The British Restart Programme

The Restart Programme was introduced in April 1987. It consists of a compulsory interview for each unemployed person after they have been registered as unemployed for six months. The interview, with an official of the Employment Office, is designed to help unemployed workers find a job by way of advice and counselling. It may also facilitate direct contact with employers or training agencies. A crucial feature of the programme is the threat of having benefit suspended if the worker does not attend the interview or is not considered to be actively seeking a job. From this point of view, Restart can be seen as one way to circumvent fraud,; it replaces administrative criteria for the allocation of benefits.

Analysis of the effects of the programme shows that:

(i) Restart increases the probability of receiving an (at least temporary) job offer;

(ii) it has no effect on the probability of getting a training offer;

(iii) it has a substantial self-selection effect, by inducing many people not genuinely seeking for a job (or not satisfying the imposed criteria) to withdraw their benefit claims.

Active labour market policies for the long-term unemployed

The problem created by long term unemployment is twofold. First, avoiding over-reliance on benefit (or actual fraud) without, however, at the same time increasing the hardship of those who are genuinely looking for a job. Second, avoiding social disenfranchisement among the latter. As the British example suggests, **interviewing and counselling unemployed workers can be helpful** from both points of view. Another kind of active labour market policy that has been used in several countries is to subsidise the hiring of long term unemployed workers. It is now well-known that such policies do not create many additional jobs (as the subsidised workers may take the place of other workers or might have been hired anyway). Still, they may help avoid the social disenfranchisement of long-term unemployed workers. The question is for how long. Offering systematically a temporary (subsidised) job to long-term unemployed workers amounts in a sense to combining both policies.

III.7. Labour Mobility

Unemployment rates vary greatly not only across countries, but also across regions in a given country. Regions may suffer from region-specific economic problems or may be hit differently by current economic trends (deindustrialisation, lower growth rates). Transfers across regions (through regional development funds) may help correct such asymmetries to the extent that they are used to speed up the structural adjustment process. The latter can also be facilitated by relative wage adjustments, geographical mobility, or changes in participation rates.

Geographical mobility and regional unemployment

It is not clear whether regional mismatch has systematically increased in EU countries over the past twenty years. Still, **the comparison between internal migration rates and cross-regional differences in unemployment rates suggests a negative correlation between the two.**

Even within the same country, regional mobility is much weaker in Europe than in the US. The lack of regional mobility, together with rigid relative wages are given as key factors to explain the persistence of regional unemployment differences in Spain. Italy is another prominent example of a country with huge and persistent differences in regional unemployment rates, and simultaneously little responsiveness of migration flows and regional wages to economic variables. In both, empirical evidence suggests that **regional unemployment rates affect regional wage levels to only a limited extent.** The main determinant of wages in a given region within a given sector is the level of wages in that sector in the rest of the economy. The situation is likely to be similar in several EU countries.

In urging review of the above, the CAG emphasises that persistently high differences in regional unemployment rates affect social cohesion and are likely to slow down the adjustments needed both to achieve the Single Market and to face the challenges of technological progress and global competition.

III.8. Policy recommendations

The cases discussed in this Report can help define concrete policy proposals. They indicate the direction in which we must go.

1. **Collective agreements at the sectoral or plant level can give the flexibility necessary to avoid that structural adjustments translate into unnecessary and costly job destruction.** Today's labour market regulations now also have to take into account the growing importance of atypical patterns of working, such as tele-working.

2. We have to facilitate the entrance of **young workers** into the job market, above all to ensure that they do not end up swelling the ranks of long term unemployed. This means **provision of adequate training, linking private**

firms and training agencies with the right economic incentives, including both a lower minimum wage and exemption from social security payments.

3. The relative cost of **low-skilled workers** has to be reduced. One way is to **exempt prospective employers from all social security contributions.** This measure has to be financed from other taxes or from cuts in expenditure but, for the fight against unemployment, it is crucial that now we reverse the upward trend in taxes on labour. For this to happen, however, it is important that Member States agree to retrain from tax competition on resources such as capital and energy.
   Exemption from social security contributions may not be enough to maximise employment gains from growth in **personal, and local, services.** These can create many low-skilled jobs. Member States must consider other practical measures and **targeted incentives** (for example, service vouchers).

4. **Minimum** wages play a substantial role in avoiding the worsening of current inequalities in income distribution. However, the rules governing minimum wages need to be adjusted so that, while safeguarding against hardship, they can **better facilitate (re)entrance into the labour market** and reflect diversity in terms of age, sector and region.

