

Achieving Resilience: European experience and high road work organisation

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1. AN UNDERUSED RESOURCE FOR ACHIEVING SHARED GOALS?

It is sometimes argued that the design of work organisation is principally an internal issue for enterprises, one in which external bodies have very little legitimate interest. Yet it is becoming clear that work organisation is tightly knit within the wider economic and social fabric.

On the one hand, the organisation of has a direct impact on the achievement of wider social and economic goals including competitiveness, better jobs, employment growth and social inclusion. Policy makers, social partners and others have an interest in promoting types of workplace organisation which enable all employees to use their talent and creative potential to the full. For business this creates indispensable conditions for innovation and enhanced productivity through workforce commitment, motivation, retention and innovation. For employees there is ample research evidence that such conditions enhance self esteem, health and satisfaction at work. From this perspective quality of working life becomes simultaneously a competitive advantage and a social good, addressing Europe's concerns with, for example, the retention of older employees in the workforce, the reduction of long-term sickness, and lifelong learning. Moreover the potential for achieving such 'win-win' outcomes is not just apple pie wishful thinking. While a generalised statistical relationship between performance and participative work cultures remains elusive, there is a wealth of qualitative research and case study material to demonstrate the conditions under

which convergence can take place (see for example the Hi-Res study at www.ukwon.net).

At the same time the way in which work is organised does not come solely from within the resources of the company. Rather it draws extensively on the opportunities for knowledge creation, learning and dialogue created by social capital. This includes research by public bodies, business services provided by intermediate organisations, formal or informal networking, education and training provision and the system of industrial relations. Public policy makers, social partners, universities, regions and other stakeholders have key roles in creating an environment abundant in opportunities for organisational learning and innovation.

The way in which work is organised is therefore a matter of legitimate public and policy concern: as policymakers, social partners, employee representatives, employers or citizens there are solid grounds for taking sides in favour of achieving sustainable competitiveness *through* a high quality of working life.

2. THE FUTURE OF WORK AND ORGANISATIONS

The past is an increasingly unreliable guide to the future. Changes in technology, markets, regulation, global politics, the environment, demographics, markets and the expectations of employees place adaptability and innovation at a premium – in business and public policy alike.

In this increasingly fierce global environment it has long been clear that “low road” strategies of cost leadership, speed and standardisation cannot build sustainable competitive advantage. Rather Europe needs to compete by utilising its innovative potential to the full. Increasing cultural diversity can be a source of creativity. Companies (including public sector institutions) need to reinvent their products and services on an almost continuous basis and in ways that can't

easily be imitated by their competitors. The rate at which companies translate the creativity, experience and tacit knowledge of employees at all levels (and that of other stakeholders such as customers and suppliers) into a shared resource for innovation becomes a major determinant of competitive success. This “high road” alternative is often referred to as the “knowledge economy”, the paradigm which has underpinned the EU’s Lisbon Strategy.

Yet a successful transition to a knowledge economy should not be taken for granted. Past approaches to management, work organisation, education, training and labour market policy cannot deliver the transformation of European businesses and public services needed for sustainable competitiveness and social cohesion. This poses challenges from the workplace to the wider sphere of European employment policy. For example:

2.1 The workplace

The knowledge economy is characterised by approaches to management and work organisation that represent a distinctive break with the past, and which require new competencies from workers at all levels. Employee involvement through partnership, participative teamworking, continuous improvement and high involvement innovation seen by a growing number of European companies as a core plank of competitive strategy, though there is evidence that the majority lag behind in the adoption of proven methods. The sustainability of European competitiveness may well depend on continued progress in this direction, though there has been a dearth of evidence on workplace trends during the last decade.

2.2 Education and training

Changes in job design and work organisation also have profound implications for vocational training and education. While technical skills are increasingly time limited, generic competencies such as communication, teamworking, problem

solving and creativity are at a premium in the knowledge workplace as is the ability to learn itself. This poses challenges for the development of competence standards and indeed for our definition of labour market needs.

