Sustaining Progress: combining disciplined efficiency with freedom to innovate

The new social partnership agreement has been described, variously, as a return to basics, a stability pact for a very uncertain environment and a period of consolidation to safeguard progress, as we await an upturn in the world economy.

These descriptions, in my view, seriously undersell both Sustaining Progress and the NESC Strategy for a ‘flexible developmental state’ upon which it is based.

A closer reading of the agreement shows that the Government and the social partners are seeking to address more complex questions. How do we respond effectively to serious competitive and financial pressures, while continuing to accelerate the shift to a knowledge society with valued added activities, quality public services and commitment to equal opportunities?

There is no doubt that, to safeguard competitiveness and jobs, many private sector companies are driving down overall operating costs. How do they reduce costs without causing high levels of instability for workers and managers? And how do organisations reduce costs while motivating staff to embrace change and improve productivity?

The parties to Sustaining Progress address these questions by committing themselves to ‘full co-operation with ongoing change and the need for continued adaptation and flexibility to maintain and improve competitiveness and to increase productivity’ (p.66). They also commit themselves to developing ‘a first class work environment which facilitates employee advancement, improves job security, promotes equal opportunities and increases training, productivity, flexibility and good working conditions’ (p.66).

These objectives are to be achieved by mainstreaming and deepening partnership in organisations. There is an acceptance that co-operative working relationships are the key to anticipating and managing change, higher performance and a better workplace. In this scenario, employees are not just a cost but are viewed, individually and collectively, as the problem-solving, innovative and thinking core of the organisation.

In the case of the public sector, there is no doubt that there will be severe constraints on expenditure for some time. How, within these constraints, do managers maintain services to the public,
achieve promised improvements, and maintain staff morale? And how, with little scope for increases, do we prioritise expenditure for:

- infrastructure that promotes competitiveness and the transition to a knowledge economy
- programmes to achieve social inclusion within a flexible developmental welfare state
- developing and rewarding staff committed to change and an improvement in service delivery?

The parties to Sustaining Progress address these issues by committing themselves to accelerated change and productivity growth in the public service. This will be achieved through ambitious modernisation and flexibility programmes for the civil service and the health, education and local government sectors.

These programmes provide for full co-operation with changes in work structures and work methods, to ensure that services are delivered in a manner that more closely reflect customer needs. The changes include team and cross-functional working, use of new technology and e-government, atypical working, changes in attendance patterns and full implementation of performance management systems. The parties also commit themselves to enhanced training and development for all staff and to equal opportunities.

Mainstreaming and embedding partnership in the day-to-day operations of the public service will achieve this. In particular, partnership will be required to deliver real improvements in performance at organisational level, by involving all staff in the change and modernisation process.

The agreement provides that pay increases in the period ahead are contingent on external verification of satisfactory progress on modernisation and flexibility. The appropriate partnership structures will have to submit action plans, to achieve performance targets, to that external verification process.

It would appear from these changes that the Government and the social partners are seeking, through Sustaining Progress, to shift partnership approaches from first generation to second generation partnership. This next generation will, as recommended by the NESC and the National Centre for Partnership and Performance, concentrate on the most pressing problems within a strategy for long-term development. And it will do so through a much greater focus on implementation, delivery of expected outcomes, joint action and deliberation based on experience.

There is a need now to develop a coherent intellectual framework for considering what our changed situation means for workplace relations, organisational change, people development and public policy in these areas.

Hopefully, the proposals in the Programme for Government and Sustaining Progress for the Centre to establish a Forum on the Workplace of the Future, to “foster in-depth discussion of how workplaces can best adapt to competitive pressures, improve the delivery of services and respond to the changing needs and preferences of employees”, will assist this process.

Peter Cassells
Executive Chairman

“There is a need now to develop a coherent intellectual framework for considering what our changed situation means for workplace relations, organisational change, people development and public policy in these areas.”
Creating the vision

In 2003, a key objective is the successful hosting of a Forum on the Workplace of the Future. Its establishment was recommended in the current Programme for Government, which proposes that it will ‘help establish a comprehensive agenda on the subject’. The Forum, which will commence in the autumn, will facilitate national discussion, with international contributions, on how workplaces can best adapt to competitive pressures, improve service delivery and respond to employees’ changing needs and preferences. A team of senior academics from the Smurfit Business School and from NUI Galway is currently scoping the Forum’s framework of themes and strands.

In addition, the Centre has commissioned the ESRI to undertake a major survey of employee attitudes, experiences and expectations. In an exciting development, over 5,000 Irish workers will be interviewed in their homes about their attitudes to their jobs and workplaces. This survey is covering a wide range of issues such as autonomy, communications, work life balance and career development. The survey results will feed into the Forum’s agenda and work programme.

The Centre is also undertaking a survey of employers in both the private and the public sectors to establish how they are responding to increased competitiveness and the changing workforce.

In conjunction with the Forum, the Centre will publish a major review of international and Irish studies establishing the benefits of workplace partnership. The review findings add substantial weight to the business case for partnership, and some of the key conclusions are discussed elsewhere in this issue of Update.

Models of good practice

The Centre is developing and disseminating models of good practice across many sectors. These models take the form of case studies and thematic ‘stories’ of partnership at work in organisations. They are aimed at helping employers, workers, trade union representatives and facilitators...
to learn practical lessons and draw encouragement from the collective Irish and international experience of main-streaming and embedding partnership in organisations.

“The Centre has developed a number of tools to assist organisations in managing change through partnership.”

For example, the Centre is preparing 15–20 case studies that will identify innovative ways in which companies inform and consult their workers in anticipation of the implementation of the Information and Consultation Directive. This will become law in Ireland in 2005. Based on the experiences of well-known Irish companies, such as Roches Stores and VHI, the case studies will highlight how these companies developed formal processes to ensure their employees are informed and consulted about major organisational changes. Together, the case studies will provide plenty of ideas for organisations as they develop a response to the directive.

