

Forms of labour market flexibility in Finnish maritime business

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On political level labour market flexibility is proposed by OECD 1994 Jobs Study, which regarded higher job creation in the US compared with Europe as due to greater flexibility in former. World Bank and IMF have taken similar view and supported labour market deregulation as a stimulus for investment climate. However OECD has in its 2004 Employment Outlook revised this policy. In Keynesian model technical change and demand drive growth and labour market institutions as well as regulation reflect a social compromise and stabilize economic relationships. Macro-economic policy is sifted towards a more restrictive monetarist stance emphasizing control of inflation and supply side incentives. In this concept micro-flexibility is essential to generate economic adjustments. (Rodgers, 2007)

Concepts of Labour market flexibility

There are various definitions for flexibility on labour markets according the context. In Swenson's (2012) article flexibility "refers to organizational requirements for greater adaptability in the face of changing market conditions, as well as individual adaptation to increasing demands for flexibility". There are also several system levels which can be described more or less flexible. Labour market systems differ from each other on macro level as well as company and individual, micro level in degrees and forms of flexibility (compare Eamets 2013, 12-13.). One have also to bear in mind, that "flexibility" includes interests which can be added as structural elements of a system. There are no single one nature of "facing greater adaptability in face of changing market conditions". Instead there are various optional strategies to adapt the business, prouducts and work to the markets and the needs of the customers.

Goudswaard and Nanteuil (2000) state that flexibility concepts in European firms are a combination of two variables: quantitative / qualitative and internal / external. This means subcontracting, different employment statuses, working time flexibility and flexibility of work organisation. According Ruberly & Grimshaw (2003) main dimensions of the flexibility in the literature are: Employment protection, Wage flexibility, Internal or functional flexibility and Supply side flexibility.

Flexibility concepts:

	Quantitative	Qualitative
External	Different employment statuses <i>Numerical flexibility</i>	Subcontracting <i>Productive flexibility</i>
Internal	Working time flexibility <i>Temporal flexibility</i>	Flexibility of work organisation <i>Functional flexibility</i>

Source: Goudswaard Anneke, de Nanteuil Matthieu 2000.

According Goudswaard and de Nanteuil flexibility strategies in some European states are implemented on a complementary rather than on an exclusive basis and they are not necessarily very coherent. They may be designed differently according to the groups of workers they apply to. Authors make a distinction between "conditions of work" and "conditions of employment" and present three typical situations:

- a “cumulative” situation, where both aspects of working life are perceived as deteriorating for flexible workers
- a “non-cumulative” one, where differentiation between flexible and core workers is reported in the area of “conditions of employment” only
- a “transversal” one, where job monotony and/or job intensification are expressed by all workers despite of limited improvements due to functional flexibility.

In addition Goudswaard and de Nanteuil state that:

“National industrial relations systems play a major role in this (labour market flexibility) development. The research confirms the notion that the more institutionalized the relationships between government and (or among) the social partners, the more likele type positive compromises to be found at different levels”. (Goudswaard & de Nanteuil 2000, 3-4)

Labour market flexibility is traditionally related to labour market segmentation according the competence of employees. Basically an employee has the better labour market position the more competent he/she is and the more an employee has skills valuable for the employer. (Atkinson 1987, Nätti 1988, Storper & Scott 1990.).

Atkinson (1987) makes a distinction between numerical flexibility, functional flexibility and outsourcing. The variation in amount of work force, stability of employment, number of working hours or some other external thing are elements of numerical flexibility. Within the concept of functional flexibility the aim is to harness wide skills among employees, improvement and development of the conditions of work. The idea is to generate efficiency by developing human capital and innovativeness of the work process. Outsourcing is an alternative for internal flexibility within the company. Within a company functional flexibility is often addressed to core workers and numerical flexibility to peripheral workers. (Atkinson 1987, Alasoini 1990, Pekkola 2002, 41, Compare Oeij & Wiezer 2002, 5.)

The aim of functional flexibility is to harness and develop human capital and maintain permanent employment contracts. The policy within the numerical flexibility is mainly to use peripheral workers also as a buffer in economical fluctuations. One simple way for a company is to vary the number of its employees to the demands of the market for instance by nonstandard work arrangements like short-term work, casual work or temporary agency work (Svensson 2012). Developments of human talents, long term job contracts or lifetime employment are no preference. Functional labour market flexibility is usually related to high and numerical flexibility mainly to low quality of working life. (Oeij & Wiezer 2002, 59-60.)

Some social history of maritime work

Terms of employment and social security have a long history. The phenomenon of precariously employed merchant seamen is no a new one either. Quinlan (2012) demonstrate in his article discussions in England during late 19th century how:

“...seamen were engaged on a contract for a specific voyage on a ship... Hence seamen were engaged under a succession of contracts until age, illness or family needs obliged them to retire or seek other work... The precariousness of seamen’s’ employment was a prominent issue in periodic

debates of the establishment of a pension scheme, which would both maintain the maritime workforce and obviate the burden of poor relief arising from aged and infirm seamen... ”

Quinlan states that precarious employment has been a pervasive feature of labour markets since the first industrial revolution apart from a brief interregnum in the 30 years after World War Two. According to Quinlan growth of (precarious type of) flexible work may entail cost efficiency for fragments of capital, but it also entails sifting costs like externalities or macroeconomic inefficiencies onto workers and the broader community. (Quinlan 2012)

Relationships between working conditions and health and well-being demonstrate basically that (numerical) flexibility and harsh working conditions have various negative actual and structural consequences for employees. In general imbalances in the job-demand control have negative effects on health and well-being of employees. (Oeij & Wiezer 2002, 59-60)

In general economical preconditions for personnel policy are these days dependent up to high degree on global and national economy. Maritime industry is in global competition with only some national competitive edges on regional markets. (Haavisto 2014, 20-23). Structural opportunities for sustainable economical, social and ecological growth within the industry are dependent on worldwide economic development but also on behavior and preferences of key stakeholders. (Compare; Wolfers H.A., etc. 2013).

