

# TOXIC ELEMENTS OF LABOUR RELATIONS UNDER CONDITIONS OF GROWING PRECARIZATION OF THE EMPLOYMENT

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## Abstract

The emergence and spread of new forms of employment has brought into existence specialized systems of production, as well as the division of labour, on a global scale. Enterprises have begun using flexible and decentralized forms of labour relations. Uncertainty, and anxiety about the future, as well as instability in the socio-economic situation, have become permanent features of modern society. Thanks to the transition to a market economy in the 1990's, instability and uncertainty appeared in Russian labour relations. This situation gave rise to a more flexible labour system. Hence, relative informality in labour relations is the basis of the non-standard employment relationships in Russia. This, in turn, has given legitimacy to purely verbal contracts of employment, flexible work schedules, as well as indefinite working hours. The modern reality is that we must address the continuing deterioration of the employees' position in the labour relationship, as well as the erosion of existing protective measures against toxic management practices. These latter have a negative impact on workers' professional and personal lives. This research is dedicated to studying the toxic elements of labour relations, and to finding ways to enhance the legal protection available to employees.

**Key words:** socio-labour sphere, labour relations, precarious work, non-standard employment

**JEL Code:** JEL J28, JEL M12, JEL M54

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## Introduction

The crisis which affects the global economy today has a negative impact on the dynamic processes in the social and labor spheres of all advanced countries. Owners' and managers' use of strategies aimed at minimizing manpower costs leads to toxic practices in human resource management. As a result, there is an increasing number of workers who do not have social protection or employment security. We call this phenomenon 'social pollution caused by business activities' (Fedorova et al., 2014). It has an adverse effect not only on employees of the given company, but also on the welfare of society as a whole. Among the elements of social pollution we count the use of toxic human resource management practices (Fedorova et

al., 2013), including various forms of flexible employment, precarious employment contracts, breach of employers' obligations to employees and so on. Despite the fact that the negative impact of these factors on the employees is discernible, state regulation of the precarious employment, health care and well-being of the labour force has, to date, a rather mosaic character.

The purpose of the study contained in this article was to investigate the labour relationship between employers and employees from the social pollution point of view with an emphasis on the different aspects of precarious work.

Although the effect of precarious employment on wage workers is notable, there are few studies which monitor changes in labour relations between employees and employers in this regard. Precarious employment, namely non-standard, part-time, or contingency work, is characterized by its temporary nature, powerlessness of the employee, limited benefits, and low earnings (Benavides et al., 2006). Unstable employment, combined with low income, has been significantly linked to precarious wage workers' perceived health problems (Lim et al., 2013). Such stressful working conditions can lead to serious ailments such as emotional distress and even mental and physical illness (Agerbo et al., 2007 and Schneider et al., 2011). Research has revealed that susceptible employees, with precarious work, may be greater suicide risks (Min et al., 2015).

Studies carried out into the relationship between the employment quality of contemporary employment arrangements, and the work-related well-being of individual employees, show clear relationships with separate indicators of job satisfaction, the perceived safety climate and job security, as well as with an overall indicator for work-related well-being (Van Aerden et al., 2015). There have also been studies conducted on the causes of changes in job quality, cross-national differences in precarious work and the politics of job quality (Kalleberg, 2012 and Kalleberg, Hewison, 2013). However, more research is needed in order to gain an in-depth view into the work-related health and well-being effects of contemporary employment situations, as well as the mechanisms that cause these relationships; and their consequences for employees.

Thus, transformation processes are taking place today in the socio-labour sphere which often take on destructive forms for employees. They require new ways of regulating labour relations. The identification of the toxic elements of relations between workers and employers allows us to become aware of the new realities extant in society's economic life, to develop aspects of labour economics, as well as creating an information base to aid in the design of new management tools.

## **1 Survey methodology**

The methodology of this investigation contemplates the realization of the successive stages, which include an in-depth study of the theory of labour relations transformation in a globalized economy, as well as the existing empirical data. The results of the theoretical analysis formed the basis for the development of the sociological research methods, within the framework of which was conducted a sociological survey among the different categories of employees of Russian companies. Random sampling was used for this purpose. During the course of the research, the hypothesis was confirmed of the presence of negative trends in the socio-labour sphere. In addition, we identified the specific forms of labour relations, which have a destructive impact on the personnel.

