

## Effectiveness of flexible staffing practices in selected small size organizations in Dubai, UAE: an empirical study with reference to Atkinson's Model

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### Abstract

*Peripheral staffing, also known as flexible staffing has emerged as a strategic choice for most of the organizations across the globe. With the fast changing economic-commercial environment, such practice has become a compulsive strategic priority in almost all industries. Specially, in the small and medium industries, where challenges of business sustainability have evolved as a major issue, flexible staffing in one form or other has been widely adopted as a diligent option. Atkinson's study has been the pioneering research in terms of framing such workforce composition and is widely accepted globally as the key reference contribution. Though, few other subsequent researches have come-up with new ideas, yet, the significance of the contribution of Atkinson's work has remained the main guiding framework in the specific domain. In the present quantitative and descriptive research, an attempt has been made to evaluate the observations of the 175 middle level executives employed in six medium scale organizations in three main industries, located in Dubai, the financial and commercial hub of the middle east. The parameters incorporated in the study can be referred to the issues identified in Atkinson's model and few other significant researches, based on the same. Recommendations have been developed and further scopes of expansion of research have been empirically suggested.*

*Key words: Peripheral workforce, Atkinson's model, quantitative and descriptive research, Dubai, medium scale organizations*

### Introduction

Flexible practices in the organization often reflect the calculated decisions, though, just the whim or impulse is also not uncommon in many cases. From the business point of view, unpredictability has sharply increased because of the choice set before consumers have never been so diverse and great. Today's customers have the expanding ability to shop around through access to mobile phones, motorcars, tele-text and internet. A study on one thousand university students in India

across three major cities has revealed that almost 40% of them prefer shopping of electronic gadgets online, whereas, the same rate increases up to 80% of European and American students (Sanders and Sydney, 2009). In the given situation, the business establishments are in increasing competition to provide convenient shopping opportunities through extended opening hours, tele sales, on-line sales etc. In employment terms, such flexibility in current and medium term activities has caused many employers to extend the use of temporary employment policies. These have taken a variety of forms associated with the new concept of ‘complementary workers’ (Royece, 2010). The other techniques becoming popular in such situations are extensive use of short term contracts, casual and temporary agency staffs, in-house and out-sourcing contacts, implementation of weekly hours as well as annual hours’ systems, etc. Another conceptual development in this context is ‘going beyond contract’, which denotes flexibility in terms of both vertical and horizontal ways. In the vertical sense, employees carry out work which could be regarded as above their job, such as supervisory or managerial aspects, and work below their level, such as cleaning up or helping with routine tasks. In the horizontal sense, employees’ skills and knowledge are stretched to cover a variety of activities in the areas, which are related to, but not within the areas of job descriptions in strict sense (Stredwick and Ellis, 2008).

## Core and Peripheral Workforce Model

In the enthusiastic analysis of flexibility in the early 1980s, the seminal and much quoted model depicting the divisions between ‘core’ and ‘peripheral’ workforces have been developed. John Atkinson and his colleagues have classified the workers into ‘core’, ‘first peripheral’, ‘second peripheral’ and ‘external groups’. Under this model, the ‘core’ workers are full time permanent career employees whose security is won at the cost of accepting ‘functional’ flexibility both in the short term (multi-skilling, multi-responsibilities) as well as in the longer term (career changes, lateral movements). Their terms and conditions reflect their importance with a raft of benefits and salary increases depending on their achievements and those of the team and the organization. The ‘first peripheral’ group enjoys less job security and access to career opportunities. Atkinson has termed this kind of jobs as ‘plug-in’ jobs, which means that such jobs are not skill specific to the organization, but is filling the gap type as and when required type of situations. As per the model, the ‘second peripheral group’ is the extension of the first, with much part-time working, twilight shifts, zero hour and short term contracts with maximizing flexibility. Such terms` and conditions in general minimize organizational commitment to the employee, job security and career development. The other major group of recruitments as per the model is known as ‘external groups’, which attempts to give additional support to numerical flexibility by filling positions those are very mundane like office cleaning, very specialized IT services or any other services on purely contract or self-employment basis. The model has also talked about extended use of trainees, who bring with them some form of public subsidy through the latest rebadging of government regulations like apprentices under the Apprenticeship Act in India, Youth Training Scheme under the NSE programme in the UK etc. The following table (Table-1) shows the basic differences of different types of staffing on the basis of some key parameters:

