Understanding a changing world of work

A resource pack for union training on value chain restructuring
Foreword

This book that you hold in your hand or are looking at on a screen is one of the many products of the WORKS project. WORKS - Work Organisation and Restructuring in the Knowledge Society - is a project that has been supported by the 6th EU framework research programme and carried out by 17 partners in 14 European countries during the years 2005 to 2009. For those who want to know more of the WORKS project you can visit the project’s website www.worksproject.be where an electronic version of the book can be found.

This resource pack is primarily written as a guide for employee representatives and unions on different levels in European working life who are confronting change and restructuring. Its aim is to enhance union competence in change in working life. But it is also very relevant for human resource managers or students of working life.

As editor of the book I would like to thank my co-authors Peter Docherty (ATK, Sweden), Gérard Valenduc (FTU, Belgium) and Marcello Pedaci (IRES, Italy). Much of this resource pack is built on reports and case studies written by many other WORKS project members. A draft version of the book has been discussed in a workshop with union representatives and members of the European Employee Support Network (EESUN). Tomas Steen made the narrative illustrations.

We hope the book will contribute to the development of the social dialogue in the change of European companies and working life.

Per Tengblad, Editor

ATK Arbetstagarkonsultation AB, Sweden
per.tengblad@atk.se
www.atk.se
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>3</td>
</tr>
<tr>
<td><strong>Contents</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>1 Introduction</strong></td>
<td>7</td>
</tr>
<tr>
<td>1.1 The world is changing</td>
<td>7</td>
</tr>
<tr>
<td>1.2 A training resource pack on restructuring based on the WORKS project</td>
<td>8</td>
</tr>
<tr>
<td>1.3 How to read and understand the resource pack</td>
<td>9</td>
</tr>
<tr>
<td><strong>2 What’s happening in the world of work</strong></td>
<td>11</td>
</tr>
<tr>
<td>2.1 Case story 1: outsourcing between clothing design and production</td>
<td>11</td>
</tr>
<tr>
<td>2.2 A learning example of value chain: the clothing sector</td>
<td>12</td>
</tr>
<tr>
<td>2.3 Business functions: the links in the value chain</td>
<td>14</td>
</tr>
<tr>
<td>2.4 The WORKS definition of the value chain</td>
<td>15</td>
</tr>
<tr>
<td>2.5 Theories of the value chain</td>
<td>16</td>
</tr>
<tr>
<td>2.6 Value chain restructuring and work location</td>
<td>17</td>
</tr>
<tr>
<td><strong>3 The forces driving restructuring</strong></td>
<td>19</td>
</tr>
<tr>
<td>3.1 Globalisation and information technology</td>
<td>19</td>
</tr>
<tr>
<td>3.2 Stakeholders versus shareholders</td>
<td>21</td>
</tr>
<tr>
<td>3.3 In search for flexibility</td>
<td>22</td>
</tr>
<tr>
<td>3.4 What issues are being given priority?</td>
<td>24</td>
</tr>
<tr>
<td>3.5 Management, morals and ethics</td>
<td>25</td>
</tr>
<tr>
<td>3.6 New management doctrines</td>
<td>25</td>
</tr>
<tr>
<td>3.7 Management strategies in the WORKS cases</td>
<td>27</td>
</tr>
<tr>
<td><strong>4 Analysing sectors and business functions</strong></td>
<td>31</td>
</tr>
<tr>
<td>4.1 Case story 2: towards privatisation and private-public partnerships</td>
<td>31</td>
</tr>
<tr>
<td>4.2 Analysing the sector</td>
<td>32</td>
</tr>
<tr>
<td>4.3 Looking into the sectors in the Customer case</td>
<td>33</td>
</tr>
<tr>
<td>4.4 Analysing the business function</td>
<td>36</td>
</tr>
<tr>
<td><strong>5 Analysing relocation, national and regional settings</strong></td>
<td>41</td>
</tr>
<tr>
<td>5.1 Case story 3: global sourcing of IT production</td>
<td>41</td>
</tr>
<tr>
<td>5.2 Relocations comes in many forms</td>
<td>42</td>
</tr>
<tr>
<td>5.3 Analysing the motives behind relocation</td>
<td>43</td>
</tr>
<tr>
<td>5.4 Analysing the national and regional aspects facing relocation</td>
<td>44</td>
</tr>
<tr>
<td>5.5 Influencing transnational relocation - using European Works Councils</td>
<td>46</td>
</tr>
</tbody>
</table>
6 Analysing the effects on employment and work 49
   6.1 Skills and occupational structures 49
   6.2 Skills downgrading or upgrading 52
   6.3 Flexibility and fragmentation 55
   6.4 Effects on occupational health and safety 58
   6.5 The gender dimension 63
   6.6 Analysing the effects - conditions of employment and conditions of work 66

7 Influencing change – participation, representation and social dialogue 71
   7.1 Participation and representation in change 71
   7.2 Change processes and change management 72
   7.3 Unions and employee representatives’ responses to change 75
   7.4 Using the institutional and formal regulated social dialogue 77
   7.5 Thinking out of the box – future union strategies 79

Bibliography 81

WORKS Publications 85

Websites 87
1 Introduction

A changing world of work

1.1 The world is changing

The global financial crisis in the autumn of 2008 brought the world to its knees. An economic downturn turned into a recession that may yet be on the level of the worst crises in the 20th Century. Before this, governments struggled to get a grip on the more long-term threatening climate problem. The media followed the work of serious scientists in the UN climate panel with almost the same intensity as the European Champions League in football. And before that we could see rallies on globalisation. These were mainly against globalisation as the latest expression of the oppression of workers and societies by ruthless capitalism. Many rallies resulted in clashes between demonstrators and police.

In Burma, the authoritarian government was challenged by monks and ordinary citizens. Mobile telephony and the Internet made it possible to inform the international community of the developments there. At the same time, these new communication possibilities are used for different criminal activities and create new needs for surveillance. The new media landscape raises issues regarding intellectual property rights and integrity.

Since the early 1990s, countries like China, Brazil and India have become major economic and political players, taking the advantages of the global distribution of work. This has not always been followed by a fair distribution of welfare or freedom in these societies in the western sense of the terms. But the growth in their GDP is unquestionable.

In our European societies the processes of integration and development continue, though they are sometimes hampered by reactions of nationalism and protectionism. The challenging goal of the European Union’s Lisbon declaration to make ‘Europe the most competitive knowledge society in the world by the year 2010’ is now accepted as being unrealistic. But the European countries, despite all their differences, work together on many levels with common problems and challenges to a growing extent. In fact, knowledge, supported by new technology, is becoming an increasingly important factor – for jobs, welfare and democracy.

It is in this turmoil of contradictory developments, companies, citizens and workers need to adapt and change to defend and develop competitiveness, quality of life and quality of work. From a workplace perspective, things are not what it used to be - be it in the little food company in Greece relocating production to Bulgaria, the big German software developer and supplier building up their global operations or the Swedish postal services outsourcing both front- and back-office work.
1.2 A training resource pack on restructuring based on the WORKS project

This is a resource pack on how to deal with the processes of restructuring and changing work and workplaces when meeting these global, technological and economic challenges. Its purpose is to support employee representatives in unions or works councils all over Europe in their roles as active partners in these processes. The book is based on the result of a four year research project on the issue of ‘value chain restructuring’ and how this affects working life in general and different occupations in particular. Value chain restructuring is a process where companies and organisations restructure their operations to meet market and customer demands and technological opportunities. But it is also a way to use the ‘human resources’ of the company as efficiently and effectively as possible.

In the WORKS project we have made in-depth studies of organisational change and its impact on a number of aspects of working life – skills and careers, occupational health and safety, gender, working time and quality of life.

Figure 1.1 Countries participated in the WORKS project

We have identified changes in work organisation and in the use of new technology. We have tried to capture the concept of the global value chains, adopting a European perspective – from Bulgaria in the south-east to Norway in the north-west. In all 14 European countries participated in the project.

The changes in working life differ between different sectors. To capture the intrinsic changes we narrowed down our scope of attention to five sectors represented in the participating countries, namely: clothing, food, information technology, public administration (state and local authorities), and services of general interest (postal and railway services). Restructuring along the value chain of production can be clearly be observed when looking at different business functions responsible for different stages in the production process. We have made closer studies of the following functions: research and development, production, logistics, IT- and customer services.
The studies have been partly based on organisational and occupational case studies and partly on quantitative material such as statistics and surveys on various aspects of the issues studied.

### 1.3 How to read and understand the resource pack

The purpose of the resource pack is to create a deeper understanding of restructuring issues and their impact on working life and to enable concrete action. Hopefully it will serve as a guide when dealing with difficult aspects of change, indicating alternative courses of action.

Chapter 2 takes its starting point in the concept of value chain restructuring ... It tries to lay a foundation for a deeper understanding of the processes changing the relations between companies as well as different group of employees often hidden under concepts like outsourcing, offshoring and flexibilisation.

In Chapter 3 we go through the forces behind restructuring processes and stakeholders involved in restructuring. We specifically discuss globalisation, the development of information and communication technology and different management strategies. Together with Chapter 1 this chapter aims at giving the reader an understanding of the restructuring and its background.

Chapter 4 is the first of three chapters supporting the reader to analyse the restructuring that is going on in your company, sector and business function. The chapter contains a basis for analysing the critical features of different sectors and business functions in the context of blue chain restructuring.

Chapter 5 goes further into the analysis of company strategies this time specifically on relocation or offshoring as part of the restructuring processes. In this we go deeper into the analysis of different national settings and regional aspects.

In Chapter 6 we analyse how restructuring affects different aspects of work; skills and competencies, flexibility and fragmentation, occupational health and safety, and gender aspects. It takes the restructuring as given and look into how different groups of employees and occupations are being influenced by the change.

In the last chapter, Chapter 7, we discuss different ways for unions to act in the change process and establish a working social dialogue in restructuring. The purpose of this chapter is going from understanding and analysing restructuring to discuss strategies and actions on different levels.

The resource pack will examine working life through different ‘windows’. These serve the purpose of assessing what is happening from different perspectives. In order to understand the complete picture and to be able to influence developments, you need these different windows. Figure 1.2 illustrates the six windows we have chosen; company, business function, sector, occupational group, nation and region.
Companies are the legal entities in which changes are decided and implemented. The company normally also holds the employer responsibility for its employees. Business functions are different parts of a company or a value chain. One company could contain several business functions or specialise on one function. Occupational groups (food worker or IT specialist) are linked to business functions. The members of such groups have common identities and culture, and similar skills, knowledge and experience. Sectors refer to different industries (food, clothing, public administration) focusing on specific products and services, markets and customers. Nations define the conditions for doing business, including the regulation of labour market and education policies. Finally regions are the geographical area where the company is situated and interacts with other actors regarding such factors as competence and infrastructure.

Figure 1.2  Windows into value chain restructuring

In the book we combine theoretical discussions with practical examples and cases from the rich material compiled in the WORKS project - especially with cases from organisations and occupations in change. We have used material and discussions from the case study and thematic reports. Those who wish to read more on specific topics may access these reports on the project website: www.worksproject.be.
2 What’s happening in the world of work

This chapter will serve as an introduction to the changing working life. It begins with a concrete example from which we will discuss the concept of value chain restructuring and business functions using the clothing sector as an example.

2.1 Case story 1: outsourcing between clothing design and production

This case is about the outsourcing of the manufacturing of first samples in a clothing company. The company – that we call Green – is one of the key players in the undergarment industry as well as one of the most renowned brand names at an international level. The larger part of its output is for the high-quality, high-end market. For this reason the R&D business function had always been jealously kept in-house. At least, that is, until the early 1990s when part of it started to be outsourced. This outsourcing of business functions was due to stronger international competition, saturation of demand and the progressive diversification of consumer taste. The scenario that emerged was one of unstable and volatile demand that, consequently, required increased flexibility and lower production costs.

Green currently has 1,215 employees, of whom 90 per cent of employees are women. The destination company – that we call Luxe – is located in same province, a short distance from the Green factories. Like many other subcontractors, Luxe is deeply dependent on Green that provides eight months production per year and thus most of its turnover. The power asymmetry led Luxe, as well as other subcontractors, to accept the conditions (prices, delivery times, etc.) that Green sets. Luxe currently has 105 employees, of whom 95 per cent are women. The outsourcing has a significant impact on the quality of work of the workers. As no personnel was transferred, this impact is not measurable by calculating the difference between a ‘before’ and an ‘after’, but by observing the segmentation that it produces, with differing working conditions. Both Green and Luxe staff is covered by the textile and clothing industry-wide contract, which means that minimum wages are obviously similar. Differences emerge as far as the second-tier or company-level contracts are concerned.

Not only are company-level terms and conditions at Luxe different but so is trade union power, which means that supplementary benefits are less advantageous. The result is that similar job levels and descriptions are paid differently, with Luxe workers receiving some 15-20 per cent less pay than their colleagues at Green. There are also marked differences
between the two enterprises with respect to working time, workloads and the psycho-
physical stress. Luxe is required to meet short or very short delivery times that
immediately impacts on working time.

Longer hours have a strong negative impact on female workers, especially those with
small children. As the workers’ representative put it: ‘Women who work here have great
difficulties in coping with the other things of life. It is especially women who have fami-
lies who are in trouble: those, for example, who have school- or nursery-age children,
often simply do not know how to pick them up because school timings do not match our
inflexible working hours. It is a situation one is forced “to go along with”.’

Differences between the two enterprises con-
cern, moreover, skills and learning. At Green
tasks have been widened, enriched, de-stan-
dardised, they have been made multi-
functional. The situation is different at Luxe.
Even if jobs are not carried out along an assem-
by line, they are more standardised, they are
less varied: ‘Work is repetitive, it is always the
same; you may actually be manufacturing two
or three different items but, in the long run, it is
always the same’. And in this company there
are fewer opportunities for knowledge sharin g, collective learning and professional
growth.

Both enterprises have workers’ representative organisms which are recognised and
endorsed by law and by collective bargaining, and which are elected by workers every
three years. Union density at both firms is very high. The true difference between the two
enterprises lies in the trade union involvement in corporate decisions. At Green informa-
tion and consultation is a consolidated and continuing practice involving many aspects,
from the definition of working conditions to corporate financial policy. Besides the peri-
odical meetings (established during bargaini ng), it is customary for the management to
call trade unions to discuss issues as they arise during the year. The issues concerning
outsourcing and decentralisation are not, however, subject for consultation. Trade unions
are never involved in consultation or in defining strategies. They receive a ‘communica-
tion’ outlining what has been decided, complying with the legal rights. Industrial rela-
tions at Luxe are more complicated, and trade union information and consultation low, if
not altogether unsatisfactory. ‘It is by no means an involvement in corporate decision
making, because if it is not prescribed by law, it is we who have to go to them for infor-
mation’.

2.2 A learning example of value chain: the clothing sector

The concentration process in the retail industry and the development of own labels and
brands by retail companies further weakened the market position of clothing producers.
They increasingly relocated and outsourced production to low-cost countries, which often
meant a vertical disintegration of the companies. The 1990s saw the triumph of the ‘new
verticals’ that followed the ‘textbook example’ of Benetton, i.e. companies such as Hennes &
Mauritz and Zara that completely control the entire value chain. Because of their
success and the competitive pressure they have exerted on other European clothing companies, these became an industry model. Others followed the strategy of forward (or backward) integration, and some manufacturers are now establishing their own sales outlets. Value chain restructuring has thus been at the core of company strategies of adaptation and competition during the last decades.

The value chain of the clothing industry includes several links that represent different activities: planning and development of collection; design and prototyping of models; production design, planning and monitoring; manufacture and assembly of garments; marketing; distribution and logistics; post marketing; and sales. Several feedback loops are linking these successive stages.

