

FLEXIBILITY IN LABOUR MARKET RELATIONS BETWEEN EMPLOYERS' AND EMPLOYEES'

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Abstract. The labour market is an arena where the employee exchanges his or her labour for wages, status or any other goods achievable by work. The concept covers those institutes and practises which lead the processes of exchange and the receiving of services between employees, employers and other agents who take part in the labour market processes as representatives of employees and employers or as national or local government institutions and nongovernmental organisations (NGO). Flexibility in labour market relations may differ in different spatial regional units. The main attention is paid to the flexibility of the relations between the agents of the labour market in different rural and urban areas. The flexibility of labour market relations can be characterised with the help of different dimensions of flexibility. A consolidated flexibility index with four dimensions has been developed to assess the flexibility of the employers of different territorial units. The dimensions are: flexibility of employees' recruitment, flexibility of the attitude to employees from different social groups, flexibility of employees' attachment and flexibility of employees' evaluation. However, at least theoretically the avoidance of flexibility as an adaptation to the changes in the labour market is also possible.

Key words: labour market; labour market agents, flexibility

Introduction

Labour market is an arena where the employee exchanges his or her labour for wages, status or any other goods achievable by work (Kalleberg, Sorensen, 1979, 352). Labour market functioning could be characterised by relations among key agents of labour market: employers and employees in labour market processes (recruitment, attachment, dismissal). The concept covers those institutes and practises which lead the processes of exchange and receiving of services between employees, employers and other agents who take part in the labour market processes as representatives of employees and employers or as national or local government institutions and nongovernmental organisations (NGO).

At the beginning of the 21st century, the new employers of private sector established themselves in Latvia and other post-socialist society's labour markets, and changes occurred amongst the employers of the public sector (state and local governments), the global economical and financial crisis deepened the already existing unsolved problems. That is why flexibility is so current an issue in labour market relations, because it lets the adaptation for changes in labour market relations to happen.

The article has drawn attention to those aspects of labour market relations which are related to the flexibility of the relations between employers' and employees' in different regional units. The main goal is to find out if the theoretical approach is appropriate for the analysis of labour market relations in different regional units in Latvia. The specific task is to construct instruments for measuring employers' flexibility in regional units based on analysed theoretical approaches.

Latvian labour market relations have to go through transformations due to its socialist and soviet experience and integration in global and European Union labour market processes. Remarkable regional differences are immanent features of Latvia's labour market during last twenty years after the reestablishment of independence (unemployment rate, economic activity, etc.). Regional differences could be understood from the perspective of rural and urban division. The author operates by concepts "urban regions" and "rural regions" popular among labour market researchers (Copus, et.al., 2006). When determining the "urban" and "rural" areas, the author of the article uses the recommendations of the Organisation for Economic Development and Cooperation as the basis (population density, distribution of population, the size of cities). In accordance with this classification only the Latvian capital Riga and its surroundings are predominantly urban regions but the rest of the country is predominantly rural (Latvia. Human Development Report 2006/2007, 2007, 44).

The article pays attention to analysis of theoretical ideas about the genesis of flexibility and regional differences in labour market relations by Spanish descendent sociologist of social changes Manuel Castells, Polish descendent English sociologist of culture Zygmunt Bauman and German sociologist, creator of risk society concept Ulrich Beck. In order to interpret the flexibility of labour market relations in the medium level theories, the author investigates post-Fordism, neo-Fordism (Michael Hendel) and neoinstitutionalism (Paul di Maggio) theories.

The theoretical perspectives of labour market relations flexibility are analysed in the context of post-industrial labour market transformations. In order to deepen the analysis of labour market relations author uses the concept of flexibility, attending those manifestations of flexibility in labour market relations which allow talking about the expressions of post-Fordism and neo-Fordism in relations between employers and employees.

