

*Mohammad Jasim Uddin*

## **FLEXIBILITY OF WHAT AND FOR WHOM?**

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### **Abstract**

Flexibility is a theoretical concept that can stand for a range of things.<sup>1</sup> Debate on flexibility has been gaining increasing attention over the years for employers and employees. Different literature demonstrate that practice of flexibility offers employers a chance to vary workers and working hours according to their needs, and provides employees with secure jobs, higher wages, fixed working hour and better working condition. Other studies that describe flexibility as a function of benefits neither for employers nor employees are least documented. Conversely, increasing evidence indicate that flexibility offers diverse opportunities for employers but for employees offers become less. This is also evidenced from various literature signifying that introduction of flexibility may not essentially have significant outcomes for workers' benefits, particularly when innovations are experienced and executed by employers' unilateral decision without considering workers' collective voices. The transition deteriorates job quality and security for workers and increases inequalities between demands of employers and employees. Such debate is also experienced in the firms inclined to achieve flexibility through transferring Japanese management practices (JMPs). Taking the ambiguity into consideration, this paper attempts to explore: What does flexibility mean to employers and employees? What indicators may best capture flexibility for employers and employees? What factors may act to promote a win-win situation on flexibility for both employers and employees?

### **I. Introduction:**

Since 1980s, many academias have defined flexibility in various respects. Allan Naes Gjerding<sup>2</sup> identifies flexibility as the ability of firms to take

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**Mr. Mohammad Jasim Uddin** is Research Fellow at the Bangladesh Institute of International and Strategic Studies (BISS), Dhaka, Bangladesh. His e-mail address is [jasim@biiss.org](mailto:jasim@biiss.org),

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<sup>1</sup> Anna Pollert, "The Orthodoxy of Flexibility", in Anna Pollert (ed.), *Farewell to flexibility?*, Oxford: Basil Blackwell, 1991, pp. 3-31

<sup>2</sup> Allan Naes Gjerding, "Work Organisation and the Innovation Design Dilemma", in Bengt-Ake Lundvall (ed.), *National Systems of Innovation*, London: Pinter Publishers, 1992

advantages of changes in industrial relations systems. Mark Beatson<sup>3</sup> labels flexibility as the capability of labour markets to counter to changing settings of labour economics. Michelle Riboud, Caroline Sanchez-Paramo and Carlos Silva-Jauregui<sup>4</sup> denote the term as the confiscation of regulations and institutions for saving workers. Sumita Ketkar and P.K. Sett<sup>5</sup> define the notion as the capacity of firms to react to varying competitive advantages over a period of time. Therefore, debate on flexibility has been gaining attention over the years not only for employers but for employees also. Flexibility for employers is concerned with varying volume of workers, readjusting working time according to needs, and increasing employees' involvement to workplace. By contrast, flexibility for employees is concerned with securing labour demands.

Laurie Graham<sup>6</sup> looks at an auto plant in the US. This study finds that practicing flexibility "reinforces unequal power relations between workers and management"<sup>7</sup>. Therefore, workers find them susceptible to intensified jobs. Bill Taylor, Tony Elger and Peter Fairbrother<sup>8</sup> examine an electronic firm in Britain, and observe that "management relies on labour turnover as a form of numerical flexibility"<sup>9</sup>. Therefore, workers are insecure. Vagelis Dedoussis and Craig R. Litter<sup>10</sup> look at eight manufacturing firms in Australia, and observe that "big firms disseminate information to employees to enable them to perform their duties effectively rather than to allow them to have significant involvement in

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<sup>3</sup> Mark Beatson, "Labour Market Flexibility", *Research Series No. 48*, Employment Department, Sheffield, 1995

<sup>4</sup> Michelle Riboud, Caroline Sanchez-Paramo and Carlos Silva-Jauregui, "Does Eurosclerosis Matter? Institutional Reform and Labour Market Performance in Central and Eastern European Countries in the 1990s", *Labour, Employment and Social Policies in the EU Enlargement Process Working Paper*, Washington: The World Bank, 2002

<sup>5</sup> Sumita Ketkar and P.K. Sett, "HR Flexibility and Firm Performance: Analysis of A Multi-level Causal Model", *The International Journal of Human Resource Management*, Vol. 20, No. 5, 2009, pp. 1009-1038

<sup>6</sup> Laurie Graham, "How Does the Japanese Model Transfer to the United States? A View from the Line", in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, pp. 123-151

<sup>7</sup> *Ibid.*, p. 124

<sup>8</sup> Bill Taylor, Tony Elger and Peter Fairbrother, "Transplants and Emulators: The Fate of the Japanese Model in British Electronics", in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, pp. 196-228

<sup>9</sup> *Ibid.*, p. 197

<sup>10</sup> Vagelis Dedoussis and Craig R. Litter, "Understanding the Transfer of Japanese Management Practices: The Australian Case", in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, pp. 175-195

decision making”<sup>11</sup>. Therefore, benefits emerged from flexibility tend towards employers. This is also viewed from a study of James Rinehart, David Robertson, Christopher Huxley and Jeff Wareham<sup>12</sup> in a unionized auto assembly plant in Canada, where workers have a voice but not a vote. On the other hand, Simon Gleave and Nick Oliver<sup>13</sup> find some manufacturing firms in Britain and the US practicing flexibility and experiencing higher levels of productivity and providing employees with job security. The study of William Purcell, Stephen Nicholas, David Merrett and Greg Whitwell<sup>14</sup> also finds some positive impact on flexibility for both employers and employees. This study finds some manufacturing subsidiaries, which recruit varied workers, and ensure considerable use of flexible work practices among workers, high levels of job security and persistent multi-tasking.

Till to date, there is a point of debate amongst academia: whether flexibility offers positive-positive or positive-negative or negative-positive outcomes for both employers and employees. Even, factors responsible to the varied outcomes are also debated. Tony Elger and Chris Smith<sup>15</sup> accentuate on positive social network ties, removal of institutional complexities, and integration of firm. William Purcell, Stephen Nicholas, David Merrett and Greg Whitwell<sup>16</sup> stress on balancing power and ownership, participation and understanding between employers and employees. Scott B. Martin<sup>17</sup> emphasizes on increasing

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<sup>11</sup> *Ibid.*, p. 177

<sup>12</sup> James Rinehart, David Robertson, Christopher Huxley and Jeff Wareham, “Reunifying Conception and Execution of Work under Japanese Production Management? A Canadian Case Study”, in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, pp. 152-174

<sup>13</sup> Simon Gleave and Nick Oliver, “Human Resource Management in Japanese Manufacturing Companies in the UK: 5 Case Studies”, *Journal of General Management*, Vol. 16, No. 1, 1990

<sup>14</sup> William Purcell, Stephen Nicholas, David Merrett and Greg Whitwell, “The Transfer of Human Resource and Management Practice by Japanese Multinationals to Australia: Do Industry, Size and Experience Matter?”, *The International Journal of Human Resource Management*, Vol. 10, No. 1, 1999, pp. 72-88

<sup>15</sup> Tony Elger and Chris Smith, “Global Japanization? Convergence and Competition in the Organization of the Labour Process”, in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, pp. 31-59

<sup>16</sup> William, *op. cit.*

<sup>17</sup> Scott B. Martin, “Network Ties and Labour Flexibility in Brazil and Mexico: A Tale of Two Automobile Factories”, in Christopher Candland and Rudra Sil (eds.), *The Politics of Labour in A Global Age: Continuity and Change in Late-Industrializing and Post-Socialist Economies*, Oxford: Oxford University Press, 2001, pp. 95-131

competence of firms and worker representations. Markus Pudelko<sup>18</sup> draws attention to the extent of labour laws and regulations, accords with unions, and partaking rights to the works councils. Therefore, debate on the factors that may make flexibility a positive thing for both employers and employees has mainly been focused on varied sizes and characteristics of firms placed in diverse local and national locations.

