

# CHALLENGES ASSOCIATED WITH THE FLEXIBLE ORGANISATION OF WORK

# Challenges associated with the flexible organisation of work

Estonia has already been experiencing full employment for years. This means that unemployment is predominantly structural in nature and that all non-working people have an objective reason for not finding or looking for work. For example, according to the Estonian Unemployment Insurance Fund, 23% of those who are unemployed had reduced work ability in February 2022. In most cases, this means that a person who is not yet in the labour market is generally unable or unwilling to work full time or punch a clock. For example, people need the flexibility to work part-time while in daytime studies at university or when looking after their children or parents. It is also helpful in such cases if the work can be done in the form of teleworking from home.

**According to a report by the Foresight Centre (2018), three main changes are taking place in the labour market:**

- 1.** Traditional work is becoming more flexible
- 2.** Virtual and platform work are creating a global labour market
- 3.** Employment relationships are becoming more diverse

Methods of working that differ from traditional employment relationships are referred to as New Ways of Working (Foresight Centre, 2018; OECD, 2020).

Examples of New Ways of Working include: sharing a worker or a workplace; hiring temporary specialists; occasional work, etc. (Op. cit).

The Estonian Employers' Confederation commissioned a survey to map the current needs, main obstacles and possible solutions (organisational, regulatory and other) of flexible



## THE CONCEPT OF FLEXIBLE WORK

Flexible work is understood by employers as being an opportunity to choose the working time, workplace and work load. The main considerations are flexibility in working hours and the possibility of striking a balance between work and private life, including the possibility of taking unpaid leave, for example, if you need to be away from the country for several months.

# Flexible work formats and the challenges associated with them

## 1. WORKPLACE FLEXIBILITY

Forms of work that offer workplace flexibility are usually referred to as teleworking or virtual work. The main difference between the two concepts is that while teleworking refers to being away from the traditional workplace, the concept of virtual work does not refer to a central workplace (office). Teleworking and virtual work are similar in nature, as they both offer the same benefits for the company and the employee.

### The main challenges associated with enabling teleworking

✓ **TOOLS** - who bears the cost of work equipment (computer, chair, and internet). The current regulation makes compensation complicated and costly

✓ **WORKERS' HEALTH** - teleworking is accompanied by a number of physical and mental health risks. For example, a home workplace may not be ergonomic or provide a good mental environment to work in

