

## TOXICITY WITHIN LABOR RELATIONS IN TERMS OF HIRED WORKERS

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### Abstract

The modern companies are increasingly using toxic practices of personnel management that create a toxicity of the intra-organizational environment shaping adverse conditions for the employment of the hired workers. The aim of the given research is to monitor the changes taking place in labor relations between employers and employees. It also seeks to identify differences/similarities and to examine the nature of toxic elements existing in labor relations, which are considered by the authors to be the phenomena of social pollution due to business activities of companies. This study examines major changes occurring in labor relations in Italy, Pakistan, and Russia during 2015-16. The survey consists of a number of questions, which the respondents were invited to answer in a set format. The questionnaire includes ordinal-polytomous and dichotomous closed-ended questions with the open-ended options in some of them. Based on the survey results, social pollution factors having a destructive impact on the labor resources' welfare have been discovered. This is based on the perception of various categories of employees working in discrepant socio-economic conditions taking place in different countries under examination. We have also identified the social pollution factors that influence the formation and sprawl of the precariat as a new social class. In order to understand current trends in labor relations, specialists in the field of HRM need a new level of thinking based on a systematic approach to the totality of the factors of social pollution. Monitoring and deep study of these factors will allow developing new concepts and techniques of welfare management of labor resources in companies and countries.

**Keywords:** Labour relations, Social pollution, Toxicity at work, Employees' well-being

### 1. INTRODUCTION

Researchers pay attention to the fact that modern statistics demonstrate a steady growth in the number of workers who suffer excessive levels of stress due to the adverse methods used in human resource management practice, as well as interpersonal relations at work (Pfeffer, 2010, pp. 34-45). In our previous papers we identify the social pollution phenomena which is expressed in the decrease in the level of well-being, as well as the deterioration of the physical and psychosocial health of workers (Fedorova, et al., 2014, pp. 395-404). We consider that social pollution factors triggered by economic activities of the companies to

be the reasons for a work environment toxicity within companies (Fedorova, Menshikova, 2014, pp. 839-846).

Harder et al. define a toxic work environment as an environment that negatively impacts the viability of an organization. They specify: "It is reasonable to conclude that an organization can be considered toxic if it is ineffective as well as destructive to its employees", and hold that toxicity arises when employees suffer a breach in psychological contract (Harder, et al., 2014, pp. 207-234). In addition, a combination of too-high work demands coupled with hasty reforms and brutal management methods have generated what we consider a toxic work environment. Based on the previous studies, we have elaborated a classification of the social pollution factors grouped as follows: 1) Labor Law breaches by employers (breaches or disrespect of the Labor Code), 2) inequitable monetary rewards, 3) companies' management strategy aimed at cutting personnel (massive layoffs and downsizing, precarious employment contracts, flexibilisation of personnel), 4) toxic HR technologies, 5) toxic leadership, 6) toxic workplaces, and 7) toxic personnel.

Thus, we have defined the toxic level of work environment as one of the integral social pollution factors. We identified 4 groups of key elements contributing to a devastating impact on the company atmosphere:

- 1) Toxic HR practices appear during any work career at the enterprise: recruitment, assessment, promotion and termination of employment;
- 2) Toxic leaders is the phenomenon that comprise not only the administrative incompetence, but also the personal traits of the company's leadership;
- 3) Toxic personnel may express an ambiguous behavior. They can either be the source of a toxic situations or just suffer them. Toxic employees are the ones who have problems with or trigger problems between co-workers, supervisors, customers and clients, intoxicating the business and production efficiency;
- 4) Toxic workplace embraces all the dysfunctional factors of professional medium which can negatively impact on an employee's health: decrease in organism's adaptation level, increase in the number of somatic and infectious diseases, temporary and constant decrease in working efficiency, and increase in occupational morbidity.

In order to investigate the dynamic of current trends in labor sphere we have designed the sociological tools for monitoring changes in labor relations between employers and hired workers with taking in account the aforementioned classification of the social pollution factors.