Last July, the Centre published guidance on partnership approaches in the private sector. This July, it will publish a similar collection of case studies, this time drawn from the civil service. The departments being profiled include:

- Department of Social and Family Affairs
- The Courts Service
- The Revenue Commissioners
- Department of Transport
- Civil Service and Local Appointments Commission

In addition, the Centre is currently working with Council members IBEC and ICTU to develop guidelines on employee financial involvement and new forms of financial reward. Examples of good practice in this field, along with the other case studies listed above, will form the backbone of an online database of organisational change currently in development.

The Centre, in partnership with FÁS, is currently undertaking a major research project into the learning organisation in Ireland. The project is drawing on national and international research, literature and practice to explore models for integrating learning with change in organisations. The research outcomes will show how learning can support and enable change, and how change can be a catalyst for learning. In addition, the learning organisation project will develop a framework for action to ensure that Irish organisations will be enabled to implement learning strategies to support change.

Developing training materials
The Centre has developed a number of tools to assist organisations in managing change through partnership. *Building a Flexible, Adaptable and High Performance Culture*, a competency framework for managing change through partnership, was launched in March along with guidelines for its use. The framework contains ten competences and is being piloted by a number of organisations at present (see page 8).

The Centre is currently developing Learning Points for each competence for use by trainers and facilitators. Each Learning Point will comprise a mini case study, highlighting a best practice example of a competency such as Leadership, or Communications, in an Irish organisation.

In addition, the Centre, in association with IBEC and ICTU, is undertaking a review of the Joint Partnership Training Project materials developed under Partnership 2000. In particular, the partners hope to reissue the *Joint Problem Solving through Partnership* module this year.

Learning by Monitoring tool
The Centre published a *Learning by Monitoring* tool in April 2003. *Learning by Monitoring* is a process that evaluates and enhances partnership projects and activities within organisations. It is a particularly useful system in helping organisations move to second generation partnership. The tool is currently being piloted in a number of sites in the health service and in local authority organisations, and the Centre is developing an interactive web facility to assist organisations in using it. After the pilot phase, the tool will be rolled out across the private and public sectors in Ireland.

“The Forum will facilitate national discussion on how workplaces can best adapt to competitive pressures, improve service delivery and respond to employees’ changing needs and preferences.”

Developing support networks
The Centre has established a number of key national structures and networks to drive its work programme forward. In particular, the Research Advisory Panel, comprising 23 research institutions, advises the Centre on its wide-ranging research programme, and a network of Strategic Alliance Partners has been established to co-ordinate the efforts of key Government agencies and departments at national level. Members include IDA, FÁS, LRC and Enterprise Ireland. The Centre is also developing a Public Sector Partnership Network and number of private sector clusters to promote shared learning within sectors and regions.

Lucy Fallon Byrne
Director
Case Study

New department, new departure: Creating a vision for the Department of Transport

In this case study, staff, managers and trade unions engaged in a highly participative, cross-cutting approach to the development of the department’s Strategy Statement. High levels of consultation and team-based problem solving are building a shared vision of the organisation and linking each individual’s role to the core business of the department.

A challenging operating environment
In June 2002, the Government established a Department of Transport. The new department faced a challenging internal operating environment, with employees from four departments transferred to work there. Many staff are currently operating from different locations while accommodation issues are being resolved. In the meantime, creating a shared identity and vision for staff used to differing organisational cultures is a priority for senior managers.

The need for an integrated approach to transport meant that cross-cutting has been a key driver of strategy development. Cross-cutting arises when an issue falls within the remit of more than one department, division or unit. For example, regulatory reform needs input from different parts of the Department. Similarly, the Department must ensure that a transport policy supporting mobility and choice does not override policy concerns, such as sustainable development, which are the remit of other departments.

Intense public and media interest in transport issues means that the new department operates as if under a microscope: policy statements and actions are eagerly analysed and anticipated. As a result, the department was under immense pressure to deliver a coherent Strategy Statement quickly.

Staff participation in strategy development
The first task for the new department was to define its mission and goals. This required a detailed assessment of overlapping and potentially conflicting considerations such as cost, risk, safety, timeliness, investment, mobility and deliverability. Managers engaged in a theme-based process of consultation with all staff. Parallel to this, senior management teams developed position papers on specific issues such as investment. From these activities, an outline strategy was produced and circulated.

For staff and their trade union representatives, the consultation process provided an opportunity to engage in meaningful discussion about the shape and role of the Department. Staff groups examined the strategy and gave feedback. Senior managers made it clear that it was a working draft. Comments were encouraged; staff members were assured that their suggestions would affect the final shape of the Strategy Statement.
Senior managers challenged individual staff to find ‘threads’ linking their roles to departmental objectives and deliverables contained in the Strategy Statement. These searches led to quite significant changes in many instances. For example, staff in one area identified and amended the performance indicators for their unit. The amendments went on to have implications at Management Committee level, as they initiated debate around the relationship between the Department and the state bodies under its aegis.

**Participative approach outcomes**
The final version of the Strategy Statement contained five high-level goals regarding investment, safety, competition and regulation, integration and delivery. Importantly, it also listed deliverables — clearly defined outputs and performance indicators (e.g. Safety: Roll out the penalty points system by end of 2003). Interestingly, the participative process utilised - theme-setting, consultation and team-based problem solving - delivered results quickly. The Department of Transport was the one of the first to submit its Strategy Statement to the new government, despite being newly formed, and despite the intense level of consultation.

Having had a meaningful input into the Strategy Statement, employees were asked to ensure their role profiles were positioned to meet the challenges contained in the document. Similarly, functional and unit business plans were developed to reflect the objectives of the Strategy Statement. As one interviewee stated: “a pooled approach was taken to structuring”.

