

Improving Work Organisation – the case for a regional action programme

A policy position paper prepared for *emda*

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Policy position paper for East Midland Regional Development Agency

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Focus

There is no widely accepted definition of work organisation. As the Annex describes, the emphasis has shifted over time from a relatively narrow focus on the intricacies of job design to wider concerns with management structures and people management policies more generally. The focus of this paper is on what be described as the 'middle ground'. This embraces key aspects of two main dimensions: the functional (job design, the grouping of jobs into activities and the co-ordination of these activities) and the working time, involving the balance between full-time and part-time working and fixed and variable hours. It also covers those people management policies that critically affect working relationships.

Summary

The argument is that there is considerable scope for British management to improve work organisation with wide-ranging benefits to business performance, the quality of working life and regional economic development. Moreover, this is independent of business strategies or the pursuit of fashionable 'high performance working' models. It is an approach that is particularly appropriate to SMEs that make up the overwhelming majority of workplaces. Such innovations can be direct, such as the introduction of team working or a change in working time arrangements, or indirect, such as a policy dealing with bullying that increases morale leading to a reduction in absenteeism. Regional Development Agencies and their regional partners are ideally placed to promote a range of practical initiatives to encourage innovation in work

organisation at relatively limited cost. These draw on Acas' experience of involvement in workplaces across the country, are highly relevant to the current range of policy options available and make use of existing regional level business support levers.

Starting points

In recent years international agencies such as the European Commission (1996) and the Organisation for Economic Co-operation and Development (1995) have produced major statements and/or reports stressing the importance of work organisation. Closer to home, work organisation figured prominently in the deliberations of the CBI-TUC task force set up in 2001 to investigate the *Productivity Challenge*. As the Annex describes in more detail, work organisation is also an increasing focus in the corporate plans and publications of a range of bodies including the Advisory, Conciliation and Arbitration Service (ACAS), Chartered Institute of Personnel Management (CIPD), the Department of Trade and Industry (DTI), the Involvement and Participation Association (IPA) and the Work Foundation. The need for 'smarter' working, as it is called, likewise features prominently in the Sector Skills Development Agency's Strategic Plan for 2005-08.

Work organisation is seen as important for two main reasons:

- It has a major impact on organisational performance and competitive advantage – it affects costs, productivity, quality, delivery and profitability, both directly in shaping how things are done and indirectly via employee morale and commitment.
- It has a major impact on the quality of working life – it affects the pace of work, the opportunities for interaction, learning and job satisfaction, as well as carrying significant implications for health and safety including levels of stress and anxiety.

The main common thread running these interventions is the view that most businesses operate under their potential: they are locked into traditional ways of organising work and management is not fully exploiting the available opportunities to improve performance and profitability. Critically important is that management is not doing enough to make the use of the skills and abilities that employees already have. The result is the perpetuation of a low trust environment in which 'learning' runs in the opposite direction to the continuous improvement and encouragement to up-skilling that policy makers are so keen to encourage. Employees are not only reluctant to embrace management-inspired change, but also prone to deny managers the benefits of their knowledge and experience of how to do things better.

Looking to the future, the worry is that management is denying itself the opportunity to build the capacity necessary to adjust to changing business conditions. The prospects of delivering the much-needed movement up the value chain are rendered even more remote.

A fundamental implication is that the massive investment in skills currently in train will not automatically bring about this movement. Indeed, equally plausible is that, in the 'restricted' as opposed to 'expansive' learning environment (Fuller and Unwin, 2003) characterising many UK workplaces, this investment in skills will be tantamount to pouring money down the drain.

To understand the links in the argument, some appreciation of the role of employment relations is needed. Many policy makers mistakenly assume that employment relations is about trade unions and collective bargaining and so is therefore a problem that has been solved. Yet the motivation and commitment so critical to organisational performance primarily reflect the job satisfaction and emotional reward that *individuals* derive from their work. Both conflict and co-operation are intrinsic to the employment relationship whether or not a trade union is present. The balance also has to be managed - co-operation cannot be assumed.