## **2. ONGOING MONITORING CHANGES IN THE LABOR RELATIONS**

### **2.1. Research Methodology**

This paper presents the preliminary results of a survey conducted by the members of an international research network in several countries with different social and economic systems: Italy, Pakistan, and Russia. The survey dealt with the significant differences in the structure and level of development of socio-economic systems. The aim of the given research is to monitor the changes taking place in labor relations between employees and employers. It also seeks to identify the differences and common regularities, as well to examine the nature of toxic elements existing in labor relations, which are considered by authors to be the phenomena of social pollution.

The sociological survey consists of a number of questions which the respondents had to answer in a set format. In order to simplify the adaptation of instruments to be used in different countries, in the questionnaire "Monitoring changes in labor relations between employers and employees", in addition the nominal and ordinal scales, are used rating scales, semantic differential method, the method of paired comparisons, etc. Using these techniques is necessary for identification of the main factors that determine the social pollution problems on the basis of cross-country comparisons. The questionnaire includes ordinal-polytomous and dichotomous closed-ended questions with the open-ended options in some of them. The questions were divided into six parts according to the problem area under investigation. These were: 1) forms of employment relationship and wages, 2) changes in the organization's personnel policy, 3) forms of infringement by the employers, 4) leadership decisions which are detrimental to employees' well-being, 5) sources of anxiety and threats at work, 6) personality.

The theoretical and empirical methods, including theoretical analysis, synthesis, scientific generalization, analogy, prediction, observation, interviews, content analysis, comparative analysis of the scientific literature and a secondary analysis of data obtained by other research teams are used in our ongoing research.

The first cross-country survey was conducted in April, 2015 in involvement of 168 employees (Italy – 48, Pakistan – 50, and Russia – 70 people) of companies from different sectors of the economy. In total, the majority of them work in services (55.4%); with the others being involved in manufacturing (6.9%) and energy production (10.3%), trade (11.4%), construction (8.8%) and others (7.2%). The aggregate sample of the respondents includes: 29.3% specialists; 16.9% manual workers; 25.1% of line personnel; 14.9% of middle managers; 4.6% of top managers and 9.2% trainees. The survey covered 44.1% of men and 55.9% of women. The age structure of the respondents can be divided into two groups consisting of young people up to 35 years old (55.2%), and the rest in the 36-50 age group (44.8%).

The next survey was carried out in May-June, 2016 involving of 365 employees of companies in Italy – 90, Pakistan – 120, and Russia – 155 people. The information was collected on randomly selected samples of companies from different sectors of the economy. An average structure of the respondents by employee category included: 33.3% specialists, 23.4% manual workers, 16.6% of line personnel, 9.4% of middle managers, 8.8% of top managers and 8.6% trainees. The given survey covered 47.8% of men and 52.2% of women. The age structure of the respondents was follows: up to 35 years old – 52.9%, 36-50 age –31.2%, and over 50 years old – 16.3%.

## 2.2. Survey Results

There are several varieties of precarious employment contracts. For example, in the middle of 2013, there was increased UK media interest around the issue of “zero-hours contracts”. The coverage centered on the lack of any guarantee of hours for these contracts and the potential for exploitative practice by employers. According to estimates from businesses, a zero-hours contract generally is a contract where the employer does not guarantee to provide the worker with work and will only pay the worker for those hours which are actually worked (Freeman, 2015).

However, the special attention, in our opinion, should be paid to the fact that a growing number of workers are forced to accept jobs on the basis of a verbal agreement with employers. The average percentage of responses about workers hired on the basis of a verbal agreement with employers is 13.9% in 2015 and 10.1% in 2016 for the participating countries (Fig. 1). Despite a slight decrease in this indicator during the analyzed period, the number of respondents working without a formal labor contract has increased in Pakistan.