Finnish Maritime business

Volumes at the international maritime transport in Finland have increased since the 1980s. Exception to the growing trend is the recession which began in 2008. After that the maritime transport are not reached earlier exceeded 100 million tons of levels. (Liikennevirasto 2013.) In 2013, Finland's foreign trade maritime transport of goods was 96,3 million tons. Sea transport increased by 3,3 per cent from 2012. Exports grew by 5,7 per cent. Finnish vessels accounted for 21,7 per cent of exports and imports by 45,3 percent. The proportion increased from the previous year more than four per cent. 18,2 million passengers were moving via Finnish ports to the rest of the world. Sweden accounts for 9 million and Estonia for 7.9 million passengers. Seamen's Pension Fund's activities were covered 44 shipping companies in 2012. The number of vessels was 140 and the amount of insured employees was 7959 people and total sum of working years was 5678. (Merimieseläkekassa 2014, 8-9.)

Generally, seaborne trade is open to competition, and freight rates vary depending on the economic situation. Finnish vessels account for 19% of the country's export and 41% of the import. In the long term, the amount of sea transportation has increased. However, during 2000-2013, the number of seafarers and man-years has decreased. In particular, women are retiring from seafaring professions. In 2013, the Seafarer's Pension Fund covered 7,959 seafarers adding up to 5,678 man-years. (Haavisto etc. 2014) Finnish maritime business is basically in open international competition. Visible flexible element in costs is labour, even this take only minor share, that is ca. 5% - 20% - of the total cost of shipping (Haavisto etc. 2014, 21.).

In western economies there is since 1970's a general trend for flexible specialization. Organisations are face new demands: besides efficiency market demands quality, flexibility and innovativeness.

(Oeij & Weizer 2002, 6.) Anyhow standard type of traffic limits the product and service innovations in cargo ships. There are better opportunities for instance ethical and CSR-based product designs and service innovations on passenger boats than on cargo ships (Dufva & Pekkola 2013).¹ This feature in maritime business limits the reorganization of work and diminishes opportunities for work place development and separates this industry from general organizational developments. (Haavisto etc. 2014, 50-51.) Standard type of work and tasks generate motives mainly for wage flexibility.

The amount of Finnish sailors is diminishing at the long trend. Technical changes are cutting occupations and work at sea. Female workers have lost more ground compared to men. Motives for work differ up to degree between personnel groups, which are dominated either by males or females. The division of labour between sexes is clear. There is a trend to combine tasks and increase the holistic responsibility for functions at sea. (Haavisto 2014)

Flexibility as policy takes place on the system level as well on organizational level. Rodgers (2007) argues that functional and organizational flexibility within firms may be more important than labour market flexibility as such. In Finnish maritime business the flexibility within the firm's personnel policy is related both to national regulated labour market and to less regulated international labour market. There is a reason to analyze areas of flexibility empirically in Finnish maritime business as such and in relation to national and international labour markets.

The co-operation between social partners on organizational level is limited to negotiations of collective agreements and legal based occupational safety. There are a lot of technical negotiations on company level. However Finish maritime sector is short of joint systematic work place development policy. On general level the labour market is regulated by collective agreements including agreements of free paid siff for those included within the collective agreement. In addition the role of state is strong and the government support the industry because of securing traffic and trade in all possible geopolitical circumstances. Also the public motive for employment is strong. Government offer direct economical subsidies, favorable legislation, education and interest for the maritime industry. (Haavisto etc. 2014)

¹ However there are also comments within the industry that more intensive branding of good practices could be beneficial for the business also in freight traffic.

Finnish government and maritime transport

Government's attitude towards shipping companies is very positive. Official reason for the policy is securing national sea transport during external crises but employment as well as regional economy is relevant. Government allows subsidies for this industry up to high degree. This is necessary because of national welfare policy that is social costs, which is internationally lacking.

According EU regulations the subsidies should not exceed the total sum of taxes and payments for social security. In practice this means opportunities for major depreciations and reservations in the accounts, reduction and returns in social costs and income taxes. Finnish government subsidize even the costs of Non-EU-sailors by compensating the costs of return home after the working period onboard. In practical terms labour cost for the employer is the amount of net salary.

The government returns all tax and social security payments. This reduces the costs for 30%. Agreements considering Non-EU sailors reduce the labour costs once again 30%. Finnish labour costs are estimated equal with Sweden, but 1,3-1,5 times higher than in Estonia. This has lead to the fact that there is only one passenger ship under Finnish flag in traffic to Estonia. In general Finnish shipping companies are placed 30% of vessels under foreign flag.² (Merenkulun...2012, 13-17. Merenkulun...2013.)

Motives for companies to leave the Finnish flag are economical and related to "paper work" that is reporting and things to be taken into account required. Labour costs elsewhere are cheaper because of social legislation. The companies will stay under Finnish flag because of government's subsidies as well as on the brand, which include positive image. Finnish government subsidies are dependent on the Finnish flag.