Another mistake is to assume that problems at work primarily boil down to personal relationships. Such relationships are of course involved. But the employment relationship is also deeply embedded in institutional arrangements that have their origins both inside and beyond the workplace. Moreover, these arrangements are NOT just collective ones as is so often assumed. Inside the workplace, they include work organisation as defined here, along with management structures and personnel policies and practices - most workplace bullies, for example, are a product of circumstances rather than personality. Beyond the workplace, they include the provisions of legislation and decisions of Employment Tribunals, along with the contents of any collective agreements.

A growing body of survey evidence from the Economic and Social Research Council's 'Future of Work' programme (Taylor, 2002; 2003; Moynagh and Worsely, 2005) and bodies such as the Chartered Institute of Personnel and Development (Guest and Conway, 2004) suggests that many people are dissatisfied at work, feel they have limited discretion and have little scope to exercise their initiative. More concretely, individual dissatisfaction is reflected not just in the figures for Employment Tribunal applications, now running at around 75,000 each year, but also absence and staff turnover. A telling indicator of 'unorganised conflict' is that fifty times as many days have been lost through absence in some recent years as through strikes. Absenteeism in the UK, according to the CBI (2005), costs around £12.2 billion each year.

International comparisons also suggest that UK organisations lag behind those in other competitor countries in their adoption of management practices associated with high performance working (Porter and Ketels, 2003). Important here is that more employees in the UK appear to be involved in supervision – according to the 'Future of Work' programme, for example, the UK has 13 per cent of employees involved in 'supervision', whereas Sweden has only three per cent. Managerial hierarchies are not only costly to sustain but also very often stand in the way of employees exercising their initiative.

There are two points to emphasise before moving on. The first brings in the relationship between work organisation and business strategy. These have understandably become linked in the debate over the 'low skills equilibrium' said to characterise many British workplaces. Business strategy is one of the main drivers of the demand for skills and it would undoubtedly help to increase this demand if employers moved their products and services up market. The scope for improvement is nonetheless considerable even allowing for existing business strategies.

The second point is that this improvement is not predicated on any particular model of change. True, it has come to be associated with a particular model, focusing in recent years on 'high performance working'. This is usually taken to involve a bundle of practices targeting at securing a) greater employee involvement, b) improved skills, motivation and ability and c) more trust, loyalty and identity (Thompson, 2002). Further details will be found in the annex, along with a brief overview of the main sources establishing the link with improvements on performance. Even the simplest of changes, however, can make a significant difference.

Types of innovation

The proposition is best illustrated with case studies. The ones chosen draw on the 400 or so workplace projects undertaken by Acas Senior Advisers each year. Two main types of situation feature: where a change in work organisation has a direct impact; and where a change in relationships is the catalyst for an indirect impact.

The first three cases involve medium sized businesses employing between 200 and 400 people. The fourth involves an NHS ambulance trust employing just over 1,000 people. The training events that Acas runs for SMEs confirm that the challenges and solutions apply just as well, however, to the micro businesses that increasingly dominate the economy.

Direct

A case of team working

The first case involves a small manufacturing company with a traditional functional work organisation. There were fairly rigid demarcation lines and little or no functional flexibility. Job roles were mainly gender-based and productivity levels relatively low. A joint management-trade union programme was initiated with facilitation from Acas. Instead of the traditional pattern, cell-based teams have been introduced, with team members responsible for production, cost, quality, engineering and materials movement. Maintenance was also involved with the introduction of a "Total Preventative Maintenance" programme. A large-scale training programme has been conducted to ensure that all team members are multi-skilled and flexible in terms of their ability to handle a spread of tasks and share skills. According to key managers and union representatives involved in the process, both demarcation and direct manning numbers have been reduced, with a number of voluntary redundancies being possible as part of the package. The teams have resulted in improved morale and quality, the latter through the allied introduction of the maintenance programme. Managers believe that there was a direct and positive link between the outcomes of the Acas-facilitated change programme and improvements in company performance. The new manning scheme has led to an increase in productivity of over 20 per cent and a halving in absence levels from 8 to 4 per cent. There has also been a reduction in waste and rejects improved, and customer complaints.