Flexibility in the labour market in EU countries has been an issue of social and economic development for at least the last three decades. Flexibility means survival in the constantly changing environment which requires adjustment, its understanding differs depending on the position of the labour market agent in the labour market (Gouliquer, 2000). Flexibility is referred to both the length of work and the contract and entrance into the labour market, as well as leaving it (Van der Steene, 2008; Edgell, 2006). The concept of flexibility is used when characterising particular labour market agents and their mutual relationships. Flexibility is the concept that may denote particular material changes and/or employer and employee strategies in the labour market. Flexibility is associated with the ability to survive in the global economics. Both the employer and the employee can be flexible, versatile, fast-thinking, and ready to any changes. However, an

inflexible employer or employee is hide-bounded, bureaucratic, and resistant to change. The most frequently mentioned dimensions of flexibility in the characteristics of the employers are functional flexibility, numerical flexibility and temporal flexibility. Flexible employer and employee relationships can be characterised through the core and the peripheral part of the employer's employed staff as well as diversity in the formation these relations (Strangleman, et.al., 2008; Watson, 1996; Ghezzi, et.al., 2007; Akiyoshi, 2003).

The author of the article is interested in the flexibility of labour market relations when entering the market and maintaining the labour market relations.

Theoretical framework

In the industrial and post-industrial period labour market relations are researched by Ulrich Beck, Manuel Castells and Zygmunt Bauman who represent schools of sociological thought of the 20th/21st century. Admittance of the differences between the industrial and the post-industrial period is the unifying element in these schools of thought, but at the same time there is an indication to a certain succession in developing employer – employee relations and also in the status rights. The analysed authors admit the existence of two different periods in labour market relations, but they emphasise different aspects of these differences and use different terminology. The difference is expressed in the speed of changes in the labour market (the risk and the spread in space and time increases, as well as the volume). Bauman emphasises the liquid character of the latest labour market relations period, the advantages of those labour market agents who can move fast and easily in space and acquire new methods in the labour market, emphasising the importance of the employers' power. Bauman indicates to a certain inequality affecting those who are attached to a place, family or who lack resources for a smooth and fast transition to another space, industry (Bauman, 2001, 228). Beck emphasises the decrease of the importance of geographical attachment in the labour market, the increase of the importance of the global risk factors and the decrease of the class division and mobilisation opportunities along with the increase of polarisation. In the opinion of the author of the article, the concept used by Beck's "halfway modernity" very precisely characterises those societies that are trying to enter the post-industrial labour market from the socialistic employment model (Beck, 2005, 202). Castells' "space of flows" theory underlines the global influence (flows) of people, capital and knowledge on labour market relations (Castells, 2000). Having analysed Castells, Beck and Baumann's terminological approaches, the author has decided to use the most frequently approbated and used concepts "industrial", "post-industrial" and "halfway modernity" to denominate the periods (and specific features) of labour market relations.

Terry Marsden, professor at the University of Aberdeen, researcher of rural development divides three possible variations of development of European rural areas: agri-industrial, post-productivist and sustainable rural development models. Marsden's models of sustainable rural development are close with Castells' theory of space of flows, underlining the influence of people, capital and knowledge on labour market relations in rural areas. There is a lack of protection mechanisms in rural areas against dangerous influences of space of flows, to allow maintain a local labour market. The sustainable model of rural development includes the co-operation between urban and rural areas as a prerequisite for the long term functioning of rural labour market (Marsden, et.al. 2005). Both authors emphasize differences in urban and rural labour market. Labour market relations can only be created if new labour market processes are happening (e.g. establishing of new employers, need for employees of a different qualification, knowledge and skills, change of the number of employees etc.) which is why the author thinks that in rural and urban areas the access to the „space of flows” is essential to the existence of labour market relations and their flexibility.

Different tendencies are also observed in the medium level theories of the labour market relations in the labour market theories. Within the perspective of post-Fordism (Michael Handel) those changes in the labour market relations are emphasised that evaluate employees' autonomy and that are aimed at evaluating knowledge and skills and use of technology (Handel, 2007). Within the perspective of neo-Fordism (George Ritzer), the intensification, standardisation and monitoring of employees' execution functions, understating of skills and knowledge is continuing, which affects employer and employee relations also in the service industry (Ritzer, 2008). In order to analyse flexibility of labour market relations the author has drafted a conceptual model, using also the concept of labour relations and work insecurity in small post-socialistic towns by Alison Stenning (Stenning, 2005), society transformation researcher at the University of Newcastle, the concept of myth of flexibility myth by Hariett Bradley (Bradley, et.al., 2004) researcher of gender and work sociology at the University of Bristol, the concept of long-term and insufficient employment by Kevin Doogan (Doogan, 2005) researcher of employment politics at University of Bristol.