Figure 2.1  Value chain and activities in the clothing sector

These activities or functions can be carried out by one company in one or several regions or countries (vertical integration). The value chain may be fragmented so that the various functions are carried out by separate companies often in different regions and countries (vertical disintegration). Individual clothing or fashion firms may cover different steps of the value chain and they may hold different strategic positions within it.

Overall, in the countries participating in the WORKS study, we are observing the restructuring of the ‘higher end’ of the value chain in the clothing industry. This includes the transformation of former outsourcing destinations, manufacturing and retailing companies in Southern Europe into providers of higher value-added functions covering design, co-ordination and/or logistics. However, this development does not necessarily shift power to companies that are upgrading their business in Europe, and it may be temporary.
Even when clothing value chains are not exclusively driven by large buyers and retailers and some companies are making inroads into retail or services for retail themselves, the pressures of the market are increasing across the board. Fashion becomes more short-cycled and the availability of IT-based merchandise information systems allows for feeding sales information immediately back into the production and design function. Indeed, value ‘chains’ thus contain loops of information feedback and knowledge circulation between customers and suppliers.

However, regional and cultural proximity still play a part in companies’ selection of subcontractors, as fashion cycles are shortening and reliability and responsiveness continue to matter in addition to cost considerations.

All in all, the case study companies’ moves up the value chain may not be sustainable over time. Upgraded, more skilled and knowledge-intensive work requires an institutional environment that provides training and innovation facilities, as the literature on industrial districts has argued, and a ‘critical mass’ of skill in the region. Such regional infrastructures are being eroded in Hungary, Greece and Belgium while they apparently remain in place in Portugal. Companies in eroding environments face skill shortages that eventually lead to further relocation of work.

2.3 Business functions: the links in the value chain

In the above-mentioned example, design, marketing, production, logistics, retail are key nodes in the business process. Several authors identify them as ‘business functions’.

According to the WORKS glossary, the term ‘business function’ was developed in order to provide a unit of analysis more stable than that of the occupation or sector for analysing the development of global value chains. Business functions are defined generically in order to show the relationship of any particular business process to the overall process of producing goods and services. Typical business functions include research and development, design, production, marketing, financial processing, customer services, logistics management, human resource management, training and data processing.

These are generic, in the sense that they apply across many different industries. The increasing standardisation of business processes accompanying the introduction of information and communication technologies (business process re-engineering) makes it easier to separate the performance of business functions into separate units and either relocate them geographically (in-house relocation) or outsource them to another company or both (offshore outsourcing). Many business functions (but not all) may be described as business services.

Figure 2.2 describes an example of categorisation of business functions, developed by the US Bureau of Labour Statistics.
### Business functions according to US BLS, quoted by Huws, 1999

<table>
<thead>
<tr>
<th>Business function</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core business functions</strong></td>
<td></td>
</tr>
<tr>
<td>Strategic management</td>
<td>Activities that support the setting of product strategy (i.e., deciding what ‘new product development’ works on), choosing when and where to make new investments and acquisitions, or sales of parts of the business, and choosing key business partners (e.g., suppliers and service providers)</td>
</tr>
<tr>
<td>Product development</td>
<td>Activities associated with bringing a new product or service to market, including research, marketing analysis, design, and engineering</td>
</tr>
<tr>
<td>Marketing, sales and account management</td>
<td>Activities to inform buyers including promotion, advertising, telemarketing, selling, retail management</td>
</tr>
<tr>
<td>Intermediate input and materials production</td>
<td>The fabrication or transformation of materials and codification of information to render them suitable for use in operations</td>
</tr>
<tr>
<td>Procurement and purchasing</td>
<td>Activities associated with choosing and acquiring purchased inputs</td>
</tr>
<tr>
<td>Operations</td>
<td>Activities that transform inputs into final outputs, either goods or services. This includes the detailed management of such operations. (In most cases, operations will equate with the industry code of the establishment or the activity most directly associated with the industry code)</td>
</tr>
<tr>
<td>Transportation, logistics, and distribution</td>
<td>Activities associated with transporting and storing inputs, and storing and transporting finished products to customers</td>
</tr>
<tr>
<td><strong>Support business functions</strong></td>
<td></td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Activities associated with the administration of the organisation, including legal, finance, public affairs, government relations, accounting, and general management</td>
</tr>
<tr>
<td>Human resource management</td>
<td>Activities associated with the recruiting, hiring, training, compensating, and dismissing personnel</td>
</tr>
<tr>
<td>Technology and process development</td>
<td>Activities related to maintenance, automation, design/redesign of equipment, hardware, software, procedures and technical knowledge</td>
</tr>
<tr>
<td>Firm infrastructure (e.g., building maintenance and IT systems)</td>
<td>Activities related to building maintenance, and ITC systems</td>
</tr>
<tr>
<td>Customer and after-sales service</td>
<td>Support services to customers after purchase of good or service, including training, help desks, customer support for guarantees and warranties</td>
</tr>
</tbody>
</table>

### 2.4 The WORKS definition of the value chain

According to the WORKS glossary, the value chain describes each step in the process required to produce a final product or service. The word ‘value’ in the phrase ‘value chain’ refers to added value. Each step in the value chain involves receiving inputs, processing them, and then passing them on to the next unit in the chain, with value being added in the process. Separate units of the value chain may be within the same company (in-house) or in different ones (outsourced). Similarly they may be on the same site, or in another location. The term ‘value chain’ was originally coined to describe the increasingly complex division of labour in the manufacture of goods but it is now increasingly applicable to services, both public and private. The standardisation of many business processes combined with the digitisation of information and the development of high-capacity telecommunications networks has made it possible for telemediated work to be outsourced.
and/or relocated. This in turn has lead the introduction of an international division of labour in information-processing work.

2.5 Theories of the value chain

The precursor: Porter’s theory of competitive advantages

Over the past decades, a very large body of literature on organisational restructuring was built up. Partly this was consisting of academic research, and partly of popular handbooks and textbooks designed as resources for the rapidly growing field of management education or business studies. It was in this context that Michael Porter’s (1985) influential work on competitive advantage became a best seller. This book set out a very clear concept of the value chain. In this model, the basic unit is described as an activity. Products are made in a sequence of such activities with value being added at each stage, the final value of the product being the added sum of these.

Using a functional approach to value chain analysis, Porter identified six basic business functions: research and development; design of products, services, or processes; production; marketing; distribution; and customer service.

Value chain as business process

The concept of the business function gave rise to that of the business process, arguably a sub-category of it. During the 1980s and 1990s, when enormous restructuring was taking place across most industries, using new applications of information and communications technologies, the concept of business process re-engineering (sometimes abbreviated to BPR) was popularised by Mike Hammer (Hammer, 1990; Hammer & Champy, 1993). The enormous success of such publications has meant that in practice two generations of managers have been educated to think critically about the businesses in which they work and analyse them in terms of value chains broken down into business processes which are broken down into activities which can then in turn be analysed in terms of separate tasks, and to find ways in which these can be streamlined and reorganised in order to maximise the value added at each stage, whilst minimising the costs, in a process often referred to as value chain management. It should be noted that the concept of the value chain used in these models does not stop at the boundary of the organisation, but extends downwards into customer organisations and upwards into supplier organisations.

Further theoretical developments

The concept of global commodity chains was developed later within the framework of an analysis of the political economy of development and underdevelopment (Gereffi & Korzeniewicz, 1994). Gereffi refers to four dimensions that can become an object of analysis:

- the input-output structure of the chain;
- the territory it covers;
- its governance structures, which affect barriers to entry and co-ordination within the chain;
• the local, national and international institutional framework which shape the conditions under which key agents incorporate subordinate agents through their control of market access and information (Gereth, 1985).

More recently these authors have defined a wider variety of forms of global value chain governance that depend on three variables: the complexity of transactions, the ability to codify transactions, and the capabilities of the supply-base. Building up from these variables, Gereffi et al. (2005: 5) distinguish between three types of value chains: modular, relational and captive. Each of these types shows particular forms of dependence and power relations between the core firm and its suppliers:

• typically, suppliers in modular value chains make products to a customer’s specifications, which may be more of less detailed. However, when providing ‘turn-key services’ suppliers take full responsibility for competencies surrounding process technology, use generic machinery that limits transaction-specific investments, and make capital outlays for components and materials on behalf of the customers;

• by contrast, in relational value chains, there are complex interactions between buyers and sellers, which often create mutual dependence and high levels of asset specificity. This may be managed through reputation, or family and ethnic ties;

• in captive value chains, small suppliers are transactionally dependent on much larger buyers. Suppliers face significant switching costs and are, therefore, ‘captive’. Such networks are frequently characterized by a high degree of monitoring and control by lead firms.

2.6 Value chain restructuring and work location

The standardisation of many business processes combined with the digitisation of information and the development of high-capacity telecommunications networks has made it possible for telemediated work to be outsourced and/or relocated. This has lead to the introduction of an international division of labour in information-processing work. Key to this development is the disaggregation of organisations into smaller functional units, which may then be relocated spatially or outsourced, as described in the next figure.
Spatial relocation may take the form of concentration of functions in large centres, often organised on Tayloristic principles, or of decentralisation to smaller units, which may exhibit more flexible forms of organisation. Outsourcing, too, may be to large multinational companies specialising in the provision of a range of back-office functions, or to micro-businesses supplying a single business service. A space is created for small start-up companies at the innovatory end of the new processes. There is also a role for small firms at the other extreme: supplying goods or services at rock-bottom prices in the areas where competition is fiercest and survival most precarious, often on a 'just-in-time' basis – in the most extreme cases these ‘small firms’ may in fact be individual homeworkers or day-labourers whose self-employed status is simply an expression of their powerlessness on the labour market. However, there is also a countervailing tendency.

**QUESTIONS**

- Where are your workplace and business function in the value chain?
- Who are you dependent on? Who are the dominating actors in the chain?
- Are there any visible restructurings like outsourcing or insourcing, offshoring and other changes along the value chain?

→ For further discussions on global value chains and the WORKS project read the thematic report (Huws, Dahlmann, Flecker, Holtgrewe, Schönauer, Ramioul & Geurts, 2009) on which this chapter has been built.
3 The forces driving restructuring

Getting a grip on change you need to understand the trends and movements that are influencing the strategic and policy decisions on business, organisation and restructuring. This chapter identifies and exemplifies three main driving forces:

- the globalisation of the world economy;
- the speed and scope of the development and adoption of information and communications technology (IT);
- the emergence and adoption of management doctrines.

The impacts of these driving forces in any specific company will depend on the interactions between them. This chapter closes with some summary reflections and questions to the reader regarding the potential counter forces that may be utilised by employees and their unions to deal with the situations arising from these forces. How can they, together or in collaboration with other stakeholders in a company, take action to control present trends and their consequences and meet their needs and ambitions in the short- and long-term?

3.1 Globalisation and information technology

Developments in business and working life in the last twenty years are frequently referred to as ‘the new economy’. The basics in the new economy are two broad trends that have been under way for some time. The first is the globalisation of business. Simply put, capitalism is spreading around the world – at least in the introduction of market forces, freer trade, and widespread deregulation and privatisation of the public sector. This means that international trade and investment play a much greater role in many economies. World trade is increasing much more rapidly than world production, indicating growing interdependency between countries (see Figure 3.1). Foreign direct investments are also increasing at a more rapid rate indicating closer ties in the production of goods and services between different countries.
The second trend is the revolution in information technology. The incredible speed and scope of the development of hard- and software within the information and communication technology (IT) sector itself has continued. Digitalisation has revolutionised the storage and transmission of information in media and the internet. New industries and companies are being created before our eyes. IT has replaced the building construction and car manufacturing industries as the main motor in the industrialised economies. It affects all other industries, boosting productivity, reducing costs, cutting inventories and facilitating electronic commerce. In short it is a transcendent technology – like railroads in the 19th Century and cars in the 20th. In the new economy speed is all-important. It is no longer the large that force out the small – it is the fast that force out the slow.

Management is using IT in very similar ways and with very similar consequences across sectors and countries. At its simplest, management appears increasingly driven by short-term goals of competitiveness. These short-term goals pay not only little attention to any social issues, but also may even be economically counter-productive in the long-term. Individual national regulations have at most affected the pace of change, not the direction, between globalisation and IT.

As can be seen in the figure above, the development in the financial markets have exploded in the 1990s, increasing by a factor of 72 over the 25 years from the early 1970s. This has led to structural change in the capital markets. The value of the daily trade in these markets for currency, share, bonds, etc. is in the order of trillions of dollars. The turnover in these markets is very rapid; for new speculation products as index options and futures, every few hours or days. The impact of IT on the financial sector has been such that the financial sector has come to play the role previously held by the industrial sector as the driving force in the economy.

Previously it took a fairly long time for the impact of critical events to be felt in the world market. There were time lags between regional markets, e.g. the delays between the impact of an event in the United States spreading first to Europe and then to Asia. Now the speed with which information, money, perceptions and feelings move around the world has resulted in the disappearance of such lead times or delays. Now the world seems almost to function as a single synchronised economy.
The main trend is that institutional actors, such as the pension funds, have strengthened their positions on the stock markets by buying shares with the postponed consumption of their clients, i.e. their pension savings. In some countries, such as Sweden, such pension fund companies own the largest share of the stock in the stock market, and thereby have the strongest influence on decision making in business and industry, leading to the continuous search for short-term profit. Thus the boards and senior managers in the private sector have striven in recent years to steadily shrink their planning horizons to a year, a quarter and even a month. Short-term cost-driven decisions on rationalisations often may be said to reflect workers’ interests as employees coming in direct conflict with their interests as eventual pensioners (Reich, 1993).

A further trend strengthened by the impact of the impact of IT in the finance sector has been given the name ‘financialisation’. This reflects the displacement of engineering professionals in senior management by financial professionals, with the consequence that strategic issues are decided to a greater extent on purely financial terms. This trend is held responsible by some for the decline of the American car industry to the advantage of the Japanese as the Japanese take more long-term and technically based decisions than the Americans.

The demands of globalisation and the management of transnational organisation present senior management with a severe dilemma regarding the design of computer-based management and control systems. On the one hand - technology enables control and coordination, while opening access to new global markets and businesses. IT is a necessity to control worldwide operations. On the other hand, models for tight control and coordination require stability, whereas globalisation is creating an increasingly changeable and unpredictable world. Thus these drivers work in opposite directions.

3.2 Stakeholders versus shareholders

Given the growing complexity and speed in their work it is natural and logical for management to reduce this to more human and manageable proportions. How does this human concentration on ‘essentials’ seem to be taking place? What does management tend to regard as essential? Whose interests and what goals and issues are given priority and at what level? As may be expected the trends here are congruent with the trend to ‘financialisation’ noted previously.

Stakeholder theory maintains that all parties who have legitimate interests in, and are impacted by, an organisation’s activities should be taken into consideration in the planning and execution of its activities. This includes owners, employees, customers, suppliers and local communities. However, prominent business theorists, such as the late Milton Friedman, Nobel Prize winner in Economics, emphasises that management’s only responsibility is towards its shareholders. The responsibility for the needs of other stakeholders as externalities rests with society or the stakeholders themselves. Briefly put ‘the sole business of business is business’. In fact many managers believe that meeting any social obligations can only be achieved through sacrificing financial performance. This has been termed, and proved to be, ‘The Great Trade-Off Illusion’ by researchers holding the stakeholder perspective (Hart, 2007; Blackburn, 2007).
Socially and ecologically responsible corporate strategies and actions can offer win-win opportunities to various stakeholders. Management’s role in satisfying the needs and ambitions of a wider set of stakeholders than simply the shareholders is the implicit basis of much current practice, labour law, and joint agreements in many countries that confirm the stakeholders’ legitimate interest in the organisation. The argumentation for managerial moral responsibility challenges the presumption that shareholder wealth confers unilateral privilege. Stressing the communality between business activity and other forms of human endeavour means recognising that economic activity is subject to fundamental moral principles and responsibilities – an essential requirement for sustainable social action.

