



Achieving High Performance: Partnership Works — The International Evidence



The partnership between AIB and IBOA — The Finance Union— has very kindly provided support for the publication of this review.

Working together AIB and IBOA, as the representative body for banking staff, are customising partnership to focus on organisational success and prosperity, employment security, trust and a culture of adaptability, flexibility and innovation.

**Achieving High Performance:
Partnership Works — The International Evidence**

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Foreword

Achieving High Performance focuses attention on what partnership has to offer for organisations and employees. This is a fresh look at partnership. Partnership is defined by its potential to achieve results, and results that matter. The report highlights the positive contribution partnership can make to core organisational concerns: performance, productivity, innovation, worker benefits and change.

▶ Partnership has the ability to increase productivity and the rate of productivity growth.

It demonstrates that partnership has the ability to increase productivity and the rate of productivity growth or learning. This review shows that across the world, organisations can turn to employees — in formal partnership processes, in teams, and in other informal participative-type arrangements — to achieve higher performance. The report illustrates that innovative programmes of employee participation and involvement can transform organisations.

Involving employees improves how organisations innovate, add-value and in general deliver improved products and/ or services.

This report shows that in partnership-type organisations, workers, unions and management are not just the instruments for change — they are the *thinking core* of the organisation. They benefit as workplaces become more satisfying, more focused on learning, and to the extent that financial gains are shared among all employees.

Achieving High Performance demonstrates that partnership increases the pool of knowledge, that is strategic capacity, because more people are placed in a position to consider what they know and are asked how it can be used to improve the organisation. This process of ongoing learning increases organi-

sational flexibility: people are interested in change and learning because in a partnership environment it can be to their mutual advantage. This flexibility provides these organisations with an ability to cope with increased levels of complexity.

This report shows that partnership can deliver these advantages to organisations. It highlights the possibilities and the benefits which are available to organisations and employees/unions who are willing and able to embrace change in a more creative and inclusive way: as a mutual challenge with mutual rewards.

Making these possibilities happen is a major challenge. Partnership works but it requires significant effort on behalf of employers, management, employees, and unions. There are difficulties. Respective roles and relationships change and very often the returns and benefits take time to materialise in full.

There are uncertainties. Doubts remain about the balance of advantage: do employees and organisations share the benefits fairly? Concerns exist in relation to measurement: Might other factors emerge which explain the high performance of these organisations? For these reasons the task of implementing partnership as a mainstream approach to the management of change should not be underestimated.

However, this international review provides a real sense that there is a momentum growing behind partnership. It provides a solid platform for a leap of faith. It highlights the real and concrete possibilities associated with partnership as a catalyst for high performance.

▶ *There is a momentum growing behind partnership.*

I would like to thank all of the people involved with this report. In particular, Dr. Larry O’Connell, as the author, has done an excellent job in distilling an extensive and diverse range of research into a powerful and compelling case for the role of partnership. Through various iterations, contributions from all of the team at the Centre have ensured that the ideas and arguments remained innovative, relevant and clear. The Centre’s Research Advisory Panel, under the Chairmanship of Prof. Bill Roche, examined the review in considerable detail. Their feedback shaped and directed this work in very important ways. Members of both the Centre’s Council and its Strategic Alliance Network also provided valuable feedback and direction during various stages of this review.

Finally, the AIB/IBOA partnership has very kindly provided support for the publication and launch of this review. I sincerely welcome their support and continued interest in the activities of the Centre.

A handwritten signature in black ink that reads "Lucy Fallon-Byrne". The signature is written in a cursive, flowing style.

Director
National Centre for Partnership and Performance

Chapter 1

Partnership: A new force for change

This review shows that partnership compliments performance and productivity initiatives, innovation, information technology, industrial relations, WCM, TQM, and worker and union concerns. Partnership is an underlying force for change, it enables change and enhances outcomes for employers and employees.

The report looks at partnership by examining outcomes. The focus is on productivity, performance, innovation and the workplace and the improvements that occur when employees are pro-actively and meaningfully involved in their workplaces.

This report argues that partnership is a critical driver of change and high performance. It taps into what one group of researchers has called the ‘latent yet available human capability’ to underpin and sustain successful change and improvement (Beart *et al* 2002).

This is not to say that partnership, in this report, is offered as the sole explanation for organisational competitiveness, improvement and change. Other factors, such as business and product market strategy, research and development expenditure, merger and acquisition activity and relationships with governments, will also influence the level of success achieved.

However, partnership, in this review, is deliberately connected with a broader research debate around high performance/high commitment organisations. Partnership is defined as a commitment to approach high performance in a particular fashion: to see high performance as a challenge or goal relevant to all stakeholders. Doing so means the international review draws on evidence and lessons from a diverse body of research work in a number of different subject areas:

▶ *High performance is a challenge or goal relevant to all stakeholders.*

- Enterprise partnership
- Employee participation
- New work practices and new work organisation
- Employee voice and involvement
- High performance organisations.

These strands are linked by their shared focus on employees and the development of employee-centred structures and processes as a source of change and improvement in organisations. The general thrust across this literature is to develop more open and collaborative frameworks which can harness the talents of all employees. *Achieving High Performance* takes up this theme by asking what benefits this type of employee involvement has for organisations and employees.

To address this question, this review considers any attempts to develop a more collaborative approach to problem solving. It is not limited to any given structure or arrangement. It includes many of the workplace characteristics evident in international research (Table 1).

▶ Develop
a more
collaborative
approach
to problem
solving.

TABLE 1 | International employee involvement

70%	of Irish employees have discretion in how their work is carried out. (ESRI Survey of 1500 Irish employers, 2003)
59%	of Irish workplaces, in a survey of 450 establishments (with more than 20 employees), indicated that in 1996/97 they had teamwork practices in place.
78%	of US Fortune 1000 firms had self-managing work teams.
91%	of US Fortune 1000 firms had employee committees concerned with policy and/or strategy.
66%	of UK firms (WERS data) provided information to employees about financial matters.
48%	of UK firms had regular meetings between management and workforce.
54%	of French organisations (with 50+ employees) had quality circles.
69%	of French organisations had project groups.
23%	of Australian workplaces (with 20+ employees) had joint consultative committees.
30%	of Australian workplaces had taskforces.

SOURCES: ARNAL, ET AL (2001); ROCHE, ET AL 1998; GEARY 1999; AND WWW.NCPP.IE/FORUM

▶ *High performance is still a niche strategy.*

Partnership in this report includes:

- formal collaborative arrangements between management and employees and unions
- participative approaches to work and new work practices
- formal collaborative arrangements between management and employees in non-unionised organisations
- informal arrangements to work together
- direct and indirect employee involvement
- high performance/ high commitment workplaces.

This review draws on almost 60 different sources of national and international evidence to argue that this broad concept of partnership delivers important benefits for organisations and workers.

It is important to retain a sense of perspective. Partnership, employee involvement and high performance is still a niche strategy. It is still the case that many organisations are either unaware of its potential, or being aware, simply remain wedded to existing low road, cost-based performance. The UK provides some interesting data.

In a comprehensive review of research in the UK, Robert Taylor illustrates that employee skills and greater opportunity to use those skills makes a very positive impact on organisations (Taylor 2003). However, he notes that there is evidence that employers are choosing not to utilise those skills. For example, in a survey of manufacturing firms, 60% had made no attempt to use employee participation. Taylor questions the level of real commitment among key stakeholders — employers and parts of the government — to high performance and the requisite investment in employees and workplace modernisation.

The objective in this report is to revisit the workplace and highlight the potential for improved performance based on partnership. It raises awareness about the possibilities but also allays fears or concerns by demonstrating how these results are achieved in practice. Table 2 presents some concrete facts about the potential of partnership both for organisations and for the people who work in them.

TABLE 2 | Partnership – headline improvements

1	A study at Leyland in the UK showed that the adoption of partnership led to: a reduction of 30% in operating costs (£10m overall 10 years), halving of the break-even point and an improvement in quality of 30%.	8	Employees in self-directed teams in US medical and imaging industry earned 17% more than workers in companies not using teams.
2	Productivity improvements of up to 20% linked to high involvement and co-operative union relations in US manufacturing.	9	Average gain per employee was US\$ 2,200 per year in 192 US organisations with gainsharing plans.
3	Change to new work practices in US steel plant singled out as the sole cause of \$1m increase in profits per production line.	10	Higher productivity in every case where profit sharing was introduced (OECD study).
4	Team working in a Danish hospital led to significantly improved standards.	11	Gainsharing at Dairygold pig processing plant resulted in at least 20% of budget saved each year.
5	Local Action Team at AWE in UK developed a new production process which saved the company £100,000 in the first year.	12	Partnership linked with employee friendly culture, for example job sharing, flexible hours and educational opportunities.
6	In a call centre, self managing teams achieved sales that were 20% higher than those in traditionally organised groups.	13	In the first year after the introduction of 'shared care' team-based programme of health care in a US hospital, sick leave hours decreased from 30,000 per year to 14,600.
7	Finnish study found that 37% of organisations defined as flexible introduced new products over a 3 year period. The comparable figure for organisations defined as traditional was 3%.	14	US study of organisations with high involvement report that they have adequate resources to do their job, do less involuntary overtime, and experience less conflict in the workplace.

▶ *Second generation partnership – creating a new high performance pathway for Irish organisations.*

The ‘headline’ facts in Table 2 give an indication of the type of improvements that have been found for organisations and employees. This is the bottom-line and it provides an incentive to delve deeper. Chapter 2 grounds these claims. It examines the impact of partnership under five headings:

- overall performance
- efficiency
- innovation
- worker benefits
- change.

It outlines supporting research and in each case presents some of this research in further detail. This provides the reader with an understanding of how the stated improvements have been measured and the benefits calculated.

Chapter 3 focuses on partnership in practice. It presents a summary of all the actual ways in which partnership impacts on organisations. This chapter also highlights the determination and commitment required to develop and sustain partnership. It examines a number of the universal barriers facing any programme of change and organisational improvement.

Chapter 4 steps back from all this evidence. It considers the question: what does an organisation have to do to ensure that partnership delivers maximum benefit? It argues that a second generation of partnership needs to be perceived in the following terms:

- *A mainstream process:* As a serious approach to the management of change which has application to all aspects of how work is organised.
- *A worked solution:* There is no off-the-shelf solution. Instead managers, employees and unions carve out new arrangements, roles and responsibilities. Communication is the engine for this way of working.
- *A mutual outcome:* The underlying idea of partnership is that there is something in it for all parties. This ensures participation in the first instance and on an ongoing basis.

Chapter 5 offers an overview of work underway in Ireland to underpin and sustain high performance and partnership. It outlines the drive to create a new high performance pathway for Irish organisations.

Chapter 2

Partnership and the performance link: Organisations and employees

This chapter presents evidence that partnership works. It shows that partnership can deliver a range of positive outcomes for management, employees and unions. There are benefits for employees as they become more actively involved, find that they have a greater opportunity to have a say, and establish a stronger basis for trust. There are also positive outcomes for management and employers. There is greater commitment from employees, labour relations improve, and there are concrete performance improvements, in areas such as productivity, innovation, sales and profitability.

“

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TABLE 3 | Partnership – key components

Principles	Practices	Outcomes
<p>Good treatment of employees now and in the future <i>For example:</i></p> <ul style="list-style-type: none"> • Share in financial success • Feedback sought <hr/> <p>Empowerment: creating the opportunity for employee contribution <i>For example:</i></p> <ul style="list-style-type: none"> • Competency development • Control over work <hr/> <p>Employee rights and benefits <i>For example:</i></p> <ul style="list-style-type: none"> • Better long term security • More recognition and rights for collective bargaining <hr/> <p>Employee responsibilities <i>For example:</i></p> <ul style="list-style-type: none"> • Employees as flexible as required • Employees committed to organisation's goals 	<p>Participate in work decisions</p> <hr/> <p>Role in personal employment decisions</p> <hr/> <p>Participate in employee related issues (e.g. staffing levels)</p> <hr/> <p>Participate in organisational issues (e.g. major capital investment)</p> <hr/> <p>Flexible job design & focus on quality</p> <hr/> <p>Performance management</p> <hr/> <p>Employee share ownership</p> <hr/> <p>Two-way communication</p> <hr/> <p>Harmonisation (e.g. common pension scheme)</p> <hr/> <p>Commitment to employment security</p>	<p>Employee outcomes <i>For example:</i></p> <ul style="list-style-type: none"> • Higher levels of trust • More active involvement • Better quality of ideas <hr/> <p>MANAGEMENT OUTCOMES</p> <hr/> <p>Employee response <i>For example:</i></p> <ul style="list-style-type: none"> • Greater engagement with partnership • More commitment and contribution <hr/> <p>Employment relations <i>For example:</i></p> <ul style="list-style-type: none"> • Improved labour retention • Lower levels of absence and conflict <hr/> <p>Organisational Performance <i>For example:</i></p> <ul style="list-style-type: none"> • Higher productivity, quality and innovation • Higher sales and profits

SOURCE: DERIVED FROM GUEST AND PECCEI (2001)

Guest and Peccei examined 54 organisations in the UK and found that the outcomes mentioned in the introduction arise when certain principles and practices are in place (Table 3). The key principles focus on the treatment of employees, and their roles, rights and responsibilities within organisations. Having these principles in place enables and supports the development of a comprehensive package of work practices, including performance management, communication, input into decisions and financial reward.

