“New Forms of Work Organisation:
The Obstacles to Wider Diffusion”

FINAL REPORT

European Commission
DG Employment and Social Affairs

Business Decisions Limited
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THE EXECUTIVE SUMMARY

1. THE STUDY

Significant changes are taking place in the way that work is organised within companies and public sector organisations. Many are now introducing “New Forms of Work Organisation” based on new working practices, new participative cultures, new training programmes, new Human Resource policies and new motivation and reward systems. These new approaches help to improve the competitiveness of companies and the effectiveness of public sector organisations whilst also bringing significant benefits to many employees.

But despite the benefits, many organisations continue to use traditional organisational methods, and many others have only implemented New Forms of Work Organisation in a partial way. This has serious implications for the economic development of the European Union. It also affects the living standards, employment prospects and job satisfaction of many employees.

The importance of New Forms of Work Organisation is recognised by Europe’s policymakers. However, little work has been undertaken to explore systematically the reasons why organisations do not introduce new forms of work organisation or the obstacles that organisations face when they do. This project sets out to address these issues in order to provide policy makers with information that will enable them to identify new priority areas and critical issues to be addressed.

2. THE DEFINITION

The term “New Forms of Work Organisation” is used to encompass a wide range of organisational changes. There is, however, no single, universally used definition. Moreover, there is no single “right” organisation, or “right” combination of New Forms of Work Organisation practices.

Nevertheless, experts agree that New Forms of Work Organisation are most effective when linked together as part of a “system”: “a group of inter-related and internally consistent work practices and human resource management policies”.

We identified three principal dimensions of New Forms of Work Organisation: the way in which work is organised within operational activities; the way in which work is co-ordinated across the organisation; and the supporting Human Resource Management policies. We then classified organisations into three groups, based on the progress that an organisation has made towards implementing a “New Form of Work Organisation”: “Non-users”, “Transition” (or partial) Users and “System” Users.

3. THE FINDINGS

3.1. Non-Users

Our survey of 800 organisations across Europe shows that 60% of organisations with more than 50 employees are “Users” of New Forms of Work Organisation. But only 10% are “System” users, whilst 50% are “Transition” users. This means that only a small proportion of organisations in Europe have introduced a wide range of new working practices and hence gained the full benefits from a system.
Only 10% of “Non-Users” are unaware of New Forms of Work Organisation. The balance of the organisations that have decided not to introduce it in their organisation are aware of New Forms of Work Organisation (to some degree).

Around half of these organisations are “Top of the Mind Rejecters” who have rejected its use without much consideration. They claim that they have done this primarily because it is not needed to meet their customers’ needs. For some this is a rational argument as New Forms of Work Organisation may not be essential for their success. For others, organisational inertia may be present. But it is also possible that some organisations are not fully aware of the benefits of New Forms of Work Organisation, or have not fully considered the opportunities and benefits that New Forms of Work Organisation can bring.

The other Non-Users are “Analytical Rejecters” who have decided not to introduce New Forms of Work Organisation after an internal review. The organisations have rejected it for a mix of internal and external reasons - the changes would not fit with their organisation’s way of doing things or with the organisation’s strategy, or the changes are not needed to meet their customers’ needs. Other important reasons are that the benefits are uncertain and difficult to measure and that there is a lack of workforce skills. In overall terms, these results show a highly rational approach. Organisations rejected New Forms of Work Organisation for strategic reasons, or for cost/benefit reasons.

Few organisations rejected New Forms of Work Organisation because they faced a significant resource gap (in terms of access to financial resources, external expertise or management expertise).

3.2. Users

We also examined the problems experienced, and the obstacles encountered by “Users” of New Forms of Work Organisation. We sought to distinguish between the “apparent” problems and their underlying causes.

A large majority of “Users” experienced problems of some sort during implementation. But our research shows that there is no single dominant problem facing organisations. The types of problems experienced are disparate. The most frequently occurring problem relates to the difficulties of communicating effectively throughout the organisation, but other major problems include lack of commitment to the new approach; difficulties in measuring the progress of the change process; failures in effective leadership from senior managers; difficulties in consulting effectively; and lack of flexibility in the implementation process.

Our Case Studies of 50 organisations in 13 European countries confirm these findings, but they also reveal two additional problems experienced by organisations. The first problem concerns the initial design of New Forms of Work Organisation. Some organisations, for example, fail to create a new “system” in which all the components work together in a mutually reinforcing fashion. Others make mistakes in the way in which they design specific components of the new work system. The second problem concerns the integration of new work organisation with other aspects of the organisation, particularly a failure to provide the necessary supporting infrastructure and to introduce New Forms of Work Organisation to enough parts of the organisation.
Our study examined the underlying causes of these problems. Three of the four most important reasons why problems emerge are primarily “internal” (difficulty in overcoming the existing culture, resistance from employees and lack of management competence). Only one of them is primarily “external” (Labour Law and Collective Agreements). Moreover, responsibility for two of the three internal obstacles lies principally with management (cultural obstacles and management competence).

Implementation takes longer than planned; organisations are unable to implement all of the changes that they wanted; and implementation is more difficult than expected. However, a significant majority of user organisations consider that implementation was at least as effective as they had hoped.

4. THE IMPLICATIONS FOR POLICY-MAKERS

Governments have long facilitated economic growth through investments in education and infrastructure. They have also taken a leading role in disseminating new technologies, in shaping attitudes, and in protecting workers. Hence, the diffusion of New Forms of Work Organisation is an area where governments have an important role to play, and the study identifies two specific challenges for policy makers: firstly how to increase the penetration of New Forms of Work Organisation in overall terms; and secondly, how to help more “Transition” users to become “System” users (and to do so more quickly).

4.1. Increasing Penetration amongst Non-Users

There are potentially two ways to increase penetration amongst Non-Users: firstly, to persuade “Top-of- Mind Rejecters” to review the case for the introduction of New Forms of Work Organisation in a more systematic and formal way; and secondly, to help those who are undertaking the analysis to better understand the latest ideas about the “business case” for investment in New Forms of Work Organisation.

Potential areas for action therefore include:

- Undertaking studies to identify and quantify the “case” for change.
- Supporting “demonstration projects” that highlight how organisations have identified and evaluated the case for change.
- Developing diagnostic tools to help organisations to assess whether or not New Forms of Work Organisation could be beneficial to their organisation.
- Supporting programmes by Social Partners to highlight the case for change.
- Providing recognition to organisations that successfully introduce New Forms of Work Organisation and employ good practices.
- Implementing targeted programmes to raise awareness about New Forms of Work Organisation among organisations with less than 50 employees.

4.2. Expanding the Number of “System Users”

Our suggestions for actions by policy-makers, to expand the number of “System” Users and to speed up the process of implementation, focus on two areas: lowering obstacles to organisational reform; and raising awareness of the benefits of using a “Systems” approach.
To reduce the obstacles identified in our surveys, possible areas for action include:

- Supporting improvements in management education in areas related to the design and implementation of New Forms of Work Organisation.
- Supporting the training of managers, workers, and employee representatives so that they are better able to implement New Forms of Work Organisation.
- Promoting the development of inter-firm networks to educate companies and inter-union networks to educate trade unions.
- Encouraging the Social Partners to debate the benefits of New Forms of Work Organisation with companies, employees and society.
- Developing the capacity of Universities and Research Institutes to support organisations that are introducing New Forms of Work Organisation.
- Ensuring that the basic education system improves the adaptability of young people and prepares them for a future working life in which they will need to upgrade their skills regularly and to adapt to change.
- Helping policy makers to understand the potential impact of legislation (particularly Labour Laws) on the ability of organisations to introduce New Forms of Work Organisation successfully.
- Funding further in-depth research to understand the specific problems created by existing Labour Laws and Collective Agreements.

In addition, it would be valuable to examine the specific problems experienced by the Public Sector in more detail. This could include studies of the differences between national and local government, public administration and publicly owned enterprises, and between Public Sector organisations and Private Sector organisations that have taken over public services.

To raise awareness of the benefits of introducing a “System” amongst Users of New Forms of Work Organisation, possible areas for action include:

- Supporting new “demonstration projects”, and raising the visibility of existing projects.
- Providing information to managers, workers, and Social Partners about the key elements of “New Forms of Organisation” and how to implement them.
- Financing training projects to provide information to companies and trade unions about the benefits of introducing new work organisation practices as a “System”.

Business Decisions Limited
October 2002
1. THE INTRODUCTION

1.1 BACKGROUND

Significant changes are taking place in the way that work is organised within companies throughout the OECD area. They are based on a model of “high trust”, “high skill”, and extensive employee involvement in operational decision-making. Leading companies are now introducing “high performance work practices”, such as new organisational structures, new corporate cultures, new working methods, new training programmes, and new motivation and reward systems.

Companies are introducing organisational changes in response to fundamental changes that are taking place in the business environment. Progressively, this is leading to a shift in the way in which competition takes place. Increasingly, the basis of competition is moving away from ‘hard’ factors (such as access to resources or scale economies) to ‘soft’ factors (such as core competencies, speed to market, reputation and service).

New Forms of Work Organisation are a potential source of competitive advantage to a company. This is because they enable companies to meet customer needs in new ways that are relevant, different, sustainable, and difficult for competitors to copy. New organisational methods help companies to respond more flexibly to new requirements, to improve service, quality, and value, and to enhance operating efficiency. New Forms of Work Organisation also help organisations to release the full potential of their staff and to attract and retain people. Many examples exist of companies that have transformed their strategic position based on the introduction of new ways of working, alongside other strategic initiatives.

Employees also benefit from many New Forms of Work Organisation. Some provide opportunities for greater job security, whilst others provide opportunities for new jobs. Moreover, high performance work practices provide employees with opportunities for greater job satisfaction. This is because they offer the opportunity for employees to control their work, to develop wider skills, and to take responsibility for a wider range of tasks. This responds to the changing expectations of individuals in the workplace – greater independence, more individualistic, and more desire for greater responsibility at an earlier stage. There are, however, some concerns about the potential intensification of work, and an erosion of traditional relationships between unions, workers and managers.

But the decision to introduce new ways of working is a major strategic decision. This is because it is a potential source of competitive advantage; it is long-term in nature; it usually affects a significant part of the organisation; it is difficult to implement.

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successfully; and it involves the commitment of significant resources in terms of management time, cash and the risk of potential disruption (i.e. opportunity cost).

Most companies now use at least one new work practice in some form somewhere in their organisation, but they are often used in a piecemeal and partial way. Few companies use high performance work practices as part of an inter-related “System” of human resource management.

And despite the benefits many companies continue to use traditional organisational methods. In some cases, companies consider that existing organisational methods are one of their unique sources of competitive advantage. In other cases, however, companies perceive that the problems of implementing organisational change exceed the expected benefits, while in other cases organisational inertia is present.

Moreover, research by the European Commission and others suggest that Europe may lag global leaders in its adoption of the most modern forms of work organisation. There are also wide variations in the attitudes of companies and governments to New Forms of Work Organisation, in individual countries within the European Union itself. This has serious implications for the ability of Europe’s companies to innovate and to use resources effectively. In the longer-term, it also affects Europe’s ability to improve living standards and employment opportunities.

The importance of New Forms of Work Organisation is recognised by Europe’s policy-makers. Action has already been taken to establish a political framework to shape attitudinal changes and to champion institutional reform. At the Luxembourg Employment Summit, for example, “adaptability” of companies was established as one of the four pillars on which improved employment performance will rest.

As a complement to this, the European Commission issued a Green Paper that examines New Forms of Work Organisation and public policy options for increasing their utilisation. Moreover, as a follow up to the Green Paper, the Commission adopted a Communication on modernising the organisation of work stressing the importance of New Forms of Work Organisation and the need to foster their implementation by stimulating and strengthening partnerships between companies and their employees.

However, little work has been undertaken to explore systematically the reasons why some organisations have not introduced New Forms of Work Organisation, why many

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12 CEC ‘Modernising the Organisation of Work – A Positive Approach to Change’ (Communication from the European Commission, 1998)
have implemented only a few new organisational structures and working practices, and why some organisations have failed. There has also been little research into the obstacles that organisations face when designing and implementing New Forms of Work Organisation and into the reasons why organisations have taken longer than expected to implement New Forms of Work Organisation.

This project sets out to address these issues in order to provide policy makers with information that will enable them to identify new priority areas and critical issues to be addressed in line with the latest Communication, ‘Modernising the Work Organisation – A Positive Approach to Change’.

1.2. PROJECT OBJECTIVES

The objectives of the study, therefore, are to better understand:

- The reasons that prevent some organisations from introducing New Forms of Work Organisation; and,

- The obstacles that organisations face in introducing new working methods.

The overall aim is to draw conclusions and to identify implications for policy-makers.

1.3. PROJECT SCOPE

The project covers the following:

- The European Union;
- Organisations in both the private and public sector;
- Large organisations and SMEs;
- A wide range of manufacturing and service sectors;
- National companies and multi-national companies;
- Internal and external obstacles to change (including difficulties in the change process itself); and
- Organisations with different experiences of New Forms of Work Organisation.
2. THE METHODOLOGY

2.1. OVERVIEW

The project had a number of distinct stages.

- Stage One covered the set-up of the project, including the development of some key hypotheses, based on a literature review, and the development of a series of “tools” for use in Stage Two. At the end of Stage One, an Interim Report was produced.

- Stage Two was the fieldwork phase, where we carried out a large-scale survey of organisations in Europe, and developed a number of case studies. A second Interim Report was produced towards the end of the fieldwork phase.

- Stage Three involved the analysis of the findings from the fieldwork, the development of conclusions and recommendations, and the writing of the final report.

2.2. STAGE ONE

Stage One involved a number of set-up activities. These included:

2.2.1. Set-up Meeting

A set-up meeting was held with the Commission on 27 June 2001

2.2.2. Establishment of an Advisory Group

An Advisory Group was set up to oversee the project. The members of the Group were:

- **Tuomo Alasoini**, Head of Employer and Work Organisation Services Unit, and Project Manager of Finnish National Workplace Development Programme, Ministry of Labour, Finland.
- **Jan Andersson**, MEP, Swedish member of the PSE Group in the European Parliament, a member of the Committee on Employment and Social Affairs, and a substitute member of the Committee on Citizens’ Freedoms and Rights, Justice and Home Affairs.
- **Bengt Hendenstrom**, European Centre for Enterprises with Public Participation and Enterprises of General Public Interest, Brussels.
- **Sean Heading**, Manager, Education and Services Trust, Ireland
- **Renate Hornung-Draus**, Director of European and International Affairs at the Bundesvereinigung der Deutschen Arbeitgeberverbande (BDA), Germany.
- **Regina Mathijsen**, Chairman of The European Round Table of Industrialists (ERT) Working Group on Social Policy.
- **Professor Nancy Papalexandris**, University of Economics and Business, Athens University, Greece.
Mr Andersson resigned from the Advisory Group, in the autumn, because he was unable to devote sufficient time to the project because of his other priorities. He has, however, continued to provide support to the work of the project team.

Bengt Hedenstrom of the European Centre for Enterprises with Public Participation and Enterprises of General Public Interest and Mr Sean Heading of the Education and Training Services Trust both joined the Advisory Group in early 2002.

The roles of the Advisory Group were to:

- Review the hypothesis at the beginning of the project;
- Provide ideas for case studies;
- Review the draft findings and conclusions at the end of the project;
- Agree the final report; and
- Provide advice and support throughout the project.

### 2.2.3. The Network of Country Experts

Business Decisions Limited carried out the project, supported by a network of Country Experts. These are summarised in Exhibit 1 below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Walter Scherrer, University of Salzburg, Salzburg</td>
</tr>
<tr>
<td>Benelux</td>
<td>Paul Berckmans and Hendrik Delagrange STV-Innovation and Work, Brussels</td>
</tr>
<tr>
<td>Denmark/Sweden</td>
<td>Kaj Olesen and Palle Banke, Danish Technological Institute, Copenhagen</td>
</tr>
<tr>
<td>Finland</td>
<td>Matti Vartiainen, Helsinki University of Technology, Helsinki</td>
</tr>
<tr>
<td>France</td>
<td>Laurence D’Ouville, ANACT, Lyon</td>
</tr>
<tr>
<td>Germany</td>
<td>Jurgen Wengel, Alexandra Rese and Dirk Langer, Fraunhofer, Karlsruhe</td>
</tr>
<tr>
<td>Greece</td>
<td>Stavros Gavroglu, National Labour Institute, Athens</td>
</tr>
<tr>
<td>Italy</td>
<td>Ester Dini, CENSIS, Rome</td>
</tr>
<tr>
<td>Portugal</td>
<td>Carlos Guerreiro, INOFOR, Lisbon</td>
</tr>
<tr>
<td>Spain</td>
<td>Jokin Goyarrola and Olaia Larruskain, Tekniker,</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Richard Ennals, Kingston University, London</td>
</tr>
</tbody>
</table>
2.2.4. Key Hypotheses

In Stage One, we carried out a literature search, based on a wide review of potential sources. These included: General Management literature; Specialist “Organisational Economics”, “Human Resource Management”, “Industrial Relations”, and “Work Organisation” literature; OECD reports and working papers; studies by other major Research Institutes (ILO, NBER, Brookings Institution, etc.); relevant websites (EWON, European Foundation for Living & Working Conditions etc); recent surveys of New Forms of Work Organisation (NFWO) in Europe and the USA; our country expert network; our Advisory Group; and BDL’s database of case studies, articles and reports.