### 3.3 In search for flexibility

One important part of value chain restructuring is for companies to increase their flexibility in order to cope with the increasing market pressure and change in technology. Flexibility is sometimes defined as the capacity of an organisation to adjust supply to varying demand. This can be achieved in various ways. However, two basic dimensions of adjustment processes can be identified: numerical-functional, external-internal. Numerical flexibility indicates the variability of the volume of workers or working hours deployed according to current needs. Functional flexibility relates to the variability in the functions performed by the workers. Strategies to reach flexibility are internal or external, either within the boundaries of the company and its work force (internal) or through contractual exchanges with organisations or individuals outside the company (external). Figure 3.3 shows how the combinations of the two dimensions are solved through different arrangements.
Figure 3.3 The different kinds of flexibility

<table>
<thead>
<tr>
<th></th>
<th>Numerical</th>
<th>Functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Part-time work, flextime arrangements, annualised working hours, working time accounts</td>
<td>Multitasking, job enrichment, multi-skilling, teamwork, project organisation</td>
</tr>
<tr>
<td>External</td>
<td>Fixed-term contracts, freelance work, temporary agency work, temporary layoffs/ seasonal work, irregular work</td>
<td>Subcontracting, outsourcing, freelance work</td>
</tr>
</tbody>
</table>

Companies are not subject to pressures for flexibility in the same way. The WORKS project shows a great variation both regarding how strong the pressures for flexibility are and what reasons companies have for strategies to reach flexibility. Degrees and forms of pressures for flexibility are in fact highly sector-specific. They depend on the competition on the product or service markets, on customers’ or client companies’ demands for flexibility, on demands by shareholders to increase return on investment or on public policies. The main pressures for flexibility are:

- seasonality of production and/or demand;
- variations in demand levels;
- pressures for responsiveness due to the speeding up of business activities;
- goals to strengthen customer orientation and thus to increase service availability;
- shorten reaction times; attempts to shortening time-to-market in research and development.

Co-operative labour relations are perhaps the single most influential factor for the extensive diffusion of all types of flexibility and the most favourable impact of flexibility on the quality of work.

The extent, form and impact of flexibility in a country seem to be influenced by the ‘structure of opportunities’ suggested above. This, in turn, means that, policy interventions favouring certain forms and outcomes of flexibility over others are not likely to be effective unless they take into consideration the complex mediators of work flexibility. Policy interventions can be effective in favouring certain forms and outcomes of flexibility over others.
3.4 What issues are being given priority?

Management must focus on improved performance. But there are many dimensions and facets to performance; effectiveness (fulfilment of goals), efficiency (resource consumption relative fulfilment of goals), efficacy (ability of the product or service to produce the intended results) and competitiveness (performance compared to competitors, alternative suppliers).

There is also the short-versus the long-term perspective: performance with respect to present conditions and performance with respect to expected future conditions. The focus on addressing the present is often referred to as static efficiency, such as productivity and profitability, while focus on future or emerging conditions is referred to as dynamic efficiency, such as learning, improvement and innovation. In practice, management efforts to achieve static efficiency have been cost-driven, i.e. aim to reduce costs, whereas efforts to achieve dynamic efficiency are value-driven, i.e. aim to increase revenue.

Figure 3.4 Performance concepts (Docherty, 1996)

<table>
<thead>
<tr>
<th>Performance concept</th>
<th>Static efficiency</th>
<th>Dynamic efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal efficiency</strong></td>
<td>Rational use of resources</td>
<td>Learning (individual, group and</td>
</tr>
<tr>
<td></td>
<td>Productivity</td>
<td>organisational)</td>
</tr>
<tr>
<td></td>
<td>'Quality of working life'</td>
<td>Continuous improvement</td>
</tr>
<tr>
<td><strong>External efficiency</strong></td>
<td>Customer value</td>
<td>Adaptable/f flexibility</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>Innovativeness</td>
</tr>
<tr>
<td></td>
<td>Competitive strength</td>
<td>Competitive strength</td>
</tr>
</tbody>
</table>

Consolidate or innovate?

As already mentioned there has been a marked shrinking of management's time horizon, pushed even further by the present marked global recession emerging in 2007/2008. But from the early 1990s, following the bursting of the real estate bubble and then the dot.com bubble, managements faced the alternatives of consolidate or innovate. Consolidation appears to have been regarded as the more feasible alternative for companies or sectors regarded as 'mature'. It entailed buying up other companies through mergers or acquisitions. This strategy may be seen in all the sectors included in the WORKS study, especially in the food and IT sectors. The buyers' position in the marketplace is thus strengthened by economies of scale, greater market share, or by creating synergies in resource utilisation, for example by gaining access to new knowledge and competent personnel. The company acquired is considered very suitable with respect to its complementary strategy, organisation, administrative practices, culture and personnel. The level of such activity increased markedly in the early 1990s and though topping in the mid-1990s remained at a level well above the 1980s. In general however, the performance of companies adopting the consolidation strategy did not usually surpass the average level of those not adopting it (Bild, 1998).
3.5 Management, morals and ethics

Managers appear to be tackling the ever more difficult job of handling complex decision making in a turbulent milieu by adopting a short-term time horizon, prioritising shareholder interests and focusing the financial macro level processes of acquisitions and mergers. They live in a different era from the 1930s, when Barnard conducted one of the very first studies of executive behaviour and reached the conclusion it was management’s responsibility for the development of an organisation’s moral framework that distinguishes managers from subordinates (Barnard, 1938). In today’s language, it might be said that managers and boards are meant to influence and shape company ethics. A common feature of different ethical schools is their emphasis on concern for others over self-interest. However, few managers have sat through any lecture on ethics at a business school. Where are their role models to be found? In many countries, the United States-based international management consultancy companies are top management’s main speaking partners.

American practice provides important reference points, not least regarding executive remuneration. In the United States in the 1890s, the remuneration ratio between the top and the bottom of the so-called ‘robber baron’ organisations was a factor 20, i.e. the managing director’s pay was 20 times as much as that of an unskilled worker. In the major US corporations this had risen to a factor of 48 by 1991 and to 491 by 1998.

The present practice of unlimited bonuses, pensions and golden handshakes in European companies has become an issue of scandal and anger for ‘ordinary wage earners’, while the headlines in the newspapers are a source of indignation, shock, bewilderment and dismay for the executives concerned. Possibly some of them really think their personal agreements are justified. However, no studies are ever quoted that show that senior managers’ work has generated performance value that justifies such over-generous general payments to senior levels in an organisation. Exceptional cases of managing directors accomplishing company turnarounds do exist. Clearly many senior managers have lived in a finance milieu, buying and selling organisations and probably losing contact with, and feeling for, the world of operations on their office and shop floors.

3.6 New management doctrines

Japanese experiences were further developed together with new ideas in the United States to be new management doctrines. The new doctrines were usually founded on a basic idea that required a shift in values or perspective on the part of those who were to adopt them. This could sometimes entail a philosophy or view of things on the part of all the employees to relations to the marketplace, customers and personnel. The application of the new philosophy might well entail many adjustments in the work organisation and work methods. The new doctrines were often referred to as TLAs, i.e. three-letter acronyms, such as: ABC (Activity-Based Costing), BPR (Business Process Re-Engineering), BSC (Balanced ScoreCard system), CRM (Customer Relations Management), JIT (Just in Time), TQM (Total Quality Management).
Other doctrines had shorter names, such as downsizing, offshoring, outsourcing, lean production and learning organisations. A common feature of these doctrines is that they each claimed to provide the ultimate solution to the current situation that is characterised by complexity and turbulence.

Most of the new doctrines were basically cost-driven. They were in the first instance designed to achieve rationalisations that led to increased work intensity. A second observation is that these Japanese and American management doctrines are by the nature highly top-steered. They leave little room for participation for initiatives from the bottom up. After several years experience in applying these doctrines, local adaptations of these methods have been developed in some European countries. Some examples are: continuous improvement is used in TQM; learning at work at the individual and group level is being developed in learning organisations; balanced scorecard systems are being complemented by using personnel and the environment as goal deployment areas.

A further observation was that the application of the methods was often more difficult and took more time and resources than the consultant had estimated, if the clients managed to complete the application at all. Projects often failed. The majority of cases failed.

The most common individual cost-driven rationalisation method is downsizing. American research shows that rationalisation projects leading to downsizing, that are not integrated with development programmes covering such issues as work organisation, competence development, new routines, revised compensation systems, have very short-term positive effects and can well have overall negative effects for the organisation (Dochezzy & Huzzar, 2002).

The main features of ‘lean production’ are that it is process-oriented, resource utilisation steered manufacturing, in groups, without buffers and steered by planned deliveries of materials. The concept usually includes design work and couplings to both suppliers and customers. Proponents maintain that ‘lean production’ is a necessary and imperative way for a company to rationalise and be effective, to improve its competitiveness and profitability. It has little, if anything to do with union visions about ‘good’ or ‘rewarding work’. The lean production doctrine has entailed that companies has tried to solve their profitability problems through reducing their personnel (Cascio, 2003).
3.7 Management strategies in the WORKS cases

Outsourcing and relocation usually offer better prospects than downsizing. These are also integral parts in value chain restructuring. There is usually a certain chronology in such strategies. The first functions to be outsourced are general support functions such as telephony, cleaning, security, staff healthcare, and personnel canteens. Manufacturing of simpler components is usually next in line. Followed by other functions closely related to production, such as machine maintenance, IT support and administration. This is followed by functions previously regarded as core functions.

The WORKS study also found that ‘peripheral functions’, such as IT and logistics, were the first to be outsourced in sectors, before core functions in production (Huws, 2005). Overall, the case studies showed that restructuring often deeply affects employment and working conditions. The clothing industry, was characterised by the transformation of former outsourcing destinations, manufacturing and retailing companies in Southern and Eastern Europe into providers of higher value-added functions covering design, co-ordination of production, consulting and/or logistics. In other European countries, the industry has mainly evolved along a path involving considerable job losses accompanied by an upgrading in skills and increasing demands for the remaining work force. Value chains are becoming longer, so that fragmentation of labour and employment often only becomes visible if sites outside the EU were included in the analysis. The clothing industry value chain remains buyer- or, more specifically, market-driven, even when clothing companies are ‘verticalising’ and moving into retail themselves.

In R&D in the IT sector, closer relations are developing with clients, time horizons matter increasingly and work methods are characterised by shorter, iterated development cycles and increasing demands on documentation and knowledge management. Researchers need to build relations with clients, conveying different time horizons emerging from the uncertainty involved in research. A key activity in software development is the formalisation of specifications, interfaces and modules. Compared with previous findings on MNC strategies and value chains, transnationalisation has advanced further in software development, and has led to a series of company-specific patterns rather than leading to an ‘industry-wide’ story of value chain fragmentation or company restructuring. In general the dynamics of outsourcing and relocation is certainly initially driven by differentials in wages and employment conditions.

The case studies in the food industry exhibit a variety of forms of value chain restructuring: outsourcing and subcontracting, insourcing and centralisation, mergers and acquisitions. Mergers and acquisitions occur for a number of different reasons: logistics companies and processing companies buy up companies to control raw material supply and buy up competitors and secure a variety of different markets (as happened in several brewery cases). In both logistics and production, the centralisation of functions by large multinationals often resulted in redundancies at the local level.
Value chain restructuring and its social effects highlight a number of challenges for social governance, the actors involved, their strategies and their interaction. It is important to realise the following factors affecting the possibilities of strengthening social governance in order to support the economic and social sustainability of organisations:

- global competition, technological options and customer demands in many ways define the scope of action;
- differences in the distribution of power between different stakeholders and along the value chain strongly influence defining the character and outcomes of the restructuring process;
- national settings and cultural backgrounds in terms of social dialogue, institutional framework, types of labour market regulations, are still the major determinants of the social dialogue, despite efforts at the European level.
QUESTIONS

- In your organisation – what are the main driving forces in terms of globalisation, ICT and management strategies – influencing the restructuring? Are there any counter-forces in action that need to be considered or used?

- Who are the main stakeholders? How are they perceived by management? Are there possibilities of a union or works council building alliances with one or more stakeholders?

- What do you perceive to be management’s major goals and issues at the present time – production compared to development, cost-driven activities versus value-driven development, static rationalisation versus dynamic innovation?

- What management doctrines have been adopted in your organisation?

For further information on driving forces and developments in the investigated sectors in the WORKS project you can read Flecker, Holtgrewe, Schönauer, Dunkel and Meil, 2008.
4 Analysing sectors and business functions

In this chapter we will look into the different perspectives of sectors and business functions.

Understanding value chain restructuring and its outcomes need understanding the specific sector. The development in the food sector has its own characteristics compared with the IT sector that in turn differs from the public sector. We will give you some examples on the sectors studies in the WORKS project.

Furthermore, the real change is being made in and between companies, in the different business functions. Reorganising the business functions is at the heart of value chain restructuring.

4.1 Case story 2: towards privatisation and private-public partnerships

‘Customer’ is a partnership between two British local government councils and ‘Global’ a British, multinational private sector IT service provider and consultancy with some 100,000 employees and operations in 70 countries.

The vision behind the setting up of Customer was to create a concept for customer service and customer access that provides a single effective point of contact for the public. Another aim was to build a universal model that would be general applicable. The partnership is based on a ten-year deal.

Reorganisation of back-office functions entailed centralising IT, HR and finance systems which were all geographically relocated from separate departments at County Council and Mid District to a new building at the strategic headquarters of ‘Customer’. The second major part of the reorganisation involved the front-office aspects of customer service and public access. These functions were centralised into a number of sites across the towns and modernised, in the sense that public access now consists of two key parts: service centres and contact centres. In total Customer employs 850 people.

The public access service has brought together previously localised, fragmented services that used to be carried out separately by County Council and Mid District. It acts as a ‘one-stop service’ being equipped to deal with queries regarding a high number of local government services.
Outsourcing of services/staff was considered as an option but Global proposed a partnership model, involving joint venture status and a secondment model for staff transfer. By using this, the employees are still public employees but are working under the management of the joint venture. Customer has been created as a limited company with the strategy of generating income. Its work force is on ‘generous’ public sector terms and conditions, and this is seen as not fitting with its strategy where plans may include having a more flexible work force or introducing more standardised mechanisms of workflow.

Most employees are on permanent contracts. Temporary staff is occasionally used at busy or peak times and tend to be students. Customer wants to invest in permanent staff and has also created a career progression structure by building in senior customer service agent posts to encourage agents to stay and plan their career with them.

The unions were involved all the way through the process of secondment. They were part of the evaluation process of devising criteria for staff transfer. They welcomed the secondment model as an alternative to outsourcing, but are uncertain of what will happen in the long run.

4.2 Analysing the sector

A sector is a term used to classify economic activities by industry. The two most important internationally recognised systems used for this classification are NAICS, in the NAFTA countries, and NACE in the EU. These systems are regularly updated but have their origins in a tripartite division of economies into three basic groups of activities:

- ‘primary’ activities (involving the exploitation of the earth’s resources in the form of agriculture, fishing, hunting and the extraction of raw materials);
- ‘secondary’ activities (involving the manufacture of goods);
- ‘tertiary’ activities (involving the supply of services, including transport, communications and government).

