

EMPLOYERS AND PRECARIOUS WORK

The rise of the dual labour market: Fighting precarious employment in the new member states through industrial relations (VS/2014/0534)

Dublin 20th June 2016

A. Koukiadaki*

* Based on national reports and the analytical framework developed by M. Kahankova, A. Koukiadaki and A. Trif

Operationalising IR actors' approaches: The case of employers and their associations (1)

- **Imbalance in academic debates:** focus predominantly on trade unions' strategies and neglect of employers' associations (and employers)
- **Imbalance in policy debates** (Rubery forthcoming): focus on social policy and neglect of linkages between employment and social protection
- But **employers' responsibility** as the core agents that decide on the terms of employment engagement (Osterman 1984; Rubery 2007)
- In times of **crisis**, the initiative shifts to the employers (Strauss 1984)

Operationalising IR actors' approaches: The case of employers and their associations (2)

- **Employers' associations:** characterised by fragility and fragmentation in CEE; affected negatively by structural changes to the economy
- IR crisis-related developments dependent on **entrepreneurs** and not on the politicians of industrial relations (Streeck 1987)
- Emergence of **competitors** (HRM and legal practices and consultancies) (Sheldon et al. 2014)
- **Relationship with the state and trade unions:**
 - State: associational capacity contingent on state regulation (Traxler 2010) (e.g. Slovenia, compulsory membership)
 - Trade unions: need for strong interlocutors (Streeck 1987)

Employers' approaches vis-à-vis precarious work

Rationales (why?)	Themes
Economic	<ul style="list-style-type: none">• Cost leadership strategy: labour costs as being the most important source of competitive advantage (Porter 2004)• Differentiation and innovation strategies: labour costs being treated among other sources of competitive advantage
Institutional	<ul style="list-style-type: none">• Regulatory (labour standards established in legislation and their enforcement) (Scott 2004)• Normative (Barbier 2004) and 'moral economy' (Granovetter 2005)• Cultural cognitive (common beliefs, shared logics of action and isomorphism) (Scott 2004)
Social	<p>Social legitimacy and accountability to different stakeholder groups, including:</p> <ul style="list-style-type: none">• Consumers• (prospective) Employees• Local community• Governments
Organisational	<p>Arrangements being dependent on a number of considerations, including:</p> <ul style="list-style-type: none">• Numerical/functional flexibility• Product markets• Labour markets

Employers' economic considerations: findings

Sectors	Enablers	Inhibitors
Construction	Lower labour costs (Latvia, Hungary, Slovakia) Extent of the economic crisis (Greece, Poland)	Limit unfair competition (Croatia, Greece, Slovakia, Poland)
Healthcare	Lower labour costs (most countries)	No consideration re unfair competition/informal economy
Metal	Lower labour costs (most countries)	Limit unfair competition (Croatia, Greece), reduce hiring costs (Hungary)
Retail	Extent of crisis (Croatia), revenue stability (Slovakia)	Limit unfair competition (Hungary, Slovenia)
Temporary agency work	Lower labour costs (Czechia, Lithuania), cost efficiency (Greece), increase of market share (Slovenia, Greece)	Limit unfair competition (Poland, Czechia, Slovakia, Lithuania, Hungary)

Employers' institutional considerations: findings

Sectors	Enablers	Inhibitors
Construction	Changes in the legislative framework (Greece), pressure for flexibility from foreign investors (Lithuania)	Public procurement legislation (Croatia, Greece, Poland)
Healthcare	Under-financed public system (Czechia), extent of structural labour market reforms (Greece)	State interference in hospital administration (Slovenia)
Metal		Protection of members from unfair competition (Croatia), Regulation of flexibility (Slovakia)
Retail	Constraining bargaining framework (Greece), business taxation (Hungary)	
Temporary agency work	Lower labour standards (Czechia), role of employers in the IR system (Greece)	

Employers' social legitimacy considerations: findings

Sectors	Enablers	Inhibitors
Construction	No evidence of social legitimacy considerations as enablers	Health and safety (Lithuania, Poland, Romania), decent working conditions (Lithuania)
Healthcare	Containment of disruption (Poland)	Accountability (Greece), decent working conditions (Lithuania)
Metal	Containment of disruption (Poland); promote employment (Greece)	Avoidance of dismissals (Slovakia)
Retail	No evidence of social legitimacy considerations as enablers	Employees as consumers but also source of capital (Greece)
Temporary agency work	TAW as a stepping stone (Hungary, Greece)	Legitimacy of TAW practices (Greece, Poland), decent working conditions (Lithuania)

Employers' organisational considerations: findings

Sectors	Enablers	Inhibitors
Construction	Changes in organisational structure (Poland), business cycle (Hungary)	Vocational education and training (Croatia, Poland), skills development (Lithuania, Slovakia)
Healthcare	Hospital efficiency (Slovakia)	Labour shortages (Croatia, Czechia)
Metal	Production organisation (Croatia), organisational commitment (Poland)	Attract skilled labour (Hungary, Slovakia), vocational education and training (Poland)
Retail	Business organisation (Greece, Poland, Slovenia), technological changes (Hungary)	Labour turnover (Slovakia), labour shortages (Croatia),
Temporary agency work	Business organisation (Latvia)	Labour availability (Czechia)