**Benefits of a participative approach**
The consultation and focus on shared goals outlined above resulted in staff ownership of the department’s mission and goals. In addition, participation in the consultation process developed a sense that partnership is ‘the way we do things’ in the department. During the case study, staff at all levels spoke openly of ‘coming together as colleagues’ to discuss issues, and of being able to depend on team members.

Employees also felt that approaching managers with ideas was worth the effort. For example, a group of Driving Testers suggested and received a premises re-design, in order to make the testing service more accessible to immigrants.

Partnership has delivered benefits in terms of speed, flexibility and problem solving capability to date (see Table 1). It has contributed to a more positive workplace as employees, managers and trade unions experience higher levels of trust and openness. With the Strategy Statement completed, the Department is focusing on positioning its nascent partnership committee as a driver of change and high performance in the organisation.

**Table 1 Benefits of partnership at the Department of Transport**

<table>
<thead>
<tr>
<th>Workplace partnership delivers mutual gains for staff and management in the department, for reasons including the following:</th>
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<tr>
<td>• high commitment as department strategy and mission are threaded through business plans down to individual role profiles</td>
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<td>• increased potential for staff ideas be implemented</td>
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<td>• greater individual autonomy in the context of a team-based and responsible culture - an emphasis on common sense solutions and approaches</td>
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<tr>
<td>• change is understood and accepted as fact of life</td>
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<tr>
<td>• the industrial relations environment is less adversarial and more open</td>
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<tr>
<td>• team working enables more cross-cutting within and between departments</td>
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<tr>
<td>• the role of unions is evolving to focus on a broader range of concerns.</td>
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<table>
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<tr>
<th>Workplace partnership is creating a more positive workplace due to some or all of the following reasons:</th>
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<tbody>
<tr>
<td>• staff are treated with greater fairness and respect</td>
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<tr>
<td>• an emphasis on team building, sharing and a collegiate atmosphere. The partnership committee publishes <em>Inside Track</em>, a staff newsletter</td>
</tr>
<tr>
<td>• team meetings provide an opportunity for discussion and feedback and are held at variable intervals (3/5 weeks) to facilitate flexi-workers</td>
</tr>
<tr>
<td>• increased staff understanding of need for change and overall focus of the department</td>
</tr>
<tr>
<td>• strong commitment to training and opportunities for career and personal development</td>
</tr>
<tr>
<td>• an improving relationship between management and unions.</td>
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</table>

This article is drawn from the outcomes of a case study undertaken by Larry O’Connell, National Co-ordinator, Research and Development
Training and Facilitation

Building a flexible, adaptable and high performance culture

Minister for Labour Affairs, Frank Fahey TD, recently launched the Centre’s competency framework for managing change through partnership at a seminar in the Centre’s new offices on Parnell Square. Speaking to HR managers, trade union leaders and officials, partnership facilitators and trainers from a wide range of private and public sector organisations, Minister Fahey said the framework would play an important role in the implementation of *Sustaining Progress*. He added that it would be a useful tool for increasing competitiveness and fostering innovation in the management of change.

The audience heard presentations from AIB and the Office of the Civil Service and Local Appointments Commission, outlining the partnership experience in both organisations, and examining how *Building a Flexible, Adaptable and High Performance Culture* can assist them to mainstream partnership approaches to change.

The AIB experience
Larry Broderick, General Secretary, IBOA and Jerome Forde, Employee Relations Manager, AIB, made a joint presentation during which they described their vision of the future of partnership in AIB. Partnership in the organisation is based on a set of shared principles:

- enhancing the prosperity of the organisation
- maintaining secure employment for all staff
- raising levels of trust
- union recognition
- co-operation and change
- creating partnership structures.

As well as agreeing these principles, AIB’s achievements through partnership to date include the rollout of partnership approaches to all areas of the business; completion of a staff attitude survey, negotiator training for employee relations staff and trade union officials, joint partnership conferences and an Anuman award for excellence in partnership. Looking forward, Larry Broderick and Jerome Forde stated that mainstreaming partnership is dependent on long-term commitment and the involvement of the entire organisation.

They agreed that the competency framework provides a context for discussion on training and development and the value of training interventions. They consider the framework to be a useful tool for designing and developing management and branch representative training to support change implementation.

Change in the public service
Martin Bourke, HR Manager, Office of the Civil Service and Local Appointments Commission, made a presentation entitled *Partnership: a means of involvement and a vehicle for change*. He said that the organisation is aiming to become a ‘partnership organisation’, with real involvement from people at all levels. He described people who he believed are positive role models promoting partnership as an approach to managing change. He described them in terms of their attitude and commitment to their work and to the organisation, their inclusive approach to achieving goals and their general awareness of organisational and business realities.

Martin Bourke felt the competency framework would be a useful tool for developing partnership specific training, as well as general management development. He said it could be used as a personal checklist for people involved in partnership and to focus the Chairperson during partnership committee meetings.

The seminar ended with a presentation (reviewed on p.9) by Willie Coupar, Director, Involvement and Participation Association (IPA), which brought an international perspective on the
Organisational and Business Awareness

Leadership

Championing Change through Partnership

Overcoming Barriers to Change

Communication

Building and Maintaining Relationships

Influencing

Data Analysis and Innovative Thinking

Problem Solving and Decision Making

Achievement Orientation

The Competency Framework

potential and benefits of managing change through partnership.

Piloting the Framework
Since the seminar and launch of the framework, the Centre has responded to requests for over a thousand copies of the framework. A number of organisations have also expressed an interest in piloting the framework to support the development and implementation of a new HR initiative or organisational change process.

One of the organisations concerned hopes to introduce team working. In light of this, the organisation is currently reviewing its performance management process and exploring the possibility of incorporating, where appropriate, the competencies for managing change through partnership into their current competency framework.