A case of working time change

The second example involves changes in working time arrangements. This company, like so many others, was characterised by relatively low basic rates and high levels of overtime working. The joint steering group took a two-pronged approach to this, developing both new shift patterns and a system of 'reserve hours' working. A major management objective was to eliminate the site's "historic tradition" - common to the manufacturing sector more broadly - of the "end of the month rush", whereby the majority of output was produced in the final week of each month. They aimed instead to work around weekly production targets, in order to provide customers with "a better flow of product". Prior to the introduction of the system, employees worked a 37-hour week plus overtime. Under the reserve hours scheme, all employees would receive a salary calculated at 40 hours' work, comprised of 37 basic work hours and 3 reserve hours per week. The basic salary was increased to compensate for the additional working hours, along with shift premiums, holiday pay, pensionable earnings, and redundancy pay. Managers stated that they hoped that employees would "work smarter and more productive" within the 37 hours. If they met their production targets within the 37 hours, they would not have to work the extra three hours per week, despite being paid for them.

Stewards believed that the reserve hours system held certain advantages over the previous system of working hours. These included the increase in basic pay for all shopfloor employees who went on to the system, which also flowed through to increases in associated benefits; and the fact that it provided employees with a more stable income, rather than having to rely on the vagaries of overtime working.

Indirect

A case of attendance management

The third case involves the introduction of a new attendance management system in a Scottish bus company involving an Acas facilitated joint working party. Both the management and union representatives said that relations and communications between them were greatly improved as a result of the agreement of the new arrangements, as was the relationship between the union and the workforce. As one union representative put it, *"Before the new arrangements, there was a lot of mistrust between the troops and us, between the troops and the management, between us and management and between management and everybody. Nobody trusted anybody."* The climate has changed a great deal. As a senior manager stated; *"If you look at day to day relations now, it's hard to believe they were actually as bad as that... at the moment there's no real tangible feeling of that terrible hostility that was here two years ago."* The new attendance management policy has resulted in less absence and a reduction in sick pay by about 10%, compared to the previous year. In addition, since the new attendance management procedure has been implemented and communicated, there have been no complaints from the workforce about how absence is being handled. There have been fewer disciplinary appeals since the new arrangements were put in place. A year or so before, there were two to four appeals most weeks. Now the number is down to one appeal every three weeks. Moreover, following on from the joint working party, the management and the trade union have used the same joint working technique to produce a new grievance procedure. Also as a result of reduced conflict in the workplace, managers feel more able to devote time to handling other issues central to the running of the company. As one senior manager said, *"I wasn't getting the time to look at the areas I needed to address; to improve communication with the workforce and to move the company forward. It's freed up a lot of time."* Union representatives have echoed these sentiments.

A case of bullying and harassment

The starting point for this case was recognition on the part of managers and employee representatives in an NHS Ambulance Trust that the existing policy on bullying and harassment was not working effectively and needed revising. Acas initially ran a series of workshops to help identify the specific issues that lay behind people's concerns. Thereafter a joint working party comprising managers, union representatives and employees was set up, which drafted a new bullying and harassment policy with "Dignity at Work" as its major focus. The group then devised a strategy for raising awareness for the policy throughout the workforce. Ten "fair treatment advisers" were selected to play a crucial role in educating staff about the procedures and providing them with support and advice in cases of bullying or harassment. Acas also helped the Trust to develop training materials used in workshops for operational staff and new managers. Altogether around 70 managers, advisers and representatives were trained in the new procedures and involved in devising strategies for implementing the new policy throughout the Trust. The "Dignity at Work" policy and its effective implementation have helped change behaviour. The new policy is used more often than the previous one, and in the more positive context of raising dignity issues that need addressing. Importantly, it enables those subjected to bullying the opportunity to tackle problems internally, through an informal route. Employee representatives feel that the new procedure sets out a process that is more "dignified" for employees. There has also been a wider impact on employment relations. Employees are more willing to report bullying and harassment, whereas in the past the culture that did not encourage staff to raise issues. This meant that problems were suppressed and usually worsened over time. The Trust believes that the revised policy has played a pivotal role in reinforcing a new culture of openness and helped to achieve a marked reduction in the levels of absenteeism.