The literature search enabled us to develop some key hypotheses. These were set out in detail in our First Interim Report. They also formed the basis for the development of a number of key tools for use in Stage Two.

2.2.5. “Tools” for Use in Stage Two

A number of “tools” were developed for use in Stage Two, based on the hypotheses. These included a questionnaire for use in the survey of companies, and materials to facilitate the development of case studies (exemplars, standard formats etc.)

2.3. STAGE TWO

2.3.1. The Survey of Organisations

The purpose of the survey was to obtain quantitative information about the obstacles to New Forms of Work Organisation, and the reasons for non-use, from organisations across the EU.

Business Decisions Limited managed the survey. Abacus Research, a specialist market research company carried out the interviews.

We developed a standard questionnaire that could be used for all organisations. It was designed for use in a telephone interview lasting 15 minutes. The questionnaire was based on “closed” questions with pre-coded answers.

The questionnaire was designed for interviews with the senior manager responsible for Human Resource issues (usually the Personnel or HR manager).

The questionnaire contained some questions that were common to all respondents, and others that were specific to different groups (“Non-users” versus “Users”, for example).

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13 Due to the scale and nature of the survey, it was not possible to interview more than one person in each organisation. The HR Manager was chosen because he/she is at the interface between the business management of the organisation on th eone hand and its employees and their Trade Union representatives on the other. He/she is also best placed to provide an overview of the main personnel issues, including relations with Trade Unions.
It was checked for length and feasibility with our market research advisors. We also sought comments from EWON and from our Advisory Group. We then carried out a pilot survey in advance of the main fieldwork, in order to fine-tune the questionnaire. Fifteen interviews were conducted, spread across three countries (UK, Germany and Denmark). The pilot was successful. It showed that the questionnaire took, on average, around 15 minutes to complete and that respondents were able to answer the questions without difficulties. Some minor changes were made to the questionnaire as a result of the feedback from the pilot.

The final questionnaire is contained in Appendix A.

The survey was carried out in 10 countries with a sample of 810 organisations (completed interviews). The sample was drawn by the professional Market Research Agency from the leading directory of companies (Dunn and Bradstreet). This is a reasonably comprehensive, independent list of organisations in each country, commonly used by leading Market Research Agencies for sampling purposes in Europe, as the lists are generally up-to-date, and avoid repetition of entries. The sample was selected on a random basis. Quotas were then established to ensure that we completed sufficient interview with organisations of a sufficient size, and in a spread of sectors (Manufacturing, services and public).

The survey was focused on organisations with more than 50 employees, across the private sector (manufacturing and services) and selected parts of the Public Sector (specifically hospitals, social services, residential care, general government and public administration). We chose to focus the survey on organisations of 50 employees and above because our literature search showed that small companies (those with less than 50 employees) make less use of new work practices or methods14. This is because they have relatively less need to employ techniques designed to enhance participation and adaptability. In many situations, such enterprises are too small to support high levels of functional specialisation or structural complexity. Managers and employees often work closely together and are frequently multi-skilled. There are, of course, exceptions to this, but it was agreed that the survey should focus on those organisations where the likelihood of usage was significantly higher. It was agreed, however, that the case studies could include smaller organisations.

We chose to focus on hospitals, social services, residential care, general government and public administration because they provided a range of different types of Public Sector organisations.

In order to ensure that we would obtain enough completed questionnaires from companies who have implemented New Forms of Work Organisation, we included a “boost” sample for this group.

The achieved sample is shown in Exhibit 2 below. This meets the proposed sample agreed with the Commission and the Advisory Group at the end of Stage One.

2.3.2. The Case Studies

The purpose of the case studies was to examine in more detail the specific problems experienced by individual organisations in introducing New Forms of Work Organisation, and to seek to identify the underlying reasons why these problems occurred.

Business Decisions and its network of Country Experts developed the case studies. In total, we developed 50 cases. The cases were selected to ensure a good spread of examples across:

- EU countries;
- The private and public sector;
- Large organisations and SMEs;
- A range of manufacturing and service sectors;
- National companies and multi-nationalists; and
- Organisations with different experiences of New Forms of Work Organisation.

We identified suitable organisations to feature in the cases from a range of sources:

- BDL’s in-house data base of articles and case studies covering all aspects of “high performance work systems”;
- The databases held by BDL’s network of country experts;
- The Advisory Group set up to oversee the project;
- BDL’s academic network;

15 It was agreed that the survey would cover a minimum of 10 EU countries. In some cases, countries have been grouped together, in order to ensure that samples are of sufficient size for meaningful analysis. We acknowledge, however, that there could be some differences between such countries that we have been unable to examine in this survey. Moreover, due to the size of the samples, care needs to be taken in the interpretation of the findings at a national level.
• Literature and other specialist academic resources, including London Business School, Oxford University (Templeton College), the University of Brighton (CENTRIM) and the University of Sussex (Institute of Manpower Studies);
• Survey respondents who volunteered to participate in the development of a case study.

All cases were written using a standard format. They were developed using a mix of literature and face-to-face and telephone interviews. Typically, the following process was followed:

• Review of literature available. Some were developed using literature that included input from employees and/or their Trade union representatives.
• Interviews with organisations (using a mix of face-to-face interviews and telephone) to complement material available from other sources. Some included interviews with employee and Trade Union representatives.
• Writing of case study, using the standard case study format developed during Stage One. The standard Case Study Format is shown in Exhibit 3 below. Detailed instructions for the writing of case studies, and an “exemplar” case, were given to all members of the Expert Network in advance, in order to ensure high quality outputs. (These are included in Appendix B.)
• Where appropriate, case studies were then agreed with the organisations concerned.

Once completed, BDL reviewed all of the draft cases, edited them as appropriate, and requested further information where needed. This ensured that quality standards were maintained.

Exhibit 3

<table>
<thead>
<tr>
<th>Standard Case Study Format</th>
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<tbody>
<tr>
<td><strong>The Organisation</strong></td>
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<tr>
<td><em>A brief description of the organisation, its size, sector etc.</em></td>
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<tr>
<td><strong>The Rationale</strong></td>
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<tr>
<td><em>A brief description of why the organisation decided to introduce New Forms of Work Organisation.</em></td>
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<tr>
<td><strong>The Changes Introduced</strong></td>
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<tr>
<td><em>A description of the main changes introduced.</em></td>
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<tr>
<td><strong>The Obstacles</strong></td>
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<tr>
<td><em>A summary of the problems that emerged during implementation; and</em></td>
</tr>
<tr>
<td><em>Identification of the underlying obstacles to organisational reform (reasons why problems emerged)</em></td>
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<tr>
<td><strong>The Consequences</strong></td>
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<tr>
<td><em>Brief description of the consequences of the problems</em></td>
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<tr>
<td><strong>The Conclusions</strong></td>
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</tbody>
</table>
Each case study is around 2-3 pages in length.

Our research has shown that organisations are often reluctant to participate in case studies on a named basis. The cases have therefore been written on an anonymous basis.

A list of the case studies is included in Appendix C. The case studies themselves are contained in an ANNEX to this report. In total they cover 14 EU countries. Exhibit 4 below summarises the type of case studies included.

Exhibit 4

<table>
<thead>
<tr>
<th>Analysis of Case Studies</th>
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<tbody>
<tr>
<td>SME</td>
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<tr>
<td>Public Sector</td>
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<tr>
<td>Private Sector</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Services</td>
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<tr>
<td>Sub Total</td>
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<tr>
<td>Grand Total</td>
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</table>

2.4. STAGE THREE

The objective of this phase was to analyse the findings from the fieldwork, draw conclusions, and write the final report.

Business Decisions Limited undertook the analysis of the survey, supported by Abacus Research.

Abacus was responsible for data processing the results from the survey, according to BDL’s specification. Abacus produced data tabulations that enabled analysis by key sub-groups (such as company size or sector). BDL then analysed the data tabulations and interpreted the results.

The Case Studies were analysed by BDL. We drew up an analysis framework to take account of the different types of organisations and the different types of “Users”. BDL then identified the key findings from the case studies and extracted illustrative examples for the final report.

BDL produced an overall analysis of the findings from the case studies and the survey. BDL also drew our preliminary conclusions from this analysis. This formed the basis of the First Draft Final Report.

This was discussed at the Second Meeting of the Advisory Group. The Advisory Group reviewed the findings from the project, and worked with BDL to draw conclusions from it, and to identify the policy implications.
The Second Draft Final Report was then discussed at the Third Meeting of the Advisory Group.

The outcome of this meeting, and comments received from DG Employment and Social Affairs and the country experts form the basis of the Final Report.

2.5. **THE TIMETABLE**

The original timetable for the project is shown in Appendix D. The project has met this timetable.
3. NEW FORMS OF WORK ORGANISATION

3.1. A DEFINITION

The term “New Forms of Work Organisation” is used to encompass a wide range of organisational changes. This reflects the wide range of circumstances in which they are used.

There is, however, no single, universally used definition. Different definitions are used in different circumstances.

There is clearly no single “right” organisation, or “right” combination of New Forms of Work Organisation practices. The approach that is appropriate for any specific organisation will depend on its sector, size, strategy and culture.

Nevertheless, most experts agree that New Forms of Work Organisation are most effective when linked together as part of a “System” - a group of inter-related and internally consistent work practices and human resource management policies.

A “System” brings added benefits because:

- An organisation achieves “complementarity”. In other words, all the different elements of the new organisation fit together and reinforce each other. Without a “System”, some work practices or HR policies can undermine the effectiveness of others.

- The organisational “System” fits with the overall strategy of the business.

Moreover, research has shown that companies that establish a system of inter-related working practices, policies, and methods achieve higher returns than organisations that use individual work practices.

Exhibit 5

New Forms of Work Organisation: The Benefits of a “System”

A study of 1,300 manufacturers of investment goods in Germany noted that companies who implement groups of complementary work practices generate the highest levels of improvement in labour productivity from organisational changes.

This is supported by findings from an analysis of innovative work organisations in 90 auto assembly plants worldwide and a study of work systems in 35 steel plants in the USA.

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In order to develop a definition for this project, BDL looked at a range of existing definitions and other literature that offered useful insights, such as:

- Existing definitions, including EPOC, EWON, the Nordic definition (used in Sweden, Finland, Denmark, and Norway), and work by German, UK, Belgian, US, Canadian, and Australian researchers;
- A range of case studies of companies who have implemented “High Performance Work Systems”; and,
- The Human Resource Management and Organisational Economics literature to identify the generic tasks of any organisation.

This enabled us to develop a set of criteria to determine the shape of our definition.

We decided that our definition must:

- Fit with the generic definitions of all “organisations” i.e. it must show how people are “co-ordinated” (to take advantage of specialisation), how activities across an organisation are integrated, and how people are “motivated” to act in accordance with a common plan and to show initiative and judgement;
- Encompass the commonly agreed characteristics of New Forms of Work Organisation (“high trust”, “high skill”, “participation”, and “flexibility”);
- Cover the most commonly used practices and processes used in New Forms of Work Organisations;
- Be based on the essential components of a system (i.e. how all of the different elements fit together and reinforce each other to achieve ‘complementarity’);
- Be applicable to companies in all sectors (i.e. it must exclude sector-specific activities, processes or terminology); and,
- Be capable of distinguishing between the three different groups (“Non-Users”, “Transition Users”, and “System Users”).

For this project, therefore, we identified three principal dimensions of a New Forms of Work Organisation “System”. These are:

- The way in which work is organised within operational activities;
- The way in which work is co-ordinated across the organisation; and,
- The supporting Human Resource Management policies.
Within each, we have identified the minimum components of a “High Performance Work System”, i.e. those components which, if they are not present, mean that a “System” is unlikely to exist.

This is illustrated diagrammatically in Exhibit 6 below.

Exhibit 6

New Forms of Work Organisation: Definition of a ‘System’

Way work is co-ordinated across the organisation

Semi-autonomous work teams

Flatter Hierarchy

Information Flow

Team/Management Interaction

Performance Measurement

Way work is organised within operational activities

Multi-skilling

Job Rotation

Supporting Human Resource Policies

Investment in training

Reward Systems


One key feature of a “Systems” approach to New Forms of Work Organisation is that it allows for changes in organisational structures and working practices as a result of changes in the business environment. It also reflects the importance of “learning” within an organisation.
The definition developed and agreed for use in this project is summarised in Exhibit 7 below.

Exhibit 7

A Definition of “New Forms of Work Organisation”

**Dimension 1 – The way work is organised within operational activities**

- **Semi-autonomous work teams** – these have a number of distinct features. Team members:
  * Decide jointly how work is carried out;
  * Are responsible for solving operational problems;
  * Are responsible for quality assurance tasks;
  * Are accountable for achieving agreed targets; and,
  * Sometimes choose their own leaders.

- **Multi-skilling** – in order to operate effectively, team members are trained to carry out more than one task within the team.

- **Job Rotation** – team members regularly alternate between different tasks.

**Dimension 2 – The way work is co-ordinated across the organisation**

- **Non-hierarchical** – decision-making is decentralised and pushed down to the lowest possible level.

- **Information Flow** – detailed (financial and non-financial) performance information is made available to semi-autonomous teams on a regular basis.

- **Team/Management Interaction** – high levels of employee participation are used, including regular meetings between team members and business managers to discuss performance.

- **Performance Measurement** – a range of financial and non-financial measures is used to measure performance.

**Dimension 3 – Supporting Human Resource Management policies**

- **Investment in Training** – All team members receive regular off the job training paid for by the company. The training covers both job specific *and* general skills (such as problem-solving, team working etc).

- **Reward Systems** – An important element of the pay of team members depends on individual or team performance.

Changes in “remuneration” and “working time” on their own do not fall within our definition of a “System” user.

### 3.2. A CLASSIFICATION OF ORGANISATIONS

For the purposes of this project, we classified organisations into three groups. The classification is based on the progress that an organisation has made towards implementing a New Forms of Work Organisation “System”.

We believe that this approach is appropriate because it reflects:
• The long-term nature of the investment in organisational change;
• The fact that many organisations have implemented at least one new work practice;
• The finding that the greatest success comes from the linking together of new work practices as part of a “System”; and,
• The fact that many organisations implement organisational change in a staged approach (and hence may be on their way to a “System” but not there yet).

The groups of organisations (and their sub-groups) are shown in Exhibit 8 below.

Exhibit 8

<table>
<thead>
<tr>
<th>Category A</th>
<th>Category B</th>
<th>Category C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Users</td>
<td>‘Transition’ Users</td>
<td>‘System’ Users</td>
</tr>
<tr>
<td>Unaware of NFWO</td>
<td>Did not set out to introduce a ‘system’</td>
<td>Implemented a ‘system’ but experienced difficulties on the way (which led to delays, or amendments to the original plan)</td>
</tr>
<tr>
<td>Aware but rejected it</td>
<td>Tried but failed (so far) to introduce a ‘system’</td>
<td>Implemented a system and experienced no problems</td>
</tr>
<tr>
<td>Planning to introduce it in the future</td>
<td>On the way to a ‘system’ but not get there yet (eg step-by-step approach)</td>
<td></td>
</tr>
</tbody>
</table>


It should be noted, however, that even “System” users are in a state of constant improvement and change.

Appendix E summarises the precise methodology used in the survey to determine whether an organisation is a “Non-User”, a “Transition” or a “System” user.

27 The term “System” is used in this context to convey an approach in which all of the inter-related parts work together and reinforce each other. We do not intend to imply that a “System” is in any way rigid or fixed or that once an organisation becomes a “System” user that it no longer makes any further changes.
3.3. EXTENT OF USE

3.3.1. Methodological Considerations

The primary purpose of the survey was to gather information about the reasons for non-use of New Forms of Work Organisation and the obstacles faced by those who do introduce new working practices.