A survey of over 300 UK organisations provides similar results (Work Foundation 2001). Employees in partnership organisations stayed with employers longer, had lower levels of absenteeism and higher satisfaction levels. In summary, the evidence suggested that partnership at least offered the possibility of making working life more fulfilling. The Work Foundation argue that there is a compelling business case for partnership. Organisations that adopt a partnership approach testify that it has helped them achieve enhanced competitive performance, productivity, quality and profitability. This is due to a combination of factors:

- employees are involved in key decisions
- better use is made of employee expertise
- management time is better used
- decision-making is improved
- more opportunities for innovation exist
- quality of work is higher
- cost savings
- partnership organisations were also more likely to adopt best practice.

▶ *There is a compelling business case for partnership.*

Opportunities in Ireland

In Ireland, research with Irish employers indicates an awareness of this potential. The development of human capital is now seen as a key strategy among a majority of firms. Initial findings from a survey of almost 1500 Irish private sector companies showed that almost 70% of organisations indicate that they actively facilitate employee discretion. A similar number have arrangements for direct involvement in decision-making and problem solving (ESRI-NCPP Research 2003). There is clearly a movement to create the general conditions which will enable employee participation in Irish organisations.

The employer research shows that organisations faced with complex and demanding business challenges are turning to employees. For example, in the private sector the strategies which companies identified as most important to change include two broad areas: innovation and cost. Companies attached

▶ *Improve the innovative ability and the cost efficiency of organisations.*

much lower priority to structural responses to change. Cutting the workforce, re-structuring, merging or de-merging were seen as important only by a minority of companies. There is commitment among the vast majority of companies to improving the innovative ability **and** the cost efficiency of their organisations. In this context, human capital and its development is seen by a large majority of companies as an important response to the pressures facing business. Training and development, flexibility and staff involvement are given high priority in over half the companies. On the employee side, there is a willingness and openness towards change. The preliminary results suggest that there is significant potential within the Irish workforce to create new pathways and bases for competitive advantage.

This reinforces a potential identified in earlier research. Survey work in the late 1990s among 88 companies, selected from a list of organisations with partnership arrangements in place, indicates that enterprise partnership in Ireland was seen by many organisations as an effective strategy. John O'Dowd found that workforce productivity improved in over 70% of companies and 65% reported that business performance improved. There is also evidence in this work that specific companies (10-12% of the sample) may be achieving very high levels of improvement (O'Dowd 2002).

Structure of chapter 2

This chapter explores the opportunities that exist. It examines the types of outcomes identified in international research. It breaks the outcomes into five key areas:

1. Overall performance
2. Efficiency
3. Innovation
4. Work environment
5. Change and improvement.

The chapter shows that partnership can make an effective contribution in each of these areas. The evidence in each area is drawn from a mixture of sources. However, a number of key sources emerged during this research and these are given more detailed treatment. In particular, this chapter draws heavily on the research work listed in Table 4. This in-depth treatment of selected research enables the reader to see and understand the basis for the claims advanced.

TABLE 4 | International research – 10 major sources

Main focus	Source
Manufacturing and technology – US	<ol style="list-style-type: none"> 1. Ichniowski 2. Appelbaum, Bailey, Berg and Kalleberg 3. Black and Lynch
Manufacturing and technology – Europe	<ol style="list-style-type: none"> 4. Work Foundation (John Knell) 5. Guest and Peccei 6. Bacon and Storey
Services and public sector – US	<ol style="list-style-type: none"> 7. Lazes
Services and public sector – Europe	<ol style="list-style-type: none"> 8. European Work Organisation Network 9. Roche and Geary 10. NCPP Ireland (also manufacturing)

2.1 Partnership as a driver of overall performance

This section argues that partnership is linked to tangible and significant improvements in organisational performance. Studies have found major reductions in costs, better client services and customer approval, improvements in value added and lower staff turnover.

Table 5 provides a list of relevant research. This includes Ichniowski's work in the US steel industry and John Knell's case studies in the UK. Both of these sources are considered in further detail in this section.

▶ *Operating profits increased by well over \$10m and this was solely the result of HRM changes.*

2.1.1 US steel industry

Ichniowski's study in 1997 of the US steel finishing industry provides support for the positive impact of work practices on overall performance. Ichniowski developed a model to predict the impact of moving from a traditional bundle of work practices to a more innovative one. The results provide an indication of the power of new work practices:

Ichniowski conservatively estimates that when one production line in the steel finishing industry changed from traditional work practices to a more innovative bundle of work practices and maintained these changes for ten years, operating profits increased by well over \$10m and this was solely the result of HRM changes.

Innovative work practices in this study referred to practices such as the introduction of teams and incentive pay. When these were present they were associated with higher worker productivity. Further, combinations of these practices yielded additional productivity improvements.

His study examined 36 steel production lines owned by 17 companies. This research identified activities and their impact on performance. Two groups of companies emerged. Firstly, a highly innovative group of firms with a range of innovative practices, including incentive pay, teams, flexible work assignments, employment security and training. Secondly, a very traditional group of firms with narrow job definitions, strict work rules, hourly pay and close supervision.

TABLE 5 Performance gains

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ In the US steel industry, a change from traditional work practices to an innovative bundle of practices led to \$1m increase in profits per steel production line.
<i>ICHNIEWSKI (1997)</i> | <ul style="list-style-type: none"> ■ Banks with more formalised employment systems (including formal training, appraisal systems and career opportunities) had higher returns on assets.
<i>DELERY ET AL (1997)</i> |
| <ul style="list-style-type: none"> ■ A partnership type change process started in 1990 has delivered 200% increase in profits at Appor in the UK.
<i>KNELL (1999)</i> | <ul style="list-style-type: none"> ■ Employee performance in a sample of public utilities was higher where employees were involved in decisions affecting their work and individual tasks.
<i>CAPPELLI AND ROGOVSKY (1998)</i> |
| <ul style="list-style-type: none"> ■ 25% more staff working in teams in a hospital is linked to on average 275 fewer deaths following emergency surgery per 100,000 patient admissions.
<i>PHILPOTT (2002)</i> | <ul style="list-style-type: none"> ■ In a cross section of publicly quoted companies (with more than 1,000 employees) high involvement work practice was associated with lower turnover, higher productivity per employee and a higher return on assets.
<i>HUSELID (1995)</i> |
| <ul style="list-style-type: none"> ■ The partnership process at Braintree District Council resulted in customer approval ratings of over 80%.
<i>KNELL (1999)</i> | <ul style="list-style-type: none"> ■ A study in the apparel industry reported that team based modular production improved performance by 25–30%.
<i>PURCELL (2001)</i> |
| <ul style="list-style-type: none"> ■ In a call-centre, self-managing service teams achieved sales that were 20% higher than those of traditionally organised groups.
<i>BATT (1999)</i> | <ul style="list-style-type: none"> ■ 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.
<i>KIM (1996)</i> |
| <ul style="list-style-type: none"> ■ A study of the Aerospace industry found that value-added increased by 20-34 % in companies using high performance work practices.
<i>THOMPSON (1999)</i> | |
| <ul style="list-style-type: none"> ■ New work practices, when combined with financial participation led to improved performance.
<i>GUEST AND PECCEI (2001)</i> | |

The key dependent variable in this research was the uptimes for lines, that is the length of time when machines are not idle or broken down. The research included 25 control variables that might impact on comparisons between lines, for example, the year the line was built, computerisation and steel quality.

In conclusion, this was a very rigorous analysis of performance and it provides a very clear indication of the benefits which arise in terms of improved performance. Importantly, it also quantifies those benefits in monetary terms.

2.1.2 Performance of UK organisations

▶ Put a
premium on
ways of working
that generate
creativity and
innovation.

Knell's research at the UK-based Work Foundation included a survey of over 300 companies and detailed case work among fifteen companies (Knell 1999). The survey suggests that partnership is seen as a way to manage change effectively (53%) and to deliver business needs (48%). It also showed that partnership has increased in importance and most managers believe that it will continue to do so.

Dr. Knell argues that partnership is moving up the business and political agenda because the nature of work is changing. It is more knowledge based, which adds a premium on ways of working that generate creativity and innovation. Adversarial, bureaucratic practices inhibit problem-solving; subsequently workplace relations and work organisation have had to change.

The fifteen cases provide a vivid illustration of how this change is occurring, of how organisations have embraced partnership, and the gains that arise as a consequence. The cases illustrate the organisational gains in terms of profitability and / or customer perceptions of performance. Knell's research shows that working through partnership delivers a more flexible workforce that is focused and committed to what are seen as common or shared problems. In particular, the case studies show that individuals accept more responsibility for innovation and change. Further, as workers become more deeply involved in problem-solving, there are often marked decreases in the level of absenteeism, staff turnover and industrial conflict.

Within these partnership organisations there is commitment to genuine processes of consultation and discussion, to openness, and to finding mutually beneficial solutions. Knell argues that part of this is having win-win negotiating dynamics, especially as most partnerships arise out of a need to manage change. He also notes that unions are now seeking to expand their role. In partnership organisations, they are actively seeking to play a part in decisions they would have normally regarded as the preserve of management.

Three of the cases are reported here:

- one non-union small enterprise (Appor Ltd)
- one large multi-union company (Borg Warner)
- one large public sector unionised organisation (Braintree District Council).

Appor Ltd

Appor Ltd manufactures machinery for dispensing soaps. It is a non-union company employing 39 people. Appor demonstrates that partnership is a viable and very effective strategy for SMEs. The partnership practices are built upon a detailed communication system, transparent performance statistics, competence-based appraisals, employee development, teamworking, flexible working with increased responsibility, financial participation, continuous improvement, and employment security.

Profits have increased by 200% since the beginning of the change process in 1990. The General Manager argues that the single contributing factor that can explain this performance is partnership.

Borg Warner

Borg Warner is an automotive components manufacturer employing 310 people. The recognised union is the AEEU. The partnership approach emerged in response to a deep competitive and industrial relations crisis in 1993. After a number of difficult decisions a partnership philosophy has concretised within the plant. The company has an open book policy on financial performance. There are weekly team meetings focused on production issues; monthly meetings between management and unions; multi-skilled operators, cell based production, ongoing employee development, reward mechanisms and excellent employee benefits.

▶ *Partnership practices are built upon a detailed communication system.*

The impact on employment and performance is striking. In 1993 Borg Warner employed a workforce of 183; it now employs 310. Turnover was £20m; it is now £35m and most of this is now derived from new products in rapidly expanding markets.

Braintree District Council

Braintree District Council provides local government services and employs 1,200 workers. It is a multi-union organisation. The Council has a mission statement, a set of core values, regular corporate reviews, performance management and harmonised terms and conditions. Partnership is a four way process involving management committees, elected representatives, staff and trade unions, and customers.

▶ *There is
an emphasis
on trust.*

There is an emphasis on trust. Partnership is a word used by both management and unions to describe their relationship. The range of partnership practices includes regular monthly consultation meetings at all levels in the organisation. Topics include health and safety, customer service, and performance monitoring. There are also bi-annual union-management workplace meetings involving all staff below Head of Service level. Communication, employee development and job security are also key characteristics at the Council.

Significant changes have occurred in management structures, employee involvement and commitment and the overall performance of the organisation. For example, there were nine directors and now there are three. Within the limits of public sector accounting rules staff are exercising greater discretion. The impact on performance is also very impressive. A recent survey of customers found that 82% felt that the staff were very efficient. Further, 71% of residents were satisfied with the final outcome of complaints/ queries (and this includes legitimate rejections).

2.2 Partnership: The impact on efficiency and productivity

▶ *Partnership leads to significant productivity improvements.*

This section argues that partnership has the potential to lead to significant productivity improvements. It can underpin higher levels of production, greater levels of customer or client requests and reduce costs. It can provide the basis for more effective and quicker decision-making.