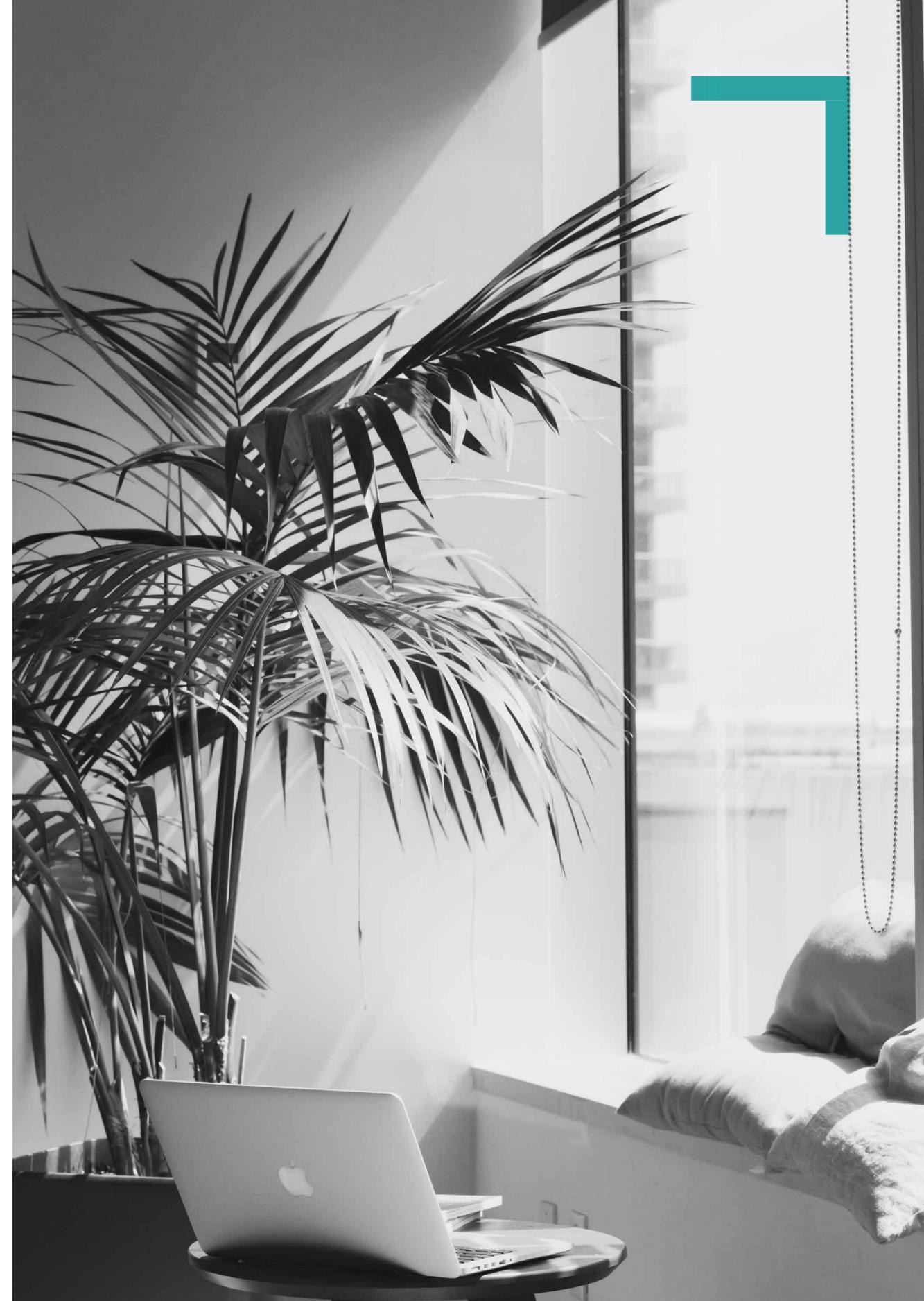
✓ **CYBERSECURITY** - an increase in the risk of sensitive data leaks. Who is responsible for cybersecurity and employee privacy and how, as well as how should the responsible party behave?

✓ **MANAGEMENT** - teleworking requires managers to manage in a new way: for example, how to acquire an overview of work processes, as well as the issue of trust and availability of staff

✓ **STAFF COMPETENCES** - Remote working requires employees to have digital and virtual collaboration competences

✓ **CONNECTIVITY** - collaboration is made more difficult if some employees do not have access to high-speed internet

✓ **TAXES** - Different tax policies may apply when recruiting workers from another country



## 2. FLEXTIME

Flexitime includes, for example, part-time working (no more than 20 hours a week), variable-hour contracts, fixed-term contracts, on-call time arrangements, the possibility for employees to regulate their own working and rest time, and anything else related to working time arrangements.

### Primary challenges related to flexitime

- ✓ The rules governing the conclusion of fixed-term contracts are very rigid today – restrictions on the number of times that a contract can be concluded for a fixed term in a row and the period of time during which it can be concluded
- ✓ The current on-call time regulation has become outdated due to the rapid developments in the information and communication technology sector. The on-call fee does not correspond to the needs, more people should be hired in order to comply with the rules, even though there is usually no need to work during on-call time
- ✓ The prescribed rest period after on-call time imposes restrictions on the employer even if it was not necessary to work during on-call time
- ✓ Minimum social contributions must be paid even for small part-time work, even if the main job is elsewhere
- ✓ The current regulation does not allow for workload to be determined easily, with there being a great deal of bureaucracy involved



### 3. CONTRACTUAL FLEXIBILITY

Contractual flexibility refers to new ways of working that differ from working under standard employment contracts.