However, we also obtained useful indicative information about the extent of use of New Forms of Work Organisation (as defined in section 3.3.1. above), and in particular, the penetration of “Transition” and “Systems” users.

3.3.2 Key Findings

Our survey shows that 60% of organisations with more than 50 employees are users of one or more elements of New Forms of Work Organisation. But only 10% are “System” users. Fifty per cent are “Transition” users (See Exhibit 9 below).

Exhibit 9

![Usage of New Forms of Work Organisation in Europe](image_url)

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28 Data should be treated as indicative only. It was collected via a telephone interview with the HR Director or Managing Director. This means that responses were based on the opinion of these individuals, and have not been validated through site visits or observation. In some situations, this may lead to a degree of “over-claiming” by some organisations (although we took steps to try to minimise this through the development of questions that were very detailed and precise in nature). On the other hand, it is possible that some (smaller) organisations use New Forms of Work Organisations without fully recognising that they are doing so, particularly if such practices are deeply embedded in the culture of the organisation. This could result in a potentially counter-balancing degree of “under-claiming”.

29 The figures are based on organisations with more than 50 employees and selected parts of the Public Sector (specifically hospitals, social services, residential care, general government and public administration).

30 The overall usage data has been re-weighted to reflect the total number of organisations in each size category.
In overall terms, this finding shows that most organisations (with more than 50 employees) in Europe have introduced some new working practices, but that only a small proportion have introduced a wide range of new working practices (and hence gained the full benefits from a system).

The survey shows that penetration of New Forms of Work Organisation is higher than expected in the Service Sector and lower than expected in the Manufacturing Sector. It is also higher than expected in the Public Sector (specifically hospitals, social services, residential care, general government and public administration), as it is traditionally thought that the Public Sector is more reluctant to take risks by introducing New Forms of Work Organisation. However, “System” usage is much lower in the Public Sector than in the Private Sector, perhaps because they are less likely to introduce new performance-linked remuneration systems.

Exhibit 10

Unsurprisingly, penetration of New Forms of Work Organisation is higher amongst larger organisations. In Small (50-99 employees) organisations and Medium-sized (100-249) organisations penetration is 59% and 61% respectively. In Large organisations (250+), however, 66% are Users. The differences are much more pronounced, however, with regard to “Systems” usage where 15% of Large organisations (with more than 250 employees) are “Systems” Users, whilst only 8% of SMEs (with less than 250 employees) are “System” Users.

31 This survey focused on organisations with more than 50 employees. The situation amongst organisations with less than 50 employees is likely to be different.
Our survey also reveals that there are major differences between countries. Penetration of New Forms of Work Organisation is highest in the Nordic countries, particularly System usage. Here 73% of organisations in our survey are users, nearly half of whom are “System” Users.

The lowest penetration is in the Benelux, where only 53% of organisations are users, and only 7% are “Systems” Users.
Our survey also shows where there are major differences between “Transition” and “System” Users. There is little difference in the way in which teams work. Generally, the features of formally designated teams are broadly similar between Transition and System users.

Exhibit 13

There are, however, major differences in the way in which work is co-ordinated. “System” Users tend to decentralise more decision-making; use a wider range of financial and non-financial performance measures; provide teams with more regular performance information; and discuss performance to a greater extent than “Transition” Users.

Exhibit 14
There are also differences between “Transition” and “System” Users in their Human Resource Management policies. There are differences in the extent and nature of training between “Transition” and “System” users, but the biggest difference lies in the use of pay systems. “System” users link the pay of team members to individual or team performance, whereas only a small proportion of “Transition” users do this.

**Exhibit 15**

**Usage of New Forms of Work Organisation**

**Human Resource Management Policies**

- Team members receive regular formal training, paid for by the organisation
- An important element of pay of team members depends on individual or team performance
- Formal training includes job specific and general skills

Base: Users of New Forms of Work Organisation
Source: Business Decisions Limited
“European Survey of Organisations” (2002)
4. NON- USERS OF NEW FORMS OF WORK ORGANISATION: REASONS

4.1. OVERALL SITUATION

Our survey reveals that 40% of organisations with more than 50 employees are Non-Users of New Forms of Work Organisation in Europe.\[32\]

Within this group of Non-users, we have identified three sub-groups:

- Organisations who are aware of New Forms of Work Organisation and are planning to introduce it in the near future;
- Organisations who are aware of New Forms of Work Organisation but have rejected it and decided not to introduce it in their organisation; and,
- Organisations who are unaware of New Forms of Work Organisation.

These are illustrated in Exhibit 16 below.

Exhibit 16

The first conclusion is that most European organisations claim to be aware of the New Forms of Work Organisation. Only 5% are not aware.\[33\]

The second conclusion is that a significant minority of organisations are aware of the existence of New Forms of Work Organisation (30% of the total sample and 75% of

\[32\] See Appendix C for a detailed explanation of how Non-Users were defined for the purpose of this project.

\[33\] It is important to recognise that there are different levels of awareness. Some respondents may have only have a very general awareness, rather than a detailed knowledge or understanding of the benefits of New Forms of Work Organisation.
Non-users) but have decided not to introduce them. We examine some of the reasons why this might be the case in section 4.2 below.

The third conclusion is that only 5% of organisations (14% on Non-Users) are planning to introduce New Forms of Work Organisation in the near future.

These three sub-groups exist in a broadly consistent pattern across organisations in different sectors and of different sizes.

There are however, differences between countries (Exhibit 17). Lack of awareness of New Forms of Work Organisation is higher in the Benelux, and the proportion of organisations planning to introduce New Forms of Work Organisation in the near future is higher in the Nordic countries and in Germany.

Exhibit 17

<table>
<thead>
<tr>
<th>Non-Users of New Forms of Work Organisation</th>
<th>Reasons Why Not Use: by Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware and planning to introduce in near future</td>
<td>Aware but rejected it</td>
</tr>
<tr>
<td>% of organisations</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Benelux</td>
<td></td>
</tr>
</tbody>
</table>

4.2. Reasons for Rejection

4.2.1. Overview

30% of organisations in the EU are aware of New Forms of Work Organisation but have rejected it and decided not to introduce it in their organisation. This group divides into two groups:

- “Top of the Mind Rejecters”: This group constitutes 17% of all organisations (and 55% of all rejecters). They are aware of New Forms of Work Organisation but they have rejected its use in their organisation without much consideration.

- “Analytical Rejecters”: This group constitutes 13% of all organisations (and 45% of all rejecters). They are also aware of New Forms of Work Organisation but have rejected its use in their organisation after either an
informal or a formal review. Indeed approximately half of this group rejected it after an in-depth internal assessment.

We examined each of these groups separately to understand better the reasons why they have rejected New Forms of Work Organisation.

4.2.2. “Top of the Mind Rejecters”

Organisations that fall into this category were asked to assess whether each of a list of seven reasons were important or not important in their decision not to introduce New Forms of Work Organisation.

Exhibit 18

![Bar Chart]

Few organisations rejected New Forms of Work Organisation because of a lack of awareness of methods or benefits. Moreover, few organisations considered that lack of support from trade unions or workers were important reasons.

The principal reason cited by “Top of the mind Rejecters” for not using New Forms of Work Organisation is the belief that such organisational methods are not needed to meet their customer needs (59% of “Top of the Mind Rejecters”).

This appears to be a rational, economic, market-based reason. For example, organisations pursuing strategies based on high levels of investment in R&D and strong product innovation, or on cost competition, may decide that New Forms of Work Organisation are not essential or appropriate for their success. Others, on the other hand, may take the view that their current approach meets current market needs and therefore there is no real need to take risks or to change anything. It is also possible that some organisations are “Top of Mind Rejecters” because they are not fully aware of the benefits of New Forms of Work Organisation, or have not fully considered the opportunities and benefits that New Forms of Work Organisation can bring.

The second most important reason was perceived managerial opposition (37%).
There are very few differences between organisations of different sizes. The main differences lie between the Public Sector and the Private Sector. Not surprisingly, market-place reasons are much more important in the Private Sector (65% of companies) than in the Public Sector (36% of organisations). However, managerial opposition is viewed as a more important reason in the Public Sector (45%) than in the Private Sector (35%), as is lack of awareness of how these organisational techniques actually work (16% versus 32% respectively).

4.2.3. “Analytical Rejecters”: Reasons

“Analytical Rejecters” (who account for 12% of the total sample and 45% of all Rejecters) are organisations that have undertaken some form of review to assess whether or not to introduce New Forms of Work Organisation. Approximately half of them rejected it after an extensive internal assessment.

Our survey examined both the external reasons and the internal reasons why some organisations seriously considered using New Forms of Work Organisation, but rejected the idea.

Organisations were asked to assess whether each of a list of five external reasons and ten internal reasons were important in their decision not to introduce New Forms of Work Organisation. The results show that organisations have rejected the idea for a combination of external and internal reasons.

The most important external factor influencing the decision not to introduce New Forms of Work Organisation is again customer-based. Organisations believe that it is not needed to meet their customers’ needs (59%).

Once again, few organisations considered that Trade Union opposition was a major reason for deciding against the introduction of New Forms of Work Organisation.

Exhibit 19

<table>
<thead>
<tr>
<th>Non-Users of New Forms of Work Organisation</th>
<th>‘Analytical Rejectors’: Reasons - External Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not used by competitors in our market</td>
<td>![Bar Chart]</td>
</tr>
<tr>
<td>Lack of support from our parent organisation to make changes</td>
<td></td>
</tr>
<tr>
<td>Trade Unions wouldn’t support changes</td>
<td></td>
</tr>
<tr>
<td>Not under pressure to change the way we do things</td>
<td></td>
</tr>
<tr>
<td>Not needed to meet our customers’ needs</td>
<td></td>
</tr>
</tbody>
</table>

Base: All ‘Analytical Rejectors’
Source: Business Decisions Limited
‘European Survey of Organisations’ (2002)
The two most important *internal* factors influencing the decision not to introduce New Forms of Work Organisation are cultural (76%) - the belief that the changes in work organisation did not fit with their organisation’s way of doing things - and strategic (65%) - the view that changes did not fit with the organisation’s strategy.

Other important internal reasons were that the benefits are uncertain and difficult to measure (55%); and that there is a lack of workforce skills (52%).

**Exhibit 20**

<table>
<thead>
<tr>
<th>Non-Users of New Forms of Work Organisation</th>
<th>Reasons - Internal Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes did not fit with our way of doing things</td>
<td>60%</td>
</tr>
<tr>
<td>Changes did not fit with our strategy</td>
<td>70%</td>
</tr>
<tr>
<td>Benefits are uncertain or difficult to measure</td>
<td>55%</td>
</tr>
<tr>
<td>Lack of workforce skills</td>
<td>52%</td>
</tr>
<tr>
<td>Cost of changes would exceed the benefits</td>
<td>45%</td>
</tr>
<tr>
<td>Workers or their representatives wouldn’t support changes</td>
<td>38%</td>
</tr>
<tr>
<td>Other managers wouldn’t support changes</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of management expertise</td>
<td>30%</td>
</tr>
<tr>
<td>Lack of access to external expertise</td>
<td>25%</td>
</tr>
<tr>
<td>Lack of financial resources</td>
<td>20%</td>
</tr>
</tbody>
</table>

In overall terms, these results show a highly rational approach. Organisations reject New Forms of Work Organisation principally for strategic or for cost/benefit reasons.

In general, organisations did not reject New Forms of Work Organisation because they faced a significant resource gap (in terms of financial resources, access to external expertise or lack of management expertise).

There are some differences between different types of organisations, particularly between the Private and the Public Sectors. Private Sector organisations are more concerned about lack of strategic fit (79%) than Public Sector organisations (54%), and about the difficulty of measuring the benefits (61% and 45% respectively).

Public Sector organisations, on the other hand, are more concerned about potential managerial opposition than Private Sector organisations (64% and 30% respectively). They also cite lack of pressure to change the way they do things as a much more important external reason than the Private Sector (73% and 38% respectively).
5. USERS OF NEW FORMS OF WORK ORGANISATION

5.1. OUR APPROACH

There is extensive literature available that describes some of the operational problems encountered by organisations when attempting to introduce new ways of working. Examples include failure to:

- Lead the organisation effectively from the top;
- Consult middle managers and employees extensively and involve them continually in the process;
- Develop effective partnerships between managers, employees, and employee representatives;
- Communicate effectively with people throughout the organisation, in an appropriate manner and on an on-going basis;
- Build commitment to the new organisational system and to overcome fears amongst managers and staff;
- Implement the new system in an integrated fashion;
- Adapt the implementation plan as necessary over time and to recognise that the change process is a continuous one;
- Invest adequately in training and new technology; and,
- Measure change throughout the implementation phase.

But much of the literature focuses primarily on the symptoms not the underlying reasons why problems occur. Few existing analyses address the causes, such as lack of managerial competence; lack of access to expertise; lack of fit with existing culture; lack of long-term commitment; lack of staff skills; negative attitudes; difficulties with industrial relations institutions and structures and Labour Market Regulations; insufficient financial resources; and lack of investment in relevant complementary technologies, especially ICT.

Our analysis has sought to distinguish between the apparent problem (or “symptom”) and the underlying causes.

We believe, however, that there is no simple, linear, mono-causal relationship between the symptoms and the underlying causes. Indeed the survey and the case studies show that the relationship is a complex one, as obstacles manifest themselves in a series of overlapping problems.

5.2. THE APPARENT PROBLEMS

5.2.1. Problems: Scale

Our survey explored the extent to which users of New Forms of Work Organisation experience problems during implementation.
In overall terms, 76% of organisations in our survey had experienced problems of some sort during implementation.

**Exhibit 21**

![Users of New Forms of Work Organisation](image)

A quarter of the organisations in the sample claim that they had managed to introduce new working practices without experiencing any major problems.

This scale of problems is consistent with the experience of organisations when they attempt to introduce a major IT systems, but it is considerably greater than that normally experienced by organisations when they make an investment in physical equipment. One reason for this is that organisations have plenty of experience in making physical investments but much less experience in making investments in organisational change.

Not surprisingly, larger organisations experience more problems than smaller organisations. This probably reflects the increased complexity of larger organisations in terms of functions, product lines and geography.

In addition, organisations in some countries appear to experience more problems than in others. This is particularly the case in the Benelux, France, Germany and the Nordic countries. However, there is no simple correlation between extent of use and problems experienced. In the Nordic counties, for example, a relatively high proportion of organisations experience problems (82%), yet penetration of New Forms of Work Organisation is very high. On the other hand, fewer organisations in the UK/Ireland experience problems (58%), yet penetration is lower than in the Nordic countries (59% versus 73%).
However, broadly the same number of “Transition” Users and “System” Users experience problems.

5.2.2. Problems: Nature

Organisations were asked to indicate whether they had experienced any of six problems identified from our literature search as being potentially important problems. They were also given the opportunity to identify other problems that they might have experienced in their organisation.

The research shows that there is no single dominant problem facing organisations. The types of problems experienced are quite disparate – different organisations experience different problems.

This is illustrated in the diagram below. It shows that the most frequently occurring problem relates to the difficulties of communicating effectively throughout the organisation (64%). But other problems were experienced by many organisations. These include:

- Lack of commitment amongst employees to the new approach (52%);
- Difficulties in measuring the progress of the change process (51%);
- Failures in leadership from senior managers (48%);
- Difficulties in consulting effectively (48%); and,
- Lack of flexibility in the implementation process (48%).
Exhibit 23

Users of New Forms of Work Organisation
Problems Experienced

- Communication throughout the organisation
- Commitment to the new approach
- Measurement of the change process
- Leadership from senior managers
- Consultation with other managers and workers
- Flexibility in the implementation process

Base: Users Experiencing Problems
Source: Business Decisions Limited
‘European Survey of Organisations’ (2002)

The wide range of problems experienced is confirmed in our case studies. Exhibits 24 and 25 below exemplify the problems experienced by a large public sector organisation in Belgium and by a manufacturing company in Spain.

Exhibit 24

Case Study: PB (Benelux)

PB is a large public sector organisation in the Netherlands, providing household services and nursing in the home to elderly and ill people.

In order to respond better to the needs of its patients, to improve efficiency, to improve staff morale, and to compete in the newly liberalised “market”, PB introduced a new system of team working.