Bradley questions the scale of the changes taking place in the labour market and the increase of the mass autonomy (Bradley, et.al. 2004, 110-117). Doogan supplements Bradley's explanation that demands for flexibility (as demand for skills and knowledge) is common only in a relatively small part of labour market with an idea about labour market agents' reluctance to change long-term labour market relations to short term, temporary ones. The author considers that demand

for skills (e.g. information technologies) allows explaining flexibility segmentation in labour market, taking in account the effect of new technology (Internet and telecommunications).

Barriers to the flexibility of labour market relations can be characterised as external (lack of space of flow: unavailability of infrastructure, administrative structures) and internal (institutional structures, their type of operation, individual behaviour). Research of the representative of neo-institutionalism Paul DiMaggio approves that people try to fit the new experience in the previous framework and schemes (DiMaggio, Powell, 2003). Barriers to the flexibility of labour market relations can be interpreted as institutional (norms, values, social symbols) or neo-institutional, such as “path dependency” at the individual and particular employers’ level (Ghezzi, et.al., 2007).

The developed conceptual model allows explaining and grinding (Figure 1):

- 1) the differences in labour market relationships in regional units,
- 2) the regional differences in labour market relations flexibility in use of knowledge and information technologies,
- 3) the regional differences in labour market relations which are standardized, formal, insecure and based on predictable expectations (neo-institutionalisms).

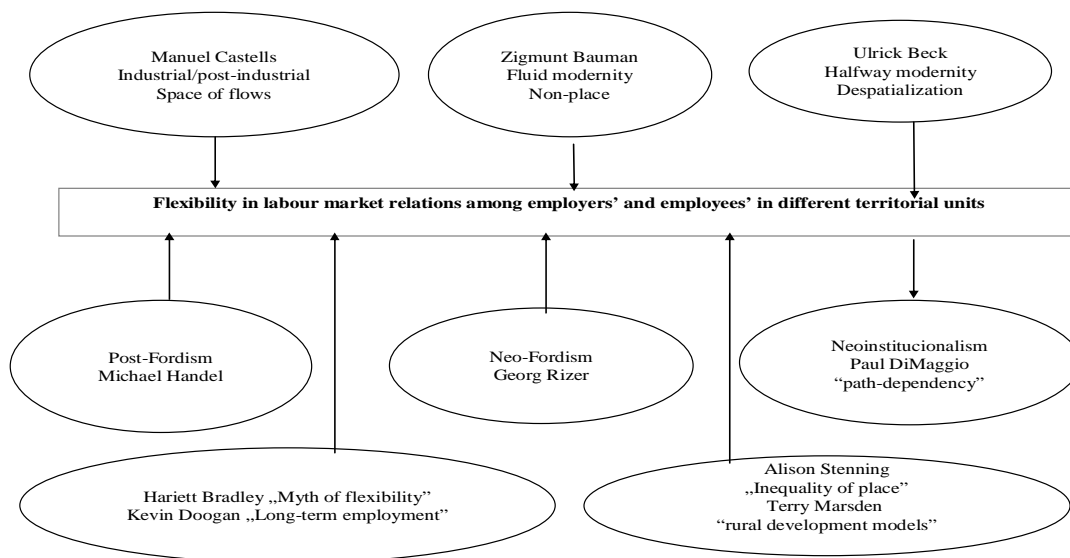


Fig.1. Schematic description of theoretical prepositions used for building theoretical conception of labour market relations. Source: author’s designed.

