

# HUMAN RESOURCES FLEXIBILITY IN VIEW OF ADAPTING THE ORGANIZATION TO A CHANGING ENVIRONMENT

PhD candidate **Magdalena VELCIU**,  
PhD candidate **Codruța DRĂGOIU**,  
National Institute for Scientific Research on Labour and Social Protection  
PhD candidate **Gabriela PĂUNESCU**,  
Valahia University of Târgoviște (UVT)

*Motto: "The crisis is the most blessed event that can occur for countries and individuals, as lead to progress."  
(Albert Einstein)*

## ABSTRACT

*The current organizational environment characterized by economic and social changes and technical information that quickly succeed require organizations and institutions to adapt quickly and efficiently to remain competitive. In addition, under the global crisis, organizations must find new organizational formulas and strategic alternatives designed to enhance the capacities and opportunities in the rapidly changing environment. One of the levers with which organizations can balance the external constraints is, as demonstrated by the experience of European countries, the flexibility stimulation of human resources and innovative forms of work focused on the potential of the flexible, creative and innovative modern worker. Thus, human resource management has a key role in passing the current turbulent times, because only humans have the ability to provide and generate creative solutions to economic recovery.*

**KEYWORDS:** *changing environment, crises, adaptability, human resources flexibility, time flexibility*

## Constantly changing mega-environment

Globalization has covered all spheres of human activity. In addition, the impact of new technologies upon production and the demographic changes have led to the socio-economic world to change at an unprecedented rate. Companies must respond quickly to new trends adapting themselves to maintain the competition. This is true in the cultural sphere, where to the risk of global uniformity is responding with increasing cultural and national language, in order to preserve the individuality under the pressure of global convergence.

European integration process translates to the organizations, in raising quality standards and in competition. On the other hand, achievement of strategic aims for the EU to become "the most competitive and dynamic knowledge-based economy capable of sustainable economic growth with more and better jobs, with greater social cohesion" can be achieved only in terms of further improving the competitiveness of organizations and in modernizing the work process based on "superior skills, confidence and quality". Also, under new conditions, **strategic measures of human resource development** must focus on innovation and developing creative potential of people, stimulating learning and

multidisciplinary professional skills, and also on the exploitation of new opportunities such as teamwork, autonomy and accountability, motivation, etc. [European Commission, 2009].

Is added **the global crisis** that has forced organizations from everywhere to reassess their own situation and available resources, and have also responded with a strategic coherence within the meaning of a proper management of existing resources and exploit the potential resources underused so far: people, values and strategies. **Crisis**, as a process, should be seen as a **necessary step in the process of evolving** to new stages of development. While initially the crisis begins as a disturbance of the regular course of economic, social and organizational life, it is a necessary step that turns old structures and relations to some higher functional ones.

Under these conditions, competitive advantage is not static, but is determined by the organization capacity of adjust its own supply according to market demand and to better exploit and prediction the emerging opportunities. Leadership depends on the sensitivity to market, adaptability and speed of response, and is build through effective, flexible and efficient organizational and through an efficient exploitation processes of existing resources.

### **Organization adaptation in a dynamic environment**

The essential characteristic of organizations in the current turbulent environment, adaptability is defined by the capability to generate changes in the way of organizing, operating and networking, to respond effectively to environmental change and to keep up with them. The term comes from ecology, where adaptability has been described as the ability of living organisms to cope with unexpected disruptions in the environment, to survival.

In the European institutions and organizations, **flexibility** is seen as an essential element in trying to make as adaptable as possible the organization and their workers, in the given conditions of economic life characterized by various developments, business restructuring and the need of reallocation of human resources redeployment of human resources from one job to another. To accommodate fluctuations in the market and their own financial constraints, organizations need **a flexible human resource**, which becomes a lever through which organizations seek to balance the adverse effects.

Thus, in terms of a competitive and innovative company, **organizational flexibility** has a direct impact on its productivity growth through efficient handling of the productive needs with the market demand for products, with lead times, to meet customer demand, to increase market share while maintaining quality standards and rates of technological modernization and continue innovation. The flexibility of labor resources is given by the elasticity of labor resource (volume, working time, location, work organization, etc.) according to the company's production needs. In terms of workers, flexibility contributes to a favorable balance between work and private life, allowing them to build their own professional development schemes, ensuring long life learning and personal satisfaction. In other words, workers prefer more flexible forms of employment contract but in the same time to ensure a security and an adequate quality of work.

**Workforce flexibility**, translated into practice through flexible forms of employment, may act at several levels, depending on the requirements and opportunities of each company, field of activity, economic periods, etc., so it can be:

- **numerical flexibility** by adjusting the amount of labor employment (number of employment / dismissal), which is achieved by using various forms of contract (fixed-term work contract, temporary work contract, seasonal employment, etc..)