Another organisation is exploring the potential of the framework in the development of a training programme. The programme will be designed to develop negotiation and influencing skills for key roles. It will also be designed to improve relationships between particular groups in the organisation. The overall aim of the training programme will be to embed partnership as an approach to managing change in the organisation.

A third organisation, in seeking to respond to strategic challenges in its sector, has identified the competency framework as a useful tool in responding to these challenges. The organisation concerned has identified specific competencies within the framework for development in the short term, including Overcoming Barriers to Change, Championing Change through Partnership and Communications.

The Centre will work with these and other organisations and publish the results of these pilot projects later this year. In the meantime, the competency framework and user guidelines are available at www.ncpp.ie/publications/index.html, or by contacting Edna Jordan, edna@ncpp.ie

Edna Jordan
National Co-ordinator,
Training and Facilitation

In the September 2002 issue, an article on competency frameworks included an example of a competency cluster from The Competencies Handbook. The following reference was omitted: Whiddet, S & Hollyforde, S (1999)
The Competencies Handbook, CIPD, London
Building a problem-solving culture: An international perspective

The NCPP maintains links with overseas organisations promoting partnership approaches. The Involvement and Participation Association (IPA) is a UK-based organisation concerned with employee involvement and high performance. It is highly regarded by the British business community – the Financial Times said it is ‘the best example of the new consensual approach to employee relations in the UK’. The NCPP invited IPA Director, Willie Coupar, to speak at the recent launch of its competency framework. The following is a report of his presentation.

Willie Coupar quoted a joint CBI -TUC Report on Productivity and Competitiveness, which concluded that companies with higher levels of employee involvement are more competitive. He proposed that employee involvement is best developed using a partnership or stakeholder approach, bringing together elements of the HR management and industrial relations disciplines. The approach encompasses information and consultation in two ways - through direct communication between management and staff, and through developing a framework for ‘employee voice’. A key characteristic of the partnership approach is that differences of views and interests are legitimate.

The openness and trust engendered by increased employee involvement enables high performance work practices, including involvement of employees both in innovation and day-to-day work organisation. Other high performance work practices that emerge are increased levels of training linked to organisational needs, increased incidences of team-working and autonomous working, and increased staff involvement in decision-making when problems are addressed.

Building employee commitment
Willie Coupar stated that, in order to achieve the performance necessary for success in the 21st century, organisations must increase workforce commitment. A key building block to commitment is knowledge: organisations should ensure their employees understand key business information and organisational objectives. High levels of awareness enable workers and their representatives to understand and accept necessary change. He stated that the minimum level of two-way communication with employees continues to rise in all organisations, as does the incidence of employee voice frameworks, such as partnership committees.

Developing a problem solving culture
Developing an effective problem solving culture is a key requirement for high performance. Willie Coupar stated that the more participative the problem solving method used, the better the outcomes. He quoted research undertaken by Purcell and Kessler (2001), which showed that problems tackled using a joint working party approach were resolved in 88 percent of cases, compared to 68 percent when traditional problem solving methods were used. Moreover, as organisations, their employees and trade union representatives share the experience of facing and solving problems, they build a shared understanding of context for the future. This shared understanding builds the trust necessary for handling difficulties in the future.

Information and Consultation Directive
Willie Coupar stated that the forthcoming Information and Consultation Directive is a matter of concern to some business people. Many organisations feel that consultation structures can hold up decision-making and give trade unions increased access to management decision-making. He reiterated his view that the directive will benefit business and that a best practice approach, rather than a compliance approach, is the way forward in the UK and Ireland.

The IPA website, containing case studies and other information, can be found at www.ipa-involve.com
Learning by Monitoring

Evaluating and enhancing partnership

On April 29th 2003, the Centre launched its Learning by Monitoring (LBM) pilot project. This exciting project offers partnership groups in the Health and Local Authority sectors a series of tools and resources for developing partnership in their organisations. During the pilot period between May and November 2003, the Centre hopes to involve several organisations from each sector in using Learning by Monitoring.

In early 2004, following the pilot phase, a revised version of Learning by Monitoring will be released and made available to other organisations in the public sector, as well as private sector companies.

A multi-faceted approach
The overview illustrates Learning by Monitoring. Each step is supported by online resources, based on the idea that much of the expertise and experience needed to address complex organisational change issues through partnership already exists within an organisation.

Using an online questionnaire, the LBM process enables an organisation to develop and implement strategic action plans for mainstreaming partnership in the workplace. The questionnaire identifies where partnership is working well and where issues need to be addressed. The data collected in the questionnaire is complemented by additional resources, including:

1. A facility to conduct online surveys on issues such as customer satisfaction, or employee views on organisational change.
2. Easy-to-use statistics, in the form of a feedback report, on the issues affecting partnership in the organisation.
3. A planning tool that allows organisations to design action plans.
4. Online project management facilities to support the implementation of action plans.
5. A database of good practice, which will provide a structured platform for organisations to share their expertise and experiences.
6. Learning networks, offering the opportunity to engage with other organisations through benchmarking visits and workshops on key issues.

For more information, visit the Learning by Monitoring website www.ncpp.ie/resources/lbm, or email lbm@ncpp.ie.

Cathal O’Regan
National Co-ordinator, Organisational Change and Innovation
Overview

Self-Evaluation

Review & Planning

Implementation & Monitoring
International evidence proves that the involvement of employees and unions in solving problems through partnership is delivering concrete organisational gains. Table 1 summarises some of the evidence gathered by respected researchers over the last decade. It demonstrates that partnership can deliver significant cost-based results for organisations.