2.3 The global war for talent

A knowledge economy depends not just on home-grown talent, but on its ability to attract and retain individuals in what for many has already become a global labour market. It would be surprising if during the next decade China and India did not increase their attractiveness to experts and entrepreneurs as places to live and work, as the USA has done for some considerable time. The need for businesses to compete in the global war for talent will gain increasing prominence enhancing the significance of quality of working life.

2.4 Information and communication technologies (ICTs)

ICTs transform the nature of jobs and of workplaces themselves, creating vast potential for the wider distribution of knowledge and decision-making (and also for its opposite). The use of ICTs has become commonplace in even the smallest businesses, imposing new skill requirements on employees working in a wide range of functional areas. Critically businesses are realising that knowledge of ICTs is required not just by the specialist workers who use such technologies directly, but by managers and associated employees who need to understand their potential in ensuring efficient business processes.

The growth of home-based working made possible by ICTs can offer flexibility and other benefits to individuals seeking to balance work and family life, and to companies wishing to retain skilled employees. However it also requires enhanced levels of ICT competence and self-management capability as well as posing stress risks - as recognised in the European *Framework Agreement on Telework* negotiated by the social partners.

ICTs support the drive for greater numerical and functional flexibility in the use of labour, with ambiguous consequences for employees. Existing information technologies are already capable of automating a significant proportion of service functions with significant implications for employment in many sectors, and technology-led restructuring will affect large numbers of skilled workers in the next few years. Services are responsible for a major share of the EU's productivity gap with the US so the potential for job loss is considerable, though the automation of routine backroom functions offers companies the "high road" alternative of refocusing attention on customer service rather than the low road of cost reduction through job losses. Either way, the growth of ICTs means that many workers will face significant changes in the medium term future.

2.5 Working life

Restructuring, takeovers and mergers, downsizing and the geographical mobility of enterprises have significantly undermined expectations of job security, as well as undermining trust and loyalty to individual employers. Workers are now well advised to be proactive in ensuring their own employability through active participation in lifelong learning (both inside and outside the workplace) and in building a wide range of work experience. Jobs which offer opportunities to build 'career capital' through learning, high levels of discretion, diversity of experience and personal network building are increasingly prized – and this is clearly related to the design of work organisation.

Evidence of increasing polarisation within the labour market poses considerable challenges. Over recent years job growth has been apparent both in knowledge-based occupations and in relatively unskilled employment. However the flattening of organisational hierarchies and increasing ability to automate skilled jobs makes individual progression within organisations and sectors increasingly difficult – the so-called "hour glass economy".

2.6 Demography

The demographic structure is changing. The proportion of older people has never been greater and life expectancy is longer than ever before. At the same time a birth rate which has declined over several decades means that skilled young workers are becoming a scarce resource in many parts of Europe. Two small illustrations: today the ratio of workers to pensioners in Sweden is three to one; by 2020 it will be two to one. In Scotland by roughly that time the number of people over 65 will be greater than the number under 15.

The focus on rationalisation and downsizing has worsened the situation for risk groups such as older workers, often regarded as unable to learn the use of new technologies sufficiently quickly, or to adopt new business philosophies, methods or practices. This is despite increasing evidence that lifelong learning can enhance and prolong the productive contribution of older employees. To neglect older workers' potential for learning and development represents a wasted resource. Shortfalls in pension provision also make current retirement ages unsustainable. Older workers need incentives to remain in work beyond the average retirement age, including improving quality of working life, enhancing access to opportunities for learning and development, and recognising that the nature of their role and contribution needs to change with greater maturity.

Moreover, even though younger workers are becoming a relatively scarce commodity, there is evidence that many are becoming less engaged with work. Younger workers may have less tolerance of boring, repetitive or badly designed work than their predecessors, and quality of working life will be an important factor in their recruitment, engagement and retention.