There is an increasing complexity of the social division of labour, convergence between traditional sectors, the growth of vast global corporations that span several sectors and an increase in outsourcing. This has made it extremely difficult to classify many activities in these sectors. There is a ‘blurring’ between sectors. This is especially true for the so-called knowledge-based activities.

A key task is to identify those characteristics of the sector that play an important role in the character of the restructuring process. In going through the different aspects of sector development, it is also important to see where the sector is going: what are the general trends? Do not limit the analysis to its present conditions and performance.

Using Figure 4.1 you can identify important aspects of how a sector can be characterised. This in turn tells us a lot about its development, conditions of employment and work and so forth.
Figure 4.1  Key features for analysing the character of a sector

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personnel or technology intensive</td>
<td>What is the relationship between the extent of technology used in the sector and personnel costs?</td>
</tr>
<tr>
<td>2. Stable or restructuring</td>
<td>Are the relationships between the actors and business functions across the value chain stable or undergoing changes?</td>
</tr>
<tr>
<td>3. Customer- or production-driven</td>
<td>Is the development in the sector driven by customer/market needs or is the sector strongly focussed on production or product development?</td>
</tr>
<tr>
<td>4. Competition and actors</td>
<td>What is the competitive situation in the sector – a few dominant monopolistic or oligopolistic actors' companies or a free market with a number of smaller enterprises?</td>
</tr>
<tr>
<td>5. Local or global</td>
<td>Is the sector characterised by national structures and local actors or is there a global division of labour?</td>
</tr>
<tr>
<td>6. Dominant actors in the value chain</td>
<td>Who are the dominant actors in the value chain – retail, logistics, production or ...? Is there a common strategy between different companies on how to organise the business models and the value chain? Or are strategies different between different companies?</td>
</tr>
<tr>
<td>7. Degree of regulation</td>
<td>Certain sectors are more influenced by national or European specific regulations than others: the background can be security aspects (as in the energy sector) or public interest (as in the food sector).</td>
</tr>
<tr>
<td>8. Using IT</td>
<td>What are the important aspects in using information technology in the sector: governance and control, communication or automation?</td>
</tr>
<tr>
<td>9. Knowledge intensity</td>
<td>What is the role of knowledge in the development of the sector – decisive or more reduced? Are there differences between actors in the value chain? Are there differences between the different business functions?</td>
</tr>
<tr>
<td>10. Flexibility</td>
<td>In what way are numerical and functional flexibility used in the sector?</td>
</tr>
</tbody>
</table>

4.3  Looking into the sectors in the Customer case

Using the case above on the outsourcing of customer service we can identify two sectors overlapping or intersecting – the old traditional sector of public service and the newly established IT service sector.

... public administration

Public administration can be characterised as a sector strongly regulated, often with monopoly of the services they provide. Traditionally the dominant actor in the value chain (if there are parts outsourced) is within the administration itself – be it directly by politicians at the top of the administration or by the civil servants.

Public administration is a sector going through immense changes in most countries over the last decade. New public management emphasises customer orientation and result management. If the public sector has traditionally been production-driven, it is now trying to adopt a more customer- or citizen-oriented approach. Privatisation and out-
CHAPTER 4

sourcing have been going on for a number of years, both as a political idea, linked to neoliberalism, and as a management strategy, seeking for new models of governance and flexibility. Looking over the sector as a whole you can see a development where politicians try to save the core business of the public sector such as the legal and controlling parts, as well as inner and outer security (police and defence). On the other hand there is the tendency to privatisate and outsource parts that are not considered to be belonging to the core service performed by the sector.

Owing to public ownership and cultural traditions there are great variations between countries and political ideologies regarding what should be kept and what should be outsourced. There are, for instance, major differences between Anglo-Saxon and Central European countries.

New forms of organising and using information technology in the public service are also important features of its development. eGovernment and 24-hour government have been key concepts illustrating the efforts to utilise the Internet as much as possible in providing services. The main strategy is to streamline and automate as much as the simple tasks as possible - from getting a driving licence, dealing with taxation issues to matching jobs and job seekers. Many of the public operations are heavily transaction driven. As such, they are highly-suitable for automation through IT, e.g. taxation payments and refunds, or payments of social and unemployment benefits. Many services can be rationalised through automation or routine call centre handling, releasing resources to focus on the more difficult cases.

In addition, the public sector adopting management doctrines from the private sector. Examples are process re-engineering, mergers, learning organisation and lean production. Clear distinctions are being made between back- and front-office functions. The ‘Customer’ case above illustrates this well. Different channels may be developed for front-office functions, e.g. Internet for self-service, call centres for telephone support. Face-to-face institutions, one-stop shops and other forms of contact points for citizens are being used as a complementary way of reaching the front-offices of the public sector.

and IT service

The outsourcing of IT is often seen as part of the outsourcing strategy in focusing on your core business, not being IT. The other side of the coin is the emergence of new business-service providers that form a new industry - the IT service industry. Outsourcing to IT service providers means that the IT infrastructure, including hardware and software and
related services, is provided by a specialised company external to the client company or the public administration. So, in few years, IT service industries have become major employers in most EU member states. The rapidly growing market for IT outsourcing is increasingly international, and the major companies are global players or, as the World Investment report put it, ‘a new breed of multinationals’. IT outsourcing accounts for nearly one third of the total market for software and IT services.

There are various drivers for the growth of IT service providers and the corresponding structural shift in the economy. One has to do with access to specialised knowledge. Often companies decided to outsource the IT function to a specialist IT company in order to guarantee the necessary expertise, reduce development costs and increase the speed of development. Besides, IT service providers were able to grow rapidly because they often took over the personnel from their clients.

The BBC’s outsourcing of technology services to Siemens Business Services (SBS) is an example of this: In October 2004, SBS signed a deal worth almost 2.7 billion EUR, to deliver technology services to BBC over ten years. The BBC expects this move to generate saving of 45 million EURO annually and to provide it with better programming technology, as well as improved cash flow, following the outsourcing of its commercial subsidiaries, BBC Technology. SBS plans to use the deal as a platform to expand its already well-established media business. In October 2004, Siemens established a business dedicated to global media and the broadcasting industry. All 1,400 staff from BBC Technology has been transferred to this company. For legal reasons, an offshoring option was not possible in this case.

IT service industry is highly-concentrated. In Germany, the four biggest IT service providers (T-Systems, Siemens Business Services, IBM and EDS) between them cover 80 per cent of the market. Internationally, the expansion of international outsourcing has contributed to the emergence of a new breed of TNCs that supplies services of other companies. The oligopolistic nature of the IT services business can be explained with reference to several factors: a reputation effect due to the inherent uncertainty in skill-intensive business services and economies of scale stemming from the pooling of skills and cheap access to new technologies. The success of the large IT outsourcing firms is in particular based on the ‘recombination’ of technology and organisation and on learning-based processes including the pooling of skills by transferring staff from clients. There is a bundling of services, the use of distinctive processes and the increase of productivity through reallocation of staff and reduced headcount. In addition, the competitive advantage of transnational IT service providers stems from the fact that they find it easier to follow their transnational client companies around the world and to offer seamless services. T-Systems, for example, claims to be able, within three months, to follow its sixty international top clients to a new location. In addition, these international service providers util-
ise cost differentials between countries and continents by way of distributing activities internationally within the corporation or by outsourcing parts of the work.

For years, IT companies have applied ‘mixed rates’. They were able to cut the cost of software development by establishing co-operation within projects between units in western European countries and newly established subsidiaries in central and eastern European countries. While customer relations and system design remain with establishments situated close to the customers, programming and coding are being relocated within the transnational corporation to central Europe, Russia or India. Boundaries between IT service provision, business process outsourcing (BPO) and business consultancy become increasingly blurred. IT companies have moved into the BPO business, offering to perform functions such as accounting or personnel administration for client companies. Some also offer comprehensive consulting services geared to organisational restructuring. In turn, large consultancy companies tend to offer IT-related services.

Public-sector organisations can be assumed to have basically the same motives for using external IT service providers as private companies. A consultancy survey commissioned by a French IT service provider with extensive activities in the public sector showed that the main benefits desired from IT outsourcing are similar in the public and private sector. Public-sector organisations are interested in ‘access to specialist support’ more often and ‘lower IT costs’ less often than private-sector organisations. An additional driver for outsourcing is certainly the considerable pressure of private capital seeking to benefit from IT value-added in public organisations. A major difference between the private and the public sector, however, is the regulation of public procurement, which, based on EU regulations, stipulates public calls for tenders for outsourcing from public organisations. Another difference is the regulation of employment in the public sector, which may mean more pronounced differences in this respect between the public-sector client and the private IT service provider. This is particularly significant if the process of outsourcing is accompanied by a transfer of workers but may also have consequences for cooperation across organisational – and sector – boundaries.

4.4 Analysing the business function

The value chain is an interlocking flow of functions and activities needed to produce goods or services. Through information technology and logistics the coordination between different business functions as well as activities in each function can be disbursed over time and space. No single legal entity needs to have all its business functions inside the organisation. Services can be bought, production can be offshored, and public administration can be privatised. A new division of work arises.

Since the turn of the millennium, strategic development in companies has been focusing on the organisation of activities in their core business. By stripping off ‘unnecessary functions’ and buying them at the best price where they can be found the original ‘sourcing’ company focuses on its core business. This could be at the beginning, the middle or at the end of the value chain. It follows that one company’s non-core business function could be another’s core function. IT services, for instance, are one of the most evident examples.

When business functions grow more or less organically, from the outside, as a response to a growing demand for specific products and services, they seldom give rise to any problem – restructuring or social. The insurance company in need of copying machines
does not develop and build its own, or engage more and more employees in copying. It simply buys the machine. But when IT companies do not simply sell systems or technology but also offer development and support services to their customers for activities that were previously done in-house, the situation is different.

The main business functions investigated in the WORKS project are:

Figure 4.2 Logistics as a business function

- research and development/
design
- production
- logistics
- customer services
- IT services

In addition, you can identify business functions such as retail, service and maintenance. The concept of the business function and the value chain was earlier described in Chapter 2.

Customer services and IT services are examples of business functions organising themselves based on technological platforms. Stand-alone call centre operators and telemarketing firms focus on the interaction between the operator and the customer building on advanced call centre technology and a new Tayloristic production organisation. Many of the global IT providers do not just provide basic technology, systems development and consultancy services. They have also become major outsourcing operators taking care of IT departments from both public and private sector.

Management strategies regarding production work differ somewhat between sectors. Generally the trend is to offshore (and in this also sometimes outsource) the simpler and more mass-oriented production tasks – east- or southwards. The WORKS cases show a constant flow from country to country, always seeking lower wages. But at the same time the more advanced production closest to the development activities are kept in-house and ‘onshore’.

The development function is becoming increasingly important in almost every sector. Two examples from the WORKS sectors are:

- R&D in the high-tech IT sector – focusing on new solutions for, for example, voice-recognition and search engines;
- design in the clothing sector – keeping up with an increasing customer demand for quality and brands.
The market demands new features in such functions, e.g. design may be given added importance in products or the branding of products and services may be a key feature of the marketing strategy. These changes also impact design and development by a shift from an independent and competence-driven creativity in these activities to a need to show greater sensitivity to the market regarding customer needs and time pressures, time-to-market, TTM, being the lead term.

The importance of the role played by business functions in a company is dependent on the sector in question. For example, when acquiring a Norwegian company, an American company in which R&D was a key area, had initially planned to merge the two R&D units in California. The Norwegians, however, convinced the mother company of the strategic capability advantages of not merging the units. In the clothing and food industries, retail and logistics are in many cases the key actors in the value chain. Production is seen as the key actor in such high-tech sectors as energy, machinery and other ‘business-to-business’, (B2B) sectors. Public administration is an interesting case of a shift in focus. It is now moving from being a very production-oriented sector towards a clear customer orientation, emphasising customer service, either mediated by telephony or the Internet or personally, face-to-face.

An important part of analysing your business function is to examine the conditions for the occupational groups in the function. Usually it is possible define a key or dominant group in each business function for each sector.

**Figure 4.3** Business functions and their occupational groups

<table>
<thead>
<tr>
<th>Business function</th>
<th>Occupational group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>Researchers, designers, product developers</td>
</tr>
<tr>
<td>Production</td>
<td>Process operators, textile workers, slaughter house workers, automotive workers,</td>
</tr>
<tr>
<td></td>
<td>carpenters, electricians</td>
</tr>
<tr>
<td>Logistics</td>
<td>Warehouse workers, lorry drivers, back-office workers</td>
</tr>
<tr>
<td>Customer service</td>
<td>Call centre operators, retail workers</td>
</tr>
<tr>
<td>IT services</td>
<td>Programme developers, wage administrators, network administrators</td>
</tr>
<tr>
<td>Managerial functions</td>
<td>Middle management, first-line managers</td>
</tr>
</tbody>
</table>
QUESTIONS

- What are the characteristics of the business function you work in?
- What are your relations to the other business functions in the chain?
- What competences and occupations are used and needed in your function?
- What are the working conditions?
- What changes are going on in your function?
5 Analysing relocation, national and regional settings

‘Think global, act local’ has for long been a key expression for multi-national companies. ‘Acting local’ is also relevant in the way in which companies adjust to national labour market rules, regulations and institutions in their human resource strategies, employment policies and redeployment actions.

In this chapter we will look into the relation between company strategies and the different national settings in which they operate. Boarders are being crossed in value chain restructuring, regionally and globally. Decisions on offshoring and other kinds of relocations often take their point of departure in what countries can offer in terms of labour supply, its competencies and costs. Possible mergers and acquisitions may be considered. National companies become international, though they are strongly influenced by the culture and governance of the mother company.

5.1 Case story 3: global sourcing of IT production

INIT is a merged Swedish/American company in the development, production, implementation and maintenance of IT-based business systems. It has in total 4,000 customers in over forty countries. At present its headquarters are in the US and production facilities can be found not just in the US and in Sweden, but also in India and the Philippines. There is a large support and service company in the group with consultants working close to the customers – selling and implementing the products.

The Scandinavian part started its operations in a medium-sized town but rapidly built up operations in Stockholm where the Swedish headquarters now are situated. Operations were established in two other Scandinavian cities by acquisitions. Offshoring began in 2005. In 2006 operations were established in Bangalore, India by acquiring two partners there. The tasks initially moved to India were primarily quality assurance and documentation. Following the merger with the American company in late 2006 operations are now being built up in the Philippines. This mainly involved moving some maintenance operations there from India, Scandinavia and the US. The ambition is to increase the company’s presence in Manila by also establishing a development centre there. The company’s overall ambition is to have 50 per cent of its maintenance and service business offshore within a few years.

The basic impacts of restructuring, from the Swedish (‘onshore’) perspective, are the combined effects of the offshoring and the merger with the US company. On the one hand, routine operations, mainly maintenance, and some product development were offshored – first to India and then on to the Philippines. One of the aims of the outsourcing of the ‘simpler tasks’ was to create opportunities for more development onshore – this has yet to be realised.
On the other hand, one of the results of the merger was that managerial decisions were mainly taken in the US headquarters, i.e. had been ‘offshored’, leading to new ways of decision making and a new work culture. The combination of offshoring and the introduction of a more hierarchical and formal management style have together lead to more structured and thoroughly organised work. Teamwork is still the basis but it is complemented with more formalised processes and professional structures together with top-down management.

The most important effect on the quality of working life in the short run is an increased workload. This is caused by combination of downsizing and the need for knowledge transfer to the offshored units. The offshoring has, however, led to increased international contacts for some employees. This has been stimulating for them. The ambition of focusing on the development tasks, which has the potential of increasing the quality of work life, has yet to be seen.

The fact that the workforce remaining consists of those who are most competent and career-driven has lead to a general higher level of expectations on work quality and development possibilities.

