BETTER TO BE RICH AND HEALTHY THAN POOR AND SICK [1]

Conditions for the convergence of competitiveness and the quality of working life in Europe

An INNOFLEX Research Report

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Project funded by the Key Action on Socio-Economic Research within the EU's Fifth Framework Programme

[1] An old Danish proverb!

INTRODUCTION

This report is published as part of the Innoflex (innovative firm performance, workforce flexibility and personal/social consequences) project, funded by the EU as part of the Key Action on Socio-Economic Research within the Fifth Framework Programme.

The overarching objective of Innoflex is to identify the conditions under which convergence can be achieved between quality of life and business competitiveness through the design and implementation of new forms of work organisation, and to identify means of reproducing these conditions through the actions of public policy makers, social partners and research-based institutions.

A significant move is required beyond the Quality of Working Life (QWL) policy programmes of the 1960s and 70s, which were driven by humanistic concerns combined with anxiety about emerging labour shortages. The relationship between quality of working life and competitiveness was only weakly conceptualised or studied. In the 21st Century economy the key to sustainable success lies in the capacity to continually reinvent products and services in ways which meet changing expectations and opportunities, using the rich potential of management and workforce knowledge, skills and experience more imaginatively and effectively. But this is not unproblematic at organisational level. How can employers encourage employees to use their full talent and creativity? How can the tacit knowledge and experience of employees be translated into a collective resource for innovation across the organisation? This challenge becomes even more serious in Europe's increasingly tight labour markets, where the meaning of work becomes central to the ability to recruit and retain skilled people. A key problem for Europe appears to be the increasing gap between leading-edge practice and common practice in work organisation, resulting in a 'long tail' of enterprises with inadequate access to understanding or knowledge.

Innoflex is particularly focused on inter-organisational learning as a means of overcoming constraints to the modernisation of the workplace. There is a need for adequate conceptualisation of how companies actually draw on each others' experiences to stimulate organisational innovation, rejecting simplistic models of 'transferring best practice'. Innoflex provides important opportunities for experimentation in approaches to inter-company learning, leading to a refined understanding of how knowledge is gathered and used to support change.

This report addresses the potential for convergence between quality of working life and competitiveness, drawing out implications both for the workplace and for the wider public sphere. The Innoflex partnership welcomes further dialogue and exchange of experience, and your feedback on the report will be gratefully received.

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- Fondazione Instituto per il Lavoro (IpL), Italy
- Netherlands Organisation for Applied Scientific Research (TN O), The Netherlands
- Instituto Andaluz de Tecnología (IAT), Spain
- Dansk Teknologisk Institut (DTI), Denmark
- Maastricht Economic Research Institute on Innovation and Technology (MERIT), The Netherlands
- National Agency for the Improvement of Working Conditio ns (ANACT), France
- Instituto Nacional de Seguridad e Higiene en el Trabajo (INSHT), Spain

1. THE RATIONALE FOR CHANGE

As we enter a new millennium, the securing of high employment levels in Europe will depend more than ever on the competitiveness of Eu ropean firms and the ability of public sector organisations to deliver services that represent value for money. As markets become deregulated and internationalised it will be increasingly impossible to defend jobs in uncompetitive European organisations th rough protective measures. Yet there are sound reasons for believing that the terms on which European firms are competing are changing fundamentally, as is the European labour market.

We argue here that in the knowledge age, new forms of work organisatio n based on high levels of competence, high trust and high quality are core elements of high performance companies and public sector organisations that have a genuine capacity to innovate. These factors are increasingly becoming the cornerstones of European competitiveness. Yet the evidence suggests that such a view has far from universal acceptance. Accordingly we urgently need to develop new models for the shaping of company structures that add value to ensure both the future competitive strength of Europe an firms and public sector organisations that deliver quality services to taxpayers. Such models should not only address the content aspects of workplace design, but also the processual aspects of managing change and the wider social networks in which such change processes are embedded.

Central to the argument we advance here is the need for convergence between competitiveness and the quality of working life for employees (QWL) as the basis for promoting employee commitment, personal development and the un leashing of innovative organisational potential. We develop the rationale behind the argument with empirical evidence from case illustrations, present evidence on what innovations succeed in improving competitiveness, identify critical success factors and draw out some of the lessons from the history of QWL initiatives in Europe.

New labour market conditions

There can be little doubt that radical change is afoot in Europe's labour market. New conditions are facing commercial firms and public sector organ isations and these conditions are having major implications on employment prospects throughout the continent. The high employment levels and stable occupational patterns that characterised the post -war era have now given way to something more uncertain and subject to change. For European employees, job security in a relatively stable labour market with few, if any, occupational changes over the life - cycle has been superseded by a world of uncertainty, change and in many cases periods of unemployment. We sho uld of course be careful not to simplify history by saying that change never happened in the past; nevertheless there is evidence that the changes we are now witnessing are fundamental.

A number of drivers of change are having a profound impact on employm ent in Europe (see eg Snowder, 1998; also quoted in Mazzanti, 2001: 11). First, changes

in physical capital. In the first part of the twentieth century the introduction of capital goods prevailed. This gave rise to economies of scale and enhanced the production of standardised, undifferentiated consumption goods and enabled high increases in labour productivity. More recently, capital equipment has become much more flexible and thus given rise to economies of scope. The introduction of newer capital equipment and the development of information technologies have radically changed the nature of work. In vehicle manufacturing, for example, long assembly lines have been replaced by small working groups, with a high degree of job rotation and task variety (EPOC, 1999).

Secondly, we are witnessing change in information technologies. New technology has enabled firms to process information flows promptly and make rapid adjustments in behaviour in response. Moreover, it has had the effect of lowering transactions costs thus making outsourcing an increasingly attractive strategy. The rapid development and diffusion of information technology has also become associated with the rise of the so-called 'new economy'. Gordon (2000) sees the new economy as being linked to three different trends: i) the development of the internet; ii) the increase in computational capabilities of both computers and telecommunication networks; and iii) a decline in the level of prices of both hardware and software. Above all, knowledge is increasingly seen as the key source of added value.

Thirdly, changes in human capital are evident. The structural dynamics associated with the two drivers outlined above will almost certainly tend to generate a shift in labour demand. The demand for skilled workers has increased steeply with respect to the demand for unskilled workers. Machin and Van Reenen (1998) show that in the last 25 years the percentage of employees with medium-to-high educational backgrounds has increased remarkably. A consequence of this shift in the demand for labour is the dramatic change in the structure of relative wages between skilled and unskilled employees. Moreover, the ratio of unemployment rates between unskilled and skilled workers has increased sharply.

Fourthly, markets are being transformed by changes in employment and consumption preferences. The increase in the average educational level of employees has transformed employee preferences away from monotonous and fragmented jobs and in favour of more varied, creative and challenging work. So far as the demand for consumption goods is concerned, consumer tastes increasingly favour product variety and personalised goods and services.

On a more world-wide level, we are witnessing a process of globalisation as a result of increasing competitive pressure, global outsourcing, developments in communications technology, a reduction in tariffs and a homogenisation of consumer tastes. A widely referenced view is that of Bartlett and Ghoshal (1989) who argue that the world economy is becoming dominated by three trading blocs: Europe, North America and the Pacific Rim with multinational companies operating across borders within each bloc and transnational companies active in all three. Moreover, what particularly marks out the current trend is the expanded role of world financial markets, 'increasingly operating on a real-time basis' (Giddens,

1998: 30). The upshot of this is that international factors outside the control of European firms and governments are dictating the competitive en vironments of firms and thereby the terms on which employment is created and maintained on the continent.

It can easily be concluded that the extent of change in the European economy is profound – but mapping out the final destination is less easy. Previo usly, policy makers sought to maintain employment through the macroeconomic techniques of demand management by national governments and efficient and effective management of firms and other organisations through rational techniques such as planning. Howeve r, it is the central argument of this paper that as we enter the early years of the new millennium these approaches no longer seem appropriate.

The changing face of competition

The forces identified above are fundamentally altering the terms on which E uropean firms are competing. Moreover, the changes in the real economy are prompting new approaches to theorising about competition in the research community. Traditional views on the sources of firm competitiveness and added value are commonly conducted w ith reference to the work of Porter (1980) on generic strategies. Porter argued that there are three fundamental ways in which firms can seek competitive advantage in a particular market. These are cost leadership (producing at the lowest cost in the indus try), differentiation (offering consumers some sort of uniqueness in product or service provision that they value highly and for which they are often prepared to pay a premium price), and focus (choosing a narrow competitive scope within an industry). As s tated, however, European firms are now engaging in competitive markets on radically different terms than those identified in the traditional business literature.

Porter's views on strategic choices for maintaining competitiveness have subsequently been ca lled into question. Researchers such as Prahalad and Hamel (1990) noted that in the information age, firms have an increasing capacity to imitate and copy a rival who was faithfully following Porter's business and corporate strategy prescriptions. The key to genuinely sustained competitive advantage, therefore, was not that of adopting the correct strategy content but, rather, the capacity to innovate and do new things ahead of rivals. This depended on the core competencies of the organisation and these, in turn, rested on the firm's ability to learn collectively. Ultimately, therefore, the capacity of firms to add value and compete successfully depends on the pace at which a firm embeds new, unique advantages deep within its organisation rather than its sto ck of advantages at any particular time (Kay, 1993).

Above all, the forces for change discussed above are changing the terms on which European firms are competing. Responses to the current changes can be seen in terms of a contrast between two quite disti nct options for the pursuit of competitiveness, the 'low road' and the 'high road'. Low road solutions focus on the traditional options in work organisation of cost leadership, flexibility, speed and

quality. In increasingly fierce global markets there is continuous pressure to deliver faster and better products and services at lower prices. But these are no longer seen as sufficient means for adding value; they are mere 'entrance factors' to the competitive game and offer no guarantee of winning it. Rather , winning organisations need to embrace high road solutions whereby organisational spaces are created that liberate human creativity in ways that achieve a dynamic balance between product and process innovation.

Tidd et al (1997: 4) argue that 'whilst co mpetitive advantage can come from size, or possession of assets etc., the pattern is increasingly coming to favour those organisations which can mobilise knowledge and technological skills and experience to create new products, processes and services'. Mor eover, research suggests a strong correlation between market performance and new products. In more mature markets where competition through price is more likely, cost leadership is not itself enough – high performers supplement this approach with non -price factors such as design, customisation and quality. This suggests that market leadership requires much closer relationships between those in firms actually producing goods and services and their customers than has hitherto been the case in bureaucratically managed organisations that separate the conception of work from its execution.

A key feature that distinguishes high road from low road organisations is that the former explicitly recognise the need to foster creativity (Henry, 1991; West, 1997). Whilst it is overwhelmingly accepted that knowledge is a key factor of production, there is a need to distinguish between existing knowledge and new knowledge. Firms may indeed be able to enhance their competitiveness through product and process innovations from existing knowledge that they and/or their competitors already have at their disposal. Yet such innovation is unlikely to lead to sustained competitive advantage as competitors will have access to such knowledge. Rather, sustained advantage increasingly dep ends on innovation through newly generated knowledge (Ford & Gioia, 1995) . This emphasises the need for organisations to engage in experimental activities that involve creative action (Ford & Ogilvie, 1996; West, 1997) as well as challenging existing assum ptions (Unsworth, 2001). It is only through creativity that variations from expectations can arise that are uniquely innovative and not just reactions to external events. Sustained competitive advantage requires uniqueness - in other words, an organisation al climate that encourages and supports creativity and practices that enable individual creativity to be transformed into organisational creativity. These are key ingredients of competitiveness in the high road organisation (Tidd et al, 1997).

There is evidence, however, that 'low road' concerns currently dominate the thinking of many if not most managers and policy makers. Such thinking is also evident in public sector organisations where cost -cutting has been prioritised over the development of service delivery. From a long -term perspective, however, such an approach to strategy will not be enough as a means for underpinning economic growth and securing employment. At best, the approach can be regarded merely as a defensive reaction to competition from o utside Europe. The key to competitive success, rather, is innovative capacity, which relies on unlocking intellectual capital and human creativity throughout the organisation. This, in turn, switches the focus

onto innovations in work organisation as being central to Europe's innovative potential.

Innovation, learning and new forms of work organisation

An innovation-based model of competitiveness implies the need for radical approaches to workplace and job design. Research suggests that organisational innovation depends on a number of factors (Rogers, 1995: 379ff). First, leaders should be positively disposed to change personally. Secondly, organisations should have a number of internal design features, ie they should have decentralised structures, be composed of diverse individuals with high levels of knowledge and expertise, should not be governed by over-reliance on formal rules, should have effective interpersonal networks connecting the various operational units, should have some degree of slack, that is, the availability of uncommitted organisational resources, Thirdly, innovative organisations should exhibit openness towards their external environments (ibid). Clearly, therefore, choices on work organisation have a major impact on competitiveness and the generation of added value.

There is, however, a need to distinguish between different types of innovation. Moreover, as the research on organisational innovations suggests, the two contrasting low road and high road options imply radically different approaches to the organisation of work. Some innovations can of course be motivated by the low road options identified in section 1.2 above such as rationalisation and downsizing. Such innovations are likely to reduce the demand for labour as well as the quality of working life. On the other hand, high road innovation strategies geared towards the development of new products, markets or processes are more likely to have the opposite effect. Such development in basic aspects of the business, moreover, occurs in parallel with individual development of employees. The type of work organisation associated with high road innovation, as opposed to the low road alternative, is therefore likely to consist of more functional flexibility including job enlargement and job enrichment as well as greater autonomy and empowerment. In other words, high road options potentially entail the convergence between improved competitiveness and improvements in the quality of working life.