The survey was conducted by the quota sample method through questionnaires (n = 210). Under the survey, the wage workers of Russian enterprises were in the ratio of 50% of men – 50% of women, with a margin of error of 5%. Each questionnaire contains polyvariant questions; the answers to which require a longer time, and greater mental, input on the part of the respondents. It should also be noted that the issues related to the problems and negative changes in the workplace are painful for the majority of respondents. But it is precisely the questionnaire method which ensures maximum anonymity for the respondents.

One of the aims of our study was to identify the factors of precarious employment which are dependent on economic sectors, as well as those personnel categories which are forming a new social class: the precariat. The determining factors can be divided into two groups; the objective and subjective. The objective factors include following: 1) the form of the employment relationship with the employer; 2) the duration of employment contracts; 3) the form of remuneration; 4) the human resources policy of the organization; 5) breach of the labour agreement by the employer; 6) the categories of employees; 7) the sphere of business; and, 8) gender. Among the subjective factors are placed: 1) deterioration of employees' well-being; 2) anxiety and negative emotions in the workplace; 3) potential threats for the future in the present job; 4) the need to perform additional functions in order to save the workplace.

## **2 Findings of the survey**

Modern employers have many ways of dealing with the paperwork connected with their employees. But some parts of labour relations adversely affect employees, and so are an objective factor in their falling into the precariat.

The results obtained show that in Russian companies, which operate in the various economic sectors, workers predominantly have employment contracts with their main place of work (70.8% in the service sector, and 93.6% in the power industry). At the same time, some respondents work without the agreement to hire them being recorded in writing. Hence, in the service sector every fifth respondent works on the basis of a verbal agreement with the employer, while in the manufacturing sector the percentage of employees taken on under such verbal agreements is 7.7%. Also, analysis of the study results shows us that respondents working without a written contract are found more frequently found in the blue-collar occupations (9.1%). Relative to other personnel categories, the number of respondents without written employment contracts with their employers is around 6.5% among specialists, service personnel and middle managers. It should also be noted that a certain proportion of respondents indicated that they have piece work contracts, or a contract for the provision of services. A paid services agreement (contract), as well as a piece work contract, and work on the basis of a verbal agreement with the employer; are considered by us to be precarious forms of labour relations.

Of great value to wage workers is the period of duration of the employment contract. An agreement signed for a longer period provides the employees with more security and gives them greater confidence in the future. Conversely, short-term employment contracts only serve to increase workers' feelings of vulnerability. The answers given by respondents to the question about the time period of the employment agreement show that 85.6% of workers have a contract for an indefinite period.

Labour agreements of 3 years duration were recorded in the manufacturing, energy and financial institutions (2.6%, 4.3% and 14.3% of the respondents, respectively). 6.7% of respondents employed in construction companies have signed labor contracts for 2 years, and 1.6% of service sector workers have it. Year long contracts are concluded with: 2.6% of trade company employees, 3.1% of service sector workers and 6.7% of construction workers. 6.5% of trade sector, and 1.6% of service sector workers have employment contracts of 6 months duration.

From the standpoint of compliance with legislation in Russia, we can discern two main forms of remuneration; the so-called "white" and "gray" salary. Our survey showed that the majority of respondents (from 51.6% to 93.6%) from all the economic sectors examined received their wages by means of transfers to their bank accounts. However, almost half of the respondents from the trade sector, in full (22.6%) or partially (25.8%) are paid for their work "cash in hand". In the service sector almost a third of respondents (30.8%) completely

(16.9%) or partially (7.7%) get "gray" wages. Totals for all groups of respondents show that every fourth respondents (24.2%) gets paid "cash in hand". At the same time, a number of workers do not receive any money for their work. Their share is 3.1%, and all of them are concentrated in the service sector. Analysis of the responses of different personnel categories show that with precarious forms of the remuneration, the employees of all post levels are the following: 31.6% of specialists, 25.8% of middle managers, 18.2% of manual workers and 9.7% of line personnel. One interesting fact is that 16.7% of top managers indicated that they do not receive any remuneration.

