

## **THE GROWING ROLE OF LABOR MARKET INTERMEDIARIES ON EMPLOYMENT RELATIONS AND IT'S IMPLICATIONS OF HUMAN RESOURCES MANAGEMENT**

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### **ABSTRACT**

The role of labor market intermediaries has evolved drastically over the past few years and still evolving due to global competition, selection and placement, legal constrictions, changes in employee-employer relations and leadership styles combined precipitate a significant rise in their roles. The continued rise of labour market intermediaries has raised more questions than answers questions about their functionality and rationale in the labour market, and their value to people's employment notions. Few studies have been carried out on the emerging trends in work relations, the growing role of labour market intermediaries and their implications on human resources management. A gap which this critical review seeks to fill by determining the different relations that exist in the workplace and their effects on individuals and the management while trying understand traits characteristics that make them to be who they are for instance; mentors, trailblazers, communicators, foes, acquaintances and advocates in addition to establishing how labour market intermediaries carry out their activities in regard to work relations. Labour market intermediaries have been in existence for many years under different pretext such as labor unions, expertise association, and professional licensing boards among others. Previous studies into work place relations mostly dwelt on their effects on job satisfaction, employee motivation, employee turnover and retention.

**Key Words:** Labour Market Intermediaries, employment relations, workplace relations, temporary work agencies, organizational restructuring

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## 2. INTRODUCTION

The escalating rise in globalization is constantly reforming the shape of knowledge-driven economies and also affecting the workplace relations either negatively or positively. Previous studies into work place relations mostly dwelt on their effects on job satisfaction, employee motivation, employee turnover and retention. Few studies have been carried out on the emerging trends in work relations, the growing role of labor market intermediaries and their implications on human resources management. A gap which this critical review seeks to fill by determining the different relations that exist in the workplace and their effects on individuals and the management while trying understand traits characteristics that make them to be who they are for instance; mentors, trailblazers, communicators, foes, acquaintances and advocates in addition to establishing how labour market intermediaries carry out their activities in regard to work relations. On the other hand, disagreements at work place are unavoidable and if left unsettled can disrupt employees efficiency and effectiveness, demoralize them and even cause some of them to quit. Ousterman et.al. ( 2001) feels that the mismatch between the realities of today's labour market and the policy and institutions governing work and labor market activity is at the basis of the many challenges and tensions experienced by workers and employers today.

### Work Place Relations

Naturally, human beings are social creatures who crave for companionship and constructive interactions. Consequently, good working relationships provide

numerous benefits like making work more enjoyable, facilitating innovativeness and creativity in addition to facilitating change implementation. Dutton et.al(2007 suggests that work relationships at their best, can be a basis for vivacity, fortification, and learning that assists individuals, groups, and organizations nurture, flourish, and prosper while at their worst, they can be a lethal and acidic source of pain, depletion, and dysfunction. Basically, the term workplace relationships can be used to describe persons with comparable experiences and mindsets entering into an association who share indistinguishable objectives and interests enter into an interpersonal relationship. Zwiling (2016) indicates that effectiveness at work place is more related to how well relationships are developed with peers and business leaders than the usual assumption that the key to success is hard work, dedication and long hours of work and that people should first interpret correctly every relationship as a workshop, friendship, or foe to avoid conflicts.

Barley & Kunda, 2001; Kalleberg, 2009; Okhuysen et al., 2013 in their work published in the (Academy of Management Journal 2011) posits that relationships form the basis of an assortment of organizing processes, such as organizational units interrelations, relationship between leader and followers, how individuals employees manage themselves in terms of success or failure. They also note that in the recent years there is extreme change in the nature of careers, organizations, and work, as well as the composition of the workforce

probably due to economical demands. Through positive workplace relationships organizations generate constructive and productive teamwork among employees and employers. Regulations and policies set the foundation on how employers and employees should treat each other at the workplace. The quest for collective empowerment, accomplishment and revenue, though, merge greater meaning into workplace relations.

### **The concept of labour Market intermediaries and work relations**

Over the past decades labour market intermediary has gradually grown in most parts of the world as a noteworthy universal tendency towards improving employment flexibility even though the role of LMI on work relations and the motivating component for the use of LMI still remains a mystery. Osterman et al., 2001 examined how modern global work transformations have diluted the old postulations concerning employment industry and misrepresented communal agreement which conventionally connected employees and employers. The researchers noted that in a revelation involving players in the United States employment industry took for granted fresh responsibilities through reemphasizing as well as entrusting towards work as a foundation for decorum; multiplicity and parity of prospects; commonality and egalitarianism of prospects; and influence and contribution which are perceived as morals and cultural traditions that have historically served as the United States employment industry's ethical foundation. Davis-Blake et al., (2002) noted that the

rising dominance of labor market mediators facilitate the unbundling of different facets of employment and permits one or more fundamental facets of production to be presented outside a company's perimeters. He further adds that by coming up with a three dimensional process; the expansion of outsourcing institutions in labor, institutional dynamics associated with labor market intermediaries and finally a theory warning that proliferation may possibly have an effect on the underpinnings of the organization's work.