The future of European competitiveness thus relies on the development of high road organisations. In turn, this requires the support for research into the key characteristics of such organisations and how the linkages therein between human resources and performance are managed. Yet although there is evidence that changes in work organisation are afoot, there is also evidence that many innovations represent little more than token change (Smith & Thompson, 1998). Some organisations may indeed have embraced change, for example, in the form of teamworking, but in many instances such change actually involves more subtle forms of control (Delbridge et al, 1992) rather than a climate that nurtures employee innovation and creativity. These low road workplaces, as exemplified by many call centres, offer a continuation of Taylorism rather than its demise and, we argue, should not be the model to guide practitioners and policy makers.

A core element of the high to road to innovation is the linkage between product innovation and process innovation. Many European firms have witnessed productivity improvements in recent years through introducing innovative production processes, a development that we would normally expect to reduce the demand for labour in the firms concerned and thereby increase the prospects of unemployment. But it is unlikely in current economic circumstances in Europe that such a fall in labour demand can be compensated for alone by selling greater quantities of existing products in existing markets. What is also needed is the balanced development of new products and new markets as well as innovations in work organisation, and that these changes should mutually support each other.

Above all, the capacity to innovate through high road solutions requires organisations to learn. In organisations that learn, processes are such that the creation and diffusion of knowledge becomes increasingly significant (Nonaka, 1994) and organisations should be seen as learning systems with appropriate designs to match (Senge, 1990; Pearn et al, 1995). An emphasis is placed on individual learning and development in organisational development, as well as the empowerment that accompanies decentralisation. People are seen as an investment rather than a cost, and the conditions for learning are intimately bound up with work design that should enable autonomous reflection and autonomous action upon such reflection. In support of the 'learning organisation' idea, Senge (1990) has argued that 'the rate at which organisations learn may become the only sustainable source of competitive advantage' (ibid: 3). Such learning is also fostered by inter-organisational networks that, in turn, are embedded in a social infrastructure comprising social partners, policy makers and researchers.

The learning in organisations that is increasingly seen as a crucial source of competitive advantage does not, however, limit itself to adopting known and codified formulae for success and benchmarking from others. Of rather more importance is the internal generation of non-codified or 'tacit' knowledge derived from reflecting on experimental actions. This requires both a capacity to innovate as well as a capacity to convert the outcome of such learning into codified form for onward diffusion within the firm (Nonaka & Takeuchi, 1995). The management of such knowledge and the people responsible for its production have become cornerstones of the quest for competitiveness.

2. QUALITY OF WORKING LIFE AND COMPETITIVENESS

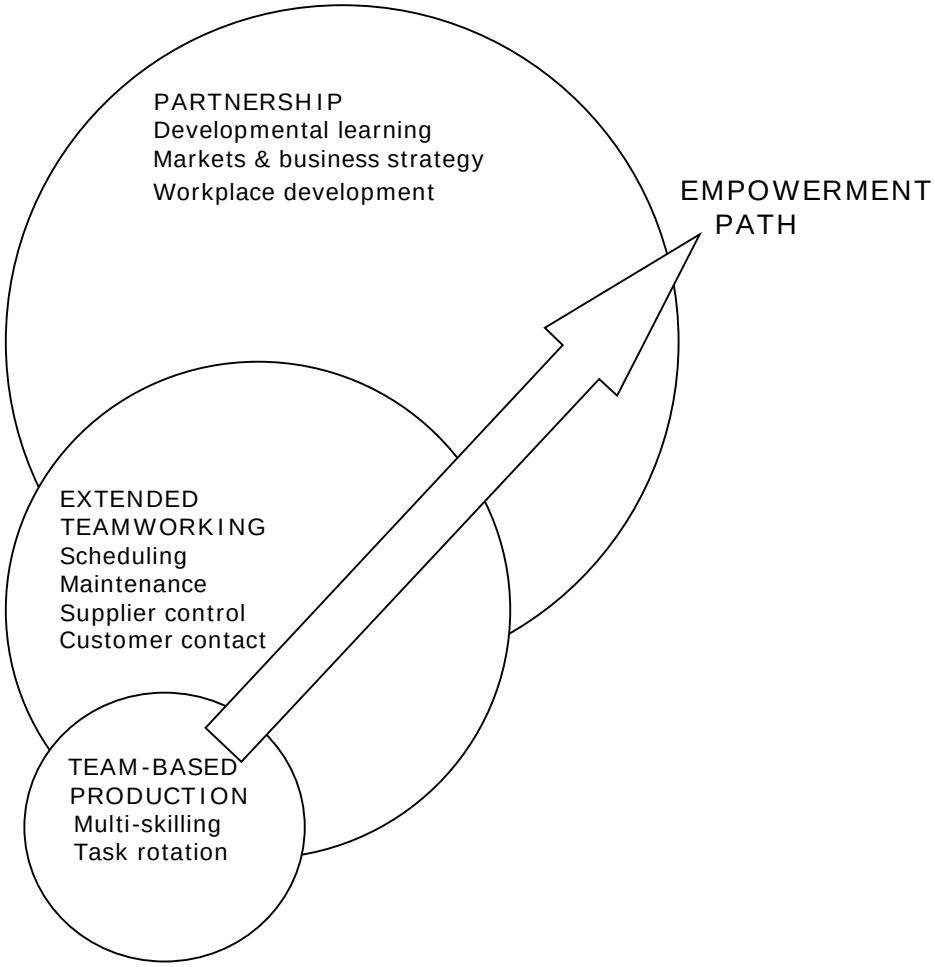
Prospects for convergence

The concept of the 'quality of working life' is imprecise and thus problematic to operationalise. Historically, it can be traced back to the quality of working life movement that largely consisted of a number of industrial psychologists in response to a perceived disenchantment with the organisation of work in the late 1960s and early 1970s (Walton, 1973; Stjernberg, 1977; Littler & Salaman, 1984). A number of reports published in both the US and UK sought to develop models of job redesign that aimed to improve utilisation of worker initiative and reduce job dissatisfaction thereby offering an alternative to the technocratic rigidity and inflexibility of Taylorism. QWL has also been associated with organisational changes aimed at increasing the levels of job widening (greater horizontal task flexibility) and job enrichment (greater vertical task flexibility including the taking on of new responsibilities including those formerly undertaken by supervisory or managerial personnel). Crucially, the idea is that of attaining higher levels of involvement and thereby motivation by improving the attractiveness of the work itself rather than through improving the terms and conditions of work (Hertzberg et al, 1959: 52).

The form of work organisation that is generally seen as most favourable to innovation and learning is group work. Precise designs of group work, however, vary considerably; some models offer little in the way of employee empowerment, autonomy and scope for creativity and development. Nevertheless, experiments suggest that teams can provide a vehicle for combining different perspectives in solving problems and they can facilitate a fluency of idea generation and flexibility of solution be they in the context of project teams, incremental cell working, cross-functional groups or inter-organisational networking arrangements (Tidd et al, 1997).

Nevertheless, teams or groups can be designed according to both low road and high road rationales as illustrated in the model in figure 1. Group work can mean merely multi-skilling and job enlargement on an assembly line. Under this low road approach functional flexibility is achieved through job rotation. On the other hand, the high road approach also entails flexibility, but achieves this through employees having responsibility for the production of a part, or a complete product with latitude for autonomous work planning. The latter option clearly presupposes a positive trajectory in the quality of working life offering scope for employees to develop in their work, build relationships with customers and suppliers and thus be sources of operational and strategic innovation. The model illustrates that low road companies seek to develop work organisation from limited models of teamworking that offer job enlargement and little else as a means of flexibility and rationalisation motivated by cost reductions. But as such firms seek to adopt high road solutions involving more job enrichment and scope for development, they allow greater employee empowerment and QWL improvements as prerequisites for an innovation based approach to competitiveness.

Figure 1: Models of teamworking (source: Innoflex Project)



Recent research surveys of innovations in work orga nisation undertaken as part of the Innoflex Project have revealed considerable evidence that high road solutions can lead to performance improvements and that QWL is thus a potential driver of competitiveness. Such a view has been reinforced by the experie nce gained by researchers and company representatives at learning visits of innovative companies that are committed to improved performance through the development of human resources. Such innovation is illustrated by the case studies of Ericsson Radio Systems AB in Gävle, Sweden, and East Midlands Electricity outside Nottingham in the UK, summaries of which are set out in exhibits 1 and 2.

Exhibit 1: Innovation at Ericsson Radio Systems AB, Gävle, Sweden

In anticipation of the third generation of mobile telephony (3G), Ericsson is building a new factory for the production of the new transmission equipment in Gävle, 150 kilometres north of Stockholm. At the same time, the company is 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, built in a former wholesale distribution warehouse, has been designed around cellular working that envisages individuals at work stations being responsible for all operations including customer ordering, assembly of processor boards and testing. In particular, a new culture and new competencies are seen as required to move away from high volume production, enable closer relations between production and product design and test development. The culture is summarised by the five themes of development, team-spirit, respect, responsibility and new thinking.

The means to manage change has been the setting up of a project 'The Good Workplace' with trade union support that aims to recruit and motivate staff whose performance contributes to increased profit and profitability. Managers of the new plant stress the need for delegation, participation and individual competence development plans in line with company goals that include developmental training on teamwork and leadership as well as personal 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' that enables individuals to withdraw for contemplation, reflection and creative thinking individually or brainstorming in small groups.

The changing face of competition suggests that firm performances will increasingly depend on the motivation, commitment and development of their employees. In other words, Europe's economy will require high road solutions whereby competitiveness and the quality of working life converge as illustrated as tentatively suggested in figure 2. It would be a mistake, however, to assume that practitioners and researchers have universally embraced QWL and high road thinking: for example, opinions differ on how the various group work designs on offer actually contribute to organisational performance and thereby competitiveness.

There is evidence, however, that the more general logic of the high road to competitive success and organisational development has not been universally embraced by firms or public sector organisations. In Italy, for example, although moves to more flexible working are widespread and have been designed to give workers more autonomy and responsibility, they have only been accompanied by minimal skills development (Mazzanti, 2001: 27). In Sweden, there is considerable evidence that many firms and public sector organisations, especially in the 1990s,

have prioritised rationalisation strategies such as downsizing and lean production (Huzzard, 2000: 59ff).

Exhibit 2: Innovation at East Midlands Electricity, Nottingham, UK

East Midlands Electricity (EME), based at Castle Donnington 10 miles from Nottingham in the UK, has a vision of being the UK's 'leading utility distribution ssset manager' of electricity. The company strategy to realise this is to deliver its 2001 objectives, growth through acquisition and joint ventures in the electricity market and further expansion in electricity gas and water. A fundamental aspect of the strategy has been physical change by moving to a new purpose built greenfield site as well as reducing its sub-offices from 26 to 5 and reducing its core staff by 50%.

This change was accompanied, however, by a change in the psychological environment towards a new culture, a partnership approach with the unions and a new relationship with those 'going forward with the business'. The latter included a focus on communication and personal development planning, addressing the work-life balance through flexible working and a new rewards system. At the heart of the new approach was the belief that a relaxation of direct management control and thus greater employee autonomy would foster a climate for employee creativity and innovation.

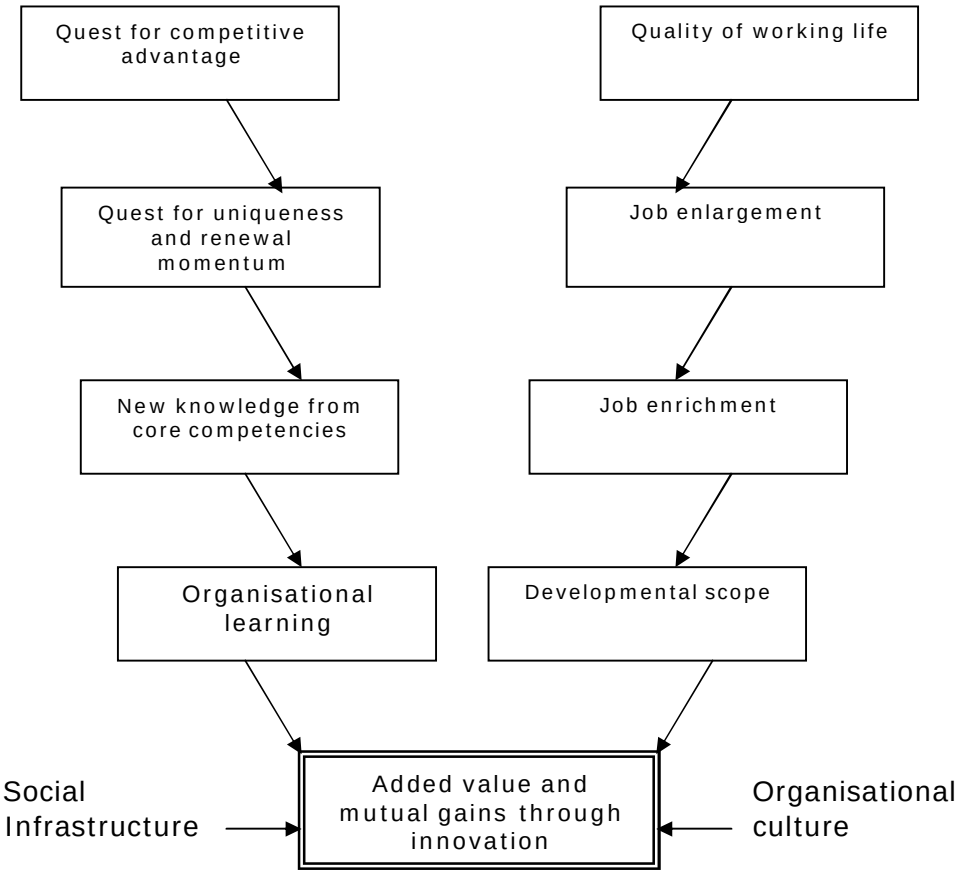
The new culture was also supported by the policy of 'green working' whereby staff were encouraged to take two 'green days' per week with a view to reducing costs, encouraging flexibility, reducing the environmental pressures of commuting and enabling employees to secure a better work-life balance. Green days were considered to be taken where staff shared cars, cycled to work, used public transport. Moreover, working at home was actively encouraged through the provision of laptops, remote access and state of the art telephony. Such a policy also enabled the company to reduce costs by using less office space as staff were expected to use any available desk ('hotdesking') when they were at the office.