Non-EU sailors

Finnish shipping companies and labour unions have made an agreement on the year 2009 according which there is a option to hire 1/3 of the total crew outside European Union, in practice often from Philippines or Russia.³ The practice begun 2011 in 14 ship and was extended 2012 to 23 ships. Finnish social partners have also 2012 agreed that the wage increase among Non-EU-seamen are connected to labour costs among foreign competitors and to international competition. This wage policy is not dependent on wages within Finnish collective agreements. (Finnish...)

At the moment there are Non-EU sailors on 53 ships. The number of Non-EU sailors is between 400 and 500 yearly. This is ca. 10% of all staff. Local agreement for the usage of Non-EU seamen is done case based, that is, there is a negotiation and special agreement on every single ship. The structure of the crew is examined and a consensus will be found between social partners. The policy of the branch is to establish mixed crew for all ships which are transferred under Finnish flag. The aim is to recruit Non-EU sailors to all personnel categories. Among officers Captain and First

² To Sweden 35%, Holland 24%, Bahamas 17%.

³ Some tankers and ice breakers have been excluded from this agreement because of security reasons and legislation.

Officer and Chief Engineer are Finnish and Second or 3. Mate or 1. Engineer can be Non-EU seaman. Machine Man, Ordinary Seaman and Chef can also be of Non-EU origin.

Over 90% of all Non-EU sailors are Philippines'. In addition there are sailors from Indonesia, Ukraine and Russia. Special office in Philippine take care of the health condition before recruitment. Non-EU sailors are included in education and training activities onboard, because employers are willing to employ them once again later on.

Shipping companies are satisfied with Finnish sailors among other things because they have got special competences in local weather conditions, operating in ports and making preparations for next cargo. The motive for Finnish shipping companies to use Non-EU work force is economical, that is, lower labour costs. Main benefit for companies is the lack of free, paid period between working periods. The companies can escape the costs of flying seamen to work or home from abroad because of changing working periods. In addition shipping companies can avoid some costs professional education and in updating the certificates of competence. Finnish shipping companies are increasing the use of so called "Non-EU" mariners.

Finnish labour unions have a very brief marginal in negotiations concerning the usage of Non-EU mariners. Unions support the economy of the companies because of their own long term employment. In international competitors Holland and Sweden there have been same kind of agreement but with the option for the amount of maximum ½ Non-EU sailors onboard. In case of no agreement the pressures towards other flags would be decisive for the whole industry.

In one company case 75% of ships use "mixed" crew and 16% of the staff are Non-EU citizens with special type of work contact. Non-EU crew is from Russia and they work mainly on deck. Because of language and work culture related reasons the company employ also Russian second mate who is the superior of other Non-EU crew. In addition of deck work there is a Russian chef. According legislation it is not possible totally use Non-EU sailors on the deck and therefore there are also Finnish sailors on the deck. The usage of Non-Eu sailors is still a new phenomenon and the company is not yet aware how increased diversity will affect on the work culture and social integration on the ships.

The usage of foreign (Non-EU) sailors is based on the annex of Finnish collective agreement. Non-EU sailors are employed on the basis of agreements defined by ITF⁴ (ITF). Terms and conditions for non EU seafarers are based on the ITF Uniform TCC Collective Agreement. The Finnish employer organise and pay health care for Non-EU sailors in cases acute sickness and accidents. Basically work contract is done for 6 months for each individual. In practice workers prefer 2-4 months agreement because of family reasons. Non-EU sailors are recruited via Russian private company, which can easily provide competent work force. The usage of Non-EU sailors resembles often permanent employment because the company is willing to hire competent sailors once again. Usually an agreement upon next period of work is done when the previous term end and the sailor is leaving for fee watch.

⁴ The International Transport Workers' Federation (ITF) is an international trade union federation of transport workers' unions. Any independent trade union with members in the transport industry is eligible for membership of the ITF. Around 700 unions representing over 4.5 million transport workers from some 150 countries are members of the ITF. It is one of several Global Federation Unions allied with the International Trade Union Confederation (ITUC).
<http://www.itfseafarers.org/about.cfm>

Employers experiences form Non-EU sailors are positive. Non-EU sailors come from other kind of work and social culture and are get used to more harsh working and economic conditions and tighter social order than it is the case on Finnish ships. Finnish ships are seemingly in international sphere an attractive working environment even with weaker terms of job contract compared to Finnish collective agreements. Non-EU sailor receives for instance same food, clothing, labour protection and other working environment as all other crew.

Shipping companies report that the agreement upon the usage of Non-EU staff has contributed to major transition towards Finnish flag among older vessels. All new ships are placed under Finnish flag since the agreement.

Finnish union for deck officers (Suomen lainvanpäällystöliitto) is anyhow unhappy with the practice to hire second or 3. Mate form abroad. This weakens the opportunities of younger Finnish deck officers for employment and paths for career and could in the long run lead to structural change among deck officers and jeopardize the security of maritime transport supply. The union tries to negotiate about the fact once again with employer. (Ulkomaalaiset...) A strike broke out 12. March 2015 on Finnish ice breakers. One reason for the action according The Finnish Seafarers Union is – among changes in the terms of employment - the aim to use Non-EU sailors also on ice breakers. (The Finnish Seafarers Union)

Data

Empirical data for the study “Stay Onboard” was collected 2013 among Finnish seamen, both active and for those, who have leaved ship work. The sample of the survey was 5021 people and response rate was 39% (57% among seafarers onboard). Respondents are members of Seamen’s pension fund and in the sample there are a bit more than a half of all members. In final date there are 1954 respondents, from which $\frac{3}{4}$ (1420) stay still onboard. In addition there are 66 interviews among seamen, employers and various maritime stakeholders. Non-EU sailors were – unfortunately - not included on this survey.