2.7 Migration

The long term effects of migration remain unclear. Skilled workers migrating within Europe, or entering Europe from elsewhere certainly relieve specific skills. Recent and continuing enlargement of the EU increases the diversity of knowledge, experience and skills on which a sustainable economy and society can be built. However migration also increases the range and depth of the challenges – of integration, co-ordination and innovation – that European workplaces must meet.

3. ADAPTING TO AN UNCERTAIN WORLD

As the preceding discussion suggests, companies are facing unprecedented challenges including a level of volatility in the global business environment which requires constant vigilance, versatility and innovation. Old styles of managing and organising work can't deliver such adaptability. Yet despite the claims of consultants and bookstall gurus, there are no blueprints or easy paths to sustainable organisational innovation. Indeed most change initiatives fail, arguably because they are focused too much on the quick fix. Sustainable change is messy and uncertain, involving the painstaking engagement of all stakeholders in a process of gradual learning, dialogue, experimentation, and trial and error. Yet there are some extraordinary stories of transformation emerging from European workplaces. 'High road' change is based on long-term innovation rather than the 'low road' of short-term cost cutting measures, and seeks win-win outcomes for management, employees and other stakeholders. The remainder of this paper focuses on the journey to the high road.

4. TOWARDS THE HIGH ROAD ORGANISATION

What evidence is there of the high road in European workplaces? UKWON and its European partners studied new forms of work organisation in 120 organisations across the EU (see the Hi-Res report at www.ukwon.net). Drawing on evidence from this study, as well as on our direct experience of change in several organisations, two interdependent “arenas” of organisational innovation can be identified. In this context “arena” implies a “design space” in which dialogue, experimentation and learning can take place, without a prescriptive blueprint to determine the outcome. Critically the task is not to try to catch up with ‘best practice’ but to develop a strategy firmly orientated towards the creation of innovative and self-sustaining processes of development. External knowledge, ideas and experience may inform learning and experimentation within individual enterprises, but it is unlikely that there will be indiscriminate adoption of external solutions without some form of adaptation and shaping by local stakeholders. Work organisation is a reflexive process – not an end state.

4.1 Workplace partnership as organisational development.

Partnership between management, trade unions and employees is increasingly recognised as a means of building effective employment relations. To some extent it is embedded in European regulation (for example the *European Works Council* and *Information and Consultation Directives*) as well as in the national legislation of some countries. Partnership arrangements vary widely within Europe, but are often based on formal agreements between management, trade unions and workforces and on the creation of structures (such as works councils) within which trust-based dialogue on strategic challenges and opportunities for the enterprise can be established.

There is increasing evidence of constructive dialogue between management and employee representatives around major restructuring (such as acquisitions,

mergers and takeovers) in which negative consequences for employees are ameliorated and/or where principles of gainsharing are introduced. The benefit for management is that they gain access to the tacit knowledge and experience of front line employees so that outcomes can better reflect “what works”.

Dialogue can also transcend traditional employment relations concerns to become a motor for workplace innovation in ways which lead to benefits for company performance and for employees. Partnership-based dialogue may deal with a wide range of issues, for example:

- steering and informing organisational change;
- reviewing performance at all levels of the organisation;
- initiating contact with other stakeholders;
- devising alternative reward structures;
- reviewing working practices and working time;
- considering technological options;
- introducing teamwork;
- implementing family friendly policies;
- assessing and reviewing the role of management;
- anticipating potential legislative impact.

Employee and trade union representatives can negotiate measures which, for example, improve quality of life through changes in job design to eliminate monotonous work. Such negotiations can also enhance employee engagement through the development of empowered teams (see below) or continuous improvement mechanisms, both of which can lead to improvements in quality of working life as well as competitiveness. Partnership bodies can also become guardians of the quality and sustainability of such workplace innovations, resisting tendencies towards “innovation decay”. Thus *representative* or *indirect* workforce participation can create an environment for the stimulation of *direct* employee involvement in day-to-day work.