A random sample showed that 61% of EME employees regularly teleworked and 22% opted for regular car sharing. Controls are agreed between managers and teams and any green working is based on a voluntary partnership between individuals and their respective line manager. Flexibility has also been promoted through the negotiation with the unions of annualised hours and variable working weeks and fortnights at the discretion of each employee. Such policies offer clear prospects for staff to manage their own work in line with their personal requirements thus enhancing the quality of working life.

At the heart of the debate over the future trajectory of European firms and public sector organisations is the fundamental question of whether improvements in the quality of working life are compatible with competitiveness. As yet, however, the debate remains unresolved, but it appears that cost cutting and flexibility are not in themselves sufficient conditions for competitiveness. The successful and sustained penetration of higher value markets requires researchers and practitioners to work together to enhance our understanding of how knowledge, innovation and human creativity can be harnessed to build and maintain a competitive edge. There is clearly, therefore, an urgent need to develop knowledge and practical tools on the relationship between competitiveness and work organisation and the conditions under which the human aspects at the core of innovation processes can converge with performance. Such a task is an urgent priority, both for research and for those

practitioners on whom European competitiveness, growth and employment security depends.

Figure 2: The convergence between QWL and competitivene ss



Re-thinking QWL for the 21st Century

In the 1970s and 1980s, issues relating to the Quality of Working Life received considerable research attention. However a large amount of the QWL debate focused on job redesign within individual enterprises. Much of this research has been targeted at large-scale manufacturing, and in the area of teamworking, automobile manufacturing has enjoyed an almost obsessive level of academic interest. However as manufacturing throughout the EU restructures, there is a need to reposition the QWL debate to encompass the changing labour market and the emergence of the so-called 'new economy'.

Early discussions about QWL in the 1970s (see Section 6, below) were built upon the premise of humanising working conditions in an era of mass markets. In addition, labour markets were particularly tight, resulting in attempts to differentiate conditions of employment. However, as competitive pressure grew in

the 1990s for adaptability, high quality and responsiveness, the QWL debate was re-contextualised around issues of 'empowerment' and the development of 'high performance work systems' and the term QWL somewhat fell out of fashion.

Buchanan and Hucyznski (1997) illustrated how QWL issues had been redefined during the 1990s, and a key objective of the Innoflex project is to ensure further re-appraisal relevant to the new century. Traditionally QWL has encompassed a range of issues including workplace partnership, reward and recognition, and employee involvement. However the transformation of Tayloristic working practices through job-redesign has been a core preoccupation. The 'up-skilling' of work through job enlargement and enrichment processes, and the development of self-managing (or semi-autonomous) teamworking has provided benefits for both companies and employees in traditional organisational settings. But employment patterns are changing and there is evidence to suggest that traditional organisation and career structures will be challenged by more flexible modes of employment. So what types of change might emerge and how can concepts of Quality of Working Life develop to meet emerging challenges in the world of work?

The rapid change in demographics, technology and global markets will be a continuous challenge to manufacturers and service providers. Research evidence form the European Commission (2001) suggests that :

- Innovation and technological change are (and will remain) the principal driving forces in job creation.
- 1 in 4 EU countries see labour shortages as a barrier to expansion.
- While 80% claim to be 'satisfied' in their work, there is recognition that job quality must be improved in a sustainable way to avoid people falling into unemployment or leaving the labour market.

A contestable area in recent debates concerns the way in which employees themselves will view work. Richard Scase (1999) argues that that work will become a 'central life interest' with a proliferation of the 'long-hours culture'. While some may indeed choose – or feel coerced into working long hours, we have already noted that other commentators such as Giddens (1998) foresee problems for employers who cannot provide 'meaningful work' in an age when opportunities for travel, leisure pursuits and concerns for work/life balance are of increasingly significant in employment options. For some, traditional forms of employment are too restrictive and new patterns of work are beginning to emerge notably in the 'creative industries'. But what these organisational forms will look like, and the extent of their diffusion in coming years, is the subject of much conjecture.

A study led by the Future Unit of Great Britain's Department for Trade and Industry (DoTI) attempted to envisage the UK economy in 2015 and engaged a number of academics and policy-makers in predicting possible patterns of 'work in the knowledge-driven economy'. Two leading scenarios were devised to provide a context within which policy makers, social partners and others could develop

future-orientated thinking about their own spheres of competence; these are entitled Built to Last and Wired World. In 2001 the DoTI launched its FutureFocus centre as a high-technology locus for such dialogue.

Built to Last is based on fairly traditional company structures but prioritises knowledge as a principle source of competitive advantage. A challenge for Built to Last companies is to find ways of capturing and internalising such knowledge. New forms of work organisation and employee retention are therefore key constituents of business strategy; characteristics of the Built to Last landscape will include the use of incentive packages (opportunities for education, share ownership, pension and healthcare), the importance of branded products and the utilisation of networking technologies.

Wired World assumes the growth of coalitions of individuals and small firms able to form and re-form on a project-by-project basis to meet the requirements of particular customers, contracts or projects. Organisations, real or virtual, are set up on an ad hoc basis in response to contingent opportunities and needs. Individuals involved are often self-employed portfolio workers linked by strong inter-personal networks. High speed Information and Communication Technologies (ICTs) play a critical role in ensuring the cohesion and responsiveness of these networks.

These scenarios are not seen as mutually exclusive: rather a key task for future-focussed dialogue is to explore how elements from each scenario might combine to form a 'matrix', and to identify ways in which key actors can influence that process. For example organisational structures at the centre of Wired World tend to fall outside traditional debates on quality of working life or job redesign; they provide able knowledge-workers with exciting opportunities for variety, personal development and entrepreneurship, but at the expense of considerable insecurity. As the emergence of Wired World begins to offer more attractive ways of working for talented knowledge workers (even if largely restricted to people in high technology or design-based sectors) conventional companies will need to transform management styles and cultures if they are to recruit and retain able staff. Indeed there is increasing recognition that employees are seeking a better balance between work and leisure, forcing many employers to introduce benefits such as guaranteed TOIL (time off in lieu), sabbaticals and career breaks.

It has already been observed that the focus of QWL debates has changed over the past thirty years or so, and the table in Figure 3 incorporates Buchanan and Huczynski's (1997) attempt to illustrate this evolution. However the table has been amended to translate the principles of historic QWL debates to match emerging challenges in the 'new economy'. As the table shows, issues such as 'flexibility', 'autonomy', and 'training and development' may become even more of a concern as people opt to shape their own careers and working lives. As ICTs increase opportunities for interconnectedness between individuals and organisations, so may opportunities grow for more autonomous working. This represents a serious challenge for traditional models of organisational development and QWL. Similarly organisations that continue along the 'built-to-last' track may not only face demands for participation and partnership from workers seeking greater

opportunities for self-fulfillment and gainsharing, but will also answer to an increasing body of customers and investors who recognise that employee involvement is a key constituent of organisational effectiveness and business success.

Accordingly, our belief in the need to refocus the debate on competitiveness in Europe includes the rehabilitation of QWL. In doing this we are advocating a balanced approach to the employment relationship. This not only encompasses conditions at the workplace, but also sees the relationship as being inextricably bound up with external factors such as the support frameworks of policy makers, the issue of work-life balance and the linkage between value creation at the workplace with the broader components of social capital (Putnam, 1992). Yet each country in Europe has different institutional, cultural and employment traditions and such differences are reflected in differences in how QWL is defined and how debates on working life have evolved throughout the continent. In France, for example, QWL is seen in terms of the relationship between remuneration and working hours on the one hand and learning and achievement in organisations on the other (Sacquepèe and Dufau, 2001). In Scandinavia, debates on 'Good Work' have tended to focus more on objective parameters of work organisation (Banke and Norskøv, 2000; Huzzard, 2000). The debate in Spain has focused more on occupational health and participation (Oncins et al, 2002). Other versions see QWL as being more of a subjective concept rather closer to notions of job satisfaction. Because of these differences, we do not think it productive to adopt a tight definition of QWL in the point of departure for our research.

We also argue that QWL and competitiveness should be seen dynamically – as central concepts in processes of change management. Crucially, we reject the view that the management of change in organisations has to require the concentration of power within top management. Indeed, the history of change programmes across the continent provides ample evidence that such approaches are often doomed to failure. We also wish to avoid arriving at conclusions on change that comprise of simplistic checklists drafted around supposedly tried and tested change parameters. The challenge, rather, is to provide discursive tools for dialogues on change among the social partners that help develop new perspectives on reality. For this reason, too, we do not intend to proceed with a tight, closed definition of QWL.

Figure 3: Re-positioning QWL for the 21st Century

QWL in the 1970s	Empowered teams in the 1990s	Aspirations for work and leisure in 2010	
		Built-to-last	Wired-world
Aimed to reduce costs of absenteeism and labour turnover and increase productivity	Aims to improve organisational flexibility and product quality for competitive advantage	Recruitment and retention strategies key issues in a tightening labour market. Organisations seek to differentiate their working conditions and allow for greater work life balance.	Individuals and organisations develop 'networking' abilities. Virtual organisations may form to provide custom services.
Based on argument that increased autonomy improves quality of work experience and job satisfaction	Based on argument that increased autonomy improves skill, decision making, adaptability and use of new technology	Team autonomy, the development of organisational creativity and the use of collective memory central to product and process innovation.	Individuals have autonomy to design portfolio careers in locations of their choice, and which coincide with leisure aspirations.
Had little impact on management functions	Involves redefinition of management function, particularly for supervision	A loosening of 'command and control' management approaches. Employees may be invited to participate in decision-making, strategic thinking and financial gain-sharing initiatives.	Individuals become self-managing and are the architects of their own networks, employment patterns and career paths.
'Quick fix' applied to problematic groups	Can take significant time to change organisational culture, attitudes and behaviour	Organisational culture aims for trust relationships built upon dialogue and partnership. In addition, the diversity of employees will be seen as a key organisational resource. The organisation may offer opportunities for social and community initiatives.	Network culture based upon mutual trust. The Internet will link individuals and small enterprises, but social contact will remain vitally important There may be a blurring between work and leisure pursuits which will occur both through electronic and physical contact. There may be a blurring between work and leisure pursuits.
Personnel administration technique	Human resource management strategy	Holistic people management techniques, such as work organisation, job enrichment, family friendly policies will provide measurable 'bottom-line benefits.	Career development may be self-directed but intermediaries such as government, business support agencies and universities, may broker contacts, knowledge and facilitate both technological and geographical networking.

Adapted from Buchanan, D., & Huczynski, A. (1997) Organizational Behaviour. London: Prentice Hall.

3. THE EVIDENCE

Are there really alternatives to traditional, low road forms of organisation and do they actually work? This is the basic question for anyone professionally involved in organisational change. Theories, inspirational visions and well-formulated plans are not enough. Decision makers like to see the evidence. However, 'evidence' in organisational change has a different meaning than in the physical sciences. Change initiatives and organisational experiments never take place under uniform and controlled conditions. Evidence here emerges from real life in an enormous variety of social and economic contexts. Furthermore evidence can fulfil different functions during different stages of the innovation process:

- Well known success stories about pioneering initiatives undertaken by the real frontrunners can play an important role when change is being considered. Such examples show that alternatives do exist. They can inspire decision makers to follow other routes and can be regarded as the key landmarks in the development of organisational thinking.

- As new approaches begin to spread, managers and other stakeholders want to understand the relevance for their own organisations. The need for comparison grows as actors seek greater certainty about the benefits of seemingly complex and risky processes. Benchmarking, surveys and other cross-sectoral studies become important resources at this stage.

- Once organisations are fully involved in the change process another kind of evidence is needed, based on the experiences of others involved in similar transformations and identifying the critical factors likely to produce successful outcomes.