Table 6 outlines research work that provides concrete evidence that partnership is linked in practice to productivity improvements. This section concentrates on the work of Appelbaum, Bailey, Berg and Kalleberg and Black and Lynch.

TABLE 6 | Efficiency gains

<ul style="list-style-type: none"> ■ In medical electronic instruments and imaging industry companies with higher levels of participation had higher levels of efficiency, higher perceived quality and higher profitability. <i>APPELBAUM ET AL (2000)</i> 	<ul style="list-style-type: none"> ■ Giving nurses responsibility for managing care reduced costs by 10% per patient day while the hours per patient day actually increased. <i>KIRKHART (1995)</i> 	<ul style="list-style-type: none"> ■ 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. <i>KAUFMAN (1992)</i>
<ul style="list-style-type: none"> ■ Productivity improvements of up to 20% linked to high involvement and co-operative union relations. <i>BLACK AND LYNCH (1997)</i> 	<ul style="list-style-type: none"> ■ Swedish research showed that labour productivity in organisations making extensive use of continuous learning and task delegation was higher by 29–60%. <i>NUTEK (1999)</i> 	<ul style="list-style-type: none"> ■ Large-scale survey work in the US and the UK indicates that profit sharing increases productivity by around 3–5%. <i>KRUSE (1992)</i> <i>WADHWANI AND WALL (1990)</i>
<ul style="list-style-type: none"> ■ The gap between US and UK productivity traced to differences in the level of employee involvement. <i>EEF (2001)</i> 	<ul style="list-style-type: none"> ■ A German survey found labour productivity increased by 8–30% in manufacturing companies using new work practices such as teamworking and continuous improvement. <i>LAY ET AL (1999)</i> 	<ul style="list-style-type: none"> ■ Research at 40 US firms showed that the productivity advantage of profit-sharing firms is between 19 and 32%. <i>CONTE AND SVEJNAR (1988)</i>
<ul style="list-style-type: none"> ■ Research in the UK found that partnership organisations were 24% more likely to experience higher labour productivity. <i>TUC (2001)</i> 	<ul style="list-style-type: none"> ■ Auto-supply companies using high levels of employee involvement matched cost reductions because they produced greater volumes than companies with low levels of involvement. <i>HELPER (1997)</i> 	<ul style="list-style-type: none"> ■ US research found that productivity improves by an extra 4–5% on average in the year an ESOP is adopted, and the higher level of productivity is maintained in subsequent years. HTTP://WWW.NCEO.ORG

▶ Uptime was
6% higher than
that of mills in
which there was
no opportunity
to participate.

2.2.1 Manufacturing advantage in the US

Appelbaum, Bailey, Berg and Kalleberg carried out intensive study of high performance work organisation. Their research provides an opportunity to focus on participation and to quantify its impact on productivity.

The research focused on three sectors in US manufacturing:

- steel
- apparel
- medical electronic instruments and imaging.

This research provides a detailed analysis of the link between participation and high performance work systems and their impact on organisational performance.

In the steel industry a critical determinant of performance is uptime. Appelbaum found that compared with traditional work systems, organisations with high levels of participation substantially increased uptime. These researchers created an overall measure of the extent to which work organisation is participatory. This participatory scale was 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?

When this participatory scale increased so too did the performance of the organisation. For example, in rolling mills in which workers had the greatest opportunity to participate uptime was 6% higher than that of mills in which there was no opportunity to participate. Use of modern technology, combined with high participation, increased this gap by almost 10%. Further, the research shows that combining new forms of work organisation with modern technology has a greater effect on uptime than can be achieved with the introduction of modern technology alone.

In the apparel industry, high performance work 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. However, companies did save money. In particular, much of this saving came from a reduction in excess costs. Excess costs are linked to machine breakdowns and teething problems associated with product changes. In modular work systems, that is, working in teams, these costs decreased on average by 15%. In the two out of three cases where excess costs increased it was due to initial training linked to the introduction of team working. In the third company, engineers set overly ambitious targets with too many product changes which workers were unable to meet. However, in the majority of cases excess costs were reduced 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 change over to new products.

This study also looked at high performance work practices in ten plants in the medical electronic instruments and imaging industry. Direct labour costs are a relatively small part (5%) of production costs in this industry, 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.

▶ *There was no
increase in unit
labour costs.*

2.2.2 Linking work practice and performance: US evidence

One of the most comprehensive attempts at measuring the link between employment practices, involvement and productivity is the work carried out by Sandra Black and Lisa Lynch (1997 and 2000).

The research is based on responses from 627 US establishments. Black and Lynch were able to match each establishment with their responses to an annual input-output type survey. Input-output surveys provide annual establishment or plant level data on issues such as shipments, book values, energy use, materials, inventories and expenditures. This data was combined with a survey carried out in 1994. This survey provided plant level data, for 627 establishments, 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 of energy and capital costs. The results provide a detailed insight into the potential of partnership to deliver substantial productivity increases. Improvements of up to 20% occurred when involvement was high, when new work practices were in place and when co-operative union relations existed.

Black and Lynch were able to calculate the impact of various combinations of work practices on productivity levels. Their work provides some provocative conclusions; in particular, it raises interesting insights into the role of unions. Table 7 provides an overview of the results of their simulation exercise.

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:

- unionisation with low involvement (scenario 2)
- non-unionisation with high involvement (scenario 3)
- non-unionisation with low involvement (scenario 1).

▶ *Improvements
of up to 20%
occurred when
involvement
was high.*

TABLE 7 | How workplace characteristics impact on productivity

Summary	Description	Impact on productivity
Scenario 1 <ul style="list-style-type: none"> • Non-union • Low involvement 	<ul style="list-style-type: none"> • 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 	Productivity baseline
Scenario 2 <ul style="list-style-type: none"> • Union • No involvement 	<ul style="list-style-type: none"> • Unionised • No employee involvement 	Productivity decreases by 15% below baseline
Scenario 3 <ul style="list-style-type: none"> • Non-union • High involvement 	<ul style="list-style-type: none"> • Non-unionised multi-establishment plant • Profit sharing for all employees • TQM • Benchmarking • 50% of employees regularly meeting about work issues • 50% of non-managerial workers using computers • 30% of employees in self-managed teams 	Productivity increases 11% over baseline
Scenario 4 <ul style="list-style-type: none"> • Union • High involvement 	<ul style="list-style-type: none"> • Unionised multi-establishment plant • Profit sharing for all employees • TQM • Benchmarking • 50% of employees regularly meeting about work issues • 50% of non-managerial workers using computers • 30% of employees in self-managed teams 	Productivity increases 20% over baseline

▶ *Innovative
work practices
can raise costs,
but productivity
gains at
least outweigh
the costs.*

A recent study of ten US airline companies has similarly positive indications that unionisation can lead to higher firm performance (Gittell 2003). Unions are linked to higher wages but also higher levels of aircraft productivity (faster turnarounds) and increased profitability. The key influence on performance identified in this study at MIT is the underlying quality of the labour management relationship.

Black and Lynch argue that the findings are consistent with the idea that greater levels of employee involvement (or voice) is positively related to the productivity of an organisation, and that new forms of labour-management relations are a characteristic of better performing businesses.

In unpublished research, based on the same data set, Blasi and Kruse report that high performance work systems were associated with higher pay for clerical, supervisors and production workers between 1994 and 1997 (quoted in Voos and Kim 2001, p.434).

Working with similar data, Cappelli and Neumark focused on the costs of innovations such as partnership. They examined the impact of innovative work practices on various aspects of performance based upon sales per worker and labour costs. They found a positive relationship with productivity, but statistically, it is a weak relationship. They found that the impact on productivity is strongest when work practices such as self-managed teams are combined with innovative pay and reward practices, such as profit sharing or gainsharing (Cappelli and Neumark 1999).

The focus of their analysis is on cost versus benefit. They find that innovative work practices can raise costs, but that productivity gains at least outweigh the costs. They calculate a measure of labour efficiency, and use this to closely examine the relationship between output and labour costs. Innovative work practices emerge in their research as a cost neutral strategy in terms of its impact on cost competitiveness. In the final analysis, they remain somewhat tentative, though certainly not negative, about the potential for partnership. They conclude that the evidence suggests that organisations can choose high road human resource practices that raise employee compensation without necessarily affecting their competitiveness.

2.3 Partnership as a source for innovation

▶ Partnership broadens the innovative base.

A key contribution that partnership can make for an organisation is the ability to broaden the innovative base. It creates an interest in and pressure for learning — both informal and formal — among employees. It has the potential to create greater levels of participation and involvement in finding new and better ways of doing things. Partnership in an organisation can result in more suggestions, more new ideas, breakthroughs, quicker adaptation and implementation of new ideas.

This section focuses on a number of organisations in which innovative outcomes are linked to partnership, namely:

- Danish hearing aid manufacturer, Oticon
- Global medical device manufacturer, Medtronic Galway
- Irish based metal forming company, Tegral
- Irish Airport Authority, Aer Rianta.

TABLE 8 | Innovation gains

<ul style="list-style-type: none"> ■ At Oticon creative work practices and commitment to staff development resulted in new product lead-time halving; sales growing at 20% when the market was shrinking by 5% each year; and greater levels of innovation. <i>BOUDEWIJN AND WILLIAMS (2002)</i> 	<p>over last 3 years. The comparable figure for organisations defined as traditional was 3%. <i>EU EXPERT PANEL IR AND INNOVATION (2002)</i></p>	<p>with practical guidance to make the mass production cheaper, easier and more attractive. They also eliminated design mistakes before new designs were sent to overseas companies for manufacturing. Previously, the machinists would have been engaged almost exclusively in monotonous, repetitive tasks. <i>MILSOME AND SHARPE (2002)</i> <i>EWON PROJECT</i></p>
<ul style="list-style-type: none"> ■ Tegral achieved greater adaptability to customer requests based on partnership, work re-organisation and gainsharing. <i>NCPP (2002)</i> 	<ul style="list-style-type: none"> ■ An evaluation of Irish organisations using partnership found significant improvements in how orders were processed, the pace of work and the level of quality. <i>TOTTERDILL AND SHARPE (1999)</i> 	<ul style="list-style-type: none"> ■ Esbjerg Centralsygehus, a Danish county hospital, re-organised a surgical ward along team lines. The 48 nurses, four secretaries, three consultants and a number of temporary junior doctors organised themselves in a team structure designed to break down interdisciplinary barriers. This improved standards significantly and delivered better continuity of care in the hospital. <i>MILSOME AND SHARPE (2002)</i> <i>EWON PROJECT</i>
<ul style="list-style-type: none"> ■ Jurys Doyle Hotel Group has relied on partnership to cope with the crisis that has existed in its industry since September 11 2001. <i>NCPP (2002)</i> 	<ul style="list-style-type: none"> ■ Within the Professional Services department at Montefiore Medical Center a new approach was adopted to consultation. The suggestion to use three-way phone conferencing among hospital, patient and insurer came from a union official. <i>FIGUEROA AND LAZES (2002)</i> 	
<ul style="list-style-type: none"> ■ Partnership enabled Aer Rianta to handle the loss of duty free sales. <i>ROCHE AND GEARY (2002)</i> 	<ul style="list-style-type: none"> ■ Ecco, a shoe manufacturer, introduced a test facility which was operated by teams of machinists who discussed, challenged and improved the instructions they received from designers. The aim was for machinists to come up 	
<ul style="list-style-type: none"> ■ A Finnish study found that 37% of organisations defined as flexible introduced new products 		

2.3.1 Oticon: Partners for the multinational challenge

Oticon provides an interesting example of a Danish company, which has managed to achieve above average performance using participation and people-orientated philosophies (Boudewijn and Williams 2002). This company is an example of how an internal, employee-orientated focus on participation can transform the competitive fortunes of an organisation facing the challenge of multinationals.

Until the late 1980s, Oticon, a Danish hearing aid production company, was a slow moving, traditional, departmentalised company without a clear basis for competitive survival. It depended upon an outdated analogue technology, in a rapidly contracting market sector dominated by large companies, such as Siemens, Phillips, Sony, 3M and Panasonic.

However, in August 1991, after 15 months of preparation, a change to a new way of working occurred. Firstly, Oticon re-focused its strategic direction to concentrate on new technology. Secondly, human capabilities were nurtured and developed. Despite difficult competitive conditions investment in human capabilities was prioritised. Major investment in the design and approach to work occurred. This included a new 'paperless' office building, but more importantly it also included a fresh approach to employee involvement.

