

Improvement of labor flexibility in Romanian companies using practices in the field in some EU countries

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Abstract. *In current conditions, many EU countries are characterized by crisis, respectively economical recessions. Based on the study undertaken in 2009 by the European Trade Union Institute for Research, Education, Health and Safety are presented the measures applied in some EU countries regarding the labor flexibility as well as the difficulties faced by the human resources management from the organizations of the respective countries. The study makes an analysis of various forms of insuring the labor flexibility: working time flexibility, contractual flexibility, functional flexibility, wage flexibility. There are analyzed a series of good practices on internal flexibility of labor applied in some European organizations.*

Keywords: labor flexibility; internal flexibility; working time flexibility; contractual flexibility; functional flexibility; wage flexibility; flexible thinking; negotiated flexibility; flexibility by restructuring.

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REL Classification: 12E.

In several EU Member States, the crisis period has caused major changes in human resource management in the socio-economic organizations and companies in particular taking into account their needs but also their employees to be more flexible and therefore more adaptable in an increasingly volatile environment.

In 2009, the European Institute for Research, Education, Health and Safety of the trade union organization carried out an extensive research that had, among the fundamental objectives proposed, the flexibility of labor among economic operators in different EU countries, too (Glassner, Galagóczy, 2009). Analyzing companies experience in these countries, reflected in this study, we believe that there is a series of good practices that can be used and Romanian companies for effective responses to the effects of the economic and financial crisis and recession. To this end, we synthesize the experiences in the field in some EU countries.

In *France* there have been taken measures regarding:

- Reducing the working week to 35 hours without wage losses and flexible labor conditions on shifts or increasing the holiday period;
- Partial unemployment due to lower number of working hours;
- Improving professional transition contracts by supporting dismissed persons for economic reasons to attend training programs;
- Flexible working hours in some companies using flexible work schedules;
- „Voluntarily leaving the job" by employees (voluntary dismissal) in the situation of monetary compensation.

In *Holland*, an important role is the one of the mobility centers representing internal temporary work agencies, facilitating temporary reallocation of workers temporarily unemployed, there have been amplified in parallel forms of training for the temporarily unemployed persons. In addition, were improved financial conditions of temporary unemployment, for periods between 6 and 24 weeks, allowing the compensation representing 75% of the salary for the first two months and 70% for the following.

In *Belgium*, many companies have suspended their activities under temporary economic unemployment opportunities. The state has taken a number of measures to increase economic amounts of unemployment compensation, reduction of VAT on construction and investments in public infrastructure.

In *Germany*, there were taken measures for the flexibilization of the working hours based on collective employment agreements; there has also been a reduction in work programs while maintaining the employment. There has been reduced the overtime work, there have been extended vacation periods and periods of inactivity due to low labor programs have been used for professional training.

In the new EU countries – *Hungary, Czech Republic, Romania, Bulgaria*, companies usually took measures on: temporary interruption of work, dismissal of workers, extended holiday periods, etc. However, there was registered a number

of aspects regarding: low internal flexibility of labor, lack of flexibility schemes of working time, lack of legal regulations or financial resources on SMEs to cope with the crisis effects. Accordingly, in these countries, limited flexibility and lack of rules regulating this area have determined the management of some companies to use resources only for the possible "survival" of the company, but without further obligation on workers' safety.

A synthesis of the measures used in companies in some EU countries on labor flexibility in the context of economic and financial crisis is shown in Table 1.

Table 1. *Measures applied by some EU countries regarding employment flexibility during crisis*