The role of labor market mediators has evolved drastically over the past few years and still evolving due to global competition, selection and placement, legal constrictions, changes in employee-employer relations and leadership styles combined precipitate a significant rise in their roles. Different authors have come up with different definitions regarding LMI. For instance Autor (2009) defined labor market intermediaries as bodies or institutions that interpolate themselves amongst employees and organizations with the aim of informing, regulating an organization's recruitment process according to the skills required and completion of tasks in addition to conflicts resolution. In other words labour mediators in relation to human relations theory refer to any individuals or organizations that broker between a worker and the firm that requires man power.

Despite the assumption that labor market intermediaries have been in existence for many years under different pretext such as labour unions, expertise association, and

professional licensing boards among others, Strauss (2015) claims that labor intermediaries played a major role in the conception and maltreatment of immigrant workers due to their susceptibility to different types of unfree and forced labor and labour trafficking. Strauss further believes that such events are caused by the manner in which labour markets and employment relations are formed, understood, discussed, synchronized or left free. On the other hand, LeBaronet. al, (2015) focused on the big picture regarding forced labor in the international economy and how macro political and socio-economic factors like poverty and sudden environmental changes can create people who are vulnerable to work manipulation. Further, they indicated that there are brokers disguising themselves as labour intermediaries thus taking advantage of unsuspecting job seekers. Thus, the cherished past and constant recurrence of intermediaries in various forms raises the question: what their growing role is in work relationship and their implications on human resources management and what kind of precise economic function these institutions serve.

### **Labor Market intermediaries and the nature of workplace environment**

Today's workplace environment has been affected by dynamic changes due to global competition, structural arrangement, content, and work flow process which has brought about negativity and cynicism instead of optimism and excitement about everyday tasks and challenges. Consequently work has become more complex, more team-

based and collaborative, more dependent on social skills and technological competences, demanding, more flexible and less reliant on topographical features (Heerwagen J. et.al2010). Labor market intermediaries acts as negotiators between the employers and employees. It is therefore useful to understand how they affect the workplace environment and the organizational structure which basically determines the type of workplace relations and environment. Strauss (2015) notes that labour intermediaries take diverse forms which pose a major problem in the world of labour market due to unhealthy competition and confusion which destroys the positive energy among people who are supposed to work well together as a team. Positive working environment enable organizations generate constructive and productive collaborations at the workplace guided by policies that set the foundation on how the management and employees should treat each other.

### **Labor intermediaries and the changing organizations**

Labour markets have shifted from being a domestic labour market defending workforce from exterior market forces towards new employment relationship which in return occasions the engagement of different reliant labour alternatives like temporary agency work (Grimshawet al. 2001). Turbulent environment due to rapid technological change, economical factors, organizational restructuring and stiff global competition have made the modern labour markets to be become more complex and demanding thus engaging the services of the

LMIS who have played the role of matching employees with organizational needs. The literature available suggests diverse justifications as to why organizations are using labor market intermediaries to fill up job vacancies (Forde and Slater 2005).

Labor-market usually focuses on three broad events: supply, demand, and matching workers to jobs. The understanding of labor market aspects by different players for instance, employers, workers, works council, unions have systematized the nature of the work relationship and the resolution to establish LMI. The present day organizations differ from each other due to spirited dynamic economy in addition technical and scientific advancements which have made them become more reactive, more focused on identifying value from the customer viewpoint, more harmonized so suit the dynamic competitive requirements and strategy, less hierarchical in, structure and decision authority, less likely to provide lifelong careers and job security, continually, reorganizing to maintain or gain competitive advantage (Heerwagen Judith, 2010)

### **Theories of work place relations**

Workplace relations describe an association that takes place among crucial stakeholders like the company, trade unions and the government, who is entrusted with the responsibility of controlling these associations using rules and regulations in addition to court intermediation. Methodologies of organizational expansion toward workplace relations are founded on main theories like

systems, radical, unitarist and pluralist. These theories are influenced by variety of underlying factors like global changes, political theories, economical changes and organization's strategic perspective on promoting workplace flexibility, productivity, cooperation and competitiveness.