Oticon changed its business practices to operate on project bases. This meant that anyone could start a project, provided they had the permission of one of five senior managers. Management also initiated projects. All projects were now customer-focused. Staff could join a project, provided they had the agreement of the project leader. The basic idea was that the company treats everyone as an adult, and that as such it is the individual's responsibility to fill their day usefully. If people did not have anything to do, it is was their responsibility to find something useful to do either by starting a project or by joining one.

The results were significant. New product lead-times were halved; sales growth at 20% per annum was achieved at a time when the market was shrinking by 5% each year. New product development was drastically improved both in terms of the number of new introductions but also, significantly, in the nature of innovations. In 1995, Oticon introduced the world's first digital hearing aid. This technological breakthrough re-positioned the company as one of the world's top three hearing aid producers.

▶ *Despite difficult competitive conditions investment in human capabilities was prioritised.*

2.3.2 Partnership and innovation in Ireland

▶ *Irish companies
are refocusing
their activities
on higher
value added.*

There is evidence that significant change is occurring in wide sections of Irish business. For example, by re-focusing their Irish operations on higher valued added activities, Lucent Technologies, Nortel, and Abbott have all avoided major job losses in Ireland (Skelly 2002). Low skill commodity production has been moved out of Ireland. However, rather than shutting their Irish operations many companies are re-focusing.

Intel's development in Ireland provides a vivid illustration of the change underway. The initial investment in Ireland was €300 million and this had grown in 2002, to almost €3 billion. The original investment in circuit board manufacturing has been replaced. The company is currently constructing its third plant which will position the Irish organisation at the cutting edge of micro processor technology operating at the sub-micron level (Dorgan 2002).

This section focuses on Irish research work that has examined the role of partnership as a driver of performance and catalyst for this type of innovation and change.

This section focuses on the research carried out at three organisations, namely:

- Medtronic AVE
- Tegral Metal Forming
- Aer Rianta.

▶ *The search
to find new ways
to stay ahead
has increasingly
turned towards
staff.*

Medtronic Galway

Medtronic Galway was originally owned by CR Bard and became part of Medtronic in October 1998. Since that time employment at Galway has almost doubled to 1600. Following the acquisition, ten CR Bard manufacturing sites across the world were closed. However, the Galway facility survived. While its initial focus in 1982 was on low tech operations and products with minimum added value, by 1998 it had responsibility for Global R&D, and the manufacturing and marketing of catheters and stents. It had also generated 35% of the divisional (cardiovascular and neurological) patent filings in 1998. A very well qualified workforce and good experienced management complemented this proven R&D capability.

This spirit of pro-actively building for the future, of 'staying ahead of the game' remains a critical feature of the Galway operation. It is accepted among management, employees and SIPTU that this is required to ensure that jobs survive in Galway. It means a shared commitment to innovation, to upgrading, to change and to learning and development and this is evident across all sectors of the workforce.

Medtronic operate in a very volatile and fast moving industry. There is constant pressure to improve existing products, develop new products and to move into new related areas. Two statistics highlight the extent to which internal innovation and change is now ingrained at Medtronic:

- 66% of revenue is generated from products which are less than 2 years old
- 80% of employees are working on products that are less than 2 years old.

The search to find new ways to stay ahead has increasingly turned towards staff. In particular, in 2003 it has renewed its policy of employee involvement. This has focused on training and learning but also on ways to ensure that on a day-to-day basis new ideas and staff input influence decision-making. The objective is to leverage employee involvement in order to make gains in a difficult budgetary climate.

Ireland is no longer a low cost location. For Medtronic, hourly rates in Ireland are four times those that apply in Mexico (\$US 16 versus 4). The pressure is on for Ireland to move into areas such as R&D, regulatory affairs and sales/marketing. This cost pressure is used as a spur at Medtronic Galway to deepen and develop the role of employees.

There is commitment to using, developing and upgrading employee talent. This is reflected in the level of training and the importance attached to information and consultation (NCPP – ICD project ongoing).

Tegral Metal Forming

Since the 1990s, significant organisational change has been introduced at Tegral Metal Forming. Partnership has been central to this change process. Work has been re-organised to deliver substantial improvements in both the performance of the company and the welfare of its employees (NCPP 2002).

Working in partnership with the workforce, the company has developed a skill-based pay system which includes annualised hours and an effective and progressive gainsharing system. There have been no redundancies and no loss of guaranteed earnings during the changes.

The operation of the gainsharing scheme at Tegral is an excellent illustration of how a partnership arrangement can deliver performance management which is both accountable and experimental. The monitoring team for gainsharing includes team leaders from each production team and the plant manager. Each month presentations are made to this group and these meetings are usually dominated by discussion on ways that performance might be improved. The discussion takes into account specific routines, the needs of individual teams and the broader challenges facing all of the teams and the company.

The company has increased profitability and secured long-term survival. It now has the ability to develop new products and to adapt to market changes more rapidly than the competition. Key changes in the workforce, such as the level of skills and cross skills, the ability to work in teams and performance related pay underpin this capability.

▶ *Meetings are usually dominated by discussion on ways that performance might be improved.*

▶ *The
complexities
inherent in
developing
partnership.*

Aer Rianta: Creating a strategy for change

Roche and Geary (2002) provide detailed evidence and survey work from the semi-state company Aer Rianta. Their research showed that in the context of the loss of duty free, partnership could provide the organisation with an effective source of innovation.

A set of 'Principles of Constructive Participation' was agreed between management and unions. This included issues such as joint responsibility, employment security, and the rejection of a low wage competitive strategy. These principles underpinned the development of a set of working arrangements between the company and the unions. Board, corporate departmental and business unit level arrangements, along with regular working groups and special topic groups were formed to re-build employee-management and union-management relations at the company.

In 1997/98 one of these Strategy Groups examined the abolition of duty-free shopping and the implications for Aer Rianta. Using a joint union management approach the group addressed issues of cost, efficiency, viability and development. 'Strategy Groups' and 'Significant Issue Groups' were formed to address issues jointly, based on the collection, examination and validation of data. This joint group produced an informed and balanced analysis rather than a common or agreed position. This analysis successfully underpinned the companies response to the loss of duty free.

This research also provides an insight into the complexities inherent in developing partnership: resistance of key groups, possibilities for alienation among, for example, trade union activists and their members; conflicting agendas, and the difficulties facing middle managers. Other work by the same authors highlights the need to match the rhetoric of partnership with substantive changes in decision-making at all levels of the organisation (Roche and Geary 2003). This type of research enhances the development of partnership as it highlights potential challenges along with the benefits. It provides detailed information on the implementation of partnership and its impact on managers, union activists, and employees. For example, the introduction of new ideas presents union activists with the considerable challenge of changing conventional workplace mindsets.

2.4 Worker benefits

▶ *Employees are accepting high levels of responsibility for activities within the workplace.*

International research also provides an insight into the impact of partnership on employees. Research shows that employees may benefit because earnings increase, they gain a greater say in their work and experience less conflict. A partnership approach to work may also mean more flexibility, better security and more opportunity for personal career development.

Partnership is delivering benefits for employees. It is helping to make work a more satisfying and rewarding activity. In 22% of the 300 organisations in the Work Foundation study, partnership was introduced to improve staff retention. For many employees it is now the preferred way of working. In around 30 companies, pressure from employees was the main reason why partnership was introduced. For many firms, almost 100 companies in this research, it is also the right way morally to do business.

Table 9 shows that, across the European workforce, employees are accepting high levels of responsibility for activities within the workplace, including the quality of their work, solving problems and working through issues with colleagues. Workers are very involved and informed about the structure of work. They interact with colleagues and superiors in a way that leads to significant improvements both for their own work and for the organisation as a whole.

TABLE 9 | Employee involvement in 2000 — selected measures

Main focus	Description	% of employees
Responsibility	Assessing the quality of your own work	75
	Solving unforeseen problems	82
	Involved in complex tasks	56
	Job involves learning new things	71
	Responsible for time schedules	23
	Doing all or part of your work in a team	56
	Rotating task between yourself and colleagues	44
	Can rely on colleagues in case of problems	82
Responsibility	Able to discuss the organisation of your work when changes take place	71
	Discussions are regular	51
	Discussions take place with superiors	83
	Discussions are with staff representatives	43
Action	Discussion leads to improvement in your own personal workplace	75
	Discussion leads to improvement in the organisation as a whole	60

SOURCE: DRAWN FROM PAOLI AND MERLLIE (2001)

▶ *Benefits*

must be equitably

distributed.

Assessments of partnership initiatives in Ireland point to generally positive effects on performance but also on employee attitudes and relationships, job satisfaction, and on union representation. In a range of studies, some of which focused on EU programmes supporting the development of partnership, companies were seen to use partnership to implement important programmes of change. For example, the joint ICTU/IBEC Skillnets project showed that partnership had a significant impact on learning, skills and career or development opportunities available to employees. This study, conducted in 2000, focused on ten Irish companies that had introduced partnership to facilitate mutual involvement of management and employees/unions in organisational development.

Research carried out by the ESRI for the Centre in 2003, will enable a comprehensive assessment of the link between partnership and other participative arrangements and issues such as worker satisfaction and the willingness to change. Initial results indicate high levels of satisfaction and openness to change — for example 3 out of every 4 employees indicated they were willing to accept more responsibility. The analysis of the link between worker outcomes and participation will provide an important compliment to the earlier case study work (ESRI-NCPP Research 2003).

Some challenges

If partnership is to be sustained and to develop as a mainstream approach to change and improvement, then the benefits must be equitably distributed. A UK academic, John Kelly (forthcoming) argues that partnership firms have shed jobs at a faster rate than non-partnership organisations and that in relation to wages results are somewhat mixed. Based on the experiences of 22 companies with partnership agreements, Kelly concludes that there is evidence that partnership is not delivering gains for employees and unions — in terms of job security, influence and membership. However, it is important to note that wages in some of these 22 organisations have increased. In five companies union membership has increased and in five it has remained unchanged. Further, union involvement is changing within these organisations as problems and issues are resolved earlier with less emphasis on formal meetings and negotiations (Kelly, forthcoming).

Guest and Peccei (2001) take up this theme and argue that the balance of advantage must be mutual. They note that there is evidence that in some cases greater emphasis is placed on employee contribution than on promotion of employee welfare, rights and independent representation. However, Guest and Peccei do not see this as an argument against partnership. Instead, they direct attention to what they see as very positive outcomes for employees and employee representatives in situations where partnership is most developed.

They found that respondents from organisations which have made greatest progress with partnership, were significantly more likely to report strong internal support for the idea that employees are treated well, for employee rights and benefits, and for employee opportunities to make contributions.

Nonetheless, the benefits for employees will continue to require explicit attention if partnership is to develop to its full potential. Table 10 outlines research work that provides concrete evidence that partnership results in significant benefits for employees. This section concentrates on two areas. It focuses on the impact of partnership on the following:

- employee finances
- employee well-being at work.

TABLE 10 | Worker benefits

<ul style="list-style-type: none"> ■ Almost 80% of Irish workers (sample 344) report that they are pleased to be working in teams and the majority also say that they would not want to return to a more traditional way of working. <i>MOORE (2002)</i> 	<ul style="list-style-type: none"> ■ Owens Corning Building Products: Gainsharing - over the course of the scheme's first year of operation employees received rewards amounting to on average 3% of basic salary. <i>INDUSTRIAL RELATIONS SERVICES (1996)</i> 	<ul style="list-style-type: none"> ■ Introducing new work practices improved satisfaction and involvement levels among employees at an Irish aircraft maintenance organisation. <i>TIERNAN (2002)</i>
<ul style="list-style-type: none"> ■ Employees working in self-directed teams in the US medical and imaging industry earned 17% more than workers in companies not using teams. <i>APPELBAUM ET AL (2000)</i> 	<ul style="list-style-type: none"> ■ Data from US manufacturing showed that non profit sharing firms decreased employment by 3% during business downturns; while profit sharing firms decreased by 2%. <i>KRUSE (1992)</i> 	<ul style="list-style-type: none"> ■ Employee friendly culture at Glanbia includes: job sharing, special leave arrangements, such as sabbatical and, training on work-life balance for all employees which includes a module for partners. HTTP://WWW.FAMILYFRIENDLY.IE
<ul style="list-style-type: none"> ■ Results from 192 organisations with gainsharing plans showed that the average gain per employee was over US\$ 2, 200 per year <i>THORPE AND HOMAN (2000)</i> 	<ul style="list-style-type: none"> ■ Firms with profit sharing were shown to have more stable employment. <i>KRUSE (1993)</i> 	<ul style="list-style-type: none"> ■ Employee friendly culture, at Aer Rianta, includes: career planning, work-life balance training, sports facilities, a staff welfare fund, a respect and dignity policy, a learning resource centre, special leave arrangements, flexible hours, job share and childcare facilities. HTTP://WWW.FAMILYFRIENDLY.IE
<ul style="list-style-type: none"> ■ Dairygold's pig processing plant: Gainsharing – savings never been less than 20% of budget. <i>NCPP (2002)</i> 	<ul style="list-style-type: none"> ■ German survey of 70 metal-working firms found that those with profit sharing had lower dismissal rates. <i>KRAFT (1991)</i> 	
<ul style="list-style-type: none"> ■ A US study of 269 companies with gainsharing programmes found that the average ratio of gain sharing bonus to normal wages was more than 5% in most of the 269 organisations. <i>KIM (1996)</i> 	<ul style="list-style-type: none"> ■ A US study found that when employees held at least 5% of stock, companies had compensation levels which were 8% higher than other comparable public companies. <i>BLASI ET AL (1996)</i> 	

▶ *Employee financial involvement is now recognised by the European Commission as a strategic priority.*

2.4.1 Employee finances

Employee financial involvement is now recognised by the European Commission as a strategic priority. The European Foundation's survey on Working Conditions, based on representative national samples of employees, suggests that overall levels of employee financial involvement remain low (Paoli and Merllie 2001). Employee research carried out by the European Foundation in 2000 found that only 5% of employees received payments based on overall performance of the company where they worked (profit sharing). In an Irish context the figure was just 2%.