- **working time flexibility**, which refers to the needed time to adapt work tasks according to the needs of the production process (part-time work, the day/week of work duration, granting periods of leave or internship training, etc.). It also includes the change of location of employment (teleworking, working from home or in another establishment, etc.)
- **functional flexibility** through adjustments to internal practices of the organization of work and employment (job rotation and perform work multiple job task, autonomous teamwork, partnership, etc.).

### European plants response to the constraints of global crisis

The current global crisis has tested "live" organizations ability to react. Even if the negative developments of economic indicators and financial spreads in the labor market with some delay, economic agents in all states of the world had to react to the regression of economic activities, in particular through expenditure restraint, staff reductions, halting, investment, etc.

The European companies' responses to the negative effects of the global crisis are varied, in conjunction with the existing legislative framework and the opportunities offered by labor market instruments. A very important role has the "culture of flexibility" and awareness of the benefits and of rapid recovery opportunities offered by leverage labor force flexibility. The two main levers that allowed companies to respond effectively and quickly to the effects of the crisis relates to:

- Measures covered by legal and institutional framework for organizing the labor market at national level. Thus, the inclusion of provisions on flexible working time in collective labor agreements is essential for the negative effects of economic changes and production to be reduced as much as possible;
- Instruments that can ensure a high degree of internal flexibility within the enterprise, namely the reduction of working time (with flexible working schemes).

**In Germany**, the first measures were directed to flexible working time, respecting the opportunities offered by the existence of a well regulated framework (collective agreements for flexible working time at sartorial and enterprise level but also the existence of "open clauses" that can be activated in exceptional circumstances) that have made possible to adjust working time in each company. After that, they started **to reduce of working hours** (short-time working) that have retained numerically the employment. In the case of temporary inactivity, loss of wage income of workers has been offset to a certain extent, from a state fund, maintaining the entire social security rights. Other measures were: reduction of overtime work, extended holiday period, using period of inactivity due to reduced employment program for training. Last step was used but by a relatively small number of German companies. Meanwhile, a large number of workers employed by temporary work agencies have lost their jobs.

**In France**, companies, affected by lower demand, to adapt to economic depression following measures have opted for government and provisions of collective agreements:

- **partial unemployment** as a tool to compensate for financial losses suffered by employees from a shrinking working hours;
- extended **the contracts of professional transition** that support employees fired for economic reasons by enabling them to participate in training programs;
- **reduction of working time to 35 hours** in 1999 under the provisions of the Framework Agreement, an instrument that allowed this reduction without loss of wages and given also the opportunity to extend flexibility of shift work or vacation period;

➤ flexible working time arrangements at enterprise level through **flexible schemes/programs work schedules**;

➤ **voluntary leaving employment on a social plan** that guarantees monetary compensation.

The increasing of temporary involuntary unemployment is an indicator of the worsening situation on the labor market and economic recession period. If in the first quarter of 2008 were recorded about 4 600 people in the next quarter the figure rose to 4 900 (INSEE) notably from industry, automobile, chemicals and textiles.

In **Belgium**, a large number of companies have suspended production sectors at the end of last year (2008), using the economic opportunities of **temporary unemployment**. Although unemployment has not evolved considerably, for the years 2008-2010 is expected it to increase from 7.9 to 8.2% (EC Economic Forecast, 2008). Belgian Government adopted a Reconstruction Plan (0.6% of GDP), which supplemented with 100 million Euros, amounts to compensate for the economic effects of unemployment and increase purchasing power, reduction of VAT on construction sector, investment in public infrastructure. The measures for labor market have been directed by the activation of the unemployed and vocational training. In addition to temporary unemployment and other instruments used during the crisis were: **work schemes/schedules**, dismissal of workers employed by temporary work agencies and non-renewal of temporary contracts or fixed term employment. For people affected by temporary unemployment, a partial compensation of revenue loss is provided and the person shall retain employee status.

In **Netherlands**, the unemployment fund was supplemented with 200 million Euros, to pay persons temporarily laid off or affected by unemployment. The legislation governing part-time work, part of the unemployment law, which applies in cases of force majeure has been extended to cover economic crisis situations. In November 2008, the rules on part-time work have been extended and have set certain conditions for access to temporary unemployment fund, for periods ranging from 6 to 24 weeks, offering benefits representing 75% of salary in the first 2 months and 70% for the following. Another tool on the Dutch labor market is the **mobility centers**, internal temporary employment agencies, enabling temporary reallocation of workers temporarily unemployed. Also, a particular importance is given to training those who are temporarily unemployed.

