawal of non-core, standardized functions beyond companies. For example, a change in HR focus on business and company strategy leads to the outsourcing of projects to experienced providers (administrative support, payroll, etc.). The reason for this is the desire to focus on strategic projects for the development of their activities, the automation of individual business functions, which, in turn, leads to a reduction in staff, a review of staff employment formats, etc.

According to research by the Boston Consulting Group, the lack of personnel is recognized as the No 1 barrier to company development [3]. Based on the analysis of Hays data, it was revealed that there is a shortage of highly qualified workers in certain areas [11]. With the advent of new methods for solving problems, employers need employees with the appropriate skills. This leads to the fact that the employer needs the skills of owning a new tool now, but the applicants have not had time to get experience. Since HR functions in many companies belong to those serving the main process, it seems appropriate to use alternative forms of employment, for example, staff leasing.

An HR leasing company, also known as a professional employer organization (PEO), is a vendor that is hired to take over select responsibilities toward your employees. A company make a contractual relationship with the leasing company/PEO. Under this contract, the employees work at a company but PEO becomes their official employer.

Companies do not always have to hire an expensive and highly experienced HR. For a company, this may be impractical for various reasons: the cost of such a specialist, the insufficient scale of tasks, etc. At the same time, the competencies of the company's specialists may not be sufficient to solve certain problems (for example: developing a personnel management strategy, developing a training center concept, setting up a function staff recruitment, transformation of corporate culture, etc.)

Advantages of HR staff leasing are in Table 1 which are group by factors: costs, time, quality, simplicity and risk.

Table 1. Advantages of the HR staff leasing usage in a company*.

Costs	Time	Quality	Simplicity	Risk
- lack of hiring and professional training costs; - exclusion of staff recruitment costs, as the	- reducing the time costs of conducting HR management, accounting, reporting, etc.;	- assignment of work to qualified and experienced professionals, which is reflected in improving the	- the company can continue to add new employees and develop its organization without worrying	- Reduction of risks, social guarantees and legal liability;

<p>employer has the right to accept the staff of the temporary employee of his choice;</p> <ul style="list-style-type: none"> - reduced costs for compensation packages not provided for temporary employees; - lack of losses and downtime in case of illness of a staff member; - minimized tax losses when calculating the wage fund. 	<ul style="list-style-type: none"> - ability to attract temporary work/projects; - quick recruitment of the right staff in a short time in any volume; - freeing up time for the leader to solve other important tasks. 	<p>project's effectiveness;</p> <ul style="list-style-type: none"> - availability of the required set of standard and unique skills by a specialist; - the possibility of deeper immersion in the activities of the company compared to outsourcing; - the contract allows the business to receive all the necessary services performed by professionals and to remain following all laws. 	<p>about the increased complexity;</p> <ul style="list-style-type: none"> - reduction of administration for the organization; - the ability to replace employees an unlimited number of times; - simplification of the procedure for relations with involved specialists; - the company can act as one supplier to cope with all personnel needs, and not deal with the cost and complexity of several suppliers 	<ul style="list-style-type: none"> - minimizes the risks associated with the use of unverified personnel; - certain guarantees from the agency (reputation)
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Note: *completed by the authors

The disadvantages of leasing include the following properties:

1. The relatively high cost in comparison with the regular staff. The fee for the services of a recruiting agency is usually 12-18% of the amount of the wage fund and the unified social tax.
2. Possible employee disloyalty to the company. As a rule, “alternative workers” are little interested in the overall strategy of the organization and do not seek to understand it.
3. Information leakage risk still exists.

Many companies cannot use classic forms of hiring and motivating employees since they face three main problems:

- company policy aimed at suspending the development of new priority areas;
- high turnover of highly qualified personnel due to changes in the company's compensation policy;
- reducing the staff and budget line for personnel costs by the head offices of the company while maintaining the need for labour of relevant specialists.

On leasing, companies often hire sales staff and cashiers, employees in the catering industry to serve one-time events, staff in warehouses and logistics centers, staff in construction sites, temporary staff to solve urgent production tasks. However, HR personnel are not yet widely covered by this scheme.

For foreign companies specializing in employment, staff leasing is the main source of income. In the United States and Western Europe, a significant part of workers in various industries are staffed by lessor agencies and more and more agencies are opening that specialize exclusively in staff leasing.

In Russia, leasing remains a developing additional service. One of the constraining factors is a lack of understanding of what staff leasing is. Accordingly, it is difficult for companies to weigh all the pros and cons of this service. Also constraining is the lack of a legal framework for the provision of services related to contingent labour. The Russian labour legislation only recently began to provide for the existence of such relationships (Labour Code of the Russian Federation Chapter 53.1. Features of the regulation of labour of workers temporarily referred by the employer to other individuals or legal entities under an agreement on the provision of labour for workers (personnel) (introduced by the Federal Law of

05.05.2014 No. 116 -FZ). The opacity of the overwhelming majority of companies and the instability of demand for highly qualified specialists, subject to their temporary involvement, also hinder development.

In Russia, leasing of office staff, sales department staff, technical staff and workers are most common. Abroad, recruitment agencies are not limited to recruiting ready-made specialists for the leasing staff but cultivate their leasing potential. Such agencies select talented young people and invest in it to eventually lease highly qualified specialists to the companies that need them.