5. More effort must be given to eliminating unemployment and poverty traps. Different adjustments in different countries are called for. Use of **earned-income tax credits and/or in-work benefits targeted to the low-paid** should be considered whenever necessary.

6. Long term unemployment (together with early retirement schemes) is an enormous social and economic burden, for the workers and their families and for the state. Specific counter measures are required. **Making systematically available counselling and temporarily subsidised jobs** (via in-work benefits **replacing** unemployment benefits) can both monitor the unemployment benefit system and mitigate social disenfranchisement.

7. The present difficulties hampering **regional mobility** within and across EU countries have to be eliminated. Among ways to tackle this problem are:
   - changes to **housing market provisions**.
   - easier **transfer of pension rights**
   - and end to institutional barriers restricting the mobility of professionals and high-skilled workers (**non-recognition of diplomas and professional qualifications**)
   - stimulation of cross-border competition in labour intensive sectors such as services and construction, starting with **public procurement**.

IV. THE COMPANY AND EMPLOYMENT

The skills, creativity, and commitment of its workers have always been one of the most important assets any company can possess. Yet, historically, as assets they have not been fully exploited. In the past, European companies have tended to organise their activities according to the principles of Taylorism. This is now changing.

As their competitive situation evolved, a number of companies developed different, more participative and complex relationships with their employees. Successful companies have adopted new strategies. They have sought to differentiate themselves on the basis of added value and high quality, rather than on cost, and to maximise flexibility. At the same time, however, such companies have sought to match today's now global standards of cost. Achieving these goals has required major investment, greater focus on the core business, the creation of comprehensive networks throughout the value-chain (involving cooperation with suppliers and customers and public-private partnerships), organisational innovation.

This Report illustrates, for the first time, a series of organisational initiatives undertaken by both large and small, private and public, organisations in several Member States. The bottom-up approach attempts to highlight the benefits such initiatives bring in terms of value added, job enrichment, employment creation and preservation; the obstacles to adopting similar innovations; policy recommendations for extending the usage of these new forms of organisation and positive labour flexibility to improve Europe's competitiveness.

IV.1. A case study approach

A number of case studies have been developed. These illustrate changes in work organisation, working practices, corporate cultures, training and reward systems. They span a wide range of sectors and include small, medium and large companies, as well as private and public sector organisations, state-owned enterprises, and not-for-profit organisations.

The approach helps identify the lessons to be learned and policy recommendations.

Manufacturing Companies, Job Protection and Job Enrichment

Taylorism has its origins in the introduction of mass production in manufacturing industry. It maximises productivity and reduces costs through complex, hierarchical organisational structures and extensive division of labour - simple jobs and the rigid separation of "thinking" and "doing". It focuses on production and volume, and upon the standardisation of work within strong functional and technical structures.

The case studies illustrate that new forms of work organisation have evolved which challenge these principles. They are based on **teamwork, decentralisation, personal autonomy, flat organisational structures, and more complex jobs requiring a wide range of skills.** Communication and co-ordination take place both horizontally and vertically The focus of the organisation is upon the customer, continuous improvement, learning, and flexibility. New forms of remuneration complement the overall approach. The case studies demonstrate that these innovations in organisation lead to improved business performance, better job protection and job enrichment.

The first case study is the Baxi Partnership, illustrating the introduction of **new forms of work organisation** and training to cope with significant changes in the competitive environment.

Baxi Partnership

Baxi Partnership is a major competitor in the UK domestic heating appliance market. Founded as a family firm over a century ago, ownership was transferred to the work-force in the 1980s. With a turnover of ECU 108 million, Baxi has 1,400 employees.
In the late 1980s, Baxi faced four key problems: declining demand, a more competitive market, rising overheads, together with recurring quality problems. Baxi had to make fundamental changes to survive.
Baxi undertook a major restructuring of the company. Key features include:
(i) reorganisation of the business into customer-focused strategic business units and the creation of self-governing teams. These teams are multi-skilled and empowered to schedule their own work;
(ii) a reduction in the number of management levels from five to three;
(iii) the introduction of continuous improvement programmes;
(iv) major investment in training, including the creation of an on-site Open Learning Centre.
As a result, Baxi has maintained profitability and increased market share throughout the severe recession of the 1990s. The pace of innovation has improved significantly and manufacturing cycle times have been dramatically reduced. Productivity has increased by over 20%. The level of participation and commitment of the work-force is high. Individual companies have their own employee directors and elected councils. The majority of jobs have been protected, manpower numbers now being similar to those a decade ago, as reductions in manufacturing have been offset by increases in R&D and investments in new products.