Country	Labor market measures	Company measures (internal flexibility)	Human resources measures
Germany	Collective labor agreement for flexibilization of working hours The existence of "open clauses"	Flexible working hours Reducing working hours Reducing overtime work Extension of holiday periods	Professional training measures for workers who work part-time
France	Partial unemployment Extension professional transition agreements Voluntary abandonment of employment based on a social plan	Reduction of working hours (annually) Flexible working hours Extension of holiday periods	Professional training measures for workers who work part-time Compensation for voluntary leaving the job
Belgium	Temporary economic unemployment	Firing workers employed by temporary employment agencies and non-renewal of temporary employment agreements or on fixed term	Professional training measures for workers who work under occupational transition agreement
Holland	Unemployment law was extended to cover the economic crisis, as to reduce working hours (for permanent workers, not for temporary ones) Temporary reallocation of temporarily unemployed workers	Reduction of working hours	Professional training measures for temporarily unemployed workers
United Kingdom	Dismissal of temporary workers and then of the permanent ones	Extension of holiday periods	Insignificant
Hungary	Temporary interruption of the activity, firings	Elimination of overtime work Firing of temporary workers Use of instruments of internal flexibility in companies Temporary interruption of production	Insignificant
Czech Republic	Firing of temporary workers and then of the migrants	Elimination of overtime work Reduction of working hours Temporary interruption of production	Insignificant
Poland	Temporary interruption of the activity	Elimination of overtime work, Temporary interruption of production	Insignificant
Slovakia	Temporary interruption of the activity	Elimination of overtime work Reduction of working hours Temporary interruption of production	Insignificant
Bulgaria	Firings	Companies are governmentally encouraged to working hours reduction and "saving" jobs	Insignificant
Romania	Firings	Temporary interruption of production	Insignificant

Source: Glassner Vera, Galgóczi Béla (2009), *Level responses to the economic crisis in Europe*, European Trade Union, Institute for Research, Education and Health and Safety, Publisher: ETUI aisbl, Brussels.

Important information and examples of good practices on employment flexibility used by some European companies, with implementation by the management of Romanian organizations, also result from research carried out in 2009 by the European Foundation for the Improvement of Living and Working Conditions.

The study was based on the existence of major difficulties faced by human resource management in companies from EU countries, as shown in Table 2.

Table 2. *Difficulties in human resources management in various organizations in EU countries* (%)

	Difficulties related to finding well professionally trained staff	Difficulties to finding unqualified staff or staff with low qualification	Difficulties in keeping the staff	Need to reduce the staff	Reduced motivation of the staff
1. Austria	39	6	6	14	8
2. Belgium	55	22	12	13	15
3. Bulgaria	58	16	23	16	21
4. Cyprus	59	27	18	19	30
5. Czech Republic	43	14	13	20	20
6. Germany	47	7	7	21	11
7. Denmark	44	13	6	33	17
8. Estonia	35	7	12	34	15
9. Greece	35	9	15	23	23
10. Spain	28	9	7	34	16
11. Finland	43	7	7	25	8
12. France	43	19	13	18	17
13. Hungary	49	13	11	10	9
14. Ireland	14	4	5	49	14
15. Italy	32	7	6	25	21
16. Lithuania	27	6	15	35	20
17. Luxembourg	58	11	6	17	19
18. Leetonia	29	10	11	44	18
19. Malta	55	20	14	10	14
20. Holland	36	10	9	19	11
21. Poland	24	8	13	18	20
22. Portugal	32	20	9	21	15
23. ROMANIA	30	12	20	25	25
24. Sweden	32	5	5	25	8
25. Slovenia	30	20	9	23	15
26. Slovakia	32	9	12	15	11
27. United Kingdom	26	9	9	23	13
EU-27 (average)	36	10	10	23	16

Source: European Company Survey, 2009.

From this table it results that Romania, comparatively to the average of EU countries, exceeds the level for a series of difficulties faced by the human resources management, respectively regarding „keeping the staff in the company”

(20% compared to 10%), need to reduce the staff (25% compared to 23%), finding unqualified personnel (12% compared to 10%); also, a high percentage (30%) related to difficulties in finding well professionally trained personnel and especially the reduced motivation of the personnel (25% compared to 16%).

This study structured the research on the following types of insurance of workforce flexibility:

- 1) Work time flexibility;
- 2) Contractual flexibility;
- 3) Functional flexibility;
- 4) Pay flexibility.

1.1. Working time flexibility can be found in the following forms:

- Work with flexible work schedule;
- Part-time work;
- Overtime work;
- Work beyond normal working hours.

Work with flexible work schedule requires that employees choose either a flexible work schedule, basic (different work schedule start, termination, respectively, but respecting the total daily duration of working time), or even daily work schedule flexibility (given that it provides a total budget of working time per week, month, etc.). Generally, more than 56% of companies analyzed in that study use flexible work schedules.

Part-time work is applied by the management of the companies where there are registered variations of the demand and supply of goods and services. In practice, this form of flexible labor usage is for the benefit of both businesses and certain individuals.

