



European  
Research Area

# EUROPEAN POLICY BRIEF



## Rattling the Value Chain: Work in the Age of Flexibility

Policy implications of WORKS  
(Work Organisation and Restructuring in the Knowledge  
Society), a pan-European research project

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### INTRODUCTION

#### How is globalisation affecting working conditions in the EU?

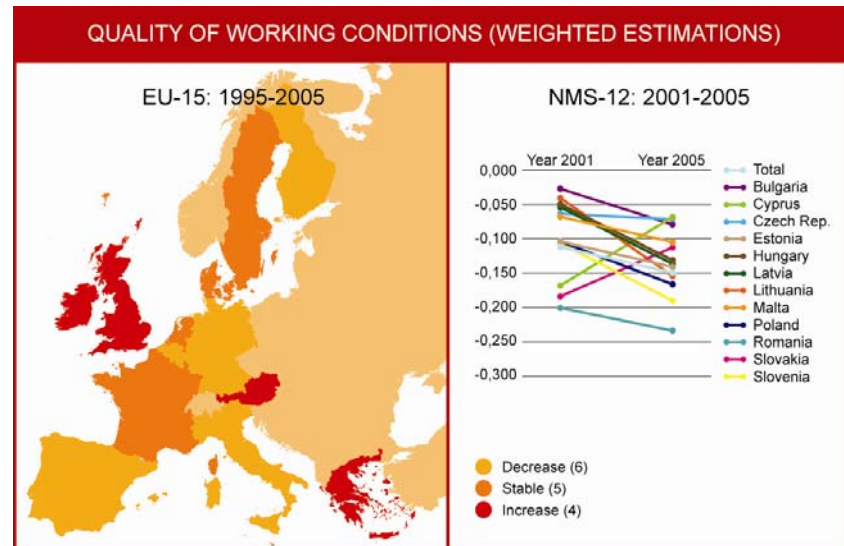
The advent of a global knowledge society promises substantial improvements in the quality of life for European citizens. The latent benefits include greater autonomy at work, a chance to utilize creativity and develop new skills, new opportunities for women, and flexible working conditions that enable a better balance between work and family life.

By and large, however, these benefits have not yet accrued to workers in Europe. Instead, in many sectors restructuring and changes in work organisation have led to a marked deterioration in working conditions. At the same time the demand for greater flexibility throughout the value chain has increased the precariousness of employment.

**On average, jobs in the European Union's 15 core member states became less complex and more routine between 1995 and 2005, with workers having less possibility to choose or change the order of their tasks and methods of work. Workers also experienced a decline in their learning opportunities.**

Unfortunately, those adversely affected by changes in work organization are not being offered sufficient opportunities to improve their vocational prospects. By the same token, the potential of these workers to contribute to industrial development is not being efficiently exploited.

The EU should do more to promote a strategy of industrial innovation based on an educated workforce. Workers must be allowed to develop their abilities and collaborate in a more secure environment. Failure to implement this strategy could undermine European industry's competitiveness.



NMS: New Member States

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## NEW KNOWLEDGE Observable Trends

Meanwhile the current financial and economic crisis raises general concerns about how companies will react and how workers will be affected.

While it is difficult to identify uniform trends in today's EU of 27 member states, the following tendencies are clear:

## What changes are taking place in the way work is organized in Europe?

**Across industries, change in business processes is accelerating and work is becoming increasingly standardised and intensified.**

- Growing fragmentation of value chains is accompanied by standardisation of work which also becomes ever more tightly controlled.

- Business support activities (e.g. ICT services, logistics, customer services, etc.) are being outsourced more and more frequently. This contributes to a growing specialisation of industries and to a lengthening of value chains.
- To date it is not yet fully clear how companies will restructure as a response to the financial and economic crisis. The crisis may speed up decisions to outsource and offshore activities to low-cost destinations. But some firms may decide to cancel or postpone restructuring plans and even bring work back in again. This could be because of overcapacity, to save on expensive offshore project investments or to retain the most qualified staff.
- Employment conditions are becoming increasingly fragmented, even within companies. In IT services, for example, workers formerly employed under the same contracts are becoming differentiated workforces with major variations in their terms and conditions. In customer services, subsidiaries and external service providers operate under different labour regulations from their public sector counterparts.