### 5.2 Relocations comes in many forms

Relocating business functions, sites and workplaces is at the core of the challenges of value chain restructuring to unions and employee representatives. Understanding the motives for this kind of restructuring is an important starting point for trying to influence the restructuring decisions. The underlying company motive for relocating operations is always to achieve a more efficient way of running the organisation. Advantages in terms of productivity and competitiveness can be realised, often at the expense of the employees and regions that lose the jobs. But at the same time to the advantage of the regions and employees that get jobs.

The most common and difficult relocation is that which crosses country borders. It is complicated by differences in national settings, wage levels and labour market conditions. In the WORKS case we can, apart from the above American/Swedish/India/Philippines ‘reshuffle’, see a number of examples:

- **domestic relocations** – i.e. relocation inside the same country, using different conditions in the same country; as the Italian example of outsourcing clothing production from the north to the south of Italy seeking lower wages and more flexibility in the south. Domestic relocations often build on differences in the supply of knowledge in different parts of the country. Or it can be due to local or regional subsidies in terms of infrastructure, etc. Economies of scale are more usual in domestic relocations, resulting from closing down minor operations and gathering them in larger more effective units;

- **nearshore relocations** as when a Greek SME moves part of its operations to Bulgaria or an Austrian IT company utilises the competence and lower wage levels in neighbouring Hungary. Nearshore relocations are often attractive for the company in the closeness in cultures and cheap transportation that often exists between the neighbouring countries;

- **market-based relocations** where the relocation is based on moving or establishing units in emerging new markets or countries;
analysing relocation, national and regional settings

- administrative relocations finding the most efficient location especially for business functions such as customer service, retail, and internal business support (HR, finance) linked to the administrative organisation. It often is based on a compromise between scale of operations and closeness to market. The typical example is the establishment of business service centres in global enterprises;
- global sourcing relocations – intracompany and cross-country measures to seek the most optimal location of different business functions, especially development on production, in a mix of competence supply and wage levels.

As can be seen relocation takes many forms, be it restructuring in general or value chain restructuring. Going behind the stated relocation motives may be one important part of the analysis. The other part is collecting the relevant information and knowledge on the locations, regions and countries that are being considered.

5.3 Analysing the motives behind relocation

Global capital and global companies look upon sourcing and location from a purely company rational perspective. Where to be, with what, is primarily based on economic and strategic calculations. Wage levels and labour markets are compared. Being close to important markets is considered. The supply of relevant competence to the right price needs to be evaluated. The scope of action might be circumvented by internal or external pressures in terms codes of conduct, etc.

Facing relocation union representatives need to analyse the situation. First of all the motives behind the proposed relocation must be scrutinised and of course also the calculations behind it. For instance, is the proposed relocation driven by cost reasons, competence or market motives? Sometimes you might find hidden motives or even purely personal ones on the part of top management. There may be hidden agreements between the company and institutional actors in ‘winning’ countries. National considerations might play a part; the mother company or head quarters prioritising its country of origin.

Finding counter-motives for relocation, i.e. not moving production or jobs, need both management motives as starting point as well highlighting other factors. Experiences from relocations reveal the following:
- cost cutting through lower wages might quickly be ‘eaten up’ by a higher wage development at the relocated sites (this has already to be seen in cost-based relocation from EU-15 to the NMS);
- quality problems might occur for the relocated sites (an effect which led to ‘reshoring’ of documentation tasks in the INIT case);
- transport costs (both in terms of time to market and absolute costs) might be too high (which have been seen in part of the clothing projects);
- ‘climate’ costs – partly linked to transport costs, i.e. relocation leading to higher CO² emission.
5.4 Analysing the national and regional aspects facing relocation

When looking into purely ‘geographical’ cost and competence motives for relocation there are two primary factors important for location decisions:

- national labour market systems, including wage levels and other costs relating to the operations;
- regional conditions such as competence supply, infrastructure, innovation and working culture.

National settings

Looking into the national labour market systems from a European perspective there is an ongoing process for coordinating labour market conditions inside the EU. Through open methods of benchmarking, disseminating best practices as well as using directives the EU and the social partners try to set minimum standards and equalising the conditions of employment. Still, this is a slow process with effects in very restricted areas (working time, telework, stress, etc.).

But the main institutional settings are still national. And it is not just a regulative situation but also deeply formed in traditions and cultures on the labour market and the industrial relations.

When looking closer into the different national settings there is a possibility to see common patterns between European countries:

Although there is a danger for determinism or too generalised typifications when using models to describe institutional settings, they also might be clarifying at some point.

One of such set of institutional models describes nations in terms of their ability to combine the creation of equity and efficiency as shown in Figure 5.1 (Sapir, 2005 in Makó et al., 2009).

Figure 5.1  Labour market regimes and their relation to equity and efficiency

<table>
<thead>
<tr>
<th>EQUITY</th>
<th>EFFICIENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>High</td>
<td>‘Continents’ (AT, BE, DE, HU, FR, LU)</td>
</tr>
<tr>
<td>Low</td>
<td>‘Mediterraneans’ (ES, GR, IT, PT, PL)</td>
</tr>
</tbody>
</table>

The Continental model (or the central European) is characterised by fairly strong co-operative structures between state, employers and unions in the framework.
The Mediterranean (southern Europe) has weaker state based welfare systems, a more diverse structure of unions and industrial relations.

The Nordic model (without the Netherlands the Scandinavian model) is characterised by strong unions and formalised industrial relations highly built on collective agreements with the state as a supporter.

The Anglo-Saxon model builds on a weaker labour legislation, strong unions with counterparts on company level.

However, in order to really understand the different national policies and practices, which are the determinant for the relocation decisions, you still need to look at each country. The natural focus is on those countries with companies forming part of the value chain – now or in the near future. The following three areas might be useful to look into:
- personnel costs including nominal wages and costs for social insurance, pensions, etc.;
- working time per day, as well as on a yearly basis (including vacation agreements, bank holidays, etc.);
- regulations for hiring and firing (that are closely linked to the systems for flexicurity) - systems for hiring flexible workers, demands for social plans and other measures to protect workers with permanent employment.

It is also important to realise that the levels of conditions of employment are both an effect of national regulations in law and national and of sector collective agreements.

The interdependence between value chain restructuring and national labour market systems is complex. On the one hand, relocation, transfers of operations, plant investments are influenced by the existing differences as shown above, seeking either cost or competence advantages. On the other hand, restructuring in itself changes the national and sometimes the regional institutional systems. This is not only a case for a ‘race to the bottom’ (at the lower ends of the value chain) but also ‘a quest for the top’ (developing attractive competence environments). The challenges for national labour markets are to be at the same time attractive for the lower and the upper part of the value chains.

**Regional conditions - competitiveness and competence**

Compared to national settings, regional aspects of relocation are more difficult to capture. Regions can be large or small, more or less self-ruled and institutionalised. Regions can also cover more than one country in terms of culture, etc., as well as being very small defined by the labour market and the possibilities of commuting to and from work. Regions can be focused on special sectors, dominated by one or a few large industries. Or they can be mainly SMEs working in clusters, as in the industrial regions of northern Italy.

The most important factors when looking at regions from a relocation perspective are the ways in which regions are perceived as competitive and competent and how they are working with their competitiveness and their competence supply. In choosing relocation companies do not just look at the national level (and labour market systems). Equally important is the way in which the region in question is suitable for the operations.

When facing a potential relocation, the union representatives must start their regional analysis by analysing their own region, identifying its advantages and disadvantages. In
this and in coming discussions on locating operations it might be very important for the unions to activate local institutions and actors – from regional and local government to chambers of commerce and local business. If the community and other stakeholders are mobilised by the union, the company’s alternative of relocating may prove less attractive due to bad will and other costs on moving or good will and others benefits on staying...

Comparing regions in terms of competence, infrastructure, access to R&D, innovative climate is also a way to evaluate your own region’s strengths and weaknesses.

Summarising the national and regional aspects of relocation the following figure can be used to identify strength and weaknesses.

### Figure 5.2 Scheme for analysing relocation

<table>
<thead>
<tr>
<th>Factors</th>
<th>Present location (+/-)</th>
<th>Alternative location (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NATIONAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job security</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REGIONAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation climate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.5 Influencing transnational relocation - using European Works Councils

A directive of European Works Councils (EWC) (94/45/EC) has been laid down for companies with operations in more than one EU country. This directive is supposed to be implemented through national legislation and from this with specific agreements for each company that fulfils the conditions; namely, it employs more than 1,000 employees with the minimum of at least 150 in two countries or more. Reaching such company-based agreements has proved to be a slow but growing process. Twelve years after the directive was ratified only approximately 1/3 of those companies showing the conditions had in fact concluded an agreement – these are mainly large and ‘progressive’ companies.

The directive states that information and consultation on restructuring covering more than one European country should be dealt with by the EWC. Still there is much to do. In the WORKS cases the EWC did not appear in any case study – either not existing or either not being concerned by the restructuring.

EWCs have been seen as opening up possibilities for unions to counter the internationalisation of capital and open up new channels for employee involvement especially on issues of relocation. But there is little evidence to suggest the evolution of transnational bargaining structures through EWCs or the integration of EWC procedures into either formal corporate or HR decision making.
Positive advantages of the EWCs are that they enable the building of cross-border networks among employee representatives. EWCs also offer opportunities to develop cross-national policies for action, for example, arriving at a common front on a restructuring proposal.

There is considerable variation in the functioning and operations of European Works Councils (Weiler, 2004 & 2005; European Foundation, 2006). The EWCs have a definite role in promoting understanding between the unions in different countries, though it is often a laborious process to arrive at common understanding and a common position.

Studies on the experiences of building and using EWCs have found that:
- restructuring decisions are mainly taken on a transnational level, while the effects such as social consequences are dealt with on the national level according to the national industrial relations (IR) system;
- information on restructuring works, but there is some debate on how much information is given on any specific relocation decision;
- the consultation process differs between companies and is dependent on benevolent employers and/or active trade unions;
- consultation on restructuring normally comes too late in the process when the decision is made and the EWC is not really considered a forum for decision.

Regarding EWC practice, the limitations in the involvement of the EWC in strategic decisions are explained being due to the high speed of the decision processes, for example in acquisition deals.

There are two immediate weaknesses in European Works Councils in relation to value chain restructuring. Firstly, transnational restructuring involving offshoring outside Europe cannot be handled. Secondly, transnational co-operation in small and medium-sized companies is not covered. Both these situations have been frequent in the sectors in the WORKS project. Involvement of EWCs in the restructuring cases has been rare. There were very few comments on EWCs at all in the WORKS study. This may reflect the fact that in some sectors the companies participating in the study were small and medium-sized companies with less than 1,000 employees and were thus not included in the EWC directive. It may also confirm Weiler’s results that EWCs are not always informed in advance on restructuring and acquisition cases, due to the speed and commercial and social sensitivity of these issues.
CHAPTER 5

48

QUESTIONS

- Looking at the value chain, your business function and company is part of - which countries and specific regions are involved? What are the specific characteristics of the different countries and regions in terms or conditions of work or competitiveness?

- Is your company part of a global company? Where are the different establishments situated? Is there competition between the different sites? And if so, what are the competitive advantages/disadvantages between your site and the others? Where is the headquarter of the company or group situated?

- Is there a European Works Council at operation? How is restructuring dealt with in their meetings?
6 Analysing the effects on employment and work

In this chapter we will specifically discuss the effects of value chain restructuring on some of the aspects that have been the focus of the WORKS project.

First of all we will look into the changes that can be observed in the need for skills and effects on different occupational structures. Secondly we will discuss effects in terms of increasing flexibility and fragmentation of, especially, the employment conditions.

Effects on occupational health and safety (OHS) are important not just for unions but also for the OHS organisation and the responsibility for safe work environments. Finally, we will discuss effects from a gender perspective.

6.1 Skills and occupational structures

Codification of knowledge

Tacit and codified knowledge

The concepts of tacit versus codified knowledge play an important part in the analysis of changes in skills and occupations in a knowledge-based economy. The WORKS glossary gives the following definitions of tacit and codified knowledge:

▪ the term ‘tacit knowledge’ refers to the knowledge or skill a person has, without necessarily being aware of it, which enables this person to exercise some particular skill or craft. Whilst the knowledge remains tacit, only individuals who have this knowledge or skill can carry out the tasks to which it relates, giving them some bargaining power on the labour market if it happens to be in demand by employers. Once this knowledge is made explicit it can be codified and taught to other workers or stored in a form that is accessible to them or to other users (e.g. a knowledge database or handbook). In knowledge-intensive processes, knowledge management techniques are used to make this codified knowledge more widely available;

▪ the term ‘codified knowledge’ refers to the outcome of the process whereby tacit knowledge is transformed into explicit knowledge and recorded so that it can be shared more generally, often in the form of a knowledge database. This process may be associated with standardisation and with deskillling.
Figure 6.1  Tacit and codified knowledge

<table>
<thead>
<tr>
<th>Tacit knowledge</th>
<th>Codified knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge or skill a person has, without necessarily being aware of it, which enables this person to exercise some particular skill or craft</td>
<td>Knowledge being ‘extracted’ from the person who developed it, then made independent of that person, and reused for various purposes</td>
</tr>
<tr>
<td>Difficult to describe or measure</td>
<td>Formalised and measurable</td>
</tr>
<tr>
<td>Part of the individual capital/ value</td>
<td>Part of the organisational capital/ value</td>
</tr>
<tr>
<td>Primarily related to occupational and professional knowledge – knowing how</td>
<td>Primarily related to organisational competence – knowing what</td>
</tr>
</tbody>
</table>

Codification of knowledge and value chain restructuring: the WORKS hypotheses

On the one hand, those activities and business functions will primarily be restructured, of which the knowledge is or can more easily be codified. This can be done either contractually (outsourced) or spatially (relocated) or in a combination of both.

On the other hand, those activities and business functions that rely more on implicit or tacit knowledge will require another way to be organised. In the process of company restructuring, these activities would rather be kept in-house and at proximity.

The location of knowledge in the value chain will be the result of interrelated mechanisms, combining strategies to codify and standardise knowledge and strategies to implement the organisational conditions required for new knowledge combinations in view of innovation.

Organisations concentrate on the most knowledge-intensive activities

The WORKS case studies show that organisations tend to concentrate on the more knowledge-intensive activities because they are essential for their competitive positions. They tend to externalise the most codified parts of the production process. Such a concentration on the more knowledge-intensive parts was observed for logistics and design.
in clothing, the complex parts of software production in software industry, experience-based production knowledge and quality requirements in the food processing. Moreover, the cases of the customer services in the public sector illustrated very clearly how the value chain was fragmented at those points where the knowledge can most easily be codified. The separation of the codifiable parts of customer services may go hand in hand with the strengthening of the more personalised and more complex types of services. In this, you combine rationalisation and cost-effectiveness objectives with increasing customer and service orientation. In the outsourcing of the IT function in public administration, the cases show how the outsourcing of these activities to a private IT supplier implies a gradual and substantial transfer of the knowledge from the public administration to the service provider.

Knowledge codification meets its limits

But knowledge codification meets its limits. Every human activity is at least partially based on tacit knowledge, important for a smooth production process. Codified and tacit knowledge are in reality closely intertwined.

In the clothing industry the risk of knowledge fragmentation related to the complete isolation of production activities has to be acknowledged as a clear limit to value chain fragmentation. This can be said despite the fact that, for instance ERP systems, explicitly aim at integrating knowledge coming from different parts of the value chain. In the software industry, the combination of knowledge from different sites seems often to be required for software development projects, despite the competitive relationship between them.