Of the total number of companies analyzed about 67% use this form of employment for their employees (in some countries the values are much higher – Netherlands 91%, Germany 80%, etc.). The part-time schedule can be chosen in different versions: a number of hours on certain days or during normal working hours followed by days off, etc.

Overtime work can emerge especially where there are increased demands for extra-activity, especially due to unforeseen situations, extra orders from customers, etc. At European level, these overtime hours are either financially compensated (35% of the companies), or they are offered days off (23% of the companies) or there is applied the mixed system (37% of the companies – financial compensations and days off).

Work beyond normal working hours (in shifts, night work – hours 23:00 – 06:00, during weekends) is applied in some companies which by their object of activity have a continuous work schedule (metallurgy of iron, petro chemistry, energy, etc.); in some cases it occurs eve to companies which exceptionally have to work beyond the normal schedule: accidental failures of equipment, additional customer orders, savings on electricity costs for motor power (it's cheaper consumption in these periods), etc. From the study carried out by the European Company Survey (2009) it results that 44% of European units practice work outside normal working hours, especially on Saturdays. Schematically, the flexibility of working hours may include the components shown in Figure 1.

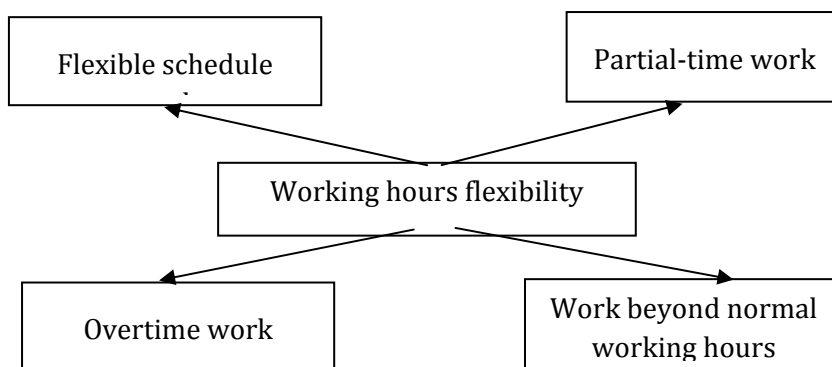


Figure 1. *Components of working hours flexibility*

1.2. Contractual flexibility regarding the employment of workforce

Currently most companies face considerable fluctuations on market demands, which requires that their management uses various flexible agreements for hiring workers: temporary employment contracts, fixed-term contracts, self-employed.

Temporary work agreements are practiced differently from one country to another in the EU, the most significant preoccupations being England, Denmark, France, Belgium, Finland, in relation to the object of activity of the companies, seasonality of market demand, etc.

Fixed-term agreements are increasingly used in the EU countries. From the ECS study made in 2009 it results that approximately 54% from the research companies registered such countries. In some countries – Poland, Holland, the percentage of companies with such agreements was over 70% as in other states – Austria, Malta, Cyprus, the proportion of countries in this case was of 20%. Usually, some workers with fixed-terms agreements can subsequently get continuous agreements.

1.3. Functional flexibility of workers within the organization, which involves the ability of the employees to occupy various positions depending on the needs to fulfill some work tasks specific to each phase. In order to guarantee this internal flexibility of workers, a main role is played by the periodic professional training in relation to current and future needs of the company. An important role in guaranteeing functional flexibility is also played by practicing some modern forms, specific to human resources management, referring to the use of autonomous teams, to guaranteeing teams autonomy and the autonomy of each worker within the working team.

Employees professional training, related to the company's training needs, has to take into account future requirements in the field of labor force. Within the study made by the ECS in 2009, it results that 72% of the companies periodically verify the need to professional training of workers. But there are significant differences between workers hired based on continuous employment agreements (over 50%) and the ones based on fixed-terms employment agreements (approximately 30%) as between employees with a high level of qualification (over 60%) compared to the ones with low level of qualification or unqualified (approximately 50%).

Concerning actual organization of training programs, with or without interrupting the work schedule, most companies (about 60%) give days off to perform training sessions.