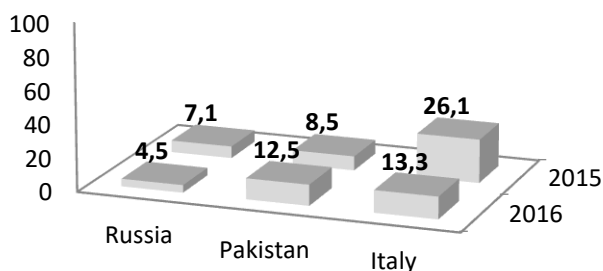


Fig. 1. Work on the basis of a verbal agreement with the employer (without the agreement being recorded in writing), % of the respondents

The absence of a written contract of employment is fraught with serious danger for workers. Employers can refuse to comply with their obligations, e.g.: by not paying workers for work done, as well as not accepting the result of the work, and unilaterally changing the terms of the verbal agreement, etc. In this case, obviously, the working people do not have any social and legal protection.

In times of economic crisis, enterprises are actively using short-term contracts, thereby removing a lot of the difficulties involved in sacking an employee. However, work under such contracts in several companies could lead to discrimination faced by employees in their search for subsequent employment. Employers do not welcome candidates who frequently change a work place. The number of respondents, who work under labor contracts signed for a period of 2-3 months, 6 months and 1 year, varies in the participating countries. The most number of surveyed employees having labor contract for 2-3 months there are in Italy (17.4% in 2015 and 15.6% in 2016). Semiannual labor contracts are more common among respondents from Pakistan

(12.8% in 2015 and 5.8% in 2016). Also, it should be noted, that in this country the number of hired workers, who have labor arrangements for 1 year, has grown from 10.6% in 2015 until 15.8% in 2016.

A form of payment of a monetary remuneration may also contribute to an increase in the number of precariat. For example, the fact that the payment of wages in cash may evidence about employers' wanting to save money on social contributions, or using by them any shadow schemes. In other words, employers deprive of their employees of social guarantees. Our survey has shown decline of percentage of respondents who receive their monetary rewards in cash during the study period in all countries under examination (Fig. 2). In 2016 every ninth of answered worker in Russia, sixth in Pakistan and seventh in Italy receive their wages in cash.

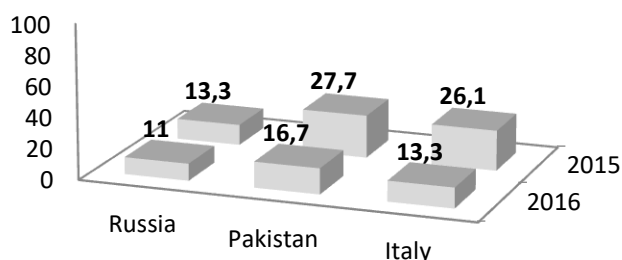


Fig. 2. The whole sum of monetary rewards is paid in cash, % of the respondents

Monitoring allows us clarify exactly what changes in the personnel policy of companies has a negative impact on the well-being of workers. For this purpose, we have estimated the overall prevalence of the following actions to be implemented by companies in respect of its staff: hiring new employees only on a short term basis, the use of temporary and / or seasonal workers, sending the employees to early retirement, massive downsizing and / or partial reduction of employees, the use outstaffing instead of the services of full time employees, etc.

Hiring new employees only for a term ranging from 1 to 6 months was noted by 47.8% in 2015 and 42.2% in 2016 of respondents in Italy, 10.6% in 2015 and 4.1% in 2016 in Pakistan, and 18.6% in 2015 and 19.4% in 2016 in Russia. The respondents from Pakistani companies reported an increase in the use of temporary and seasonal workers from 10.6% in 2015 until 18.3% in 2016. Downsizing in connection with the transfer of part-time work to outsourcing is more often carried out in Pakistani companies (23.4% in 2015 and 22.5% in 2016). The respondents from this same country more often pointed to use of technology of the early retirement: 17% of responses in 2015 and 15% in 2016. Mass dismissals mostly affected the respondents from Italy (17.4% in 2015 and 20% in 2016) and from Pakistan (12.8% in 2015 and 15% in 2016), as well as from Russia 15.5% in 2016 (Fig. 3). Also, outstaffing is increasingly used here: 17.4% in 2015 and 20% in 2016 (Italy), and 10.6% in 2015 and 12.6% in 2016 (Pakistan) of the responses, respectively.