In this backdrop, this paper attempts to explore the following questions: What does flexibility mean to employers and employees? Which indicators may best capture flexibility for employers and employees? What factors or conditions may act to promote a win-win situation on flexibility for both employers and employees? To address the questions, this paper relies on few-country comparisons (small-N case study method) and ‘analytical narratives’, a tool of analysing the few-country (such as Brazil, China, Malaysia and Turkey) cases from reviewing existing literature. Therefore, transferring Japanese management practices (JMPs) to various firms of the few developing countries selected has been a way of looking for the best capturing indicators of, and observing impacts on, flexibility for both employers and employees.

The few-country comparisons may enable industrial policy makers, trans- or multi- national firms, development actors outside government such as employers and employees to explore: (a) how are JMPs exercised in transnational firms? (b) how do employers and employees respond to developments of flexibility? and (c) what factors may influence flexibility for employers and employees. Such investigation may facilitate (i) setting up of policies to fabricate macro and micro level institutional restructuring, and (ii) both transnational companies (TNCs) and locally-owned firm level practices on flexibility. However, a major handicap in this paper is dearth of information. Therefore, consultation of existing literature has not been enough for analyzing the cases studies. Consequently, many findings of this paper may be tentative, and necessitate to be replicated rather in a broader context. It also requires a more comprehensive field based information in future.

Barring introduction that constitutes Section I of the paper, the research questions aforesaid plus few relative ones would be studied in the following successive sections: Section II: Conceptual Framework that consists of two parts – Basics of JMPs, and Characteristics of Flexibility for Employers and Employees, Section III: Research Methodology, Section IV: Empirical Evidence that consists of two parts – Cases Studies on Various Firms and Studies from the Few Developing Countries Selected and A Comparative Look from the Cases Studies, Section V: Cross-country Observations to find out factors challenging to

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<sup>18</sup> Markus Pudelko, “Cross-national Learning from Best Practice and the Convergence-Divergence Debate in HRM”, *The International Journal of Human Resource Management*, Vol. 16, No. 11, 2005, pp. 2045-2074

flexibility and factors (both internal and external) that may act to promote a win-win situation on flexibility, and Section VI: Conclusion that summarises the paper.

## II. Conceptual Framework

### II.I Basics of JMPs

Since this paper is confined to the discussion of transferring JMPs by various TNCs in the world under the producer driven value chain (PDVC)<sup>19</sup>, it is important to mention rationales of undertaking the JMPs. Attention to the JMPs appears to be more than a passing trend and goes beyond a straightforward transplanting of some techniques.<sup>20</sup> During the 1970s, the US and Western Europe find their economy worsened, while Japanese economy rather maintains high growth rate.<sup>21</sup> This extracts interest in Japan and also the JMPs because it can act as the mechanisms for coordination and control of transnational operations.<sup>22</sup> Behind the interest, many Western observers also keep an important reason forefront i.e., mode of functioning Japanese firms. A large number of Japanese firms “function as organic communities in which a strong organizational culture seems to tie together interests of workers and management”<sup>23</sup>. In addition to the rationale, others view from various angles. While some emphasize on “Japanese innovations in production and employment have themselves been the evolving and varied products of the interaction between earlier dominant models”<sup>24</sup>, others weigh on “universal applicability”<sup>25</sup> of the JMPs. Taking the motivations into considerations, JMPs are undertaken

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<sup>19</sup> The PDVC consists of large Transnational Companies (TNCs), and of basically capital and technology intensive industries such as automobiles, semiconductors, heavy machineries, etc. Whereas in case of autos, Toyota, for example, continues to command a PDVC, in case of semiconductors, INTEL, for instance, commands this type of chain.

<sup>20</sup> Ulrich Jurgens, “The Transfer of Japanese Management Concepts in the International Automobile Industry”, in Stephen Wood (ed.), *The Transformation of Work?*, London: Unwin Hyman, 1989, pp. 204-218

<sup>21</sup> E.H. Bax, “Globalization and the Flexibility of Labour: A New Challenge to Human Resource Management”, 1996, available at: <http://som.eldoc.ub.rug.nl/FILES/reports/1995-1999/themeA/1996/96A41/96a41.pdf>, last consulted on 08 March 2009

<sup>22</sup> Adriana Prodan, Catalin Clipa and Anca Clipa, “The transfer of Romanian Human Resource Management practices in Multinational Companies”, *MIBES Transactions*, Vol. 3, Issue 1, 2009

<sup>23</sup> *Ibid.*, p. 3

<sup>24</sup> Tony, *op. cit.*, p. 55

<sup>25</sup> Anne Caroline Posthuma, “Japanese Production Techniques in Brazilian Automobile Components Firms: A Best Practice Model or Basis for Adaptation”, in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, p. 348

because they are most often witnessed as role models since they offer “‘best practice’ ideas of management from which others can borrow and learn”<sup>26</sup>.

There are wide varieties of JMPs. One of the important JMPs is just-in-time (JIT), “a method of inventory control in which company keeps parts stocked on line for only a few hours of work”<sup>27</sup>. The JIT is executed “through the techniques such as kanban, statistical process control (SPC), etc.”<sup>28</sup>. Kanban “is based on a system of cards used by production workers to signal to previous machining stage when new parts are required for production”<sup>29</sup>. Conversely, the SPC is “a technical tool for detecting quality problems”<sup>30</sup>. In addition to JIT, kanban and SPC, concept of kaizen and total quality management (TQM) are widely accepted as JMPs. Kaizen means continuous improvement and addresses team-based jobs with labours performing varied tasks. By contrast, the TQM built on some aspects such as change, communication, empowerment and improvement is seen as “generating significant productivity gains, achieving competitiveness and improving organisational performance”<sup>31</sup>.

Within a wide variety of JMPs, quality circles (QCs), Toyota production system, quality control circles (QCCs), suggestion schemes, cellular production and mini-factories are also well-known. While the QCs “allow and institutionalize worker’s participation”<sup>32</sup>, Toyota production system is focused on waste-elimination and optimum utilization of human creativity. Whereas the QCCs are concerned with augmenting “worker’s involvement and participation and improving their satisfaction in work organisation”<sup>33</sup>, the idea of suggestion schemes is “to cultivate company loyalty and pride among employees and tap shop floor knowledge”<sup>34</sup>. On the other hand, the concept of cellular production within departments is “introduced with workers tending to more than one

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<sup>26</sup> Chris Smith and Peter Meiksins, “System, Society and Dominance Effects in Cross-national Organisation Analysis”, *Work, Employment and Society*, 9, 1995, p. 243

<sup>27</sup> Laurie, *op. cit.*, p. 140

<sup>28</sup> John Humphrey, “Japanese Methods and the Changing Position of Direct Production Workers: Evidence from Brazil”, in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, p. 344

<sup>29</sup> Anne, *op. cit.*, p. 368

<sup>30</sup> *Ibid.*, p. 354

<sup>31</sup> Engin Yildirim, “Modern Management Techniques in the Developing World: The Case of TQM and Its Impact on Workers”, *Work, Employment and Society*, Vol. 13, No. 4, 1999, p. 704

<sup>32</sup> Karel Williams, Itsutomo Mitsui and Colin Haslam, “How Far From Japan? A Case Study of Japanese Press Shop Practice and Management Calculation”, in Tony Elger and Chris Smith (eds.), *Global Japanization: The Transnational Transformation of the Labour Process*, London: Routledge, 1994, p. 79

<sup>33</sup> Anne, *op. cit.*, pp. 363-64

<sup>34</sup> James, *op. cit.*, p. 172

machine”<sup>35</sup>, while the idea of ‘mini-factories’ focuses on “particular product lines where workers have the opportunity to work in cells or teams”<sup>36</sup>.

