

Modernising the organisation of work

- A positive approach to change

Commission Communication

1. Introduction

1.1 *The Purpose of this Communication*

The purpose of this Communication is to stimulate and strengthen partnership for the modernisation of work organisation. It invites the social partners at European, national and sectoral level to consider the best possible means to facilitate and complement the adaptability pillar of the Employment Guidelines and to develop at appropriate levels a framework for action on this subject.

It comes at a time when the EU and the Member States are actively engaged in the modernisation of economic, employment and social systems. This is being stimulated at the macroeconomic level through EMU, at the level of national employment systems through the employment Guidelines process, and at company level through a number of initiatives to improve the organisation of work.

The prime responsibility for the modernisation of work organisation rests with firms. But this process within enterprises can only be successful if it is based on close co-operation between the social partners, and if it is carried out with due regard to the economic and employment policies being put in place.

1.2 *The Green Paper*

The approach suggested is built on the responses to the Green Paper "Partnership for a new organisation of work"¹. The main message of the Green Paper was that a better organisation of work, based on skill, trust and quality as well as a high level of involvement of workers, can make a valuable contribution to the competitiveness of European firms, to the improvement of the quality of working life and to the employability of the workforce.

The Green Paper successfully triggered a lively debate across the EU, among employers and unions, public authorities and other interested parties. A number of conferences were organised with thousands of participants. More than 150 written comments were submitted to the Commission, from social partners, governments, research centres, individual companies and individual researchers. These are summarised in the DGV publication: "Partnership for a new organisation of work: Synthesis of responses". The European Parliament and other European institutions also gave substantial comments on the Green Paper.

The Commission did not intend to use the Green Paper process as the basis for a legislative initiative to prescribe a single form of organisation of work. On the contrary, the Commission's intention was to launch a debate in order to develop a new approach, based on partnership and taking account of continuous change and increasing diversity in modern working life.

The Commission has drawn the following conclusions from the consultation and discussion process launched by the Green Paper:

¹ COM(97) 128 final, 16.04.1997

Europe needs to foster high skills and promote high quality in the workplace, in order to improve productivity and to create the conditions for competitiveness and employment.

The modernisation process must be speeded up. New, more flexible forms of work organisation are generally not widespread in Europe. Individual good practices have been developed, but support is needed to transform them into innovative policies.

The new organisation of work affects all workplaces, including the public and private sectors, small firms and large.

Concrete measures for the organisation of work are the responsibility of firms: it is a key role of management, with the proper involvement of workers, to develop the most suitable and effective methods. Partnership in change is a key to success.

In the search for better organisation of work, more attention must be given to the gender perspective, including the reconciliation of working and family life.

These conclusions lead the Commission to ask the social partners to consider taking a leading role at all levels in developing a new approach to work organisation. Therefore this Communication seeks to identify the best strategy for all actors at the appropriate level to be able to address the key issues confronting them and to take a positive approach to change.

1.3. The Luxembourg Employment Strategy

The extraordinary European Council in Luxembourg in November 1997 gave political support to the ideas presented in the Green Paper. The third pillar of the Employment Guidelines, adaptability, emphasises the importance of the organisation of work and invites the social partners to play a leading role in this respect.

There has been significant progress in some Member States in developing and implementing this partnership process, particularly in the context of the drawing up of the National Action Plans for Employment, but the practise is not universal and has not been properly addressed at European level. There was evidence of uncertainty in relation to these Guidelines, concerning the extent of the responsibilities of the social partners and the level at which action is appropriate. The proposed Guidelines for 1999 make it clearer that the appeal to social partners to negotiate agreements to modernise the organisation of work requires developing a strong partnership at all appropriate levels: at European, national, sectoral and enterprise level.

1.4. The role identified for social dialogue

The Luxembourg Employment Summit asked the Commission to appoint a high level expert group to analyse likely industrial changes in the European Union and to look into ways of better anticipating them so as to guard against their economic and social effects. In its report, to be submitted to the Vienna European Council, the Group states its conviction that the EU must focus on positive means to adapt, not just on identifying what to avoid. The Group stresses that

industrial change represents an opportunity, and that it must be anticipated, prepared for and managed. In their view the foundation for this is dialogue at all levels. Top-performing companies have a good social dialogue with their employees because motivated people are the vital component for commercial success.