However, this may understate the importance of financial involvement. The Cranfield Network on Human Resource Management Survey focuses on organisations (Morley, *et al* 2002). It reports that 36% of business organisations in Europe have a broadly based (that is covers more than 50% of the workforce) profit sharing scheme (Pendleton *et al* 2001). Figures for Ireland suggest that around 24% of companies have broadly based profit sharing. Research carried out by the employers group, IBEC, in 2000 reports that 29% of companies had some form of profit sharing in place.

Research carried out in 2003 by the ESRI, for the Centre, suggests that the figure is somewhat lower (ESRI-NCPP Research 2003). The employer survey indicated that 14% have profit sharing/share options or gainsharing schemes. Approximately 16% of employees indicated that some combination of these schemes was available within their workplace. In those workplaces around 70% indicated they were personally involved in the schemes.

This section focuses on two specific pieces of research which highlight the financial impact of partnership on employees:

- Appelbaum and her colleagues work on US manufacturing
- The Centre's work at Dairygold.

Manufacturing advantage in the US: Employee outcomes

Appelbaum and her colleagues focus explicitly on employee outcomes. Managers at forty plants provided employee lists. These lists were used to draw random samples from different worker categories in each industry. Approximately 100 employees at each plant were surveyed. Workers were informed about the project and then interviewed at home by telephone. The overall response rate was 68%.

The worker survey examined issues such as satisfaction, trust, commitment and stress. They find that, in the US, the effects of high performance work systems on workers are generally positive. The findings show that a participatory approach to work not only increases the operating efficiency and competitive advantage of plants, it also improves working conditions. Workers with increased opportunities to participate reported that they have to do less involuntary overtime and experience less conflict with co-workers. They are less likely to find their physical surroundings problematic and less likely to feel they have inadequate resources to do their jobs. Job satisfaction did not change in apparel and medical and imaging, and in steel it actually increased.

The research also examined earnings and the link with different work practices. The findings indicate a strong overall relationship. When levels of overall participation are reported as high, workers earnings have also increased. Workers with greatest opportunity to participate earned 11% more than workers with the least opportunity. In the apparel industry earnings are 16% higher in high participation organisations and in steel they are 10% higher. In medical and electronics imaging industry there is no statistically significant link between earnings and the overall participation scale. The research provides specific earnings figures for groups of employees in self-directed teams, those involved in quality teams and those with autonomy. It shows that in each sector and in each case employee earnings are higher. For example, apparel workers in self-directed teams earned 4% more than those not working in teams; in steel the difference was 10% and in medical and imaging the difference was 17%.

There is some counter evidence. For example, Osterman (2000) examines high performance work models in the US, and his central conclusion is that presence of high performance practices, in 1992, is associated with a higher probability of layoffs in subsequent years and no real gains in wages. However, this finding is based on manager interviews and compares average wages in a plant with the plant's workplace practices. It does not directly link earnings to the work practices of individuals.

▶ *Workers with greatest opportunity to participate earned 11% more.*



▶ *The gains are not automatic.*

▶ *They have responsibility for budgeting, planning of work, and liaison with production.*

Nonetheless, Osterman's research is an important lesson for employees and employers to note: the gains are not automatic. There may be attempts to introduce partnership without sufficient consideration for the mutual nature of the process. However, this runs against the grain of the experiences and accounts of the majority of organisations discussed in this report. The next section emphasises this by focusing on the partnership process within Dairygold.

Dairygold Co-Operative Society Ltd

Dairygold is one of Ireland's leading food companies with sales of €960m in 2001. It employs approximately 2,500 people. Partnership has been a particular feature of its pigmeat processing plant, Galtee Meats. Faced with rising production inflation, tighter margins, and more sophisticated consumers, Galtee Meats set about ensuring that it remained competitive in the marketplace. Part of this, in the early 90s, included contracting out certain operations such as the canteen to ensure cost stability. When considering options for the maintenance area, management and unions together devised an alternative strategy. They established an autonomous work group. Based originally on the initiative of the union, as an alternative to decreasing the maintenance workforce, the idea was that the maintenance employees would manage and run the maintenance function within the plant on the basis of a self-managed work team. They have responsibility for budgeting, planning of work, and liaison with production. They schedule their own holidays and working hours (within certain constraints). They have their own team leader who negotiates the annual maintenance budget with management.

The results have been significant for both the company and its employees. The employees have come in below budget every year. The financial savings on budget are shared between the company and the employees. The gains are shared 3:1 on the first €24,500 and 50:50 on the remainder. Since partnership commenced, in 1993, gains have always been more than €24,500.

Despite a doubling of the pig kill in the last ten years, only one more full-time maintenance employee has been hired (bringing the total, excluding apprentices, to 18). The employees now have more control over their own work. They have dealt with issues such as cross-skilling and multi-skilling.

2.4.2 Employee well-being at work

A better work environment is a critical influence on the health, safety and general well-being of employees. This has obvious relevance for employees. However, research has shown that employee well being and ‘the psychological contract’ established between employees and employers has a real impact on organisational performance.

This section focuses on two strands of research that highlight the strategic importance of employee well-being at work:

- health and safety benefits for employees
- psychological contract.

Health and safety benefits for employees

The quality of work, the quantity of work and the timing of work all affect one’s personal life (Dex 2003). For example, bad days and feeling a lack of autonomy can have a bad effect on family life. This section concentrates on a very concrete aspect of the relationship between work design and employees’ well-being: health and safety.

Health and safety is seen very often as an opportunity for partnership. When it comes to health and safety there are clearly mutual goals. There are benefits to organisations and to the state more generally as improvements in health and safety standards lead to significant reduction in costs. For example, Irish research has shown that a 5% improvement in health and safety performance could save between €14m and 25m for the state and €45m for business (Roe 2000). For employees better working conditions improve health and well-being.

In-depth studies in occupational medicine confirm that there is a link between work, poor work design and ill-health. Research from Finland found that poor work design has serious negative effects on worker health and mortality (Kivimaki *et al* 2002). This study looked at workers in various occupations, within a Finnish manufacturing company, and measured changes over a 25-year period. The study examined work categories, from heavy

▶ A 5% improvement in health and safety performance could save between €14m and €25m for the state and €45m for business.

engineering to clerical and administration and controlled for things like gender, age, lifestyle, blood pressure, cholesterol, body mass index and other medical conditions. The findings reported confirm that:

- High work demands, combined with low job control or lack of resources to do one's job, cause strains
- High efforts without sufficient reward (money, approval, promotion or security) is also a source of stress
- Employees with imbalances in both these areas had a twofold higher risk of death from cardiovascular disease than their colleagues experiencing lower levels of imbalance.
- Poor work design also led to increases in the level of cholesterol and body mass index or obesity.

Redressing these imbalances is not just a simple process of increasing empowerment, providing improved reward, or reducing demands. Tom Cox, Professor of Occupational Psychology at the Institute of Work, Health and Organisation at the University of Nottingham, provides a flavour of the type of relationship that needs to evolve if health and safety is to be improved within the workplace:

▶ Think in terms of active interaction between people and their work position.

"We need to move away from a prescriptive approach to one of partnership and joint problem solving between employees and employers. It is important to educate and involve workers, recognise their expertise while at the same time shaping their expectations. We must think in terms of active interaction between people and their work position rather than seeing employees as people who are 'reacting' to a situation they find themselves in."

Prof. Tom Cox Irish Times, November 16th, 2002



Doing so implies a greater concern among employers and managers about employee well-being at work. Research findings provide some indications that greater efforts may be required:

- 60% of employees in the EU believed that their work adversely affected their health (Paoli and Merllie 2001).
- In the EU, work has intensified, the pace of work has increased, monotony has decreased but so too has task complexity and opportunities for learning (Oeij and Wiezer 2002).
- In the UK more employees believe that their work is now more stressful (Taylor 2002)
- One in five Irish workers are too tired to do things when they come home after work (ESRI-NCPP Research 2003).

▶ *No concrete support for the claim that gains to management come at the expense of labour.*

The danger is that these statistics might be used to argue against the development of partnership. The figures can be taken as support for a view which suggests that gains might be purely the result of work intensification, increased job strain and general transfer of task controls without sufficient compensation and/or increase in responsibility. For example, Ramsey *et al* argue that any link between employee involvement and partnership is established to gain employee compliance and to capture employee creativity (2000). Further, they argue that to the extent that gains do arise they are minor and they will be outweighed by the increases in work intensification, insecurity and stress.

However, the picture emerging from the stories and cases examined in this review suggests that this conclusion is not representative of how most organisations approach partnership. Interestingly, Ramsey and colleagues find no concrete support for the claim that gains to management come at the expense of labour, the degradation of work. They analyse data from the 1998 UK Workplace Employment Relations Survey (WERS) and they find insufficient evidence to conclude that partnership and other high performance work practices lead to either significantly negative or positive outcomes for employees.

Further, despite intensification, workers levels of satisfaction remain quite high. For example, research in Europe shows that 84% of workers are satisfied with their working conditions and that work is now potentially a more interesting place in which opportunities for learning have increased (Paoli and Merllie 2001). Similarly, in Ireland 89% of workers indicated that they are satisfied with their present job. They are also highly committed with 80% indicating that they are willing to work harder to help their organisation to succeed (ESRI-NCPP Research 2003).

Nonetheless, these research findings draw attention to the importance of carefully building into any partnership process an explicit consideration of the needs and expectations of employees both individually and collectively.

 *Improving
the psychological
contract delivers
benefits for
employers.*

Psychological contract: The business case

The idea that a better psychological contract is a benefit to employees is well documented. For example, Guest and Peccei's work shows that partnership makes employees better off because they feel they can trust their employers more, they feel they have a more active role and that their opinions are listened to.

The danger is that employee well-being or the psychological contract is seen only in terms of an employee gain. However, international research suggests that employee well-being at work is more than an outcome: it is a key part of the process by which higher performance is established.

Marc Thompson's research work on knowledge workers shows that improving the psychological contract delivers benefits for employers. This research looked at 429 engineers and scientists in 6 high technology organisations in the UK. He identified 24 dimensions of the psychological contract important to these types of knowledge workers (Thompson 2003).

The research shows that improvements in job design (this includes issues like opportunity to start new projects, variety and autonomy) is directly linked to the level of innovation in an organisation. Further, issues like career structures and promotional opportunities, performance-related pay and work/life balance all increase the level of commitment among employees. Commitment in turn has a strong positive impact on productivity and innovation. For example research at British Telecom by the Work Foundation in the UK shows that flexible working from home reduced overheads (£2000 to set up home working versus £6000 per annum for desk based work space) and it increased productivity by 31% among the 7000 BT employees now working from home (Work Foundation 2003).

This research is important because it emphasises that employee well-being is a strategically worthwhile goal for employers. It suggests that a focus on employee needs and concerns will facilitate higher performance: employee well-being merits investment. Further, support for this call for investment is evident in research on Human Resource (HR) management. For example, a survey of 1000 organisations, conducted in 2000, across 46 countries including Ireland, concluded that those that explicitly integrate HR policy into their general business objectives perform better (PriceWaterhouseCoopers, HR Services). Revenue per employee was 35% higher than in firms lacking a clear HR strategy.