However, they have encountered a wide range of problems:

- **Lack of leadership by senior managers**: there has been a failure to identify and maintain a consistent vision of the change process and its benefits.
- **Failure to build commitment to the new approach**: staff remain unconvinced that the changes represent a coherent way of achieving the goals of the organisation.
- **Design failings that make implementation less effective**: the changes have been partial and exclude key changes in complementary HR policies such as training and remuneration.
- **A poorly designed implementation plan**: the organisation has tried to do too many things too quickly and failed to tailor implementation to the capacity of the organisation to absorb change. Moreover, they simultaneously tried to implement a cost-cutting plan, which further undermined the organisational change process.
- **Inadequate consultation with employees**: there were inadequate feedback opportunities during the implementation process. Senior managers lacked information about the impact of the changes on the day-to-day work, and employees were unable to communicate their concerns effectively.

As a result of these problems, the new approach is not operating efficiently; the workload for employees has increased; targets have not been met; and employee perceptions of the new approach are negative.
Exhibit 25

Case Study: SM (Spain)

SM is a co-operative organisation in Spain. Employing around 1,400 people, it produces electrical appliances, telephony, and other electronic products for the automotive sector. It has three plants in Spain, one in the UK and one in Brazil. It also has local offices in France, Germany, Sweden, Japan and the USA.

Following a strategic review of the organisation at the end of the 1980s, SM introduced major changes including Continuous Improvement (“Hobekuntza”), customer based teams, devolved decision-making, new communication concepts, cultural changes, and training.

However, a wide range of problems emerged during the implementation process:

- **Lack of experience amongst managers of the change process:** in the early stages, there was a failure to develop an effective communication plan to build a common vision.
- **Ineffective communication throughout the organisation:** initially, the old communication structures proved inadequate to meet the new challenges.
- **An inflexible implementation process:** the process was unable to deal with the consequences of success. Overwhelming suggestions for improvements, for example, blocked normal work.
- **Lack of integrated approach to implementation:** initially, insufficient attention was paid to related issues, such as the ergonomics of equipment and work quality.

Many of the problems that emerged in the initial stages were later rectified, and SM has successfully transformed its organisation. Productivity has increased and new customers have been gained. However, the process has taken a long time.

Our survey shows that larger organisations have more problems than smaller ones. In particular, a greater number of large organisations have experienced problems in gaining commitment to the new approach from all staff; in providing effective leadership from senior managers; in measuring the change process; and in allowing flexibility in the implementation process. This is illustrated in the diagram below.

Exhibit 26

![Diagram showing the problems experienced by users of new forms of work organisation by size of organisation.](image)
Our survey also reveals that more Public Sector organisations experience problems than Private Sector organisations, particularly with regard to communicating throughout the organisation (71% and 61% respectively) and gaining commitment to the new approach (58% and 49% respectively).

Moreover, more “System” Users experience problems than “Transition” Users, probably because of the scale of the changes that they are making.

In overall terms, however, the situation is broadly similar across countries.

Our case studies confirm these findings, but they also reveal two additional problems experienced by organisations.

The first problem concerns the initial design of New Forms of Work Organisation. It manifests itself in two ways:

Some organisations fail to create a new “System” in which all the components work together in a mutually reinforcing fashion. Our case studies reveal that gaps can occur in any area, but the most common are:

- **Lack of new performance measures**: some organisations introduce team working and delegate responsibility for meeting operational targets to each team. However, they then fail to introduce new performance measures that reflect operational targets (e.g. cycle time, waste, quality, and customer satisfaction). This is a significant problem because such measures are a key mechanism for resource allocation and priority setting. They are also crucial for establishing accountability amongst the teams and as a basis for pay systems that are linked to performance. Ultimately, it is very difficult to judge whether New Forms of Work Organisation are successful if there are no mechanisms to monitor effectiveness.

- **Insufficient training**: Some organisations fail to introduce sufficient new training programmes to overcome skills gaps and to help employees to master the new general skills needed to work in the new environment (e.g. team-working skills). This is important because few organisations have the necessary range of skills.

- **Pay systems**: Some organisations fail to introduce new pay systems that are linked to individual or group performance. This is a major gap as teams lack the incentive to achieve new targets and to change their working practices. Our analysis show that this is more likely to apply in the Public Sector than in the Private Sector and in SMEs than in Large Scale Enterprises.

There is also evidence in the case studies that some organisation make mistakes in the way in which they design specific components of the new work system. For example, an organisation may recognise the need to introduce pay systems linked to performance, but the specific system introduced may over-emphasise the performance of individual teams and discourage collaboration between teams even though this is also operationally important.
The Exhibit below illustrates the problems that arose in an Austrian Municipal Administration because of gaps in the initial design of the new work organisation system, specifically in terms of remuneration systems and training.

**Exhibit 27**

**Case Study: AMA (Austria)**

This organisation provides administrative services for activities delegated to Local Government in Austria. Activities include the operation of a kindergarten, five schools, an old age care facility, a wastewater disposal system, a swimming pool, municipal roads, and the administration of real estate owned by the municipality. It employs 68 people and has a budget of around Euro 14 million.

In recent years, responsibilities and staff numbers have both increased significantly. AMA recognised the need to establish an organisational structure to improve internal efficiency and better motivate employees. It therefore introduced a new team-based structure and new formal training programmes.

However, the effectiveness of the team working has been affected by gaps in the initial design of the new approach. New performance measures were not introduced, and no changes were made to the remuneration system. In addition, training was primarily focused on job-specific rather than general skills.

These problems, along with others, have limited the overall effectiveness of the changes and have delayed the implementation process.

The second problem identified in the case studies concerns the **integration** of new work organisation with other aspects of the organisation. This problem manifests itself in two ways:

- A failure to provide the necessary supporting infrastructure; and
- A failure to introduce New Forms of Work Organisation to enough parts of the organisation.

New Forms of Work Organisation often need additional complementary investments in supporting infrastructure in order to ensure effectiveness and to maximise the benefits. In some situations the necessary supporting infrastructure is inadequate or not changed to suit the new organisation of work. Examples of this include:

- **ICT**: Lack of suitable investment in the ICT infrastructure. Problems occurred, for example, for performance measurement systems, for management information and communication, and for job planning and resource allocation.

- **Production Equipment**: Existing equipment may be based on “Taylorist” work organisation systems or may emphasise “traditional” objectives (such as long production runs), which do not fit with the new ways of working.

- **Facilities**: Existing facilities may not match new working methods. Problems occurred where there were too few suitable teaching rooms in schools and too few libraries in universities.

- **Wider Planning and Control Infrastructure**: The existing infrastructure may not suit the new work organisation. Problems occurred if, for example,
where the planning cycle did not match the new pattern of work, or where the
timetable in schools did not meet the needs of the new system.

Integration problems can also arise if new work organisation methods are limited to
one area in a larger organisation, or if they are used in different ways in different
units. When this happens, it can undermine the capacity of different parts of the
organisation to work together effectively. For example, problems can arise if teams
have differing responsibilities and/or resources, or if teams have to work alongside
more traditional, hierarchical units.

The Exhibit below illustrates the problems that arose in a UK University through lack
of complementary investment in supporting ICT infrastructure and physical resources.

Exhibit 28

Case Study: UKK (UK)

Formerly a Polytechnic, UKK became a University in the early 1990s. The Faculty of Business is one
of six faculties, and comprises the Business School and the Law School. It has some 3,500 students and
around 200 academic staff.

In the late 1990s, faced with significant pressure to increase student throughput, to improve the quality
of teaching and research, and to reduce wastage and costs, the Business School introduced a
programme of organisational change based on team-working, new working methods, new structures,
new managers, and new performance measures.

A number of substantial problems emerged during the implementation process. One of these concerned
the lack of an integrated approach to investment. Resources were not made available to improve IT
systems to support the other changes that were made. There was also a lack of teaching rooms of a
suitable size. Moreover, funding for the library and learning resources (that had historically been low
by national standards) was not increased to support the new objectives of the organisation. In addition,
timetabling and other organisational changes were impeded by the absence of an effective University
management information system.

These problems, among others, contributed to a significant decline in the morale of teaching and
administrative staff, a slow down in the pace of implementation and an overall reduction in the
effectiveness of the changes.

5.3. THE UNDERLYING OBSTACLES

5.3.1. The Principal Obstacles

Our survey examined the *underlying causes* of these problems. Respondents[^3] were
asked to think about the reasons why problems emerged during the implementation of
New Forms of Work Organisation. They were asked to assess whether each of a list of
ten obstacles were important or not important in their situation. They were also given
the opportunity to identify additional obstacles that they had encountered.

Three of the four most important reasons why problems emerge are primarily
“internal”:

[^3]: The person responsible for Human Resources or Personnel Policy in the organisation, usually the HR
Director (or the Managing Director in smaller organisations).
• Difficulty in overcoming the existing culture of the organisation (76%);
• Resistance from employees and their representatives (56%); and,
• Failure to appreciate the scale and nature of the problem (53%)

Only one of the four most important reasons why problems emerge is primarily “external” (Inflexible Labour Laws or Mandatory Collective Agreements – 53%). Moreover, responsibility for two of the three internal obstacles lies principally with management (cultural obstacles and management competence).

Exhibit 29

<table>
<thead>
<tr>
<th>Users of New Forms of Work Organisation</th>
<th>Underlying Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty in overcoming existing culture of the organisation</td>
<td>80%</td>
</tr>
<tr>
<td>Resistance from employees and their representatives</td>
<td>60%</td>
</tr>
<tr>
<td>Inflexible labour laws or mandatory collective agreements</td>
<td>53%</td>
</tr>
<tr>
<td>Failure to appreciate the scale and nature of the problem</td>
<td>53%</td>
</tr>
<tr>
<td>Insufficient management expertise</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of workforce skills</td>
<td>40%</td>
</tr>
<tr>
<td>Negative attitudes amongst other managers</td>
<td>30%</td>
</tr>
<tr>
<td>Insufficient financial resources</td>
<td>30%</td>
</tr>
<tr>
<td>Insufficient related investment (egIT)</td>
<td>30%</td>
</tr>
<tr>
<td>Inadequate access to high quality external expertise</td>
<td>20%</td>
</tr>
</tbody>
</table>

Given the nature of the changes we are examining (changes in working practices, structures, and systems), it is not surprising that the two most important obstacles are “existing cultures” and “resistance to change”.

The existing culture of an organisation is usually deeply embedded and specific to that organisation. Moreover, it simultaneously reflects and drives organisational structures, practices and systems.

Equally, it is not surprising that “fear of change” is another major obstacle faced by organisations, given the uncertainty that accompanies major organisational change and the potential loss of status, jobs, and money that may arise for some workers.

But organisations also consider that inflexible labour laws and mandatory Collective Agreements create significant obstacles for organisations in introducing New Forms of Work Organisation. Moreover, organisations also believe that lack of managerial competence (especially the failure to appreciate the scale and nature of the problem) as a significant obstacle to the introduction of New Forms of Work Organisation.

Another key conclusion of the survey is that lack of resources (financial, investment or external advice) is not perceived to be a major obstacle by the majority of organisations.
5.3.2. Cultural Obstacles

The culture of an organisation embodies the ideologies, beliefs, customs and deep-set values held by the organisation. It encompasses the way an organisation thinks about things and its way of doing things. It is important as it guides the way people think, feel, behave and work in an organisation.

Not surprisingly then, organisations that introduce significant changes in work organisation often encounter cultural obstacles.

Indeed, difficulties in overcoming the existing culture of the organisation is cited as the single most important obstacle by organisations of all sizes, in all sectors, in all countries. Moreover, both “System” Users and “Transition” Users identify it as the most important obstacle that they faced.

There are some variations in terms of the relative importance of this obstacle. Larger organisations, for example, identify it as a more important obstacle than Small organisations (78% and 63% respectively). This reflects the greater complexity of a large organisation and the greater scope for the emergence of strong specialist “sub-cultures” and entrenched managers pursuing their “own agendas”.

There are also some country variations. Whilst culture was identified as the most important obstacle in all countries, it is seen as a particularly important obstacle in the UK (86% compared to an average of 75% across all other countries).

But there are no significant differences between organisations in Manufacturing or Service Sectors, or between the Private and the Public Sector.

Our case studies confirm these findings and shed greater light on why the existing culture of an organisation can be such an important obstacle to the introduction of New Forms of Work Organisation.

In general terms, our case studies show that New Forms of Work Organisation encourage the development of cultures that are based on high levels of participation in decision-making; sharing and transparency of information; multi-skilling; and collaboration within and between work groups. On the other hand, clear performance targets are set at all levels, and responsibility and accountability for meeting targets is delegated to workers.

This leads to a number of different types of cultural obstacles:

- **A clash with existing “traditional” cultures**: Our case studies reveal that there can be direct clashes between the culture associated with successful implementation of New Forms of Work Organisation and more traditional cultures, particularly “Taylorist” cultures and “Individualistic” cultures.
  
  - **Taylorist Cultures**: These cultures tend to emphasise hierarchy; strong controls; limited worker responsibility; limited worker participation; limited information flows; and narrow skills. Some managers and workers
feel comfortable in this environment, particularly if an organisation has used this approach successfully and/or for a long time. Any new approach must overcome the consequences of this traditional approach and deal with the problems that arise from disrupting the stability, secure status, and predictability associated with it.

The Exhibit below illustrates this problem in a company in Portugal.

Exhibit 30

Case Study: PN (Portugal)

PN is a Portuguese accounting, taxation and financial management services company. Founded in 1978, it now has a network of 9 offices in the Greater Lisbon area, providing services to self-employed people and SMEs. It now employs 140 people and has a turnover of Euro 3.5 million.

To respond to increasing levels of competition, PN designed and implemented a high performance work system. It introduced a new structure based on Strategic Business Units, new operational processes, team working, new communication improvements, new remuneration systems, and revised HR policies.

However, PN faced a number of problems during the implementation process, some of which were caused by difficulties in overcoming the existing culture and values of the organisation. At the beginning, many employees saw the change process as peripheral to their activities. They compared it unfavourably with the previous hierarchical culture with its rigid, functional structure, secure status, and predictable promotional opportunities.

But once the company improved employee participation and involvement in the implementation process, attitudes began to change. But the overall change process took longer than expected.

The new work system has already generated many benefits for the company, including improved staff motivation, improved customer satisfaction, and more effective communication. Moreover, staff are now questioning existing ways of doing things, and proposing changes to improve efficiency. Despite the short time since implementation began, productivity has also increased.

- **Individualistic Cultures**: Often associated with professional service organisations, technicians and public sector professionals, “Individualistic” cultures tend to have a strong technical focus and extensive freedom for individual professionals to work on their own. There is little collaboration between individuals in such organisations and there is a tendency towards loose forms of managerial control. Any new culture associated with changes in work organisation has to overcome the strong technical focus and the extensive “professional freedom” of the existing organisation and encourage stronger team working, multi-skilling and performance measurement in the new organisation.

The Exhibit below illustrates this problem in a private sector company in the Benelux.
Exhibit 31

Case Study: BTM (Benelux)

Located in Benelux with turnover in excess of Euro 500 million, BTM provides international airline services. A specialist, in-house department provides the company and third party airline operators with fleet maintenance services. This case focuses on the introduction of teamwork among 4000 technicians in the aircraft maintenance department.

The pilot phase of introduction helped the maintenance department to identify problems and underlying obstacles that might reduce the effectiveness of a wider reform programme. A number of major problems emerged during the pilot phase.

But the biggest obstacle to change was the difficulty in overcoming the existing culture and values of the organisation. A dominant culture existed within the organisation. Many team members “just wanted to do their job” without all the extra tasks that were involved in teams, and some wanted strong leadership. The project leaders described this as ‘binary thinking’: “I have a boss or I don’t have a boss”. It was believed to stem from a ‘technicians culture’ and way of thinking. There were also culture clashes with other, unreformed parts of the organisation. Team members reported a refusal from personnel outside the teams to accept their autonomy, for instance by refusing to allow team members to collect parts from the store where they did not have the authority to do so before.

Despite the obstacles, teamwork has been introduced for all the personnel in BTM, although the team-design that was established in the pilot stage has been modified. BTM is now the best performing business inside the company and is seen to be an example of excellence.

- **Difficulties of merging different types of cultures whilst introducing new work organisations:** Our case studies show that some organisations attempt to introduce New Forms of Work Organisation as part of the process of merging two separate organisations (often after an acquisition or merger). This leads to particular problems as organisations try to merge two different organisations to create a third.

The Exhibit below illustrates this problem in a private sector services company in Greece.
Exhibit 31

Case Study: GO (Greece)

GO is a subsidiary of a multinational energy company, distributing and selling energy products. It employs approximately 400 people and has a turnover of Euro 1.4 billion.