The Nokia case study illustrates the importance of **corporate culture, training, and flat organisational structures** in managing growth in a high-tech global industry.

Nokia

The Finnish firm Nokia has transformed itself from a manufacturing conglomerate into a focused telecommunications company with world-wide operations and global leadership in the cellular infrastructure and hand set markets. Nokia has a turnover of ECU 6 billion. It employs 34,000 staff.

Nokia faced the challenge of managing rapid growth, sustaining entrepreneurial agility and enhancing organisational learning, in a highly competitive and fast moving market. Solutions have been both cultural and structural, covering organisation and management.

(i) The cornerstones of Nokia's corporate culture - the values of customer satisfaction, respect for the individual, achievement, continuous learning - are being internalised on a global basis.

(ii) Training and development activities, which have been closely linked with business strategy, are complemented by cross-functional job rotation and new assignments. Technology is also used to facilitate information sharing, personal development and learning across the organisation.

(iii) The structure of the group has been kept as flat as possible, with operations built around businesses and processes. Cross-functional account teams operate with maximum decision-making authority.

As a consequence, Nokia has expanded its business substantially and, despite fierce competition, strengthened its position as market leader. Sales of telecommunications units more than tripled between 1992 and 1995. 13,000 new employees have been taken on in the past two years, whilst maintaining Nokia's flexibility and its capability to innovate.

The ABB Sweden T50 case study illustrates a case of **employee involvement and competence development.**

ABB Sweden

From Functional Organisation to Process Organisation: in ABB Sweden, the Customer Focus programme was conceived to create "customer value through involvement of all employees". An overall target of reducing cycle time by 50% over a three-year period was set. The T50 programme focused primarily on employee involvement and competence development. By making a thorough analysis of cycle time and process steps involved in fulfilling customer demands, most of the 100 ABB companies restructured their activities from traditional functional organisations to process organisations.

Building target-oriented teams: a cornerstone in this development has been to set up target-oriented teams. In these, individual employees in teams are able to take responsibilities for their performance and fulfilment of goals. Today, more than 1,000 different teams are in operation in ABB Sweden under the following T50 team structure:

(i) Process flow teams (6-10 people) that focus on improving the quality and productivity of the order process for delivery.
(ii) Cross-functional teams, working over a more limited time period for new product and market development.
(iii) Plant system teams focusing on fulfilling large plant projects.

Competence development: to create the necessary flexibility within the teams, much effort has been put into developing the skills and competence of all employees. Competence development is defined as:

(i). On the job training in the teams in which members subsequently learn each others' tasks.
(ii) Job rotation between different positions within the companies.
(iii) Traditional course training.

In 1995, it was decided that all employees should have their own personal competence plan defined as part of the annual reviewing process.

The new T50 programme produced a dramatic improvement in productivity and employee involvement in cycle time and on-time delivery over 5 years of change. For ABB Sweden, the results are the following:

(i) net company result improved five-fold
(ii) inventory in product businesses reduced by 15%
(iii) cycle-time reduced by more than 50%
(iv) orders received increased by 53% in 5 years
(v) productivity (revenue per employee) improved by 45%
(vi) process orientation resulted in the creation of more than 1,000 small target-oriented teams
(vii) competence plans for all employees established.

Service Organisations, Job Creation and Job Enrichment

The application of Taylorism has not been confined to manufacturing companies, nor to the private sector. The organisation of work in the service sector, and in parts of the public sector, has been heavily influenced by its principles.

As the following case studies illustrate, innovative service sector and public sector organisations have developed new forms of work organisation to overcome the inadequacies of what came to be called "scientific management". These innovations emphasise **continuous learning, complex jobs, work flexibility, teamwork, horizontal co-ordination and communication, flat structures, personal autonomy and new forms of remuneration.** The case studies also illustrate use of such organisational techniques by fast growing service sector businesses.

The case of Bremer Landesbank illustrates the use of **more flexible working time** to improve customer service and increase job satisfaction.