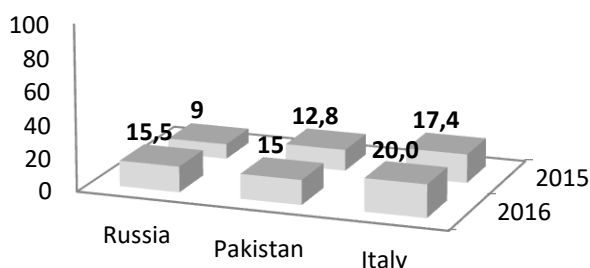


Fig. 3. Massive downsizing of employees, % of the respondents

Unscrupulous employers could push their hired staff to work over normative without any compensation, as well as refuse in granting of holiday time or lay off in unlawful way. According to occupational medicine specialists, the increasing workload is accompanied by growth of tension, fatigue and stress. Working overtime, as well as the non-granting of vacation, in addition to declining levels of remuneration, have a

negative impact not only on the material welfare of employees, but it also adversely affects their physical health and psychosocial well-being.

In accordance with the averaged figure of the answers from respondents in the countries surveyed, the response options are as follows: an increase in the workload without a corresponding increase in wages – 37.4% in 2015 and 36.1% in 2016 (Fig. 4), non-payment of additional compensation for overtime – 23.5% in 2015 and 27.3% in 2016, failure to grant holiday time – 16.4% in 2015 and 16.8% in 2016, non-payment of the promised remuneration – 21.1% in 2015 and 12.3% in 2016, unjustified reduction of salary – 21.3% in 2015 and 15.7% in 2016, unreasonable delay in the payment of salaries/wages (period of up to 1 month) – 3.3% in 2015 and 9.8% in 2016, unreasonable delay in the payment of salaries/wages (period of more than 1 month) – 16.4% in 2015 and 14.5% in 2016, wrongful (unlawful) dismissal – 14.4% in 2015 and 10.8% in 2016.

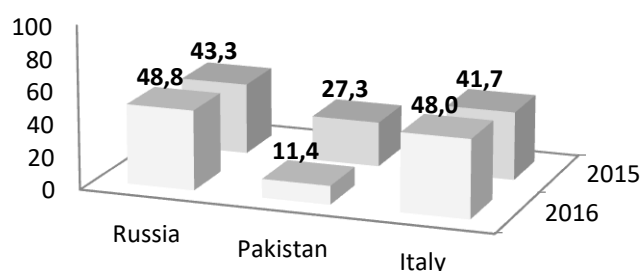


Fig. 4. Increase in the workload without a corresponding increase in wages, % of the respondents

The responses given to the question about leadership decisions, which were taken over the past year, have an adverse effect employees' well-being, the respondents of countries under examination has noted following aspects (in median figures): restructuring of my department and / or the company as a whole – 15.4% in 2015 and 15.1% in 2016, reducing of salary/wage – 26.6% in 2015 and 26.8% in 2016, forced reduction of working hours (against employees' wishes) – 21.1% in 2015 and 21.7% in 2016, the reduction, or elimination, of a social package – 9% in 2015 and 14.2% in 2016, forced and unpaid holidays (against employees' wishes) – 9.2% in 2015 and 14.8% in 2016. A comparative analysis shows that a negative trend observes in Russia with reduction of salary/wage: the number of such responses from 2015 to 2016 have grown by 2 times (Fig. 5). In Pakistan and Italy there is a negative tendency in the issue of forced and unpaid holidays: from 19.1% responses in 2015 to 25% in 2016 (Pakistan), and from 4.3% answers in 2015 to 15.6% in 2016 or by 3.6 times (Italy). Also, in those countries it should be marked the trends of increase of cases of the reduction/elimination of a social package: from 6.4% of responses in 2015 to 15% in 2016, or by 2.3 times (Pakistan), and from 13% in 2015 to 24.4% in 2016, or by 1.9 times (Italy).