Unitarist stresses the responsibility of managers in coming up with common grounds that favour both the employers and employees which their welfares can be suitably aligned to accommodate the different interests. From the unitarist's opinion, members are rational enough to make concrete resolutions on how organisational and personal welfare are to be combined to avoid conflicts. This theory assumes that collective bargaining and trade unions are unsociable, assisting only to precipitate unnecessary and destructive industrial conflict between two non-competing, cooperative parties. The unitary theory identifies different aspects of work in the organization as a combined and harmonious whole that exists for a common purpose by stressing interdependence between employers and employees and how they should identify with the mission and objectives of the organization.

The pluralist perspective regarding work place relations assents that conflicts are intrinsic in the public domain which can be accommodated through different organizational provisions while fortifying the importance and legality of the agreement between management and employee representatives as a rule-making processes as well as conflict-resolving tool. The

approach recognizes the existence of many presiding principles giving room for different opinions from both the management and employee representatives realized through conciliation, concession and compromise. This theory is usually preferred by organizations that are known to have a large number of employees for instance chains of retail stores and hotels.

The systems approach assumes that organizations encompass different components or sub-systems harmoniously working together to ensure the success of the larger system by taking into consideration three key factors within the management-labor relationship: environment, relations/commutations and regulations. For example a company whose business activities relies on the interaction between different subsystems like procurement, production, sales, quality control and human resource departments. The outside surrounding that includes social, legal, economic, political and/or technological forces will impact these subsystems and hence influence the industrial relationship. As a consequence, the interaction of employees/unions, management and the government will require rules, which are the outputs of the system, to stabilize the employment relationship.

Uncertainty reduction theory involves interrogating new acquaintances in an attempt to gather information about them. The theory was conceived by Professors Charles Berger and Richard Calabrese in 1975 after noting that initial interactions

between individuals followed predictable patterns of information-gathering. The theory is predominantly significant in relationship development, as the information gathered through observation and interaction can be used to predict a person's behavior. The Theory rests on several basic assumptions whereby the main assumption suggests that uncertainty creates cognitive uneasiness, which people will try to reduce. This information can then be used to predict people's behavior, or the outcome of starting a relationship with them. The process of information seeking goes through predictable developmental stages, indicating changes in the quantity and type of information shared between individuals. Therefore this study is based on the uncertainty reduction theory which assumes that human beings normally feel hesitant about others whom they don't know and are therefore inspired to communicate with each other so as to reduce that uncertainty.

### **3. IMPLICATIONS ON HUMAN RESOURCES MANAGEMENT**

One of the main goals of an organization is to thrive and survive in a competitive environment by hiring skilled workforce who will increase and improve its performance according to the demand. Consequently, human resource consultants undertake special responsibility of handling unexpected changes in employment industry by developing strategies which can uphold these changes. Therefore the role of LMIs is to influence work force magnitudes while concentrating on the mediating role between employers and employees. This makes the human resources management as one of the key significant areas of the International

Labor organization (ILO) in light of its vital role in addressing unemployment and poverty as well as promoting the decent work schedule.

Labor market intermediary activities vary with the ones of human resource management performed by managers. The LMI activities can be classified in three main attributes of human resource practices they execute: they act as providers or source of information, job matchmakers and lastly administrators. HR managers at some point in time tend to use LMIs in to help them recruit targeted employees from a pool of job applicants by selecting only those they feel are qualified for the available vacancies. The effects of employment industry revolution on human resource management where policy makers use in-depth and extensive labour market information which enables them to identify gaps in employment industry and other human resources programmes and to design strategies to address those gaps. Together with the revolution of labour market, human resource management undergoing the phase of redefining its strategies and goals in order to survive the changes in the labor market.

#### 4. CONCLUSION

Labor market intermediaries are largely assumed to include education, private, and community based organizations that tempt to bring some consistency to the movement and development of individuals in organizations. They have gradually and outstandingly taken part in shaping labor flexibility in organizations due to increased demand from clients through their information as employment agencies. LMIs

enhance employees' skill development as they attempt to match their skills with the job requirements as well as helping the organization to create and understand its internal and external knowledge communities. Whereas a workplace is full of people with differing personalities, perspectives and professional agendas, healthy workplace relationships are foundational to job satisfaction and long-term career success. Taking the initiative to build strong relationships subsequently will serve both employees and the employer well. In other words, workplace relationships are seen as interpersonal relationships with important connotation for individuals in those relationships, and the organizations in which the relationships exist and develop people who interact because of their work level of cooperation to allow work to be done, progress to be made due to a functional or effective relationship. However the continued rise of many forms of labour market intermediaries has raised questions about their functionality and rationale in the labour market, and their worth to people's employment prospects.

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