Autonomy of work teams enables them to adapt their work organization in relation to the changes that occur. The question is the degree of autonomy, the extent to which team members can decide how and by whom tasks will be fulfilled in the situation in which the tasks are outlined by a hierarchical superior. Work organization based on autonomous teams is widespread in some Scandinavian countries, where the so-called "learning organizations" which have a strong impact on the competitiveness of their work (Kyzlinková et al., 2007). In most states, however, autonomous working teams is practiced in a small proportion (about 22%) usually there is a higher person who distributes the tasks within the teams and then work teams have autonomy only on the organization of fulfilling work tasks.

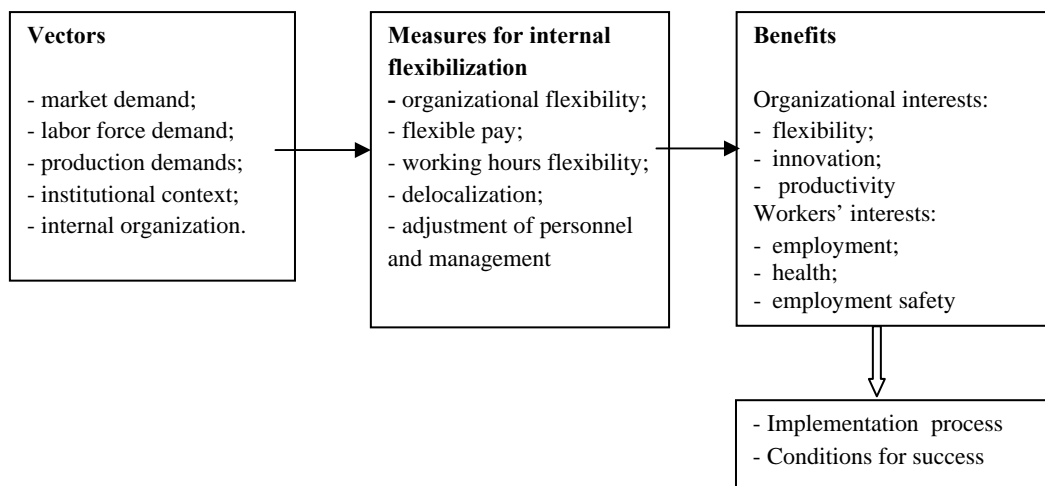
1.4. Wage flexibility which aims to reduce the cost of workforce, balancing the report "effort-reward" in connection with the performance of the company, changes in production activities, internal and external markets situation, etc. Consequently, employees receive cash rewards and other measures relative to company productivity and market demand. Through this flexibilization wage

policy it can contribute to the elimination of rigidities related to automatic indexing of wages, employment taxes, etc.

In conclusion, application of measures of labor flexibilization and promotion of flexible forms of work contribute to the competitiveness of European organizations in the current economic, financial and social situation, characterized by uncertainty and significant changes, while these measures support both employers and workers, thus increasing the chances that they are active in the labor market.

1.5. Good practices on internal flexibility of labor force applied in some European organizations

In 2009 the European Foundation for the Improvement of Living and Working Conditions published "The good practice guide for internal flexibility policies implemented in European companies". In preparing this guide it was carried out a wide research based on questionnaires and interviews too with representatives of European companies; there were presented a series of cases based on the example of companies, and each case takes into account the context in which the company was found, the main measures taken to improve flexibility, the results of these measures. In approaching various cases there was considered the model in Figure 2.



Source: European Foundation for the Improvement of Living and Working Conditions, 2009.

Figure 2. *General pattern of internal flexibilization good practices*

1.5.1. Work at distance (teleworking) and flexibilization of workplace

This practice of labor flexibility was implemented by "Dexia Group" for enabling those employees to have more freedom regarding the organization and development of work – at home, at the office or in other space. With this possibility for all employees spaces and energy are saved, etc. For practicing telework there was entered a collective agreement with the trade unions, with the purpose to implement an "integrated concept of flexible jobs" including:

- "Teleworking" with four aspects:
 - mobile practical labor especially for sales activities, not involving its development in offices;
 - work at home (structured), the work is done at least one day a week at home;
 - work at home (ad-hoc) practiced occasionally with management approval;
 - "satellite" work - partly performed in an office of the company, near to the residence of the employee;
- Shared workspace, respectively sharing, scheduling activities working space between different employees, with the purpose to reduce office space by 16%;
- Managers training for achieving new managerial skills regarding the teleworking.