At the bottom of the value chain, low skill production activities are often outsourced outside the EU. In Europe, these are the most precarious jobs, most likely to be filled by vulnerable ethnic minority and migrant workers.

**How are workers experiencing these changes?**

**Restructuring is leading to increased precariousness of employment, especially when public services are outsourced to private companies. Risks previously associated only with manual work are spreading to white-collar work.**

- The trends toward standardisation and intensification of work are being experienced by employees as an increase in workload and pace, leading to feelings of insecurity, stress and increasing risks of psycho-social harm.
- A high proportion of workers feel overqualified for the work they do. This is especially high amongst people with fixed-term contracts or in casual work but improves if they move to other jobs.
- Today, there is a risk that general economic slow-down, speeding-up of restructuring and an increase in corporate failures will limit the opportunities for workers to change jobs.

For women, the benefits of restructuring are ambiguous. While new opportunities are opened up in high-skilled 'knowledge work' these can only be taken up at the price of adopting a 'masculine' lifestyle, including long hours and a sacrifice of work-life balance.

### Industrial relations and managing restructuring

- During restructuring, extra demands are made on workers but they cannot control what happens, because they are not able to participate and because procedures are rigidly standardised, so they have to adapt passively to changes that become more frequent.
- If the frequency and scope of restructuring accelerate and changes in work increase with the current crisis, feelings of insecurity will become more likely. When workers lack control and influence this increases the risks of psychological strain and can lead to a deterioration in well-being at work.

## KEY MESSAGES

### Recommendations for policymakers

- **Persuade companies and industries to introduce “learning organisation models” that develop employees’ abilities and enhance a firm’s capacity to innovate.**
- Convince companies and industries of the need to pursue innovation strategies based on an educated workforce.
- Promote efforts to secure worker input into the restructuring process and in collaborating with clients and suppliers.
- Improve instruments for worker representation and social dialogue and see that they are implemented more effectively.
- **Pay urgent attention to Health and Safety and Quality of Work policies in order to address the impact of work standardisation and intensification.**
- Encourage industry to manage restructuring in such a way that it will reduce the psychological strain and stress to workers.
- Prevent growing inequality through fragmentation of value chains by establishing a common set of terms and conditions for different industries and categories of workers.
- Monitor working conditions across industries and boundaries more effectively.

- Action at the European level is necessary to prevent rising inequality between regions, sectors and worker categories that can result from cost-cutting outsourcing strategies in response to the economic crisis.
- In service work, promote efforts to upgrade jobs, reducing insecurity and supporting better work-life balance.
- In low-skilled manual work, provide greater support for skill development, collective bargaining around equality issues and services that reduce the private burden of care.
- Encourage the development of new, adaptive structures for employee participation and representation and new forms of dialogue between actors of workplace representation. Proactive responses to restructuring are even more critical in light of the danger of a weakening workplace representation connected with continuing job loss resulting from the economic crisis.
- Support European-level worker representation initiatives and EU-legislation to support national systems for bottom up protection of workers and working life along the value chain. Pay attention to the workplace level to uncover the gaps between how regulation is meant to function and the reality.

Strengthen national systems for implementing EU directives on European Works Councils and for monitoring compliance to them at the company level – preferably on a tripartite platform.

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## RESEARCH PARAMETERS

**WORKS (Work Organisation and Restructuring in the Knowledge Society)** was a pan-European research project aimed at improving our understanding of the major changes in work in the knowledge-based society.

### Objectives of the research

The WORKS project had the aim of integrating knowledge on changes in work combining, theoretical quantitative and qualitative research and took into account institutions and policies in the areas of work regulation and industrial relations.

The key issues were:

- 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 integrated 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.

## PROJECT IDENTITY

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### Funding Scheme

An Integrated Project, funded under the 6th Framework Programme of the European Community, Thematic Priority 7, citizens and governance in a knowledge-based society.

### Duration

June, 2005 – May, 2009

### EC Contribution

EUR 3.8 million

### Website

[www.worksproject.be](http://www.worksproject.be)

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### Further reading

For an Executive summary of the WORKS project, see [http://worksproject.be/Project\\_Present.htm](http://worksproject.be/Project_Present.htm)

For an overview of all the WORKS results/publications, see [http://worksproject.be/Project\\_reports.htm](http://worksproject.be/Project_reports.htm)

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