The future of the organisation of work has also been analysed by an Expert Group on the Evolution of Labour Law in Europe (the Madrid Group). The Commission believes that this report provides a useful insight into the context in which the modernisation process is taking place. In particular, the Group has clearly shown, that collective agreements are gaining ground as an instrument for finding a balance between different interests in working life, and that collective bargaining, though in the midst of reorganisation, is astonishingly dynamic.

2. A Framework for future action – a key role for the social partners

2.1. The main elements

The Commission has concluded from the consultation process that the social partners at all levels are ready to make a strong contribution to the modernisation of work organisation. There is a common understanding that the renewal of the organisation of work can be achieved mainly at the workplace involving management and workers and their representatives and taking account of the diverse nature of the situation in each sector, organisation or company, including SME's.

The Commission is of the view that there is a need for a new approach to the modernisation of work organisation. Such an approach might cover: establishing what is the common ground and objectives for the social partners; developing a process for the stimulation, support and follow-up of national activities with full respect for the principle of subsidiarity; and examining further ways of improving both flexibility and security by addressing a number of issues in a coherent way. Agreements by social partners in response to the adaptability pillar of the Guidelines should clearly form part of this approach.

2.1.1. Objectives

The Commission believes that the first step is for the social partners to seek to establish some common objectives. The over-riding objectives of the EU are **competitiveness** and **employment**. In this context there is considerable agreement that improvements in **productivity**, through a better organisation of work, are necessary if individual enterprises are to improve their competitive position and if the Community is to achieve its economic objectives. In addition, a positive approach to reconciling the needs of firms for **flexibility** and the needs of workers for **security** in change, is essential. Flexibility internal to the enterprise not only promotes corporate productivity but also the quality of working life. Security for workers can also give benefits to the enterprise in the form of a more stable, versatile and motivated workforce.

2.1.2. A process for modernisation

A second step could be to establish a process for joint initiatives for modernising work organisation.

Within the Adaptability pillar of the Employment Guidelines, the social partners are invited to negotiate agreements to modernise the organisation of work. The Commission's draft Guidelines for 1999 have emphasised that these agreements should be developed at all appropriate levels. This clearly involves the social partners at European level, who could develop a process for the modernisation of work organisation, in particular to assist and promote adaptability at other levels. The Commission believes that such a process, based on partnership, represents the most promising way of modernising working life.

There is a need to review work organisation in the same way as governments have agreed to review the legal framework for the labour market, to change the contractual framework where there is a need to adjust to new conditions, and to find solutions to new requirements. This presents a challenge for the social partners to establish a coherent and comprehensive framework for action instead of reacting positively or negatively to piecemeal legislative initiatives.

2.1.3. The main issues

There are a number of issues, identified in the consultation process, which the Commission believes it would be helpful for the social partners to address. These include, among others:

Ensuring proper training

There remains a particular need to facilitate the adaptation of workers' skills to their companies' needs, as well to upgrade the knowledge of business owners and managers with regard to the implementation of flexible work organisation. This requires constant retraining and the development of the perception of training as an investment.

Developing working time packages in a comprehensive framework

Social partners at European level have started constructive work in the field of working time in order to reconcile flexibility and security. An agreement has been reached on part-time work. Agreements on working time have also been reached in the rail and maritime transport sectors and in agriculture. Discussions have shown, in particular at a recent seminar organised by the social partners, that working time cannot be dissociated from work organisation. The social partners could examine this relationship further. This might include, for example, the circumstances in which new working time arrangements, including training and other leave breaks, and flexible working time, might be beneficial, for example in terms of increased productivity, improved employability or a better balance between work and family life.

Facilitating the diversification of working relations as well as new forms of work

Consideration could be given to ways of allowing new forms of contractual relationships and career paths to develop, while providing security to workers e.g. in terms of employment continuity, social security cover and opportunities for training.