According to a study by the Association of Private Employment Agencies (APEA) [12], the total Russian market for the recruitment, provision of personnel and outsourcing in 2018 showed an increase of 14% and amounted to about 1 billion euros. Most of the market is occupied by the outsourcing of personnel (Fig. 1). The permanent staff recruitment market showed moderate growth (7.4%). The labour supply market for workers under FL-116 in 2018 increased by 12.7%, and the outsourcing market by 15%.

Fig. 1. The turnover of the market for the recruitment, provision of personnel and outsourcing 2017-2018, million rubles.

Since 2016, there has been moderate growth in the market for private employment agency services. Noteworthy is the growth in the volume of all the studied personnel services. The most active dynamics are in outsourcing and temporary staffing services.

According to APEA experts, the decrease in the cost of a position in the professional recruitment segment was influenced by the expansion of recruitment process outsourcing services or RPO (Recruitment Process Outsourcing), as well as an increase in demand for young professionals and project managers, and a decrease in demand for middle and senior managers. RPO is in demand in large companies, recruiting from several hundred to several thousand new employees a year and attracting dedicated teams of specialists working only for one client.

The market for services for the provision of labour for employees began to emerge from the moment the law governing the provision of labour for workers (FL-116) came into force in 2016. As the study showed, in 2018, companies actively used the services of providing labour for workers under Federal Law-116: the total market volume for the year grew by 12.7%.

Among the vacancies for providing labour for workers under Federal Law-116, the number of requests for searching for employees for companies from the Natural Resources industries increased - 27% (25% in 2017), Consulting and service - 18% (compared with 13% in 2017). It is important to note that in addition to the growing demand for qualified personnel in the Natural Resources sphere, the prompt and successful provision of personnel is due to the tendency to mobility and high motivation of high-quality candidates. The number of requests for the provision of labour by office specialists has increased. 64% of those employed were from the white-collar category: office workers, office workers, managers, engineering and technical personnel, and others, compared with 57% in 2017.

The turnover of the business process outsourcing market showed the largest growth in 2018 - by 15%. Outsourcing of administrative, financial, industrial, logistics, trade and IT

processes are widespread on the Russian market. According to APEA experts, the business process outsourcing services market will continue to grow over the next few years. Experts attribute the growth of the business process outsourcing market to the need to increase the efficiency facing all market participants in a stagnant economy. If the world market for business process outsourcing is already close to saturation, in Russia the stage of intensive growth has not yet been passed. The outsourcing market will develop. Companies will use new types and models, for example, the MSP model Managed Service Provider used by companies from Europe and America. According to the forecasts of the international recruiting company Hays, soon the Russian market will also begin to switch to such a model of work. [10]

71% of companies plan to hire temporary or contract personnel in 2019 (this is 10% more than in 2017) to a greater extent for the implementation of the project and seasonal activities.

4 Discussion

In the context of digitalization, increasing the efficiency of the company's functioning requires both the development and implementation of new approaches to human resource management, new technologies and tools, and the modernization and adaptation of the tools used to make and implement management decisions [13].

The head of HR in a modern company is a full-fledged business partner that provides expert support on a wide range of issues related to the effective organization of the organization's work. Francis H. and Keegan A. argue that the profession needs to reflect seriously on the consequences of a dominant business strategic partner framing of HR work [14]. The new HR role already requires different competencies. The ability to solve complex problems will remain in first place in 2020, as in 2015, while the need for owners of such competence will increase by 52% according to the World Economic Forum [15]. Under these conditions, it is not always advisable to perform all functions and processes independently. The speed and quality of the result are the strongest arguments in favor of using the labour of temporary workers [16].

The impact of digital transformation is manifested in the abolition and creation of jobs in various sectors of the economy and the emergence of new forms of labour [7]. According to the estimates of the international company The Boston Consulting Group (BCG), specializing in management consulting, by 2025, from 9 to 50% of all currently existing professions can change/disappear, and 19% of all workers can be replaced by robots by 81%. [3]

Outsourcing is not a good way in any case [17, 18]. Wears K.H. and Fisher S.L. showed that companies in the United States increasingly use staffing firms, employee leasing firms, temporary employment agencies and other third parties to help manage contingent labour in their organizations [19].

Staff leasing initially arose because of the mismatch between the availability of labour resources and the need for them, because of the need of organizations for diverse specialists for different periods. Leasing services for personnel, their maintenance and withdrawal for staff are relatively new to the Russian labour market, although in the West they have been widely used for about 20-35 years [20].

Besides, the use of HR staff leasing is consistent with the ideas of networking - the main trend that efforts are directed at, both in the West and in Russia. Within the framework of this trend, the idea of using the resources of other organizations, including human ones [21], makes sense.

5 Conclusions

Technological changes taking place in the area of the merging of telecommunications and information technologies have a direct impact on the functioning of economic entities at various levels, affecting the sphere of managing social and labour relations, influencing on the level of being environmentally friendly for different type of businesses.

The objective basis for focusing on continuous development is the fact that for almost 20 years, the life cycle of acquired skills has been constantly decreasing and is currently no more than five years, which requires companies to develop new methods, directions and content of training in the digital age.

Millions of workers in the private employment services industry are provided access to training programs, which support people in enhancing their employability, in turn raising their prospects in the labour market. In general, staff leasing perfectly solves the problem when temporary workers are required to perform a frequently changing workload.

Despite the recent development of staff leasing in Russia, there is a good future, as it will allow many companies to take a balanced approach to resolve the issue of optimal use of personnel in the organization's activities. Directions for further research may become an analysis of a different experience of companies decided to use HR staff leasing in Russia.

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