**Contractual flexibility can be divided into three groups:**

- 1.** Platform workers: workers who perform jobs for different customers found through a digital job platform (Vallistu and Piirits, 2021);
- 2.** New virtual jobs: virtual employees who do not have a generally accepted job identity, such as professional online gambling (Foresight Centre, 2018);
- 3.** Self-employed persons, freelance workers, who perform project-based work mostly either as a self-employed person or through a private limited company that they have set up themselves.

### Primary challenges related to contractual flexibility

- ✓ The direct negative consequences of non-standard contracts for the employer – increased resources for contract management and reduced employee loyalty, i.e., a service provider-client relationship develops instead of an employer-employee relationship
- ✓ From the employee's perspective, the main challenge accompanying platform work is that platform workers are not covered by a number of social guarantees compared to employees working under an employment contract
- ✓ From the employer's perspective, platform work brings about labour resource insecurity (the employee chooses the job based on who pays more) and so-called "market abuse", when competitors, who use platform workers, can offer cheaper goods and services
- ✓ New ways of working and contracts encourage cross-border recruitment, which in turn makes it difficult for businesses to navigate within the contract and tax systems of other countries
- ✓ The management of such contracts is complex and therefore an additional cost for the employer, and does not provide any guarantees that the employee will be available to work during the next stage of work

### 4. FUNCTIONAL FLEXIBILITY

In the case of functional flexibility, the employer offers the employee the opportunity to try out new duties (Anser, 2020).

The biggest challenge for employers in terms of functional flexibility is the need to develop leadership skills and to foster a culture of trust-based leadership.

Functional flexibility can make it more difficult to assess the contribution of work and thus the calculation of fair pay.



## Necessary changes in regulations from the perspective of employers

In a survey commissioned by the Estonian Employers' Confederation, interviewed employers set out their vision of the need for regulatory and legislative change. In their opinion, the regulation of employment contracts in particular needs to be made more flexible.

It was felt that the Employment Contracts Act should become more flexible, along with the mass use of flexible working time. People want to work remotely from home or even from another country, and many employers are willing to give them that freedom. In the case of creative works, having a fixed schedule and work load are more of a hindrance, with the achieved result being most important.

## Proposals by employers associated with the flexible organisation of work

- ✓ Introducing the concept of an autonomous employee with decision-making powers (which increases the responsibility of the employee in terms of regulating his/her working and rest time)
- ✓ In the case of teleworking, placing greater legal responsibility for safe working conditions on the employee
- ✓ Introducing the specification of on-call time for the ICT sector in the Employment Contracts Act (and extending it to other sectors)
- ✓ Allowing variable-hour contracts
- ✓ Reduction of restrictions on the conclusion of successive fixed-term contracts
- ✓ Exempt support for teleworking tools from the fringe benefit tax
- ✓ Create instructional materials and questionnaires for conducting teleworker health-themed risk assessments

- ✓ Establish clear guidelines to protect the privacy of teleworkers
- ✓ Increase flexibility in terms of working time (e.g., the Finnish model, where workers can decide where and when they work 50% of the time)
- ✓ Continued contribution by the state to the development of IT infrastructure (broadband internet, public teleworking sites)
- ✓ Consider whether there is a need for a regulation, permitting the employer to require teleworking in certain cases
- ✓ State support for the development of digital literacy and soft skills by citizens for working remotely
- ✓ State support for creating and popularising opportunities for retraining
- ✓ Extend training support to self-employed persons. In doing so, support could be linked to the payment of social tax
- ✓ Contribute nationally to the creation of a socio-culture that is trusting, learning and open to changes – which also carries over into management practices
- ✓ The introduction of the concept of an autonomous employee with decision-making powers could also contribute to the more flexible organisation of working time and rest time

Õppematerjal on valminud rahvusvahelise koostööprojekti Norway Grants „Facilitated access to work through flexible work“ raames.

**SOURCES USED:** Viilup Uuringud. Challenges and policy recommendations related to the flexible organisation of work from the perspective of employers. Tallinn 2021.