▶ *Revenue per employee was 35% higher than in firms lacking a clear HR strategy.*

2.5 Change and improvement

Partnership offers a way to discuss and deliberate about the need for change and its impact on organisations and employees. To the extent that it builds mutual understanding it facilitates the process of change. It promises a new mindset that can help to change attitudes and beliefs. To the extent that it can ensure that the outcomes are of mutual benefit to employers and employees it can offer a sustainable basis for ongoing change and improvement.

The European Work Organisation Network co-ordinated a major investigation of 120 case studies across six European countries (EWON 2002). Each organisation faced a particular set of pressures for change. Organisations were responding to external market pressures, regulatory changes and internal pressures. The EWON research focused on the types of changes introduced to achieve case study organisations' objectives. In all cases new working methods had been introduced. In particular, the researchers found a very high incidence of initiatives such as team-working, workforce re-structuring, enhanced workforce involvement, and partnership and participation and of both partnership and teamworking (Milsome and Sharpe 2002).

The EWON research draws on 120 examples to provide an indication of the type of change and improvement occurring in organisations across Europe. Within many of the organisations new participative work practices mean that change is discussed from many perspectives. The results indicate that this considered and inclusive approach to change, in tandem with equitable reward systems, is delivering change and improving organisational performance. The research highlights significant gains in competitiveness, turnover, quality, customer satisfaction, employee satisfaction and skills.

▶ *A Local
Action Team
developed
a new produc-
tion process
which saved
the company
£100,000 in
its first year of
operation.*

Table 11 summarises research work that indicates the change potential associated with partnership. This section focuses on three pieces of research:

- Lazes work in health care in the US
- Department of Transport in Ireland
- Bacon and Storey's work in the UK.

These studies highlight that partnership does provide a basis to deal with complex mainstream issues of change. However, they also demonstrate that partnership is something that requires commitment, dedication and effort.

TABLE 11 | Partnership as a foundation for change

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ A joint team at Maimonides Medical Centre re-assigned work to improve administration. There was a 75% reduction in the amount of unfilled reports; 100% retrieval rate for clinic patients and a 75% reduction in uncollected accounts (from \$800,000 to less than \$200,000).
<i>FIGUEROA AND LAZES (2002)</i> | <ul style="list-style-type: none"> ■ A case study at AWE plc — which operates the UK's Atomic weapons establishment on behalf of the Ministry of Defence — showed that partnership had delivered significant savings. For example, a Local Action Team developed a new production process which saved the company £100,000 in its first year of operation.
<i>IPA CASE STUDY (2002)</i> |
| <ul style="list-style-type: none"> ■ In the Irish Courts Service the partnership process has demonstrated its capacity to resolve potentially complex problems such as work-sharing through the generation of innovative and credible policy outputs.
<i>NCPP (2003)</i> | <ul style="list-style-type: none"> ■ Cederroth International, a consumer goods manufacturer, introduced goal-orientated teams in 1993/94. It managed to cut lead times by 44%, productivity increased initially by 25% and then by 3.6% annually, stock reduced by 48%, labour turnover fell from 15% to 2% and absenteeism from 11% to 4%.
<i>MILSOME AND SHARPE (2002)</i> |
| <ul style="list-style-type: none"> ■ Partnership was a key influence on re-structuring in various UK sectors.
<i>HEERY (2002)</i> | <ul style="list-style-type: none"> ■ Job satisfaction improved following the introduction of shared care in a US hospital. Sick leave hours decreased from 30,000 per year to 14,600 in the first year after the introduction of shared care.
<i>KIRKHART (1995)</i> |
| <ul style="list-style-type: none"> ■ The introduction of team structures at a Danish hospital underpinned significantly improved standards.
<i>EWON (2002)</i> | <ul style="list-style-type: none"> ■ The introduction of team structures at a Danish hospital underpinned significantly improved standards.
<i>EWON PROJECT</i> |

2.5.1 Labour-management projects in US health care industry

In a major study of the US health care industry, Peter Lazes and Maria Figueroa illustrate that partnership can provide a fresh basis for change and problem solving. Partnership has a positive impact on patient care. It has underpinned faster decisions and, in at least two cases, it has provided a viable alternative to proposed facility closures.

Employees have an increased say on issues like staffing levels, contracting, selection of managers and design processes. Lay-offs have been reduced as alternative pathways to re-structuring are pursued. A number of hospitals have developed gainsharing and performance sharing schemes. There is improved morale among staff as problems are addressed earlier and more effectively. For example, in one organisation — with 5000 employees — grievances have fallen from 10 per day to just 4/5 per month. Unions also gain as working relationships improve, members display more interest and membership increases.

The four organisations included in their study are:

- The New York 1199/League of Voluntary Hospitals and Homes of New York (180,000 employees)
- Allina Health System (23,000 employees)
- Kaiser Permanente (55,000 employees)
- LA County Department of Health (23,000 employees)

These are four very large private and public health care providers with high levels of unionisation and their experience suggests that partnership worked and is working. The research also provides an indication that partnership in these organisations is something that employees and managers work very hard at. It is seen as a serious alternative to the management of change. The cases also provide a flavour for the types of difficulties that can arise.

▶ *Alternative pathways to re-structuring are pursued.*

▶ *The project team showed that the hospital's cost assumptions were not accurate.*

In each organisation partnership was adopted as a response to changing strategic circumstances: increasing competitive and financial pressures. Partnership proved in each of these cases that it could improve performance. In one organisation, Allina, an Operations Improvement effort involving over 400 employees resulted in cost reductions of over \$10m and over 3000 new ideas. Cost savings targets were achieved without layoffs. At Kaiser Permanente partnership addressed quality and service. For example, one joint team examined best practices in relation to in-patients. Union members focused on barriers to change. The project team showed that the hospital's cost assumptions were not accurate as existing staffing levels were based exclusively on budget considerations. Employees researched regulations and based new staffing levels on legally required baselines. Based on extensive consultation with employees and examination of complaints, a new more efficient system was implemented. In this system, hours per patient per day increased from six to seven and half.

Also at Kaiser Permanente the design of a new hospital was completed within budget and took only six months rather than the estimated 8 to 12 months to finish. In the Baldwin Park hospital 150 front line employees, managers and physicians participated in a 'blitz week' to design in-patient services. While the ultimate goal of developing self-directed teams has not happened, the partnership process at Baldwin has shown itself to be a fast way to handle complex business problems.

An interesting feature of this research is that the benefits to unions are examined. At many of the hospitals solidarity among traditionally rival unions improved with arrangements like 'no raiding policies' agreed as part of partnership. Unions note that they have better access to information and they have access to facilities and to office space. Their role is evolving. Across the organisations, developers/facilitators have been appointed, mostly on a full-time basis, and only one is not a union official. In these organisations partnership is an opportunity for union development. Leadership improves, members become more involved in union affairs and union membership grows. For example, at Kaiser Permanente around 6,500 new members joined unions.

The case studies also provide an insight into the challenge of making partnership work. The level of support for partnership is not always sufficient; bureaucracy often acts to hinder change; communication, both within organisations and within unions, needs to improve; and the level of resources — both financial and human — are often under significant pressure. However, the important lesson from these organisations is that employees and managers go to considerable lengths to resolve these issues. For example, Allina developed an 'Accountability Model'. This communication based tool allowed anyone to propose an idea or project. A co-ordinating council indicates the level of authority granted to the team assigned to the project. There is also a mediation system to address problems. Finally, resources given to partnership in many of these organisations are significant. At Kaiser Permanente the annual budget is between \$10 –12m. The labour management partnership is working to ensure that partnership is actively making its activities and structures more embedded in daily work. In their view this must happen if partnership is to maintain or grow its funding allocation.

▶ *At Kaiser
Permanente
around 6,500
new members
joined unions.*

2.5.2 Department of Transport: Making things happen through partnership

The Irish Government established a new Department of Transport, with almost 500 staff and an annual budget of approximately €2bn in June 2002. The Department is charged with implementing an integrated transport policy. Its objective is to overcome existing delays, bottlenecks and congestion and to provide the consumer with greater choice by offering alternative modes of transport and competitive access transport.

The new Department has successfully relied on partnership to develop its Statement of Strategy in 2002. Further, partnership is becoming an embedded feature of how day to day work is addressed. There is an openness and respect for employee opinions. Individual staff must find 'threads' linking their role to departmental objectives and deliverables contained in the Strategy Statement. These searches have 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 re-opened a debate about the relationship between the Department and state bodies under its aegis.

The importance of two-way communication is recognised by staff at all levels and by unions. The extensive use of meetings, team-based problem solving, the partnership magazine (The Inside Track), and ongoing use of email have created an open climate. Efforts to develop the communication system and management information system are continuing.

Management remain responsible for leadership. However, this is interpreted in the Department as a task of nurturing and encouraging rather than solely one of directing: the emphasis is on learning and innovation. Themes set by management are refined and altered by individuals and teams who give the ideas careful consideration. In the case of a broad issue like the Strategy Statement this feedback was based on extensive consultation and discussion with staff and teams across the whole Department.

This process of theme setting, consultation and team-based problem solving has delivered results in a very short space of time. For the Department this is evident in terms of speed and flexibility and innovative problem solving. It also means a more positive workplace as trust, openness and fairness are important characteristics. The new Department, starting from scratch, was one of the first departments to agree its Statement of Strategy, after the formation of the Government in 2002. Further, the participative process means that follow-on activities like Business Plans and individual role profiles

▶ *Management
remain
responsible for
leadership.*

are expected to occur much quicker than would normally be the case. This is because there was such a strong focus on concrete action and links to individual work in the development of the Department's strategy.

The challenge recognised within the Department of Transport is to continue to mould an approach to work that allows things to happen. It is accepted and agreed among senior management and the partnership committee that partnership can create a basis for effective change.

There is a desire to build on the culture of information sharing and openness. Partnership is still evolving and growing at the Department. It is at a critical point in its development. However, there is an acute sense that the partnership committee could be confined to a rather peripheral role within the organisation. There is little evidence that the partnership committee is seen as a forum for discussion of serious issues. Nonetheless, all members express a desire to see partnership work and realise its value.

"We all know and agree that the reality of the partnership approach results in a better work situation all round. We know that an embedded partnership approach gets results for all sides".

There is pressure for results and for evidence that partnership can become further embedded as a part of how business happens across the Department. There is an acceptance that developing partnership now requires a very basic rethink in relation to structures, roles and relationships.

▶ An embedded
partnership
approach
gets results for
all sides.

2.5.3 Grappling with change: Some UK experiences with partnership

Bacon and Storey studied ten organisations in the UK, five of which were, or had recently been, part of the public sector (Bacon and Storey 2000). Their research focused on organisations that at the time were undergoing major change. It demonstrates that partnership delivers a new organisational capability in relation to change. Their research shows that in a gradual incremental fashion partnership creates a new, more pragmatic relationship between employers, employees and unions.

This study focused on managers, employees, and their representatives and their attempts to develop new dimensions to their relationships. The cases demonstrate a gradual development of what partnership entails. There was evidence of changing attitudes, among management, employees and unions, as experience with new types of arrangements increased. The examples show that manager/ employee relations were re-designed as the partnership arrangement was more fully understood and supported. The ongoing re-design involved detailed national agreements and customised workplace blueprints. For example, at British Rail, a company-wide agreement outlined a basis for developing harmonised terms and conditions, and a new integrated salary structure. It abolished service-related increments and localised approaches to dispute resolution. A second route to partnership was a series of detailed, customised plans, such as those developed at Cadburys-Schweppes. The 'New Horizons' agreement focused on a five-year end game of wish lists, including an end to clocking-in and a move to salaried pay and teamworking.

▶ *There is evidence of changing attitudes among management, employees and unions.*

However, the development of agreements was not taken by any group as an indication that everyone now shared the same set of values. Conflicting agendas, old beliefs, and mistrust continued to be features in each of these organisations. However, learning was ongoing. For example, managers at Royal Mail had initial concerns about taking the union into their confidence, but this gave way to a realisation that the union would act responsibly to maintain its own credibility. Harrison and Laplante noted that a similarly pragmatic note was evident among Canadian unions. In a study of four unionised plants, they argued that the union strategy was driven primarily by a realistic approach geared towards survival and job security.

“For the unions and members involved, the solutions are acceptable when the terms are negotiated. Conflicts and criticisms remain; unions face new sources of tension that need a solution other than traditional confrontation. The union representatives now have to arbitrate between different interests of workers groups and between them and supervisors.”