Sociospatial perspective (space as integration of social and physical elements), similarly to Castells’ “space of flows” conception, Beck’s “social *despatialization*” and Bauman’s “non-place”

concepts allow integrating the characteristics of social and material elements in regional units, which creates a socio-spatial unity (Gottdiener, Hutchinson, 2005). Sociospatial perspective allows analysing the impact of global flows on local labour market processes as a complex, e.g. use of ICT (informational communication technologies), assessment of the knowledge of foreign languages, etc. Findings of the researchers of rural territories as a different sociospatial unit Terry Marsden allow the author to substantiate the application of the space of flows theory to the analysis of the labour market relations in rural territories where the threat of global risks is more expressed due to the remoteness of the territory and problems in availability of the infrastructure. Therefore the adjustment of labour market agents and the flexibility of relations are even more necessary in the rural areas to ensure the existence of the rural settlement places and the labour market relations.

According to the neo-Fordism theory the employer and employee relationships in the post-industrial period are characterised as 1) industrial relationships (Fordism) between the employer and the employees and post-industrial relations with an explicit increase of the service industry and emphasis on the importance of information and knowledge in the labour market existing simultaneously, 2) both the share of the labour market in which more complex knowledge and professionalism-based interaction between the employers and the employees is developing and that share in which this interaction is expressed in very simple standardised and repetitive relations is increasing simultaneously (Ritzer, 2008; Handel, 2007). As a result, the knowledge and skills of the employee are not used efficiently and the work time is spent on executing formal requirements, not allowing for employee autonomy.

Flexibility can consolidate the employers and the employees, their relationships, by supplementing their skills and knowledge and by levelling the organisational hierarchy. It can also be understood as a phenomenon that deteriorates the employee positions and does not solve the employer's problems, which means labour intensification and routinisation and formalisation of tasks.

Results and discussion

The progress of flexibility can be evaluated differently, depending on the observation of the interests of the labour market agents and the fact whether flexibility is directed toward the sustainability of the labour market relations. Researcher of the labour market segmentation Bradley defends the thesis that rejects the statement of post-Fordism about the general revolution of knowledge and skills in labour market relations. Bradley admits that the revolution of skills is attributed to the development of the service sector and the relative and the absolute increase in the

number of employers and employees in this sector in the post-industrial period, but she indicates to the changes in the structure of the service industry, where the fastest growing industries are fast food and telecommunication centres, which hardly can start and function in all labour market regional units (remote rural areas).

In both fast growing industries the employees have to perform a large number of simple, routine work operations that do not require high level of knowledge or skills (Bradley, 2004, 119-121). Bradley rather supports George Ritzer’s neo-Fordism conception than Castells’ and Handel’s statements about the development of knowledge and information capable labour market relations in which educated and specific knowledge possessing employees are valued high.

Changes in the labour market relations not always mean demand for higher level of education, knowledge and skills, especially in the rural areas, where are limited possibilities to develop fast growing service sector industries (infrastructure, demand, etc.).

The author of the article uses also the neo-institutionalism paradigm. Depending on the past experience, “path dependency” allows explaining how individual or collective agents may adjust to the changing environment in labour market. The ability to adjust is related to the notion of relations flexibility or the lack of it in labour market (e.g. regional units).