In the food sector, despite codification, standardisation and automation of production tasks and procedures, the product quality is still (partially) dependent on experience and motivation of the production workers. The improvement of product quality eventually depends on ‘incremental innovation’ in the production process, of which they are the prime actors.

In the outsourcing of IT in public services, it became clear that IT cannot be transferred arbitrarily to any provider or any place. Knowledge of the sector and the development of new modes of co-ordination were needed to secure sector specific aspects such as the public role, product specific knowledge, etc. The importance of spatial proximity in this sector is also reflected in the need for a continuous development of knowledge on constantly changing regulations and local services.
In conclusion, the case studies in highly-diverse sectors and business functions point out that externalisation of codified activities and the fragmentation of knowledge along the value chain indeed occurs but that this may hamper the smooth production of products and services, the combination of knowledge necessary to co-ordinate the activities along the chain and the innovation of knowledge.

QUESTIONS

- What is the status of knowledge codification in your organisation, business function and occupations?
- What are the kinds of tacit knowledge needed for an effective work and production?

6.2 Skills downgrading or upgrading

Skills upgrading or downgrading through organisational changes is a long-standing controversy among scholars in labour sciences. The WORKS case studies explored a series of mechanisms that could lead to skills both downgrading and upgrading.

Trends in skills downgrading

According to WORKS theoretical overview and case studies, three trends can lead to skills downgrading.

A first possible mechanism of skills downgrading is that the outsourcing or relocation of activities is typically preceded by the documentation and standardisation of work processes, procedures, day-to-day practices and routines. In other words, the individual and collective knowledge on the labour process, the production process and the organisation
is codified. Codification and related deskilling will concern the low-added value activities that are externalised. But it might also affect the tasks belonging to the business function in restructuring that do not disappear from the site.

A second mechanism of deskilling concerns the loss of collective knowledge or craftsmanship based on a comprehensive and systemic knowledge about all the stages of the production process and the different parts of the organisation, as illustrated earlier e.g. with the clothing industry.

A third mechanism of deskilling may come from the formalisation of procedures that accompany value chain restructuring. In particular in situations of distance work, new and sophisticated tools and procedures may be introduced to monitor the work, thus limiting the opportunities employees have to use and develop their skills.

Trends in skills upgrading

A first upgrading mechanism results from the fact that the elementary tasks and lower qualified jobs disappear from the organisation as a result of the restructuring. The externalisation of unqualified jobs from the site might also lead to changes in the composition and bundling of the remaining tasks, with an increasing relative importance of complex tasks and the reallocation of the remaining work force to these.

A second mechanism of skill upgrading can occur when restructuring of value chains implies a related shift of the core business of the company to more complex and knowledge-intensive business functions and activities, such as a shift from a production unit to a R&D or logistics company. In this case, a more comprehensive upskilling of the whole organisation may be implied.

Third, upskilling may result from the introduction of IT that supports the restructured business function and firms (Greenan, Kocoglu, Walkowiak, Makó & Csizmadia, 2008) and that requires additional skills from the employees.

Finally, access to new knowledge and learning opportunities may also occur when activities (and employees) are shifted to other companies in the chain. This may lead to the opening up of new training opportunities and skill development strategies and the generation of new career trajectories.

Figure 6.3  Upskilling and downskilling

Low-skill jobs disappear
A more knowledge based business strategy
Demands for ICT knowledge
New demands in the outsourced company
Codification of the knowledge
Fragmentation across the value chain
Monitoring of formalised jobs
More upgrading than downgrading in the WORKS case studies

The WORKS case studies do not reveal any clear-cut patterns in the evolution of skills, qualifications and competences related to value chain restructuring. The impact of restructuring can rarely be isolated from skill effects from other developments such as product innovations and changes in the technological infrastructure or in the economic environment. Given the specific selection of the case studies, with a majority of cases situated at the higher ends of the value chain, the results seem nevertheless to point at upskilling trends overall. This is related to the growing knowledge-intensity of the activities performed, the importance of product innovation and the introduction of organisational and technological innovations to co-ordinate work and production flows.

There seems to be an overall upskilling effect of the introduction of IT, while deskilling seems mostly linked to the exclusion from the use IT.

Emergence of new skills and competences

Next to skills upgrading or downgrading, needs for new skills can be related to the introduction of new organisational practices: such as ‘problem-solving’ skills, systemic skills (system understanding and evaluation), relational skills and resource management skills.

The emergence of new skills and competences can result from different concurring developments: the organisational changes related to the growing importance of inter-organisational relationships and distance work, specific market and product developments (new materials, quality requirements) and so on.

Such new skills, however, are not necessarily strictly related to the core of the profession. They seem to concern all skill types with a specific growing importance of social skills, problem solving skills and resource management skills.

Another key finding was that ‘upskilling’ is often actually referring to a considerable intensification of work and enlargement of skills. This means that neither the upskilling nor the importance of new skills necessarily result in a strengthening of the professional competences in a strict sense. These new skill requirements may on the contrary, in some cases jeopardise the development and use of the core professional skills. These were observed specifically in the occupations in R&D and design where time for creativity, reflection and for ‘thinking’ decreased.

Furthermore, increased performance monitoring and control systems (such as scripts and procedures) accompanying new value chain structures, supported by IT, may limit the opportunities employees have to exercise and develop their professional skills.

We may conclude that, due to this processes of ‘skill intensification’, ‘more difficult’ seems not necessarily to be more interesting or more ‘fun’, but often is reported as ‘more speedy’ and ‘more stressed’.
QUESTIONs

- How could upskilling and downskilling be described in your organisation and occupation? Are there specific professions that are being upskilled or downskilled?

- What are the more specific driving forces behind this – outsourcing, insourcing, new technology, new products, new market demands?

→ For further reading on skills and occupations you can read the thematic reports Ramíoul and DeVroom (2009); Valenduc, Vendramin, Pedaci and Piersanti (2009).

6.3 Flexibility and fragmentation

Value chain restructuring and flexibility

Value chain restructuring is in many ways, as we have discussed above, shaped by company strategies to achieve flexibility. Externalisation is used to adapt the capacities of the core firm to changing business requirements or, in other words, to provide numerical flexibility. Subcontractors and supplier companies can either provide flexibility on a one-off or contract-by-contract basis or help the core firm to cope with fluctuations within a continuous business relationship. Suppliers and service providers often provide high levels of flexibility through worse working conditions and non-standard employment. An example: at the Hungarian IT company Domainsoft, CEE subsidiaries compete with Western European locations, among others, on the basis of greater flexibility, longer working hours and willingness to work weekends. This results from their accepting fluctuating workloads and tight deadlines.

Differences in employment regulation between countries, sectors and companies act as incentives for externalisation. This means that companies circumvent employment regulation perceived as rigid by outsourcing or relocation, and thus may generate more flexibility. Usually employment protection does not prohibit numerical flexibility. Rather, it makes it more costly. Companies can increase numerical flexibility in a cost saving way through value chain restructuring as personnel in remote subsidiaries or with suppliers or service providers can be deployed flexibly at lower costs.

Various forms of value chain governance impact on the way demands for flexibility are distributed along the chain. Power relations between the organisations, but also the bargaining position of workers, influence the degree to which flexibility demands can be shifted on the service provider or supplier firm.
But externalisation is not only driven by the aim to increase numerical flexibility. It may have (also) other aims, such as proximity to market/customers, access to knowledge, and generally lower wages. External functional flexibility turned out to be more important in value chain restructuring than expected, at least in some sectors and business functions. In IT research and development external functional flexibility does play a role through companies using high-tech intermediaries. In other cases large companies bought up small research units to get access to knowledge. In some of the extended value chains in software development a mixed strategy is followed in which both costs and external functional flexibility play a role. In the public sector, organisations tried to reach a swifter upgrading of their information technology through outsourcing the IT function. In these cases, externalisation thus allowed access to new knowledge and services.

Finally, we have to consider the risk of a loss of flexibility through outsourcing. The fact that externalisation is often motivated by the aim to reach flexibility does not mean that outsourcing necessarily provides more flexibility to the client organisation. The research in the food industry yielded interesting examples to the contrary. ND, an Italian producer of vegetables and frozen foods, is an interesting case in this respect. Unexpectedly high demands for frozen foods led to the decision to outsource parts of the production. Externalisation was thus used to increase the production capacity and to cope with excess demand. Later on, however, the company planned to re-internalise outsourced production activities and to substitute own production for current purchasing. The reason for this is that in-house production ‘would allow them to maintain a strict and more direct control on food processing and thus keep down wastage and delays due to the shortcomings of third parties’.

**Flexible forms of employment**

Fixed-term contracts, temporary agency work, seasonal work, freelance work are often the way (some authors speak of a ‘low road’ strategy) to gain numerical flexibility. But what WORKS’ case studies clearly demonstrate is that there is no direct link between a company’s needs for flexibility and flexible employment forms. It is only in the public sector that we observe a clear trend towards increasing flexibility of employment forms in the course of restructuring of value chains. In other cases companies manage to reach flexibility, for example, by employing people in standard open-ended contracts using flexible working time arrangements.
Moreover case studies also show that the drive for flexibility depends to a great extent on the institutional context of a country. This means that nationally specific institutional contexts have an impact on the response potential of organisations. For instance, the UK, with its liberal market economy, has a small proportion of workers on fixed-term contracts. The reason is possibly that, with its relatively liberal hiring-and-firing laws, employers have only a limited need for this type of contract. France, with its much higher level of job protection, has a higher proportion of fixed-term contracts. Employers use such contracts to avoid the rigidities of the legislation.

How large are the numbers can be counted for when it comes to flexible employment such as fixed-term contracts as well as temporary agency work? The European Statistic Agency (Eurostat) observed a general important increase in temporary employment in EU-15 between 1997 and 2005. In terms of percentage of the total working force temporary work increased from 12.2 per cent to 14.2 per cent. Notably sharp is the increase in temporary employment in the New Member States (NMS) (from 6.6 per cent to 15.7 per cent in 2000 to 2005). Especially elementary occupations have a high incidence of temporary work (29.1 per cent). Moreover it is more widely spread among blue-collar (17.6 per cent in 2005) than among white-collar workers (12.2 per cent) in EU-15. There is also a much higher incidence in agriculture (36.7 per cent) than in industry and in services (13.3 and 14.1 per cent) in EU-15 (ibid.: 62). In food industry in particular both in EU-15 and NMS, temporary employment is quite developed (13.3 per cent and 19.2 per cent of the total of employees in 2004, respectively).

**Fragmentation across the value chain**

The companies’ strategies to reach flexibility seem to create an increasing degree of fragmentation of employment. Fragmentation of employment means that differences and inequalities in terms of conditions are created between workers working in the same value chain. Empirical findings of the WORKS project show that fragmentation with respect to status, wages, job security, and the degree of (involuntary) working time flexibility is most pronounced in the public sector and in public services. An Austrian case study on the outsourcing of telephone services for public administration to a subcontracting call centre consortium is a
suitable example to illustrate this. In this case the public authority passed on flexibility demands to subcontractors.

The consequences for agents’ employment contracts are serious. In contrast to staff of the public authority, who have job tenure, employment contracts at the subcontractor used to be mostly quasi-freelance contracts. This specific Austrian form of employment implied very low employment security, exemption from social security contributions, as well as from rights such as the claim for paid leave – with all the negative effects on individual social security (for example in the case of illness or unemployment).

Further discussions on flexibility as well as working time issues can be found in the thematic reports on flexibility; Flecker, Holtgrewe, Schönauer and Gavroglou (2009) and on working time; Krings, Nierling, Pedaci and Piersanti (2009).

6.4 Effects on occupational health and safety

General observations

The general picture is that worker’s perceptions of their health and safety has shown an improvement over the last fifteen years (Paoli & Merlie, 2000). At the same time evidence shows a worsening of important factors of working conditions. Intensification of work, prevalence of repetitive movements, high-speed work, work pace determined by others, and flexible employment practises as well as continued exposure to physical hazards at the workplace, cause continued health problems for workers. Many of these have also been shown to appear as part of restructuring processes.

In a world of increasing mergers and acquisitions, 75 to 80 per cent of organisations fail to reach targeted objectives (Nguyen & Kleiner, 2003). Negative occupational health effects are part of this equation. These effects include uncertainty for the future job situation that the change creates, a loss of control, reduced role clarity, or a change in the relations between employees when colleagues are discharged or when well-established organisational structures disappear.

It seems that the content of the change process, be it expansion, restructuring, lay offs and downsizing or others, are less important than how the process is carried out, in
ANALYSING THE EFFECTS ON EMPLOYMENT AND WORK

determining the health risks. A part of this research has identified management of change processes as important to the outcomes and focus on how the managers organise, communicate and facilitate the change process.

Examples of positive effects are learning, increased meaning, new careers, new jobs, increased customer interaction, increased flexibility, and increased control over work.

From the European Working Conditions Survey (based on a large number of interviews in all EU countries) we can, among other things, observe the following:

- in EU-15 the complexity of work is diminishing rapidly and work is becoming more repetitive;
- work is becoming more intensive, especially for high-skilled blue-collar workers;
- prolonged working hours are associated with health problems, both physical and psychological;
- for most workers, the pace of work is dictated by the demand of consumers and clients, and increases depending on the extension of the services sector;
- operating machines is not only the heaviest work but also the most repetitive and monotonous.

Though one worker out of four believes his/her health is at risk for working reasons, this percentage has been steadily decreasing over the past fifteen years. As for the exposure to physical risk factors, the following health problems have been rising over the past fifteen years: repetitive hand or arm movement (the most common risk), painful and tiring positions, noise and vibrations.

As for psychosocial risks, 22 per cent of workers declared they were under stress. Stress is, in fact, the third most common risk factor, after backache (25 per cent) and muscular pains (23 per cent). Workplace satisfaction was moderately high (80 per cent of workers). Workers who expressed satisfaction were mostly concentrated in Nordic countries.

A model for identifying psychosocial risks

There are a number of aspects to consider when analysing the consequences of restructuring. In this analysis, we will focus on the psychosocial effects on restructuring using the following model (Kristensen in diNunzio, Hohnen, Hasle, Torvatn & Øyum, 2009): (1) the demands in work both in terms of the quantity and quality of work tasks; (2) the influence over work; (3) the social support and social relations; (4) recognition (appreciation) and reward; (5) predictability - of employment and of work and workload; (6) meaning(fullness) of the work and the changes emerging.
Looking at the different WORKS cases the following picture emerges using the above described model.

Demands in work

There is one main trend across all the dimensions, namely the intensification in work. The exact form of intensification varies, but in all sectors variants of intensification, steep in the early 1990s, but continuing steadily to the present time. Another general tendency is increased reporting, administration and documentation that may be regarded as part of the ongoing ‘standardisation’ previously referred to. The intensification in work presents problems more for women than for men. Intensification of work often leads to an individualisation of responsibility: individual workers are then responsible of their part of the productive process, of their machinery, of their goals, …

Influence over work

Across all sectors there is an increase in standardisation. Even in the IT R&D cases there is an increase in standardisation, through the use of modularised work. In a context of
increased standardisation, formalisation and specialisation, it is not surprising that several sectors report loss of autonomy and creativity. To some degree this is inherent in standardisation processes. The combined effects of intensification and loss of autonomy is a drive towards what Karasek called ‘The high strain work organisation’, the most stressful of all work organisations.

Regarding possibilities, the overall trend is one towards specialisation and increase in skills. Market and customer orientations influence the work content and reduce the worker’s control of the productive process.

The standardisation of procedures and individualisation of responsibility make it difficult to negotiate influence over work. Standardisation and formalisation improve the surveillance of the working process and of the workers.