Pioneering cases

When the Dutch Philips engineer Frederiks moved in 1986 to the Northern city of Stadskanaal he knew that his new job as plant manager of the semi-conductor factory would be a tough one (Haak 1994). During the mid-eighties the economic tide was still low and competition in the components market was severe. He knew that his last job before his retirement could involve the closure of the factory. At that stage Philips had no intention of investing substantially in the plant. Employment creation had been one of the original considerations for building the factory in this location, and unemployment was still a major problem in the region. Frederiks and his new team became strongly committed to keeping the factory open. They won company support to develop a strategy which could make the plant competitive again. Their final plan was not based on technological measures, rigorous cost cutting and downsizing but upon a form of sociotechnical redesign which Frederiks had already implemented in another Philips factory. Components of this approach were:

- The change from functional to flow- and product oriented structures.

- The development of self managing production teams with each team responsible for a rounded (‘complete’, or ‘whole’) task.
- A shift of part of the staff functions to the production teams.
- The formation of integrated staff teams working close to the shop floor.
- Shortening of hierarchical lines.
- Opening and sustaining dialogue with the teams.

Implementing such basic changes in a large and complex organisation did not prove to be easy. Building trust between production workers, staff, senior management, middle management and customers was crucial but painstaking. Yet eventually the project became a success and for many years the company was an iconic example of organisational innovation in The Netherlands, providing the focus for several postgraduate theses and conferences on organisational change. The approach appeared to provide a real answer to severe problems in a harsh economic environment.

In 1993, just at the moment the Stadskanaal factory seemed to be on track again another factory was closed. It was a factory which enjoyed far wider, even world-wide fame in the field of organisational innovation: Volvo’s revolutionary car plant at Uddevalla. This factory, opened four years earlier, was arguably the most ambitious attempt at introducing mass vehicle manufacture according to sociotechnical design principles (Sandberg 1995). Here self-managing teams did not produce a tiny electronic component but a whole car. Volvo put all its technical and organisational know-how into developing a real alternative to the assembly line delivering the prospect of genuine improvements in quality of working life. The plant had enormous symbolic significance in the search for new organisational forms, combining attractive work in a tight labour market with high levels of productivity in a very competitive environment (Sandberg 1995, Huzzard, 2000). But Volvo nonetheless hit hard times. Car sales declined especially in the home market and production capacity had to be downsized. The subsequent closure of Uddevalla led to fierce debates about the fundamental question of whether improvements in the quality of working life are compatible with competitiveness (see for example: Adler and Cole 1993, Berggren 1994).

So when we compare both cases, what evidence is there for the value of new organisational forms based on innovation and flexibility? Two possible answers are certainly wrong. The first wrong answer is that Philips finally solved production problems in the semiconductor industry. The second is that the closure of the Uddevalla plant signified the demise of Volvo’s QWL policies. Organisational innovation remains a continuous process in both firms, in good times and bad. Both cases undoubtedly played a highly important role in the diffusion of organisational innovation on a national or even on a world-wide scale. There always will be a need for inspirational stories from pioneers showing that boundaries can be moved. However cases like these lose their impact when they are used as ‘real and final proof’ of the effectiveness of new organisational practices. At best, these stories represent challenges, offering propositions to be tested and adapted in new situations.

Where do we stand?

The two cases show how difficult it is to compare complex change processes and evaluate their outcomes, especially when we lack insight into the context in which change is happening. This clearly limits the value of comparative research of a quantitative nature. A recent literature review (Savage, 2001) shows that the volume of hard data on the benefits of new forms of work organisation is still very limited. Savage offers a number of possible explanations:

- differences in the definition of new organisational forms;
- limitations in the scope of the studies;
- differences in time perspectives (long term versus short terms effects);
- the variety of performance indicators used.

In addition researchers often have to rely on the words of the actors involved – and of course the words of individuals don't always give the full story.

However the number of comparative studies and cross organisational surveys appears to be on the increase. Part of this growing body of research is carried out in the context of EU initiatives or (in the case of many Northern European countries) of national policy programmes - see for example the Employee Participation and Organisational Change study (EPOC, 1997) and the evaluation of the Swedish Working Life Fund (Gustavsen et al., 1996). We shall focus here on a few significant findings from these studies.

Organisational innovation is now a real issue on the management agenda – and it works

The origin of 'work reform' or 'organisational reform' can be found somewhere in the late sixties, typically in environments experiencing high growth and a tight labour market (Hague, 2000; Huzzard, 2000). For many managers this 'human centred' approach to organisational change seemed out of place by the early 1980s when the Western economy was hit by a serious recession. However many realised in the middle of recession that a new perspective on the organisation was a basic condition both for recovery and for sustainable competitive advantage. Flexibility and quality suddenly became high priorities, challenging the inertia embedded in traditional organisational cultures. More recently managers are coming to realise that innovation is not an event but a continuous process. These conclusions are amplified by a number of findings from research as set out as exhibit 3.

Exhibit 3: Innovation and human resources in Europe – a research summary

- The EPOC study (1997) indicates that 4 out of 5 workplaces in ten European countries practice some form of direct participation by employees.
- A study of 10 leading European steel companies published by the European Federation of Steelmakers (Eurofer) indicates that the management of organisational change and human resources is a crucial factor in achieving competitive advantage in an increasingly knowledge-intensive industry (Den Hertog and Mari 2000).
- A Swedish survey by the National Institute of Working Life (Wikman et al. 1999) revealed that three quarters of the respondent firms had implemented changes involving the delegation of responsibility and job widening.
- A local survey of 200 organisations in the United Kingdom (Hague and Aubrey 1999) demonstrated that between 1995 and 1998 some 30% of the sample implemented working practices including multi-skilling, teamworking and problem-solving groups. The early 1990s appears to represent a turning point in which the diffusion of these practices became significant, at least amongst larger firms.
- 65% of British managers were reported in the 1998 UK Workplace Employee Relations Survey (Cully, 1999) to use teams in their work places.
- According to a case survey of 35 Dutch software firms (Huizenga 2001) teamworking has become the standard both for daily operational tasks and for product and service innovation. Multifunctional groups proved to be critical for the latter task.
- An American survey of Fortune 1000 companies (Lawler et al. 1995) showed that 68% make use of self-managing teams.

A growing number of studies indicate that organisational innovation and new forms of work organisation have a positive impact on organisational performance. This is different from saying that new organisational forms are in themselves more effective. Rather it is recognised that new approaches create the conditions for wider and more fundamental changes. Illustrative in this respect is the Eurofer study (Den Hertog and Mari 2000) in which ten leading European steel firms participated. The study shows that the radical reconstruction of the steel industry would not have been possible without multi-skilling, investment in competence building, flattening of the organisational structures and removing functional boundaries. The same applies to the implementation of new information and communication technology. Several studies, among them the Innoflex national reports from Denmark, France, Sweden and The Netherlands, (Banke and Norskøv, 2000; Sacquepée and Dufau, 2001; Huzzard, 2000; den Hertog and Verbruggen, 2000) indicate that new forms of work organisation enable firms to profit from the implementation of new technology. New organisational forms are not ‘stand alone’ systems but only appear to work as part of a larger integrated configuration.

Some examples from the growing stream of research findings are given in exhibit 4.

Exhibit 4: New organisational forms in Europe – selected research findings

- A survey of production supervisors in 104 Danish companies indicates that the most important drivers for teamworking in production are increased productivity, efficiency, flexibility, employee satisfaction and motivation (PLS Consult, 1999). The most significant results in practice appear to be related to flexibility, productivity and employee satisfaction. Only 10% of respondents claim that the aims were not fulfilled completely.

- A recent study commissioned by the Swedish Ministry of Industry (NUTEK 1999) examined the ability of flexible work organisation to increase productivity. Flexibility was defined in terms of the organisation of human capital, the distribution of responsibility and reduced bureaucracy. From the study flexible organisations emerged strongly as more productive with lower levels of labour turnover and absenteeism. These organisations also tend to have greater capacity to realise basic transformations such as the implementation of new technologies and organisational innovation.

- The evaluation of the Swedish Workplace Development Programme (Gustavsen et al., 1996; Brulin and Nilsson, 1995) revealed important facts about the impacts of innovation in work organisation. A random sample of 1500 projects indicated that workplace development and productivity improvement go hand in hand. Projects resulted in increased job rotation, greater involvement of shop-floor employees in planning, control and participation in change activities. Key figures on lead times, throughput times, supply times and retooling times were discernible as being higher at fund-supported workplaces than in a control group.

- Researchers in The Netherlands (Dhondt et al, 1998) tried to explain organisational performance on basis of two sets of change: organisational and technological. The study was carried out by means of a national survey involving 3.600 companies, set up to establish the state of workplace reform in the country. Results indicate that high performance is strongly affected by a combination of both forms of change. The report argues that the combination of advanced technology with modern sociotechnical organisational forms is a precondition for high performance.

At the level of the workplace, convergence is well illustrated by the experiences gained from The Swedish Work Environment Fund. The Fund supported the establishment of a new body, AMBIV, The Joint Committee for Action Against Strain Injuries in Industry. This group set up nine sub-projects at workplaces between 1989 and 1995 where there was local agreement on the desirability to introduce innovative reforms to the work organisation and review payment systems in directions that were of mutual benefit to both sides (Huzzard, 2000). Reports on five of the projects were published, and an overall summary of these is set out in exhibit 5.

Closing the gap between leading edge-practice and common practice

The extensive Employee Participation in Organisational Change (EPOC) survey undertaken by the European Foundation, clearly demonstrated that new working practices were emerging across Europe. Other research also points to a widespread reappraisal of traditional working practices, (Cully, et al, 1999; Hague and Aubrey, 1999; NUTEK, 1996; Pettigrew and Fenton, 2000). However, as Section One highlighted, there is considerable variation between emerging organisational practices. Some have sought

organisational renewal through a radical reappraisal of job design, employee involvement and process innovation and this has been described as the 'high road' to organisational change. However, it appears that many organisations have tended to follow a more limited, or 'low road' adaptation of existing organisational forms.

Exhibit 5: The Swedish AMBIV Project - summary of outcomes in cases published

Workplace	Change motive	New work organisation	Result
ASSA AB, Eskilstuna	High turnover rates; high levels of repetitive strain injuries; poor supply precision.	Flow production: teams with full assembly responsibility, customer contact and work planning.	Reduced turnover from 50% per year to 3%; improved supply provision from 20% to 99%.
Nokia AB, Motala	High levels of industrial injuries; high costs; poor quality; low effectiveness.	Teams of ten assembling diverse products. New responsibilities included supply quality, materials handling, maintenance, fault finding and reporting and production technology.	Number of strain injuries reduced from 150 per year (1980s) to zero at completion of project. Savings of 15% in indirect time. Increased individual flexibility.
Norwesco AB, Öregrund	Industrial injuries; mutual dissatisfaction over payments system.	Some teamworking in high-volume production. General extension of job content linked to product development.	Steady increase in productivity compared with constant level pre-project. Job widening and greater openness.
TVAB, Töcksfors	High turnover and sickness absence; high quality costs; increased customer demands on quality and supply precision; rapid company expansion.	Stimulation of teamwork via organising production around products. Weekly and daily planning in teams; also responsibility for results, quality, supply times and working hours.	Reduction of 80% in sickness absence and 75% in injuries. Improved quality, supply precision and productivity. 80% reduction in throughput times.
Volvo Trucks, Umeaverken	Need for creation of greater effectiveness in	Nine independent teams in the press shop each having 10-12 members	Improved psychosocial environment through

While this trend would appear to be of concern, perhaps it is more worrying that many organisations have yet to implement any strategies of organisational renewal. But why is this the case? Why have many organisations, and smaller enterprises in particular, seemed to have taken the 'no road' option when it is clear that working practices based upon 'divide and rule' principles and the division between 'mental' and 'manual'

tasks are no longer a sustainable option? This would seem particularly surprising for a number of reasons:

Firstly, it has been recognised for many years that technology alone cannot provide a competitive edge. Mistaken approaches to restructuring by Fiat in the 1980s (Sisson, 1996) plus the various studies of anthropocentric and human-centred manufacturing clearly illustrate how vital it is to develop the skills and competencies of individuals (Brodner, 1990; Corbett, 1990). At the same time individual competencies do not represent an effective asset unless they are deployed in an organisational environment where they can be realised to the full. The importance of developing an organisation's collective competence needs therefore to be recognised, while 'organisational memory' and workforce diversity can be a vital resource for problem-solving, creativity and innovation.

Secondly, it has become a cliché to hear managers pronounce that 'people are our greatest asset'. However, an increasing amount of research evidence demonstrates that innovation in work organisation based on greater employee involvement can have a significant influence on business performance. A ten year longitudinal study undertaken by the Chartered Institute for Professional Development (CIPD) in the UK has identified that the contribution of people management practices (i.e. a focus on employee involvement, culture and work organisation) account for as much as 17% variation in the profitability of companies (West et al, 1998).

Thirdly demographic change coupled with economic growth has resulted in a labour market that has become increasingly tight in some countries and sectors of the European Union. Companies are therefore seeking to provide working environments that both attract and retain labour and meet the growing requirement of many employees to have more varied and meaningful work (Giddens, 1998). In addition, employees are seeking greater opportunities to pursue leisure interests or to find a better balance between their work and home lives.

In summary the reasons for change are compelling. Why then does there appear to be an increasing gap between leading-edge practice and the so-called 'long tail' of companies (and SMEs in particular) that are lagging behind? The next section will consider some of the reasons why new forms of work organisation remain limited, both in terms of their potential for employee involvement and in their diffusion within European firms.