4.2 Empowered job design and participative teamworking

Partnership from the high road perspective moves beyond representative structures and participation mechanisms to make a direct impact on the task environment. Building a workplace in which employees can develop and deploy their competencies and creative potential begins with job design. According to standards of job design developed in The Netherlands (the *WEBA* instrument) for example, employees at all levels should be able to assume responsibility for day-to-day decisions about work through co-operation or communication with others. Systematic opportunities should exist for problem solving through horizontal contact with peers. The ability of the employee to adapt the execution of work to changing demands, circumstances and opportunities is an essential prerequisite for occupational learning and reduces stress. The job should contain demonstrable opportunities for analysis, problem solving and innovation, in which the working environment is a place of learning. A high frequency of horizontal and vertical contact is required to support problem solving, learning and innovation, taking the form of ad hoc co-operation, formal and casual discussions, and possibly social contacts outside the work sphere. 'Distributed intelligence' throughout the organisation is also required to support problem solving, ensuring that knowledge and expertise are widely shared or readily accessible by individuals throughout the organisation.

However, effective job design must develop within the wider organisational context. The key concept here is teamworking, one of the defining characteristics of new forms of work organisation with deep roots in European thinking about management and organisation. However 'teamwork' is used to describe such a diverse range of workplace situations that arguably the term has become meaningless. While teamworking may refer to a general 'sense of community', or a limited enlargement of jobs to enhance organisational flexibility, in a high-road sense teamworking will involve a radical re-appraisal of jobs, systems and

procedures, throughout the whole organisation. Mueller and Purcell (1992) attempt to clarify the contemporary conception of teamworking:

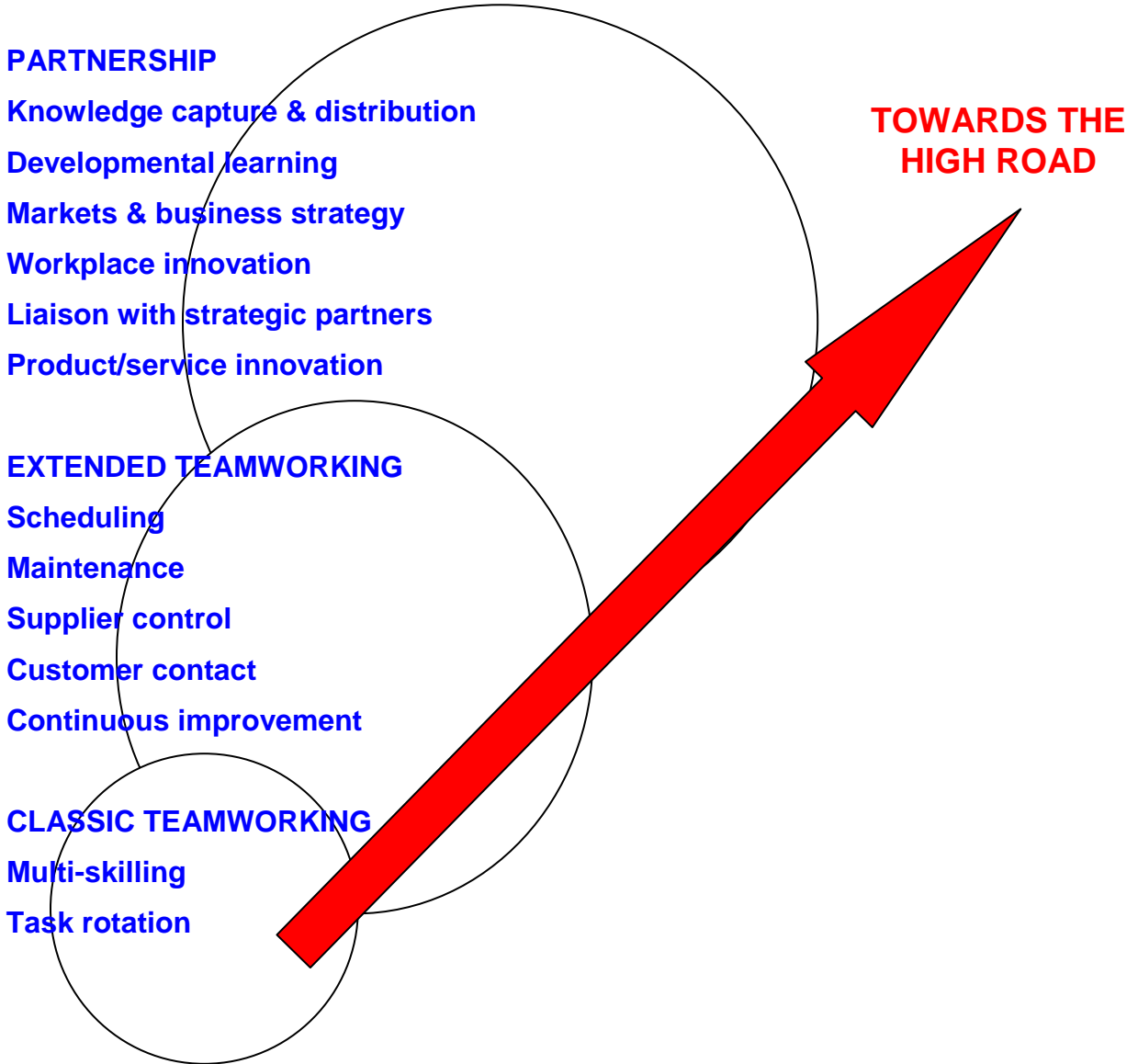
- the team works on a common task;
- its work is spatially concentrated and it has a recognisable territory;
- the allocation of tasks is largely organised by the team;
- the team encourages and organises the acquisition of multiple skills;
- it has decision-making power over time and appropriate means;
- there is team spokesman/leader;
- the team has some influence on who will join it.