**Table 1: Differences of different staffing types under ‘Core and Peripheral Workforce Model’.**

Types of popular staffing practices	Nature of job roles	Nature of employment features	Compensation and benefit plan
Core staffing	Full time permanent career employees	Functional flexibility both in the short term (multi-	Fixed compensation plan blended with a raft of

	comprising of managerial and executive cadre employees under the payroll of the organization.	tasking, multi-responsibilities) as well as in the longer term (career changes, lateral movements), maximum job security, maximum access to career opportunity within the organization.	benefits and salary increases over the years (with or without any achievements).
First peripheral staffing	Temporary need based employment for a relatively higher skilled category of jobs than the second peripheral staffing. Such appointments are common in the context of vacancies created by labor turnover and requirement of overtime work, especially during peak seasons.	Such appointments are common in the context of vacancies created by labor turnover and requirement of overtime work, especially during peak seasons and term employment is common.	Weekly hour or yearly hour based payment. The rate of payment is however, same as the regular employees. No scope for increment, over the periods and under the direct payroll of the organization.
Second Peripheral staffing	Beyond the first periphery and providing operational support.	Popular practice is part-time working, twilight shifts, zero hour and very short term contracts.	Fixed payment. No scope for increment over the period and under direct payroll (till limited contract period) of the organization.
External staffing	Routine and need based.	Taken for giving additional support to numerical flexibility by filling mundane positions like office cleaning, IT support, electrical support, etc. and mostly managed by external agencies or by self-employed persons.	Fixed payment per visit or payment as per contract and not under direct payroll of the company.
Trainees	First hand learning under specific government schemes or regulations.	Mostly technical skills and directly applied for the traineeship.	The stipend is directly paid by the organizations and scope of absorption in the regular workforce depends on performance and company policy.

Source: Atkinson and Meager, 1986

Despite the popularity of this model, it does not fit every situation in practice. Though, in the food chains like McDonald's, KFC, etc., operations very much depend on the second periphery of work-group, who are mostly part-timers in many parts of the world, the Information Technology industry in India, USA and many other countries, the project managers' appointments are being made on the same principle. Moreover, distinguishing the core of the business from periphery is becoming a serious philosophical argument over the years. British Airways, for example, were quite prepared to outsource both their cabin crew and aircraft maintenance operations in late 1990s and early 2000. However, under the looming threat of deteriorating industrial relations scenario, the organization was forced to abstain from implementation of such plan. In India, such philosophical argument is quite common over last

two decades. Indian aviation industry, public sector dominated steel and manufacturing industries, banking and insurance industries and government run railways have witnessed several disputes and stalemates on the same issues (Antony and Merter, 2010).

## **Research objectives**

The present research attempts to study the different dimensions of flexible workforce model, with reference to Atkinson's model, as used in private sector industries in India. The research has been carried out by incorporating observations made by the selected executives of three different major private sectors, located at Dubai, United Arab Emirates.

The key objectives of the present research are:

- 1) To understand the flexible workforce model practiced by the selected private sector organizations in Dubai.
- 2) To study the effectiveness of the flexible work practice model practiced in the private sector medium and small organizations in Dubai, from the observations of the selected organizations' executives
- 3) To compare the trends of opinions from three different industrial sectors.
- 4) To recommend necessary improvements in the situation.

## **Review of literature**

There have been a number of surveys in the last few years those throw light on the movement towards growing flexible working practices across the world. Even several reports published by the ILO have shown the growing tendency of informalization of the workforce across the globe in almost all industries. The report on informal workforce rights, published by ILO (2008), has shown in the developing countries in Asia, economy is booming only on the strength of the informal workforce (Policy Studies Institute, 2009). The report has also predicted that by 2020, almost 70% of the skills would have been in such domains, which are purely temporary, need based and short term fixed payment oriented. The observations by Stredwick and Ellis (2008) on the second periphery of staffing are found to be very similar to such observations. Another survey independently conducted by 'Policy Studies Institute, UK' known as 'Labor Force Survey' in 2010, has shown that in UK and in many parts of Europe the growth in the number of flexible workforce has been phenomenal over the last two decades. Casey *et. al.* (2010) have identified the reasons like cost-competitiveness and impact of global recession for such developments. The same survey also showed that more than 50% of the total workforce in the five major industries in the UK and in almost ten industries in three major economies in Europe likes Germany, France and Netherlands were working on variable hours every week.

