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Case example of Neorion Syros Shipyards

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Company background

Syros Shipyards, currently known as Syros Shipbuilding and Industrial Enterprises, was founded in 1861, making it the oldest shipyard in Greece. It was privatised in 1994 and is now part of Neorion Holding S.A., a company that owns shipyards in both Syros and Elefsis.

The European shipbuilding industry has been in severe crisis for several decades because of competition with low labour cost countries and, more recently, because of the high exchange value of the euro. In Greece, additional challenges include an ageing workforce and inflexible labour relations. Over a twenty year period the number of employees in the whole Greek shipbuilding industry has dropped from about 10,000 employees to 3,500. Only 400 permanent employees remain at the Neorion Shipyard in Syros whilst around 1,000 workers are employed at Elefsis Shipyards. During peak periods, temporary workers are taken on, bringing the Syros workforce up to a maximum of 600 employees and that of Elefsis to 1,500. The average age of the workers is high, averaging 50 years of age for both production workers and white collar workers. The proportion of white collar workers is relatively high, with 150 administrative workers for every 250 production workers. The production workers typically have a low educational level, with between six and nine years of schooling. A typical employee of the company can therefore be characterised as a 50-year-old male worker with few qualifications.

A lifetime employer in crisis

Employee turnover

Interviews with the shipyard's employees have recently confirmed that workers at Neorion Syros Shipyards still hope to spend their whole working lives at the shipyard. In the past, this was the normal situation. There was a tradition of fathers and sons working within the same organisation throughout their careers.

Despite the recent crisis, workers still expect the company to offer them lifelong employment. Several factors contribute to this attitude: a semi-public business culture, the low qualification level of the workers, and the specific geographic situation of the company. Syros is a Cycladic island with a very strong industrial tradition. However, all other industries have left the island and Neorion Syros Shipyards is the only major industrial employer left. This means that workers with this profile cannot find a similar job without leaving the island, which obviously poses a major impediment to voluntary job mobility. As a consequence, voluntary outbound job mobility is extremely low.

Recruitment and selection

Because the company is struggling to keep afloat, no new recruitment of permanent workers is taking place. Before its privatisation in 1994, the shipyard had been closed for two years with all staff members laid off, but when it reopened the shipyard was obliged by its contract with the state to re-recruit its former workers. Between 1994 and 2000, there was a period of significant business success. However, since then, due to factors already mentioned, there was a downturn in its economic prospects. Although it managed to retain all its re-recruited workers, Neorion Syros Shipyards had to make redundant all its workers who were employed under fixed term contracts.

In order to deal with the fluctuations in demand, the company now hires extra workers on very short-term contracts, typically no longer than two to four weeks. This approach is possible because many skilled workers are available on the island because of its strong industrial tradition and a relatively high unemployment rate. In the past, the recruitment of permanent staff was carried out informally, often through family connections, with sons following their fathers into the company.

Corporate mobility and competence development policy

The shipyard has adopted two strategies to deal with the downturn in its activities. Firstly, it is developing a system of internal job mobility by training its employees so that they can take on multiple tasks. Secondly, the company has set up a Sectoral Mobility Support Centre in close co-operation with other stakeholders. The purpose of this centre is to provide personalised counselling and support for those workers who are most exposed to change.

The ultimate goal of this strategy is to improve the company's competitiveness and to establish a profitable niche in the shipbuilding market. Adapting the internal environment by training the workforce to be more flexibly employable and introducing modern business structures are regarded as processes that are necessary to achieve a better position on the worldwide market. The Sectoral Mobility Support Centre is a way of offering support to workers who may no longer have a place in the streamlined organisation that the shipyard aims to become.

Multi-tasking as internal mobility: preparing the shipyard for the future

In the past, but to a certain extent still today, work at the shipyard was organised on production-line principles with teams of workers with very specific skills working in a strictly defined sequence. The welders, for example, could only start their work when the platers had finished and vacated the working position. This system entailed high labour costs. In addition, it created a high level of demarcation and hence potential discrimination within the workforce. The idea of internal mobility is to retrain the workers to carry out a much wider range of tasks and to have multidisciplinary teams carrying out several of these tasks simultaneously.

The advantages of such a system of internal mobility are numerous. One clear gain is expected to be a reduction in productive down-time (or 'dead hours') thus reducing overall labour costs at the shipyard. Retraining the workers to be multi-tasking also prepares them for a future in which their old skills may become obsolete or new skills may need to be acquired as the shipyard adapts to modern conditions. Despite these advantages, the system has encountered quite a bit of opposition from several quarters. There is a strict legal framework that assigns very specific tasks and to each occupation and defines these occupations very precisely in terms of the competences required. The trade union at the shipyard that represents all production workers, described as 'old style' by the management, has made use of this legal framework to oppose the introduction of multi-tasking in the organisation of work, although quite a high proportion of the workforce has agreed to participate in the system on a voluntary basis. Further difficulties have been caused by the company management's failure to apply the internal mobility policy consistently in every case.