4. TRANSFORMING WORKING LIFE

The previous chapters have highlighted the very real benefits that new forms of work organisation can have upon the quality of working life for individuals while enabling organisations to meet the challenges of rapidly changing consumer choice, markets and technology. However, as research evidence has shown, the diffusion of such practices remains surprisingly limited (see Benders et al, 1999; European Work and Technology Consortium, 1997). This section will examine some of the reasons for the failure of a wider transformation of work organisation, and will illustrate emerging concepts, tools and processes which offer new opportunities for sustainable organisational change.

Why is change so difficult?

As the impact of globalisation began to be felt during the 1980s and 1990s, many European enterprises started to search for new modes of working which would allow increased quality, flexibility and responsiveness. As a result the ability to change became to be considered a key organisational competence. The art and practice of 'change management' has been an enduring theme of management books and seminars. Indeed, there can be few people who could argue that their working lives had not be effected by change in some way. However despite all the methodologies devised and the vast amount that has been written, the process of change remains fraught with difficulty, disillusionment and failure. But why is this the case? In the following section, some of the obstacles to change are identified and analysed.

"We don't know enough about it!" One of the difficulties confronting researchers when attempting to answer this question, is that we simply do not know enough about organisational change. Large scale surveys have proven useful in mapping trends in organisational practice, but deeper analysis of the way change is triggered, negotiated and resourced is still relatively scarce in the research literature. Although there have been calls for more longitudinal research (Dawson, 1994; den Hertog and van Eijnatten, 1982; Pettigrew, 1990), researchers have been constrained by short-term funding and the growing use of fixed-term contracts. Moreover, despite much debate, many leading research journals maintain a continuing commitment to papers written within a positivist paradigm which fails to capture the way that change emerges and is shaped and interpreted by multiple voices at the local level.

For many organisations, access to knowledge about effective change processes remains a constraining factor. In a survey or organisations undertaken in Greater Nottingham, 64% of respondents considered uncertainty about the consequences of change as being a major barrier in implementing new working practices (Hague and Aubrey, 1998).

Case studies can provide useful insights, but few explore change processes in any detail and tend to focus on the content and outcomes of successful change. Studies which reveal the reasons for failure remain rare, as do

accounts of change in smaller enterprises. It is hardly surprising that some managers struggle to equate celebratory accounts of 'best practice' in multinational businesses with their own circumstances.

"Been there, done that... and it didn't work!" The organisational techniques developed in Japan and the US in the 1980s and 1990s were enticing to managers faced with an urgent need to respond to the pressures of globalisation; certainly the apparent success of the US and Japanese economies and the claims made for work organisation systems such as 'Just-in-Time' (JIT) and 'teamworking' were compelling. Case study evidence illustrated that managers could expect improvements in efficiency and productivity while at the same time reducing absenteeism and labour turnover. Indeed during this time there was an explosion in the range of change recipes and check lists that all espoused success to those adhering to the 'golden rules'. There is little doubt that many were 'bewitched' by the fads and fashions of managerial thinking (Buchanan et al, 1999).

Many people attempted to implement change programmes within their organisations and many reported success in the initial stages. However results were mixed and often short-lived as innovation 'decayed' and organisations reverted to former working practices. In a recent review of the development of 'learning organisations', Peter Senge, a pioneer of the concept, estimated that over the past the years or so there have been as many failures as successes in transforming organisational cultures (Senge et al., 1999). There are many reasons cited for the 'atrophy' of change programmes, including a lack of 'top down' commitment, failure to involve employees in a 'bottom up' process of negotiation and experimentation and the legacy of Taylorism which has for many decades stifled innovation and creativity (Andreasen et al, 1995; Kristensen, 1990).

Previous failure can therefore be a major obstacle to organisations not wishing to go through the pain and expense of being 'burnt' a second time.

"We just don't have the resources!" Sustainable organisational change requires sufficient resourcing and one of the major reasons for the failure of change initiatives is where resources are either unavailable or were under-estimated at the start of the project. Many managers argue that they simply 'do not have the time' to devote to organisational development, indeed it is argued that a lack of 'organisational slack' (Boer, 1991) or 'design space' (Bessant, 1983) can seriously impede many enterprises.

For organisations with few financial resources, and SMEs in particular, it can be difficult to identify external support. Funding regimes are often complex, linked to the attainment of vocational qualifications, or geared towards the development of specific competencies; the use of ICTs for example.

In addition, it can be extremely difficult to source impartial advice on the development of new forms of work organisation. Academic discussion can appear inaccessible to practitioners. Consultancy often fails to provide evidence-based illustrations of organisational transformation and may over-emphasise particular change methodologies. Certainly many managers

dismiss academic work as irrelevant and are mistrustful of consultants, particularly if they have had bad experiences in the past.

Paradoxically, while some managers argue that they lack knowledge or resources to support change they fail to use important assets within their organisations, namely the skills, knowledge and experiences of employees. Although many would argue for employee involvement as a means of avoiding resistance and mistrust, experience of participatory methods of organisational development remain limited.

Animating change and overcoming obstacles

Despite being one of the most discussed and practised aspects of organisational life in recent years, the process of change is an area which is poorly understood, feared or under resourced. In the following section emerging approaches will be illustrated with brief case study examples.

Building trust and dialogue

It is widely recognised that the emergence of sustainable forms of work organisation are the result of an ongoing process of negotiation and experimentation (European Work & Technology Consortium, 1997). Richard Scase (1999) in an analysis on the future of the British economy suggests that creativity will become an increasingly key constituent of future competitiveness. Scase argues, however, that creativity can only occur in organisational cultures characterised by a high degree of trust. Managerial demands for employee compliance – rather than trying to unleash creative potential – will smother Britain's attempts at becoming a high performing economy.

The development of workplaces characterised by 'high trust' was a key theme in the EU Green Paper Partnership for a New Organisation of Work (European Commission, 1997). For some, the implementation of new work practices can be perceived as a threat to employment, challenge the status of certain supervisory and middle management roles and lead to the abandonment of locally negotiated trade union agreements (Parker and Slaughter, 1988). Therefore the Green Paper sought to trigger discussion on how partnership could be viewed as a prerequisite for new forms of work and offers a genuine convergence between quality of working life and company competitiveness.

For individuals, new working practices can lead to greater autonomy, access to new skills and more varied and meaningful work, while organisations can benefit form enhanced flexibility, multi-skilling and a motivated and satisfied workforce. While these outcomes have been sought through workplace partnership for many years (Heller et al, 1998), the role that partnerships can have upon the emergence of new work forms of work organisation is less understood. However, many employees in the EU are not represented by trade unions – nor are formal partnership agreements commonplace at the local level. A challenge exits, therefore, to encourage greater joint working both within and outside of formal trade union

agreements. Exhibit 6 highlights an inventive way in which organisations form different sizes and sectors have started a process of organisational renewal.

Exhibit 6 – Using theatre to promote partnership working

The development of workplace partnership has often been seen as the foundation for effective change. For many larger organisations in the EU, formal partnership agreements are well established. However in smaller organisations, and particularly those without trade union representation, terms like 'social partnership' have little meaning. Funded by the UK Government's 'Partnership at Work' programme, a coalition involving Nottinghamshire County Council, The Nottingham Trent University and the Partners @ Work Theatre Company has helped eight business in the East Midlands region to develop a partnership approach based on identifying collective solutions to common problems.

Experienced researchers and professional actors visited the companies and spoke to groups of employees from all levels of the organisation. The researchers questioned employees about improvements that they would like to see in their companies; participants were particularly asked to illustrate their answers with stories and shared memories of what had happened in the past. While this has some similarities with more widely used organisational auditing methods, what was unusual in this case was the method of feedback. Rather than presenting the management with a written report of the audit findings, a play was developed which was performed to as many company employees as possible. The drama itself was completely fictional and great care was made to ensure that no real person could be recognised as a character in the play; nevertheless the themes and issues that emerged from the interviews were incorporated into the piece.

Where possible, the plays were performed in the actual workplace. In one small engineering company this meant that the play was presented on the factory floor among the lathes and milling machines. The thirty employees watched an entertaining drama which displayed the tensions and conflicts found in everyday company life. During the forum theatre session, members of the audience were empowered to stop the play, and were allowed to question the characters about their behaviour and underlying motives. On some occasions the employees took charge of the scene themselves by volunteering to take over the characters in the piece.

Following the drama, employees were asked in groups to look at their own working practices and to suggest areas for improvement. These ideas were addressed through the formation of a 'partnership team', comprising of people from all levels and departments of the business. The partnership teams were given support over the first few months and many practical solutions resulted from the teams' meetings including the development of appraisal systems, work scheduling, better administrative procedures and improvements in the office environment.

At the end of the programme the participating companies met together to see another play about the process of partnership building based upon the experiences of all eight organisations. This helped to reinvigorate the partnership process in some cases encouraged others to join the teams who had been a little unsure about joining in the first instance.

The truth is out there somewhere … isn't it?

Organisations faced with the need to change are presented with a huge array of methods and approaches. For many there is a serious danger of 'initiative overload' as enthusiastic managers embrace every new fashion. Of course many fail and it is often quite easy to spot the flotsam and jetsam of former change programmes; target boards with no targets, unread mission statements and the fading minutes of a long-forgotten quality

circle. But why is it that many organisations fail to turn the initial excitement into more sustainable processes?

An important explanation may lie in the continuing attempts of some 'experts' to discover the 'one best way' of managing organisations. While there is an increasing rejection of universal approaches, the argument of contingency theory that there may be 'one best way' for particular organisational types is, for some, still persuasive. The same logic can be clearly see in some benchmarking exercises which contain normative expressions of what constitutes 'best practice'. As Hamel and Prahalad note, benchmarking others' innovation will not be enough:

> Creating the future is more challenging than playing catch up, in that you have to create your own road map. The goal is not simply to benchmark a competitor's products and processes and imitate its methods, but to develop an independent point of view about tomorrow's opportunities and how to exploit them. (Hamel and Prahalad, 1994)

Exhibit 7 – Taking bottom up seriously

It is often argued that successful change needs to take place from the 'bottom up'. The rationale for such a proposition is that imposing an external solution upon people can result in resistance to change processes that they have not designed themselves. Secondly it is suggested that employees close to a particular problem might already have insights into potential methods for improvement.

The Danish Technological Institute (DTI) have moved beyond rhetoric about promoting change 'from the bottom up', developing an innovative method of organisational development. Facilitators from the DTI encourage small groups of workers to analyse their working environments. Suggestions are sought about even the smallest changes that could bring about a benefit for the organisation. Each group is given both time to explore ways in which their production processes could be improved, and the resources if a video production team who help them take their ideas and turn them into a broadcast quality presentation.

Once completed, the films are presented to management and an action plan in drawn up on how to deal with the issues raised. There have been several successful outcomes of the approach which have resulted in both hard business benefits and more intangible – yet significant – benefits for employees who feel that they have had some ownership of the improvement process and have a sense of achievement.

Successful change processes can be easily forgotten, but this approach allows for improvements to be recorded and celebrated. In one company they have made over fifteen films which serve as a useful organisation 'aide memoir' and a resource for further development.

The tendency for some organisations to rely on external solutions to their problems is problematic in a number of ways. Firstly some commentators have argued that change programmes have failed due to an over-reliance on external change agents (Engeström, 1992; Pava, 1986). This has meant that, in some cases, change programmes may have been adopted without adequate critical assessment, and the abdication of ownership of the

process to an external consultant has failed to develop internal expertise or innovative capacity.

Furthermore, expertise has been regarded as an external commodity rather than a function of the collective knowledge and know-how of employees within an organisation. For many commentators, the only way for sustained competitiveness is through the nurturing of collective and creative processes. Peter Senge (1999) has challenged organisations to 'learn' and to draw upon their collective history and organisational memory as a resource for innovation (Middleton and Edwards, 1990). A practical example of an initiative which aims to draw upon experiences of employees is illustrated in Exhibit 7.

Thinking out of the box!

If the key to competitiveness is by staying ahead of the game rather than merely mimicking others' innovations, organisations will need new tools and approaches which stimulate creative thinking and challenge current orthodoxies. For much of the Twentieth Century, the orthodoxy of organisational life was to divide jobs between managerial and operative functions, and to break tasks down into smaller and smaller elements. Organisations were compared to machines which could be designed, re-engineered and restructured. Indeed, for many people work felt like being a 'cog in a machine'. Charlie Chaplin graphically illustrated the feeling of many workers, when he (literally) got caught up in the wheels of industry in the film Modern Times. In recent times several commentators are encouraging 'unorthodox' thinking about a range of organisational issues – working time, job design, reward systems and so on - that contribute to organisational life (Morgan, 1993; Senge et al., 1999; West, 1997) As workers' aspirations change and management seek new competitive advantages, fresh possibilities exist to create alternative organisational practices based on mutual gains and the convergence of organisational effectiveness with quality of working life.

A number of emerging approaches aim to stimulate organisational creativity. Arts bodies in particular have developed commercial activities including role play, forum theatre, artists-in-residence, corporate art collections and lively arts where employees collectively make an art work or put on a musical or dramatic performance (see www.aandb.org.uk/html/cf/artswork.html).

As work organisation is changing with the emergence of self-managing teams and 'factories with factories' it is also important to reconsider the built environment in which people are employed. Large organisations have incorporated team-meeting rooms alongside work areas to enable shop-floor employees to discuss arising issues. However as the example of Ericsson Radio Systems AB shows (see Exhibit 1 above), organisational environments can also be constructed which trigger, resource, and nurture creative activity (see also Ennals, 1999).