Neathey and Hurstfield (2009) in their research observations have referred the several reports published by different international bodies like 'Equal Opportunities Commission, UK', 'Raffle Foundation of Social Studies, UK', 'Commonwealth Group of Studies, UK and Australia', 'International Labor Organizations etc. According to their observations, some trends are growingly visible in staffing practices not only in the developed economies, but also the developing economies across the world such as growing pressure on the core employees to become flexible in terms of working conditions, including opting for flexible compensations.

Same observations are also found in the studies by Beatson (2008), Hunter and MacInns (2009) etc.

Some exclusive studies in India on the same issue has given the following observations. Rao and Mishra (2008) in their studies on the growth of flexible staffing in India, have stated that such practice existed in the unorganized sectors for a long period of time, but it started expanding to the organized sector since late 1990s at a faster rate. Based on the survey in the finance sector workforce pattern in India, they found that the insurance sector has been more pragmatic in adopting the informalization of workforce over other industries in the sector. Mishra (2009) on his study on the changing government regulations, have explained the dynamics of changing labor regulations in India, which are definitely opening up the scope of growing flexibility in staffing practice since 2000. However, the study further added that different states of India have adopted different levels of pragmatism and therefore, the rate of growth of such tendencies seems to be unequal in different parts of India. Sinha and Chatuvedi (2009) on their study on organized retail industry in India have found that, except few executive positions, the sector is bound to experience large scale informalization in staffing practice in coming years. Bose and Mudgal (2010) have also identified the predominance of part-time workers and non-regular workers, employed on daily hour or weekly hour basis in one of the highest employment generating sectors in India, i.e. the leather industry. Their study has further shown that such tendencies have fundamentally impacted the industrial relations environment in the industry as well. However, no significant study could be found in the context of the Middle East. Dubai as an international business center, located in the Middle East, has therefore been chosen for the present study.

## Research Methodology

The present research has been conducted on the three major industries, dominated by medium and small organizations, based in Dubai, United Arab Emirates. For the purpose of the research, 12 organizations have been chosen based on the number of the total manpower employed there. Around 250 employees were employed in each of these organizations at the time of study. The industries chosen for the present study were packaging, Logistics and transportation and financial services industry. A total number of 175 respondents have been surveyed from 6 organizations, 2 each of three industries using simple random sampling without replacement (Table-2).

**Table-2: Distribution of respondents**

Industry	Number of organizations from the industry	Total Respondents
Packaging industry	2	67
Logistics and transportation industry	2	56
Financial service industry	2	52

A structured questionnaire, comprising of 15 questions has been designed and administered. The study was conducted from April to August 2015. The questionnaire has incorporated different parameters from the Atkinson's Model and has used Likert scale to capture response patterns of the respondents. The questionnaire has been found to be reliable based on the cronbach alpha coefficient testing result of .79 at the pretesting stage. Once the questionnaire was found to be reliable based on the response of 50 respondents, the same was used for the detailed study.

Further, the data were analyzed through the standard statistical tools like mean, standard deviation etc.

## Data analysis and findings

Based on the analysis of response pattern, following the trends of opinion have been identified (Table 3).