In the late 1990s, the company entered into a “joint venture” with another energy company, and subsequently purchased the business. The challenge for the company was to sustain its market position and retain its flexible work organisation, an important competitive advantage. GO was aware that other acquisitions had failed to merge work practices effectively and hence it took a cautious, slow, but systemic approach to bringing the other company’s personnel practices and work organisation into line with its own approach.

GO was aware of the need to create a new, unified culture and set of organisational practices. In particular, GO wanted to transform the more “traditional” work organisational practices of the divisions it had acquired to its own “flexible” and “participatory” philosophy and practices.

One of the biggest obstacles that the company faced during the process of implementation was the difficulty of overcoming the existing culture and values of the acquired company, where staff had been used to working in a “traditional” manner, with a specific set of individual responsibilities, performance measurement systems, a hierarchical organisation and one-way communication and reporting systems. In contrast, most GO employees had started their working lives at that company, at a young age, and thus its organisational structure was the only one they were familiar with.

A year after the introduction of GO’s “flexible” work organisation and practices into the acquired company’s operations, the company is pleased with the outcomes. While operational improvements are hard to quantify, the company feels that visible and significant operational improvements have been attained with the reform program. Product delivery and customer satisfaction measurements for the two groups are now almost identical.

The majority of the new staff have adapted to the new setting and corporate culture willingly and well, having been given time to understand the philosophy behind GO’s work organisation and its benefits for them. The difficulty that remains is that the middle management of the acquired company seems less enthusiastic and not as committed to the changes.

- A clash with wider attitudes in society: Our case studies show that, on occasions, the cultural problems associated with the introduction of New Forms of Work Organisation are not organisation specific. Sometimes the problems relate to a wider clash with more general societal attitudes, or the attitudes of some groups in society. For example, some societies may place a higher emphasis on hierarchy or on pay practices that reward all equally or on the basis of length of service. In others, education systems may place more emphasis on narrow technical skills and less on wider, more general skills. In some situations, these issues can create cultural obstacles to change.

The Exhibit below illustrates this problem in a large Public sector organisation in Sweden.
Exhibit 33

**Case Study: SC (Sweden)**

Responsible for local government in a small town in Sweden, SC employs more than 600 people. As well as implementing local regulations, SC is responsible for the delivery of a wide range of services, including education, leisure, child care and care for the elderly. This case study focuses on the 300 SC employees responsible for the provision of care for the elderly.

In the late 1990s, SC decided to review its provision of care for elderly residents. Its aim was to improve the quality of service and cost efficiency. To achieve this, SC decided to make major reforms in work organisation. SC introduced a “high performance work system”, including a new flatter organisation, based on semi-autonomous teams, new communication and consultation processes, new performance measurement systems, formal training programmes, and revised remuneration systems.

During the process of implementation, SC encountered a number of problems, many of which arose from the difficulty of overcoming the existing culture of the organisation.

The previous old-fashioned and traditional model of organisation was strongly supported by most workers and managers. It had a strong ‘fit’ with the cultural values of the locality. The new model was based on more modern principles that emphasised equality and individual responsibility rather than conformity to traditional, hierarchical values. Organisational change, therefore, needed to overcome cultural values that had their roots in the wider, societal framework.

As a result, the process of organisational reform took longer than planned and was less effective in the early stages. It also required more investment in employee training than envisaged originally.

5.3.3. Resistance to Change

The introduction of New Forms of Work Organisation involves significant changes in working practices, processes, structures and Human Resource policies. Such changes, by their very nature, create uncertainty, fear, losses and losers. Hence it is not surprising that some people will fear the change process, because they fear loss of job security or status or because they are concerned about the new role that they might be required to fulfil.

Resistance to change can be felt amongst employees and their representatives and amongst middle managers. But our survey shows that amongst users on New Forms of Work Organisation, resistance amongst employees and their representatives is considered to be a more significant obstacle than negative attitudes amongst middle managers.

Overall resistance from employees and their representatives is considered to be the second most important obstacle.

There are, however, some important differences between organisations of different sizes. Larger organisations consider it to be a much more important obstacle than smaller organisations (74% and 38% respectively). Indeed for smaller organisations (with less than 100 employees) this obstacle was ranked only fifth in order of importance.
There are also important differences between countries. It is perceived to be a much more important obstacle in the UK/Ireland and in Germany, than elsewhere (68% and 63% compared to an average of 52% across other countries).

There are also some differences between sectors. Service Sector companies believe it to be a more important obstacle than Manufacturing companies, but there are few differences between the Private Sector as a whole and the Public Sector.

Our case studies provide further information about the reasons that workers may resist:

- Fear of job losses;
- Fear of detrimental changes in pay or working conditions;
- Uncertainty regarding their ability to work effectively in a more demanding environment;
- Dissatisfaction with potential increases in accountability, and requirement to fulfil a wider range of more complex tasks;
- Fear of a higher work load;
- Fear of loss of autonomy or technical status; and
- Unwillingness to accept responsibility for quality, continuous improvement or customer satisfaction.

Some of these problems are illustrated in the case of a large manufacturing company in Benelux in the Exhibit below.
Case Study: BF (Benelux)

One of the most important employers in its part of the Benelux region, BF produces technologically advanced electrical equipment. Part of a larger group of companies, the plant employs around 2500 people and has a turnover in excess of € 300 million.

As part of a strategic review, the company identified the need to improve efficiency, raise quality, optimise maintenance activities and expand the range of products. BF therefore decided to introduce work organisation changes that would allow employees to switch between different units within the plant more easily and enable work to be carried out with more autonomy to solve everyday production issues. This, the management believed, would be achieved through the introduction of team working.

BF had, however, introduced limited teamwork 20 years ago. This was limited to some dispersed experimental teams. In the 1990s, these had been expanded but the number of employees involved remained small. The isolation of the teams had led to different team designs that were not compatible. Therefore, in this new plan, an integrated approach was established.

Previous experience with team working enabled BF to anticipate some of the problems that would emerge from implementation. Nevertheless, a number of unanticipated problems also emerged. For example, many functional specialists and older production workers opposed the process of change. Communication and consultation programmes failed to build commitment to change amongst these groups.

Some employees were highly resistant to change. Workers in specialist functions, such as maintenance, whose activities will be taken over by the new teams refused to share their knowledge during the implementation process because of fears of loss of status.

As a result of these problems, implementation was more expensive (because of more intensive communication and training for older employees), slower, and less extensive. In some units, implementation has been delayed and for those in partially mechanised production environments, teams are not yet fully operational.

Even though the reform programme is not yet finished, the effects are positive. Operators can switch more easily between different workspaces, quality has improved and the process for resolving operational issues is now faster. BF claims that even in this stage, the positive results are reflected in the improved financial performance.

Our case studies also shed greater light on the attitude of Trade Unions. They show that whilst some Trade Unions promote the introduction of New Forms of Work Organisation, others resist, particularly where there has been a history of adversarial Industrial Relations. Some Trade Unions resist because:

- They reflect the concerns and fears of their members;
- They fear the loss of traditional collective bargaining arrangements or loss of status or influence; and
- They are uncertain how to function in a more complex IR environment.

The problems of employee and Trade Union resistance are illustrated in the case of a large company in Denmark, and are summarised below.

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35 It should, however, be recognised that in some situations, employee representatives take the initiative and advocate the introduction of New Forms of Work Organisation practices.
Based in Denmark, this company employs 650 in the engineering sector. Its main products are machines for power generation, known as “GenSets”. It has a turnover in excess of Euro 100 million. It is a subsidiary of a large global engineering group.

New Forms of Work Organisation were introduced in two waves. In the first wave, changes complemented the introduction of new manufacturing technologies. The second wave of change took place a number of years later, in order to respond to increased competitive pressure and to attract better quality, skilled labour.

In the first ‘wave’ of organisational reform, the objective was to establish an autonomous group responsible for the day-to-day operation of the newly acquired “Flexible Manufacturing System” (FMS). Part of the inspiration for this model came from the employees. Through the union’s work with a technology assessment project, they had illustrated the possibilities for changing work content in a desired direction in connection with the introduction of a new advanced production system. The management welcomed this invitation from the employees to discuss the best way to achieve a win-win outcome in the FMS department. They were granted development support from a programme under the Danish Department for Trade and Industry against an agreement to act as a demonstration workplace for others.

The new approach included: autonomous teams, extensive training activities, and a new remuneration system. The results have been very positive. Lead-time has been reduced from 8 weeks to 1 week; batch sizes have more than halved; and productivity has been increased considerably. The system now runs with an active operating time of more than 90%.

Despite the positive results from the first wave of changes, the new working practices were not spread to the rest of the enterprise. The second wave did not begin until a number of years later and has encountered problems. In one case, new group working processes have been abandoned because of employee resistance.

One of the obstacles, amongst others, has been resistance from employee representatives. The company has had an adversarial, zero-sum industrial relations culture. The enterprise was set up over 100 years ago as a metalworking company and that is quite obviously reflected in the culture of employee-management relations. Traditionally, the situation is considered as one in which the gains of one party in the negotiations become a shortfall for the other. Mutual confidence between the parties as a precondition for an experimental win-win development was lacking.

As a result of this, and other obstacles, there has been a delay in the introduction of NFWO throughout the enterprise for a number of years. Fortunately, the original pilot group is still operating successfully and so the experiences gained from this group can still form the basis for future developments.

However, our case studies include a number of examples where organisations have involved their employees during the change process and where managements have altered designs and implemented “consensus” solutions after consultation with employees and their Trade Unions.

There is no evidence from the survey or the case studies that it is more difficult to implement organisational change in organisations where employees are represented by Trade Unions. There is, in fact, some evidence from literature that the change process is easier where Trade Unions are proactive and supportive.
Moreover, there are no examples in the case studies where companies have gained the full benefits from change by “imposing” it on an unwilling work-force.

In overall terms, **negative attitudes amongst middle managers** are perceived to be a less important obstacle than employee resistance. This pattern is consistent across organisations of different sizes, in different sectors and in different countries. Nevertheless, middle managers are perceived to be a relatively more important obstacle in the Public Sector than in the Private Sector (46% and 34% respectively), and in the UK/Ireland (50% compared to an average of 36% elsewhere). Indeed in the UK/Ireland, negative attitudes amongst middle managers were perceived to be the third most important obstacle.

Again, our case studies provide further information about the reasons that middle managers may have negative attitudes to New Forms of Work Organisation:

- Fear of job losses due to de-layering of the organisation;
- Fear of loss of status and self-image;
- Concern about future promotion prospects in the new organisational structure; and
- Concern about the difficulty of fulfilling a “manager-as-coach” role in the new participative culture.

This is illustrated in the case of a Public Sector organisation in Germany.

**Exhibit 37**

**Case Study: GE (Germany)**

This Elderly Care Centre was set up in 1983 as a retirement home in Cologne. It is a Public Sector organisation, which belongs to the AWO (Arbeiterwohlfahrt), a well-established workers welfare institution in Germany. In total, the home caters for around 200 inhabitants at any one time. The organisation offers medical care, as well as other services such as household services and cultural and entertainment facilities to the elderly people and their relatives. Overall, the organisation employs around 170 people, including a significant number of part-time employees.

In recent years there has been a significant increase in competition within regional private and public care-markets, and in expectations for service quality amongst the elderly and their families. The organisation, therefore, faced the challenge of improving efficiency through reducing costs and improving quality. Moreover, it also had to introduce a new Government specified internal quality-system.

The Care Centre therefore implemented a major programme of organisational reform. A new quality system was introduced based on the EFQM-Model for Excellence of the European Foundation for Quality Management (EFQM). Changes include changes in leadership style, project teams, new performance measurement systems and new quality systems.

However, the organisation encountered a number of problems. In particular, middle managers were, at first, resistant to the new changes introduced. They feared loss of status, the devaluation of their work and an increase in “control by operating figures”. Also they were afraid of the new opportunities for employees to participate in the day-to-day decision-making, as it made them feel uncertain.

This made the implementation process more difficult than expected and led to delays.
Our case studies also show that, in general terms, resistance to change amongst employees, trade unions or middle managers can take one of two different forms: “passive” or “active”.

“Passive” resistance involves lack of co-operation; refusal to share information, “feet dragging” and “not invented here” type attitudes. “Active” resistance, on the other hand, can involve a refusal amongst managers to implement necessary changes, unnecessary delays (or even a halt to the process) by the Trade Union or the Works Council, and an overly strict interpretation of the rules by Trade Unions.

5.3.4. Legislative Obstacles

The introduction of New Forms of Work Organisation frequently involves major changes to working time, job classifications, consultation processes, and reward systems. Moreover, these changes are often specific to individual teams or to individual plants or sites. They tend not to be industry- or even company-wide.

In many EU countries, these issues are regulated directly by legislation (Labour Law, Fiscal Law) or indirectly through the terms of Collective Agreements.

Our survey shows that respondents in some organisations perceive that inflexible labour laws or Collective Agreements create a significant obstacle to the introduction of New Forms of Work Organisation (53% of organisations).

But there are significant differences between countries. Organisations in Germany (70%), France (64%), Italy (59%) and Benelux (56%) perceive it as a much more significant obstacle than in other countries. Indeed organisations in Germany believe that inflexible labour laws and Collective Agreements are the second most important obstacle, nearly as significant as cultural obstacles (73%).

This is illustrated in the diagram below.
Our case studies shed greater light on some of the reasons why Labour Laws and Collective Agreements create problems:

- **They can create significant inflexibility:** Labour laws and Collective Agreements can make it difficult for organisations to design solutions that meet the needs of their particular circumstances. They can make it difficult, for example, to design pay systems for teams, departments or plants that meet the specific needs of that organisation. They can also make it difficult to change working time arrangements to meet the needs of individual teams. This can limit their effectiveness. This is illustrated in the case of an Austrian District Administration.

  **Exhibit 39**

  **Case Study: ADA (Austria)**

  This organisation delivers administrative services delegated by law to the district level. It employs 125 people and its annual product budget is around Euro 9 million.

  After a change in the top management of the organisation had taken place in 1994, the new director personally decided to re-design the organisation and introduce New Forms of Work Organisation.

  The new director established a new vision for the organisation. The goal was to establish the district administration as a customer oriented service unit and to improve service quality according to citizens’ need. Cost transparency was to be improved and efficiency raised. There was also a desire to use new information and communication technologies more effectively.

  Applying a holistic approach of organisational reform brought about fundamental changes. These included greater employee participation, team-working, new structures, new quality control and performance measures, and new training programmes.

  As a result of the changes there has been a significant and measurable improvement in many activities of the organisation. Overall the process of re-organisation is considered to be a success story both within the organisation by management and employees, by other administrative units of the provincial administration (even by fellow district administrations), and in the academic sphere.

  But, the organisation encountered a number of problems during the implementation process. One of the reasons for this was inflexible labour regulation in Austria. Labour law in Austria for public sector employees is particularly restrictive, and this made it difficult for the organisation to implement changes in work organisation. Major problems were encountered because of the lack of opportunity to compensate extra hours adequately with leisure time and to make work time more flexible in general. Moreover, regulations in Austria do not provide opportunities to reward employees according to their own individual performance or their team’s performance. Ultimately, this can impose limits on the success of team working.

- **They can raise costs:** In order to overcome the difficulties associated with inflexible Labour Laws and Collective Agreements, and to ensure that new working practices are effective, some organisations in Europe are compelled to develop expensive “local solutions” to overcome problems. They also have to hire specialist advisors to devise complex solutions. For example, remuneration packages that include stock options require extensive specialist input in some countries. This is illustrated in the case of a Finnish manufacturer.
Exhibit 40

Case Study: FHK (Finland)

A Private Sector firm FHK is a nationwide company producing meat products, convenience foods, and pet foods in several factories around Finland. This case examines a factory located in southwest Finland, employing about 215 people.

To respond to significant increases in competition, and to rectify problems of falling turnover, profitability, and productivity, senior management was forced to develop a new strategy in order to survive. The company started a reform programme in all of its factories. The aim was to create trust and develop a new way of working through the development of a new approach to leadership, new communication practices, and new reward systems.

The changes introduced have had positive outcomes on the work environment, work processes and productivity of the company. There have been no strikes during the development process, and customer satisfaction has improved.

However, the company encountered a number of problems during the implementation process. Some of these arose because of inflexibility in Labour Laws and Collective Agreements. Whilst existing Collective Agreements did not actually stop the changes, they did not help them. With the help of local officials and shop stewards, it was possible to find local solutions to meet the specific market situation. For example, Labour Laws placed some restrictions on working time arrangements. This complicated the organisation of work. But it was possible to devise local flexible solutions. For example, a group of volunteers work on Saturdays and Sundays for 12-hour shifts, in return for 42 hours pay and a week’s allowance.