Work onboard

The amount of personnel onboard is dependent on the ship type. On ordinary freight ship there are 10-18 persons at one time, but smaller ships can be operated with under 10 persons. On passenger ships there are more staff. Typically on Baltic sea area over 300 / ship. Usually the work is organised in periods 1/1. When the crew is at work second half is free.

Ship as a working environment is more challenging than ordinary work place. The ship is full of levels, corridors and stairs. Many of them are narrow, wet or slippery. One must sometimes work high or even outside the vessel. The ship face the elements of the nature. Staff must be able to sustain physical and mental stress.

At work there are noise, shaking, cold, heath, wind, chemicals, and dangerous substances. Demands for competences are increasing. Work and leisure time takes place in the same physical and social

environment. Team spirit and organizational culture affect for wellbeing and even to mental health. Contacts with family and friends are limited.

Work onboard is often organised in 4:8 or 6:6 hour shifts. There is a variation of working time arrangements, agreements and regulations. (Haavisto etc. 2014, 28-30.)

The paradigm of production

Oeij & Weizer (2002, 5-10) generate a typology of organisational centralization and human factor orientation. Basically among companies there are low or high decentralisation orientation as well as high or low human factor orientation. They describe organisations described by the entity of “rigid efficiency” as follows:

“Organisations chastised by *rigid efficiency* are centralized and do not score highly on human factor orientation. Such organisations have stable market environments and established business process. These features are significant for mass production. The term “*rigid*” may express a negative connotation, which is not intended. Such organisations do not need to be flexible in an unchanging market.” (Oeij & Weizer (2002, 8)

Decentralisation – human factor orientation model (Oeij & Weitzer 2002, 9)

	Low human factor orientation	High human factor orientation
Low decentralisation orientation	rigid efficiency	social rigidity
High decentralisation orientation	flexible efficiency	humanized flexibility

The work at sea is centralized because of clear division of work and hierarchy, traditional and rigid business model and because of given physical environment. When it comes to human factor orientation, the estimation is “weak”. The characteristics of maritime work is “rigid efficiency” instead of “humanized flexibility”. Anyhow there are variations. Trend to generate so called combined vacancies, where several previously separate tasks are collected to some single persons, increase human orientation.

The work onboard as well as recruitment contain elements of taylorism. On the other hand competence and skills needed, holistic and professional responsibilities and long staying on board increase human orientation. It is difficult totally estimate hardly anyone’s work in various occupations as predictable tasks. Generating standard traffic product within clear division of work, hierarchy with reasonable remuneration are near the idea of fordist production. When we compare the work of deck and machine officers and men in freight and passenger ships there is no major difference. Customer service on passenger boats increase variation in business concepts as well as in tasks. Close connection to customers add up to degree human orientation on passenger boats. (Haavisto etc. 2014, 47-48.)

Work at sea is hierarchal and bears a likeness closest to Fordist type of work organisation. Anyhow various kind of labour market flexibility is addressed to segments of employees. Basically there are

three groups of employees at work: Deck and machine officers, crew in catering and on the deck, Non-EU workers in all positions. Basically Finnish or other EU-citizens are employed according Finnish collective agreements, Non-EU's – mainly from SE-Asia and Russia – are paid up to degree according Finnish standards unless paid free watch, which is in length equal with working period at sea. This means major saving in labour costs. Another option for shipping companies is to select some other flag that is, change the ship to some other country with another kind of social legislation and labour costs.

When we try to define the personnel groups onboard, which meet various kind of flexibility we could name them as follows:

Core group 1 = Deck and machine officers, managers on passenger ships and nurses.

Core group 2 = Crew, that is workers in catering, on machine and deck.

Peripheral group = Non-EU workers who are excluded from some part of collective agreement like free paid period after work.

The content of work and conditions of work contract among these groups differ from each other.

Core group 1., especially deck and machine officers, have a career and they are relatively highly paid and in general better paid than Core 2. group. The work content can be defined a bit more away from "rigid efficiency" because of the work of managers on passenger ships and because of (estimated⁵) use of sociotechnical systems in controlling the status and processes of the ship especially among deck officers. Labour market position is strong because of competence, collective agreements and – dependent on profession - opportunities to step ashore to other labour markets inside or outside the maritime cluster.

Core group 2. consist of traditional "workers" onboard. Health and physical capacity is needed in these occupations as well as vocational training. Careers paths are short or not existing, but the job is permanent. Because of fordist tradition and strong unions the remuneration is relatively high in comparison to same kind of tasks onshore. Work at sea is a "job". Labour market position is secured by the shortage of competent work force, collective agreements and strong labour unions, but threatened with foreign competition on the labour market.

Peripheral group is a group of Non-EU seamen, who work within relatively fair remuneration and working conditions. The pay for deck officers in this category is in principle the same as for deck officers in Core group 1. Anyhow this group has no right to general collective agreement including the paid free period ashore. These officers and crew is hired for fixed time contracts which end the employment contact when leaving the ship. Core group 1 and 2 have a retirement scheme, peripheral group has not.

⁵ It was not possible to make direct observations about the work onboard. Information is collected mainly via interviews and literature.

