

NATIONAL AND KAPODISTRIAN UNIVERSITY OF ATHENS
SCHOOL OF LETTERS

MSC PROGRAMME IN COUNSELLING AND CAREER GUIDANCE

LABORATORY OF EXPERIMENTAL PEDAGOGY

CENTERS FOR VOCATIONAL GUIDANCE AND COUNSELLING

PROCEEDINGS OF THE 1ST INTERNATIONAL CONFERENCE

ATHENS (23-25-1-04)

**PROMOTING NEW FORMS OF WORK ORGANIZATION AND OTHER
COOPERATIVE ARRANGEMENTS FOR COMPETITIVENESS AND
EMPLOYABILITY**

With the Support of the European Committee

ATHENS 2004

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Contens

Foreword, Chris JECCHINIS
Note for the Readers
Summaries of the Opening Session

I. PLENARY SESSION

Chris JECCHINIS
Kevin O' KELLY

II PLENARY SESSION

Frizo de HERTOOG /Tony HUZZARD/ Jeremy HAGUE
Nikolas ASHFORD

III PLENARY SESSION

Peter TOTTERDILL
Lena TSIPOURI
George GEKAS

III PLENARY SESSION

Jo MORRIS
Ronald DEKKER/ Alfred KLEINKNECHT
Erich LATNIAK (*this document*)

IV PLENARY SESSION

Pierre LADERRIERE
Theodoros KATSANEVAS
Michael KASSOTAKIS

V PLENARY SESSION

Mike FITZIMMONS
Andreas STEFANIDIS
Anne- Marie THAKE
George TSOMBANOGLU/George KORRES
Lambros TOUMBAS

VI PLENARY SESSION

Mika LAUNIKARI
Chrisi VITSILAKI
Nikitas PATINIOTIS/ Stavros GEORGOULAS

VII PLENARY SESSION

Níkos NAGOPOULOS

CLOSING REMARKS, Chris JECCHINIS

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NEW FORMS OF WORK ORGANIZATION – GERMAN EXPERIENCES

Dr. Erich Latniak, Institute for Work and Technology (Germany)

I enjoy to present to you some of the research findings which we did in several studies. I am a social scientist and member of the research staff of the Institute for Work and Technology. This is a publicly funded research and consulting institution of the Federal State of North Rhine Westphalia. We are providing research, policy and company consulting, development and implementation of new concepts for companies, industrial relations partners and policy in North Rhine Westphalia.

I have been active in the field of organizational change and restructuring for about 10 years and what I would like present to you now is our results of studies which will provide something like a horizon of what has been going on in the industry in Germany during the last 10 years. We did several research projects on this topic. This is an effort to a kind of reflection of what we have done during the last 10 or 15 years in promoting new forms of work organization and what we could provide for industry, for example.

I will do this in two steps. I will first provide information on the studies and then shift over to some of the present challenges. And I think I can connect and relate this to what Peter Totterdill has said this morning.

In order to give you an impression of the background of the German discussion, I would like to invite you to come back to the early '90s with me. Looking back through these years, we have the impression that in Germany especially, there is a "sloganeering industry" that has been very active in continuously promoting lots of new concepts and lots of new ideas. I do not know whether they are really all new, but we heard about Japanese lean production concepts, especially for automotive and automobile industry. We heard about business process reengineering and, in the late '90s, there was a strong emphasis on new economy and different types of work organization promoting flexibility, as are e.g. work in projects and networks which has been highly prominent and which was very much promoted by different actors in the industrial relations sector.

What I would like to emphasize is that especially in the early '90s, there was a strong emphasis on group work because in Germany this seemed to offer a joint perspective for employers as well as for the Unions. You could condense this to the notion of "rationalization by humanization" and it was kind of a blending of "lean production" concepts brought in by management and industry on the one side and the quality of working life initiatives which have been very much fostered by the Unions during that time.