**Delving into the figures**

This article focuses on research that measures the positive impact of partnership on productivity, and so concentrates on findings from Appelbaum, Bailey, Berg and Kallerberg, and Black and Lynch, because of the systematic approach they took to measurement. In both studies there is an explicit attempt to link employee involvement in various forms to productivity and organisational performance.

**Manufacturing advantage in USA**

Appelbaum, Bailey, Berg and Kallerberg carried out an intensive study of high performance work organisations (Appelbaum 2000), which focuses on participation and quantifies its impact on productivity. Their research provides a detailed analysis of the link between participation and high performance work systems and their impact on organisational performance. They examined three sectors of the US manufacturing industry – steel, apparel, and medical electronics and imaging.

The researchers measured the extent to which work organisation is participatory, creating a scale based on managers’ responses to three questions:

- Are self-directed teams present?
- Are quality improvement or off-line problem solving teams in operation?
- To what extent do managers believe that operators are the ‘group they rely on most’ to perform statistical control?

In the steel industry, a critical determinant of performance is uptime — the time that machines are not idle. Appelbaum found that, compared with traditional work systems, organisations with high levels of employee participation substantially increased uptime. For example, uptime in rolling mills where workers had the most opportunities to participate was 6 percent higher than that in mills where there was no opportunity. Use of modern technology, combined with high participation, widened the existing gap by an additional 10 percent. Further, the research shows that new forms of work organisation, combined with the introduction of modern technology, has a greater effect on uptime than that achieved by the introduction of modern technology alone.

In the apparel industry, high performance led to significant savings. In six of the nine cases studied, wage rates increased, but as throughput times also increased there was no increase in unit labour costs. In addition, companies saved money, particularly from reduced excess costs. Excess costs arise from machine breakdowns and teething problems associated with product changes. In modular work systems, that is, team-based working, excess costs...
decreased on average by 15 percent, as workers took more responsibility for their machines, were less dependent on other stages of production, and so spent less time idle. In addition, workers engaged in ongoing, informal learning that improved performance levels during the changeover to new products.

The study also looks at high performance work practices in ten plants in the medical electronics and imaging industry. Direct labour costs make up a relatively small percentage (5 percent) of production costs in the sector, and so work organisation was not expected to have a major influence on performance. However, it was found that organisations scoring high on the participatory scale were significantly more likely to have higher levels of efficiency, higher perceived quality and higher profitability.

Linking workplace practice and productivity

One of the most interesting attempts at measuring the link between employment practices, involvement and performance was carried out by labour economists Sandra Black and Lisa Lynch (Black and Lynch 1997 and 2000). Their research is based on responses from 627 US establishments. Black and Lynch were able to match each establishment with plant performance data on shipments, book values, energy use, materials, inventories and expenditures. This data was combined with the results of a survey carried out in 1994. The survey provided additional plant level data on a range of issues, including how employers organise work, the approach to physical capital investment, education, training and recruitment.

Using both sets of data, Black and Lynch developed a model to estimate the impact on productivity of various inputs, including specific sets of work practices. The model is carefully constructed. It allows for industry differences and inflation in energy and capital costs. The results provide a detailed insight into partnership’s potential to deliver substantial productivity increases. Productivity improvements of up to 20% occurred when employee involvement was high, when new work practices were in place and when co-operative management-union relations existed.

Black and Lynch were able to calculate the impact of various combinations of work practices on productivity levels.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>Partnership and performance – the story in numbers</th>
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<tbody>
<tr>
<td>Productivity improvements of up to 20% linked to high involvement and co-operative union relations. Black and Lynch (1997)</td>
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<tr>
<td>Productivity improved by 6% in US steel industry when workers had greatest opportunity to participate. Appelbaum (2000)</td>
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<tr>
<td>25% more staff involvement in team working in a hospital is linked to 275 fewer deaths following emergency surgery per 100,000 patient admissions. Philpott (2002)</td>
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<td>A study at Leyland in the UK showed that the adoption of partnership led to a reduction of 30% in operating costs (£10m overall in 10 years), halving of the break-even point and a 30% improvement in quality. Ichniowski (1997)</td>
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<tr>
<td>In the US steel industry, a change from traditional work practices to a bundle of innovative HR practices led to $1m increase in profits per steel production line. Knell (1999)</td>
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<tr>
<td>In a call-centre, self-managing service teams achieved sales that were 20% higher than those of traditionally organised groups. Batt (1999)</td>
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<tr>
<td>The partnership process at Braintree District Council resulted in customer approval ratings of over 80%. Knell (1999)</td>
<td></td>
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<tr>
<td>A study of the Aerospace industry found that value-added increased by 20-34 % in companies using high performance work practices. Thompson (1999)</td>
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<tr>
<td>Banks with more formalised employment systems (including formal training, appraisal systems and career opportunities) had higher returns on assets. Delery et al (1997)</td>
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<tr>
<td>175 out of 269 organisations (65%) in a US survey reported that gainsharing saved production costs, 62% felt it improved quality and almost half reported major improvements in the production process. Kim (1996)</td>
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<tr>
<td>Auto-supply companies using high levels of employee involvement matched cost reductions because they produced greater volumes than companies with low levels of involvement. Helper (1997)</td>
<td></td>
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<tr>
<td>Gainsharing leads to significant productivity increases. One study of 100 companies in the US shows that a cumulative productivity gain of 17.5% was achieved by the third year of the gainsharing plan. Kaufman (1992)</td>
<td></td>
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<tr>
<td>Large scale survey work in the US and the UK indicates that profit sharing increases productivity by around 3 – 5% Kruse (1992) &amp; Wadhwani and Wall (1990)</td>
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</table>
Their work provides some provocative conclusions; in particular, it presents interesting insights into the influence trade union presence has on productivity levels. Table 2 provides an overview of their results. For Black and Lynch the most important influence on productivity is how innovative work practices are implemented. For example, Total Quality Management (TQM) on its own does not raise productivity, but TQM, combined with greater employee involvement, does. Interestingly, unionisation combined with innovative work practices (scenario 4) delivers higher levels of productivity growth than any of the following:

- Non-union with low involvement (Sc. 1).
- Non-union with low involvement (Sc. 2).
- Non-union multi-establishment plant.
- Profit sharing for managers only.
- No TQM / No Benchmarking.
- 1% of employees regularly meeting about work issues.
- 10% of non-managerial workers using computers.
- 1% of employees in self-managed teams.