Whatever the purview of JMPs it is, vital point is: which aspects of JMPs have been attractive outside Japan<sup>37</sup> to have impact on production and flexibility concept? One of the significant aspects is level of education combined with selection procedure.<sup>38</sup> A certain level of qualification with a tight selection procedure is required for workers to get tasks in production firms. Making decision on production problems, quality control, work-flow optimisation, and work safety is the second aspect.<sup>39</sup> Decision is made through sharing of knowledge and experience among management, supervisors and ‘shop-floor’ workers. This ensures ‘quality circle’<sup>40</sup> in manufacturing scheme.

Manufacturing scheme is based on the following rules: “flexibility in utilizing facilities, minimisation of quality problems and production-flow buffers (material- or manpower- or time- buffers)”<sup>41</sup>. In the scheme, production groups labour on the law of JIT: ‘zero-buffer process of production management’ that incorporates “staffing questions and aims at rationalising work process”<sup>42</sup>. Rationalising principle helps in easing of material buffers, manpower and working-time buffers. Production groups, thereafter, employ themselves in ensuring efficacy and developments of work organisation, accompanying with usual practices of supervisors, and increasing product quality. However, securing jobs and employers-employees relations in the overall manufacturing scheme takes prime concern.

With a secured job, employment relations are observed as a vital aspect of greater allegiance to firms by employees.<sup>43</sup> By contrast, worker’s success is encouraged by firms through extra pay, promotion and work placement. This extends relations between employers and employees. The relations are smoothed by the concept of company union: a sign of compliance, conformity and interest of employee.<sup>44</sup> Within the basics of JMPs, many of the Japanese leading

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<sup>35</sup> John, *op. cit.*, p. 332

<sup>36</sup> *Ibid.*

<sup>37</sup> Masaki Saruta, “Toyota Production Systems: The ‘Toyota Way’ and Labour–Management Relations”, *Asian Business and Management*, Vol. 5, No. 4, 2006, pp. 487–506

<sup>38</sup> Ulrich, *op. cit.*

<sup>39</sup> Masaki, *op. cit.*

<sup>40</sup> *Ibid.*

<sup>41</sup> Ulrich, *op. cit.*, p. 208

<sup>42</sup> *Ibid.*

<sup>43</sup> Yonosuke Ogoshi, “Current Japanese Employment Practices and Industrial Relations: The Transformation of Permanent Employment and Seniority-Based Wage System”, *Asian Business and Management*, Vol. 5, No. 4, 2006, pp. 469–485

<sup>44</sup> Ulrich, *op. cit.*

manufacturing firms have been concentrated to how could employers be flexible to using labours for higher productivity and how could employees with their demands be flexible in work organisation?<sup>45</sup> Now, question is: what does flexibility mean for employers and employees? Which indicators may best capture flexibility for employers and employees? Following discussion attempts to address the two questions.

## II.II Characteristics of Flexibility for Employers and Employees

Flexibility for employers deals with fixing workforce.<sup>46</sup> Fixing is attained through deploying peripheral or core workers.<sup>47</sup> Variation in labour inputs increases rate of labour turnover and poses worker's job insecure.<sup>48</sup> Rate of labour turnover is measured by "employers' ability to adjust on extensive margin through engagement and dismissal of employees"<sup>49</sup>. Factually, the lower the costs linked "with productivity, the higher is the expected turnover"<sup>50</sup>. By contrast, whether employers "provide non-compulsory redundancies or written commitment to a goal of long-term employment security amongst permanent staff"<sup>51</sup> may give an idea on job security. Therefore, observations on rate of labour turnover and job security may be important indicators of flexibility for employees. On the contrary, examining variation in labours employed might be a key indicator of flexibility for employers.

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<sup>45</sup> Kenichi Kuroda, "Japanese Personnel Management and Flexibility Today", *Asian Business and Management*, Vol. 5, No. 4, 2006, pp. 453–468

<sup>46</sup> Heejung Chung "Flexibility for Whom: A New Approach in Examining Labour Market Flexibility Focusing on European Companies", paper for International Social Security Association, 5th International Research Conference on *Social Security and the Labour Market: A Mismatch?*, Warsaw, 5-7 March, 2007, pp. 1-36

<sup>47</sup> "Peripheral workers are those who are semi-skilled or unskilled and numerically flexible, as a result of short-term contracts, agency hiring and being employed by sub-contractors and those who are part-time and job sharing". See, Sylvia Walby, "Flexibility and the changing sexual division of labour", in Stephen Wood (ed.), *the transformation of work?* London: Unwin Hyman, 1989, p. 130. By contrast "core workers are likely to be skilled and have secure contracts of employment and be employed by particular firms for a long time, unlike peripheral ones". See, *Ibid.*

<sup>48</sup> Laurie Hunter, Alan McGregor, John MacInnes and Alan Sproull, "The 'Flexible Firm': Strategy and Segmentation", *British Journal of Industrial Relations*, Vol. 31, No. 3, 1993, pp. 383-407

<sup>49</sup> Jonathan Michie and Maura Sheehan-Quinn, "Labour Market Flexibility, Human Resource Management and Corporate Performance", *British Journal of Management*, Vol. 12, 2001, p. 294

<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid.*, p. 295



It is accredited that “commitment an employee feels to his organization reflects to varying combinations of desires, costs and obligations”<sup>52</sup>. Commitment is expressed “as employee’s emotional attachment and involvement to and identification with work organization”<sup>53</sup>. Secured work environment and conditions (e.g., observations on employee participation, effective process for dispute resolution, and security in employment) may only make committed workforce available. Therefore, observing involvement or commitment of workforce to workplace may be an indicator of flexibility for employers.

Flexibility is attained “by adjusting working hours of workers”<sup>54</sup>. For employers “non-standard working hours offer increased staffing flexibility”<sup>55</sup>. Therefore, “conflict is frequent for workers, whose work schedules are variable”<sup>56</sup>. Consequently workers demand ‘flexitime’<sup>57</sup> to have a balance between work and private life. While opportunity of choosing working hours is free, “flexitime allows workers to decide on their starting and completion time for a given day, provided that they work for a certain number of hours in a given period”<sup>58</sup>. Therefore, observations on working hours have been an indicator of flexibility for both employers and employees.

Flexibility is by now concerned with capability of firms to fix wages for workers. Flexibility on wages is measured by an arrangement of collective bargaining and worker’s conformity.<sup>59</sup> A debate on wage flexibility due to continuing diminution of labour costs is that conventional approach of fixing

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<sup>52</sup> Ian R. Gellatly, Karen H. Hunter, Luanne G. Currie and P. Gregory Irving, “HRM Practices and Organizational Commitment Profiles” *The International Journal of Human Resource Management*, Vol. 20, No. 4, 2009, p. 870

<sup>53</sup> *Ibid.*

<sup>54</sup> Heejung, *op. cit.*, p. 3

<sup>55</sup> Lei Delson, “Working Time Flexibility: Two Cheers for Regulation, One Cheer for the Market”, paper presented at the International Conference on *Employment and Social Security in the Perspective of Life* organised by European Commission, SISWO and Hans Bockler Stiftung, Berlin, 2004, p. 5

<sup>56</sup> *Ibid.*

<sup>57</sup> “Flexitime is a halfway house in terms of structure in that it permits variation in working hours, but within restrictions. Flexitime can provide flexibility where core hours are reduced”. See, Peter Reilly, “Types and Incidence of Flexibility”, *Flexibility at Work: Balancing the Interests of Employer and Employee*, England: Gower Publishing Limited, 2001, p. 35

<sup>58</sup> Yoshio Yanadon and Takao Kato, “Work and Family Practices in Japanese Firms: Their Scope, Nature and Impact on Employee Turnover”, *The International Journal of Human Resource Management*, Vol. 20, No. 2, 2009, p. 443

<sup>59</sup> Stathis Tikos, “Wage Flexibility: The Case of Greece”, 2009, available at: <http://www.eurofound.europa.eu/eiro/studies/tn0803019s/gr0803019q.htm>, last consulted on 03 August 2009

wages through collective bargaining is observed as inflexible. Atkinson<sup>60</sup> in his model articulates that “managers lower workers’ wages as business conditions warrant and wages are likely to be close to downward and opposed to managers’ efforts to lower them”<sup>61</sup>. Therefore, looking into the levels of wages (whether it is changing, low, high, fixed or flexible) with regards to changing labour market scenario is considered as a way of observing flexibility on wages for employees.