**Table 3: Findings of the overall response patterns**

No.	Statement	Mean	Standard deviation
1.	Your organization has the regular flexible working practice	3.5	.87
2.	Flexible working practice in your organization is cost effective	2.7	.64
3.	Flexible work practices ensure efficiency in your organization	3.9	.57
4.	The flexible work practice system is compatible with the organizational objectives	3.1	.29
5.	Flexible work practices system in your organization is focused more on part-time workers' engagement	2.6	.34
6.	The flexible work system needs to be modified more in your organization	3.9	.27
7.	More work should be given to the adhoc-workforce in your organization	2.2	.19
8.	As an executive, you are properly trained in managing ad-hoc workforce	2.9	.24
9.	Ad-hoc/peripheral workforce is adequately skilled to carry out their tasks in your organization	2.8	.19
10.	Flexible/peripheral workforce is adequately compensated in your organization	2.7	.67
11.	Your organization is presently over dependent on adhoc/peripheral workforce than the industry standard	1.9	.31
12.	Your organization policy needs to be modified to incorporate more flexible work practices	2.7	.19
13.	Your regular responsibilities include supervising and managing the works done by the ad - hoc workforce	2.6	.27
14.	You think that the quality of the work done by the ad-hoc/peripheral workforce could be better by making those done by the regular and the core workforce of the organization	2.7	.67
15.	You think, more rigorous monitoring is required for the work done by the ad-hoc/peripheral workforce	2.9	.35

From the overall response patterns, it is found that in most of the organizations, flexible work-system is quite prevalent. On the issues of efficiency of work through the flexible work system, the level of compatibility of the flexible work system with organizational objectives, need for modification of the overall work system to imbibe the flexible work-practice; very high level of

positive opinions has been found. However, a moderately positive trend of opinion is found in the response patterns regarding the issues of cost effectiveness of the flexible work-system, higher orientation of involving part-time workers as a part of implementing flexible work system, level of executive training and preparedness to manage adhoc/peripheral work-force, quality of work done by the peripheral/adhoc workers etc. However, on the issues of overdependence on the adhoc/peripheral workforce or giving more work to the same group of workers, a negative opinion is clearly visible in the response patterns.

While comparing the response patterns from three different industries, covered in the present study, following trends are visible (Table 4).

**Table 4: Comparison of response patterns from three different industries**

No.	Statement	Mean scores (Packaging)	Mean scores (Logistics and transportation)	Mean scores (Financial services)
1.	Your organization has the regular flexible working practice	3.1	4.1	3.2
2.	Flexible working practice in your organization is cost effective	2.7	2.5	2.9
3.	Flexible work practices ensure efficiency in your organization	3.6	4.3	3.9
4.	The flexible work practice system is compatible with the organizational objectives	2.9	3.5	3.1
5.	Flexible work practices system in your organization is focused more on part-time workers' engagement	2.9	2.7	2.4
6.	The flexible work system needs to be modified more in your organization	4.3	4.1	3.6
7.	More work should be given to the adhoc-workforce in your organization	1.9	2.4	2.1
8.	As an executive, you are properly trained in managing ad-hoc workforce	2.7	3.4	2.6
9.	Ad-hoc/peripheral workforce is adequately skilled to carry out their tasks in your organization	2.6	2.9	3.1
10.	Flexible/peripheral workforce is adequately compensated in your organization	2.6	2.7	2.0
11.	Your organization is presently over dependent on adhoc/peripheral workforce than the industry standard	1.7	2.1	1.8
12.	Your organization policy needs to be modified to incorporate more flexible work practices	2.9	2.4	3.0
13.	Your regular responsibilities include supervising and managing the works done by the ad - hoc workforce	2.8	2.7	2.5

14.	You think that the quality of the work done by the ad-hoc/peripheral workforce could be better by making those done by the regular and the core workforce of the organization	2.6	2.7	2.8
15.	You think, more rigorous monitoring is required for the work done by the ad-hoc/peripheral workforce	2.9	3.1	2.7

From the above analysis, it is found that the responses from the packaging industry are more positive on the issues of regular practice of using the flexible work system, efficiency caused by flexible work-system, need for modification of the existing flexible work-system in the workplace and need for rigorous monitoring for the ad-hoc/peripheral workforce. Whereas, on the issues like regularity of use of flexible work-system, efficiency due to flexible system of work, compatibility of the existing flexible work-system with the organizational objectives, need for modification in the existing flexible work-system, adequate training given to manage adhoc/peripheral work teams etc., response patterns from logistics and transportation industry seems to be highly positive. Finally, the executives from financial services industry, most positive opinions have been recorded on the areas of regular flexible work system in their organizations, growing efficiency due to flexible work-system, compatibility of the flexible work-system with the organizational objectives, need for modification of existing flexible work system, adequately skilled level of the existing adhoc/peripheral workforce, need for modification of organizational policy to imbibe flexible system etc.