Black and Lynch argue that their findings are consistent with the idea that greater levels of employee involvement are positively related to organisational productivity, and that participatory forms of labour-management relations are a characteristic of high performing businesses.

**Partnership for our times**

It is well established that the development of partnership in organisations focuses the spotlight on human capital. However, the adoption of partnership can also deliver improvements in relation to cost, productivity and performance. Investment in human capital, in effective partnerships, delivers competitiveness. Few organisations can afford to focus on higher value added without having an eye to cost and productivity. Similarly, few organisations can focus on cost without having an eye to innovation and creativity. Partnership offers a way to begin to focus on both simultaneously.

**Larry O’Connell**
National Co-ordinator, Research and Development

This article is taken from a wider examination of international evidence undertaken by Larry O’Connell, entitled **Partnership Works**. The review examines the positive impact of partnership on overall performance, productivity, innovation, worker benefits and change in many sectors across two continents. **Partnership Works** will be published later this year. This article, with accompanying bibliography, is available on [www.ncpp.ie](http://www.ncpp.ie).

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Impact on productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scenario 1</strong>&lt;br&gt;Non-union&lt;br&gt;Low involvement</td>
<td>Non-union multi-establishment plant&lt;br&gt;Profit sharing for managers only&lt;br&gt;No TQM / No Benchmarking&lt;br&gt;1% of employees regularly meeting about work issues&lt;br&gt;10% of non-managerial workers using computers&lt;br&gt;1% of employees in self-managed teams</td>
<td>Productivity baseline</td>
</tr>
<tr>
<td><strong>Scenario 2</strong>&lt;br&gt;Union&lt;br&gt;No involvement</td>
<td>Unionised&lt;br&gt;No employee involvement</td>
<td>Productivity decreases by 15% below baseline</td>
</tr>
<tr>
<td><strong>Scenario 3</strong>&lt;br&gt;Non-union&lt;br&gt;High involvement</td>
<td>Non-unionised multi-establishment plant&lt;br&gt;Profit sharing for all employees&lt;br&gt;TQM&lt;br&gt;Benchmarking&lt;br&gt;50% of employees regularly meeting about work issues&lt;br&gt;50% of non-managerial workers using computers&lt;br&gt;30% of employees in self-managed teams</td>
<td>Productivity increases by 11% above baseline</td>
</tr>
<tr>
<td><strong>Scenario 4</strong>&lt;br&gt;Union&lt;br&gt;High involvement</td>
<td>Unionised multi-establishment plant&lt;br&gt;Profit sharing for all employees&lt;br&gt;TQM&lt;br&gt;Benchmarking&lt;br&gt;50% of employees regularly meeting about work issues&lt;br&gt;50% of non-managerial workers using computers&lt;br&gt;30% of employees in self-managed teams</td>
<td>Productivity increases by 20% above baseline</td>
</tr>
</tbody>
</table>

Source: Based on Black and Lynch (1997) pp. 18-20
In a recent article, Dr. Chris Horn, Chairman of the Irish Management Institute, highlighted the employee relations challenges facing managers in the current turbulent business environment. They include improving the value that staff bring to the organisation; fostering a shared understanding of business goals, market conditions and the need for strategic change with staff, and incentivising staff in an uncertain climate. Horn stressed that ‘managers need to work with staff to address together the challenges faced by the organisation’.

Horn’s comments suggest that a simplistic ‘command and control’ approach to managing change is no longer appropriate. What is required is an open and collaborative framework to harness employee talents and experience to resolve the complex challenges facing organisations.

**EU Information and Consultation Directive**
The European Union’s Information and Consultation Directive, the key features of which are summarised in Table 1 overleaf, will be implemented in Ireland by March 2005. It represents an opportunity for Irish organisations to develop an appropriate architecture for joint problem solving, co-operation and organisational learning. The Directive is not prescriptive. Its primary objective is ‘to establish a general framework setting out the minimum requirements for the right to information and consultation of employees’.

The Directive is an important development in Irish employment relations. It gives employees the right to be informed and consulted on matters likely to impact on their jobs and future work practices. The EU has given governments enough flexibility to tailor legislation in accordance with national circumstances, preferences and employment practices. The broad general terms of the Directive also gives employers and employee representatives ‘the right to customise their own practical arrangements for information and consultation at the level of the undertaking or establishment’.

**The benefits of Information and Consultation**
Although high performance workplaces are characterised by a wide range of practices, effective information and consultation can be viewed as the basic building blocks. In particular, they serve as the catalyst for the innovative working practices and new forms of work organisation necessary to cope with the pace of change in a modern society. Additionally, information and consultation facilitates the level of culture change required of truly high performance workplaces.
International research has highlighted the positive impact that informing and consulting employees has on organisational change. Information and consultation provides mutual benefits for organisations and employees.

**The business case for the Directive**
Adopting the Directive undoubtedly poses challenges for all, but it provides an opportunity to foster and deepen partnership-style initiatives at enterprise level. To maximise the benefits arising from informing and consulting, employers and employee representatives should consider the following when designing company-level information and consultation arrangements:

- customise arrangements to suit individual needs
- adhere to the principles of the Directive
- adopt benchmarks of good practice
- ensure arrangements are dynamic and flexible
- foster a culture of informing and consulting
- monitor and review arrangements with a view to constantly enhancing their effectiveness.