	Core I workers Fordist concept Machine and Deck Officers	Core II workers Fordist concept Crew	Peripheral workers Semi-fordist / taylorist concept Non-EU Deck officers and Non-EU Crew
Employment protection	-Mainly permanent Job -Collective agreement -Co-ordinated Finnish wage bargaining	-Mainly permanent Job, -Collective agreement -Co-ordinated Finnish wage bargaining	-Fixed term contract -Individual agreement with modification of collective agreement -No Co-ordinated Finnish wage bargaining
Wage flexibility	-Trade union representation	-Trade union representation	-No representation
Internal of functional flexibility	-Career -High skilled work	-No career -Low skilled work	-No career -High / Low skilled work
Supply side flexibility	-Demands / rights in working time to meet work and family needs	-Demands / rights in working time to meet work and family needs	-No demands in working time

According interviews deck officers in peripheral category are able and work like any other. However coworkers estimated that foreign / Non-EU crew might be sometimes socially isolated. Not because of discrimination but because of cultural differences, own attitude and staying within their own group. It is often mentioned that foreign crew represent “different kind of work culture” with less own initiative and less courage for own estimation and decision making. Official of Finnish trade union estimated employer’s behavior towards Non-EU mariners “fair”.

“There are more mixed crew on Finnish ships. This is not a good process for comfort onboard. A group with same – of whatever - nationality work best together. The more nationalities is added the less there are joint language. At the end we have 7 nationalities and speak with our hands within a work team.” (Seaman)

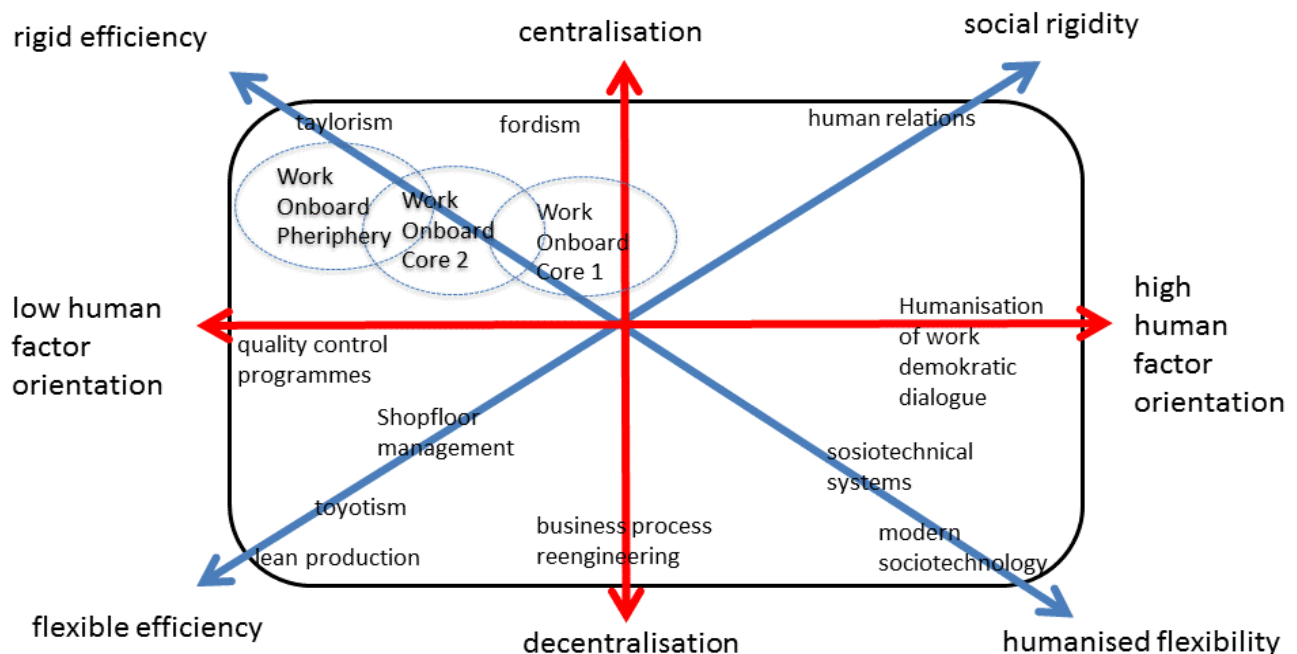
“When we have joint Philippines and Finnish together it is difficult to start discussion. When Finns try to discuss with Philippines they are shy and polite and seem to hesitate for instance the right to discuss with captain directly. Finns discuss with everyone when needed. There is no hierarchy in technical matters. This is a major cultural difference.” (Seaman)

“...for instance 7 Philippines discuss in the mess. Finnish sailor join the table and ask “how are you doing”. After 10 minutes all are disappeared.” (Seaman)

It is possible to take a look for dimensions; centralisation – decentralisation and high human factor orientation – low human factor orientation to the work onboard. Because of clear division of labour, hierarchy, traditions of business and working culture and limited physical and social working environment the work is clearly centralized. Same reasons lead to low human factor orientation. The nature of work resembles “rigid efficiency”. In division of labour, recruitment and in personnel

policy there are elements of taylorism. On the other hand competences needed, holistic and professional responsibility and long staying onboard increase human orientation. In general the production of standard type of maritime transport, division of labour, hierarchy and nature of remuneration as well as strong government involvement bear a likeness to fordist production. It is clear that among core group 1 there are more human factor orientation than among core group 2 or peripheral group of Non-EU staff. The work of Non-EU workers is more near taylorist work organisation than the work of groups 2 or 1. (Compare Haavisto etc. 2014, 47.) (Picture 1.)

Picture 1. Division of labour in Finnish merchant ships 2015.



Compare; Oeij & Wiezer 2002, 10.

If we put the information about personnel policy to the model of Goudswaard and de Nanteuil, we can notice that conditions of employment make more relevant distinctions between personnel groups compared to conditions of work.