Barriers to change

As the paper goes on to argue, the opportunities for this kind of innovation to be promoted in Regional Economic Strategies (RESs) with benefits to regional economic development as well as business performance are considerable. If any programme of activities is to be successful, however, there needs to be some understanding of the barriers to the wider diffusion of change. For barriers there are, helping to explain why instances like these are less the rule than they might be. Crucially, although resources are factors, especially for SMEs, they are not the major consideration.

1. Awareness is a key consideration. Work organisation is not an area associated with innovation or continuous improvement. There is a

conventional wisdom about the way things should be done, which has a very strong hold. Very often work organisation only becomes the focus at times of crisis, when it is too late and/or other pressures tend to dominate.

2. Short of crisis, changing work organisation can seem something of a leap in the dark. It can even seem pretty risky. Much of the debate about the 'high performance workplace' has been counter-productive. To be told, for example, that you need to introduce a bundle of measures can be quite daunting. Fundamentally important is that the benefits of change are not always immediately obvious and may be difficult to measure directly. In more theoretical language, the OECD (1997) reminds us that the adoption of new forms of work organisation can be seen as a form of intangible investment and therefore constrained by two types of market failures. *Information barriers* occur because intangible investments are difficult to measure. Traditional accounting frameworks measure the costs but not the returns associated with investments in human resources. *Externality* problems arise because of the inability of organisations to guarantee that they will capture the returns. Managers may worry that their investment in general training, for example, will be lost if employees leave before the returns can be captured.

3. The OECD also emphasises the importance of the wider context. Interest in work organisation tends to ebb and flow with the state of the wider economy. The uncertain macro-economic environment prevailing in many countries in the 1990s discouraged investment in intangibles. The relatively high levels of unemployment in the 1990s similarly served to discourage initiatives – there was a reduced need for firms to pursue strategies to increase labour productivity growth. Some institutional and policy frameworks are more supportive than others. If 'numerical flexibility' (i.e. the ability to 'hire and fire') is too 'easy', for example, there is less incentive for managers to bother with 'functional flexibility'.

4. Very often the reform of work organisation falls foul of the very group who might be expected to support it, namely managers. In the major

European Commission (2002) report reviewing the obstacles to the wider diffusion, perceived management opposition ranked second after the view that the business strategy did not warrant any change. Giving more responsibility to the 'managed' not only challenges some fundamental assumptions about the need for 'command and control', but also can threaten the privileges and status of managers. Crucially important is that many features of work organisation reflect the 'silos' into which management divides itself. Moreover, many of these silos are refracted in the professional organisations that reinforce and underpin functional organisation. From this position, rather than being seen as key levers for improving organisational performance, changes in work organisation can represent a major threat to the established order of management as well as the inter-personnel skills of individual managers.

5. Many policy makers find work organisation an uncomfortable area to deal with, notwithstanding the high level interventions cited earlier. It means opening up the 'black box' – something which the 'labour market' paradigm within which many work doesn't encourage. It means questioning some long taken-for-granted assumptions – for example, that managers can be relied upon to have the most effective form of work organisation. It can also mean having to confront these managers with some unpalatable truths, which can be politically sensitive. The fact that work organisation does not lend itself to easy measurement or target setting means that it tends to take a back seat to the things that do. Interesting here is that such large scale quantitative evidence as there is suggests that greater progress has been made in the countries with policy frameworks encouraging the reform of work organisation. The European Foundation's (1998) major cross-national EPOC study showed this to be the case for Sweden – for example, team working involving delegation of authority to employees was much more extensive than in other countries.