What distinguishes a team in the sense used here from a collection of workers who merely work in the same department is the degree of autonomy enjoyed in relation to formal line management structures. However it is also necessary to consider the quality of dialogue and innovation which takes place inside the team. If teams are to be more than decentralised units for the production of a given product or service, all team members must have the potential for a high level of reflexivity unconstrained by internal demarcations and privileges. Teams in which the specific knowledge and expertise of each team member are valued and make a tangible contribution to product and workplace innovation meet important criteria for convergence between enhanced productivity and enhanced quality of working life.

4.3 Participative teamwork as a building block of partnership

Teamworking cannot be seen as a discrete set of practices within an organisation. Rather it is closely interwoven with the partnership practices discussed above. This is illustrated in Figure 1 which demonstrates the relational pathway between teamworking, the enterprise and partner organisations:

Figure 1: From teamworking to partnership



Team-based approaches can be designed according to both low road and high road rationales. Teamwork can mean little more than multi-skilling and job enlargement on the floor of a factory, office or clinic. At this basic low road level, functional flexibility achieved through job rotation can achieve tangible gains for the employer, though in many such cases job enlargement can result in greater pressure and stress rather than job enrichment.

Certainly the extent to which teams enjoy control over the work environment is critical. Thus high road teamworking achieves flexibility by enabling employees to take overall responsibility for the production of the product or service. Within the team this will involve significant latitude for autonomous scheduling and planning, as well as opportunities for reflection and continuous improvement. Ericsson Radio Systems AB demonstrates the importance of trust in achieving high road convergence between performance and healthy working:

Case Study: Innovation at Ericsson Radio Systems AB, Gävle, Sweden

In anticipation of the third generation of mobile telephony (3G), Ericsson built a new factory for the production of the new transmission equipment in Gävle, 150 kilometres north of Stockholm. At the same time, the company was aware of the need for a stress prevention programme. Accordingly Ericsson managers have decided to experiment with new ideas in the production process that combine goals of efficient assembly of the new products with a human resource policy that emphasises high staff motivation, stress avoidance, competence development in line with employee needs, and a proper work-life balance.