The Sectoral Mobility Support Centre: a partnership-led project

In the Greek context, the foundation of an industry-initiated support and adaptation centre is quite an innovative step. Neorion Syros Shipyards feels that it has a social responsibility towards the workforce of the shipyard. Major restructuring is taking place and the future of the workers is unclear. Through the establishment of the Sectoral Mobility Support Centre, the company wants to anticipate changes that will take place in the future. The hope is that as a result of this reorientation the workers will have better chances of re-employment in case of any future lay-offs.

Because it is of prime importance that this initiative is embraced by all the actors involved, it was established in close co-operation with a range of different stakeholders. The sectoral mobility support centre was set up by the social partners, the public administration of the South Aegean region and local (private and public) development agencies.

During the first pilot operational phase in 2007–2008, approximately 150 employees of Neorion Syros Shipyards will be provided with individualised counselling. The programme will include job orientation, promotion of employment and a strengthening of entrepreneurship. Groups that are particularly vulnerable to change are being especially targeted: older

workers with production skills that are less needed than in the past, and low-skilled workers whose competences need updating and whose knowledge needs to be validated. After the pilot phase, the aim is for the Centre to become a viable and permanent support structure for the workforce on the island of Syros.

Training of the workforce at Neorion Syros Shipyards

Organisation of training at Neorion Syros Shipyards

The company's new strategy implies a major need for retraining of its own workforce. With this in mind, the Neorion Vocational Training Centre (Neorion KEK) was established in 1995. This Centre provides on average between 18,000 and 20,000 hours of training per year. The great majority of this consists of technical training, but training is also provided in other areas, including accounting, health & safety and quality control. The average cost of one hour's training at Neorion KEK is approximately €10, but for most of the training provided this cost is reimbursed from the state fund for vocational training.

As well as the shipyard's own employees, external candidates can also follow training courses at the Neorion KEK, mostly other island residents who are unemployed. There are two reasons for this: firstly because Neorion KEK is an independent profit centre that has to assure its own operations; and secondly because the Neorion Group wishes to keep the pool of potential shipyard workers on the island of Syros updated in their skills.

Training for all workers

In-house training needs are established by means of periodic ad hoc field research by Neorion KEK, and thematic surveys carried out within the scope of larger-scale projects, such as the EQUAL Community Initiative. The training focuses both on the immediate business needs of the shipyard and on the training needs that are expected to arise in the longer term. One example of this is the company aim to develop a niche in yacht building, as a result of which it has provided training in the relevant skills for its staff. Neorion KEK's training programmes encompass the needs of all groups of workers at the shipyard, including production workers, administrative personnel, supervisors and managerial staff, all of whom regularly attend courses.

Most of the training is organised in a two-step process. The first step involves formal learning in a classroom or practical educational setting at the Neorion KEK training centre. This is followed, in a second step, by a period of on-the-job training and monitoring. Previous experiments with e-learning have proved to be unsuccessful, but Neorion KEK is working on ways to make better use of the tacit knowledge held by its older workers. The goal is twofold: on the one hand to build a knowledge management system within the shipyard to make it possible for a wide range of staff to consult the knowledge of their older colleagues, and on the other hand to enable the older employees to act as mentors for younger workers.

Recognition of acquired skills

Providing recognition of the skills of the shipyard's workers is a complex issue. With some training programmes there is no problem: for instance, training in quality control techniques leads to the award of a standard certificate by the auditing authority. However, the majority of the training in the shipbuilding industry is not formally acknowledged. The Neorion KEK training centre can award certificates but the procedure is not standardised at a national level, so the possession of a certificate from a continuous vocational training course cannot provide a guarantee in terms of content or quality. The company hopes that this is a temporary problem. It expects improvements as a result of the European Qualifications Framework and hopes that this will assure a transparent recognition of the training provided to the shipyard's employees and other trainees at Neorion KEK.

Lessons learned and critical success factors for the future

Neorion Syros Shipyards has been going through rough times in recent years and the future of the company is still uncertain. To safeguard future activities at the shipyard, a large amount of support has been received from the EQUAL NEORION II and NAVIGATOR projects. This has succeeded in raising awareness among sectoral, local and national stakeholders and in motivating, activating, and empowering them to enable them to establish partnerships and set up viable, team-based schemes to foster workforce mobility and change. Opposition, notably from middle ranking staff and, to a lesser extent, from the trade unions, is weakening. There is a growing readiness for change among most stakeholders and the shipyard has been able to introduce a learning and multiskilling culture as a result. The company hopes to obtain the full co-operation of all stakeholders through improved communication, and thereby consolidate its position in new market niches.