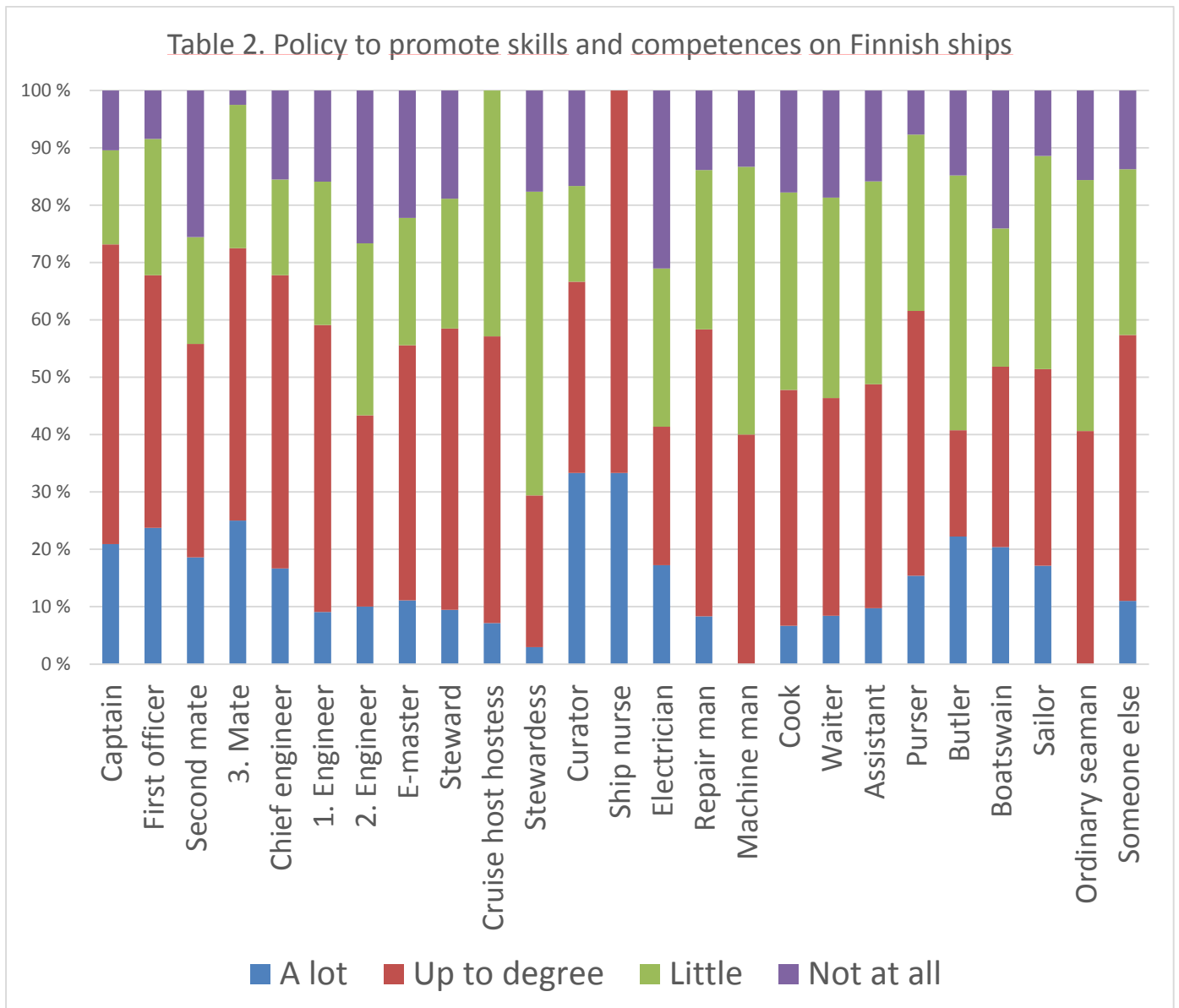
Some forms of flexibility on Finnish ships:

	Quantitative	Qualitative
External	Different employment statuses <i>Numerical flexibility</i> <i>Conditions of employment – permanent vs. fixed term employment contract</i> <i>Distinction between core group 1 + 2 / peripheral group</i>	Subcontracting <i>Productive flexibility</i>
Internal	Working time flexibility <i>Temporal flexibility</i> <i>Conditions of employment – paid free sift</i> <i>Distinction between core group 1 + 2 / peripheral group</i> <i>Combined vacancies</i>	Flexibility of work organisation <i>Functional flexibility</i> <i>Occupational and career development; Especially for Core group 1. and to lesser degree for Core group. 2.</i>

Compare: Goudswaard Anneke, de Nanteuil Matthieu 2000.