Currently, few firms are being interested to communicate information to employees when daily workload or new arrangement is set up. By contrast, workers urge opportunity of communication to know about the new adjustment. As a result, communication is being associated with “information sharing, influence of consultation, meeting union or consultation about institutional change”<sup>62</sup>. It helps employees to negotiate with management and vice versa to uphold a harmonious work environment. Therefore, mode of communication (whether it is vertical or horizontal, brief, highly structured or efficient, extensive, efficiency oriented, open or relaxed, one-way or both-way) is “seen as bedrock upon which flexibility for employees rest”<sup>63</sup>.

When flexibility for employees is discussed, it is important to note whether “employees are entitled to participate to value-added schemes or team-based work”<sup>64</sup>. Since, efficient labour participation, in turn, offers an opportunity to define mode of labour representation (top-down or bottom-up, uneven or weak, authoritative or participative) in a firm.<sup>65</sup> The opportunities of labour participation and representation entail formation and endorsement of dynamic capabilities for employees. By contrast, inadequate opportunities raises question on supervision in a firm.<sup>66</sup> While strict or authoritarian or quasi-managerial supervision detach relations between shop stewards and shop-floor, flexible supervision improves workers’ direct involvement and commitment to workplace. Therefore, observations on participation, representation and supervision may be imperative to examine flexibility for employees.

Whether work environment is wage based or task oriented or characterized by regulations is crucial for employees.<sup>67</sup> In the variation, workers “start feeling

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<sup>60</sup> John Atkinson, “Flexibility: Planning for an Uncertain Future”, *Manpower Policy and Practice*, Vol. 1, Summer, 1985, pp. 26-29

<sup>61</sup> Arne L. Kalleberg, “Organizing Flexibility: The Flexible Firm in a New Century”, *British Journal of International Relations*, Vol. 39, No. 4, 2001, p. 498

<sup>62</sup> Jonathan, *op. cit.*, p. 295

<sup>63</sup> Markus, *op. cit.*, p. 2050; Peter Reilly, *op. cit.*, p. 106

<sup>64</sup> Jonathan, *op. cit.*, p. 295

<sup>65</sup> Markus, *op. cit.*

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*

physical and emotional pressure”<sup>68</sup>. Basically, pressures emerge from the level of work intensification generated from incorporating new work systems. Therefore, workers demand “development of work environment, especially ergonomic aspects of manual workplace to minimize stresses”<sup>69</sup>. Consequently, efforts are advocated “to make work system more adaptable to meeting diverse human needs”<sup>70</sup> of workers.

Where overt supervision, limited opportunity of labour participation and representation, sudden labour turnover and wage related conflict are observed, workers attempt to be unionized, whereas employers seek ways to circumvent unions. But it is accredited that unions’ involvement to planning and making decisions legitimizes labour interests<sup>71</sup> such as “promotion, task distribution, internal mobility, etc.”<sup>72</sup>. Whether there are opportunities of raising voices through unions may also be an indicator of observing flexibility for employees.<sup>73</sup>

Debate on examining flexibility and characterising indicators or determinants of flexibility for both employers and employees may be varied from firm to firm in a developed or developing country. However, based on existing literature aforesaid, employers’ strategies concerning flexibility, and their impacts on employees’ flexibility, indicators that may best capture flexibility not only for employers but employees also could be framed under the following framework:

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<sup>68</sup> Peter Knorringa and Lee Pegler “Globalisation, Firm Upgrading and Impacts on Labour”, *Journal of Economic and Social Geography*, Vol. 97, No. 5, 2006, p. 474

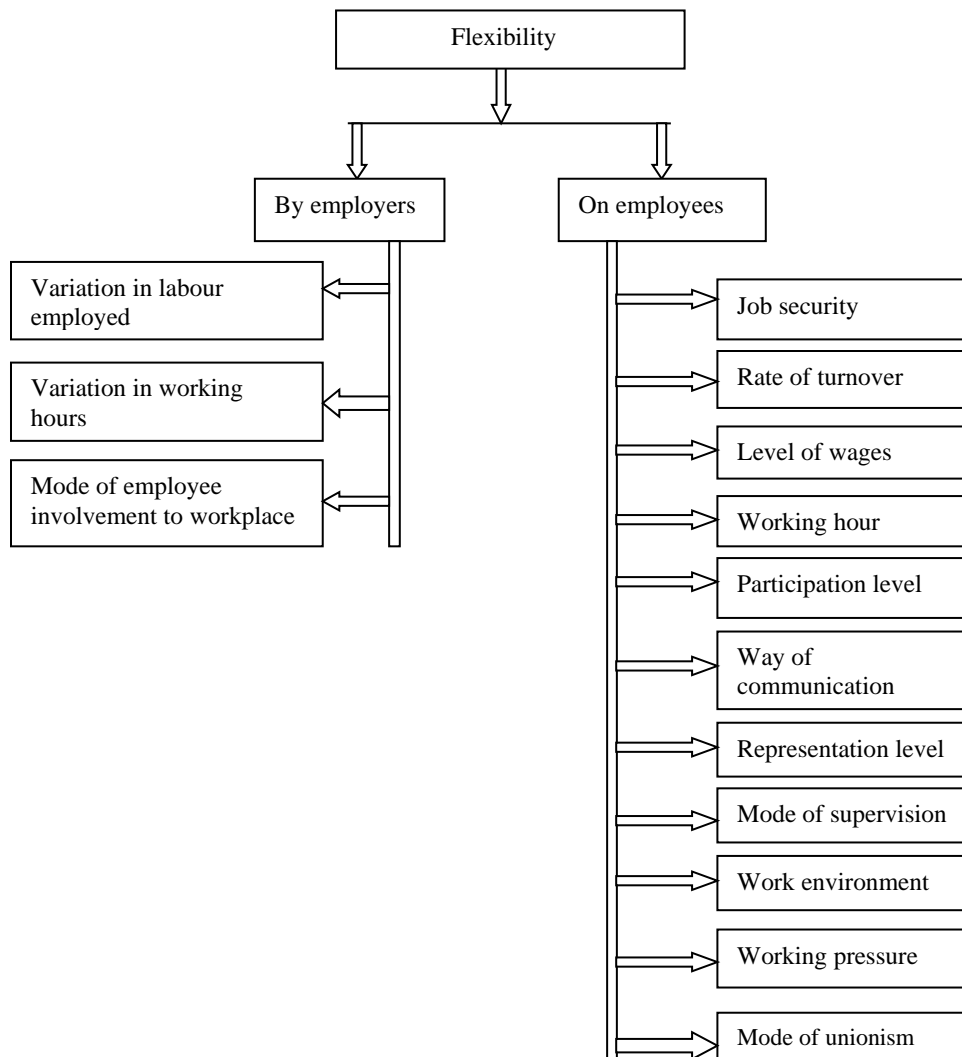
<sup>69</sup> Gustavo Abel Carrillo Guzman, “New Production System in Transition: Implications for the Brazilian industry”, *Brazilian Journal of Political Economy*, Vol. 20, No. 4(80), 2000, p. 61

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid.*

<sup>72</sup> Enrique de la Garza Toledo, “The Crisis of the Maquiladora Model in Mexico”, *Work and Occupation*, Vol. 34, 2007, p. 412

<sup>73</sup> Monir Tayeb, “Transfer of HRM Practices Across Cultures: An American Company in Scotland”, *The International Journal of Human Resource Management*, Vol. 9, No. 2, 1998, p. 354

**Chart 1: Best Capturing Indicators of Flexibility for Employers and Employees**

**Source:** Author's self initiative

After providing a conceptual framework, immediate essence of this paper is to unveil a methodological discourse on strategy of cases selection, explanation of various firms, justification of undertaking few different developing countries and matrix of research findings used. Clarifying the issues is the burden of the following section.