Possible initiatives

If there are barriers, on the positive side, the wider context is more favourable than it has been for many years. There is now a relatively

stable macro framework in place. Ever intensifying competition means that British businesses cannot compete on the basis of low labour costs – they are under increasing pressure to seek continuous improvement in their operations, which means offering more value for money and developing faster and more efficient ways of delivering products and services. Demographic changes, along with associated legislative measures, also mean that they have to adjust to the new realities of their workforces' composition – in particular, more women workers and older workers (Cabinet Office, 2003), which creates pressure for more flexible working time arrangements.

The case for the region as the most appropriate level of intervention is also firmly established. The region is where 'micro' and 'macro' meet (Gustavsen, 2004). The development of work, work roles and work relationship structures are 'micro' issues in the sense that the individual workplace is the point of departure. If the process is confined to the workplace, however, the danger is that horizons will be limited. The research and other public resources expected to help businesses are largely organised on the regional level. This is also the level where the partnership-based political-administrative steering functions are located.

Listed below are a series of initiatives that might sensibly be addressed in a RES to promote improvements in work organisation. They recognise that there is no magic bullet. Rather there is a need for a series of on-going and mutually reinforcing initiatives designed to raise awareness, educate, support and incentivise activity. They link to issues that have become integral components of RESs such as promotion of productivity, the 'learning organisation', quality of working life and inclusion. They also build on the policy and business support levers available at a regional level.

1. Fostering workforce development

Outline proposal. With reference to Business Support Services, the RES should promote the concept of workforce development, i.e. not just skills

acquisition but also innovation in work organisation, working arrangements and people management practices. Regional partner organisations should support initiatives dedicated to these objectives and, in particular, require that key elements are included in the management leadership and development programmes that they sponsor¹.

Benefits. This proposal goes to the heart of the critical issue of *skills deployment*. It would not only enable the RES to encourage innovation in work organisation across the full spectrum of both the direct and indirect dimensions discussed above. But it would also focus attention on the management skills 'gap' – leadership and management skills, particularly the 'soft' skills involved in people management, are one of the UK's areas of relative weakness, above all at first line and middle manager level. Additionally, it would put regional partner organisations in the forefront of promoting employee involvement at local level and therefore in closer touch with working people. This is critical in its own terms – the more employees are encouraged to express their views and use their abilities, the more they are likely to be willing to invest the time and energies in learning new skills. It is also critical in improving productivity and performance – it is employees who have the knowledge and experience of detailed operations, the problems and the pitfalls, and how they might be dealt with to reduce costs and improve productivity, quality and customer care. Last, but by no means least, it provides an excellent opportunity to get managers to appreciate that the workplace itself is a 'learning organisation' – it isn't just that 88 per cent of all training is delivered WITHIN the workplace (according to the Learning and Skills Council's National Employer Skills Survey), many of the habits and behaviours are acquired there too and these are the 'bad' as well as the 'good' ones.

2. Making the most of large company supply chains

Outline proposal. Regional organisations work closely with large companies with operations in the region to secure their support in promoting continuous improvement in work organisation throughout their supply chains.

Benefits. Received wisdom has it that, in management of change situations, one looks to a particular individual or group to exercise a leadership role. Large companies have been in the forefront of developments in work organisation in recent years; multinational companies in particular have the networks and resources to learn from and implement 'best practice' from around the world. Most importantly, such companies have a very special relationship with SMEs in their supply chains. It is not just that many SMEs depend on supplying, subcontracting and outsourcing from large companies, but also that the latter depend on the quality of services and supplies from the former. Very often too the relationship is embedded in the local community, which reinforces the logic of mutual support². A major campaign involving targeted on innovation in work organisation could considerably speed up the diffusion of new working practices as well as help to improve their suppliers', and therefore their own, performance in the process.

