



A STUDY ON THE INFLUENCES OF LABOR FLEXIBILIZATION FOR BUSINESS MANAGEMENT

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Abstract

From the perspective of cost, labor flexibilization refers to removing various restrictions on the workforce, adding diversity for workforce utilization, or allowing employees to arrange jobs by themselves. This process has positive influences on employees' work efficiency and enables employees to adjust and rearrange resources and tasks. To correspond to the shifts in the labor market, enterprises have developed innovative ways to harness workforces. In other words, enterprises have adopted a business model that focuses on labor flexibilization and can generate relative performance from cost and productivity. This study can measure businesses' management performance after introducing the concept of labor flexibilization by assessing employees' job satisfaction. The research findings reveal that job satisfaction for flexible labor contracts has significant influences on work performance.

Keywords: labor flexibilization, job satisfaction, work performance

Introduction

Human resources management is one of the most critical professional competencies for business management.

In light of the rapid shift of business environment, enterprises must take human resources management into account and adjust human resources manage-

ment model based on market needs in order to enhance business performance. Compared with traditional human resources management methods, it is indicated that better management modes will grant employees more flexibility and autonomy. In addition, Wang et al. (2017) pointed out employees' work satisfaction is the key factor that influences businesses' operation performance. When employees were granted more autonomy to their job arrangement, their work satisfaction will rise and they will put more efforts into their work. Irabor & Okolie (2019) claimed that providing employees with autonomy to arrange their own work can boost their work efficiency. Meanwhile, autonomous workplaces can also encourage the rearrangement and redistribution of business resources. As proposed by Duggan et al. (2020), the aforementioned management mode can assist organization members to cultivate their capabilities in self-management.

As mentioned in previous literature, empowering employees with more job autonomy and more flexible work arrangement can provide workforce dynamics. This flexible form of contract will be aligned with employers' and employees' objectives and based on their coordination and cooperation. Thus, this research intends to explore the influences on organization members' work

performance when the employees were offered dynamic work contracts.

Past research indicated that low job satisfaction will result in a high employee turnover rate (Wu, 2015). When the employees have low job satisfaction and lack a sense of responsibility, they dislike their own jobs and cannot recognize the values of their companies, making them vulnerable to external temptation and tend to leave their current workplaces. Consequently, if the enterprises can improve employees' attitude towards jobs and make them consider themselves are part of their enterprises, the employees will become more satisfied and more devoted to their own jobs. Moreover, the labor cost and turnover rate can be lowered efficiently, and employees' work performance can be enhanced. As pointed out by Kazimoto (2016), the problems of increasing employees' job satisfaction and engagement have always been critical in all industries. When employees' job satisfaction and engagement are high, they will create a better performance for enterprises.

Literature Review

From the perspective of labor flexibilization

With the rapid growth of global trade liberalization and transnational enterprises, local enterprises have been

confronted with even fierce competition and more pressures from domestic and foreign environments. Enterprises need to continually introduce new technologies, devote to research and development, and consider lowering labor cost to enhance their competitive advantage and growth momentum. Besides, enterprises are expected to put more emphasis on quality, increase customer satisfaction, and boost operation performance in order to strengthen their overall business performance. As proposed by Atkinson (1984), “labor force flexibility” has become a strategic human resources management concept and moved beyond regional battlefields to the global context for enterprises to correspond to market cycles, tightened product cycle, and consumers' willingness to consume. The shamrock organization put forth by Handy (1990) focuses on cultivating core team members and considers outsourcing or dynamic contracts to control labor cost within reasonable scope, downsize staff, and increase competitiveness. According to Jih (2005), the definition of dynamic work contracts refers to dynamic and personalized contracts based on the negotiation between employer and employees so they can both benefit from the contracted relationship. One of the primary reasons why employers are willing to provide flexible work contracts is to reduce cost and increase work performance,

strengthen the existing operation foundation, and further boost business performance.

Based on Balkeran & Arianna (2020), employees' personalized dynamic contracts can be divided into two categories: the first category refers to the contracts signed prior to formal employment, and the second category involves the job rearrangement after a period of employment. The two contract categories can both guarantee flexibility for employees' job arrangements.

The viewpoint of striking the balance between work and life is one of the most important theoretical arguments for labor flexibilization. Organizations' competitiveness can be effectively enhanced by increasing employees' job satisfaction and positivity. One of the organizational goals aims to assist employees to reach the balance between work and life. Consequently, when enterprises adopt policies to balance work and life, they can assist employees to enjoy more flexible job arrangements in order to retain and attract more high-quality employees.

From the perspective of work performance

As pointed out by Nassazi (2013), the previous literature has defined employee performance as their ability of

employees to perform work, such as the ability to learn new knowledge and new skills, the ability to accomplish tasks, and the ability to respond to emergencies. Specifically, enterprises assess employees' work performance based on the timeliness to resolve special emergencies and the appropriateness of decisions and actions they have taken in the process. In addition, the performance assessment should also evaluate whether the employees can exercise their expertise and introduce innovative solutions to resolve work difficulties and pressures. In workplaces with many uncertainties or unknown situations, employees' performance can be assessed based on their abilities to propose effective work adjustment plans as well as learn new methods and new skills to correspond to future jobs. In different working environments, employees' work performance will be assessed by the efficiency of job division and cooperation (Nabi et al., 2017).

The theoretical basis for employees' work performance is originated from "work role performance" of "role theory". Work role performance can be categorized into three types, including proficiency performance, proactivity performance, and adaptivity performance. Regarding proficiency, this performance indicator shows if employees' working abilities reach the expected or

required level, if they provide assistance to their colleagues, and if their work reaches organizations' common goals (Rodriguez & Walters, 2017). In conclusion, as shown in the theory of "work role performance", employees' work performance are mainly evaluated by employees' capabilities of team work, learning ability, and emergency management.