### III. Research Methodology

This paper is based on cases studies in consultation with secondary literature. It applies method of few-countries comparisons and uses ‘analytical narratives’, a tool of case study method. Few-countries comparisons attain “control through careful selection of cases analyzed using a middle-level of conceptual abstraction”<sup>74</sup>. This paper, therefore, has been thorough since it attempts to address more of the nuances explicit to each case. By contrast, this paper, within the purview of ‘analytical narratives’, takes efforts to employ the term ‘analytic’ that “conveys use of a theoretical framework or set of theoretical concepts”<sup>75</sup>, and the term ‘narratives’ that “conveys use of historical qualitative and quantitative evidence”<sup>76</sup> for selecting and analysing cases on various firms exercising the JMPs from the different developing countries such as Brazil, China, Malaysia and Turkey. Finally, this paper compares observations on few-countries based on the following matrix:

Indicators of flexibility		Findings for			
By employers					
On employees	Indicators	Brazil	China	Turkey	Malaysia

While explanation on different firms and studies observed from the few developing countries are included in Section IV, just a list of those firms and studies and their references is given below in a tabular form.

**Table 1: List of Firms and Studies Observed**

Countries Observed	Firms and Studies	References
Brazil	Brastemp in Rio Claro producing ‘White Goods’	Lee Pegler <sup>77</sup>
	Reliable/Sao Bernardo plant	Scott B. Martin <sup>78</sup>
China	A Japanese-owned electronic plant	Bill Taylor <sup>79</sup>

<sup>74</sup> Todd Landman, “Social Science Methods and Human Rights”, *Studying Human Rights*, Oxford: Routledge, 2006, p. 66

<sup>75</sup> Lee J. Alston “The Case for Cases Studies in Political Economy”, *The Political Economist*, Vol. 12, Issue 4, Spring-Summer, 2005, p. 8

<sup>76</sup> *Ibid.*

<sup>77</sup> Lee Pegler, “Employer ‘Dependence’ and Worker ‘Allegiance’ within the Factory of the Future: Evidence from Brazil”, *School for Social Sciences Working Paper No. 17*, Cardiff: Cardiff University, 2001, pp. 2-19

<sup>78</sup> Scott B. Martin, “The Social Embedding of Flexibility: Contrasting Patterns of Worker Integration in Automobile Plants of the Americas”, this paper is a minimally adapted version of the introduction to the author’s Ph.D. dissertation, *Working in the Global Factory: The Social Embedding of Flexibility*, which is presented to and accepted by the Department of Political Science, 2000, pp. 1-37

<b>Turkey</b>	A Chinese auto assembly plant Brisa, a tyre manufacturer company “Turkish Managers and TQM” – a study	Lu Zhang <sup>80</sup> Engin Yildirim <sup>81</sup> Power Economy <sup>82</sup>
<b>Malaysia</b>	A Japan-based electronic transplant producing automated machinery and robots A electronic transplant	Jos Gamble, Jonathan Morris and Barry Wilkinson <sup>83</sup> Yamashita Shoichi <sup>84</sup>

**Source:** Author’s self initiative

After providing information on various firms and studies observed in this paper, immediate essence is to clarify rationale of undertaking four different developing countries.

Since 1970s, Chinese auto firms have experienced steady growth. Auto production has increased from 0.7 million units in 1991 to 7.28 million in 2006. This makes China the third largest vehicle producer and the second largest automobile seller in the world.<sup>85</sup> On the other hand, Chinese and Japanese “suppliers have fairly complex divisions of labour and technologies, with lower-value-added production being transferred from Japan, higher-value-added production being retained in Japan and production technology in China being imported from Japan”<sup>86</sup>. Additionally, a resemblance is observed between Chinese and Japanese firms in terms of union’s role. These extract interests in China.

<sup>79</sup> Bill Taylor, “Patterns of Control within Japanese Manufacturing Plants in China: Doubts about Japanisation in Asia”, *Journal of Management Studies*, Vol. 36, 1999, pp. 853–73; Bill Taylor, “The Management of Labour in Japanese Manufacturing Plants in China”, *The International Journal of Human Resource Management*, Vol. 12, 2001, pp. 601-620

<sup>80</sup> Lu Zhang, “Lean Production and Labour Controls in the Chinese Automobile Industry in an Age of Globalisation”, *International Labour and Working Class History*, No. 73, Spring, 2008, pp. 24-44

<sup>81</sup> Engin, *op. cit.*, pp. 693-709

<sup>82</sup> “Turkish Managers and Total Quality Management”, *Power Economy*, Issue 8, 1996, pp. 69-71

<sup>83</sup> Jos Gamble, Jonathan Morris and Barry Wilkinson, “Mass Production is Alive and Well: The Future of Work and Organization in East Asia”, *The International Journal of Human Resource Management*, Vol. 15, No. 2, 2004, pp. 397-409

<sup>84</sup> Yamashita Shoichi, “Japanese Investment Strategy and Technology Transfer in East Asia”, in Harukiyo Hasegawa and Glenn D. Hook (eds.), *Japanese Business Management: Restructuring for Low Growth and Globalisation*, London: Routledge, 1998

<sup>85</sup> Lu, *op. cit.*, pp. 24-44

<sup>86</sup> Jos, *op. cit.*, p. 402

From Southeast Asian bloc, Malaysia adopts “a ‘follow-the-leader’ approach and attracts low-cost labour to market potential of manufacturing beyond its existing customers”<sup>87</sup>. This increases Japanese foreign direct investment and joint venture in Malaysia in industrial respect, and, in turn, helps the country to be an emerging developing nation. Additionally, both Malaysian and Japanese firms entail limited role of unions.

From Eurasian bloc, Turkey with its large domestic market and strategic geographical position has been experiencing trade liberalization and industrialization and high economic growth rate.<sup>88</sup> With these driving forces, the country has by now been a promising country and attracted as an important investment site by many Japanese multinationals. While there were only two Japanese companies in Turkey in 1982, the number has risen to 34 in 1997.<sup>89</sup> On the other hand, culture of company union is being practiced by a good number of Japanese and Turkish firms.

From Latin American bloc, Brazil maintains dynamic potency of a developed nation. However, it still contains enormous income disparity, high inflation and inadequate infrastructure. Therefore, it has already been accredited that no single model of management practices entirely suits local conditions of Brazil, except adaptation.<sup>90</sup> Even after that, a good number of Brazilian auto industries have been practicing JMPs, for example, ‘lean model’. On the other hand, role of union is significant in many Brazilian auto firms, while unionism is rarely observed in few Japanese firms. These extract interests in Brazil.

Therefore, consideration of diverse geographical representation, emerging developing phenomenon and role of union has been a basis of undertaking four sample developing countries – China, Malaysia, Turkey and Brazil. It could here be noted that unionism has been a factor since until now workers expect role of union as an important way of improving basic labour rights. By contrast, employers usually observe unionism as an unfavourable factor to achieve more flexibility. However, instant essence of this paper is to unearth empirical evidences from the selected developing countries, which have already transferred and have been practicing JMPs to their firms to observe impacts on flexibility for both employers and employees.