Respondents were also asked to assess the adverse trends in the personnel policy of the organization in which they worked over the last year. Ranking of the total value of responses shows that the largest number of respondents has indicated that new employees will only be accepted for a period of 1 to 6 months (18.6%). The largest number of answers comes from the trade sector (32.3%). Every tenth respondent mentioned layoffs on average once in 3-4 months (10.5%). This is especially common in manufacturing (17.9%), where there is also more often there is a massive reduction in the number of employees (15.4%). The reduction of the employees in connection with the transfer of work to outsourcing pointed out every fifth respondent from construction (20.0%). The use by organizations of such personnel technologies as outstaffing, staff leasing and early pensioning off were most frequently mentioned by respondents who work in trade, service and production, respectively (Table. 1).

**Tab. 1: Distribution of answers on the nature of changes in the personnel policy of the organization over the past year, depending on the business sphere, % of respondents**

Options	Manu- facturing	Trade	Servi- ces	Constru- ction, Real Estate	Energy, natural resourc- es	Banks, investm- ent, finance	In- total
Hiring new employees only on a short term basis (from 1 to 6 months)	17.9	32.3	17.2	20.0	14.9	7.1	18.6
Permanent reduction of staff every 3-6 months	17.9	9.7	10.9	0.0	10.6	0.0	10.5
Massive downsizing of employees (more than 50 people during 1 month; or more than 20% of employees per year)	15.4	6.5	6.3	6.7	4.3	28.6	9.0
Use outstaffing instead of the services of full time employees	12.8	16.1	7.8	6.7	2.1	7.1	8.6

The use of temporary and / or seasonal workers provided by other companies	12.8	9.7	6.3	20.0	2.1	7.1	8.1
Partial reduction of the number of employees due to the transfer some aspects of the work to cheaper parts [i.e., outsourcing]	5.1	3.2	14.1	6.7	8.5	0.0	8.1
Sending part of the employees to early retirement	12.8	3.2	9.4	6.7	4.3	7.1	7.6

Source: our elaboration.

Respondents' assessment of the problem of the breaking of agreements between employees and employers by the the latter shows that most of the interviewees encountered workload growth without a corresponding increase in wages (43.3%). A third of respondents faced with nonpayment for overtime work (33.3%) and the promised remuneration (30.0%). One-fifth of the respondents pointed to and unjustified reduction of wages (20.0%), as well as about one in ten respondents suffered from undue delay in the payment of remuneration (11.7%). It should be noted that a significant percentage of the responses related to unlawful dismissal. Hence, one-third of the surveyed employees of financial institutions (33.3%) faced this problem, as well as every seventh respondent from the trade sector (14.3%). Service sector workers were most disadvantaged in this regard, where more than half of the respondents began to work more without a corresponding increase in income (55.6%), and a third of them endured for unwarranted reductions in salary. Two-thirds of surveyed employees of the credit and financial establishments (66.7%) received nothing for overtime work. The problem of non-payment of remuneration is also vividly expressed in the energy sector and trade sector (Table. 2).

**Tab. 2: Distribution of answers on the nature of violations by employers agreements with employees, depending on the business sphere, % of respondents**

Options	Manufacturing	Trade	Servi ces	Construct ion, Real Estate	Energy, natural resources	Banks, investm ent, finance	In total
Increase in the workload without a corresponding increase in wages	40.0	42.9	55.6	25.0	38.5	33.3	43.3
Non-payment of additional compensation for overtime	26.7	42.9	22.2	25.0	46.2	66.7	33.3
Non-payment of the promised remuneration	20.0	42.9	27.8	25.0	46.2	0.0	30.0
Unjustified reduction of salary	0.0	28.6	33.3	25.0	23.1	0.0	20.0

Failure to grant holiday time	13.3	0.0	22.2	0.0	23.1	33.3	16.7
Unreasonable delay in the payment of salaries/wages (period of more than 1 month)	20.0	0.0	11.1	0.0	7.7	0.0	10.0
Wrongful dismissal	6.7	14.3	5.6	0.0	0.0	33.3	6.7
Unreasonable delay in the payment of salaries/wages (period of up to 1 month)	0.0	0.0	5.6	0.0	0.0	0.0	1.7

Source: our elaboration.

Violations by employers of their obligations to employees makes them vulnerable. Our study shows that the main agreements which were violated by the employer in relation to the manual workers and specialists are linked with the workload growth without a corresponding increase in wages (57.1% and 42.9% of the responses, respectively), as well as non-payment of the promised reward (33.3% and 42.9% of the responses, respectively). Line personnel more often noted overtime and failure to pay the promised remuneration (by 33.3% of the responses, respectively). With the problem of nonpayment of the overtime work faced by half of the surveyed middle managers (50.0%), who also more often complain about the unjustified lower salary size, and not having received a promised vacation (at 37.5% of the responses, respectively).