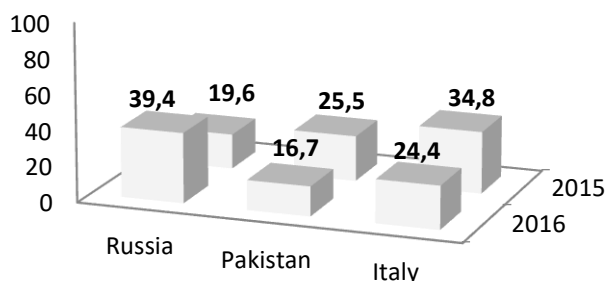


Fig. 5. Reducing of salary/wage, % of the respondents

There is a multiplicity of reasons for anxiety and threats at workplace. But the focus of our study is on the causal relationships between the toxic work environment and reduction of psychosocial well-being of employees. For example, our study has found such worries about the future as job loss due to the economic crisis, decline of wages/salaries/ non-pecuniary benefits, the absence of professional development,

deterioration of one's physical health in the workplace, loss of psychological equilibrium, decline in job satisfaction, etc.

Within the framework of the sociological survey, respondents were asked to indicate which of the aforementioned factors reduces the level of their well-being at work. Median figures for the surveyed countries reflect the significance of each of the following factors: irregular working hours – 13.1% in 2015 and 14.1% in 2016, high stress levels in the workplace – 47.2% in 2015 and 25.4% in 2016, excessive levels of stress and tension at work – 11.3% in 2015 and 11.1% in 2016, difficulty in combining work and personal life – 17.1% in 2015 and 17.9% in 2016, professional incompetence of the management – 13.2% in 2015 and 13.4% in 2016, the complete absence or insufficient levels of company care about its employees – 14.4% in 2015 and 10.6% in 2016, negative (destructive) personality traits of the manager – 18.3% in 2015 and 16.1% in 2016, psychological pressure from the part of management, psychological pressure from the part of management – 8.9% in 2015 and 7.6% in 2016, bad conditions in the workplace – 6.2% in 2015 and 19.3% in 2016, high staff turnover in the organization – 11.3% in 2015 and 13.4% in 2016, The complete absence of, or poor levels of, cooperation with the leader – 10% in 2015 and 9.9% in 2016, The complete absence of, or poor levels of, cooperation with colleagues – 10.1% in 2015 and 13.2% in 2016, Psychological pressure from the part of colleagues – 5.2% in 2015 and 7.4% in 2016, Excessive competition among members of staff – 7.7% in 2015 and 4.3% in 2016.

Inter-country comparison allows us to note the most notable worsening is occurred in following problems: the percent of responses linked with high stress levels in the workplace have grown from 22.7% in 2015 to 39.4% in 2016, or by 1.7 times (Russia), from 10.6% in 2015 to 16.7% in 2016, or by 1.6 times (Pakistan), from 13% in 2015 to 20% in 2016, or by 1.5 times (Italy); bad conditions at work pointed out 14.2% in 2015 and 22.6% respondents in 2016 in Russia, from 0 in 2015 to 16.7% in 2016 in Pakistan, from 4.3% in 2015 to 17.8% in 2016 in Italy (Fig. 6); the number of Russian respondents has increased by 1.6 times with estimates of high staff turnover (from 10.4% in 2015 to 16.8% in 2016).