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<sup>87</sup> *Ibid.*

<sup>88</sup> Engin, *op. cit.*

<sup>89</sup> *YASED Bulletin*, Issue 2, 1997, pp. 7-8

<sup>90</sup> Anne, *op. cit.*

#### IV. Empirical Evidence

##### IV.I Cases Studies on Developing Countries Selected

###### IV.I.I Case of Brazil

Looking into Reliable/Sao Bernardo plant demonstrates that the plant has been experiencing “breakthroughs toward higher levels of labour flexibility such as stemmed job loss, flattened job classification hierarchy, extensive multi-tasking, merit pay, flexible workweek, workers’ active participation in making decisions, and improving working conditions”<sup>91</sup>. These facilitate productivity and quality standards of the plant. Such scenario is also observed from Brastemp in Rio Claro producing ‘white goods’. Practicing just-in-time and kanban, the firm has been introducing diversified tasks, shorter workweek, higher wages, reduced supervision, and new participative mechanisms for workers, lower labour turnover, closer relations between employees and employers, and reduction in hierarchies.<sup>92</sup> These accelerate workers’ commitment to workplace and smooth firm’s productivity. However, judging flexibility with these positive developments could mislead one.

Observations on Brastemp reveal that workers have new tasks but there are still “fear of substitution, powerlessness, more onerous and highly monitored work conditions, and general employer abuse”<sup>93</sup>. Workers are also found devalued through hire and fire policies, and authoritarian management. These lead to withdrawal of workers’ cooperation to the firm. Such scenario is also found from Reliable/Sao Bernardo plant. Instead of being participative and democratic, the plant is still characterised by constraints of performance targets and penalization of workers, ever-increasing employment insecurity due to automation, wage differentials between core and periphery workers, inadequate opportunity of communication, participation and representation, extensive workload, overt supervision, and less autonomy over labour movements.<sup>94</sup>

Usually, employers in the two firms observed search issues such as annual performance, errors in production, strike, recession or hostile environment to penalise workers. The penalisation reduces work stability of labours. Therefore, employers though succeed in retaining profitability and quality circle, workers’ cooperation to the firms is limited, and they attempt to be associated with unions. But there is an ambiguity between workers and unions due to market-oriented reforms, inadequate labour laws and attractive offers given by employers. Even after that, workers still certify role of unions in collective bargaining and addressing unusual situations.<sup>95</sup>

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<sup>91</sup> Scott, *op. cit.*, p. 9

<sup>92</sup> Lee Pegler, *op. cit.*, pp. 2-19

<sup>93</sup> *Ibid.*, p. 8

<sup>94</sup> Scott, *op. cit.*

<sup>95</sup> Lee Pegler, *op. cit.*; Scott, *op. cit.*



#### IV.I.II Case of China

Looking into a Japanese-owned electronic plant in China studied by Bill Taylor<sup>96</sup> shows that the plant is employing local young workers and migrants, avoiding ex-state-owned enterprise workers, and recruiting workers directly from schools, through local government labour agencies, adverts or by word-of-mouth. Therefore, employment of workers with increasing labour turnover has relatively been insecure. Although seniority-based higher wages are observed, the opportunity is confined to only core workers. Though employee participation incorporates alleged quality circles, and some evidences of communications and suggestions schemes are found, decreasing worker allegiance to the plant is witnessed due to marginalised and often dysfunctional role of union tied by Chinese law. Therefore, the plant advances to be routinized and fragmented with considerable surveillance and control over both workers and production volumes and quality. However, such contradictory scenario can also be experienced from a Chinese auto assembly plant.

Observations on a Chinese auto assembly plant studied by Lu Zhang<sup>97</sup> unearth a conflicting situation that emerges from ever-increasing division of labour. In the plant, while proportion of production workers in entire populace of formal employees ranges from 50 to 80 per cent, declining proportion of the formal production workers has been of typical setting due to increasing deployment of agency workers in production.<sup>98</sup> Accepting dualism in workforce (adjusting agency workers usually at unskilled positions in regards to fluctuating domestic car market), the plant avoids laying off formal workers, and becomes able to lower labour costs and increase flexibility.<sup>99</sup> Although using of dual labour force benefits employers, the dualism results in uneven treatment between formal and agency workers, inequality in job security and vulnerability for employees.

In fact, vulnerability consists of usual long working hours, mandatory overtime without advance notice, delay in paying for excessive overtime, intensified work, arbitrary exercise of managerial authority, declining real wages, unhealthy working conditions, military-style regimentation and in-human treatment, and limited opportunity for participation in the plant.<sup>100</sup> These mobilize labour forces to address potential workplace bargaining power and urge emergence of union actions. Although “factory union and party factory committees play important role in preventing and mediating conflict between

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<sup>96</sup> Bill Taylor, *op. cit.*, pp. 853–73; Bill Taylor, *op. cit.*, pp. 601-620

<sup>97</sup> Lu, *op. cit.*

<sup>98</sup> Workers are formal with regular labour contracts. Agency workers are hired by labour service agencies. They sign labour contracts with the agencies. According to needs, a plant employs or withdraws agency workers sent by the agencies.

<sup>99</sup> Lu, *op. cit.*

<sup>100</sup> *Ibid.*

workers and managers<sup>101</sup> in the plant, their actions are debated. This is because of market reform initiatives of China, and uncertainties on whether union is actually in favour of improving labour rights or self-benefiting ones.

#### IV.I.III Case of Turkey

Observations on Brisa<sup>102</sup>, a tyre manufacturing firm, reveal that the firm is implementing total quality management. It is valuing employees 'classifying jobs'<sup>103</sup>, fixing working hours, providing 'higher wages'<sup>104</sup>, paying for overtime, observing errors as a means of improving production, addressing promotion based on knowledge and length of deployment. It is also ensuring working condition, participation, trust, cooperation and communication between workforce and management. Additionally, the firm has accepted moderate role of union. These offer workers with more or less secure jobs<sup>105</sup>, accelerate workers' commitment to workplace, invigorate relations between firm and employees, and strengthen union's position and production capability. However, there is still debate on wages, rights, rules, policies and other issues.<sup>106</sup> Such discrepancy is also observed from a literature.<sup>107</sup>

Observation from a study<sup>108</sup> demonstrates that employers still restrain workers' participation up to a certain level, for example, in various low profile committees so that workers could not perceive more power and influence over management. Moreover, representation of workers is kept related to production, not in making decisions on intensified work, wage differentials or unhealthy working environment. These result in class struggle between employers and employees. Therefore, union claims written document of no lay-off policy and urge for reducing workload. But management refuses the proposal. By contrast, there is also a doubt about union's role. Although union agrees on extending participation in making decision, it factually seems contented with its participation restricted just in various committees. Therefore, union's role is in

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<sup>101</sup> *Ibid.*, p. 37

<sup>102</sup> Brisa is a joint venture of Sabanci Holding (second largest industrial group in Turkey) and Bridgestone (a leading Japanese tyre multinational). It has 1300 permanent employees, 250 temporary workers and about 500 people employed by conductors. It is unionized. See, Engin, *op. cit.*, p. 694

<sup>103</sup> Jobs are of two types: non-union jobs (managerial white collar jobs) and union jobs (blue collar jobs). See, *Ibid.*, p. 699

<sup>104</sup> Statutory minimum wage is about \$120 per month. Average wage is about \$1100. See, *Ibid.*, p. 699

<sup>105</sup> Labour turnover rate per annum has been reduced from nearly 8 per cent to below 2 per cent. Average service length has risen from 8.6 years to 11.9 years. Some temporary workers have been transferred to permanent status. See, *Ibid.*, p. 700

<sup>106</sup> *Ibid.*

<sup>107</sup> "Turkish.....", *op. cit.*, pp. 69-71

<sup>108</sup> *Ibid.*

doubt about whether union would escape from being no more than a conventional company union.