The experience of "Dexia Group" through telework organizing led to the increase of labor productivity and the professional and personal reconciliation of employees, along with a number of cost savings (space, power, etc.).

1.5.2. Formation of flexible thinking

The experience of "GKN Autostructures", faced with the need to respond to an increasingly more dynamic and unpredictable market, typical for car industry, led to the need for measures which ensure a more flexible mindset to all employees. For this purpose, there were taken a series managerial of measures for work reorganization, such:

- Structural reorganization and the introduction of autonomous teams responsible for their own performance (business units);
- The introduction of workers' self-evaluation correlated with variable remuneration to encourage use and development of employees' skills;
- Encourage a flexible mindset, involving all employees in an atmosphere of trust and openness to communication, based on strong leadership, including the use of psychological mechanisms for resource mobilization. The experience of this company showed that motivated human resources with the appropriate mindset are essential to overcome the problems caused by the uncertainty of the business environment.

1.5.3. Improvement of the report and balancing "professional life-personal life"

MRW company in Spain, a strong service delivery firm was facing strong international competition. In this context thought to promote small family business to the company's business goals and introduce the "franchise". But with this system there is guaranteed managers' commitment in observing the values imposed by corporate social responsibility (RSC).

In order to ensure flexible working measures they acted in the following directions:

- Structural reorganization by promoting small business franchise, thus the size of the location and size of the business in relation to market demand are adjusted;
- CSR principles promote the adjustment to employees' or entrepreneurs' needs, respectively balancing professional and personal responsibilities;
- The management of the company has developed within the organizational culture, the belief that employees can work properly only if there is ensured a balance between work and their family life, as a result, workers are valued as individuals and not as resources, giving priority to listening to personal needs and understanding the factors that motivate people;
- Other measures of family support (childcare vouchers), of reducing staff fluctuation, etc.

Through these actions, of balancing family responsibilities of employees, there has been achieved an increase in labor productivity and the company as a whole was conceived primarily as a network of social relations in which people help each other in promoting small business franchise.

1.5.4. Negotiated flexibility

"Polfinger", an Austrian engineering company, was forced to adopt greater flexibility in work due to increased international competition, customer pressure, increased costs, etc. To this end, the management of the company took a number of measures of flexibility with the consent of workers' representatives, concerning:

- Forming autonomous teams that can organize themselves for performance of the productive tasks so as to comply with delivery deadlines;
- Introducing a flexible work schedule, by which employees have control over the working hours. Working week was reduced from 38.5 hours to 37.3 hours for those who work in three shifts, the night shift duration was reduced to 35 hours per week. Overtime is considered the time exceeding nine hours a day or 45 hours per week. Difference of overtime – up to 45 hours per week, is

considered flexible time ("flexitime") and is shown in an account of work time (working time account) and will later be used by the employee;

- Introducing a bonus system which rewards work teams performance, productivity, etc.

1.5.5. Flexibility by restructuring

„Saab Microwave Systems” Company, manufacturing high-tech radar equipment faced lower demand on the military market and therefore had to shift to the civil market; this restructuring in order to meet the new requirements imposed shortening production cycles, products adjustment in relation to civil demand, and valorization of highly specialized workforce in the new conditions. To meet these challenges there were been taken a number of flexibilization measures:

- Changes in the organizational structure;
- Adjusting individual professional skills and competencies to meet the new technology for civil products;
- Reduction of hierarchical levels;
- Involvement of all employees in discussions on strategic alternatives to be approached by the company in a climate of confidence, collaboration and transparent communication to ensure that each employee is informed of the changes taking place.

Conclusions

The success of any company in the new conditions depends on the organization's management to develop a workforce that will adjust to the objective changes that occur. To this end, the management of any organization must take into account a number of requirements, such:

- Improvement of the adaptability of the company to be made through its employees, responding to their needs;
- The need to create and sustain a flexible mindset because first there has to take place a change at mental level and then at organizational level;
- For implementing labor force flexibility measures there should be provided information, proper dialogue, in order to exist the support of all employees;
- The process of changing towards organizational flexibilization requires visionary, charismatic and courageous leadership.

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