**United Kingdom** has been hit hard by the crisis so that at the end of 2008, the number of people without a job was 1.86 million, the highest level since 1997 and unemployment rose to 5.8 to 6%. The number of those asking for Jobseeker's Allowance increased to 1.07 million people, the highest increase from 1991 to present. Many British companies have drastically reduced production capacity, dismissing a large number of workers, particularly workers from temporary employment agencies and it was called to extended holiday periods.

In **Slovakia**, a country with rapid economic growth and sustained by international investors especially in the automobile industry, large companies have made efforts to overcome the crisis without massive layoffs by implementing measures to increase internal flexibility, such as reduced time employment and increase the share of part-time work. Where staff reductions were necessary, workers were offered a choice to obtain a closure of their activity with unemployment benefits.

**Hungary, Czech Republic and Poland**, new European Union members are particularly exposed to global crisis due to the high degree of collaboration and networking with the European economy. Companies have resorted to drastic measures, such as: temporary interruption of business; extend the period of leave, dismissal of workers, particularly those employed by temporary employment agencies. Internal flexibility of the

labor market is weak. No collective bargaining agreements or labor market instruments can counteract economic shocks and fluctuations in production, which requires quick reactions. Schemes of flexible working time are only in few large companies. In these countries, it was emphasized that the response and crisis management procedures are different for large companies, multinationals, from local SMEs. If in large companies, there are ways of re-organization of work, flexible working time; in SMEs the situation is more difficult because they have no legislative or regulatory financial resources to mitigate the effects of the crisis.

For **Romania and Bulgaria**, the newest Member States of the European Union, the effects of the crisis occurred with some delay. Dismissals were made, however. In the absence of a national covered framework anti-crisis measures have been left to the discretion of the business.

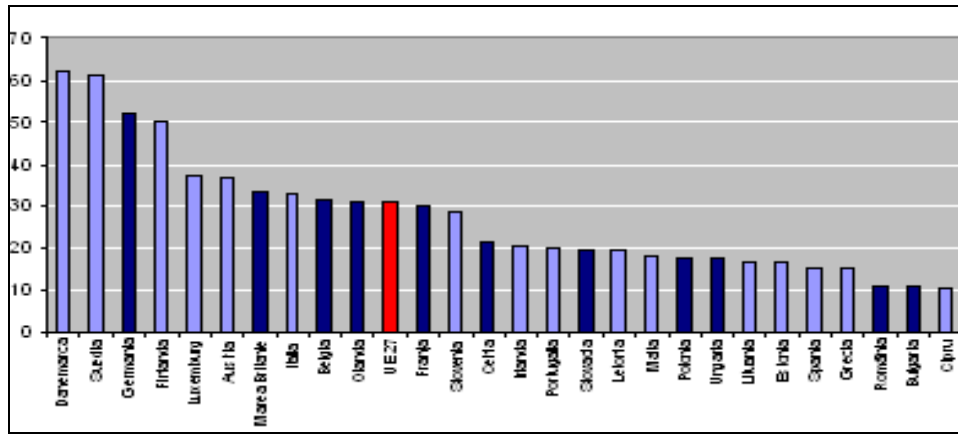
Examining the managerial response of organizations from the states we choose, we distinguish two cases:

- In highly developed states (Germany, France, Belgium, Netherlands) where there are different legal rules on flexible forms of employment and reduction of working time, for periods of inactivity, organizations use them as a priority with institutional working market tools in order to minimize the negative impact of economic constraints on workers and businesses. Moreover, in these states, although regulations on flexible forms of employment are provided for certain groups of workers, they were quickly expanded and adapted to meet current global crisis (duration, compensations, of groups of workers, etc.).

- In countries where labour market flexibility is reduced and/or not regulated (United Kingdom) and new Member States (Hungary, Czech Republic, Poland, Romania and Bulgaria) where missing tools designed to handle difficult situations, the economic crisis economic shock has been felt more acutely, particularly for workers employed in precarious employment situations. Limited flexibility and nonexistent rules to regulate it made the enterprises to use limited resources only for "rescue" organization with no responsibilities for the employees' safety. Many companies have made dismissals, focusing mainly on employees with fixed-term contracts concluded by temporary employment agencies, migrant workers (vulnerable groups in the labour market).

The reaction from European companies in the current economic and financial crisis has shown that the leverages of the labour force flexibility and have proven usefulness and facing the economic constraints, firing workers is not the only answer. In conclusion, it is clear that the Member States of the European Union, crossing the period of crisis was accompanied by changes orientation in the sense of working time flexibility and work resources preservation, namely the number of employees. This strategy provides a rapid and reversible response of business to current production needs and will prove superiority especially during the period when economic activity will be resumed and will be activated the potential required work force. It further stressed the need for companies and workers to be more flexible and thus more adaptable to a changing economic environment.