The psychosocial well-being of employees is closely related to the degree of their satisfaction of needs for safety and security, as well as confidence in the future. Thus, the feeling of insecurity and presence of threats to their future in their working lives is a source of vulnerability of the employees. The results of given survey reflect the greatest zones of the respondents' anxiety about the possible adverse changes in their labour activities (Table. 3).

**Tab. 3: Distribution of answers on the nature of the threats to the employees' future, depending on the business sphere, % of respondents**

Options	Manu- facturing	Trade	Servi- ces	Constru- tion, Real Estate	Energy, natural resourc- es	Banks, investm- ent, finance	In total
Reduction of wages/salaries and other, non-pecuniary, benefits	15.4	38.7	28.1	26.7	27.0	0.0	25.2
Deterioration of one's physical health in the workplace	28.2	19.4	25.0	13.3	27.7	28.6	24.8
Decline in job satisfaction	23.1	29.0	28.1	6.7	25.5	14.3	24.3
The absence of professional development	23.1	22.6	32.8	20.0	19.1	7.1	20.5

Job loss due to the economic crisis	30.8	25.8	15.6	26.7	12.8	21.4	14.3
Loss of psychological equilibrium due to uncertainty in the future	5.1	0.0	14.1	13.3	4.3	14.3	8.1
Job loss due to the high level of competition among colleagues	2.6	9.7	3.1	6.7	0.0	0.0	3.3

Source: our elaboration.

In general, it can be noted that a quarter of respondents worry about their actual level of earned income, the deterioration of health in the workplace and reduced job satisfaction. Every fifth respondent complains of the lack of professional development, as well as every seventh being afraid of losing their job. At the same time, the largest number of respondents, who indicated the presence of almost all the above threats, work at trade companies and in the services sector. A third of respondents from the manufacturing sector fears losing their jobs due to the crisis. Employees of lending and financial institutions are most afraid of the deterioration of their physical well-being in the workplace.

There are differences in the assessments of threats to their professional future among the various categories of surveyed workers. Thus, manual workers more worry for their health (36.4%), specialists are more concerned about the risk of job loss (34.2%), middle managers often pointed to a possible reduction in salary (32.3%) and top managers are more worried about a reduction in their work satisfaction (33.3%). In every case we can see that at least a third of respondents in each category of personnel have reasons for concern about their future.

## Conclusion

This article presents only some of results of our case study, which have a searching character at this stage of the research. From the data, given above, it is possible to ascertain the presence of such toxic elements in the socio-labour relations between employers and employees as the following: short-term employment contracts, and in some cases the absence of the written form of the employment contract; adverse changes in the personnel policy of the organization in matters of hiring of new employees only for a short period, as well as constant downsizing and use of toxic human resource management technologies such as outstaffing, staff leasing and early pensioning; violations of promises by employers, which they made to employees on the remuneration size and the workload; presence in the organization of threats to the sustainable development of employees' labour activity in the future, etc.



All the above-listed precarization factors cause constant stress at work, and force employees to work in a toxic working environment. They have a destructive impact on the physical, social and psychological well-being of the working-age population. In turn, the decline in the quality of working life, and the level of well-being of the economically active population will result in a reduction in the quality of human capital, which is the main resource of any economic entity. Moreover, the crisis in the modern economy, as well as the instability of the labor market, only worsen the situation and aggravate the problem which we are examining.

This paper gives an overview of the precarization factors in separate branches of economic activity. Further research presumes a knowledge of the effects of the factors of precarization on the socio-demographic characteristics of respondents. This will allow us to create a portrait of the new social stratum of society called the *prekariat*. A comparative analysis of the precarization factors in different countries will reveal national peculiarities of the social pollution of the labour sphere in the context of globalization, when workers and employers more and more often turn to the international labour market.

Thus, the phenomenon of social pollution of the labour sphere is a multifaceted, dynamic, but little studied fact, which has a destructive effect on the condition and quality of life of working people. The dynamic nature of the phenomenon we are studying requires long-term and diversified monitoring of the various aspects of socio-labour relations that we consider to be toxic elements of the labour sphere.

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