



Center for Paper Business and Industry Studies

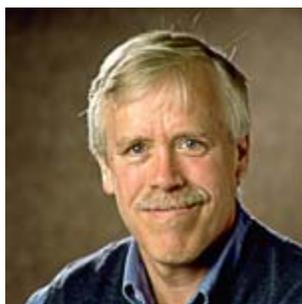
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Research Update: Workplace Transformation

In the paper industry, as in other industries, innovation is the key to any firm's continued viability and future prosperity. The need for innovation transcends the boundaries between levels and activities within the organization. It is no less apparent on the machine room floor than in the executive offices and new product development units. This reasoning led to the proposal and funding of the CPBIS research project entitled, "Workplace Transformation and Human Resource Practices in the Pulp and Paper Industry." The research is being conducted by Charles Parsons, Professor of Organizational Behavior at the Georgia Tech College



Parsons

of Management, and his colleague, Nate Bennett, Professor of Management and Associate Dean of the College. Such research can be of great value to the firms studied. Indeed, in the steel industry, Ichniowski and co-workers (*American Economic Review*, June, 1997), as a result of their research on 36 production lines owned by 17 companies, estimated the impact of training practices, worker involvement in teams, and enhanced labor-management communication to be \$10 million over a ten-year period.

The key questions being addressed by the CPBIS research team are:

- What are the performance-related impacts of work innovation, such as high performance work systems, and related human resource management practices in the pulp and paper industry?
- What are the worker-related outcomes associated with workplace innovation?
- What factors affect the adoption and implementation of workplace innovations?

Through mill visits, interviews and surveys, the research team seeks results that will provide a good basis for managers, workers, and union officials to consider the merits of various workplace innovations. The results should provide a rich description of various setting-specific factors that need to be considered (e.g. union vs. non-union, Greenfield vs. Brownfield). These findings will provide support for both active discussion of the alternatives in workplace transformation and approaches for implementing them. The researchers also see benefits in the educational domain as industry-specific materials can be blended into programs for managers, workers, and union officials.

To achieve these goals, the research team is dependent on partnerships with individual companies, which, in turn, will derive special benefits in terms of direct involvement with the research and immediate access to the results as they are produced. For further information contact Chuck Parsons, by telephone at 404-894-4921 or by e-mail, Charles.Parsons@mgt.gatech.edu

Management Development Course a Hit

One component of the CPBIS educational mission is the establishment of diverse, in-depth continuing education offerings tailored to meet explicitly defined needs of the paper industry for enhanced management success. We have taken a significant step in this direction by assembling an eminently capable group of instructors to design and offer the course, "Management Development for Enhanced Performance." Under the direction of Professor Vinod Singhal, CPBIS Associate Director for Education, this program was offered May 10-14 to a group of executives from companies that included Georgia-Pacific, MeadWestvaco, Pratt Industries and UPM Kymmene. The participants judged the course highly successful, giving it ratings of 8 out of 10 for inherent value, usefulness, and delivery, and volunteering comments like, "opened mind and eyes to industry habits, both good and bad," "clearly identified areas that our industry needs to improve on if we are going to survive," and "... an excellent source of ... principles of management and leadership."

The program will be offered again in late October or early November of this year and twice during 2005. Watch for the dates, and make plans to attend!

Fellows Named

Professor Steve Usselman, CPBIS Associate Director for Research, recently announced the outcome of the recent competition for CPBIS Fellow Awards. These awards, made annually, enable highly qualified graduate students to pursue research that is relevant to the Center's mission. The successful candidates for 2004-2005 were Kendra Taylor, Philip Unger and Aselia Urmanbetova. The awards to Taylor and Unger are continuations of funding initiated as a result of last year's competition; they are made in recognition of the excellent progress demonstrated by these students. (For descriptions of their research, see the April and March issues of this Newsletter at http://www.cpbis.gatech.edu/news_events/newsletter/archive.html)

Aselia's dissertation research is entitled, "Market Concentration, Profitability, Regional Clustering and Innovation in the US Pulp and Paper Industry." She will identify interrelationships of (i) innovative activities, (ii) firm profitability, (iii) industry concentration, and (iv) import competition, and isolate their relative effects by US regions and product lines. Few studies have explored these factors in the context of the regional clustering of the pulp and paper industry. Mill-level measures of

product, process and organizational innovation will be used, since these are believed to be more meaningful than such traditional measures of innovative activities as industry- or firm-level R&D, in accordance with the suggestions that R&D in the pulp and paper industry captures only 20% of total development costs and that most innovative processes are first implemented locally by mill production engineers or mill managers (Laestadius, *Research Policy*, 27:385-395[1998]). Aselia's work is expected to show how industry innovativeness, performance, and structure are affected by regional concentration and product mix, while also identifying relevant effects of import competition.

For further information, contact Aselia by e-mail at gte150s@mail.gatech.edu.

New Projects Launched

We are pleased to announce that, of the proposals submitted in response to our October 2003 solicitation, two have been selected for funding.

In "The Role and Value of Innovation in the Pulp and Paper Industry," principal investigators Vivek Ghosal and Usha Nair-Reichert (both members of the faculty of the School of Economics at Georgia Tech's Ivan Allen College) will study key components of innovation, factors that facilitate or hinder the innovative process, and the impact of innovation on productivity and growth.

The second new project is "Price Volatility, Inventory, and Industry Consolidation." The principal investigators, Haizheng Li and Rehim Kilic (also of the School of Economics) will conduct research that builds upon the findings of a previously funded project, "Price Behavior in the Pulp and Paper Industry." (For a description of that project, see the September 30, 2003 Newsletter at http://www.cpbis.gatech.edu/news_events/newsletter/archive/2003-09-30.pdf) They will study price volatility, the impact of inventory on price changes, effects of industry consolidation, and how price volatility affects vertical integration decisions.

Upcoming Events

CPBIS Industry Advisory Board (IAB) Meeting, Thu. Sept. 23, 9:00 a.m. – 3:00 p.m., Room 114, Institute of Paper Science and Technology at Georgia Tech, 500 10th ST. N.W., Atlanta. This meeting will focus on research. IAB members, please mark your calendars.

Six Sigma. Watch for further information on the upcoming PIMA/CPBIS Webcast Course on Six Sigma. See <http://www.pimaweb.org/training/> ■