I just want to mention that because at that time, you had a high degree of public awareness of these aspects and it was quite interesting to see what the outcome would be because you had a lot of political initiatives that give strong emphasis on that in the public debates and work restructuring.

And the interesting thing for us was that on the one hand we had quite a lot of talking about and the first results we produced were more or less disappointing in that

respect. What we did was an employee survey. We did this twice, in 1993 and in 1998. This is a representative survey for the whole German industry and services. We asked the employees whether they would cooperate. We asked them about the autonomy in work and their chances to participate and how they participated.

We derived a set of 8 different types of work by a cluster analysis, which are highly concordant with respect to the three dimensions brought in. And you can see by red lines that especially the self-determined cooperation type of work increased significantly while on the other hand, the most heteronymous forms of work, of individual work increased in the same way. So, what you can say, we have a polarization that has been extended.

Furthermore, we tried to figure out what the dissemination of group work really was. Based on these four cooperative types of work, we made a further breakdown step for which we used of some other questions. We found out that approximately 11.8% of all employees in Germany did work in a kind of group work structure in 1998. You can see that there was a significant growth of about 1% per each year. If you go on further and try to find out what kind of group work has been promoted in these companies, we had to learn that the most advanced types of work, the semi-autonomous group work, was only a small part of it. So, there are only approximately 3% of the employees that worked in that kind of work organization.

From point of analysis, this is a very limited approach. Accordingly, we tried to extend this and to introduce a more company-oriented view. Therefore, we tried to find out in the second study, whether there is a strong emphasis on decentralization efforts at different company levels. So, what we did was to use data from a company survey which is performed by the Fraunhofer Institute at Karlsruhe every two years in order to find out what has changed organizationally on the workplace level and on the company level.

We did this in a way to not only ask “Did your company apply group work” but we asked e.g. “1st Did your company apply group work? 2nd Are at least 30% of the employees working in groups? And 3rd Did the group members perform planning tasks and quality related tasks /quality controls?”. So, we tried to gain more information on the work organization on the shop floor level. The narrowest definition is going even further. The critical aspect is that every member of the group is able to perform all tasks.

Doing so, we tried to figure out these dimensions. We found out that for the capital goods producing industry, which is the sample here, approximately 19.5% of the companies applied group work - which was quite a lot at that time. On the other hand, the decentralization of planning and control and the task integration on the workplace level are hardly applied by the companies. So, you can see, that companies answered “yes, we do apply group work”, but if you look on it with a narrower definition, you can see whether a larger group of employees in the company is really applying these tasks and whether they have the competencies to do certain things.

Investigating into the changes on a company or strategic level, the impression is that companies very strongly emphasized to become leaner. They reduced hierarchies and

they reduced central units, between 1997 and 1999, in a way and to a degree that nobody would have thought.

So, the interesting thing is that there is a strong emphasis on the reduction of organizational levels while the emphasis on the workplace reorganization is fairly low.

In a third step of analysis, we then tried to find out whether this is an integrated strategy to decentralize on a strategic as well as on an operative level. We wanted to find out, whether companies would decentralize on company level as on the workplace level in the same. The result was that only a minority of the companies really performed an integrated approach while there still is a high degree of organizationally inactive companies.

So, what does that mean? In a certain way, at the change of the century, the German situation can be described as follows: There is a strong emphasis to become a leaner company while advanced measures of work design were hardly ever applied. This seems to be quite closely related to a strategy of cost-cutting which obviously is the dominant one while the integrated use of employees' competencies is less developed.

Furthermore, we could find some indication for an increasing polarization. I mentioned that there is an increase in cooperative as well as heteronymous forms of work organization, even with similar growth rate.

As mentioned, the use of group work is increasing but it is still limited and with less emphasis on advanced forms. Obviously the notion of "rationalization by humanization" did not work out as it was intended or as people thought it could be in the early '90s. Unions and work councils emphasize that when you analyze the processes of introducing group work, there are problems with resulting working conditions, with missing resources needed for the group work, conflicts with control and steering processes and things like that.