- They can delay the introduction of New Forms of Work Organisation:
  The need to revise national agreements in some situations, or to devise “local” ad hoc solutions often delays the introduction of New Forms of Work Organisation. This is illustrated in the case of a large Italian food manufacturing company.
Exhibit 41

<table>
<thead>
<tr>
<th>Case Study: IB (Italy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A leading Italian company in the food industry, IB has 25 production centres, 16 in Italy and 9 overseas. The company employs more than 7,000 people and has a turnover of over Euro 2 billion.</td>
</tr>
<tr>
<td>IB has reformed its internal organisation and working practices to improve market performance by increasing the efficiency of production units; to align the organisational structure and working practices with market trends; and to invest in training and the professional growth of human resources.</td>
</tr>
<tr>
<td>The new organisational model was introduced in 1999, following agreement with the trade unions. To date, it has been adopted by over 30% of production workers in all of the group’s units. There are plans to extend the model to all production workers over the next two years.</td>
</tr>
<tr>
<td>The changes have focused on the introduction of a modern, high performance work system, including team working, a new system for measuring individual and team performance, new communication methods, new training programmes, and a new performance linked remuneration system.</td>
</tr>
<tr>
<td>The new organisational model has been in place for less than a year, but there has already been a material increase in productivity.</td>
</tr>
<tr>
<td>The main problem encountered by the company during the implementation process was the difficulty in building commitment to the process of change. This problem was a symptom of more complex, underlying obstacles to organisational reform within the company. There were three major obstacles: lack of managerial skills, the existing culture of the organisation, and inflexible Collective Agreements.</td>
</tr>
<tr>
<td>Mandatory Collective Agreements were a problem because the introduction of new labour organisation methods in general, and the new reward system mechanisms in particular, did not conform to the existing national, Collective Agreement. To overcome this, the company was forced to negotiate at a national level through the creation of an ad hoc committee, whose members included trade union representatives from outside the firm, to define a supplementary agreement.</td>
</tr>
<tr>
<td>The implementation process took at least a year longer than scheduled, because of the need to overcome this problem.</td>
</tr>
</tbody>
</table>

The key issue that emerges from our case studies is the design of Labour Laws and Collective Agreements. New Forms of Work Organisation are based on a multiplicity of different organisational solutions that are specific to an individual organisation and to individual parts of the organisation. This is very different from traditional “Taylorist” approaches where there tended to be strong similarities between the approaches used by different organisations.

This may mean that the nature of regulations and Collective Agreements need to shift away from prescriptive, command and control approaches towards an approach that allows greater flexibility and local adaptation, within a broad framework.

Further work is required, however, to understand the detailed problems created by existing Labour Laws and Collective Agreements in Europe. In particular, there is a need to explore the extent to which the problem is based on perception rather than
reality, and the extent to which Labour Laws and Collective Agreements create genuine problems that are difficult to overcome within a reasonable period of time.

5.3.5. Competence and Skills

Our survey identifies that there is a general competence and skills gap at all organisational levels – senior management, middle managers and workers. They are all important, but our survey shows that the most important gap is lack of skills among senior managers, leading to a failure to appreciate the scale and nature of the problems associated with organisational change.

Failure by senior management to appreciate the scale and nature of the problem is important across organisations of different sizes and in different sectors. But it is relatively more important in Small organisations (where it is ranked as the second most important obstacle) and in Manufacturing companies (where it is again ranked as the second most important obstacle). Public Sector organisations, on the other hand, ranked this as a less important issue. “System” Users see it as a significantly more important obstacle than “Transition” Users (71% and 51% respectively). Organisations in the Nordic countries, Benelux, Germany and Italy also see it as a relatively more important obstacle than organisations in other countries.

Exhibit 41

<table>
<thead>
<tr>
<th>Obstacles: Competence and Skills by Type of User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to appreciate scale and nature of the problem</td>
</tr>
<tr>
<td>Insufficient Management Expertise</td>
</tr>
<tr>
<td>Lack of Workforce Skills</td>
</tr>
</tbody>
</table>

Our case studies provide further insight into this issue. They show that the issue manifests itself in a number of different ways:

- **Design skills**: Some senior managers are not fully aware of the importance of creating a “System” of inter-related and internally consistent work practices and human resource management policies. In this way, the different elements of the new organisation fit together and reinforce each other. Moreover, some senior managers also fail to appreciate the need for complementary changes in other parts of the organisation and in the supporting infrastructure.
• **Planning skills**: Some senior managers fail to recognise the importance of overcoming the “soft” obstacles in their organisation, particularly cultural obstacles and resistance to change amongst middle managers and workers. Some also fail to understand the overall capacity of an organisation to absorb rapid, complex organisational changes. They tend to expect “too much too soon”.

• **Implementation skills**: Some senior managers are not aware of the importance of a clear vision, strong focus, wide consultation, good listening skills, extensive communication, strong involvement, and high commitment. Some are also too optimistic about the length of time it takes to implement new work organisations.

Much of the day-to-day responsibility for implementing organisational change falls on middle managers. But middle managers often lack the relevant expertise, as they tend frequently to have strong functional or technical backgrounds. Moreover, many have little experience in managing organisational change.

This is reinforced by our survey, which shows that insufficient management expertise is an important obstacle for some organisations (43%) but particularly for “System” Users (51%) and for organisations in the Nordic countries (71%).

Our case studies show that the biggest problems tend to lie in the areas of design (particularly of new performance measurement systems and of new remuneration systems), and implementation (particularly overcoming cultural obstacles and resistance to change amongst workers).

Insufficient management expertise is illustrated in the case of a small services company in Greece.
Exhibit 42

**Case Study: GD (Greece)**

GD is a private, family owned company in the retail sector. With a staff of 70, mostly sales assistants, it has a turnover of nearly Euro 4 million. The company owns a chain of stores across Greece selling mid-range decorative items for the home (vases, glass objects, kitchenware, and furniture).

The market has become increasingly competitive because of pressure from domestic and large, multinational retail chains. To survive in this environment, GD needed to increase its revenues to pay for higher advertising costs, and to strengthen it’s only source of competitive advantage, a high quality sales environment and service. However, providing high quality service in the Retail sector requires highly motivated and skilled salespeople. Such people are hard to find in the Greek labour market because of the low social status of sales assistants and the absence of a vocational training system for sales people.

Organisational reform seemed the best way to achieve a higher quality input from the company’s employees, and hence raise standards of service. The company introduced a wide range of organisational changes, including team working, training, communication, and performance-related pay.

During the process of implementation a number of problems emerged as a result of a series of underlying obstacles to organisational change. One of the important obstacles was a lack of managerial expertise. The new manager brought in to implement the programme, for example, displayed a weakness in implementing employee performance assessment because her past experience in a state-owned, unionised setting inhibited her from giving unfavourable marks to employees for lacklustre performance. The good marks she gave to every employee were not credible or helpful to the company.

The change in attitudes and culture that the new system sought has not yet been achieved. Attitudes are hard to change, and monetary incentives need time to affect behaviour. However the diagnosis for the future is “guardedly optimistic.” There are signs that the company’s target for an increase in revenues will eventually be reached by most of its stores.

Lack of workforce skills are also identified as an obstacle by some organisations (42%). This is particularly the case in small organisations (where it is ranked as the third most important obstacle) and in “System” Users (57%).

Our case studies show that the gaps tend to be in the following areas:

- **General skills**: Some workers lack skills in areas such as team working, quality, continuous improvement, and IT.

- **Functional specialisation**: Some workers are qualified in narrow specialist areas and find it difficult to gain the general skills needed to be able to rotate jobs and fulfil different functions in a team.

Lack of workforce skill is illustrated in the case study of a large manufacturing company in Denmark.
Exhibit 43

Case Study: DE (Denmark)

This company is a major Danish manufacturer in the textiles sector, employing more than 700 people in Denmark. Production is labour intensive, and most has been outsourced to sites in lower wage economies. In total, the company has 9,000 employees, and has been expanding consistently for a number of years. Turnover is now over Euro 500 million.

The company has implemented three waves of organisational reform in order to improve its competitiveness.

All three initiatives have created teams (autonomous groups) as the principal organisational change, supported by comprehensive training with extensive use of the special Danish AMU-system (Adult Vocational Training) for the development of semi-skilled employee competencies. As well as this, the company has itself taken the initiative to develop a course with alternating theory and practical exercises with the aim of providing a better understanding of the way products are made and, in particular, the relationship between different operational areas.

The general result of the team-based organisation is that absenteeism has decreased, quality levels have increased and everyday problems are solved more quickly. Numerical and functional flexibility has also increased.

The company has, however, experienced a number of problems over the ten-year implementation period. These problems were ‘symptoms’ of a series of underlying obstacles to change in the company.

One of the most important obstacles was lack of workforce skills. Most of the work force is semi-skilled and lacks technical skills and experience in team working. Extensive training is, therefore, an essential pre-condition for success. One of the weak points of the programmes has been that the level of preparatory training provided to workers has varied in quality and quantity. Subsequently, teams or new members of the groups received much less training, and this created an informal hierarchy within the groups and obstructed co-operation.

Over the last decade, the company has made improvements that, in spite of periodic pauses, have been beneficial to both the company and the employees.

Sectoral Collective Agreements can, however, facilitate improvements in the skills needed by employees when changing work organisation.

In overall terms, the problems created by lack of competence and skills are more pronounced in smaller organisations and in “System” Users. This may be because some small organisations lack management depth (compared to large organisations) and lack the resources for large-scale training and recruitment. System Users may have faced particular difficulties because of the complexity and the scale of the changes they sought to introduce. Evidence from the case studies also shows that organisations with little experience of organisational change face greater problems. Here managers do not gain experience, traditional cultures become entrenched and employees have few expectations of change.

The case of a private school in Spain illustrates the problems that arise when there are competence and skills gaps at senior manager, middle manager and worker level.
Case Study: SU (Spain)

Located in Vitoria, Spain, the SU School was founded in 1882, to provide co-educational, subsidised education for 3-16 year-olds, and partially state assisted education for older pupils – i.e. affordable education for all. The school has 1200 pupils, and 85 teachers.

In 1991, the school decided that a new management team should assume responsibility for the school, comprising teachers from the centre. The new team set out to improve the performance of the organisation through the introduction of a series of initiatives, including the creation of formal long and medium-term objectives, the introduction of formal strategic and operating plans, and the adoption of a Total Quality Management Plan based on the European Evaluation Model (EFQM).

To meet these challenges, the organisation undertook a series of reforms, including organisational change.

Specifically the changes involved the introduction of a flatter organisational structure; continuous improvement; new performance measures; changes in management recruitment policies; increased participation amongst the teachers in the management of the school; training; and the introduction of multifunctional project teams to achieve performance improvement and to manage key processes.

In overall terms, the organisation has achieved the goals the established when they started the change process. But they also encountered problems during the implementation process. One of the most important reasons for this was the level of competencies and skills amongst employees and managers. Specifically, SU faced:

- **Lack of managerial implementation experience:** the organisation was unable to establish a formal training programme for all the staff, in the early stages of implementation because of the lack of managers with implementation experience.
- **A failure of senior managers to fully recognise the scale and nature of problems:** Senior managers initially under-estimated the lack of workforce skills and the impact of this on the capacity of the organisation to cope with the EFQM approach;
- **Lack of key managerial implementation skills internally:** complex organisational change was a new topic for the middle managers of the school.
- **Lack of workforce skills:** the existing teachers had no experience of using total quality tools and continuous improvement techniques.

As a result, the budget has increased significantly, and time delays have occurred.

5.3.6. Resource Obstacles

Traditionally, some studies have identified lack of access to resources as a major obstacle to the introduction of New Forms of Work Organisation. By this we mean access to financial resources, high quality external expertise and related investment (e.g. in ICT). Our survey, however, suggests that access to resources is not a big problem.

This view is held across companies of all sizes, including small ones. But there are some exceptions to this. Our survey shows, for example, that insufficient financial resources are a much more significant obstacle in the Public Sector (52%) than in the Private Sector (30%).
Our case studies shed further light on the issue of financial resources. In particular, they highlight two particular problems:

- **Lack of cash:** Some organisations have faced obstacles because they lack cash to finance important changes, particularly the introduction of new training schemes and the development of new remuneration and incentive packages. This is particularly the case in the Public Sector.

- **Lack of overall financial capacity:** Some organisations lack the overall financial capacity (in terms of cash generation and balance sheet strength) to withstand major changes in the external environment and therefore to sustain programmes of organisational reform. This is particularly a problem for small organisations or for larger organisations with weaker balance sheets, high operational gearing and poor market positioning in highly competitive markets.

### 5.4. The Consequences

Our survey also explored the consequences of the implementation problems that organisations experienced. Organisations were asked to indicate whether they had experienced any of a list of five consequences as a result of implementation problems. They were also given the opportunity to identify any other consequences that they had experienced.

The most common consequences are:

- Implementation took much longer than planned (65%);
- Organisation unable to implement all the changes they wanted (55%); and,
- Implementation was much more difficult than expected (53%).

Exhibit 46

Interestingly, less than one-third of the users that experienced problems considered that “implementation was less effective than they had hoped”. Taking account of the number of users that claim that they did not experience any problems, the share of total users of NFWO that considered that “implementation was less effective than they had hoped” was only around a quarter. This means that the vast majority consider that implementation was at least as effective as they had hoped.

There are some differences between different types of organisations. More Public Sector organisations believe that implementation has been less effective than hoped (46% versus 28% in the Private Sector).

There are also some differences between countries. More organisations in Germany and Italy believe that they have been unable to implement all the changes they wanted.

These consequences are important for organisations in Europe.

Time delays matter because the introduction of New Forms of Work Organisation is an important means of improving competitiveness for many organisations. Shorter life cycles, liberalisation, increased competitive intensity, and globalisation are just some of the forces that make it important that organisations act quickly to maintain and improve their competitiveness. Significant delays in changing work organisation can significantly erode an organisation's position.
A failure to implement all of the desired changes is a matter for concern, particularly if it means that an organisation is unable to implement a full work organisation “System”. A system is critical to maximising the benefits and sustaining the changes; if an organisation is unable to implement a system, it is likely to experience problems in the longer-term.
6. CONCLUSIONS

6.1. OVERALL CONCLUSIONS

Significant changes are taking place in the way in which work is organised in Europe. Nearly two-third of organisations with more than 50 employees are users of New Forms of Work Organisation. But only 10% are “System Users”, whilst 51% are “Transition Users. This means that only a small proportion of organisations in Europe are gaining the full benefits from a systems approach. Moreover, even fewer SMEs and organisations in the Public Sector are benefiting fully from an integrated systems approach to New Forms of Work Organisation.

Our study explores the reasons why some organisations do not use New Forms of Work Organisation. Our research shows that the problem is not a lack of awareness of these new organisational techniques. Indeed, most non-users believe that they have rejected this organisational approach for rational, strategic reasons, predominantly related to customer needs or organisational strategy or culture.

Our study also examines the problems that organisations face when introducing New Forms of Work Organisation, and the underlying reasons why these problems occur.

Our research shows that implementation is rarely a trouble-free experience. Most organisations experience problems. But there is no single dominant problem – the types of problems encountered are quite disparate.

The most important underlying causes of these problems are “culture” and “resistance to change”. This is not surprising given the extensive nature of the changes involved in introducing New Forms of Work Organisation. But in some countries, it is perceived that inflexible Labour Laws and Collective Agreements can also create significant obstacles to the introduction of organisational changes.

As a result, implementation takes longer than planned, organisations are unable to implement all of the changes that they want, and implementation is more difficult than expected.

6.2. REVISED HYPOTHESIS

Based on the findings from our research, we have revised our initial hypothesis. This is summarised below:
<table>
<thead>
<tr>
<th>Exhibit 47</th>
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</table>

**Final Hypothesis**

**Awareness**
1. Most organisations (including “Non-users”) are aware of the existence of New Forms of Work Organisation.

**Rejecters**
2. Organisations who reject New Forms of Work Organisation fall into two main categories: “Top of Mind” Rejecters, and “Analytical” Rejecters
4. “Analytical” Rejecters do so principally for “internal” reasons.