In a few cases, new possibilities have been created, such as a positive development towards less physically exhausting work, more ‘upgrading’ and improvement of safety procedures in the clothing and food industries. In addition, workers in public administration-customer service experience new career opportunities and better sharing of knowledge and experience, especially among employees with higher skills. For those occupations where creativity is a central factor (as well as for designers in clothing industry or researchers in IT), the influence over work has improved.

Social support

A parallel process to the loss of autonomy is the increased use of teamwork. As the individual loses autonomy, work processes become more collaborative, broader, harnessing skills and knowledge from several workers. It should however be noted here that ‘teamwork’ means quite different things in different sectors and along different positions in the value chain.

The use of teamwork brings an increase in informal control (between workers), especially when rewards are related to production, with a corresponding reduction of individuals’ influence on their own work.

There is an increase in virtual social contacts. For some groups this may result in an increase in social communication (the case of IT experts) while for others (teleworkers) it may lead to isolation.

The high frequency of changes results in a high frequency of new work relations. This is a cause of stress for the low-skilled occupations. For the high-skilled occupations, it is an opportunity to improve their knowledge and to new work experiences. On the other hand, the lengthening of the value chain leads to less stable contacts, especially in the traditional sectors, and this is a cause a weakening of worker representation.

Recognition and reward

Overall there seems to be a trend towards more individually-based recognition, where the individual becomes an expert, and is acknowledged as such, and is more likely to be paid by performance.

There is a general tendency towards individualisation and new possibilities for higher wages for some groups, and standardisation leading to low wages for others.
Predictability

There is a trend towards more uncertainty, caused by the fear of the frequent changes, of the unemployment and, generally, by a more precarious work. Precarious employment is certainly a cause of stress and anxiety. In several cases, we can see an increase in job security for the high-skilled occupations and for the workers in the core company.

In general there appears to be a decrease in predictability. The increased customer orientation seems to have a negative impact on predictability of employment as well as of work tasks; though there are also sector differences. Flexibility may change employment and work plans with short notice, especially for the low-skilled workers, undermining predictability.

Meaningfulness

The standardisation and the decrease of the workers influence delimit involvement, satisfaction, and the acquisition of a professional identity, especially in the low skilled occupations and in the manufacturing sector, with high automation. High standardisation reduces the creativity and the problem solving capacities of the worker.

In the IT and R&D sectors, the possibility of a more interesting work content and improved networking increase the satisfaction level and may create more meaningful work.

Increased market orientation is also experienced as making work more meaningful. A high degree of standardisation of the contact between workers and customers tend to result in a decrease in meaningfulness that may be improved if the workers have more autonomy.

Analysing the effects on occupational health and safety

Using the Kristensen model above and linking the six dimensions to the different effects that can be seen in value chain restructuring we get the following table. The idea is to identify some of the changes that you observe in your organisation. After you have chosen the most important changes, look at the six dimensions and try to identify possibilities and problems by setting a plus or a minus sign in the square.
Figure 6.6  Scheme for analysing the psychosocial effects of value chain restructuring

<table>
<thead>
<tr>
<th>Changes during restructuring</th>
<th>Six dimensions; possibilities (+) or problems (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Demands in work</td>
</tr>
<tr>
<td>Market and customer orientation</td>
<td></td>
</tr>
<tr>
<td>Standardisation, formalisation and centralisation</td>
<td></td>
</tr>
<tr>
<td>Increasing in surveillance</td>
<td></td>
</tr>
<tr>
<td>Intensification in work</td>
<td></td>
</tr>
<tr>
<td>Specialisation and increase in skills</td>
<td></td>
</tr>
<tr>
<td>Teamwork</td>
<td></td>
</tr>
<tr>
<td>Increasing in flexibility</td>
<td></td>
</tr>
<tr>
<td>Restructuring working time</td>
<td></td>
</tr>
<tr>
<td>Change in work force consistency</td>
<td></td>
</tr>
<tr>
<td>High frequency of changes</td>
<td></td>
</tr>
<tr>
<td>Changes in industrial relations</td>
<td></td>
</tr>
</tbody>
</table>

This section has been built on the WORKS thematic report on occupational health and safety (diNunzio et al. 2009) which we recommend for further reading on restructuring and the effects on health and safety.

6.5  The gender dimension

Segregation and gender relations

The gender impacts of restructuring are highly contradictory. On the one hand, there are major disruptions of the existing organisation of work and of occupational identities, skill requirements and working practices, which, in turn, may cause disruptions of traditional patterns of gendered power relations within the workplace. On the other hand, we see many of the older patterns of segregation re-emerging in new forms.
WORKS quantitative analysis showed that there are important differences between women and men in a large number of aspects of work content and work organisation:

- segregation of sectors and occupations persists and, in some cases, it has actually increased;
- women tend to work in jobs with less complexity and more intensity and subject to both market pressures and emotional pressures from clients and other service recipients;
- women are more likely to feel dissatisfied about their work if all aspects of job satisfaction are taken into consideration;
- women tend to feel more overqualified as they work more in atypical jobs;
- upward mobility is lower for women who, in turn, are less likely to lose their jobs.

Understanding the power relations between women and men, however, requires more than quantitative data that identify 'female' and 'male' jobs. Gender power relations involve a set of social, economic and symbolic relations that influence the way in which jobs and tasks are assigned according to specific values and qualities. In other words, certain more or less 'mixed' jobs, occupations and business functions (in which women and men are found in similar numbers) may nevertheless still be 'gendered'. The economic and social value of jobs and occupations as well as their 'gender' may evolve along with changes in gender patterns and stereotypical tasks for women and men.

These impacts are not universal but are strongly shaped by the particular historical contexts of specific national settings, sectors, business functions, occupations and patterns of gender relations.

Gender aspects in the occupational groups

In knowledge-based occupations (exemplified in our case studies by dress designers and IT workers) daily life is dominated by working life. A ‘gender-blind’ approach requires women, in effect, to adopt to the traditionally male labour model, although this is rarely a matter of reflection and is generally seen as the only possible way of life. Even when women have broken into what is essentially masculine terrain, there remain subtle differences in the roles that are open to them. In dress design, for instance, women are more likely to work in the retail sector, whilst men dominate the more prestigious haute couture field. In IT too, women are more likely to find a niche in the least technical fields: in R&D applications that involve non-technical knowledge, and in software development in roles that require communication skills. If they get into these knowledge occupations, women seem to be benefiting from a trend towards an increasing focus on commercial relationships and the need for communication with customers.

It is clear that, especially in knowledge-based occupations, gender relations are in motion. Work has the potential to provide fulfilment, identity, autonomy and a possibility to choose your own ‘life career’. In principle, the emerging service culture can counterbalance traditional features of the male work culture in IT-related male work culture. However these opportunities must be set against other trends. In particular, it seems likely that women may pay a high price in terms of the need to adopt to a male breadwinner model of labour market behaviour and in accepting high levels of stress.
The trend towards individualisation of contracts for some of these groups could be negative for women, who generally benefit more from having their wages and conditions negotiated transparently and predictable through collective agreements.

Flexible working practices are not common in these fields but, where they are, it appears that employers’ flexibility policies have not opened up new opportunities for balancing work and private life, neither for women or men. On the contrary, the flexibility they offer has been to the benefit of the employer, and has created extra demands for workers by making it more difficult for them to plan their time.

In manufacturing occupations, such as production work in the food and clothing industry and low-skilled tasks in logistics, the WORKS case studies highlight that restructuring is associated with very traditional patterns of gender segregation with women, especially women from ethnic minority groups, typically assigned to the most precarious contracts and the lowest paid work. Interestingly, this work is generally at or near the bottom of the value chain. When restructuring takes place further up the value chain, then this may lead to an upskilling of the tasks of women workers. The occupational case studies concerning these groups also revealed the existence of very traditional patterns of gender relations at home, with women seeing it as their role to take on the bulk of the household responsibilities in addition to their paid work.

The occupational cluster of service occupations concerns the field of employment that over recent decades has been the fastest-growing source of new jobs for women: white-collar service work. This was exemplified in our case studies by customer service work in the public sector. But it is also visible playing a support role in some of the other business functions, for instance in logistics, where the clerical functions are typically carried out by women. In many countries, patterns of work in clerical and service functions have been shaped historically by a mutual process of adaptation between employers and employees. Under this unspoken ‘deal’ employers have benefited from access to a ready pool of compliant, locally-based workers who do not typically demand career development. They are satisfied with high wages or long-term security in return for being offered working hours that enable paid employment to be fitted around the demands of family life. In many cases, especially in the public sector and the banking sector where trade unions have been strong, this ‘deal’ has in practice been significantly modified to provide increased security. But in general, compared with other groups of employees, these workers have constituted
a typical ‘secondary’ work force, dominated by women, with high levels of part-time working and use of various forms of contractual flexibility.

In many ways, the effects of restructuring on this group of workers can be seen as an accentuation of existing patterns. Where restructuring has taken the form of a redrawing of the job descriptions of a traditionally male work force (typified in our cases by the rail-ways and postal services) then a strong feminisation has taken place. With this feminisation has come a growth in precarious contractual forms.

Where the restructuring has involved a transfer to call centres of functions previously carried out by clerical workers, then the feminisation trend is not so strong, since a majority of the jobs were already held by women. Depending on what the previous requirements of the job may have been, this change may be regarded as an upskilling or a down-skilling. In this IT is playing an ambivalent role both in contributing to the intensification and standardisation of work and increasing the degree to which it is monitored on the one hand, and in enabling a wider range of skills to be deployed and of knowledge to be accessed on the other. However the increase in standardisation and monitoring and the need to be available to respond to customers has, paradoxically, in many cases reduced the possibilities for time flexibility in the organisation of work from the perspective of the worker. Thus the very features that have traditionally made this form of work particularly attractive for women with children appear to be in the process of becoming eroded.

→ This section has been built on WORKS thematic report on restructuring and gender

(.currentIndex += 1)

QUESTIONS

- What are the gender relations in your organisation, business function and occupational group?
- Have there been any visible changes over the last years – jobs being shifted from typically male to typically female or vice versa? If so, what are the reasons behind these changes?

(Dahlmann, Huws & Stratigaki, 2009) where the results can be read in more detail.

6.6 Analysing the effects - conditions of employment and conditions of work

One of the most important roles in dealing with restructuring from a union representative perspective is to identify the possible short- or long-term effects of changes. Based on this analysis the union can negotiate and influence changes – supporting the positive effects and trying to mitigate the negative ones.

Core issues, especially if you are a union representative, are of course job security and wages. But there are also many other aspects of work that need to be considered. We have
pointed out some of them from the WORKS experiences – many referred to the quality of work, not just the quantitative issues.

In this chapter we have looked into the effects of restructuring in different aspects. The focus is the impact on conditions of employment and work for the employees in different parts of the value chain.

Conditions of employment are those social aspects linked to the contract between employer and employee – job security and rules for dismissal, remuneration and pay-system, precarious or contingent work, working hours such as part-time or full-time, social clauses in the contract concerning vacation, sick-leave, maternal leave, pensions, etc. These are the traditional issues for the unions as well as for the HR department defining the personnel policies and the basic infrastructure for HRM. It also contains many issues in the classical arena for the conflict between labour and capital. Most of the issues here are directly linked to costs for the company and benefits for the employee. Conditions of employment are shaped by formal rulings through collective agreements, the individual employment contract and legislation.

Conditions of employment are to a high degree defined by national cultures and regulations. There are further specifications in the framework of the sector level, for instance, via sector agreements. Initiatives in this area are few from all parties on the European level, both the EU legislators and the social partners. An important directive specifically addressing restructuring, has been the TUPE directive (Transfer of Undertakings, Protection of Employment – EU directive) on employee protection in transfers. Considering the relation between labour and capital, the improvement of employment conditions is a win/loose situation between the social partners, i.e. between the employers and the employees. At the same time, conditions of employment define indirectly for the employers the ‘what’ and ‘how’ of their recruitment of competence.

Conditions of work are all the social aspects related to the content of work and under the physical, social and psychological conditions the work is being performed. The conditions of work are mainly determined by technology and work organisation in the workplace. Work organisation includes such topics as job design, contents of work, skill demands, learning possibilities, career paths, and internal and external job relations. Conditions of work vary between the nature of the work itself and different occupations and operations; designers compared with production workers in textile industry, production workers in food production compared with IT industry. But conditions of work are also in a high degree shaped by strategic business decisions and operational demands supported by managerial structures and organisational design.
Conditions of work are also important for the employability of the individual, in a longer term supporting or not supporting his or her value on the labour market. It specifically concerns the employer’s and employee’s mutual responsibility for the continual development of individuals’ knowledge, skills and experience, so that they have the competence to take on new tasks arising in the company or re-schooled in new competences that are currently in demand in the labour market.

Based on these distinctions and the above discussions on skills, flexibility, fragmentation, occupational health and safety we can finally indicate an easy scheme, model or checklist for analysing the effects of restructuring.

In doing this, it is important to identify the effects - in different business functions (one or more might be affected), occupational groups and groups with different employment relations and finally employees in different sites and companies. You also need to analyse both gender, ethnic and age aspects of the change. It need also to be said that the analysis is constrained to the employees still being in the restructured workplace or getting new jobs, either in the present organisation or transferred in an outsourcing process.
**Figure 6.8** Analyzing conditions of work and employment

<table>
<thead>
<tr>
<th>Conditions of employment and work</th>
<th>Improvement/ deterioration/ no change</th>
<th>Possible actions to take</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term job security, predictability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage levels and wage forms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General working conditions (social security, pensions, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working time arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Influence on work (methods, tools, pace, order)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills – standardisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills – upgrading or downgrading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning opportunities - at work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demands in work (speed, relations, competence)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work intensity, resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social support (fellow workers, management)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meaningfulness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Influence and participation in change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being able to be represented if needed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table above can be used as a checklist – a first way of securing that no important aspects of the change effects is missing. All aspects might not be relevant for each restructuring process or occupational group or from a gender perspective.

Similar kinds of lists are not unusual. They are often the basis for different kinds of employee surveys measuring different aspects of work and employee attitudes. Some issues can be found in the above-mentioned European Work Conditions Survey.

The important thing is to get an overview of the consequences of restructuring and use this to identify the most important issues, in terms of the values of your members/employees. In the next chapter we will continue the discussion on the last column – possible actions to take – that is influencing change.
In this chapter we will look into the issues on how the change process can be managed looking upon it from a union/employee representative position. It concerns the questions, from for instance a works council’s member, on:

When to exercise your will or your right to get information and to participate? What issues or consequences need to be prioritised? In terms of sustainability of the company and/or the short- and long-term interest of those who you represent? Who is responsible or takes what decision and when and where is it being taken? What are the possibilities to be proactive and what are the strategies in taking a reactive position?

We will also look into the institutional framework for participating in change and give examples on a strategy for social dialogue.

7.1 Participation and representation in change

Restructuring challenges the way in which unions and works councils, as well as individuals and groups of workers, can influence change. Being a part of a change process trying to make an impact on what kind of restructuring, which goals should be considered and how to implement the change is in itself a challenge.

As a representative for the workers you have to act in the framework of a system for social dialogue and procedures for information and consultation. These frameworks differ from country to country and company to company. On a European level there are formal instruments and arenas such as European Works Councils. On national level you have a system for company works councils or other systems for information, consultation and negotiations for the unions. As an employee you are dependent on the job you are in, the work organisation and the management system, as well as the personal attitudes of individual managers.