Bremer Landesbank

Bremer Landesbank is the largest bank in Germany's north-west coastal region. It is publicly owned. Lending activities focus on public sector and business customers. With a turnover of ECU 40 million, it has over 1,000 employees.
In the face of changing customer needs and successive reductions in contractual working hours, negotiated with the trade union, Bremer Landesbank was finding it increasingly difficult to provide acceptable standards of customer service. In addition, staff dissatisfaction had increased.
Bremer therefore introduced a new variable working time model. Key features include:
(i) Replacement of the traditional flexitime concept of 'core time' with 'function time', which varies from function to function and reflects the requirements of both external and internal customers.
(ii) Empowerment of each team to determine staffing arrangements.
(iii) Extensive consultation with staff.
The new system of variable working time has enabled Bremer Landesbank better meet the requirements of its customers for longer opening hours and hence to improve the level of customer service provided and expand the number of its customers. Job satisfaction has improved as staff are better able to determine their own working time and achieve more freedom in balancing their personal and working lives. As a result, staff motivation and loyalty have increased.

The Nationale Nederlanden case illustrates the role of **employee participation** in the process of change and the importance of effective support through IT, education and training.

Nationale Nederlanden

Nationale Nederlanden (NN), a subsidiary of ING (the International Netherlands Group), is the market leader in the insurance sector in The Netherlands. With a turnover of ECU 6 billion, it employs 4,000 people in two main divisions: Life Insurance and General Insurance. This case describes changes made in the General Insurance Division, employing 2,000 staff with a turnover of ECU 1 billion.

Historically, most sales were made through a network of insurance intermediaries. In 1990, the company identified threats from competitors using direct selling and from fast-changing customer needs.

The principal changes introduced were:

(i) a move from a traditional product-based organisation (with clear separation of responsibilities between different groups) to a market-based structure which integrates field and support staff.

(ii) a reduction in the number of levels of management.

(iii) a change in staff responsibilities. More employees now deal more quickly with a wider range of customer needs. They also have greater authority to solve problems and to seize opportunities.

(iv) a fundamental re-design of IT systems to make them knowledge-based and user-friendly.

(v) heavy investment in large-scale training programmes for employees, team leaders and managers.

A critical feature of the process of change was its participative nature. Employees, managers, the Board of NN and the Works Council were actively involved throughout. Sufficient time was allowed to obtain understanding and commitment at every stage. In consequence, NN has improved its relationships with its customers, and independent insurance intermediaries, through shorter processing periods, lower error rates and improved productivity. Employment has grown by 2.5% in 1995 and job satisfaction has improved due to broader job responsibilities and greater accountability.

SMEs and Job Creation

The CAG Report of December 1995 already stressed that two thirds of all European employment is provided by companies with fewer than 250 employees. Europe's SMEs have also taken advantage of the revolution in organisational thinking to develop innovative forms of work organisation that enhance their flexibility and competitiveness.

As the following case studies illustrate, a number of fast-growing SMEs have developed organisations based on continuous learning, teamwork, job complexity, flat structures, new forms of remuneration, personal autonomy and working flexibility. These innovations have helped to create jobs, and to enrich the quality of employment.

The Netwerke Service case illustrates how **new forms of organisation, working practices and reward systems** facilitate fast growth.

Netwerke Service

Netwerke Service GmbH (NSG) is a fast-growing company in the information technology and telecommunications market in Germany. Founded in 1989 by its current CEO, it has a turnover of ECU 60 million, and now employs 700 people at 22 different locations in Germany.

NSG faced the problem of managing fast growth. It has focused on keeping fixed costs under control, managing working capital, keeping up-to-date with rapid developments in technology and responding to fast-changing customer needs. To do this, it has used flexible and participative forms of organisation.

Key features include:

(i) a non-hierarchical structure. There are only three levels between the CEO and the customer.

(ii) multi-skill teams throughout the organisation, including multi-skill training with key suppliers.

(iii) a system of "internal job posting", under which employees can apply for jobs in new areas and at new levels, with appropriate training. Only new-to-company skills are recruited from the market.

(iv) a profit-sharing scheme and additional incentive and bonus schemes for individuals and teams.

(v) strong staff participation and communication in the decision-making process.

As a result, customer responsiveness is high, and NSG has a loyal, well-trained, multi-skilled staff who are highly motivated. Substantial growth in turnover, profitability, and employment has been achieved. Turnover has increased by a factor of 35 since 1989. There has been considerable growth in high tech jobs. Employee numbers have increased by a factor of 8 over the last six years.

The Spano case illustrates the value of **flexible working patterns** in creating jobs and improving the operating efficiency of an SME in a mature sector.

Spano

Spano is a medium-sized company with 350 employees. Based in Belgium, it manufactures chipboard for a wide range of domestic, commercial and industrial uses. A large proportion of its sales are for export.