**Users**
5. Most Users suffer problems.
6. Users experience difficulties in both the design and the implementation stages.
7. Public Sector Users suffer more problems than Private Sector users.
8. “System” Users suffer more problems than “Transition” users.
9. The single most important obstacle to change is “Culture”.
10. “Resistance to change” (from employees and middle managers) and “lack of management competencies” are also important obstacles.
11. In some countries, organisations believe that inflexible Labour Laws or Collective Agreements create significant obstacles for them.
12. Users do not suffer from resource constraints.
13. Most Users take longer to introduce New Forms of Work Organisation than they expect.
14. Most Users achieve the benefits they expect from New Forms of Work Organisation.
7. PUBLIC POLICY IMPLICATIONS

7.1. BACKGROUND

Since the nineteenth century, governments have facilitated economic growth through investments in education and infrastructure. They have also taken a leading role in disseminating new technologies, in shaping attitudes, and in protecting workers.

Hence, the diffusion of New Forms of Work Organisation is an area where governments have an important role to play.

The OECD has identified three principal areas for policy intervention:36 Specifically:

- Fostering the adoption of “innovative workplaces” by individual companies;
- Enhancing the development of human capital; and,
- Reforming framework conditions to maximise the incentives to introduce New Forms of Work Organisation and to minimise the obstacles.

Our research complements this. It is clear that there is a need for policy-makers to examine “framework conditions” in general, and capital and product market legislation in particular, to ensure that organisations face strong incentives to invest in organisational innovation. Moreover, in the case of Public Sector organisations, governments need to review governance frameworks to ensure that they support organisational change.

But our study also identifies two specific challenges for policy makers: firstly how to increase the penetration of New Forms of Work Organisation in overall terms; and secondly, how to help more “Transition” users to become “System” users (and to do so more quickly).

7.2. INCREASING PENETRATION AMONGST NON-USERS

Around 40% all organisations in our survey make no use of high performance work organisation methods.

In the past, many policy-makers have seen a lack a lack of awareness of New Forms of Work Organisation and its benefits as being the biggest single obstacle to increased penetration of organisational reform. To overcome this, public resources have been used to support programmes to raise awareness. Our study shows that these investments have had considerable success. There is now a relatively high penetration of usage of at least some new work organisation practices in the majority of organisations. Moreover, lack of awareness amongst non-users is remarkably low (5% of organisations with more than 50 employees)37.

37 Our survey did not cover smaller enterprises (with less than 50 employees), and there may be a continuing “awareness gap” amongst such organisations.
Our research also suggests that the majority of non-users claim to do so for rational business reasons, predominantly relating to customer requirements, strategic fit and the relationship between costs and benefits. Yet, more than half of the companies who have decided to reject the introduction of New Forms of Work Organisation have done so without a formal assessment of costs and benefits.

In this situation, policy-makers face a difficult problem. On the one hand, levels of non-use are still significant, and widespread diffusion of high performance work techniques is important for increasing productivity, living standards, and employment. But, on the other hand, the vast majority of non-users believe that they have made their choice for sound business reasons. The problem is further complicated because there is no single “right” solution to the way in which organisations in Europe should organise.

Although high performance work methods may not be appropriate for some organisations, the wider economic and social benefits of new organisational methods are sufficiently large to justify the use of public policy in an attempt to persuade some of the organisations that have previously rejected the introduction of New Forms of Work Organisation to re-consider their decisions.

There are potentially two ways forward: first, to persuade “top-of-mind rejecters” to review the business case in a more systematic and formal way; and second, to help those who are undertaking an analysis of costs and benefits to better understand the latest ideas about the business case for investment in New Forms of Work Organisation.

Potential areas for action\footnote{The precise way in which these actions should be implemented will differ from country to country, depending on the respective role of Governments, Social Partners, and Business Networks in each country.} therefore include:

- Undertaking studies to identify and quantify the “business case” for change, including methods of measurement and evaluation.

- Supporting “demonstration projects” (particularly at local level) that highlight how organisations have identified and evaluated the case for change.

- Developing diagnostic tools to help organisations to assess whether the introduction of New Forms of Work Organisation could be beneficial to their organisation.

- Supporting programmes by Social Partners to highlight the case for change and its formal assessment.

- Providing recognition (using existing instruments wherever possible) to organisations that successfully introduce New Forms of Work Organisation and employ good practices.
• Implementing targeted programmes designed to raise awareness about New Forms of Work Organisation among organisations with less than 50 employees.

7.3. EXPANDING THE NUMBER OF “SYSTEM” USERS

The second issue for policy makers is how to help more “Transition Users” to become “System Users” (and to do so more quickly). This can be achieved by encouraging organisations to implement a wider set of inter-related working practices and Human Resource policies, and by encouraging larger companies to implement such practices and policies across all units, departments and divisions.

There is clear evidence that new work organisation practices are most effective when linked together as part of a “System” i.e. groups of inter-related and internally consistent work practices and human resource management policies.

But only 10% of organisations in Europe (with more than 50 employees) are System” Users. The majority (50%) are partial or “Transition” Users. Indeed in the Public Sector and amongst SMEs there are even fewer “System” Users.

The differences between “System” and “Transition” Users lie primarily in the way in which work is co-ordinated across the organisation, and in the use of specific Human Resource Management policies. In general terms, System Users introduce a more pervasive set of changes into their organisation, that move well beyond team working within a specific operational group.

This probably explains why our research shows that more System Users encounter specific problems than Transition Users and why more System Users face obstacles concerning management competence and expertise.

But in overall terms, Transition Users and System Users encounter the same set of problems and a similar set of underlying obstacles. But there is also evidence that System Users tend to face very powerful external pressures to change – from customers, competitors and investors.

7.3.1. Reducing Obstacles

Our suggestions for actions by policy-makers focus on two areas: lowering obstacles to organisational reform; and raising awareness of the benefits of using a “high performance work system” (the “System” approach).

To lower the obstacles identified in our surveys, possible areas for action include:

• Supporting improvements in the nature of education provided by business schools to senior and middle managers, particularly with regard to the design and implementation of New Forms of Work Organisation. The EU, for

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example, could fund research to examine existing business school curricula and its relevance to the design and implementation of new, high performance work systems.

- Using EU funds to support the education and training of managers, workers, and employee representatives such that they are better able to implement New Forms of Work Organisation. This could include assessing existing ESF-funded programmes and identifying examples and case studies.

- Promoting the development of inter-firm networks to educate companies and inter-union networks to educate trade unions, to pass on best practice, and to assist with training and benchmarking.

- Encouraging the Social Partners to engage in active dialogue about the benefits of New Forms of Work Organisation with companies, employees and society at large.

- Developing the capacity of Universities and Research Institutes to provide support to organisations that are introducing New Forms of Work Organisation.

- Ensuring that the content of basic education helps young people to be flexible and prepares them for a future working life in more challenging environments in which they will need to up-grade their skills regularly and to adapt to change.

- Helping policy makers to understand the potential impact of legislation (particularly Labour Laws and Collective Agreements) on the ability of organisations to introduce New Forms of Work Organisation successfully.

- Funding further in-depth research to understand the specific problems created by existing Labour Laws and Collective Agreements and to develop recommendations to improve the design of Labour Laws and Collective Agreements.

In addition, it would be valuable to examine the specific problems experienced by the Public sector in more detail, particularly the differences between national and local government, public administration and publicly owned enterprises, and between public sector organisations and private sector organisations that have taken over public services.

7.3.2 Raising Awareness of the benefits of a “System”

In addition, action should be taken to raise awareness amongst Users of New Forms of Work Organisation of the benefits of introducing a “System”. This could include:

- Supporting new “demonstration projects”, and raising the visibility of existing projects, to help companies and trade unions gain access to the experience of ‘practitioners’, particularly “System” Users.
• Providing information to managers, workers, and Social Partners about the key, generic elements of “high performance work systems” and how to implement them.

• Financing education and training projects to provide information to companies and trade unions about the benefits of introducing new work organisation practices as a “System”.

Business Decisions Limited
October 2002
APPENDICES
APPENDIX A

TELEPHONE INTERVIEW QUESTIONNAIRE

OBSTACLES TO NEW FORMS OF WORK ORGANISATION

Section A: INTRODUCTION

Good morning/afternoon. My name is ABC, from Abacus Research. I am carrying out a survey on the organisation of work in companies and in the Public Sector, on behalf of The European Commission. My questions will only take about 15 minutes and I wondered if you could help me.

A1. Can I check that you are the person responsible for Human Resource or Personnel Policy in this organisation? (Tick one box only)

☐ Yes CONTINUE ☐ No ASK WHO TO SPEAK TO AND CLOSE

Please be assured that anything you say will be treated in confidence and will not be identified with you personally or your organisation.

Section B: BACKGROUND INFORMATION

Firstly, I’d like to ask you a few background questions about your organisation. Most questions are to be answered for the workplace at which you are located.

B 1. How many employees are there at your workplace? (Tick 1 box only.)

☐ 1-49 ☐ 50-99 ☐ 100-249 ☐ 250-499 ☐ 500 or more

B 2. And how many employees are there in the organisation as a whole (including other workplaces at different locations)? (Tick 1 box only.)

☐ 1-49 CLOSE ☐ 50-99 ☐ 100-249 ☐ 250-499 ☐ 500 or more

B 3. What is the main sector that you operate in? (Please tick 1 box only.)

☐ Manufacturing ☐ Services ☐ Public Sector ☐ Other

Section C: CLASSIFICATION OF USERS

This questionnaire focuses on the largest group of non-managerial workers at this workplace who are directly involved in making the product or providing the service. For ease of reference, we shall call this the “largest operational group”.

For example, these might be assembly line workers at a factory, computer programmers in a software company, customer service representatives in an insurance company, or administrative staff in a Government Department.

C 1. How would you describe your “largest operational group”? (Tick one box only)

☐ Production or Operations
☐ Sales or Marketing
☐ Customer Support
☐ Transport, Warehousing or Distribution
☐ Technical or Product Development
☐ Administrative or Clerical
☐ Other (Please Specify___________________________________________)

70
I am now going to ask you some questions about how work is organised in your “Largest Operational Group”.

C 2a. Are a significant proportion of the workers in this group organised on the basis of “formally designated teams”? By this we mean a group of workers who make certain decisions themselves on how their work is performed, without reference to management. This could include teams that have flexible or changing membership. (Tick one box only) IF RESPONDENT ASKS WHAT IS MEANT BY A “SIGNIFICANT PROPORTION” SAY “MORE THAN ONE THIRD OF WORKERS IN YOUR LARGEST OPERATIONAL GROUP”.

☐ Yes GO TO C2b
☐ No GO TO SECTION D (“NON-USERS”)

C 2b. IF YES, When did you introduce these “formally designated teams”? GO TO C3

☐ Within the last year  ☐ 2-5 years ago  ☐ 5-10 years ago  ☐ 10 or more years ago

C3. Thinking about these “formally designated teams”. Which, if any, of the following statements apply to the way that team working operates in this group? (Tick one box per row). [IF LARGE NUMBER OF D/K, THEN LIKELY THAT YOU ARE SPEAKING TO WRONG PERSON. ASK TO SPEAK TO PERSON WHO WOULD KNOW AND RESTART].

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>D/K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team members jointly decide how work is done</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Teams are responsible for solving operational problems</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Teams are responsible for quality assurance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Teams are accountable for achieving agreed targets</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Team members choose their own team leaders</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Team members are trained to carry out more than one task within the team</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Team members regularly alternate between different tasks</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

TOTAL SCORE (COLUMN TOTAL)

☐ ☐ ☐

IF RESPONDENT SCORES 2 OR LESS IN THE YES COLUMN, THEN HE IS A “NON-USER” AND SHOULD GO TO SECTION D. IF RESPONDENT SCORES 3 OR MORE IN THE YES COLUMN, THEN GO TO Q C4

C4. I’d now like to ask you some further questions about how work is co-ordinated. Which, if any, of the following statements apply to the way in which work is co-ordinated across your organisation? (Tick only one box in each row)

<table>
<thead>
<tr>
<th>Statement</th>
<th>No</th>
<th>D/K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision-making is decentralised and pushed down to the lowest possible level</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>A range of financial and non-financial measures are used to measure performance</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Teams are regularly provided with performance information</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Team members meet managers regularly to discuss team performance</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

TOTAL SCORE (COLUMN TOTAL)

☐ ☐ ☐

C5. Next, I’d like to ask you some questions about your overall Human Resource Management policies. Which, if any, of the following statements apply to your Human Resource Management policies? (Tick only one box in each row)

<table>
<thead>
<tr>
<th>Statement</th>
<th>D/K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most members of work teams receive regular, formal training paid for by the organisation</td>
<td>☐</td>
</tr>
<tr>
<td>Formal training includes job-specific and general skills (like problem-solving and team-working)</td>
<td>☐</td>
</tr>
<tr>
<td>An important element of the pay of team members depends on individual or team performance</td>
<td>☐</td>
</tr>
</tbody>
</table>

TOTAL SCORE (COLUMN TOTAL)

☐ ☐ ☐
Section D: NON-USERS

I am now going to ask you some questions about why it is that you do not organise your “Largest Operational Group” using formally designated teams with responsibility for deciding how work is done, solving problems, quality assurance, and achieving agreed targets.

D 1. Which of the following statements best describes why you do not use formally designated teams as I have just described them? (Tick 1 box only)

- ❑ We’ve never heard of this approach before  
- ❑ We’ve never considered introducing such changes  
- ❑ We’ve considered it, but we rejected it after an informal review  
- ❑ We’ve considered it, but rejected it after an extensive assessment  
- ❑ We are planning to introduce it in the near future

D 2. I am going to read out a list of possible reasons why you might not have considered introducing formally designated teams. After I have read out each reason, please tell me whether it is important or not important in your situation.

IF RESPONDENT IDENTIFIES FACTOR AS IMPORTANT, PLEASE ASK WHETHER IT WAS IMPORTANT OR VERY IMPORTANT

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not aware of how these new organisational techniques work</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Not aware of the benefits of these new organisational techniques</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Not used by competitors in your market</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Not needed to meet your customer needs</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Trade Unions wouldn’t support changes</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Workers wouldn’t support changes</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Other managers wouldn’t support changes</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
</tbody>
</table>

AFTER ANSWERING D2, THANK RESPONDENT AND CLOSE

D 3. I’d like to ask you some questions about the reasons why you decided not to introduce formally designated teams as I have just described them?

Thinking firstly about some of the factors outside your organisation that may have influenced your decision. I am going to read out a list of possible reasons. After I have read out each reason, please tell me whether it was important or not important in your situation.

IF RESPONDENT IDENTIFIES FACTOR AS IMPORTANT, PLEASE ASK WHETHER IT WAS IMPORTANT OR VERY IMPORTANT

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not used by competitors in your market</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Not needed to meet your customers needs</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Lack of support from your parent organisation to make changes</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Trade Unions wouldn’t support changes</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>Not under pressure to change the way we do things</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
</tbody>
</table>
D4. Now I’d like you to think about some of the factors inside your organisation that may have influenced your decision. Again, I am going to read out a list of possible reasons. After I have read out each reason, please tell me whether it was important or not important in your situation.

IF RESPONDENT IDENTIFIES FACTOR AS IMPORTANT, PLEASE ASK WHETHER IT WAS IMPORTANT OR VERY IMPORTANT

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers or their representatives wouldn’t support changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other managers wouldn’t support changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes did not fit with our strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes did not fit with our way of doing things</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits are uncertain or difficult to measure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of financial resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of management expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of workforce skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of access to external expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of changes would exceed the benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GO TO D7

D5. Some organisations have said that it is difficult to introduce new work organisation practices. Thinking about future implementation in your organisation, do you anticipate problems emerging in any of the following areas?

Yes No

Leadership from senior managers
Consultation with other managers and workers
Communication throughout the organisation
Commitment to the new approach
Flexibility in the implementation process
Measurement of the change process
Other (specify)_________________________

D6. I would like you to think about some reasons why you anticipate that these problems may emerge during implementation. After I have read out a reason, please tell me whether it is likely to be important or not important in your situation.

IF RESPONDENT IDENTIFIES REASON AS IMPORTANT, PLEASE ASK WHETHER IT IS IMPORTANT OR VERY IMPORTANT

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of workforce skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate access to high quality external expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflexible Labour Laws or Mandatory Collective Agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficulty in overcoming existing culture of the organisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient management expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to appreciate the scale &amp; nature of the problem</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative attitudes amongst other managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resistance from employees &amp; their representatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient financial resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient related investment (e.g. IT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)_____________________________________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D7. Would you be interested in participating in the preparation of a case study about work organisation practices? It would be anonymous and would involve only one further telephone discussion.