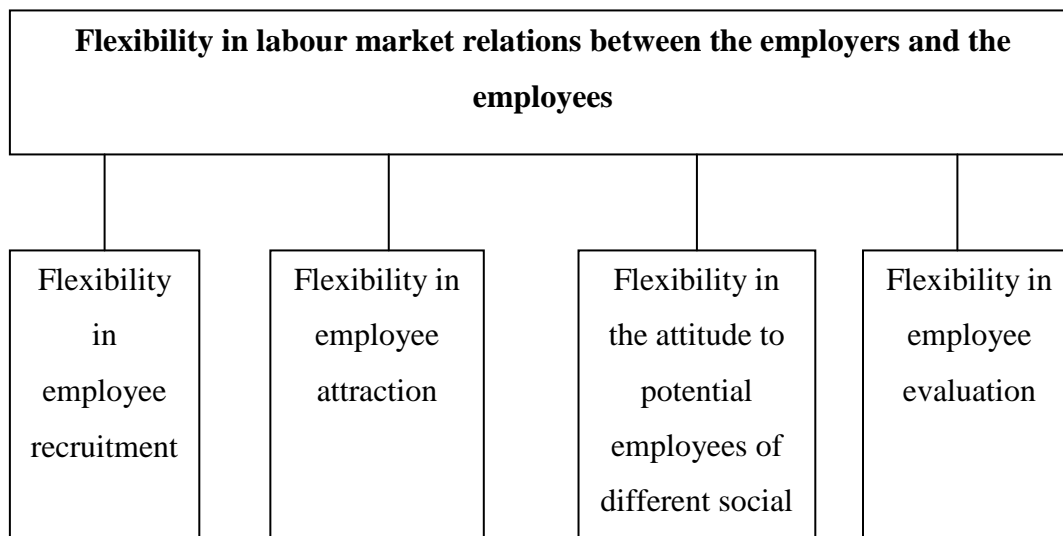


Fig.2. Consolidated labour market relations flexibility index: author’s designed.

Using the described conceptual model, the author has developed a four dimension consolidated index of flexibility of labour market relations by which it is possible to measure the flexibility in labour market relationships. The flexibility of employer and employee relations and the correspondence of the employer requirements to the industrial or post-industrial period of the

labour market, features of neo-Fordism or post-Fordism labour market are characterised by the indicators revealed in the employers' choosing of:

- 1) types of employee recruitment,
- 2) types of employee attraction,
- 3) demands for a good employee,
- 4) readiness to employ representatives of different social groups (socially excluded risk groups).

A consolidated flexibility index with four dimensions has been developed to assess the flexibility of the employers of different regional units. The dimensions are: flexibility of employee recruitment, flexibility of the attitude to employees from different social groups, flexibility of employee attraction and flexibility of employee evaluation. Flexibility in labour market relations may differ in different spatial regional units. Each dimension of flexibility could be expressed differently in various labour market segments (e.g. regional spatial units).

However, at least theoretically the avoidance of flexibility as adaptation to the changes in the labour market is also possible. Lack of flexibility in labour market relations in particular spatial regional units can be expressed in at least two ways as labour market agents and mediators react to the changes (Rasnaca, 2010).

1. Traditional operation (according to the previously acquired successful model). It means hoping for traditional production development (sewing and food enterprises, work as tractor drivers in farming). Orientations to the previous profession, work conditions, position, labour relations.
2. Leaving the place. It can be done by any of the labour market agents: to emigrate, to transfer the enterprise, to stop offering a particular employment service. (Typical in places with a higher unemployment level, especially long-term unemployment, higher migration) (Boyd, 2002).

The consolidated flexibility index let to analyze risks and possibilities in labour market relations, evaluating risks for key agents, particular social groups and processes in realization of labour market relations. The author considers that the performed analyses allow integrating macro and middle level theories for the analyses of labour market relations in different regional areas.

Conclusions

1. The author considers that the performed analysis of macro and middle-level theories allows validating the necessity for the development of an original conceptual model to analyse the

labour market relations in different regional units due to globalization as well as post-industrial, postsocialist transformations in society.

2. Labour market relations in the different regional units can be analysed, applying the author's developed conceptual model. The conceptual model includes synthesis of Castell's "space of flows", and Beck's "social *despatialization*" and Bauman's "non-place" and "strangers' perception" ideas. That helps for better understanding of the labour market relationships in the urban and rural areas.
3. The functioning and existence of the labour market relations in some regional units (rural areas) is influenced by "space of flows" (migration, the lack of technologies). There are less opportunities to develop services as standardised, formally structured labour market relations (post-Fordism) in remote areas, because the range of potential service receivers is limited by the demographic situation.
4. The author considers that demands of flexible usage of the skills and knowledge in different regional units may differ significantly as explained Bradley's theory about "myth of flexibility".
5. Barriers to the flexibility of labour market relations could be analysed in the context of the concept "Path dependency" of neo-institutional theory.
6. Consolidated flexibility index give opportunity to evaluate labour market conditions in different regional territorial areas according external and internal flexibility criteria.
7. Consolidated flexibility index included four dimensions allowing to measure labour market relations' flexibility as a many-side phenomenon.

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