The company faced two problems. First, product demand did not fit with the five day working pattern of its staff. Second, it needed to decide on a major plant replacement. Until 1994, it coped with the first problem through overtime working. However, faced with the need to invest a significant sum in a new power press, more radical solutions to both problems became imperative. Spano chose to introduce new working patterns, and use existing machines more productively, rather than continuing with the existing way of working but investing in a new machine. This avoided a major capital investment and created 40 new jobs.

New working practices were introduced which matched production to demand, and eliminated the need for overtime working. This was achieved through:

(i) A "five teams scheme" whereby each employee must work two week-ends in every five.

(ii) A reduction of hours worked per employee by less overtime working.

As a result, Spano has avoided major capital expenditure, retaining scarce cash resources for other uses. Existing assets are worked more intensively, raising capacity utilisation. Demand and production are now matched more closely, customer responsiveness has been improved, stocks reduced and productivity increased. Forty new jobs have been created - an exceptional performance for an SME in a mature sector.

The Telepizza case illustrates how **devolved responsibility and new remuneration techniques** can harness the entrepreneurial talents of staff, with exceptional results for sales and jobs.

Telepizza

Telepizza, a Spanish retailer of take-away food, is one of Europe's fastest growing companies. Established in 1988, it has 200 outlets in Spain and 50 elsewhere. It has pioneered the development of the Spanish pizza home deliveries market. From very small beginnings, with a turnover of ECU 40 million it now employs 1,600 people.

As everywhere, the fast food market in Spain is expanding rapidly. The key issue facing the company was how to grow quickly whilst continuing to meet high standards of quality and service at acceptable levels of cost. Telepizza recognise that staff motivation is critical to their success. They have therefore:

(i) built a corporate culture based on decentralisation, empowerment and minimum bureaucracy.

(ii) ensured that front line people are imbued with entrepreneurial spirit and rewarded appropriately. For example, delivery staff are given direct responsibility for building business within a small geographic area. They are rewarded for their success through sales incentives and bonus packages.

Telepizza has created a highly motivated team with a strong entrepreneurial spirit. The company has achieved phenomenal growth, with a thirty-fold increase in turnover over the last five years. Employment has grown from just 50 employees in 1989 to over 1,600 in 1994.

The ETAP case study illustrates the use of a new **voluntary flexible working time** system.

ETAP NV

ETAP is a medium sized company manufacturing lighting systems in Belgium. It has 300 employees.
ETAP have introduced a new voluntary flexible working system. There are two schemes:

(i) Employees volunteer to work four days out of five each week (the 80% of working time scheme). Teams of five people who carry out similar work are formed. For each team working on this basis, a new employee is taken on by the company.

(ii) Employees volunteer to work half-time (the 50% working time scheme), alternating between two and three days a week. Each post included in this scheme is occupied by two employees, permitting engagement of new staff.

Remuneration in both schemes is reduced in proportion to the hours worked. Employees following the 50% scheme also agree to flexible working arrangements whereby they work extra hours in certain circumstances. These hours are compensated during less busy periods. The company receives a temporary and limited subsidy from the state for each new employee recruited. In addition, each existing employee joining the scheme receives a small premium from the Flemish government for two years.
The original objective of the scheme was to find 25 volunteers to follow the 80% scheme, and hence create five new jobs. In the event, 70 people have joined (i.e. 14 teams) and 14 new jobs have been created.

Companies and Youth Unemployment

A number of businesses have taken steps to reduce unemployment, particularly among young people.

The Renault case illustrates the importance of **helping academically unsuccessful youngsters** to obtain the vocational skills needed in modern manufacturing.

Renault

In 1992, Renault agreed with the French government to train approximately 600 young people who have failed academically. The training is designed to provide these youngsters with vocational skills relevant to modern manufacturing. It is provided on Renault's sites, within their production teams.
At the end of the training period, the youngsters receive a vocational training certificate. In addition, Renault and government agencies then work with other manufacturing enterprises to find job opportunities for the successful trainees.

The case of Air Rianta illustrates how customer service can be improved by providing **jobs for unemployed youngsters.**

Air Rianta

Air Rianta manages Ireland's airports. Its most important airport, Dublin, is located close to an area of extremely high unemployment. To reduce unemployment and improve services, it persuaded a local job centre to establish a small service company. This business recruits local people to provide services such as portering, left luggage facilities, and taxi-rank management at Dublin airport.
As a consequence of this initiative, 26 new jobs have been created. In addition, Air Rianta now provides a better service to its customers.