In the UK, Hewlett Packard Consulting have constructed a dedicated creative space on a large scale within its 'Open Innovation' theme park as illustrated in exhibit 8.

Exhibit 8 – Open Innovation™: an environment to stimulate creativity

Many organisations recognise that success in business is not just about adopting new ideas, or mimicking others' 'best practices', but rather about having the ability to be innovative and keep ahead of the competition. For some organisations creativity occurs when an individual has both an idea and the ability to persuade others to turn it into reality. In other situations a group of people might have an idea and then be able to convince senior management of its potential benefits. However consultants at Hewlett Packard's Open Innovation Park in Bristol suggest that these approaches are too restricted and unreliable, and have therefore created an 'open' environment in which groups of people are simulated into innovative thinking.

Inspired by popular theme parks such as Disneyland, the originators of Open Innovation have created a series of inter-related spaces designed to provide a seamless passage between blue-sky thinking and realisable action plans. Participants visit different 'zones' in which external stimuli are used to trigger a creative response. In the 'Innovation Zone', groups are encouraged to splash out ideas it the Rainstorms area; worries and anxieties are then dealt with at the Grey Clouds on the Horizon area. Others zones include:

- Future World: where participants can envision what challenges and opportunities might beset them in the future.
- Treasure Island: in this area competition is identified from Ye Olde Spyglasse Hill and outline business plans are developed at Fortune Spring.
- Around the World in 90 days is the final zone visited where all the ideas are pulled together to ensure that the business can be launched as quickly as possible.

Throughout the process all the participants' ideas are recorded so that nothing is lost. Even if ideas are not incorporated into the day's action plan they may be subsequently used by future visitors to the park.

The team at Open Innovation also provide a creative experience which mediates between members of different 'ecosystems'. During the 'eco-play', approximately fifty people from diverse backgrounds such as academia, industry and business support, are invited to share ideas and knowledge in a way which is open and fun.

5. LEARNING FROM EACH OTHER

Sharing knowledge and experience

As previous sections have suggested, the implementation of organisational change is no single measure or operation in which one malfunctioning part of the organisational body is replaced by another. It is a process in which changes of behaviour take place on basis of learning and experimentation. The paradox here is that the more an organisation is in need of change the less prepared and equipped it is to accomplish that change. Consequently, if we want to implement change we have to 'ready the unready'. We learn from most case reports that the start of the process is often difficult and painful (see for example Hague, 2000; Banke and Norskøv, 2000; Hertog and Mari, 2000). Think about firms which are in deep trouble yet where workers, supervisors and other groups hardly feel any urgency for change, or where there is active resistance to change because some groups in the workforce feel highly insecure about the need to change established skills, habits and practices. Likewise organisations already committed to change are hungry for evidence of 'what works' and for advice on avoiding pitfalls.

We have already argued (see Sections 1 and 4 above) that organisational change should not be seen in terms of 'catching up' through the transfer of codified rules and standards representing 'best practice'. Rather the process of workplace innovation can be likened to a journey through a complex landscape in which success depends on continuous observation, experimentation and reflection. There are beacons in this landscape from which lessons can be drawn but each organisation must necessarily map its own route, inevitably involving some degree of trial and error. In other words successful workplace innovation is about creating hybrids, drawing widely on examples of leading-edge practice but testing and customising them through dialogue both inside and outside the organisation.

Research can have a key role to play in capturing, explaining and contextualising innovative practice, though it is clear that too few bridges exist between academic knowledge and practitioners with the result that much remains inaccessible. However effective learning is also enhanced by peer-focussed dialogue enabling experiences to be questioned, compared, synthesised, adapted and improved upon. Inter-company learning networks help managers and employees develop their own solutions. Participants are given the opportunity to learn from the experiences of others, many of whom are facing similar issues and challenges. By listening and learning, they can avoid repeating the mistakes others have experienced and thereby reduce the level of risk. This can have powerful, cathartic effects. It can build motivation, confidence and self-esteem in individuals. People are encouraged and motivated to try out new ideas, to make changes, to innovate. Learning networks also help to build bridges between the needs of practitioners and academic research, offering an environment to scrutinise and discuss the relevance of findings.

There are many benefits in face-to-face contact but technology also affords many opportunities to engage in dialogue. For example an email loop can enable a small team of managers and a facilitator to have confidential conversations about a whole series of issues a team are facing. The conversations will encourage managers to reflect on the way they plan and organise their work, their personal and collective styles, and so on (see Banke & Norskøv, 2000; Huzzard, 2000).

Yet while exchanges between practitioners can play a crucial role there are often too few opportunities for such knowledge-based networking. In many parts of Europe sectoral or regional employer organisations are unable to function as a vehicle promoting leading-edge practice, while publicly-funded business support typically pursues an individual casework approach rather than building collective solutions to common problems. However network programmes such as Innoflex can provide exemplary opportunities for exchange as well as much needed innovation in techniques for inter-organisational learning (see Exhibit 9 below):

Exhibit 9 – The Innoflex Photo Safaris

Innoflex is particularly focused on inter-organisational learning as a means of overcoming constraints to the modernisation of the workplace. Early project discussions emphasised the need for adequate conceptualisation of how companies actually draw on each others' experiences to stimulate organisational innovation, rejecting simplistic models of 'transferring best practice'. At the same time this process of experimentation can draw on a wide range of experience within some partner organisations. For example Bjerlöv (Swedish National Institute for Working Life) presented a paper on the Swedish experience of Dialogue Conferences used successfully over many years to animate and guide change within organisations (Bjerlöv, 2000).

Likewise Banke and Norskøv (Danish Technological Institute) drew on widespread experience of intra- and inter-company dialogue to contribute an innovative strand to the transnational exchanges proposed within the Innoflex project. The objective of their approach was to establish a dialogue forum among a group of companies all of whom have some years' experience of group organisation and competence development. The methods used represent an alternative to traditional company visits and emphasise practical experience, learning and organisational benchmarking.

Company visits are often used to give a first hand impression of a company's products and strategies and offers a chance for the company to promote itself and its achievements. In business development programmes, company visits serve to give visitors information on products and routines. But visits typically involve short tours in large groups around the company led by one speaker who, at best, tries to give visitors an overview. This is often referred to as 'industrial tourism', providing little time to speak with employees or to question and learn about issues of specific interest.

In Innoflex the intention was to dig deeper in extracting the knowledge and experience of the host company. Innoflex provided an important opportunity to examine how organisations learn from each others' practice, and how the practical utility of such exchanges can be maximised. A key innovation in this respect can be found in the methodology for the Innoflex Learning Visits.

The Learning Visits

A group of three very diverse companies (Scanglobe, Denmark; Ericsson Radio Systems, Sweden; East Midlands Electricity, UK) visited each other's facilities and worked on several topics related to job and organisational development. Visitors included managers and representatives from the shop floor. During the series of visits the companies sought to build common knowledge on quality of working life issues, and established a relationship beyond that which could be achieved in a one-off visit. This made it possible to undertake a level of organisational benchmarking which is much closer to the companies' real life problems.

Organisational issues are often thought of as difficult to debate due to their complex nature. Along with the effort to create shared knowledge between the companies, Innoflex also tested a new method for reporting and discussing work organisation. By using digital technology (the 'Digital Photo Safari') as the basis for observations during the visit, the project experimented with the use of visual observation in stimulating subsequent dialogue. Each visit included the following stages:

- A presentation by the host company with a focus on the history and experiences of job development and workplace organisation.
- A visual audit of job development and workplace organisation using digital photo technology. Visitors were allowed to explore the workplace in their own groups and to talk to any personnel they encountered. Digital photographs were taken as an 'aide memoir' for the subsequent analysis of findings.
- Analysis of findings by each visiting group, including benchmark comparisons relating to key dimensions of quality of working life and competitiveness at the host company.
- Presentation of the visiting groups' findings to the host company (incorporating the digital photographs), prompting dialogue and further exchange of experiences.

The impact of the visits on the participating companies has been evaluated and findings are summarised in a joint report describing the three visits. This includes an assessment of the effectiveness of the methodology and its potential for wider use in Innoflex and beyond. All three host companies appeared to have been impressed by the level of insight and constructive commentary demonstrated by their visitors. Likewise each group of visitors gained from the opportunity to evaluate practice in a different type of organisation from their own.

The Innoflex website also provides examples of learning networks established by project partners.

What can we learn from each other?

Organisational change is a learning process

One of the most powerful strategies in organisational change is to pursue continuous, reflexive confrontation with experiences gathered in the course of the change process itself. People are far more willing to lose their rigid attitudes and behaviours when they start to engage with and to understand the underlying mechanisms of change. Furthermore we begin to understand that learning from the experiences of others should not be limited to 'best practice'. Banke and Norskøv (2000) show how new knowledge gained during problematic change projects can be very valuable too. The Danish experience draws particular attention to the following lessons:

- Identify the mechanistic and Tayloristic features embedded in the existing organisation which limit the degree of freedom for change, for example plant layout, machinery, and control and planning systems.

- Do not underestimate the amount of time it takes to carry through a reorganisation, and especially to consolidate new roles and practices. Running-in periods for new technology are taken for granted but are rarely included when planning changes in work organisation.

- Supervisors and front-line managers can be trapped in unpleasant situations when they continue to feel accountable for functions and targets for which responsibility has actually been shifted to the shop floor. Indeed this can be a major cause of failure for projects involving the modernisation of work organisation. The is a considerable need for rethinking traditional supervisory and front-line management roles.

In a more general sense most case reports and case comparisons (see for example Hague, 2000; Banke and Norskøv, 2000; Hertog and Mari, 2000) underline the importance of the following conditions for change:

- Serious commitment from the top: showing that “this time it is for real”.

- Active participation of the various actors in the shaping the change process.

- Effective training and education: training as a continuous effort, closely linked with the relevant developments in technology, the market and the organisation.

- Trust, which must be built up and earned.

Commitment & involvement

This report creates a rather positive image of the (actual and potential) impact of workplace innovation. This does not mean that there have been no failures, disappointments and resistance - the closure of the Volvo plant in Uddevalla and the ensuing post-mortem certainly indicates that the field of work organisation lies on contested terrain. Scepticism and resistance to change among workers and lower management ranks are quite normal, especially where firms have experienced a series of successive reorganisations. Top management and specialists can also block change.

Two factors appear to be crucial (see for example Banke and Norskøv, 2000; Hertog and Mari, 2000): firstly commitment from the top; secondly the active involvement of all the workers and supervisors concerned. Strong leadership and intensive participation go hand in hand. A manager from an Italian steel company argued that:

‘Workers and managers of the firm have to feel it in their bones: this time it is for real. Our top management is not only involved and committed, but also leading, monitoring and steering from close range’.

An HR manager from a Swedish steel company agreed:

'We praised the day when our chairman climbed on stage and addressed workers and managers in the company, face to face. At that moment people began to believe in the operation'.

Active employee participation in planning and implementation is well known as a tool - perhaps the most important tool – in accomplishing sustainable change in work organisation. This message is strongly underlined in almost every report about workplace change from the Nordic countries (see for example Banke and Norskøv, 2000; Huzzard, 2000). However, striving toward participation is quite different from replacing worn-out parts in a production machine. It is a learning process for which trust, dialogue and management commitment are absolutely indispensable.

Dialogue as a competitive advantage

A literature review on the role of direct participation and social partners in organisational change (Fröhlich and Pekruhl 1996) indicates considerable distrust and disinterest among actors in many countries. The case for active involvement in organisational change is not yet won. Interesting in this respect are the experiences of the steel industry, which went through a process of radical restructuring and renovation. Building common ground for change has been a condition for survival. The Eurofer study (Den Hertog and Mari 2001) shows that constructive communication between management and workers' representatives has been a basic condition for the accomplishment of major organisational changes.

Board members of the Austrian steel maker Voest Alpine have even called their constructive co-operation with the workers council 'a competitive advantage'. The study shows that in the past management and unions often tried to 'buy time', defer conflicts and delay decisions. Endless talk served to slow down any innovation in the firm. Today managers emphasise that in the modern global economy 'time' proves to be very costly. The postponement of strategic decisions, and of technological and organisational innovations can be disastrous. Hence, according to the Eurofer study, the quality of the communication between management, the unions and the workforce at local level has acquired a new importance. In most of the 10 firms studied, local social dialogue has been instrumental to the success of the change process, providing an effective resource for innovation. According to one steel manager:

'Trust from both sides had to be earned, and barriers had to be brought down. But the improvement did not translate into more and more and longer talks. On the contrary, companies have observed that communication has in fact become more efficient, with fewer and shorter meetings to reach better results'.

Organising: towards continuous innovation

Do new forms of work organisation such as self managed and multifunctional teams, or job enrichment, provide solutions for concrete problems faced by companies? A growing body of case evidence indicates that there is no linear one-to-one relationship between organisational innovation and organisational performance. In recent years it has become steadily clear that organisational innovation represents a strategic choice rather than a tactical manoeuvre – an integral part of the re-orientation towards higher value-added products and services in the knowledge-driven economy. The focus on continuous improvement characteristic of the 1990s is now shifting towards continuous innovation.