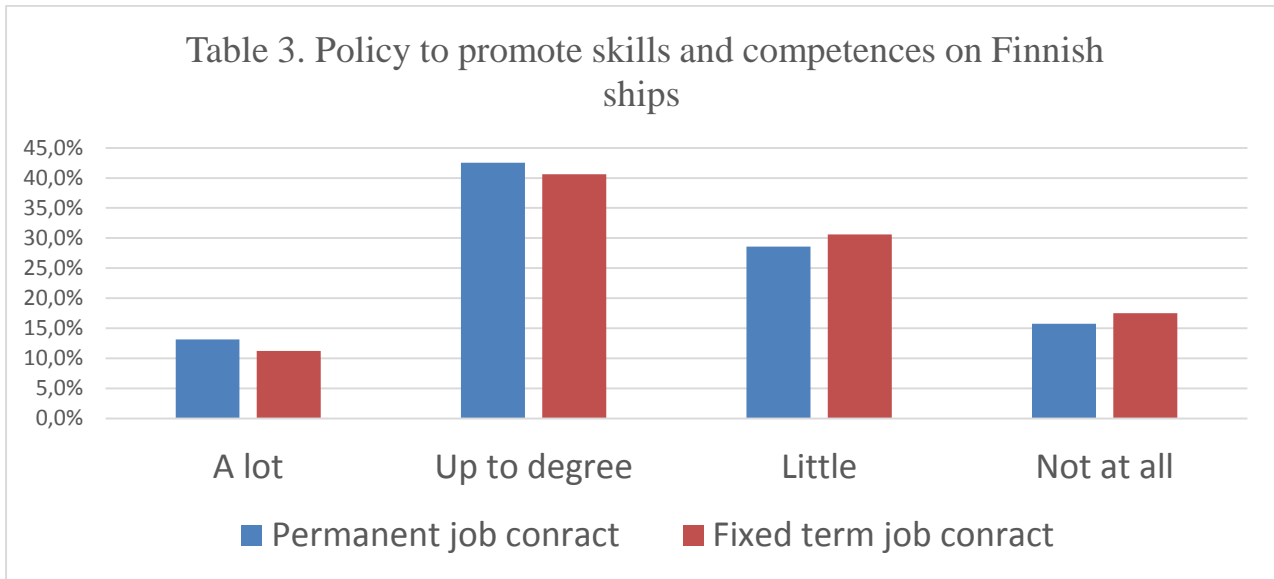
Employer strategies

One element of numerical / functional flexibility on company level is the model of harnessing work force. According the policy of functional flexibility the interest lays on the development of human capital by increasing competences even achieving high skilled work. In numerical flexibility there is less or no interest for the development of human capital. When we look empirical results of the survey among professions onboard the differences of employer's policy in the development of human capital differ in statistically. However there are not drastic difference between occupations. Ordinary seamen and machine men are the ones who never get a lot of skills development. Ship nurses are most supported in the development of occupational competences. (Table 2.)



Pearson Chi-Square ,000

Relatively egalitarian policy of employers among core group 1 and 2 in skills development demonstrate also the fact that, even the permanent job contract holders (n 1194) get more skills promotion, there is no statistical difference between employees on permanent or fixed term (n 160) contract. Some explanation to this outcome is the fact that fixed term job contract is most common among (25,6%) second mate and high (20%) among 3. Mate. They are the ones who are at the beginning of their career and especially 3. Mate is still getting occupational training. Among Ordinary Seamen the share of fixed term contract is 21,9%. This is also a group, which get less often a lot of educational development. (Table 3.)



Employee flexibility

Traditionally the discussion about labour market flexibility is addressed to employer's decisions and policies. It is possible also estimate what kind of flexibility in terms of adaptation in personal, organizational, professional and social sphere employees have to offer at work.

If we take a look for the elements of comfort / discomfort onboard among Core Groups 1 and 2 in social sphere, we can notice, that 41% of seamen and –women often suffer because of leaving family and close relations ashore, 16 because of (bad) communication links ashore, 10%-11% suffer from the quantity or quality of social relations onboard or ships personnel cultural differences.

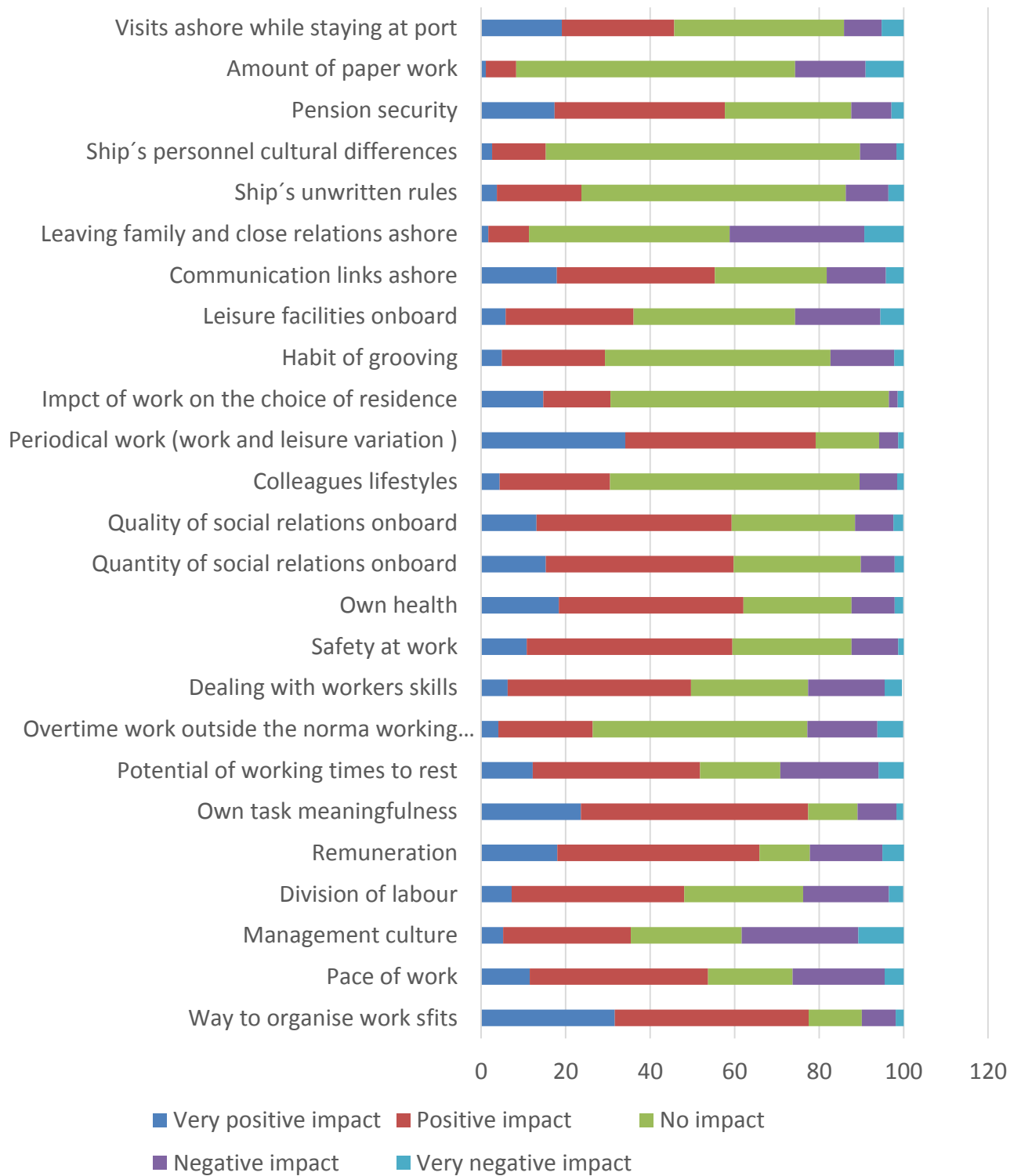
Within organizational culture 38% see the management culture as negative element for their comfort. 23% notice problems in dealing with workers skills and 14% with ships unwritten rules.

