

EUROPEAN POLICY BRIEF



WORKS - Work organisation and restructuring in the knowledge society

SUMMARY

Objectives of the research

- An Integrated Project of the 6FP of the European Community on:
- **work organisation restructuring** in globalised value chains;
 - workplace innovation, use of **knowledge and flexibility**;
 - **time use, skills and the quality of life** of individuals;
 - the role of institutions and the social dialogue.

Scientific approach / methodology

- **Innovating** theories and concepts on changes in work.
- **Valorising** existing statistics and contributing to their convergence.
- **Combining** organisations, individuals and policy in case studies.
- **Comparing** changes in work from a regional perspective.
- **Applying** gender mainstreaming.

New knowledge and/or European added value

- The **business function** is used as a window to understand the restructuring of **value chains across industries and regions**.
- **Fragmentation, standardisation and work intensification** are important effects.
- The differences in **knowledge-intensity, working conditions and power** between units in the value chain cause inequalities.

Key messages for policy-makers, businesses, trade unions and civil society actors

- National policies related to **Health and Safety and Quality of Work** should address work intensification and standardisation.
- **Social partners** should improve instruments to regulate and monitor working conditions across industries and borders.
- **Corporate innovation strategies** should be based on an educated workforce, collaborative and learning jobs and security.

Objectives of the research

The WORKS project aims to integrate knowledge on changes in work combining, theoretical quantitative and qualitative research and taking into account institutions and policies in the areas of work regulation and industrial relations. The key issues are:

- changes in work organisation from the perspective of global restructuring of value chains;
- changes in use of knowledge and skills and different ways of achieving flexibility;
- changes in the use of time and occupational identities and implications for the quality of life;
- the social dialogue and the regional institutional context;
- changes in power relations in the workforce.

Scientific approach / methodology

The WORKS project integrates knowledge on changes in work using a variety of comparative research methods:

- the analysis of existing quantitative data from **13 major organisation surveys** in Europe on changes in organisations;
- the analysis of European data from **3 major EU level employee survey data** on changes in employment and the quality of work (CLFS, ECHP, EWCS);
- **58 organisational case studies** in 14 EU countries covering the R&D, production, logistics, customer services and IT business functions in manufacturing and private and public services;
- **30 occupational case studies** focusing on: designers in the clothing industry; researchers in ICT; IT professionals in software services; production and logistics workers in food and clothing; and front office employees in customer relations in public services;
- the identification of relevant **institutions and social dialogue issues** in the areas of work regulation and industrial relations;
- **gender mainstreaming** is included in all dimensions of the project;
- the qualitative research covered a range of different sectors across **all major EU regions** and types of policy regimes in order to ensure a rigorous comparative perspective.

New knowledge and European added value

1. The research adopted an innovative approach in avoiding looking in isolation at individual firms but recognising that firms are increasingly linked together in **value chains**. These value chains have both a spatial and a contractual dimension – work may be relocated to another region or country, or it may be outsourced, or both.
2. Simultaneous processes of **fragmentation and integration** of value chains can be observed. Outsourcing is not only a strong tendency in manufacturing sectors but also in service industries and in the public sector. Both quantitative analyses and case study research confirm that business services, such as ICT services, logistics and customer services, are increasingly outsourced to specialised firms and sectors, thus contributing to a growing specialisation of industries and a **lengthening** of value chains. However, in addition, and sometimes simultaneously, processes of insourcing and geographical and organisational consolidation are also present. Such ‘integration’ tendencies take place in the context of strategies to increase **control** over the global value chain and to improve the **competitive position** within the chain.
3. Restructuring often deeply affects **employment and working conditions**. In the case of value chain restructuring, differences in wage levels and employment regulations between countries, sectors and companies directly impact on employment conditions. Contractual relations between organisations have consequences for, or even directly shape, **employment relations** within organisations.
4. A striking finding is that there is an increase in **the fragmentation of employment conditions** both across and within firms. In IT service provision workers formerly employed under the same contracts become fragmented workforces with different terms and conditions. In customer services, subsidiaries and external service providers operate under different labour regulations than their public sector counterparts. Manufacturing companies down the value chain, even within the same country, carry out more standardised tasks under more precarious labour conditions.
5. Outsourcing generates **new tasks and new work roles** that are needed not to coordinate workflows across organisations, negotiate contracts, monitor service levels, renegotiate terms of reference and control quality. Thus, restructuring introduces new tasks some of which are bundled to create new functions.
6. Across industries, **business processes are accelerating**, and time horizons are becoming shorter and more heterogeneous. Increased speed and simultaneity can be seen, for instance, in the software industry where work is mostly project-based, and in

the clothing industry where, traditionally, work used to be structured around the seasons but now collections change constantly.