A recent Dutch longitudinal study among 37 middle sized firms is illustrative in this respect (Den Hertog and Cobbenhagen 2001). The study showed that within a period of seven years most of the firms moved very clearly towards added value activities and higher margins. Textile firms concentrated on design, marketing and distribution rather than bulk manufacturing. Plastics producers changed from bulk producers into solutions providers. Pre-press firms moved towards design and chain integration. Producers of construction elements became developers of construction systems. In effect the developmental axis of the organisation is gaining ground at the expense of the operational axis. More and more time will be devoted to the renewal of products, services and processes throughout the whole value chain. Consequently work will become more developmental, project orientated and team-based (even downstream in production, operations, logistics and services). It represents the high road of innovation (Brödner et al., 1999) creating sophisticated organisations which can deliver products and services not easily imitated by competitors. In contrast the low road of innovation where competitiveness remains dominated by price offers far less opportunity for meaningful organisational renewal.

This new trend towards more knowledge intensive work organisation is recognised in most of the Innoflex country reports (see for example Sacquepée & Dufau, 2000; Huzzard, 2000; den Hertog and Verbruggen, 2000). The implication is that in gathering and transferring knowledge and experience about organisational innovation the focus will shift from “organisation” as an entity towards “organising” as a continuous process. That is the challenge for the knowledge community.

6. WORK ORGANISATION, QWL AND PUBLIC POLICY IN EUROPE – A BRIEF HISTORY

The high road to competitiveness is inextricably bound up with an approach to work organisation based on high employee commitment and opportunities to channel individual creative energies into the innovative capacity of organisations. Discussions on such approaches to work organisation have typically focused on functional flexibility, employee involvement, job enrichment and participation schemes. Such language and practices can be traced back to the 1960s and 1970s, commonly subsumed under the generic 'QWL' label (Thompson and McHugh, 1995). However, the history of public work organisation programmes directed at QWL development is both uneven and contested.

What conclusions can be drawn from the various QWL policy initiatives in Europe over the last three decades? We answer this by offering a brief account of the history of publicly-initiated work reorganisation programmes in Europe since the initial work on job redesign commenced in the 1950s. The survey, which has a macro-political focus, shows that northern Europe has considerable experience of QWL initiatives, but policy-led change has not generally been evident in the south. However, the development of the initiatives has been uneven both within countries and across them, and that such initiatives rarely happen in a policy vacuum. Moreover, the roles of the social partners have varied over time and space, as has the support of governments and research institutions. These factors appear to be of considerable significance in determining both the extent of programmes and their ability to diffuse organisational innovations.

The early days: Tavistock and socio-technical systems theory

The earliest initiatives in the field of job redesign that sought to depart from the rigid 'one best way' approach of Scientific Management were the systems approaches developed by researchers at the Tavistock Institute in London. The first work of significance is generally recognised as being a study of the mining industry in Britain by Trist and Bamforth (1951). They became convinced that managerial choice should be exercised in favour of methods that paid greater heed to socio-psychological needs through groups performing whole tasks and that were rewarded by collective bonuses and a degree of self-regulation over job allocation. Researchers at the Tavistock Institute went on to develop the idea that organisations were not just open systems, but open socio-technical systems comprising both a production system of material technology and a social system of the people operating the apparatus. Under such an approach, design problems centred around the 'best fit' between the technical and social components of the system, and the generally preferred design solution was that of the autonomous and self-governing work group (Buchanan and Huczynski, 1997; Hague, 2000).

Although the chronological origins of the QWL movement and socio-technical systems theory were to be found in the UK, the real pioneers in terms of putting the ideas into practice were in Norway under the leadership of Einar Thorsrud in the 1960s. Thorsrud, drawing directly on the influence of Fred Emery of the Tavistock Institute, believed that democratisation of industrial relations had to be embedded in the structure of work organisation and job content. Accordingly, socio-technical systems design could be used both for democratisation and for organisational effectiveness (den Hertog and Schröder, 1989). The period from 1966 to 1975 thus saw a great deal of experimentation on industrial democracy in Norway with particular regard to work restructuring and the introduction of semi-autonomous working groups.

Socio-technical ideas also attracted considerable interest elsewhere in Scandinavia, particularly in Sweden. In Denmark, a sporadic critique of Taylorism emerged in the 1960s supported by the social partners, but this did not intensify until labour markets tightened at the end of the decade (Banke and Norskøv, 2000). By the late 1960s, practitioners in Denmark started to take an interest in group production in the metal industry by initiating a number of experiments on new work organisation. However, these they were not as profound in their extent as corresponding initiatives in Sweden. The latter became particularly noted for its early field experiments in job redesign, not least because of the greater incidence of large firms that had had the 'organisational slack' to facilitate trial and error. Structurally, the Danish economy has been dominated by smaller firms.

The realisation that attracting and retaining staff was essential, particularly when labour markets were overheated, was also recognised by firms in the Netherlands as early as the 1960s. Firms such as Philips accordingly launched a series of job reform or 'work restructuring' programmes in the 1960s and early 1970s (den Hertog and Verbruggen, 2000). The stress in the Netherlands was, however, on experiments originating in the firms themselves rather than being policy or research driven as was the case in Scandinavia.

The programmes of the late 1970s and early 1980s: learning from experience [I]

In Sweden, co-determination legislation was enacted in 1977, subsequently resulting in local agreements; this fostered a spirit in which both employers and unions agreed to take part in a series of programmes supported by the state with the purpose of developing the organisation of work. This included the Programme for Development (1982-1988) and a joint body, the Productivity Delegation, that was created in 1989 to analyse recent productivity development in Swedish industry (SOU 1991: 82).

To a large extent, the Danish experiments were inspired by socio-technical perspectives (Thorsrud and Emery, 1969) which, deriving from teamworking experiments in Norway, had formulated a series of psychological job design standards. These included, for instance, opportunities for learning on the job plus sensitivity towards the psychological need for social acceptance,

control and autonomy. The first experiments in Denmark were started in seven metal industry enterprises in the period 1971-1973 (Banke and Norskøv, 2000) and chiefly constituted an attempt to prove that the social partners were able to work together on job development. These experiments were followed by a number of practical job development initiatives summarised by Banke et al (1978).

In Germany the powerful IG Metall trade union promoted a strong agenda to improve the quality of work as long ago as the early 1970s. It succeeded, for example, in establishing minimum requirements in the Norbaden/Nordwürtemburg region. At the same time the employers' associations and political parties took seriously the debate on the social consequences of developments in technology and work. Research on working life has been actively supported by the German Ministry of Research and Technology (BMFT) with its long-term policy of supporting demonstration projects which achieve concrete innovation in firms.

The establishment in 1974 of the Humanisierung des Arbeitslebens (HDA) Programme took place in parallel to that of similar programmes elsewhere in Europe. The programme was initially designed on fairly traditional lines, enabling firms to seek financial support for the introduction new technology and/or new forms of work organisation. An early lesson was that the social partners were better suited than researchers to undertake generalisation and diffusion activities. But further problems emerged with the growing unwillingness of the employers to allow too much union influence, thereby undermining co-responsibility. Partly in consequence the technological strands were subsequently channelled into a new programme, the Fertigungstechnikprogramm (den Hertog and Schröder, 1989).

The HDA Programme received a setback in 1982 when the government asked participating companies to finance half the evaluation costs. This was seen by the unions as jeopardising its independence and research credibility. Moreover, there was concern in union circles that the programme was creating solutions in isolation without any attempt at capturing and disseminating good practice. For their part, the employers felt that the economic and business aspects were being downplayed with insufficient attention to competitiveness.

France, with a strong culture of centralisation, has relied on central government as the main driving force behind organisational, technological and workplace development. The Ministry for Research and Technology co-ordinates the funding of a number of research institutions active in the area of workplace development – these include the National Centre for Scientific Research (CNRS) and the National Bureau for the Improvement of Working Conditions (ANACT) first set up in 1973 (Sacquepée and Dufau, 2001). ANACT initially helped firms to improve working conditions including workplace safety issues. After 1975 the term 'physical working conditions' took on a broader meaning to include organisational design, rewards and training. But the concept of 'work environment', common in Scandinavia, has been little used in France; the same could be said of QWL.

Historically the country has been reliant on heavy industry but this came under pressure in the late 1970s and early 1980s. The government response was to pursue rapid developments in information technology, an area where France saw itself as a laggard. The role of the social partners has been less prominent in change processes than in, say, Scandinavia or Germany. The unions are numerically weak, and although they are effective in conducting industrial action such methods of non co-operation are not well suited to positive agendas for workplace and QWL development (den Hertog and Schröder, 1989). Moreover, researchers have seen French industry as hierarchical and patriarchal, a structural feature that does not lend itself well to social partnership and dialogue on development (Wilpert, 1988).

The programmes of the late 1980s and early 1990s: learning from experience [II]

In the latter part of the 1980s the Swedish government levied a special work environment tax on firms in the first instance to rehabilitate sick employees, but the need to address related fields such as work organisation was quickly realised. However the focus switched from rehabilitation towards productivity as Sweden entered recession in the 1990s and firms fought for survival in an increasingly competitive global marketplace. In all some 25,000 projects were generated by the fund (Gustavsen et al, 1996). At approximately the same time a second fund was set up to support workplace change initiatives - the Swedish Work Environment Fund. This was a mainstream programme to finance applied work-life research in various sectors of the Swedish economy. This fund supported, amongst other initiatives, the NIWL's Programme for Learning Organisations backed by unions and employer organisations and comprising development projects at some 40 organisations in both private and public sectors (Docherty, 1996).

By the mid-1980s the HDA Programme in Germany has become focused on areas such as:

- humane use of new technologies in office environments, foundries and factories;
- humane design of working conditions in the forging industry and in the transport sector;
- working conditions and the health and safety of workers including noise reduction and the risk of cancer at the workplace;
- humane design of working conditions in coalmining;
- fundamental research and issues of general relevance to the HDA Programme

(BMFT, 1987: 45).

Although there is a considerable tradition of institutional support for workplace development initiatives in Germany, there has been criticism from the social partners relating to perceived bias in programme design. Moreover, den Hertog and Schröder (1989: 40) have concluded that the German experience appears to lack an integrated design tradition compared with, say, Sweden. Moreover den Hertog and Schröder also criticise a

general narrowness of project objectives in Germany combined with low aspirations for the diffusion of experience.

The 1980s saw two major programmes led by the French government, the Programme on Technology, Employment and Work (HT&T) and the Interdisciplinary Research Programme on Technology, Work, Employment and the Way of Life (PIRTTEM). These both involved action research methods, evolving on similar lines to programmes elsewhere in Europe. The former programme focused on developing new working conditions to accompany technological change, and was underpinned by the philosophy of 'dual commitment' - that modernisation requires simultaneous economic and social dimensions (Sacquepée and Dufau, 2001). The PIRTTEM Programme also sought to develop research to meet both economic and social needs, focusing in particular on the impact of new technologies. Its starting point was the need to prioritise social knowledge requirements and the replacement of poor scientific equipment. The Programme comprised some 80 or so projects that covered subjects including new production systems, ergonomics, the economic and psycho-social aspects of information technology, training and qualifications, as well as the structural determinants of unemployment.

The Dutch government has played a limited yet stimulating role in the area of workplace innovation, notably in the form of financial support for research institutes and programmes - for example the Technology, Work and Organisation Programme (TAO) between 1986 and 1993. The aim was to pursue the balanced development of new product and process technologies, thereby strengthening scientific infrastructure in the field. The key concept of the programme was that of design-oriented research, seeking to develop a knowledge base for the integral design of socio-technical systems (den Hertog and Schröder, 1989).

The impetus for change in the Netherlands has also come from within the firms themselves. Despite the stagnation of the 1980s, certain firms found that traditional methods of maintaining competitiveness such as cost-cutting had lost their edge, and sought instead to develop human resources. This was seen as the rebirth of the job reform movement in the Netherlands, exemplified by the Philips semi-conductor factory in Stadskanaal transformed from a functional organisation into a flow-oriented, team-based system (den Hertog and Verbruggen, 2000). A number of further renewal projects in both industry and the services have been documented (Van Hooft et al, 1995), but no systematic effort has been made to compare and evaluate the projects. Den Hertog and Verbruggen (2000) argue that any such inventory would show that the diffusion of such efforts has always remained limited and subject to employer resistance.

The only Northern European country (excluding Ireland) which did not promote experimentation during the period was the UK (Geary and Sisson, 1994). In 1974, a conference was organised by the Social Science Research Council which sought to learn from the Scandinavian experiences on work organisation, and following this event a working party was established to investigate issues in work organisation research SSRC (1978). The report's

findings advocated a significant funding to aid research, however this was only supported in part (Brown, 1992). At that time, the modest Work Research Unit was established, but this was disbanded in the 1980s (Cressey et al, 2000). The Conservative government shared the US position that 'quality of working life programmes' could be promoted by individual organisations rather than being a concern of public policy (Burnes, 1996). Conservative Party ideology strongly supported the prerogative of employers and the marginalisation of unions. Workplace change was largely promoted by employers and typically included managerialist fashions such as quality circles, total quality management and business process re-engineering. These, however, had little or no connection with QWL.

Mid-1990s to date: prospects for renewal?