#### **IV.I.IV Case of Malaysia**

Looking into an electronic transplant (characterized by automation and relatively high level of quality) studied by Yoshio Yamashita<sup>109</sup> show that the transplant is providing workers with long-term employment, high wage, opportunity for participation and communication. Results of such arrangements facilitate simplifying and dividing work into small parts to make speedy preamble of unskilled employees, relations between employers and employees, and developing local productivity.

By contrast, observations on a Japan-based electronic transplant (producing automated machinery and robots) studied by Jos Gamble, Jonathan Morris and Barry Wilkinson<sup>110</sup> reveal that the plant is recruiting young, female, and rural workers and migrants; providing relatively low wage (about £75 per month); temporary jobs; and limited opportunity of participation for workers. In the plant, opportunity of employee representation is observed weak, while process of communication is found perfunctory basically through banners, newsletters, slogans, and monthly meetings. These along with high rate of labour turnover (around 6 to 13 per cent per month) result in low-commitment workplace culture, and demand role of union. With limited representation for the deprived workers, role of union is also found even more complex owing to union avoidance policies of government. Therefore, a clear ambiguity on flexibility for both employers and employees is observed.

Since workers are becoming valuable asset to work organization, basic demands of labours are major concerns for employers. Therefore, employers' attitude to workers is very essential so that workers can be secure. However, the previous cases studies give a chaotic situation on flexibility for both employers and employees. Following discussion attempts to provide a comparative look on the cases studies.

#### **IV.II Impact on Flexibility: A Comparative Look**

Generalizing the fact that whether transferring JMPs increases changes on flexibility for both employers and employees is challenging. Therefore, this paper makes a comparison i.e. a comparative table (see Table 2) based on the cases studies and flexibility indicators for employers and employees derived from conceptual part.

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<sup>109</sup> Yamashita, *op. cit.*

<sup>110</sup> Jos, *op. cit.*

**Table 2: Findings' Matrix: Transferring JMPs and Its Impact on Flexibility Indicators**

	<b>Flexibility Indicators</b>	<b>Brazil</b>	<b>China</b>	<b>Turkey</b>	<b>Malaysia</b>
<b>By Employers</b>	<b>Labour employed</b>	Growing use of secondary labour	Rising use of peripheral labour from counties	Core labour seems to be used increasingly	Increasing use of peripheral and foreign migrants
	<b>Variation in working hour</b>	Varied and extended	Highly varied and extended	Varied but fixed for each shift	Increasingly varied
	<b>Mode of employee involvement in workplace</b>	Not so much involved	Involved just in few firms, others not	Going to be fairly involved	Involvement seems to be decreased
<b>On Employees</b>	<b>Job security</b>	Seems to be insecure	Insecurity has been increased	Seems to be secure	Seems to be quite insecure
	<b>Rate of labour turnover</b>	Going to be high	Seems to be relatively high	Turnover has been reduced	Turnover has been very high
	<b>Level of wages</b>	Increasing but still low	Decreasing in terms of real wages	Seems to be relatively high	Minimal and low in many firms
	<b>Working hour</b>	Seems to be unstructured	Long with forced overtime	Seems to be fixed	Going to be unstructured
	<b>Participation level</b>	Implicitly bargaining	Seems to be almost limited	Open but still inadequate	Appears to be weak
	<b>Way of communication</b>	One-way	One-way and hierarchical	Almost both-way	Perfunctory
	<b>Representation level</b>	Uneven in many firms	Rather uneven in most of the firms	Tends to be strong	Going to be more weak and uneven
	<b>Mode of supervision</b>	Seems to be new style but still overt	More or less traditional and strict	Quasi-managerial	Still authoritarian
	<b>Work environment</b>	Tedious	Irksome	Improved	Monotonous
	<b>Work pressure</b>	Have been intensified	Have been very intensified	Seems to be fairly intensified	Highly intensified
	<b>Mode of unionism</b>	Unions' role have been focused less on labour rights	Going to be less functional in many firms	Union's role has steadily been increased	Role of union seems to be vulnerable

**Source:** Author's self initiative. This is an average result having support from observations on firms and studies included in Table 1.

It is obvious from Table 2 and discussions given in cases studies that transfer of JMPs has not worked evenly. Sometimes, employers are gaining through using labours and working hours varied. At times, employers are facing problems with workers' commitment to workplace. By contrast, employees in somewhere are enjoying their jobs with expected demands. But in most of the times, they are in trouble with securing jobs and establishing labour rights. This impedes trust and balance of power between employers and employees. Therefore, considering firms and studies from Brazil, China, Turkey and Malaysia express that transfer

of JMPs offers changes on flexibility indicators: almost positive for employers, but negative and in some cases positive for employees.

While objective of this paper is not to study causes of the variation, it is at least important to look for some causal explanations. Otherwise, addressing what factors or conditions may make flexibility a positive thing for both employers and employees would not be an easy task.

## **V. Factors Influencing Flexibility**

### **V.I Factors Challenging to Flexibility: A Cross-country Observation**

Observations on the Brazilian firms reveal some factors that are challenging to flexibility for both employers and employees: difference in management structure, ability to introduce new technique, partial or selective adaptation of new organisational technique, and form of competition prevailing in various sectors. Additionally, there are some practical causes for non-identical results on flexibility. These are: existing social relations or network ties in which changes take place; particular local and regional agglomerations (for example, sectors, clusters, chains, etc.) of firm; capability of firms; comprehensive understanding and evaluation of relevant management model; possible transferability of management practice and context of coordination; degree of labour laws and regulations; contractual agreements with unions; and workers' participation rights.<sup>111</sup> These lead to workers' deprivation, and impede to go beyond zero-sum conflicts over flexibility for both employers and employees.

The scenario aforesaid is not only observed in the Brazilian firms but also obvious in the Chinese and Malaysian firms. Bill Taylor<sup>112</sup> and Lu Zhang<sup>113</sup> in the Chinese firms find some factors that are challenging to flexibility for both employers and employees. The factors are: control mechanism (ill-suited to affiliates in China) of JMPs, lack of workers' involvement to workplace, limited career opportunities, limited information flows, and lack of appraisal and performance assessment. By contrast, Jos Gamble, Jonathan Morris and Barry Wilkinson<sup>114</sup> and Yamashita Shoichi<sup>115</sup> in the Malaysian firms unearth few factors such as non-reciprocity, low-trust and low-commitment HRM policies and practices, and lack of 'company ownership'. As a result, way of communication has been limited, top-down and one-way, and workplace has been insecure and fragmented for employees. Therefore, immediate essence of the following discussion is to unearth factors that may promote a win-win situation on flexibility for both employers and employees.

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<sup>111</sup> Lee Pegler, *op. cit.*; Scott, *op. cit.*

<sup>112</sup> Bill Taylor, *op. cit.*

<sup>113</sup> Lu, *op. cit.*

<sup>114</sup> Jos, *op. cit.*

<sup>115</sup> Yamashita, *op. cit.*

## V.II Factors that May Make Flexibility A Positive Thing

It is accredited that transferring process of a management practice “does not end with adoption of formal rules describing the practice, but continues until the rules become internalized at subsidiary”<sup>116</sup>. In fact, an effective adoption relies on degree of institutionalization of the management practice at two levels: (i) implementation stage when employees just follow prescribed regulations, and (ii) internalization stage reached when employees have loyalty “to the new work practice, and acquire perceptions of ownership of the newer work arrangements”<sup>117</sup>. Although “macro contextual conditions (e.g., lack of a clear and stable industrial policy) may constrain pace of adoption rather than support implementation of the two prescriptions”<sup>118</sup>, they could make flexibility a positive thing for both employers and employees. This prescription could be undertaken if objective of achieving flexibility is through transferring of a specific management practice. But in a broad-spectrum, what factors or conditions may turn flexibility into an optimistic phenomenon for both employers and employees need to be categorised.