In professional respect estimate 29 % of workers potential of working times to rest as a negative factor, 26% think that amount of paper work, 23% over time work, 22% remuneration, 12% safety and 11% meaningfulness of work have a negative impact for their comfort.

In personal sphere 17% is worrying with habit of growing, 12% with pension security and 12% with their health. 26% is dissatisfied with leisure facilities onboard.

On the other hand the same factors are most often sources of comfort. Leaving family and close relations ashore and management culture are factors where the balance is negative. (Table 4.)

Table 4. The comfort of marine work



Conclusions

- Finnish shipping companies use segmentation of labour in their personnel policy and a part of their business strategy.
- The personnel are in practice divided to three categories: Core group 1 with Finnish collective agreements and career and permanent employment. Core group 2. with Finnish collective agreements and job and permanent employment. Peripheral group 3 with salary, which is lower than Finnish standard, temporary employment and work with less qualified work.
- Numerical / wage flexibility is used among peripheral group. Main forms are lower payment and fixed term contracts.
- Core group 2 is mainly receiving functional flexibility in forms of permanent job and core group 1 also in form of career.
- Shipping companies follow mainly fordist type of work organization among core groups 1 and 2. Towards Non-EU mariners the division of labour is more near taylorist concept. Within this concept there are elements of functional labour market flexibility among Core groups 1. and 2. in forms of relatively high payment and permanent job contracts. Anyhow the policy for functional flexibility is a bit less common in terms of measures addressed to health, fitness and ability to work as well as safety. Development of professional competences is clearly less common compared to Finnish companies in general.
- The personnel policy towards the peripheral group 3 is numerical and mainly wages flexibility. However Non-EU sailor otherwise face the working conditions and environments as colleagues under Finnish collective agreements.
- Agreements between social partners upon Non-EU sailors reduce labour costs ca. 30% for sailors hired with lower wage standards compared to sailors under Finnish collective agreements.
- Finnish government is bearing significant share – ca 30% -of final maritime labour costs in forms of tax reductions and other subsidies. In fact Finnish government is a major “flexible” element in international competition because of politically defined national interest.
- Sailors have to demonstrate social flexibility especially in work-family relations and in adaptation of diverse management practices onboard.

The Finnish model of maritime labour market flexibility fits, up to degree, to the flexibility model of Gouldswaard and de Nanteuil (2000). Main element in producing flexibility is the division between personnel groups and differentiation the conditions of employment. The situation is most near the “non-cumulative” model, where differentiation occurs between flexible and core-workers. Also the impact of government is important. However the presumption about the deterioration of conditions of work or conditions of employment is here relevant only in theoretical approximation or on the level of occupation, but not on individual level, because there are hardly any changes in anyone’s individual employment contract, occupational safety, social integration etc. (Compare; Gouldswaard & de Nanteuil;2000, 50).

The aim of Finnish maritime labour market concept is to maintain the existence of shipping companies and Fordist type of work regime for core (mainly Finnish) employees. One tool for this

policy is labour market flexibility. Functional flexibility is highly addressed to core group 1, which consist of mainly deck and machine officers. Functional flexibility is up to lesser degree addressed to core group 2, which consist of other staff employed according Finnish collective agreements. Numerical flexibility is addressed to peripheral group of Non-EU sailors. The model is strongly economically supported by Finnish government. Without governments involvement the model could not exist because of international competition.

Non-EU sailors are flexible and growing element in the industry. By using Non-EU sailors companies can save labour costs. This is indirectly beneficial for Core group 1 and 2 because this increases the economical robustness of shipping companies and in that way supports the employment among core group 1 and 2. Anyhow Finnish maritime labour unions try to limit the usage of Non-EU sailors in “best” work places like icebreakers and among officers.

Because the seemingly high standard of working environment and fair salaries work on Finnish ships is attractive for Non-EU citizens. From employers, employees and Non-EU sailors point of view the arrangement looks like a win-win-win situation - at least on short range. The outcome supports also the goals of Finnish government. Inequality in terms of employment is clear, but without major industrial conflict, marketing problem or visibly ethical discussion. Anyhow labour unions are afraid for the extension of the usage of Non-EU sailors.

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