3. Encouraging public services to promote improvement in work organisation

Outline proposal. The RDA similarly works closely with public sector organisations in the region to secure their support in promoting continuous improvement in work organisation. It not only encourages them to do everything they can themselves to set a good example, but also urges them to use their influence to ensure that continuous improvement is built into their supply chains.

Benefits. Like large companies, public services are well placed to exercise a leadership role in improving work organisation. First, they are significant employers in their own right and so what they do/do not do inevitably sets an important example. This is particularly true of regions such as the East Midlands. Between them, the three sectors most readily identified with the public sector in the East Midlands are reckoned to make up 65.4 per cent of employment from the total of K1 and K2 'knowledge intensive' industries in the East Midlands, compared to 51.8 per cent in

the UK (Lawton and Rossiter, 2005). Second, like large companies, the wide ranging procurement activities in which they are involved also means that the capacity of public services to influence the businesses they contract with in their supply chains is considerable. Such influence could be exerted both directly and indirectly. In the first instance, the EU Public Sector and Utilities Directives adopted in 2004, which come into force in the UK in January 2006, would appear to offer important opportunities to introduce key social, employment and environmental initiatives into public sector contracts³. In the second, there is considerable scope for public services to raise the levels of service quality required as a means of encouraging their suppliers to up-skill. In both cases, there is also the opportunity to enable suppliers to reach the higher standards required by making information and advice available that would help them to achieve the transition.

4. Using bench marking as a learning tool to promote improvements in work organisation

Outline proposal. The RDA and/or Business Support Services promotes the widespread use of business diagnostic tools such as the DTI's quantitative 'Business Performance Diagnostic' and the 'Acas Model Workplace' highlighting the significance of work organisation. They make involvement in such programmes the path way to benefits such as follow-up business support and financial grants of all kinds. They also collect, analyse and disseminate the collated information in ways that focus attention on cross-regional and cross-sector comparisons.

Benefits. This proposal is designed to raise awareness about the importance of continuous improvement in work organisation. Experience suggests that work organisation is not normally seen as a priority except in crisis situation. Bringing SMEs to the issues via the links with profitability in the 'Business Performance Diagnostic' is a powerful way of getting them to realise the benefits they are forgoing. The 'Acas Model Workplace' is similarly a tool rather than a 'blue-print' and asks a series of

questions about each element of work organisation and people management, which may lead them to other sources of information and advice. Above all, it is designed to encourage thinking about solutions to deal with the specific circumstances of individual organisations rather than offering 'one-size-fits-all' remedies. It also emphasises the need to be thinking about the practical implications for work organisation of the changing circumstances that business can expect to experience.

5. Building capacity to promote improvements in work organisation

Outline proposal. Regional partner organisations invest resources in an infrastructure to promote improvement in work organisation. This would necessitate building on current capacity, in order for business support services to be sufficiently resourced to promote and advise on ideas and activities associated with improvements in work organisation. This could be an RDA or Business Support Services initiative or a joint venture involving other agencies such as Acas and/or local Universities as well.

Benefits. The experience of Germany and the Scandinavian countries suggests that that, for the kind of programme being proposed to succeed, there is a need for support for research and development, preparation of guidelines/tool kits/training materials and, most crucially, dissemination of information and exchange of experience. Especially valuable is the collection and dissemination of case studies drawn from the region demonstrating what can be done in practical terms together with the learning that comes from the cross-regional and cross-sector benchmarking exercises discussed in the previous recommendation. There is also great value in involving local businesses and their employees in networks promoting improvement in work organisation. Much of the focus of regional development, along with the language, can seem very distant from people's every day experience – involving the workplace means that employers and employees can make very practical links with regional economic strategy, thereby promoting greater social inclusion.