The new factory was designed around cellular working in which individuals at work stations are responsible for all operations including customer ordering, assembly of processor boards and testing. In particular, a new culture and new competencies enable closer relations between production, product design and test development.

The means to manage change has been 'The Good Workplace' programme, which aims to recruit and motivate staff with trade union support. Managers of the new plant stress the need for delegation, participation and individual competence development. Particular individuals have been specially trained as 'Inspirers' to enthuse other employees on the aims of the project.

The work environment has been designed in close liaison with the company Medical Officer not just to allow for functionally efficient production, but also to allow staff to relax at certain times with a view to stress prevention and the encouragement of a creative spirit. This has involved recovery rooms including an ergonomically designed 'Green Room' to which individuals are free to withdraw for contemplation, reflection and creative thinking, either individually or brainstorming in small groups.

As Figure 1 shows, the high road may also lead to “extended” teamworking including external problem solving and innovation through direct involvement with customers, suppliers and other parts of the supply chain, rupturing the organisational boundaries of ‘classic’ workgroups (Hague, den Hertog, Huzzard & Totterdill, 2003). Inter-organisational teamworking between customers and suppliers is likely to increase with the emergence of complex product networks facilitated by ICTs and involving frequent horizontal collaboration between employees at all levels.

Internally, the boundaries of teams may become more fluid – in contrast to the definitions cited earlier – as organisational structures evolve responsively around client or product needs rather than reflecting traditional demarcations. Characterised by dialogue and trust, extended teamworking offers a positive trajectory for quality of working life, offering scope for personal development through self-direction, building wider relationships and participation in both operational and strategic innovation.

Case Study: Product design at ABB Cewe

ABB Cewe, a Swedish manufacturer of electrical switchgear, took clear action to close the gap between design and production functions by relocating development engineers onto the shopfloor. A distance of 30 metres along the corridor, it was argued, was sufficient to prevent adequate flows of information and knowledge between the two areas of activity. Direct involvement of production employees in the development process has reduced lead times, reduced production difficulties and enriched jobs.

Figure 1 shows that teamworking blends with partnership through the medium of productive reflection, knowledge creation and innovation. The Tayloristic separation of day-to-day operations from development functions has long been understood to extend the trial and error cycle in the introduction of new products and services, inhibiting flows of information between operational and developmental functions and preventing the tacit knowledge of operational employees from being utilised within the innovation process. Building on, but

moving beyond continuous improvement, high road models seek to integrate production and innovation. This has been called “High Involvement Innovation” in which the systematic involvement of employees at all levels in the continual reinvention of products and services is integral to “the way we do things around here”. Critically there is a clear link between overall corporate strategy and its deployment down to the various problem-solving teams. High Involvement Innovation is also part of individual behaviour: people define innovation as a core part of their job and not an add-on. Individuals seek out opportunities for learning and personal development through active experimentation and by setting their own learning objectives), while the organisation captures and shares the learning of individuals and groups. Employees are often involved in several different activities from work-group teams to cross-functional and even inter-organisational teams. The whole ethos is one of change: constantly searching for ways to improve things and not leaving things as they are unless there is a good reason.

4.4 Integrating partnership and teamworking through dialogue

We have presented partnership and teamworking as the principal, mutually reinforcing dimensions of the high road organisation. On the one hand partnership creates the context and the safeguards for the empowerment and engagement of front line employees. Research and experience abound with failed attempts to empower frontline staff in the absence of a partnership culture. Empowerment threatens traditional ways of managing, from the top of the organisation to the frontline supervisor. It is as though the organisation develops antibodies to protect its established order against infection from new practices. Managers accustomed to playing a policing role feel threatened by empowerment, and can consciously or unconsciously subvert change. In short, partial change is a recipe for innovation decay. Change needs to be reflected throughout the system. Empowerment at operational level needs to be monitored and protected by a partnership structure characterised by strong nodes of

communication with the frontline and the authority to enforce its values throughout the line management structure.

