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## Problems of Changing the Employment Relationship

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By all accounts, the employment relationship in most developed countries undergoing a profound transformation. The old assumption of long-term attachment between an employee and a single firm has broken down.

In the early 20th century, employers usually utilized internal labor markets and hired employees only at the entry level and then internally promoted them to fill higher rungs. In the 1970s employment practices began to change. Work has become contingent, the attachment between employees and the firm has been weakened.

Labor economists have documented the trend away from long-term firm-worker attachment and toward short-term employment relationships. In work, the traditional career progressing step by step through the corridors of one or two institutions is withering. Today, a young employee with at least two years of college can expect to change jobs at least eleven times in the course of working and change his or her skill base at least three times during those forty years of labor.

The reason employers are changing the employment relationship is that they are adjusting work practices to fit production requirements. As firms are forced into a more competitive environment as a result of increases in trade and global competition, they have to pay more attention to short-term cost reduction. In addition, the market for corporate control forces firm managers to be responsive to short-term change in revenues and demand.

Employers do not want to create expectations of long-term career jobs because they want to be able to decrease or redeploy their work force quickly as product market opportunities shift. Most of modern job advertisement in malls or cafeterias we met is aimed at students, young mothers and retirees, promising flexibility and learning opportunities.

However, while firms disavow any long-term employment relationship, they also believe they cannot succeed if employees simply perform their tasks in a reliable but routine manner, they need spontaneous and innovative activity that goes beyond role requirements. That's why employees should be offered whatever it takes to attract and keep them - flexible hours, free food, social activities and other benefits.

There is a paradox: firms need to motivate employees to provide a commitment to quality, productivity, and efficiency while at the same time they dismantle the job security and job ladders that have given employees a stake in the well-being of their firms for the past 100 years.

The new employment relationship involves compensation systems that peg salaries and wages to market rates rather than internal institutional factors. Employees receive differential salaries that reflect their diverse talents and contributions. The new employment relationship also provides employees with networking opportunities, allowing them to raise their social capital through interaction with the firm's customers, suppliers, and even competitors. It also involves a flattening of hierarchy, the elimination of status-linked perks, and the use of company-specific grievance mechanisms.

Employees now face a constant risk of job loss due to continual workforce churning that characterizes the new workplace. The new employment relationship generates a level of wage inequality and wage uncertainty that was not feasible under the old internal labor market arrangements, when wages were set by institutional factors such as seniority and longevity.

Moreover, newly trained employees have an advantage over older ones, and on-going training has become not an opportunity for advancement, but a necessity for survival.

Yet another risk generated by new employment relationship is the dissolution of stable and reliable employee old age and social welfare benefits. Because social insurance is tied to employment, as job security wanes and more and more people move from job to job, employees usually lose whatever employer-sponsored benefits they once had. In order for the new workplace to offer justice and fairness to workers, at least changes in law are required.

#### **Источники и литература**

- 1) Katherine V.W.Stone, "Legal Regulation of the Changing [Employment] Contract", Cornell Journal of Law and Public Policy, Volume 13, Issue 3