### *Factors (Internal and External) to Promote A Win-win Situation on Flexibility*

There are inadequate literature that clearly separate internal and external factors that can act to promote a win-win situation on flexibility. According to a set of literature, internal factors include changing perception of flexibility, making mutuality in work and developing trust between employers and employees, and introducing new labour laws. By contrast, external factors include developing role of trade unions and civil society organisations (CSOs), and bringing the drive of CSR (corporate social responsibility) to light.

From the internal factors, it is initially important to change perception of flexibility that may facilitate “setting up of policies in which flexibility could only be traded off with security measures, and accommodate a mutual flexibility goal”<sup>119</sup>. This would possibly ensure that both employers and employees may not be at odds with each other. In making mutuality and developing trust, employers have to look for ways out to fix patterns of working and flex supply of labour.<sup>120</sup> By contrast, employees and their representatives need to realize a change undertaken by employers. In dealing with the change effectively, employers in fact need to attain trust of workforce. The trust could be secured when both

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<sup>116</sup> Wolfgang Stehle and Ronel Erwee, “Transfer of Human Resources Practices from German Multinational Enterprises to Asian Subsidiaries”, *Research and Practices in Human Resources Management*, Vol. 15, No. 1, 2007, p. 67

<sup>117</sup> *Ibid.*

<sup>118</sup> Gustavo, *op. cit.*, pp. 64-65

<sup>119</sup> Heejung, *op. cit.*, p. 25

<sup>120</sup> Peter Reilly, *op. cit.*

employers and employees anticipate that their demands would be valued and they would not be intentionally hurt.<sup>121</sup>

In addition to the factors aforesaid, introducing new labour laws may offer employers a directive to categorize essential practices on which they could focus on securing long-term employment relations not only with primary but secondary workers also. This could facilitate to respond to rising labour abuses and protect workers' rights. As an instance, Chinese New Labour Contract Law 2008 that pledges employment security to workers could be undertaken. The Law favours long-term employment contract in lieu of short-term pact that could easily be terminated. It specifies the contract that "must be put in writing within a month of employment"<sup>122</sup>. It controls undue employ of periphery workers. Moreover, the Law makes unnecessary dismissal of workers harder. Therefore, employees get a bargaining opportunity for an open-end contract with employers, and attain employment guaranteed.

The internal factors abovementioned would not be fruitful if pressures do not come from other stakeholders. From the external factors, unions, within the domain of CSOs, may reasonably put pressure on employers to ask improved work environment and partake in a bargaining united to secure workers' jobs.<sup>123</sup> Empirical studies also make evidence available supporting unions' presence to lengthen and stabilize employment relations and reduce labour turnover.<sup>124</sup> Since union's representation and collective input is associated with both "employee turnover rates and productivity"<sup>125</sup>, it may increase performance of a firm. Therefore, reciprocal achievements to labours and their firms call for "a unique combination of recognized and representative unions and workers, showing allegiance to both firms and unions"<sup>126</sup>.

Besides, a potential line of debate is developed by several scholars<sup>127</sup> who emphasize potentially optimistic impact on workers throughout the drive of fair

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<sup>121</sup> *Ibid.*

<sup>122</sup> Lu, *op. cit.*, p. 44

<sup>123</sup> Mark Anner, "Forging New Labour Activism in Global Commodity Chains in Latin America", *International Labour and Working Class History*, Vol. 72, Fall, 2007, pp. 18-41

<sup>124</sup> Lee Pegler, *op. cit.*

<sup>125</sup> *Ibid.*, p. 17

<sup>126</sup> Lee Pegler and Peter Knorringa, "Integrating Labour Issues in Global Value Chain Analysis: Exploring Implications for Labour Research and Unions", in Verena Schmidt (ed.), *Trade Union Responses: A Review by the Global Union Research Network*, Geneva: International Labour Office, 2007, p. 43

<sup>127</sup> Mick Blowfield, "Ethical Trade: A Review of Developments and Issues", *Third World Quarterly*, Vol. 20, 1999, pp. 753-770; Stephanie Barrientos, Catherine Dolan and Anne Tallontire, "A Gendered Value Chain Approach to Codes of Conduct in African Horticulture", *World Development*, Vol. 31, 2003, pp. 1511-1526; Deirdre Shaw, Terry Newholm and Roger Dickinson, "Consumption As Voting: An Exploration of Consumer

trade, CSR, ethical sourcing, and the related initiatives. Better CSR might be promoted “to help bolster an argument that better labour rights are good business and to put forth the argument that unions should be a more significant stakeholder in the CSR”<sup>128</sup>. Perhaps Ethical Trading Initiative is a well-recognized instance of the CSR. In the initiative, “a group of well-known brand name firms work together with trade unions and NGOs to ensure that labour conditions meet or exceed international labour standards”<sup>129</sup>. There are few recent studies (such as the study of Stephanie Barrientos, Catherine Dolan and Anne Tallontire<sup>130</sup>) on ethical trade indicating “that such international labour standards are successfully met for core workers, but that the picture becomes more variegated for workers indirectly employed”<sup>131</sup>. Furthermore, whereas ethical trade can lead to developments in labour conditions, constructive codes of conduct on labour standards can push out well employers who offer irregular as well as lower wages to non-standard workers. However, prime task of CSR should be “to support ongoing struggle by workers in developing countries and their collective action representatives, whether unions or NGOs, in an effort to increasingly implement decent work agenda of International Labour Organisation”<sup>132</sup> so that notion of flexibility could emerge as a positive thing for both employers and employees.

## VI. Concluding remarks

Based on characteristics of flexibility and observations on cases studies and matrix of findings, it has been obvious that flexibility for employers is concerned with three things: variation in labour employed, variation in working hours, and mode of employee involvement to workplace. In other words, these three things may be the best capturing indicators of flexibility for employers. On the other hand, flexibility for employees is concerned with a set of things: job security, rate of turnover, level of wages, working hour, participation level, way of communication, representation level, mode of supervision, work environment, working pressure, and mode of unionism. In any circumstance, these notions may otherwise be the best capturing indicators of flexibility for employees.

On the basis of the indicators of flexibility for both employers and employees, the notion of flexibility for both parties in a transnational firm of a developing country behaves in a different way, sometimes positive for employers but negative for employees, and occasionally positive for both. In the variation, there

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Empowerment”, *Mimeograph*, Glasgow: Glasgow Caledonian University, 2005; Peter Knorringa, *op. cit.*

<sup>128</sup> Lee Pegler and Peter Knorringa, *op. cit.*, p. 45

<sup>129</sup> Peter Knorringa, *op. cit.*, p. 476

<sup>130</sup> Stephanie, *op. cit.*

<sup>131</sup> *Ibid.*, in Peter Knorringa, *op. cit.*, p. 476

<sup>132</sup> Peter Knorringa, *op. cit.*, p. 477



could be some additional factors that may also have an impact on flexibility. For example, structure and role of government, and role of trade unions in Brazil are quite different than that in China, Malaysia and Turkey. By contrast, market reforms initiatives to increase level of productivity, flow of foreign direct investment, and particularly national labour laws are far different in the developing countries. Therefore, some specific factors that may make flexibility a positive thing for both employers and employees need to be focused.

If objective of achieving flexibility is through transferring any management practice, adoption of formal rules describing the transfer process and practice, and then internalization of the rules at any firm need to be prioritized. On the other hand, within the list of internal factors, changing perception of flexibility, making mutuality in work and developing trust between employers and employees, and introducing new labour laws are very important. By contrast, from the external factors, developing role of trade unions and civil society organisations (CSOs), bringing the drive of CSR to light, forcing the initiative of fair trade, ethical sourcing, and the related drives, constructive codes of conduct on labour standards, and decent work agenda of the ILO are also very crucial. Only the effective execution of the internal and external factors aforesaid may act to promote a win-win situation on flexibility for both employers and employees.