Harrison and Laplante 1996, p.123

▶ Unions

*have carved
out new roles.*

Bacon and Storey conclude that unions in the UK in a similar manner have carved out new roles in these organisations, leading to greater involvement in establishing joint rules and procedures. Initially, this involvement was clearly management-driven, but there was also early evidence that this collaboration was deepening. For example the unions at Ford were involved in collaborative planning. This indicates a new, evolving role for unions in the modern global organisation. There is a sense at companies like Ford of a common fate, a shared sense of purpose regarding the viability of the local plant in the face of global pressures.

These cases reflect a practical reality, namely that in any partnership the potential for mistrust exists. However, progress is possible: transparency, communication, and action in these cases builds trust. Bacon and Storey’s research shows that at times the path will be difficult to navigate. This is an important lesson. However, it has not prevented the discovery of a more enlightened approach to employee/union/ management relations in the organisations reported in Bacon and Storey’s research.

Chapter 3

Making partnership perform: Benefits and challenges

Chapter 2 highlights the potential of partnership but it also suggests that capturing those gains will require determination and commitment on the part of employers, employees and unions.

This chapter summarises the evidence gathered from international research. It shows that partnership delivers tangible and substantial benefits. It provides a full list of all of the benefits and the way in which partnership affects organisations and employees.

This section also focuses on the challenges. Partnership is not a one-size-fits-all ready-made solution. Partnership is something that must be worked out among those involved. What works in one organisation may not work in others. However, it is possible to identify from international research a number of universal barriers that partnership or indeed any change management process must address.

3.1 Partnership: Summary of the benefits

Table 12 lists all of the actual ways in which partnership and new work practices deliver improvements. The benefits impact on key aspects of organisations, namely:

- Overall performance
- Efficiency
- Innovation
- Work environment
- Change.

▶ *Companies
are introducing
more new
products and
doing it
more quickly.*

The introduction of partnership and new work practices underpins direct improvement in the overall performance of organisations in many ways. Chapter 2 has shown that partnership delivers higher levels of profits, sales, and value-added. It supports better professional practice and reduces inefficiencies, the number of disputes and the level of conflict.

Improvements in efficiency arise. Private sector companies report higher levels of productivity. Public sector organisations show that partnership leads to higher standards of customer service and more efficient ways of doing things. There is less time spent idle, more uptime and less waste. Partnership can facilitate the development of better ways to manage costs and stock levels. It underpins faster responses to customer queries and problems.

Partnership and participation also produces innovation. The examples show companies introducing more new products and doing it more quickly. Partnership enables a system of ongoing informal and formal learning which means that innovative ideas continue to emerge. Further, the process of partnership provides organisations with informed and balanced analyses of the issues they are facing — new ideas at least get a fair hearing.

TABLE 12 | The benefits of partnership and participation

Overall performance		Efficiency	
<ul style="list-style-type: none"> • Profit increases • Return on assets is higher • Value added increases • Higher sales • Costs decrease • More flexibility • Faster pace of work • Improves recruitment and staff retention 	<ul style="list-style-type: none"> • Less time in dispute • Lower absenteeism • Better quality of care • Continuity of care and practice • Standards improve • Lower labour turnover • Aid to re-structuring 	<ul style="list-style-type: none"> • Productivity improves • Higher levels of production: greater through-put • Faster, more efficient order processing • Higher levels of uptime • Reduce excess costs • Quality improves 	<ul style="list-style-type: none"> • Better cost management • Lower lead times • Lower scrappage levels • Lower stock levels • Employee financial involvement is tax efficient
Innovation		Worker benefits	
<ul style="list-style-type: none"> • Rate of productivity growth improves • Informal learning • Formal learning — resource centres • Balanced and informed analysis • More suggestions; access to innovative ideas • Employees (and unions) as problem solving resource 	<ul style="list-style-type: none"> • More new products and faster adaptation to market changes • Easier changeovers • Decreased new product lead times • Technological breakthroughs • Employee involvement is an innovative source of finance 	<ul style="list-style-type: none"> • Higher worker earnings • Financial benefits — sharing the gains • Employee financial involvement generates tax savings • More control, more responsibility and less stress • Opportunity of having a 'say' • Less emphasis on formal meetings • Greater opportunity for learning, training and career development • Having resources to do your job 	<ul style="list-style-type: none"> • Less monotonous work • Greater interaction with colleagues • Greater connection between employee needs and union activities • Improves health and safety • Lower conflict and more trust • Lower levels of grievances • Reduces levels of dismissals • Flexible arrangements — job share, flexitime, end of involuntary overtime, crèche, sabbaticals, sports facilities

Change

- Provides an ongoing basis for change
- Creates a mindset which is open to change
 - Helps to change attitudes and beliefs
- Mutual understanding improves over time
 - Accelerates change
 - Makes change sustainable

Improvements also occur in relation to the work environment. The evidence suggests that workers in the private sector will in most cases receive higher financial rewards — through some package of higher earnings and/ or a share in the financial gains. However, the workplace also becomes more satisfying. The cases show that workers benefit because their input and control, responsibility, health and safety are all improved with partnership. Work becomes less monotonous, workers have more opportunity to have a say and there is less formality. Further, the research shows that organisations are working with a whole range of employee-friendly and flexible policies such as job sharing, flexitime, childcare and extended leave arrangements. Employees in a partnership environment are more likely to receive training and education which accelerate personal development and improve their career development prospects.

Finally, partnership and participation delivers a culture of change: a new mindset which accepts that there is a common agenda, shared goals, shared responsibilities, a shared fate and shared outcomes or benefits. This creates the basis for ongoing change and improvement. This may be largely intangible but the mindset created through partnership is the critical foundation. It underpins each and every improvement delivered by partnership. For example, at the Department of Transport in Ireland, employees were consulted and had a real opportunity to have a say in the development of the ‘Strategy Statement 2002-2005’. This created an understanding of the proposed changes and why those changes were necessary. The result is that changes are being implemented with greater ease — even in relation to issues like staff re-location. The extensive process of consultation has provided a basis for a new mindset: one which accepts that change is well thought through and that it will provide benefits for everyone in the department (NCPP 2003).

▶ *Partnership created an understanding of the proposed changes and why those changes were necessary.*

3.2 Meeting the challenges

There are a number of attitudes and beliefs that slow the process of change by colouring the judgement and decision-making of key individuals. Developing partnership, like any process of change, will require an ability to overcome inbuilt inertia or resistance to change, conservative attitudes and beliefs, and confusion and lack of understanding about new processes (see for example, Geary 2003).

This section argues that key to meeting these challenges is a clear understanding of the role of partnership, its link with industrial relations and the need for adequate investment.

3.2.1 Mapping out the role of partnership

▶ *Partnership is a fluid approach which can move between existing structures, processes and ways of doing things.*

The ability to effectively change is often limited by a lack of understanding. Individuals and groups will frequently find it difficult to fully accept a new approach because it is challenging and because not enough information is available.

Partnership has been loosely defined in the literature and although this presents some problems, it is also one of its strengths. Treating partnership as an open idea has enabled it to evolve and transform in constructive and innovative ways. However, there is often confusion about the role of partnership and how it is linked with the wider process of strategic and operational change.

The open nature of partnership leaves it susceptible to abuse or mis-interpretation. For example, in Bacon and Storey's research there are quotations from managers that clearly indicate people may still approach partnership in an opportunistic manner. But there is also evidence that many managers see partnership as a real alternative. Significant hostilities remain, but these are not the norm.

▶ *Practitioners should be encouraged to actively discuss their individual efforts.*

This international review suggests that partnership, in the hands of visionary people, within management, the workforce or unions, can result in the re-invention of how organisations operate. It offers a fluid approach which can move between existing structures, processes and ways of doing things. For example, research at the Centre suggests that partnership at the Dairygold pigmeat plant resulted in an innovative cost management strategy. This involved a re-structuring of the employee/employer relationship, the establishment of performance targets, the devolution of responsibility for cost management and the introduction of a gainsharing strategy (NCP 2002). The partnership solution cut effectively across the traditional divide which so acutely separated management and unions at that plant. It allowed both sides to take provisional steps towards a new way of working together. This early success in turn underpinned the development of partnership across the Dairygold organisation. Similarly, the unions at Tegral Metal Forming, Aughinish Alumina, and Jurys Doyle have successfully created roles for themselves as champions in relation to new work structures, change, performance management and monitoring.

Partnership in these organisations is not narrowly confined to the area of human resources. It is linked to key activities central to the broader process of strategic and operational change.

The challenge is to engage individual HR managers, union representatives and employees about how partnership can be used within their organisation to navigate new paths to change and improvement. Practitioners should be encouraged to actively discuss their individual efforts to grapple with partnership and to examine how it impacts on issues like IR, its role in the broader process of change, and the impact on employee well-being and reward.

3.2.2 Partnership and industrial relations

The management and implementation of change in the workplace depends upon worker support and commitment. In many organisations this change becomes the subject of bargaining and negotiation. Partnership offers a problem-solving approach based on open and inclusive discussion. It is an opportunity to arrive at mutually agreeable terms and broad foundations for a change process.

In practice, there is a tendency to separate IR and partnership. However, a key challenge is to find ways in which partnership and traditional IR processes can be mutually supportive. There is some evidence that pioneering organisations are integrating these activities by adopting a flexible or pragmatic approach. For example, case studies in Ireland show that partnership and IR often evolve towards a very constructive overlapping and even integrated relationship in organisations (NCPP 2002). Issues move from one forum to another; elements of issues are dealt with within different forums. Certain issues are ring-fenced and removed for a set period from the IR forum. In the Centre's research, there was a strong sense that in each organisation, managers, employees and unions were working out ways to blend partnership and IR.

▶ *The desire to solve problems, not structural arrangements, is the priority.*

It is very likely that as partnership develops it will have to move, or zig-zag in this way between various structures, such as industrial relations processes and change management units. This movement may lead to a blurring or even elimination of the distinction between these structures. The desire to solve problems, not structural arrangements, is the priority. The zig-zag process is driven by the need to find ways to solve problems; not to avoid solving problems. For example, moving IR issues into partnership offers new opportunities for broader and more innovative discussions, on issues such as staff recruitment and pay structures. It may be that aspects of this issue will move back into the IR process to agree the details of any plan scoped out at the partnership forum. This ongoing adaptation or 'zig-zag' suggests a very powerful process whereby practitioners make maximum use of their ongoing experience to revise and upgrade their best made plans or their stated positions.

▶ *Management
make sure
projects and work
are evolving
towards higher
levels of
achievement.*

3.2.3 Adequate investment

Making partnership work requires investment. Like any change process it must disrupt the status quo: it implies new tasks, roles and responsibilities for management, employees and unions.

In a partnership organisation management retain the right to manage but management as a function takes on new priorities and responsibilities. Management remain best placed to ensure that decisions are considered in a wider context. Their remit is policy, design and overarching evaluation and monitoring.

In a practical sense, management are responsible for ensuring that the critical and ongoing dialogue between competitiveness and employee problem solving remains co-ordinated and focused. Management have a co-ordinating role. They must ensure that various aspects of the organisation are overlapping in a very practical and productive sense. Management make sure projects and work are evolving towards higher levels of achievement. Their contribution to teams and individual employees is to:

- help team members improve and develop their own skills and careers
- place achievements in context
- share experiences
- identify areas for improvement and barriers to change
- make sure resources are employed in the most effective way
- ensure that the sum of the parts is focused on the correct overall targets.

These new roles and skills require investment in time and resources. Similarly, partnership implies new roles and responsibilities for employees and unions. It creates a new challenge for employees/unions: to solve problems more effectively. The research shows that in this context, the role of unions is also evolving. In this more problem-solving environment the agenda for employee/employer discussion is broader and more complex.

The following quotation, from a union official at Tegral Metal Forming captures the essence of the change that begins to occur in practice as partnership becomes part of how organisations do things:

“In the past, I waited for plans to be passed down from management; then analysed and responded and usually fairly negatively; now I synthesise views and suggest changes and plans to management.”

This touches on a key challenge for partnership: cost benefit analysis. The ability to measure the impact of this type of constructive approach to change in simple economic terms is difficult. However, the intuitive sense that this attitude will lead to superior business decisions is hard to ignore. This is important because it is the case that many of the costs associated with partnership are tangible and to a large extent front-loaded. On the other hand, the benefits tend to be more long term and often rely on less tangible improvements in areas like management-employee relations and organisational culture. Chapter 2 highlights that there are short-term gains which partnership delivers, scrappage rates, customer satisfaction and new ideas etc. However, a fair cost-benefit analysis of partnership must reflect both the immediate and long-term impact of partnership.

