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What is This?

Lastly, it also conflicts with international treaties and agreements. The most obvious contradiction is with ILO Convention no. 94 of 1949 relating to social clauses in public contracts. This Convention has been ratified by six Community countries and therefore has the force of law in these countries. Nowhere in this Convention is there mention of exemption periods.

It is also clear that the proposals are in conflict with other objectives which the Commission claims to be working towards, namely transparency and subsidiarity.

It is possible for an employer to obtain a public contract in a country where there is a statutory minimum wage, and the ILO Convention has been ratified requiring these statutory provisions to be complied with, but the country is also subject to a European directive which includes an exemption period. This is hardly a shining example of transparency.

However there is a simple solution to this problem.

The EFBWW and the European Parliament have jointly advocated a different approach which does not conflict with the Rome Convention.

National legislation and collective agreements must be complied with. They must be regarded as the minimum basis for all workers in the country concerned.

The social partners and the government should hold consultations to decide which parts of national laws and agreements should not apply to temporarily posted workers. However they must never move away from a European minimum package of agreements in a way which works against the worker.

This approach will not only create transparency; it will also create a legal regulatory framework which will enable checks to be made and abuses to be rooted out.

(Jan Cremers, EFBWW)

Corporate culture, partnership and co-determination: results of an empirical investigation

Almost all European firms are presently experiencing a phase of fundamental structural change. Traditional forms of management are challenged both by changed market conditions and new work attitudes of employees. International and global competition is increasing the need for cost reduction and quality improvement and it demands further consideration of consumer desires; in this way innovative concepts for products, distribution and marketing become imperative. Nowa-

days, for instance, almost half of the German industrial production is aimed at markets with relatively low growth and innovation, and this leads to the question as to how the German economy as a whole and each single enterprise can improve its position in national and international markets by means of innovative products and services. In order to succeed in this respect, the potential for creativity and the high level of qualification and experience, which undoubtedly is available among Ger-

man employees, have to be used as an advantage in global competition.

This development has led to fundamental processes of change and adjustment within enterprises which are dependent on a close cooperation among all parties and are directed towards improved motivation and identification as well as increased responsibility of management, staff and works council.

The Bertelsmann Foundation and the Hans-Böckler-Foundation initiated a joint research project in order to investigate the general development of work and employment relations and its impact on selected enterprises in order to derive more general recommendations for practical business management. This research project was carried out at the Economics Department of Kassel University. The two foundations joined their efforts in order to gain a clearer impression of the requirements for an economically effective corporate culture in relation to new concepts of work organisation and production; special emphasis was given to the analysis of the relationships between German legal co-determination and various forms of participative management.

Between 1992 and 1994, extensive case studies on corporate culture were published on seven selected enterprises which differed in various respects, such as age, size, market share and competitive position as well as in

conflict-resolving and harmonisation of diverging interests. The results of these seven case studies were substantiated by means of a representative questionnaire investigation in additional 109 enterprises and a large number of expert interviews. The results of this research can be shortly summarised as follows:¹

New concepts for increased productivity and improved quality, such as quality circles, team work, lean production and total quality management, are no longer consistent with Taylorist forms of production and with traditional hierarchical understanding and practice of business management. To direct employee activities by means of orders and control is no longer sufficient: nowadays they must work in an active and responsible way for enterprise goals, based on their own knowledge, their own experience and their own persuasion. The ability of firms to survive, to adjust and to transform themselves is decisively dependent upon their effectiveness to mobilise the "resource worker" as the most important potential for success in pursuing a strategy of modernisation. Enterprise management, oriented both towards markets and employees, is a challenge for all people concerned: it requires a general new orientation and a change of attitudes and practices of management, works councils and staff - that means a forward-looking corporate culture.

¹ For a more detailed summary of results see Beyer, H./Fehr, U./Nutzinger, H.G. (1994): "Vorteil Unternehmenskultur: Partnerschaftlich handeln - den Erfolg mitbestimmen", ed. by the Bertelsmann Foundation and the Hans-Böckler-Foundation. The brochure can be obtained free of charge from the Bertelsmann Foundation Publishing House in Gütersloh. The detailed research report will be published in late spring 1995 by Verlag Gabler in Wiesbaden entitled "Kooperation und Innovation im Unternehmen - Eine empirische Untersuchung zukunftsorientierter Unternehmenskulturen".