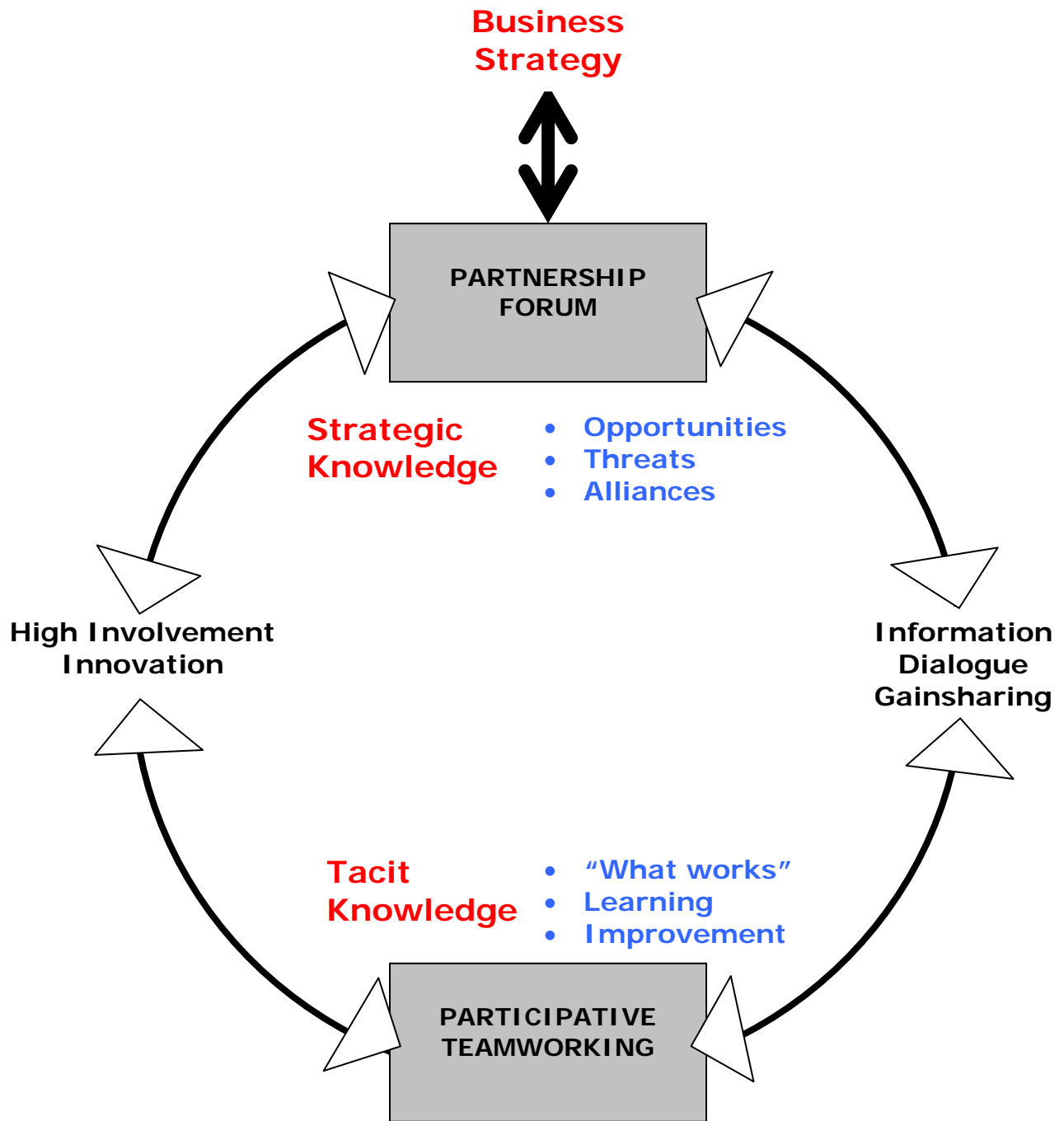
At the same time, partnership itself thrives when it is supported by an engaged and empowered workforce. Academic critics of partnership point to studies which show a divide between employee or trade union representatives on partnership forums and workers at the frontline, citing this as evidence of tokenism or incorporation. Indeed the position of representatives, and the nature of representative participation itself, can be fraught with ambiguity, especially in companies where the organisation of work does not provide opportunities for productive reflection and dialogue. However team-based working practices can generate the reflection and insight capable of informing partnership dialogue at the strategic level of the organisation. Issues and opportunities that cannot be addressed by teams themselves or by horizontal collaboration between teams may reveal the need for systemic action at corporate level. Partnership structures can provide the means of gathering and assimilating such intelligence, instigating strategic dialogue around solutions that achieve positive outcomes for the company *through* employee involvement and creativity.