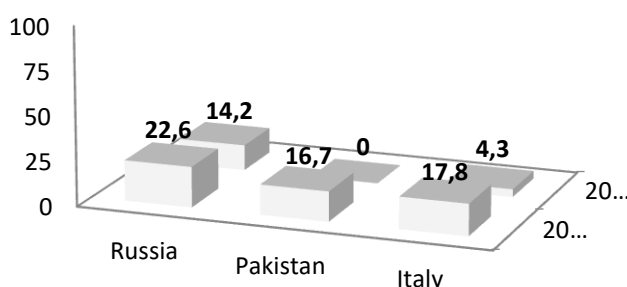


Fig. 6. Bad conditions in the workplace, % of the respondents

All the problems identified by the respondents can be divided into organizational (working conditions, work and rest regime, etc.), as well as interpersonal factors (interaction with managers and colleagues). It should be noted, that all the problems are manageable, and the degree of social pollution of the intra-organizational environment caused by factors listed above, depends on the level of development of the HR management in the company.

The responses given to the question what type of threats to employees' future exist in their current job reflect follow picture (median figures for surveyed countries): Decline in job satisfaction – 20.4% in 2015 and 21.5% in 2016, The absence of professional development – 30.9% in 2015 and 26.2% in 2016, Reduction of wages/salaries and other, non-pecuniary, benefits – 22.8% in 2015 and 22.5% in 2016, Job loss due to the economic crisis – 30% in 2015 and 29.4% in 2016. Deterioration of one's physical health in the workplace – 15.4% in 2015 and 17% in 2016, Loss of psychological equilibrium due to uncertainty in the future – 22.9% in 2015 and 18.5% in 2016, Job loss due to the high level of competition among colleagues – 9.4% in 2015 and 5.5% in 2016.

The most negative trend is observed in Italy, where there are high proportions of responses concerning decline in job satisfaction (from 34.8% in 2015 to 26.7% in 2016), the absence of professional development (from 43.5% in 2015 to 42.2% in 2016), job loss due to the economic crisis (from 60.9% in 2015 to 44.4% in 2016), and loss of psychological equilibrium due to uncertainty in the future (from 43.5% in 2015 to 35.6% in 2016). Also, the Russian and Pakistani respondents in 2016 in comparison with 2015 more frequently

marked job loss due to the economic crisis (Fig. 7). In addition, a quarter of Russian respondents during studied period suffer from deterioration of one's physical health in the workplace.

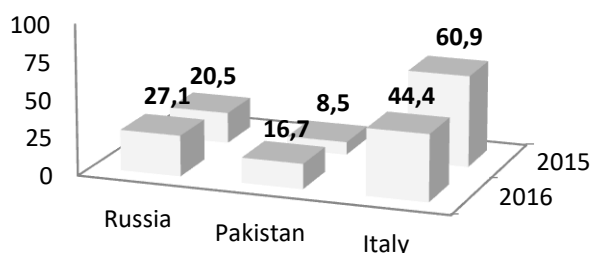


Fig. 7. Job loss due to the economic crisis, % of the respondents

We believe, that forcing workers to perform additional functions, and take on responsibilities in order to keep their jobs is a toxic HR management method. On average, noticeably more than half of the respondents (55.6% in 2015 and 58.4% in 2016) from the surveyed countries reported that for this purpose they have to carry out orders from their boss, which are in breach of their job description. Respondents had the opportunity to clarify what they have to do in order to save their jobs, on the questionnaire. The first thing to note is the need to carry out assignments that are absent from their job descriptions. The median figure of responses from the aggregated respondents on this option is 45.9% in 2015 and 47% in 2016. On average, more than a third of the workers of the surveyed countries are forced to work overtime without a corresponding financial compensation (36.5% in 2015 and 37.8% in 2016) (Fig. 8). A little less than a third of respondents in 2015 and every fifth in 2016 pointed to the need improve their qualifications at their own expense (27% and 19.9%, respectively). In addition, it must be said that among the other responses forced overtime work appeared, but this is paid overtime, and must be done by 18.3% in 2015 and 13.2% in 2016 of the respondents (on the average value).