And a final point, obviously there is no "one best way" of organizational development which can be promoted but you have a set of different approaches side by side with differing results even in a similar environment.

What is going on in Germany, presently? I would like to stress at least three specific aspects. The one is the ongoing trend to internalize the market as a steering mechanism or as a control mechanism inside the company. Since the lean production debate, we have strong emphasis on a market driven production. As you know, there is a trend to a customizing of products and services. You have heard about "just-in-time" and "one-piece-flow" structures which focus and implement the idea that the customer is "pulling the products out" of the company, more or less.

The second aspect is the strong customer orientation on every level. It is not only - as it has been before - the task of the marketing department, but nowadays, it is quite common that for example, a customer is directly calling the production manager inside the company in order to check what is going on with a certain delivery or product related problem.

The third aspect I would like to emphasize is that you have an increase of process control via contextual variables. You have budgets and objectives, and people are quite free how to structure their work as long as they can reach the objectives given. This is quite the contrary to the traditional rationalization approach, especially in production, which was directed towards keeping market turbulences out of production on the one hand and in order to realize economies of scale on the other. So, both the objectives, a high degree of flexibility and economies of scale, do not really fit, and the impression is that reaching both is not really organized, but is left over to be solved in the everyday work on the operative level.

This has some implications for the resulting conditions of work. And there are two aspects discussed in German work sciences at present. The one is what we call “Entgrenzung von Arbeit”. I try to translate this by “the delimitation of work”. Talking about “Entgrenzung”, there are four elements to be taken into account or: four limits of work seem to vanish.

1st the definition of tasks: The predefinition of working tasks becomes increasingly difficult. In German work sciences (i.e. in related parts of engineering and psychology), “tasks” are characterized by a fairly clear definition of the actions to be performed by the employees. It is a defined type of work. But there is a shifting towards “problems”: You do not know really what the solution is. You have to find this out during the process of production or in the process of delivering the service.

2nd the working time: The working time is increasingly adapted according to production demands. Peter Hartz, one of the managers of VW, talked about the “breathing plant”, getting more people in if it is needed and breathing out them if there is less work.

3rd the location of work: We have heard about the changing location of work and telework this morning so there is no need to extend this.

4th work-life-balance: And the limits between work and non-work seem to become indistinct or the limits seem to shift.

The second aspect is that increasingly there is a need to use employees’ competences to fulfill this new type of tasks or to solve these problems. And the individual flexibility is required to solve these unforeseen situations.

Coming to the final one, what we now have to face in Germany is that obviously, the individual skills and competencies become even more important while on the other hand, we saw that German companies tend to focus on cost-cutting by layoffs and reduction of staff. The derived thesis would be: The resources for a strategic change inside the companies are no more available in every company. So, if they have reduced staff to a certain degree and doing so, the company reduced the organizational slack necessary for restructuring, it is becoming even harder to shift to a different strategy or to provide more innovation. The question is, whether work design has been neglected or is still neglected in these companies. There is at least some evidence for that according to our research findings.

Furthermore, we have a heterogeneous situation and divergent development paths can be found even in the same company. Finally, for the work sciences, we have to admit that certain design principles do not guarantee good work and a sustainable type of production in every case. So, the conditions and the company background need to be taken more into account as this has been done before. This is part of our present research and conceptual work.

My final notion at this point is, I agree with Peter Totterdill, that it is necessary to concentrate on the change process and to emphasize this in a stronger way as this has been done before. But this is only one side. The other side is: I think it is necessary to have an orientation in these processes which is a bit more beyond being productive and being able to produce goods and be economically successful. This is even more necessary if you want to build a certain type of production which will be successful for a long time. The smart use of employees' competencies in an organization needs to be guaranteed and fostered in a way they can adapt to changing needs and market situation as well as to their individual needs. Otherwise, the company will not be able to tie these people to it for a long time. We could show that there are remarkable deficits in Germany in this respect.

And I think, with this notion, that's it from my side. Thank you.