The experience of the UK is instructive in demonstrating the difficulties involved in securing an integrated policy framework for QWL and work organisation, even though the changing political environment since 1997 has improved overall prospects for policy innovation. The UK Employment Action Plan for 2001 emphasises the need to spread leading-edge practice in workplace partnership and work organisation, citing emerging activities led by the social partners and the UK Work Organisation Network (a new coalition of researchers, business support organisations and social partners). As the Government's 1998 Competitiveness White Paper correctly argues, new knowledge-based resources are needed to support change at enterprise level. Yet experience indicates a high level of fragmentation in public policy, business support and the distribution of knowledge and expertise within the UK. It also demonstrates the need for new forms of active brokerage, animation and exchange involving employers and other key actors.

The current policy framework led by the Government's Department of Trade & Industry (DoTI) includes a wide range of individual initiatives including dissemination of 'best practice' through websites and publications, grant schemes and the direct delivery of business services to companies. Many of the components for an effective strategy to promote workplace innovation have been correctly identified and some very successful individual initiatives are in place. A prime example is the Partnership Fund which supports small scale projects to change work practices based on collaborative action between management and employees. To date a diverse range of projects has been funded, addressing changes such as teamworking, continuous improvement, working time, family-friendly practices and telework. Most projects focus on change in individual workplaces though in some cases they involve the wider dissemination of good practice. While a formal evaluation has yet to be published there are encouraging signs that the Fund is producing positive results and that the initiative will be refined and expanded. Moreover it is stimulating a process of learning and reflection inside the DoTI which should benefit the long-term renewal of industrial policy.

Yet overall there is a marked lack of coherence and co-ordination, with little sense of how different actions might work together to create an integrated portfolio of support measures with a sustained impact. The DoTI is

characteristically project–driven rather than strategy-driven: Competitiveness White Papers typically read like a shopping list of quite separate initiatives, each with a different internal logic and no explicit decision rules about how to select appropriate types of intervention for particular problems. The efficacy of different types of intervention and their applicability to different problems need to be explored in a more rigorous way. This includes decisions about when it is appropriate to deliver a service directly, when it should be contracted out to another organisation or when a network of external actors should be resourced to achieve the same result in different ways.

A key feature of many projects in Sweden in the late 1990s was the emphasis on workplace development as part of regional networks often with the support of EU objective 4 structural funds. A frequently quoted example is that of the regional economy in the rural area of Gnosjö in south-western Sweden where Brulin (1998) has drawn parallels with the industrial districts of northern Italy. Brulin's research has also considered the role of universities and trade unions as proactive agents in the development of local and regional firms in networks by exploring Putnam's concept of social capital (Putnam, 1992). Many Swedish universities now explicitly include in their mission statements their role of using research outputs and expertise to promote industrial and regional development as a 'third task' beyond the basic activities of teaching and research (Brulin, 1998).

More recent work in France has covered areas such as employee participation (Sacquepée and Dufau, 2001) as well as the Jobs through Innovation Programme, which has sought to explore the conditions for social and economic innovation inside and outside the firm to promote employment. This is seen to be in contrast with business strategies based on cost reduction, and is thereby a clear echo of the 'high-road versus low-road' debate (see Section 1 above). A further issue in contemporary France is the 35 hour week, which has been linked in many respects with choices on more flexible forms of working. Researchers in France have suggested that the recent recovery in the European economy could presage a return to discussions on work as a social objective (Sacquepée and Dufau, 2001).

Conclusions

The earliest field experiments - in Norway - were deemed successful but, on the other hand, less success was registered on the diffusion of the ideas they generated. Further reflection on the shortcomings of diffusion then led to a refinement of action research instruments that were subsequently tested elsewhere, notably Sweden. A feeling that researchers were playing too dominant a role resulted in a new approach in the mid-1980s to early 1990s. This was based on democratic dialogue (Gustavsen, 1992), cross-sectional and vertical representation of organisational actors in change projects together with inter-organisational learning through networks (Gustavsen, 1998) with, in many instances, such features being formally codified in collective agreements.

The influence of changing economic, political and institutional conditions has led to step changes in public programmes throughout the countries

surveyed. Such stepwise development can also be attributed to the internal learning processes associated with the programmes themselves. The early years from the 1960s to the early 1970s were characterised by the development of new ideas associated with the socio-technical tradition. This was followed by the early field experiments of the 1970s and early 1980s. The results of these were then evaluated and lessons were learnt on the problems of diffusion.

At the beginning of the current decade however, the pattern of policy intervention across Europe looks very patchy and inconsistent. Many parts of southern Europe remain untouched by such programmes while even in the north there is little continuity in most countries.

7. BUILDING SOCIAL CAPITAL

The role of public intervention

This report argues repeatedly that in the 21st Century economy the key to sustainable success lies in the capacity to continually reinvent products and services using the rich potential of management and workforce knowledge, skills and experience more imaginatively and effectively. But this is not unproblematic at organisational level. How can employers encourage employees to use their full talent and creativity? How can the tacit knowledge and experience of employees be translated into a collective resource for innovation across the organisation? This challenge becomes even more serious in Europe's increasingly tight labour markets, where the meaning of work becomes central to the ability to recruit and retain skilled people.

For many people in Europe work organisation is, above all, a matter for the individual company and its employees. The need for public intervention, whether at European, national or local level, is not self-evident. Yet the individual firm can begin to look somewhat frail when compared with the scale of the strategic and organisational challenges it may need to face during the current decade. Even large firms may lack the range of knowledge and experience needed to animate and resource effective change, driving them to seek external support through research or consultancy.

Previous sections of this report discuss the distance (arguably the increasing distance) between leading-edge practice and common practice in European enterprises. Despite increasingly well-documented advantages the spread of new approaches to work organisation and culture remains surprisingly limited. Inertia combined with short-term approaches to investment seriously inhibit the pace of workplace innovation. Many managers, employees and trade unionists have little overview of how the world is changing, yet are overwhelmed by external pressures. They fail to understand the nature and potential of workplace innovation, or they believe that experiences elsewhere cannot be relevant to their own enterprise. This appears to be particularly true of SMEs, where the exposure of management to alternatives is often very limited. Likewise the knowledge base accessible to those leading change in the field of work organisation and working life is certainly a serious problem, especially in SMEs. Many organisations lack the concepts, methods and practical tools needed to analyse, to plan and to implement the process of change.

Workplace innovation is intimately related to the firm's external environment, the semi-public infrastructure of institutions, networks and other resources which provide it with opportunities to access knowledge, exchange experience and share resources. The quality of this environment has a significant impact on a firm's ability to overcome obstacles to change. Given the rapid evolution of new approaches to work organisation it is vital to build a public sphere of knowledge in which cumulative and collective learning can take place. The role of public intervention is to create an environment abundant in learning resources, providing the knowledge base

required to stimulate innovation by companies and their employees, creating collective solutions to common problems.

This is a challenge for Europe as a whole. Europe's diversity represents an enviable learning resource for workplace innovation, but we have not been successful in capturing and distributing the resulting knowledge and experience. Access to specialist support and resources remains very patchy across the EU. Yet in parts of the EU there is hard experience of public intervention to promote workplace innovation; the accumulated knowledge and experience resulting from these programmes provides strong guidance for future action.

The policy gap

The EU's 1997 Green Paper Partnership for a New Organisation of Work recognises the concept of the high road of innovation, seeking to promote a European approach to the modernisation of work organisation which:

- builds on established traditions of social partnership;
- draws on a wide range of knowledge and experience;
- achieves a balance between organisational flexibility and security for employees;
- seeks convergence between competitiveness, employment and quality of working life.

The ability to develop and disseminate such an approach to work organisation is correctly seen as central to the future of European competitiveness and employment. Yet the Green Paper does not provide prescriptions. On the one hand it chooses to explore the issue of regulation at some length. But the nature of regulation (or re-regulation) likely to prove effective in promoting the dissemination of new forms of work organisation is not clearly defined. Indeed, at least in the North of Europe, there appears to be no concrete evidence of contractual or legislative obstacles to the modernisation of work organisation. During consultations on the Green Paper several Member States questioned regulation as a means of modernising work organisation and the Commission itself has not subsequently produced any hard proposals in this area.

On the other hand the Green Paper discusses the need for proactive animation and resourcing of change in the workplace. Although the nature of such measures is not discussed in detail in the Green Paper itself, the European Work & Technology Consortium (1997) identified a number of constraints on the modernisation of work organisation including:

- limited awareness amongst managers of leading-edge practice, or of the benefits of new forms of work organisation for competitiveness;

- lack of access to 'evidence-based' approaches to change, caused by the gap between researchers and practitioners; this is compounded by confusion and failure associated with a proliferation of 'off-the-shelf' consultancy packages;

- a poor environment to support sustainable change including

- the absence of relevant competencies in the wider workforce (eg: communication, problem solving and teamworking skills);
- limited opportunities for peer exchange between managers, trade union representatives and others.

The subsequent EWON paper Government Support Programmes for New Forms of Work Organisation (Business Decisions Ltd, 2000) demonstrate the success of targeted public programmes to overcome these constraints. Such programmes typically include:

- accumulating, analysing and distributing knowledge of leading-edge practice and evidence-based approaches to change
- the establishment of closer links between researchers and practitioners
- action research to promote workplace innovation
- the development of new learning resources to support workplace change
- the provision of knowledge-based business support
- the creation of inter-company learning networks.

This raises several challenges for the Commission:

1. Such policy initiatives remain scarce in much of Europe. Even where they exist the scale of funding rarely matches the scale of the problem. Discontinuity of funding is also a problem.

2. Europe lacks a system of knowledge management. There is no mechanism to allow national programmes to share knowledge and experience with each other on a systematic basis, so project practitioners in each Member State are forced to reinvent the wheel.

3. The European Social Fund (ESF), a major source of EU intervention in the fields of employment and enterprise, rarely achieves its aim of becoming a resource for supporting new forms of work organisation. 'The modernisation of work organisation' is defined as an ESF objective in Brussels, but is typically not fully understood by national administrations and is largely ignored in regional development plans and project scoring measures.

It is clear that the Commission itself needs to gain a much clearer understanding of the concrete issues affecting the modernisation of work organisation in real workplaces, enabling it to generate action to animate and resource change at ground level. The Commission should give far more attention to the issues raised in the first part of the Green Paper relating to 'the provision of adequate support to firms . . . who wish to change, but lack the resources or expertise to do so.' Without this, the Green Paper will be of little relevance to practitioners.

In summary there is an overall failure in Europe to build an effective knowledge landscape for enterprises seeking evidence-based approaches to change. The existing policy framework in many Member States contains significant gaps in provision relating to the awareness, knowledge and resources needed to support change:

- There are few integrated packages of knowledge-based business services corresponding to the clear obstacles which employers face in modernising work organisation.

- Networking between institutions with knowledge and expertise related to work organisation has been weak, with limited exchange of thinking and practice. The result is an excess of competing models and approaches which this confuses employers and weakens the momentum of change. New forms of knowledge brokerage are required on an extensive scale.

- It is well understood that the integration of research and practice is weak in many European, not least because universities have insufficient incentive to engage actively with business. Experience suggests that the cultural and organisational obstacles to real change are severe.

- There are also too few spaces in which employers can come together to share experience and identify common needs. Business support organisations typically focus on individual casework, missing the need to resource and sustain change through shared learning and peer exchange. Employer learning networks are thus relatively rare in much of the EU and there is a need for measures to animate and support inter-company exchanges of knowledge and experience over extended periods.

- In EU and national programmes relating to business performance there is often little active management of outcomes to ensure the widespread distribution of new knowledge or innovative practice. Individual initiatives, however successful in their own terms, are never enough. The need is to ensure that publicly funded projects contribute to a managed process of cumulative and collective learning thereby reducing duplication and enhancing impact.

Public intervention needs to work at different levels: change in the individual workplace, inter-company learning and the enhancement of infrastructure at EU/national level. This paper has argued that large parts of Europe suffer from policy deficits at each of these three levels. A focused programme would therefore help to shorten 'the long tail' not just through intervention in individual workplaces but by building a more effective networked learning environment.

Final remarks

Many researchers argue that action research interventions aimed at workplace development were most successful where they were concept-driven and, above all, that the 'how' (ie process) of change has been of more significance than the 'what' (ie content) of change (den Hertog & Schröder, 1989; Gustavsen et al, 1996). Research in the 1990s has emphasised network building rather than field experiments (Gustavsen, 1998). But the challenge now is to enter a new phase where networks and other tools are created that enable workplace development in the new context of the knowledge-based economy and the business focus on high value markets. Above all, network building should be a means for

facilitating inter-organisational learning not just on the content of new workplace innovations, but also, and probably more importantly, learning on the processes of how to learn from others. Looking back at Europe's experience with QWL programmes to date, a number of key issues of central interest to policy makers are recurrent:

- methodologies of change at the organisational level, in particular the need for involvement and participation of all actors in change efforts;

- the key role of dialogue, the precise forms it takes and the arenas in which it is conducted;
- the diffusion of new knowledge and lessons from innovative experiments into mainstream management thinking and practice in both private and public sector organisations;

- the diffusion of new knowledge and lessons learned from national level programmes into projects at regional and local levels.

The quality of working life concept disappeared from organisational discourses in the middle of the 1980s as a neo-liberal ascendancy sought to usher in a period of employer prerogative. Yet 'hard' HRM options, based on unitarism and a relegation of union influence failed to boost Europe's competitive standing. Given that the competitiveness of European enterprise now rests upon harnessing people's competencies as the driver of innovation it is time to develop new methodologies for workplace intervention, rehabilitating and reinventing QWL as a central plank in the high road strategy.

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