Participation and representation are two sides or two levels at which workers and employees can make their voice heard - in day-to-day operations and in the change processes. The picture down illustrates the different ways in which direct participation and representation are supported.
Most systems build on the presumption that the decisions are based on management being the acknowledged representative for the owner. There is a basic prerogative for management in defining the restructuring and the strategy behind it. This was very clear in all the WORKS cases. This top-down decision process can sometimes be complemented with a bottom-up process. The latter is a process where the employees at the workplaces are involved in the change and in defining many of the terms for the change and the actions that need to be taken. Top-down and bottom-up imply a vertical distribution of power. But by looking at restructuring process across the value chain you could also see a horizontal power distribution. It is not certain that the employer you relate to in your company is the one with the real power over the restructuring process. Value chains are governed in more subtle ways than the company is managed. Service level agreements, standardisation and IT systems are arranged to get a smooth operations across the chain. As a union or works council representative you have to ask yourself the question: Who is the real decision maker?

Value chain restructuring crosses companies, sectors and national boarders in many cases. The Austrian and Swedish Post outsource their customer service to private service partners. The British local government sets up a private/public partnership to where employees are seconded; The Danish slaughterhouse moves their operations to Germany where the company uses low-cost labour from Poland. The resulting fragmentation of work through outsourcing, relocation and the use of more flexible employment are not influenced in the internal organisation process.

Systems for workers representation and social dialogue as well as union structures and strategies need to face these challenges of fragmentation, individualisation and change processes in the wake of global value chain restructuring (Meil, Tengblad & Docherty, 2009).

### 7.2 Change processes and change management

Planning and carrying out restructuring processes, from beginning to end, is an art itself and change management is becoming a discipline of its own right. It puts high demands
on the top management for strategic initiatives, the operational management for carrying it out in practice and the human resource specialists for support on the human aspects. As unions and employee representatives on the shop floor and in works councils you need to cover all these levels.

In value chain restructuring the challenges of managing change becomes even more complicated. Often several organisations are involved as part of the chain. Processes need to be synchronised. Joint projects need to be set up. The process covers different national settings, with different labour market regulations and social dialogue cultures.

A normal restructuring or change process can be described in general terms as a voyage from: (a) unfreezing a present condition (creating a consciousness of the need for change) through (b) changing the conditions (taking the necessary restructuring steps) and finally (c) refreezing the new conditions (establishing and stabilising the new organisation or technological system).

It can also be described in terms of a decision process that can be summarised in:

1. the strategic business decision: this incorporates the long-term-based decision behind the restructuring – positioning the company in the value chain, market- and product strategy, as part of a value added or cost reduction strategy. From a representative perspective these decisions are difficult to influence but is important to know. They explain why the change is being made;

2. the restructuring decision in itself: this decision answers the questions of what, when and where? What kind of reorganisation is being designed (in or outsourcing, centralisation/ decentralisation)? What kind of technical changes are being made (automation, ERP- or other IT systems, etc.)? Where are different functions, e.g. production, intended to take place (offshoring or not)?

3. decision on the restructuring process: How is the change going to be carried out? What are the terms for the change - for those being made redundant, for dealing with changes in skills and competence needs? When is the change going to take place - immediately or over a longer period? All at once or in a series of stages? How is the different changes going to be implemented and in what order?

4. furthermore, there is an ongoing process of implementing shaping the operative conditions and taking care of consequences, mainly on lower levels in the organisation;

5. finally there might be efforts trying to evaluate the change, which can be done formally or informally in the form of a learning process.

Figure 7.2 describes the change process in both the ways presented above. Taking part of the change as a union representative takes different shapes in the different phases. The processes are described in the form of circles illustrating an ever-changing process.
In order to participate and influence the decision process the questions of by whom and where the decisions are being made and need to be answered. Is the outsourcing decided by middle management or based on a general policy by the top management? Or is it a decision being suggested by an organisation consultant? Or is it a group policy, defined at HQ in another country? Or is this a more or less ‘inevitable’ effect of restructuring across the value chain? If this decision is to be influenced, who should you turn to?

Value chain restructuring makes this more complicated to identify the who and where. The IT system covering several organisations in the value chain is decided upon by the centre of power (for instance the holder of the brand or the retailer). For a representative trying to influence the subcontractor you need to influence the buyer holding the strongest position. Taking the customer as a part of the value chain the outsourced call centre operators has to relate to (1) their own employer setting the conditions of employment, (2) the client (buying the customer service and, by so doing, defining part of their conditions of work) (3) and the customer (being a part of the production and also influencing the conditions of work).

When restructuring involves different sites or different countries, there are issues that can only be solved at the respective site in the respective country. If it is an issue of transferring in the same group/company inside Europe there are formal ways, like European Works Councils, to handle it. But if it involves countries/sites outside Europe or of if the restructuring is between different legal entities in the value chain, the issue of where to influence becomes more complicated.
7.3 Unions and employee representatives’ responses to change

Defining the members interests

In dealing with the globalisation and restructuring, unions and employee representatives have to identify the threats and opportunities of the change for their members and/or those they are appointed to represent. In the best of worlds, the representatives have formulated development ambitions for the employees, both on conditions of work (such as better development possibilities or less job strain), and conditions of employment (such as higher wages or shortening working hours). In many cases this also leads to ambitions on the company and how it is managed and organised. In terms of value chain restructuring better development possibilities and higher wages often coincide with ‘moving up’ the value chain. While ‘moving down’ holds the risk of the opposite development. Outsourcing, depending on the motives, might lead either way. A cost driven outsourcing (or offshoring) could be a threat to both job security and wages. On the other hand, a competence-driven outsourcing might improve both conditions of work and employment. We have earlier discussed the different effects of restructuring.

Linked to the process, the analysis of effects on conditions of work and employment should ideally be made in two steps. The first one should be made before the restructuring decision, finding out if the probable effects are of a magnitude that they influence the restructuring decision in itself. The second one should be made after the decision with the ambition to deal with the negative effects in the best way possible.

Being proactive or reactive

The first major challenge for representatives in trying to effect change is if it should be proactive or reactive. By proactive we mean that for instance the works council representatives are and is given the possibility of anticipating the change and also active

QUESTIONS

- What are the major changes your organisation is going through?
- Where in the change process are you?
- Why is it being done? Try to identify the strategy behind it?
- Who is (are) the driver(s) behind the change – top management, middle management, other actors in the value chain?
- How is the change process planned? What are the expected impacts on the employees and how are these employee effects being dealt with?
in the discussions on alternative strategies and analysing consequences of different actions. But it can also mean being proactive towards its members supporting them in developing their value on the labour market in case of restructuring.

A more reactive approach is taking the present situation and the restructuring for granted and focus on mitigating the social effects of the change.

Reactive strategies can take the shape of protection of the conditions of employment – often limited for the members – the core workers. Stalling and making resistance are other ways of being reactive. Reactive strategies follow a tradition where the representative system, be it a union or a works council, is built up as a mirror or reflection of the employer.

From the WORKS cases we see very few examples of proactive actions on company strategies – the why and the what - but partly in dealing with the how In dealing with the consequences of restructuring on the members situation there are generally two types of response:

• the first, what we can call socially responsible change, ensures that redundant workers receive high levels of compensation and retraining for the labour market. The retained workers keep or improve their terms and conditions of employment and work content;
• the second, protection oriented response, is a reactive and more defensive strategy that concentrates on maintaining conditions of employment. This is especially evident for core workers, even if others working in the same environment have worse conditions.

Individual or collective strategies for influence

The ways in which union representatives act is also dependent on the occupational groups they represent and if these groups are inclined to be more or less oriented towards some kind of collective action.

In the analysis of the occupational groups in the works cases, we could see major differences between the more individually oriented dress designers versus the more collectively organised food workers. The figure below illustrates different occupational groups’ relations to individual and collective strategies.

**Figure 7.3** Individual and collective strategies in different occupational groups

<table>
<thead>
<tr>
<th></th>
<th>Knowledge workers</th>
<th>Production workers</th>
<th>Service workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Traditional</td>
<td>Rising</td>
<td>Private sector</td>
</tr>
<tr>
<td>Collective</td>
<td>Professional</td>
<td>Traditional</td>
<td>Public sector</td>
</tr>
</tbody>
</table>

Traditionally, knowledge workers have a tendency to act individually, independently. Where there is collective action it is more oriented towards professional issues such as competence development, insurance issues etc. Production workers have a tradition of
collective action. But through more professionalisation and new forms of management there is a rising interest for individual solutions. Service workers way of acting tends to differ between a more collective approach in the public sector, compared to those in service occupations in the private sector.

**Boxing and dancing - negotiation or co-operation**

A second important issue is the way in which the relations between the employee representatives and management are shaped. The differences have been described as boxing and/or dancing. Traditionally you may adopt a co-operative culture or approach on some issues and a negotiation culture on the other issues. Mature partners can use different ways in working together on different issues. In a more advanced industrial relations culture ‘conditions of work’ are handled through co-operation while conditions of employment, especially wages and working time, are negotiated.

Many of the WORKS cases illustrate the importance of both company cultures or approaches. Sector specificities and national settings may explain how differently the social dialogue is shaped in the process.

Figure 7.4 could be seen as an ideal picture on the relation between the decision process, activity strategy and relations in the social dialogue.

<table>
<thead>
<tr>
<th>Relations/strategy</th>
<th>Strategy decision</th>
<th>Restructuring decision</th>
<th>Process decision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proactive</strong></td>
<td>Negotiation</td>
<td>Co-operation</td>
<td>Negotiation</td>
</tr>
<tr>
<td></td>
<td>Anticipation</td>
<td>Informal discussions</td>
<td>Co-operation</td>
</tr>
<tr>
<td><strong>Reactive</strong></td>
<td>Resistance</td>
<td>Stalling</td>
<td>Conditions of work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Resistance Procedures</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Conditions of employment</td>
</tr>
</tbody>
</table>

**7.4 Using the institutional and formal regulated social dialogue**

In every European country there are systems implemented by law and/or agreements on the procedures of information and consultation - what to be discussed, in which companies.
National regulations for social dialogue

Each country concerned with value chain restructuring has its own institutionalised way of regulating the securing of information, consultation and sometimes negotiations on restructuring and related issues. In the EU the most common institution is the works council where employee representatives in a specific company meet management for information and consultation on specific or general issues concerning the development of the firm, conditions of work and employment. In some countries, such as Italy, Sweden and the United Kingdom, the local unions are the recipients of the information with the mandate to be consulted.

The EU directive 2002/14/EC gives minimum standards for information and consultation. As expressed: ‘the directive is intended to enable employees to defend their jobs through an effective, standing and regular procedure for information and consultation on recent and probable developments in the activities of an undertaking. The procedure must cover the company’s financial and economic situation, employment developments and, in particular, decisions likely to lead to major changes in the organisation of labour.’ (ETUI-REHS, Benchmarking Working Europe, 2007)

Or as expressed in the directive:

‘(9) Timely information and consultation is a prerequisite for the success of the restructuring and adaptation of undertakings to the new conditions created by globalisation of the economy, particularly through the development of new forms of organisation of work ... (Article 4.3). Information shall be given at such time, in such fashion and with such content as are appropriate to enable in particular, employee representatives to conduct an adequate study and, where necessary, prepare for consultation.

Aside of these general minimum standards, there are in many countries specific committees on occupational health and safety, often separated from the works council. These occupational health and safety committees are strongly linked to the working place and the legal entity of the undertaking.
7.5 Thinking out of the box - future union strategies

Value chain restructuring in an increasing global information society challenges unions and employee representatives in struggling for their members’ interests, social sustainable companies and well functioning labour markets. Issues like environmental development, the dysfunctions of financial markets and a growing European and international integration are also high on the agenda.

Facing this, unions and workers representatives need to rethink their strategies, structures and methods:

- increase the knowledge on the combined effects of globalisation, financial markets, restructuring and working life;
- increase the European and international co-operation – not just in the formal, upper parts of the structures but also through networks and cross-country co-operation officials on different issues;
- making sustainable development – social as well as economic and environmental – a key issue in action programme on different levels;
- formulating strategies for the new knowledge and service workers in the knowledge and service society;
- integrating consumer perspectives in traditional producer perspectives;

For further discussions on union strategies and social dialogue you can study the WORKS thematic report on participation and workplace representation (Meil et al. 2009).

QUESTIONS

- What are the major threats and opportunities of the change from your members perspective (or those you represent)?
- Which are the most important interests to take care of in the process? Do you need to focus on specific protective measures?
- What do you know of other organisations involved in the change? Co-operation or not?
- Is it possible to take an initiative on the change or is it only to wait for the suggestion from the employer?
- What are the conditions for co-operation in the change process? Shall you dance or box?
▪ opening up and taking responsibilities for a larger group of members - especially those being negatively affected by the flexible working life and other vulnerable groups on the labour market;
▪ establishing new alliances on local, regional, national and global level - local communities, regional innovation and competence actors;
▪ taking a more active part and finding instruments for supporting the individual members.

This does not mean that present structures should be thrown out or be ignored:
▪ European Works Councils could be used more actively;
▪ collective agreements could be more innovative and cover larger areas and need to adjust to a changing working life;
▪ Basic working conditions in the EU as well as information and consultation systems should be secured;
▪ There should be influence over legislation on both national and European level.
Bibliography

European Foundation for the Improvement of Working and Living Conditions (2008), ‘Codes of conduct and international framework agreements: new forms of governance at company level’, case study, Dublin, Ireland.


Gavroglou S.P. (2007), A bloodless outsourcing of clothing production to a neighboring country - Organisational case study on production in the clothing industry - Greece, Internal working paper, WORKS project.


Websites

Information on WORKS can be found on the projects website http://www.worksproject.be here many of the reports mentioned in this book can be found. Some of the WORKS partners have their own websites, mostly in their own languages. These sites might be interesting for those belonging to the same country or language area:

http://www.arbejdsmiljoforskning.dk, the website for Det nationale center for arbejdsmiljø, Denmark.
http://www.atk.se, the website of ATK Arbetstagarkonsultation AB, Sweden.
http://www.essex.ac.uk, website for Institute for Social and Economic Research (ISER) University of Essex, United Kingdom.
http://www.forba.at, the website of Forschungs- und Beratungsstelle Arbeitswelt, Austria.
http://www.ftu-namur.org, the website of Centre de recherche travail et technologies, Belgium.
http://www.hiva.be, the website of Hoger instituut voor de arbeid, Belgium.
http://www.ires.it, the website of IRES Instituto di Ricerche Economiche e Sociali, Italy.
http://www.isf-muenchen.de, the website of Institut für Sozialwissenschaftliche Forschung e.V. München, Germany.
http://www.itan.fzk.se, website für Das Institute für Tchnikfolgenabsschätzung und Systemanalyse (ITAS), Karlsruhe, Germany.
http://www.panteion.gr, website for Panteion University of Political and Social Sciences Department of Social Policy, Centre for Social Morphology and Social Policy – KEKMOKOP, Athens Greece.
http://www.sintef.no, website for SINTEF - Stiftelsen for industriell og teknisk forskning ved Norges tekniske høgskole, Trondheim, Norway.
http://www.sow.hu, the website of Institute of Sociology (ISB) Hungarian Academy of Sciences Research Group for Organisation and Work, Hungary.
http://www.utwente.nl, Public Administration and Technology School of Business, Faculty of Business, University of Twente, the Netherlands.
http://www.workinglives.uk, the website of Working Lives Research Institute London Metropolitan University (LMU), United Kingdom.
Other websites of interest concerning globalisation, restructuring, working life and unions are:

http://www.etui.org, the website for the European Trade Union Institute for Research, Training and Occupational Health and Safety (ETUI-REHS).
http://www.eurofound.eu, the website for the European Foundation for the Improvement of Living and Working Conditions containing information on restructuring as well as working conditions over the EU.
http://www.mire-restructuring.eu, website from a project building on case studies on redeployment strategies in restructuring.
http://www.traceproject.org, website for the European project: Trade unions anticipating change in Europe.
http://www.wageindicator.org, website covering wages and other conditions of employment globally.