Employers' approaches towards labour market flexibility

- **Expansion:** increase extent and forms of labour market flexibility
- **Status quo:** maintain extent and forms of labour market flexibility
- **Reduction:** limit extent and forms of labour market flexibility
- **Elimination:** eradicate extent and forms of labour market flexibility
- *NOTE uncertainty over scope of strategic freedom and extent of collective action (Streeck 1987)*

Employers' approaches: findings

Sector	Expansion	Status quo	Reduction	Elimination
Construction	HR, LV	CZ, GR, HU, LT, RO, SK	HR (support for CB and procur) LT, PL, SL	No evidence
Healthcare	HR, HU, PL	HU, LV, RO, HU	CZ, LT	GR, SK, LT, SL
Metal	HR, CZ, GR, RO, SLO, LT (SMEs), SK, PL	HR, PO, RO, SL	HU, LT (large employers)	No evidence
Retail	HR, CZ, HU, LT, PO (smaller employers), SL, SL	HR GR (large employers) HU, LT, RO	CZ, GR (SMEs), PO (large employers), RO (informal work)	No evidence
TAW	HR, CZ, GR, LT, PO (TAW expansion), RO, SL	HR, CZ, HU, LT	PL (civil law contracts)	No evidence

Employers' instruments regarding precarious work

Category	Target groups of employer action	Instruments
Information	Other employers	Informal coordination, gentlemen agreements on employer strategies
	Other employers	Identity politics – seeking support why more/less flexibility is needed
	Public	Media – campaigns for more flexibility (less likely than in case of trade unions)
	Government, other relevant stakeholders (civil society)	Shaping benchmarks on employment standards – why more/less flexibility is needed
Consultation	Other employers	Meetings, joint statements, coordination of action
	Government, trade unions	Consultation and advise on legislation
Negotiation	Government, political parties,	Political lobbying for/against expansion of precarious work, for/against diverse forms of atypical work
	Trade unions	Collective bargaining
Organisation	Other employers	Litigation – legal compliance
		Organization in employers' associations
		Mobilization

Employers' instruments regarding precarious work: findings (1)

- **Role of multi-employer collective bargaining:**
 - *Continuing (but with some evidence of reconfiguration):* healthcare and metal sector (in many countries), some in construction but not in TAW and retail
 - *Declining:* Greece, Romania, Hungary, Slovakia, Slovenia*, Poland (steelwork)
 - *Non-existent:* Poland, Latvia, Czechia, Lithuania
- **Other forms of interaction with trade unions:**
 - *Company-level bargaining:* e.g. Poland, Slovakia, Croatia, Lithuania
 - *Soft initiatives at sectoral level:* e.g. health and safety and codification of skills in the construction sector in Poland
 - *Joint action targeted at policy decision-making:* e.g. reform of public procurement legislation (e.g. Croatia, Poland)
 - *Civil movement and litigation:* e.g. Sunday trading (e.g. Greece)

Employers' instruments regarding precarious work: findings (2)

- Majority of employer activities centred around **input into policy decision-making processes**:
 - As a means to compensate for the absence of collective bargaining (e.g. Greece, Romania)
 - As a means to influence the main sources for labour standards , i.e. statutory law (e.g. Czechia)
 - As a complement to other instruments (Croatia)
- Growth of **voluntary, unilateral initiatives at sectoral level** influenced by business ethics and corporate responsibility approaches
 - Most prevalent in TAW (e.g. Czechia, Greece, Poland): linked to the recent institutionalisation of the sector and the need for social legitimacy
- Development of **company-based initiatives** (in systems where collective bargaining at sectoral level is absent)
 - E.g. CSR policies

Concluding remarks (1)

- **Employers' considerations:**
 - Emphasis on economic considerations (i.e. labour costs)
 - BUT importance also of institutional factors (regulatory changes), social legitimacy (decent working conditions) and organisational considerations (e.g. skills, business structure and organisation of production)
- **Employers' approaches towards labour market flexibility and link with precariousness:**
 - Majority characterised by status quo/expansion of labour market flexibility;
 - Preference for controlled flexibility (maintain flexibility but eliminate unfair practices)
 - Narrow conceptualisation of precarious work, involving predominantly informal work

Concluding remarks (2)

- **Employers' instruments:**

- The state as the preferred counter-party for interaction (emphasis on input into policy decision-making processes)
- Growth of unilateral, voluntary CSR-driven initiatives at sectoral and company levels
- But still some support for collective bargaining (including extension of higher-level agreements)

- **Implications for precarious work:**

- Outcome as the combination of factors, including employers' choices but also structural (e.g. high unemployment) and policy (austerity measures) reasons
- Policy level: need to reconsider the role of employers as core agents of labour market segmentation; support processes of collective bargaining as a means to deal with the rise of precarious work