## General findings and recommendations

A general trend of unanimity can be observed in the response patterns from the executives across three industries. However, some small deviations and differences are also visible on some of the issues. Based on the overall response patterns and the general trends of response patterns following observations and few subsequent recommendations can be made as follows:

1. It is observed that flexible work-system is quite prevalent across all three sectors, covered in the present study. Executives are also quite aware of the same development. However, might be due to the nature of the work, logistics and transportation sector has witnessed a relatively higher engagement of ad-hoc/peripheral workforce than other two sectors, covered in the study. There is a scope of further engagement of such work-practice in the other two sectors as well as respondents from all these three sectors has positively opined in terms the contribution of such practice in terms of greater efficiency and cost effectiveness.
2. On the issue of compatibility of such practice with overall organizational objectives, a high positive trend of opinion can be witnessed across sectors, though in the financial service sector, the same is found to be more compatible than other two sectors, as per the respondents' opinions. As, the logistics and transportation sector is found to be more dependent on this flexible workforce system as visible through the response patterns and as per the report published by the Labor and Employment Report (2015), published by Dubai Chamber of Commerce, they need to look after the issue of compatibility more than the remaining other two sectors, covered in the present study.



3. It is also a noteworthy development that the executives employed in the logistics and transportation sector are better trained than the executives from other sectors, covered in the study. It can be linked to the cause that this sector employs the highest number of such people among all three types of sectors, covered in the present study. Though, other two sectors have recruited a relatively less number of ad-hoc/peripheral workforce, yet with the growing trend of expansion of such workforce strength, training to manage such workforce needs to be emphasized more. According to Thomson and Relis (2011), executives and managers of the 21<sup>st</sup> century, needs to develop the skills to manage the workforce engaged not on regular payroll, but will play crucial roles in organizational sustainability across global markets.
4. As per the present study, ad-hoc/peripheral workers employed in the financial services industry seem to be better trained than other two sectors. This might be due to the relatively more formal nature of business model adopted by this industry. Not only in Dubai, which is known as the financial hub of the “Middle East North Africa” (MENA) region, financial service sector across the globe is found to be more progressive in delivering training to the employees in a more progressive manner. In the present study, other two sectors have been found to be falling short of that practice, though hiring more adhoc/peripheral workforce than the financial service sector. They can develop their industry specific training models for such types of employees to make their HR and strategic priorities more sustainable. Even, this can reduce the need of rigorous monitoring of ad-hoc and peripheral workforce at their workplaces as visible in the financial sector, where such need is reportedly found to be less than other two sectors.
5. Finally, on the issues of regular monitoring, supervising and managing the workforce of the adhoc/peripheral workforce being made a part of regular responsibility, almost the same level of response patterns has been found across three sectors. Systematic efforts can be developed to make this responsibility to be simple, hassle free and more effective by applying specific industry specific initiatives.

## **Limitations and conclusion**

The researcher acknowledges few limitations of the present study and those can be attempted to be overcome in other subsequent researches.

1. Though attempts have been made to maintain the highest level of integrity in collecting response patterns, yet some minor duplications might not be denied as the single source questionnaire has been used to collect the feedback from the respondents. This can be overcome by expanding the sample size in future.
2. The study has been made, based on the responses collected mainly from middle level executives of the respective sectors. Therefore, some biases in the response pattern cannot be denied completely, though a wide variety of responses across sectors on various issues can prove the validity of the results of the present research.
3. The research can be enriched by applying causal impacts on the several outcomes by applying advanced data analysis process.
4. The study can be made more practically applicable by adding many other dimensions of managing ad-hoc/peripheral workforce in other industries as well.
5. A cross locational study across sectors of different geographies is also highly recommended, wherein the present research can be expanded more.

As per the observations made by different globally known consulting firms like Deloitte, McKinsey, etc. the practice of flexible work-system will become a more strategic compulsion than preference. The same opinion has been reflected in the different studies and reports published by the International Labor Organization, World Economic Forum, International Monetary Fund, etc. Therefore, the Atkinson's model of workforce composition planning can be a strategic guideline in many sectors and industries, though further modifications can always be done on it. The present study has used the same model as a reference model and has attempted to develop the research around it. Future studies on the same issues, based on the same model or other models will enlighten the research community more.

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