If we statistical analys the data regarding the number of employees who work with a flexible time program other than traditional complying strictly the period and the working day ("*access to flexitime*"), there are significant difference between European countries in terms of this opportunity. The values of indicators and graphics (see Chart no. 1) confirms that the opportunity for workers to access jobs with flexible time program is higher in Western European states, where there are, as noted above, legal provisions, such as Germany, Belgium, Netherlands, France while in states such as Slovakia, Poland, Hungary, Romania and Bulgaria, the access to forms of flexible working is much reduced.



**Chart 1 Access to flexitime**  
 Source: Eurostat, data updated June 2008

In the EU countries where **access to flexible forms of work is increasing**, that there are more people of all employees who work other than fixed programs, **unemployment rate is lower**. Applying a correlation function of rank values of the two indicators, access to forms with flexible working time and unemployment rate (Pearson's Function), we obtain a correlated indicator with the value 0.3 which indicates the statistical existence of this relationship of inverse correlation.

### Conclusions

If we accept that the crisis is a necessary step of the evolutionary transformation process and not just a "dragon with seven heads" we could see that despite all the unoptimistic economic and financial forecasts, it brings not only an avalanche of adverse effects but may also highlights weaknesses that have to be resolved and opportunities for future recovery. A balanced using of the flexibility's principles and levers will allow economic actors to identify and respond quickly to market changes. In this context, it is necessary to think again priorities and a review to straight the measures to the key points that can be decisive for further economic recovery.

**a) At plant level**, goals that should underlie adaptation strategies, company-specific size, the activity field etc. should be directed to the efficient operation of labour force resource of the organization and its creativity and innovation potential fostered by:

- adoption of flexible and customized working schemes, supported by a contractual framework that provides secure and offers flexibility and mobility, thus keeping the labour working potential required by the future relaunch;
- boosting training programs and retraining of the workforce and investment in human resources programs by accessing European funds, for example;
- encouraging creative and innovative solutions with potential for development and cultivation of positive values of evolutionary adaptation to changing environmental conditions through flexibility and mobility;
- employee information on the organization's economic and financial situation and recovery prospects as a key influencing formation of attitudes and changing behaviour is the type of information the individual receives.

**b) At employee level**, changes and fluctuations in the external environment put pressure on him too, asking him to adapt to new conditions and reconfigurations of the work process, and this adjustment may be made only through flexibility and being open to novelty. At the level of individuals, **the degree of acceptance the changes** in the socio-economic and work process must be correlated with an **adaptation response to change**, with impacts on professional life and action to reactivation on the labour market. Therefore becomes essential for the modern worker, fostering values of change valences and evolutionary adaptation, **promotion of flexibility and mobility culture**, positive attitude and proactive behaviour. It involves, however, an effort of self-knowledge and implicit of the surrounding world knowledge from the inside to the outside.

### References

1. Andresen, K., Gronau, N., 2005, *An Approach to Increase Adaptability in ERP System in Managing Modern Organizations with Information Technology*, Proceedings of the 2005 Information Resources Management Association International Conference.
2. Chung, H, 2006, *Labour Market Flexibility, for Employers or Employees? A multi-dimensional study of labour market flexibility across European welfare states*, Paper presented at the 2006 Annual ESPAnet Conference, Shaping European Systems of Work and Welfare, 7-9 September, 2006, Bremen.
3. Moldoveanu G, Dobrin C, 2007, *Turbulence and organizational flexibility*, Ed. Economică, Bucharest
4. Nicolescu O., Nicolescu L., 2005, *The Economy, firm and knowledge based management*, Ed. Economică, Bucharest
5. Reilly, P., 2001, *Flexibility at Work: Balancing the interests of employers and employee*. Gower Publishing Limited, Hampshire.
6. Smith, A. E., 1995, "The Flexible Firm: Strategy or Structure?", *Research and Practice in Human Resource Management*, 3(1), 85-96.
7. Vera Glassner and Béla Galgóczi, 2009, *Plant-level responses to the economic crisis in Europe*, European Trade Union Institute for Research, Education and Health and Safety, Publisher: ETUI-REHS aisbl, Brussels
8. \*\*\* International Labour Conference, 98th session 2009, Report of the Director General, Tackling the global jobs crisis, International Labour Office Geneva
9. \*\*\* Commission Of The European Communities, 2008, *Restructuring in Europe 2008, A review of EU action to anticipate and manage employment change*, Bruxelles
10. \*\*\* European Commission, Employment, Social Affairs and Equal Opportunities DG Employment, Labour Market Review, Winter 2008
11. \*\*\* European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, 2009, *Restructuring in Europe 2008, A review of EU action to anticipate and manage employment change*, Luxembourg: Office for Official Publications of the European Communities
12. <http://ec.europa.eu/eurostat>