The glue that binds representative partnership at the corporate level of the enterprise with direct participation at the frontline lies in knowledge sharing. Boards, senior managers and sometimes partnership forums may enjoy a sophisticated level of knowledge and insight into the threats and opportunities that face the company, enabling them to make informed strategic choices. However these choices often have profound implications for day-to-day working practices, even though the strategic decision makers' knowledge of "what works" on the ground is likely to be limited. The tendency from the corporate level is often to see the organisation as a "black box" which is meant to deliver the required outputs in response to directives from the top. Delivery failures are seen as dysfunctional – rather than as a potential cause of reflection on the nature of the directive itself. Frontline employees, in contrast, tend to know that

management instructions need to be interpreted and adapted in order to make them work in a practical way. This process of interpretation and adaptation is grounded in the tacit knowledge that employees gain through experience, often learnt through extensive trial and error and the sharing of ideas with peers. Even in the most strictly regulated and Tayloristic work settings, the use of tacit knowledge is rarely absent as a means of improving practice or solving unexpected problems. Participative teamworking is a way of recognising and celebrating tacit knowledge as the ingredient that keeps most organisations going. However the practice of teamworking in this sense must incorporate spaces in daily working life that enable workers at all levels to stand back from the task in hand to in order to question established methods. Dialogue must constitute a core value of organisational culture: the aim should be to prize the force of the better argument over the force of hierarchical position.

Partnership and participative teamworking should therefore be seen as a double helix, one in which tacit knowledge and strategic knowledge combine as a means of enhancing the workability of corporate decisions and of aligning team activity and reflection with wider business goals. On this basis the high road company can be represented as a virtuous circle (Figure 2):

Figure 2: The high road organisation



5. CONCLUSIONS

Research evidence confirms that convergence between sustainable competitiveness and healthy working is possible, but also makes clear that there is no one route to the high road, and that the journey is inevitably complex and messy. Can the approach outlined in the previous section lead to convergence? No model can guarantee positive outcomes for all stakeholders: such results depend on the quality, continuity and integration of dialogue at all levels. The above approach provides a framework in which high quality dialogue can be achieved, quality in this sense embracing the inclusion of all stakeholders and the provision of spaces in day-to-day working life for productive reflection. The commitment, capacity and competence of managers, unions and employee representatives are also crucial determinants of outcome. Likewise learning from successful cases is valuable as an inspiration for change but can never provide a blueprint for different organisations with diverse histories and contexts.

Modernising work organisation poses far reaching challenges for individuals and institutions alike:

For the individual – seeking opportunities for acquiring and developing the technical and non-technical skills associated with new forms of work organisation.

For employers and employees – accepting that change is inevitable, messy and uncertain, and that it requires considerable learning and experimentation. However it also offers real scope for ‘win-win’ outcomes.

For trades unions and employers organisations – broadening their roles as proactive, knowledge-rich sources of animation and support for the modernisation of work organisation.

For intermediate bodies – such as universities, regional development agencies and business support organisations – creating capacity and expertise in the field of work organisation and playing a proactive role in distributing knowledge, establishing new resources and building networks.

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