7. During restructuring, workers simultaneously experience **high demands** and a **loss of control**, because procedures are increasingly standardised, so they have to adapt to changes that become more frequent. These trends lead to growing **risks of psychological strain**.
8. Workers also **need more skills** in order to be able to respond to the speed-up of business and be able to collaborate across the boundaries of their organisation, with workers of other firms, from other sites around the globe and with customers.
9. These new skills do not necessarily involve core professional skills, but concern **social and communication skills**, the ability to work fast, combine information from many different sources and the flexibility to deal with different kinds of customers. Such upskilling is very closely related to work intensification.
10. Analysis of the European Working Conditions Survey showed that, on average in EU-15, jobs have become **less complex and more routine** between 1995 and 2005 with workers less able to choose or change their order of tasks and methods of work and with jobs involving a lower degree of solving unforeseen problems and fewer learning opportunities.
11. At the same time, work in the EU-15 has become **more intense**. This is mainly linked to speed of automated processes or the need to meet numerical production targets. By contrast, market constraints (linked to direct demands from customers) have decreased - especially between 2000 and 2005. Working conditions have also deteriorated, related to this intensification.
12. A high proportion of workers in Europe feel **overqualified** for the work they do. This is especially high amongst people with fixed-term contracts and in casual work.
13. Panel data on individual changes show that both **dissatisfaction with work** and **skill mismatches** are widespread in the countries observed, and while tending to be overcome through career switches, thereby contribute to the overall prevalence of work flexibility. People need to move in order to improve their working lives, which are under pressure.
14. The results show no decrease in job satisfaction at the aggregate level over time. Factors which explain dissatisfaction with work, in virtually all countries, especially include the nature of employment contracts. People with **fixed-term contracts or in casual work** are likely to be **dissatisfied with their work**, but this improves if they move to other jobs.
15. **Power relations** between organisations within the value chain have immediate consequences for workers. The position that an

organisation holds is not static: a movement along the value chain may also change the quality of working life.

16. Through restructuring, risks that formerly applied only to blue-collar workers are now extended into skilled **white-collar work**.
17. The **institutional context** makes a big difference. Restructuring takes different forms depending on the legal framework and the social dialogue. For instance in the UK it is common for workers to be transferred from the public sector to private companies when outsourcing takes place, but in Germany such arrangements are not found. In the Nordic countries, national regulations give workers protection from psycho-social hazards at work that do not exist in other EU countries.
18. The **gender impact** of restructuring varies between sectors: in low skill production industries we see a continuation of the traditional 'housewife/breadwinner' gender division of labour (both in the household and in the workplace) whereas in high skilled 'knowledge work' we see new opportunities for women - but only if they adopt a 'masculine' lifestyle, involving long hours and a sacrifice of work life balance.
19. Despite the increase in migration into the EU in most of the case studies **black and immigrant workers** were found only in the most precarious positions at the bottom of the value chain. In high-skilled jobs there is a growth in a '**global culture**', in which workers are increasingly expected to be geographically mobile and to speak global languages in order to progress.
20. **Worker representation** remains crucial. Outcomes tend to be more favourable to workers when there is a process of negotiation.

Key messages for policy-makers, businesses, trade unions and civil society actors

The key messages for policymakers, businesses, unions and civil society actors are under development and will be based on the discussions at various dissemination activities that are scheduled in the final project year. This list is a first input into debates with these stakeholders.

1. Messages for policymakers

- Shareholders' demands for higher returns on investment, public policies and intensified competition on the product or service markets put pressure on organisations to increase **flexibility**. Through value chain restructuring, demands for flexibility – and the attendant risks - are distributed along the chain. Thus, high levels of contingent and precarious work can be found at the bottom of value chains. Upstream, in organisations holding key positions in value chains, there are also pressures for flexibility because of increased competition between and within companies.
- At the regional level, industry-oriented **vocational and educational systems** are eroding as value chains lengthen and cross borders of countries and industries. The externalisation of vocational training is likely to undermine traditional VET systems. If value chains still need firm- or sector-specific knowledge and skills, new forms of coordination are needed both between different organisations in the chain and between different national settings to develop relevant VET systems. To date, few examples of new industry level VET systems can be found.
- Gender equality policies need to take account of differing national and sectoral contexts. In high-skilled knowledge work, the increasing **individualisation** of contracts and work culture make it difficult to apply traditional equality instruments. In service work, there is a need for general **upgrading** of jobs, reducing precarity and supporting better work-life balance. In low-skilled manual work, there is an ongoing need for skill development, support for collective bargaining around equality issues and general **societal support** for services that reduce the private burden of care.
- Public authorities can take a lead in initiating a broad public debate about the future of **local employment in a global economy**, in order to identify appropriate training and employment strategies and which groups might be 'winners' or 'losers' as a result of restructuring. This can contribute to the development of plans which link restructuring with the opening up of new opportunities for all groups, regardless of gender or ethnicity.