Ensuring the optimum conditions for the introduction and uptake of new technologies

Closely associated with the development of continuous training and facilitating the diversification of work practices is the key issue of the introduction of new technologies, particularly information and communication technologies. The social partners could lead the way in developing an integrated approach for the introduction of new technology and

organisational change. This strategy would allow the enterprise to benefit positively and fully from the advantages and opportunities presented by new technology.

The Commission is transmitting a report to the European Council in Vienna on job opportunities in the information society which highlights, inter alia, the need for organisational change. The Commission will also be publishing a Communication on social aspects of telework next year. The social partners could play an important role in developing the appropriate action in this area.

Promoting workers' motivation and adaptability through increased involvement

Many case studies have shown that the development of good lines of communication and the commitment of workers to the change process and the new organisation of work are crucial. Financial participation of employees, for example, is an area where the social partners might make progress.

Promoting equal opportunities

An important number of Community measures relating to equal treatment for women and men have been adopted. The emphasis now is on integrating the gender dimension in all relevant activities and policies (mainstreaming). In this respect the social partners could usefully address the issue of entry and re-entry of women into the workforce and access to training, as well as the issue of better combining family and work responsibilities.

2.2. The role of the national governments

While the role of the social partners and collective bargaining are becoming more and more important, the public authorities will, of course, continue to have responsibility for the general legal framework within which companies operate.

The Guidelines for Member States' employment policy address a number of requests to Member States, in particular that they reduce and simplify administrative and tax burdens on small and medium sized companies, that they re-examine the obstacles to employment and investment in human resources, as well as those to self-employment. This has been emphasised by the Business Environment Simplification Task Force (BEST), which considered ways to improve the quality of legislation and reduce its administrative burden on European business, particularly SMEs².

Much of the existing legislation in the field of employment and social protection was put in place at a time when the structure of the labour market was quite different from today. In the light of this, the Employment Guidelines encourage each Member State to examine the possibility of incorporating more adaptable types of contract into its law. Each Member State could consider how the framework for the organisation of work could best be modernised, in co-operation with the social partners at national level.

² See the Commission's response (COM (98) 550 final)

2.3. The role of the EU

A number of EU programmes and policies facilitate the modernisation process, and can be put to effective use in the support of concrete actions undertaken by the social partners in this regard.

One key objective of the Structural Funds is to facilitate new ways of managing production and work organisation by means of training measures designed to improve workers' competencies. The new draft ESF Regulation proposed by the European Commission in March 1998 aims to improve systems to promote a skilled, trained and adaptable workforce, to foster innovation and adaptability in work organisation, and to boost human potential in research, science and technology. In this perspective the Commission expects the social partners at European level to establish a process that could give support to the activities at national and local levels.

As announced in the Communication on the Social and Labour Market Dimension of the Information Society People First-the next steps (COM (97) 390), a European Network on work organisation, involving specialists and practitioners, is being established to support national and local initiatives. Its aims will be to strengthen European organisational R& D, identify and exchange good practice, promote co-operation and support lagging sectors and regions.

The European institutions can also take action to adapt and simplify legislation, which is of interest to companies, where the EU has a direct responsibility. One example of action in this area is the Transfer of Undertakings Directive, which has recently been updated and will soon be codified. Another example, the recently adopted Directive on Supplementary Pensions, is a first step towards removing some obstacles to free movement in relation to non-statutory entitlements. This process would be helped considerably if there were a credible process in place to identify and implement alternatives for the legislation that is to be simplified or replaced.

3. The next steps

This Communication is addressed to the social partners and to the European institutions. In this respect it is a call for the social partners to seize the opportunity to take leadership of the change process. The Vienna Summit could be a first opportunity to take stock of the launching of this process, in particular by the social partners.

While this process is by necessity an ongoing one, the Commission hopes to have the first elements of a social partner response on the creation and implementation of a process for modernising the organisation of work in time to influence the implementation of the 1999 Employment Guidelines and the preparation of the Joint Employment Report for the Helsinki Summit in December 1999. The Commission will give special attention to the role of the social partners at all levels in the modernisation process and the initiatives that will be taken on the basis of the Employment Guidelines and of this Communication.