Corporate culture is defined above all by the values and behavioural patterns of the people working in the enterprise. Until now, these attitudes are frequently characterised by traditional hierarchies and centralised processes of information, communication and decision-making. These conditions do not favour innovative practices directed towards customers and product quality. Employee commitment and motivation can only develop if enterprise organisation is no longer based on permanent orders and control but instead provides room for responsible activities of the staff. Hence, lean production, teamwork and total quality management are only the most evident concepts for firms in order to react to the increased and changed requirements. All these measures require the willingness of the management to support employee participation and to delegate competence and responsibility. A forward-looking corporate culture is also characterised by a broad discussion within the firm concerning the common aims, and by transparent procedures of decision-making and conflict resolution. By definition, each firm has its own culture - but not each corporate culture is suited to the new requirements. From our research in firms which have succeeded in managing the present structural change, we can derive the following "elements" and "characteristics" of a forward-looking corporate culture:

- the willingness of management, staff and works council to discuss objectives, recognise and accept differences of interest, identify problems and resolve conflicts;
- transparent and participatory decision-making processes, well functioning institutions for the representation of employee interests

and binding (enterprise) agreements that regulate labour-management relations and social conditions in the firm;

- a general consensus of all people involved concerning both the firm's economic objectives and its broader contribution to society and the environment;
- a participatory corporate management style, which means a comprehensive, well structured process of information and communication, forward-looking development of human resources, co-operative leadership and profit sharing;
- new participatory methods of work and production that promote room for action and development and which release and strengthen the creative potential of employees.

Forward-looking corporate cultures cannot be "introduced" or launched "by decree", but rather have to evolve in a natural way. This essentially requires trust, reliability and continuity:

- If mutual trust in actions and intentions of the counterparts prevails, orders, instructions and controls are largely superfluous. Therefore, mutual trust reduces costs, generates flexibility and thus creates the basis for innovative solutions.
- Trust requires reliability; only if all actors face one another as almost equal partners, does close co-operation for the benefit of the company and all its employees become effective - even beyond formally codified rights.
- Trust is firmly established if participatory management is not only practised at times of crisis but is based on a long and well-working tradition, not only oriented towards economic benefits of the partnership, but also towards broader human and social goals.

Today, the works council has obtained an increasing importance in communicating enterprise goals and in resolving day-to-day conflicts. It can be an important promoter for development, which reveals and articulates interests, opinions and experiences of the staff, which points out arising conflicts and, in the end, communicates the enterprise concepts actively among employees. An atmosphere of co-operation and mutual confidence which on the one hand recognises diverging interests and arising conflicts and, on the other hand, strives for a common consensus, creates the basis for a constructive intra-firm discussion process with respect to both the company's position at the market and the organisation and co-operation within the firm.

Based on experiences from the past, some people still see a conflict between the representation of employee interests and co-determination on the one hand and participatory management on the other. Trustful co-operation between management and works council can do a lot for using reserves of productivity and creativity, and today an increasing number of firms is well aware of this.

Confidence and trust is supported if both parties are willing to establish their common understandings by means of written (works) agreements. Such formal agreements provide transparency and support co-operation. In this way, solutions can be achieved which are profitable for both parties and hence are economically efficient.

In a similar perspective, the German system of works constitution and co-determination can be seen together. In the past, there has been very often a one-sided emphasis on real or even pre-

tended restrictions for the management evolving from these legal regulations. But partnership and co-determination can also lead to co-operative behaviour oriented towards beneficial compromises and, further-more, they can help to reduce cost-intensive struggles in labour-management relations by means of institutional forms of conflict regulation. Co-operation presupposes at least in principle equality among the partners - guaranteed rights provide a firm basis upon which trustful co-operation can evolve and grow, and this collaboration can even transgress the limits of formal law.

The German system of works constitution and co-determination can gain a new importance throughout the "process of modernisation" because the representation of employee interests is offered a new role as communicator and multiplier in a market-oriented and employee-oriented enterprise. In the future, an important perspective for trade unions has to be seen in a stronger "service orientation", for instance, by providing support, consultation and assistance in implementing the sectoral agreements at the level of individual companies. This new role is based on their experience, their research and their support of works councils and shop stewards (*Vertrauensleute*).

These findings are based on the observation of day-to-day operation in various companies and in different branches. The recommendations which we have formulated here have been implemented and successfully tested many times. But courage for new action is especially called for in those companies that are just starting the process of designing and developing a forward-looking corporate culture.

(Heinrich Beyer, Hans G. Nutzinger, University of Kassel)