2. Messages for businesses

- Value chain restructuring may offer opportunities to create more learning opportunities and more collaborative working environments, offering opportunities for better jobs, with more autonomy,

less insecurity and more learning. Such '**learning organisation models**' could be decisive for the **innovative capacities of organisations**. However the evidence is that the trend is in the opposite direction and this raises serious concerns about their future position in the value chain.

- Restructuring is bringing increasing risks of **psychological strain and stress** to workers. These risks can be reduced: If change is implemented in a healthy and safe manner; if the restructuring process is managed properly to avoid an increase in demands in work; and if attention is paid to the consequences of flexibility for health and safety, taking all relevant factors into account.

3. Messages for Trade Unions and social dialogue actors

- New forms of work organisation demand **new structures for participation and representation** and new **forms of dialogue** between actors of workplace representation. A more proactive response on restructuring is needed.
- Value chain restructuring intensifies the power differences between labour and management by creating larger units, complex networks, and more remote contacts. **European level initiatives** are necessary to support national systems.
- **EU-level directives** on European Works Councils and information and consultation with interest representatives are rarely visible in practice at the level of the workplace when restructuring takes place. There is a need to strengthen national systems for monitoring, evaluation and support for putting the EU directives in action at the company level – preferably on a tripartite platform.
- Unions have to be able to represent workers with different contracts and in all company sizes right across the value chain.
- **Individualisation** may require the development of service strategies – especially for unions organising emerging sectors and knowledge workers.
- There is a need for arrangements which can secure **workers' voice** in the restructuring process and with clients and suppliers.

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PROJECT IDENTITY

10

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Website www.worksproject.be

Further reading

For an Executive summary of the WORKS project, see

http://worksproject.be/Project_Present.htm

For an overview of all the WORKS results/publications, see

http://worksproject.be/Project_reports.htm

Books:

- Huws U. (ed.), **The transformation of work in a global knowledge economy: towards a conceptual framework**, WP3 - Theories and concepts -final report, Leuven: HIVA, 2006, 242p., ISBN 90-5550-424-6
- Huws U. (ed.), **The globalisation glossary: a researcher's guide to understanding work organisation restructuring in a knowledge-based society**, Leuven: HIVA, 2008, 75p. ISBN: 9789088360022
- Flecker J., Holtgrewe U., Schönauer A., Dunkel W. & Meil P., **Restructuring across value chains and changes in work and employment. Case study evidence from the Clothing, Food, IT and Public Sector**, Leuven: HIVA, 2008, 152p., ISBN: 9789088360039
- Valenduc G., Vendramin P., Krings B.-J. & Nierling L., **How restructuring is changing occupations. Case study evidence from knowledgeintensive, manufacturing and service occupations**, Leuven: HIVA, 2008, 196p., ISBN: 9789088360046
- Dahlmann S., Huws U. & Stratigaki M. (forthcoming), **Changing patterns of segregation and power relations in the workplace**
- Di Nunzio D., Hohnen P., Hasle P., Torvatn H. & Øyum L. (forthcoming), **Impact of restructuring on health and safety and quality of work life. Psychosocial risks.**
- Flecker J., Holtgrewe U., Schönauer A. & Gavroglou S.P. (forthcoming), **Value chain restructuring and company strategies to reach flexibility.**
- Greenan N., Kocoglu Y., Walkowiak E., Makó C. & Csizmadia P. (forthcoming), **Employers' use of technology and the impact on organisational structures.**
- Huws U., Dahlmann S., Flecker J., Holtgrewe U., Schönauer A., Ramioul M. & Geurts K. (forthcoming), **Value chain restructuring in Europe in a global economy.**
- Krings B.-J., Nierling L., Pedaci M. & Piersanti M. (forthcoming), **Working time, gender and work-life balance.**
- Makó C., Illéssy M., Csizmadia P., Kirov V. & Galev T. (forthcoming), **Changes in work in transformation economies. The case of the New Member States.**
- Meil P., Tengblad P. & Docherty P. (forthcoming), **Value chain restructuring and industrial relations. The role of workplace representation in changing conditions of employment and work.**
- Moniz A.B., Paulos M.R. & Bannink D. (forthcoming), **Change processes and methodologies of future perspectives of work.**
- Ramioul M. & De Vroom B. (forthcoming), **Global value chain restructuring and the use of knowledge and skills.**
- Valenduc G., Vendramin P., Pedaci M. & Piersanti M. (forthcoming), **Changing careers and trajectories. How individuals cope with organisational change and restructuring.**

Related websites

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