6. Learning from other countries' experience

Outline proposal. Regional partner organisations work with comparable bodies in other regions of the EU to share knowledge and experience of work organisation issues.

Benefits. A number of other EU countries have considerable experience of public programmes of promoting improvements in work organisation. Most notably, there are the Scandinavian countries, Germany and the Netherlands. Some of these, Germany, for example, have also long delegated activity to the regional level. Working in partnership with one of Germany's *Länder* would enable the RDA to move up the learning curve much more rapidly than would otherwise be the case. It also opens up the prospect of seeking EU funding, which might help to cover some of the infrastructure costs of other proposed initiatives⁴.

Annex

Overview of sources dealing with the work organisation debate.

Buchanan (1994) very usefully covers the history of the work organisation debate, distinguishing between three main phases:

- the domination of the 'scientific management' approach from around 1900 to 1950, which emphasised task fragmentation and the clear distinction between the work of the 'manager' and the 'managed';
- the 'quality of working life' movement, from around 1950 to 1980, promoting 'job enrichment', 'job enlargement' and 'autonomous team working' as the antidote to the adverse effects of 'scientific management' such as absenteeism, labour turnover and 'working without co-operation'; and more recently
- 'high performance working', with the emphasis shifting in the 1980s/1990s to the importance of 'bundles' of practices designed to increase commitment, flexibility and responsiveness to address the challenge of ever increasing competition in a global market place.

Both the European Commission (1997) and the OECD (1995; 1997) have been in the forefront of arguing the case for improving work organisation along these latter lines. Perhaps the most explicit expression is to be found in the European Commission's 1997 Green Paper *Partnership for a new organisation of work*. The main message was that 'a better organisation of work based on skill, trust and quality as well as a high level of involvement of workers, can make a valuable contribution to the competitiveness of firms, to the improvement of quality of working life and to the employability of the workforce'. By implication, the report saw little or no future in the so-called 'low road' of competing predominantly on the basis of costs.

Meanwhile the 'social partner' European Foundation for the Improvement of Living and Working Conditions mounted a major two-stage research programme investigating the role of employee participation in organisation change (the so-called 'EPOC Project'). The first stage covered the views of the main actors (Regalia, 1995) and a literature review (Fröhlich and Pekruhl, 1996). The second involved the first cross national survey of practice in ten EU countries (European Foundation for the Improvement of Living and Working Conditions, 1997).

Subsequent publications have included a detailed analysis of the barriers to changes in work organisation (Business Solutions, 2002) and a review of national work organisation programmes (Bródner and Latniak, 2002). The Commission also set up European Work Organisation Network (EWON) to take the work forward. As it happens, the UK Work Organisation Network (UKWON), which is an affiliate, is based within the East Midlands at the University of Nottingham Trent. Further details will be found on www.ukwon.net.

As the main text relates, work organisation was a major focus of the joint CBI-TUC programme of work for the Chancellor of the Exchequer. Its report, which offers a very good summary, was unequivocal in its conclusions:

The research evidence ... is very clear. It suggests that new forms of work organisation, effective management leadership, a culture that encourages innovation, employee involvement and employee development tailored to organisational needs are all necessary conditions for adaptable, high performance workplaces. Commitment to equal opportunities and managing diversity are also key issues. A central feature in the mix is the adoption of an inclusive management style that encourages workers at all levels of the organisation to contribute. Management leadership and employee involvement are complementary features of the high performance/high commitment model.

If there was any disagreement, it largely revolved around the composition of the bundle. Unsurprisingly, a major issue has been whether, for example, direct systems of participation make a 'bigger' contribution than

'representative' ones. Another has revolved around some form of performance pay is a necessary ingredient or not.