**NCPP Support for Irish organisations**
The Centre is currently leading an EU-funded project to promote awareness of the Directive among Irish organisations. The project will establish a learning network comprising fifteen leading public and private sector organisations. Working with the Centre, they will undertake a review of their current information and consultation practices. Over the course of this year, the Centre will identify good practice, foster shared learning and highlight the mutual benefits of enhancing information and consultation processes and practices. For further information, contact damian@ncpp.ie.

**Damian Thomas**
National Co-ordinator, Organisational Change and Innovation

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**TABLE 1**  
**Key Features of the Information & Consultation Directive**

- The Directive requires member states to establish a framework for the right to information and consultation for employees

- The Irish government can choose to apply these rights to either undertakings with 50 or more employees or at the establishment level with 20 or more employees

- Information and consultation are defined as taking place between employer and employee representatives. As Irish law does not have a general definition of employee representatives this will have to be addressed in the transposition legislation. The Directive requires:
  - Information on the recent and probable development of the undertaking’s or the establishment’s activities and economic situation
  - Information and consultation on the situation, structure and probable development of employment and on any anticipatory measures envisaged, in particular where there is a threat to employment
  - Information and consultation on, with a view to reaching an agreement, decisions likely to lead to substantial changes in work organisation or in contractual relations

- Information and consultation arrangements defined by agreement between management and labour, including at the undertaking or establishment level, may differ from those set out in the Directive

- Employee representatives will be required to treat information as confidential

- Sanctions for non-compliance must be effective, proportionate and dissuasive

- Ireland may apply the Directive in three phases
  - undertakings with at least 150 employees (or establishments with at least 100 employees) must be covered by March 2005
  - undertakings with at least 100 employees (or establishments with at least 50 employees) must be covered by March 2007
  - full application of the Directive (to undertakings with 50 or establishments with at least 20 employees) will be required as from March 2008.
Strategic Facilitation

Supporting sectoral change and high performance in Health and the Civil Service

One of the Centre’s priorities is to support partnership and change in key sectors through strategic facilitation, in the context of major and radical change programmes that affect the economy as a whole. Since its establishment, the Centre has engaged in strategic facilitation in both the health sector and civil service. In both cases, the Centre has undertaken an extensive consultation process with managers, employees and trade union representatives, representing widely varying professional and organisational viewpoints. The consultation processes results in a seminar, or workshop, and the publication of the Centre’s recommendations for the future development of partnership.

Building a coalition for change

At the request of the Department of Health and Children, the Centre engaged in strategic facilitation with the health service last year. Opening the consultative seminar held in the Plaza Hotel, Michael Kelly, Secretary General of the Department, outlined the Government’s commitment to the successful implementation of the health strategy through partnership, and suggested that a culture of involvement be fostered to ensure the health system provides the highest possible service to its users.

Peter Cassells, Executive Chairperson, NCPP said that ‘Quality and Fairness: the Health Strategy’ represented a unique opportunity to develop a consultative approach to decision-making in the health service. He suggested a number of initiatives to assist implementation through partnership, including increased commitment to modern HR and organisational development practices, a ‘safe space’ for stakeholders to discuss key issues, and improved links between national and local partnership.

Pat Harvey, CEO of North Western Health Board and Joint Chair of the HSNPF said that partnership was an evolving process and participants should walk before they run, beginning with a consultative approach rather than a joint decision-making approach to change issues. He said the underlying principles of partnership should ensure that it adds value, not workload to those who engage with it.
David Hughes, Deputy General Secretary, Irish Nurses Organisation and HSNPF member, spoke of health workers’ commitment to partnership and of the need to develop a shared understanding of key issues. He questioned partnership’s current ability to deliver change. He said that partnership should introduce a culture of shared responsibility and influence, and focus on customer-related issues.

Consultative workshops for health workers
The seminar facilitated workshops that discussed the challenges highlighted by the presentations outlined above. It was agreed that workplace partnership had been successful in creating viable and inclusive partnership structures, and had had several ‘wins’ as an approach to joint problem-solving. However, it was felt by many that partnership is ‘something we do’, rather than an approach to workplace relations that can be integrated with other activities. Involvement in partnership projects has increased trust between individuals, but industrial relations problems and bush fires have continued regardless. Some managers felt decision-making processes are slowed by partnership committees. This has resulted in resistance to partnership as an innovative approach to joint problem solving.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Workplace partnership experience</th>
<th>Workplace partnership potential</th>
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<tbody>
<tr>
<td>A people-centred approach to change, modernisation, improved performance and mutual gains</td>
<td>Partnership is ‘something we do’ in the health service to solve issues of concern to staff on a project by project basis</td>
<td>Partnership is ‘the way we do things’ in the health service, as it facilitates effective organisational change, leading to high performance and mutual gains</td>
</tr>
<tr>
<td>Facilitates inclusive and innovative problem-solving and decision-making processes</td>
<td>The partnership approach is bolted on to existing decision-making and communications processes and only operates in a narrow range of issues</td>
<td>Existing decision-making and communication processes are repositioned to facilitate a partnership approach, which operates on a wide range of issues and facilitates effective decision-making</td>
</tr>
<tr>
<td>Increases trust and reduces conflict</td>
<td>Involvement in partnership projects builds trust between individuals, but doesn’t have a significant impact on levels of conflict in other problem-solving processes, including IR</td>
<td>The increased communication and consultation that occurs at different levels of the organisation when partnership is mainstreamed increases trust between parties and reduces conflict in other processes, including IR</td>
</tr>
<tr>
<td>Promotes a team-based multi-disciplinary approach to modernisation and change</td>
<td>Named individuals fulfil defined partnership roles – joint chair, committee member, facilitator – and they undertake partnership activities together</td>
<td>Partnership is part of everyone’s job description. Service planning and other activities are undertaken using partnership approaches including inclusive consultation and joint problem-solving, leading to effective decision-making</td>
</tr>
<tr>
<td>Empowers effective participation by all parties, which results in innovation and creative solutions to implementation issues</td>
<td>Training is provided to partnership ‘activists’ to develop the skills necessary to sit on partnership committees and to run partnership projects</td>
<td>Partnership competencies are mainstreamed into induction programmes, personal development, management and trade union development programmes</td>
</tr>
</tbody>
</table>
The Centre’s recommendations

Following the seminar, the Centre published recommendations for action, including:

- Establishing a ‘safe space’ for deliberation at national and local level
- Exploring new ways of working together for change and high performance, including a partnership approach to service planning, and multi-disciplinary team approaches to change and improved performance
- Improving communication and training for health strategy implementation through partnership.