▶ *Costs associated with partnership are tangible and to a large extent front-loaded.*

Chapter 4

Embedding partnership in work: A second generation view

This chapter approaches the evidence from the practitioner's perspective. It considers employers, employees and unions grappling with partnership. It focuses on the role of partnership in the broader processes of organisational management: a new second-generation of partnership that has expanded beyond its traditional domain in human resources / industrial relations.

▶ *New second-generation of partnership that has expanded beyond its traditional domain.*

This chapter gathers together the various strands in this review and presents three strong claims, based on the evidence, about the characteristics of effective partnership. It argues that if partnership is to deliver the type of advantages outlined here then it must be conceived in the following terms:

- **A mainstream process:** As a serious approach to the management of change which has application to all aspects of how work is organised.
- **A worked solution:** There is no off-the-shelf solution. Instead managers, employees and unions carve out new arrangements, roles and responsibilities. Communication is the engine for this way of working.
- **A mutual outcome:** The underlying idea of partnership is that there is something in it for all parties. This ensures participation in the first instance and on an ongoing basis.

This chapter suggests that these three areas represent the building blocks for effective partnership in an organisation. Table 13 outlines the essential features of each of the building blocks.

TABLE 13 | Building blocks for effective partnership

Mutual outcomes					
Worked solution	Two-way communication	Upward problem-solving	Collective representation	Engagement	Say about issues
Mainstream process	Performance monitoring	Pensions	Progress reports/ updates	Health and safety	Quality of work
	Competency	Suggestions for improvements	Skill-based pay	Training and individual learning	Flexible work
		Benchmarking	Terms and conditions	Problem-solving	Learning and improvement
		Employment security	Wages	Work structures	

4.1 Partnership as a mainstream process

The evidence and experiences presented in this review suggest that partnership can be successfully applied to a diverse range of core work-related areas. It can function as a mainstream process.

Partnership's focus on IR can dominate how it is perceived within organisations. However, this underestimates the role of partnership. It does play an important role in many organisations by straddling management and employees' employment related concerns. However, Chapter 2 suggests that partnership is a way to connect management and employee thinking across a whole range of issues: performance, innovation, productivity, worker benefits and change. It has the potential to connect between different problem-solving arrangements, such as IR processes but also management decision-making and day-to-day problems faced by employees.

 *Partnership is an innovative way to handle a large number of very diverse issues.*

The international review has shown that partnership is an innovative way to handle a large number of very diverse issues in the workplace. The issues addressed included how to improve the quality of a production process, how to reduce waste, how to link monitoring to improvement and how to make work more rewarding and satisfying for employees.

Partnership is able to tackle these kinds of problems more effectively than traditional directed managerial styles because it draws on the best available local knowledge. It is immersed in the reality of business practice: its strength is its local knowledge of how things work and of how things can be improved. Partnership in this way increases the strategic capability of organisations. It brings more expertise to bear on problem solving. It has the potential to expand the thinking core of an organisation.

As a mainstream process the key to making partnership work is ensuring that it is part of work — part of what people do on a day-to-day basis. This is the essential quality of the second-generation view of partnership put forward at the Centre. It is something that is embedded in work rather than a parallel structure.

Finally, it is important to note that making partnership work effectively, like any serious mainstream approach to change, requires investment. Moving to second-generation partnership forces a mind change in relation to investment in human capital. It can no longer be seen as a discretionary expenditure or optional strategy. Partnership organisations unite discussion about competitiveness and discussion about increased investment: dialogue about how to improve competitiveness depends on employee involvement in and experience about specific problems, such as a step in the production process. There is no choice about employee investment. In a second-generation partnership organisation failure to invest in employees and supportive structures and systems is a failure to improve competitiveness.

▶ *The key
to making
partnership work
is ensuring
that it is part
of work.*

4.2 Partnership as a worked solution

Partnership emerges within this report as something which must be worked at. Working in partnership can lead to better and unexpected forms of partnership and benefits. But difficulties will arise and initiatives will fail.

The message is that partnership has to be worked. It is not an off-the-shelf solution. Partnership is an opportunity for those involved in activities to become involved in discussion and action about how to solve problems. It facilitates an ongoing search for and consideration of the best way to solve problems. It supports the flow of information and ideas.

This review outlines various models of partnership: teams, other informal efforts to encourage participation, formal partnership committees and other structured systems of employee involvement and consultation. However, there is no single model of partnership which can be universally recommended. There are pointers that certain combinations work better in certain situations but further research is required to assess variations over time and other key organisational characteristics that may have an influential impact on performance.

 *Partnership*
is not an
off-the-shelf
solution.

The best advice to organisations is to highlight the critical importance attached to openness, transparency and two-way communication. The most fundamental attribute of partnership is its ability to link people, ideas and structures to achieve change with mutually beneficial outcomes. It connects employees and their unions with managers and employers; it connects employer goals with employee interests and needs; it connects managerial and employee structures. Communication through various channels and various types of media, formal and informal, is the glue which makes these connections possible. The single most important contribution partnership makes to an organisation is to create the conditions which can enable an ongoing discussion and debate around complex issues.

Fostering a problem-solving partnership philosophy across an organisation requires active dialogue. The employee voice literature suggests five different channels:

▶ *A critical importance is attached to openness, transparency and two-way communication.*

- Communication/ exchange of views — able to express views in a general sense
- Upward problem solving — feedback on specific issues
- Collective representation — union or non-union representatives able to express views
- Engagement — staff able to express opinions in an open environment
- Say about issues — expectation that view will be taken into account.

Marchington et al (2001)

Further, there are several mechanisms, both formal and informal, used by partnership organisations. These mechanisms include electronic media, works councils, two-way communication and surveys. The objective is to provide all employees with an opportunity to hear what is happening and to influence issues and solutions.

4.3 Partnership as a mutual gains process

► *Everybody
must bring
something to
the table and
gain something
in return.*

Partnership is a mutual gains process. It intertwines the fate and fortunes of employers and employees in a transparent and equitable process. It works on the principle that the sum of the parts can be greater than the whole. This principle must be reinforced by experience if it is to continue to sustain collaboration.

The essence of effective partnership is that it reinforces the basis for participation and involvement because it is a mutual gains process. Everybody must bring something to the table and gain something in return. This idea of interdependence is important because it reduces the centrality of trust in any account of how change might happen. Trust is important. But trust on its own is not a sufficient or even healthy basis on which to build an approach to working together. Further, because information sharing, communication and openness are at the heart of how partnership works it is transparent.

This international review illustrates that significant gains may arise for organisations and employees. It is important that explicit consideration is given to the manner in which gains are shared. Partnership is sustained by the sharing of gains in an equitable manner. However, there is some evidence that gains may not always be fairly distributed between employers and employees. This is complex as many of the gains may have quite intangible and longer-term impact on organisational performance and employee well-being. Nonetheless, equity is a critical feature for the development of effective partnership.

Chapter 5

Achieving high performance: Partnership in Ireland

The most recent NESC strategy, *An Investment in Quality: Services, Inclusion and Enterprise*, places organisational capability and the capacity for change and improvement at the top of the national policy agenda (NESC 2002).

The establishment of the National Centre for Partnership and Performance— under the aegis of the Department of An Taoiseach confirms this commitment to organisational change and modernisation. The Centre's mission is to drive and support the momentum behind partnership-type approaches to high performance.

The strategic priorities guiding the Centre's work are set out in its *Strategy and Operational Plan for 2002 to 2005*, which was published in March 2002 following an intensive process of consultation.

▶ *Drive and support the momentum behind partnership-type approaches to high performance.*

The core business of the Centre is to facilitate and support organisational change, innovation and improvement throughout the private and public sector. It advocates and supports the use of partnership-style arrangements as an effective method of delivering mutually beneficial advantage to Irish organisations and workers. The Centre is currently:

- creating a vision of high performing workplaces
- developing and disseminating models of good practice
- providing tools to support change through partnership
- supporting organisational networks in the public and private sectors.

The Centre examines the extent and nature of change facing private and public sector employers, employees and unions. It is committed to evidence-based advocacy. Its work programme includes cases studies, survey work, action learning, strategic facilitation and the development of competency-based learning tools. These activities, in various ways, provide concrete evidence about the process of change and improvement in Irish organisations. Table 14 outlines the range of initiatives and activities underway at the Centre.

**TABLE 14 | Work programme:
National Centre for Partnership and Performance**

1. Creating a vision of high performing workplaces for the future:

- Forum on the Workplace of the Future (www.ncpp.ie/forum)
- Information and Consultation Directive – 15 case studies
- Guidelines on innovative forms of employee financial involvement

2. Developing models of good practice:

- Civil Service case studies of good practice
- Review of international studies on partnership and performance
- Database of organisational change and innovation

3. Developing tools to assist organisations in managing change through partnership:

- Competency framework on managing change through partnership
- The learning organisation project
- The learning by monitoring tool
- Interactive website to support change through partnership

4. Developing networks to mainstream high performance in organisations:

- Research Advisory Panel – collaboration with 23 of Ireland’s leading research agencies and institutions
- Strategic Alliance Network of government agencies and departments established in 2001
- National Network of Researchers
- Public Sector Partnership Network

▶ *There is
significant
potential
within the Irish
workplace.*

A key focus at the Centre in 2003/2004 is the Forum on the Workplace of the Future. The Forum is a Government initiative designed to promote national discussion on how workplaces can best adapt to competitive pressures, improve service delivery and respond to employees' changing needs and preferences.

In July 2003 the Centre commissioned the Economic and Social Research Institute to undertake a major survey of employee attitudes, experiences and expectations. Over 5,000 Irish workers have been interviewed in their homes about their attitudes to their jobs and workplaces, on a wide range of issues such as levels of autonomy, workplace communications, work-life balance and career development expectations. The survey results will feed into the Forum's agenda and the Centre's work programme.

In parallel, the Centre carried out a survey of employers in both the private and the public sectors to establish how they feel their organisations are responding to the challenges of increased competitiveness and the changing workforce. Results and analysis from all three surveys will be published in late 2003.

Initial results suggest that there is significant potential within the Irish workplace to create new pathways and bases for competitive advantage. *Achieving High Performance* provides strong evidence that partnership will be able to help unlock this potential. The second-generation approach to partnership, outlined in the report, suggests that an integrated focus on work, participation and outcomes offers a real alternative to traditional approaches to the management of change.

Future research in Ireland

There is an urgent need for further research on the impact of new partnership-style arrangements on organisations, on management, on employees and on unions. As further momentum grows behind partnership it becomes more important to have stories which show the implications for people and for thinking in management, employee relations and human resources. There is also a need for careful and rigorous studies of the impacts: studies which quantify outcomes and demonstrate results.

Research and policy development at the Centre will continue to provide independent, authoritative and innovative research on work, workplace practice and change. The objective is to focus attention on the structure of work — the changes that are occurring within organisations, the challenges this presents for individuals — and the potential for innovative organisational solutions which are inclusive and participatory in nature, that is, partnership-type arrangements.

Further analysis of the ESRI survey of employers and employees will provide important information about the capacity for change among employers and employees in Ireland. The Centre — directly and indirectly through the Research Advisory Panel — will also continue to focus on case studies. These can provide in-depth analysis of the pressures, responses and barriers to change within specific organisations.

The need to provide further evidence that partnership works is a challenge facing all of those interested in sustaining and improving Ireland's competitive advantage. There is agreement that Ireland is now committed to a vision wherein businesses compete in the main in high value-added markets that deliver a premium to innovation, quality, skill, knowledge and adaptability. The achievement of competitive advantage through these attributes of organisations and their human resources is understood to provide the basis for high and rising living standards. This competitive vision is allied with a wider vision involving high quality, efficient and user-focused public services, the maintenance of social cohesion and the promotion of social inclusion. The challenge facing practitioners and researchers is to find ways to create, shape and understand this emerging vision and the challenges and implications it presents for all stakeholders in Irish society.

▶ *Changes that are occurring and the challenges this presents.*

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Forum on the Workplace of the Future

It is now accepted that the key to Ireland's future economic and social success lies in moving quickly to high value-added and high skilled activities.

To make this transition, we need workplaces that are innovative, dynamic and capable of adapting to change; workplaces that enjoy the creative commitment of employers and employees.

Our workplaces must be capable of creating new opportunities in an increasingly competitive global environment.

To foster in-depth discussion and analysis on how we can support the development of such workplaces in Ireland, the National

Centre for Partnership and Performance, at the request of the Irish Government, has established a Forum on the Workplace of the Future.

The Forum will help build a clearer picture of the changes that are needed in workplaces in both the public and private sectors, in order to compete successfully in a modern knowledge economy.

In this way, it will develop a guiding vision for Ireland's workplaces of the future and will help set an agenda for change, to make this vision a reality.

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