Other recent UK sources include Thompson, M. 2002. *High performance work organisations in UK aerospace*. London: the Society of British Aerospace Companies; Ashton, D. and Sung, J. 2002. *Workplace learning for high performance working*. Geneva: ILO; the DTI. 2003. *The Strategy: Analysis*. London: DTI; the CIPD/EEF. 2003. *Maximising employee potential and business performance: the role of high performance working*. London: EEF; John Purcell. 2003. *Understanding the people and performance link: unlocking the black box*. London: CIPD; The Work Foundation Findings of the Panel of Inquiry – *The Missing Link – From Productivity to Performance*. London: The Work Foundation; and Summers, J. and Hyman, J. 2005. *Employee participation and company performance. A review of the literature*. York Joseph Rowntree Foundation.

The academic debate in the UK has been predominantly driven by US rather than EU developments, several of the references already cited refer to the US literature, notably Guest and Purcell. A recent review from the horse's mouth as it were will be found in Black and Lynch (2004).

The links between work organisation and health has a long history embracing studies of the impact of shift working. More recent and wider ranging treatment will be found in Budd (2004) and Coates (2004).

Looking to the immediate future, the 2004 Workplace Employee Relations Survey, which Acas sponsors along with the DTI, the ESRC and the Policy Studies Institute, will be yielding data on a range of indicators highly relevant to workplace performance based on a representative sample of workplaces across the country. These include the presence of procedures, key features of work organisation such as team working, employee information and consultation processes, flexible working arrangements, and 'workplace well-being' (e.g. industrial action, tribunal cases, absenteeism and labour turnover). There are also employee reported expressions of job satisfaction and the quality of work.

Such data from previous surveys have been made available by sector and size of workplace. The ability to identify individual organisations has meant that, it has been difficult to present such data on a regional basis without breaching guarantees of confidentiality. Acas is very hopeful, however, that it will be able to overcome this barrier with the 2004 survey results. This will mean that RDAs will be able to benchmark themselves against one another as well as the national positions.

Brødner and Latniak (2002) provide overviews of the national work organisation programmes in Denmark, Finland, Germany, Ireland, Portugal and Sweden. The DTI's Partnership Fund covered some of the same ground.

Notes

1 In more detail, these might cover the key activities involved in managing the employment relationship, i.e. recruitment and selection, the contract of employment, discipline and grievance, absenteeism, information and consultation, work-life balance, conflict management (including discipline and grievance), performance management and pay systems; and the essential 'soft' skills involved in managing the employment relationship such as communication, consultation and negotiation.

2 The potential of the leadership role of multinational companies is clearly demonstrated in the European Round Table of Industrialists' (1997) report on the ways in which practical partnerships between large and small companies can help to stimulate job creation. The 43 case studies illustrate the benefits of such partnerships in five areas: 'buying and selling', 'positive restructuring', 'SME support', 'training and education', and 'local focus'. In each case, as well as the specific details of the case studies, a number of general principles of "best practice" are drawn which are intended to have general application.

3 Trade unions and non-governmental organisations at European level campaigned vigorously to strengthen the scope for considering social, employment, disability, ethical and environmental issues throughout the public contracting procedure in the run-up to the adoption of the EU Public Sector and Utilities Directives in 2004. Key relevant provisions include the following:

Article 26 of the Public Sector Directive, which states:

"Contracting authorities may lay down special conditions relating to the performance of a contract. . . The conditions governing the performance of a contract may, in particular, concern social and environmental considerations".

Recital 33, which states:

"Contract performance conditions ... may, in particular, be intended to favour on-site vocational training, the employment of people experiencing particular difficulty in achieving integration, the fight against unemployment or the protection of the environment ".

Recital 33 goes on to include compliance with basic ILO Conventions and recruiting more disabled people as initiatives that may also be included.

The final terms of the two directives' implementation in the UK have yet to be decided – the governments' proposals are out for consultation. It looks as if the government will take advantage of the flexibility the directives give to make social and environmental issues optional rather than mandatory requirements. Even so, the scope for procurers to take social policies into account will be substantial.

4 This is something that UKWON and its partner organisations in EWON should be able to advise on in more detail.

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