



Chapter XVI

Labor Flexibility in the Information Society: Is There a Balance Between Skills Improvement and Use of External Employment?

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*“The tree held strong; the reed he bent
the wind redoubled and did not relent
until finally, it uprooted the poor oak”*

Jean de La Fontaine

ABSTRACT

This study investigates flexible work organization in the Information Society. Based on data from Greek companies, the study attempts to identify the relationship between the level of training and the use of independent contractors, temporaries and subcontractors with regard to the level of ICT adoption. Findings generally appear to suggest that firms recognize the need for personnel training to exploit the advantages of ICT use, however, different types of working arrangements are subject to an increase of training level, whereas temporaries appear not to benefit from any work-related training.

INTRODUCTION

Labor flexibility is an important and challenging focus for research on work and organizations in the Information Society of the 21st century. The emergence of the Information Society (IS), basically due to the revolution of information and communication technologies (ICTs), has evoked a continuous debate. In the '90s the debate was dominated by issues related to the technological and infrastructure challenges involved, as well as the regulatory environment most conducive to enhancing the dissemination and use of ICT. Today the debate has entered a new phase, focusing on the many previously neglected social aspects of the IS. One of the main issues of the current debate is the impact of ICT on employment relationships and systems.

Rapid developments in technology and their consequent effects on product and service development provide a basis for changes in the organizational forms, the place and nature of work, and ultimately the employment relationship. A particular feature of the new ICT is the increased flexibility and transparency, which is reflected in the way firms are organizing production. This must be embedded in the organization of the workplace in order to achieve a competitive combination of performance, quality, and flexibility. The kinds of organization forms that enable employers to obtain the flexibility they need are denoted by the notion of the so-called flexible firm.

Two distinct strategies of labor utilization have been mostly accorded to the flexible firm. The first aims at improving performance by broadening the range of employees' skills through training in order to enhance their ability to perform a variety of tasks and participate in decision making. The second aims mainly at reducing costs by adjusting workers 'quantity'. Numerous terms have been used to refer to these two strategies. The most popular among these terms are functional vs. numerical flexibility (Atkinson, 1984; Smith, 1997), internal vs. external (Davis Blake & Uzzi, 1993), clan vs. market (Ouchi, 1980), dynamic vs. static (Deyo, 1997), and organization-focused vs. job-focused employment relations (Tsui, Pearce, Porter, & Hite, 1995).

Several studies have provided broad analysis of each kind of flexibility (Appelbaum & Batt, 1994; Wood, 1999; Pfeffer & Baron, 1988; Davis Blake & Uzzi, 1993; Houseman, 2001). Attempts have also been made to develop models of the relationship between functional and numerical flexibility, and to specify the conditions under which an organization will establish various combinations of standard and non-standard employment relationships (see the review by Kalleberg, 2001).

The idea of the 'flexible firm' as a framework for research on the interplay between the two forms of labor flexibility remains especially challenging for researchers in the frame of the Information Society because of its relevance not only to organizational performance, but also (through elevated levels of unemployment) to social cohesion.

Two major features of the IS may be identified as being of particular importance to the study of the flexible firm.

The first concerns the implication of ICT for changes in workers' skills, work organization, and job prospects. A system of skills and competence must be developed to deal with changes in the organization of the production and distribution of goods and services. The speed of employees' training must be adapted to the speed of change, whereas the concept of training must be brought closer to the concept of continuous learning. Improving skills and multi-skilling yield mutual benefits for both enterprises and workers. On one hand these are means of increasing companies' functional flexibility

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