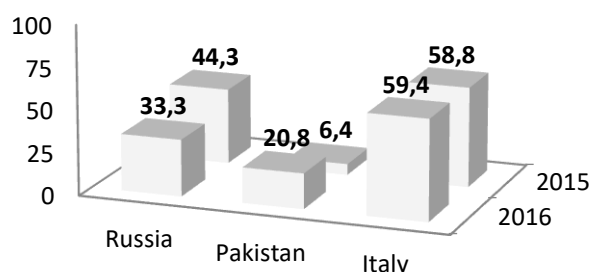


Fig. 8. Work overtime (obligatory and unpaid), % of the respondents

Comparison of data obtained in countries under the survey reflects differences and similarities. For instance, more than half of Russian and Italian respondents are forced to carry out their assignments which are not included in job description. But less than a quarter of those surveyed in Pakistan have chosen this response option (Fig. 9). Furthermore, we can see the deteriorating situation in Russia and Italy, and, conversely, improvement of a situation in Pakistan.

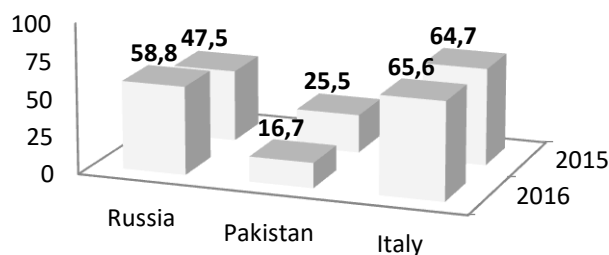


Fig. 9. Carry out assignments are not included in job description, % of the respondents

### 3. CONCLUSION

Considering the fact that this study is based on the attitude and perception of the topics studied by various groups of employees who perform their labor activities in different socio-economic context, it is important to note that the paper reflects a general overview, a rough picture of the processes taking place in labor relations. Notwithstanding significant differences in variables evaluated by the researchers in order to reveal the factors of social pollution in the relationship between employer and employee, the study confirmed that the methodology used for the monitoring of social pollution factors can be applied for different socio-cultural and economic conditions and contexts. With regard to the scientific contribution brought by this research in the field of labor economics studies, the hypothesis about the impact of globalization on the appearance and spread of several factors of social pollution in the countries with different economic regimes.

We have also identified the social pollution factors responsible for the formation and sprawl of the precariat as a new social class (Standing, 2011). Certain directions for our future studies were identified in the following areas: 1) evaluation of changes in the level of social pollution in companies, 2) the impact of the precarious employment on the countries'/companies' social and medical systems, 3) the confirmation of hypotheses includes following statements:

- the overall economic crisis pushes the employers to conduct of the strategies for costs cuttings for personnel thus setting forward precarious employment and further personnel flexibility;
- precarious employment relations between employers and employees are social pollution increasing level factor of the company's labour sphere;
- working environment toxicity of companies is characterized by the personnel crisis and is caused by the toxic HRM practices and presence of a toxic type of managers, and toxic workplaces, as well as toxic personnel;
- social pollution of the labour relations leads to decline of the physical and psychosocial well-being of workers, as well as the deterioration of the quality of working life;
- monitoring of the changes in the modern labour relations contributes identifying of the social pollution factors and elaborating managerial tools for reduction of the toxins in working environment of companies.

As a conclusion, it should be mentioned that the importance and innovativeness of this research consist in the following points:

- the development of a new scientific theory dedicated to the concept of social pollution;
- the determination of overcoming the negative impact of transformation processes caused by the economic crisis on the labor relations and the occupational welfare of the employees.

Regarding the managerial implication of the study, it can be concluded that the paper identifies the need of human resources experts for change of thinking and managerial philosophy based on a system approach in order to be able to understand modern dynamics in the "employer–employee" relationships. An in-depth study and constant monitoring of the system of social pollution indicators can allow HR managers to develop new models, techniques, and tools to improve the well-being and welfare of human resources of modern organizations in different countries.



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