“We must enable partnership in the Civil Service to progress to a more dynamic force in securing agreed change.”

Civil Service modernisation agenda

On 21st February 2003, the Centre hosted *Towards a New Generation of Partnership: Delivering the Civil Service Change and Modernisation Programme*, the first of two seminars dealing with civil service partnership. The Taoiseach, Bertie Ahern T.D., delivered the keynote address. He referred to *Sustaining Progress*, stating that its implementation would be a key element in the Government’s broad strategy to improve national competitiveness, to deliver an improved level of service to consumers, while at the same time ensuring that the public service remains a rewarding and stimulating place to work.

Peter Cassells, Executive Chairperson of the NCPP, put the day’s deliberation into a context of change in the Irish economy.

He asked how individuals and organisations in the civil service should work together to create, manage and cope with change. In his presentation Eddie Sullivan, Secretary-General PSMD, Department of Finance, outlined his view of the way ahead for partnership in the civil service, stating that ‘we must enable partnership in the Civil Service to progress to a more dynamic force in securing agreed change’. He stated that the key theme for the next phase of modernisation, which emerged from the evaluation of the SMI, is ‘the challenge of implementation’ and effective partnership arrangements at department level will be crucial to ensuring successful modernisation.

The Chairperson of ICTU’s Public Sector Committee, Peter McLoone (also General Secretary, Impact) also stressed the close link between partnership and the delivery of public service modernisation.

Consultative workshop

On 2nd May the Centre hosted a consultative workshop in the Royal Hospital Kilmainham. The workshop offered participants an opportunity to examine the issues raised by the Centre’s consultation process within the civil service, including:

- How partnership can become embedded in core organisational processes
- How partnership structures can become flexible enough to engage meaningfully with the modernisation agenda
- How a shared understanding of key partnership processes such as information, consultation and joint problem-solving can be developed
- How the partnership agenda should be revitalized to increase staff and trade union input.

The Centre will publish the five case studies, along with recommendations on the future development of partnership in the sector, in July. The speeches and presentations from both events are available at [www.ncpp.ie](http://www.ncpp.ie).

Lorraine Glendenning
National Co-ordinator, Training and Facilitation

“The underlying principles of partnership should ensure that it adds value, not workload to those who engage with it.”
Taoiseach opens NESDO offices

On Monday 24th February 2003 the new offices of NESDO were officially opened by An Taoiseach, Mr. Bertie Ahern, T.D. The National Economic and Social Development Office (NESDO) comprises the National Economic and Social Council (NESC), the National Economic and Social Forum (NESF), and the National Centre for Partnership and Performance (NCPP). Speaking at the launch, the Taoiseach said that the primary role of NESDO is to add value to the work of its constituent bodies by creating the conditions under which synergies can be released, joint projects pursued and the potential for duplication minimised.

The Office will promote the development of a shared vision for realising these goals and will encourage the constituent bodies to maximise their impact through co-operation and co-ordinated effort. Through this process of co-operation, knowledge and ideas can be shared and complementary, as well as joint, programmes of research and analysis can be pursued. It also facilitates the sharing of administrative and overhead expenses, thereby reducing costs.

The Office will be established with the enactment of the NESDO Bill, which will for the first time set each of the constituent bodies on a statutory basis and will underpin their distinct roles and independence in the performance of their functions. The Bill provides for the membership and functions of the bodies on the basis which has been discussed with the social partners.

Organisations working with the Centre

- Allianz Ireland
- Allied Irish Bank plc
- Aughinish Alumina
- Bausch and Lomb
- Beaumont Hospital
- Beckman Coulter Instruments
- Civil Service and Local Appointments Commission
- Commission for Communications Regulation
- Dairygold plc
- Dell Computer Corporation
- Department of Education
- Department of Enterprise, Trade and Employment
- Department of Health and Children
- Department of Social and Family Affairs
- Department of the Taoiseach
- Department of Transport
- Dublin Bus
- Dublin City Council
- Dublin Institute of Technology
- Educational Training Services Trust (ETST)
- Electric Paper Company
- Electricity Supply Board
- European Foundation for Working and Living Conditions
- FAS
- Galway/Mayo Institute of Technology
- Health Services National Partnership Forum (HSNPF)
- Iarnród Éireann
- IBEC
- ICTU
- Institutes of Technology National Partnership Forum
- Irish Bank Officials Association
- Jurys Doyle Hotel Group
- Local Authority Network Partnership Group (LANPAG)
- Limerick City Council
- Marino Institute of Education
- Meath County Council
- Medtronic AVE Ireland
- Multis Group Ltd.
- Nortel Networks plc
- North Eastern Health Board
- NUI Galway
- Revenue Commissioners
- Roches Stores
- SIPTU
- Smurfit Business School, NUI Dublin
- South Eastern Health Board
- Tegral Metal Forming Ltd.
- The Courts Service
- University of Limerick
- VEC National Partnership Forum
- VHI Healthcare
- Waterford Crystal plc