Innovative Union Approaches to Organisational Change

The new forms of work organisation pose particular problems for trade unions. Organisations using them frequently seek to create a culture within which the views and interests of employees and the company are aligned directly through co-operative relationships. Furthermore, such innovations frequently challenge historic forms of job demarcation and work organisation. The changes appear, at first sight, to reduce the role of the trade unions and to undermine their importance. However, as the following case studies illustrate, many trade unions have sought to work with the firms concerned. They have helped them to introduce innovative forms of work organisation which take advantage of new ways of working whilst protecting jobs and increasing job satisfaction.

This next case study illustrates the way in which the Irish Congress of Trade Unions (ICTU) intends **to adapt to the profound changes taking place in organisational structures, management style and industrial relations practices in** both public and private sectors.

Irish Congress of Trade Unions

In 1994, the Executive Council of the ICTU established a review group to consider issues arising from company restructuring and the implications for trade unions. This group was asked to assess the extent of change in the business environment (such as globalisation of competition, new technologies, deregulation, reductions in state aid) and their implications for management and unions. They were asked to recommend better ways of handling change in the workplace by management and workers, to recommend improvements in union procedures for negotiating change in the workplace and in decision-making, to assess the adequacy of training programmes in equipping trade union officials to deal with the management of change.

As a result of this review, the ICTU believe that trade unions must:

(i) prepare themselves for change. This will involve the development of expertise in the management of change and an understanding of the economic and other factors which are driving change.

(ii) critically examine their own practices, including industrial relations procedures, and adapt them to the new commercial reality (especially in the public sector).

(iii) put greater emphasis on public sector reform of accessibility and accountability, in order to win support from the public for provision of public services.

(iv) be proactive, not just reactive, to proposals brought forward by employers. The key to increased competitiveness lies in improving the efficiency of Irish industry and the quality of the products and services it produces and markets. Where companies do not respond to competitive threats, unions should take the lead in identifying what needs to be done and demand action by management.

In addition, the ICTU believes that:

- strategic re-organisation of companies is necessary.
- detailed analysis of training needs is essential. This should be conducted throughout the trade union movement to identify detailed training needs so as to enable trade unions to respond to the process of change within companies.

IV.2. The direction of change, the benefits, the obstacles

The Changes Made

The case studies illustrate the principal outlines of a revolution that is taking place in the way that work is organised within companies. Taylorism, with its complex organisation and simple jobs, has been replaced in some companies by a diverse mix of approaches characterised by complex jobs and simple organisation.

The main changes have been in the following areas:

Internal flexibility has been increased: including more flexible working time, working patterns, job groups and job content;

New organisational structures have been introduced: including process-based organisations, market-based organisations, multi-skilled teams and flatter, decentralised structures;
New techniques and best practices have been introduced: including continuous improvement, knowledge-based IT systems, closer relationships with suppliers and customers and quality management;
Education and training have been improved: including improved job skills and the introduction of wider management-type .skills throughout the organisation, such as problem-solving, group working and learning skills;
New working practices have been implemented: including greater internal flexibility, multi-skilling, greater use of temporary and part-time workers, new management models based on coaching and support, more devolved responsibility and empowerment;
New reward systems have been adopted: including payments for knowledge, performance bonuses, profit-sharing schemes and share ownership programmes
New corporate cultures have been developed: including more participation, greater personal autonomy, better alignment of employee and business objectives, increased consultation, focus on the customer and focus on quality.

The Benefits

These new forms of work organisation, when combined with other strategic initiatives, provide European companies with ways to improve their competitiveness. In turn, this leads to enhanced market-place and financial performance. **Company competitiveness is improved** because of:

(i) **Improved innovation** in products and processes as a result of lower costs, improved co-operation between departments and greater flexibility.
(ii) **Increased operating efficiency** as a result of improved productivity, reduced costs, higher quality and increased flexibility.
(iii) **Improved structural adjustment** as a result of greater awareness and acceptance of the need for major changes by employees.

Employees also benefit from these innovations in work organisation. The benefits include:

(i) **Increased job opportunities** as a result of more opportunities for those who wish to work atypical hours.
(ii) **Improved security of employment** as a result of companies becoming more competitive.
(iii) **Greater job satisfaction** as a result of increased responsibility for a wider range of tasks, greater personal autonomy and empowerment.