☐ Yes IF YES, ASK D6
☐ No THANK RESPONDENT AND CLOSE

D8 Could I please check your name and contact details to be used in a follow-up telephone discussion

Name ___________________________
Telephone Number ___________________________
Organisation ___________________________

D9 Any other comments

YOU MAY OFFER RESPONDENT A SUMMARY OF THE FINAL REPORT IF YOU JUDGE THAT IT WILL PERSUADE HIM/HER TO PARTICIPATE. IF RESPONDENT IS INTERESTED IN RECEIVING THIS, PLEASE RECORD DETAILS HERE

Name ___________________________
Organisation ___________________________
Email ___________________________
Postal Address ___________________________

THANK RESPONDENT AGAIN FOR THEIR HELP AND CLOSE
Section E: OBSTACLES TO INTRODUCTION OF NEW FORMS OF WORK ORGANISATION

I would now like to ask you some questions about the new work organisation practices that you have introduced. I would like you to think about the overall implementation process in your organisation, no matter how long it has taken.

E1. Some organisations have said that it is difficult to introduce new work organisation practices and that organisations can encounter problems in the implementation process.

Looking back over the implementation process in your organisation, did problems emerge in any of the following areas?

- Leadership from senior managers
- Consultation with other managers and workers
- Communication throughout the organisation
- Commitment to the new approach
- Flexibility in the implementation process
- Measurement of the change process
- Other (specify) __________________________

E2. I would like you to think about some reasons why these (or other) problems emerged during the implementation process. After I have read out a reason, please tell me whether it was important or not important in your situation.

IF RESPONDENT IDENTIFIES REASON AS IMPORTANT, PLEASE ASK WHETHER IT WAS IMPORTANT OR VERY IMPORTANT

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not Important</th>
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<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate access to high quality external expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Insufficient management expertise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to appreciate the scale &amp; nature of the problem</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Negative attitudes amongst other managers</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Resistance from employees &amp; their representatives</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient financial resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient related investment (e.g. IT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E3. What were the consequences, if any, for your organisation of these implementation problems? Please tell me which of the following, if any, applied in your situation? (Tick one box in each row)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Agree Strongly</th>
<th>Agree</th>
<th>Disagree</th>
<th>Too soon to say</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation was more difficult than expected</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation took longer than planned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation was less effective than hoped</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs increased significantly compared with plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We were unable to implement all the changes we wanted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Thank you for sparing the time to complete this questionnaire. Before we finish, I’d like to ask you one final question.

E4. Would you be interested in participating in the preparation of a case study about your experience of implementing new work organisation practices? It would be anonymous and would involve only one further telephone discussion.

- [ ] Yes   IF YES, ASK E5
- [ ] No   THANK RESPONDENT AND CLOSE

E5 Could I please check your name and contact details to be used in a follow-up telephone discussion

Name ___________________________
Telephone Number ___________________________
Organisation ___________________________

E6 Any other comments

YOU MAY OFFER RESPONDENT A SUMMARY OF THE FINAL REPORT IF YOU JUDGE THAT IT WILL PERSUADE HIM/HER TO PARTICIPATE. IF RESPONDENT IS INTERESTED IN RECEIVING THIS, PLEASE RECORD DETAILS HERE

Name ___________________________
Organisation ___________________________
Email ___________________________
Postal Address ___________________________

THANK RESPONDENT AGAIN FOR THEIR HELP AND CLOSE
APPENDIX B

The Case Studies: Briefing Notes for Country Experts

1. Background

A total of 50 case studies will be written in total across the EU. We need to ensure that we achieve a good spread of examples across:

- EU countries;
- The private and public sector;
- Large organisations (250+ employees) and SMEs (25-249 employees);
- A range of manufacturing and service sectors;
- National companies and multi-nationals; and
- Organisations with different experiences of New Forms of Work Organisation (“Transition Users” and “System Users”).

In order to achieve this spread of examples, each Country Expert will nominate potential case studies in their country. These will be discussed with the Project Manager, and a final list agreed. The Country Expert will then write up the agreed list of case studies.

Our research so far has shown that organisations are often reluctant to participate in such case studies on a named basis. We therefore anticipate that many (all) of the case studies will be published on an anonymous basis.

We would like you to help us by writing two types of case studies:

- “Transition Users”: An organisation that is using some new work practices, but has not introduced a complete system;
- “System Users”: An organisation that has introduced a comprehensive package of inter-related and internally consistent work practices and Human Resource policies.

The criteria for judging whether an organisation is a “transition user” or a “system user” are set out in section 2 below.

2. Defining “Transition” and “System” Users

Use the box (see Appendix E) to determine whether, for the purposes of this project, an organisation is a “Transition” or a “System” User.

3. The Process

Once the final list of cases for each country has been agreed, the Country Expert will develop the draft case study. All case studies must be submitted in English. We anticipate that the following approach will be followed:

- Review of literature and other work or material already available;
- Identification of the “gaps” in the material already available;
- Supplementary interviews with organisations to complement material available from other sources. We anticipate that many of these will be telephone discussions, but some may be face-to-face;
- Case studies will be written up using the standard case study format (see section 4 below). Each case study should be around 3 pages in length. Reference should also be made to the detailed Guidance Notes (see Attachment One) and to the “Exemplar” case study (see Attachment Two);
- The first draft case study will then be submitted to the project manager;
- The project manager will comment on the first draft;
• The final draft will be submitted to the project manager. This will be edited and returned to the Country Experts for final approval; and
• Country Experts will then obtain any necessary approvals (if relevant) from the organisations concerned.

4. The Standard Format

The standard format for the case studies is shown in the table below. The precise coverage of each section will differ depending on whether the organisation is a Transition user or a system user. Guidance notes in Attachment One explain what should be included in each section.

<table>
<thead>
<tr>
<th>Case Study Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Organisation</td>
</tr>
<tr>
<td>A brief description of the organisation, its size, sector etc.</td>
</tr>
<tr>
<td>The Rationale</td>
</tr>
<tr>
<td>A brief description of why the organisation decided to introduce New Forms of Work Organisation.</td>
</tr>
<tr>
<td>The Changes Introduced</td>
</tr>
<tr>
<td>A description of the main changes introduced.</td>
</tr>
<tr>
<td>The Obstacles</td>
</tr>
<tr>
<td>* A summary of the problems that emerged during implementation; and</td>
</tr>
<tr>
<td>* Identification of the underlying obstacles to organisational reform (i.e. the reasons why problems emerged)</td>
</tr>
<tr>
<td>The Consequences</td>
</tr>
<tr>
<td>Brief description of the consequences of the problems (e.g. implementation was slower, more costly, more difficult etc)</td>
</tr>
<tr>
<td>The Conclusions</td>
</tr>
</tbody>
</table>
ATTACHMENT TO CASE STUDY BRIEFING NOTE

CASE STUDY GUIDANCE NOTES

GENERAL

Case studies should be based on a single public sector or private sector organisation.

TRANSITION USER

For the purposes of this project, a “transition user” is an organisation that has introduced a number of high performance work practices, but they have not (yet) introduced a full high performance work system.

SYSTEM USER

A “system user” case study should only be prepared if an organisation has introduced a “high performance work system (i.e. a comprehensive package of inter-related and internally consistent work practices and Human Resource policies) and they experienced some difficulties during the implementation process.

COVERAGE

The following table sets out the key issues that should be covered in each section of the Case.

<table>
<thead>
<tr>
<th>Section</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary</td>
<td>In no more than two or three sentences, the principal underlying obstacles to organisational reform and their impact (in terms of delay, higher costs, etc.) should be described.</td>
</tr>
</tbody>
</table>
| The Organisation | The following should be briefly covered:  
|                | • Main activity;  
|                | • Geographic location of workplace – country; and,  
|                | • Scale – employees, turnover/budget |
| The Rationale  | This section should explain why the organisation introduced New Forms of Work Organisation.  
|                | It could include:  
|                | • Market-place changes, such as shifts in demand, customer needs, technology, regulation, or competitor activity;  
|                | • Financial reasons, such as decline in sales, market share, profitability, or return on capital;  
|                | • Other specific reasons for organisational reform |

40 If the organisation has developed new relationships with suppliers, customers or other organisations, these should be described (briefly) in the sections entitled “The Changes Introduced”.

79
## The Changes Introduced

This section should briefly describe:
- The principal organisational reforms introduced (changes in organisational structures, working methods, business practices, culture, education and training, performance measurement, and reward systems);
- The results of the reform programme, especially operational improvements in areas such as labour productivity, customer satisfaction, cycle times, etc.

If the organisation is a “Transition User”, please also identify:
- ‘Gaps’ in the organisational reform programme: the reform programme undertaken should be compared to the requirements for a high performance work system (see section 2 above) and the principal ‘gaps’ should be highlighted;
- Reasons why the organisation has not (yet) implemented a high performance work system.

## The Obstacles

This section should describe:
- The major problems that emerged during the implementation process. These might also be described as the things that went wrong or were not done properly during the process of design and implementation. They could include failings such as:
  - Lack of leadership from senior managers;
  - Inadequate consultation with other managers and workers;
  - Ineffective communication throughout the organisation;
  - Failure to build commitment to the new approach;
  - Lack of an integrated approach to implementation;
  - Inflexible implementation process;
  - Design failings that made implementation difficult
- The underlying obstacles to organisational reform. These could include obstacles such as:
  - Failure of senior managers to appreciate the scale and nature of the problem;
  - Failure to recognise the need for specialist advice;
  - Lack of key managerial implementation skills internally;
  - Inadequate access to specialist external expertise;
  - Inflexible labour laws or mandatory Collective Agreements;
  - Difficulty in overcoming existing culture and values;
  - Lack of a long-term commitment to the change process;
  - Lack of workforce skills in-house;
  - Negative attitudes amongst other managers;
  - Resistance from employees or their representatives;
  - Insufficient financial resources; and,
  - Insufficient investment in complementary technology (e.g. IT)

For each of the main underlying obstacles identified, please elaborate on the reasons – and comment, where appropriate, on the ways in which the organisation managed to overcome the obstacles.

For example, in the case of “inadequate access to specialist expertise”, what was the precise nature of the obstacle. Was it inadequate support from academics, business organisations, consultancy firms, or inadequate access to other organisations that have implemented NFWO. And, if the organisation overcame the obstacle, did it involve additional resources or a change in the consultants, for example.

## The Consequences

This should describe the consequences for the change programme of the problems encountered and the underlying obstacles to reform. Consequences include implementation taking longer, implementation being more difficult, less effective implementation, less satisfactory results, and higher costs.

## The Conclusions

This should summarise the main issues raised by the case in terms of the underlying obstacles to reform and their impact.
### APPENDIX C

**Obstacles to New Forms of Work Organisation: List of Case Studies**

<table>
<thead>
<tr>
<th>Country</th>
<th>Name of Organisation</th>
<th>Public or Private</th>
<th>Size</th>
<th>If Private, Manuf or Services</th>
<th>“Transition” or “System” User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>AMA</td>
<td>Public</td>
<td>SME</td>
<td></td>
<td>Transition</td>
</tr>
<tr>
<td>Austria</td>
<td>ADA</td>
<td>Public</td>
<td>SME</td>
<td></td>
<td>System</td>
</tr>
<tr>
<td>Austria</td>
<td>AT</td>
<td>Private</td>
<td>SME</td>
<td>Services</td>
<td>Transition</td>
</tr>
<tr>
<td>Belgium</td>
<td>BF</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>System</td>
</tr>
<tr>
<td>Belgium</td>
<td>BCC</td>
<td>Public</td>
<td>Large</td>
<td></td>
<td>Transition</td>
</tr>
<tr>
<td>Belgium</td>
<td>BCON</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>System</td>
</tr>
<tr>
<td>Netherlands</td>
<td>BTM</td>
<td>Private</td>
<td>Large</td>
<td>Services</td>
<td>Transition</td>
</tr>
<tr>
<td>Netherlands</td>
<td>BPC</td>
<td>Public</td>
<td>Large</td>
<td></td>
<td>Transition</td>
</tr>
<tr>
<td>Denmark</td>
<td>DE</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>Denmark</td>
<td>DM</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>Finland</td>
<td>FHK</td>
<td>Private</td>
<td>SME</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>Finland</td>
<td>FTT</td>
<td>Private</td>
<td>SME</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>Country</td>
<td>Name of Organisation</td>
<td>Public or Private</td>
<td>Size</td>
<td>If Private, Manuf or Services</td>
<td>“Transition” or “System” User</td>
</tr>
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<tr>
<td>Finland</td>
<td>FHH</td>
<td>Public</td>
<td>Large</td>
<td></td>
<td>System</td>
</tr>
<tr>
<td>France</td>
<td>FP</td>
<td>Private</td>
<td>SME</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>France</td>
<td>FTP</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>France</td>
<td>FS</td>
<td>Private</td>
<td>Large</td>
<td>Manufacturing</td>
<td>Transition</td>
</tr>
<tr>
<td>France</td>
<td>FR</td>
<td>Private</td>
<td>SME</td>
<td>Services</td>
<td>System User</td>
</tr>
<tr>
<td>France</td>
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### METHODOLOGY FOR DEFINING TYPE OF USER

#### Defining the “Non-User”, “Transition User” and “System User”

The following questions focus on the largest group of non-managerial workers who are directly involved in making the product or providing the service. For ease of reference, we shall call this the “largest operational group”. For example, these might be assembly line workers at a factory, computer programmers in a software company, customer service reps in an insurance company, or administrative staff in a Government Agency.

1. **How would you describe the “largest operational group”?** (Tick one box only)
   - Production or Operations
   - Sales or Marketing
   - Customer Support
   - Transport, Warehousing or Distribution
   - Technical or Product Development
   - Administrative or Clerical
   - Other ___________________

   The next questions focus on how work is organised in the “Largest Operational Group”.

2. **Are a significant proportion of the workers in this group organised on the basis of “formally designated teams”?** By this we mean a group of workers who make certain decisions themselves on how their work is performed, without reference to management. This could include teams with flexible or changing membership. (Tick one box only)
   - Yes GO TO C3
   - No (THIS ORGANISATION IS THEREFORE A “NON-USER”)

3. **Thinking about these “formally designated teams”. Which, if any, of the following statements apply to the way that team working operates in this group?** (Tick one box per row)

   | Team members jointly decide how work is done | Yes | No |
   | Teams are responsible for solving operational problems | ✧ | ☐ |
   | Teams are responsible for quality assurance | ✧ | ☐ |
   | Team members choose their own team leaders | ☐ | ✧ |
   | Team members are trained to carry out more than one task within the team | ☐ | ✧ |
   | Team members regularly alternate between different tasks | ☐ | ✧ |

   **TOTAL SCORE (COLUMN TOTAL) | ✧ | ☐ |

   IF THE ORGANISATION SCORES 2 OR LESS IN THE YES COLUMN, THEN IT IS A “NON-USER”. IF THE ORGANISATION SCORES 3 OR MORE IN THE YES COLUMN, THEN GO TO Q4

4. **Which, if any, of the following statements apply to the way in which work is co-ordinated across the organisation?** (Tick only one box in each row)

   | Decision-making is decentralised and pushed down to the lowest possible level | Yes | No |
   | Range of financial and non-financial measures are used to measure performance | ☐ | ✧ |
   | Teams are regularly provided with performance information | ☐ | ✧ |
   | Team members meet managers regularly to discuss team performance | ☐ | ✧ |

   **TOTAL SCORE (COLUMN TOTAL) | ☐ | ✧ |

5. **Which, if any, of the following statements apply to the overall Human Resource Management policies?** (Tick only one box in each row)

   | Most members of work teams receive regular, formal training paid for by the organisation | Yes | No |
   | Formal training includes job-specific and general skills (like problem-solving and team-working) | ☐ | ✧ |
   | An important element of the pay of team members depends on individual or team performance | ☐ | ✧ |

   **TOTAL SCORE (COLUMN TOTAL) | ☐ | ✧ |

   IF THE ORGANISATION SCORES 3 OR MORE IN QUESTION 3, 3 OR MORE IN QUESTION 4 AND 3 OR MORE IN QUESTION 5 THEN THEY ARE “SYSTEM USERS”. ALL OTHERS ARE “TRANSITION USERS”.

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| Decision-making is decentralised and pushed down to the lowest possible level | Yes | No |
| Range of financial and non-financial measures are used to measure performance | ☐ | ✧ |
| Teams are regularly provided with performance information | ☐ | ✧ |
| Team members meet managers regularly to discuss team performance | ☐ | ✧ |

| Most members of work teams receive regular, formal training paid for by the organisation | Yes | No |
| Formal training includes job-specific and general skills (like problem-solving and team-working) | ☐ | ✧ |
| An important element of the pay of team members depends on individual or team performance | ☐ | ✧ |