Job satisfaction

The earliest research on job satisfaction can be traced back to Mayo's Hawthorne Experiment in 1930. People believed the brightness of the light would affect employees' work efficiency but accidentally discovered that the greatest impact is the cognitive and psychological state of the workers themselves. As indicated by Rajput et al. (2016), the definition of job satisfaction refers to workers' attitudes towards job performance. Some scholars believed that apart from the nature of the work itself, the workplaces will also influence employees' job satisfaction. If employees like their work or workplaces, their job satisfaction would be rather high. Malik et al. (2013) found that the most critical factors affecting job satisfaction are employee satisfaction with management, whether the company provides learning opportunities, and whether the salary complies with the workload.

Scholars from Taiwan also provided the definition for job satisfaction. In earlier times, job satisfaction refers to the satisfaction degree of individuals or most employees with their jobs. According to Huang (2018), it is defined as a person's cognitive response to work-related factors, the difference between actual and expected results will affect employees' job satisfaction. Huang et al. (2016) considered that individuals have expectations for work, so when the difference between employees' psychological expectations and actual work is smaller, their job satisfaction will be higher. Therefore, job satisfaction depends on whether a person's psychological expectations are met. Liang and Cai (2020) pointed out job satisfaction is the degree of individuals' subjective satisfaction with their work tasks (Lin & Huang, 2016). In the research on teachers, job satisfaction is defined as the assessment of job performance perception. Consequently, high job satisfaction means that the job meets the employee's personal psychological evaluation. Wu (2014) divided job satisfaction into several smaller concepts in a further study of the banking industry. Wu proposed that job satisfaction includes three aspects: (1) promotion and development opportunities, (2) salary satisfaction, (3) work partners and sociality, and the above

three aspects altogether affect job satisfaction.

Example Analysis

The strategy of corporate globalization has transformed traditional industries, and the original manufacturing industry has shifted its focus to the service industry and information industry. Huang (2001) pointed out that domestic enterprises have adopted the strategy of "workplace flexibility" to correspond to the challenges from business environment and bring changes to labor relations. Therefore, in recent years, Taiwanese companies from industries such as manufacturing industry or service industry have made adjustments to further reduce personnel costs.

Enterprises must properly utilize the flexibility of resources to enhance their dynamics, responsiveness and adaptability. However, "people" is one of the most important resources for enterprises. The management perspective of China Technical Consultants Inc. (CTCI), the construction giant in Taiwan, is employed in the current research to analyze the operation pattern of the "flexible enterprise model". How does CTCI adopt various manpower combinations to achieve the flexibility of human resource arrangement in order to correspond to external environmental challenges,

maintain the enterprise's everlasting competitiveness, and attain a win-win situation?

(1) The manpower utilization model of CTCI uses the advantages and disadvantages of manpower characteristics to generate complementary effects and obtain the best combination mode of human resources allocation, time arrangement, manpower supplement, technical requirements, and cost reduction.

(2) CTCI promotes the flexible development of human resource management and enhances the dynamics of operation and production through its flexible arrangement of human resources, and hence improves its resilience to respond to sudden changes and to drive the growth of its overall performance.

(3) CTCI has established a series of employment plans, which not only bring abundant human resources but also provide a flexible dispatch mechanism. This mechanism has a positive impact on the long-term development of enterprise human resources management. (Chen, 2006)

As demonstrated by Guo (2015), McDonald's provides re-employment opportunities to people from all walks of life, as long as the applicant proves to be in good health. McDonald's has an

evaluation system to assess employees' performance. Besides, they also offer pre-retirement counseling for employees. The company's age-friendly approach is to introduce flexible working hours and part-time work arrangements. The dynamic measures have benefited many employees, especially for elder ones, and made them easier to strike the balance between working hours and their accompaniment with family members.

Chen (2012) pointed out several countries such as Germany, the United Kingdom, the Netherlands, and Denmark have implemented labor flexibilization for years. These countries have formulated a complete set of complementary measures and mechanisms for adopting flexible working hours. For illustration, FUCHS (Germany) signed flexible contract agreements with employees to reduce their working hours, which can be considered as the forerunner of the dynamic working time policy, so they can deal with the high severance burden resulting from a large number of dismissals; The smart working platform of Heineken (Netherlands) uses new technologies and new organizational forms to achieve better labor-employer relations with employers; Tokyu Department Store in Tokyo (Japan) implemented a free-time employment mechanism, which increased the number of applicants.

Conclusions and Suggestions

Regarding labor costs, flexible work not only saves costs but also improves business performance. For enterprises, to effectively improve their competitiveness has always been the common goal. Many companies now employ dynamic labor contracts as a strategy to reduce personnel costs. Being confronted with the challenges of industrial transformation, the competition with global companies, the rapid development of information technology as well as the change of social values, labor flexibilization has been practiced in Europe, the United States, and Japan for years.

Compared with normal human resources arrangement, the adoption of labor flexibilization can save the future cost of talent recruitment, stimulate employees' learning motives, and enhance work performance in terms of business operation. Moreover, the diversified utilization of labor force can activate the labor market, improve the overall labor efficiency, and further promote a country's economic development.

The contribution of this research is to verify the assumption that flexible work contracts can improve employees' work performance and increase their job satisfaction when employees are able to

coordinate work arrangements with their employers. Therefore, regarding management implications, the current research recommends companies should grant employees with higher job autonomy so that employees can leverage their professional knowledge. As long as employees are highly satisfied with their work, it is believed that enterprises' operation performance will be much better.

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